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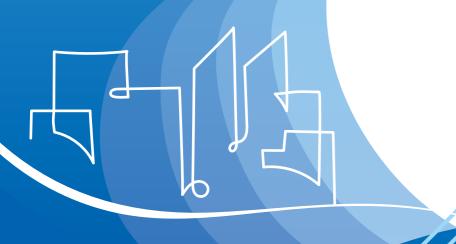
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Human Capital

Strategy (Stance, Approach, Risks and Opportunities)

Basic Concept

The SEKISUI CHEMICAL Group is committed to creating an environment where employees can thrive, based on the Human Resources Philosophy that employees are precious assets bestowed on us by society. Under this philosophy, we believe it is essential to remain "A company where everyone is energized and engaged to take on challenges."

WEB Human Resources Philosophy

https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P04

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

New challenges supported by the human resources system and other mechanisms

■ Risks and Opportunities

Factors: Declining working-age population due to low birthrate and aging society



Decreased sales in existing businesses and delays in new business development due to labor shortages



· Improved labor productivity through workforce streamlining via DX and active participation of diverse human resources (women, seniors, etc.)

Factors: Increasing mobility in employment



· Sudden increases in employee turnover causing labor shortages and loss of specialized skills due to lack of knowledge transfer



 Correcting labor composition and accelerating innovation through expansion of mid-career recruitment

Factors: Quantitative shortage of next-generation leaders



 Decline in organizational strength due to vacancies or the assignment of inappropriate human resources in key positions



Revitalization of the organization and improvement of employee engagement through merit-based promotions regardless of attributes (age, gender, etc.)

Factors: Shortening of product life cycles



 Decline in sales and employee engagement due to insufficient response



 Acquisition of expertise and improvement of market value through reskilling

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■ Human Capital Strategy

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

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SEKISUI CHEMICAL Group is shaping the future by passing on the baton of challenge to each individual. We are working diligently to realize our management strategies of strategic innovation and organic growth by fostering a culture that embraces challenge and maximizing individual and organizational strengths.



Major KPI: Added-value productivity

In addition, in order to measure the effectiveness of heavy investments in human capital, we have introduced a productivity indicator (Added-value productivity) starting in FY2024. By using this indicator, we are gradually establishing a framework that enables more effective execution of human resource management.

Method of Disclosure: Total Value Added (Operating Profit + Depreciation + Labor Costs) [Outcome] ÷ Human Capital Cost (Labor Costs + Welfare Expenses + Recruitment Expenses + Training Expenses) [Investment]

Added-value productivity (SEKISUI CHEMICAL Group /Japan and Overseas)

		<u> </u>	
	FY2022	FY2023	FY2024
Added-value productivity (%)	159.3	159.3	163.1

Governance

System

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

As far as the supervisory function is concerned, the supervisory function supervises and provides advice on human capital management-related matters and efforts to secure the diversity of human resources. The executive function has established a Human Resources Subcommittee composed of the general managers of human resources departments from each divisional company, which discusses and decides on various human resources policies based on the human capital strategy. The human resources departments of headquarters and divisional companies then collaborate with the labor union to swiftly implement these initiatives.

Diversity Promotion Committee

Chairperson: Outside Director

Members: Outside Directors (five)

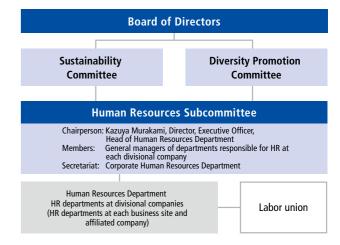
Chairman of the Board President and Representative Director Head of Business

Strategy Department Head of Human Resources Department

Human Resources Secretariat:

Department

Human Resources Promotional Structure



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Risk Management

With regard to human capital, we recognize the risks and opportunities associated with the four factors previously mentioned.

We are promoting various measures to reduce risks based on KPIs that are set in conjunction with the risks and opportunities associated with each factor. In addition, the Human Resources Subcommittee, which meets once every six months, evaluates risks and opportunities along with these measures. By adopting a PDCA cycle-based approach with respect to these initiatives, we are able to reduce risks, prevent reoccurrence, and expand opportunities. In this manner, we are promoting a human capital strategy.

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

P.100 Risks and Opportunities

Indicators and Targets

SEKISUI CHEMICAL Group established 16 guiding principles under a new human capital strategy based on the Medium-term Management Plan launched in FY2023. These guiding principles consist of two policies and 14 KPIs (including three priority KPIs).

The following 16 guiding principles comprise the targets of SEKISUI CHEMICAL Group's human capital strategy.

16 Human Capital-related Guiding Principles

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

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Fostering a Culture That Embraces Challenge

Strategy

■ Basic Concept

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

■ Important HR Strategies

Creating opportunities to pursue challenges

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

Encouraging employees to pursue challenges

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

Indicators and Targets

Indicator

Priority KPI: Degree of challenging behavior expression

In FY2021, SEKISUI CHEMICAL Group set the degree of challenging behavior expression as a key human capital KPI. Every year, we conduct a survey to measure employees' challenge behavior and employ the results of each survey to make improvements at the workplace level.

Question in the Degree of challenging behavior expression

A survey was conducted regarding the prompt: "I am already engaging in specific challenge in an effort to realize Vision 2030." It measured the degree of action-taking in four stages. Since FY2023: Respondents who replied "Yes" or "Somewhat applicable."

Until FY2022: Respondents who replied "Yes."

Major KPI: Engagement score

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

Questions

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

Targets

- Degree of challenging behavior expression (SEKISUI CHEMICAL Group/Japan)
 60%(FY2025)
- Engagement score (SEKISUI CHEMICAL Group/Japan and Overseas)
 Maintain/Improve from previous year
- P.104 FY2024 results (Major Initiatives for Fostering a Culture That Embraces Challenge)

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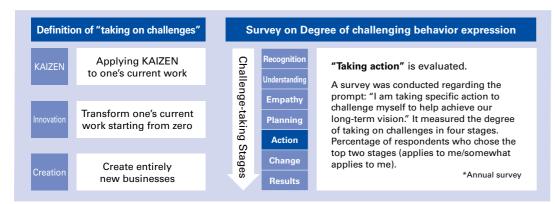
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Major Initiatives

SEKISUI CHEMICAL Group believes that each employee's willingness to take on challenges is essential to realizing our Long-term Vision, and we are working to foster a culture of embracing challenges. As a form of monitoring, we annually measure the percentage of employees who are taking actions toward realizing the Long-term Vision as the degree of challenging behavior expression. Rather than stopping at mere slogans, SEKISUI CHEMICAL is implementing a structured approach by incorporating behavior evaluation into personnel assessments and is aiming to ensure that the spirit of taking on challenges is thoroughly communicated and embedded in all workplaces. The structure does not evaluate the success or failure of taking on a challenge, but rather the act of taking on the challenge itself. Through this approach, we aim to foster a culture of embracing challenges across the organization.



Degree of challenging behavior expression (SEKISUI CHEMICAL Group/Japan)

	FY2021	FY2022	FY2023	FY2024
Degree of challenging behavior expression (%)	51	47	48	56
Response rate (%)	62	81	88	89

Creating opportunities to pursue challenges

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

As part of a structure that balances the personal self-fulfillment of employees with the company's growth, we launched the internal job posting system in 2000. We conduct four rounds of recruitment each year to match employees with departments.

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

ladder. Since the COVID-19 pandemic, there has been a noticeable increase in the number of employees applying for and transferring to new roles, which reflects a growing career-oriented mindset among our workforce.

Intra-Group Job Postings Results

	FY2020	FY2021	FY2022	FY2023	FY2024
Number of postings	31	55	56	100	82
Number of people to be recruited	54	80	101	157	171
Number of applicants	155	236	159	185	231
Number of employee transfers	28	70	45	52	71

Career Path Support Results (SEKISUI CHEMICAL)

		FY2020	FY2021	FY2022	FY2023	FY2024
No. of employees who	Male (persons)	14	2	6	6	7
have changed career courses	Female (persons)	2	4 3	3	1	2
No. of employees who have converted to	Male (persons)	1	4	3	0	7 2 0 6
permanent, full-time employment	Female (persons)	14	10	11	4	6

Providing opportunities to take on challenges

1 Global engineer dispatch program

SEKISUI CHEMICAL Group runs an annual program that sends employees overseas for up to two years with the aim of strengthening relationships with Japanese/overseas universities and research institutions, accelerating development through the introduction of new technologies, and cultivating engineers capable of succeeding on the global stage.

2 Innovation School

SEKISUI CHEMICAL Group has established the Innovation School as a place to study where executive officers personally take on the role of educators to increase the motivation of each and every employee to, for example, change the Company and change each individual's behavior.

Results of the Group's major recruitment-type training programs in Japan

Training name	FY2020	FY2021	FY2022	FY2023	FY2024
Number of participants in global engineer dispatch program	Not implemented*	Not implemented*	Not implemented*	1	3
Innovation School (persons)	Not implemented*	102	102	54	63

^{*} No dispatch or program held due to COVID-19 measures

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3 C.O.B.U. Accelerator in-house entrepreneurial system

In FY2023, we launched an in-house entrepreneurial system, C.O.B.U. Accelerator, with the aim of nurturing human resources working on new businesses and fostering a culture that embraces challenge among employees. Any employee of the SEKISUI CHEMICAL Group can apply.

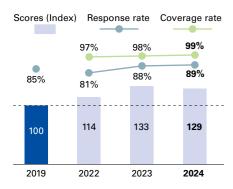
Themes suitable for commercialization are selected through a review by external judges such as division heads from new business departments and representatives from venture capital firms. The two-year program consists of three stages, during which participants will verify hypotheses and conduct proof-of-concept trials with the aim of creating new businesses. The Group received over 100 applications for two consecutive years in FY2023 and FY2024. We are also working to create a new field where employees can realize their aspirations for taking on challenges.

Encourage employees to pursue challenges

Further strengthening activities to foster a culture that embraces challenge

Every year, we conduct a survey to measure the level of employee engagement, focusing on their passion for work and attachment to the Company, as the foundation for taking on challenges. In FY2024, the response rate reached a record high of 89%. Although the engagement score remained flat compared to the previous year, it remains above the benchmark level set in FY2019. Analyzing the results of the survey at the divisional company, Group company, and each organizational unit level, we are formulating and implementing improvement measures according to the issues faced. As a cross-organizational initiative, the HR departments of domestic Group companies come together to undertake Engagement Drive Project activities. This project provides examples and tools to help each organization make use of the survey results, as well as workshops for analyzing and utilizing those results.

Engagement Survey (SEKISUI CHEMICAL Group / Japan)

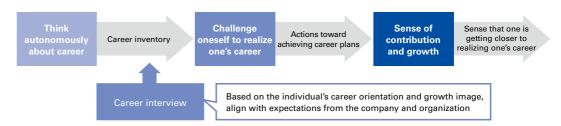


- · Scores are calculated using FY2019 as a base value of 100.
- Survey scope: All employees (including regular full-time, non-full-time employees, and dispatch employees) of 156 of the 157 Group companies surveyed.
- Coverage rate: Percentage of companies surveyed relative to the number of Group companies in Japan.
- Response rate: Percentage of employees who responded to the survey relative to the total number of employees of the companies where the survey was conducted.

Fostering a culture of career autonomy

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

Moreover, we provide career autonomy supervisor training and career plan basic training on how to formulate career plans in order to conduct career interviews more effectively. We aim to further draw out employees' proactive ambition to take on challenges through these training programs.



Career Training Attendance Results (SEKISUI CHEMICAL)

Training name	FY2021	FY2022	FY2023	FY2024
Career autonomy supervisor training (persons)	393	252	134	113
Career plan basic training (persons)	_	77	62	30
Newly appointed management career planning training (persons)	_	203	204	199
New employee career planning training (persons)	_	78	95	111

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Achieving the Right Talent in the Right Position

Strategy

Basic Concept

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

The goal is not to place the right talent in the right position according to each individual's skills and capabilities, as we have done in the past, but rather to place the right talent in the right position according to each important role within the Group. To achieve this, SEKISUI CHEMICAL CO., Ltd. revamped our human resources system and management framework in FY2022.

- · Review of the qualification system: Introduced a key position grading system for management, abolished appointment probation periods, and commenced a successor training framework.
- · System: Began visualizing and utilizing employee qualitative information through a human resource system.

Based on this approach, we will focus on the development of the business leaders who will take the lead in realization of the Long-term Vision, Vision 2030. In addition, we are also working to secure professional human resources with a high level of expertise and execution skills, who will serve as a source of corporate value.

■ Important HR Strategies

Development of next-generation leaders

- · Strengthen selection and training of management candidates
- Visualize and undertake multifaceted observations of management roles

Secure prominent professional human resources

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

Indicators and Targets

Indicator

Priority KPI: Rate of successor candidate preparation*

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

* Status of preparation of successor candidates to the most senior business leader post

Method of disclosure: Number of successor candidates to the most senior business leader post ÷ Number of the
same post

Major KPI: Training hours

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

Method of disclosure: Hours of training per full-time employee

Major KPI: Specialty (S) positions occupancy rate*

We appoint highly specialized human resources to S positions in each specialized area that is the source of our competitiveness, and monitor the number of specialized areas across the company and the number of such areas to which S position personnel are assigned.

* The rate of assignment of highly specialized human resources with respect to specialized areas across the company Method of disclosure: Number of specialized areas to which S position personnel are assigned ÷ number of specialized areas across the company

Targets

Rate of successor candidate preparation (SEKISUI CHEMICAL Group/Japan)
 100% (FY2025)

Training hours (SEKISUI CHEMICAL)

10 hours or more (FY2025)

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

S positions fulfillment ratio (SEKISUI CHEMICAL)

100% (FY2025)

P.107 FY2024 results (Major Initiatives for Achieving the Right Talent in the Right Position)

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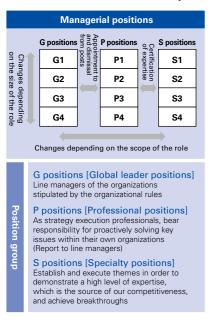
Major Initiatives

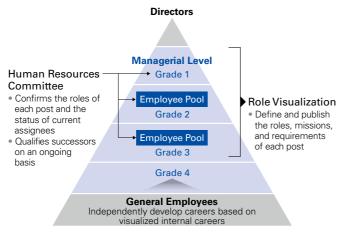
■ Development of next-generation leaders

Strengthen selection and training of management candidates

SEKISUI CHEMICAL CO., LTD. has introduced a grading system for the managerial level to promote efforts aimed at strengthening the selection and training of global-level leaders (management candidates). We have divided the roles of management into three position groups (G/P/S) and established four grades (1 to 4) for each of the groups based on the size of the role. We clearly state the responsibilities and authority for each grade and change position groups and grades in accordance with the role played by a manager at any given time. Furthermore, we have established the Human Resources Committee, in which officers and the Human Resources Department discuss whether the most suitable human resources are filling each role across the company, whether candidates are being nominated, whether they are being continuously trained, and whether the level of their grade is appropriate. Our goal is to properly manage the roles required to realize our management strategies, and to ensure that the personnel and successors responsible for these roles receive continuous training.

Overall view of the role-based system





Performance Data

Rate of successor candidate preparation (SEKISUI CHEMICAL Group/Japan)

	FY2021	FY2022	FY2023	FY2024
Rate of successor candidate preparation (%)	50.5	67.7	92.4	88.1

Common Training Results (SEKISUI CHEMICAL Group/Japan)

	FY2020	FY2021	FY2022	FY2023	FY2024
Newly appointed manager training (persons)	220	199	213	210	185

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

	FY2020	FY2021	FY2022	FY2023	FY2024
Training hours (hours)	6.3	7.1	6.1	6.2	6.8

Evaluator Training Results (SEKISUI CHEMICAL)

Training name	FY2021	FY2022	FY2023	FY2024
Evaluator training (understanding the evaluation system) (persons)	941	75	164	121
Training to strengthen evaluation skills (1) (basic of evaluation + goal setting) (persons)	_	146	62	53
Training to strengthen evaluation skills (2) (daily management + interview training) (persons)	_	148	64	50

^{*} In FY2021, in line with the introduction of a new evaluation system, we widely conducted training on understanding the evaluation

● Visualize and undertake multifaceted observations of management roles

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

Furthermore, we conduct multifaceted observations once a year of the day-to-day management behavior of business leaders and the status of encouragement of challenging behavior in each organization, and objectively and quantitatively evaluate the behavior of business leaders from the perspectives of multiple observers. These multifaceted observations are also an opportunity for business leaders to reflect on their own words and actions and the demonstration of their capabilities, leading to the emergence of desirable management behavior centered on human resource development and the encouragement of challenging behavior.

^{*} Building on the content of each of the aforementioned programs aimed at promoting an understanding of the evaluation system as well as the basics of evaluation, we conducted training to strengthen evaluation skills from FY2022.

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Secure prominent professional human resources

Strengthen efforts to secure highly specialized human resources

Highly specialized human resources refers to professional human resources who demonstrate a high level of expertise, which is the source of our competitiveness. In addition to the difficulties involved in development through work, there is high demand across all industries. As a mechanism to continuously secure human resources within the Company, we appoint highly specialized specialists who are acceptable both inside and outside the Company to Specialty (S) positions to tackle deepening of the technologies we possess and enhancing the technologies from a medium- to long-term perspective. In addition to technology areas (technology platforms), we have established areas in such staff divisions as DX and legal affairs and have appointed S positions, as we are promoting technology enhancements, the development of human resources, and coordination among the divisional companies. In FY2024 we expanded the areas in the staff divisions, but going forward we will aim to enhance our competitiveness by deploying professional human resources to all highly specialized areas and aim to expand our expertise through human resources development.

S positions fulfillment ratio (SEKISUI CHEMICAL)

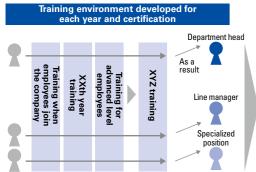
	FY2020	FY2021	FY2022	FY2023	FY2024
Number of Company TPFs* (posts)	28	29	29	26	28
Number of S positions certified TPFs (posts)	16	18	19	22	21
S positions occupancy rate (%)	57.1	62.1	65.5	84.6	75.0
Number of S positions employees (persons)	32	38	39	39	41

^{*}TPF stands for Technical Platform and refers to the number of specialized areas. Legal affairs and DX areas added from FY2024 (See P.182).

Strengthen reskilling in line with business needs

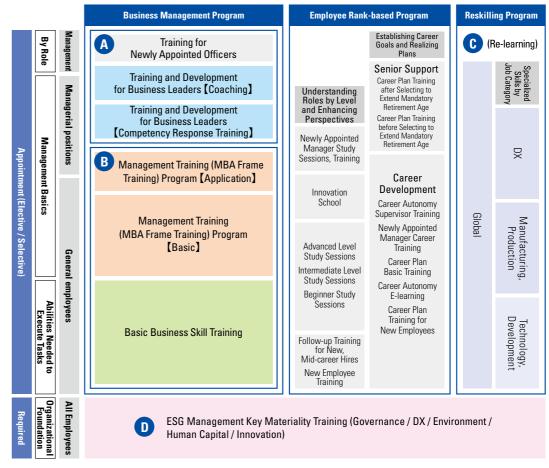
In order to develop specialized human resources starting from the business, it is essential that each and every employee hones their expertise in areas that need to be enhanced within the business. For that reason, we are rolling out reskilling education which combines reskilling and upskilling in line with business needs.

Conversion of the Training System (image)





Training System Chart



- A Training and Development for Business Leaders:
 - Selective Capability Development to Acquire Competencies Appropriate for Grade 1-2 Incumbents and Candidates
- B Role-based Capability Development:
 - Selective Capability Development to Achieve Aspired Roles
- C Reskilling:
 - Reskilling Program Aligned with Business Needs
- D Strengthening Organizational Infrastructure:
 - ESG Management Literacy Enhancement Program (Knowledge, Awareness, and Attitude) Essential for SEKISUI CHEMICAL Group Employees

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1 Developing global talent

SEKISUI CHEMICAL Group offers training programs to acquire e-mail writing, presentation, meeting facilitation, and other practical skills. The Group also hosts global career events where employees hear directly from expatriates, giving them a more concrete and familiar sense of global work. We also offer the six-month SEKISUI Global Academy training program. After taking this program and acquiring the necessary skills, participants travel overseas for a week to tackle simulated work together with local partners. The number of participants in FY2024 was 15. In addition to language skills, this program affords participants the opportunity to acquire the necessary skills to build collaborative ties with people from different cultural backgrounds. The program also provides advice on how to work, outlines differences in values, and allows participants to experience firsthand what it is like to work globally. As an added bonus, the program leads to networking among participants across different departments and generations.

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





Overseas local program at the Global Academy in Ho Chi Minh City

Number of Japanese Employees Stationed Overseas (SEKISUI CHEMICAL Group) (FY2024)

Breakdown by region (persons)						
North America / Latin America 50						
Europe	39					
Asia / Oceania 105						

2 DX human resource development

Responsible Procurement

SEKISUI CHEMICAL Group is focusing on the development of DX human resources with the aim of transforming business processes. We place emphasis on the development of human resources who can drive the business forward while utilizing and applying digital technology and we are aiming to turn all of our employees into DX human resources.

Specifically, we are rolling out DX literacy education to all employees so that each and every employee can understand that DX is their own concern and take action toward transformation. Furthermore, in addition to classroom lectures, we have also introduced courses in which employees receive one-on-one guidance from external instructors while solving business issues using real data, so that our human resources responsible for business can have better digital skills and work more efficiently. We have utilized these lectures and courses to increase the number of human resources who have the skill of solving issues using DX. Moreover, we are enhancing support so that the human resources who have gained these skills can provide guidance to other members of the company at their worksite to help them solve the business issues they face.

3 Manufacturing specialist development

Training is conducted for management and young employees to develop manufacturing specialists. Training for production managers is conducted for each position (production manager, production assistant manager, and site leader). This training is designed to help participants learn about SEKISUI CHEMICAL Group's approach to manufacturing so that they can better understand and carry out the roles required of each position. Through group discussions, participants learn about the challenges they will face in performing the duties of each position and how to improve their own level of leadership after returning to their respective workplaces. In FY2024, a total of 42 employees took part in this training.

In addition, basic production training provides opportunities for young employees working on the front lines to gain a basic understanding of all aspects of manufacturing, including safety, quality, and productivity. Using SEKISUI CHEMICAL Group's proprietary e-learning content, we also administer comprehension tests after watching videos to ensure that an acceptable level of understanding is firmly established. In FY2024, a total of more than 15,000 employees participated in this training, an increase of 4,000 employees from the previous year.

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Achieving Diversity

Strategy

■ Basic Concept

In 2015, SEKISUI CHEMICAL Group formulated its Diversity Management Policy and is working to promote diversity. Based on this policy, diversity is not only viewed in terms of such differences as gender, age, and race, but also in terms of differences in career backgrounds, values, personality, and other factors. Against this backdrop, we will work to understand, recognize, and harness these differences between each and every employee as strengths.

In addition, in order to remain a company where all employees can fully demonstrate their abilities and achieve self-actualization, SEKISUI CHEMICAL Group is focusing on creating an environment in which a disparate workforce can excel while facilitating little or no turnover. Underpinning these efforts are work style reforms and health and productivity management. In each case, we have clarified our commitment by issuing a Statement of Work Style Reform and Declaration of Health.

WEB Diversity Management Policy/Statement of Work Style Reforms/Declaration of Health https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P04

Important HR Strategies

Active Participation of Diverse Human Resources

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

Creating a Vibrant Work Environment

- · Ensure a healthy and comfortable working environment

· Create a safe and secure work environment

Indicators and Targets

Indicator

Priority KPI: Retention rate

Retention rate of all employees

Method of disclosure: 1- (Employee turnover (Number of people who left employment) ÷ Number of employees as of April of the fiscal year)

Major KPI: Ratio of women in management position

Percentage of female managers to all managers (Managers, Department Managers and General Managers level or above, excluding Executive Officers and Directors)

Major KPI: Recruitment ratio of women

Recruitment ratio of women for both new graduates and mid-career hires

Major KPI: Gender wage gap

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

Method of disclosure: Average annual wage for women ÷ average annual wage for men

Major KPI: Percentage of male employees taking childcare leave

Percentage of male employees who took at least one day of childcare leave during the fiscal year Method of disclosure: Male employees who took childcare leave during the relevant period* ÷ Male employees whose spouse gave birth during the relevant fiscal year

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

Major KPI: Employment ratio of people with disabilities

Percentage of employees with disabilities to all employees

Method of disclosure: Number of regular workers who have physical, intellectual, or mental disabilities + Number of regular workers

Major KPI: Total working hours

Total actual hours worked during the year

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

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

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

Method of disclosure: Number of employees who were absent from work for more than one consecutive month due to mental health issues ÷ Number of employees covered by health management

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Targets

Retention rate (SEKISUI CHEMICAL)

- Maintain or improve compared to the previous year
- Ratio of women in management position (SEKISUI CHEMICAL)
 - · 5% (FY2025)
- Recruitment ratio of women (SEKISUI CHEMICAL)
 - Ratio of female new graduate employees: 35% (FY2025)
- Gender wage gap (SEKISUI CHEMICAL)
 - Maintain or improve compared to the previous year

- Percentage of male employees taking childcare leave (SEKISUI CHEMICAL)
 - · 75% (FY2025)
- Employment ratio of people with disabilities (SEKISUI CHEMICAL)
 - · 2.5% (above the legally stipulated ratio)
- Total working hours (SEKISUI CHEMICAL)
 - · 2.000 hours or less (FY2025)
- Rate of long-term leave due to mental health problems (SEKISUI CHEMICAL Group/ Japan)
 - · 1.0% or less (FY2025)

Major Initiatives

Active Participation of Diverse Human Resources

Basic Concept of Diversity

We are aiming to create new value and foster innovation in our business by bringing together diverse talent and having them work together. We will also nurture a culture of challenge by creating a culture and appropriate environment in which all employees are able to work dynamically and make the most of their unique characteristics and talents and by expanding the circle of inclusion.

Retention Rate (SEKISUI CHEMICAL) <a>I

		FY2020	FY2021	FY2022	FY2023	FY2024
	Male	98.4	97.6	97.2	97.6	97.8
Retention Rate (%)	Female	95.7	96.8	96.1	97.2	97.7
(70)	Total	98.0	97.5	97.0	97.5	97.8

1 Promote the employment and retention of diverse human resources

Aiming to employ diverse human resources, we are promoting the hiring of new graduates to continuously secure human resources on a certain hiring scale for the strengthening of management's ability to sustain business. We are also focusing on mid-career recruitment to keep pace with changes and needs in the business environment.

To promote the retention of a diverse workforce, in order to enable a variety of human resources to continue working without being affected by their individual circumstances, we have adopted flexible hours, working from home, and other systems that accommodate diverse work styles, and are providing support for balancing work with various life events such as nursing care, childcare, and illness.

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Composition, Number, and Ratio of Female Directors and Audit and Supervisory Board Members (SEKISUI CHEMICAL) (FY2024)

	Dire	ctors		ervisory Board ibers		
	Internal Directors	Outside Directors	Full-time Audit and Supervisory Board Members	Outside Audit and Supervisory Board Members	Total Officers	Executive Officers
Male (persons)	7	2	2	3	14	31
Female (persons)	0	3	0	0	3	2
Ratio of Female (%)	_	60.0	_	_	17.6	6.1

Number of Female Directors and Female Managers (SEKISUI CHEMICAL Group/Japan) [Number of officers excluding SEKISUI CHEMICAL]

	FY2020	FY2021	FY2022	FY2023	FY2024
Number of Female Directors (persons)*	2	2	3	4	1
Number of Females in Managerial Positions (persons)*	188	195	206	240	260

^{*} Disclosed for the domestic group until FY2023 and disclosed for the consolidated group from FY2024

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Composition of Personnel (SEKISUI CHEMICAL)

		FY2020	FY2021	FY2022	FY2023	FY2024
	Male (persons)	3,308	3,250	3,226	3,270	3,314
Employees*1	Female (persons)	652	652	661	705	748
	Ratio of Female (%)	16.5	16.7	17.0	17.7	18.4
	Male (persons)	3,060	3,023	3,032	3,119	3,214
Regular Full-time Employees*2	Female (persons)	601	607	627	668	718
, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Ratio of Female (%)	16.4	16.7	17.1	17.6	18.3
Average Years of Continuous	Male (years)	17.2	17.6	17.9	17.1	17.1
Employment*2	Female (years)	12.4	12.9	13.1	12.2	12.0
	Male (persons)	672	700	790	801	831
Managerial Positions (Managers)	Female (persons)	44	45	47	57	64
, , ,	Ratio of Female (%)	6.1	6.0	5.6	6.6	7.2
Managerial Positions	Male (persons)	649	635	558	577	571
(Department Managers and	Female (persons)	16	15	17	14	15
General Managers)	Ratio of Female (%)	2.4	2.3	3.0	2.4	2.6
	Male (persons)	1,321	1,335	1,348	1,378	1,402
All Managerial Positions	Female (persons)	60	60	64	71	79
	Ratio of Female (%)	4.3	4.3	4.5	4.9	5.3
Employees Newly	Male (persons)	58	54	70	53	56
Appointed to Managerial	Female (persons)	6	3	6	5	6
Positions	Ratio of Female (%)	9.4	5.3	7.9	8.6	9.7
Deputy (Assistant)	Male (persons)	796	795	827	880	928
Manager / Supervisor	Female (persons)	96	113	127	145	163
Level*3	Ratio of Female (%)	10.8	12.4	13.3	14.1	14.9

^{*1} Workers with direct employment relationships with the Group (including permanent, full-time employees and non-full-time employees as well as workers on loan from the Group to other companies but excluding workers on loan from other companies to the Group)

Composition of Personnel (SEKISUI CHEMICAL Group/Japan)

		FY2020	FY2021	FY2022	FY2023	FY2024
	Male (persons)	16,062	15,857	15,822	15,767	15,738
Employees	Female (persons)	5,100	5,069	5,195	5,202	5,209
	Ratio of Female (%)	24.1	24.2	24.7	25	24.9
	Male (persons)	483	405	448	508	489
New Graduate Recruitment	Female (persons)	209	150	183	180	160
	Ratio of Female (%)	30.2	27.0	29.0	26.0	24.7
	Male (persons)	2,847	2,865	3,031	3,110	3,073
Managerial Positions (Managers)	Female (persons)	160	168	178	204	224
, , , ,	Ratio of Female (%)	5.3	5.5	5.5	6.0	6.8
Managerial positions	Male (persons)	1,570	1,533	1,400	1,398	1,504
(Department Managers and	Female (persons)	28	27	28	26	36
General Managers)	Ratio of Female (%)	1.8	1.7	2.0	2.0	2.3
	Male (persons)	4,417	4,398	4,431	4,508	4,577
All Managerial Positions	Female (persons)	188	195	206	230	260
	Ratio of Female (%)	4.1	4.2	4.4	4.9	5.4
	Male (persons)	205	191	191	194	137
New Managers*4	Female (persons)	12	22	22	23	18
	Ratio of Female (%)	5.5	10.3	10.3	10.6	11.6

^{*4} Including non-consolidated companies until FY2023, but excluding non-consolidated companies from FY2024

^{*2} Employees with no determined period of employment (including workers on loan from the Group to other companies but excluding workers on loan from other companies to the Group)

^{*3} Advanced level employees in the Business Career Course

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Age Composition of Permanent, Full-time Employees* (SEKISUI CHEMICAL) (FY2024)

	Under 30	30-39 years old	40-49 years old	50-59 years old	60 or older
Male (persons)	397	714	668	1,167	268
Female (persons)	172	216	128	179	26
Ratio of Female (%)	30.2	23.2	16.1	13.3	8.8

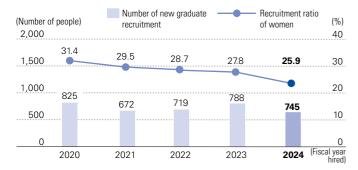
^{*} Employees with no determined period of employment (including workers on loan from the Group to other companies but excluding workers on loan from other companies to the Group)

Recruitment (SEKISUI CHEMICAL)

		FY2020	FY2021	FY2022	FY2023	FY2024
	Male (persons)	83	63	64	83	92
New Graduate Recruitment *1	Female (persons)	43	18	25	38	36
ricorditinone	Ratio of Female (%)	34.1	22.2	28.1	31.4	28.1
	Male (persons)	21	19	50	75	90
Mid-career	Female (persons)	2	3	9	15	26
Recruitment	Ratio of Female (%)	8.7	13.6	15.3	16.7	22.4
	Ratio of Mid-career Employees Hired (%)*2	15.4	21.4	39.9	42.7	47.5

^{*1} Employees who joined the Company for the first time after graduation (undergraduate degree, graduate school, etc.) with no working experience

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



^{*} Including certain affiliates accounted for by the equity method

Training Results Common throughout the Group (SEKISUI CHEMICAL Group/Japan)

	FY2020	FY2021	FY2022	FY2023	FY2024
New Employee Induction Training (persons)	101*	150	152	158	190

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

New, Mid-career Hires Training (SEKISUI CHEMICAL)

	FY2020	FY2021	FY2022	FY2023	FY2024
Number of Participants (persons)	42	35	58	74	131

^{*} Held once every six months until the first half of 2024. Changed to holding it every month from September 2024.

Employee Turnover (Number of People Who Left Employment) (SEKISUI CHEMICAL)

		FY2020	FY2021	FY2022	FY2023	FY2024
Employee Turnover (Number of	Male	48	74	85	76	69
People Who Left	Female	26	20	25	19	16
Employment) (persons)	Total	74	94	110	95	85
EmployeeTurnover	Male	1.6	2.4	2.8	2.4	2.2
(Number of People Who Left	Female	4.3	3.2	3.9	2.8	2.3
Employment) (%)	Total	2.0	2.5	3.0	2.5	2.2

^{*} Calculation Method: Employee turnover in the relevant fiscal year ÷ Number of employees as of April of the fiscal year

Retention Rate After Three Years (SEKISUI CHEMICAL)

	FY2018	FY2019	FY2020	FY2021	FY2022
Retention RateThree Years After Employment (%)	88.6	93.1	89.6	89.0	95.5

^{*} Calculation Method: Number of employees enrolled as of April in year (X + 3) ÷ the number of regular hires as of April in year X

^{*2} Mid-career recruitment (experienced personnel hires) ratio: Ratio of mid-career hires to all hires

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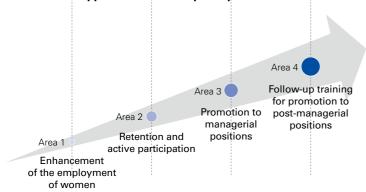
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2 Promote diversity and support work-life balance

2-1 Promote gender diversity

Our efforts to promote women's empowerment are divided into four areas: enhancement of the employment of women, retention and active participation, promotion to managerial positions, and follow-up training for promotion to post-managerial positions.

Four areas of support for the active participation of women



Themes	Targets (2030)	Results	Major Initiatives
Enhancement of the employment of women	Recruitment ratio of women 35%	28.1%	· Publication of articles featuring interviews with female managers
Retention and active participation	Retention rate after 10 years 95%	84.2%	Women's Career Seminar (for young employees, for after returning to work from maternity leave and childcare leave) Field survey
Promotion to managerial positions	Ratio of managers 8%	5.3%	· Implementation of the Women's Career Development Program
Follow-up training for promotion to post-managerial positions	Advanced level management 15 people	5 people	· Introduction of the Women Managers Mentor System

From promotion of women's empowerment to gender diversity

The Group is aiming to be an organization in which its employees can play an active role regardless of their gender, so against this backdrop, in FY2024 we changed from the expression "promotion of women's empowerment," which indicates a specific gender, to the expression "gender diversity." The commitment of the top managers is essential for this theme. In order to encourage the participation of the employees, the President and the Chairperson of the Diversity Promotion Committee delivered to all the employees messages celebrating International Women's Day and making commitments to the initiative. Original novelties calling for participation in the promotion of gender diversity were distributed at some business sites.



March 8 International Women's Day Novelty and Director, Executive Officer, and Head of Human Resources Department

Performance Data

Training Results for Women (SEKISUI CHEMICAL Group/Japan)

•	•			•		
		FY2020	FY2021	FY2022	FY2023	FY2024
Women's CDP Training	Women (persons)	52	58	49	48	55
(selected participants)	Supervisors (persons)	46	55	46	46	52
	Young employees (persons)	_	-	55	36	19
Seminar (open	While raising children (persons)	_	_	73	34	23
participation)	All levels (persons)	_	-	67	37	_

Gender Wage Gap (SEKISUI CHEMICAL) (FY2024)

Regular full-time employees (%)	Non-permanent, non-full-time employees (%)	Overall (%)
69.7	103.3	70.0

^{*} Including workers on loan from the Group to other companies

^{*} There is no wage disparity in the human resources system; based on the labor composition (age and qualifications) ratio

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2-2 Promote the active participation of people with disabilities

We are working on the employment of people with disabilities across the Group as this is one of our major diversity promotion policies.

When hiring, we give top priority to matching the characteristics of people with disabilities with the workplace and job content, and we provide workplace tours and hands-on training. After people with disabilities join the company, we hold regular interviews with them and work to improve our retention rate with regards to people with disabilities.

It is now the second year since we launched the farming model (farm) and we have expanded its scale. The vegetables grown on the farm are provided to the cafeterias of business sites and are utilized to promote better health among the employees. Furthermore, to support the employment of people with disabilities at each Group company, we provide individual support for hiring activities and hold study sessions for those in charge of personnel affairs.

Performance Data

Employment Ratio of People with Disabilities (SEKISUI CHEMICAL)

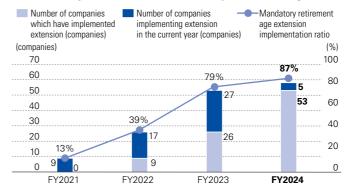
	FY2020	FY2021	FY2022	FY2023	FY2024
Employment Ratio of People with Disabilities (%)	2.7	2.5	2.3	2.4	3.1*

^{*} As of June, 2024

2-3 Promote the active participation of seniors

SEKISUI CHEMICAL Group is working toward extending the mandatory retirement age up to the age of 65 across the Group in order to encourage each and every employee to play a leading role and continue to take on challenges regardless of age. We extended the mandatory retirement age at SEKISUI CHEMICAL CO., LTD. in October 2021 and are advancing initiatives to extend the mandatory retirement age up to the age of 65 across the Group during FY2025. Furthermore, we conduct training for employees who selected mandatory retirement age extension so that they can clearly imagine their roles and their work after mandatory retirement age extension.

Status of implementation of mandatory retirement age extension



Performance Data

Training Results for Seniors

	FY2021	FY2022	FY2023	FY2024
Employees in management positions who took career training after selecting to extend their mandatory retirement age (persons)	51	35	55	42
General employees who took career training after selecting to extend their mandatory retirement age (persons)	27	34	11	27
Employees of Group companies who took career training after selecting to extend their mandatory retirement age (persons)	-	50	127	55
[Required] Employees at age 57 who took the required career training before selecting to extend their mandatory retirement age (persons)	-	94	69	226
[Elective] Employees between the ages of 50 and 56 who took elective career training before selecting to extend their mandatory retirement age (persons)	-	60	41	326

^{*} Career training before selecting to extend the mandatory retirement age was only for SEKISUI CHEMICAL CO., LTD, until FY2023. As a consequence of rolling out the mandatory retirement age extension system to the Group companies, from FY2024 we expanded the target of the career training before selecting to extend the mandatory retirement age to all of the Group companies. The training policies differ at each Group company, so we stopped making the training required and instead made it elective for all employees

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2-4 Active participation of global human resources

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

Development of overseas local human resources

Led by the regional headquarters of the China area, we commenced the Manager Successor Development Program from FY2024. With the aim of producing top management resources, seven next-generation management candidates from each Group company in China gathered together and underwent intensive training over a period of ten months. They systematically learned about formulating visions and strategies, generating innovative ideas, and drawing up action plans, and will provide recommendations to the entire company. The program was a meaningful activity which led to the growth of each and every participating member and can be expected to generate synergies within the region through exchanges between the participants across companies.





Performance Data

Breakdown of the Number of Employees (SEKISUI CHEMICAL Group) (FY2024)

	• • • •
ltem	Number of persons
Total number of employees	26,918
Japan	19,909
North America/ Latin America	2,272
Europe	1,086
Asia / Oceania	3,651

2-5 Support for balancing childcare and work

· Support for balancing work and childcare

In order to support working styles that accommodate such life events as childbirth and child rearing, SEKISUI CHEMICAL Group is working to develop systems and create an environment in which these systems are easy to adopt. As for the systems of SEKISUI CHEMICAL CO., LTD., employees can take childcare leave until their child reaches three years of age and can use the shortened working hours system until their child enters junior high school (use in combination with flexible hours is allowed). Moreover, we also provide a financial support system for employees during their childcare leave period, creating an environment in which employees can concentrate on childcare with peace of mind. In addition to the head of the Human Resources Department sending out messages, e-learning courses are also provided to managers to create a corporate environment that is conducive to adopting these systems.

Our initiatives for childcare leave for men include raising awareness of the system among the supervisors of male employees who have had children and the male employees themselves. In FY2024, we published a roundtable discussion in the company newsletter between supervisors whose multiple male subordinates in their department had taken childcare leave, as a message to supervisors who are key to men taking childcare leave in particular, and worked to create an environment in which it is easier for them to take advantage of the system.

Use of Childcare-related Systems (SEKISUI CHEMICAL)

		FY2020	FY2021	FY2022	FY2023	FY2024
Ratio of those who took	Male 🗹	34.6	47.3	68.1	69.8	90.1
childcare leave (%)*1	Female	95.8	100	100	97.1	92.9
Average number of childcare	Male	43.3	38.8	29.1	47.3	59.9
leave acquisition days (days)*2	Female	270.3	293.8	358	371.7	322.1
Ratio of those who returned	Male	100	100	100	100	100
to work after childcare leave (%)	Female	95.5	91.7	100	96.0	100

^{*1} Excludes those who are taking maternity leave. From FY2024, those who had children before joining the Company and workers on loan from other companies are excluded from the calculation.

· Support for Balancing Nursing Care and Work

We are focusing on building an organizational culture for balancing nursing care and work. We have published the Nursing Care Road Walking Guide, a booklet that summarizes the Nursing Care Preparedness Seminar (Video Training) as well as details of public and in-house support, etc. which is available to all employees, for when they are facing having to provide nursing care or are preparing to do so.

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

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· Support for Balancing Illness (Treatment) and Work

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

Taking advantage of the fact that a new system, the Childbirth Support Leave System, was introduced in FY2024, we held a seminar to once again consider "balancing fertility treatment and work" (a total of 144 people participated). A reproductive medicine specialist imparted knowledge of diseases, treatments, how best to provide support in the workplace, and other useful information.

Usage Results for the Balanced Support Policies 1 (SEKISUI CHEMICAL)

(Number of people)

Policy	Main content		FY2020	FY2021	FY2022	FY2023	FY2024
	Can be taken until the child enters junior high school.	Male	1	0	0	2	2
working hours	(The statutory end date is	Female	67	64	70	78	65
for childcare	until the child reaches three years of age.)	Total	68	64	70	80	67
	Times of starting and fin-	Male	4	3	1	1	3
Use of flexible	ishing work may be moved earlier or later by up to	Female	6	4	0	3	0
working hours	· ·	Total	10	7	1	4	3
	Three days of special care	Male	126	156	152	174	208
Family leave	leave per year granted until the child or grandchild starts	Female	51	54	68	77	86
	high school.	Total	177	210	220	251	294
	Up to a total of 93 days for	Male	1	2	1	2	4
Nursing care leave	each individual eligible for care. (Up to a maximum of	Female	0	1	1	1	0
leave	one year for the first individ- ual eligible for care.)	Total	1	3	2	3	4
Shortened	Two days per week or 4.5	Male	1	1	1	0	1
working hours	hours per day for a maxi- mum of three years for each	Female	0	0	2	2	1
for nursing care	individual eligible for care.	Total	1	1	3	2	2

Usage Results for the Balanced Support Policies 2 (SEKISUI CHEMICAL)

(Number of people)

Policy	Main content		FY2020	FY2021	FY2022	FY2023	FY2024
Accumulated	Accumulated Acquired on an hourly basis	Male	21	13	32	43	52
annual leave (for raising	for children up to the age of	Female	39	37	52	52	54
children)	18	Total	60	50	84	95	106
Accumulated	Acquired on a daily basis (10	Male	25	35	58	71	64
annual leave (for personal	or more consecutive busi-	Female	9	13	46	40	42
injury or illness)	ness days) or hourly basis	Total	34	48	104	111	106
Accumulated	Acquired for care giving on	Male	6	2	10	28	36
annual leave	a daily or hourly basis for	Female	10	12	20	17	14
(for care giving)		Total	16	14	30	45	50
Accumulated	Acquired for health nursing	Male	14	11	37	58	70
annual leave (for health	on a daily or hourly basis for spouses, parents, children,	Female	14	24	38	45	39
nursing)	etc.	Total	28	35	75	103	109
Accumulated		Male	0	0	0	2	1
annual leave (for fertility	Acquired on a daily or hour- ly basis	Female	1	1	4	5	4
treatment)	., 546.6	Total	1	1	4	7	5
Accumulated		Male	1	0	1	6	10
annual leave (for	Acquired on a daily or hour- ly basis	Female	1	0	0	3	6
volunteering)	., 200.0	Total	2	0	1	9	16

^{*} Accumulated annual leave can be accumulated up to 40 days per year out of the annual paid leave that expires, and can be taken in days or hours depending on the purpose

P.118 Status of annual paid vacation days

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Creating a Vibrant Work Environment

Create a safe and secure work environment

In addition to efforts aimed at reducing working hours based on the Statement of Work Style Reforms, SEKISUI CHEMICAL CO., LTD. is endeavoring to improve work productivity. To pursue a highly productive work style that maximizes results in a limited amount of time, it is important for employees to work autonomously and for supervisors to engage in self-directed support-type management. In order to instill this approach in our employees, we have rolled out the Work Style Reforms Guidelines and Work Style Reforms e-learning, and we are implementing training for managers to coach employees' self-support.

To realize flexible work styles, we are upgrading and expanding Group-wide working from home, flexible hours and other systems. As a result, coexistence between going to an office and working remotely has taken hold. Furthermore, in FY2024 we newly introduced two systems, Spouse Transfer Leave and Childbirth Support Leave, and the Group is continuously upgrading and expanding mechanisms enabling employees to develop their careers.

We will continue to maintain close communication between the Company and labor union, engage in constructive dialogue on issues common to labor and management, and promote system revisions related to flexible work styles through the Labor-Management Committee.

WEB Statement of Work Style Reforms

https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P04

Performance Data

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

Training name	FY2022	FY2023	FY2024
Training for managers to coach employees' self-support (persons)	202	74	113

Hours Worked and Paid Vacation Days Taken (SEKISUI CHEMICAL)

	FY2020	FY2021	FY2022	FY2023	FY2024
Monthly average number of overtime hours per employee (hours)	15.6	18.2	19.0	18.7	19.3
Annual average number of total hours worked per person (hours)	1,903	1,925	1,932	1,919	1,929
Percentage of paid vacation days taken per employee (%)	58.2	64.9	66.6	74.7	71.8
Average number of paid vacation days taken per employee (days)	11.2	12.5	12.8	14.1	13.6

^{*} Excluding managers and workers on loan from other companies

Number of Labor Union Members

The SEKISUI CHEMICAL Labor Union serves as the Group's labor union. Adopting a union shop system, 100% of eligible employees are members (2,493 in FY2024).

Ensure a healthy and comfortable working environment

Promoting Health and Productivity Management

SEKISUI CHEMICAL Group strives to improve its employees' physical and mental health based on the idea that employees are valuable resources entrusted to the Group by society. In March 2019, we announced details of our Declaration of Health, and established the Basic Policy for Health and Productivity Management, which summarizes our philosophy regarding our goals for health and productivity management. We are also promoting health management using a Health and Productivity Management Strategy Map.

WEB Declaration of Health/Basic Policy for Health and Productivity Management

https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P04

WEB Health and Productivity Management Strategy Map

https://www.sekisui.co.jp/sustainability_report/pdf/csr_strategy_map.pdf (In Japanese only)

■ Declaration of Health for SEKISUI CHEMICAL Group

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

SEKISUI CHEMICAL Group Basic Policy for Health and Productivity Management

Strive to achieve the *Well-Being* of all employees, and create workplaces where diverse personnel can play an active role with vitality.

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

^{*} The average number of overtime hours per employee per month is calculated based on the prescribed working hours of 7.5 hours

^{*} Percentage of paid vacation days taken per employee = Number of paid vacation days taken ÷ Available paid vacation days

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

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■ Management Issues to be Solved through Health and Productivity Management

Contribute to greater productivity through healthy minds and bodies Address the declining birthrate and aging society Contribute to a higher engagement score Create and foster a well-being culture

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

SEKISUI CHEMICAL Group collaborates with the SEKISUI Health Insurance Society. We facilitate health and carry out uniform health checkups for all Group companies. In addition to introducing a health management system, we are also undertaking a variety of measures, including putting in place the SEKISUI Health Network (SHN), which can accommodate workplaces with less than 50 employees in a bid to promote better health Group-wide, including small work sites. We have established high-risk values and confirmed that the health of employees who fall under this category is being properly managed.

Seven Health Habits Support Program

As a part of our measures to prevent lifestyle-related diseases, since FY2019 we have been regularly conducting e-learning which is Seven Health Habits Support Program focused on seven health habits and we are recommending that our employees practice the seven health habits. In FY2024, we held four events using health support apps. In the walking event we held an individual competition and also a team competition, and 91.3% of those who attended said they enjoyed the event. For the sleep event, there was a 17.5 point improvement in the quality of sleep before and after the event. According to work day presenteeism measurements, performance also increased by 4.7 points, from 65.3 points to 70.0 points.

P.121 Presenteeism measurements

Performance Data

Health Checkups and Measures to Prevent Lifestyle-related Diseases (SEKISUI CHEMICAL Group/Japan)

	FY2019	FY2020	FY2021	FY2022	FY2023
Percentage of employees receiving health checkups (%)	99.5	99.5	99.7	99.6	99.8
Percentage of employees receiving a secondary medical examination (%)	67.1	70.6	69.7	68.5	70.0
Percentage of employees at a healthy weight (%)*1	65.3	64.8	65.1	64.9	64.6
Percentage of employees with abnormal results in health checkups (%)*2	54.1	60.6	59.8	58.7	59.0
Percentage of employees who have lifestyle-related diseases (%)*3	46.8	50.0	49.7	48.9	48.5
Percentage of high-risk employees (%)*4	1.01	1.18	0.98	0.94	1.08
Percentage of confirmations of high-risk employees' management status (%)*5	_	98.0	-	100	100
Percentage of smokers (%)	31.5	29.8	28.9	28.2	27.7
Percentage of employees with a drinking habit (%)*6	22.1	18.7	17.1	18.1	18.9
Percentage of employees with an exercise routine (%)*7	20.4	22.0	22.6	24.5	25.2
Percentage of employees who eat breakfast (%)*8	69.0	68.9	69.0	68.5	68.1
Percentage of employees who eat snacks appropriately (%)*9	81.3	82.9	83.1	82.5	82.1
Percentage of employees who sleep sufficiently (%)*10	64.7	68.9	68.0	67.4	66.7

- *1 Percentage of employees at a healthy weight: the percentage of employees with a BMI between 18.5 and 25.0
- *2 Percentage of employees with abnormal results in health checkups: the percentage of employees to whom at least one item among the five standard items of the SEKISUI CHEMICAL Group (blood pressure, glucose metabolism, lipids, liver function, and anemia) applied in the regular health checkup
- *3 Percentage of employees who have lifestyle-related diseases: the percentage of employees to whom at least one of the four standard items of the SEKISUI CHEMICAL Group (BMI, blood pressure, glucose metabolism, and lipids) applied in the regular health checkup
- *4 Percentage of high-risk employees: the percentage of employees to whom the standard high-risk value of the SEKISUI CHEMICAL Group applied in the regular health checkup
- *5 Percentage of confirmations of high-risk employees' management status: confirmation of the appropriate health management implementation status of employees to whom the standard high-risk value of the SEKISUI CHEMICAL Group applied in the regular health checkup
- *6 Percentage of employees with a drinking habit: the percentage of employees who drink sometimes or every day and drink 360 ml or more (equivalent to a net alcohol intake of 40 grams or more) on the days they drink
- *7 Percentage of employees with an exercise routine: the percentage of employees who have been exercising to the extent that they sweat lightly for at least 30 minutes per time at least two times a week for at least one year
- *8 Percentage of employees who eat breakfast: the percentage of employees who eat breakfast at least five times a week
- *9 Percentage of employees who eat snacks appropriately: the percentage of employees who sometimes consume or almost never consume snacks or sweet drinks outside the three meals of breakfast, lunch, and dinner
- *10 Percentage of employees who sleep sufficiently: the percentage of employees who get sufficient rest and recuperation from sleep
- * Data for FY2024 is being compiled as of July 2025
- * Some past figures have been revised due to improvements in precision

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Seven Health Habits Support Program(SEKISUI CHEMICAL Group/Japan)

	FY2020	FY2021	FY2022	FY2023	FY2024
Percentage of employees aware of the seven health habits (%)	60.1	69.7	75.9	83.4	85.0
Percentage of employees participating in the Seven Crown App (%)	_	11.8	16.0	16.4	17.1

^{*} Percentage of employees participating in the Seven Crown App: the percentage of employees participating in the Seven Health Habits (habits considered to be related to average life expectancy) Support Program utilizing the health support app, including affiliated companies' employees and dispatch employees

Initiative 2. Mental Health

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

1. Use of stress level tests

Stress level tests are conducted among all Group companies, including those with fewer than 50 employees. Population analysis has been mandatory since FY2019. The FY2024 population analysis was conducted at 100% of Group companies. In addition, detailed population analyses were conducted at 98.4% of the Group's business sites (93.7% in FY2023). Furthermore, the rate of workplace environment improvement based on stress tests was 69.1% (63.0% in FY2023).

Performance Data

Stress-check (SEKISUI CHEMICAL Group/Japan)

	FY2020	FY2021	FY2022	FY2023	FY2024
Stress-check Assessment Rate (%)	93.9	95.2	95.5	96.4	97.0
Percentage of Employees with a High Level of Stress (%)	14.5	16.4	17.2	16.5	16.2

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

2. Mental Health Training by Job Classification

SEKISUI CHEMICAL Group conducts self-care training for all Group employees and line care training for managers every year. Since FY2023, we have launched training for all new employees of the Group as a mental health measure for young employees.

Performance Data

Participation in Mental Health Training (SEKISUI CHEMICAL Group/Japan)

Training name	FY2020	FY2021	FY2022	FY2023	FY2024
Self-care training participation rate for all employees (%)	76.9	74.8	83.5	84.7	86.7
Line care training for managers participation rate (%)	_	91.0	90.8	57.9*	67.5*
Training participation rate for new employees(%)	_	_	_	94.5	95.9

^{*} Line care training for managers participation rate: only line managers were required to participate in FY2023 and FY2024.

3. Enhanced Consultation Centers Where Employees Can Comfortably Seek Advice

Consultation centers are available to any employee of the Group, regardless of employment format, thus strengthening the safety net function.

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

There are a variety of existing factors at workplaces that may hinder health, including chemical substances, working posture, and noise. To counter these factors, we are undertaking activities across the Group through the utilization of an occupational health and safety management system. In addition, we are also striving to enhance a range of internal systems so that not only healthy employees, but also employees with illnesses can work with peace of mind in a caring environment. In FY2024, we conducted e-learning on women's health for all employees and for managers in an effort to solve women's health issues. Furthermore, 208 employees participated upon request in the Working Women's Health Seminar by external lecturers held for female employees, their satisfaction was 80.7%, and their level of understanding was 99.4%. Furthermore, in FY2024, for the first time, we held health seminars by external lecturers on "preconception care" and "male menopause" for employees who requested them. The results of the participants questionnaire were satisfaction of 90.8% for the male menopause seminar and satisfaction of 100% for preconception care.

Both seminars provided an opportunity to deepen understanding of health issues specific to each biological sex and life stage, tailored to the needs of the employees. We will continue to work toward promotion of the fostering of a workplace culture which enables all employees to work with peace of mind.

^{*} Some past figures have been revised due to improvements in precision

^{*} Percentage of Employees with a High Level of Stress: calculated for companies subject to stress check (excluding some affiliated companies)

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Performance Data

Status of participation in policies concerning women's health issues (SEKISUI CHEMICAL Group/Japan)

	FY2020	FY2021	FY2022	FY2023	FY2024
Rate of participation in the women's health seminar for all employees (%)	66.0	74.4	67.1	-	70.8
Rate of participation in the women's health seminar for managers (%)	_	_	91.7	76.9	78.3
Rate of participation in the women's health seminar for female employees (%)*	_	_	65.0	67.7	4.6

^{*} Rate of participation in the women's health seminar for female employees: FY2022 to FY2023 e-learning participation rate, FY2024 participation rate on the day the webinar is held

Initiative 4. Group-wide Initiatives

In order to promote health and productivity management in unison as a group, we are promoting use of the Group's Health and Productivity Management Organization Recognition Program, in the large enterprise category. Group companies that are engaging in activities aimed at increasing the level of health through pre-assessment are covered under this use. We took steps to initiate information exchange meetings among applicable companies from FY2019. Having established specific health and productivity management targets for each company and putting in place a mechanism to share details regarding the level of achievement, we are promoting activities on an integrated Group-wide basis. In addition, we have appointed people responsible for, and others in charge of health and productivity management at approximately 300 business sites. In this manner, we have established systems that ensure the definitive promotion of health and productivity management. Furthermore, a working group meets monthly with the SEKISUI Health Insurance Society and in addition, attended by representatives of the labor union, the Health Up Committee meets once a year to share information and deliberate on measures.

Initiative 5. Increase Motivation and Productivity

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

Performance Data

Major KPIs (7 Indicators) (SEKISUI CHEMICAL Group/Japan)

	FY2020	FY2021	FY2022	FY2023	FY2024
Rate of long-term leave due to mental health problems (%) 🗸 *1 *6	_	1.02	1.13	1.14	1.28
Implementation of 4 or more of the Seven Health Habits (%)*6	58.0	54.0	63.9	63.5	64.5
Implementation ratio of workplace environ- ment improvements (%)*2*6	64.3	64.9	57.3	63.0	69.1
Presenteeism (%)*6	65.9	64.7	57.6	57.6	58.3
Absenteeism (days)*3*6	1.29	1.31	2.34	3.05	2.88
Employees in an ideal health condition (%)*4	_	_	33.1	31.9	33.3
Work engagement (%)*5	-	-	3.05	3.01	3.04

^{*1} Rate of long-term leave due to mental health problems: complete survey in the domestic SEKISUI CHEMICAL Group started from FY2021

^{*}The amount of investment in the operation of health-related measures, together with the Health Insurance Society, comes to approximately 850 million yen per year (excluding statutory health checkup costs).

^{*2} Presenteeism is a condition in which a person is working but is unable to perform at full capacity due to health problems. The calculation employs a self-assessed value for overall performance on working days over the past four weeks (28 days) on a scale of 0 to 10, with a higher score indicating a smaller loss. The survey uses WHO-HPQ

The University of Tokyo version one-question-type survey in FY2019, and WHO-HPQ survey from FY2020 onward.

^{*3} Absenteeism: Absent from work due to injury or illness. Actual calculation from FY2022

^{*4} Employees in an ideal health condition: Percentage of respondents who answered that their usual subjective mental and physical health was "very good" or "good" based on the survey with questions referenced from the OECD (BLI: Better Life Index)

^{*5} Work engagement: The nine-item average, of the nine-item version of the Utrecht Work Engagement Scale, the most widely used work engagement measurement

^{*6} Some figures have been retrospectively revised to improve accuracy.

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Safety Issues

Strategy (Stance, Approach, and Awareness of Risk)

■ Basic Concept

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

- 1. Safety management using OHSMS
- 2. Intrinsic Safety of Equipment*
- 3. Safety education of employees
- 4. Risk management, including risk assessment
- Safety as well as disaster-preparedness audits to evaluate the status of the above activities
- * Machine safety activities implemented by SEKISUI CHEMICAL Group. These activities promote improvements to unsafe areas of production equipment through intrinsic safety design policies and safeguards.



Awareness of Risk

SEKISUI CHEMICAL Group recognizes the following safety-related risks.

1. Serious equipment accidents (fires/explosions)

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

2. Work-related fatal or serious accidents

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

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

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

4. Serious violations of environment-related laws

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

■ Developing Human Resources Capable of Identifying Dangerous Situations

The Group promotes the following training programs for key personnel who play a central role in reducing risks at production sites.

1. Safety Leader (SL)

A staff member who assists safety managers and promotes safety management activities at business sites. The staff member is responsible for discovering and mitigating risks, and promoting safety education at their respective business sites.

2. Safety Sub - Assessor (SSA)

A machine safety specialist who is responsible for ensuring the safety specifications of newly introduced production equipment and discovering and mitigating risks related to existing production equipment at business sites.

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System for Occupational Safety

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

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

We have compiled a wide range of Group occupational health and safety data. This compilation includes data generated from work at production and construction sites and through research activities, as well as from partner companies outside the Group. The Safety Subcommittee met twice in FY2024, in October and March.

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

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

The ISO 45001 certified business sites (39) account for 41% of the total number of the Group's domestic and overseas production sites (96).

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

- SEKISUI CHEMICAL CO., LTD. Shiga-Ritto Plant (including Nishinihon Sekisui Industry Co., Ltd., Head Office and Okayama Plant)
- SEKISUI CHEMICAL CO., LTD. Gunma Plant (including Higashinihon Sekisui Industry Co., Ltd., Head Office and Watari Site)
- · Toto Sekisui Co., Ltd. Head Office and Plant
- · Shikoku Sekisui Industry Co., Ltd.
- · Nara Sekisui Co., Ltd.
- · Chiba Sekisui Industry Co., Ltd.
- · Yamanashi Sekisui Co., Ltd.
- · TOKUYAMA SEKISUI CO.,LTD.
- · SEKISUI CHEMICAL CO., LTD. Shiga-Minakuchi Plant
- · SEKISUI CHEMICAL CO., LTD. Taga Plant
- · SEKISUI CHEMICAL CO., LTD. Kyoto Research & Development Laboratories
- · Sekisui Medical Co., Ltd. Iwate Plant
- · Sekisui Medical Co., Ltd. Tsukuba Plant (including Ami Site)
- · Sekisui Medical Co., Ltd. Drug Development Solutions Center
- · Sekisui Medical Co., Ltd. Tokuyama Plant

The ISO 45001 certified business sites (18) account for 35% of the total number of the Group's domestic production sites (52).

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

SEKISUI S-LEC AMERICA, LLC.

SEKISUI S-LEC MEXICO S.A. de C.V.

SEKISUI S-LEC B.V.

SEKISUI POLYMATECH EUROPE B.V.

SEKISUI SPECIALTY CHEMICALS EUROPE S.L.

SEKISUI DIAGNOSTICS (UK) LIMITED

SEKISUI SPECIALTY CHEMICALS (THAILAND) CO., LTD.

SEKISUI RIB LOC AUSTRALIA PTY. LTD.

SEKISUI PILON PTY. LTD.

SEKISUI S-LEC (THAILAND) CO., LTD.

SEKISUI DLJM MOLDING PRIVATE LTD. Greater Noida

SEKISUI DLJM MOLDING PRIVATE LTD. Tapukara

SEKISUI DLJM MOLDING PRIVATE LTD. Chennai 1

SEKISUI DLJM MOLDING PRIVATE LTD. Gujarat

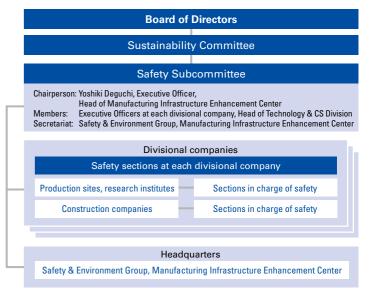
Sekisui S-Lec (Suzhou) Co., Ltd.

Sekisui Medical Technology (China) Ltd.

Sekisui Medical Technology (Suzhou) Co., Ltd.

The ISO 45001 certified business sites (21) account for 48% of the total number of the Group's overseas production sites (44).

Safety-promotion System



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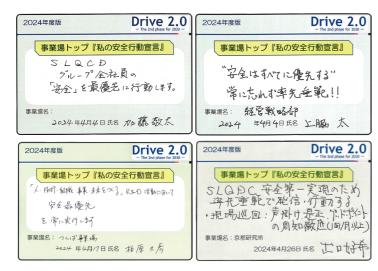
Occupational Safety Committee Meeting Held

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

Meetings of the Central Occupational Safety Committee were held at the Company's head office up to FY2019. This Committee served as a Group-wide forum for discussion between labor and management. Despite refraining from face-to-face meetings and the hiatus attributable to such factors as the COVID-19 pandemic, deliberations in the form of Central Occupational Safety Committee meetings, at which labor and management discuss issues and measures regarding safety activities, resumed from FY2022.

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

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



A safety declaration posted on the intranet

Risk Management

The Group identifies and manages safety-related risks as follows.

1. Serious equipment accidents (fires/explosions)

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

2. Work-related fatal or serious accidents

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

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

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

4. Serious violations of environment-related laws

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

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Implementation of Safety Audits

SEKISUI CHEMICAL Group has identified occupational health and safety management system evaluation categories, which are employed in the self-evaluations conducted at each business site as well as safety audit evaluations by Corporate Headquarters. The Group conducts safety audits at production sites and research institutes every three years. In FY2024, the Group conducted safety audits at 15 domestic sites. We were able to conduct document reviews including the close exchange of information, and site inspections from a broader perspective. We review evaluation categories each year, taking into account issues related to Group-wide safety management activities. In the future, the Group plans to make continuous improvements to its safety auditing procedures, to ensure that they are carried out appropriately in line with audit objectives and the circumstances in each case.

Implementation of Occupational Safety Assessments

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

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

Implementation of Medical Examinations

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

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

Indicators and Targets

Targets

Under the current Medium-term Management Plan, SEKISUI CHEMICAL Group is promoting safety activities based on the KPI of zero incidents of injuries attributable to machines and equipment with the aim of preventing serious accidents that could result in permanent disability by preventing injuries caused when caught or entangled in machinery and equipment. In FY2024, there were 10 incidents of injuries attributable to machines and equipment.

Major Implementation Measures	Management Indicators	Final Fiscal Year (FY2025) Targets of the Current Medium- term Management Plan	Number of Incidents in FY2024 ✓
Safety audits, mutual on-site inspections, comments and sound improvements through on-site risk assessment	Zero incidents of injuries attributable to machines and equipment	0	10

Major Initiatives

Development of Human Resources to Take the Initiative in Safety Activities

To strengthen its safety activities, the Group established and has continued to promote a Safety Leader (SL) certification system since FY2017. Certified SLs assist safety managers and promote safety management activities at each site.

In FY2024, 17 employees (and a cumulative total of 201 since FY2017) were certified under the SL certification system.

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

In addition, since FY2017, we have continued to support employees in their efforts to acquire Safety Sub - Assessor (SSA)* certification, holders of which promote machine safety activities. As of March 2025, a cumulative total of 246 employees have qualified with 207 holding certification. Furthermore, a total of 25 employees have acquired Safety Assessor (SA)* certification, 23 employees have maintained their SA certification, and two have acquired Safety Senior Assessor (SEA)* certification. Both SA and SEA rank above SSA.

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

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New Equipment Design Safety Standards

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

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

Standard A: Basic safety standards

Standard B: Common safety standards

Standard C: Individual equipment safety standards

In FY2020, we established the Revision Committee, which consists of 12 individuals with SSA*2 qualifications. This Committee updates these Standards with the goal of revising the content once a year.

- *1 Machine safety activities implemented by SEKISUI CHEMICAL Group. These activities promote improvements to unsafe areas of production equipment through intrinsic safety design policies and safeguards.
- *2 A safety qualification by Japan Certification Corporation that certifies knowledge of machinery safety based on international safety standards.

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

Since FY2021, the Group has conducted mutual on-site inspections among its manufacturing sites. This initiative is led by the Technology & CS Promotion departments of each divisional company,

and involves employees from different manufacturing sites, who work to uncover risks at each other's sites. Previously, safety, accident-prevention, and environmental audits were only conducted once every three years making frequent audits impossible. This made it difficult to horizontally deploy best practice examples of other business sites.

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

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



■ Improving Emergency Response Skills

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

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

Moreover, the Company conducts Heads-up Training where chemical processes are integral to production. More specifically, supervisors with years of experience will ask trainees what they would do if equipment designed to prevent danger fails. Trainees are then tasked with providing responses off the top of their heads. This training improves the skills needed to respond to unexpected situations in the event of a disaster by passing down to younger employees the on-site safety know-how accumulated over many years by senior employees. Through this training, we are able to improve equipment countermeasures and revise operating procedures. In addition to teaching trainees how to handle potential problems (troubleshooting), training is applied on various occasions, including evacuation as well as disaster prevention drills.

In addition, to ensure appropriate and timely external communication in the event of an emergency, we conducted simulation training in FY2024. In this training, teams of several members gather information within a time limit regarding a disaster scenario chosen for the training session, select and prioritize the information, and present it in a press conference format, with other teams acting as reporters asking questions. Through this training, participants learn how to gather information within a limited timeframe and learn the importance of selecting and prioritizing information, enabling them to respond calmly in the event of an emergency.

■ Deepening Understanding of the Basic Safety Principles

SEKISUI CHEMICAL Group is working to prevent occupational injuries caused by manufacturing machines and equipment through activities that ensure Intrinsic Safety of Equipment. At the same

time, we are endeavoring to prevent occupational accidents caused by the actions of workers. Based on the lessons learned from past occupational accidents that have actually occurred at Group sites, we have formulated and are implementing the Basic Safety Principles, which summarize the rules to be observed and prohibited matters during work across six categories for each work process.

In order to ensure that these principles are quickly disseminated throughout the Group, posters with illustrations and easy-to-understand explanations were prepared and distributed to all business sites in Japan and overseas.



Six Basic Principles for Hot Work Poster (Thai version)

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■ Measures to Prevent Fires and Explosions

Fires and explosions have a significant impact on the surrounding environment and on business continuity. As a preventive measure, we invite outside disaster prevention experts to undertake disaster-preparedness audits when conducting safety audits.

We verify such items as the storage and handling status of hazardous materials as well as the recovery systems used in the event of a natural disaster, etc., to detect disaster risks at an early stage and take preventive measures. In FY2024, we conducted audits at 17 business sites and identified 449 issues.



Type of audit	Target / Aim of audit
Safety audit	Document review Checking of conditions relating to health and safety management activities On-site inspections Confirmation of the safety of people's work, their working environments, the surfaces on which they walk, etc. Intrinsic Safety of Equipment measure status Inclusion of accident-prevention measures at the facility design and installation stages Process examinations of facility management departments Facility installation management, construction management, maintenance management * For sites that implement safety audits only, the audit will include the disaster-preparedness audit outlined as follows.
Disaster-preparedness audit	Primarily consists of audits for accident-prevention measures relating to business continuity · Checking of storage and handling conditions of hazardous as well as designated flammable materials · Checking of fire-fighting equipment maintenance status · Measures for responding to earthquakes and other natural disasters

■ Safety Audits at Overseas Business Sites

SEKISUI CHEMICAL Group has established and deployed global safety standards. The objective is to raise the level of safety activities at overseas production sites that operate within different legal, regulatory, and cultural environments.

In FY2024, auditors went directly to business sites to conduct on-site inspections. We also conducted an occupational health and safety management audit based on the Group's evaluation standards through remote meetings for sites that had completed on-site inspections.

■ Safety Awards

We hold the SEKISUI CHEMICAL Group Safety Conference every year.

In FY2024, awards were bestowed by the President, and case studies presented by sites with the best safety records using an online format on May 30.

■ Safety Management Across Construction Site Supply Chains

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

Emergency-preparedness Drills

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

Environment-related Complaints and Accidents

Environment-related Complaints and Accidents (FY2024)

Category		Number of cases	Details
Assidanta	Fires	0	_
Accidents	Leakage	0	_
Complaints		0	_

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

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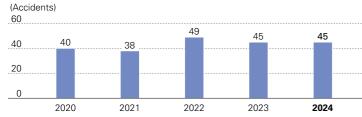
Performance Data

■ Safety Performance

Japan

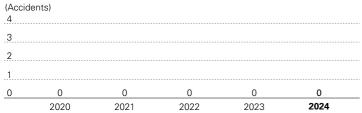
Aggregate scope: 48 production sites and 5 research institutes in Japan

Number of Occupational Accidents <a>



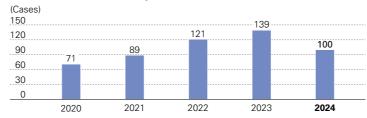
Indicator	Calculation Method
Number of Occupational Accidents	The number of occupational accidents (both those resulting in lost time and those not) occurring during a given fiscal year (April through the following March)

Number of Major Facility Accidents <a>V



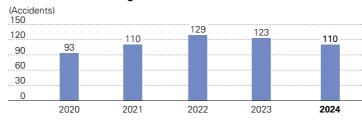
Indicator	Calculation Method
Number of Major Facility Accidents	The number of incidents where facilities malfunctioned (fires, leaks, etc.) that fulfill at least one of the following criteria (SEKISUI CHEMICAL Group criteria), from (1) to (3), occurring during a given fiscal year (April through the following March) (1) Human harm: An accident causing at least 30 days' lost work (2) Material harm: 10,000,000 yen or greater (3) Opportunity loss: 20,000,000 yen or greater

Number of Cases of Long-term Sick Leave



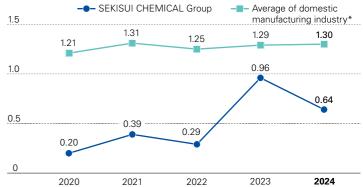
Indicator	Calculation Method		
lumber of Cases f Long-term Sick Leave	Describes leave of 30 days or more consecutively for sickness or injury occurring in a Japanese production site or research institute during the given fiscal year (April through the following March), and which is newly-occurring. Recurrences within 6 months of the start of work attendance are not counted. However, leave attributable to an occupational injury is counted as an occupational accident and not classified as long-term sick leave.		

Number of Commuting Accidents



Indicator	Calculation Method
Number of Commuting Accidents	The number of accidents occurring during commutes to Japanese production sites and research institutes during a given fiscal year (April through the following March); counting assault, damage, self-inflicted injury, and accidents; includes accidents while walking.

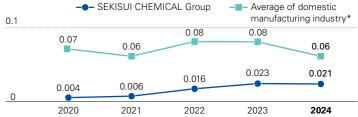
Frequency Rate Over Time



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

Indicator	Calculation Method
Frequency Rate	The total number of injuries, illness and fatalities in occupational accidents with lost time per 1,000,000 hours of total time worked during a given fiscal year (April through the following March). Formula for calculation: (Number of injuries, illness and fatalities in occupational accidents with lost time + total number of man-hours worked) x 1,000,000

Severity Rate Over Time



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

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

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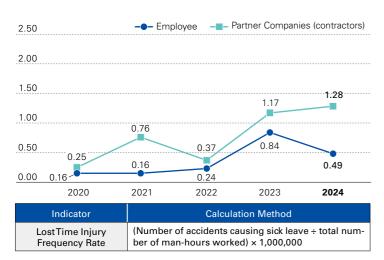
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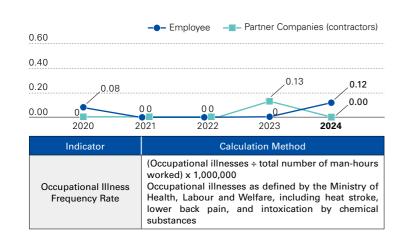
Respect for Human Rights

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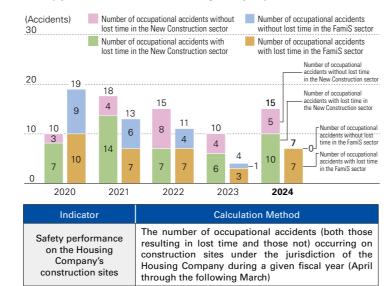
Lost Time Injury Frequency Rate (LTIFR) <



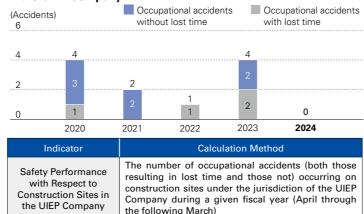
Occupational Illness Frequency Rate (OIFR)



Safety performance on the Housing Company's construction sites



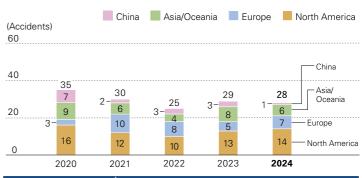
Safety Performance with Respect to Construction Sites in the UIEP Company



Overseas

Aggregate scope: 45 overseas production sites

Number of Occupational Accidents <a>



Indicator	Calculation Method
Occurrence of occupational accidents at overseas production sites	The number of occupational accidents (both those resulting in lost time and those not) occurring at overseas production sites during a given fiscal year (April through the following March)

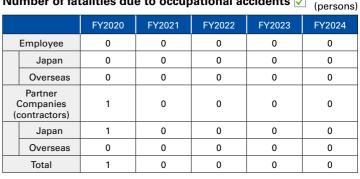
Japan and Overseas

Aggregate scope: 48 production sites, 5 research institutes, and

31 construction offices in Japan

45 production sites overseas

Number of fatalities due to occupational accidents <a>



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■ Health and Safety / Accident Prevention Costs

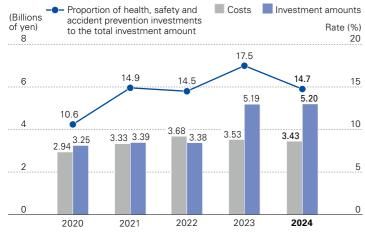
Aggregate scope: 46 production sites, 5 research institutes, Corporate Headquarters departments, and back offices of divisional companies in Japan

Accident Prevention Costs (FY2024)

(Millions of yen)

		,	110 01 9 0117		
ltem			SEKISUI CHEMICAL Group		
Classification Disclosure		Costs	Investment amounts		
1 Costs within business site areas	Health and safety measures, rescue and protective equipment, measurement of work environment, health management, workers' accident compensation insurance, etc.		5,198		
2 Administrative costs Establishment and implementation of OHSMS, safety education, personnel costs, etc.		2,048	0		
3 Other	Safety awards, etc.	12	0		
Total		3,429	5,198		

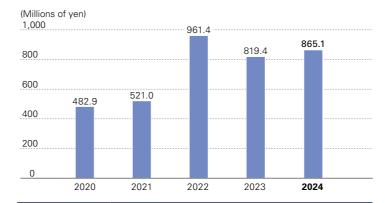
Costs and Investments Over Time



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

^{*} Collated after adding maintenance costs (production, logistics, and power transformer facility management) to costs within business site areas from FY2021.

Loss Costs Over Time



Indicator	Calculation Method
Loss costs	The costs of responding to, and the labor costs incurred due to, occupational accidents, facility accidents, commuting accidents, and long-term sick leave due to illness occurring during a given fiscal year (April through the following March)

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Strategy

■ Basic Concept

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

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

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

There were no significant concerns raised by stakeholders through each engagement in FY2024.

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Major Initiatives

Responsibility of SEKISUI CHEMICAL Group to Each Stakeholder and Communication Methods

Stakeholders	SEKISUI CHEMICAL Group's Commitment	Contact	Communication Methods	Frequency
	We take the voices of our customers seriously, offer prominent products and services and strive to build a long-term relationship of trust with our customers.	Departments in Charge of Quality Control Sales Department	· Customer Consultation Office (handles inquiries)	· Day-to-day
			· CS surveys (customer satisfaction surveys)	· As necessary (carried out whenever needed at each divisional company, business site, or sales office)
Customers			· Sales operations	· Day-to-day
	Control of the cont	Caroc Dopartment	· Website, social media	· Day-to-day
			· Exhibition spaces, expos / events	· As necessary (implemented through questionnaires and conversations at venues)
			· General Meeting of Shareholders	· 1 time per year
Shareholders	To meet the expectations of all our valued shareholders, we strive for highly efficient use of capital, fair ethical disclosure	 Departments in Charge of General Affairs 	· Management briefings, business briefings, etc.	· 7 times a year (briefings for institutional investors and analysts are released on the website)
Silaterioliders	of information, adequate returns from profit, and increasing corporate value through sustainable growth.	 Departments in Charge of IR Departments in Charge of ESG 	· Integrated reports	· Issued once per year
	corporate value tillough sustainable growth.	· Departments in Charge of ESG	· Responding to surveys from institutions that evaluate ESG	· As necessary (handled in order of inquiry)
			· Individual boss and subordinate interviews	· Regularly
		D	· Counseling	· As needed (counseling available upon request through an in-house occupational counselor or external clinical psychologist)
		 Departments in Charge of Human Resources 	· Labor-management meetings	· Regularly
	We foster among our employees a spirit of taking on new	· Departments in Charge of	· Central Occupational Safety Committee	· 1 time per year
Employees	challenges and are actively creating workplaces where every	Safety · Departments in Charge of Legal	· Internal whistleblowing system	· As needed (handling for consultations and reports)
Liliployees	employee can stand out and diverse human resources can both excel and feel that their work is worthwhile.	Affairs Departments in Charge of Esg Departments in Charge of FSG Departments in Charge of Public Relations	· Employee satisfaction surveys	· 1 time per year
			· Various employee questionnaires	· As needed (questionnaires implemented for internal publications, various types of training sessions, etc.)
			· Dialogue with management	· Regularly
			· Intranet	· As needed (information updated when necessary)
			· Internal newsletter	· 4 times per year
	When procuring materials, we follow the fundamentals of	· Departments in Charge of	· Purchasing activities	· Day-to-day
	being open, fair, compliant with the law and social norms, engaged in relationships of mutual trust, environmentally conscious, anticorruption, and considerate of human rights. We aim to achieve coexistence and shared prosperity by building more robust partnerships with our business partners and engaging in fair trade. We are also engaged in promoting CSR based on cooperation with our business partners.		· Explanatory meetings with suppliers	· Regularly
Supply chain		Purchasing	· CSR procurement questionnaires	· Once every 3 years
Зарріу спапі		· Departments in Charge of Legal Affairs	Points of contact for consultations from, and whistleblowing by, business partners	· As needed (handling for consultations and reports)
			·Website	· As needed (information updated when necessary)
	We emphasize a perspective that encompasses contributions		· Volunteering by employees	· Regularly
Local	to the development of communities through our business,	Departments in Charge of ESG Factories and Offices	· Dialogues with NPOs and NGOs	· As needed (implemented as necessary before and after activities)
communities	coexistence with communities, and environmental conserva- tion. We think about how to make measures that are tailored to the needs of each community and practice business in ways that engender trust.	Pactories and Offices Departments in Charge of Public Relations	· Support for learning (dispatching of instructors, factory tours, etc.)	· Regularly
			· News releases	· As needed (latest information posted as necessary)
	We are engaged in expanding and creating the market for	· Departments in Charge of ESG	· Volunteering by employees	· Regularly
Global	products to enhance sustainability, reducing our environmen-	Factories and Offices	· Dialogues with NPOs and NGOs	· As needed (implemented as necessary before and after activities)
environment	tal impacts, and conserving the natural environment—all with	 Departments in Charge of Sales Departments in Charge of 	· Sales operations	· Day-to-day
	the aim of realizing "earth with maintained biodiversity."	Purchasing	· Purchasing activities	· Day-to-day

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■ Direct Dialogue Events to Promote Mutual Understanding Between Top Management and Employees

SEKISUI CHEMICAL Group believes that dialogue between top management and employees is essential to solving challenges surrounding the company and its work, and has provided opportunities for direct dialogue between employees and top management since FY2022.

Continuing on from FY2023 as a direct dialogue opportunity, Town Hall Style Meeting with President/Top Management initiative was also held to allow employees to gain a true picture of top management and their intentions while generating increased energy through an improved sense of expectation and trust.

In FY2024, under the theme of making the company's future a personal matter, on-site sessions with small groups were held at group companies and offices, along with an online session titled "Talking Innovation with Outside Directors," which was open to a broad range of employees. Approximately 210 people participated in total.

Both events provided opportunities not only to hear the thoughts and experiences of top management but also for participants to directly ask questions and seek advice about their own concerns and challenges, leading to active two-way dialogue and the exchange of insights that can be applied to daily work.

☐ Direct Dialogue with Investors to Promote Mutual Understanding

SEKISUI CHEMICAL Group believes it is extremely important to engage in constructive dialogue with shareholders and investors in order to achieve sustainable growth and enhance corporate value over the medium to long term. We have therefore identified Active Engagement Between Investors and Management as one of our key issues, while the President and Representative Director and Senior Managing Executive Officer and Representative Director, Head of the Business Strategy Department are taking the lead in proactively holding quarterly financial results briefings and direct dialogue with shareholders and institutional investors to leverage our management strategy to enhance corporate value. During FY2024, we held 73 engagements.

As an opportunity for dialogue with institutional investors and analysts in FY2024, we held the SEKISUI CHEMICAL's sustainability (SX) and perovskite solar cell business briefing session, and published the content on our website. In the SEKISUI CHEMICAL's sustainability (SX) briefing, we explained the SEKISUI CHEMICAL Group's value creation process and its impact on solving social and environmental issues through Products to Enhance Sustainability, as well as our story for continuous enhancement of corporate value and maximization of shareholder value. In the perovskite solar cell business briefing, we provided an overview of the medium- to long-term outlook for the perovskite solar cell business, one of the key focus areas in the current Medium-Term Management Plan (FY2023–FY2025). Outside directors also participated in both briefings, explaining how they are involved in important management decisions. We received many questions and comments during the briefings.

WEB SEKISUI CHEMICAL's sustainability (SX) and perovskite solar cell business briefing session https://www.sekisuichemical.com/ir/presentations/event/ In recent years, interest in ESG investment has grown globally, and ratings agencies are proactively undertaking surveys. SEKISUI CHEMICAL Group compiles and publishes its Sustainability Report based on rating agency questionnaires and third-party reviews, as well as referencing various report-drafting guidelines including GRI and SASB standards and considering the importance of the report to society and SEKISUI CHEMICAL Group.

Number of Times Active Engagement Conducted Between Investors and Management

	FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Results
Number of engagements*	54	82	74	80	73

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

Promoting Understanding and Acceptance of ESG Management Concepts Among Employees

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

In FY2024, as in FY2023, we held President Workshop meetings for the presidents of local subsidiaries outside of Japan. We were able to confirm the progress and effectiveness of challenging behavior and engagement improvement measures, and gain insights that will lead to the resolution of our own issues from other companies' case studies.

Communication Tools with Employees

SEKISUI CHEMICAL Group has published an in-house magazine (including a series of special features on ESG management) and the SEKISUI CHEMICAL Group ESG Management Reader's Guide (introduction to ESG management), a tool to promote understanding of ESG management among all employees, in order to secure increased acceptance of the Group's ESG management. These communication tools including the ESG Management Reader's Guide and ESG-related materials are freely available for employees to download from the intranet, and are also distributed to all employees, regardless of whether they are regular or non-regular staff, on an as needed basis, for example when employees join the Company or when implementing ESG-related educational programs.

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

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■ Distributing Value to Stakeholders

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

(Unit: Millions of yen)

Stakeholders	Method of Calculating Amounts	FY2020	FY2021	FY2022	FY2023	FY2024
Shareholders	Dividends	22,193	23,177	25,100	29,094	32,937
Supply chain	Cost of sales, Selling costs / General administrative costs (Excluding personnel costs)	778,554	858,944	926,822	930,019	944,955
Employees	Labor costs, Salaries and allowances as part of sales costs and general administrative costs, Provisions for bonuses, Provisions for retirement pay	210,705	210,122	224,034	232,120	244,848
Local communities	Donations	218	198	198	296	297
Global environment	Environmental conservation costs	16,207	27,522	26,373	15,726	14,852
Government and adminis- trative bodies	Corporate taxes, local taxes, business taxes	19,902	31,099	28,727	32,425	35,867
Creditors	Interest paid as part of costs apart from sales	861	774	871	1,103	1,038

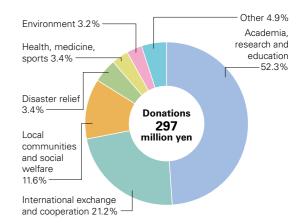
Performance Data

Details of donation activities in FY2024 (SEKISUI CHEMICAL Group)

(Unit:Thousands of yen)

Type of Donation	Amount
Donations	296,717
Employee volunteers	47,302
Donations of goods	6,257
Administrative costs	859

Breakdown of Cash Donations in FY2024



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

SEKISUI CHEMICAL Group respects international norms and standards including the Universal Declaration of Human Rights, ISO 26000, the OECD's Guidelines for Multinational Enterprises, the ILO's International Labor Standards, and the United Nations' Universal Declaration of Human Rights as well as Guiding Principles on Business and Human Rights (Ruggie Framework). In March 2009, SEKISUI CHEMICAL signed the United Nations Global Compact*. In addition, SEKISUI CHEMICAL Group is a supporter of the Japan Climate Initiative (JCI) Declaration. As such, the Group is joining the front line of the global push for decarbonization from Japan.

* United Nations Global Compact:

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

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

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

- *1TCFD: Task Force on Climate-related Financial Disclosures, a task force established in 2015 by the Financial Stability Board (FSB), an international organization that seeks to stabilize the financial system. It recommends that companies disclose information on their analysis of the impact of climate change on their finances.
- *2TNFD: Task Force on Nature-related Financial Disclosures, a framework established in 2021 for private companies and financial institutions to properly assess and disclose risks and opportunities related to natural capital and biodiversity. As a framework to followTCFD, it aims to construct a disclosure framework for nature-related risks
- *3 Disclosed on the Company's website under TCFD/TNFD Report. See the following for more information.
- WEB Disclosure of Information Based on TCFD/TNFD Recommendations https://www.sekisuichemical.com/sustainability_report/report/#tcfd

■ Major Organizations in Which SEKISUI CHEMICAL Group Participates

As of March 31, 2025

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

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■ Basic Concept

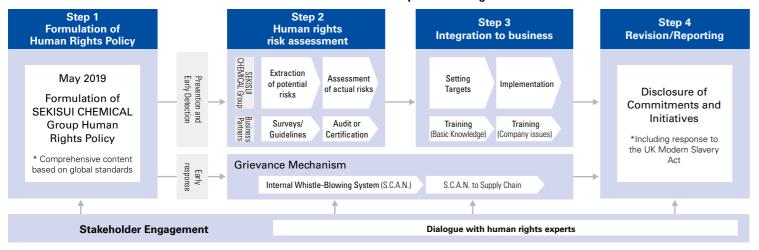
SEKISUI CHEMICAL Group recognizes its responsibility to protect the human rights of all people who are affected by its business activities. In recent years, human rights issues have received increasing attention from society as laws and regulations regarding human rights have been enacted in Japan and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

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

In the Medium-term Management Plan, we have identified the following as key issues: (1) cultivating and instilling a culture of respect for human rights; (2) implementing human rights due diligence to reduce risk; and (3) implementing the Grievance Mechanism. We will steadily advance business and human rights initiatives centered on the Human Rights Subcommittee, while also working to strengthen implementation capabilities at Divisional Companies and RHQs (regional headquarters).

WEB Human Rights Policy https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P01

Overview of SEKISUI CHEMICAL Group's Human Rights Initiatives



Awareness of Risk

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

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

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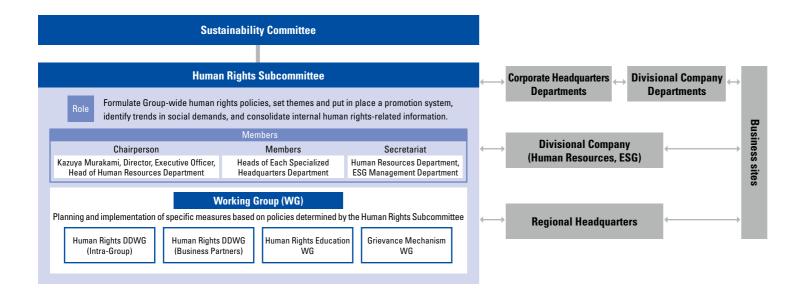
■ System

Since FY2022, SEKISUI CHEMICAL Group has had a Human Rights Subcommittee under the Sustainability Committee to strengthen its response to a wide range of human rights issues in a cross-organizational manner, and is promoting initiatives accordingly. In FY2024, we established a new Human Rights Subcommittee as the eighth subcommittee under the Sustainability Committee. In addition, the previous subcommittee was reorganized as the Human Rights Promotion Subcommittee, which is a subordinate organization of the Human Rights Subcommittee.

The Human Rights Subcommittee is composed of the Executive Officer and head of the Human Resources Department as chairperson, and the heads of each specialized headquarters department. The Human Rights Subcommittee is responsible for formulating Groupwide policies on human rights. At the same time, four working groups linked to the Human Rights Promotion Subcommittee draft and implement specific measures.

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

In FY2024, one meeting of the Human Rights Subcommittee and five meetings of the Human Rights Promotion Subcommittee were held.



☐ Grievance Mechanism

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

For Group employees, we operate the SEKISUI Compliance Assist Network (S.C.A.N), a whistle-blowing system for all domestic employees, and the SEKISUI CHEMICAL Group Global Hotline system available in multiple languages for all global employees, to receive reports and consultations.

We established and are operating a reporting and consultation desk on our website that can be used by executives and employees of business partners in Japan that engage in ongoing business transactions with SEKISUI CHEMICAL Group companies.

Going forward, we plan to expand the SEKISUI CHEMICAL Group Global Hotline externally and establish a system accessible to a wide range of stakeholders including overseas business partners.

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Risk Management

Risk Management

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

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

■ Human Rights Due Diligence (SEKISUI CHEMICAL Group)

SEKISUI CHEMICAL Group launched initiatives aimed at building a human rights due diligence*2 framework in November 2018. The major initiatives implemented up to FY2024 are as follows.

FY2018 to FY2019

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

FY2020

Implemented human rights interviews at domestic production sites.

FY2021

Conducted a survey-format human rights risk assessment on a global basis for management covering all Group companies and for employees (including indirect employees) at selected business locations.

FY2022

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

- UIEP Company: SEKISUI INDUSTRIAL PIPING CO., LTD. (Taiwan)
- Housing Company: Kinki Sekisui Heim Sekou Co., Ltd.

FY2023

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

- HPP Company: PT. SEKISUI POLYMATECH INDONESIA
- Housing Company: Healthy Service Corporation
- Construction company (a business partner of the Housing Company)

FY2024

Human rights interviews were conducted at four locations at overseas production sites and domestic construction sites.

- HPP Company: THAI SEKISUI FOAM CO., LTD.
- -Three construction companies (a business partner of the Housing Company)
- *2 Human rights due diligence is the ongoing management process of identifying and assessing any potential negative impact on human rights (human rights risks) from a company's business activities, and if there are human rights risks, the process of creating mechanisms to prevent or mitigate the impact from such risks.

Identifying and Remediating Human Rights Risks

SEKISUI CHEMICAL Group is implementing initiatives to identify and remediate human rights risks based on global human rights risk assessments.

In FY2022, we confirmed the status of each situation on an individual basis for Group companies in Japan and overseas (total of six locations) at which issues were identified through the above human rights risk assessments. After formulating remediation plans to address the issues identified, steps were taken at five locations, (Remediation plan example: draft employment agreements in workers' native languages in order to promote an understanding of employment agreements among foreign nationality workers employed at Group companies in Japan).

As for the remaining one location, a follow-up review was conducted in FY2024, confirming that a remediation plan was formulated and implemented (Remediation plan example: change in work arrangements to comply with local labor laws overseas).

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Human Rights Interview at an Overseas Production Site

In FY2024, as in FY2023, we conducted an interview on human rights at an overseas production site (Thailand).

THAI SEKISUI FOAM CO., LTD. determined that it was necessary to prioritize interviews based on the results of a potential human rights risk analysis conducted by an external specialized agency (Verisk Maplecroft) in FY2018 and a human rights survey targeting all Group companies, which confirmed that the human rights risks for employees were relatively high. We interviewed local employees for the purpose of gaining a better understanding of their actual working conditions (discrimination and harassment, appropriate wages, appropriate working hours, forced labor, occupational safety and health in the workplace, etc.).

Targets

11 employees (including four women), three cafeteria contractors (self-employed, including three women), and four managers (including one woman) working at HPP Company THAI SEKISUI FOAM CO., LTD.

Implementation method

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

Survey content

Discrimination and harassment, appropriate wages, leave/vacation, freedom of association and collective bargaining rights, respect for women's rights, etc.

Results

Although no significant negative impact on the human rights of employees was found in this survey, areas for improvement were identified for creating a better workplace environment, including providing regular opportunities for dialogue with employees, respecting the rights of female employees, occupational safety and health, and respecting the rights of subcontractors. THAI SEKISUI FOAM CO., LTD. formulated a remediation plan and took measures to address these issues.

*3 A non-profit organization with a network of various CSR initiative organizations both inside and outside of Japan and extensive experience with support programs for initiatives to reduce human rights risks within corporate supply chains.

■ Human Rights Interviews at Domestic Construction Sites

Since FY2020, SEKISUI CHEMICAL Group has conducted human rights assessments, including interviews with employees, at domestic production sites and construction companies of the Housing Company that employ foreign workers. This is in response to the high level of human rights risks related to the working environment of foreign workers in Japan identified through dialogue with overseas experts.

In FY2024, we conducted foreign national employment management assessments*4, including employee interviews, at three construction companies listed below, which are our business partners.

Targets

- 1 Construction Company K (business partner of the Housing Company): Two foreign nationality employees (0 women) and one manager
- 2 Construction Company I (business partner of the Housing Company): Three foreign nationality employees (0 women) and one manager
- 3 Construction Company H (business partner of the Housing Company): One foreign nationality employee (0 women) and one manager

Implementation method

- 1 Conducted a preliminary survey consisting of 342 questions in 40 categories regarding human rights, and held interviews with presidents, executives, foreign worker labor managers, and personnel and labor management supervisors based on the survey results.
- 2 Interviews were conducted with foreign nationality employees and managers for human resources and labor management.
- 3 Took remedial action with regard to the assessment results and matters indicated by third parties (Remedial action example: appoint a person in charge of lifestyle and business counseling, guidance, etc. for foreign nationality employees).

Results

Construction Company K (business partner of the Housing Company) was highly evaluated in each of the "hiring," "labor," "employee agreement," "human rights," and "job satisfaction" categories, exceeding the appropriateness criteria, and was recognized as a company that fairly employs foreign nationals. On the other hand, we provided feedback to the company on issues that were pointed out as future challenges (evaluation system, specialized education, career education, etc.).

Construction Company I (business partner of the Housing Company) was highly evaluated in each of the six items of "hiring," "labor," "human resources system," "job satisfaction," "human rights," and "internal agreements," categories, exceeding the appropriateness criteria, and was recognized as a company that properly employs foreign nationals. We provided feedback to the company on issues that were pointed out as future challenges (management training, career planning, and Japanese language education).

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An evaluation of Construction Company H (business partner of the Housing Company) is currently underway and is expected to be completed by the end of FY2025, including feedback to the company.

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

Human Rights Due Diligence (Our Suppliers)

Caring About Human Rights Issues Across the Entire Supply Chain

FY2024 was a year of new initiative revisions held once every three years, and activities were improved accordingly. A questionnaire that could be understood regardless of the scale of the business partner was created and distributed for the sustainable procurement survey. The content of the questionnaire is also designed to serve as a checklist for addressing human rights issues. While previous questionnaires were conducted in the three languages of Japanese, English, and Chinese, new versions were prepared in 13 languages including Traditional Chinese, Arabic, German, Indonesian, Korean, Malay, Dutch, Spanish, Thai, and Vietnamese, taking into account the location, language, and nationality of business partners. Based on the survey flow for the current fiscal year, we distributed the questionnaires to 617 companies globally.

Details of Human Rights Due Diligence Implementation in Supply Chains

In FY2024, we conducted a sustainable procurement survey based on a new survey flow that is conducted once every three years. Based on raw material purchase results from FY2022 and FY2023, we covered 1,096 companies and are currently conducting human rights due diligence using various methods, including confirmation of various conditions of business partners, verification through external ESG data services, questionnaire surveys using new questionnaire forms, awareness-raising through seminars scheduled for FY2025, and confirmation through dialogues scheduled for FY2025. The questionnaire survey using the new questionnaire form was distributed to 617 companies, and responses were received from 598 companies (response rate: 97%). The FY2025 seminar is scheduled to take place in seven regions including China, Taiwan, South Korea, Thailand, Europe (Netherlands), and the Americas (USA) in addition to Japan, and will feature programs tailored to each region delivered by external experts.

"About responsible mineral procurement" was revised in September 2024 to include provisions stating that companies must not yield to business pressure and that social responsibility must be fulfilled not only by direct suppliers but across the entire supply chain.

Indicators and Targets

	Current Medium-term Management Plan Targets (FY2023-2025)	FY2024 results
	Continuously implement human rights due diligence and gradually transition the operating entity to each divisional company and regional headquarters	SEKISUI CHEMICAL Group Human rights interviews conducted at HPP Company Thai Sekisui Foam Co., Ltd. Construction company (Business partner) Human rights interviews conducted at three construction companies (business partner of the Housing Company)
risks in the supply chain, put in place management regulations, expand self-audit operations and utilize external evaluations. Responsible mineral processing the supply of the supply o		Sustainable procurement survey (new method): 100% implementation rate Sustainable timber procurement survey: 100% implementation rate Responsible mineral procurement survey: 100% implementation rate "About responsible mineral procurement": Revised
Cultivate and instill a culture of respect for human rights - Awarer newly a . Incorporate the control of the		Held Human Rights Month (Global) Awareness program for management and executives: Conducted for newly appointed Executive Officers and directors of Group company Incorporated into existing training programs (conducted at key milestones such as new employee hiring and overseas assignments)
	Complete the global introduction of multi- lingual whistleblowing systems (SEKISUI CHEMICAL Global Hotline) that also func- tion as the Grievance Mechanism	Implemented in all global SEKISUI CHEMICAL Group companies (China, Asia, Australia, Europe, Americas) Reports received from China and other Asian countries

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Major Initiatives

■ Human Rights Education

Human Rights Training for Group Employees

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

As part of our human rights training program for domestic and overseas employees, we began deploying the Business and Human Rights e-Learning course via our intranet in North America, Europe, and Asia in FY2020 to promote awareness of the importance of human rights and our human rights policy.

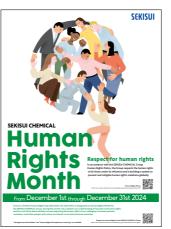
In FY2024, we continued the Compliance and Human Rights e-Learning program (aligned with Compliance Month in October and Human Rights Month in December) launched in FY2023 to promote a broader understanding of human rights and compliance among all Group employees worldwide, in collaboration with human resources and legal managers and staff in each region to increase participation rates.

In addition, for senior management, we are promoting understanding and implementation of the SEKISUI CHEMICAL Group's business and human rights initiatives based on our human rights policy through training sessions for newly appointed Executive Officers and newly appointed directors of Group companies.

Conducted SEKISUI CHEMICAL Group Human Rights Month

In order to provide opportunities for employees to act with respect for human rights, SEKISUI CHEMICAL Group held Human Rights Month in December 2024. In FY2024, the President's message was translated into 11 languages and distributed to all Group companies, along with Japanese and English versions of a human rights poster, and in Japan, a Business and Human Rights Seminar was held online on December 6. In addition, we addressed issues related to foreign workers in Japan, focusing on familiar topics, and we provided a video viewing during Human Rights Month.





■ Stakeholder Engagement

From June to December 2024, the SEKISUI CHEMICAL Group participated in a stakeholder engagement program*5 to promote human rights due diligence initiatives, where companies from various industries, NPOs, NGOs, and experts exchanged opinions. Participating companies received input from NPOs, NGOs, and experts on key social issues in Japan and overseas related to human rights and the environment, and engaged in discussions with various stakeholders to identify key human rights issues specific to each industry. We will share the new information and knowledge gained through this engagement to strengthen the foundation of our human rights initiatives and further advance our activities. We will continue to use the opinions of these stakeholders to promote systematic human rights initiatives in accordance with the Guiding Principles on Business and Human Rights.

Response to the UK Modern Slavery Act

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

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

WEB Statement on the UK Modern Slavery Act

https://www.sekisuichemical.com/sustainability_report/pdf/English_Modern_Slavery_Statement_for_FY2023.pdf

^{*5} Stakeholder Engagement Program: Hosted by the Caux Round Table Japan

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Strategy (Stance, Approach, and Awareness of Risk)

■ Basic Concept

SEKISUI CHEMICAL Group aims to continue evolving in its procurement activities with respect to accountability, transparency, and respect for stakeholders' interests, based on its Long-Term Vision, Vision 2030, the Vision Statement of "Innovation for the Earth": In order to realize a sustainable society, we support the basis of LIFE and will create peace of mind for generations to come. In addition to the conventional concepts of Q (quality), C (cost), and D (delivery), we therefore revised and made additions to the Basic Procurement Policy, guidelines, and surveys during our current Medium-Term Management Plan in order to promote responsible procurement that better considers society and the environment.

In preparation for the next fiscal year's sustainable procurement survey, we worked to list all suppliers in our supplier due diligence, which takes into account the Company's negative impact, contributions to, or direct links to people, the environment, and society. At the same time, we identified new methods to improve the effectiveness of due diligence and developed IT systems to undertake the necessary management. Recognizing that society's demands on companies will increase in the future, we will undertake a review in a timely and appropriate manner based on trends in overseas laws, regulations, and directives.

■ Awareness of Risk

SEKISUI CHEMICAL Group recognizes procurement-related risks as follows.

· Improper procurement in the supply chain

In the event that improper procurement occurs, we will identify the situation through appropriate procedures and work to correct it. If the problem is not corrected within a certain period of time, we will consider measures, including the suspension of business transactions, in both product sales and raw material purchases.

Revising the Basic Procurement Policy

We established the SEKISUI CHEMICAL Group Basic Procurement Policy as a policy to promote CSR procurement, which we also posted and disclosed on the Group's website. Since its formulation in October 2006, we have expanded the content of the Policy to include conflict minerals in 2014 and timber procurement in 2018 in response to social issues and demands that have arisen. In 2019, we further enhanced the Policy by incorporating environmental considerations. In response to the diversification of social expectations toward supply chains, such as those related to human rights, sustainability, anti-corruption, and to address the growing severity of social issues and increasing societal demands in recent years, in February 2024, SEKISUI CHEMICAL Group revised the Basic Procurement Policy together with the SEKISUI CHEMICAL Group Human Rights Policy. The revised policy requires suppliers to fulfill their responsibilities to respect human rights. At the same time, we posted information on the Company's website to widely publicize details. In September 2024, we also revised our "About responsible mineral procurement" (policy).

WEB Basic procurement policy

https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P08

Sustainable Procurement Guidelines (Supplier Code of Conduct)

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

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

WEB Sustainable Procurement Guidelines

https://www.sekisuichemical.com/about/assets/pdf/GuidelinesForSusutainableProcurement_20230303.pdf

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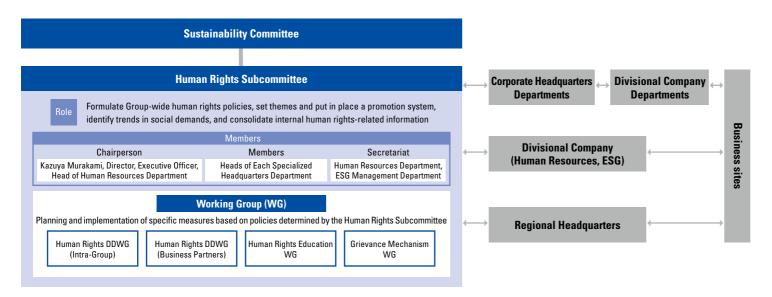
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Governance

■ System

Since FY2022, SEKISUI CHEMICAL Group has had a Human Rights Subcommittee under the Sustainability Committee. In FY2024, we established a new Human Rights Subcommittee, and the previous subcommittee was reorganized as a subordinate body under the newly established Human Rights Subcommittee. The Purchasing Group of Corporate Headquarters plays a central role in conducting procurement-related transactions in cooperation with the purchasing departments of business sites and Group companies as well as the Overseas Management Group. All transactions are conducted in accordance with our Basic Policy on Sustainable Procurement and Guidelines. In order to achieve more appropriate procurement throughout the supply chain, we encourage secondary and tertiary suppliers to realize and maintain socially responsible operations through our primary suppliers.

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



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■ Building Supply Chains based on Sustainable Procurement Surveys

SEKISUI CHEMICAL Group conducts sustainable procurement surveys to assess whether business partners are operating in a socially responsible situation. The purpose of these surveys is to build a responsible supply chain and to realize and maintain sustainable procurement. Based on the survey results, we will work together with our business partners to resolve any issues that arise. In FY2024, the sustainable procurement survey was drastically revised for the first time in three years. We expanded the scope of verification, which increased the number of business partners to be monitored, and we also adopted methods beyond surveys, including the use of external databases.

In addition to using the latest version of the CSR Procurement Self-Assessment Questionnaire created by the Global Compact Network Japan (GCNJ), which was updated in FY2021, we developed and implemented a new questionnaire, created with the support of a specialized consulting firm, that is easy to understand regardless of the business partner's company size or country of origin. The new questionnaire can also be used as a checklist for business partners and SEKISUI CHEMICAL Group's purchasing departments to advance sustainable procurement.

WEB Original questionnaire for business partners (created in FY2024)

https://www.sekisuichemical.com/sustainability_report/pdf/English_Sustainable_Procurement_Self-Assessment_Questionnaire.pdf

	FY2021 Survey	FY2024 Survey
Scope of verification	Major purchasers possessing a defined amount of capital, with annual transactions of 30 million yen or more	Companies dealing in raw materials, including packaging, with annual transactions over 10 million yen were subject to verification
Questionnaire	Questionnaire using the latest version of the GCNJ CSR Procurement Self-Assessment Questionnaire	Evaluations also incorporate external data sources When utilizing questionnaires, we conduct surveys using both the latest version of the GCNJ CSR Procurement Self-Assessment Questionnaire and a newly created original questionnaire.
Schedule	Simultaneous surveys conducted every three years	Simultaneous surveys conducted every three years

Risk Management

In FY2023, SEKISUI CHEMICAL Group introduced a system that enables centralized management of purchased products and raw material suppliers. This enables the department that oversees Group-wide procurement-related activities to confirm the existence of risks to sustainable procurement in purchased goods and suppliers. In the event a risk is identified, risk-related quantitative information and the status of countermeasures can also be confirmed.

From FY2024, the system has been used to track new suppliers and purchasing information, and we plan to use this system in planning measures to maintain sustainable procurement by updating sustainable procurement-related information, such as survey results, in a timely and appropriate manner.

■ Sustainable Procurement Survey Process

Scope of verification

- Suppliers of raw materials and materials (including packaging materials) that constitute or accompany products
- 2. Trading companies and manufacturers if the business partner is a trading company
- 3. Not applicable if the business partner is a SEKISUI CHEMICAL Group company

Frequency

Once every three years

Method of verification

Verification is conducted using multiple methods

- · External database (Moody's)
- · Surveys are conducted using the latest version of the CSR Procurement Self-Assessment Questionnaire and the original questionnaire
- · Direct dialogue with business partners (planned for FY2025)

Verification system

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

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Targets

Critical Action Items	Disclosure	FY2024 Targets	FY2024 Results
Expand the	Sustainable timber procurement survey	100% implementation rate	100% implementation rate
management scope of key risks	Responsible mineral procurement survey	100% implementation rate	100% implementation rate
Establish	"About responsible mineral procurement" (policy)	Revised edition	V
management regulations	"Sustainable procurement survey"	Implementation	✓
Deploy use of self- audits and utilize external assessments	Response to overseas suppliers from the FY2021 survey	Improvement completion	V

Major Initiatives

FY2024 Sustainable Procurement Survey

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

In FY2024, we conducted verification of business partners, including a questionnaire survey once every three years. A total of 1,096 business partners were subject to verification, and we made use of external databases and questionnaire surveys to conduct the assessments. Of these, 617 companies were subject to the questionnaire survey, and based on the results, we plan to conduct on-site visits to business partners for direct verifications in FY2025 as well as hold sustainable procurement seminars in seven regions, including both Japan and overseas.

Declaration of Partnership Building

In March 2022, we signed the Declaration of Partnership Building, declaring that we will focus on coexisting in mutual prosperity throughout the supply chain, forging new partnerships (inter-company collaboration, support for IT implementation, expert matching, green procurement, etc.), and comply with promotion standards. We also signed a revised version of the Declaration of Partnership Building in August 2024.

WEB Declaration of Partnership Building

https://www.biz-partnership.jp/declaration/74132-05-08-osaka.pdf (In Japanese only)

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Responsible Procurement

■ FY2024 Responsible Mineral Procurement Survey

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

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

The survey was conducted at 50 sites in Japan and overseas that handle the subject minerals. As a result, 95% of the raw materials containing the target minerals in Japan were identified at smelters, and 5% were unknown.

Responsible Mineral Procurement Survey Method

	Survey Method	
Target risks	Whether they fund armed insurgents Overall human rights violations including child labor	
Target regions	CAHRAs (EU Conflict Mineral Regulation): 28 countries The Democratic Republic of Congo and neighboring countries: 10 countries Total 34 countries (due to duplication)	
Target minerals	3TG (tantalum, tungsten, tin, gold) + cobalt, mica	
Target raw materials	Raw materials containing target minerals	
Report contents	Number of companies and products about which customers have made inquiries List of raw materials, names of target minerals, refineries, countries of origin, etc. High risk level, response	

■ Sustainable Timber Procurement

In the course of our business activities, we procure wood itself or wood as a raw material. We are aware that this may have a negative impact on human rights and the environment. In addition, at COP26 in November 2021, leaders from over 100 countries, including Japan, signed a document committing to end deforestation by 2030.

In response, the Group made significant progress regarding due diligence in FY2022. Specifically, we set a new target of zero deforestation by 2030 and reviewed our "Timber procurement policy" in an effort to achieve this target.

WEB Timber procurement policy

https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P08

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

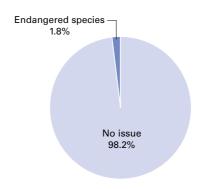
We conducted a survey of 61 suppliers with respect to tree species and logging sites. We also held hearings with suppliers who handle raw materials that are endangered species and whose logging areas are in high-risk countries to clarify traceability. As a result, although three suppliers were identified as potential risks in the supply chain, but directly confirmed with them that no timber potentially linked with deforestation was procured in FY2024. Procurement ratios by area are shown as follows.

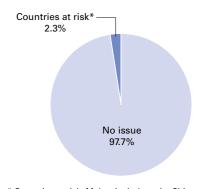
WEB Sustainable Timber Procurement Guidelines

https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P08

Percentage of trees FY2024 Survey

Percentage of logging countries FY2024 Survey





^{*} Countries at risk: Malaysia, Indonesia, China, Vietnam