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Strategy (Stance, Approach, Risks and Opportunities)

■ Basic Concept

The planet's air, water, land, and other elements interact with each other to form a healthy foundation for the survival of living things and a rich biodiversity. Moreover, humankind and economic activities develop sustainably through the use of the Earth's valuable natural capital and the social capital generated in the course of wide-ranging activities. SEKISUI CHEMICAL Group is working to help create this kind of planet and society and has positioned the environment as a materiality (key focus area) of its ESG management.

We have also identified long-term targets and initiatives in our Long-term Environmental Management Vision, SEKISUI Environment Sustainability Vision 2050. Recognizing climate change, resource recycling, and water-related risks as important issues, we are promoting efforts to reduce GHG emissions and promote the recycling of resources. Not to mention the need to prevent further deterioration of natural capital, including steps to reduce the impact on ecosystems, we are endeavoring to provide returns to natural and social capital through such measures as the expansion of Products to Enhance Sustainability sales and are engaging in business activities on a daily basis with the aim of realizing an earth with maintained biodiversity.

Our Group positions climate change as its most important issue. In FY2022, the final year of the previous medium-term management plan, we achieved our targets ahead of schedule through our existing initiatives. In response, we reanalyzed the risks and opportunities related to climate change and, based on those results, revised our strategy to one based on a roadmap aligned with the 1.5°C target.

In addition, we acknowledge the critical need to reduce greenhouse gas emissions not only in our corporate activities, but also across the supply chain as a whole in order to contribute to the realization of a truly carbon neutral society. Our Group has positioned resource recycling as one strategy to this end, and we are strengthening efforts in collaboration with the supply chain.

Under the Medium-term Management Plan starting from FY2023, we will focus on certain key points. These points include the following:

- Accelerate the shift to renewable energy for purchased power and reduce fuel-derived GHG emissions in a bid to address the risks associated with climate change
- As far as resource recycling is concerned, focus on the resource conversion of raw material resins and increasing the material recycling rate for waste plastics
- From a water-related risk perspective, place particular emphasis on reducing water intake volume and COD emission volumes while minimizing the impact of our business

Furthermore, we will renew our understanding toward the interrelated nature of such environmental issues as climate change, resource recycling, water-related risks, and biodiversity, and bolster efforts to consider solutions that do not involve trade-offs throughout the product lifecycle as we carry out these endeavors.

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

Social capital: A term that refers to the social infrastructure and facilities that form the basis of production activities and living environments, such as roadwork, housing, ports, airports, railroads, water supply and sewerage systems, public parks, educational facilities, social welfare facilities, electricity, City Gas, and hospitals.

WEB Environmental Management Policy https://www.sekisuichemical.com/sustainability report/basic policies/#anc-P02

Risks and Opportunities

SEKISUI CHEMICAL Group assesses the impact of the environment on companies as well as the scale of impact that companies have on the environment, determines the importance of risks, and sets priorities to be addressed. As far as the risks and opportunities associated with environmental issues are concerned, we assess the scale of economic impact on companies with respect to transition and physical risks.

Transition risks are those that arise when policies and regulations that support the resolution of environmental issues are strengthened, resulting from delays in response to policy and technological changes. On the other hand, if we take the lead in tackling environmental issues, we will quickly respond to the needs of society, which will become increasingly demanding in the future. This in turn will lead to opportunities to acquire additional markets through cost reductions and technological changes.

Physical risks are those that arise from physical changes in the external environment when environmental issues, especially climate change, are not successfully resolved. Meanwhile, reducing this risk will increase corporate sustainability, while at the same time developing products and services that mitigate this risk will lead to opportunities.

Specific risks and opportunities are extracted using the scenario-based analysis method recommended in the TCFD Guide.

This scenario analysis was conducted using two axes. One axis was based on a social scenario centered on climate change with temperatures of not less than 4°C or not more than 1.5°C. We have determined that climate change issues are correlated with other environmental issues and have the greatest impact on social scenarios. Here, we use this common axis as an axis when setting up scenarios based on overall environmental issues.

The other axis was based on the decentralization of social systems in rural areas or concentration

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in large cities. In the Group's four business domains (Residential, Advanced Lifeline, Innovative Mobility, and Life Science), we conducted statistical processing based on a survey of internal and external experts for events whose feasibility varies widely.

Then, we extracted what kind of events could be considered in the four social scenarios of the four quadrants based on two axes. With a focus on climate change, we predicted how the impacts of resource recycling, water-related risks, and biodiversity will change the future.

These analyses are reviewed once a year in light of social trends related to environmental issues, the policies of each country, and status of the Group.

As a result of the above analyses, the following risks and opportunities are considered.

Increase in energy procurement costs due to carbon tax hikes and a decrease in sales through adjustments to product pricing

We recognize this as a policy-related transition risk that has a significant impact on the Group as a whole. On the other hand, we recognize the prospect of capturing business opportunities by taking measures at an early stage compared with other companies and other company products. One such opportunity is the stabilization of energy costs through the conversion to renewable energy.

Conversion of low-carbon materials and processes to meet the growing market demand for a shift to low-carbon products

We see this as a technology-related transition risk that has a significant impact on the Group as a whole. On the other hand, we recognize the potential for business expansion, including growth opportunities for Products to Enhance Sustainability that contribute to low carbonization and business growth by prioritizing the procurement of resource recycling friendly designed products.

• Increase in damage caused by typhoons, torrential rains, droughts, etc., and decrease in sales

We recognize this as an acute physical risk that has a significant impact on the Group as a whole resulting in an increase in damage caused by such incidents as plant shutdowns as well as a decrease in sales, etc. Meanwhile, we see opportunities in the growing need to strengthen infrastructure, the prospect of an increase in sales of Products to Enhance Sustainability in high water risk areas, and an upswing in the need for disaster-preparedness facilities.

Opportunity loss due to changes in consumption behavior, preferences, etc.

As a market transition risk, we recognize the loss of opportunities due to the decline in new vehicle sales and the inability to utilize resource circulation and decarbonization incentives as significant company-wide risks with major impact. In contrast, we recognize the opportunity to gain incentives through resource recycling and the visualization of decarbonized value as well as an increase in profitability from the shift to higher-performance products.

Approach to Environmental Issues and Our Long-term Vision Long-term Environmental Management Vision "SEKISUI Environment Sustainability Vision 2050"

SEKISUI CHEMICAL Group contributes to solving a variety of natural and social environment issues through its corporate activities, products, and business in order to realize an earth with maintained biodiversity. We recognize that we are conducting our corporate activities using the earth's natural capital as well as meaningful social capital from society. We are therefore committed to accelerating efforts aimed at returning such capital back to the environment and society while collaborating with stakeholders.

Our goal is to create an earth with maintained biodiversity. This earth cannot be realized without a society in which various issues related to the natural and social environments have been resolved. I believe that this is the same as our stance toward achieving the SDGs in 2030.

The following three activities are important for the Group to contribute to the resolution of issues.

- 1. Creating and expanding the market for Products to Enhance Sustainability*1
- 2. Reducing the environmental impact
- 3. Conserving the natural and social environments*2
- *1 P.15 Products to Enhance Sustainability
- *2 P.88 Social and SDGs Contribution Activities



*Stakeholders: "Customers" "Shareholders" "Employees" "Business partners" "Local Communities and the Environment"

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In order to revitalize our activities and accelerate efforts to resolve issues, the Group believes that it is necessary for each employee to be aware of different environmental issues and not only to become a group with a strong ability to contribute to solving issues, but also to promote coordinated activities in partnership with all stakeholders.

Backcasting from our vision for 2050, we set milestones on a medium-term basis, and established an environmental roadmap. In FY2024, measures were deployed based on this Environmental Roadmap, and by promoting initiatives, the issues that remained in our path to achieving the milestones became clear.

In FY2025, we will advance initiatives aimed at achieving milestones (targets of the current Medium-term Plan) while implementing solutions to address these issues.

Environmental Roadmap

	By 2022	By 2025	By 2030	By 2050			
	Accelerate II	EXTEND	TRANSFORM	GOALS			
Group-wide		[Earth] The planet is beginning to shift toward a healthier state (recovery of impact on Nature by the Group (positive)) [Companies] Conduct activities to lower impact on the four environmental issues in cooperation with our stakeholders	[Earth] The state of the planet is improved (10% recovery of impact on Nature by the Group) [Companies] Transform the business portfolio to significantly reduce impact on the four environmental issues	[Earth] Human society coexists with nature (maintaining a return rate of 100% or more on natural and social capital while making a positive impact on Nature) [Companies] Develop businesses that balance utilization and return of natural and social capital			
Creating and expanding the market for products to enhance sustainability	Contributing to Global and Social Issues and Enhancing Sustainability	Improve contribution to solving social issues through products by considering multiple issues Accelerate sustainable returns through using Premium Framing / Strengthen awareness of impact on the four environmental issues in business development / Accelerate product development that contributes to decarbonization and resource recycling	Transformation of business models has become mainstream, and all newly created products and services highly contribute to solving social issues Able to respond to impacts on the four environmental issues in ways that exceed social demand	All products and services contribute to solving social issues, contributing to returns to natural and social capital	Goals of ea	[Climate]	Earth
Reduce environmental impact (climate change, resource recycling, water risk)	Efforts to reduce GHG emissions toward decarbonization and resolve water risks and resource recycling issues are accelerated	Establishing a structure to address each environmental issue Transition to a structure necessary to achieve the goals of each environmental issue (climate change, resource recycling, water risk) and start of efforts	Achieve milestones for each environmental issue Achieve milestones for each environmental issue (climate change, resource recycling, water risk) while reducing impact on the four environmental issues	Product life cycle has a positive impact on natural and social capital	ch environm	Realize carbon neutrality (zero GHG emissions from corporate activities)	rth with Maint
Conservation of the environment (initiatives for biodiversity)	Implement initiatives to conserve biodiversity suited to the location of each site (Japan)	Grasp the impact of corporate activities on biodiversity and strengthen conservation Reinforce consideration in procuring raw materials / Expand contributions by products / Expand quality improvement areas for green spaces within business sites	Implement initiatives to accelerate nature positivity Implement biodiversity conservation efforts and expand areas considering regional characteristics	Biodiversity necessary for society is	nental issue a	[Resource] Realize a circular economy [Water] Realize a society with abundant healthy water	ained Biodiv
Supply chain management	Review and grasp of the current situation on supply chain risks *Sustainable Procurement penetration among all suppliers: approximately 80%	[Procurement] Strengthen structure for sustainable procurement Penetration of due diligence in respect of sustainable procurement among all suppliers (100% penetration rate) / Comprehensive understanding of timber traceability for zero deforestation	[Procurement] Establishment and regular implementation of a sustainable procurement system Sustainable procurement from all suppliers / Zero deforestation (100% ratio of sustainable wood)	conserved throughout the value chain	re achieved	Water	iodiversity
Education and SDGs Contribution Activities to improve ability to contribute to solving social issues	Increase the number of employees who are highly capable of resolving issues with a challenger mindset, and participate in SDGs Contribution Activities to establish awareness and practice of solving challenges	Start taking on the challenge of solving social issues [Contribution ability] Employees that have sufficient ability to contribute to solving social issues (knowledge, actions) start taking on the challenge of solving social issues [Activity] Start taking on the challenge through SDGs Contribution Activities	Taking on the challenge of solving social issues becomes the norm [Contribution ability] Number of employees with sufficient ability to contribute to solving social issues (knowledge, actions) increases, expanding our contribution to solving social issues through our businesses due to taking on challenges [Activity] Expand degree of contribution to goals through SDGs Contribution Activities	All employees have high ability to contribute to solving social issues (knowledge, actions) and <u>solve social</u> issues through daily business activities			

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■ Long-term Goals for Each Environmental Issue

In order to realize an earth with maintained biodiversity targeted under our Long-term Environmental Management Vision, we have identified the following environmental issues that are particularly important, and the goals we aim to achieve by 2050.

Environmental issues

- · Climate change: Achieve zero greenhouse gas emissions that arise from business activities (achieve carbon neutrality)
- · Resource recycling: Achieve a circular economy
- · Water-related risk: Realize societies with abundant access to clean water By achieving all of these environmental issue-related long-term goals, we aim to achieve
- · Biodiversity: An earth with maintained biodiversity (realize nature positivity).

Earth where biodiversity is maintained (1) Climate change 2050 Realization of Zero GHG Emissions (2) Resource circulation 2050 Achieve a circular economy (3) Water-related risk 2050 Realization of society with abundance of clean water

Long-term Goals for Each Environmental Issue

For each environmental issue, we have drawn up a roadmap backcasted from our goals in 2050, and have set medium-term milestones.

Environmental issues are interrelated, and choosing and promoting solutions that do not involve trade-offs will lead to the simultaneous realization of long-term goals. For this reason, we will focus on improving the quality of solutions to environmental issues under our current Medium-term Management Plan.

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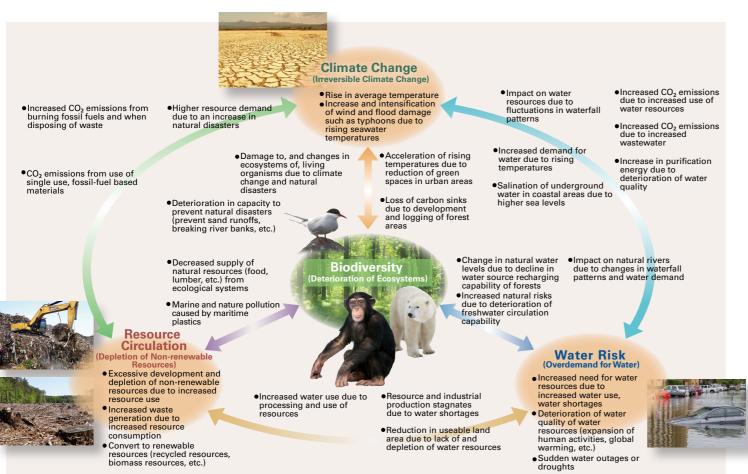
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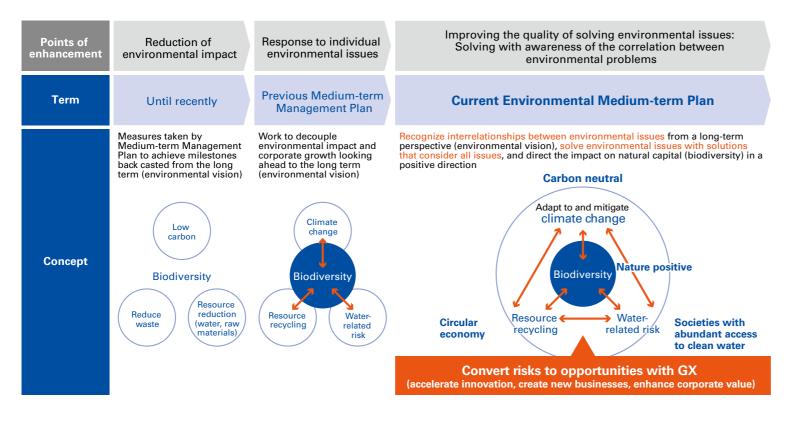
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Environmental Medium-term Plan SEKISUI Environment Sustainability Plan: EXTEND (2023-2025)

SEKISUI CHEMICAL Group is promoting SEKISUI Environment Sustainability Plan: EXTEND, its environmental medium-term plan that covers the three years from FY2023. As previously mentioned, using backcasting to achieve the goals we have set for 2050 in our Long-term Environmental Management Vision, SEKISUI Environment Sustainability Vision 2050, we are aiming for milestones established for the Medium-term Plan and implementing initiatives for each important working item.

The key environmental issues that the Group must address are climate change, water-related risk, and resource recycling. With regard to biodiversity, which is directly or indirectly related to these issues, we recognize the importance of understanding the issues and working to progress of biodiversity conservation.

In order to accelerate the resolution of issues aimed at achieving our long-term goals, we have set creating and expanding the market for Products to Enhance Sustainability, reducing environmental impact, and environmental conservation as items on which to focus.

We have also established the following items as specific measures to be taken.

- · Supply chain management
- · Improve employees' ability to contribute to solving social issues

Under the current Mid-term Management Plan, we are promoting initiatives to achieve the following targets.

Important measures and targets

· Improving the rate of return of natural and social capital

Monitoring progress with the integrated index, SEKISUI Environment Sustainability Index: Maintaining a rate of return to natural capital of 100% or more

· Improving global and social sustainability through our products

Sales of Products to Enhance Sustainability: In excess of ¥1 trillion

· Tackling climate change issues

<Decarbonization>

Renewable energy as a percentage of purchased power: 70%

Reductions in greenhouse gas emissions: 33% or more (compared with FY2019)

· Efforts to address resource depletion issues

<Promote resource recycling>

Recycling rate for waste plastics: 65% (Japan)

Initiatives to address water-related risk issues

<Maintain water resources>

Water intake reduction volume at production sites that use large amounts of water: 10% (medium-term three-year period) (compared with FY2016)

Total reduction volume of COD discharged into rivers by production sites where discharge is substantial: 10% reduction (medium-term three-year period) (compared with FY2016)

<Minimizing water risk>

Implement initiatives to minimize impacts at business sites with a significant business impact due to water risk

Improving the ability of employees to contribute to solving issues

Promote education and training

Promote activities that contribute to SDGs

Summary of Crucial Action Items in the Current Environmental Medium-term Plan

Products to Enhance Sustainability

The Environment-Contributing Products program, which preceded Products to Enhance Sustainability, was launched in 2006. Since then, we have registered products that make a significant contribution to solving environmental issues based on internal standards. We have made a commitment to society to increase the ratio of Group-wide products registered, and have promoted the creation of products that solve social issues while working to expand the market. From the beginning of the program's operation, the Group has aimed to accelerate the resolution of environmental issues through products and realize a balance between ecology and economy.

In FY2017, we expanded the scope of Environment-Contributing Products to include not only the natural environment, but also the social environment, including human and social capital. Our goal is to improve people's lives and the global environment. We believe that it is essential to resolve the issues set out in the SDGs adopted by the United Nations in 2015. This includes promoting well-being and health and securing resilient infrastructures to improve people's lives as well as mitigating and responding to climate change to improve the global environment. We are focusing our efforts on solving these issues.

In FY2020, the name of the product program was changed to Products to Enhance Sustainability. This is a measure to strengthen management ability to sustain business and profit generation capabilities company-wide to sustainably promote the resolution of social issues starting with the environment, and to link such initiatives to corporate growth.

In addition, we have been conducting the following initiatives since FY2020.

·Sustainability Assessment: To improve the sustainability of companies and products, we confirmed and assessed social responsibilities and risks, including governance (internal control), customer satisfaction, and environmental considerations in the development process, across the supply chain. We identify areas that need improvement and reinforcement, and use this information to address each item.

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In particular, environmental issues include reducing greenhouse gas emissions from raw material suppliers, procuring from sustainable forests, and confirming that consideration is given to environmental issues from raw materials to disposal. Sustainability assessments were completed and suspended in FY2022, having fulfilled their role.

- Premium Framework: We have set this as a strategic framework for products that contribute to solving social issues, including environmental issues, and that strategically grow products that are driving profits.
- Negative check for environmental issues: Introduced in FY2023 based on the point of enhancement in the current Environmental Medium-term Plan to "solve environmental issues through high-quality solutions without trade-offs." We are confirming whether or not products impose a negative impact on various environmental issues as well as what measures are being considered to prevent any negative impact at the time of registration as Products to Enhance Sustainability.

Climate Change Issues

As a response to climate change, our Group has set a long-term target of zero greenhouse gas emissions by 2050. In the reduction roadmap formulated based on the 2°C target to achieve this goal, we were able to achieve our milestone earlier than initially planned in FY2021, the middle of the previous Medium-term Plan. In response, to further accelerate our initiatives, we raised our target to 1.5°C and revised our roadmap.

We have not changed our milestone of converting all purchased power (Scope 2) to renewable energy by 2030. However, we will also focus on reducing greenhouse gas emissions with a view to switching to alternative fuels, and aim for a 50% reduction compared with FY2019.

Under the current Medium-term Management Plan, we will actively promote the reduction of fuel-derived greenhouse gases, in addition to the conversion of electricity used at production plants to renewable energy. We have identified the period from FY2023 as the time for production process innovation. Our goal is to convert 70% of purchased power to renewable energy, and we are continuing to implement measures to support this conversion. For fuel-derived sources under Scope 1, we are continually promoting energy conservation activities at our production sites, including more efficient operations and energy conversion to electricity by replacing aging facilities. Products manufactured under these initiatives are low-carbon products that emit low levels of GHGs throughout the product life cycle. We are working diligently to create and expand markets for Products to Enhance Sustainability with a low carbon footprint for use in products that allow customers to engage in low carbon manufacturing and ultimately to a decarbonized society.

For example, the film-type perovskite solar cells currently under development are products that contribute to achieving decarbonization in our customers' manufacturing and daily lives by generating renewable energy.

In order to reduce GHG emissions throughout the product lifecycle, it is vital to reduce GHG emissions (Scope 3) in the supply chain. In upstream corporate activities, we are calling on the cooperation of suppliers and strengthening efforts to convert to non-fossil-based and recycled raw materials in a bid to reduce raw material-derived GHG emissions.

We recognize that the conversion of raw material resources in particular is an initiative that must be accelerated toward the realization of a circular economy. Along with the procurement

of low-carbon resource-converted raw materials that lead to reductions in Scope 3, ensuring traceability and verifying the quality of resource-converted products, we are also focusing on activities through corporate collaboration aimed at transforming social systems that contribute to market formation, such as developing regulations and certifications to enhance the value of resource-converted products.

In downstream corporate activities, we are endeavoring to increase the sales ratio of net-zero energy houses (ZEH) and are promoting increased awareness toward the recovery and disposal methods of used products at the product and business model design stages in order to reduce GHG emissions at the time of products use. As far as disposal methods at the product disposal stage are concerned, we are engaging in a variety of activities. This includes coordinating with waste contractors and the industry as well as refining proprietary technologies. One such technology to emerge from these efforts is the Group's Biorefinery (BR) technology that produces ethanol from waste using microorganisms.

Taking the aforementioned into consideration, the Group recognizes that resource recycling contributes significantly to the reduction of Scope 3 emissions, and is promoting initiatives accordingly.

Resource Recycling Issues

With regard to resource recycling, we will strive to reduce the total amount of waste, including from the perspective of improving resource efficiency, even as the scope of our operations doubles toward 2030. At the same time, we will focus on recycling and promote initiatives to realize a recycling-oriented society and a circular economy by 2050. Recognizing that efforts to recycle resources in the supply chain are indispensable to realizing a carbon neutral society, we formulated a resource recycling policy, strategy, and a resource recycling roadmap to achieve a circular economy in 2050 in FY2020.

With innovation centered on the creation of Products to Enhance Sustainability for resource recycling, we have initiated steps to strengthen our efforts to convert existing products into raw materials and to recycle valuable materials from waste discharged in the production process. From a factory waste recycling perspective, we are considering and promoting in-house measures so that we can select high-quality material recycling methods. Among a host of endeavors, we are evaluating the degree to which we contribute to other environmental issues, including the reduction of GHG emissions, conservation of biodiversity, and recycling.

Furthermore, the knowledge and technologies gained from such initiatives and studies are also applicable to post-use products. As a company with many businesses that provide intermediate materials used in final products, we will advance product design with a focus on ease of revision and recyclability, while also proceeding with studies on establishing collection systems and recycling post-use products.

As a technology to accelerate resource recycling not only in-house, but also in society, we established and demonstrated a Biorefinery (BR) technology to produce ethanol from waste using microorganisms. Moving forward, we will continue to work toward social implementation.

We believe that solutions to environmental issues will accelerate as the entire supply chain works together. We will develop and implement measures that emphasize supply chain management

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that spans the lifecycle of our products.

In order to realize a circular economy, it is necessary for society to recognize the value of recycled raw materials, biomass, and their use in products, and to acknowledge activities that were previously treated as external diseconomies as economic costs. In order to raise social awareness, the Group is vigorously participating in and driving activities through various rule-making and other initiatives, including the certification of recycled products and recycling processes.

Water-related Risk Issues

In FY2020, we set realizing societies with abundant access to clean water as our goal for 2050. We set milestones for priority items by backcasting and formulated a roadmap for water-related risk reduction. Based on the aforementioned, we will continue to reduce the volume of water consumed throughout the Group and promote recycling, while also working to improve the quality of water discharged into rivers based on COD indicators. In addition, we work to ascertain water-related risks specific to each region and formulate and implement risk reduction measures tailored to the region for sites with high risks.

As far as efforts to mitigate water intake risks are concerned, we recognize that one measures is to incorporate water intake risks in the formulation of BCPs at each production and business site. This is also an effective measure in efforts to adapt to climate change. In addition to such environmental management measures as the prevention of pollution during both regular and non-regular periods, efforts to improve the quality of wastewater are also one measure to reduce water discharge risk. We recognize that these endeavors will help reduce the negative impact on biodiversity.

Through these measures, we will strive to improve the water environment in basins centered on production sites and reduce water-related risks in the supply chain, thereby reducing water-related risks for companies and society.

Looking in particular at the supply chain, we will share and recognize risks through dialogue with suppliers (Environmental Due Diligence) while working together to consider and implement measures to improve risks in an effort to reduce the water-related risks associated with the raw materials procured.

Biodiversity Issues

SEKISUI CHEMICAL Group's Long-term Environmental Management Vision is to realize an earth with maintained biodiversity where the ecosystem hierarchy is kept healthy and in a nature-positive state. We believe that this goal will be achieved when all environmental issues are resolved. The Group recognizes the dependence and impact its corporate activities have on natural capital, and strives to maintain returns that exceed the natural capital used. Going forward, we will reduce the dependence and impact on natural capital from the perspective of five impact drivers (climate change, resource consumption, water and land use, pollution, and invasive species) that affect natural capital through corporate activities. Specifically, we will implement the following seven measures.

<Providing returns to natural capital through corporate activities>

- 1. Review of manufacturing processes
- 2. Review of nature positive product design

- 3. Expansion of contribution through products contributing to sustainability
- <Supporting returns to natural capital by society>
- 4. Strengthen initiatives involving raw material procurement
- 5. Support social change
- <Accelerating returns to natural capital in corporate activities and society>
- 6. Human resource development
- 7. Coordinate with stakeholders

Furthermore, with regard to biodiversity issues, we recognize the importance of ensuring that the impact imposed by corporate activities is positive based on the concept of no net loss. At the same time, it is equally important to understand the impact of each area, and to not only reduce any negative impact, but to promote a positive result. As with other environmental issues, we will also consider activities that include initiatives that encompass the supply chain.

Regarding dependencies on and impacts on biodiversity, we are working to understand the current situation through various assessments. In particular, we have identified timber in raw material procurement as a critical raw material for reducing risks, as it has direct dependencies and impacts. To strengthen supply chain management for timber, we are advancing procurement that emphasizes direct verification perspectives through supplier dialogue and visits to understand the current situation and implement environmental due diligence aimed at risk reduction, even for certified materials, rather than the indirect verification perspective of simply using certified materials.

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■ Environmental Management System

SEKISUI CHEMICAL Group has established an environmental management system at each of its production sites and research facilities in its bid to promote environmental activities. This system is based on ISO 14001.

Steady achievement of medium-term and annual milestones under the leadership of top management is important for resolving environmental issues aimed at achieving long-term goals. We strive to reduce the impact of all environmental issues by constantly monitoring legal compliance and the impact on the environment. In addition, in order to minimize the impact on the environment as much as possible in the event of disasters, accidents, and other irregularities, we regularly conduct education and training based on an examination of preventive measures and post-event responses.

Recognizing the need to take action based on a view of the entire supply chain, we have reviewed the Group's Sustainable Procurement Guidelines and systems to strengthen supply chain management. We will accelerate efforts aimed at resolving environmental issues by approaching and collaborating with suppliers.

Environmental Management Promotion System

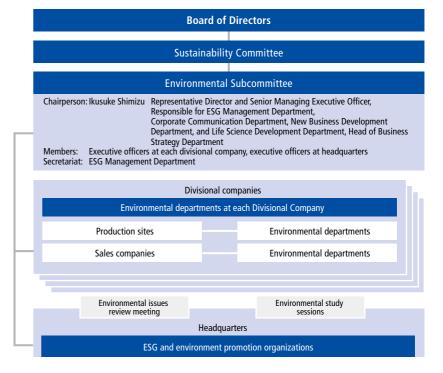
Since FY2020, we have been managing and promoting the environmental aspects of the Group under the Sustainability Committee. The committee deliberates on policies and strategies for improving the sustainability of society and the Group.

As a subordinate structure under the Sustainability Committee, we established subcommittees for each issue defined under materiality by the Group. As a part of this initiative, we established the Environmental Subcommittee to address environmental issues.

Key sustainability-related initiatives, policies, and other matters encompassing a host of issues, including the environment, that are discussed by the Sustainability Committee are reported to and approved by the Board of Directors and accordingly reflected in management.

Specific environmental action plans are formulated and implemented through meetings of environmental managers for each issue between divisional companies and Corporate Headquarters. In FY2024, the Environmental Subcommittee met twice, in November and March. In addition to confirming progress of the Environmental Medium-term Plan, the subcommittee also discussed plans for the next fiscal year, initiatives, and promotion measures for each issue, including the reduction of greenhouse gas emissions, response to water-related risks, and reduction of waste generation. Projects requiring rapid attention are also discussed and reported to the Board of Directors at monthly management meetings, chaired by person in charge of the ESG Management Department and head of the Business Strategy Department.

Environmental Management Promotion System



Expansion of EMS Overseas

Our overseas bases are expanding and implementing the environmental management system (EMS) developed in Japan. In this manner, we have established a system for acquiring environmental impact data and are working to reduce environmental impact based on this data.

As of the end of March 2025, 53 business sites in Japan and 39 business sites overseas have obtained ISO 14001 certification. The ratio of SEKISUI CHEMICAL Group production sites that have acquired ISO 14001 or other similar certifications is 95%.

We are also working to obtain ISO 14001 certification at all of our production sites.

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

SEKISUI CHEMICAL CO., LTD. Tsukuba R&D Site*

Hokkaido Sekisui Heim Industry Co., Ltd.

Tohoku Sekisui Heim Industry Co., Ltd.

Sekisui Heim Industry Co., Ltd. Kanto Site

Sekisui Heim Industry Co., Ltd. Tokyo Site

Sekisui Heim Industry Co., Ltd. Chubu Site Sekisui Heim Industry Co., Ltd. Kinki Site

Chushikoku Sekisui Heim Industry Co., Ltd.

Kyushu Sekisui Heim Industry Co., Ltd.

Sekisui Board Co., Ltd. Minakuchi Site

Sekisui Board Co., Ltd. Gunma Site

Urban Infrastructure & Environmental Products Company

SEKISUI CHEMICAL CO., LTD. Shiga-Ritto Plant

SEKISUI CHEMICAL CO., LTD. Gunma Plant

SEKISUI CHEMICAL CO., LTD. Kvoto Research & Development

Laboratories

Chiba Sekisui Industry Co., Ltd.

Sekisui Chemical Hokkaido Co., Ltd.

Toto Sekisui Co., Ltd. Ota Plant

Nishinihon Sekisui Industry Co., Ltd. Okayama Plant

Shikoku Sekisui Industry Co., Ltd.

Kyushu Sekisui Industry Co., Ltd.

Nara Sekisui Co., Ltd.

Higashinihon Sekisui Industry Co., Ltd. Watari Site

Yamanashi Sekisui Co., Ltd.

Sekisui SoflanWiz Co., Ltd.

[Sekisui SoflanWiz Co., Ltd. Iwaki Plant,

Atsugi Plant, Akashi Plant, R&D Division]

Sekisui Home Techno Co., Ltd.

Sekisui Specialty Chemicals (Thailand) Co., Ltd.

S and L Specialty Polymers Co., Ltd.

Sekisui Eslon B.V.

Sekisui Rib Loc Australia Pty. Ltd.

Sekisui Industrial Piping Co., Ltd.

Sekisui (Wuxi) Plastics Technology Co., Ltd.

TOKUYAMA SEKISUI CO.,LTD. TOKUYAMA SEKISUI CO.,LTD. Piping Plant

High Performance Plastics Company

SEKISUI CHEMICAL CO., LTD. Musashi Plant

SEKISUI CHEMICAL CO., LTD. Shiga-Minakuchi Plant

[Sekisui Fuller Company, Ltd. Shiga Plant]

SEKISUI CHEMICAL CO., LTD. Taga Plant

SEKISUI CHEMICAL CO., LTD. Minase Site

Sekisui Techno Molding Co., Ltd. Tochigi Plant

Sekisui Techno Molding Co., Ltd. Mie Plant

Sekisui Techno Molding Co., Ltd. Aichi Plant

Sekisui Fuller Company, Ltd. Hamamatsu Plant

Sekisui Nano Coat Technology Co., Ltd.

Sekisui Polymatech Co., Ltd

Sekisui Seikei, Ltd. Chiba Plant

Sekisui Seikei, Ltd. Kanto Plant

Sekisui Seikei, Ltd. Hyogo Plant

Sekisui Seikei, Ltd. Hyogo-Takino Plant

Sekisui Seikei, Ltd. Izumo Plant

Sekisui S-Lec America, LLC.

Sekisui S-Lec B.V. Film Plant

Sekisui S-Lec B.V. Resin Plant

Sekisui S-Lec Mexico S.A. de C.V.

Sekisui S-Lec Thailand Co., Ltd.

Sekisui S-Lec (Suzhou) Co., Ltd.

Sekisui-Alveo B.V.

Sekisui Alveo BS G.m.b.H.

Sekisui Votek, LLC, Coldwater Plant

Thai Sekisui Foam Co., Ltd.

Sekisui Pilon Pty. Ltd.

Youngbo Chemical Co., Ltd.

Sekisui Youngbo HPP (Wuxi) Co., Ltd.

Sekisui Specialty Chemicals America, LLC. Pasadena Plant

Sekisui Specialty Chemicals America, LLC. Calvert City Plant

Sekisui Speciality Chemicals Europe, S.L.

Sekisui Polymatech Europe B.V.

Sekisui Polymatech (Thailand) Co., Ltd.

Sekisui Polymatech (Shanghai) Co., Ltd.

Sekisui DLJM Molding Private Ltd. Great Noida Plant, Tapukara

Plant, Chennai Plant, Chennai 2 Plant, Gujarat Plant

Sekisui KYDEX, LLC, Bloomsburg Plant

Sekisui KYDEX, LLC. Holland Plant

SEKISUI AEROSPACE CORPORATIONI ORANGE CITY Operations

PT. Polymatech Indonesia

SEKISUI CHEMICAL CO., LTD. R&D Center* Sekisui LB Tec Co., Ltd. Chubu Plant

Medical Business

Sekisui Medical Co., Ltd. Iwate Plant

Sekisui Medical Co., Ltd. Tsukuba Plant

Sekisui Medical Co., Ltd. Tsukuba Plant (Ami Site)

Sekisui Medical Co., Ltd. Tokuyama Plant

Sekisui Medical Co., Ltd. Drug Development Solutions Center

Sekisui Diagnostics (UK) Ltd.

Sekisui Diagnostics, LLC, San Diego

Sekisui Diagnostics P.E.I. Inc.

Sekisui Medical Technology (China) Co., Ltd.

Sekisui Medical Technology (Suzhou) Co., Ltd.

Veredus Laboratories Pte. Ltd.

Note: Relevant departments on the website may be encompassed, even without explicit reference.

[]: Organizations in brackets are included in the scope of certification.

* The SEKISUI CHEMICAL CO., LTD. Tsukuba R&D Site and R&D Center share a single certification.

Indicator	Calculation Method
Number of EMS-certified business sites	Number of business sites that have received external EMS certification External EMS certification: ISO 14001
The proportion of all production sites and research facilities within SEKISUI CHEMICAL Group that have received external EMS certification	Ratio of business sites with external EMS certification to the entire SEKISUI CHEMICAL Group = Number of production sites and research institutes with external EMS certification ÷Total number of production sites and research institutes in the SEKISUI CHEMICAL Group

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■ Environmental Audits

SEKISUI CHEMICAL Group conducts environmental audits with the aim of complying with laws and regulations and preventing accidents. The audits are conducted in advance by checking laws and regulations, hazard maps, etc., with an emphasis placed on continuous legal compliance, the reduction of environmental risks, and accident prevention in accordance with the business activities of each business site.

We conduct voluntary audits at all of our business sites and request reports on the results. We also conduct environmental audits at our production sites and research institutes every three years. In FY2024, these initiatives were conducted at 18 domestic and 12 overseas sites.

There were no breaches involving significant fines or penalties.

Risk Management

As far as risk management is concerned, we have established an ERM* system that in addition to identifying Group-wide major risks, shares and manages these risks within the Group. Risks related to environmental issues are also assessed in an integrated manner, together with other risks that are expected to have a significant impact on management. Risks that effect the Group as a whole and each organization, including such environmental issues as climate change, resource recycling, water resources, and biodiversity, are shared and deliberated at Board of Directors, Sustainability Committee, in-house management meetings, and subcommittee meetings.

The Board of Directors shares the view that risks related to environmental issues are important external environmental risks. Consideration is also given to medium- to long-term strategies when formulating management plans as well as transition plans that contribute to the solution of environmental issues. Against this backdrop, we formulate the Environmental Medium-term Plan.

* ERM: Enterprise Risk Management refers to company-wide systems and processes related to enterprise-wide and integrated risk management and risk management activities.

P.156 Risk Management System

Risks related to environmental issues are reported to the Sustainability Committee after information is gathered and evaluated by the Environmental Subcommittee and deliberated along with Group-wide policies, major measures, and target achievement levels. The issues discussed by the committee are identified as major risks by the Board of Directors with countermeasure policies and major measures finalized. The identified major risks, Group-wide policies, and major measures are reported to each subcommittee, including the Environmental Subcommittee, and incorporated into action plans as Group-wide and divisional company-specific measures. In addition, by reflecting the results in organizational risk management activities conducted by 170 organizations, including domestic and overseas affiliates, we are promoting an ERM system that combines Group-wide risk management activities with organizational risk management activities.

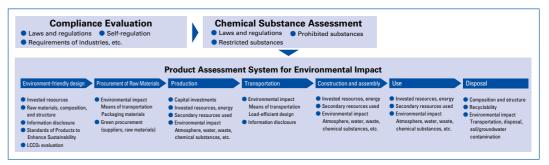
Environmental Impact Assessment

SEKISUI CHEMICAL Group undertakes design reviews at the time of product process development and modification and conducts environmental impact assessments at all stages of a product's lifecycle.

Assessment of the environmental impact of products

Scope: All stages of the product lifecycle

Targets: Products and processes



P.15 Products to Enhance Sustainability

Indicators and Targets

Targets

The long-term goal of SEKISUI CHEMICAL Group's environmental activities is to realize an earth with maintained biodiversity as stated in its Long-term Environmental Management Vision, SEKISUI Environment Sustainability Vision 2050. To this end, we believe it is important to simultaneously achieve the such long-term goals for environmental issues as climate change, resource recycling, and water risks.

In the current Environmental Medium-term Plan, SEKISUI Environment Sustainability Plan: EXTEND (2023-2025), we focus on improving the quality of solutions to avoid imposing any negative impact on each of the aforementioned environmental issues.

Progress on each environmental issue is managed by setting milestones that are backcast from long-term goals and are based on individual management targets. The SEKISUI Environment Sustainability Index, an integrated indicator, is used to monitor the progress of environmental issues as a whole.

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Environmental Medium- to Long-term Plan and FY2024 Results

(The Environmental Medium-term Plan, SEKISUI Environment Sustainability Plan; EXTEND, covers FY2023-2025)

- √: FY2024 target achieved
 x: FY2024 target not achieve

LIIVIIO	illileiltai i	Vledium- to Long-te	IIII FIAII AIIU F 14	2024 nesuits (ii	IE EIIVII	onmental Mediur	ii-leiiii Fiali, SEI	NISUI E	.iiviioiii	Sustamann	EXIEI	UD, COVEIS F12	2023-202	23)	x : FY20	024 targ	et not a	chieved
					Base	FY2024 Targets and Results				2000					Targe	t Sites		
lte	m	Goals	Level Setting Guidelines	Indicator	year	FY2024 Targets	FY2024 Results	evaluation	Reference Page	FY2025 Targets	FY2030 Targets	FY2050 Targets	Domestic Site	Research Facilities	Domestic Offices	Overseas Production Sites	Overseas Offices	Other
Progress management through the Integrated Index		Achieve an earth with maintained biodiversity through corporate activities	Environmental returns that exceed environmental impact	SEKISUI Environment Sustainability Index Rate of return to natural and social capital	-	Holding steady at 100% or more	108.0% 🗹	~	P.38	Holding steady at 100% or more	Holding steady at 100% or more	Holding steady at 100% or more	~	~	~	V	v	V
	TOTAL	Achieve a balance between economic and social value	Doubling of the Group's business by 2030	Net Sales of Products to Enhance Sustainability	_	1,000.4 billion yen	996.8 billion yen 🗹	×	P.22	Over 1 trillion yen	-	-						
Products to Enhance Sustainability	By major	Contribute to the promotion of	Realization of a	Increase in sales of products that contribute to resource recycling	2020 55.3 billion yen	1.65 times (91.2 billion yen)	98.8 billion yen	~	P.59	1.7 times (94.0 billion yen)	2 times or more (110.6 billion yen)	All products						
	environmental issue	resource recycling (particularly carbon)	recycling-based society	Net sales of products not derived from fossil fuels and using recycled materials	2019 3 billion yen	39.0 billion yen	35.4 billion yen	×	P.59	40.0 billion yen	100 billion yen	-						
			The Paris Agreement 1.5°C target / Realization of a decarbonized society	Reduction rate of GHG emission (Scope1+2)	FY2019	-30%	-37.9% 🗹	~	P.46	-33%	-50%	-100%	✓	~	✓	~	✓	
	GHG	Promote decarbonization Zero GHG emissions		Reduction rate of GHG emission (Scope1)	FY2019	-10%	-13.3% 🗸	~	P.48	-12%	-13%	-100%	~	~	~	~	✓	1
	Lord			Renewable energy ratio of purchased electricity	_	60%	61.0% 🗹	√	P.47	70%	100%	Total power consumption including co-generation 100%	V	~	~	~	~	
	Reduce energy usage volume	Improve the efficiency of energy use in production and reduce energy costs	Cost reductions above cost increases from purchasing renewable energy	Reduction rate of energy consumption per unit of production	FY2022	-2%	+2.9% 🗸	×	P.47	-3%	_	_	√			~		ı
			Realization of a resource recycling society	Reduction rate of the amount of waste generated per unit of production	FY2022	-2%	+3.9% 🗸	×	P.61	-3%	_	Realization of circular economy	✓			V		
			Issue of marine plastics	Recycling rate for waste plastic materials	_	Japan: 63% (Overseas: Base +3%)	Japan: 66.9% <u>✓</u> (Overseas: 70.1%)	×	P.61	Japan: 65% (Overseas: 69%)	100%	100%	✓	~		~		
Reduce environmental impact	Resource recycling	in offices Reduction of generation at	Reduction of resource use in offices	Reduction rate of copier paper use per unit of people	FY2022	-2%	-27.9% 🗸	√	P.61	-3%	_	Realization of circular economy			~		~	
			Reduction of waste generation at new construction sites	Reduction rate of the amount of waste generated per building at new housing construction sites	FY2022	-8%	-7.7% 🗸	×	P.61	-12%	_	Realization of circular economy						~
		Impact on businesses from water-related risks minimization	Enabling of sustainable operations	Implementation of initiatives to minimize the business impact of water-related risks specific to five sites in Japan and	_	Efforts to minimize business impact at individual business sites with large business	Initiatives are being implemented at 3 locations ✓	_	P.71	Efforts to minimize business impact at individual business sites with large	Minimum to the environment where water-related	Minimizing water risk in all areas	✓			~		ı
	Water-related risk	Contribute to solving watershed- specific water issues	Contributions to returns to natural capital	- overseas		impact	3 locations V			business impact	risks exist							i
		Maintain water recourses	No increase in water stress in watersheds	Reduction rate of water intake volume at production sites which use large quantities of water	FY2016	-10% over a 3-year period	-8.8% 🗸	_	P.71	-10% over a 3-year period	_	-	✓					
		Maintain water resources	No increase in the impact on watersheds	Reduction rate of total COD volume of river discharge water at production sites with high COD emission volumes	FY2016	-10% over a 3-year period	- 5.0% 🗹	_	P.71	-10% over a 3-year period	_	_	✓					
	Ecosystem	Ecosystem impact Minimize risks of ecosystem degradation	Biodiversity conservation	JBIB Land Use Score Card® evaluation points	FY2022	+3 points over a 3-year period	+2.2 points √	_	P.81	+3 points over a 3-year period	Promote ecosystem friendliness at all business sites	Maintain ecosystem friendliness at all business sites	~	_				

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FY2024 Results Against Environment-related KPIs

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Rate of GHG reduction -37.9% (compared with FY2019)

Resource Recycling

Material recycling rate for waste plastics (Japan) 66.9%

Other Priority Item FY2024 Results

Creating and Expanding the Market for Products to Enhance Sustainability

In FY2024, 9 products and services were newly registered.

Specifically, the following is a list of products that contribute to the resolution of resource recycling and climate change issues (certain examples).

Climate Change

Realizing Resource Recycling

- · CO₂ Reduction Container: Recycling container using 98% recycled materials. In the process of recycling post-consumer materials, we utilize not only our own products but also other companies' products as raw materials.
- · Inkjet Ink for Fine 3D Shapes: Inkjet process ink for fixing and protecting components in various devices such as smartphones. The inkjet method prints only on necessary areas and requires no development, enabling reduction of waste (developer and raw materials) in customers' product manufacturing processes. As no drying process is required, it can also contribute to energy reduction in processes.

In response to society's demands for a circular economy, registrations of products that contribute to solving resource circulation challenges have increased, contributing to improved sales of Products to Enhance Sustainability overall.

Furthermore, as solving resource circulation challenges is a technology that also leads to low carbonization and decarbonization, it can be considered that technologies contributing to the realization of a carbon-neutral society have also expanded.

Quantification of the Contribution Effect on Solving Issues through Products

In FY2024, we identified environmental values from products equivalent to 54.2% of Products to Enhance Sustainability sales.

As far as returns to social capital and value are concerned, we are undertaking economic value conversion using the impact-weighted accounting method.

We visualize the environmental and social value of our products and businesses (the degree to which they contribute to solving problems) and disclose this information to raise society's awareness. Moving forward, we will also strengthen activities that can be fed back to our business.

Conservation of the Natural Environment

Addressing Biodiversity

SDGs Contribution Activities

As far as such social contribution activities as environmental conservation and nurturing of the next generation are concerned, which are mainly conducted by business sites and employees, we recommend that employees change their stance and become more aware of the SDGs while continuing existing activities.

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Social Contributions/SDGs

By considering which social issues to focus on and why we are working to solve social issues based on the SDGs, we can clarify the significance of our existing activities and undertake a review our activities with the expectation of further improving their effectiveness.

P.88 Social and SDGs Contribution Activities

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Integrated Index SEKISUI Environment **Sustainability Index**

The SEKISUI Environment Sustainability Index measures the impact of the Group's corporate activities on the environment (use of natural and social capital) and the degree of contribution to the environment (returns to natural and social capital) as a single index.

We are gradually expanding the scope of coverage to encompass not only the impact on and return of natural capital, but also on and of social capital.

The SEKISUI Environment Sustainability Index integrates the effects of the major items for implementation in the Environmental Medium-term Plan: reducing various impacts on the environment, expanding products and services that contribute to the natural and social environments, and environmental conservation. We established a method for undertaking preliminary calculations in FY2013 and have employed this method since FY2014. Since FY2017, we have applied this index to monitor the progress of the Group's overall environmental management.

In our Environmental Medium-term Plan, which began in FY2020, we have declared our intention to use the SEKISUI Environment Sustainability Index to evaluate not only the natural environment, but also the impact and contribution to the social environment, and to contribute to the return to natural and social capital.

In 2050, even as we expand our business scope, we will promote ESG management while maintaining a return of 100% or more on natural and social capital.

Calculation Results

SEKISUI Environmental Sustainability Index calculations based on FY2024 results are as follows. Setting the use of natural and social capital (the impact on the natural and social environments) at 100, the return to natural and social capital (contributions to the natural and social environments) was 108.0%, confirming that the return to natural and social capital was maintained at 100% or hiaher.

Trends in the rate of return are analyzed as follows.

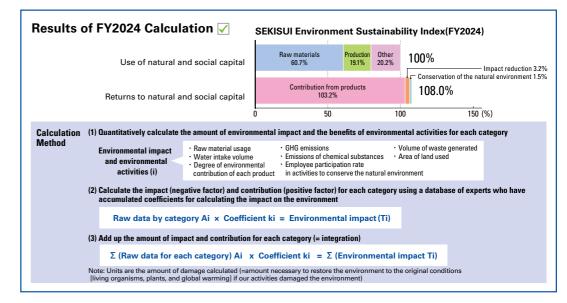
- 1. Use (impact) of natural and social capital A reduction in the impact on natural and social capital is considered to have been made through progress in the shift to renewable energy for purchased power.
- 2. Returns to natural and social capital (contributions)

Returns (contributions) from Products to Enhance Sustainability are steadily increasing.

Looking ahead, we will grow as a company and expand our business scope, while maintaining a rate of return to natural and social capital of 100% or higher.

In 2050, we aim to realize the sustainable use of the earth's natural capital and the social capital generated by human society.

In this index, SEKISUI CHEMICAL Group believes that solving issues through products helps to improve the sustainability of the earth and society. We also recognize that improving returns to natural and social capital leads to an improvement in the sustainability of SEKISUI CHEMICAL Group and its products.



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

The LCA database IDEA ver 2.3 has been upgraded to ver3.1 in the calculation system MiLCA, which uses LIME2 to calculate the rate of return. We have been using the upgraded MiLCA ver 3.1 since FY2023. (MiLCA ver 2.3 was used until FY2022).

In MiLCA 3.1, the ascertained data shows that the environmental impact per unit amount is larger, especially in terms of the impact of chemical substances on ecosystems. Under the current Medium-term Management Plan we will place even more importance on the impact on biodiversity. and promote activities aimed at shifting from negative to positive aspects. We have determined that our approach is consistent with the direction MiLCA 3.1 upgrades. We will reconfirm the status of current conditions by utilizing the updated calculation system and continue to confirm the progress of activities aimed at addressing environmental issues based on the rate of return from FY2023.

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Indicator	Calculation Method
SEKISUI Environment Sustainability Index	SEKISUI Environment Sustainability Index = Group-wide amount of natural and social capital returned ÷ Group-wide amount of natural and social capital used Calculating the amount of natural and social capital used and the amount of natural and social capital returned: Using LIME2 (Life-cycle Impact assessment Method based on Endpoint modeling, version 2, developed by Professor Itsubo of Waseda University and others), covering all four protection targets defined by LIME2, we conduct impact assessments for each of climate change, plant biomass, biodiversity, and social assets, and convert them into a single indicator. The amount of return to natural and social capital is calculated assuming that the risk of damage to natural capital has been reduced by various environmental contribution efforts of the entire Group compared to the case without such efforts. Items included in the amount of natural and social capital used Direct use: Use of land, greenhouse gases, amounts of emissions into the air of PRTR substances and air pollutants, the COD discharged into bodies of water Indirect use: Purchased raw materials*; nergy use, water intake volume, amount of waste material emitted, amount of GHGs emitted indirectly in supply chains (Scope 3) Items included in returns to natural and social capital Amount of contributions to reducing use of natural capital through Products to Enhance Sustainability, the amount of contribution from environmental conservation activities, environment-related donations, mega-solar (solar farms that produce over 1,000 kilowatts (1 megawatt) of energy each year) power generation output *1The Group is reflecting the actual GHG emissions of its raw material suppliers with regard to four principal resins (PP, PE, PVC and PVA). Scope of Calculation / Listing by category of calculation: Estimated calculations were conducted using the following assumed conditions: Raw materials: Purchased raw materials covered; estimates incorporated into calculations Concerning housing, the calculation includes

Indicator	Calculation Method
SEKISUI Environment Sustainability Index	Processing of sold products: Energy use by customers while processing our products anticipated to consume large amounts of energy was estimated and included in the calculation Disposal of sold products: Major raw materials for the relevant fiscal year were covered and included in the calculation based on the assumption that they would be made into products and disposed of during that fiscal year Contribution from products: (1) The differences in contribution to the environment between the relevant products and previous technologies were evaluated qualitatively for each criterion, based on the contribution to the natural and social environments for each life-cycle (the five stages of procurement of raw materials, manufacturing, distribution, use/maintenance, disposal/recycling) in terms of CO2 reductions and energy savings, reductions in waste materials, resource savings, water-savings and the water cycle, preventing pollution, direct preservation of biodiversity, QOL improvements, and other factors. For factors for which a significant difference was estimated, data per product unit was investigated. (2) Based on the results* of these investigations, a coefficient for calculating the impact on the environment for each series of data was multiplied by the data, yielding a calculation of the degree of contribution to the environment of each product unit (3) The sales amount for products in each fiscal year were multiplied by the results found in (2) to calculate the degree of contribution to the environment for each product, and the results were included in the calculation. Trial calculation was performed on the effects of products equivalent to around 54.5% sales of Products to Enhance Sustainability *3 Based on individual standards of the divisional companies Direct contribution / Contribution from activities reducing environmental impacts: The effects on the environment relating to manufacturing in FY2016 × (revenue in that fiscal year / revenue in FY2016)], and the difference was included in the calculat

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16 business sites in total

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Scope of Tabulation for Environmental Performance Data

Note: As far as the scope of environmental performance data aggregation is concerned, SEKISUI CHEMICAL's main business sites (including all production sites) on a consolidated basis are subject to environmental reporting.

Japan

R&D institutes 1 business site in total

SEKISUI CHEMICAL CO., LTD. Tsukuba R&D Site

Production plants

10 business sites in total

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

Sales and construction companies 717 business sites in total

Sekisui Heim sales companies Construction and service companies, etc.

Urban Infrastructure & Environmental

R&D institutes 2 business sites in total

SEKISUI CHEMICAL CO., LTD. Kyoto Research & **Development Laboratories** Sekisui SoflanWiz Co., Ltd. R&D Division

Production plants

17 business sites in total

SEKISUI CHEMICAL CO., LTD. Shiga-Ritto Plant and Gunma Plant / Higashinihon Sekisui Industry Co., Ltd. / Nishinihon Sekisui Industry Co., Ltd. / Chiba Sekisui Industry Co., Ltd. / Sekisui Chemical Hokkaido Co., Ltd. / Toto Sekisui Co., Ltd. / Shikoku Sekisui Industry Co., Ltd. / Nara Sekisui Co., Ltd. / Yamanashi Sekisui Co., Ltd. / TOKUYAMA SEKISUI CO.,LTD. / Sekisui SoflanWiz Co., Ltd., etc.

Sales

112 business sites in total SEKISUI CHEMICAL Co., Ltd. Tohoku Sales

Headquarters, Higashinihon Sales Headquarters, Chubu Sales Headquarters, Nishinihon Sales Headquarters, Kyushu Sales Headquarters, etc.

R&D institutes 1 business site in total

SEKISUI CHEMICAL CO., LTD. Minase Site

Production plants 15 business sites in total

SEKISUI CHEMICAL CO., LTD, Musashi Plant, Shiga-Minakuchi Plant and Taga Plant / Sekisui Techno Molding Co., Ltd. / Sekisui Nano Coat Technology Co., Ltd. / Sekisui Fuller Company, Ltd. / Sekisui Polymatech Co., Ltd. / Sekisui Seikei Ltd., etc.

Sekisui Material Solutions Co., Ltd., etc.

R&D institutes 1 business site in total

SEKISUI CHEMICAL CO., LTD. Advanced Technology institute, R&D Center

2 business sites in total Production plants

Sekisui LBTec Co., Ltd. Chubu Plant, Research Laboratory of PlasticsTechnology Co., Ltd.

Sales, etc. 13 business sites in total

SEKISUI CHEMICAL CO., LTD, Osaka Head office and Tokyo Head office, etc.

Medical Business

R&D institutes 1 business site in total

Sekisui Medical Co., Ltd. Drug Development Solutions

Production plants 4 business sites in total

Sekisui Medical Co., Ltd. Iwate Plant, Tsukuba Plant, Ami Site, and Tokuyama Plant

Sales

Sekisui Medical Co., Ltd. Higashinihon sales office, etc.

9 business sites in total

Overseas

Production plants 1 business site in total

Sekisui-SCG Industry Co., Ltd.

Sales and construction companies 3 business sites in total

SCG-Sekisui Sales Co., Ltd.

Sekisui (Dalian) Housing Technology Co., Ltd. PF-Sekisui JV Co., Ltd.

Urban Infrastructure & Environmental Products (UIEP) Company

Production plants 6 business sites in total

Sekisui Eslon B.V. Sekisui Industrial Piping Co., Ltd. Sekisui Rib Loc Australia Ptv. Ltd. Sekisui (Wuxi) Plastics Technology Co., Ltd. Sekisui Specialty Chemicals (Thailand) Co., Ltd.

Sales 10 business sites in total

Sekisui SPR Americas, LLC., etc.

S and L Specialty Polymers Co., Ltd.

Production plants 31 business sites in total

Sekisui S-Lec America, LLC. Sekisui S-Lec Mexico S.A. de C.V. Sekisui S-Lec B.V. Film Plant

Sekisui S-Lec B.V. Resin Plant

Sekisui S-Lec (Thailand) Co., Ltd.

Thai Sekisui Foam

Sekisui S-Lec (Suzhou) Co., Ltd.

Sekisui Specialty Chemicals America, LLC, Pasadena Plant Sekisui Specialty Chemicals America, LLC, Calvert City Plant

Sekisui Specialty Chemicals Europe S.L.

Sekisui Voltek, LLC, Lawrence Plant

Sekisui-Alveo B.V.

Sekisui Alveo BS G.m.b.H.

Sekisui Pilon Pty. Ltd.

Youngbo Chemical Co., Ltd.

Sekisui Youngbo HPP (Wuxi) Co., Ltd.

Sekisui DLJM Molding Private Ltd. Greater Noida Plant

Sekisui DLJM Molding Private Ltd. Tapukara Plant

Sekisui DLJM Molding Private Ltd. Chennai Plant

Sekisui DLJM Molding Private Ltd. Chennai Factory 2

Sekisui DLJM Molding Private Ltd. Gujarat

Sekisui Polymatech (Thailand) Co., Ltd.

PT. Polymatech Indonesia

Sekisui Polymatech (Shanghai) Co., Ltd.

SEKISUI AEROSPACE CORPORATION, Renton

SEKISUI AEROSPACE CORPORATION, Sumner

SEKISUI AEROSPACE CORPORATION, ORANGE CITY

Sekisui KYDEX, LLC. Bloomsburg-North Campus

Sekisui KYDEX, LLC. Bloomsburg-South Campus

Sekisui KYDEX, LLC. Holland Plant

SEKISUI POLYMATECH AMERICA, LLC.

Sales 38 business sites in total

Sekisui Products, LLC., etc.

Sales 9 business sites in total

Sekisui Europe B.V., etc.

Medical Business

Production plants 6 business sites in total

Sekisui Diagnostics, LLC, San Diego

Sekisui Diagnostics (UK) Ltd.

Sekisui Diagnostics P.E.I. Inc. Sekisui Medical Technology (China) Co., Ltd.

Sekisui Medical Technology (Suzhou) Co., Ltd.

Veredus Laboratories Pty. Ltd.

Sales 33 business sites in total

Sekisui Diagnostics, LLC., etc.

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Environmental Accounting

We are working to reduce the environmental impact of our business activities while identifying the effects of costs incurred and investments undertaken.

SEKISUI CHEMICAL Group Refers to Public Guidelines and Adds Its Own

Overview

SEKISUI CHEMICAL Group employs environmental accounting to promote efficient environmental initiatives as a part of its ESG management endeavors and to fulfill its corporate reporting responsibility. In adopting environmental accounting, our goals are to reduce the Group's environmental impact and to identify the costs incurred and investments undertaken to contribute to the environment. From a management strategy perspective, we position environment-related investments and expenses as capital costs. Environmental accounting helps to highlight the fact that managing capital costs and improving productivity will improve ROIC.

Performance Data

Summation period	April 1, 2024 to March 31, 2025					
Scope of summation	roduction sites, research facilities, housing sales company sites, and Corporate Headquarters departments in Japan.					
Calculation Method	Based on the Ministry of the Environment's Environmental Accounting Guidelines 2005 Edition					
Approach toward summation	 Depreciation and amortization are excluded from environmental conservation costs because they overlap with investment costs. Investment amounts are based on budget approvals during the summation period. Expenditures and investments that contain other than environmental conservation activities are distributed pro-rata in 10% increments. Disclosure categories have been revised, environmental conservation costs are subcategorized, and the economic effects of environmental conservation measures are limited to effects on an actual basis, excluding deemed effects from FY2020. The environmental conservation effects of physical quantity are shown in environmental performance data disclosed in each chapter. 					

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Environmental Concervation Costs

Environmental Conservation Costs (Unit: Millions of								s or yen)				
Item		FY2020		FY2021		FY2022		FY2023		FY2	2024	
Classification	De	scription of main activities	Costs	Investment amounts	Costs	Investment amounts	Costs	Investment amounts	Costs	Investment amounts	Costs	Investment amounts
		a. Air	369	62	319	98	355	16	312	17	226	2
		b. Water	130	77	85	68	110	198	93	197	92	267
		c. Soil	0	7	0	4	0	7	0	2	1	18
		d. Noise	12	1	1	0	2	0	2	0	1	4
		e. Vibration	0	0	0	0	0	0	0	0	0	0
	(1) Pollution	f. Odor	255	0	242	4	235	0	163	5	158	11
	prevention costs	g. Ground	106	3	105	0	102	0	76	2	93	0
	P	h. Others	304	8	307	29	315	5	211	5	283	7
		Subtotal	1,176	157	1,058	202	1,118	226	856	227	853	308
		(Housing)	_	_	_	-	_	_	(756)	(97)	(759)	(40)
		(UIEP)	_	_	_	-	_	_	(72)	(23)	(79)	(22)
		(HPP)	_	_	_	-	_	_	(23)	(108)	(9)	(241)
		(MD/Headquarters)	_	_	_	_	_	_	(5)	(0)	(7)	(5)
		a. Global warming (including energy saving)	686	588	114	833	132	510	171	690	147	1,118
1. Costs within		b. Ozone layer	100	18	6	33	6	4	4	39	2	5
business areas	(2) Countermeasures	c. Others	0	4	0	55	0	14	1	0	9	6
	against global	Subtotal	786	611	120	921	138	528	176	729	158	1,128
	warming	(Housing)	_	_	_	_	_	_	(43)	(54)	(43)	(84)
		(UIEP)	_	_	_	_	_	_	(102)	(487)	(89)	(432)
		(HPP)	_	_	_	-	_	_	(30)	(172)	(26)	(588)
		(MD/Headquarters)	_	_	_		_	_	(0)	(16)	(0)	(25)
		a. Effective utilization of resources	63	17	6	31	10	12	6	46	4	84
		b. Water conservation, utilization of rainwater, etc.	4	4	7	28	8	6	8	105	6	
		c. Waste volume lightening, reduction, recycling, etc.	176	93	177	76	180	362	140	141	140	34
	(2) D	d. Waste processing, disposal, etc.	6,293	4	6,477	106	4,878	1	4,775	2	3,440	23 15
	(3) Resource	e. Others	18	1	1	6	19	14	1 001	45	18	
	recycling costs	Subtotal	6,553	119	6,668	246	5,095	394	4,931	339	3,607	197
		(Housing)							(4,414)	(10)	(3,080)	(7)
		(UIEP) (HPP)							(265)	(66)	(268)	(16)
		(MD/Headquarters)							(106) (146)	(263) (0)	(121) (137)	(173)
2. Upstream/downstream costs	Cost increases due to recycling of	products such as those manufactured and sold, greener purchasing, etc.	113	0	109	28	161	0	145	0	134	36
3. Administrative costs	, , ,	ration, running costs for green action organization, information disclosure, etc.	2,385	12	2,206	1	1,624	2	1,588	2	1,683	5
4. Research & development costs	Research and development or		3,740	313	15,009	813	16,128	760	6,528	8	6,505	16
5. Social activities costs	Social contributions, etc.		112	98	78	0	128	0	152	0	129	92
6. Environmental damage costs	Nature restoration, etc.		30	2	57	5	63	8	44	0	0	1
•	· · · · · · · · · · · · · · · · · · ·	utal	14,896	1,311	25,306	2,216	24,455	1,918	14,420	1,306	13,070	1,782
		(Housing)	_	_	_	_	_	_	(5,827)	(168)	(4,530)	(131)
		(UIEP)	_	_	_	_	_	_	(5,885)	(576)	(6,005)	(478)
		(HPP)	_	_	_	_	_	_	(1,867)	(546)	(1,688)	(1,143)
		(MD/Corporate)	_	_	_	_	_	_	(841)	(16)	(847)	(30)

^{*} Since FY2024, to clearly show strategic investments in environmental issue countermeasures by business and the actual economic effects associated with environmental conservation efforts in each business domain, we have presented a breakdown of these investments and expenses. In addition, to indicate the trends (increases/decreases) for each business, we also provide breakdowns by business for the previous fiscal year.

^{*} Please note that some corrections have been made to the FY2023 data due to inaccuracies.

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Substantive Economic Effects of Environmental Conservation Measures

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(Unit: Millions of yen)

Addressing Biodiversity

	Description of effects	FY2020	FY2021	FY2022	FY2023	FY2024	Remarks
Revenue	(1) Profit on sales of valuable waste resources	176	139	116	127	138	Profit on sales of valuable waste resources from promotion of waste segregation and recycling
nevellue	(2) Revenues from sale of electricity	402	334	348	338	314	Revenues from sale of electricity generated by megasolar facilities
Cost Savings	(3) Cost savings through energy-saving activities	1,311	256	420	591	596	Including savings through utilization of co-generation
Cost Savings	(4) Cost savings through waste-reduction activities, etc.	502	463	522	284	261	Reductions through optimization, reuse, and zero emissions activities
	Total	2,392	1,191	1,407	1,340	1,309	
	(Housing)	_	_	_	(231)	(213)	
	(HPP)	_	_	_	(137)	(167)	
	(UIEP)	_	_	_	(946)	(886)	
	(MD/Headquarters)	-	_	_	(25)	(42)	

^{*} Since FY2024, to clearly show strategic investments in environmental issue countermeasures by business and the actual economic effects associated with environmental conservation efforts in each business domain, we have presented a breakdown of these investments and expenses. In addition, to indicate the trends (increases/decreases) for each business, we also provide breakdowns by business for the previous fiscal year.

^{*} Please note that some corrections have been made to the FY2023 data due to inaccuracies.

Reducing Water-related Risks

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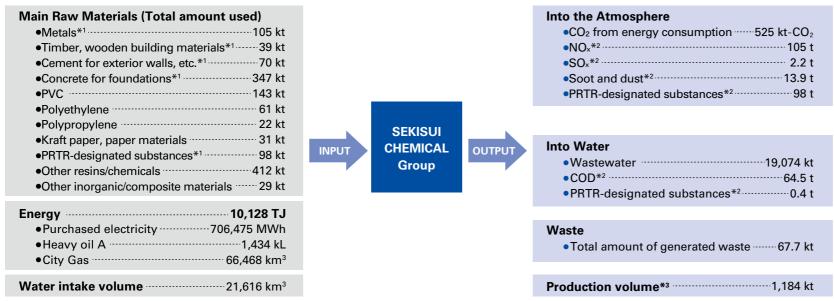
SEKISUI CHEMICAL Group releases information on the resources and energy used in its business activities (input) and on the substances that have an environmental impact generated by those activities (output).

Realizing Resource Recycling

Climate Change

Material balance (Japan and overseas total) ✓ FY2024 Results

Overview



- *1The aggregation scope includes the company-wide shared procurement system and the managed procurement systems for the major businesses of each company, excluding the Medical Business.
- *2 Only business sites in Japan listed in the environmental performance data aggregation range are included in calculation.
- *3 Not covered by Independent Practitioner's Assurance.

Setting Self-management Targets

The Group's domestic business sites set and comply with voluntary management values that are stricter than legal regulations for environmental impact emissions into the atmosphere and water at each business site. We aim to prevent environmental accidents before they occur by conducting internal environmental audits to uncover latent environmental risks.

In addition, we are developing comprehensive activities by sharing information on new legal and regulatory trends as well as incidents at other companies within the Group.

In FY2024, there were no major violations of environmental laws and regulations related to such issues as the treatment of waste, water discharge, air emissions, and soil pollution. There were also no reports on incidences of administrative guidance.

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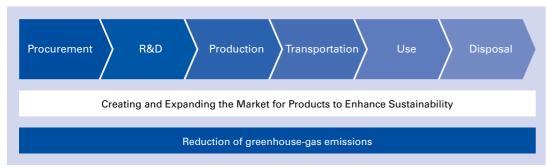
Strategy (Stance, Approach, Risks and Opportunities)

Reducing Emissions throughout the Supply Chain

In line with the targets agreed at the 21st Conference of the United Nations Framework Convention on Climate Change (COP 21), SEKISUI CHEMICAL Group has formulated a medium-term greenhouse gas (GHG) emission reduction plan.

In order to achieve the ambitious targets of the Paris Agreement, which are based on Science Based Targets (SBTs), we identify and disclose the risks and opportunities that climate-change have on business continuity based on scientific evidence. This is reflected in business planning and targets for reducing GHG emissions.

We are working to reduce GHG emissions at every stage, from the procurement of raw materials through development to manufacturing, transportation, and use. We ascertain and disclose details of GHG emissions not only at our own business sites, but also throughout the entire supply chain, including suppliers of raw materials and the use of products sold.



WEB Climate Change Mitigation and Adaptation Policy https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P02

Risks and Opportunities Posed by Climate Change to Our Businesses

SEKISUI CHEMICAL Group assesses the impact that climate change issues have on companies as well as the scale of impact that companies have on climate change, determines the importance of risks, and sets priorities to be addressed. As far as the risks and opportunities associated with climate change issues are concerned, we assess the scale of economic impact on companies with respect to transition and physical risks. For risks and opportunities related to specific climate change issues, the scale, scope of impact, and other items are identified through scenario analyses based on the TCFD Guide.

We examine measures to mitigate the risks uncovered. With regard to opportunities, we are also considering the creation of new businesses through the development of products and services. Important risks along with possible countermeasures and strategies are reported to the Board of Directors through the Sustainability Committee. Important strategies are determined by the Board of Directors.

We believe that this kind of management will allow us to sustain our business into the future and remain a company that society demands to survive.

When considering the risks and opportunities of climate change associated with our business, we assess the impact of climate change mitigation and adaptation on transition and physical risks. The following are certain examples.

Housing Business

For example, the mandate for low-carbon products is one of the policy regulation risks that constitute a transition risk. By taking the lead in promoting such low-carbon products as ZEH housing, we are differentiating ourselves from the market. However, if the entire market works to address the low-carbon environment attributable to mandatory standards at an accelerated pace, we may not be able to differentiate our products over the long term. The risk then arises that our market share will decline. Notwithstanding the aforementioned, we believe that even if our market share declines, the market itself will expand, leading to opportunities for sales growth. Similarly, in the Housing Business, and from an acute physical risk perspective, the need for products that address infrastructure resilience and water risks will increase. Therefore, we believe that opportunities will emerge as demands on the resilient Town and Community Development Business increase.

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The Plastic Molding and Processing Business

In the Innovative Mobility, Advanced Lifeline, and other Plastic Molding and Processing Business fields, we believe that transition risks of a market nature will have a significant impact. Changes in consumption behavior may induce opportunity losses due to the inability to recycle resources and use decarbonized incentives. On the other hand, we believe that visualizing resource recycling and decarbonization value will provide us with the opportunity to acquire incentives and expand sales. We analyze and grasp these risks and opportunities through scenario analysis in social scenarios and disclose them through our TCFD/TNFD report.

Addressing Climate Change

SEKISUI CHEMICAL Group believes that it is important to earnestly confront all climate change risks and make every effort to keep the temperature rise to less than 1.5°C.

Based on SEKISUI Environment Sustainability Vision 2050 formulated in 2019, we will contribute to the resolution of environmental issues by reducing the environmental impact of our business activities.

Our goal is to eliminate GHG emissions from our own business activities by 2050, with an interim target of a 50% reduction from 2019 levels by 2030. In addition to promoting the installation of solar power generation facilities for on-site consumption, we are increasing the Group's renewable energy utilization ratio for the electricity purchased from outside sources. In this regard, we are targeting the goal of 100% by 2030. As a part of efforts to steadily reduce GHG emissions, we will take steps to consider and pursue fuel conversion and manufacturing innovation that will help secure reductions in GHGs derived from fuel sources (Scope 1), which are extremely difficult, while further promoting the conversion of electric power to renewable energy.

Risk Management

As far as risk management is concerned, we have established an ERM system that in addition to identifying Group-wide major risks, shares and manages these risks within the Group. Among environmental issues, risks related to climate change issues are also assessed in an integrated manner, together with other risks that are expected to have a significant impact on management. Risks that effect the Group as a whole and each organization, including such environmental issues as climate change, resource recycling, water resources, and biodiversity, are shared and deliberated at Board of Directors, Sustainability Committee, in-house management meetings, and subcommittee meetings.

Governance

■ Promotion System for Climate Change Issues

As far as external environmental issues that may pose certain management risks in connection with, for example, efforts to mitigate and address climate change are concerned, steps are taken to ascertain the magnitude of each risk and to consider as well as implement appropriate countermeasures under the supervision of the Board of Directors.

In similar fashion to other environmental issues, our supervisory and executive systems for reducing the Group's impact on climate change issues and expanding its contribution to the resolution of issues are based on our Environmental Management Promotion System.

The Board of Directors has made the following final decisions on climate change issues.

- · Policies and strategies to mitigate the impact of environmental issues, including climate change, and to expand contributions to solving them.
- ·The organization's plan to achieve a sustainable society, including the transition to a low-carbon economy (transition plan).
- · Assessment of the impact of environmental issues, including climate change on management, and policies for addressing those issues.

Turning to major matters discussed and determined by the Board of Directors, the Sustainability Committee deliberates on policies and strategies in advance, based on conditions surrounding the Group as a whole regarding such environmental issues as climate change that have been discussed and summarized by the Environmental Subcommittee. In addition, based on the policies, strategies, and transition plans finalized by the Board of Directors, the Environmental Subcommittee discusses specific measures and goal setting while managing progress.

P.33 Environmental Management Promotion System

Indicators and Targets

GHG

Aim: Decarbonization / zero GHG emissions

● Indicator 1. GHG emission reduction rate (Scope 1+2)

Current Medium-term Management Plan Target (final year: FY2025) -33% (compared with FY2019)

FY2024 Results -37.9% (compared with FY2019)

2030 Target -50% (compared with FY2019) 2050 Target -100% (compared with FY2019)

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Indicator 2. Renewable energy ratio of purchased electricity (including solar power generation for in-house use)

Current Medium-term Management PlanTarget (final year: FY2025) 70% FY2024 Results 61.0%

2030 Target 100%

2050 Target 100% Total power consumption including co-generation

Reducing energy usage volume

Aim: Improve energy efficiency and reduce energy expenses during production

● Indicator: Reduction rate of energy consumption per unit of production

Current Medium-term Management PlanTarget (final year: FY2025) -3% (compared with FY2022) FY2024 Results +2.9% (compared with FY2022)

2030 Target -

2050 Target -

Major Initiatives

Addressing the Rising Costs Associated with Climate Change Strategies

SEKISUI CHEMICAL Group is working to significantly improve energy efficiency in its production processes in order to reduce the Group's environmental impact. By transforming and improving production processes and continuously upgrading equipment, we are taking steps to visualize energy use and to reduce consumption.

Since FY2020, we have been promoting the conversion of purchased power to renewable energy on a global basis. We are working to reduce electricity costs from a long-term perspective by introducing solar power generation facilities at our production sites through capital investment and consuming the power generated in-house.

Since FY2023, we have also worked to innovate our production processes and consider ways to reduce fuel-derived greenhouse gases.

Product Development and Strategies Aimed at Solving Environmental Issues and Meeting the Changing Needs of the Market

SEKISUI CHEMICAL Group develops products that contribute to the resolution of issues related to the natural and social environments, and continues to disclose and disseminate details of specific results. Through these efforts, we are managing risks that arise from changes in market needs against the backdrop of such global issues as climate change. At the same time, we believe that this will be enable us to seize opportunities attributable to increased demand.

In particular, by quantifying as much as possible the size (degree of contribution) of each product's contribution to the resolution of issues, we believe that we can magnify the impact we create, which in turn will lead to opportunities to create markets that help solve global issues and further heighten the awareness of consumers.

In FY2020, we established the MINASE Innovation Center (MIC) as an organization to promote open innovation with stakeholders. By strengthening partnerships with stakeholders and promoting the integration of people and information, we aim to advance the resolution of social issues and foster innovation.

Through MIC, we are actively engaging in technology exchanges with startup companies that possess low-carbon technologies as well as materials and other technologies that contribute to resource conversion, and are initiating steps to accelerate the resolution of social issues.

Addressing the Deterioration in Operating and Working Conditions

If climate change worsens and the minimum and maximum temperatures become increasingly severe, people engaged in manufacturing and construction may not be able to work. SEKISUI CHEMICAL Group believes that it is also possible to minimize the impact of climate change by proposing construction and engineering plans that take into consideration the seasonality of each region.

Each divisional company and subsidiary company has formulated a BCP tailored to its own circumstances as a means of mitigating the risk of a loss in operations and employment opportunities caused by natural disasters or other events.

■ Certification under the SBT* Initiative

SEKISUI CHEMICAL Group was the first company in the chemical sector to acquire SBT certification in 2018. The Group set a target of reducing GHG emissions by 26% by 2030 compared with the levels recorded in FY2013. In order to achieve this goal, we have promoted energy consumption innovation, including the replacement of aging facilities, and such energy procurement innovation initiatives as the conversion of purchased electricity to renewable energy and the installation of solar power generation facilities for on-site consumption.

Following the early achievement of this target, we have decided to pioneer more challenging

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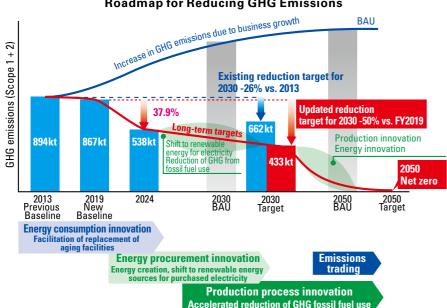
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initiatives, including the electrification of fuel-using equipment, the transition to low-carbon fuels, and the reduction of fuel-derived GHG emissions through "production process innovation." We have revised our strategy to increase our GHG emission reduction rate for 2030. With this strategy in place, we updated our SBT certification to the 1.5°C target and obtained certification in March 2023.

In FY2024, the renewable energy ratio of purchased electricity across the entire Group rose to 61.0%, and the GHG emission reduction rate was 37.9% compared to FY2019.

Roadmap for Reducing GHG Emissions



	Targets	Means of Achieving Targets
Scope 1+2	Base year: 2019 Target year: 2030 Reduction rate: 50% (1.5°C target)	Adopt renewable energy for conventional purchased electricity, and also pursue in advance the shift to low-carbon fuels, electrification, and manufacturing innovation to reduce fuel-derived GHGs
Scope 3	Base year: 2019 Target year: 2030 Reduction rate: 30%	Add resource recycling measures (conversion to non-fossil raw materials, increased use of recycled materials, and recycling of waste) to promote reductions in categories 1, 5, and 12

<Pre><Pre>rogress in FY2024>

Scope 1 + 2: Reduced greenhouse gas emissions by 37.9% compared with FY2019 Scope 3: Reduced greenhouse gas emissions by 5.8% compared with FY2019

In the future, we will continue to recognize our responsibility as a driving force within the industry and strive to lead and implore society as a whole to deal with climate change.

* SBT: Science Based Targets. The adoption of the Paris Agreement led to the proposal of such joint initiatives as the United Nations Global Compact. SBT initiatives certify that the GHG reduction targets set by companies are science based targets (SBT) that contribute to long-term measures aimed at combating climate change.

Promoting the Shift to Renewable Energy for Electric Power

We recognize that climate change is not only a major social issue, but also a major risk factor for the Group. In August 2020, we joined RE100, an international initiative which aims to procure the energy consumed in business activities entirely from renewable energy sources, in order to accelerate efforts that contribute to solving this issue throughout society. In the future, we will promote activities in cooperation with member companies and organizations.

We will promote thoroughgoing energy conservation measures and the shift to renewable energy in a bid to achieve zero GHG emissions from our business activities by 2050 as well as the GHG emissions target certified by the SBT Initiative by 2030.

Moreover, we will shift to renewable energy for all of the electric power we purchase from outside sources by 2030, and ensure that all electric power is derived from renewable energy sources, including co-generation systems, by 2050.

Environmental Management Across the Supply Chain

When we begin or continue to undertake business with our suppliers, we ask them to establish environmental management systems that comply with ISO 14001 and to reduce their environmental impact. In particular, with regard to the issue of climate change, we are taking steps to ascertain the progress made in setting and tackling reduction targets.

Furthermore, we monitor the volume of raw materials used by the Group as well as the impact on the environment. With regard to wood, which is considered to have a significant impact on biodiversity issues, we have formulated procurement guidelines specific to wood in an effort to procure all of our needs from sustainable forests. We will continue to conduct due diligence in order to mitigate the risks identified through supplier surveys.

WEB Timber procurement policy https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P08

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Compatibility with Scope 3*

The volume of GHG emissions that falls under the Scope 3 category is substantial, from the raw material procurement and product use stages to the disposal stage. In particular, we recognize that the large volume of emissions at the raw material procurement stage is due to the nature of our business as a chemical manufacturer. In response to this situation, we have strengthened our engagement with raw material suppliers and, as part of this effort, have revised our selection criteria for adopting new materials. With regard to the four major resins (PP, PE, PVC and PVA) that are purchased in large volumes and have high levels of GHG emissions among the raw materials, we are requesting the presentation of their GHG emissions data during raw material manufacture from more than 10 manufacturing companies. In this manner, we are working to reduce Scope 3 GHG emissions in the future. While the Group obtains only a portion of the total data from suppliers, by using this data we are able to grasp the volume of GHG emissions over the entire lifecycle.

Drawing on the IDEA database, we are studying measures to reduce GHG emissions and promoting reduction activities across the supply chain.

In addition, we have confirmed with suppliers the possibility of providing lower-carbon biomass-derived raw materials and recycled materials, and have begun to consider alternatives.

In specific terms, we will switch to non-fossil sources for resin materials, which account for 50% of purchased products and services (Category 1), and expand the use of recycled materials. This will help reduce GHG emissions from the disposal of products sold (Category 12).

Moreover, we will promote the recycling of waste plastics and work to reduce the amount of waste generated in our operations (Category 5).

Meanwhile, GHG emissions at the product-use stage are largely attributable to the substantial volumes of greenhouse gases emitted as a result of the energy consumed by the houses we sell. Regarding the use of products sold (Category 11), higher sales of ZEH homes with Sekisui Heim's energy-saving performance and large-capacity photovoltaic/large-capacity storage batteries have contributed significantly to reducing GHG emissions. We will continue to expand sales of ZEH homes, which will lead to further reductions.

Promoting the Use of Renewable Energy

SEKISUI CHEMICAL Group has been promoting the use of renewable energy by installing solar power generation systems at its production sites in Japan and overseas.

Since FY2020, we have also actively promoted the switch to renewable energy sources for electricity purchased. As of the end of March 2024, 43 production and research facilities in Japan and overseas have switched to renewable energy sources for all of their electricity purchased. Electricity consumption derived from renewable energy sources in FY2024 was 440 GWh, which is equivalent to 61% of all electricity purchased (including solar power generation for in-house use) and 55% of total electricity consumption, including electricity generated in-house by co-generation systems.

In FY2024, the following 3 business sites newly installed solar power generation systems for in-house use, bringing the total number of business sites to 26.

- ·Sekisui Alveo B.V.
- ·SEKISUI CHEMICAL CO., LTD. Gunma Plant
- ·Sekisui Industrial Piping Co., Ltd.



Sekisui Alveo B.V.



SEKISUI CHEMICAL CO., LTD. Gunma Plant

^{*} Scope 3: Other indirect emissions for the portion other than direct emissions at the Company (Scope 1) and indirect emissions to the Company (Scope 2)

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Solar Power Gen	eration Facilities Producing Electricity for On-site Use				
	Tohoku Sekisui Heim Industry Co., Ltd.				
	Chushikoku Sekisui Heim Industry Co., Ltd.				
	Kyushu Sekisui Heim Industry Co., Ltd.				
	Sekisui Heim Industry Co., Ltd. Kanto Site				
	Sekisui Heim Industry Co., Ltd. Tokyo Site				
	Yamanashi Sekisui Co., Ltd.				
	Sekisui Seikei Ltd. Kanto Plant				
lawan	Sekisui Medical Co., Ltd. Tsukuba Plant				
Japan	SEKISUI CHEMICAL CO., LTD. Taga Plant				
	SEKISUI CHEMICAL CO., LTD. Shiga-Ritto Plant				
	SEKISUI CHEMICAL CO., LTD. Gunma Plant				
	SEKISUI CHEMICAL CO., LTD. Musashi Plant				
	SEKISUI CHEMICAL CO., LTD. Advanced Technology Institute, R&D Center				
	Sekisui Techno Molding Co., Ltd. Tochigi Plant				
	SEKISUI Soflan Wiz Co., Ltd. Atsugi Plant				
	Sekisui LB Tec Co., Ltd. Chubu Plant				
USA	SEKISUI S-LEC AMERICA, LLC.				
Blash ada ada	SEKISUI S-LEC B.V. Film Plant				
Netherlands	SEKISUI ALVEO B.V.				
	SEKISUI S-LEC (THAILAND) CO., LTD.				
Thailand	SEKISUI-SCG INDUSTRY CO., LTD.				
	SEKISUI POLYMATECH (THAILAND) CO., LTD.				
	Sekisui Medical Technology (China) Ltd.				
China	Sekisui (Wuxi) Plastics Technology Co., Ltd.				
	Sekisui Youngbo HPP (Wuxi) Co., Ltd.				
Taiwan	Sekisui Industrial Piping Co., Ltd.				

	SEKISUI CHEMICAL CO., LTD. Gunma Plant		SEKISUI S-LEC B.V. Film Plant
	SEKISUI CHEMICAL CO., LTD. Taga Plant		SEKISUI S-LEC B.V. Resin Plant
	SEKISUI CHEMICAL CO., LTD. Research and Development Institute	Netherlands	SEKISUI ALVEO B.V.
	SEKISUI CHEMICAL CO., LTD. Tsukuba Site		SEKISUI POLYMATECH EUROPE B.V.
	Hokkaido Sekisui Heim Industry Co., Ltd.		SEKISUI ESLON B.V.
	Tohoku Sekisui Heim Industry Co., Ltd.	Germany	SEKISUI ALVEO BS GmbH
	Sekisui Heim Industry Co., Ltd. Kanto Site	Spain	SEKISUI SPECIALTY CHEMICALS EUROPE S.L.
	Sekisui Heim Industry Co., Ltd. Tokyo Site	UK	SEKISUI DIAGNOSTICS (UK) LIMITED
	Sekisui Heim Industry Co., Ltd. Chubu Site		SEKISUI S-LEC AMERICA, LLC.
	Sekisui Heim Industry Co., Ltd. Kinki Site	USA	SEKISUI Voltek, LLC (Coldwater)
Japan	Chushikoku Sekisui Heim Industry Co., Ltd.		SEKISUI Diagnostics, LLC (San Diego)
	Kyushu Sekisui Heim Industry Co., Ltd.	Mexico	SEKISUI S-LEC MEXICO S.A. de C.V.
	Sekisui Board Co., Ltd. Minakuchi Site		Sekisui S-Lec (Suzhou) Co., Ltd.
	Sekisui Board Co., Ltd. Gunma Site	China	Sekisui (Wuxi) Plastics Technology Co., Ltd.
	Yamanashi Sekisui Co., Ltd.	Cnina	SEKISUI YOUNGBO HPP (WUXI) CO., LTD.
	Sekisui Medical Co., Ltd. Tsukuba Plant		Sekisui Polymatech (Shanghai) Co., Ltd.
	Sekisui Medical Co., Ltd. Ami Site		SEKISUI S-LEC (THAILAND) CO., LTD.
	Sekisui Medical Co., Ltd. Drug Development Solutions Center		SEKISUI POLYMATECH (THAILAND) CO., LTD.
	Sekisui Soflan Wiz Co., Ltd. Iwaki Plant	Thailand	SEKISUI SPECIALTY CHEMICALS (THAILAND) CO., LTD.
	Chiba Sekisui Industry Co., Ltd.		THAI SEKISUI FOAM CO., LTD.
production sites and laboratories, external features such as streetlights that are not ated to production or research activities are excluded.			S AND L SPECIALTY POLYMERS CO., LTD.
ea to production	or research activities are excluded.	Singapore	VEREDUS LABORATORIES PTE. LTD.
		Indonesia	PT. SEKISUI POLYMATECH INDONESIA

Offices for which 100% of electricity is derived from renewable energy sources					
	SEKISUI CHEMICAL CO., LTD. Tokyo Head Office				
Japan	SEKISUI CHEMICAL CO., LTD. Osaka Head Office				
	Sekisui Heim Chushikoku Co., Ltd.				

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Environmental Activities at Offices in Line with the Group's Environmental **Management System (EMS)**

SEKISUI CHEMICAL Group is promoting environmental activities in its offices that are in line with the Group's Environmental Management System (EMS). We are implementing a variety of environmental activities at our offices nationwide, including such energy-saving activities as turning off lights during lunch breaks and reducing paper consumption.

Head Office Building Renewal and New Energy Creation Products

SEKISUI CHEMICAL Group has continued to work with Kanden Realty & Development Co., Ltd. to renovate its Osaka Head Office (Dojima Kanden Building), which is 50 years old, since 2023. This building was the first office building over 30 years old to receive the highest S-rank, "CASBEE Smart Wellness Office Certification." *

* "CASBEE SmartWellness Office Certification" is a system that evaluates the health, comfort, and intellectual productivity of building users as well as the performance of buildings in terms of their energy-saving environment, safety, and security from multiple perspectives.

In renovating the building, steps were taken to utilize Low-E double glazing, which improves indoor comfort while reducing air conditioning power consumption, thanks to its high thermal insulation and solar radiation shielding properties. We recognize that the renewal and continued use of aging buildings is not a conventional scrap and build approach, but a concept of building use that is critical to a resource-recycling society. Improving the durability of buildings and using them for a long time can save resources and reduce waste, reduce the amount of energy needed

to manufacture building materials, and in turn, reduce GHG emissions throughout the life cycle of buildings. In addition, more than 20 of the Group's products that contribute to the safety, durability, and environmental performance of buildings and infrastructure were used in the renewal.

In October 2023, film-type perovskite solar cells, which are currently under development, were installed on the exterior walls of the building. This is the first such case of exterior wall installation in Japan.



The renovated Osaka Head Office

■ GX Proactive Implementation Declaration

To reduce Scope 3 emissions and accelerate the development and social implementation of GX products, our Group declared the following proactive procurement of GX products (in May 2025).

"The SEKISUI CHEMICAL Group aims to achieve 100% electric vehicles and other such vehicles for company cars leased by the Company by FY2030."

Contributing to Carbon Reduction and Decarbonization through Our Businesses

SEKISUI CHEMICAL Group will accelerate efforts to help realize a carbon neutral society in 2050 through its business activities. To this end, we are promoting the creation of Products to Enhance Sustainability and the expansion of related markets through an internal system. As far as the need to address climate change is concerned, we are focusing on products not only from a mitigation, but also an adaptation perspective in a bid to expand markets. Specific examples are listed as follows.

Examples of Products That Contribute to Climate Change Mitigation

Business Field	Themes	Examples of Products
Housing	Products and services that use renewable electricity and support energy-efficient lifestyles	· ZEH housing (net-zero energy house)
Mobility Lightweight and highly functional products that reduce energy consumption during transportation and shipp		Interlayer films for automotive laminated glass (S-LEC) that boasts thermal and acoustic insulation functions Materials for seat peripherals installed in aircraft, trains, etc. (SEKISUI KYDEX products)
Electronics	Materials essential for energy-efficient products, products that contribute to improving the durability and performance of related components, which are becoming increasingly important with the development of 5G connectivity, etc.	Heat release materials that help mitigate issues caused by overheating circuit boards (Sekisui Polymatech Co., Ltd. product) Materials used in energy-efficient equipment (Micropearl, functional tape)
Infrastructure	Products that enable to reduce GHG emissions throughout their life cycles by swapping out conventional raw materials, production, and molding methods that extend their useful lives, etc.	Plastic piping in factories through which chemicals and other materials flow. Compared to mainstream metal piping, plastic piping reduces GHG emissions over its life cycle.

Examples of Products That Contribute to Climate Change Adaptation

Business Field	Themes	Examples of Products
Building and Civil Engineering	Products that contribute to the management of disasters that are increasing and becoming more severe due to the progress of climate change	Products that enable temporary storage of rainwater in the event of torrential rain

Initiatives Undertaken in Collaboration with Other Companies

Carbon recycling technology project in partnership with ArcelorMittal S.A.

In order to reduce our reliance on fossil fuels and contribute to decarbonization during steelmaking, SEKISUI CHEMICAL and ArcelorMittal entered into a partnership on projects to ntroduction Top Me

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recover and reuse CO_2 emitted during the steelmaking process. Through this project, we will work to develop technologies for separating, recovering, and reusing CO_2 from the gases emitted during the steelmaking process in the steel industry. Key to this work is SEKISUI CHEMICAL's innovative technology that converts CO_2 into carbon monoxide at a higher conversion ratio. Additionally, by leveraging similar technologies, we aim to produce sustainable products derived from CO_2 generated at refineries and other facilities of Cosmo Energy Holdings Co., Ltd. and the Cosmo Energy Group.

Progress on Commitments

Expanding the Adoption Rate of ZEH-specification Housing

We are committed to increasing the percentage of homes sold that use ZEH in order to reduce the use of fossil-based energy by our customers in the Sekisui Heim homes. In FY2024, the ratio of new detached net-zero energy houses (ZEH) (actual results calculated based on ZEH builder's reporting methods) was 95%, of which 90% was for ZEH, which has the highest rate of energy savings among the three categories defined in the national ZEH.

The cumulative number of houses equipped with storage batteries (energy self-sufficient houses), which we are proposing along with houses with ZEH specifications, is also increasing, and the storage cell installation rate for new detached homes has grown to 88%*.

* Based on Company data, the percentage of storage batteries (including VtoH) used on a shipping basis from April 2024 to March 2025. Figures are rounded to the nearest whole number.

Activities in Related Initiatives

Toward Climate Change Mitigation

The Group is advancing initiatives in collaboration with other companies and organizations in an effort to achieve its long-term goals and ultimately to contribute to the resolution of climate change issues. Through these initiatives, we believe we can expand our contribution to problem-solving while also enabling the early achievement of milestones.

The Group aims to achieve the goals set out in the Paris Agreement, namely the 1.5°C target, and to ensure carbon neutrality. We participate in and register with various initiatives, forums, and other organizations after confirming that their founding intentions, direction of initiatives, goals, etc. are consistent with the will and direction of the Group. Our continued participation is determined on an annual basis to ensure that there are no discrepancies in the direction in which we are heading. In the event that the direction differs, steps will be taken to withdraw from the initiative, forum, or other organization.

The Japan Climate Initiative (JCI)

Significance/ \cdots Joining the front line from Japan in the global push toward decarbonization in order Objectives to mitigate climate change.

Activities · · · · In order to drive social change and steer toward decarbonization, steps are being

taken under the JCI to promote the dissemination of information and exchange of views from companies, local governments, and NGO that are actively engaged in climate-change measures, and to advance the declaration of goals and activities aimed at achieving objectives with a focus on the acceleration of corporate collaboration activities.

Our role · · · · · We share the latest information on our efforts and use that information to consider measures.

RE100

Significance/ · · · Aim for companies to obtain 100% of the electricity used by their own operations Objectives from renewable energy sources.

Activities · · · · Motivated companies that have made the declaration work together to promote communication and activities that have an impact on society.

Our role · · · · · By declaring our commitment to shift to renewable energy, we are contributing to the widespread use of renewable energy in society.

JAPAN CLIMATE LEADERS' PARTNERSHIP (JCLP)

Significance/ · · · Aim to realize a rapid transition to a decarbonized society and achieve the 1.5°C target Objectives to avert a climate crisis.

Activities · · · · Lead Japan through six pillars of activity to realize a decarbonized society.

Policy engagement, decarbonization across the entire value chain, providing solutions to society, forming appropriate public opinion, collaboration with stakeholders, international network activities (information sharing, recommendations to the international community, etc.)

Our role · · · · Decarbonize the Company and society by making a decarbonization declaration, transitioning to a decarbonized business model, and pursuing corporate collaboration to promote internal decarbonization mainly within supply chains.

GX League

Significance/·· Aim to accelerate corporate collaboration in an effort to address the challenges Objectives associated with the transition to carbon neutrality in Japan.

Activities · · · · Participating companies that have endorsed the objectives of the GX League are working together and are preparing to promote initiatives to solve various issues.

Our role · · · · · We will consider participating in and promoting initiatives to resolve various issues in the future.

To expand GX products and accelerate their social implementation, we participated in a working group to create a framework for the "GX Proactive Implementation Declaration," in which companies declare their future procurement targets. In accordance with the established declaration framework, our Group made its declaration in May 2025.

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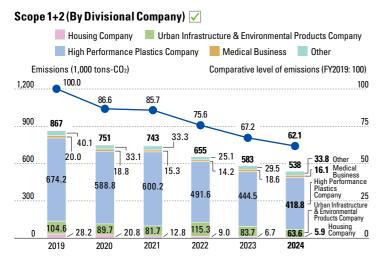
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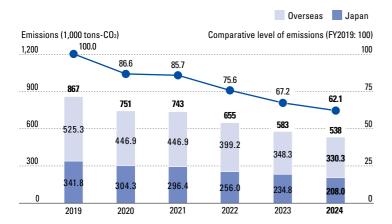
Performance Data

Note: In line with a change in the control of certain businesses in the UIEP and HPP companies implemented from October 2022, the data for FY2022 of both companies is collated as if the change in control had been initiated from the beginning of

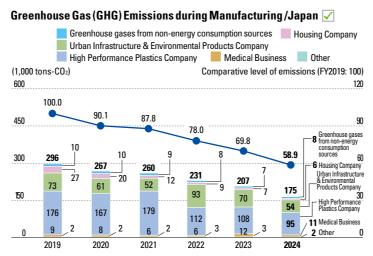


Note: Data after deducting the equivalent non-fossil certificate of 79 thousand tons of CO₂ and 6 thousand tons of CO2 derived from renewable energy sources under the J-Credit scheme.

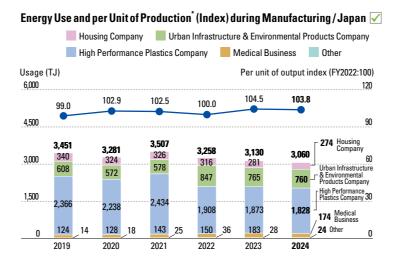
Scope 1+2 (By Japan and overseas)



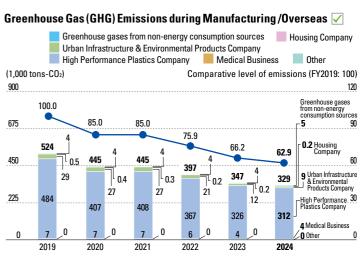
Note: Data after deducting the equivalent non-fossil certificate of 79 thousand tons of CO2 and 6 thousand tons of CO2 derived from renewable energy sources under the J-Credit scheme.



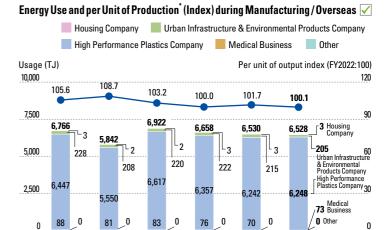
Note: Data after deducting the equivalent of 8 thousand tons of CO2 from non-fossil certificates and 6 thousand tons of CO₂ from J-Credits derived from renewable energy.



^{*} Energy consumption per unit of production weight



Note: Data after deducting the equivalent non-fossil certificate of 71 thousand tons of CO₂.



2022

2023

2024

2021

2019

²⁰²⁰ * Energy consumption per unit of production weight

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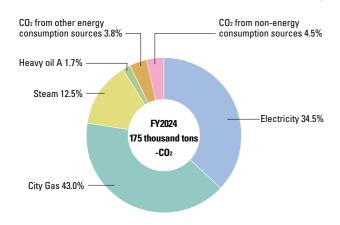
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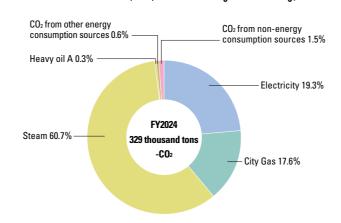
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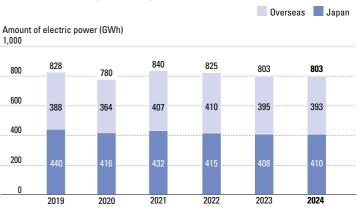
Breakdown of Greenhouse Gas (GHG) Emissions during Manufacturing / Japan 🗹



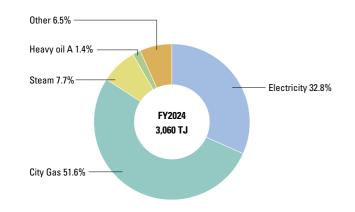
Breakdown of Greenhouse Gas (GHG) Emissions during Manufacturing / Overseas 🗸



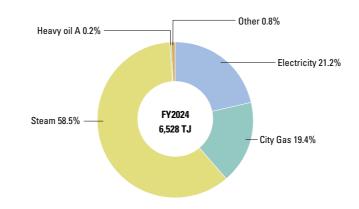
Electricity Consumption in Japan and Overseas 🗹



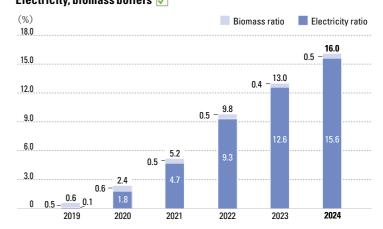
Breakdown of Energy Use during Manufacturing / Japan 🗸



Breakdown of Energy Use during Manufacturing /Overseas 🗸



Ratio of renewable energy to total energy consumption/ Electricity, biomass boilers ✓



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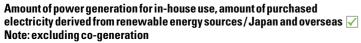
Realizing Resource Recycling

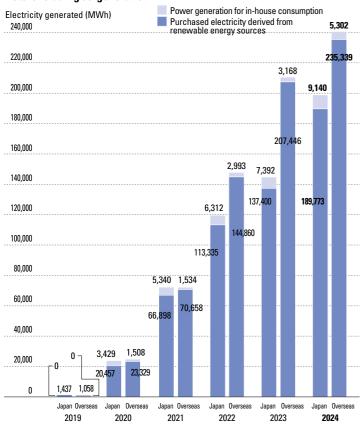
Reducing Water-related Risks

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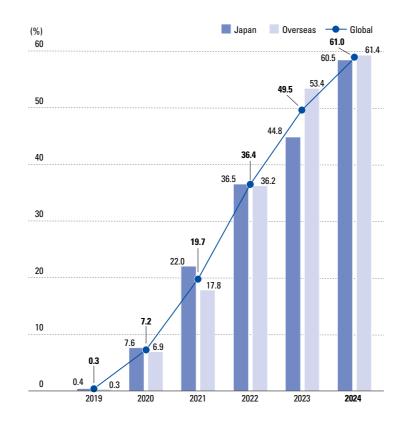
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Ratio of electricity derived from renewable energy sources/ Japan and overseas V Note: excluding co-generation



Indicator	Calculation Method			
Energy Use	Energy use = Σ [amount of fuel used, amount of electricity purchased, amount of solar power generation for in-house use, and amount of steam purchased x unit calorific value] [Unit Calorific Value] Purchased Electricity: 3.60 MJ/kWh (Amount of solar power generation for in-house use and amount of purchased electric power from renewable energy sources are included in the energy use) Fuel, Purchased Steam: Based on the Act on Rationalization of Energy Use and Shift to Non-fossil Energy			

Emissions of Non-CO₂ Greenhouse Gases (Global Production, Laboratories) ✓

In FY2024, GHG emissions other than CO₂ (CF₄, SF₆) were all zero.

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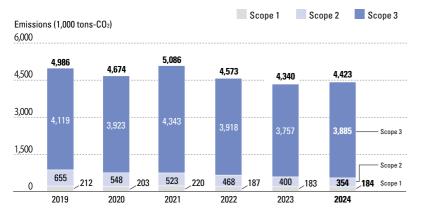
Reducing Water-related Risks

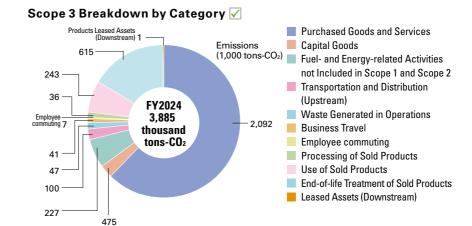
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Greenhouse Gas Emissions throughout Our Entire Supply Chain ✓





Greenhouse Gas Emissions throughout Our Entire Supply Chain ✓

(1,000 tons-CO₂)

				2019	2020	2021	2022	2023	2024
Scope 1				212	203	220	187	183	184
Scope 2	Market-based			655	548	523	468	400	354
	Location-based		_	_	_	_	559*2	566	
		Category 1	Purchased Goods and Services	2,352	2,282	2,445	2,205	2,339	2,092
		Category 2	Capital Goods	96	80	74	113	112	475
	<u>_</u>	Category 3	Fuel- and energy-related activities not included in Scope 1 and Scope 2	127	198	226	220	230	227
	Upstream	Category 4	Transportation and Distribution (Upstream)	95	86	93	77	83	100
	1	Category 5	Waste Generated in Operations	44	37	41	44	46	47
C 2		Category 6	Business Travel	24	7	6	23	37	41
Scope 3		Category 7	Employee Commuting	6	5	4	9	7	7
		Category 10	Processing of Sold Products	45	39	41	41	38	36
	own:	Category 11	Use of Sold Products	772	708	810	625	254	243
	Downstream	Category 12	End-of-life Treatment of Sold Products	558	481	601	559	610	615
	3	Category 13	Leased Assets (Downstream)	2	1	1	2	1	1
	Total (upstream / downstream)			4,119	3,923	4,343	3,918	3,757	3,885
Total *1 4,986 4,674 5,086 4,573 4,340 4,423									

^{*1:} Scope 2 is aggregated using market-based operations.

Base Name Scope 2	Calculation Method
Market-based	Calculate Scope 2 emissions based on supplier-specific emissions coefficient
Location-based	Calculate Scope 2 emissions based on publicly available emissions coefficient for specific regions

^{*2:} Scope 2 location-based operations are provided as reference values for FY2023 and are subject to Independent Practitioner's Assurance only for FY2024.

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Indicator		tor		Calculation Method	
CO₂ emissions = ∑[amount of fuel used × CO₂ emissions coefficient] + Non-energy-derived greenhouse gas emissions Non-energy-derived greenhouse gas emissions = CO₂ emissions from non-energy consumption sources * +∑[greenhouse gas emissions other than CO₂ emissions × global warming coefficient] * Both in Japan and overseas, includes CO₂ emissions from combustion of non-fuel sources based on the Act on Promotion of Global Warming Countermeasures. [CO₂ emissions coefficients City Gas: Coefficients obtained from suppliers are applied to the latest data at the start of each fiscal year. If a coefficient cannot be obtained in this manner, it is based on the Act on Promotion of Global Warming Countermeasures. Fuel Other than the Above: Based on the Act on Promotion of Global Warming Countermeasures. [Global warming potential]: Emissions coefficients determined based on greenhouse gas emission calculations, reports, and official disclosures. Fuels that corresponds to energy sources are calculated based on the Act on Promotion of Global Warming Countermeasures both in Japan and overseas.				nissions =CO ₂ emissions from non-energy consumption sources * +∑[greenhouse gas emissions other than CO ₂ emissions × global warming coefficient] CO ₂ emissions from combustion of non-fuel sources based on the Act on Promotion of Global Warming Countermeasures. pliers are applied to the latest data at the start of each fiscal year. his manner, it is based on the Act on Promotion of Global Warming Countermeasures. If Warming Countermeasures. d on greenhouse gas emission calculations, reports, and official disclosures.	
			CO_2 emissions = Σ [Purchased electricity volume and/or purchased steam volume \times CO_2 emissions coefficient]		
Scope 2			[Market-based CO2 emissions coefficient] Purchased Electricity: In Japan, the coefficient provided in notices pursuant to the Act on Promotion of Global Warming Countermeasures is applied to the latest data at the start of each fiscal year. In case the purchased electricity for which the emissions coefficients are set for each menu, the adjusted emissions coefficient applies. For overseas data, the latest coefficient data obtained from local power suppliers as of the beginning of each fiscal year is applied. If not available, based on IEA Emission Factors 2022, EPA eGRID 2022.		
			For overseas, based on IEA Emission F Purchased Steam: Coefficients obtained	eam: In Japan, substitute values from coefficients announced under the Act on Promotion of Global Warming Countermeasures are applied to the latest data at the start of each fiscal year.	
		Category 1	Purchased Goods and Services	CD2 emissions = Σ (lamount of major raw materials used (excluding substances subject to regulation by the PRTR Law) as listed in Material Balance section of this report + estimated values for other raw materials) × emission coefficient (Inventory Database for Environmental Analysis (IDEA v. 3.1 (IDEA v. 3.1)) Calculated using MiLCA v. 3.1 software from LCA Expert Center Co., Ltd. that incorporates IDEA v. 3.1. The Group has reflected the actual GHG emissions of its raw material suppliers with regard to four principal resins (PP, PE, PVC and PVA) from FY2018. For FY2024, this has not been reflected due to data availability.	
		Category 2	Capital Goods	CO2 emissions = Σ [(amount of spending on capital expenditures authorized for the given fiscal year for buildings, structures, mechanical equipment, and transport vehicles) × emissions coefficient (per unit emissions database for calculating organizational greenhouse gas emissions, etc., arising from supply chains (Ver. 3.4) (Ministry of the Environment and Ministry of the Economy, Trade and Industry))]	
		Category 3	Fuel and energy-related activities not included in Scope 1 and 2	C02 emissions = Σ [(amount of fuel used, amount of electricity purchased, and amount of steam purchased) × emissions coefficient] The emissions coefficients used are as follows: For fuel, IDEA v. 3.4. For purchased electricity and steam, per unit emission database for calculating greenhouse gas emissions by organizations, etc., arising from supply chains (Ver. 3.4) (Ministry of the Environment and Ministry of the Economy, Trade and Industry). Applicable to production sites, laboratories, and offices both inside Japan and overseas.	
	Upst	Category 4	Transportation and Distribution (Upstream) (Transportation of Major Raw Materials)	CO2 emissions = Σ [amount of major raw materials used (excluding substances subject to regulation by the PRTR Law) as listed in the Material Balance section of this report × transport distance × emission coefficient (IDEA v. 3.4)] (Calculated assuming that the transport distance was uniformly 200 km)	
	Upstream		Transportation and Distribution (Upstream) (Transportation of Products)	The calculation is made by combining the fuel consumption method (transport of housing units, etc.) and the improved ton-kilometer method (other than transport of housing unit, etc.) CO ₂ emissions = Σ [amount of fuel used × CO ₂ emissions coefficient] + Σ [amount transported (metric tons) × distance transported (km) × fuel use per unit of output × CO ₂ emissions coefficient (value used in the reporting system for specified freight carriers under the Act on the Rational Use of Energy)] (Estimates used for overseas) Covers shipments of products by subsidiary companies in Japan and overseas.	
		Category 5	Waste Generated in Operations	C0₂ emissions = ∑[amount of waste materials generated (by type) × emissions coefficient (IDEA v. 3.4)] Scope: Major production sites and research facilities in Japan and overseas.	
Scope 3		Category 6	Business Travel	CO2 emissions = Σ (transportation costs by method of transport × emissions coefficient (per unit emissions database for calculating organizational greenhouse gas emissions, etc., arising from supply chains (Ver. 3.4) (Ministry of the Environment and Ministry of the Economy, Trade and Industry))] (Includes estimates of transportation costs for subsidiary companies) Subsidiary companies in Japan and overseas all covered.	
	Category 7		Employee Commuting	C02 emissions = Σ [amount spent on commuting allowance × emissions coefficient (per unit emissions database for calculating organizational greenhouse gas emissions, etc., arising from supply chains (Ver. 3.4) (Ministry of the Environment and Ministry of the Economy, Trade and Industry))] (Calculated based on the assumption that all commuting is done by passenger train) (Subsidiary companies commuting costs include estimates) Subsidiary companies in Japan and overseas all covered.	
		Category 10	Processing of Sold Products	CO ₂ emissions = Σ[production volume of relevant products × emissions coefficient at the time of processing the relevant products (IDEA v. 3.4)] Covers products for the automotive industry by Subsidiary companies in Japan and overseas.	
	Downstream	Category 11	Use of Sold Products	C0: emissions = Σ [number of structures sold as housing during the relevant fiscal year × amount of electricity purchased from power companies throughout a year × 60 years × electricity-based emissions coefficient], including the effect of the solar power generation system. The amount of electricity purchased from power companies throughout a year is based on the Electricity Income and Expenditure Home Survey of Houses with Built-In Solar Power Generation Systems (2024). The electricity-based emissions coefficient employed is the emissions coefficient from the FY2024 report produced by the Act on Promotion of Global Warming Countermeasures reporting system (alternate value), equal to 0.429 metric tons-C0:/MWh. The calculation is performed under the assumption that housing will be used for 60 years. Housing sold within Japan for the fiscal year relevant to the calculation is covered. We also have been calculating the effect of reduction in energy used in residences built to net zero energy house (ZEH) specifications since FY2018.	
	ä	Category 12	End-of-life Treatment of Sold Products	CO_2 emissions = Σ [amount of major raw materials used in the products sold during the relevant fiscal year × emissions coefficient (IDEA v. 3.4)] The calculation assumes that products sold during a given fiscal year are disposed of during the same fiscal year.	
		Category 13	Leased Assets (Downstream)	Calculated for construction work carried out using machinery leased by SEKISUI CHEMICAL C0₂ emissions = ∑[relevant installation units × fuel usage per unit × C0₂ emissions coefficient (emissions coefficient determined based on a system of greenhouse gas emission calculations, reports, and official disclosures)]	

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Realizing Resource Recycling

Strategy (Stance, Approach, Risks and Opportunities)

Basic Concept

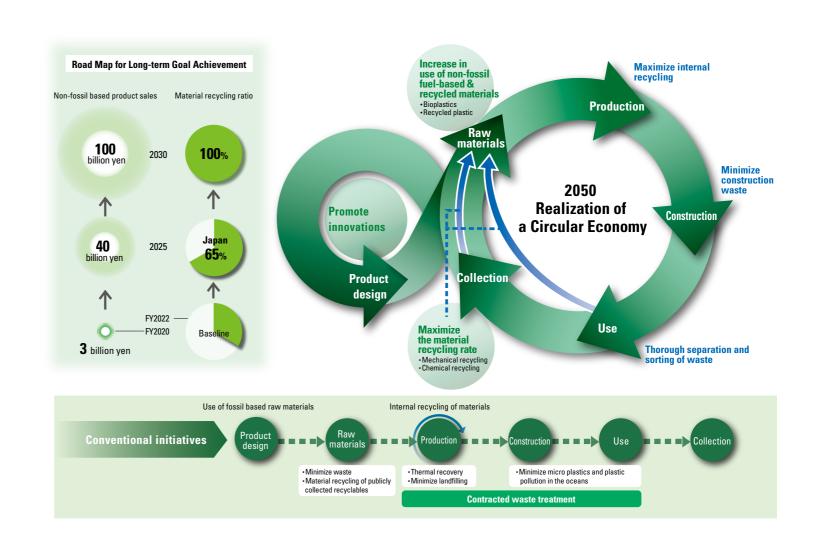
Establishment of the Resource Recycling Policy

SEKISUI CHEMICAL Group aims to help create a sustainable society through the realization of a circular economy by 2050. To achieve this long-term goal, we formulated a resource recycling policy and strategy in FY2021.

In partnership with the supply chain, we are working to minimize the use of virgin raw materials derived from fossil fuels. At the same time, we are promoting resource recycling and aim to realize a circular economy through our businesses.

WEB Resource Recycling Policy

https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P02



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Promoting Efforts Based on the Resource Recycling Policy

Under Vision 2030, SEKISUI CHEMICAL Group is strategically expanding its four business domains. By doubling our sales volume through solutions to social issues, we aim to realize a sustainable society and achieve corporate growth. We consider plastics to be an important raw material in these business domains. In order to reduce the amount of waste generated in the production process, we have continued our efforts to reduce the amount of waste per unit of production every year. In specific terms, we carry out internal recycling by returning wood scraps and other materials generated to raw materials for reuse. In addition, when disposing of materials as waste, we have promoted reuse as recycled materials including energy recovery.

Based on results achieved ahead of schedule through initiatives up to FY2022, the Group reviewed and re-established milestones for FY2023 and FY2025. Since FY2023, we have accelerated our efforts to achieve the revised milestones.

We believe that innovation at the product design stage is important for driving the promotion of resource recycling throughout the product life cycle. By rethinking the design of new products and revising the processes for existing products, we are promoting initiatives for innovation that accelerates resource recycling.

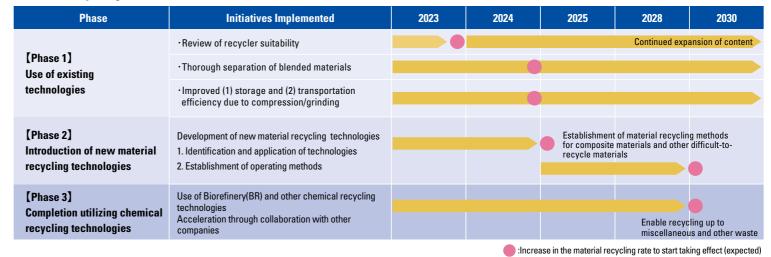
Road Map for Long-Term Goal Achievement

		2020 to 2022	By 2025	By 2030	
Business strategy	Net sales of Products to Enhance Sustainability that contribute to resource circulation (Base year: 2020)	1.1 times	1.7 times	2 times or more	
Raw material resource conversion	Net sales of products not derived from fossil fuels and using recycled materials	3 billion yen	40 billion yen	100 billion yen	
Recycling waste products	Rates for recycling waste plastic into new materials	Analyze current conditions and set baselines	Japan 65%	100%	

■ Plan to Accelerate the Recycling of Waste Plastics into Materials

Under the current Medium-term Plan, we have set the material recycling rate for waste plastics as one of the Group's environmental KPIs. The Group is applying this KPI under the following Plan while taking into consideration such factors as the high level of technological hurdles and timing of realization.

Plan for Recycling Waste Plastic into New Materials



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Risks and Opportunities Posed by Resource Recycling on Our Businesses

Opportunity losses caused by changes in consumer behavior and preferences

We analyze and assess the risks and opportunities of resource recycling on the Group's business in the same four scenarios as the climate change scenario analysis conducted based on the TCFD Guide.

We are considering measures to mitigate the identified risks. With regard to opportunities, we are also considering the creation of new businesses through the development of products and services.

When looking at the risks and opportunities of resource recycling on the Group's business, we take into consideration resource conversion, resource recycling, and the transition and physical risks posed by innovation to accelerate them. In particular, and from a resource recycling perspective, an analysis was conducted with a focus on the importance of services that connect the supply chain and the products that utilize those services in order to turn risks into opportunities.

The following are certain examples.

1. The Plastic Molding and Processing Business

In the Innovative Mobility, Advanced Lifeline, and other Plastic Molding and Processing Business fields, we recognize the risk of technological transition, which not only involves short-term costs, but also medium- to long-term investments in equipment installation and technological research when promoting the recycling of waste generated in the manufacturing process and products after use. On the other hand, if we build products based on the assumption that resources will be recycled through upfront investment or a recycling system for products, we believe that this will be a point of differentiation from other companies' products and will lead to opportunities to expand our business.

2. Town and Community Development Business

In the Town and Community Development Business, there is the transition risk of losing market opportunities should we fail to respond to growing customer demand for products made from recycled and non-fossil-derived materials as a result of a certain level of environmental consideration given to raw materials and materials used, as in the case of LEED certification pioneered in the U.S. On the other hand, we believe that by taking the lead when considering urban development projects that take into consideration the conversion of raw materials, the potential exists to provide communities with high real estate value, which in turn could result in opportunities to expand our business. These risks and opportunities are analyzed and identified using the social scenario based on the scenario analysis. Details are disclosed through the TCFD Report.

Addressing Plastic Waste Issues

Since around 2017, plastic waste, represented by marine plastic waste, has become a major environmental issue. The Group does not manufacture or sell primary microplastics where use presupposes dissolution. However, we recognize that plastic products and plastic materials

contained in products that are used or disposed after use may deteriorate in the natural environment and become microscopic if not properly treated.

Employee education

The Group promotes employee training as well as environmental and social contribution activities as a part of efforts to develop human resources with considerable ability to contribute to solving social issues. Human resources with this ability can correctly recognize such problems as plastic waste in both the products they produce and the processes they manufacture, and are able to take appropriate remedial action.

Contributing to social change

We recognize that the proper use and disposal of plastics requires the construction of a social system as well as a shift in employee awareness based on education and training. The Group is therefore engaged in various collaborations with industry, government, and academia.

For example, we are participating in the Clean Ocean Material Alliance (CLOMA), a collaborative initiative between companies organized by Japan's Ministry of Economy, Trade and Industry. For a fundamental solution, we are working on the common issues necessary for the social implementation of resource recycling schemes with the aim of realizing a circular economy.

Creating and expanding the use of products, technologies, and services that contribute to the realization of a recycling-based society and a circular economy

SEKISUI CHEMICAL Group has developed a technology to convert combustible waste into gas and then convert that gas to ethanol, a raw material for plastics, by means of a microbial catalyst. A one-tenth commercial scale (processing capacity of approximately 20 tons/day) demonstration plant has been constructed in Kuji City, Iwate Prefecture, and is currently in operation.

Promoting recycling into materials

SEKISUI CHEMICAL Group has exchanged manifests with waste disposal companies to ensure the proper disposal of waste generated by its own production activities. In FY2021, we formulated a resource recycling policy and strategy, and are promoting plastic material recycling*. Given there are various methods of material recycling, we will strive to improve the material recycling rate while paying attention to the quality of recycling and GHG emissions.

*Material recycling: SEKISUI CHEMICAL Group defines mechanical recycling (material recycling in a narrow sense) and chemical recycling as material recycling.

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■ Promotion System for Resource Recycling Issues

As far as resource recycling issues are concerned, including resource conversion, the recycling of waste, and external environmental issues that may constitute management risks, steps are taken to ascertain the magnitude of each risk to consider appropriate countermeasures, and to carry out the necessary decision-making process under the supervision of the Board of Directors.

In similar fashion to other environmental issues, our supervisory and executive systems for reducing the Group's negative impact on the environment and society related to resource recycling and expanding its contribution to the resolution of issues are based on its Environmental Management Promotion System.

The Board of Directors has made the following final decisions on resource recycling issues.

- · Policies and strategies for reducing the Group's negative impact on the environment and society related to resource recycling and expanding its contribution to the resolution of issues.
- · The organization's plan to achieve a sustainable society, including the transition to a circular economy (transition plan).
- · Assessment of the impact of environmental issues, including resource recycling on management and policies for addressing those issues.

Turning to major matters discussed and determined by the Board of Directors, the Sustainability Committee deliberates on policies and strategies in advance, based on conditions surrounding the Group as a whole regarding such environmental issues as resource recycling that have been discussed and summarized by the Environmental Subcommittee. In addition, based on the policies, strategies, and transition plans finalized by the Board of Directors, the Environmental Subcommittee discusses specific measures and goal setting while managing progress.

P.33 Environmental Management Promotion System

Risk Management

As far as risk management is concerned, we have established an ERM system that in addition to identifying Groupwide major risks, shares and manages these risks within the Group. Risks related to such resource recycling issues are also assessed in an integrated manner, together with other risks that are expected to have a significant impact on management. Risks that effect the Group as a whole and each organization, including resource recycling are shared and deliberated at Board of Directors, Sustainability Committee, Management meetings, and subcommittee meetings.

Indicators and Targets

Resource Recycling Targets

Aim: Promote resource recycling

Indicator 1: Reduction rate of the amount of waste generated per unit of production

Current Medium-term Management Plan Target (final year: FY2025) Per unit of production -3% (compared with FY2022) FY2024 Results +3.9% (compared with FY2022) 2030 Target -2050 Target Achieve a circular economy

Indicator 2: Recycling rate for waste plastic materials

Current Medium-term Management Plan Target (final year: FY2025)

Japan: 65% Overseas: 69%

FY2024 Results 66.9% (Japan) 70.1% (Overseas)

2030 Target 100%

2050 Target Maintain at 100% or more

• Indicator 3: Reduction rate of copy paper use per unit of people

Current Medium-term Management Plan Target (final year: FY2025) -3% (compared with FY2022)

FY2024 Results -27.9% (compared with FY2022)

2030 Target -

2050 Target Achieve a circular economy

Indicator 4: Reduction rate of the amount of waste generated per building at new housing construction sites

Current Medium-term Management Plan Target (final year: FY2025) -12% (compared with FY2022)

FY2024 Results -7.7% (compared with FY2022)

2030 Target -

2050 Target Achieve a circular economy

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Major Initiatives

■ Waste Plastic Initiatives

Promoting material recycling

SEKISUI CHEMICAL Group is working to maximize material recycling using existing technologies. In addition to promoting the recycling of these materials as in-house raw materials, we are also advancing the selection of treatment methods with an emphasis on material recycling.

As far as waste that is difficult to manage using material recycling is concerned, we are also working to establish new treatment methods.

Use of quality evaluations to improve the material recycling rate

In order to mitigate and resolve risks not only with regard to resource recycling issues, but also other environmental issues, and to ensure international competitiveness through the sustainable development of products and businesses, it is vital that the Group promotes the use of plastic as a material, while also identifying the recycling methods that should be accelerated.

Working also to identify material recycling technologies that should be prioritized and to promote higher quality recycling, we have clarified our stance toward recycling and are determining the initiatives to be taken based on the following three assessment criteria.

[Stance Toward Recycling]

- · Minimum resource consumption
- · Minimal GHG emissions during the process of reuse
- · Expansion of waste recycling through innovation

[Evaluation Scale]

- (1) Recycling properties
- (2) Amount of CO₂ emission reduction through the use of waste plastics
- (3) Degree of contribution to the environment (handling of difficult-to-recycle materials, etc.)
- (1) In terms of recyclability, there are various methods of material recycling (e.g., horizontal recycling of plastics, cascade recycling, use as other functional materials, etc.). Accordingly, the Group evaluates the recycling properties that it aims for.
- (2) In terms of reducing CO₂ emissions, we evaluate the positive impact of material recycling on climatic change mitigation, and ensure there is no negative impact.
- (3) In terms of the degree of contribution to the environment, we evaluate the social significance and degree of environmental contribution of processing difficult-to-recycle materials*.
- * Difficult-to-recycle materials: Materials that are currently difficult to dispose of and can only be thermally recycled or landfilled

Accelerating efforts through internal measures

SEKISUI CHEMICAL Group has initiated the following measures and mechanisms to realize its plan to turn waste plastic into materials.

1. Use of resource recycling support measures

In order to promote the recycling of waste plastics into materials using high-quality recycling methods, we are implementing resource recycling support measures that provide financial support for initiatives and equipment according to the amount of resources recycled into materials from FY2024.

2. Establishment of an environment in which to consider and conduct research on plastic resource recycling

Urban Infrastructure & Environmental Products Company, which engages in business centered on highly durable plastic products for infrastructure, has established a resource recycling working group to consider the issue of turning waste plastic into materials. The goal is to accelerate the resource recycling of waste plastic at business sites and research institutes, and to promote the development and evaluation of new recycling technologies for difficult-to-recycle materials. Once a quarter, we hold a plastic resources recycling review meeting to share progress on initiatives and to horizontally deploy good practices.

Promoting the reduction of packaging materials

SEKISUI CHEMICAL Group has long engaged in efforts to reduce the volume of packaging materials, employ reusable boxes*, and eliminate packaging. We have been actively working to reduce packaging since the early 2000s, and have achieved certain results. We will continue to undertake these activities and strive to reduce packaging material waste.

*Boxes that can be used multiple times to ship materials, parts, and products between locations.

Promoting Construction Material Recycling

The entire housing industry is engaged in the efficient use and recycling of construction materials. As a member of this industry, SEKISUI CHEMICAL Group is reducing the amount of construction waste produced when building houses and promoting recycling.

Converting External Wall Panel Scrap into Raw Material for Products

At the Gunma and Minakuchi Sites of Sekisui Board Co., Ltd., which manufacture exterior wall panels for Sekisui Heim, scraps are generated during the production process. In addition to reducing the amount of scraps produced as much as possible, these sites are also promoting in-house material recycling.

Specifically, wood chips and cement are used as recycled raw materials by crushing and sorting the scraps generated in the process of making exterior wall panel products.

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Contributing to Resource Recycling through Business

Without realizing a circular economy in 2050, there can be no carbon neutral society. Based on its resource recycling strategy and roadmap, SEKISUI CHEMICAL Group is looking to convert plastic raw materials to non-fossil fuel-derived or recyclable raw materials, and is reviewing product designs that contribute to the recycling of existing products. We will promote the creation and market expansion of Products to Enhance Sustainability in an effort to accelerate contributions through our businesses.

Examples of products that contribute to resource recycling

Business Field	Themes	Example Products
Housing	Remodeling menus to extend the life of products and services when reusing homes	·Be-Heim, a service that allows a customer to pass on a home to another customer, who will live in it with peace of mind
Building and Civil Engineering	Products that use recycled plastic as a raw material	Products that enable temporary storage of rainwater in the event of a torrential downpour (rainwater storage material Cross-Wave) Infrastructure with resource recycling properties (foamed three-layer pipes)
Mobility	Buy-back system that collects customer scraps for reuse as raw materials	·System that involves contracting with customers who have purchased products to buy back scraps from those customers for recycling (SEKISUI KYDEX product)

Initiatives undertaken in collaboration with other companies

Initiatives for the social implementation of Biorefinery (BR) technologies

We believe that in order to recycle resources, it is essential to collaborate with companies and organizations that are responsible for each process of the product's life cycle.

Through a joint development project with U.S.-based venture company LanzaTech Global, NZ, Inc., we have established a technology to convert combustible waste into ethanol using a microbial catalyst.

In order to validate the viability and commercial application of this chemical recycling technology, which is essential to resource recycling, SEKISUI CHEMICAL, INCJ, Ltd., and SEKISUI BIO REFINERY CO., LTD. are operating a demonstration plant approximately 1/10th the size of a commercial plant in Kuji City, Iwate Prefecture. Plans are in place for the ethanol produced at the plant to be recycled as a raw material for plastics in collaboration with SUMITOMO CHEMICAL CO., LTD.

In collaboration with the Research Institute of Innovative Technology for the Earth (RITE), we are developing microorganisms capable of producing aromatic compounds from CO produced by concentrating CO2 from the final exhaust gas of the Hitachinaka Tokai Clean Center in Ibaraki

Prefecture and utilizing chemical looping reaction technology. We aim to establish an integrated production process of culture control (bioproduction technology) and integration with technology for highly efficient production of aromatic compounds (bioprocess development), etc.

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Initiative Collaboration

As far as the issue of resource recycling is concerned, we are collaborating with various entities, including other companies and organizations, to achieve our long-term goals, thereby expanding our contributions toward the resolution of issues and raising the potential to achieve milestones ahead of schedule. Based on the aforementioned, the Group participates in and registers with various initiatives and organizations, including forums. When participating or registering, we confirm that founding principles, the direction of initiatives, and goals are consistent with the Group.

Our continued participation is determined on an annual basis to ensure that there are no discrepancies in the direction in which we are heading. In the event that the direction differs, steps will be taken to withdraw from the initiative, forum, or other organization.

Initiatives, forums, etc. in which the Group participates or has registered

Clean Ocean Material Alliance (CLOMA)

Organizer Japan's Ministry of Economy, Trade and Industry, Ministry of the Environment, Ministry of Agriculture, Forestry and Fisheries Significance/ To solve the issue of marine plastic waste, which is a global environmental Objectives

Activities Aiming for the more sustainable use of plastic products, and the development, introduction and popularization of innovative substitutes that will lead to a reduction of plastic waste.

Our role The Company chairs Working Group 3 (WG3), one of five key action working groups that promote activities aimed at plastic recycling through corporate collaboration. WG3 focuses on the development and social implementation of chemical recycling technologies as well as efforts to identify and resolve shared issues connected with related companies.

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In FY2024, we conducted the following activities.

1. Activities related to rule-making

In FY2023, we used a position paper on chemical recycling technology published as CLOMA to implement dialogs with various stakeholders, aiming for the social implementation of chemical recycling technology. In particular, discussions were held with government agencies on issues including the interpretation of the framework of new laws, regulations, and policies, etc. and the application of supplementary provisions as a way of helping resolve issues that have become apparent in examining the social implementation of chemical recycling.

2. Sharing the latest information toward social implementation

A panel discussion between companies considering various types of chemical recycling technologies was set up to exchange opinions and share information on the kinds of issues that exist at the current stage toward social implementation.

3. Activities for enhancing the value of resource recycled products

Based on the viewpoint that defining and certifying superior resource recycled products will lead to enhanced product value, we give opinions in discussions of various resource recycling-related certifications and product standards from the perspective of chemical recycling technology. In FY2024, we participated as CLOMA/WG chair in the Eco Mark Criteria Deliberation Committee on chemical recycling process certification run by the Japan Environment Association. As a result, in April, resolution was reached on certification content that reflected the consensus of cooperating companies, which was then made public.

4. Activities related to standardization linked to incentives, etc.

We participated as CLOMA/chair and deliberative member of the Industrial Structure Council's Subcommittee on Resource Recycling Economy of the Committee on Industrial Science and Technology Policy and Environment. This subcommittee develops design certification criteria for ministerial approval of environment-friendly design under the Act on Promotion of Resource Circulation for Plastics of the Ministry of Economy, Trade and Industry (METI) for several important applications (the four areas of (1) soft drink plastic bottle packaging, (2) stationery and office supplies, (3) household cosmetics packaging, and (4) household cleaning agent packaging).

Japan Partnership for Circular Economy (J4CE)

Organizer ······	·· Japan's Ministry of the Environment, Ministry of Economy, Trade and Industry,
	and Japan Business Federation
Significance/ ···	·· To further foster understanding and promote efforts by a wide range of responsible
Objectives	parties, including domestic companies, as the trend toward a circular economy
	accelerates on a worldwide basis
Activities ······	·· Introduction of case studies through case study brochures, dissemination of
	information for the general public, and support for inter-company collaboration.
Our role ·······	·· To accelerate the creation and social implementation of new recycling businesses

by disseminating case studies and providing feedback on internal technologies and measures based on an understanding of the latest information.

Sustainable Plastics Initiative (SusPla)

Significance/······ Companies situated along the pumping veins of resource circulation collaborate
Objectives in creating opportunities for activities aimed at realizing a circular economy.

Activities ······ Demand for the use of recycled plastics from owners of brands in the automobile, electronics, and other industries is expected to expand across multiple fields. In order to secure high quality plastics, first create a recycler certification system to develop and increase the number of excellent recyclers capable of guaranteeing the quality of recycled plastics.

Our role ······· We have participated in the organization as a managing company from its founding stages, giving opinions from our standpoint as both a chemical recycler and a user of recycled materials and contributing to the practical application of certification and operation, etc.

Japan Circular Economy Partnership (J-CEP)

Significance/······ To create a society where things, information, and feelings revolve around each Objectives other by considering everything as a resource and designing relationships.

Activities ······· Engaging in (1) the optimal recycling of resources in Japan and (2) the creation of businesses that contribute to the realization of a sustainable society.

Our role ······ As a member of a consortium of companies, we contribute to the realization of a circular economy by disseminating case studies and providing technical cooperation.

Circular Partners (CPs)

Significance/····· Based on the Growth-Oriented, Resource-Autonomous Circular Economy Strategy Objectives formulated by the Ministry of Economy, Trade and Industry (METI) in March 2023, promote collaboration between industry, government, and academia with the aim of realizing a circular economy.

Activities ······· Working on topics such as a vision/roadmap, circular economy information distribution platform, and regional circulation model.

Our role ······· As a member of the partnership, we contribute to the realization of a circular economy by disseminating case studies and providing technical cooperation. As for the creation of an information distribution platform, we are examining the structure of a data platform that will support the future circular economy alongside sharing knowledge about the ideal vision for the future, the provision of distributed information, and more.

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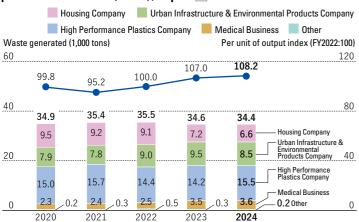
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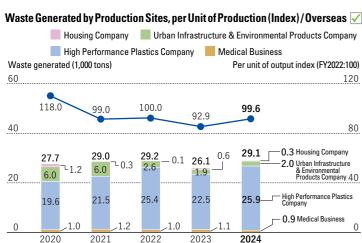
Performance Data

■ Waste Generated by Production Sites

Amount of Waste Generated by Production Sites*. per Unit of Production (Index)/Japan 🗸



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^{*} Amount of waste generated: Limited to waste for which the production site is responsible. Prototypes and inventory disposal under the responsibility of divisional companies are not included.

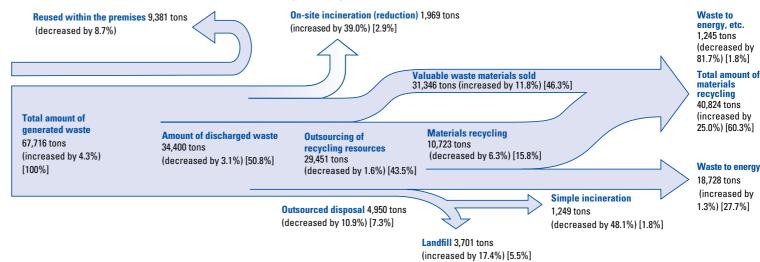
Production Site Waste Generation and Disposal/ Japan and Overseas 🗸

(tons)

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	Total amount of generated waste	Recycled Waste	Unrecycled Waste
FY2020	67,555	58,435	9,120
FY2021	68,939	63,243	5,696
FY2022	71,179	63,139	8,040
FY2023	64,943	57,971	6,972
FY2024	67,716	60,797	6,919

FY2024 Annual Production Site Waste Generation and Disposal / Japan and Overseas



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

^{*} In line with a change in the control of certain businesses in the UIEP and HPP companies implemented from October 2022, the data for FY2022 of both companies is collated as if the change in control had been initiated from the beginning of FY2022.

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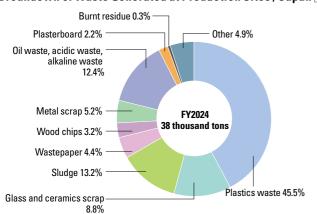
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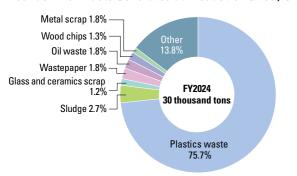
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Breakdown of Waste Generated at Production Sites / Japan 🗹

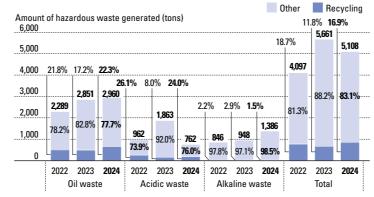


Breakdown of Waste Generated at Production Sites / Overseas ✓



Indicator	Calculation Method
Amount of Waste Generated	Amount of waste generated = Amount of waste collection outsourced + Amount recycled (incinerated waste to energy + recycled back to materials + recyclable waste sold) + Amount incinerated in-house; the items below are excluded: Waste generated by demolition of customers' old houses, remains of construction work at our sites, disposal of machinery, office equipment, etc., medical waste from medical treatment in in-house clinics

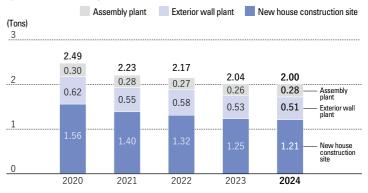
Amount of Hazardous Waste Generated / Recycling rate (Japan and Overseas) FY2024 🗸



Indicator	Calculation Method
Amount of Hazardous Waste Generated and Recycling Rate	Recycling rate = Amount of recycled waste ÷ Amount of hazardous waste generated Hazardous substance: Oil waste, acidic waste, alkaline waste Recycling: Material recycling

Waste generated on construction sites of new housing

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



Indicator	Calculation Method
Amount of Waste Generated per Building	Amount of waste generated per building at new housing construction sites = Total amount of waste generated at new housing construction sites ÷ Number of new houses sold Note: Reference: Amount of waste generated during new housing construction = Amount of waste generated during construction of outer walls (at factories) + Amount of waste generated during assembly (at factories) + Amount of waste generated at new housing construction sites Amount of waste generated per building during new housing construction = Total amount of waste generated during new housing construction ÷ Number of new houses sold Scope: Housing business in Japan

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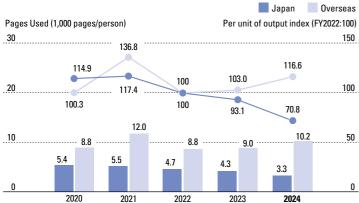
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Waste generated in offices

Amount of Copy Paper Used at Offices per Person (Index)



Note: The scope has been revised, following the refinement of Japanese aggregation, effective from FY2024.

Indicator	Calculation Method
Amount of Copy Paper Used at Offices per Unit of Output	Amount of Copy Paper Used at Offices per Unit of Output = Amount of Copy Paper Used at Offices ÷ Office Personnel

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Disclosure of the Recycling Status of Waste Plastics in accordance with the Act on Promotion of Resource Circulation for Plastics \checkmark (Status of FY2024 Emissions and Recycling / Japan)

			Disclosu	ire accordir	ig to the Ad	t on Prom	otion of Re	source Circ	culation for	Plastics			Recycling as the Management Indicator for SEKISUI CHEMICAL Group (including waste sold as raw materials)											
	E	missions (1	:)	Rate o	of recycling	g (%)	Rate of thermal recycling (%) Rate of recycling (broad) (%)				Emissions (t)			Rate of recycling (%)			Rate of thermal recycling (%)			Rate of recycling (broad) (%)		road) (%)		
	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
SEKISUI CHEMICAL CO., LTD.	4,487	4,417	3,935	9.5	8.1	9.5	83.4	85.0	85.0	92.9	93.1	94.4	9,995	9,946	11,357	58.4	59.2	68.6	37.5	37.7	29.4	95.8	96.9	98.1
Hokkaido Sekisui Heim Industry Co., Ltd.	48	31	24	0.0	0.0	0.0	100.0	100.0	100.0	100.0	100.0	100.0	48	31	24	0.0	0.0	0.8	100.0	100.0	99.2	100.0	100.0	100.0
Tohoku Sekisui Heim Industry Co., Ltd.	21	17	45	0.0	0.0	0.0	100.0	100.0	100.0	100.0	100.0	100.0	28	31	61	24.4	45.1	26.7	75.6	54.9	73.3	100.0	100.0	100.0
Sekisui Heim Industry Co., Ltd.	358	316	246	2.5	1.8	6.5	97.5	97.3	93.5	100.0	99.2	100.0	486	430	382	17.0	16.2	30.4	83.0	83.2	69.6	100.0	99.4	100.0
Chushikoku Sekisui Heim Industry Co., Ltd.	80	54	67	0.0	0.0	0.0	100.0	100.0	100.0	100.0	100.0	100.0	84	57	71	5.4	5.1	5.9	94.6	94.9	94.1	100.0	100.0	100.0
Kyushu Sekisui Heim Industry Co., Ltd.	75	43	27	0.0	0.0	0.0	100.0	100.0	100.0	100.0	100.0	100.0	75	50	42	0.0	13.9	35.9	100.0	86.1	64.1	100.0	100.0	100.0
Sekisui Board Co., Ltd.	67	96	100	0.0	24.2	28.7	100.0	75.8	71.3	100.0	100.0	100.0	67	96	100	0.0	24.2	28.7	100.0	75.8	71.3	100.0	100.0	100.0
Higashinihon Sekisui Industry Co., Ltd.	2	1	1	0.0	0.0	0.0	100.0	0.0	0.0	100.0	0.0	0.0	10	9	18	84.5	94.1	96.0	15.5	0.0	0.0	100.0	94.1	96.0
Nishinihon Sekisui Industry Co., Ltd.	153	181	208	0.0	0.4	0.3	100.0	99.6	99.7	100.0	100.0	100.0	157	181	208	2.2	0.4	0.3	97.8	99.6	99.7	100.0	100.0	100.0
Sekisui Chemical Hokkaido Co., Ltd.	277	285	304	68.1	74.5	87.5	31.9	25.5	12.5	100.0	100.0	100.0	370	309	314	76.0	76.5	87.9	24.0	23.5	12.1	100.0	100.0	100.0
Chiba Sekisui Industry Co., Ltd.	128	98	119	16.7	37.7	47.9	68.9	15.9	9.9	85.6	53.6	57.8	166	153	166	36.0	60.1	62.5	52.9	10.2	7.1	88.9	70.2	69.6
Toto Sekisui Co., Ltd.	284	311	228	0.0	0.0	0.0	100.0	92.0	86.9	100.0	92.0	86.9	758	806	688	62.5	61.5	66.9	37.5	35.4	28.8	100.0	96.9	95.7
Yamanashi Sekisui Co., Ltd.	115	158	131	78.7	86.5	84.3	21.3	13.5	15.7	100.0	100.0	100.0	389	464	340	93.7	95.4	94.0	6.3	4.6	6.0	100.0	100.0	100.0
Nara Sekisui Co., Ltd.	247	192	176	1.0	18.6	41.2	6.8	35.8	58.8	7.8	54.4	100.0	266	220	198	8.0	28.8	47.8	6.3	31.3	52.2	14.3	60.1	100.0
Shikoku Sekisui Industry Co., Ltd.	300	14	5	0.0	0.0	0.0	95.0	100.0	100.0	95.0	100.0	100.0	685	307	212	56.3	95.3	97.5	41.6	4.7	2.5	97.8	100.0	100.0
Kyushu Sekisui Industry Co., Ltd.	96	107	88	65.0	70.1	60.6	35.0	29.9	39.4	100.0	100.0	100.0	840	507	457	96.0	93.7	92.4	4.0	6.3	7.6	100.0	100.0	100.0
Sekisui Techno Molding Co., Ltd.	73	71	64	3.0	42.5	44.0	53.3	56.1	55.1	56.3	98.6	99.1	469	598	487	78.8	87.5	84.4	14.5	12.4	15.5	93.2	99.8	99.9
Sekisui Fuller Company, Ltd.	94	90	94	0.0	0.0	0.0	100.0	84.9	90.7	100.0	84.9	90.7	136	145	142	30.8	38.1	34.0	69.2	52.6	59.9	100.0	90.7	93.9
Sekisui Medical Co., Ltd.	66	74	279	0.0	0.6	2.6	98.6	99.2	45.3	98.6	99.8	47.9	66	75	315	0.0	2.1	13.6	98.6	97.7	40.2	98.6	99.8	53.7
Sekisui Nano Coat Technology Co., Ltd.	79	88	76	0.0	0.0	0.0	96.2	100.0	100.0	96.2	100.0	100.0	79	88	77	0.0	0.0	1.2	96.2	100.0	98.8	96.2	100.0	100.0
TOKUYAMA SEKISUI CO.,LTD.	252	120	100	0.0	0.0	24.2	55.6	89.6	66.4	55.6	89.6	90.6	427	464	353	41.0	74.1	78.5	32.8	23.2	18.8	73.8	97.3	97.3
Sekisui Polymatech Co., Ltd	230	229	181	0.0	0.0	0.0	0.0	98.7	99.2	0.0	98.7	99.2	230	229	181	0.0	0.0	0.0	0.0	98.7	99.2	0.0	98.7	99.2
Sekisui SoflanWiz Co., Ltd.	70	50	63	0.0	0.0	0.0	54.5	11.4	13.2	54.5	11.4	13.2	70	50	63	0.0	0.0	0.0	54.5	11.4	13.2	54.5	11.4	13.2
Sekisui Seikei Ltd.	188	152	103	15.3	11.7	0.0	84.7	80.9	93.7	100.0	92.6	93.7	1,201	986	1,093	86.7	86.4	90.5	13.3	12.4	8.9	100.0	98.9	99.4
Sekisui LB Tec Co., Ltd.	100	58	45	8.9	13.1	6.4	0.0	0.0	0.0	8.9	13.1	6.4	100	58	45	8.9	13.1	6.4	0.0	0.0	0.0	8.9	13.1	6.4
Research and Laboratory of Plastics Technology Co., Ltd.	7	6	8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7	6	8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Group Total	7,897	7,259	6,717	10.7	13.0	15.5	75.6	78.7	75.9	86.3	91.6	91.4	17,208	16,297	17,401	57.9	60.7	66.9	35.2	35.6	29.7	93.1	96.3	96.7
Rate of recycling: Material recycling and													•											

Rate of recycling: Material recycling and chemical recycling

Rate of recycling (broad): Material recycling, chemical recycling, and thermal recycling

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Reducing Water-related Risks

Strategy (Stance, Approach, Risks and Opportunities)

Basic Concept

Minimizing Water-related Risks and Solving Waterrelated Issues

SEKISUI CHEMICAL Group has identified realizing society with abundant access to clean water as one of its goals to realize an earth with maintained biodiversity, a major target of its SEKISUI Environment Sustainability Vision 2050.

The Group has outlined the following vision in its efforts to realize this goal.

<Vision>

- Minimize water-related risks at SEKISUI CHEMICAL Group
 We will minimize the water-related risks to which the Group
 is exposed in order to maintain sustainable operations. At the
 same time, we will minimize the water-related risks that the
 Group poses in order to preserve biodiversity.
- Contributing to the resolution of local water-related issues
 We will contribute to the resolution of local water-related issues
 through Products to Enhance Sustainability and collaboration
 with watershed stakeholders, aiming not only to minimize
 water-related risks, but also to provide positive returns to natural
 capital.

WEB Water Resources Policy

https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P02

Roadmap to Realize Societies with Abundant Access to Clean Water

SEKISUI CHEMICAL Group has set specific measures and milestones by backcasting from the goal of realizing societies with abundant access to clean water, and is moving forward with initiatives.

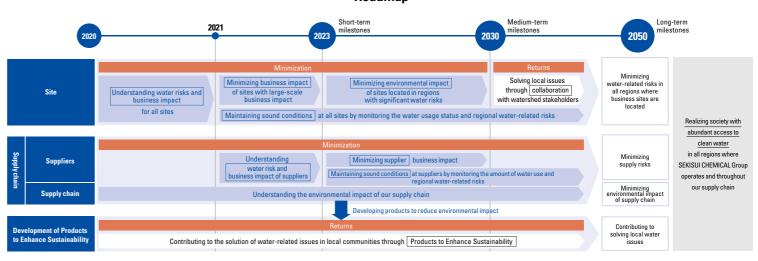
- We will evaluate local water-related risks and their impact on business, and select business sites and suppliers that have a significant business impact, as well as sites with significant local water-related risks.
- For business sites with a significant impact on business, we initiated steps to minimize this impact in line with the risks.
- For suppliers with a significant impact on business, we will minimize risks by 2030 by reviewing suppliers and through other means.

- For business sites with significant local water-related risks, we will minimize their environmental impact by 2030.
- We will put in place monitoring guidelines and oversee all sites to assess whether there is an increase in business impact or environmental impact.

In addition, we will continue to promote the development of Products to Enhance Sustainability to accelerate returns to natural capital, including the conservation of water resources. This in turn will help solve local water-related issues and minimize the environmental impact across the supply chain.

Moreover, we will work to help solve local water-related issues by building a collaborative system with watershed stakeholders from 2030 to 2050 as an initiative undertaken at business sites around the world.

Roadmap



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As far as the Group's water-related risks are concerned, we have drawn up four social scenarios that are based on two presupposed axes. One axis focuses on the decentralization of social systems in rural areas against concentration in large cities. The other axis focuses on mitigation as opposed to the acceleration of climate change, with temperatures of not more than 1.5°C and not less than 4°C. We have examined the impact of water-related risks aspects on each social scenario and analyzed the risks and opportunities that arise under these impacts.

Risks and Opportunities Posed by Water Resource Issues to Our Businesses

SEKISUI CHEMICAL Group assesses the impact that water resource issues have on companies as well as the scale of impact that companies have on water resources, determines the importance of risks, and sets priorities to be addressed.

For risks and opportunities related to specific water resource issues, the scale, scope of impact, and other items are identified through scenario analyses based on the TCFD Guide.

The following are certain examples.

Suppliers

We are aware of the high operational risks of our suppliers' plants and our own plants that are engaged in manufacturing activities in areas where water-related disasters are more frequent or severe due to climate change. We believe that the opportunity exists to expand the need for products that can reduce such operational risks, including those that can temporarily store and gradually release rainwater to reduce the probability of rivers bursting their banks or the flooding of and damage to houses above floor level.

The Plastic Molding and Processing Business

As far as businesses related to plastic molding and processing are concerned, depending on the conditions of river basins surrounding plants where production takes place, the possibility exists of an increase in the risk of water intake, which may result in an inability to secure an adequate water supply or an increased risk of wastewater discharge due to stricter laws and regulations. We believe that these risks can be mitigated by recognizing our dependence and impact on water resources in our operating areas, and by continuing to improve water recycling and the quality of wastewater beyond legal requirements. Moreover, we believe that opportunities exist to provide water purification equipment as well as water purification-related technologies and products that make this possible.

Governance

Promotion System for Water-related Risk Issues

As far as water-related risks that may pose a risk to management are concerned, steps are taken to ascertain the magnitude of each risk and to consider as well as implement appropriate countermeasures under the supervision of the Board of Directors.

In similar fashion to other environmental issues, our supervisory and executive systems for reducing the Group's impact on water resources and water-related risks and expanding its contribution to the resolution of issues are based on the Environmental Management Promotion System.

The Board of Directors has made the following final decisions on water-related risk issues.

- · Policies and strategies to mitigate dependence and impact on water resources and to increase contributions to resolving challenges.
- · The organization's plan to realize societies with abundant access to clean water (transition plan).
- · Assessment of the impact of water-related risks on management, and policies for addressing those issues.

Turning to major matters discussed and determined by the Board of Directors, the Sustainability Committee deliberates on policies and strategies in advance, based on conditions surrounding the Group as a whole regarding water-related risks that have been discussed and summarized by the Environmental Subcommittee. In addition, based on the policies, strategies, and transition plans finalized by the Board of Directors, the Environmental Subcommittee discusses specific measures and goal setting while managing progress.

P.33 Environmental Management Promotion System

Risk Management

As far as risk management is concerned, we have established an ERM system that in addition to identifying Groupwide major risks, shares and manages these risks within the Group. Waterrelated risks are also assessed in an integrated manner, together with other risks that are expected to have a significant impact on management. Risks that affect the Group as a whole and each organization, including water-related risks, are shared and deliberated by at Board of Directors, Sustainability Committee, in-house management meetings, and subcommittee meetings.

Assessment of the Impact on Businesses from Water-related Risks

In FY2020, the first year of the roadmap for 2050, we conducted assessments on the likely impact on business from water-related risks at all SEKISUI CHEMICAL Group production sites and research institutes.

Seven years have passed since the Group first conducted a water-related risk survey in 2013. Over this period, certain business sites have been newly established and others closed. Accordingly, roduction Top Me

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steps were taken to again conduct a survey.

The purpose of the survey conducted in FY2020 was to identify water-related issues in the areas in which each business site is located (assessment of external factors) as well as business sites that are heavily affected by water-related risks and those that have a major impact on the environment. In identifying local water-related issues, we utilized assessment results drawn from Aqueduct Water Risk Atlas 3.0, a tool for assessing water-related risks in each region of the world, created by the World Resources Institute (WRI), an International Environmental NGO, as well as data on water use obtained through surveys of individual business sites. Based on this information, we undertook quantitative assessments of the business impact of water-related risks as well as the environmental impact of business activities.

The assessments were conducted based on the standards recommended in the Guidelines for Setting Water Targets for Companies* issued by the CEO Water Mandate.

In FY2024, we continued initiatives to minimize the impact on business in accordance with the specified water-related risks at the three Japan and overseas sites.

Indicators and Targets

■ Water-related Risk Targets

Aim: Preservation of water resources

•Indicator 1. Reduction rate of water intake volume at production sites which use large quantities of water

Current Medium-term Management Plan targets (2023-2025)-10% (compared with FY2016) 2024 Results -8.8% (compared with FY2016) 2030 Target— 2050 Target—

•Indicator 2. Reduction rate of total COD volume of river discharge water at production sites with high COD emission volumes

Current Medium-term Management Plan targets (2023-2025)-10% (compared with FY2016)
2024 Results -5.0% (compared with FY2016)
2030 Target —
2050 Target —

Major Initiatives

Impact of Water-Related Risks on the Supply Chain

The following two broad categories of suppliers that consume large quantities of fresh water during their manufacturing processes supply raw materials to SEKISUI CHEMICAL Group:

- · Manufacturers of steel products used in the housing business, and
- · Manufacturers of synthetic resins used in the plastics business.

In FY2023, the Group took steps to confirm the policies, target setting, and initiatives on environmental issues, focusing on water-related risks and biodiversity with respect to manufacturers of synthetic resins, and initiated efforts to determine what kind of risks are evident. To organize the identified risks and reduce them, we believe it is important to work together, and we have begun dialogue to confirm the current situation in anticipation of future environmental due diligence. Going forward, we will also consider environmental due diligence including sharing information on risk avoidance measures and best practices, etc., which will lead to the enhancement of risk sensitivity and the reduction of risk.

We take steps to continuously monitor all of these suppliers based on the SEKISUI Environment Sustainability Index. In specific terms, we calculate and work to identify the environmental impact of pollutants contained in water drainage during the production of raw materials as the use of natural capital.

We also evaluate the degree of contribution to the environment by reducing the impact on the water environment in the Group's business activities and expanding products and services that contribute to the improvement and maintenance of the water environment as a return to natural capital.

Since FY2020, we have continued to gain a better understanding of water-related risks in the supply chain in which our products are involved, as well as the impact of reducing water-related risks through our products on returns to natural and social capital.

P38 Integrated index [SEKISUI Environment Sustainability Index]

Contributing to the Reduction of the Water-related Risks through Our Businesses

SEKISUI CHEMICAL Group is engaged in water infrastructure-related businesses, including water supply, storage, and drainage. Specifically, we provide technologies and products that help improve the quality of water drainage, such as water treatment systems and sewage pipes. We also contribute to society by building resilient and disaster-resistant water infrastructure.

For example, one of our products, Cross-Wave*, is being marketed in Japan, India, China, Taiwan, and other ASEAN regions, to reduce water-related risks by helping to prevent chronic water shortages, promoting the greening of urban areas and recycling rainwater as a disaster prevention measure, and minimizing the damage caused by floods.

With the goal of not only reducing damage from the ever-increasing number of disasters brought

^{*} Setting Site Water Targets Informed By Catchment Context: A Guide For Companies

^{*} In FY2024, the proportion of production sites with high water usage among all production sites was 37.8%.

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on by climate change, but also promoting disaster mitigation in support of recovery efforts after a disaster, we are offering peace of mind to our housing customers' lifestyles as well as increasing the value thereof by recommending, for example, the installation of a drinking water storage system that uses water infrastructure piping.

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* Cross-Wave: Rainwater storage system. A molded product made from recycled plastic that is used to store rainwater by burying it underground to form a space. It regulates the amount of rainwater flowing into sewer systems and rivers during heavy rains, making it possible to recycle rainwater.

Reducing Water-related Risks at Businesses Sites with High Water Intake and **Discharge Volumes**

SEKISUI CHEMICAL Group draws the water that it needs for its business from public water systems, industrial water systems, underground reservoirs, and surrounding rivers. Recognizing that water is a valuable resource shared by the community, we are working to reuse and reduce the amount of water consumed through various means, including the recycling of cooling water. In the past, we set targets for reducing water intake and the chemical oxygen demand (COD) of discharged water at all of our production sites, and undertook reduction activities. In the future, we will promote reduction activities targeting sites where the impact on business is especially large based on the state of water use at business sites and local water-related risk conditions.

Reducing of Water Intake and the Chemical Oxygen Demand (COD) of **Discharged Water**

At production sites which use large quantities of water, water intake volume decreased 8.8% in FY2024 compared with the base FY2016. This reflects the installation of equipment that control the volume of direct water intake from rivers at production sites in Japan that consume large volumes of water and the effects of reduction endeavors.

The COD impact of river discharge water at production sites with large COD emission volumes in FY2024 decreased 5.0% compared with the base FY2016.

Examples of capex using the environmental contribution

investment incentive program

Base year: 2016

	Site	Reduction strategy					
Reduction in water intake volume	SEKISUI CHEMICAL CO., LTD. Shiga- Minakuchi Plant	Introduction of filtration equipment allowing the reuse of recycled wastewater as a coolant. Strengthen management and promoted visualization of water use at the facility.					
	Sekisui Medical Co., Ltd. Iwate Plant	10% reduction through automation of industrial water intake adjustment					

Specific Examples of Initiatives to Minimize Water Risk

Site	Issue	Initiative					
Sekisui Nano Coat Technology Co., Ltd.	Increase in water treatment capacity	1. Modifications to optimize the treatment capacity of wastewater treatment facilities 2. Introduction of processes where microorganisms suitable for treating persistent COD components become the dominant species, improving wastewater treatment capacity 3. Demonstration testing of sludge reduction agents					
SEKISUI CHEMICAL CO., LTD. Shiga Minakuchi Plant	Reduction in water intake volume	Continued use of installed recycled water utilization equipment					
Sekisui S-Lec BV Resin Plant	Improving water discharge	The entire Chemelot industrial park to which the site belongs has formulated the "Chemelot 2050" environmental policy based on the European Green Deal in an aim to achieve climate neutrality. It aims to achieve zero water intake through circular processing by 2050.					





Wastewater treatment facility of Sekisui Nano CoatTechnology Co., Ltd.

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■ Water Recycling

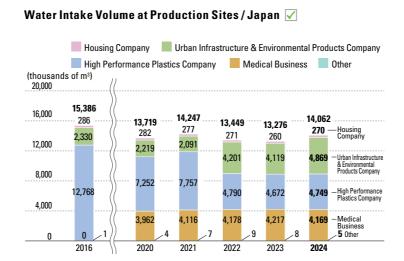
In order to reduce the amount of water it draws from water sources, SEKISUI CHEMICAL Group is promoting the reuse of water in its production processes. Each production plant of the UIEP and HPP companies recycles large volumes of cooling water for reuse in the production process. In FY2024, approximately 156 million cubic meters of recycled water was used at production sites in Japan and overseas.

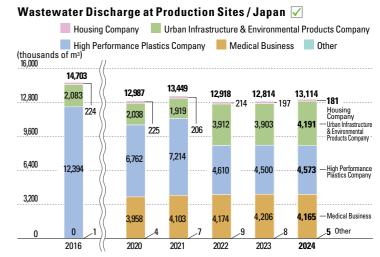
In Hasuda City, where the Musashi Plant is located, wastewater purified in accordance with environmental standards is used as the main source of water for Kurohama Pond, which is designated as a nature conservation area by Saitama Prefecture.

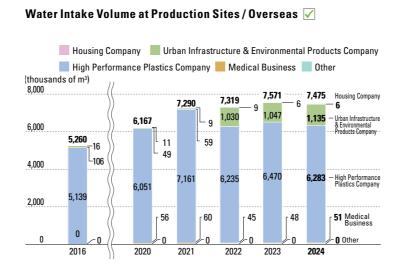
WEB Details about Kurohama Pond (Musashi Plant Environment Report 2024)
https://www.sekisui.co.jp/musashi/assets/pdf/2024report..pdf (In Japanese only)

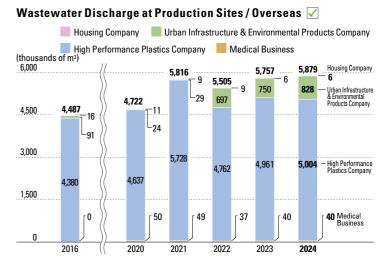
Performance Data

* In line with a change in the control of certain businesses in the UIEP and HPP companies implemented from October 2022, the data for FY2022 of both companies is collated as if the change in control had been initiated from the beginning of FY2022.









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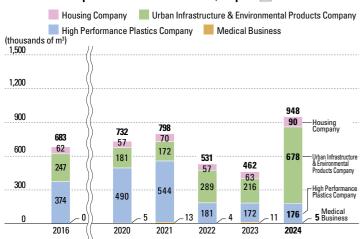
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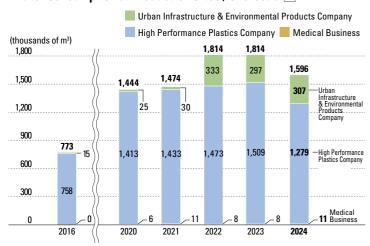
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Water Consumption at Production Sites / Overseas 🗸



Water Intake Volume at Production Sites by Water Source 🗹

(Unit: thousands of m³)

Water source				All re	gions			Areas in regions with water stress						
source	Regions	2016	2020	2021	2022	2023	2024	2016	2020	2021	2022	2023	2024	
	Japan	696	129	185	18	25	0	0	0	0	0	0	0	
Surface water	China	0	0	0	0	0	0	0	0	0	0	0	0	
	Asia / Oceania	0	3	0	0	0	0	0	3	0	0	0	0	
	Europe	0	0	0	0	0	0	0	0	0	0	0	0	
	North and Central America	0	0	0	0	0	0	0	0	0	0	0	0	
	Total	696	131	185	18	25	0	0	3	0	0	0	0	
	Japan	2,604	2,340	2,238	2,232	2,041	1,915	0	0	0	0	0	0	
	China	0	0	0	0	0	0	0	0	0	0	0	0	
	Asia / Oceania	103	121	132	125	116	109	25	22	24	29	116	109	
Ground water	Europe	0	0	0	0	0	0	0	0	0	0	0	0	
	North and Central America	4	0	5	21	12	80	0	0	0	0	8	78	
	Total	2,710	2,461	2,375	2,378	2,169	2,104	25	22	24	29	125	187	
	Japan	0	0	0	0	0	0	0	0	0	0	0	0	
	China	0	0	0	0	0	0	0	0	0	0	0	0	
	Asia / Oceania	0	0	0	0	0	0	0	0	0	0	0	0	
Seawater	Europe	0	0	0	0	0	0	0	0	0	0	0	0	
	North and Central America	0	0	0	0	0	0	0	0	0	0	0	0	
	Total	0	0	0	0	0	0	0	0	0	0	0	0	
	Japan	12,086	11,250	11,824	11,199	11,210	12,147	0	0	0	0	0	0	
	China	273	247	243	226	213	168	236	241	235	222	204	168	
Third-party	Asia / Oceania	896	957	1,087	1,146	1,194	1,299	18	55	42	58	1,162	1,277	
water	Europe	1,943	1,674	2,527	2,603	2,705	2,873	1,857	1,606	2,444	2,527	2,679	2,843	
	North and Central America	2,042	3,165	3,297	3,198	3,331	2,945	10	94	121	132	1,920	1,561	
	Total	17,241	17,293	18,977	18,372	18,653	19,433	2,121	1,996	2,842	2,938	5,965	5,850	
	Japan	15,386	13,719	14,247	13,449	13,276	14,062	0	0	0	0	0	0	
	China	273	247	243	226	213	168	236	241	235	222	204	168	
Total volume	Asia / Oceania	999	1,081	1,219	1,271	1,310	1,408	44	80	65	86	1,279	1,387	
of water	Europe	1,943	1,674	2,527	2,603	2,705	2,873	1,857	1,606	2,444	2,527	2,679	2,843	
withdrawn	North and Central America	2,046	3,165	3,301	3,219	3,343	3,025	10	94	121	132	1,928	1,639	
	Total	20,646	19,885	21,537	20,768	20,847	21,537	2,146	2,021	2,866	2,967	6,090	6,037	

^{*}Third-party water: Water withdrawn from local government water suppliers (public water systems, water systems for industrial use)

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Wastewater Discharge at Production Sites by Discharge Destination

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(Unit: thousands of m³)

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Discharge destination		All regions							Areas in regions with water stress						
	Regions	2016	2020	2021	2022	2023	2024	2016	2020	2021	2022	2023	2024		
	Japan	11,219	10,179	10,623	10,183	9,998	9,808	0	0	0	0	0	0		
	China	0	0	0	0	0	0	0	0	0	0	0	0		
	Asia / Oceania	22	18	13	16	15	21	2	4	1	2	15	21		
Surface water	Europe	0	0	0	0	0	0	0	0	0	0	0	0		
	North and Central America	0	0	0	0	0	0	0	0	0	0	0	0		
	Total	11,241	10,197	10,636	10,199	10,012	9,829	2	4	1	2	15	21		
	Japan	0	0	0	0	0	0	0	0	0	0	0	0		
	China	0	0	0	0	0	0	0	0	0	0	0	0		
	Asia / Oceania	0	0	0	0	0	0	0	0	0	0	0	0		
Ground water	Europe	0	0	0	0	0	0	0	0	0	0	0	0		
	North and Central America	0	0	0	0	0	0	0	0	0	0	0	0		
	Total	0	0	0	0	0	0	0	0	0	0	0	0		
	Japan	2,892	2,293	2,205	2,149	2,303	2,776	0	0	0	0	0	0		
	China	0	0	0	0	0	0	0	0	0	0	0	0		
	Asia / Oceania	0	0	0	0	0	0	0	0	0	0	0	0		
Seawater	Europe	0	0	0	0	0	0	0	0	0	0	0	0		
	North and Central America	0	0	0	0	0	0	0	0	0	0	0	0		
	Total	2,892	2,293	2,205	2,149	2,303	2,776	0	0	0	0	0	0		
	Japan	591	515	622	586	513	530	0	0	0	0	0	0		
	China	272	237	233	218	205	161	235	232	226	214	198	161		
Third-party	Asia / Oceania	679	790	881	860	908	992	26	54	37	36	888	980		
water	Europe	1,930	1,664	2,511	2,592	2,696	2,859	1,857	1,601	2,439	2,521	2,674	2,833		
	North and Central America	1,585	2,012	2,177	1,819	1,934	1,847	9	62	62	73	704	605		
	Total	5,057	5,219	6,424	6,075	6,256	6,388	2,127	1,949	2,764	2,844	4,464	4,579		
	Japan	14,703	12,987	13,449	12,918	12,814	13,114	0	0	0	0	0	0		
	China	272	237	233	218	205	161	235	232	226	214	198	161		
Total volume of wastewater	Asia / Oceania	701	809	895	876	922	1,012	29	58	38	38	902	1,000		
	Europe	1,930	1,664	2,511	2,592	2,696	2,859	1,857	1,601	2,439	2,521	2,674	2,833		
	North and Central America	1,585	2,012	2,177	1,819	1,934	1,847	9	62	62	73	704	605		
	Total	19,190	17,709	19,265	18,423	18,571	18,993	2,129	1,952	2,765	2,846	4,478	4,600		

^{*}Third-party water: Wastewater (sewer systems) discharged to wastewater treatment facilities of local governments, etc.

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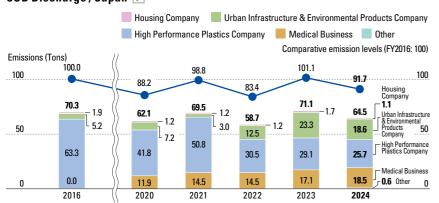
Water Consumption at Production Sites 🗸

(Unit: thousands of m³)

Daviene	All regions							Areas in regions with water stress						
Regions	2016	2020	2021	2022	2023	2024	2016	2020	2021	2022	2023	2024		
Japan	683	732	798	531	462	948	0	0	0	0	0	0		
China	1	10	9	8	8	7	1	10	9	8	6	7		
Asia / Oceania	298	272	324	395	388	396	15	22	27	48	376	386		
Europe	13	9	16	11	9	15	0	5	6	6	5	10		
North and Central America	461	1,153	1,125	1,400	1,409	1,178	1	33	59	59	1,225	1,034		
Total	1,456	2,176	2,272	2,345	2,276	2,544	17	69	101	121	1,612	1,437		

Indicator Calculation Method						
Water intake volume Water intake volume = Total water intake volume = (The sum of water intake from surface water, ground water, seawater, and third-party water)						
Wastewater discharge	Wastewater discharge = Total wastewater discharge = (The sum of wastewater discharged to surface water, ground water, seawater, and third-party wastewater) (Including some figures that are based on estimates)					
Water consumption	Water consumption = Water intake volume - wastewater discharge					
Areas in regions with water stress	Areas where Baseline Water Stress is ranked as High or Extremely High under the WRI Aqueduct™ Water Risk Atlas (Aqueduct 4.0) Evaluation System					

COD Discharge / Japan 🗹



Indicator	Calculation Method						
COD Discharge	Discharge = Σ [COD concentration (annual average of measured values) x Water discharge volume]						

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Strategy (Stance, Approach, Risks and Opportunities)

Reducing the Impact of Corporate Activities on Biodiversity

The business activities of the SEKISUI CHEMICAL Group benefit greatly from biodiversity, which is shaped by nature's wisdom and includes elements such as a healthy balance of species, ecosystem services, and ecosystem hierarchies. At the same time, these activities depend on biodiversity and also affect the condition of biodiversity. Based on this recognition, we regard nature as a valuable asset, or natural capital, and work to gain an understanding on the impact of its use. Accordingly, we will implement measures, including product development, market expansion, and corporate activities that reduce any negative impact while increasing positive impacts on natural capital. We will promote the efficient use of limited resources and energy, and strive to reduce the environmental impact caused by greenhouse gases and hazardous chemical substances while preventing pollution. At the same time, we will endeavor to improve product functions and services so that our customers who use our products can contribute to the conservation of biodiversity. We will also collaborate with various stakeholders to make returns that have a more positive impact on natural capital than the natural capital we use through various environmentally conscious endeavors and contributions across our business activities and environmental conservation activities around the world. Through such efforts, we will pursue biodiversity conservation and restoration toward achieving a nature-positive*outcome.

* Nature Positive: To prevent damage to biodiversity on a global scale and to increase natural capital in a positive manner.

WEB Biodiversity Policy, Biodiversity Action Guidelines

https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P02

■ Biodiversity Conservation Initiatives based on the SEKISUI Environment **Sustainability Vision 2050**

In order to contribute to the realization of an earth with maintained biodiversity, SEKISUI CHEMICAL Group engages in activities based on its Long-term Environmental Management Vision, SEKISUI Environment Sustainability Vision 2050.

As stated in the SDGs, natural and social environmental issues are interconnected, and in order to solve a single issue, we must remain conscious of multiple issues while working to find solutions. Going forward, the Group aim to enhance partnerships with stakeholders and further develop our initiatives to address not only environmental issues, but also social challenges. By doing so, we will

contribute to realizing returns on both natural and social capital, through which we hope to achieve a nature positive earth.

With this in mind, we have drawn up the following grand design of initiatives that will prioritize by 2050.

Biodiversity Grand Design Realizing net positive through corporate activities 3. Expansion of contribution through 2. Review of nature positive Products to Enhance Sustainability product design Creation and market expansion of products to 1. Review of enhance sustainability that contribute indirectly manufacturing processes Review product design and or directly to nature positive by resolving issues services to have a direct positive Recognize the correlation between related to climate change, resource recycling, mnact on nature environmental issues, and select and implement solutions that do not 2050 lead to trade-offs Nature 7. Coordinate with Promote activities by 6. Human resource developing employees who are highly capable of positive stakeholders development (Earth where biodiversity Acceleration of activities through contributing to solving social is maintained) 4. Strengthen initiatives involving 5. Support activities for raw material procurement social change Positive impact to nature Support for activities through subsidies, donations, etc. Supporting returns to society's natural capital

In order to achieve nature positivity and an earth with maintained biodiversity in 2050, the Group will undertake the following initiatives and contribute to the return of natural capital through corporate activities.

- 1. Review manufacturing processes
- 2. Review nature-positive product designs
- 3. Increase the degree of contribution through Products to Enhance Sustainability

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In addition, we will implement the following initiatives to help support returns to natural capital by society.

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4. Strengthen initiatives involving raw material procurement

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5. Support activities for social change

Moreover, we will undertake the following initiatives to accelerate both the return on natural capital through corporate activities and the return to natural capital by society.

- 6. Develop human resources
- 7. Collaborate with stakeholders
- P.25 Approach to Environmental Issues and Our Long-Term Vision
- P.38 Integrated Index [SEKISUI Environment Sustainability index]

Risks and Opportunities

To identify risks and opportunities related to biodiversity, the Group has developed four social scenarios based on two axes: changes in social structure (regional dispersion versus urban concentration) and the level of progression of climate change (below 1.5°C vs. 4°C or higher). We have examined the impact from a nature perspective on each social scenario and analyzed the risks and opportunities that arise under these impacts.

As a result, we have identified the following as important risks to the Group's biodiversity.

 Risk of biodiversity impairment with respect to timber raw materials at the procurement stage in the Housing Business

[Ecosystem impact] Concerns surrounding the negative impact of deforestation on biodiversity [Company impact] Reputational and procurement risks

2. Risk of biodiversity impairment in the event of the illegal dumping of a product on marine ecosystems at the disposal stage after use in the Plastic Molding and Processing Business

[Ecosystem impact] Impact of illegal dumping on marine ecosystems [Company Impact] Possible reputational risk

3. Risk of biodiversity impairment due to foundation work that entails the modification of land at the time of reclamation in the Town and Community Development Business

[Ecosystem impact] Risk of fragmentation of the habitats of living creatures when fostering town and community development

[Company impact] Risk that habitat fragmentation may reduce the attractiveness and sustainability of urban environments coupled with possible reputational risk

4. Risk of water-related disasters in Southeast Asia due to the impact of climate change on the manufacture and operation of our own and customers' plants

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[Ecosystem impact] Disasters destroy ecological balance [Company impact] Physical risks

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In addition, we analyzed the identified risks using the locate, evaluate, assess, and prepare (LEAP) method. Based on the results, we are advancing the following initiatives in a bid to convert risks into opportunities.

- 1. By procuring from sustainable forests, we are working to avoid risks and ensure a stable supply of housing with a durability of 60 years or more. We recognize that in gaining the understanding and trust of customers, we will be better placed to expand opportunities for housing sales.
- 2. We are endeavoring to develop a resource recycling system that prevents illegal dumping of molded plastic products at the time of disposal. In this regard we have developed a new biorefinery (BR) technology that produces ethanol from combustible waste through the power of microorganisms. A one-tenth commercial scale demonstration plant is currently in operation with the aim of implementing this technology in society. By establishing a resource recycling system, we recognize the potential to eliminate the illegal dumping of molded plastic products and its impact on the ecosystem. This in turn will help mitigate any deterioration in the reputation of existing products. At the same time, we are prioritizing innovation as a means to address and mitigate risks which can then lead to the development of new business opportunities.
- 3. In order to prevent the fragmentation of the habitats of living creatures across regions, we are strengthening ecosystem bridges by raising the environmental awareness of local residents through the planting of endemic species and awareness-raising activities. As a result of these efforts, we obtained ABINC-ADVANCE certification for Asaka LeadTown, a model for the Group's Town and Community Development Business. This has allowed us to turn risk into opportunity, as the ecological considerations have helped enhance the attractiveness of the town.
- 4. We are expanding businesses that strengthen water infrastructure in the Asian region thereby reducing risks and generating opportunities.

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Past and Future Biodiversity Initiatives

SEKISUI CHEMICAL Group has promoted the following initiatives to address biodiversity.

Assessment and reduction of the impact of business activities on biodiversity

- ·Improving the quality of green spaces at production sites using a Land Use Score Card
- · Greening of business sites (promoting landscaping and biotope development)
- ·Protection of endangered species and elimination of invasive species at production sites
- ·Promoting biodiversity-conscious purchasing

Development and promotion of technologies and products

- ·Incorporating biodiversity assessments into the product development process
- •Developing and evaluating assessment methods and reducing impact

Raising employee awareness

· Conducting nature conservation activities at business sites

Dialogue and collaboration with external stakeholders

- · Supporting innovation inspired by nature, and holding periodic forums
- ·Supporting NPOs and other organizations through the Japan Business Federation (Keidanren)

● Transmission of information

- · Providing education to the next generation (children's nature study course, school visits)
- · Publishing sustainability reports, site reports, and posting information of the Company's websites

Under the current Medium-term Management Plan, we are advancing our existing initiatives to resolve environmental issues, while taking into consideration biodiversity (natural capital). Going forward, we will improve the accuracy of our understanding of biodiversity impacts, mitigate negative effects when identified, and pursue measures that lead to nature positive outcomes to enhance the effectiveness of our initiatives. To this end, we will also work to expand the indicators used to accurately grasp current conditions.

Biodiversity Initiatives in the Current Medium-Term Management Plan

		Recognize impact and deper	idence	Reduce negative impac	ts	Increase the positive impact			
		ltem	Examples of Indicator	ltem	Examples of Indicator	Item	Examples of Indicator		
Achieve net positive through natural capital throughout the product life cycle	Products to Enhance Sustainability	Understanding current situation and identifying important aspects by analyzing the impact of products on natural capital (LCA method, etc.) Raising awareness during product registration	• Reduction contribution • Rate of return	Consideration of product design and services to reduce negative impact on product life cycle (confirmation at registration and holding study sessions)	-	Creation and market expansion of products to enhance sustainability that contribute indirectly or directly to nature positive by resolving issues related to climate change, resource recycling, and water risks.	-		
ositive throu e product life		· Understanding ecosystem impacts related to water use	_	• Considering solutions that do not involve trade-offs in order to solve each environmental issue	• Management indicators for each issue				
gh natural ca	Manufacturing Process	 Grasping the impact of land of production sites by utilizing the 	•Area	Reducing water risks in production facilities Promoting the use of chemical substances with only small impact		• Expanding the positive impact of green space on the premises by utilizing the results of the Land Use Score Card	·Points of JBIB Land Use Score Card®		
apital		"Land Use Score Card®" (expanding target areas)	Number of business sites	on the ecosystem and suppressing the release of chemical substances Promoting resource recycling of plastic products	_				
	Human Resource Development	Improve ability to contribute to solvin SDGs contr	ng social issues ibution activities			ess to SDGs No.14 and No.15 ability to contribute to solving social issues, number of human resources			
in Su	Procurement of Raw Materials	·Understanding raw material risks through CSR/timber procurement questionnaires in procurement	•Risk score	Strengthening sustainable procurement (emphasis on certification and due diligence) Especially for timber, traceability needs to be understood and sustainable procurement is pursued	_	-	-		
oporting l Social	Supporting in Social					Continuation of research grants (manufacturing that learns from nature)	• Cumulative number of grants		
Supporting Net Positive in Social	Social Transforma- tion	_	-	_	-	· Mangrove planting in Thailand	· Area · CO₂ fixation · Job creation value		
						· Corporate collaboration activities based on the 30by30 initiative	_		

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■ Promotion System for Biodiversity Issues

As far as biodiversity issues that may pose a risk to management are concerned, steps are taken to ascertain the magnitude of each risk and to consider as well as implement appropriate countermeasures under the supervision of the Board of Directors.

In similar fashion to other environmental issues, our supervisory and executive systems for reducing the Group's impact on biodiversity issues and expanding its contribution to the resolution of issues are based on the Environmental Management Promotion System.

When new land is acquired, for example through large-scale land development, such as when constructing our own factories, or through M&As, we carry out environmental assessments of the impact that our business may have on the atmosphere, water areas, soil, etc. During these environmental impact assessments, we also verify any impact with regard to biodiversity.

P.33 Environmental Management Promotion System

Risk Management

As far as risk management is concerned, we have established an ERM system that in addition to identifying Groupwide major risks, shares and manages these risks within the Group. Risks related to biodiversity issues are also assessed in an integrated manner, together with other risks that are expected to have a significant impact on management. Risks that affect the Group as a whole and each organization, including such environmental issues as biodiversity, are shared and deliberated at Board of Directors, Sustainability Committee, in-house management meetings, and subcommittee meetings.

Assessment of Impact on Biodiversity (Natural Capital)

Under SEKISUI Environment Sustainability Vision 2050, SEKISUI CHEMICAL Group is working to realize an earth with maintained biodiversity. To that end, we are promoting initiatives that utilize the net-positive approach toward ecosystems.

We use the SEKISUI Environmental Sustainability Index as an integrated indicator to confirm the degree of progress toward realizing our environmental vision. As a result, we calculate the rate of return on natural and social capital, which we consider an assessment of the degree of impact on biodiversity as a whole.

In the future, we will also identify and monitor the impact of two aspects on plant biomass (primary production of plants) and biodiversity (number of extinction rate) as a breakdown of this calculation.

We have long been aware that the use of raw materials, emission of chemical substances, and disposal of products sold have a significant impact on biodiversity in our business activities.

Due to the greater understanding of the unique effects of these chemical substances in recent years as part of LCA databases used to monitor impact, the impact per unit amount of chemical substances has been increasing.

In light of this, we are updating the databases we use, reconfirming the benchmark, and expanding returns starting with the current Medium-term Management Plan.

SEKISUI CHEMICAL Group confirms the return rates of both plants (primary production of plants) and biodiversity (extinction rate of living species). The data in each case is used as a confirmation indicator to enable the Group to have a direct positive impact. The following table outlines trends in the aforementioned. Although the return rate in each case remains below 100%, we will promote corporate activities that move steadily toward nature positivity by addressing such environmental issues as climate change and resource recycling.

Trends in Return Rates to Biodiversity and Plant Biomass

	2017	2018	2019	2020	2021	2022	2023	2024
Biodiversity aspects	38.3	39.4	43.1	40.8	49.7	38.0	30.5	29.6
Plant biomass aspects	35.0	35.1	34.9	38.2	41.0	67.8	50.4	57.2

Among the raw materials used by the Group, biomass-derived paper and petroleum-derived materials have a significant impact on biodiversity.

In order to reduce this impact, we recognize the importance of strengthening procurement in a manner that takes into account sustainability with respect to non-fossil resources as stipulated in our resource recycling policy.

With the aim of bolstering the sustainable procurement of raw materials, we have also reviewed items that need to be considered in supplier management. Based on our procurement guidelines, we are engaging in activities with a view to reducing environmental impact and corporate risks in cooperation with suppliers.

Products that contribute significantly to the conservation of biodiversity include those that contribute to the reduced use of minerals, fossils, and forest resources. Products that contribute to resource recycling such as those that reduce energy use during transportation, enhance durability, or involve a shift in raw materials are examples of such efforts. Examples of the former include KYDEX, LLC. products for aircrafts and railroads. Examples of the latter include products related to the SPR method for sewage pipe restoration.

Meanwhile, products that contribute significantly to the primary production of plants include products that curb global warming and products that can reduce waste.

Examples of the former are Sekisui Heim's solar panel-equipped houses, and the latter are kraft tapes that enable the use of thinner paper cores than previously possible.

In order to expand these contributions, it is important to develop products and technologies that

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contribute to decarbonization, and to establish services and technologies that reduce the waste from products sold while promoting recycling. With this in mind, we are working to achieve the aforementioned goals by expanding our lineup of Products to Enhance Sustainability. Going forward, we will continue to promote manufacturing while examining the direction of these return rates in order to engage in nature positive corporate activities.

Indicators and Targets

■ Targets Related to Addressing Biodiversity

■ JBIB Land Use Score Card® Points

Current Medium-term Management Plan Target (2023-2025) +3 points over a 3-year period (compared with FY2022) FY2024 Results +2.2 points (compared with FY2022) ✓ 2030 Target Promote ecosystem consideration * at all business sites 2050 Target Maintain ecosystem consideration at all business sites

Major Initiatives

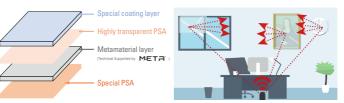
Innovation Inspired by the Nature Research Support Program and Holding of Forums

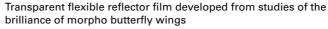
Since 2002, SEKISUI CHEMICAL Group has provided grants for manufacturing with a focus on learning from nature, while also holding forums to share the results of research work. As an effective approach to manufacturing that is geared toward the resolution of social and environmental issues, we recognize the critical need to learn from nature's wisdom. With this in mind, we are implementing various measures for the development of basic science learned from nature.

While basic science requires time for research and support, we believe that learning from nature's wisdom has the potential to create fundamental innovations that differ from conventional energy-consuming technologies.

By providing these grants to researchers outside the Company, we have supported the development of 319 technologies (cumulative total as of the end of March 2025). Amid efforts to promote development focused on this understanding, the following technologies and product examples have emerged. (See the diagram on the right.)

[Contribution to a next-generation telecommunications society]







Fluoroplastic-compatible adhesive tape developed from the study of mussel secretions

[Contribution to extending healthy lifespans (and COVID-19 countermeasures)]





Viru-taker and Allerbuster developed from the study of plant-based resins

[Contribution to climate change adaptation (heat island effect countermeasure)]



Fractal sunshade material Airyshade developed from the study of the cool shade of trees

We will continue to develop nature positive products and businesses by placing considerable importance on learning from nature's wisdom in our manufacturing activities.

^{*} Ecosystem consideration: Increased quantitative evaluation of biodiversity

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Use of Sustainable Timber and Ensuring Traceability

To contribute to the eradication of deforestation and the sustainable use of timber resources, SEKISUI CHEMICAL Group promotes the use of FSC-certified and other legally harvested timber, as well as timber that has been confirmed to be sustainable through direct engagement. In addition, we conduct surveys on commercial distribution with a focus on the logging area, tree species and quantity of timber materials to ensure traceability. For recycled materials, we use timber- and timber-based materials that are already in use in the market, unused thinnings, and branches.

In 2022, we set the target of eliminating deforestation by 2030. As a part of efforts to achieve this target, we revised our Timber Procurement Policy and put in place Sustainable Timber Procurement Guidelines to facilitate procurement in line with this policy. While maintaining our commitment to the legal procurement of timber, we are also promoting initiatives to reduce the impact of deforestation on the human rights of indigenous peoples and the environment.

WEB Timber procurement policy https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P08

Initiatives to Improve the Quality of Green Spaces

SEKISUI CHEMICAL Group is implementing initiatives to improve the quality of green spaces at all of its domestic production sites and research institutes.

We are promoting initiatives to improve the quality of the green spaces within our 45 business sites in Japan (total site area: 3,334,000 m², total green space area: 862,000 m²) in an effort to improve the habitats of local flora and fauna, build an ecosystem network that connects local communities and business sites, and revitalize regional cooperation. Utilizing the JBIB Land Use Score Card[®], we are aiming to improve our score by three points compared with FY2022 during the period of the Environmental Medium-term Plan (2023-2025).

Under the guidance of the environmental consulting company Regional Environmental Planning, Inc., we engaged in a variety of activities, including the following.

- · Planning and implementation of green space design as well as management 2023-2025 plans in harmony with the surrounding natural environment
- · Sustainable maintenance and management utilizing the natural cycle
- · Eradication of invasive species
- · Conservation of rare species
- · Communication with stakeholders

As a result, our average score for FY2024 improved by 2.2 points compared with FY2022.

Activities to Survey Non-native and Conservation Plant Species and to Eradicate **Nonnative Plant Species**

Many non-native species have invaded our surrounding, firmly taking root. Some of these are plants that damage ecosystems, including those that deprive native species of their habitat, and others are plants that are harmful to people.

Under these circumstances, SEKISUI CHEMICAL Group has conducted surveys of exotic and precious plants in and around its 36 plants and offices in cooperation of experts since FY2018. Based on the results of the survey, we have selected those species to be eradicated and those to be preserved, and have prepared a countermeasure manual that outlines appropriate eradication methods and timing, which we are using while continuing to engage in eradication activities. In order to create and maintain a better environment within business sites, we recognize the need to manage green spaces with biodiversity in mind, while focusing on non-native species and species conservation (precious species).



Plant survey (TOKUYAMA SEKISUI CO.,LTD.)



Lecture on eradication (Sekisui Seikei Hyogo-Takino Plant)



Example of a species to be eradicated (Cirsium vulgare)

Certified as a Site Coexisting with Nature by Japan's Ministry of the **Environment and Registered with OECM**

Sekisui Medical's Iwate Plant has been certified as a "Nature Coexistence Site" by the Ministry of the Environment and

registered in the international database as an OECM (Other Effective area-based Conservation Measures: areas outside protected areas that contribute to biodiversity conservation).

Location: Hachimantai City, Iwate Prefecture Area: 27.8 ha

The following items were highly evaluated by experts, which led to certification.

- · A survey revealed that 951 species of flora, fauna, and spring water creatures grew in and inhabited the plant site.
- · Among these species, the survey discovered 22 rare species, including Capricornis crispus (special protected species) and Glirulus japonicus (protected species).
- · To create an environment that contributes to biodiversity, such as the continuous planting of deciduous broad-leaved trees by employees and the development of spawning grounds

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for Hynobius lichenatus and Zhangixalus arboreus, efforts were being made to engage in sustainable maintenance and management that leverages natural cycles.

Climate Change

In FY2024, a survey of benthic organisms was conducted in the adjacent river to evaluate the impact of wastewater, and the results demonstrated that it is a water area rich in both species diversity and population of benthic organisms due to good water quality and a variety of environmental conditions.







Panoramic view of Iwate Plant

Hynobius lichenatus

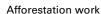
Benthic organism survey

■ Mangrove Reforestation Activities in Thailand

SEKISUI CHEMICAL Group is engaged in mangrove reforestation activities to restore and maintain the mangrove ecosystem in Thailand and to contribute to the local community.

In FY2024, approximately 50,000 trees were planted over 20 hectares in Nakhon SiThammarat Province, Thailand, together with local fishers. Through these efforts, a total of 90 hectares have been reforested in Nakhon Si Thammarat since FY2017, and an inspection of the planted trees showed that they bore many viviparous seeds and had developed numerous prop roots, forming a typical mangrove forest landscape. Both above-ground biomass and carbon accumulation in the underground areas are progressing, contributing to efforts to mitigate global warming.







Afforestation undertaken in FY2023



Afforestation undertaken in FY2017

Collaboration with External Organizations

Corporate organizations that take action with the aim of preserving biodiversity

30by30 Alliance

Organizer ····Ministry of the Environment

Significance/...Achievement in Japan of internationally agreed

30by30 targets Objectives

Activities · · · · Compile and promote necessary measures to halt and restore biodiversity by

2030 (nature positivity), including OECM certification.

Our role ·····Express support and aim to accelerate efforts through in-house and corporate

collaboration.

Japan Business Initiative for Biodiversity (JBIB)

Significance / ·· Contribute to the conservation of biodiversity in Japan and overseas Objectives

Activities ····· Promote a variety of activities, such as research on biodiversity in collaboration with various companies.

Our role ·····Exchange opinions with companies that promote biodiversity conservation, share case studies while accelerating in-house efforts, and raise awareness of social efforts.

Keidanren Declaration of Biodiversity Initiative

Significance / · · Work to realize a sustainable society by building a society in harmony with

Objectives

Activities · · · · · Voluntarily and proactively address the seven items that make up the Keidanren Declaration for Biodiversity and Guideline (revised version)

Our role Endorse and work to mainstream biodiversity by developing activities in accordance with this spirit and aspiration.

Activities to conserve green spaces

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

Environmental conservation activities

As part of efforts to develop human resources that contribute to the environment, we are working with local governments, academia, NGOs, NPOs, and other organizations at our bases in Japan and overseas to conduct environmental conservation activities worldwide.

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Results from the JBIB Land Use Score Card® 🗹

	FY2024
JBIB Land Use Score Card®	Up 2.2 points (compared with FY2022)

Indicator	Calculation Method
JBIB Land Use Score Card® points	The JBIB Land Use Score Card® is an Ikimono Symbiotic Coexistence Enterprise promotion tool that aims to evaluate the degree of contribution to biodiversity of company-owned land. This Score Card serves as a sheet that evaluates the area, quality, and management system of green spaces at each business site on a 100-point scale. The JBIB Land Use Score Card® is used to evaluate each business site for the fiscal year in question, and to calculate the increase from the number of points compared with FY2022. The indicator is the average point increase across all business sites.

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Chemical Substance Management

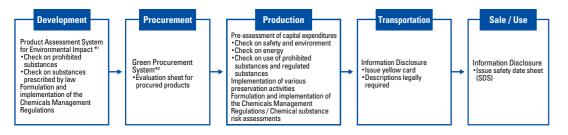
Strategy (Stance and Approach)

Minimizing Environmental Impact through Proper Control and Reduction of **Chemical Substance Emissions**

While the chemical substances that SEKISUI CHEMICAL Group is involved in make people's lives more convenient, they can also have harmful effects on the environment and human health. Therefore, we believe that it is an important corporate responsibility to properly manage chemical substances and to consider product safety, occupational safety and health, and environmental impact.

In addition to operating the Product Assessment System for Environmental Impact*1 and the Green Procurement System*2, the Group has set and worked toward its own targets for reducing emissions and the transfer of chemical substances. Moreover, in order to respond to legal and other regulatory revisions, we periodically review the chemical substances that require regulation.

- *1 Product Assessment System for Environmental Impact: A system for assessing the environmental impact of products at all stages from raw material procurement through manufacture, use, disposal, and transportation.
- *2 Green Procurement System: A system which prioritizes lower levels of environmental impact when procuring raw materials, parts, etc.



Governance

Promotion System for Chemical Substance Management Issues

In similar fashion to other statutory and regulatory requirements, and as far as the management of chemical substances is concerned, steps are taken to consider and implement appropriate countermeasures under the supervision of the Board of Directors. The Group's supervisory and executive systems are based on the Environmental Management Promotion System for matters related to environmental issues.

P.33 Environmental Management Promotion System

Major Initiatives

Controlling VOC Emissions

In FY2024, VOC emissions in Japan decreased by 29.6% compared with FY2023.

Note: However, due to revision to the applicable law, the number of substances subject to aggregation has been drastically changed since FY2023.

Preventing Air and Water Pollution

SEKISUI CHEMICAL Group complies with the values stipulated in laws and ordinances for equipment related to exhaust gases and water drainage.

Soil Contamination Countermeasures

We conduct voluntary assessments of soil contamination at all of our production sites. Where contamination is found, we take measures to purify and prevent further contamination, and report the results to the government. In addition, we continuously monitor groundwater to confirm that contamination has not spread.

When land is sold due to the closure of a production site, we undertake steps in accordance with the law. In FY2024, no new measures were required.

Indicator

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

We are progressively disposing of transformers and capacitors that contain PCBs, starting with business sites that are now able to be accepted at PCB treatment facilities.

Machines and equipment that contain PCBs in storage are strictly managed through a variety of means. This includes the locking of storage facilities and periodic inspections.

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

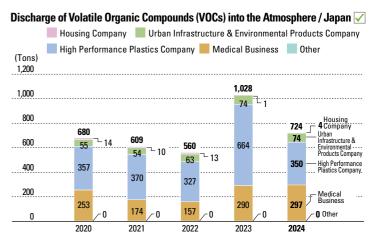
Performance Data

- Note 1: From FY2019. Medical Business results have been tabulated on a stand-alone basis owing to its separation from the HPP Company. The presentation of Corporate Headquarters results has been reclassified as Other.
- Note 2: In line with a change in the control of certain businesses in the UIEP and HPP companies implemented from October 2022, the data for FY2022 of both companies is collated as if the change in control had been initiated from the beginning of FY2022.
- Note 3: Figures are tabulated based on the review of designated chemicals under the PRTR Law, which was revised in FY2023. However, data prior to FY2022 has not been retroactively revised.

Amount of Chemical Substance Emission and Transfer (PRTR Law) / Japan 🗸 Other Methylene chloride Xylene Styrene n-Hexane Toluene (Tons) 250 200 185 — Other 171 28 31 150 3 Xylene 27 - Styrene L 2 100 --- n-Hexane ···· 50 — Toluene 2020 2023 2021 2022 2024

Note: Despite a change in the substances covered following revisions to the law in 2023, past data has not been retroactively adjusted.

Indicator	Calculation Method
Chemical Substance Emissions / Transfer of Chemical Substances	Amount of emissions / transfer of chemical substances subject to regulation by the PRTR Law: Amount of emissions = Amount of emissions into the air + Amount of emissions into public waters + Amount of emissions into the soil on-site + Amount disposed by landfill on-site Transfer volume = Amount transferred to sewers + Amount transferred as waste material Scope: Covers production sites and research facilities in Japan

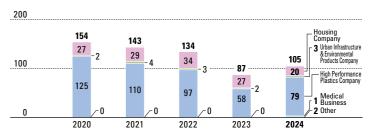


Note: Despite a change in the substances covered following revisions to the law in 2023, past data has not been retroactively adjusted.

Calculation Method

VOC Emissions	Amount of emissions into the atmosphere of volatile organic compounds (VOC) among the substances subject to regulation by the PRTR Law and Japan Chemical Industry Association						
NO× Emissions / Japan ✓							





Indicator	Calculation Method
NO _x Emissions	NO _x emissions = Σ (Amount of exhaust gas airflow per year × NO _x concentration × 46 / 22.4)

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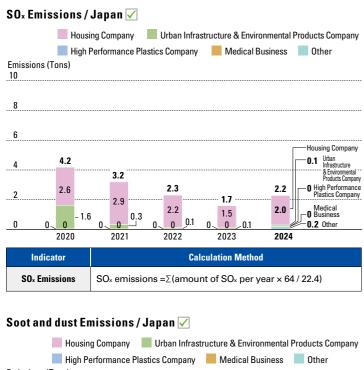
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2				2	2.9			1.7			Plastics Company	
			- 1.6		0.3	2.2		1.5	2	2.0	Medical D Business	
0	0 <	0	- 1.0	0 🔻	0	0 0	0.1	0 0	_ 0.1		0.2 Other	
	2	2020		2	021	2022	2	2023	2	2024		
	Indicat	or		Calculation Method								
so	SO _x Emissions			SO _x emissions = Σ (amount of SO _x per year × 64 / 22.4)								
											<u>'</u>	
Soot	and o	lust	t Em	issi	ons/,	Japan 🛚	✓					
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Emissi	ions (To	ns)										
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2.0	17.6											
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0		0			0	0		0		V	- O Other	
	2	2020		20)21	2022		2023	2	2024		
	Indicat	or		Calculation Method								
C.	not and	duct		Soct	and d	uet amic	cions	-7 (an	ount of a	vho	uet dae	
Soot and dust				Soot and dust emissions =∑ (amount of exhaust gas airflow per year x soot concentration)								
										,,,,,,,,		
	Emissio									,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	g	

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Enhancing the Ability to Contribute to Solving Social Issues through Employee Training as well as Social and SDGs Contribution Activities

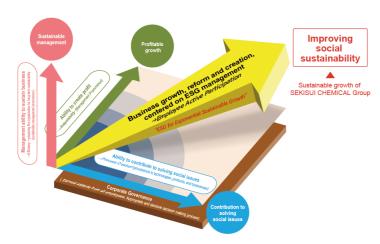
Strategy (Stance and Approach)

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

To realize a sustainable society, SEKISUI CHEMICAL Group emphasizes management's ability to sustain business, create profit, contribute to solving social issues in its bid to both contribute to solving social issues and corporate growth. In order to accelerate the development of Products to Enhance Sustainability and expansion of related markets, we undertake the training of Group employees to broaden their ability to contribute to solving social issues.

Through this training, we are working to help employees think in ways that will connect to management's ability to sustain business and the ability to generate profit.

Management approach toward realizing a sustainable society

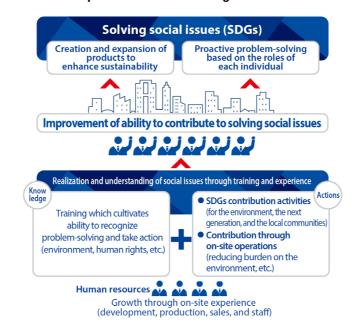


Promoting Long-term Employee Training

In addition to encouraging the growth of employees through onthe-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.

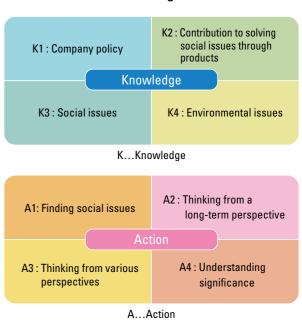
On top of knowledge-based training, we are endeavoring to transform the consciousness of employees by having them spearhead activities that focus on solving social issues (i.e. SDGs). Moreover, we are encouraging a change in behavior through social contribution activities (i.e. activities that contribute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



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■ 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 enhance training at the development stage to create products and services for solving social issues.

Promote Social Contribution Activities Based on the SDGs

In addition, 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 and a Promotion System for SDGs Contribution Activities

SEKISUI CHEMICAL Group is developing human resources with an excellent ability to contribute to solving social issues by implementing the PDCA cycle both for promoting training to enhance the ability to contribute to solving social issues and for SDGs Contribution Activities.

System for Promoting Training to Enhance the Ability to Contribute to Solving Social Issues

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 conducted by external lecturers, based on the training system.

Check: In FY2021, 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.

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 Japan and overseas Group companies. Personnel from Japan 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.

Promotion System for SDGs Contribution Activities



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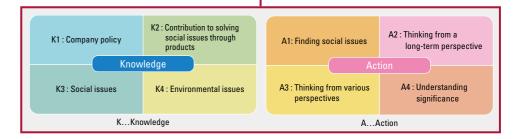
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Major Initiatives

- 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 FY2024)

	No.	Program Name	Trainees				ees		Category							
			Eng				ر		Knowledge				Action			
			Production	Engineering, Development, and Design	Sales	Staff	Job Responsibilities	Training Format	K1: Company policy	K2: Contribution to solving social issues through products	K3: Social issues	K4: Environmental issues	A1: Finding social issues	A2: Thinking from a long-term perspective	A3: Thinking from various perspectives	A4: Understanding significance
	1	[New employee training] About ESG	0	0	0	0	New employees	Lecture seminars	•	•	•	•				•
First	2	Explanatory video—Transforming values and perspectives through integrated thinking—	0	0	0	0	All positions	Videos + e-learning		•	•		•	•	•	
t half	3	Practical programs for selected employees (emergence roundtable discussion, etc.)				0	Selection	Group work	•	•	•	•	•	•	•	
	4	[Training for new managers] About ESG	0	0	0	0	New managers	Lectures + group work	•	•	•	•		•	•	•
	1	Current topic related to the environment (4) (Visualizing the Value of Carbon Reduction)	0	0	0	0	All positions	Readings-based e-learning	•	•		•		•		•
	2	Current topics related to the environment (5) (Relationship between biodiversity and corporate management	0	0	0	0	All positions	Readings-based e-learning	•			•	•	•	•	
Se	3	PowerPoint to promote net sales of Products to Enhance Sustainability	0	0	0	0	All positions	PowerPoint materials		•	•	•		•		•
Second h	4	Environmental initiative introduction materials collection (standard version, digest version)	0	0	0	0	All positions	PowerPoint materials	•			•				
half	5	LCA comprehensive calculation verifier training		0		0	Selection	Lectures + exercises		•		•	•			•
	6	SDGs Contribution Activities personnel study sessions	0	0		0	Contribution activities promoter	Lecture seminars	•		•	•	•			•
	7	Practical programs for selected employees (emergence roundtable discussion, etc.)				0	Selection	Group work	•	•	•	•	•	•	•	



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

Videos and E-Learning for Studying Integrated Thinking

Under the Medium-term Management Plan launched in FY2023, 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.

Furthermore, we believe that in order to create businesses and products that change society, it is necessary to proceed with considerations by incorporating integrated thinking, such as emphasizing long-term perspectives and considering multiple viewpoints to avoid trade-offs.

In FY2024, we conducted training for all domestic employees aimed at learning key points to consider when generating ideas for products and services that resolve social issues, with a focus on social issues such as the environment. Through a short three-minute video, we introduced key points in an easy-tounderstand manner even for employees hearing the term "integrated thinking" for the first time, and conducted a confirmation test via e-learning.

Video for learning integrated thinking



Provide training to address weaknesses

In FY2024, 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 FY2023.

Program example: Distribution of "Visualizing the Value of Carbon Reduction," a current topic related to the environment

In the FY2023 Ability to Contribute to Solving Social Issues Review, the score for "low-carbon value in products" was low among the items in "K2: Contribution to solving social issues through products," so we distributed current environmental topics to reinforce this content.

We explained societal trends related to carbon neutrality and introduced the importance of understanding the carbon footprint of products and the activities our company is promoting to improve low-carbon value.

Based on the results of the Ability to Contribute to Solving Social Issues Review conducted during the previous Medium-term Plan, we believe that training differentiated by job responsibility and job type is necessary. In this program, we introduced third-party verification of carbon footprints and notable points in calculations as part of an advanced edition for those who actually calculate carbon footprints, and added explanations about the companywide reduction contribution amount and corporate management for participants at the manager level and above.

Example of distribution of current topics related to the environment



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

In FY2021, 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 are continuing 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 conducted through a self-assessment survey to confirm how much "knowledge" employees have about social issues and whether they are taking "actions" that contribute to solving them. 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 FY2024, we were again able to identify strengths and weaknesses with respect to knowledge and actions taken regarding social and environmental issues. Based on the results of the survey, we promoted training programs designed to address weaknesses and enhance strengths, thereby striving for effective human resources development.

Results of the Ability to Contribute to Solving Social Issues Review (FY2024)

After implementing training programs for one year, we conducted the Ability to Contribute to Solving Social Issues Review to determine growth from the benchmark we set in FY2023.

The company-wide average score for FY2024 was 50 points, which improved by one point from the benchmark but decreased by one point from the previous assessment (second half of FY2023).

Regarding the degree of knowledge and action goals achievement, we found that knowledge was 57% and action was 44%. The results showed that there was a larger gap between action and our goals.

Regarding job responsibility, the average score was highest in the order of management, managers, and general employees. This shows the same trend as last year, indicating that appropriate educational programs for each job responsibility are even more necessary.

Based on the results of this review, we will continue to promote stratified training programs according to job type and responsibility in FY2025. We will also plan and conduct training programs that promote behavioral change.

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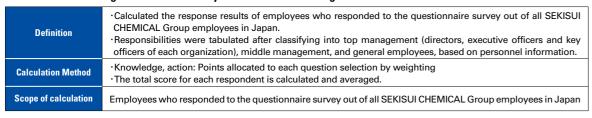
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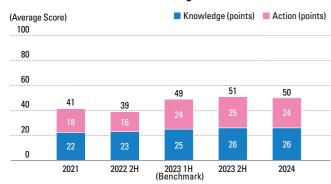
Performance Data

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



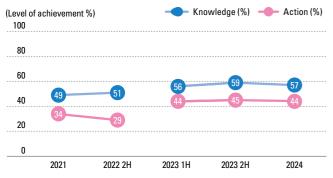
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Trends in Average Score



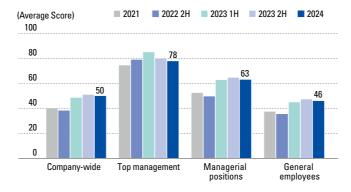
Note: Question details revised from FY2023 to more easily reflect employees' self-awareness; benchmark reworked.

Level of Knowledge and Action Achievement (%)

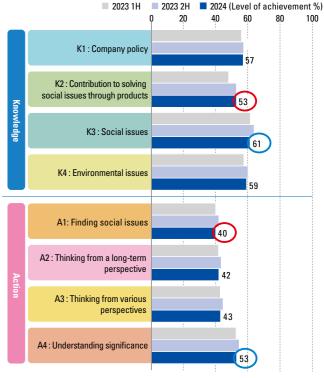


Note: Weighted average owing to the difference in knowledge and action weighting.

Trends in Average Score by Responsibility and Duty



Level of Achievement by Category (FY2023-FY2024)



* 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.

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



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Actions to Enhance the Ability to Contribute to Solving Social Issues

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 FY2024, we conducted activity study sessions for personnel in charge to promote SDGs Contribution Activities, which include lectures on environmental issues and sharing examples of social contribution activities at business sites.

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 FY2024 Activities

A total of 182 initiatives were implemented at domestic sites as SDGs Contribution Activities, 55 of which were SDGs Challenges.

From FY2023 to FY2025, 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 cooperation, 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, Next Generation, and Local Communities

1) 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 FY2024.

Major Social and SDGs Contribution Activities Undertaken or Participated in during FY2024 (Environmental Field)

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

SDGs	Activities	Purpose	Continuity	17 MATRICOMPS FOR THE COLLS	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		
15 oruno	"Sekisui Forest" improvement activities (TOKUYAMA SEKISUI CO.,LTD., Sekisui Medical Co., Ltd., Tokuyama Plant)	Conserve forest environments and enhance the functioning of forests	2000-	Agricultur	ni Prefecture re, Forestry and Fisheries cial Employment Center innanyo"	
13 CLAMPE ACTION	Tree-planting activities at the former Matsuo Mine site (Sekisui Medical Co., Ltd., Iwate Plant)	Plant trees to restore waste land into forests	2007-	-	ob ONAL ENVIRONMENT in TOUHOKU	
15 IR OF LAND	Satoyama conservation activities at the foot of Mt. Tsukuba (SEKISUI CHEMICAL CO., LTD., Tsukuba Site)	Maintaining the natural environment of rice paddies and satoyama to preserve biodiversity	2012-	Corporat	d Nonprofit ion Kankyou Forum	
15 tre	Eradication of Invasive Aquatic Grasses in the Shinmachi River (Shikoku Sekisui Industry Co., Ltd.)	Remove non-native while conserving native waterweed species	2015-		Nonprofit Corporation ure School	
4 COMULTY BUILDINGS	Observation of organisms in waterfront areas, "Kasama Children's Nature Academy" (Sekisui Heim Industry Co., Ltd., Kanto Site)	Providing children with opportunities to experience the environment through biological surveys and water quality testing in streams (extracurricular classes)	2006-	Minami-0	Municipal Gakuen cory Education School	

Environment

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Nature observation sessions in woodlands

[Site] Chiba Sekisui Industry Co., Ltd./Ichihara City, Chiba

Prefecture

Ichihara Municipal Urutsu Elementary School [Collaborating partner]

[Purpose] Preserving "Uruoi no Mori," a local grove of miscellaneous

trees, and providing opportunities for children to experience nature via extracurricular classes for

nearby elementary schools Activities started in 2015

[Effect] FY2024: Held twice, with 173 students and teachers

and 14 employees participating





[Related SDGs]



[Continuity]







In "Uruoi no Mori," a woodland adjacent to the factory, employees take the lead in various initiatives aimed at preserving biodiversity and coexisting with the local community. Every year, we invite elementary school students and hold nature observation sessions as extracurricular classes where they observe insects, plants, and other organisms.

Environmental conservation activities of overseas Group companies

[Site] SEKISUI SOUTHEAST ASIA CO., LTD. (Thailand)

[Purpose] Creating "floating debris traps" and floating them in

rivers to prevent debris from flowing in

[Continuity] First implemented in FY2024

[Effect] FY2024: 11 employees participated

[Related SDGs]









Thailand has many rivers, and household waste from coastal communities pollutes the rivers. By installing floating debris traps, we reduce the debris flowing into rivers and seas, leading to reduced water pollution and improved public hygiene. The traps we created were donated to local communities to help capture floating debris.

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

Climate Change

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

List of Next-generation Education Initiatives

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	Purpose	Trainees	Cooperation	Division of roles	Continuity	Result 1 (Single-year FY2024) (Number of people, etc.)	Result 2 (Total number of people, etc., including results from FY2024)	Developability
1	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-	9	39	Implementation on a continuous basis
2	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-	456	1,470	Implementation on a continuous basis
3	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-	15	217	Conducting study sessions for teachers to ensure implementation on a continuous basis
4	NEW SDGs Course (Sekisui Heim Industry Co., Ltd. Head Office / Tokyo Site)	Encouraging children to take an interest in SDGs	Elementary school students	Local elementary schools	Organizer	2024-	75	75	Implementation on a continuous basis
5	NEW Science Classes for Hospitalized Children (Sekisui Medical Co., Ltd.)	Providing learning opportunities for children who face various restrictions in daily life due to hospitalization and treatment	Elementary school students	Local children's medical centers	Organizer	2024-	13	13	Implementation on a continuous basis
6	NEW Science classes for children undergoing long-term treatment and care and their siblings (Sekisui Medical Co., Ltd.)	Providing learning opportunities for children who are familiar with testing or have a high interest in medical care	Preschool to elementary school students	Local children's medical centers	Coorganizer	2024-	21	21	Implementation on a continuous basis
7	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 grades to junior high school students	Producer of teaching materials	Platform construction Provision of teaching materials Alliance participation	2018-	5,714 page views* (*SEKISUI CHEMICAL- related pages only)	69,664 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
8	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-	175	677	Online lessons conducted even during pandemics Establishment of an operating system
9	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 that have submitted requests	Organizer	2008-	2,202	37,806	Collaboration with teachers Minase researcher support
10	Science classes (Shikoku Sekisui Industry 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-	68	1,008	Implementation on a continuous basis
11	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	60	Implementation on a continuous basis

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Next-generation Training Activities at Domestic Subsidiary Companies

Science Classes for Children Undergoing Long-term Treatment and Care and Their Siblings

[Site] Sekisui Medical Co., Ltd.

[Target audience] Children undergoing long-term care and their siblings

[Number of children]

21

[Purpose]

•Providing learning opportunities for children who face various restrictions in

daily life due to hospitalization and treatment

·Further increasing children's interest in medical care and contributing to the

development of the next generation Let's Explore the Secrets of Testing

[Themes] [Content]

Since FY2024, Sekisui Medical Co., Ltd. has been conducting science classes for hospitalized children, as well as science classes for children continuing long-term treatment and care and their siblings, where they learn about "the secrets of testing" using our proprietary technology and products such as blood collection tubes.

In the program to learn about the secrets of testing, children studied three themes: (1) the secrets of test reagents, (2) the secrets of vacuum blood collection tubes, and (3) the secrets of testing machines. They engaged seriously in each experiment and deepened their understanding of familiar procedures such as blood collection and testing. The accompanying medical staff commented, "Through the program, the children's understanding and interest in medical care increased, which makes me very happy as a medical professional."

Although this was our first attempt in collaboration with volunteer activity members within the local children's medical center, we would like to use this experience to continue supporting the enriching growth of children through science classes in the future.

[Related SDGs]









Next-generation Training Activities at Overseas Subsidiary Companies Chemistry education: Understanding safety in everyday products

[Site] S and L Specialty Polymers Co., Ltd. (Thailand)

[Target audience] Children from local school

[Number of children] 75

[Content]

S and L Specialty Polymers collaborated with local companies to conduct classes for approximately 75 students at Ban Nong Fab School about chemicals commonly found in daily life, such as household detergents, cosmetics, and processed foods. The children learned basic knowledge about chemicals, including safe handling methods, what to avoid, and the importance of reading labels carefully.

[Related SDGs]







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3) 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 FY2024 (Local Community Fields)

We work with local communities to achieve a sustainable society.

SDGs	Activities	Purpose	Continuity	17 MATERISARY TO THE REGULE	Coordination / Cooperation	
1 10mm	Stockpile donations (food bank support) (East Japan Sekisui Shoji Co., Ltd.)	Utilizing emergency stockpiles to provide food to those in need and reduce food loss	2024-	Corporat	l Nonprofit ion Harvest Japan	
2 200 HINGS	TFT Program to support school lunches in developing countries (Sekisui Heim Industry Co., Ltd. Kinki Site)	Support school lunches in developing countries through participation in the TABLE FOR TWO initiative	2013-	NPO TAE Internatio	BLE FOR TWO onal	
Corporate blood donation (SEKISUI CHEMICAL CO., LTD. Musashi Plant)		Support local medical care through continuous blood donation activities	1972-	Japanese Red Cross Society Red Cross Blood Center, Saitama Prefecture		
4 country	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	
11 SATAMORE CITES IN GEOMANIES	Cooperation with traffic safety campaign events (Hokkaido Sekisui Heim Co., Ltd.)	Cooperating in reducing regional traffic accidents through the donation of awareness items (reflectors) and participation in awareness activities by police stations	2023-	Police st	ations in Hokkaido	
12 REPOSSIL CONCLUTION NO PRODUCTION	"BOOK MAGIC": Donations of used books (SEKISUI CHEMICAL CO., LTD., Tsukuba Site)	Supporting education for children in developing countries through the reuse of used books and other items	2022-	Specified Corporat JEN	d Nonprofit ion	

Flood damage recovery support activities

[Site] Sekisui Medical Co., Ltd. Tsukuba Plant/Ryugasaki City

and Ami Town, Ibaraki Prefecture

[Collaborating partner] Certified NPO ADRA Japan

[Purpose] Supporting flood-damaged area recovery by donating

cleaning cloths sewn by employees

[Continuity] Activities implemented since FY2023
[Effect] FY2024: 35 Group employees participated and donated

69 cleaning cloths

[Related SDGs]









In cooperation with NPO ADRA Japan's Chiku-chiku Volunteer initiative, we collected used towels and donated cleaning cloths sewn by employees to support recovery efforts in flood-damaged areas in Japan. We learned that cleaning cloths made from used towels with good water absorption are needed so that recovery activities can be carried out with ease even when disaster areas experience water outages. Employees' families cooperated in making them as well.

Regional contribution utilizing factories (factory tours)

[Site] Shikoku Sekisui Industry Co., Ltd. /Saiio

City, Ehime Prefecture

[Collaborating partner] Saijo City Himawari Kindergarten

 Fostering children's awareness of their local community

Promoting regional exchange and

cooperation

[Continuity] Activities implemented since FY2022 [Effect] FY2024: 4 kindergarten children

participated

[Related SDGs]



[Purpose]





Since FY2022, we have been accepting factory tours for children from nearby kindergartens, conducting experiential sessions where they can touch products made at the factory and observe molding machines. We believe this provides an opportunity for children to recognize their connection to the local community while sensing the presence of the town where they live and the adults in their region.