



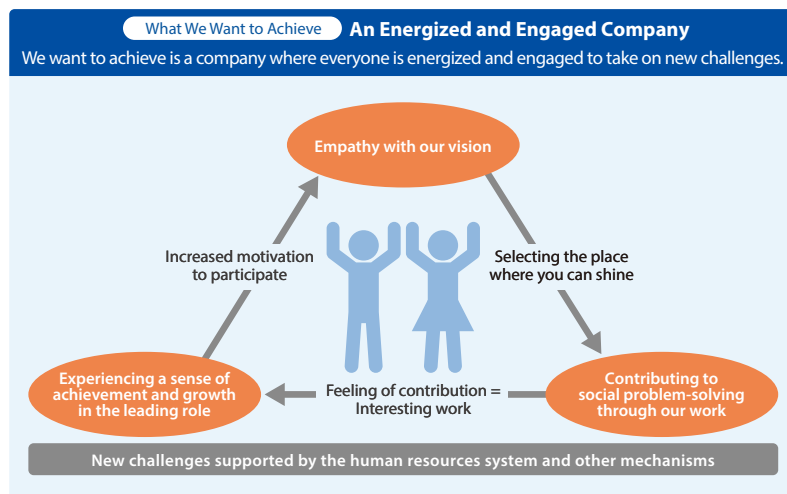
Society

Human Capital

● Strategy (Stance, Approach, Risks and Opportunities)

| Basic Concept

SEKISUI CHEMICAL Group has established the Long-term Vision, Vision 2030, in order to become a globally indispensable corporate group that supports Life, with the aim of realizing a society in which all generations can enjoy an affluent existence. In an effort to realize Vision 2030, we will work to become an energized and engaged company where all employees thrive on challenges, in other words, to serve as a company that fosters innovation and creation while expanding its contribution to solving social issues.



As we work to become an energized and engaged company where all employees thrive on challenges, we are promoting a shift in our human resources management that includes the promotion of a role-based human resources system and challenges as an investment in human capital. In addition, we emphasize Achieving the right talent in the right position by developing human resources that can respond to the speed of business growth and changes. This includes securing, selecting, and systematically training personnel who are essential to the realization of our Long-term Vision. Meanwhile, we have also initiated steps to invest heavily in human capital through such measures as expanding employee careers and improving working conditions to the tune of ¥12 billion over the three-year period of the Medium-term Management Plan.

Risks and Opportunities

SEKISUI CHEMICAL Group recognizes human capital-related risks and opportunities in the following factors and is working to address each factor accordingly.

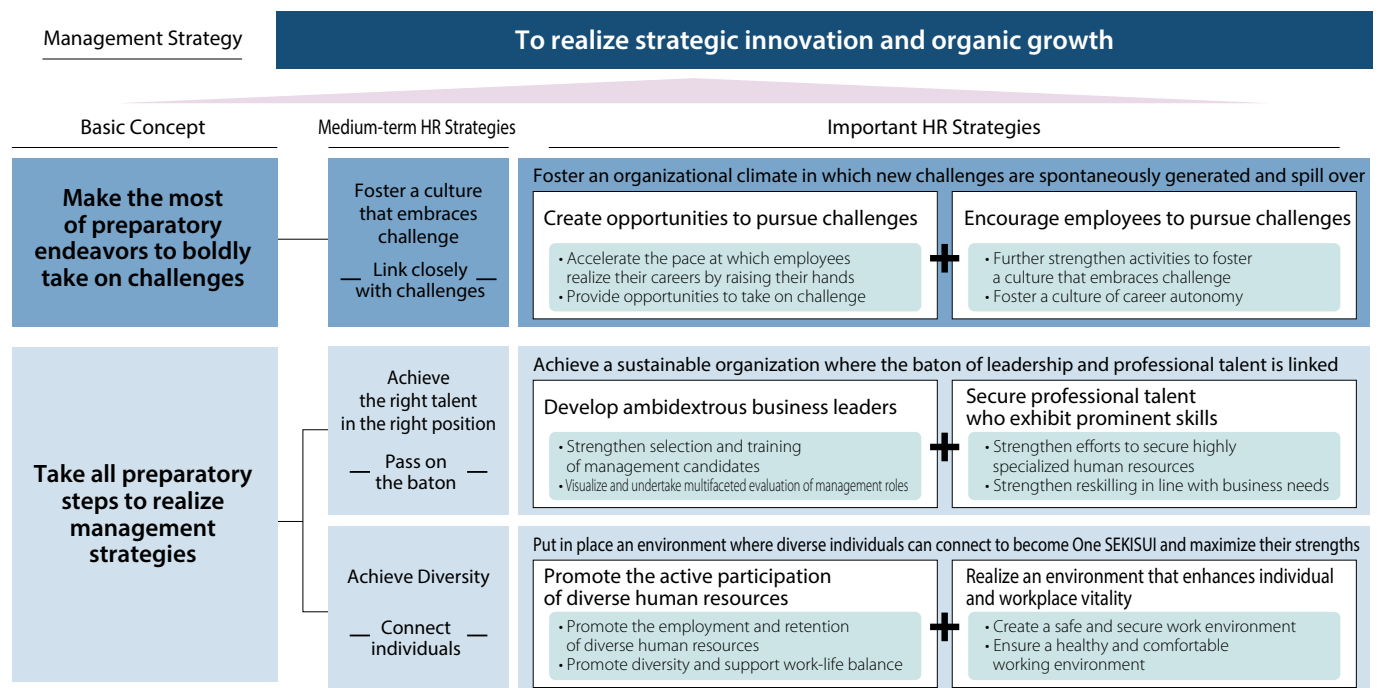
Factors	Risks	Opportunities
Increased competition for new graduate hires	• Failure to achieve planned headcount due to the declining birthrate and downturn in the industry's appeal	• Productivity improvement through DX
	• Delay in new business development due to shortages in the necessary personnel	• Supplementing the composition of labor through expanded career recruitment
Increased mobility of human resources	• Insufficient man-hours and specialized skills due to the downturn in retention	• Promotion of diversity through expanded career recruitment
	• Further downturn in retention due to a decline in engagement	• Standardization of operations through the use of systems
Shortage of executive talent	• Vacancies in line management positions due to the large number of retirements	• Selection without regard to age, gender, or nationality
	• Decline in organizational strength due to the appointment of personnel undergoing development	• Promotion of organizational revitalization and innovation
Obsolescence of skills	• Delay in business expansion due to inadequate response to changes in the environment	• Improvement in the market value of employees through reskilling
	• Decline in employee engagement due to a downturn in motivation for growth	• Expansion of global operations and creation of new products

Human Capital Strategy

Under the Human Capital Strategy outlined in the Medium-term Management Plan (FY2023-2025), we are implementing various measures based on the three pillars of fostering a culture that embraces challenge, placing the right talent in the right position, and achieving diversity.

SEKISUI CHEMICAL Group is shaping the future by passing on the baton of challenge to each individual.

We are working diligently to realize our management strategies of strategic innovation and organic growth by fostering a culture that embraces challenge and maximizing individual and organizational strengths.



● Governance

| System

SEKISUI CHEMICAL Group established the Diversity Promotion Committee as a part of efforts to carry out its human capital strategy. Engaged in a variety of activities, the committee meets twice a year. Within these activities, the Committee clarifies the supervisory and executive functions in a bid to strengthen the Group's strategies and information disclosure as they relate to human capital management as well as efforts to promote diversity.

As far as the supervisory function is concerned, advice is afforded on the supervision and execution of human capital with regard to human capital management-related matters and efforts to secure the diversity of human resources.

From an executive function perspective, the Group established the Human Resources Subcommittee, under the Sustainability Committee. This Subcommittee is comprised of the general managers of the Human Resources Section at each divisional company and determines how the human capital management initiatives decided by the supervisory body will be executed. The Human Resources Department of Corporate Headquarters then collaborates with the labor union to swiftly execute these initiatives.

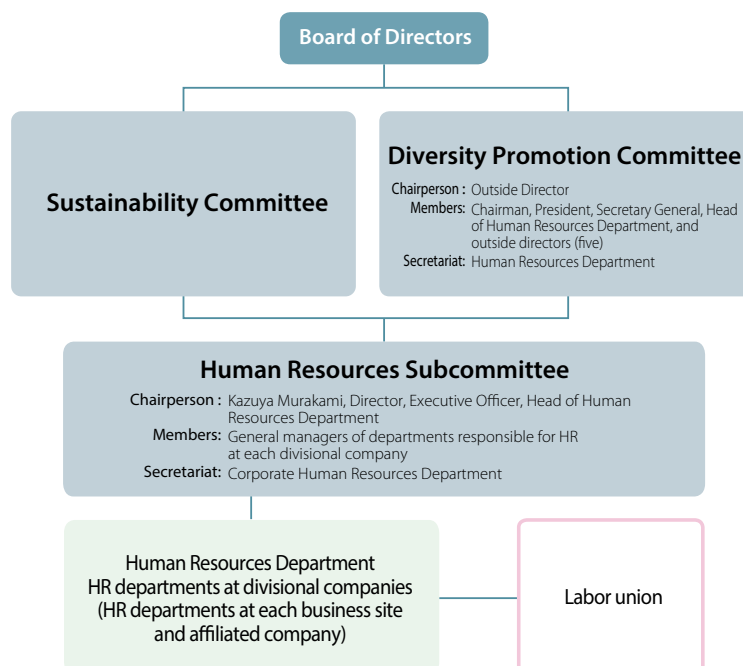
Diversity Promotion Committee

Chairperson: Haruko Nozaki, Outside Director

Members: Outside Directors (five), Chairman of the Board and Director, President and Representative Director, Representative Director Senior Managing Executive Officer, Director and Executive Officer and Head of the Human Resources Department

Secretariat: Human Resources Department

Human Resource / Promotional Structure



● Risk Management

SEKISUI CHEMICAL Group recognizes the risks and opportunities of four factors regarding human capital: Increased competition for new graduate hires, Increased mobility of human resources, Shortage of executive talent, and Obsolescence of skills (see P.150).

We are promoting various measures to reduce risks based on KPIs that are set in conjunction with the risks and opportunities associated with each factor. In addition, the Human Resources Subcommittee, which meets once every six months, evaluates risks and opportunities along with these measures.

By adopting a PDCA cycle-based approach with respect to these initiatives, we are able to reduce risks, prevent recurrence, and expand opportunities. In this manner, we are promoting a human capital strategy .

The Group-wide Risk Review Subcommittee also evaluates risks and opportunities related to human capital, and monitors the likelihood (frequency) and impact (outcome). At the same time, steps are taken to confirm the consistency of measures in response to social conditions and demands, identify issues, consider countermeasures, develop strategies to reduce risks one step ahead, respond quickly when problems occur, and turn risks into opportunities.

● Indicators and Targets

SEKISUI CHEMICAL Group established 14 guiding principles under a new human capital strategy based on the Medium-term Management Plan launched in FY2023. These guiding principles consist of two policies and 12 KPIs (including three priority KPIs).

The following 14 guiding principles comprise the targets of SEKISUI CHEMICAL Group's human capital strategy.

14 Human Capital-related Guiding Principles

Policies			
1	Human resources development		
2	Internal environmental improvement policy		
KPIs			
No.	Items	Category	Targets (2025)
1	Degree of challenging behavior expression	Priority	60%
2	Rate of successor candidate preparation	Priority	100%
3	Retention rate	Priority	Maintain/Improve from previous year
4	Engagement score	Major	Maintain/Improve from previous year
5	Training hours	Major	10 hours
6	Ratio of female in management position	Major	5%
7	Number of hires	Major	Ratio of female employees: 35%
8	Gender wage gap	Major	Maintain/Improve from previous year
9	Percentage of male employees taking childcare leave	Major	75%
10	Employment ratio of people with disabilities	Major	2.5% (above the legally stipulated ratio)
11	Total working hours	Major	Less than 2000 hours/year
12	Rate of long-term leave due to mental health problems	Major	1.0%

Fostering a Culture That Embraces Challenge

● Strategy (Stance and Approach)

■ Basic Concept

For SEKISUI CHEMICAL Group to bring Vision 2030 to fruition, as outlined in its Medium-term Management Plan, it is vital that each and every employee embrace challenge. In order for employees to embrace challenge and to take the appropriate action, it is equally important that we put in place the prerequisite environment. To this end, it is essential that managers set the right goals, motivate employees, and foster an organizational culture in which efforts to take on challenges are valued and failures are tolerated. Accordingly, the human capital strategy in the Medium-term Management Plan focuses on creating opportunities and encouraging employees to pursue challenges. As we foster a culture that embraces challenge, we are promoting various measures to achieve these goals.

■ Important HR Policies

1. Creating opportunities to pursue challenges

- Accelerating the pace at which employees realize their careers by raising hands
- Providing opportunities to take on challenges

2. Encouraging employees to pursue challenges

- Further strengthening activities to foster a culture that embraces challenge
- Fostering a culture of career autonomy

● Indicators and Targets

Under the new human capital strategy outlined in the Medium-term Management Plan, SEKISUI CHEMICAL Group has established 14 guiding principles that consist of two policies and 12 KPIs (including 3 priority KPIs). To foster a culture that embraces challenge, we are promoting two initiatives: Creating opportunities to pursue challenges and encouraging employees to take on challenges. Based on the aforementioned, we have identified and are evaluating the following items.

Note: For details of the 14 human capital-related guiding principles see P.155.

| Indicators

Priority KPI: Degree of challenging behavior expression

In fiscal 2021, SEKISUI CHEMICAL Group set the degree of challenging behavior expression as a key human capital KPI. Every year, we conduct a survey to measure employees' challenge behavior and employ the results of each survey to make improvements at the workplace level.

Question in the Degree on Challenging Behavior Expression Survey

I am already engaging in specific challenging behavior in an effort to realize Vision 2030.

From fiscal 2023: Respondents who replied "Yes" or "Somewhat applicable."

Prior to fiscal 2022: Respondents who replied "Yes."

Major KPI: Engagement Score

Engagement surveys that also include overseas Group companies are conducted each year. Within each survey, the percentage of employees who score an average of 4.5 or higher on six engagement-related behavioral questions (each on a 6-point scale), which measure passion for work and attachment to the Company is defined and measured as a key KPI.

Questions

1. If a friend is looking for work, I would not hesitate to recommend this company.
2. If given the opportunity, I would tell others how great it is to work for this company.
3. It would take a lot for me to leave this company.
4. I rarely think about leaving this company to work somewhere else.
5. This company inspires me to do my best every day.
6. This company motivates me to not only complete assigned tasks, but also to contribute more than is normally required.

Targets

Degree of challenging behavior expression

SEKISUI CHEMICAL Group has set the target of exceeding 60% in FY2025, the final year of the Medium-term Management Plan.

Engagement Score

SEKISUI CHEMICAL Group has set maintain/improve from the previous fiscal year as a target for the six engagement-related behavior questions.

For details of FY2023 results, see Major Initiatives for Fostering a Culture That Embraces Challenge on P.159.

● Major Initiatives

SEKISUI CHEMICAL Group measures the development of an organizational climate in which new challenges are spontaneously generated and spill over.

Degree of challenging behavior expression (SEKISUI CHEMICAL Group) ☒

	FY2021	FY2022	FY2023
Degree of challenging behavior expression (%)	51	47	48
Response rate (%)	62	81	88

Note: The indicator was redefined in fiscal 2023; fiscal 2021 to fiscal 2022 results are also listed based on the redefined standard.

| Creating opportunities to pursue challenges

1. Accelerating the pace at which employees realize their careers by raising hands

In 2000, SEKISUI CHEMICAL Group launched an HR recruitment system in a bid to promote individual employee self-fulfillment and corporate growth. This system is implemented four times a year to match employees with departments.

Employees take the initiative to develop their capabilities and hone their individual skillsets in order to achieve their own careers. Those who raise their hands and take on the challenge of pursuing opportunities where they can play an active role will have the chance to move up the ladder. The Company can select from the pool of motivated employees who raise their hands.

Intra-Group Job Postings Results

	FY2019	FY2020	FY2021	FY2022	FY2023
Number of postings	45	31	55	56	78
Number of people to be recruited	62	54	80	101	122
Number of applicants	135	155	236	159	138
Number of employee transfers	28	28	70	45	41

Career Path Support Results (SEKISUI CHEMICAL)

		FY2019	FY2020	FY2021	FY2022	FY2023
No. of employees who have changed career courses	Male	10	14	2	6	6
	Female	1	2	4	3	1
No. of employees who have converted to permanent, full-time employment	Male	2	1	4	3	0
	Female	11	14	10	11	4

2. Provide opportunities to pursue challenges

SEKISUI CHEMICAL Group has established the Innovation School as a place to study where executive officers personally take on the role of educators to increase the motivation of each and every employee to, for example, change the Company and change each individual's behavior. In addition, in line with the extension of the retirement age, we have established a new system for employees 60 year's old and older to work part-time. In order to expand opportunities for employees over the age of 60, we are increasing the number of work style options to expand their opportunities to play an active role and help them move on to their second life.

Results of Group's Major recruitment-type training programs

Name of Training Program	FY2019	FY2020	FY2021	FY2022	FY2023
Innovation School (persons)	69	Not implemented	102	102	54

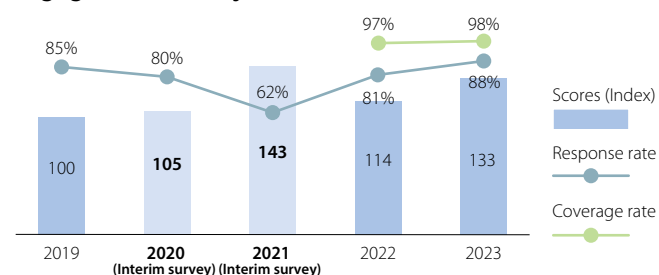
Opportunities to Pursue Challenges

1. Further strengthening activities to foster a culture that embraces challenge

Every year, we conduct a survey to measure the level of employee engagement, focusing on their passion for work and attachment to the Company, as the foundation for taking on challenges. In fiscal 2023, the response rate hit a record high with the score improving to 133 compared with the previous year. Analyzing the results of the survey at the divisional company, Group company, and each organizational unit level, we are formulating and implementing improvement measures according to the issues faced.

As a cross-organizational initiative, the HR departments of domestic Group companies come together to undertake Engagement Drive Project activities. The project includes meetings to share advanced case studies of other companies and good practices internally, as well as seminars on organizational development methods.

Engagement Survey



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

- Scores are calculated using fiscal 2019 as 100.
- Survey scope: All employees (including regular full-time, non-full-time employees, and dispatch employees) of 157 of the 160 Group companies surveyed.
- Coverage rate: Percentage of companies surveyed relative to the number of Group companies in Japan and overseas.
- Response rate: Percentage of employees who responded to the survey relative to the total number of employees of the companies where the survey was conducted.
- Interim surveys were conducted by the organization of choice in fiscal 2020 and fiscal 2021 (reference data).

2. Fostering a culture of career autonomy

SEKISUI CHEMICAL Group believes that promoting autonomous career development is important in further motivating employees to take on challenges. Working to promote this autonomous career development, SEKISUI CHEMICAL operates the Career Interview System for all employees. Under this system, employees discuss their past experience, commitment toward and fulfillment of roles as well as career and work orientation with their respective managers. The fruits of these discussions are then centrally managed under the Group's human resource system and utilized in an organized manner.

Since its introduction in fiscal 2022, the promotion of measures to firmly establish this system has resulted in an improvement in the career interview implementation rate from 75.4% in FY2022 to 81.2% in FY2023. In addition to their immediate superiors, department heads and the Human Resources Department now have a better understanding of each employee's career aspirations. As a result, we are now able to assign work, including transfers, and provide training opportunities, laying the groundwork for a more effective consideration of employees' career development.

Moreover, we provide career autonomy supervisor and basic training on how to formulate career plans in order to conduct career interviews more effectively. Steps have also been taken to change the existing framework for career training opportunities from one that focus on age to a framework based on roles. We believe that such training is an opportunity for each employee to think autonomously about his or her career, and that through autonomous career development, we will be able to instill in our employees a proactive approach toward taking on challenges.

Career Training Attendance Results (SEKISUI CHEMICAL)

Training Program Name	FY2021	FY2022	FY2023
Career autonomy supervisor training (persons)	393	252	134
Career plan basic training (persons)	—	17	62
Newly appointed management career planning training (persons)	—	203	204
Career planning training for those being promoted to Advanced Level (non-managerial) (persons)	—	89	—
New employee career planning training (persons)	—	78	95

Achieving The Right Talent in the Right Position

● Strategy (Stance and Approach)

Basic Concept

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

The goal is not to place the right talent in the right position according to each individual's skills and capabilities, as we have in the past, but rather to place the right talent in the right position according to each important role within the Group. To achieve this, we revamped our human resources system and management framework under the previous Medium-term Management Plan.

- Review of the qualification system: Introduced a key position grading system for management, abolished appointment probation periods, and commenced a successor training system.

- Review of the qualification system: Introduced a key position grading system for management, abolished appointment probation periods, and commenced a successor training system.
- Retirement extension: Extended from 60 to 65
(Implemented by SEKISUI CHEMICAL and certain Group companies in 2021; implementation completed at all Group companies by fiscal 2025).
- System: Began visualizing and utilizing employee qualitative information through a human resource system.

Based on this approach, we will focus on fostering business leaders who promote both the exploration and creation of new businesses and the steady growth and refinement of existing businesses in a mutually beneficial manner. In addition, we are working to secure professional human resources with a high level of expertise and execution skills, who will serve as a source of corporate value.

Major HR Policies

1. Develop ambidextrous business leaders

- Strengthen selection and training of management candidates
- Visualization and multifaceted evaluation of management roles

2. Secure prominent professional human resources

- Strengthen efforts to secure highly specialized human resources
- Strengthen reskilling in line with business needs

● Indicators and Targets

Under the new human capital strategy outlined in the Medium-term Management Plan, SEKISUI CHEMICAL Group established 14 guiding principles, consisting of two policies and 12 KPIs (including 3 priority KPIs). Within these KPIs, we are promoting two initiatives. In specific terms, we are working to develop ambidextrous business leaders and secure prominent professional human resources in order to achieve the right talent in the right position. Based on the aforementioned, we have identified and are evaluating the following items.

Note: For details of the 14 human capital-related guiding principles see P.155.

| Indicators

Priority KPI: Rate of successor candidate preparation

SEKISUI CHEMICAL Group has positioned the development of successors in each position as a priority issue for the sustainable development of its diverse businesses. We monitor the number of positions and successors in collaboration with the heads of the human resources departments at each divisional company.

Note: Rate of successor candidates to the most senior business leader post

Method of disclosure: $\text{Number of successor candidates to the most senior business leader post} \div \text{Number of the same post}$

Major KPI: Training hours

Business leaders are required to have a multifaceted perspective and strong management skills. Moreover, professional human resources must possess the necessary expertise coupled with the ability to execute. In order to develop these capabilities, SEKISUI CHEMICAL Group has put in place a foundation for human resource development by providing role-based training as well as programs in which employees can voluntarily take part.

Method of disclosure: Training hours per employee per fiscal year

| Targets

Targets for fiscal 2025, the final year of the Medium-term Management Plan

- Rate of successor candidate preparation (SEKISUI CHEMICAL Group)
100%

- Training hours (SEKISUI CHEMICAL)
10 hours or more

Note: Educational programs held at SEKISUI CHEMICAL's Human Resources Department at Corporate Headquarters.

For details of fiscal 2023 results, see Major Initiatives for Achieving the Right Talent in the Right Position on P.166.

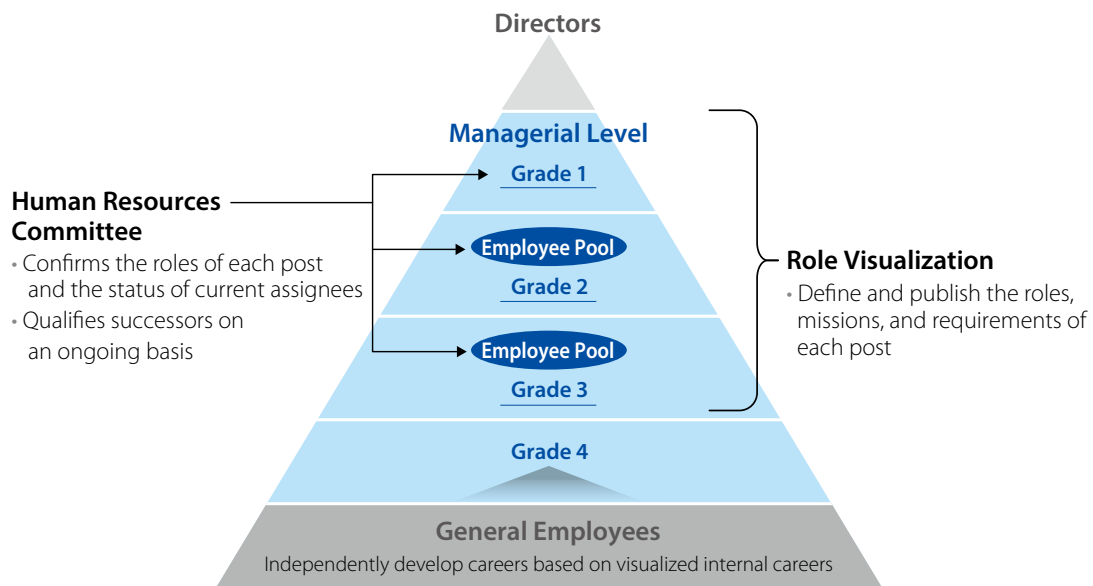
● Major Initiatives

| Developing Ambidextrous Business Leaders

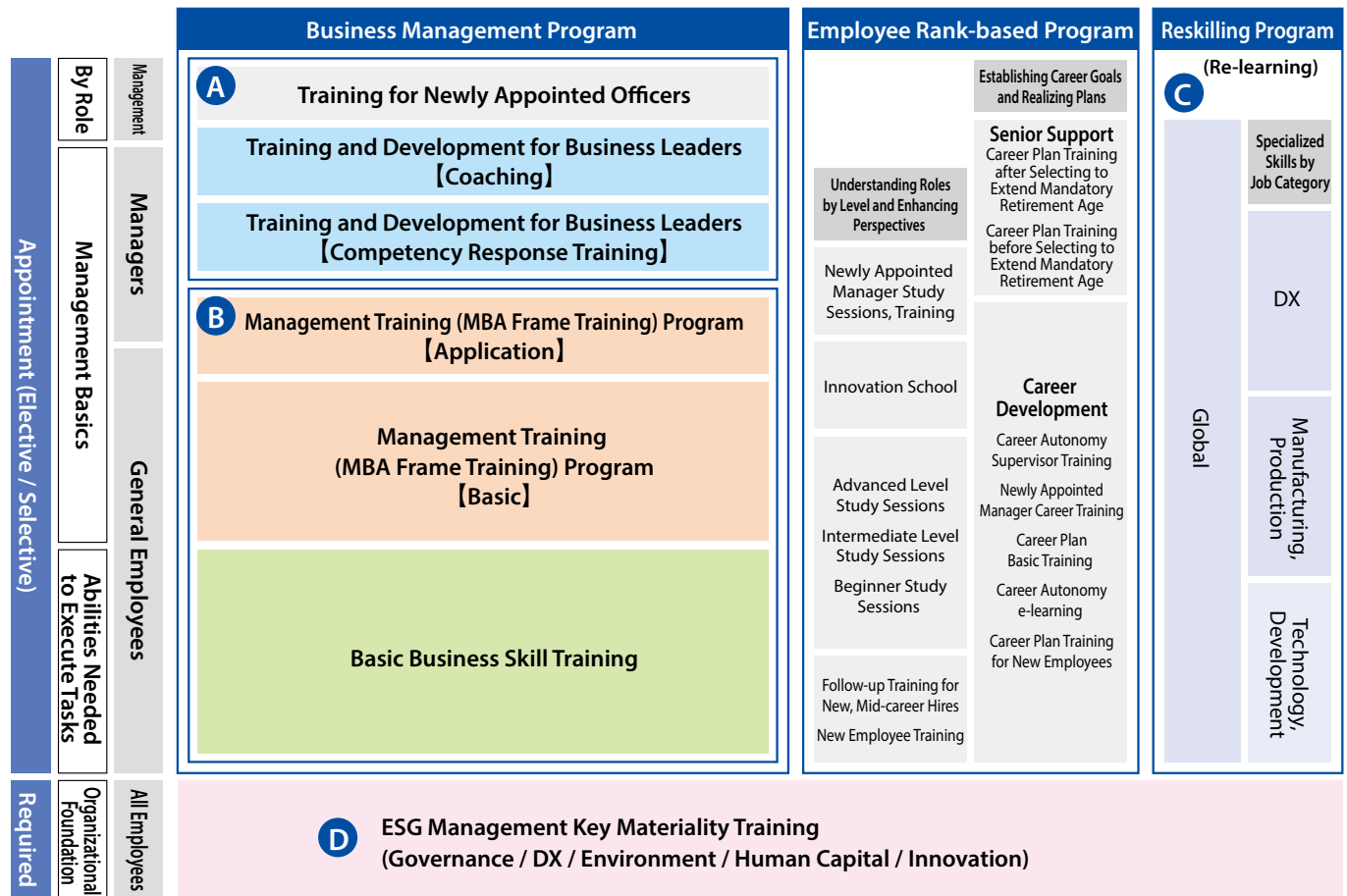
1. Strengthen selection and training of management candidates

SEKISUI CHEMICAL Group established the Human Resources Committee to promote efforts aimed at strengthening the selection and training of management candidates. Our goal is to properly manage the roles required to realize our management strategies, and to ensure that the personnel and successors responsible for these roles receive continuous training.

Overall view of the role-based system



Training System Chart



A Training and Development for Business Leaders:

Selective Capability Development to Acquire Competencies Appropriate for Grade 1-2 Incumbents and Candidates

B Role-based Capability Development:

Selective Capability Development to Achieve Aspired Roles

C Reskilling:

Reskilling Program Aligned with Business Needs

D Strengthening Organizational Infrastructure:

ESG Management Literacy Enhancement Program (Knowledge, Awareness, and Attitude) Essential for SEKISUI CHEMICAL Group Employees

Performance Data

Rate of successor candidate preparation (SEKISUI CHEMICAL) ✓

	FY2021	FY2022	FY2023
Rate of successor candidate preparation	50.5	67.7	92.4

Training Results Common throughout the Group ✓

	FY2019	FY2020	FY2021	FY2022	FY2023
Newly appointed manager receiving training (persons)	252	220	199	213	210

Hours of training per full-time employee (SEKISUI CHEMICAL) ✓

	FY2019	FY2020	FY2021	FY2022	FY2023
Hours of training	9.4	6.3	7.1	6.1	6.2

Evaluator Training Results (SEKISUI CHEMICAL)

	FY2021	FY2022	FY2023
Evaluator training (understanding the evaluation system) (persons)	941	75	164
Evaluator training (understanding the evaluation system + basics of evaluation) (persons)	493	—	—
Training to strengthen evaluation skills (1) (basic of evaluation + goal setting) (persons)	—	146	62
Training to strengthen evaluation skills (2) (daily management + interview training) (persons)	—	148	64

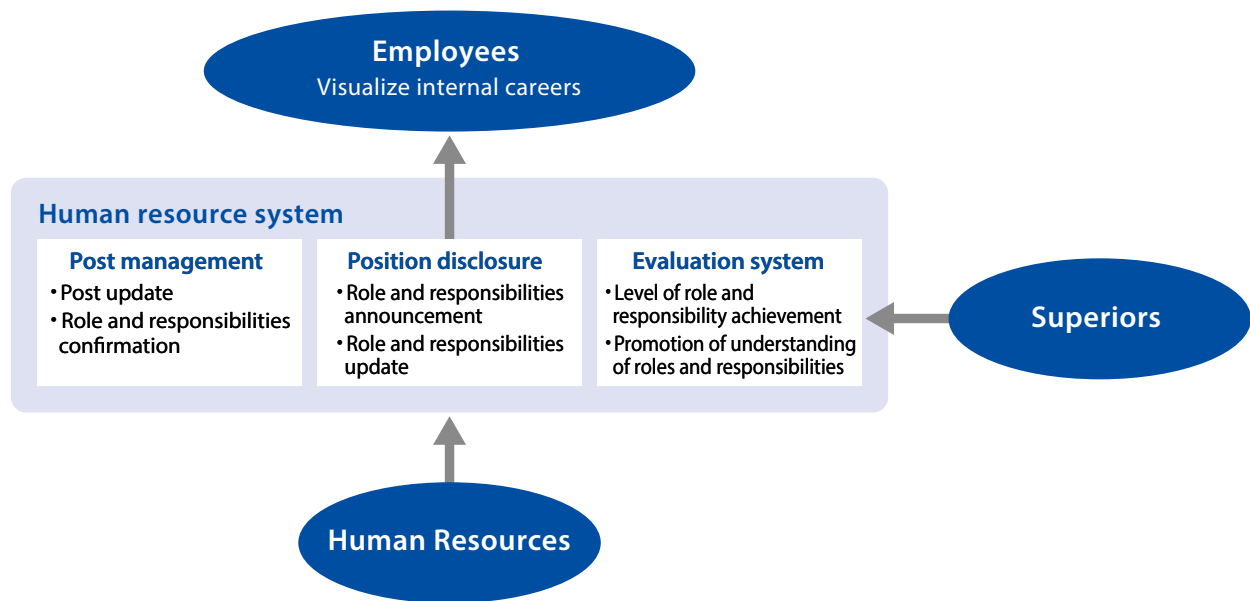
In line with the introduction of a new evaluation system, we conducted a two-tiered training program. The first to promote understanding of the evaluation system and a second to promote understanding of the evaluation system together with the basics of evaluation for those with little evaluation experience in fiscal 2021.

Building on the content of each of the aforementioned programs aimed at promoting an understanding of the evaluation system as well as the basics of evaluation, we conducted training to strengthen evaluation skills from fiscal 2022.

2. Visualization and multifaceted evaluation of management roles

In order to promote the visualization of roles, SEKISUI CHEMICAL Group defines the roles and mission requirements for each post by utilizing its human resource system, and takes steps to progressively disclose details. In this way, we are working to visualize careers within the Company, identify areas to aim for, and promote autonomous career development.

Role Visualization Diagram



Secure Prominent Professional Human Resources

1. Strengthen efforts to secure highly specialized human resources

In addition to the difficulties involved in developing highly specialized human resources through work, there is an excess in demand across all industries. SEKISUI CHEMICAL Group has introduced professional qualification allowances for lawyers and other specialized professions as a mechanism to continuously secure human resources within the Company. We have also secured highly specialized human resources by redefining specialized personnel in such staff divisions as DX and legal affairs.

Trends in the Number of Specialty-position Employees (SEKISUI CHEMICAL)

	FY2021	FY2022	FY2023
Number of Specialty-position employees	32	38	39

Note: Professional human resources who demonstrate a high level of expertise, which is the source of our competitiveness

2. Strengthen reskilling in line with business needs

1) Developing Global Talent

SEKISUI CHEMICAL Group offers training programs to acquire e-mail writing, presentation, negotiation, and other practical skills. The Group also hosts global career events where employees hear directly from expatriates, giving them a more concrete and familiar sense of global work.

We also offer the six-month SEKISUI Global Academy training program. After taking this program and acquiring the necessary skills, participants travel overseas for a week to give presentations to local partners. The number of participants in fiscal 2023 was 14. In addition to language skills, this program affords participants the opportunity to acquire the necessary skills to build collaborative ties with local people. The program also provides advice on how to work with Japan, outlines differences in values, and allows participants to experience firsthand what it is like to work globally. As an added bonus, the program leads to networking among participants across different departments and generations.

Meanwhile, over and above training in Japan, we are committed to developing human resources who are capable of playing an active role globally. Based on this commitment, we provide opportunities to work overseas. This includes dispatching trainees on a short-term basis as well as staff to overseas research institutions.



Fieldwork at the Global Academy in Ho Chi Minh City

Number of Japanese Employees Stationed Overseas SEKISUI CHEMICAL Group (FY2023)

Breakdown by Region (Persons)	
North America/Latin America	54
Europe	36
Asia / Oceania	94

2) DX human resource development

SEKISUI CHEMICAL Group promotes the development of DX human resources with the aim of transforming business processes. In order to help employees acquire the necessary digital skills, we conduct literacy and digital skills training that is open to all employees. These initiatives help motivated employees gain the necessary skills to solve business problems.

3) Manufacturing specialist development

Training is conducted for management and young employees to develop manufacturing specialists.

Training for production managers is conducted for each position (production manager, production assistant manager, and site leader). This training is designed to help participants learn about SEKISUI CHEMICAL Group's approach to manufacturing so that they can better understand and carry out the roles required of each position. Through group discussions, participants learn about the challenges they will face in performing the duties of each position and how to improve their own level of leadership after returning to their respective workplaces. In fiscal 2023, 49 employees took part in this training.

In addition, basic production training provides opportunities for young employees working on the front lines to gain a basic understanding of all aspects of manufacturing, including safety, quality, and productivity. Using SEKISUI CHEMICAL's proprietary e-learning content, we also administer comprehension tests after watching videos to ensure that an acceptable level of understanding is firmly established. In fiscal 2023, more than 10,000 employees participated in this training.

Achieving Diversity

● Strategy (Stance and Approach)

| Basic Concept

In 2015, SEKISUI CHEMICAL Group formulated its Diversity Management Policy and is working to promote diversity. Based on this policy, diversity is not only viewed in terms of such outward differences as gender, age, and race, but also in terms of differences in career backgrounds, values, personality, and other factors. Against this backdrop, we will work to understand, recognize, and harness these differences between each and every employee as strengths. In addition, we are focusing on securing diverse human resources and creating an environment in which a disparate workforce can excel while facilitating little or no turnover. Through these means, we are endeavoring to remain a company where all employees can fully demonstrate their abilities and achieve self-actualization. Underpinning these efforts are work style reforms and health and productivity management. In each case, we have clarified our commitment by issuing a Statement of Work Style Reform and Declaration of Health.

| Important HR Policies

1. Promote the active participation of diverse human resources

- Promote the employment and retention of diverse human resources
- Promote diversity and support work-life balance

2. Realize an environment that enhances individual and workplace vitality

- Create a safe and secure work environment
- Ensure a healthy and comfortable working environment

● Indicators and Targets

Under the new human capital strategy outlined in the Medium-term Management Plan, SEKISUI CHEMICAL Group established 14 guiding principles, consisting of two policies and 12 KPIs (including 3 priority KPIs). Within these KPIs, we are promoting two initiatives in a bid to achieve diversity. In specific terms, we are promoting the active participation of diverse human resources and working to realize an environment that enhances individual and workplace vitality. Based on the aforementioned, we have identified and are evaluating the following items.

Note: For details of the 14 human capital-related guiding principles see P.155.

■ Indicators

Priority KPI: Retention rate

Retention rate of all employees

Method of disclosure: $1 - (\text{Employee turnover (Number of people who left employment)}) \div \text{Number of employees as of April of the fiscal year}) \times 100$

Major KPI: Ratio of female in management position

Percentage of female managers to all managers

Major KPI: Ratio of female to total hires

Ratio of female hired for both new graduates and Mid-career hires

Major KPI: Gender wage gap

Wage gap between men and women among all employees, regular full-time employees, and non-full-time employees.

Method of disclosure: $\text{Average annual wage for women} \div \text{average annual wage for men} \times 100$

Major KPI: Percentage of male employees taking childcare leave

Percentage of male employees who took at least one day of childcare leave during the fiscal year

Method of disclosure: $\text{Male employees who took childcare leave during the relevant period} \div \text{Male employees whose spouse gave birth during the relevant fiscal year}$

* SEKISUI CHEMICAL employees can take childcare leave until the child reaches 3 years of age.

Major KPI: Employment ratio of people with disabilities

Percentage of employees with disabilities to all employees

Method of disclosure: $(\text{Number of regular workers who have physical, intellectual, or mental disabilities} \div \text{Number of regular workers}) \times 100$

Major KPI: Total working hours

Total actual hours worked during the year

Method of disclosure: Scheduled hours worked + Overtime hours worked - Paid leave hours taken

Major KPI: Rate of long-term leave due to mental health problems

Percentage of employees who took a leave of absence for more than one month due to mental health problems during the year.

Method of disclosure: Number of employees who were absent from work for more than one consecutive month due to mental health issues ÷ Number of employees covered by health management at SEKISUI CHEMICAL Group domestic business sites

Targets

- **Retention rate (SEKISUI CHEMICAL)**

Maintain or improve compared to the previous year

- **Ratio of female managers (SEKISUI CHEMICAL)**

5% (FY2025)

- **Ratio of female to total hires (SEKISUI CHEMICAL)**

Ratio of female new graduate employees: 35% (FY2025)

- **Gender wage gap (SEKISUI CHEMICAL)**

Maintain or improve compared to the previous year

- **Percentage of male employees taking childcare leave (SEKISUI CHEMICAL)**

75% (FY2025)

- **Employment ratio of people with disabilities (SEKISUI CHEMICAL)**

2.5% (above the legally stipulated ratio)

- **Total working hours (SEKISUI CHEMICAL)**

Less than 2,000 hours (FY2025)

- **Rate of long-term leave due to mental health problems (SEKISUI CHEMICAL Group)**

1.0% or less (FY2025)

Note: For details of FY2023 results, see Major Initiatives for Achieving Diversity on P.173.

● Major Initiatives

■ Promote the Active Participation of Diverse Human Resources

Basic Concept of Diversity

Based on SEKISUI CHEMICAL Group's Diversity Management Policy (see P.359), diversity is not only defined in terms of gender, age, and race, and other outward differences, but also in terms of careers, values, personality, and other factors. Likewise, we understand, recognize, and utilize the differences between each and every employee as strengths. In promoting diversity, we will foster an organizational culture in which all employees are able to work dynamically and make the most of their unique characteristics and talents. In order for diverse human resources to thrive, we will also nurture a culture of challenge and create an appropriate environment while promoting inclusion.

1. Promote the employment and retention of diverse human resources

Aiming to employ diverse human resources, we are promoting the hiring of new graduates on a long-term basis to strengthen management's ability to sustain business. We are also focusing on expanding career hiring to keep pace with changes in the business environment.

To promote the retention of a diverse workforce, including women, people with disabilities, and seniors, we have adopted flexible hours, working from home, and other systems that accommodate the diversity of work styles, and are providing support for balancing work with various life events such as nursing care, childcare, and illness.

Performance Data

Composition, Number, and Ratio of Female Directors and Audit and Supervisory Board Members (SEKISUI CHEMICAL) (FY2023)

	Board of Directors		Audit and Supervisory Board Members		Total Officers	Executive Officers
	Internal Directors	Outside Directors	Full-time Audit and Supervisory Board Member	Outside Audit and Supervisory Board Member		
Female (persons)	0	3	0	0	3	2
Male (persons)	7	2	2	3	14	28
Ratio of Female (%)	—	60.0	—	—	17.6	6.7

Number of Female Directors and Female Managers

(SEKISUI CHEMICAL Group [Number of officers excluding SEKISUI CHEMICAL])

	FY2019	FY2020	FY2021	FY2022	FY2023
Number of Female Directors (persons)	2	2	2	3	4
Number of Female in Managerial Positions (persons)	185	188	195	206	240

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

Composition of Personnel (SEKISUI CHEMICAL) 

		FY2019	FY2020	FY2021	FY2022	FY2023
Employees* ¹	Male (persons)	3,327	3,308	3,250	3,226	3,270
	Female (persons)	629	652	652	661	705
	Ratio of Female (%)	15.9	16.5	16.7	17.0	17.7
Regular Full-time Employees* ²	Male (persons)	3,073	3,060	3,023	3,032	3,119
	Female (persons)	570	601	607	627	668
	Ratio of Female (%)	15.6	16.4	16.7	17.1	17.6
Average Years of Continuous Employment* ²	Male (years)	17.2	17.2	17.6	17.9	17.1
	Female (years)	12.6	12.4	12.9	13.1	12.2
Managerial Positions (Managers)	Male (persons)	678	672	700	790	801
	Female (persons)	41	44	45	47	57
	Ratio of Female (%)	5.7	6.1	6.0	5.6	6.6
Managerial Positions (Department Managers and General Managers)	Male (persons)	642	649	635	558	577
	Female (persons)	15	16	15	17	14
	Ratio of Female (%)	2.3	2.4	2.3	3.0	2.4
All Managerial Positions (Number)	Male (persons)	1,320	1,321	1,335	1,348	1,378
	Female (persons)	56	60	60	64	71
	Ratio of Female (%)	4.1	4.3	4.3	4.5	4.9
Employees Newly Appointed to Managerial Positions	Male (persons)	68	58	54	70	53
	Female (persons)	14	6	3	6	5
	Ratio of Female (%)	17.1	9.4	5.3	7.9	8.6
Deputy (Assistant) Manager / Supervisor Level* ³	Male (persons)	810	796	795	827	880
	Female (persons)	84	96	113	127	145
	Ratio of Female (%)	9.4	10.8	12.4	13.3	14.1

*1 Workers with direct employment relationships with the Group (including permanent, full-time employees and non-full-time 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 Advanced level employees in the Business Career Course.

Composition of Personnel (SEKISUI CHEMICAL Group [excluding SEKISUI CHEMICAL on a non-consolidated basis])

		FY2018	FY2019	FY2020	FY2021	FY2022
Employees	Male (persons)	16,362	16,360	16,062	15,857	15,822
	Female (persons)	5,048	5,149	5,100	5,069	5,195
	Ratio of Female (%)	23.6	23.9	24.1	24.2	24.7
New Graduates Hired	Male (persons)	572	427	483	405	448
	Female (persons)	251	176	209	150	183
	Ratio of Female (%)	30.5	29.2	30.2	27	29.0
Managerial Positions (Managers)	Male (persons)	2,926	2,924	2,847	2,865	3,031
	Female (persons)	130	158	160	168	178
	Ratio of Female (%)	4.3	5.1	5.3	5.5	5.5
Managerial Positions (Department Managers and General Managers)	Male (persons)	1,588	1,595	1,570	1,533	1,400
	Female (persons)	26	24	28	27	28
	Ratio of Female (%)	1.4	1.5	1.8	1.7	2.0
All Managerial Positions	Male (persons)	4,514	4,519	4,417	4,398	4,431
	Female (persons)	156	182	188	195	206
	Ratio of Female (%)	3.3	3.9	4.1	4.2	4.4
Management Personnel (Global Leader)	Male (persons)	204	206	193	183	115
	Female (persons)	5	4	3	3	1
	Ratio of Female (%)	2.4	1.9	1.5	1.6	0.9
Employees Newly Appointed to Managerial Positions	Male (persons)	211	241	205	187	191
	Female (persons)	20	38	12	17	22
	Ratio of Female (%)	8.7	13.6	5.5	8.3	10.3

Note 1: The above table was prepared based on the results of a survey conducted in July 2023.

Note 2: Data for FY2023 is being compiled as of July 2024.

Age Composition of Permanent, Full-time Employees* (SEKISUI CHEMICAL)(FY2023) 

	Under 30 years old	30-39 years old	40-49 years old	50-59 years old	60 years old and over
Male (persons)	396	654	695	1,173	201
Female (persons)	161	192	127	167	21
Ratio of Female (%)	28.9	22.7	15.5	12.5	9.5

* 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).

Recruitment (SEKISUI CHEMICAL)

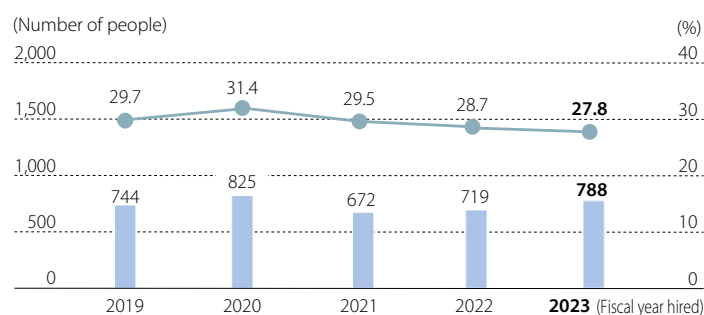
		FY2019	FY2020	FY2021	FY2022	FY2023
New Graduate Recruitment	Male (persons)	96	83	63	64	83
	Female (persons)	35	43	18	25	38
	Ratio of Female (%)	26.7	34.1	22.2	28.1	31.4
Mid-career Recruitment	Male (persons)	29	21	19	50	75
	Female (persons)	4	2	3	9	15
	Ratio of Female (%)	12.1	8.7	13.6	15.3	16.7
	Ratio of Mid-career Employees Hired (%)	20.1	15.4	21.4	39.9	42.4

Note 1: New-graduate recruitment: Employees who joined the Company for the first time after graduation (under-graduate degree, graduate school, etc.) with no working experience

Note 2: Mid-career recruitment (experienced personnel hires) ratio: Ratio of mid-career hires to all hires

Note 3: Some past figures have been revised due to improvements in precision.

Number of New-Graduate Recruitment / Ratio of Female among New-Graduate Recruitment (SEKISUI CHEMICAL Group)



Note: Including certain affiliates accounted for by the equity method

Training Results Common throughout the Group (SEKISUI CHEMICAL Group)

Training name	FY2019	FY2020	FY2021	FY2022	FY2023
Number of New Employees Receiving Induction Training (persons)	243	101*	150	152	158

* Since this training was urgently converted to an online format due to the COVID-19 pandemic, trainees from Group companies are not included.

Retention Rate (SEKISUI CHEMICAL)

		FY2019	FY2020	FY2021	FY2022	FY2023
Employee Turnover (Number of People Who Left Employment) (persons)	Male	63	48	74	85	76
	Female	10	26	20	25	19
	Total	73	74	94	110	95
Retention Rate (%)	Male	98.0	98.4	97.6	97.2	97.6
	Female	98.3	95.7	96.8	96.1	97.2
	Total	98.0	98.0	97.5	97.0	97.5

Retention Rate Three Years After Employment (SEKISUI CHEMICAL)

	FY2017	FY2018	FY2019	FY2020	FY2021
Retention Rate Three Years After Employment (%)	90.6	88.6	93.1	89.6	89.0

2. Promote diversity and support work-life balance

2-1. Promote gender diversity

SEKISUI CHEMICAL Group's efforts to promote women's empowerment are divided into four stages: Enhancement of the employment of women, Retention and active participation, Promotion to managerial positions, and follow-up training for promotion to post-managerial positions.

The Group has set its target for the ratio of female hired at 35% for fiscal 2025, the final year of the Medium-term Management Plan. In fiscal 2023, the ratio came in at 31.4% (up 3.3 percentage points compared with the previous fiscal year) on a non-consolidated basis. To achieve our recruitment activity targets, we have revamped our recruitment website and created a new page to introduce the Group's diversity initiatives.

We have continued to conduct the Women's Career Development Program (CDP) to support the promotion of women to managerial positions since 2014. The purpose of this training is to motivate female employees to seek promotion to managerial positions, to gain a better perspective of what is required, and to acquire the skills necessary for promotion to managerial positions. Training is also provided to the supervisors of employees earmarked for potential promotion. Supervisors analyze the strengths of subordinates and areas for improvement and assign tasks that require employees to move outside their comfort zone. Working to improve the abilities of subordinate staff, women earmarked for potential promotion then take on these tasks as a work theme. To date, 410 employees have participated in this Program with 116 promoted to managerial positions. We have set a target ratio for female directors at 30% as part of our follow-up training for promotion to post-managerial positions.

In addition, as a Group-wide initiative aimed at empowering women, we hold seminars every year for all employees on a variety of topics. In fiscal 2023, we held a seminar on women's careers and new options (non-medical egg freezing) in conjunction with International Women's Day. Two experts in their field were invited to host lectures and to provide the latest information. Through these means, we are hoping to provide women with a better understanding of their own career design as well as various other topics.

Performance Data 

Training Results for Women (SEKISUI CHEMICAL Group)

		FY2019	FY2020	FY2021	FY2022	FY2023
Women's CDP Training (selected participants)	Women (persons)	39	52	58	49	48
	Supervisors (persons)	24	46	55	46	46
Women's Career Seminar (open participation)	Young employees (persons)	—	—	—	55	36
	While raising children (persons)	—	—	—	73	34
	All levels (persons)	—	—	—	67	37

Gender Wage Gap (SEKISUI CHEMICAL) (FY2023)

Regular full-time employees (%)	Non-permanent, non-full-time employees (%)	Overall (%)
70.9	110.0	71.7

Note 1: Including workers on loan from the Group to other companies.

Note 2: There is no wage disparity in the human resources system; based on the labor composition (age and qualifications) ratio

2-2. Promote the active participation of people with disabilities

SEKISUI CHEMICAL Group is promoting the active participation of people with disabilities from the two aspects of recruitment and retention.

From a recruitment perspective, we take into account the characteristics of each individual's disability and determine the most appropriate assignment based on suitability for the position and workplace through multiple steps such as workplace tours, hands-on training, and recruitment training. In 2023, we launched a new farming model. Under this model, vegetables grown on the farm are provided to the cafeterias of business sites.

As far as retention is concerned, we hold information exchange meetings for the heads of human resources departments at each SEKISUI CHEMICAL Group company. We are working to promote the employment of people with disabilities while supporting their retention by sharing information on disability characteristics as well as points to consider when hiring.

Performance Data

Employment Ratio of People with Disabilities (SEKISUI CHEMICAL)

	FY2019	FY2020	FY2021	FY2022	FY2023
Employment Ratio of People with Disabilities(%)	2.9	2.7	2.5	2.3	2.4

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

2-3. Promote the Active Participation of Seniors

SEKISUI CHEMICAL Group provides training for employees who choose to extend their mandatory retirement age in order to encourage each and every one of them to play a leading role and continue to take on challenges regardless of age.

Performance Data

Training Results for Seniors

Training name	FY2021	FY2022	FY2023
Employees in management positions who took career training after selecting to extend their mandatory retirement age (persons)	51	35	55
General employees who took career training after selecting to extend their mandatory retirement age (persons)	27	34	11
Employees of Group companies who took career training after selecting to extend their mandatory retirement age (persons)	—	50	127
[Required] Employees at age 57 who took the required career training before selecting to extend their mandatory retirement age (persons)	—	94	69
[Elective] Employees between the ages of 50 and 56 who took elective career training before selecting to extend their mandatory retirement age (persons)	—	60	41

2-4. Active Participation of Global Human Resources

SEKISUI CHEMICAL Group hosts Vision Caravans for local executives and employees worldwide and conducts on-going dialogue to promote an understanding of the Long-term Vision and to encourage employees to take on new challenges. In addition, we deploy human resources training programs that are firmly rooted in each area, thereby enabling employees to make the most of their unique characteristics and talents at their respective workplaces. In Japan, we focus on hiring as well as retention support to non-Japanese employees.

Performance Data

Breakdown of the Number of Employees (SEKISUI CHEMICAL Group) (FY2023)

Number of employees (persons)	26,929
Breakdown by region (persons)	
Japan	19,856
North America/Latin America	2,282
Europe	1,053
Asia / Pacific	3,738

2-5. Support for Balancing Childcare and Work

•Support for balancing work and childcare

In order to support working styles that accommodate such life events as childbirth and child rearing, SEKISUI CHEMICAL is working to develop systems and create an environment in which these systems are easy to adopt.

As far as the Group's systems are concerned, employees can take childcare leave until their child reaches three years of age and can use the shortened working hours system until their child enters junior high school. We also provide a financial support system for employees on childcare leave, creating an environment in which employees can concentrate on childcare with peace of mind.

Moreover, and in addition to the head of the Human Resources Department sending out messages, e-learning courses are also provided to managers to create a corporate culture that is conducive to adopting these systems. To encourage male employees to take childcare leave, we distribute information about the available systems to supervisors and male employees themselves. We also hold social events with experienced mothers and fathers in cooperation with the labor union, and publish interviews with employees who have taken childcare leave in our internal newsletter.



Pamphlets supporting childcare co-sponsored by labor and management

Use of Childcare-related Systems (SEKISUI CHEMICAL) ☒

		FY2019	FY2020	FY2021	FY2022	FY2023
Ratio of those who took childcare leave (%) ^{*1}	Female	100	95.8	100	100	97.1
	Male	39.0	34.6	47.3	68.1	69.8
Average number of childcare leave acquisition days (days) ^{*2}	Female	259.2	270.3	293.8	358.0	371.7
	Male	24.7	43.3	38.8	29.1	47.3
Ratio of those who returned to work after childcare leave (%)	Female	100	95.5	91.7	100	96.0
	Male	100	100	100	100	100

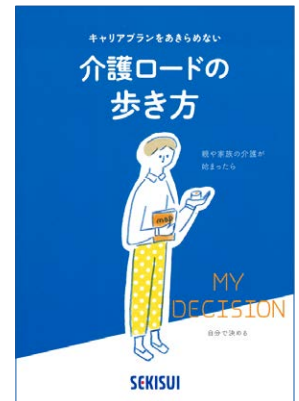
^{*1} Ratio of those who took childcare leave: Excludes those who are taking maternity leave

^{*2} Average number of childcare leave acquisition days: The average number of days of childcare leave taken by employees who completed the period during which they were eligible to take childcare leave in the subject fiscal year in FY2022.

• Support for Balancing Nursing Care and Work

Since 2019, SEKISUI CHEMICAL Group has held regular seminars for all employees to help create an organizational culture that facilitates balancing nursing care and work. In fiscal 2023, we held a Business Carer seminar, which was attended by 198 people. Through this theme, we are deepening understanding toward the need for preparation, the challenges to be faced, and work colleagues.

Moreover, we have published the Nursing Care Road Walking Guide, a booklet that provides basic information on nursing care as well as details of public and in-house support, which is available to all employees.



• Support for Balancing Illness (Treatment) and Work

In addition to upgrading and expanding systems, SEKISUI CHEMICAL Group is raising awareness in an effort to help employees with various illnesses better understand the support that is available and to continue to work.

In fiscal 2023, we held a seminar on the theme of balancing work with the treatment of cancer, which was attended by 187 people. As a cancer survivor, the lecturer imparted first-hand knowledge of the disease, treatment, how best to provide support in the workplace, and other useful information.

Usage Results for the Balanced Support Policies (SEKISUI CHEMICAL) 

(persons)

Policy	Main content		FY2019	FY2020	FY2021	FY2022	FY2023
Shortened working hours for childcare	Can be taken up to the child enters junior high school. (The statutory end date is until the child reaches three years of age.)	Female	55	67	64	70	78
		Male	2	1	0	0	2
		Total	57	68	64	70	80
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.	Female	10	6	4	0	3
		Male	7	4	3	1	1
		Total	17	10	7	1	4
Family leave	Three days of special care leave per year granted until the child or grandchild starts high school.	Female	62	51	54	68	77
		Male	193	126	156	152	174
		Total	255	177	210	220	251
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.)	Female	1	0	1	1	1
		Male	4	1	2	1	2
		Total	5	1	3	2	3
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.	Female	0	0	0	2	2
		Male	4	1	1	1	0
		Total	4	1	1	3	2

Note 1: Accumulated annual leave can be accumulated up to 40 days per year out of the annual paid leave that expires, and can be taken in days or hours depending on the purpose.

Note 2: Some past figures have been revised due to improvements in precision.

Note 3: Please refer to P.186 for the status of annual paid leave taken.

Usage Results for the Balanced Support Policies (SEKISUI CHEMICAL)

(persons)

Policy	Main content		FY2019	FY2020	FY2021	FY2022	FY2023
Accumulated annual leave (for raising children)	Acquired on an hourly basis for children up to the age of 18	Female	57	39	37	52	52
		Male	28	21	13	32	43
		Total	85	60	50	84	95
Accumulated annual leave (for personal injury or illness)	Acquired on a daily basis (10 or more consecutive business days) or hourly basis	Female	6	9	33	46	40
		Male	37	25	66	58	71
		Total	43	34	99	104	111
Accumulated annual leave (for care giving)	Acquired for care giving on a daily or hourly basis for spouses, parents, children, etc.	Female	17	10	13	20	17
		Male	15	6	5	10	28
		Total	32	16	18	30	45
Accumulated annual leave (for health nursing)	Acquired for health nursing on a daily or hourly basis for spouses, parents, children, etc.	Female	31	14	25	38	45
		Male	30	14	21	37	58
		Total	61	28	46	75	103
Accumulated annual leave (for fertility treatment)	Acquired on a daily or hourly basis	Female	2	1	1	4	5
		Male	0	0	1	0	2
		Total	2	1	2	4	7
Accumulated annual leave (for volunteering)	Acquired on a daily or hourly basis	Female	3	1	0	0	3
		Male	5	1	0	1	6
		Total	8	2	0	1	9

Note 1: Accumulated annual leave can be accumulated up to 40 days per year out of the annual paid leave that expires, and can be taken in days or hours depending on the purpose.

Note 2: Some past figures have been revised due to improvements in precision.

Note 3: Please refer to P.186 for the status of annual paid leave taken.

Realize an Environment That Enhances Individual and Workplace Vitality

1. Create a Safe and Secure Work Environment

In addition to efforts aimed at reducing working hours, SEKISUI CHEMICAL is endeavoring to improve work productivity. To pursue a highly productive work style that maximizes results in a limited amount of time, it is important for employees to work autonomously and for supervisors to engage in self-directed support-type management. In order to instill this approach in our employees, we have rolled out the Work Style Reforms Guidelines and Work Style Reforms e-learning. In fiscal 2023, we continued to conduct training for managers to coach employees' self-support. To realize flexible work styles, we are upgrading and expanding Group-wide working from home/flexible hours and other systems. As a result, coexistence between going to an office and working remotely has steadily taken hold. We will continue to maintain close communication between the Company and labor union, engage in constructive dialogue on issues common to labor and management, and promote system revisions related to flexible work styles through the Labor-Management Committee.

•Meeting with the President / Top Management in 2023

The Meeting with the President/Top Management initiative is a forum for dialogue between management and employees on a variety of themes.

Drawing on the theme, What is a good company full of vitality from an external perspective?, a meeting was held in fiscal 2023. Three female outside directors, including the Chair of the Diversity Promotion Committee, were invited as panelists, to a meeting attended by approximately 200 employees. In addition to imparting their thoughts on the Company's strengths and potential for growth, outside directors drew on their experiences when replying to issues raised by employees and outlining management's perspective. As such, the meeting was an opportunity for the frank exchange of opinions by not only employees, but also management to think about the future of SEKISUI CHEMICAL Group.

Performance Data

Training Results for Managers to Coach Employees' Self-support (SEKISUI CHEMICAL Group)

Training Program Name	FY2022	FY2023
Training for managers to coach employees' self-support (persons)	202	74

Hours Worked and Paid Vacation Days Taken (SEKISUI CHEMICAL) 

	FY2019	FY2020	FY2021	FY2022	FY2023
Monthly average number of overtime hours per employee (hours)	18.0	15.6	18.2	19.0	18.7
Annual average number of total hours worked per person (hours)	1,914	1,903	1,925	1,932	1,919
Percentage of paid vacation days taken per employee (%)	71.4	58.2	64.9	66.6	74.7
Average number of paid vacation days taken per employee (days)	13.6	11.2	12.5	12.8	14.1

Note 1: Excluding managers and workers on loan from other companies.

Note 2: The average number of overtime hours per employee per month is calculated based on the prescribed working hours of 7.5 hours.

Note 3: Percentage of paid vacation days taken per employee = Number of paid vacation days taken / Available paid vacation days ×100

Number of Labor Union Members

The SEKISUI CHEMICAL Labor Union serves as the Company's labor union. Adopting a union shop system, 100% of eligible employees are members (2,390 in FY2023).

2. Ensure a Healthy and Comfortable Working Environment

Promoting Health and Productivity Management

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. In March 2019, we announce details of our Declaration of Health, and established the Basic Policy for Health and Productivity Management, with summarize our philosophy regarding our goals for health and productivity management*¹. We are also promoting health management using a Health and Productivity Management Strategy Map*².

*1 Health and Productivity Management is a registered trademark of the NPO Kenkokeiei.

*2 Health and Productivity Management Strategy Map (In Japanese only)

https://www.sekisui.co.jp/csr/pdf/csr_strategy_map.pdf



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.

Management Issues to be Solved through Health and Productivity Management

Contribute to greater productivity through healthy minds and bodies

Address the declining birthrate and aging society

Contribute to a higher engagement score

Create and foster a well-Being culture

Initiative 1: Health Checkups and Measures to Prevent Lifestyle-related Diseases

SEKISUI CHEMICAL Group collaborates with the SEKISUI Health Insurance Society. We facilitate health and carry out uniform health checkups for all Group companies. In addition to introducing a health management system, we are also undertaking a variety of measures, including putting in place the SEKISUI Health Network (SHN), which can accommodate workplaces with less than 50 employees in a bid to promote better health Group-wide, including small work sites.

Health Checkups and Measures to Prevent Lifestyle-related Diseases

	FY2018	FY2019	FY2020	FY2021	FY2022
Percentage of employees receiving health checkups (%)	99.6	98.2	98.6	98.9	99.5
Percentage of employees receiving a secondary medical examination (%)	78.0	67.1	69.7	67.7	70.0

We have established high-risk values and confirmed that the health of employees who fall under this category is being properly managed (implementation rate of 100% in FY2022; implementation rate details for FY2023 scheduled for Web release in August 2024). Based on the aforementioned, the rate of high-risk employees (%) has gradually decreased (1.15 in FY2020, 0.97 in FY2021, and 0.92 in FY2022).

Seven Health Habits Support Program

The Seven Health Habits Support Program using health support apps held four events. 92.7% of those who attended the walking event said they enjoyed the event. For the sleep event, there was a 19.5% improvement in the quality of sleep before and after the event. Work day presenteeism also increased by 5.3 points, from 64.4 to 69.7. Moreover, the rate of Seven Health Habits recognition increased from 75.3% in FY2022 to 83.4%.

Initiative 2. Mental Health

SEKISUI CHEMICAL Group undertakes the following measures to support mental health.

1. Use of stress level tests

The Group conducts stress level tests of all Group companies, including those with fewer than 50 employees. Population analysis has been mandatory since fiscal 2019. As such, population analyses have been conducted on a 100% Group-wide basis. In addition, detailed population analyses have been conducted at 93.7% of the Group's business sites (91.6% in the previous fiscal year). Furthermore, the rate of workplace environment improvement based on stress tests was 63.0% (55.0% in the previous fiscal year).

2. Mental Health Training by Job Classification

SEKISUI CHEMICAL Group conducts self-care training for all Group employees and line care training for managers every year. In fiscal 2023, we launched training for all new employees of the Group as a mental health measure for young employees.

Participation in Mental Health Training

Training name	FY2020	FY2021	FY2022	FY2023
Self-care training participation rate for all employees (%)	76.9	74.8	83.5	84.7
Managers: Line care training participation rate(%)	—	91	90.8	57.9*
Training participation rate for new employees(%)	—	—	—	94.5

* Only line managers are required to participate in FY2023.

3. Enhanced Consultation Centers Where Employees Can Comfortably Seek Advice

SEKISUI CHEMICAL Group has established consultation centers that are available to any employee of the Group, regardless of employment format, thus strengthening the safety net function.

Initiative 3: Workplaces and Systems Where Employees Can Work with Peace of Mind

There are a variety of existing factors at workplaces that may hinder health, including chemical substances, working posture, and noise. To counter these factors, we are undertaking activities across the Group through the utilization of an occupational health and safety management system. In addition, we are also striving to enhance a range of internal systems so that not only healthy employees, but also employees with illnesses can work with peace of mind in a caring environment.

In fiscal 2023, we conducted training on women's health for managers in an effort to solve women's health issues, with 76.7% of all managers attending. In addition, a seminar for female employees was held on the theme of Women's Health in the Event of a Disaster, with a participation rate of 67.7% of which 99.4% confirmed their understanding.

Initiative 4. Group-wide Initiatives

In order to promote health and productivity management in unison as a group, we are promoting use of the Group's Health and Productivity Management Organization Recognition Program, in the large enterprise category. Group companies that are engaging in activities aimed at increasing the level of health through pre-assessment are covered under this use. We took steps to initiate information exchange meetings among applicable companies from fiscal 2019. Having established specific health and productivity management targets for each company and putting in place a mechanism to share details regarding the level of achievement, we are promoting activities on an integrated Group-wide basis. In addition, we have appointed people responsible for, and others in charge of health and productivity management at approximately 300 business sites. In this manner, we have established systems that ensure the definitive promotion of health and productivity management.

Attended by representatives of the labor union, the Health Up Working Group meets monthly with the SEKISUI Health Insurance Society to share information and deliberate on measures.

Initiative 5: Increase Motivation and Productivity

With the aim of establishing productivity indicators, we have identified a total of 29 KPIs, including seven major indicators, and are implementing various health-related measures for each.

External Evaluation

In recognition of SEKISUI CHEMICAL's efforts to resolve employee health- and productivity-related issues from a Group-wide perspective, the Company was certified as a 2023 Health and Productivity Management Organization in the large enterprise category (White 500) for the eighth consecutive years together with 32 affiliated companies in Japan.



[News Release \(March 15, 2024\)](#)

https://www.sekisui.co.jp/news/2024/1400540_41090.html (In Japanese only)

Performance Data

Rate of long-term leave due to mental health problems (%) (SEKISUI CHEMICAL Group) ✓

FY2019	FY2020	FY2021	FY2022	FY2023
0.77	0.98	1.02	1.13	1.14

Stress-check Assessment Rate (%) (SEKISUI CHEMICAL Group) ✓

FY2019	FY2020	FY2021	FY2022	FY2023
92.5	93.9	95.2	95.5	96.4

Note: Companies subject to stress check: Companies that are members of the SEKISUI Health Insurance Society (excluding some affiliated companies)

Primary KPIs (7 Indicators) (see the aforementioned rate of prolonged absence due to mental health issues) (SEKISUI CHEMICAL Group)

	FY2020	FY2021	FY2022	FY2023
Implementation of 4 or more of the Seven Health Habits (%)	59.0	54.0	63.9	63.5
Implementation ratio of workplace environment improvements (%)	64.3	65.5	55.0	63.0
Presenteeism (%) ^{*1}	65.5	64.7	57.6	57.6
Absenteeism (days) ^{*2}	1.27	1.31	2.29	3.05
Employees in an ideal health condition (%) ^{*3}	—	—	33.1	31.9
Work engagement (%) ^{*4}	—	—	3.05	3.01

*1 Presenteeism is a condition in which a person is working but is unable to perform at full capacity due to health problems. The University of Tokyo version one-question-type survey in FY2019, and WHO-HPQ survey from FY2020 onward.

*2 Absenteeism: Absent from work due to injury or illness. Actual calculation from FY2022

*3 Employees in an ideal health condition: Percentage of respondents who answered that their usual subjective mental and physical health was “very good” or “good” based on the survey with questions referenced from the OECD (BLI: Better Life Index).

*4 Work engagement: The nine-item average, of the nine-item version of the Utrecht Work Engagement Scale, the most widely used work engagement measurement.

Safety Issues

● Strategy (Stance, Approach, and Awareness of Risk)

Basic Concept

Under the current Medium-term Management Plan, SEKISUI CHEMICAL Group has continued to promote safety management activities centered on rebuilding audit systems, clarifying global equipment design standards, improving site qualities, and actively utilizing digital technology.

As a result of these activities, we have firmly instilled activities that help improve the intrinsic equipment safety issues identified in domestic production site safety audits within the following fiscal year. In addition, the number of workplace accidents (in particular, incidents that involve personnel falling off equipment and falling over) decreased due to the activities of key safety personnel at domestic construction sites. There were no major equipment-related accidents (fires or explosions) in Japan or overseas.

In contrast, the following issues were uncovered.

- Identification of risks associated with equipment-related workplace injuries at production sites and a review of the method and scope of such risks
- Development of automated detection technologies based on monitoring cameras for the purpose of reducing activities that deviate from rules at construction sites
- Measures against heatstroke amid the increasingly severe hot summer environment
- Efforts to ensure intrinsic equipment safety at overseas sites and the development of human resources to promote safety

Risk Awareness

SEKISUI CHEMICAL Group recognizes the following safety-related risks.

1. Serious equipment accidents (fires / explosions)

Injury to the body or damage to the property of employees and neighboring residents, long-term suspension of operations, suspension of customer production, inability to continue business

2. Work-related fatal or serious accidents

Difficulty in securing human resources due to loss of trust and harmful rumors

3. Large-scale leakage of hazardous substances and environmental pollution

Injury to the bodies or damage to the property of employees and neighboring residents, long-term suspension of operations, suspension of customer transactions, incidence of decontamination costs

4. Serious violations of environment-related laws

Business continuity risk due to loss of trust, long-term suspension of operations, suspension of customer transactions, and tightening of regulations

Developing Human Resources Capable of Identifying Dangerous Situations

SEKISUI CHEMICAL Group believes that creating a workplace in which employees can work safely and with peace of mind is a key corporate responsibility and one of management's most important priorities. Based on this concept, we engage in total safety activities (zero occupational injuries, zero equipment-related accidents, zero commuting-related accidents, and zero extended sick leave) based on the five themes (1) to (5) listed below. However, no matter how safe and secure an environment is, accidents cannot be prevented if each and every employee working there does not take the necessary care. Safety is not possible without the safety endeavors of each individual. For this reason, in addition to safety education and efforts to increase sensitivity to danger, we are also focusing on creating a culture of observing and complying with established rules.

- (1) Safety management using OHSMS
- (2) Intrinsic equipment safety*
- (3) Safety education of employees
- (4) Risk management, including risk assessment
- (5) Safety as well as disaster-preparedness audits to evaluate the status of the above activities

* The term for machine safety activities promoted by the Group. These activities promote improvements to unsafe areas of production equipment through intrinsic safety design policies and safeguards.



● Governance

| System for Occupational Safety

We have established the SEKISUI CHEMICAL Group Safety Policy as our basic philosophy on occupational safety and share it with all employees.

The Safety Subcommittee, established under the Sustainability Committee, formulates policies and activity guidelines for initiatives related to occupational safety and health. Each site puts into practice and promotes these initiatives under the guidance of the Safety & Environment Group at the Manufacturing Infrastructure Enhancement Center.

We have compiled a wide range of Group occupational health and safety data. This compilation includes data generated from work at production and construction sites and through research activities, as well as from partner companies outside the Group.

The Safety Subcommittee met twice in fiscal 2023, in October and March.

In the event of an actual occupational accident, information, including the employment status of the affected person, is collected. If there are any issues with management at a business site, steps are taken to secure the necessary improvements.

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

The percentage of ISO 45001 certified business sites (21) to the total number of the Group's domestic and overseas production sites (91) is 23%.

Business sites (in Japan) that have acquired external certification (ISO 45001)

- SEKISUI CHEMICAL CO., LTD. Shiga-Ritto Plant
- SEKISUI CHEMICAL CO., LTD. Shiga-Minakuchi Plant
- SEKISUI CHEMICAL CO., LTD. Taga Plant
- CHIBA SEKISUI INDUSTRY CO., LTD.
- SHIKOKU SEKISUI CO., LTD.
- TOKUYAMA SEKISUI CO., LTD.
- Sekisui Medical Co., Ltd. Iwate Plant
- Sekisui Medical Co., Ltd. Tsukuba Plant

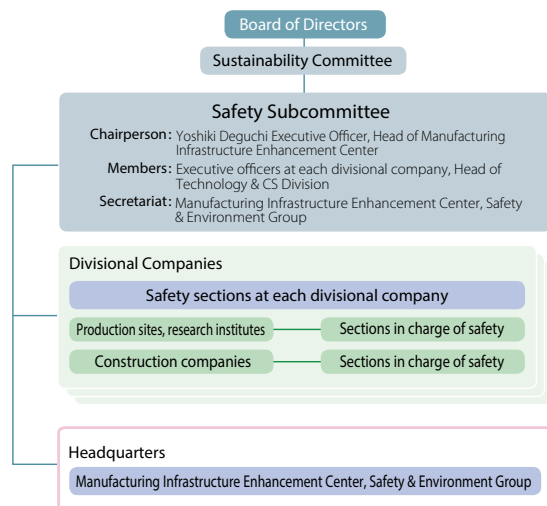
The percentage of ISO 45001 certified business sites (8) to the total number of the Group's domestic production sites (46) is 17%.

Business sites (overseas) that have acquired external certification (ISO 45001)

SEKISUI S-LEC MEXICO S.A. de C.V.
 SEKISUI S-LEC B.V.
 SEKISUI POLYMATECH EUROPE B.V.
 SEKISUI SPECIALTY CHEMICALS EUROPE S.L.
 SEKISUI DIAGNOSTICS (UK) LIMITED
 SEKISUI SPECIALTY CHEMICALS (THAILAND) CO., LTD.
 S AND L SPECIALTY POLYMERS CO., LTD.
 SEKISUI RIB LOC AUSTRALIA PTY. LTD.
 SEKISUI PILON PTY. LTD.
 SEKISUI S-LEC (THAILAND) CO., LTD.
 SEKISUI DLJM MOLDING PRIVATE LTD. Greater Noida
 SEKISUI DLJM MOLDING PRIVATE LTD. Tapukara
 SEKISUI DLJM MOLDING PRIVATE LTD. Chennai 1
 SEKISUI DLJM MOLDING PRIVATE LTD. Gujrat
 Sekisui S-Lec (Suzhou) Co., Ltd.

The percentage of ISO 45001 certified business sites (15) to the total number of Group overseas production sites (45) is 33%.

Safety-promotion System



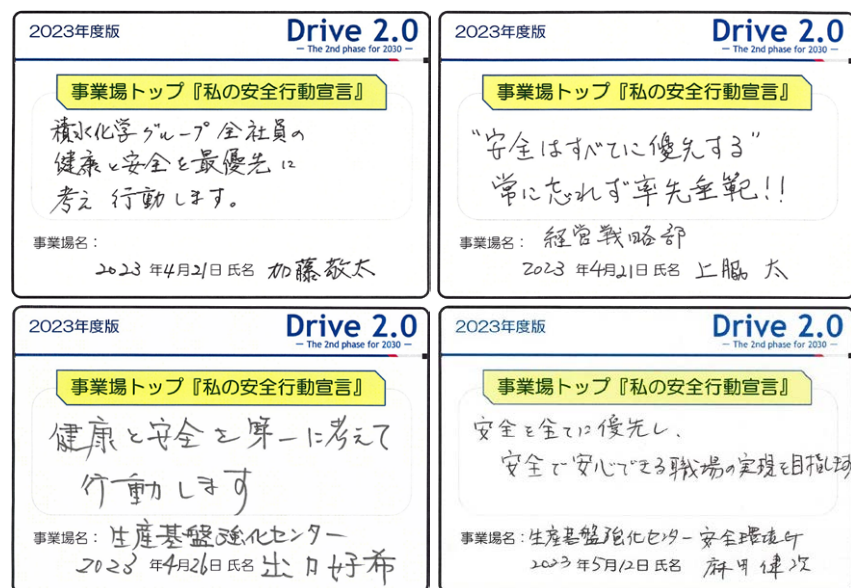
Occupational Safety Committee Meeting Held

SEKISUI CHEMICAL Group holds legally mandated Occupational Safety Committee meetings at each business site. During Occupational Safety Committee meetings, labor and management work together to conduct disaster-related investigations. Strategic proposals related to occupational health and safety are also made.

Meetings of the Central Occupational Safety Committee were held at the Company's head office up to fiscal 2019. This Committee served as a Group-wide forum for discussion between labor and management. Despite refraining from face-to-face meetings and the hiatus attributable to such factors as the COVID-19 pandemic, deliberations in the form of Central Occupational Safety Committee meetings, at which labor and management discuss issues and measures regarding safety activities, resumed from fiscal 2022.

Declaration of the Commitment to Safe Business Practices Announced by the Leadership of Each Division

SEKISUI CHEMICAL Group recognizes that the most important aspect of safety activities is for the top management of each business site to demonstrate leadership and take the initiative. Based on this understanding, the president and leadership of each division declare their commitment to safe business practices each fiscal year and their personally written declarations are posted on the intranet.



A safety declaration posted on the intranet

● Risk Management

SEKISUI CHEMICAL Group identifies and manages safety-related risks as follows.

1. Serious equipment accidents (fires / explosions)

The Group implements risk management by creating equipment management standards to prevent serious equipment accidents, adding equipment assessment items to the management assessment sheet for safety audits, defining equipment management indicators, and utilizing data.

2. Work-related fatal or serious accidents

Injuries caused when caught or entangled in machinery and equipment are highly likely to result in serious permanent disability or fatality. Accordingly, the Group focuses on identifying and mitigating the relevant risks.

3. Large-scale leakage of hazardous substances and environmental pollution

In addition to identifying business activity risks that could have a significant impact on the environment in advance and implementing preventive measures, the Group undertakes activities to prevent large-scale spills outside of business sites through drills that anticipate the occurrence of such risks.

4. Serious violations of environment-related laws

By specifying environment-related laws and regulations applicable to each business site and conducting environmental audits based on these audit standards, the Group engages in activities to prevent serious violations of laws and regulations at business sites.

■ Implementation of Safety Audits

SEKISUI CHEMICAL Group has identified occupational health and safety management system evaluation categories, which are employed in the self-evaluations conducted at each business site as well as safety audit evaluations by Corporate Headquarters. We review evaluation categories each year, taking into account issues related to Group-wide safety management activities.

In fiscal 2023, safety audits were conducted at 15 domestic sites. This was the first time since fiscal 2019 that all of our business sites had carried out on-site inspections. We were able to conduct document reviews including the close exchange of information, and site inspections from a broader perspective. In the future, the Group plans to make continuous improvements to its safety auditing procedures, to ensure that they are carried out appropriately in line with audit objectives and the circumstances in each case.

Implementation of Occupational Safety Assessments

Article 14 of the Group's Safety Management Rules stipulates that when launching a new business, the general manager of the relevant business division is responsible for conducting a comprehensive prior assessment of occupational safety. Based on this stipulation, the relevant divisional company that is looking to launch a new business implements an assessment.

Laws and regulations at overseas sites differ depending on the region, country, and state. For this reason, external consultants (experts in local laws and regulations) conduct audits to confirm the status of legal compliance.

Implementation of Medical Examinations

SEKISUI CHEMICAL Group provides medical examinations for employees based on the results of medical examinations in accordance with the Employment Evaluation Guidelines for High-risk Employees (for health management officers). In addition, we confirm through safety audits and other means that the following legally mandated health checkups are conducted at each business site.

- Special medical examinations
- Medical examinations for those engaged in designated work

● Indicators and Targets

■ Targets

Under the current Medium-term Management Plan, SEKISUI CHEMICAL Group is promoting safety activities based on the KPI of zero incidents of injuries attributable to machines and equipment with the aim of preventing serious accidents that could result in permanent disability by preventing injuries caused when caught or entangled in machinery and equipment. In FY2023, there were eight incidents of injuries attributable to machines and equipment.

Key Implementation Measures	Management Indicators	Final Fiscal Year (FY2025) Targets of the Current Medium-term Management Plan	Number of incidents in FY2023 <input checked="" type="checkbox"/>
Safety audits, mutual on-site inspections, comments and sound improvements through on-site risk assessment	Zero incidents of injuries attributable to machines and equipment	0	8

● Major Initiatives

| Development of Human Resources to Take the Initiative in Safety Activities

To strengthen its safety activities, SEKISUI CHEMICAL Group established and has continued to promote a Safety Leader (SL) certification system since fiscal 2017. Certified SLs assist safety managers and promote safety management activities at each site.

In fiscal 2023, 27 employees (and a cumulative total of 184 since fiscal 2017) were certified under the SL certification system.

SLs are tasked with identifying and mitigating risks at their respective workplaces, holding workshops with other SLs Group-wide, upgrading and expanding the content of safety training, and promoting the rollout of best practice examples.

In addition, since fiscal 2017, we have continued to support employees in their efforts to acquire Safety Sub-assessor (SSA)* certification, holders of which promote machine safety activities. As of March 2024, a cumulative total of 225 employees have qualified with 193 holding certification. Furthermore, 23 employees have acquired Safety Assessor (SA)* certification, while two have acquired Safety Senior Assessor (SEA)* certification, which rank above SSA.

* A safety qualification by Japan Certification Corporation that certifies knowledge of machinery safety based on international safety standards.

| New Equipment Design Safety Standards

The New Equipment Design Safety Standards, which summarize the safety specifications necessary for production equipment used by the Group, began undertaking Intrinsic Equipment Safety*¹ activities. At the same time, following an update to reflect ISO/JIS machine safety criteria, these Standards now serve as an important document for improving production equipment.

The New Equipment Design Safety Standards have been systematized in accordance with ISO/IEC Guide 51 and are comprised as follows.

Standard A: Basic safety standards

Standard B: Common safety standards

Standard C: Individual equipment safety standards

In 2020, we established the Revision Committee which consists of 12 individuals with SSA*² qualifications. This Committee updates these Standards with the goal of revising the content once a year.

*¹ Machine safety activities promoted by SEKISUI CHEMICAL Group. These activities promote improvements to unsafe areas of production equipment through intrinsic safety design policies and safeguards.

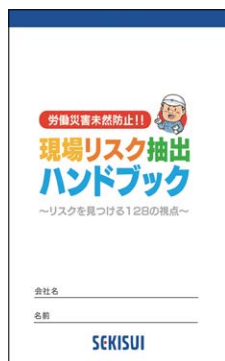
*² A safety qualification by Japan Certification Corporation that certifies knowledge of machinery safety based on international safety standards.

Increasing Opportunities to Uncover Risks and Deploying Best Practices through Mutual On-site Inspections

Since fiscal 2021, the Group has conducted mutual on-site inspections among its manufacturing sites. This initiative is led by the Technology & CS Promotion departments of each divisional company, and involves employees from different manufacturing sites, who work to uncover risks at each other's sites. Previously, safety, accident-prevention, and environmental audits were only conducted once every three years making frequent audits impossible. This made it difficult to horizontally deploy best practice examples of other business sites.

Mutual on-site inspections help improve the awareness of and sensitivity to risks of participating employees, while allowing site leaders and others hosting inspections to learn from other business sites. This has made it easier to reaffirm risks at workplaces and to quickly deploy best practices horizontally.

In addition, the Safety & Environment Group prepares and distributes the Site Risk Identification Handbook as a guideline for uncovering risks on one's own to safety officers at each business site.



Improving Emergency Response Skills

SEKISUI CHEMICAL Group has identified the following as high risk scenarios that require particular focus with respect to prevention.

- Getting caught or entangled in machinery at production sites
- Falling off equipment or falling over at a business site
- Chemical process-related fires or explosions

Moreover, the Company conducts Heads-up Training where chemical processes are integral to production. At SEKISUI CHEMICAL Group, we conduct Heads-up Training to strengthen the decision-making capabilities 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. Trainees are then 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 are able to improve equipment countermeasures and revise operating procedures. In addition to teaching trainees how to handle potential problems (troubleshooting), training is applied on various occasions, including evacuation as well as disaster prevention drills.

Deepening Understanding of the Basic Safety Principles

SEKISUI CHEMICAL Group is working to prevent occupational injuries caused by manufacturing machines and equipment through activities that ensure intrinsic equipment safety*. At the same time, we are endeavoring to prevent occupational accidents caused by the actions of workers. Based on the lessons learned from past occupational accidents that have actually occurred at Group sites, we have formulated and are implementing the Basic Safety Principles, which summarize the rules to be observed and prohibited matters during work across six categories for each work process. In order to ensure that these principles are quickly disseminated throughout the Group, posters with illustrations and easy-to-understand explanations were prepared and distributed to all business sites in Japan and overseas.

* Machine safety activities implemented by SEKISUI CHEMICAL Group. These activities promote improvements to unsafe areas of production equipment through intrinsic safety design policies and safeguards.



Six Basic Principles for Hot Work Poster (Thai version)

Measures to Prevent Fires and Explosions

Fires and explosions have a significant impact on the surrounding environment and on business continuity. As a preventive measure, we invite outside disaster prevention experts to undertake disaster-preparedness audits when conducting safety audits. We verify such items as the storage and handling status of hazardous materials as well as the recovery systems used in the event of a natural disaster, etc., to detect disaster risks at an early stage and take preventive measures. In fiscal 2023, these audits were conducted at 16 sites uncovering 432 items. As a result, each business site is making the necessary improvements.



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, etc. • Intrinsic equipment safety measure status Inclusion of 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: For sites that implement safety audits only, the audit will proceed in much the same manner as before, including the disaster-preparedness audit outlined as follows.</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 hazardous as well as designated flammable materials • Checking of fire-fighting equipment maintenance status • Measures for responding to earthquakes and other natural disasters

| Safety Audits at Overseas Business Sites

SEKISUI CHEMICAL Group has established and deployed global safety standards to raise the level of safety activities at overseas production sites, which operate within different legal, regulatory, and cultural environments. In fiscal 2023, auditors went directly to business sites to conduct on-site inspections. We also conducted an occupational health and safety management audit based on the Group's evaluation standards through remote meetings for sites that had completed on-site inspections.

| Safety Awards

We hold the SEKISUI CHEMICAL Group Safety Conference every year. In fiscal 2023, awards were bestowed by the president, and case studies presented by sites with the best safety records using an online format on May 26.

| Safety Management Across Supply Chains

The Housing Company has organized the Sekisui Heim Cooperation Association with its partner companies (contractors) to ensure the safety of employees of partner companies (contractors) involved in the on-site construction of houses, and holds regular meetings and other events. At these meetings, the Housing Company shares the Group's safety policy, holds safety education sessions, and provides various training opportunities related to occupational safety.

| Emergency-preparedness Drills

Each business site conducts emergency response and notification drills to prevent environmental pollution in the event of an emergency and to prevent the spread of pollution. Training is conducted at least once a year, assuming a variety of cases depending on the characteristics of the site.

Environment-related Complaints and Accidents

Environment-related Complaints and Accidents (FY2023)

Category		Number of cases	Details
Accidents	Fires	1	A catalytic combustion device caught fire and some of the machine's connections burned. The fire was extinguished by the public fire department without any injuries.
	Leakage	0	—
Complaints		0	—

Indicator	Calculation Method
Fires	Number of fire incidents involving firefighting activities by public fire departments that occurred during the fiscal year
Leaks	Number of incidents involving the off-site leakage of hazardous or toxic materials of 1/5 or more of the designated quantity or 200 liters or more that occurred during the fiscal year
Complaints	Number of complaints that could significantly affect the living environment of neighborhood residents that occurred during the fiscal year

Performance Data

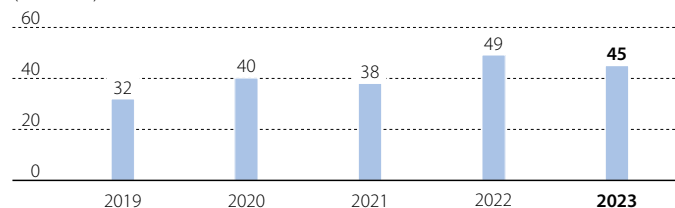
Safety Performance

Japan

Aggregate scope: 48 production sites and 5 research institutes in Japan

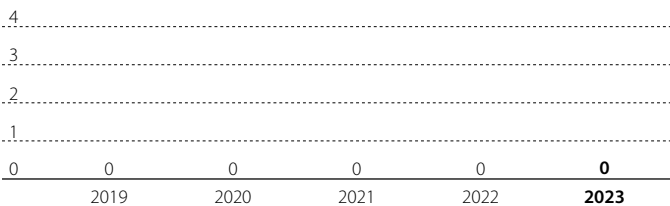
Number of Occupational Accidents

(Accidents)



Number of Facility Accidents

(Accidents)

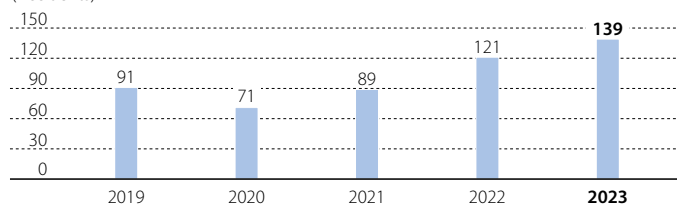


Indicator	Calculation Method
Number of Occupational Accidents	The number of occupational accidents (both those resulting in lost time and those not) occurring during a given fiscal year (April through the following March)

Indicator	Calculation Method
Number of Facility Accidents	<p>The number of incidents where facilities malfunctioned (fires, leaks, etc.) 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)</p> <p>(1) Human harm: An accident causing at least 30 days' lost work</p> <p>(2) Material harm: 10,000,000 yen or greater</p> <p>(3) Opportunity loss: 20,000,000 yen or greater</p>

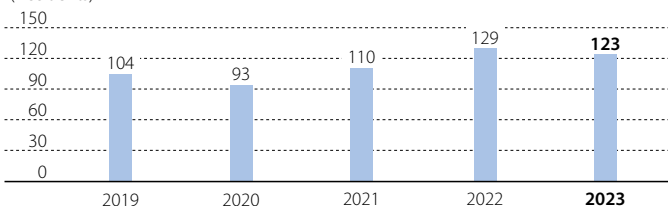
Number of Cases of Long-term Sick Leave

(Accidents)



Number of Commuting Accidents

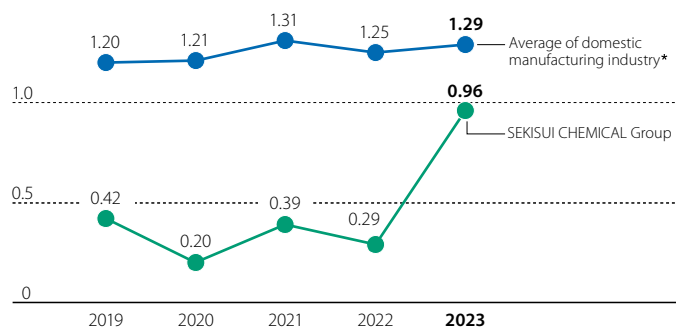
(Accidents)



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 site or research institute 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, leave attributable to an occupational injury is counted as an occupational accident and 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); counting assault, damage, self-inflicted injury, and accidents; includes accidents while walking

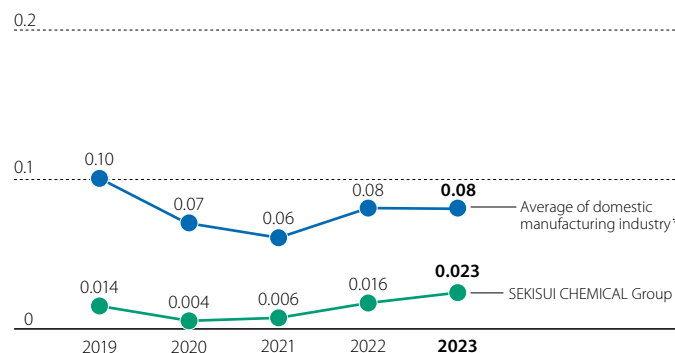
Frequency Rate Over Time



* Source of information for the 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

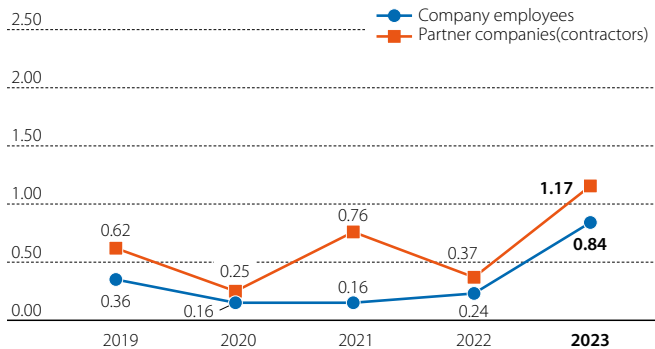
Severity Rate Over Time



* Source of information for the Japanese manufacturing industry: Ministry of Health, Labour and Welfare, Survey on Occupational Accidents

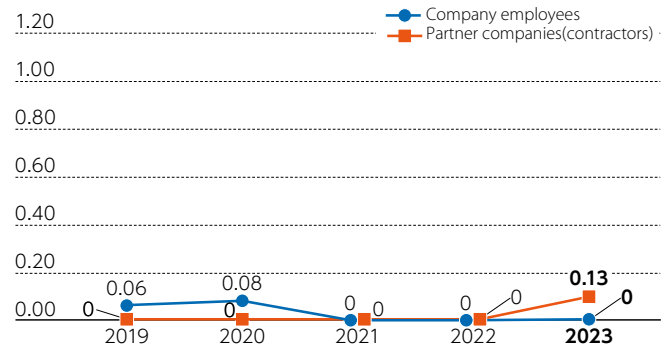
Indicator	Calculation Method
Severity Rate	The total number of days of work lost per 1,000 hours of total time worked during a given fiscal year (April through the following March) Formula for calculation: (Number of days of work lost / total number of man-hours worked) × 1,000

Lost Time Injury Frequency Rate (LTIFR)



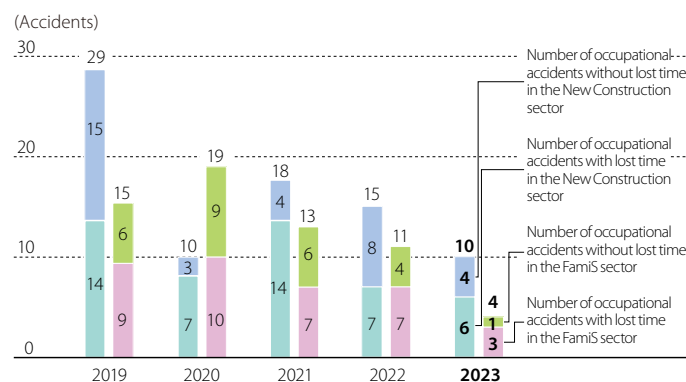
Indicator	Calculation Method
Lost Time Injury Frequency Rate	(Number of accidents causing sick leave / total number of man-hours worked) × 1,000,000

Occupational Illness Frequency Rate (OIFR)



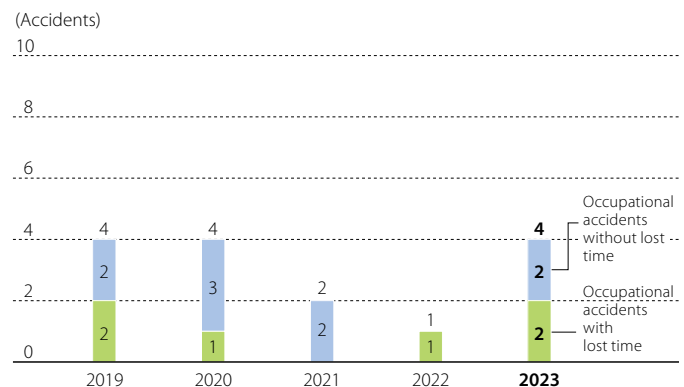
Indicator	Calculation Method
Occupational Illness Frequency Rate	(Occupational illnesses / total number of man-hours worked) × 1,000,000 Occupational illnesses as defined by the Ministry of Health, Labour and Welfare, including heat stroke, lower back pain, and intoxication by chemical substances

Safety Performance in the Housing Company's Construction Sites



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)

Safety Performance with Respect to Construction Sites in the Urban Infrastructure & Environmental Products Company



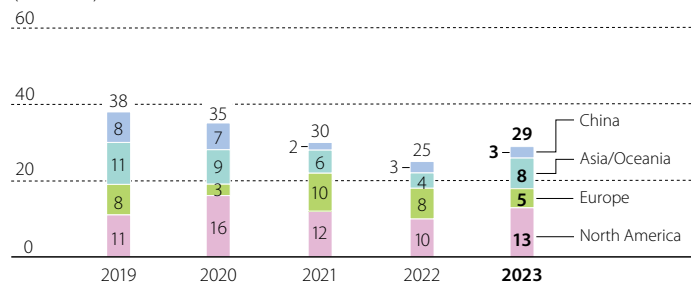
Indicator	Calculation Method
Safety Performance with Respect to Construction Sites in the UIEP Company	The number of occupational accidents (both those resulting in lost time and those not) occurring on construction sites under the jurisdiction of the UIEP Company during a given fiscal year (April through the following March)

Overseas

Aggregate scope: 45 overseas production sites

Number of Occupational Accidents ☒

(Accidents)



Indicator	Calculation Method
Occurrence of occupational accidents at overseas production sites and research institutes	The number of occupational accidents (both those resulting in lost time and those not) 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 31 construction offices in Japan
45 production sites overseas

Number of fatalities due to occupational accidents ☒

(Number of people)

		FY2019	FY2020	FY2021	FY2022	FY2023
Employees		0	0	0	0	0
	Japan	0	0	0	0	0
	Overseas	0	0	0	0	0
Partner Companies (contractors)		0	1	0	0	0
	Japan	0	1	0	0	0
	Overseas	0	0	0	0	0
Total		0	1	0	0	0

Health and Safety / Accident Prevention Costs

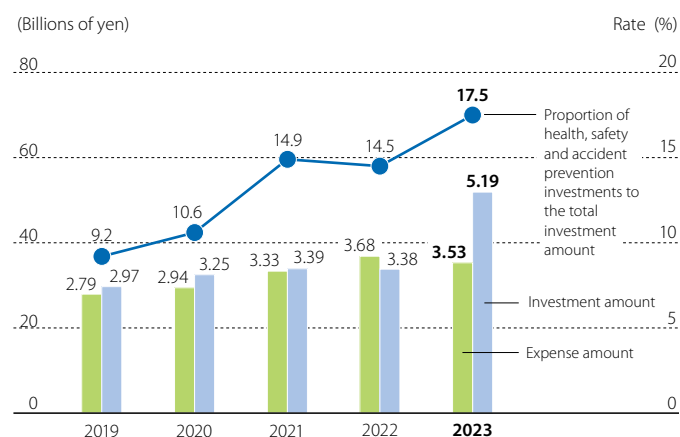
Aggregate scope: 46 production sites, 5 research institutes, Corporate Headquarters departments, and back offices of divisional companies in Japan

Accident Prevention Costs (FY2023)

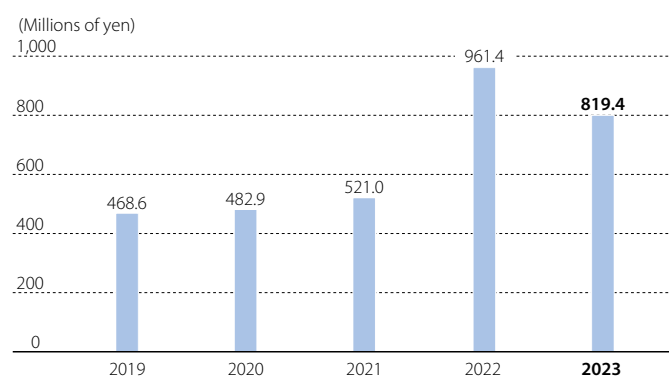
(Millions of yen)

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.	1,307	5,192
2) Administrative costs	Establishment and implementation of OHSMS, safety education, personnel costs, etc.	2,223	—
3) Other	Safety awards, etc.	4	—
Total		3,534	5,192

Costs and Investments Over Time



Loss Costs Over Time



Index	Calculation Method
Costs	Costs associated with health and safety as well as accident prevention activities during a given fiscal year (April through the following March)
Investment amounts	The amount invested in health and safety as well as accident prevention-related measures authorized during a given fiscal year (April through the following March)

Index	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)

Note: Collated after adding maintenance costs (production, logistics, and power transformer facility management) to costs within business site areas from FY2021.

Stakeholder Engagement

● Strategy

| Basic Concept

SEKISUI CHEMICAL Group believes that constructive dialogue to increase corporate value is important to build relationships of trust with its five stakeholders: Customers, Shareholders, Employees, Business Partners, Local Communities and the Environment.

Positioning stakeholders as partners when enhancing corporate value, and grasping their expectations and demands through constructive dialogue while solving issues for society as a whole will lead to significant business opportunities for the Group. In addition, we will further promote sustainable growth by building relationships of mutual prosperity with stakeholders.

In fiscal 2023 the ESG Management Department, which falls under the purview of the Representative Director, Senior Managing Executive Officer (Head of the ESG Management Department), took on the role and responsibility for promoting constructive dialogue with all stakeholders. The various evaluations and opinions received from our stakeholders are reported to the Sustainability Committee, which is chaired by the president and comprised of directors, to ensure that they are appropriately reflected in our corporate activities. Moreover, to secure the timely, appropriate, and proactive disclosure of information throughout the Group, we have formulated the Corporate Information Disclosure Regulations that encompass such items as the specific content of disclosure and disclosure systems based on our Principle of Corporate Information Disclosure, and disclose information in accordance with our IR (disclosure) Policy.

There were no significant concerns raised by stakeholders through each engagement in fiscal 2023.

● Major Initiatives

Responsibility of SEKISUI CHEMICAL Group to Each Stakeholder 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 ESG ● 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 ESG 	<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 • 4 times per year • Issued once per year • As necessary (handled in order of inquiry)
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 ESG ● 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 whistleblowing system • Employee satisfaction surveys • Various employee questionnaires • Dialogue 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 per year • As needed (questionnaires implemented for internal publications, various types of training sessions, etc.) • Regularly • As needed (information updated when necessary), 4 times per year

● Major Initiatives

Responsibility of SEKISUI CHEMICAL Group to Each Stakeholder and Communication Methods

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 and social norms, engaged in relationships of mutual trust, environmentally conscious, anti-corruption, and considerate of human rights. 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 ESG 	<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 business partner every three years • 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 ESG ● 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 Sustainability 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 ESG ● 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

Direct Dialogue Event Between Top Management and Employees

SEKISUI CHEMICAL Group held "Vision Caravan 2023" (Japan/overseas) and "Meeting with the President/Top Management in 2023" as events for direct dialogue between top management and employees.

With fiscal 2023 the first year of the Medium-term Management Plan, Vision Caravan 2023 was an opportunity for top management to explain to employees the Group's aspirations as outlined in its Long-term Vision, Vision 2030, and the role played by the Medium-term Management Plan, Drive 2.0, as a strategy to achieve the Vision.

Continuing on from fiscal 2022, the Meeting with the President/Top Management initiative was also held to allow employees to gain a true picture of top management and their intentions while generating increased energy through an improved sense of expectation and trust. Centered on the key words: Vision 2030, ESG management, and challenge, these events served as a forum for executives to offer their thoughts on achieving the Long-term Vision and to talk about their own experiences and challenges. In response, employees were able to directly ask questions and seek advice on how to address issue and better take on challenges. This process of mutual dialogue helped employees gain an understanding of the connection between their daily work and the Long-term Vision, and get hints on how they can contribute to the realization of the Long-term Vision through their work.

In addition to an online format, meetings were also held at production and other business sites. Employing a hybrid format of online and face-to-face meetings roughly 2800 employees participated in fiscal 2023.



"Vision Caravan 2023" held in Japan



"Vision Caravan 2023" held overseas



Direct Dialogue with Investors to Promote Mutual Understanding

SEKISUI CHEMICAL Group believes it is extremely important to engage in constructive dialogue with shareholders and investors in order to achieve sustainable growth and enhance corporate value over the medium to long term.

We have therefore identified Active Engagement Between Investors and Management as one of our key issues, while the President and Senior Managing Executive Officer, Head of the Business Strategy Department are taking the lead in proactively holding quarterly financial results briefings and direct dialogue with shareholders and institutional investors to leverage our management strategy to enhance corporate value. During fiscal 2023, we held 80 engagements.

We are strengthening information dissemination on our website with an awareness of fair disclosure while striving to reflect as much as possible the opinions and questions received through dialogue with shareholders and investors in the Integrated Report and other IR materials. In fiscal 2023, we formulated a new medium-term management plan to strengthen capital policy disclosure in a bid to secure growth, based on feedback from institutional investors, and held briefings for institutional investors and analysts. Details have been published on our website.

In recent years, interest in ESG investment has grown globally, and ratings agencies are proactively undertaking surveys. SEKISUI CHEMICAL Group compiles and publishes its Sustainability Report based on rating agency questionnaires and third-party reviews, as well as referencing various report-drafting guidelines including GRI standards and considering the importance of the report to society and SEKISUI CHEMICAL Group.

Number of Times Active Engagement Conducted Between Investors and Management

	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Results
Number of engagements*	67	54	82	74	80

* The number of engagements represents the number of times the Company president and executives in charge of specific areas engaged in dialogue with investors.

Promoting Understanding and Acceptance of ESG Management Concepts Among Employees

We are promoting a variety of initiatives to deepen the understanding and penetration of various issues including SEKISUI CHEMICAL Group's approach to ESG management.

We took steps to instill and promote a better understanding of the Group's Long-term Vision, Vision 2030, and approach toward ESG management through Vision Caravan 2023 held in Japan and overseas in fiscal 2023.

Moreover, we implement ESG management training for new employees, newly appointed managers, and others based on their position.

In fiscal 2023, as in fiscal 2022, we held President Workshop meetings for the presidents of local subsidiaries outside of Japan. We were able to confirm the progress and effectiveness of challenging behavior and engagement improvement measures, and gain insights that will lead to the resolution of our own issues from other companies' case studies.

Communication Tools with Employees

SEKISUI CHEMICAL Group has published an in-house magazine (including a series of special features on ESG management) and the SEKISUI CHEMICAL Group ESG Management Reader's Guide (introduction to ESG management), a tool to promote understanding of ESG management among all employees, in order to secure increased acceptance of the Group's ESG management.

These communication tools and ESG-related materials are freely available for employees to download from the intranet, and are also distributed to all 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 ESG-related educational programs.

The regional headquarters disseminate ESG-related information to employees of their respective Group companies. In Europe, ESG-related information is posted on the intranet once a month, and in the U.S., ESG training based on each employee's position is held on a regular basis. In China and Asia, we are working to raise employees' awareness of ESG by holding ESG poster competitions and creating animated videos.



SEKISUI CHEMICAL Group's ESG Management Readers' Guide (ESG Management Introduction) / Japanese edition



SEKISUI CHEMICAL Group's ESG Management Readers' Guide (ESG Management Introduction) / English edition

Distributing Value to Stakeholders

SEKISUI CHEMICAL Group calculates distribution status based on financial statements by stakeholder, using GRI and other standards as a reference.

(Unit: Millions of yen)

Stakeholders	Method of Calculating Amounts	FY2019	FY2020	FY2021	FY2022	FY2023
Shareholders	Dividends	22,401	22,193	23,177	25,100	29,094
Business partners	Cost of sales, Selling costs / General administrative costs (Excluding personnel costs)	829,809	778,554	858,944	926,822	930,019
Employees	Labor costs, Salaries and allowances as part of sales costs and general administrative costs, Provisions for bonuses, Provisions for retirement pay	211,675	210,705	210,122	224,034	232,120
Local communities	Donations	158	218	198	198	296
Global environment	Environmental conservation costs	17,850	16,207	27,522	26,373	16,115
Government and administrative bodies	Corporate taxes, local taxes, business taxes	22,619	19,902	31,099	28,727	32,425
Creditors	Interest paid as part of costs apart from sales	695	861	774	871	1,103

Declaration of Support for Initiatives and Organizations in Which SEKISUI CHEMICAL Group Participates

SEKISUI CHEMICAL Group respects international norms and standards 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' Universal Declaration of Human Rights as well as Guiding Principles on Business and Human Rights (Ruggie Framework). In March 2009, SEKISUI CHEMICAL signed the United Nations Global Compact*.

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.

Information Disclosure Based on the Recommendations of the Task Force on Climate Change-related Financial Disclosures (TCFD) Information Disclosure in Accordance with the Task Force on Nature-related Financial Disclosures (TNFD) Guide

SEKISUI CHEMICAL Group declared its support for the recommendations put forward by the TCFD*¹ in January 2019. The Group began disclosing information based on these recommendations from July 2019. Furthermore, in July 2023 we began addressing the Group's biodiversity issues based on a guide released by the TNFD*² in February 2023*³. By promoting the disclosure of such information, we will strive to build a sustainable management infrastructure that includes relationships of trust with stakeholders.

*1 TCFD: Task Force on Climate-related Financial Disclosures, a task force established in 2015 by the Financial Stability Board (FSB), an international organization that seeks to stabilize the financial system. It recommends that companies disclose information on their analysis of the impact of climate change on their finances.

*2 TNFD: Taskforce on Nature-related Financial Disclosures

A framework was established in 2021 for private companies and financial institutions to properly assess and disclose risks and opportunities related to natural capital and biodiversity. As a framework to follow TCFD, it aims to construct a disclosure framework for natural-related risks.

*3 Disclosed on the Company's website under TCFD/TNFD Report 2023. See the following for more information.

https://www.sekisuichemical.com/sustainability_report/report/#tcfid

Major Organizations in Which SEKISUI CHEMICAL Group Participates

As of March 31, 2024

Organization, Committee, Conference, etc.	Main Positions Undertaken by SEKISUI CHEMICAL Group Personnel Including Directors
Committee on Urban Policy and Housing Development, Japan Business Federation	Chair
Planning Subcommittee, Committee on Responsible Business Conduct & SDGs Promotion, Japan Business Federation	Subcommittee Chairman
Keidanren Committee on Nature Conservation	Vice Chairman
Japan Chemical Industry Association	Director
The Japan Plastics Industry Federation	Director
Kansai Chemical Industry Association	Managing Director
Japan PVC Pipe and Fittings Association	Chair, Representative Director
FRPM Pipes Association of Japan	Chair
Japan Sewage Works Association	Advisory Council Director
Federation of Japan Water Industries, Inc.	Director
Japan Sewage Pipe Renewal Method Association	Vice Chairman, Director
Japan Federation of Housing Organizations	Director
Japan Prefabricated Construction Suppliers and Manufacturers Association	Managing Director
The Machinami Foundation	Director
The Provision of Quality Housing Stock Association (SumStock)	Vice Chairman
Japan-China Association for Building and Housing Industry	Director
Japan Adhesive Tape Manufacturers Association	Director
Environmentally Symbiotic Housing Promotion Council	—
New Energy Foundation	—
Elderly Service Providers Association	—
SDGs: Smart Wellness Housing R&D Consortium	—
Senior Housing Association	—
Japan Housing Association	—
Geo-Heat Promotion Association of Japan	—
Nature Environment Coexistence Technology Association	—
RE100	—
Japan Clean Ocean Material Alliance (CLOMA)	—

Respect for Human Rights

● Strategy

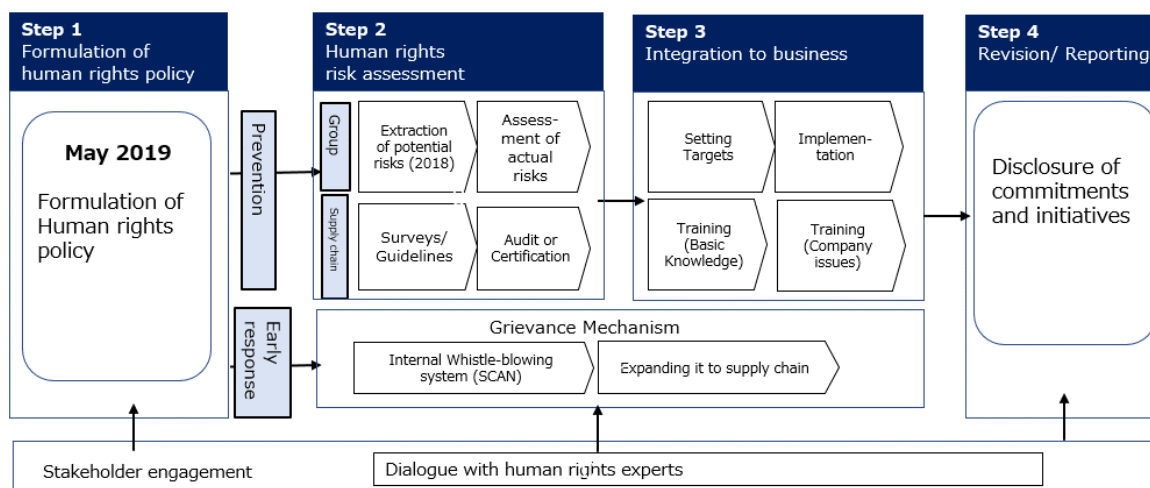
| Basic Concept

SEKISUI CHEMICAL Group recognizes its responsibility to protect the human rights of all people who are affected by its business activities. In recent years, human rights issues have received increasing attention from society as laws and regulations regarding human rights have been enacted in Japan and overseas. In order to strengthen our sustainable management platform, we believe it is vital that we respect the human rights of not only Group employees, but also other stakeholders, including business partners.

With this in mind, SEKISUI CHEMICAL Group formulated a human rights policy based on the United Nations Guiding Principles on Business and Human Rights in May 2019 in a bid to fulfill its responsibilities to all stakeholders. In February 2024, we also clearly specified human rights issues that the Group considers particularly salient. Based on the aforementioned policy, SEKISUI CHEMICAL Group will identify, address, and correct human rights risks that may arise from its business activities by organizing human rights initiatives that are in line with the Company in the following manner: promoting human rights impact assessments, integrating into the Group's business, making reports, and putting in place the Grievance Mechanism.

In the Medium-term Management Plan, we have identified the following as important issues: ① cultivating and instilling a culture of respect for human rights; ② implementing human rights due diligence to reduce risk; and ③ implementing the Grievance Mechanism. The Human Rights Subcommittee plays a central role in steadily advancing business and human rights initiatives. At the same time, we will work to strengthen the implementation capabilities of divisional companies and regional headquarters (RHQs).

Overview of SEKISUI CHEMICAL Group's Human Rights Initiatives



Risk Awareness

In 2018, SEKISUI CHEMICAL Group used Verisk Maplecroft's data to calculate human rights risk scores from high-risk areas and industry perspectives. As a result, we identified potential high human rights risks in Thailand, China, and India. In 2019, we became aware of the high human rights risks of foreign workers in Japan through dialogue with overseas experts. In 2021, we conducted a questionnaire survey of all areas where Group companies are located. While the survey did not reveal any issues that required immediate action, we identified issues that required further investigation and are continuing to take corrective measures.

The Group will continue to analyze latent human rights risks on a regular basis. We will also conduct surveys, questionnaires, and engage in dialogue with overseas experts as appropriate while working to recognize new human rights issues and identify risks based on global standards.

● Governance

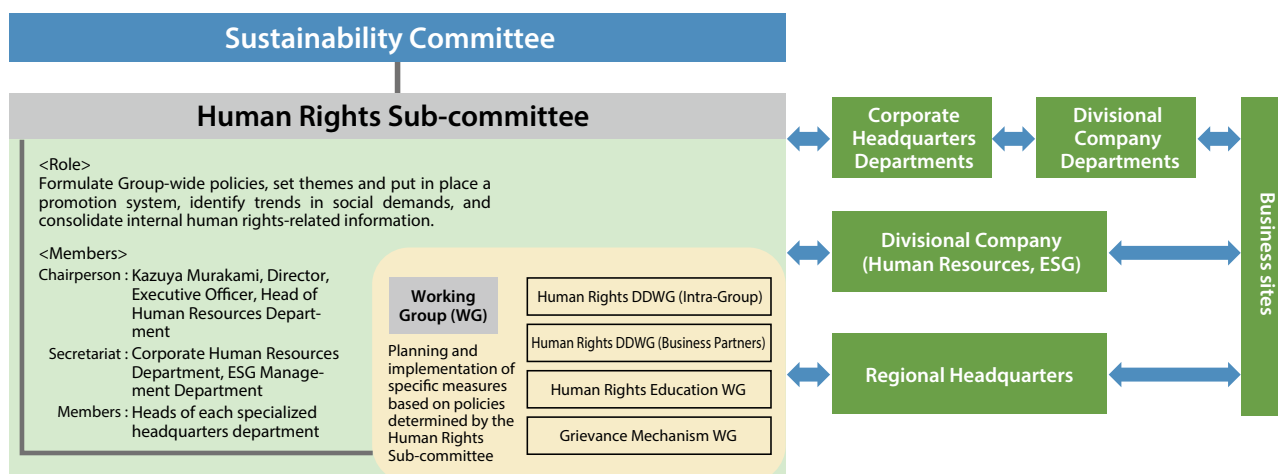
| System

In fiscal 2022, SEKISUI CHEMICAL Group established the Human Rights Subcommittee under the Sustainability Committee to strengthen its response to a wide range of human rights issues in a cross-organizational manner, and is promoting initiatives accordingly.

The Human Rights Subcommittee is composed of the Director and head of the Human Resources Department as Chairman and the heads of each specialized headquarters department. The Subcommittee is responsible for formulating Group-wide policies on human rights. At the same time, four working groups linked to the Subcommittee draft and implement specific measures.

We will promote human rights initiatives throughout the Group by sharing the policies and measures established by the Human Rights Subcommittee and each working group with the relevant departments of the Company's headquarters and divisional companies, and by applying these down to the business site level.

In fiscal 2023, the Human Rights Subcommittee met eight times.



| Grievance Mechanism

SEKISUI CHEMICAL Group has put in place a variety of mechanisms to listen to the voices of stakeholders, including an internal whistleblowing system, a business partner reporting desk, the Customer Consultation Office, and a sustainability inquiry desk, in order to take appropriate measures to correct any negative impact on human rights that arise from its business activities.

We established the SEKISUI Compliance Assist Network (S.C.A.N.), an intra-company whistle-blowing system for Group employees in 2002. Globally, we have put in place and are operating a whistle-blowing hotline in major overseas areas.

Beginning in fiscal 2015, we established and are operating a reporting and consultation desk that can be used by executives and employees of business partners in Japan that engage in ongoing business transactions with SEKISUI CHEMICAL Group companies.

In order to develop a mechanism that can be accessed by a wider range of stakeholders, including non-Japanese employees and overseas business partners going forward, we will work to put in place multilingual internal whistleblowing systems, increase awareness, and establish a whistle-blowing system for overseas business partners.

● Risk Management

| Risk Management

SEKISUI CHEMICAL Group conducts human rights due diligence together with specialized organizations while prioritizing potential human rights risks based on dialogue with experts and an analysis survey conducted by a specialized organization (Verisk Maplecroft^{*1}) and the identification of high-risk sites through simultaneous surveys in all areas. The relevant sites, RHQ (regional headquarters), divisional companies, and Corporate Headquarters cooperate in planning and implementing remedial action measures for identified issues. Through these efforts, we will implement Group-wide risk management activities on a global basis with the aim of reducing risks.

^{*1} A risk analysis and research corporation with a global perspective and knowledge of human rights, economic, and environmental risks.

| Human Rights Due Diligence (SEKISUI CHEMICAL Group)

SEKISUI CHEMICAL Group launched initiatives aimed at building a human rights due diligence^{*2} framework in November 2018. The major initiatives implemented up to fiscal 2023 are as follows.

- **From FY2018 to FY2019:**

Employed a specialized agency (Verisk Maplecroft) to analyze potential human rights risks in major businesses and conducted internal hearings based on the results of analysis.

- **FY2020:**

Implemented human rights interviews at domestic production sites.

- **FY2021:**

Conducted a survey-format human rights risk assessment on a global basis for management in all areas where the Group is located and for employees (including indirect employees) at selected business locations.

- **FY2022:**

Corrected issues identified through the above risk assessment and conducted human rights interviews at two domestic and overseas bases.

-UIEP Company SEKISUI INDUSTRIAL PIPING CO., LTD. (Taiwan)

-Housing Company Sekisui Heim Kinki Co., Ltd.

- **FY2023:**

Human rights interviews were conducted at three locations: overseas production site, domestic nursing care site, and domestic construction site.

-HPP Company PT. SEKISUI POLYMATECH INDONESIA

-Housing Company: Healthy Service Corporation

-Construction company (a business partner of the Housing Company)

^{*2} Human rights due diligence is the ongoing management process of identifying and assessing any potential negative impact on human rights (human rights risks) from a company's business activities, and if there are human rights risks, the process of creating mechanisms to prevent or mitigate the impact from such risks.

Identifying and Remediating Human Rights Risks

SEKISUI CHEMICAL Group is implementing initiatives to identify and remediate human rights risks based on global human rights risk assessments. In fiscal 2022, we confirmed the status of each situation on an individual basis for Group companies in Japan and overseas (total of six locations) at which issues were identified through the above human rights risk assessments. After formulating remediation plans to address the issues identified, steps were taken at five locations. (Remediation plan example: Draft employment agreements in workers' native languages in order to promote an understanding of employment agreements among foreign nationality workers employed at Group companies in Japan). Regarding the remaining one location, we plan to reconfirm the status after April 2024.

Human Rights Interview at an Overseas Production Site

In fiscal 2023, as in fiscal 2022, we conducted an interview on human rights at an overseas production site (Indonesia). As a result of the human rights risk assessment by Verisk Maplecroft conducted in 2018, the country-specific risk score was generally high in Indonesia. However, the Group did not confirm the working conditions of its employees through surveys and interviews at that time. To this end, we interviewed local employees to gain a better understanding of their actual working conditions (appropriate wages, appropriate working hours, forced labor, occupational safety and health in the workplace, etc.).

• Targets

HPP Company

25 employees working at PT. SEKISUI POLYMATECH INDONESIA (including 11 women) + three managers (including one woman)

• Implementation method

- 1) As a preliminary survey, we conducted a survey of employees based on the Dhaka Principles, an international norm on responsible migrant worker employment.
- 2) Caux Round Table Japan*³ conducted interviews with employees divided into groups of five, each lasting about an hour based on a preliminary survey.

• Survey content

Forced labor, freedom of association, the right to collective bargaining, equal pay, and prohibition of discrimination, etc.

• Results

Although no significant negative impact on the human rights of employees was found in this survey, issues that should be prioritized were identified, such as occupational safety and health, respect for the rights of female workers, and respect for the rights of trainees under the Indonesian Intern Training (MAGANG) system. To address these issues, PT. SEKISUI POLYMATECH INDONESIA formulated a remedial action plan.

*3 A non-profit organization with a network of various 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.

| Human Rights Interviews at Domestic Construction and Nursing Care Sites

Since fiscal 2020, SEKISUI CHEMICAL Group has conducted human rights assessments, including interviews with employees, at domestic production sites and construction companies of the Housing Company that employ foreign workers. This is in response to the high level of human rights risks related to the working environment of foreign workers in Japan identified through dialogue with overseas experts.

In addition to expanding the scope of this program to include nursing care sites within the Group and business partner construction companies of the Housing Company, we conducted foreign national employment management assessments*4, including employee interviews, for the two companies listed below in fiscal 2023.

• Targets

- 1) Healthy Service Corporation (Group company that engages in nursing care) : Three female foreign nationality employees + one manager
- 2) A construction company (business partner of the Housing Company): Two foreign nationality employees (none of whom were women) + one manager

• Implementation method

- 1) Conducted a preliminary survey consisting of 342 questions in 40 categories regarding human rights, and held interviews with personnel and labor management supervisors based on the survey results
- 2) Interviews were conducted with foreign nationality employees and managers for human resources and labor management.
- 3) Took remedial action with regard to the assessment results and matters indicated by third parties (Remedial action example: Appoint a person in charge of lifestyle and business counseling, guidance, etc. for foreign nationality employees.)
- 4) As a result of the assessment, if the company is recognized by a third-party organization as an excellent business that employs foreign nationality employees appropriately, that company can acquire a Certificate in Appropriate Employment Company of Foreign National Employees.

• Results

Healthy Service Corporation received an overall evaluation that was significantly higher than the average, and in particular high evaluations in such categories as "hiring," "personnel systems," "human rights," and "internal agreements," and was judged to be appropriate in terms of hiring and working hours with respect to its foreign nationality employees. On the other hand, in the "labor" category, the recommendation was made to appoint a person in charge of lifestyle and business counseling, and to provide guidance to foreign employees. In response to this recommendation, remedial action was taken. In specific terms, a person in charge of employment and labor affairs for foreign workers in the company was appointed. In addition, in the human resource management category, the evaluation identified issues in the training of employees, particularly with respect to medium- to long-term employment and clarifying career paths. These issues remain an area of ongoing consideration.

A construction company (business partner of the Housing Company) was highly evaluated in each of the "hiring," "labor," "employee agreement," "human rights," and "job satisfaction" categories, exceeding the appropriateness criteria, and was recognized as a company that properly employs foreign nationals. On the other hand, feedback relating to the construction company (business partner) pointed out access to remediation, evaluation systems, and the creation of a systematic structure for career development as future issues.

*4 This assessment is designed to confirm whether foreign national human resources are appropriately employed. Involved in foreign national human resources recruitment, foreign national employment support, and Japanese language education support, One Terrace Co., Ltd. serves as the certification organization.

| Human Rights Due Diligence (Our Suppliers)

Caring About Human Rights Issues Across the Entire Supply Chain

Until now, we have conducted CSR procurement surveys of our direct suppliers. To ensure that the Group's policies are understood throughout the entire supply chain, including secondary and tertiary suppliers, we formulated the SEKISUI CHEMICAL Group Sustainable Procurement Guidelines (Supplier Code of Conduct) in fiscal 2021. In addition to Japanese, we also prepared English and Chinese translations. Taking into account opinions of outside experts, the Supplier Code of Conduct is also intended to align with the United Nations Global Compact 10 Principles, the Guiding Principles on Business and Human Rights, and the SEKISUI CHEMICAL Group Human Rights Policy.

In addition to asking all our suppliers to extend this Code of Conduct to their secondary and tertiary suppliers, we have requested that suppliers sign on to acknowledge compliance with the guidelines. In this regard, we have obtained the agreement of approximately 61% of our key suppliers in Japan and overseas to work with us to achieve the Code of Conduct.

Details of Human Rights Due Diligence Implementation in the Supply Chain

In order to enhance sustainable procurement, in fiscal 2021 we broadly revised the survey to include content that allows us to evaluate and confirm the compliance status and achievement status of the above Supplier Code of Conduct. Moreover, we began implementing the survey across the globe at the same time from fiscal 2021 in order to more rapidly address common global initiatives. As a result, we received responses from 67% of our suppliers that were subject to the survey.

In fiscal 2022, we conducted direct interviews with 13 companies with poor self-assessments on the above survey for the purpose of confirming whether there were any potential risks, and to confirm their situation. As a result, we determined that risk was low at 12 companies. We are implementing activities involving consultants in order to reduce the risk at the remaining company with its cooperation.

Following a direct hearing conducted in fiscal 2022, we confirmed the follow-up status of one overseas supplier who agreed to work together to improve sustainable procurement in fiscal 2023.

We confirmed that the issues that had been raised during the interview, such as the return of passports, the return of deposits, and the preparation of employment contracts in the native language, had been completed and improved.

We also conducted investigations in regard to minerals that present the risk of human rights violations (child labor, etc.) at mining sites and wood that presents the risk of threatening the rights of indigenous people and the rights of workers as a result of deforestation. This move was taken as part of an effort to achieve sustainable procurement that respects human rights through revisions to the survey details and guideline formulation. The details are described in Responsible Procurement (see P.231).

● Indicators and Targets

Current Medium-term Management Plan Targets (FY2023-2025)	FY2023 results
Continuously implement human rights due diligence and gradually transition the operating entity to each divisional company and regional headquarters	<ul style="list-style-type: none"> ● SEKISUI CHEMICAL Group <ul style="list-style-type: none"> • High Performance Plastics Company: Human rights interview conducted at PT. SEKISUI POLYMATECH INDONESIA (Indonesia) • Housing Company : Human rights interview conducted at Healthy Service Corporation ● Construction company (Business partner) <ul style="list-style-type: none"> • Housing Company : Human rights interview conducted at construction company (Business partner)
Expand the scope of management of key risks in the supply chain, put in place management regulations, expand self-audit operations, and utilize external evaluations	<ul style="list-style-type: none"> • Sustainable Timber Procurement survey : Implementation rate 100% • Responsible Mineral Procurement survey : Implementation rate 100% • Establishment of basic procurement policy • Sustainable procurement research methodology : Decided on a new method • Management system (IT system) : Capital investment completed • Correspondence to overseas business partners from the FY2021 survey : Completed improvements
Cultivate and instill a culture of respect for human rights	<ul style="list-style-type: none"> • Held Human Rights Month (Global) • Understanding of management and executives: Held lectures and briefing sessions • Incorporated into existing training
Complete the global introduction of multilingual whistleblowing systems (SEKISUI Global Hotline) that also function as the Grievance Mechanism	Completed introduction in China and Australia

● Major Initiatives

| Human Rights Education

Human Rights Training for Group Employees

SEKISUI CHEMICAL Group conducts training and education on human rights for its employees in order to engage in management that takes human rights into consideration. In particular, we are promoting awareness toward the importance of respecting human rights and the Group's human rights policy. Training, especially at such milestones as entry into the Company and promotion, is designed to raise awareness of human rights issues, including forced labor, child labor, and harassment.

As part of our human rights training program for domestic and overseas employees, we began deploying the Business and Human Rights e-Learning course via our intranet in North America, Europe, and Asia in fiscal 2020. Through these training and education programs, we are promoting awareness toward the importance of respecting human rights and our human rights policy.

In fiscal 2023, we conducted "Compliance and Human Rights e-Learning" (a project linked to Compliance Month in October and Human Rights Month in December) to help employees understand a wide range of human rights and compliance issues, including respect for human rights, prohibition of discrimination, prevention of harassment, and protection of personal information, contained in the Compliance Manual distributed to all Group employees.

In addition, in order to help executives better understand the need to respect human rights, we invited an outside expert* to give a lecture on "Business and Human Rights, a New Management Agenda for Japanese Companies" at the Executive Officers Liaison Meeting, thereby deepening the understanding of human rights among executives.

* Owls Consulting Group, Inc.

Conducted SEKISUI CHEMICAL Group Human Rights Month

In order to provide opportunities for employees to act with respect for human rights, SEKISUI CHEMICAL Group held Human Rights Month in December of fiscal 2023. In addition to the initiatives implemented during Human Rights Week in fiscal 2022, such as the dissemination of the president's message and the display of human rights posters, a business and human rights seminar was held online in Japan on December 4. We provided a video viewing during Human Rights Month. On top of translating the president's message into 11 languages, the human rights poster was published in both Japanese and English, and distributed to all areas where SEKISUI CHEMICAL Group operates.



Stakeholder Engagement

In October 2023, SEKISUI CHEMICAL Group participated in individual dialogues* with overseas experts (research analysts of the World Benchmarking Alliance (WBA) and specialists on the global value chain) to explain the Group's human rights initiatives and receive advice on how to develop activities in the future.

The experts evaluated the Group's human rights due diligence, remediation planning, and monitoring cycle as effective initiatives. On the other hand, they advised that it is important to listen to the voices of employees from the rights holder's perspective and solve issues identified one by one, rather than judging whether or not to take action from management's perspective alone.

We will continue to use the opinions of these stakeholders to promote systematic human rights initiatives in accordance with the Guiding Principles on Business and Human Rights.

* Individual dialogues: Hosted by the Caux Round Table Japan

Response to the UK Modern Slavery Act

SEKISUI CHEMICAL Group discloses a statement, adopted by the Board of Directors, regarding its efforts to prevent any form of modern slavery or human trafficking in any part of the Group's business or within its supply chains, in accordance with section 54 (1) of the UK Modern Slavery Act, which came into force in the UK in 2015.

We will also take appropriate measures to comply with laws and regulations related to human rights in countries and regions other than the UK that are relevant to the Group's operations.

Statement on the UK Modern Slavery Act

https://www.sekisuichemical.com/sustainability_report/pdf/English_Modern_Slavery_Statement_for_FY2022.pdf

Responsible Procurement

● Strategy (Stance, Approach, and Awareness of Risk)

| Basic Concept

SEKISUI CHEMICAL Group aims to continue evolving in its procurement activities with respect to accountability, transparency, and respect for stakeholders' interests, based on its Long-term Vision, Vision 2030, Vision Statement: "Innovation for the Earth: In order to realize a sustainable society, we support the basis of LIFE and will create peace of mind for the future. In addition to the conventional concepts of Q (quality), C (cost), and D (delivery), we therefore revised and made additions to the Basic Procurement Policy, guidelines, and surveys during our current Medium-term Management Plan in order to promote responsible procurement that better considers society and the environment. In preparation for the next fiscal year's Sustainable Procurement Survey, we worked to list all suppliers in our supplier due diligence, which takes into account the Company's negative impact, contributions to, or direct links to people, the environment, and society. At the same time, we identified new methods to improve the effectiveness of due diligence and developed IT systems to undertake the necessary management. Recognizing that society's demands on companies will increase in the future, we will undertake a review in a timely and appropriate manner based on trends in overseas laws, regulations, and directives.

| Awareness of Risk

SEKISUI CHEMICAL Group recognizes procurement-related risks as follows.

- Improper procurement in the supply chain

In the event that improper procurement occurs, we will identify the situation through appropriate procedures and work to correct it.

If the problem is not corrected within a certain period of time, we will consider measures, including the suspension of business transactions, in both product sales and raw material purchases.

Revising the Basic Procurement Policy

We established the SEKISUI CHEMICAL Group Basic Procurement Policy as a policy to promote CSR procurement, which we also posted and disclosed on the Group's website. Since its formulation in October 2006, we have expanded the content of the Policy to include conflict minerals in 2014 and timber procurement in 2018 in response to social issues and demands that have arisen. In 2019, we further enhanced the Policy by incorporating environmental considerations. In February 2024, we revised the Basic Procurement Policy together with the SEKISUI CHEMICAL Group Human Rights Policy, calling on suppliers to fulfill their responsibilities to respect human rights. At the same time, we posted information on the Company's website to widely publicize details.

Note: See P.363 for the Basic Procurement Policy.

Sustainable Procurement Guidelines (Supplier Code of Conduct)

Sustainable Procurement Guidelines (Supplier Code of Conduct) summarize the procurement objectives that SEKISUI CHEMICAL Group and its business partners aim to achieve. Sustainable Procurement Guidelines are in line with the UN Global Compact 10 Principles, UN Guiding Principles on Business and Human Rights, and SEKISUI CHEMICAL Human Rights Policy, and serve as the criteria that must be observed by all business partners involved with the Group and the production of its products.

We ask our business partners to understand and comply with the purpose and content of these guidelines as well as cooperate with us in our efforts to realize a sustainable society.

● Governance

| System

At SEKISUI CHEMICAL Group, the Purchasing Group of Corporate Headquarters plays a central role in conducting procurement-related transactions in cooperation with the purchasing departments of business sites and Group companies as well as the Overseas Management Group. All transactions are conducted in accordance with our Basic Policy on Sustainable Procurement and Guidelines.

In order to achieve more appropriate procurement throughout the supply chain, we encourage secondary and tertiary suppliers to realize and maintain socially responsible operations through our primary suppliers.

Cooperation with business partners is indispensable to the realization of sustainable procurement. For this reason, we are working to promote the understanding of suppliers regarding sustainable procurement and surveys. The Basic Policy on Sustainable Procurement and Guidelines are available on our website in English and Chinese for overseas business partners.

| Building Supply Chains based on Sustainable Procurement Surveys

SEKISUI CHEMICAL Group conducts sustainable procurement surveys to assess whether business partners are operating in a socially responsible situation. The purpose of these surveys is to build a responsible supply chain and to realize and maintain sustainable procurement. Based on the survey results, we will work together with our business partners to resolve any issues that arise.

In fiscal 2021, the sustainable procurement survey was drastically revised. The content of each survey has been changed from the original ISO-based format to the latest version of the CSR/Procurement Self-assessment Questionnaire prepared by the secretariat of Global Compact Network Japan (GCNJ). These revisions enable us to conduct more comprehensive surveys that include items related to human rights. In the past, the timing of each survey was not standardized, but we have revised to ensure that surveys are conducted simultaneously worldwide. We plan to expand the scope of the survey as necessary.

	Previous Surveys	Surveys from FY2021 Onward
Questionnaire	SEKISUI CHEMICAL Group's original questionnaire that referred to ISOs, etc.	Questionnaire using the latest version of the GCNJ CSR Procurement Self-Assessment Questionnaire
Survey scope	Purchasers with annual transactions of 30 million yen or more, cumulative top 80% of purchasers by Group company	Major purchasers possessing a defined amount of capital, with annual transactions of 30 million yen or more
Schedule	Sequential implementation (generally three years to complete surveys of all eligible companies)	Simultaneous surveys conducted every three years

● Risk Management

In fiscal 2023, SEKISUI CHEMICAL Group introduced a system that enables centralized management of purchased products and raw material suppliers. This enables the department that oversees Group-wide procurement-related activities to confirm the existence of risks to sustainable procurement in purchased goods and suppliers. In the event a risk is identified, risk-related quantitative information and the status of countermeasures can also be confirmed. From fiscal 2024, we plan to use this system in planning measures to maintain sustainable procurement by updating sustainable procurement-related information, such as survey results, in a timely and appropriate manner.

| Sustainable Procurement Survey Process

Survey scope:

1. Suppliers of raw materials and materials (including packaging materials) that constitute or accompany products
2. Utility-related business partners
3. Production equipment- and construction work-related business partners
4. Trading companies and manufacturers if the business partner is a trading company
5. Not applicable if the business partner is a SEKISUI CHEMICAL Group company

Frequency:

Each time for new business partners and once every three years for existing business partners

Survey method:

Surveys are conducted using the latest version of the CSR/Procurement Self-assessment Questionnaire

Survey structure:

The Purchasing Group of Corporate Headquarters manages the entire survey, while business site and Group company purchasing departments are responsible for requesting business partners to fill out questionnaires and collecting their responses. The Overseas Management Group and Group company purchasing departments are tasked with conducting surveys of business partners abroad.

In fiscal 2024, we will conduct studies based on the new Sustainable Procurement Survey framework.

● Indicators and Targets

| Targets

Critical Action Items	Details	Targets	Results
Expand the management scope of priority risks	2023		
	•Sustainable timber procurement survey	100% implementation rate	100% implementation rate
	•Responsible mineral procurement survey	100% implementation rate	100% implementation rate
Establish management regulations	2023		
	•Basic procurement policy	Revised edition	○
	•Sustainable procurement survey methodology	New method determined	○
	•Management system (IT system)	Capital investment	○
Deploy use of self-audits and utilize external assessments	2023		
	•Response to overseas suppliers from the fiscal 21 survey	Improvement completion	○

● Major Initiatives

| FY2023 Sustainable Procurement Survey

SEKISUI CHEMICAL Group conducts surveys of its business partners regarding sustainable procurement.

In fiscal 2022, the Group held a direct hearing with an overseas business partner, who at that time agreed to work together to make improvements regarding sustainable procurement. Subsequent dialogue was undertaken in fiscal 2023 to confirm the status of progress.

As a result, we confirmed that the issues that had been raised at the time of the hearing, such as the return of passports, the return of deposits, and the preparation of employment contracts in the native language, had been completed and improved.

| Request to Sign the Supplier Code of Conduct

SEKISUI CHEMICAL Group asks suppliers to sign the Supplier Code of Conduct when conducting its survey on sustainable procurement.

The Supplier Code of Conduct is designed to ensure that suppliers maintain high standards of safe working conditions, fair and respectful treatment of employees, and ethical practices. In our Code of Conduct, we have established items that require our suppliers' supply chains (secondary and tertiary suppliers) to achieve and maintain socially responsible conditions. Through these efforts, we aim to expand sustainable procurement.

| Declaration of Partnership Building

In March 2022, we signed the Declaration of Partnership Building, declaring that we will focus on coexisting in mutual prosperity throughout the supply chain, forging new partnerships (inter-company collaboration, support for IT implementation, expert matching, green procurement, etc.), and comply with promotion standards.

Declaration of Partnership Building

<https://www.biz-partnership.jp/declaration/70769-05-08-tokyo.pdf> (In Japanese only)

FY2023 Responsible Mineral Procurement Survey

SEKISUI CHEMICAL Group holds in-house training sessions to deepen understanding of surveys on the background behind conflict minerals (minerals that fund armed insurgents) and social changes (human rights violations such as child labor).

This training was conducted prior to the survey based on the Responsible Mineral Procurement Survey Manual.

The survey was conducted at 35 sites in Japan and 16 sites overseas that handle the subject minerals. As a result, 96% of the raw materials containing the target minerals in Japan were identified at smelters, and 4% were unknown. Overseas, 99% were identified at smelters, and 1% were unknown.

In fiscal 2024, we will consider responses in line with the risk levels of undisclosed or unknown raw materials.

Changes to the Responsible Mineral Procurement Survey

	Previous Surveys	Surveys from FY2021 Onward
Target risks	Whether they fund armed insurgents	<ul style="list-style-type: none"> Whether they fund armed insurgents Overall human rights violations including child labor
Target regions	The Democratic Republic of Congo and neighboring countries Total: 10 countries	<ul style="list-style-type: none"> CAHRAs (EU Conflict Mineral Regulation): 28 countries The Democratic Republic of Congo and neighboring countries: 10 countries Total 34 countries (due to duplication)
Target minerals	3TG (tantalum, tungsten, tin and gold)	3TG+ cobalt, mica
Target raw materials	Product raw materials for which customers have requested investigations	Raw materials containing target minerals
Report contents	<ul style="list-style-type: none"> Number of companies and products about which customers have made inquiries Number of products containing 3TG among the above Status of smelter identification for the above products containing 3TG 	<ul style="list-style-type: none"> Number of companies and products about which customers have made inquiries List of raw materials, names of target minerals, refineries, countries of origin, etc. High risk level, response

Sustainable Timber Procurement

In the course of our business activities, we procure wood itself or wood as a raw material. We are aware that this may have a negative impact on human rights and the environment.

At COP26 in November 2021, the leaders of more than 100 countries, including Japan, signed a document promising to end deforestation by 2030.

In response, the Group made significant progress regarding due diligence in fiscal 2022.

Specifically, we set a new target of zero deforestation by 2030 and reviewed our Timber Procurement Policy* in an effort to achieve this target.

* See P.364 for the details of the Timber Procurement Policy.

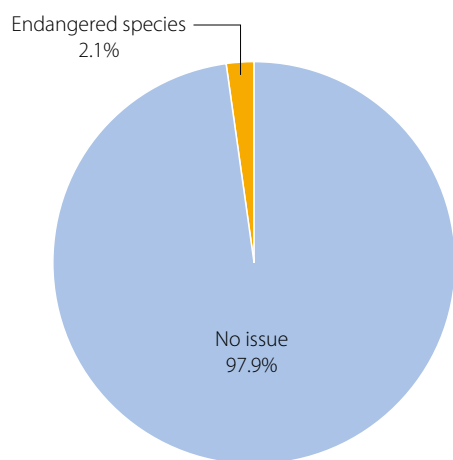
	Previous Policy	Policy for 2022 and Beyond
Environment	—	Promote the procurement of timber from forests that are properly managed for sustainable use.
	—	Promote the procurement of timber that does not lead to natural forests being converted to other uses.
	—	Procure timber from forests other than those with high conservation value, such as biodiversity conservation.
	—	Procure timber from non-threatened tree species.
	We will use timber- and wood-based materials that are already used in markets, as well as unused thinnings and branches.	Procure wood materials that contribute to resource circulation, such as recycled materials and unused thinned wood.
	—	Proactively employ suppliers that are implementing activities that lead to an increase in forests.
Society	—	Promote procurement in a manner that does not have a negative impact on local communities and respects local cultures, traditions, and economies in the sales channels, including logging and processing of timber products.
	—	Promote procurement that respects the rights of indigenous peoples.
	—	Promote procurement that respects the rights of all workers.
Governance	We make every effort to ensure that the timber used in products is logged in accordance with statutory and regulatory requirements.	Comply with all laws and regulations relating to forest procurement.
	We implement small quantity investigations on the logging area, tree species, and quantity of timber materials, in order to ensure traceability.	Ensure traceability of timber and timber products, and promote clear place of origin and problem-free procurement of timber and timber products.

The Group has established the Sustainable Timber Procurement Guidelines in order to achieve procurement in line with our Timber Procurement Policy. In addition to legal timber procurement, we also aim to reduce the negative impact of deforestation on the human rights and environment of indigenous people.

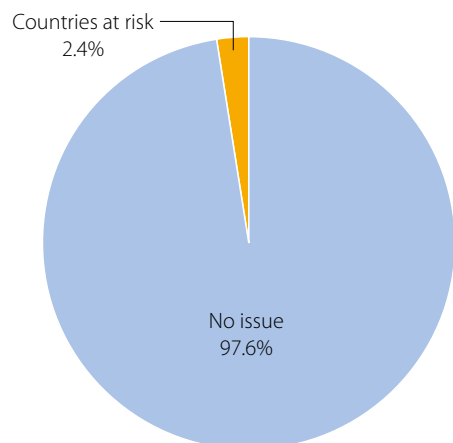
We conducted a survey of 54 suppliers with respect to tree species and logging sites. We also held hearings with suppliers who handle raw materials that are endangered species and whose logging areas are in high-risk countries to clarify traceability. As a result of the survey, we were able to identify two suppliers with risks directly in the supply chain. In the future, we will continue our efforts to reduce the risks identified.

Procurement ratios by area are shown as follows.

Percentage of trees 2023 Survey



Percentage of logging countries 2023 Survey



Note: Countries at risk: Malaysia, Indonesia, Russia, Vietnam

Promoting Long-term Employee Training

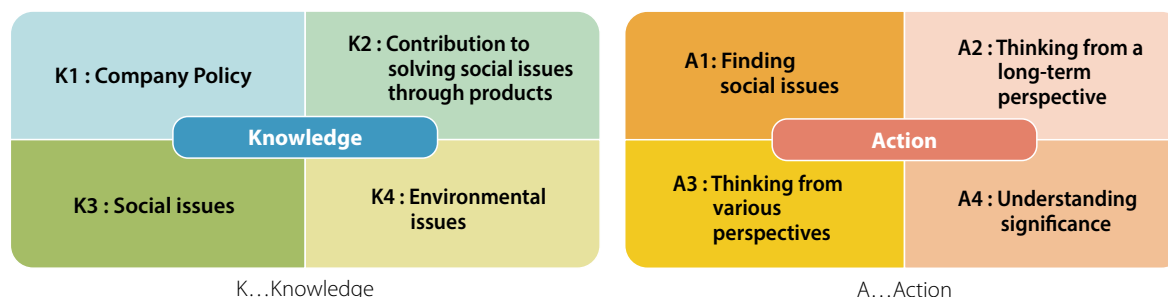
In addition to encouraging the growth of employees through on-the-job experience, we provide training that enables employees to recognize issues while also fostering an awareness toward problem-solving and the ability to take action.

On top of knowledge-based training, we are endeavoring to transform the consciousness of employees by having them spearhead activities that focus on solving social issues (i.e. SDGs). Moreover, we are encouraging a change in behavior through activities (i.e., activities that contribute to SDGs) that improve the ability to help solve social issues.



Schematic view of employee training that develops the ability to contribute to solving social issues

We believe that it is important to improve the level of knowledge and action in order to develop the ability to contribute to solving social issues. In this regard, we have identified eight categories (four for knowledge and four for action) as the necessary qualities for human resources to contribute to solving social issues. We provide employees with training as the means to secure improvements in each of these eight categories, and conduct regular surveys to confirm the growth of each employee's knowledge and ability to take action, while addressing weaknesses and developing strengths.



Knowledge and action items required of personnel who contribute to solving social issues

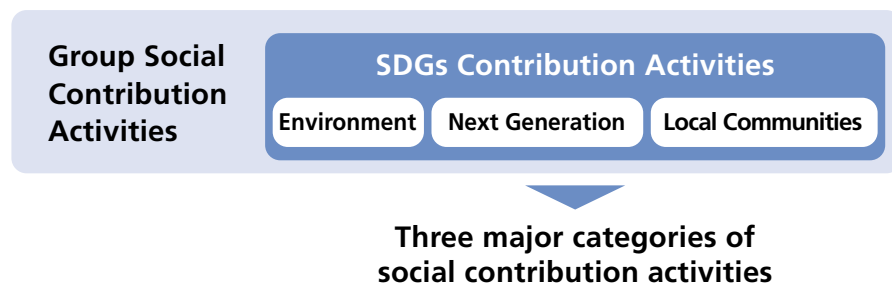
Training to Improve the Ability to Contribute to Solving Social Issues in the Environmental Medium-term Plan

Training Programs That Support Transformation Toward Practical Application

Carrying on from the previous Medium-term Management Plan, we will continue to provide training to impart knowledge and information on social issues under the current Medium-term Management Plan. At the same time, we will further enhance training at the development stage to create products and services for solving social issues.

Promote Social Contribution Activities based on the SDGs

SEKISUI CHEMICAL Group not only contributes to solving social issues through its business activities, but also through social contribution activities that make the most of the characteristics and resources of the Group in various aspects related to society. We have positioned the environment, the next generation, and local communities as the three main areas of our activities. In addition, we define and promote activities that contribute to the SDGs as activities that contribute to society.



We believe that awareness toward the SDGs is essential when seeking to contribute to the resolution of social issues. By engaging in social contribution activities with an awareness of the SDGs, we are working to improve the Group's ability as a whole to contribute to solving social issues.

As a member of society, we will use SDGs as a guidepost to help navigate what we can do to solve social issues, and take action starting from our daily lives.



● Governance

| Promoting Training to Enhance the Ability to Contribute to Solving Social Issues

Training Promotion System in the Current Medium-term Management Plan

SEKISUI CHEMICAL Group promotes training to improve employees' ability to contribute to solving social issues while conducting a PDCA cycle.

Plan: From the Long-term Environmental Management Vision for 2050, we have drawn up an ideal image of human resources, set milestones to achieve that image, and put in place a training system that will help employees develop their knowledge and ability to take action.

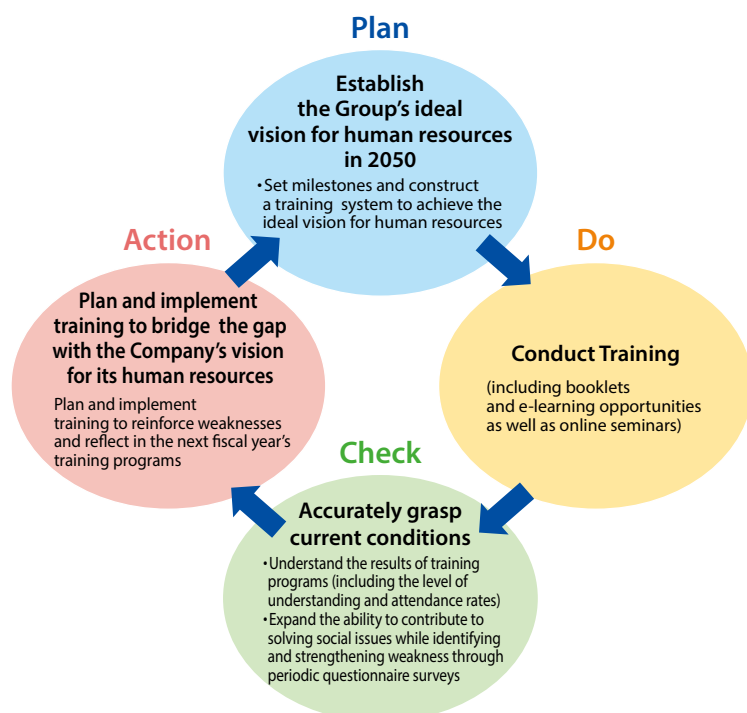
Do: We regularly plan and implement training programs, such as training brochures, e-learning, and online seminars, based on the training system.

Check: In fiscal 2021, we established a human resource indicator to measure the progress of individuals. This indicator is designed to help employees understand the current state of knowledge/action required to solve social issues, and to encourage self-improvement.

Using this indicator, we periodically conduct the Ability to Contribute to Solving Social Issues Review to measure the ability of employees to contribute to solving social issues. This indicator allows us to identify strengths and weaknesses in knowledge and actions related to social and environmental issues, and to ascertain growth in the ability to contribute to solving social issues.

Action: Based on the results of the Ability to Contribute to Solving Social Issues Review, we identify the gap between expectations and reality, as well as plan and implement training programs to address areas of weakness. Moreover, we will reflect the results of this review when putting in place the training system in the next fiscal year.

In the future, we will continue to train employees to improve their ability to contribute to solving social issues by utilizing the human resource indicator and conducting a PDCA cycle.

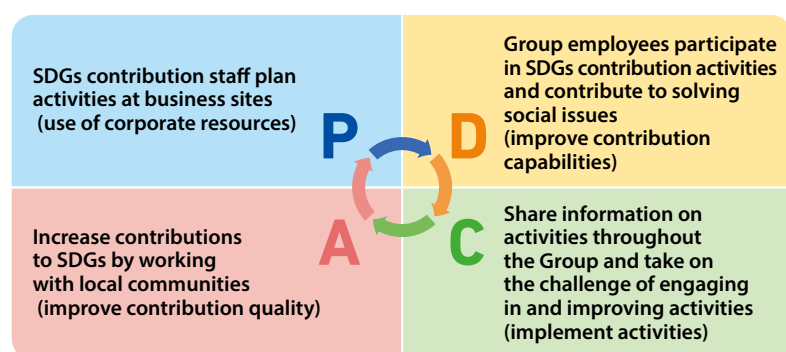


Training System for Enhancing the Ability to Contribute to Solving Social Issues.

■ Promotion System for SDGs Contribution Activities

SEKISUI CHEMICAL Group conducts voluntary activities to contribute to the SDGs at each business site and by employees of its domestic and overseas Group companies.

Personnel from domestic and overseas Group companies and the ESG Management Department collaborate to instill greater awareness of and contributions to the SDGs. We are also fostering a corporate culture that contributes to the SDGs through a Plan-Do-Check-Action (PDCA) cycle, and are developing human resources to promote SDGs contribution activities.



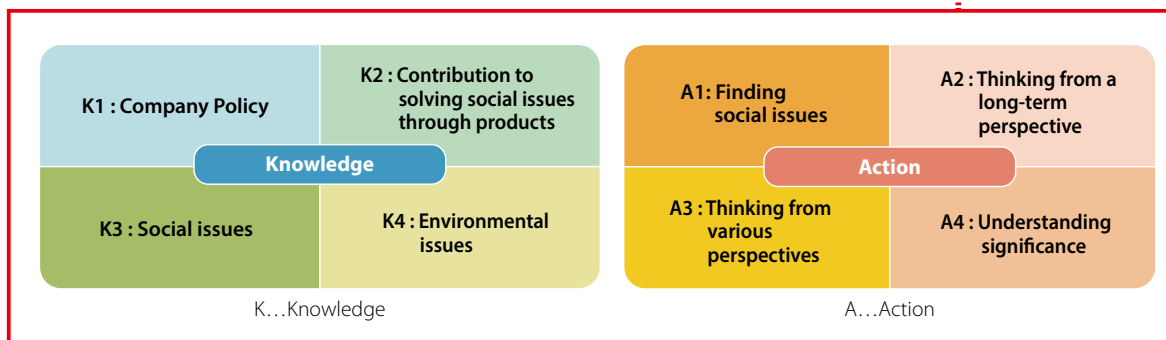
● Major Initiatives

■ Promoting Training to Enhance the Ability to Contribute to Solving Social Issues

Training to Enhance the Ability to Contribute to Solving Social Issues (implemented in FY2023)

	No.	Program Name	Subject					Training Format	Category							
			Production	Engineering, Development, and Design	Sales	Staff	Job Responsibilities		Knowledge				Action			
									K1	K2	K3	K4	A1	A2	A3	A4
First half	1	[New employee training] About ESG	○	○	○	○	New employees	Group work	●	●	●	●				●
	2	E-learning to improve the ability to contribute to solving social issues (knowledge)	○	○	○	○	All positions	Readings e-learning	●	●	●			●	●	
	3	Current topics related to the environment (relationship with management)	○	○	○	○	Manager level and above	Readings e-learning	●	●		●		●		●
	4	Video promoting ESG management	○	○	○	○	All positions	Video	●		●	●		●		●
	5	Seminars on LCA (information on external training)		○		○	Optional	Lecture seminars		●		●	●			●
	6	Practical programs for selected employees (emergence roundtable discussion, etc.)				○	Selected	Group work	●	●	●	●	●	●	●	

	No.	Program Name	Subject					Training Format	Category							
			Production	Engineering, Development, and Design	Sales	Staff	Job Responsibilities		Knowledge				Action			
									K1	K2	K3	K4	A1	A2	A3	A4
Second half	1	E-learning for improving the ability to contribute to solving social issues (action)	○	○	○	○	All positions	Readings e-learning				●		●	●	●
	2	[Training for new managers] About ESG (overview)	○	○	○	○	New managers	Lecture seminars	●	●	●	●		●	●	●
	3	Current topics related to the environment (relation to business)	○	○	○	○	General employees	Readings e-learning	●	●		●		●		●
	4	Solving social issues without trade-offs	○	○	○	○	All positions	Readings e-learning		●	●	●		●	●	
	5	Seminars on LCA (information on external training)		○		○	Optional	Lecture seminars		●		●	●			●
	6	Practical programs for selected employees (emergence roundtable discussion, etc.)				○	Selection	Group work	●	●	●	●	●	●	●	



1. Implementing training in accordance with the points to be strengthened in the current Medium-term Management Plan

E-learning to learn about complex issues

Under the Medium-term Management Plan launched in fiscal 2023, we are renewing our awareness of the interrelationship between environmental issues, such as climate change, resource recycling as well as water-related risks and biodiversity, and are strengthening our efforts to find solutions that do not involve trade-offs throughout the product life cycle.

In line with this understanding, we conducted e-learning utilizing a role-playing format aimed at thinking about actions that do not require a trade-off and actions that generate synergies, when thinking about complex issues.

ケーススタディ①：安心・安全との場合課題

回答必須

全ての環境課題・社会課題に好影響をもたらす取り組みを考えることは容易ではありません。まずは、取り組みによって新たに悪影響が出ないか目配りをしてみましょう。以下の文章を、あなたはどの人物の意見に近いかを考えながら読んでください。

【ケーススタディ】

あなたは、建設コンサルタント企業の社員です。大地震の被害想定が見直されたことにより、津波の到達が新たに見込まれるようになった地域での浸水対策について考えてみましょう。下記の条件のもと、あなたは次の3名のうち誰の考えに近いでしょうか？

<前提条件>

- 当該地域では、海岸林に希少な樹木が野生しています
- 対策のうち、海岸林のある場所にコンクリートの防波堤をつくる方法が、費用面でも最悪のものとなります

社員 Aさん
LCC 部長

■ まずはお客様の目的でもある、堤防の建設を通じた安心・安全の確保が最優先！会社としては利益は無視できないから、海岸林はやむを得ないけど伐採して、コンクリートで堅固な防波堤を作らない。

■ 再生骨材コンクリートを使うと、より原材料費が抑えられそうだ。

経営 佐藤さん

■ 希少種の保全は、中長期的にはそれ自体に価値が出てくるから捨てがたいですね。

■ 海岸林による津波エネルギーの一次元的減衰を前提に、内陸側に防波堤を作れば、建設費用も抑えられて一挙両得が狙えるのではないだろうか？コンクリートの防波堤と同程度にまで津波エネルギーを減衰させるためには、もう少し時間をかけて海岸林を育てる必要があるようだが……。

課長 田中さん

■ 希少種が失われると取り返しがつかず、負の影響が大きすぎるよね。防災機能第一で防波堤を作りつつ、海岸林は移植かなあ……。

■ どうせ新しく堤防を作るなら、見た目もきれいな生コンクリートで堅固なものを作った方がいいよ。既にあるから、邪魔にならないように植えておいたらいいから。地域の方にも喜んでもらえるよ。

E-learning about complex issues

2. Provide training to address weaknesses

We implemented a program to address certain items (weak points) that received low scores in the Ability to Contribute to Solving Social Issues Review conducted for employees in Japan in fiscal 2023.


Program example: Distribution of current topics related to the environment

News about climate change and resource recycling is frequently reported in newspapers and on the Internet. In order to let employees know what environmental issues these are related to and what solutions are effective, we distributed current environmental topics.

We introduced our internal and external efforts to help employees learn about the environmental issues that are occurring today and to help them think about solutions.

Based on the results of the Ability to Contribute to Solving Social Issues Review conducted in fiscal 2022, we felt that training should be provided on a job responsibility basis, and accordingly implemented the program with content divided by job responsibility. In fiscal 2023, we adopted the Japanese carbon pricing concept and the Green Transformation (GX), and explained the relationship with business operations through e-learning for general employees and the relationship with management for those in managerial positions and above.

環境関連時事トピックス③ 日本の「カーボンプライシング」構想



最近、ニュースで国がグリーン・トランスフォーメーションを進めている中でカーボンプライシングが導入され、さらに先行して企業が取り組むことが良いとされています。このことはあなたの業務にどんな関係があるのでしょうか？

◆GX（グリーン・トランスフォーメーション）とは？

グリーン・トランスフォーメーションとは、2050年までに世界中で脱炭素社会を目指し、エネルギーの中心であった石油や天然ガスといった化石燃料から徐々に離れ、グリーンなエネルギー源への移行を促し、生活様式や企業行動を変革することにより社会を大きく変えていくことです。

日本では、2023年度から官民合わせて10年間で150兆円の資金を使用し、次世代自動車や住宅（の開発）などの脱炭素化を実現する継続的な取組みが推進されています。業界や企業は「産業競争力強化・経済成長」と「温室効果ガス（以下GHG）排出削減」を両立する変革が求められています。

資金の内訳：

- クリーンな電源やエネルギー源の開発（60 兆円）、
- エネルギー消費の改善や構造転換（50 兆円）、
- 次世代自動車や次世代住宅や建築物（30 兆円）、
- ハイエコノミーの活性化（10 兆円）

一方で資金調達の仕組みとして、2028年度頃からは企業はGHGを多く排出すると、多くのお金を支払わなくてはならない「炭素に対する賦課金」や「排出量取引制度」の導入が検討されています。この仕組みをカーボンプライシングと言います。

Example of distribution of current topics
related to the environment

Application of a Human Resource Indicator That Measure the Ability to Contribute to Solving Social Issues

In fiscal 2021, SEKISUI CHEMICAL Group began applying a human resource indicator that serves as a benchmark for individual progress in order to ascertain the current state of knowledge and actions that employees require to solve social issues and to encourage self-improvement.

Under the current Medium-term Management Plan, we will continue to use this human resource indicator.

Specifically, we conduct the Ability to Contribute to Solving Social Issues Review encompassing employees in Japan each year to measure their ability to contribute to solving social issues. This dovetails with our Vision Statement (Vision 2030): To realize a sustainable society, we support the basis of LIFE and will create peace of mind for the future. This Review allows us to keep track of each employee's knowledge and behavioral growth.

The Review is in the form of a questionnaire and is self-checked by employees. The Review confirms how much knowledge employees have and whether they are taking actions that will help solve social issues. By conducting this Review on a regular basis, we measure the extent to which self-awareness of contributions to solving social issues has improved. As self-awareness improves, we are confident that employees will act with an awareness of their contribution to solving social issues as part of their work.

Drawing on this indicator in fiscal 2023, we were again able to identify strengths and weaknesses with respect to knowledge and actions taken regarding social and environmental issues. As a result, we took steps to promote effective human resources development by conducting training programs that address weaknesses and develop strengths.

<Results of the Ability to Contribute to Solving Social Issues Review (FY2023)>

In fiscal 2023, we changed the questions in the Ability to Contribute to Solving Social Issues Review to better reflect employees' self-awareness. Benchmarks were also recalculated based on this.

The average score for the Group as a whole was 49, which was set as a benchmark under the current Medium-term Management Plan.

After implementing training programs for one year, we conducted the Ability to Contribute to Solving Social Issues Review again to determine growth from the benchmark.

The average score for this second Group-wide review in fiscal 2023 was 51 points, an improvement of 2 points from the benchmark.

When we checked the degree of knowledge and action goals achievement, we found that knowledge was 59% and action was 45%. The results showed that there was a larger gap between action and our goals.

When checked by job responsibility, the average score was highest in the order of management, managers, and general employees. Based on these findings, we decided that we needed to train employees according to their responsibilities, and conducted e-learning for managers and above and for general employees.

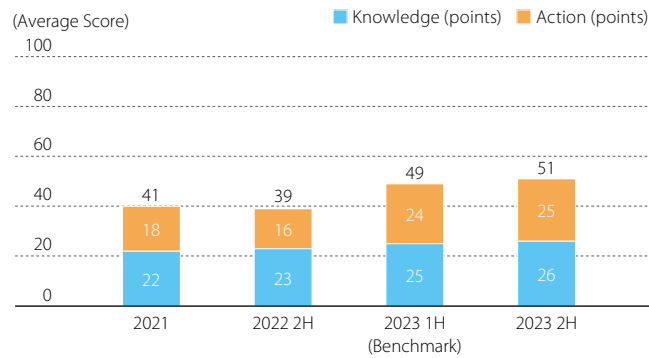
Based on the results of this review, we will continue to promote stratified training programs according to job type and responsibility in fiscal 2024. We will also plan and conduct training programs that promote behavioral change.

Criteria for Calculating Points for the Ability to Contribute to Solving Social Issues Review

Definition	Calculated the response results of employees who responded to the questionnaire survey out of all SEKISUI CHEMICAL Group employees in Japan. Responsibilities were tabulated after classifying into Top management (directors and executive officers), Middle management, and General employees, based on personnel information.
Calculation Method	Knowledge, action: Points allocated to each question selection by weighting The total score for each respondent is calculated and averaged.
Scope of calculation	Employees who responded to the questionnaire survey out of all SEKISUI CHEMICAL Group employees in Japan

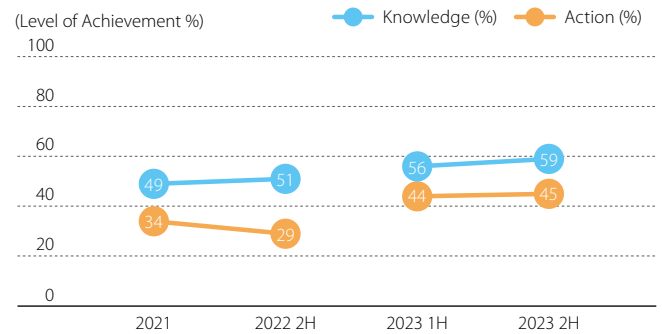
Performance Data

Trends in Average Score



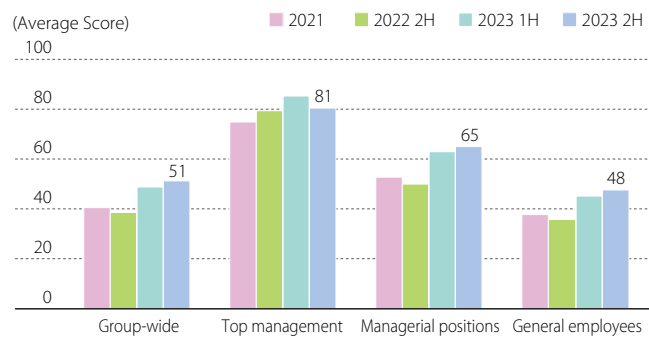
Note: Question details revised from FY2023 to more easily reflect employees' self-awareness; benchmark reworked.

Level of Knowledge and Action Achievement (%)

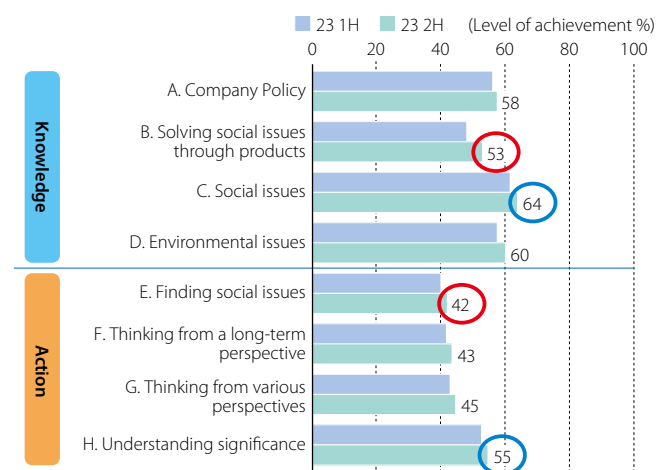


Note: Weighted average owing to the difference in knowledge and action weighting.

Trends in Average Score by Responsibility and Duty



Level of Achievement by Category (FY2023)



* Average score weighted average for each category.

○ : Categories with the highest level of achievement in knowledge and action.

○ : Categories with the lowest level of achievement in knowledge and action.

Revitalizing Activities through the SDGs Challenge

SEKISUI CHEMICAL Group is making steady efforts to raise awareness of the SDGs and social issues. Specifically, we are actively raising awareness through such means as disseminating information on the SDGs contribution activities of each Group company and sharing SDGs-related information with the persons in charge.

In fiscal 2023, we held activity promotion study sessions for those in charge, where they learned about the relationship between solving social issues and social contribution activities, as well as examples of activities.

In addition, we are working to revitalize activities by supporting efforts to improve activities implemented at our business sites and encouraging people to take on the challenge of new activity programs through the SDGs Challenge.

Results of FY2023 Activities

A total of 167 initiatives were implemented at domestic sites, 51 of which were SDGs Challenges.

From fiscal 2023 to fiscal 2025, we have and will continue to promote social contribution activities that contribute to solving social issues such as climate change measures, resource recycling, biodiversity conservation, and regional co-operation, and are working to revitalize these activities.

We will continue to contribute to solving social issues through social contribution activities from the perspective of the SDGs.

Initiatives in Three Main Areas








Environment: Conservation of the Natural Environment That Forms the Foundation of Society

SEKISUI CHEMICAL Group is working to conserve the natural environment in order to realize an earth with maintained biodiversity as stipulated in the SEKISUI Environment Sustainability Vision 2050. Working in collaboration with NPOs and other organizations, we are developing social contribution activities related to the local environment such as nature conservation activities in each region while at the same time presenting in-house awards for outstanding activities. We believe that it is effective to develop environmental human resources and solve social issues by having employees take the initiative in carrying out activities.

Group offices carried out various measures including clean-up activities in surrounding areas, forest conservation, and environmental education in fiscal 2023.

Major Social and SDGs Contribution Activities Undertaken or Participated in during FY2023 (Environmental Field)

We work with local communities to protect the natural environment and biodiversity.

SDGs	Activities	Purpose	Continuity	Coordination / Cooperation 
	Tohoku Coastal Forest Restoration Activities "Tane-Project" (Sekisui Heim Tohoku Group)	Restore coastal forests using locally grown seedlings	2015-	The Great East Japan Earthquake-destroyed satoyama forest rescue network
	"Sekisui no Mori" maintenance activities (TOKUYAMA SEKISUI CO., LTD., Sekisui Medical Co., Ltd., Tokuyama Plant)	Conserve forest environments and enhance the functioning of forests	2000-	Yamaguchi Prefecture Shunan Agriculture, Forestry and Fisheries Office Social Employment Center "SELP Shinnanyo"
	Former Matsuo mine site tree-planting activities (Sekisui Medical Co., Ltd., Iwate Plant)	Plant trees to restore waste land into forests	2007-	Study Club on REGIONAL ENVIRONMENT Planning in TOUHOKU
	Eradication of Invasive Aquatic Grasses in the Shinmachi River (Shikoku Sekisui Co., Ltd.)	Remove non-native while conserving native waterweed species	2015-	NPO Saijo Nature School
	Nakaumi and Lake Shinji Clean-up Activities (SEKISUI SEIKEI, LTD., Izumo Plant)	Conduct clean-up activities to conserve the environment around Nakaumi and Lake Shinji	2006-	Shimane Prefecture, Izumo City
	"Uruoi no Mori" plants and insects observation event (Extracurricular classes) (Chiba Sekisui Industry Co., Ltd.)	Provide children with the opportunity to learn about changes in nature at "Uruoi no Mori", a local grove of miscellaneous trees	2015-	Ichihara Municipal Urutsu Elementary School

Satoyama Conservation Activities

[Site] SEKISUI CHEMICAL Co., Ltd., Tsukuba Site/Tsukuba City,Ibaraki Prefecture

[Collaborating partner] NPO TSUKUBA KANKYOU FORUM

[Purpose] Conserving the biodiversity of the Susomi Forest at the foot of Mt. Tsukuba

[Continuity] Participated in activities since 2012

[Effect] FY2023: Held three times with 29 employees participating

[Related SDGs]



In cooperation with TSUKUBA KANKYOU FORUM, an NPO engaged in activities to conserve the precious satoyama environment, about 200 saplings have been planted so far. We are working to conserve biodiversity through the maintenance of thickets and rice paddies using natural farming methods.

Environmental conservation activities of overseas Group companies

[Overseas Subsidiary] SEKISUI S-LEC (THAILAND) CO., LTD (Thailand)

[Activities] Since 2022, we have been participating in the WeCYCLE Project. This project involves donating used PET bottles for reuse. PET bottles collected by employees are recycled into pillowcases, which are then donated to local hospitals. In fiscal 2023, 3,340 used PET bottles (50.1kg) were collected and donated to the project.

[Related SDGs]



Initiatives in Three Main Areas

Next Generation: Building Local Communities in Which Children Can Develop and Healthily Grow into Adulthood

With the aim of creating a society where children, who will lead the next generation, can develop and healthily grow into adulthood, we provide career education for elementary, junior high, high school, and university students that leverage the characteristics of our business. The purpose of this education is to help children acquire knowledge, skills, and ways of thinking that will help them lead independent lives as members of society.

SEKISUI CHEMICAL Group conducts a variety of activities, including on-site chemistry classes held by its employees and on-line classes to learn about the SDGs through the Group's products and manufacturing.



List of Next-generation Education Initiatives

	Activity	Aim	Target	Cooperation	Division of roles	Continuity	Result 1 (Single-year FY2023) (Number of people, etc.)	Result 2 (Total number of people, etc., including results from FY2023)	Developability
1	TOKUYAMA SEKISUI Children's Chemistry Classroom (TOKUYAMA SEKISUI CO., LTD.)	Convey the allure of chemistry to future generations of children	Preschool to elementary school students	Local social welfare council	Organizer	2022-	31	114	Implementation on a continuous basis; establishment of targets and staging methods
2	Summer Vacation Carpentry Classroom (Kyushu Sekisui Heim Industry Co., Ltd.)	Raise environmental awareness among future generations of children and pass on cultural skills through the practice of craftsman techniques	Elementary school students	Local governments	Coorganizer	2022-	15	30	Implementation on a continuous basis
3	Support for exhibiting at "Work Festival in Yamatokoriyama" (Nara Sekisui Co, Ltd.)	Enable children to experience work in order to acquire new knowledge and make discoveries while learning about the various occupations and companies that exist today	Elementary school students	Local industrial park and governments	Coorganizer	2019-	262	637	Implementation on a continuous basis
4	Bus tour to learn about the environment for children during summer vacation (Collaboration between three companies: Sekisui Chemical Hokkaido Co., Ltd., Hokkaido Sekisui Heim Industry Co., Ltd., Hokkaido Sekisui Heim Industry Co., Ltd. Iwamizawa exhibition space)	Tour of a facility that uses natural energy while learning about "COOL CHOICE," a global warming countermeasure	Elementary school students	Local governments	Coorganizer	2019-	14	91	Implementation on a continuous basis

	Activity	Aim	Target	Cooperation	Division of roles	Continuity	Result 1 (Single-year FY2023) (Number of people, etc.)	Result 2 (Total number of people, etc., including results from FY2023)	Developability
5	New Challenge! kids chemistry class (Shiga-Minakuchi Plant)	Instilling an interest in chemistry and a spirit of exploration in the next generation of children	Elementary school students	Local welfare organizations	Organizer	2009-	83	550	•Implementation on a continuous basis; expand scale through collaboration with local welfare organizations
6	New Onsite classes on renewable energy (Sekisui LB Tec Co., Ltd.)	Deepen the next generation of children's understanding of renewable energy	Elementary school students	Local governments	Coorganizer	2023-	202	202	Implementation on a continuous basis
7	Experiments to investigate plastics and factory tour (Shikoku Sekisui Industry Co, Ltd.)	Ensure that the next generation of children will find manufacturing interesting and deepen their understanding of local industry	Elementary school students	Local governments	Coorganizer	2013-	40	270	Implementation on a continuous basis
8	SDGs education utilizing Edu Town SDGs electronic teaching materials (SEKISUI CHEMICAL Co., Ltd.)	Next-generation children will learn about SDGs through manufacturing and develop the ability to think and act for themselves in solving social issues	Elementary school upper grade years to junior high school students	Producer of teaching materials	• Platform construction • Provision of teaching materials • Alliance participation	2018-	5,564 page views (SEKISUI CHEMICAL- related pages only)	63,950 page views (SEKISUI CHEMICAL- related pages only)	•Part of Web content made into a booklet with continued distribution free of charge to elementary and junior high schools nationwide; further expansion of Web content

	Activity	Aim	Target	Cooperation	Division of roles	Continuity	Result 1 (Single-year FY2023) (Number of people, etc.)	Result 2 (Total number of people, etc., including results from FY2023)	Developability
9	Online lessons to learn about SDGs (SEKISUI CHEMICAL Co., Ltd.)	Under the theme of the SDGs, for which there is an increasing need in schools, we will utilize our unique expertise to bring about improvements in the next generation of young people's knowledge and ability to take action needed to solve problems toward the creation of a sustainable society	Junior high school students	Education support company	Organizer (Providing teaching materials and instructors)	2021 -	151	502	•Online lessons conducted even during pandemics; establishment of an operating system
10	Chemistry Classroom Project (High Performance Plastics Company Minase Site)	Raise the next generation of children's interest in and passion for chemistry.	Junior high school students	Local junior high schools and junior high schools from which requests were received	Organizer	2008 -	1,882	35,604	•Collaboration with teachers; Minase researcher support
11	Science classes (Shikoku Sekisui Co., Ltd.)	Raise the next generation of children's interest in and passion for science.	Junior high school students	Local junior high schools	Organizer	2009 -	65	940	Implementation on a continuous basis
12	New SB-University (SEKISUI CHEMICAL Co., Ltd.)	Accelerate the shift to a sustainable society by sharing values and opinions and holding discussions between university students, who will lead the next generation, and the Company	University students	Initiatives Other companies	Providing teaching materials and instructors	2023 -	30	30	Implementation on a continuous basis

SB-University, a Co-creation Program with Generation Z

[Education scope] University students

[Number of people] 30

[Purpose] Accelerate the shift to a sustainable society by sharing values and opinions and holding discussions with university students, who will lead the next generation.

[Topic] Thinking about ways to solve social issues without making trade-offs in purpose-driven businesses

[Content] SEKISUI CHEMICAL Group invited 30 university students for free to attend a community event for global sustainability leaders. After a lecture on the aforementioned topic, the participating university students listened to keynote speeches and panel discussions held by various companies and organizations during the event to deepen their understanding of sustainability. At the end, we held a themed workshop for the students, where they asked questions and commented on presentations.

University students who participated in this program commented, "I was able to draw the word 'purpose' more clearly than ever before," and "By being able to interact actively and closely with people from companies, I was able to learn how companies are managed based on the term 'purpose' and from what perspective companies are looking at society and the future and thinking about their management vision. It was a very good learning experience.



[Related SDGs]



Next-generation Training Activities at Overseas Group Companies

[Overseas Subsidiary] SEKISUI KYDEX, LLC. (The U.S.)

[Activities] As part of the annual Manufacturing Day event in the U.S., SEKISUI KYDEX hosted over 120 students from local high schools at South Campus to learn about opportunities for careers in manufacturing, processes, safety measures, design and engineering, and sustainable recycling practices. A local technical college, Pennsylvania College of Technology, also sent representatives to speak with students about education opportunities in thermoplastics, as depicted in the photo.



[Related SDGs]










Initiatives in Three Main Areas

Local Communities: Creating a Sustainable Society as a Corporate Citizen

As a member of the local community, SEKISUI CHEMICAL Group is actively engaged in social contribution activities that contribute to the creation of a sustainable society. In order to deepen understanding of and help solve issues faced by local communities, we are promoting a variety of initiatives, including creating safe and secure communities in cooperation with local communities, holding extracurricular classes at local elementary schools, and supporting programs for developing countries.

Major Social and SDGs Contribution Activities Implemented or Participated in during FY2023 (Local Community Fields)

We work with local communities to achieve a sustainable society.

SDGs	Activities	Purpose	Continuity	Coordination / Cooperation
	Stockpile donations (food bank support) (Sekisui Heim Industry Co., Ltd.)	Reduce food loss and assist poor families	2023-	NPO Food Bank Saitama
	TFT Program to support school lunches in developing countries (Sekisui Medical Co., Ltd., Tsukuba Plant)	Support school lunches in developing countries through participation in the TABLE FOR TWO initiative	2022-	NPO TABLE FOR TWO International
	Old clothing donations furugidevaccine (Musashi Plant, SEKISUI MUSASHI KAKO CO., LTD.)	Provide assistance for clothing reuse and medicine for children in developing countries	2023-	JAPAN REUSE SYSTEM CO., LTD.
	Corporate blood donation (Shiga-Minakuchi Plant, Sekisui Minakuchi Kako Co., Ltd.)	Support local medical care through continuous blood donation activities	1965-	Japanese Red Cross Society Shiga Prefecture Red Cross Blood Donation Center
	Donations of books for elementary and junior high school students (TOKUYAMA SEKISUI CO., LTD.)	Established the Tokuyama Sekisui Library; donate books every year to support children's reading activities	2004-	Shunan City Shinnanyo Library
	Sekisui Heim Solar Power Smiling Kids Project (GUNMA SEKISUIHEIM Co., Ltd.)	Support local child-rearing by utilizing profits from the sale of solar power generation	2014-	Maebashi City Third Nursery School
	Creation and donation of traffic safety educational materials (Sekisui Heim Shinetsu Co., Ltd.)	Support traffic safety education for children by creating traffic safety materials for early elementary school students in cooperation with Nagano Prefectural Police	2023-	Nagano Prefectural Police Headquarters Traffic Department

Reducing food loss and supporting children's cafeterias

[Site] Tokyo Sekisui Heim Co., Ltd./ Shinjuku-ku, Tokyo

[Collaborating partner] ○△□ Children's Cafeteria

[Purpose] Reduce food loss and support children's cafeterias

[Continuity] Implemented for the first time in fiscal 2023

[Effect] FY2023: Donated three boxes of stockpiled water and 650 meals

[Related SDGs]



We quickly exchanged food and water stockpiled at the site for emergency use, and donated the unused portion to the ○△□ Children's Cafeteria in Saitama Prefecture. The cafeteria then distributed this food and water to people living in the community. As opposed to its disposal, this enabled us to effectively utilize food.

Activities to raise awareness of disaster prevention and mitigation

[Site] East Japan Sekisui Shoji Co., Ltd./ Minato-ku, Tokyo

[Collaborating partner] Kawasaki city

[Purpose] Raising awareness of disaster preparedness through experiences related to disaster prevention and mitigation

[Continuity] inactivity since fiscal 2022

[Effect] FY2023: 10 Group employees participated

[Related SDGs]



Since fiscal 2022, we have participated in the disaster prevention event Preparedness Festa organized by the Kawasaki City Crisis Management Headquarters. Through such hands-on activities as assembling disaster toilets and miniature versions of the Cross Wave rainwater protection product, we helped raise awareness toward to the need to prepare for disasters among citizens.

Performance Data

Details of donation activities in FY2023 (SEKISUI CHEMICAL Group)

(Unit: Thousands of yen)

Type of Donation	Total Amount
Donations	296,088
Employee volunteers	51,629
Donations of goods	4,507
Administrative costs	2,256

Breakdown of Cash Donations in FY2023

