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Environment

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Overview

Strategy (Stance, Approach, Risks and Opportunities)

Basic Concept

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

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

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

In addition, we acknowledge the critical need to reduce greenhouse gas emissions not only in our corporate activities, but also across the supply chain as a whole in order to contribute to the realization of a truly carbon neutral society. Our Group has positioned resource recycling as one strategy to this end, and we are strengthening efforts in collaboration with the supply chain. Under the Medium-term Management Plan starting from FY2023, we will focus on certain key points. These points include the following:

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

Furthermore, we will renew our understanding toward the interrelated nature of such environmental

issues as climate change, resource recycling, water-related risks, and biodiversity, and bolster efforts to consider solutions that do not involve trade-offs throughout the product life cycle as we carry out these endeavors.

* Natural capital: A term that refers to physical resources from nature, such as soil, air, water, minerals, flora and fauna, as well as biological capital, human capital, and social capital.
Social capital: A term that refers to the social infrastructure and facilities that form the basis of production activities and living environments, such as roadwork, housing, ports, airports, railroads, water supply and sewerage systems, public parks, educational facilities, social welfare facilities, electricity, City Gas, and hospitals.

WEB Environmental Management Policy
https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P02

Risks and Opportunities

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

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

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

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

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

The other axis was based on the decentralization of social systems in rural areas or concentration in large cities. In the Group's four business domains (Residential, Advanced Lifeline, Innovative Mobility, and Life Science), we conducted statistical processing based on a survey of internal and external experts for events whose feasibility varies widely. Then, we extracted what kind of events could be considered in the four social scenarios of the four quadrants based on two axes. With a focus on climate change, we predicted how the impacts of resource recycling, water-related risks, and biodiversity will change the future. These analyses are reviewed once a year in light of social trends related to environmental issues, the policies of each country, and status of the Group. As a result of the above analyses, the following risks and opportunities are considered.

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

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

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

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

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

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

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

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

Our Direction for 2050 on Environmental Issues

SEKISUI CHEMICAL Group contributes to solving a variety of natural and social environment issues through its corporate activities, products, and business in order to realize an earth with maintained biodiversity. We recognize that we are conducting our corporate activities using the earth's natural capital as well as meaningful social capital from society. We are therefore committed to accelerating efforts aimed at returning such capital back to the environment and society while collaborating with stakeholders. Our goal is to create an earth with maintained biodiversity. This earth cannot be realized without a society in which various issues related to the natural and social environments have been resolved. We believe that this is the same as our stance toward achieving the SDGs in 2030. The following three activities are important for the Group to contribute to the resolution of issues.

1. Creating and expanding the market for Products to Enhance Sustainability*1
2. Reducing the environmental impact
3. Conserving the natural and social environments

*1 **P017** Products to Enhance Sustainability



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

In order to revitalize our activities and accelerate efforts to solve issues, the Group believes that it is necessary for each employee to be aware of different environmental issues and strengthen their ability to contribute to solving issues, as well as to promote coordinated activities in partnership with all stakeholders.

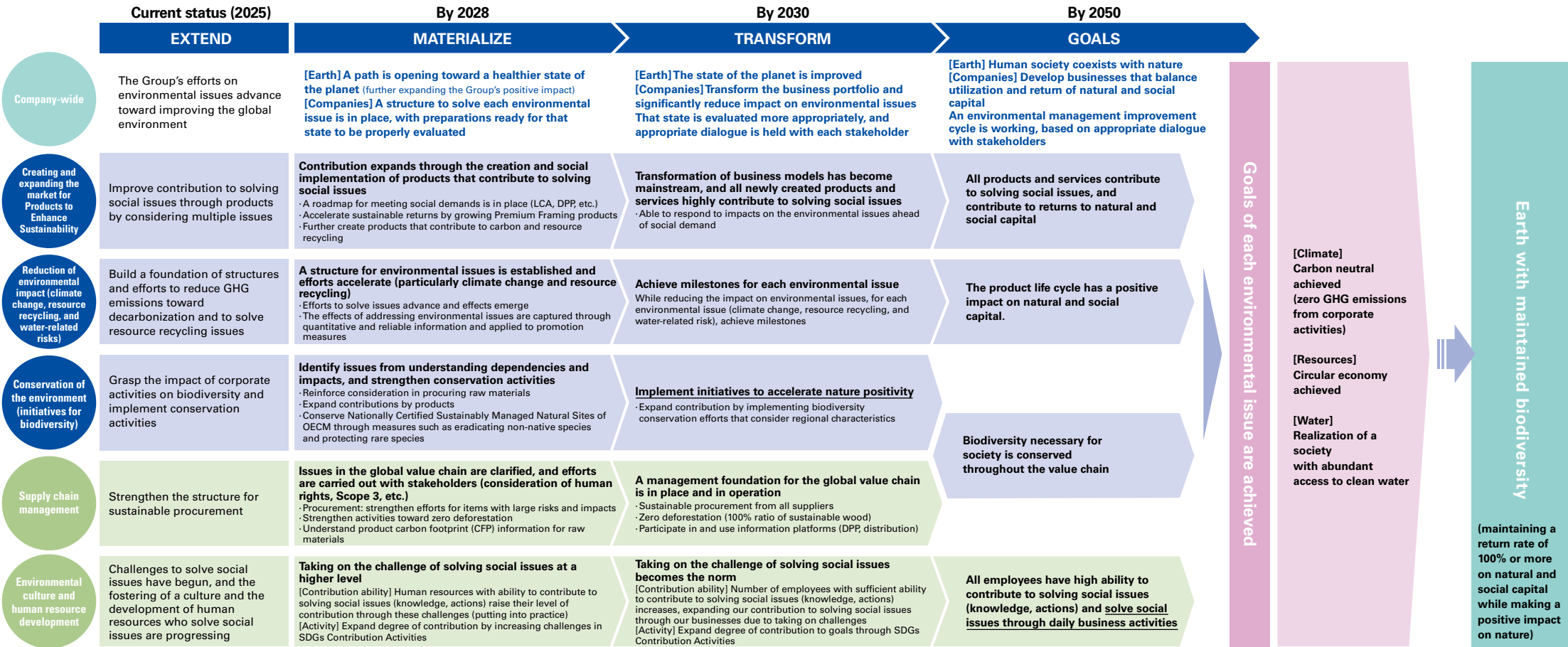
Backcasting from our vision for 2050, the Group has set milestones on a Medium-term basis and formulated an environmental roadmap. We have also mapped out a roadmap for developing human resources who will contribute to solving social issues.

We believe it is vital that each employee can connect issues to their own work and take action accordingly in order to solve social issues, including environmental ones. Guided by this thinking, and to develop human resources who can balance contribution to solving social issues with corporate growth, we provide education that strengthens the ability to contribute to solving social issues through both knowledge and action.

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

Taking into account our performance and the issues identified through FY2025, we also reviewed the environmental roadmap and set the milestones for the next Medium-term Plan covering FY2026 onward.

Environmental Roadmap under the Current Environmental Medium-term Plan



Schematic View of Employee Training that Develops the Ability to Contribute to Solving Social Issues



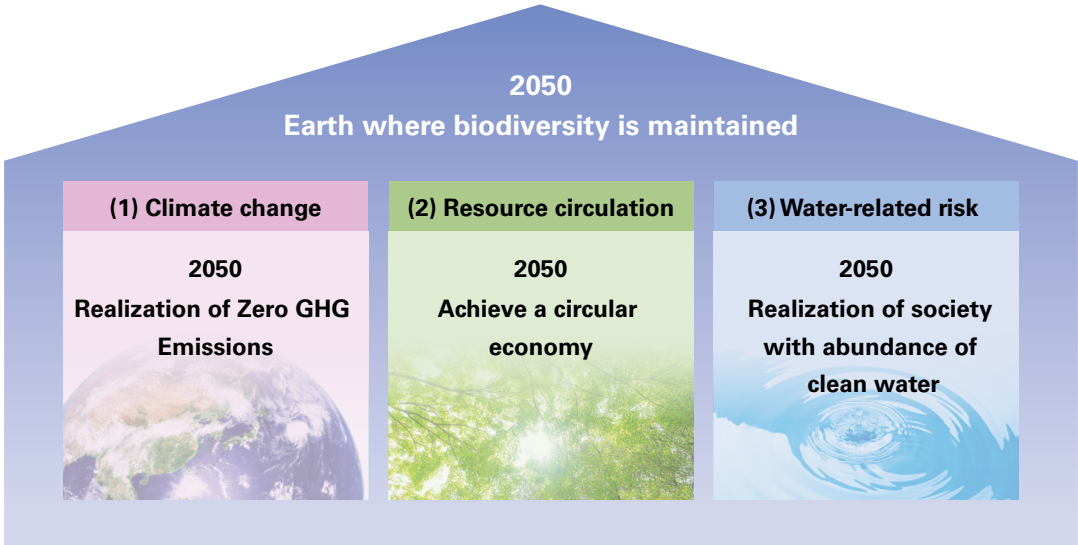
Long-term Goals for Each Environmental Issue

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

Environmental issues

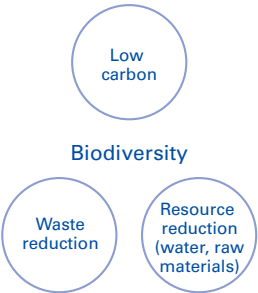
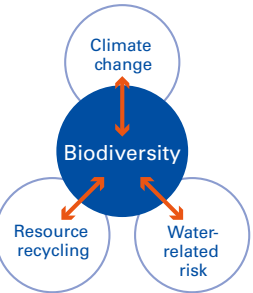
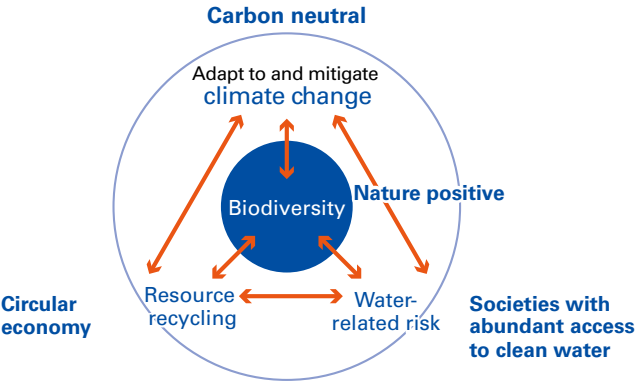
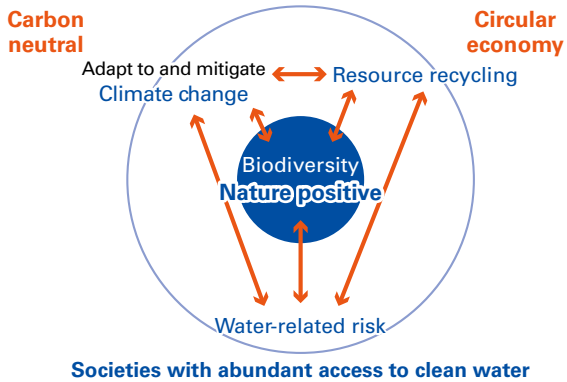
- Climate change: Achieve zero greenhouse gas emissions that arise from business activities (achieve carbon neutrality)
 - Resource recycling: Achieve a circular economy
 - Water-related risk: Realize societies with abundant access to clean water
- By achieving all of these environmental issue-related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

Long-term Goals for Each Environmental Issue



For each environmental issue, we have drawn up a roadmap backcasted from our goals in 2050, and have set Medium-term milestones. Environmental issues are interrelated, and choosing and promoting solutions that do not involve trade-offs will lead to the simultaneous realization of Long-term goals. For this reason, we will focus on improving the quality of solutions to environmental issues under our current Medium-term Management Plan. We will carry this thinking forward into the next Medium-term Plan and, given their significant impact on the Company, will reposition the achievement of carbon neutrality and a circular economy as material issues and address them with greater focus.

Trends in Environmental Issue Initiatives Enhancement Points

Points of enhancement	Reduction of environmental impact	Response to individual environmental issues	Improving the quality of solving environmental issues: Solving with awareness of the correlation between environmental problems	Transition to the structure needed to solve environmental issues, and improvement of the quality of solutions (with emphasis on optimization and implementation from a medium- to Long-term perspective)
Term	Until recently	Previous Medium-term Management Plan	Current Environmental Medium-term Plan	Next Environmental Medium-term Plan
Concept	Measures taken under the Medium-term Management Plan to achieve milestones backcasted from the long term (environmental vision) 	Work to decouple environmental impact and corporate growth looking ahead to the long term (environmental vision) 	Recognize interrelationships between environmental issues from a Long-term perspective (environmental vision), solve environmental issues with solutions that consider all issues, and direct the impact on natural capital (biodiversity) in a positive direction  Convert risks to opportunities with GX (accelerate innovation, create new businesses, enhance corporate value)	Looking ahead to the long term (environmental vision): (1) recognize the interrelationships between environmental issues, solve them with solutions that consider all issues; and (2) promote the transition to a structure for achieving carbon neutrality (CN) and a circular economy (CE) and the implementation of concrete initiatives, thereby directing the impact on natural capital (biodiversity) in a positive direction  Strengthen the structure to prepare for risks and convert them into opportunities

Environmental Medium-term Plan Based on Our Long-term Vision

SEKISUI CHEMICAL Group has been advancing SEKISUI Environment Sustainability Plan: EXTEND, its Environmental Medium-term Plan that covers the three years from FY2023. As previously mentioned, by backcasting to achieve the goals we have set for 2050 in our Long-term Environmental Management Vision, SEKISUI Environment Sustainability Vision 2050, we have pursued the milestones established for each Medium-term Plan and carried out initiatives for each important working item.

Under the current Medium-term Plan, we positioned environmental issues as follows:

- Key environmental issues for the Group to address: Climate change, water-related risk, and resource recycling
- Biodiversity: Positioned as an issue that the above issues affect directly or indirectly

As stated in our Long-term Vision, and in order to accelerate the solution of issues aimed at achieving our goals, we have set creating and expanding the market for Products to Enhance Sustainability, reducing environmental impact, and environmental conservation as items on which to focus.

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

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

Under the current Medium-term Plan, we promoted initiatives to achieve the following targets.

● Important measures and targets

· Improving the rate of return to natural and social capital

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

· Improving global and social sustainability through our products

Sales of Products to Enhance Sustainability: In excess of 1,000 billion yen

· Tackling climate change issues

<Decarbonization>

Renewable energy as a percentage of purchased power: 70%

GHG emission reduction rate (Scope 1 + 2)*: 36% (compared with FY2019)

* Scope 2 is calculated according to a market-based method

· Efforts to address resource depletion issues

<Promote resource recycling>

Recycling rate for waste plastics: 65% (Japan)

· Initiatives to address water-related risk issues

<Maintain water resources>

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

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

<Minimizing water risk>

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

· Improving the ability of employees to contribute to solving issues

Promote education and training

Promote activities that contribute to SDGs

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

● Products to Enhance Sustainability

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

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

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

- Sustainability Assessment: To improve the sustainability of companies and products, we confirmed and assessed social responsibilities and risks, including governance (internal control), customer satisfaction, and environmental considerations in the development process, across the supply chain. We identify areas that need improvement and reinforcement, and use this information to address each item.
In particular, environmental issues include reducing greenhouse gas emissions from raw material suppliers, procuring from sustainable forests, and confirming that consideration is given to environmental issues from raw materials to disposal. Sustainability assessments were completed and suspended in FY2022, having fulfilled their role.
- Premium Framework: We have set this as a strategic framework for products that contribute to solving social issues, including environmental issues, and that strategically grow products that are driving profits.
- Negative check for environmental issues: Introduced in FY2023 based on the point of enhancement in the current Environmental Medium-term Plan to “solve environmental issues through high-quality solutions without trade-offs.” We are confirming whether or not products impose a negative impact on various environmental issues as well as what measures are being considered to prevent any negative impact at the time of registration as Products to Enhance Sustainability.

For the next Environmental Medium-term Plan, we will consider how to apply the Environmentally-Conscious Design Guidelines released in February 2026 (which declare our commitment to low-carbon, recyclable product design in pursuit of carbon neutrality and a circular economy) so that we can review the design of newly created products and existing products.

WEB Environmentally-Conscious Design Guidelines
https://www.sekisuichechemical.com/sustainability_report/basic_policies/#anc-P02-m_uniqueTitle05

● Solving issues related to climate change

As a response to climate change, our Group has set a Long-term target of zero greenhouse gas emissions by 2050. In the reduction roadmap formulated based on the 2°C target to achieve this goal, we were able to achieve our milestone earlier than initially planned in FY2021, the middle of the previous Medium-term Plan. In response, to further accelerate our initiatives, we raised our target to 1.5°C and revised our roadmap.
We have not changed our milestone of converting all purchased power (Scope 2) to renewable energy by 2030. However, we will also focus on reducing greenhouse gas emissions with a view to switching to alternative fuels, and aim for a 50% reduction compared with FY2019.
Under the current Medium-term Management Plan, we will actively promote the reduction of fuel-derived greenhouse gases, in addition to the conversion of electricity used at production sites to renewable energy. We have identified the period from FY2023 as the time for production process innovation. Our goal was to convert 70% of purchased power to renewable energy in FY2025, and we continued to implement measures to support this conversion. For fuel-derived sources under Scope 1, we have continually promoted efficiency improvements through the renewal of aging facilities, a shift to electricity as an energy source, and energy conservation activities at our production sites. We will continue these activities under the next Environmental Medium-term Plan.

<Lowering Carbon Across the Product Life Cycle>

Products manufactured under the above initiatives are low-carbon products that emit low levels of GHGs throughout the product life cycle. Going forward, we will use the Environmentally-Conscious Design Guidelines so that we can accelerate the creation and expansion of markets for Products to Enhance Sustainability with a low carbon footprint, for use in products that allow customers to engage in low carbon manufacturing and ultimately contribute to a decarbonized society.
For example, the film-type perovskite solar cells currently under development are products that contribute to achieving decarbonization in our customers’ manufacturing and daily lives by generating renewable energy. By giving the same consideration

at the manufacturing stage, we believe we can design products that are low-carbon and recyclable across their entire life cycle.

<Low-Carbon Management Across Supply Chains>

In order to reduce GHG emissions throughout the product life cycle, it is vital to reduce GHG emissions (Scope 3) in the supply chain. In upstream corporate activities, the Group has called on the cooperation of suppliers and strengthened efforts to convert to non-fossil-based and recycled raw materials in a bid to reduce raw material-derived GHG emissions.
We recognize that the conversion of raw material resources in particular is an initiative that must be accelerated toward the realization of a circular economy. Along with the procurement of low-carbon resource-converted raw materials that lead to reductions in Scope 3, ensuring traceability and verifying the quality of resource-converted products, we have also focused on activities through corporate collaboration aimed at transforming social systems that contribute to market formation, such as developing regulations and certifications to enhance the value of resource-converted products.
In downstream corporate activities, we have endeavored to increase the sales ratio of net-zero energy houses (ZEHs) and have promoted increased awareness toward the recovery and disposal methods of used products at the product and business model design stages in order to reduce GHG emissions at the time of product use. As far as disposal methods at the product disposal stage are concerned, we have engaged in a variety of activities. This includes coordinating with waste contractors and the industry as well as refining proprietary technologies.
Taking the aforementioned into consideration, the Group recognizes that resource recycling contributes significantly to the reduction of Scope 3 emissions, and has promoted initiatives accordingly. We will continue these initiatives in the next Medium-term Plan as well.

● Solving issues related to resource circulation

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

With innovation centered on the creation of Products to Enhance Sustainability for resource recycling, we have initiated steps to strengthen our efforts to convert existing products into raw materials and to recycle valuable materials from waste discharged in the production process. From a factory waste recycling perspective, we have considered and promoted in-house measures so that we can select high-quality material recycling methods. Among a host of endeavors, we have evaluated not only the degree of resource recycling, but also the degree to which we contribute to other environmental issues, including the reduction of GHG emissions and conservation of biodiversity.

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

We believe that solutions to environmental issues will accelerate as the entire supply chain works together. We will develop and implement measures that emphasize supply chain management that spans the life cycle of our products.

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

From the next Environmental Medium-term Plan, we will focus on (1) accelerating the deployment of material recycling technologies for factory waste, (2) establishing product recovery systems, and (3) designing products with recyclability in mind through measures such as raw material conversion (applying the Environmentally-Conscious Design Guidelines).

● Solving issues related to water risk

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

As far as efforts to mitigate water intake risks are concerned, we recognize that one measure is to incorporate water intake risks in the formulation of BCPs at each production and business site. This is also an effective measure in efforts to adapt to climate change.

In addition to such environmental management measures as the prevention of pollution during both regular and non-regular periods, efforts to improve the quality of wastewater are also one measure to reduce water discharge risk. We recognize that these endeavors will help reduce the negative impact on biodiversity. Through these measures, we have striven to improve the water environment in basins centered on production sites and reduce water-related risks in supply chains, thereby reducing water-related risks for companies and society.

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

Water-related risks need to be reviewed in response to changes in the external environment and in the design of the products we manufacture. In FY2025, the Group conducted its third large-scale water-related-risk survey, covering production sites in Japan (overseas production sites are scheduled to be surveyed

in FY2026). Reflecting the results, we have set out initiatives to reduce water-related risks (both environmental and business impacts) in the next Environmental Medium-term Plan.

● Solving issues related to biodiversity

SEKISUI CHEMICAL Group's Long-term Environmental Management Vision is to realize an earth with maintained biodiversity where the ecosystem hierarchy is kept healthy and in a nature-positive state. We believe that this goal will be achieved when all environmental issues are resolved.

The Group recognizes the dependence and impact its corporate activities have on natural capital, and strives to maintain returns that exceed the natural capital used. Going forward, we will reduce the dependence and impact on natural capital from the perspective of five impact drivers (climate change, resource consumption, water and land use, pollution, and invasive species) that affect natural capital through corporate activities. Specifically, we are implementing the following seven measures.

<Providing returns to natural capital through corporate activities>

- 1. Review of manufacturing processes
- 2. Review of nature positive product design
- 3. Expansion of contribution through Products to Enhance Sustainability

<Supporting returns to natural capital by society>

- 4. Strengthen initiatives involving raw material procurement
- 5. Support social change

<Accelerating returns to natural capital in corporate activities and society>

- 6. Human resource development
- 7. Coordinate with stakeholders

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

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

Going forward, we will continue initiatives that take account of the impact drivers of biodiversity and, on the issue of non-native species revealed through the use of the JBIB Land Use Score Card, expand our activities beyond our production sites to promote awareness in local communities.

● **Issues in developing human resources who contribute to solving social issues**

The Group has promoted education in both knowledge and action to strengthen the ability to contribute to solving social issues. We have also used human resource indicators to understand the situation of our employees and to enhance education measures tailored to the issues identified.

In addition, we rolled out social and SDGs contribution activities across the entire Group and encouraged employees to take part on their own initiative, which raised their interest in social issues and led to action.

Through these efforts, we have spread awareness of social issues in everyday work and strengthened collaboration across organizations.

Going forward, while continuing to review our human resource indicators, we will strengthen education for the people who should drive these activities and, through participatory programs for employees, further encourage concrete actions that contribute to solving social issues.

Governance

Environmental Management System

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

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

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

Environmental management promotion system

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

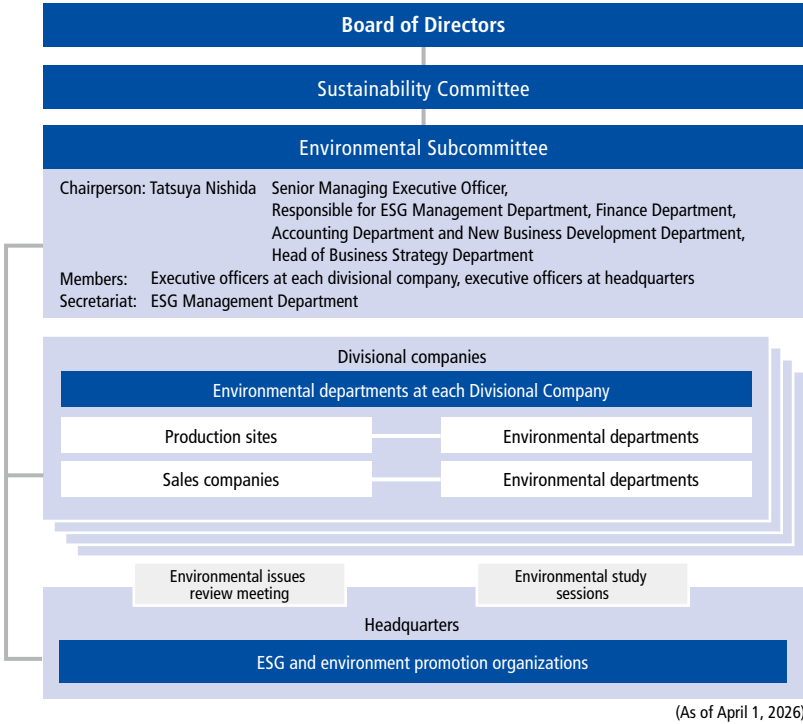
As a subordinate structure under the Sustainability Committee, we established subcommittees for each issue defined under materiality by the Group. As a part of this initiative, we established the Environmental Subcommittee to address environmental issues.

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

Specific environmental action plans are formulated and implemented through meetings of environmental managers for each issue between divisional companies and Corporate Headquarters.

In FY2025, the Environmental Subcommittee met twice, in November and March. In addition to confirming the progress of the Environmental Medium-term Plan, the subcommittee deliberated on the next Environmental Medium-term Plan and on responses and measures for the issues of climate change, resource recycling, and water-related risks. Projects requiring rapid attention are also discussed and reported to the Board of Directors at monthly management meetings, chaired by the person in charge of the ESG Management Department and head of the Business Strategy Department.

Environmental Management Promotion System



Expansion of EMS overseas

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

As of the end of March 2026, 52 business sites in Japan and 40 business sites overseas have obtained ISO 14001 certification. The ratio of SEKISUI CHEMICAL Group production sites and research facilities that have acquired ISO 14001 certification is 96% .

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

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

Housing Company

SEKISUI CHEMICAL CO., LTD. Tsukuba R&D Site*
Hokkaido Sekisui Heim Industry Co., Ltd.
Tohoku Sekisui Heim Industry Co., Ltd.
Sekisui Heim Industry Co., Ltd. Kanto Site
Sekisui Heim Industry Co., Ltd. Tokyo Site
Sekisui Heim Industry Co., Ltd. Chubu Site
Sekisui Heim Industry Co., Ltd. Kinki Site
Chushikoku Sekisui Heim Industry Co., Ltd.
Kyushu Sekisui Heim Industry Co., Ltd.
Sekisui Board Co., Ltd. Minakuchi Site
Sekisui Board Co., Ltd. Gunma Site

Urban Infrastructure & Environmental Products Company

SEKISUI CHEMICAL CO., LTD. Shiga-Ritto Plant
SEKISUI CHEMICAL CO., LTD. Gunma Plant
SEKISUI CHEMICAL CO., LTD. Kyoto Research & Development Laboratories
Chiba Sekisui Industry Co., Ltd.
Sekisui Chemical Hokkaido Co., Ltd.
Toto Sekisui Co., Ltd. Ota Plant
Nishinihon Sekisui Industry Co., Ltd. Okayama Plant
SHIKOKU SEKISUI CO., LTD.
Kyushu Sekisui Industry Co., Ltd.
Nara Sekisui Co., Ltd.
Yamanashi Sekisui Co., Ltd.
Sekisui SoflanWiz Co., Ltd.
[Sekisui SoflanWiz Co., Ltd. Iwaki Plant, Atsugi Plant, Akashi Plant, R&D Division]
Sekisui Home Techno Co., Ltd.
Sekisui Specialty Chemicals (Thailand) Co., Ltd.
S and L Specialty Polymers Co., Ltd.
Sekisui Eslon B.V.
Sekisui Rib Loc Australia Pty. Ltd.
Sekisui Industrial Piping Co., Ltd.
Sekisui (Wuxi) Plastics Technology Co., Ltd.
TOKUYAMA SEKISUI CO., LTD.
TOKUYAMA SEKISUI CO., LTD. Piping Plant

High Performance Plastics Company

SEKISUI CHEMICAL CO., LTD. Musashi Plant
SEKISUI CHEMICAL CO., LTD. Shiga-Minakuchi Plant
[Sekisui Fuller Company, Ltd. Shiga Plant]
SEKISUI CHEMICAL CO., LTD. Taga Plant
SEKISUI CHEMICAL CO., LTD. Minase Site
Sekisui Techno Molding Co., Ltd. Tochigi Plant
Sekisui Techno Molding Co., Ltd. Mie Plant
Sekisui Techno Molding Co., Ltd. Aichi Plant
Sekisui Fuller Company, Ltd. Hamamatsu Plant
Sekisui Nano Coat Technology Co., Ltd.
Sekisui Polymatech Co., Ltd.
Sekisui Seikei, Ltd. Chiba Plant
Sekisui Seikei, Ltd. Kanto Plant
Sekisui Seikei, Ltd. Hyogo Plant
Sekisui Seikei, Ltd. Hyogo-Takino Plant
Sekisui Seikei, Ltd. Izumo Plant
Sekisui S-Lec America, LLC.
Sekisui S-Lec B.V. Film Plant
Sekisui S-Lec B.V. Resin Plant
Sekisui S-Lec Mexico S.A. de C.V.
Sekisui S-Lec Thailand Co., Ltd.
Sekisui S-LEC (Suzhou) Co., Ltd.
Sekisui-Alveo B.V.
Sekisui Alveo BS G.m.b.H.
Sekisui Voltek, LLC. Coldwater Plant
Thai Sekisui Foam Co., Ltd.
Sekisui Pilon Pty. Ltd.
Youngbo Chemical Co., Ltd.
Sekisui Youngbo HPP (Wuxi) Co., Ltd.
Sekisui Specialty Chemicals America, LLC. Pasadena Plant
Sekisui Specialty Chemicals America, LLC. Calvert City Plant
Sekisui Specialty Chemicals Europe, S.L.
Sekisui Polymatech Europe B.V.

Sekisui Polymatech (Thailand) Co., Ltd.
Sekisui Polymatech (Shanghai) Co., Ltd.
Sekisui DLJM Molding Private Ltd. Greater Noida Plant, Tapukara Plant, Chennai Plant, Chennai 2 Plant, Gujarat Plant
Sekisui KYDEX, LLC. Bloomsburg Plant
Sekisui KYDEX, LLC. Holland Plant
Sekisui Aerospace Corporation Orange City Operations
PT. Polymatech Indonesia

Headquarters

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

Medical Business

Sekisui Medical Co., Ltd. Iwate Plant
Sekisui Medical Co., Ltd. Tsukuba Plant
Sekisui Medical Co., Ltd. Tsukuba Plant (Ami Site)
Sekisui Medical Co., Ltd. Tokuyama Plant
Sekisui Medical Co., Ltd. Drug Development Solutions Center
Sekisui Diagnostics (UK) Ltd.
Sekisui Diagnostics, LLC, San Diego
Sekisui Diagnostics P.E.I. Inc.
Sekisui Medical Technology (China) Ltd.
Sekisui Medical Technology (Suzhou) Ltd.
Veredus Laboratories Pte. Ltd.

Note: Relevant departments on the website may be encompassed, even without explicit reference.
[]: Organizations in brackets are included in the scope of certification.
*The SEKISUI CHEMICAL CO., LTD. Tsukuba R&D Site and R&D Center share a single certification.

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

Environmental Audits

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

We conduct voluntary audits at all of our business sites and request reports on the results. We also conduct environmental audits at our production sites and research institutes every three years. In FY2025, these initiatives were conducted at 17 domestic and 16 overseas sites. There were no serious violations.

Risk Management

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

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

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

P.149 Risk Management System

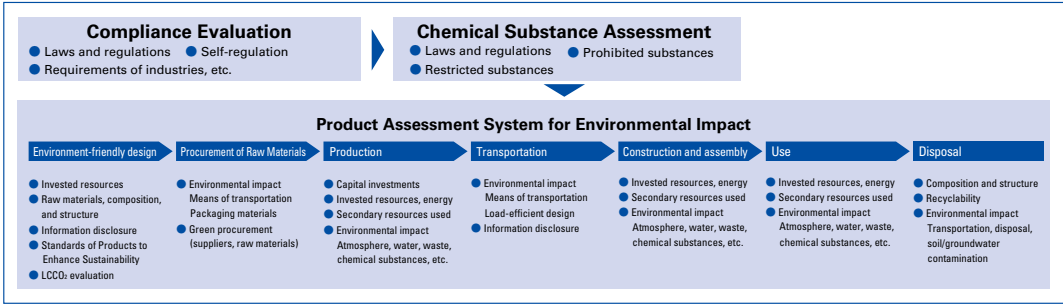
Risks related to environmental issues are reported to the Sustainability Committee after information is gathered and evaluated by the Environmental Subcommittee and deliberated along with Group-wide policies, major measures, and target achievement levels. The issues discussed by the committee are identified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

Environmental Impact Assessment

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

Assessment of the environmental impact of products

Scope: All stages of the product life cycle
Targets: Products and processes



P.017 Products to Enhance Sustainability

Indicators and Targets

Targets

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

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

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

Environmental Medium- to Long-term Plan and FY2025 Results

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

✓: FY2025 target achieved
x : FY2025 target not achieved

Item		Goals	Level Setting Guidelines	Indicator	Base year	FY2025 Result	Self-evaluation	FY2025 Targets	FY2030 Targets	FY2050 Targets	Scope					
											Japan Production Sites	Research Facilities	Domestic Offices	Overseas Production Sites	Overseas Offices	Other
Progress management through the Integrated Index		Achieve an earth with maintained biodiversity through corporate activities	Environmental returns that exceed environmental impact	SEKISUI Environment Sustainability Index Rate of return to natural and social capital	—	145%	✓	Holding steady at 100% or more	Holding steady at 100% or more	Holding steady at 100% or more	✓	✓	✓	✓	✓	✓
Products to Enhance Sustainability	TOTAL	Achieve a balance between economic and social value	Doubling of the Group's business by 2030	Net Sales of Products to Enhance Sustainability	—	1,016.0 billion yen	✓	Over 1,000 billion yen	—	—						
	By major environmental issue	Contribute to the promotion of resource recycling (particularly carbon)	Realization of a recycling-based society	Increase in sales of products that contribute to resource recycling	FY2020 55.3 billion yen	111.6 billion yen	✓	1.7 times (94.0 billion yen)	2 times or more (110.6 billion yen)	All products						
				Net sales of products not derived from fossil fuels and using recycled materials	FY2019 3 billion yen	46.8 billion yen	✓	40 billion yen	100 billion yen	—						
Impact reduction	GHG	Promote decarbonization Zero GHG emissions	The Paris Agreement 1.5°C target / Realization of a decarbonized society	GHG emissions reduction rate (Scope 1 + 2)	FY2019	-45.2%	✓	-36%	-50%	-100%	✓	✓	✓	✓	✓	
				GHG emissions reduction rate (Scope 1)	FY2019	-11.7%	✕	-12%	-13%	-100%	✓	✓	✓	✓	✓	
				Renewable energy ratio of purchased electricity	—	72.4%	✓	70%	100%	Total power consumption including co-generation 100%	✓	✓	✓	✓	✓	
	Reducing energy usage volume	Improve the efficiency of energy use in production and reduce energy costs	Cost reductions above cost increases from purchasing renewable energy	Reduction rate of energy consumption per unit of production	FY2022	+3.4%	✕	-3%	—	—	✓			✓		
	Resource recycling	Promotion of resource recycling (particularly carbon)	Realization of a resource recycling society	Reduction rate of the amount of waste generated per unit of production	FY2022	+10.0%	✕	-3%	—	Realization of a Circular Economy	✓			✓		
			Issue of marine plastics	Recycling rate for waste plastic materials	—	Japan: 70.0% (Overseas: 68.6%)	✓	Japan: 65% (Overseas: 69%)	100%	100%	✓	✓		✓		
			Reduction of resource use in offices	Reduction rate of copier paper use per person	FY2022	-14.4%	✓	-3%	—	Realization of a Circular Economy			✓		✓	
			Reduction of waste generation at new construction sites	Reduction rate of the amount of waste generated per building at new housing construction sites	FY2022	-6.4%	✕	-12%	—	Realization of a Circular Economy						✓
	Water-related risk	Impact on businesses from water-related risks minimization	Enabling of sustainable operations	Implementation of initiatives to minimize the business impact of water-related risks specific to five sites in Japan and overseas	—	Initiatives are being implemented at 4 locations	✕	Efforts to minimize business impact at individual business sites with large business impact	Minimum to the environment where water-related risks exist	Minimizing water risk in all areas	✓			✓		
			Contribute to solving watershed-specific water issues													
		Maintain water resources	No increase in water stress in watersheds	Reduction rate of water intake volume at production sites which use large quantities of water	FY2016	-5.9%	✕	-10% over a 3-year period	—	—	✓					
			No increase in the impact on watersheds	Reduction rate of total COD volume of river discharge water at production sites with high COD emission volumes	FY2016	-21.8%	✓	-10% over a 3-year period	—	—	✓					
	Ecosystem	Ecosystem impact	Biodiversity conservation	“JBIB Land Use Score Card” evaluation points	FY2022	+3.5 points	✓	+3 points over a 3-year period	Promote ecosystem friendliness at all business sites	Maintain ecosystem friendliness at all business sites	✓	✓				
		Minimize risks of ecosystem degradation														

Next Environmental Medium-term Plan: Environment Sustainability Plan MATERIALIZE Target value (FY2026-2028)

Item		Goals	Level Setting Guidelines	Indicator	Base year	FY2026 Targets	FY2027 Targets	FY2028 Targets	FY2030 Targets	FY2050 Targets	Scope					
											Japan Production Sites	Research Facilities	Domestic Offices	Overseas Production Sites	Overseas Offices	Other
Progress management through the Integrated Index		Achieve an earth with maintained biodiversity through corporate activities	Environmental returns that exceed environmental impact	SEKISUI Environment Sustainability Index Returns to natural capital	—	Holding steady at 100% or more	Holding steady at 100% or more	Holding steady at 100% or more	Holding steady at 100% or more	Holding steady at 100% or more	✓	✓	✓	✓	✓	✓
Products to Enhance Sustainability	Increasing economic value	Core of proactive ESG management	Doubling of the Group's business by 2030	Net Sales of Products to Enhance Sustainability ^{*1}	—	1,013.4 billion yen	—	1,190 billion yen	—	—						
	Increasing social value	Promotion of resource recycling (particularly carbon)	Realization of a recycling-based society	Increase in sales of products that contribute to resource recycling	FY2020 55.3 billion yen	2.1 times (115 billion yen)	2.3 times (128 billion yen)	2.6 times (145 billion yen)	2 times or more (110.6 billion yen)	—						
				Net sales of products not derived from fossil fuels and using recycled materials	FY2019 3 billion yen	50 billion yen	60 billion yen	75 billion yen	100 billion yen	—						
Impact reduction	GHG	Promote decarbonization Zero GHG emissions	The Paris Agreement 1.5°C target / Realization of a decarbonized society	GHG emissions reduction rate (Scope 1 + 2)	FY2019	-46%	-48%	-49%	-50%	-100%	✓	✓	✓	✓	✓	
				GHG emissions reduction rate (Scope 1)	FY2019	-20%	-18%	-17%	-20%	-100%	✓	✓	✓	✓	✓	
				Renewable energy ratio of purchased electricity	—	80%	85%	90%	100%	Total power consumption 100%	✓	✓	✓	✓	✓	
				Expansion of additionality in RE100	—	40	45	50	60	100	✓	✓	✓	✓	✓	
		Reduction of GHG emissions across the product life cycle	The Paris Agreement 1.5°C target / Realization of a decarbonized society	GHG emissions reduction rate (Scope 3)	FY2019	—	—	—	-30%	-100%						✓
		Reduction of GHG emissions in offices	Target value in the GHG Procurement Leadership Declaration	Electrification rate of company-leased passenger vehicles	—	60%	70%	80%	100%	—			✓		✓	
	Reducing energy usage volume	Improvement of energy efficiency during production and reduction of energy costs	Cost reductions above cost increases from purchasing renewable energy	Reduction rate of energy consumption per unit of production	FY2025	-1%	-2%	-3%	—	—	✓			✓		
	Resource recycling	Promotion of resource recycling (particularly carbon)	Realization of a resource recycling society Marine plastic issues	Amount of waste generated per unit of production	FY2025	-1%	-2%	-3%	—	—	✓			✓		
				Recycling rate for waste plastic materials Domestic production sites and research facilities	—	69%	72%	75%	100%	100% *Total waste	✓	✓				
				Recycling rate for waste plastic materials Overseas Production Sites	—	69%	72%	75%	85% (100% in FY2035)	100% *Total waste				✓		
			Reduction of resource use in offices	Reduction rate of copier paper use per unit of people	FY2025	-1%	-2%	-3%	—	—			✓		✓	
			Reduction rate of waste generation at new construction sites	Reduction rate of the amount of waste generated per building at new housing construction sites	FY2025	-1%	-2%	-3%	—	—						✓
	Water-related risk	Minimizing business impact	Enabling of sustainable operations	Reduction of financial impact risk associated with water risk	FY2024	-32.0 billion yen	-53.0 billion yen	-58.0 billion yen	Minimizing business impact of sites with large-scale business impact	Minimizing water risk in all areas	✓	✓		*2		
		Minimizing environmental impact	Maintaining desirable local water volume	Reduction/maintenance of water withdrawal intensity *Per production volume	FY2024	Reduction/maintenance	Reduction/maintenance	Reduction/maintenance	Minimizing environmental impact of sites with significant water risks		✓			*2		
			Maintaining desirable local water quality	Reduction/maintenance of water quality management index (COD) intensity *Targeting sites with measurement obligations under laws, ordinances, and agreements	FY2024	Reduction/maintenance	Reduction/maintenance	Reduction/maintenance			✓	✓		*2		
	Ecosystem	Minimize risks of ecosystem degradation	Biodiversity conservation	“JBIB Land Use Score Card” evaluation points	FY2025	+0.4 points	+0.7 points	+1 point	+1 point	—	✓	✓				
Regulatory risk	Chemical substances	Minimization of chemical substance impact	Response to the “Global Framework on Chemicals (GFC)”	SOx	FY2025	-1%	-2%	-3%	—	—	✓	✓				
				NOx	FY2025	-1%	-2%	-3%	—	—	✓	✓				

*1: From FY2026, we have revised the calculation method to prioritize consistency with the consolidated financial statements. To align the scope of net sales of Products to Enhance Sustainability with the scope of consolidation in the consolidated financial statements, net sales of equity-method affiliates are not included.

*2: Water risk at overseas production sites will be assessed in FY2026, and targets similar to those for domestic sites will be set.

FY2025 Results Against Environment-related KPIs

Climate change

GHG emission reduction rate (Scope 1 + 2)*: -45.2% (compared with FY2019)

* Scope 2 is calculated according to a market-based method

Resource recycling

Material recycling rate for waste plastics (Japan) 70.0%

Other Priority Item FY2025 Results

Creating and expanding the market for products to enhance sustainability

In FY2025, 5 products and services were newly registered. Specifically, the following is a list of products that contribute to the resolution of resource recycling and climate change issues (certain examples).

- Airtight sheet tape for housing: a foam tape that fills gaps in a home to improve airtightness. With a multilayer structure, high stretchability, and a suitable modulus of elasticity, it adheres closely to piping and improves the airtightness of a home, contributing to cutting energy use by improving cooling efficiency against the temperature rise caused by global warming.
- Clear film/SDF film for automobiles: an interlayer film for automotive laminated glass. It promotes continuous GHG reduction through product carbon footprint (PCF) certification. It also helps reduce CO₂ and waste by recovering and reusing customers' trim and in-process offcuts.

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

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

Quantification of the contribution effect on solving issues through products

In FY2025, we identified environmental values from products equivalent to 53.2% of Products to Enhance Sustainability sales.

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

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

Conservation of the natural environment

SDGs Contribution Activities

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

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

Integrated index: SEKISUI Environment Sustainability Index

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

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

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

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

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

Results of Calculation

SEKISUI Environment Sustainability Index calculations based on FY2025 results are as follows. Setting the use of natural and social capital (the impact on the natural and social environments) at 100, the return to natural and social capital (contributions to the natural and social environments) was 145.2%, confirming that the return to natural and social capital was maintained at 100% or higher.

Trends in the rate of return are analyzed as follows.

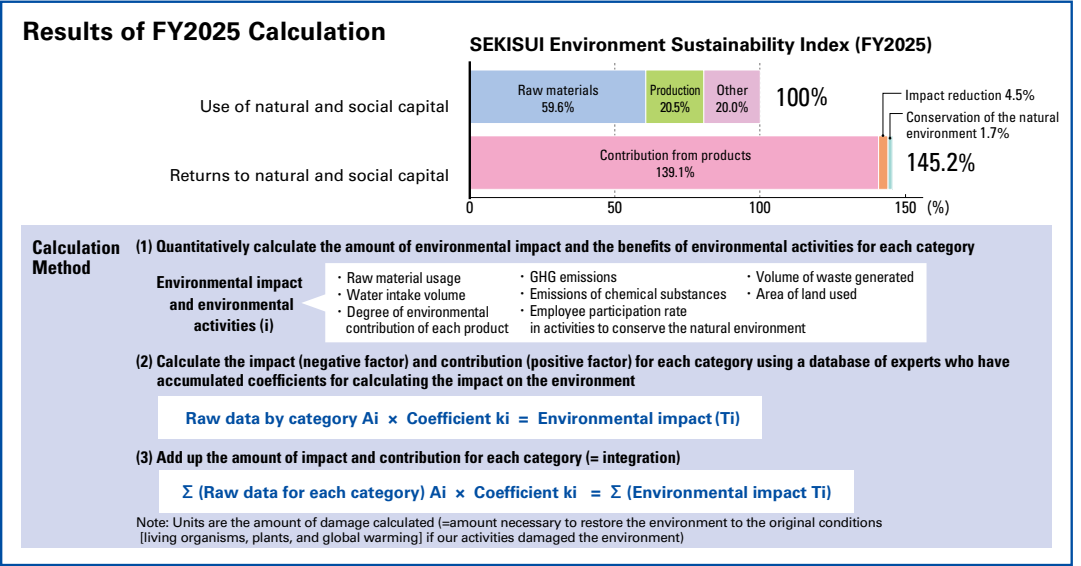
1. Use (impact) of natural and social capital:
A reduction in the impact from raw material factors is considered to have been made, such as through improved resource efficiency and decreased production volumes for certain products.

2. Returns to natural and social capital (contributions):
Returns (contributions) from Products to Enhance Sustainability have increased in value more than ever before, driven by a renewed recognition of the effects that ZEH homes have on extending healthy life expectancy.

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

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

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



Indicator	Calculation Method
SEKISUI Environment Sustainability Index	SEKISUI Environment Sustainability Index = Group-wide amount of natural and social capital returned ÷ Group-wide amount of natural and social capital used Calculating the amount of natural and social capital used and the amount of natural and social capital returned: Using LIME2 (Life-cycle Impact Assessment Method based on Endpoint Modeling, version 2, developed by Professor Itsubo of Waseda University and others), covering all four protection targets defined by LIME2, we conduct impact assessments for each of climate change, plant biomass, biodiversity, and social assets, and convert them into a single indicator. The amount of return to natural and social capital is calculated assuming that the risk of damage to natural capital has been reduced by various environmental contribution efforts of the entire Group compared to the case without such efforts. • Items included in the amount of natural and social capital used - Direct use: Use of land, greenhouse gases, amounts of emissions into the air of PRTR substances and air pollutants, the COD discharged into bodies of water - Indirect use: Purchased raw materials^{*1}, energy use, water intake volume, amount of waste material emitted, amount of GHGs emitted indirectly in supply chains (Scope 3) • Items included in returns to natural and social capital - Amount of contributions to reducing use of natural capital through Products to Enhance Sustainability, amount of contribution from environmental conservation activities, environment-related donations, mega-solar power generation output ^{*1} The Group is reflecting the actual GHG emissions of its raw material suppliers with regard to four principal resins (PP, PE, PVC and PVA). Scope of Calculation / Listing by category of calculation: Estimated calculations were conducted using the following assumed conditions: • Raw materials: Purchased raw materials covered; estimates incorporated into calculations - Concerning housing, the calculation includes the constituent raw materials for one structure multiplied by the number of structures manufactured • Manufacturing / Emissions of harmful chemical substances: <Japan> emissions of 1 metric ton per year or more of substances covered under PRTR are included in the calculation. <Overseas> Not included • Manufacturing / Land maintenance: Domestic sites and research facilities were incorporated into the calculation using the area of the premises, generally considered in terms of the land used for buildings^{*2}. The areas of the premises of overseas plants were estimated. The effects of land use are included in the calculation based on the 30-year period after the purchase of the land ^{*2} Concerning land use, improvements to land quality in the "JBIB Land Use Score Card" system promoted in Japan were deemed as reductions of the impact of land use, weighted accordingly, and included in the calculation. Other: Capital goods in supply chains, other fuel- and energy-related activities, transport and shipping, waste, business trips, commuting by employees, leased assets (downstream), processing/ use/disposal of sold products • Business trips and commuting by employees: Covers consolidated numbers of employees and includes some estimation • Use of sold products: Covers housing sold during the relevant fiscal year, and included in the calculation with assumed energy use for 60 years into the future. We are also calculating the effect of reduction in energy used in residences built to net-zero energy house (ZEH) specifications. • Processing of sold products: Energy use by customers while processing our products anticipated to consume large amounts of energy was estimated and included in the calculation • Disposal of sold products: Major raw materials for the relevant fiscal year were covered and included in the calculation based on the assumption that they would be made into products and disposed of during that fiscal year

Indicator	Calculation Method
SEKISUI Environment Sustainability Index	• Contribution from products: (1) The differences in contribution to the environment between the relevant products and previous technologies were evaluated qualitatively for each criterion, based on the contribution to the natural and social environments for each life cycle (the five stages of procurement of raw materials, manufacturing, distribution, use/maintenance, disposal/recycling) in terms of CO₂ reductions and energy savings, reductions in waste materials, resource savings, water-savings and the water cycle, preventing pollution, direct preservation of biodiversity, QOL improvements, and other factors. For factors for which a significant difference was estimated, data per product unit was investigated. (2) Based on the results^{*3} of these investigations, a coefficient for calculating the impact on the environment for each series of data was multiplied by the data, yielding a calculation of the degree of contribution to the environment of each product unit (3) The sales amount for products in each fiscal year was multiplied by the results found in (2) to calculate the degree of contribution to the environment for each product, and the results were included in the calculation. Trial calculation was performed on the effects of products equivalent to around 53.2% of sales of Products to Enhance Sustainability ^{*3} Based on individual standards of the divisional companies • Direct contribution / Contribution from activities reducing environmental impacts: The effects on the environment relating to production for the relevant fiscal year were compared to [the effects on the environment relating to manufacturing in FY2016 × (revenue in that fiscal year / revenue in FY2016)], and the difference was included in the calculation. There was a proportional relationship between revenue and the effects on the environment relating to manufacturing, based on the idea that the difference was the result of efforts undertaken in the Group's activities • Direct contribution / Conservation of the natural environment: The Group keeps track of the number of participants and the amount of time spent on each activity. In the case of planting cedar trees, a fixed coefficient of CO₂ (1.1 t-CO₂ / person-hour) was multiplied by the number of people and the amount of time spent and incorporated into the calculation. Regarding activities in cooperation with local communities which were promoted in Japan, because improving the sustainability of activities through local cooperation and making them conduct the activities on their own (autonomous) were made targets, the Group's ability to work toward this target was weighted against the growth axis and included in the calculation • Direct contributions / Donations: The amount willing to pay for conservation was deemed equal to the amount of money calculated for damage caused and included in the calculation • Direct contribution / Mega-solar: Amount of electricity generated included in the calculation as generated energy converted to a CO₂ basis

Scope of Tabulation for Environmental Performance Data

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

Japan

Housing Company	High Performance Plastics Company
Research Facilities 1 business site in total SEKISUI CHEMICAL CO., LTD. Tsukuba R&D Site	Research Facilities 1 business site in total SEKISUI CHEMICAL CO., LTD. Minase Site
Production sites 10 business sites in total Hokkaido Sekisui Heim Industry Co., Ltd. /Tohoku Sekisui Heim Industry Co., Ltd. / Sekisui Heim Industry Co., Ltd. / Chushikoku Sekisui Heim Industry Co., Ltd. / Kyushu Sekisui Heim Industry Co., Ltd. / Sekisui Board Co., Ltd., etc.	Production sites 15 business sites in total SEKISUI CHEMICAL CO., LTD. Musashi Plant, Shiga-Minakuchi Plant and Taga Plant / Sekisui Techno Molding Co., Ltd. / Sekisui Nano Coat Technology Co., Ltd. / Sekisui Fuller Company, Ltd. / Sekisui Polymatech Co., Ltd. / Sekisui Seikei Ltd., etc.
Offices 717 business sites in total Sekisui Heim sales companies Construction and service companies, etc.	Offices 16 business sites in total Sekisui Material Solutions Co., Ltd., etc.
Urban Infrastructure & Environmental Products Company	Headquarters
Research Facilities 2 business sites in total SEKISUI CHEMICAL CO., LTD. Kyoto Research & Development Laboratories Sekisui SoflanWiz Co., Ltd. R&D Division	Research Facilities 1 business site in total SEKISUI CHEMICAL CO., LTD. Advanced Technology Institute, R&D Center
Production sites 17 business sites in total SEKISUI CHEMICAL CO., LTD. Shiga-Ritto Plant and Gunma Plant / Higashinihon Sekisui Industry Co., Ltd. / Nishinihon Sekisui Industry Co., Ltd. / Chiba Sekisui Industry Co., Ltd. / Sekisui Chemical Hokkaido Co., Ltd. /Toto Sekisui Co., Ltd. / SHIKOKU SEKISUI CO., LTD. / Nara Sekisui Co., Ltd. /Yamanashi Sekisui Co., Ltd. /TOKUYAMA SEKISUI CO.,LTD. / Sekisui SoflanWiz Co., Ltd., etc.	Production sites 2 business sites in total Sekisui LB Tec Co., Ltd. Chubu Plant, Research and Laboratory of Plastics Technology Co., Ltd.
Offices 112 business sites in total SEKISUI CHEMICAL CO., LTD. Tohoku Sales Headquarters, Higashinihon Sales Headquarters, Chubu Sales Headquarters, Nishinihon Sales Headquarters, Kyushu Sales Headquarters, etc.	Offices 13 business sites in total SEKISUI CHEMICAL CO., LTD. Osaka Head Office and Tokyo Head Office, etc.
Medical Business	Medical Business
Research Facilities 1 business site in total Sekisui Medical Co., Ltd. Drug Development Solutions Center	Research Facilities 1 business site in total Sekisui Medical Co., Ltd. Drug Development Solutions Center
Production sites 4 business sites in total Sekisui Medical Co., Ltd. Iwate Plant, Tsukuba Plant, Ami Site, and Tokuyama Plant	Production sites 4 business sites in total Sekisui Medical Co., Ltd. Iwate Plant, Tsukuba Plant, Ami Site, and Tokuyama Plant
Offices 9 business sites in total Sekisui Medical Co., Ltd. Higashinihon sales office, etc.	Offices 9 business sites in total Sekisui Medical Co., Ltd. Higashinihon sales office, etc.

Overseas

Housing Company	High Performance Plastics Company	Headquarters
Production sites 1 business site in total Sekisui-SCG Industry Co., Ltd.	Production sites 32 business sites in total Sekisui S-Lec America, LLC. Sekisui S-Lec Mexico S.A. de C.V. Sekisui S-Lec B.V. Film Plant Sekisui S-Lec B.V. Resin Plant Sekisui S-Lec (Thailand) Co., Ltd. Thai Sekisui Foam Sekisui S-LEC (Suzhou) Co., Ltd. Sekisui Specialty Chemicals America, LLC. Pasadena Plant Sekisui Specialty Chemicals America, LLC. Calvert City Plant Sekisui Specialty Chemicals Europe S.L. Sekisui Voltek, LLC, Coldwater Plant Sekisui-Alveo B.V. Sekisui Alveo BS G.m.b.H. Sekisui Pilon Pty. Ltd. Youngbo Chemical Co., Ltd. Sekisui Youngbo HPP (Wuxi) Co., Ltd. Sekisui DLJM Molding Private Ltd. Greater Noida Plant Sekisui DLJM Molding Private Ltd. Tapukara Plant Sekisui DLJM Molding Private Ltd. Chennai Plant Sekisui DLJM Molding Private Ltd. Chennai Factory 2 Sekisui DLJM Molding Private Ltd. Gujarat Sekisui Polymatech (Thailand) Co., Ltd. PT. Polymatech Indonesia Sekisui Polymatech (Shanghai) Co., Ltd. SEKISUI AEROSPACE CORPORATION, Renton SEKISUI AEROSPACE CORPORATION, Sumner SEKISUI AEROSPACE CORPORATION, ORANGE CITY Sekisui KYDEX, LLC. Bloomsburg-North Campus Sekisui KYDEX, LLC. Bloomsburg-South Campus Sekisui KYDEX, LLC. Holland Plant SEKISUI POLYMATECH AMERICA, LLC. SEKISUI POLYMATECH EUROPE B.V.	Offices 9 business sites in total Sekisui Europe B.V., etc.
Urban Infrastructure & Environmental Products Company	Medical Business	Medical Business
Production sites 6 business sites in total Sekisui Esilon B.V. Sekisui Industrial Piping Co., Ltd. Sekisui Rib Loc Australia Pty. Ltd. Sekisui (Wuxi) Plastics Technology Co., Ltd. Sekisui Specialty Chemicals (Thailand) Co., Ltd. S and L Specialty Polymers Co., Ltd.	Production sites 6 business sites in total Sekisui Diagnostics, LLC. San Diego Sekisui Diagnostics (UK) Ltd. Sekisui Diagnostics P.E.I. Inc. Sekisui Medical Technology (China) Ltd. Sekisui Medical Technology (Suzhou) Ltd. Veredus Laboratories Pty. Ltd.	Production sites 6 business sites in total Sekisui Diagnostics, LLC., etc.
Offices 10 business sites in total Sekisui SPR Americas, LLC., etc.	Offices 33 business sites in total Sekisui Diagnostics, LLC., etc.	Offices 33 business sites in total Sekisui Diagnostics, LLC., etc.
Offices 38 business sites in total Sekisui Products, LLC., etc.	Offices 38 business sites in total Sekisui Products, LLC., etc.	Offices 38 business sites in total Sekisui Products, LLC., etc.

* Research facilities refer to sites with research functions
* Offices refer to sales and construction companies other than production sites and research facilities

Environmental Accounting

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

SEKISUI CHEMICAL Group Refers to Public Guidelines and Adds Its Own

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

Performance Data

Summation period	April 1, 2025 to March 31, 2026
Scope of summation	Production sites, research facilities, housing sales company sites, and Corporate Headquarters departments in Japan.
Calculation method	Based on the Ministry of the Environment's Environmental Accounting Guidelines 2005 Edition
Approach toward summation	· Depreciation and amortization are excluded from environmental conservation costs because they overlap with investment costs. · Investment amounts are based on budget approvals during the summation period. · Expenditures and investments that contain other than environmental conservation activities are distributed pro-rata in 10% increments. · The environmental conservation effects of physical quantity are shown in environmental performance data disclosed in each chapter.

Environmental Conservation Costs (Unit: Millions of yen)

Item		FY2021		FY2022		FY2023		FY2024		FY2025	
Classification	Description of main activities	Costs	Investment amounts	Costs	Investment amounts	Costs	Investment amounts	Costs	Investment amounts	Costs	Investment amounts
1. Costs within business areas	(1) Pollution prevention costs	1,058	202	1,118	226	856	227	853	308	897	1,213
	(2) Countermeasures against global warming	120	921	138	528	176	729	158	1,128	119	740
	(3) Resource recycling costs	6,668	246	5,095	394	4,931	339	3,607	197	3,735	111
2. Upstream/ downstream costs	Cost increases due to recycling of products such as those manufactured and sold, greener purchasing, etc.	109	28	161	0	145	0	134	36	106	4
3. Administrative costs	Environmental education, EMS certification, running costs for green action organization, information disclosure, etc.	2,206	1	1,624	2	1,588	2	1,683	5	1,760	5
4. Research & development costs	Research and development on environmental conservation	15,009	813	16,128	760	6,528	8	6,505	16	6,647	107
5. Social activities costs	Social contributions, etc.	78	0	128	0	152	0	129	92	73	14
6. Environmental damage costs	Nature restoration, etc.	57	5	63	8	44	0	0	1	18	48
Total		25,306	2,216	24,455	1,918	14,420	1,306	13,070	1,782	13,355	2,241

Substantive Economic Effects of Environmental Conservation Measures (Unit: Millions of yen)

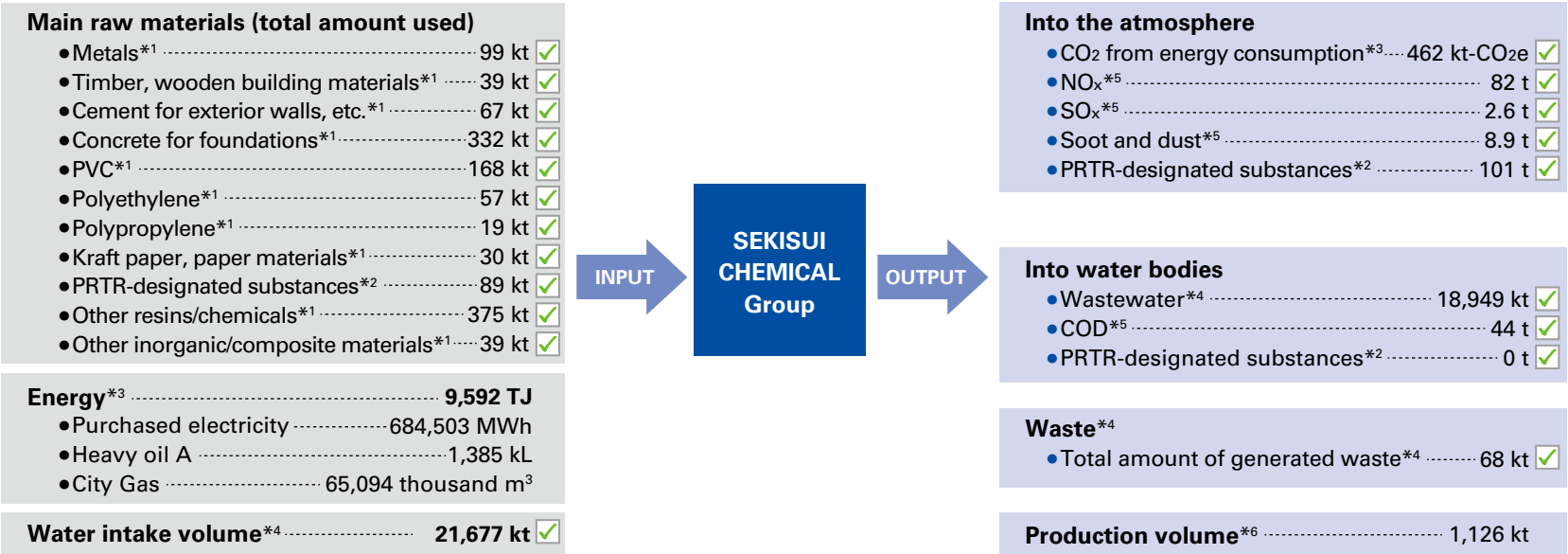
Description of effects		FY2021	FY2022	FY2023	FY2024	FY2025	Remarks
Revenue	(1) Profit on sales of valuable waste resources	139	116	127	138	157	Profit on sales of valuable waste resources from promotion of waste segregation and recycling
	(2) Revenues from sale of electricity	334	348	338	314	304	Revenues from sale of electricity generated by mega-solar facilities
Cost savings	(3) Cost savings through energy-saving activities	256	420	591	596	705	Including savings through utilization of co-generation
	(4) Cost savings through waste-reduction activities, etc.	463	522	284	261	327	Reductions through optimization, reuse, and zero emissions activities
Total		1,191	1,407	1,340	1,309	1,492	

Material Balance

Performance Data

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

Material Balance (Japan and Overseas Total)
FY2025 Result





Climate Change

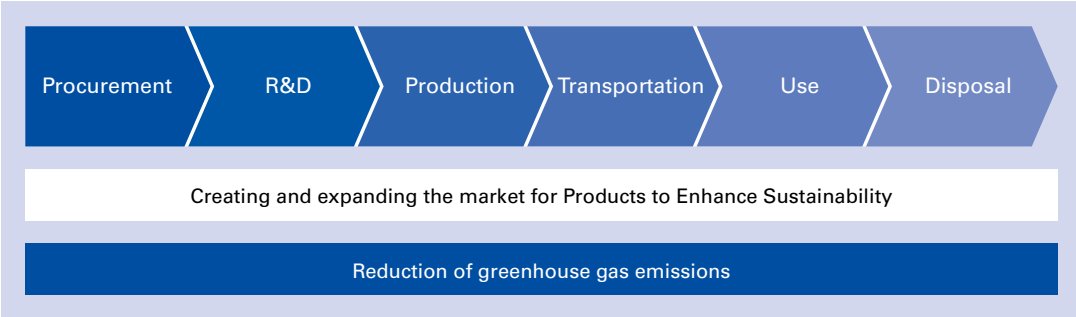
Strategy (Stance, Approach, Risks and Opportunities)

Reducing Emissions throughout the Supply Chain

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

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

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



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

Risks and Opportunities Posed by Climate Change to Our Businesses

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

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

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

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

Housing Business

For example, the mandate for low-carbon products is one of the policy regulation risks that constitute a transition risk. Currently, our Group's pioneering efforts in net-zero energy houses (hereinafter "ZEH") are leading to differentiation; however, if the entire market accelerates toward low-carbonization due to the mandatory adoption of ZEH, there is a risk that our market share will decline. Notwithstanding the aforementioned, we believe that even if our market share declines, the market itself will expand, leading to opportunities for sales growth. Similarly, in the Housing Business, and from an acute physical risk perspective, the need for products that address infrastructure resilience and water risks will increase. Therefore, we believe that opportunities will emerge as demands on the resilient Town and Community Development Business increase.

● The plastic molding and processing business

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

▣ Addressing Climate Change

SEKISUI CHEMICAL Group believes that it is important to earnestly confront all climate change risks and make every effort to keep the temperature rise to less than 1.5°C. Based on SEKISUI Environment Sustainability Vision 2050 formulated in 2019, we will contribute to the resolution of environmental issues by reducing the environmental impact of our business activities. Our goal is to eliminate GHG emissions from our own business activities by 2050, with an interim target of a 50% reduction from 2019 levels by 2030. In addition to promoting the installation of solar power generation facilities for on-site consumption, we are increasing the Group's renewable energy utilization ratio for the electricity purchased from outside sources. In this regard, we are targeting the goal of 100% by 2030. As a part of efforts to steadily reduce GHG emissions, we will take steps to consider and pursue fuel conversion and manufacturing innovation that will help secure reductions in GHGs derived from fuel sources (Scope 1), which are extremely difficult, while further promoting the conversion of electric power to renewable energy.

▣ Risk Management

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

Governance

▣ Promotion System for Climate Change Issues

As far as external environmental issues that may pose certain management risks in connection with, for example, efforts to mitigate and address climate change are concerned, steps are taken to ascertain the magnitude of each risk and to consider as well as implement appropriate counter-measures under the supervision of the Board of Directors. In similar fashion to other environmental issues, our supervisory and executive systems for reducing the Group's impact on climate change issues and expanding its contribution to the resolution of issues are based on our Environmental Management Promotion System. The Board of Directors has made the following final decisions on climate change issues.

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

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

P035 Environmental Management Promotion System

Indicators and Targets

▣ GHG

Aim: Decarbonization / zero GHG emissions

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

Current Medium-term Targets (final fiscal year: FY2025): -36% (compared with FY2019)
FY2025 Results: -45.2% (compared with FY2019)
2030 Target -50% (compared with FY2019)
2050 Target -100% (compared with FY2019)

* Scope 2 is aggregated using market-based method.

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

Current Medium-term Targets (final fiscal year: FY2025): 70%
FY2025 Results: 72.4%
2030 Target: 100%
2050 Target: 100% (total power consumption including co-generation)

■ **Reducing Energy Usage Volume**

Aim: Improve energy efficiency and reduce energy expenses during production

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

Current Medium-term Targets (final fiscal year: FY2025): -3% (compared with FY2022)
FY2025 Results: +3.4% (compared with FY2022)
2030 Target: —
2050 Target: —

Major Initiatives

■ **Addressing the Rising Costs Associated with Climate Change Strategies**

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

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

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

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

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

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

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

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

■ **Addressing the Deterioration in Operating and Working Conditions**

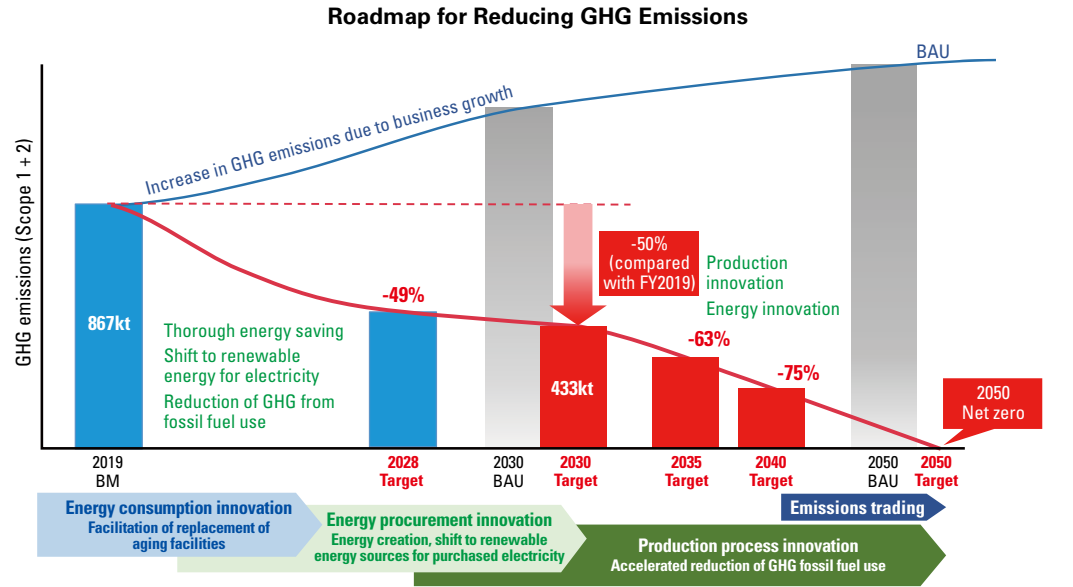
If climate change worsens and the minimum and maximum temperatures become increasingly severe, people engaged in manufacturing and construction may not be able to work. SEKISUI CHEMICAL Group believes that it is also possible to minimize the impact of climate change by proposing construction and engineering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

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

■ **Certification under the SBT* Initiative**

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

Following the early achievement of this target, we have decided to pioneer more challenging initiatives, including the electrification of fuel-using equipment, the transition to low-carbon fuels, and the reduction of fuel-derived GHG emissions through “production process innovation.” We have revised our strategy to increase our GHG emission reduction rate for 2030. With this strategy in place, we updated our SBT certification to the 1.5°C target and obtained certification in March 2023. In FY2025, the renewable energy ratio of purchased electricity across the entire Group rose to 72.4%, and the GHG emission reduction rate was 45.2% compared to FY2019.



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

<Progress in FY2025>

Scope 1 + 2*: Reduced greenhouse gas emissions by 45.2% compared with FY2019

* Scope 2 is calculated according to a market-based method

Scope 3: Reduced greenhouse gas emissions by 4.6% compared with FY2019

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

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

Promoting the Shift to Renewable Energy for Electric Power

We recognize that climate change is not only a major social issue, but also a major risk factor for the Group. In August 2020, we joined RE100, an international initiative which aims to procure the energy consumed in business activities entirely from renewable energy sources, in order to accelerate efforts that contribute to solving this issue throughout society. In the future, we will promote activities in cooperation with member companies and organizations. We will promote thoroughgoing energy conservation measures and the shift to renewable energy in a bid to achieve zero GHG emissions from our business activities by 2050 as well as the GHG emissions target certified by the SBT Initiative by 2030. Moreover, we will shift to renewable energy for all of the electric power we purchase from outside sources by 2030, and ensure that all electric power is derived from renewable energy sources, including co-generation systems, by 2050.

Environmental Management Across the Supply Chain

When we begin or continue to undertake business with our suppliers, we ask them to establish environmental management systems that comply with ISO 14001 and to reduce their environmental impact. In particular, with regard to the issue of climate change, we are taking steps to ascertain the progress made in setting and tackling reduction targets. Furthermore, we monitor the volume of raw materials used by the Group as well as the impact on the environment. With regard to wood, which is considered to have a significant impact on biodiversity issues, we have formulated procurement guidelines specific to wood in an effort to procure all of our needs from sustainable forests. We will continue to conduct due diligence in order to mitigate the risks identified through supplier surveys.

WEB Timber procurement policy

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

■ Addressing Climate Change Challenges

● Addressing Scope 3*

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

In addition, we have confirmed with suppliers the possibility of providing lower-carbon biomass-derived raw materials and recycled materials, and have begun to consider alternatives. In specific terms, we will switch to non-fossil sources for resin materials, which account for 50% of purchased products and services (Category 1), and expand the use of recycled materials. This will help reduce GHG emissions from the disposal of products sold (Category 12). Moreover, we will promote the recycling of waste plastics and work to reduce the amount of waste generated in our operations (Category 5).

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

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

■ Promoting the Use of Renewable Energy

SEKISUI CHEMICAL Group has been promoting the use of renewable energy by installing solar power generation systems at its production sites in Japan and overseas. Since FY2020, we have also actively promoted the switch to renewable energy sources for electricity purchased. As of the end of March 2025, 65 production and research facilities in Japan and overseas have switched to renewable energy sources for all of their electricity purchased. Electricity consumption derived from renewable energy sources in FY2025 was 511 GWh, which is equivalent to 72.4% of all electricity purchased (including solar power generation for in-house use) and 64.5% of total electricity consumption, including electricity generated in-house by cogeneration systems.

In FY2025, the following 5 business sites newly installed solar power generation systems for in-house use, bringing the total number of business sites to 31.



Sekisui S-LEC Mexico S.A.



Youngbo Chemical Co., Ltd.
Cheongju Plant



Sekisui Medical Co., Ltd. Iwate
Plant



SEKISUI POLYMATECH EUROPE
B.V.



Nara Sekisui Co., Ltd.

Solar power generation facilities producing electricity for on-site use	
Japan	Tohoku Sekisui Heim Industry Co., Ltd.
	Chushikoku Sekisui Heim Industry Co., Ltd.
	Kyushu Sekisui Heim Industry Co., Ltd.
	Sekisui Heim Industry Co., Ltd. Kanto Site
	Sekisui Heim Industry Co., Ltd. Tokyo Site
	Yamanashi Sekisui Co., Ltd.
	Sekisui Seikei, Ltd. Kanto Plant
	Sekisui Medical Co., Ltd. Tsukuba Plant
	SEKISUI CHEMICAL CO., LTD. Taga Plant
	SEKISUI CHEMICAL CO., LTD. Shiga-Ritto Plant
	SEKISUI CHEMICAL CO., LTD. Gunma Plant
	SEKISUI CHEMICAL CO., LTD. Musashi Plant
	SEKISUI CHEMICAL CO., LTD. Advanced Technology Institute, R&D Center
	Sekisui Techno Molding Co., Ltd. Tochigi Plant
	Sekisui SoflanWiz Co., Ltd. Atsugi Plant
	Sekisui LB Tec Co., Ltd. Chubu Plant
	Sekisui Medical Co., Ltd. Iwate Plant
	Nara Sekisui Co., Ltd.
USA	SEKISUI S-LEC AMERICA, LLC.
Mexico	Sekisui S-LEC Mexico S.A.
Netherlands	SEKISUI S-LEC B.V. Film Plant
	SEKISUI ALVEO B.V.
	SEKISUI POLYMATECH EUROPE B.V.
Thailand	SEKISUI S-LEC (THAILAND) CO., LTD.
	SEKISUI-SCG INDUSTRY CO., LTD.
	SEKISUI POLYMATECH (THAILAND) CO., LTD.
China	Sekisui Medical Technology (China) Ltd.
	Sekisui (Wuxi) Plastics Technology Co., Ltd.
	Sekisui Youngbo Hpp (Wuxi) Co., Ltd.
South Korea	Youngbo Chemical Co., Ltd. Cheongju Plant
Taiwan	Sekisui Industrial Piping Co., Ltd.

Facilities for which 100% of electricity is derived from renewable energy sources					
Japan	SEKISUI CHEMICAL CO., LTD. Gunma Plant	Japan	SEKISUI CHEMICAL CO., LTD. Shiga-Minakuchi Plant	Netherlands	SEKISUI S-LEC B.V. Film Plant
	SEKISUI CHEMICAL CO., LTD. Taga Plant		Sekisui Techno Molding Co., Ltd. Tochigi Plant		SEKISUI S-LEC B.V. Resin Plant
	SEKISUI CHEMICAL CO., LTD. Research and Development Institute		Sekisui Techno Molding Co., Ltd. Mie Plant		SEKISUI ALVEO B.V.
	SEKISUI CHEMICAL CO., LTD. Tsukuba Site		Sekisui Techno Molding Co., Ltd. Aichi Plant		SEKISUI POLYMATECH EUROPE B.V.
	Hokkaido Sekisui Heim Industry Co., Ltd.		Sekisui Fuller Company, Ltd. Hamamatsu Plant		SEKISUI ESLON B.V.
	Tohoku Sekisui Heim Industry Co., Ltd.		Sekisui Nano Coat Technology Co., Ltd. Head Office and Plant	Germany	SEKISUI ALVEO BS GmbH
	Sekisui Heim Industry Co., Ltd. Kanto Site		Sekisui Nano Coat Technology Co., Ltd. Second Factory	Spain	SEKISUI SPECIALTY CHEMICALS EUROPE S.L.
	Sekisui Heim Industry Co., Ltd. Tokyo Site		Sekisui Polymatech Co., Ltd.	UK	SEKISUI DIAGNOSTICS (UK) LIMITED
	Sekisui Heim Industry Co., Ltd. Chubu Site		Sekisui Seikei, Ltd. Chiba Plant	USA	SEKISUI S-LEC AMERICA, LLC.
	Sekisui Heim Industry Co., Ltd. Kinki Site		Sekisui Seikei, Ltd. Kanto Plant		SEKISUI Voltek, LLC (Coldwater)
	Chushikoku Sekisui Heim Industry Co., Ltd.		Sekisui Seikei, Ltd. Hyogo Plant		SEKISUI Diagnostics, LLC (San Diego)
	Kyushu Sekisui Heim Industry Co., Ltd.		Sekisui Seikei, Ltd. Hyogo-Takino Plant	Mexico	SEKISUI S-LEC MEXICO S.A. de C.V.
	Sekisui Board Co., Ltd. Minakuchi Site		Sekisui Seikei, Ltd. Izumo Plant	China	Sekisui S-LEC (Suzhou) Co., Ltd.
	Sekisui Board Co., Ltd. Gunma Site		Research and Laboratory of Plastics Technology Co., Ltd.		Sekisui (Wuxi) Plastics Technology Co., Ltd.
	Yamanashi Sekisui Co., Ltd.		Sekisui Medical Co., Ltd. Ami Site		Sekisui Youngbo Hpp (Wuxi) Co., Ltd.
	Sekisui Medical Co., Ltd. Tsukuba Plant				Sekisui Polymatech (Shanghai) Co., Ltd.
	Sekisui Medical Co., Ltd. Drug Development Solutions Center				Sekisui Medical Technology (China) Ltd.
	Sekisui SoflanWiz Co., Ltd. Iwaki Plant				Sekisui Medical Technology (Suzhou) Ltd.
	Chiba Sekisui Industry Co., Ltd.			Thailand	SEKISUI S-LEC (THAILAND) CO., LTD.
	SEKISUI CHEMICAL CO., LTD. Shiga-Ritto Plant				SEKISUI POLYMATECH (THAILAND) CO., LTD.
	Sekisui Chemical Hokkaido Co., Ltd.				SEKISUI SPECIALTY CHEMICALS (THAILAND) CO., LTD.
	Toto Sekisui Co., Ltd. Head Office and Plant				THAI SEKISUI FOAM CO., LTD.
	Nishinihon Sekisui Industry Co., Ltd. Okayama Plant			Singapore	VEREDUS LABORATORIES PTE. LTD.
	Sekisui SoflanWiz Co., Ltd. Atsugi Plant			Indonesia	PT. SEKISUI POLYMATECH INDONESIA
	Sekisui SoflanWiz Co., Ltd. Akashi Plant			Australia	SEKISUI RIB LOC AUSTRALIA PTY.LTD.

* At production sites and laboratories, external features such as streetlights that are not related to production or research activities are excluded.

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

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

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

Head Office Building Renewal and New Energy Creation Products

SEKISUI CHEMICAL Group worked with Kanden Realty & Development Co., Ltd. from 2023 to renovate its Osaka Head Office (Dojima Kanden Building), which is over 50 years old, and completed the work on June 30, 2025. This building was the first office building over 30 years old to receive the highest S-rank, "CASBEE SmartWellness Office Certification."*

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

In renovating the building, steps were taken to utilize Low-E double glazing, which improves indoor comfort while reducing air conditioning power consumption, thanks to its high thermal insulation and solar radiation shielding properties. We recognize that the renewal and continued use of aging buildings is not a conventional scrap and build approach, but a concept of building use that is critical to a resource-recycling society. Improving the durability of buildings and using them for a long time can save resources and reduce waste, reduce the amount of energy needed to manufacture building materials, and in turn, reduce GHG emissions throughout the life cycle of buildings. In addition, more than 20 of the Group's products that contribute to the safety, durability, and environmental performance of buildings and infrastructure were used in the renewal.

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



The renovated Osaka Head Office

GX Proactive Implementation Declaration

To reduce Scope 3 emissions and accelerate the development and social implementation of GX products, our Group declared the following proactive procurement of GX products (in May 2025). "The SEKISUI CHEMICAL Group aims to achieve 100% electric vehicles and other such vehicles for company cars leased by the Company by FY2030."

Contributing to Carbon Reduction and Decarbonization through Our Businesses

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

Examples of products that contribute to climate change mitigation

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

Examples of products that contribute to climate change adaptation

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

Initiatives undertaken in collaboration with other companies

The Group is accelerating the social implementation of carbon recycling (CCU/CCUS: Carbon Capture, Utilization and Storage) with our proprietary chemical looping reaction technology, which converts CO₂ into carbon monoxide (CO) with high efficiency, at its core.

In April 2023, it entered into a partnership with TOKAI CARBON CO., LTD. to commercialize CCUS. The two companies are jointly studying technology to manufacture carbon materials derived from CO₂, aiming to reduce dependence on fossil resources and decarbonize the production of carbon products.

In June of the same year, in its carbon recycling project with ArcelorMittal, S.A., it achieved a 90% CO₂ conversion rate and a 75% hydrogen conversion rate ahead of schedule, which are the targets for the New Energy and Industrial Technology Development Organization (NEDO) project. It demonstrated technology to recover and reuse CO₂ from blast furnace gas.

In October, it concluded a basic agreement with Cosmo Energy Holdings Co., Ltd. and began jointly studying the production of sustainable products using CO₂ generated at refineries and other facilities.

Then, in August 2025, it announced a strategic alliance with Velocys Inc. By combining the two companies' technologies to develop technology for manufacturing CO₂-derived synthetic fuel, or electro-sustainable aviation fuel (e-SAF), it will help decarbonize the aviation sector.

Through these efforts, SEKISUI CHEMICAL will promote the effective use of CO₂ across a range of industries, including steel, oil, chemicals, and aviation, and contribute to realizing a sustainable society.

● Progress on commitments

Expanding the Adoption Rate of ZEH

We are committed to increasing the percentage of homes sold that use ZEH in order to reduce the use of fossil-based energy by our customers in the Sekisui Heim homes. In FY2025, the ratio of ZEHs among newly built detached houses (based on figures compiled using the ZEH builder reporting method) was 95%.

The cumulative number of houses equipped with storage batteries (energy self-sufficient houses), which we are proposing along with houses with ZEH specifications, is also increasing, and the storage battery installation rate for new detached homes has grown to 85%*.

* Based on Company data, the percentage of storage batteries (including VtoH) used on a shipping basis from April 2025 to March 2026. Figures are rounded to the nearest whole number.

▣ Activities in Related Initiatives

● Toward climate change mitigation

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

The Group aims to achieve the goals set out in the Paris Agreement, namely the 1.5°C target, and to ensure carbon neutrality. We participate in and register with various initiatives, forums, and other organizations after confirming that their founding intentions, direction of initiatives, goals, etc. are consistent with the will and direction of the Group. Our continued participation is determined on

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

The Japan Climate Initiative (JCI)

Significance / ObjectivesJoining the front line from Japan in the global push toward decarbonization in order to mitigate climate change.

Activities.....In order to drive social change and steer toward decarbonization, steps are being taken under the JCI to promote the dissemination of information and exchange of views from companies, local governments, and NGOs that are actively engaged in climate-change measures, and to advance the declaration of goals and activities aimed at achieving objectives with a focus on the acceleration of corporate collaboration activities.

Our roleWe share the latest information on our efforts and use that information to consider measures.

RE100

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

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

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

JAPAN CLIMATE LEADERS' PARTNERSHIP (JCLP)

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

Activities.....Lead Japan through six pillars of activity to realize a decarbonized society. Policy engagement, decarbonization across the entire value chain, providing solutions to society, forming appropriate public opinion, collaboration with stakeholders, international network activities (information sharing, recommendations to the international community, etc.)

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

GX Future League (formerly the GX League)

Significance / Aim to accelerate corporate collaboration in an effort to address the challenges
Objectives associated with the transition to carbon neutrality in Japan.
Activities..... Participating companies that have endorsed the objectives of the GX Future
League are working together and are preparing to promote initiatives to solve
various issues.
Our role We will consider participating in and promoting initiatives to resolve various
issues in the future.
To expand GX products and accelerate their social implementation, we participat-
ed in a working group to create a framework for the “GX Proactive Implementation
Declaration,” in which companies declare their future procurement targets. In
accordance with the established declaration framework, our Group made its dec-
laration in May 2025.

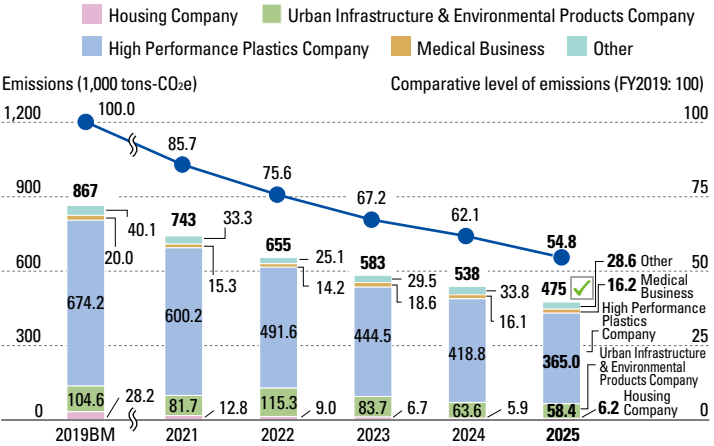
Shiga Hydrogen Hub Formation Consortium

Significance / Shiga is one of Japan’s leading inland manufacturing prefectures, and using
Objectives hydrogen energy is seen as one way to decarbonize heat use. The consortium
examines measures to connect demand within the prefecture, with an eye to
coordinating with the more advanced hydrogen projects in coastal areas, and as
a first step explores the feasibility of forming a supply hub in the Maibara area.
Activities..... (1) Gathering information and exchanging views on building a hydrogen supply
chain
(2) Exploring coordination with surrounding areas on building a supply chain for
hydrogen and other energy
(3) Identifying the issues and prospects for putting hydrogen and other energy to
use in the prefecture
(4) Other matters necessary to achieve the consortium’s objectives
Our role We joined this consortium as a user that operates several production sites in
Shiga Prefecture. Going forward, we will gather knowledge through the consor-
tium on how to put hydrogen to use.

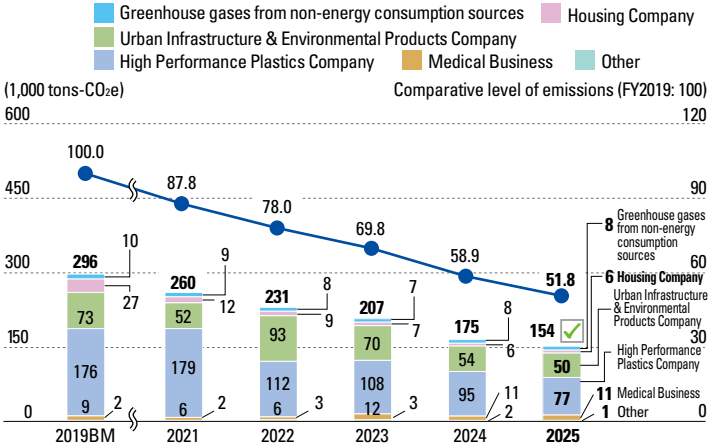
Performance Data

Note 1: GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials.
Note 2: In line with a change in the control of certain businesses in the UIEP and HPP companies implemented from October 2022, the data for FY2022 of both companies is collated as if the change in control had been initiated from the beginning of FY2022.
Note 3: Scope 2 emissions are calculated based on the market-based method unless otherwise specified.

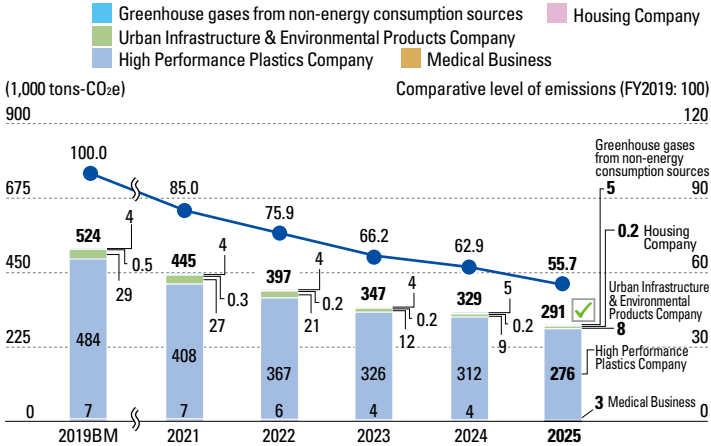
Scope 1+2 (By Divisional Company)



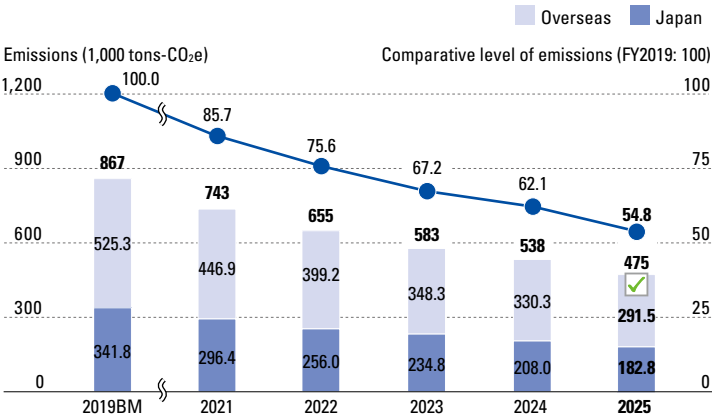
Greenhouse Gas (GHG) Emissions during Manufacturing /Japan
(Boundary of Aggregation: Production Sites in Japan)



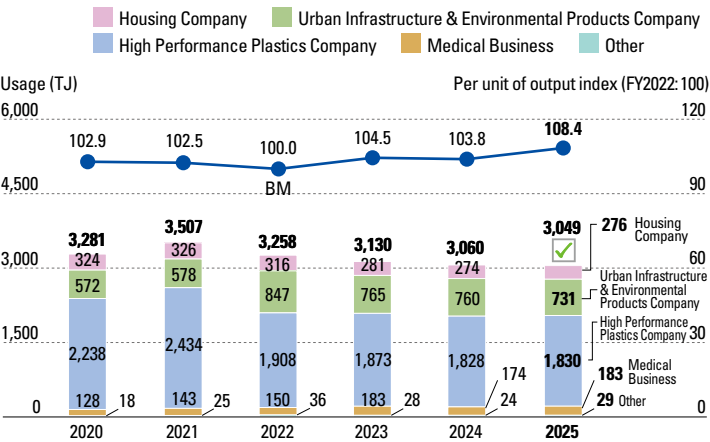
Greenhouse Gas (GHG) Emissions during Manufacturing /Overseas
(Boundary of Aggregation: Overseas Production Sites)



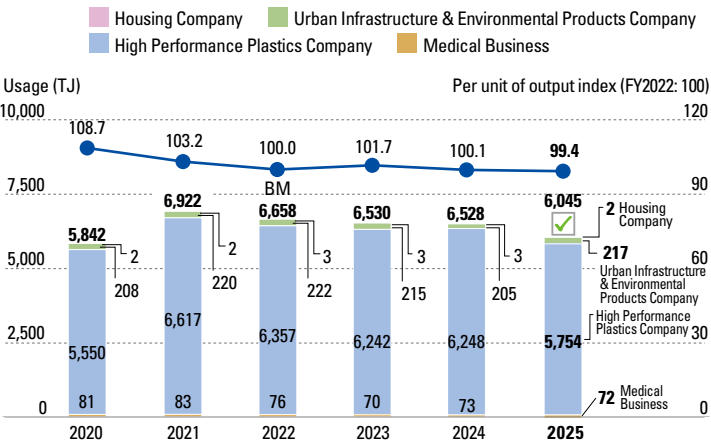
Scope 1+2 (Japan and Overseas)



Energy Use and per Unit of Production* (Index) during Manufacturing / Japan
(Boundary of Aggregation: Production Sites in Japan)



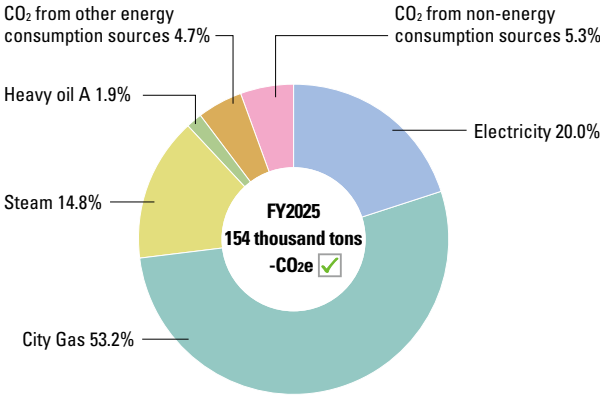
Energy Use and per Unit of Production* (Index) during Manufacturing / Overseas
(Boundary of Aggregation: Overseas Production Sites)



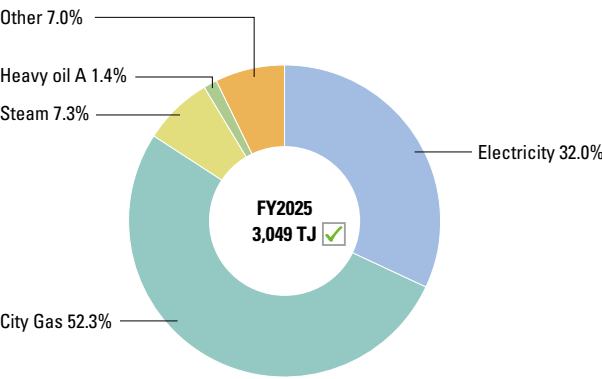
* Energy consumption per unit of production weight
* The boundary of aggregation for energy consumption and intensity (index) during production excludes institutes and offices.

* Energy consumption per unit of production weight
* The boundary of aggregation for energy consumption and intensity (index) during production excludes offices.

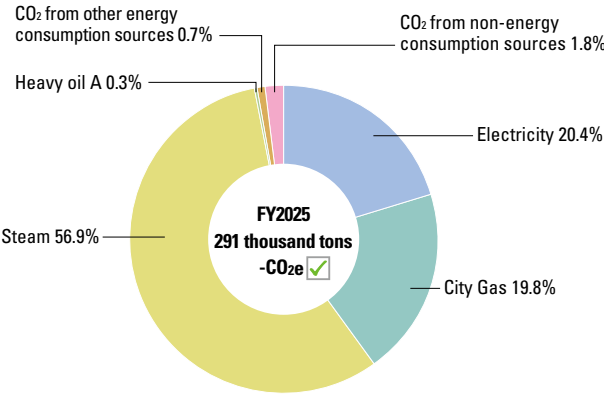
Breakdown of Greenhouse Gas (GHG) Emissions during Manufacturing / Japan
(Boundary of Aggregation: Production Sites in Japan)



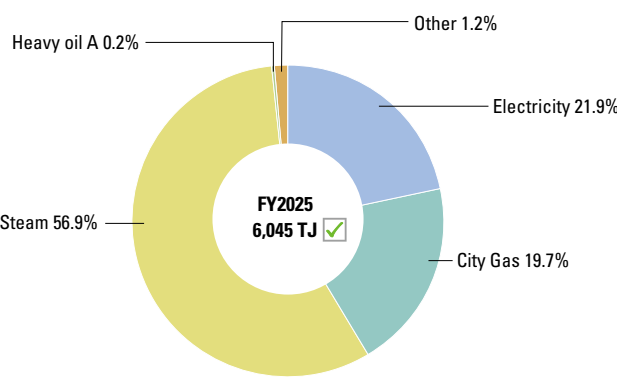
Breakdown of Energy Use during Manufacturing / Japan
(Boundary of Aggregation: Production Sites in Japan)



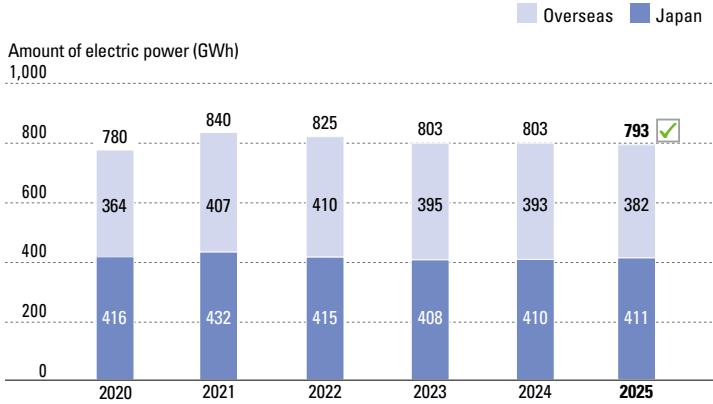
Breakdown of Greenhouse Gas (GHG) Emissions during Manufacturing / Overseas
(Boundary of Aggregation: Overseas Production Sites)



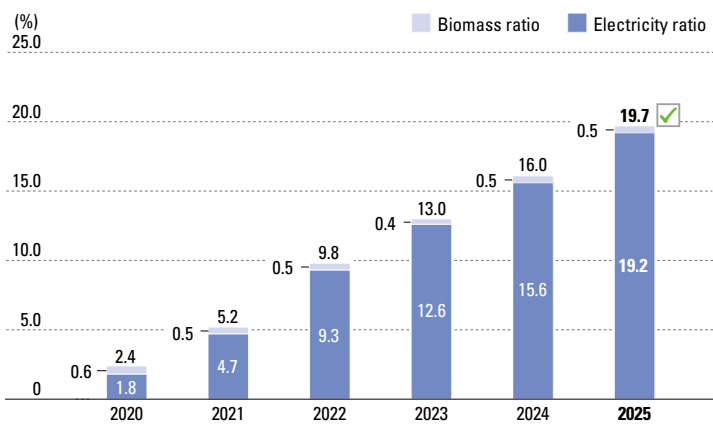
Breakdown of Energy Use during Manufacturing /Overseas
(Boundary of Aggregation: Overseas Production Sites)



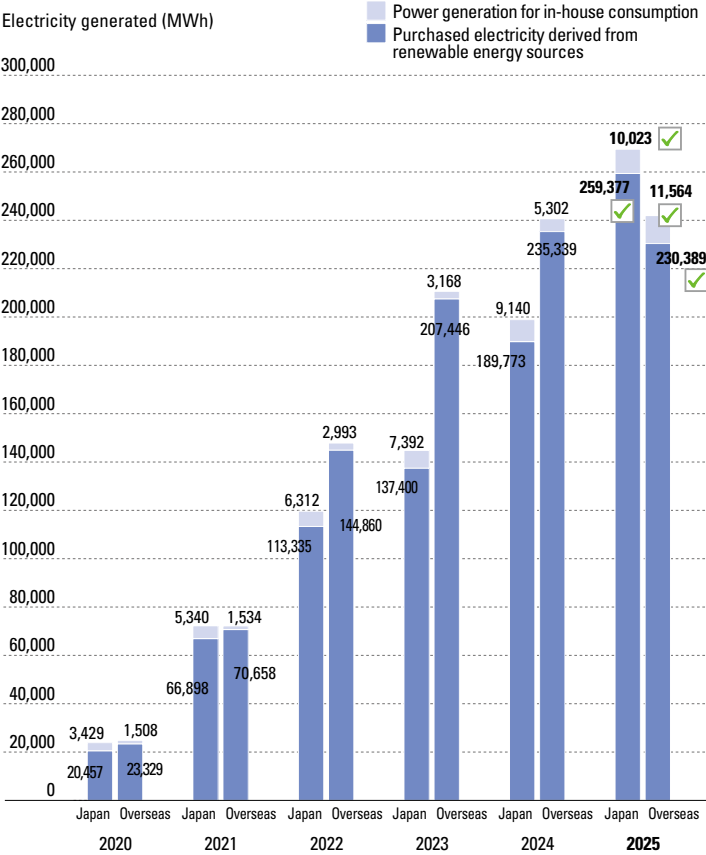
Electricity Consumption in Japan and Overseas



Ratio of Renewable Energy to Total Energy Consumption / Electricity, Biomass Boilers

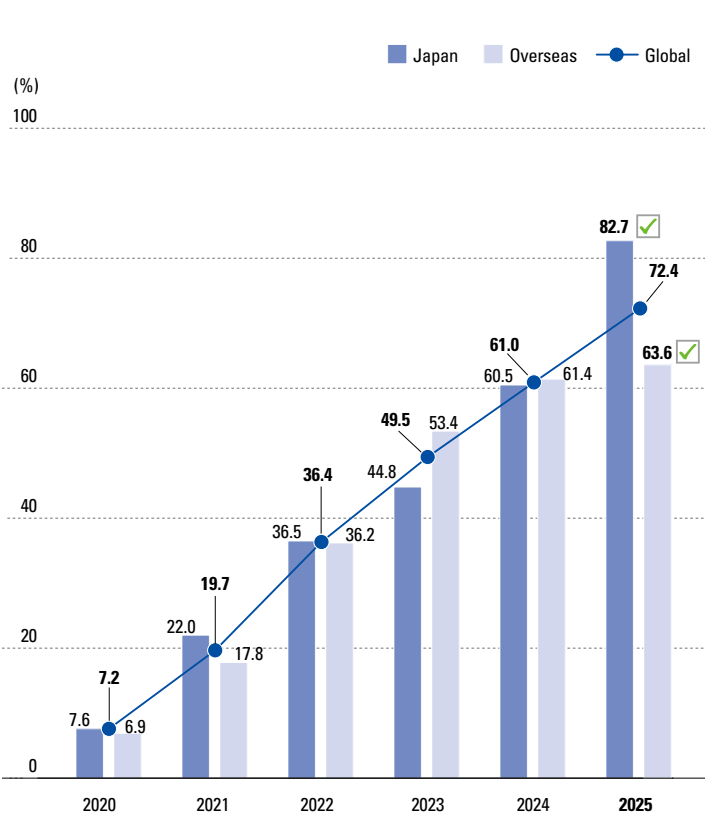


Amount of Power Generation for In-house Use, Amount of Purchased Electricity Derived from Renewable Energy Sources / Japan and Overseas
Note: Excluding Co-Generation



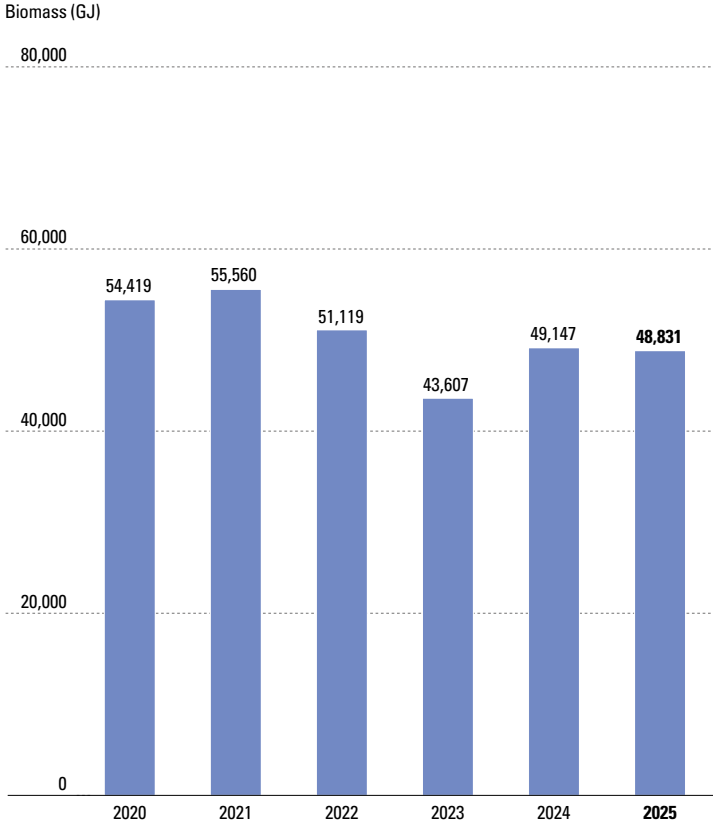
Emissions of Non-CO₂ Greenhouse Gases (Scope of Aggregation: Global Production, Laboratories)
In FY2025, GHG emissions other than CO₂ (CF₄, SF₆) were all zero.

Ratio of Electricity Derived from Renewable Energy Sources / Japan and Overseas
Note: Excluding Co-Generation

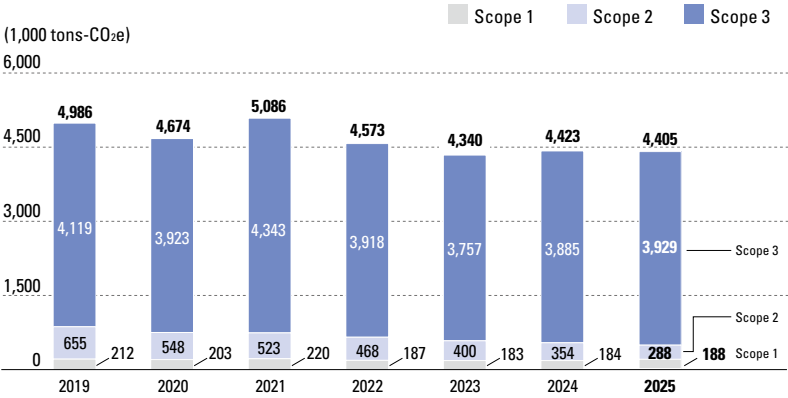


Indicator	Calculation Method
Energy Use	Energy use = Σ[amount of fuel used, amount of electricity purchased, amount of solar power generation for in-house use, and amount of steam purchased × unit calorific value] [Unit Calorific Value] Purchased Electricity: 3.60 MJ/kWh (Amount of solar power generation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

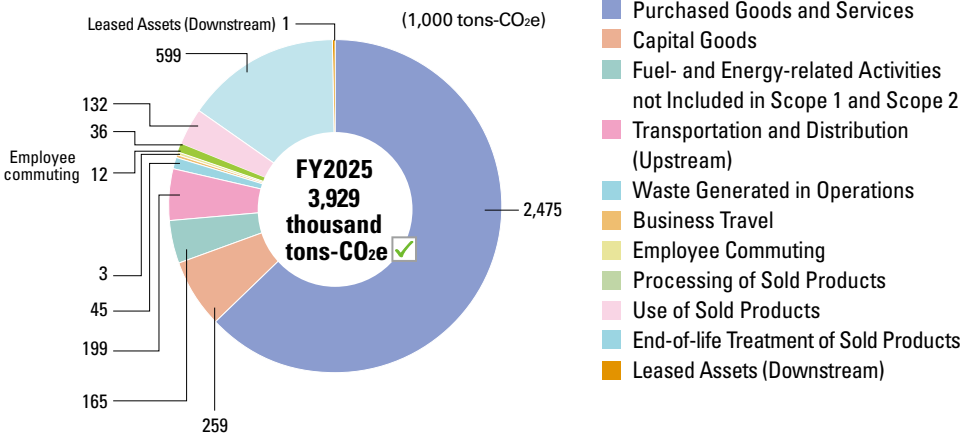
Woody Biomass Emissions



Greenhouse Gas Emissions throughout Our Entire Supply Chain



Scope 3 Breakdown by Category



Greenhouse Gas Emissions throughout Our Entire Supply Chain

				2019	2020	2021	2022	2023	2024	2025	
Scope 1				212	203	220	187	183	184	188	
Scope 2	Market-based			655	548	523	468	400	354	288	
	Location-based			—	—	—	—	559	566	516	
Scope 3	Upstream	Category 1	Purchased Goods and Services	2,352	2,282	2,445	2,205	2,339	2,092	2,475	
		Category 2	Capital Goods	96	80	74	113	112	475	259	
		Category 3	Fuel- and Energy-related Activities not Included in Scope 1 and Scope 2	127	198	226	220	230	227	165	
		Category 4	Transportation and Distribution (Upstream)	95	86	93	77	83	100	199	
		Category 5	Waste Generated in Operations	44	37	41	44	46	47	45	
		Category 6	Business Travel	24	7	6	23	37	41	3	
		Category 7	Employee Commuting	6	5	4	9	7	7	12	
	Downstream	Category 10	Processing of Sold Products	45	39	41	41	38	36	36	
		Category 11	Use of Sold Products	772	708	810	625	254	243	132	
		Category 12	End-of-life Treatment of Sold Products	558	481	601	559	610	615	599	
		Category 13	Leased Assets (Downstream)	2	1	1	2	1	1	1	
		Scope 3 Total			4,119	3,923	4,343	3,918	3,757	3,885	3,929
		Total *1			4,986	4,674	5,086	4,573	4,340	4,423	4,405

*1: Scope 2 is aggregated using market-based method.

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

Indicator			Calculation Method	
Scope 1			CO2 emissions = Σ[amount of fuel used × CO2 emissions coefficient] + Non-energy-derived greenhouse gas emissions Non-energy-derived greenhouse gas emissions = Non-energy-derived CO2 emissions* + Σ[Emissions of greenhouse gases other than CO2 × Global Warming Potential] * Includes CO2 emissions from the combustion of fuels other than those specified under the “Act on Promotion of Global Warming Countermeasures” both in Japan and overseas [CO2 emissions coefficient] City Gas: Coefficients obtained from suppliers are applied to the latest data at the start of each fiscal year. If a coefficient cannot be obtained in this manner, it is based on the Act on Promotion of Global Warming Countermeasures. Fuel Other than the Above: Based on the Act on Promotion of Global Warming Countermeasures. [Global warming potential]: Emissions coefficients determined based on greenhouse gas emission calculations, reports, and official disclosures. Fuels that corresponds to energy sources are calculated based on the Act on Promotion of Global Warming Countermeasures both in Japan and overseas.	
Scope 2			CO2 emissions = Σ[Purchased electricity volume and/or purchased steam volume × CO2 emissions coefficient] [Market-based CO2 emissions coefficient] Purchased Electricity: In Japan, the coefficient provided in notices pursuant to the Act on Promotion of Global Warming Countermeasures is applied to the latest data at the start of each fiscal year. In case the purchased electricity for which the emissions coefficients are set for each menu, the basic emissions coefficient applies. For overseas data, the latest coefficient data obtained from local power suppliers as of the beginning of each fiscal year is applied. If not available, based on IEA Emission Factors 2025 Edition, EPA eGRID 2023 Revision 2. Purchased Steam: Coefficients obtained from suppliers are applied to the latest data at the start of each fiscal year. If a coefficient cannot be obtained in this manner, it is based on the Act on Promotion of Global Warming Countermeasures. [Location-based CO2 emissions coefficient] Purchased electricity and purchased steam: In Japan, substitute values from coefficients announced under the Act on Promotion of Global Warming Countermeasures are applied to the latest data at the start of each fiscal year. For overseas, based on IEA Emission Factors 2025 Edition, EPA eGRID 2023 Revision 2. Note: For offices, sites are classified into the head office, housing sales companies, and non-housing sales offices. Intensity is calculated from the actual data and the remainder is estimated. Note: For overseas offices, intensity is calculated from actual data, and the remainder is estimated.	
Scope 3	Upstream	Category 1	Purchased Goods and Services	CO2 emissions = Σ[(amount of major raw materials used (excluding substances subject to regulation by the PRTR Law) as listed in the Material Balance section of this report + estimated values for other raw materials) × emission coefficient (Inventory Database for Environmental Analysis (AIST-IDEA) Ver. 3.5.1 (the world's largest GHG emissions database developed by the National Institute of Advanced Industrial Science and Technology; hereinafter IDEA v. 3.5.1))]The Group has reflected the actual GHG emissions of its raw material suppliers with regard to four principal resins (PP, PE, PVC and PVA) from FY2018. For FY2025, this has not been reflected due to data availability.
		Category 2	Capital Goods	CO2 emissions = Σ[the increase during the given fiscal year in buildings, structures, mechanical equipment, transport vehicles, tools, furniture and fixtures, and software in the schedule of changes in fixed assets × emissions coefficient (per unit emissions database for calculating organizational greenhouse gas emissions, etc., arising from supply chains (Ver. 3.6) (Ministry of the Environment and Ministry of the Economy, Trade and Industry))]
		Category 3	Fuel- and Energy-related Activities not Included in Scope 1 and Scope 2	CO2 emissions = Σ[(amount of fuel used, amount of electricity purchased, and amount of steam purchased) × emissions coefficient] The emissions coefficients used are as follows: For fuel, IDEA v. 3.5.1, for purchased electricity and steam, per unit emission database for calculating greenhouse gas emissions by organizations, etc., arising from supply chains (Ver. 3.6) (Ministry of the Environment and Ministry of the Economy, Trade and Industry). Applicable to production sites, laboratories, and offices both inside Japan and overseas.
		Category 4	Transportation and Distribution (Upstream) (Transportation of Major Raw Materials)	CO2 emissions = Σ[amount of major raw materials used (excluding substances subject to regulation by the PRTR Law) as listed in the Material Balance section of this report × transport distance × emission coefficient (IDEA v. 3.5.1)] (Transportation distances for PVB, plasticizers, PVA, and PVC reflect actual transportation distances. Other transportation distances are calculated assuming that the transportation distance was a uniform 200 km)
			Transportation and Distribution (Upstream) (Transportation of Products)	The amount recorded as freight in the consolidated statement of income × emissions coefficient (per unit emissions database for calculating organizational greenhouse gas emissions, etc., arising from supply chains (Ver. 3.6) (Ministry of the Environment and Ministry of the Economy, Trade and Industry))
		Category 5	Waste Generated in Operations	CO2 emissions = Σ[amount of waste materials generated (by type) × emissions coefficient (IDEA v. 3.5.1)] Scope: Major production sites and research facilities in Japan and overseas.
		Category 6	Business Travel	CO2 emissions = number of Group employees × emissions coefficient (per unit emissions database for calculating organizational greenhouse gas emissions, etc., arising from supply chains (Ver. 3.6) (Ministry of the Environment and Ministry of the Economy, Trade and Industry))
		Category 7	Employee Commuting	CO2 emissions = Σ[number of employees per site × emissions coefficient (per unit emissions database for calculating organizational greenhouse gas emissions, etc., arising from supply chains (Ver. 3.6) (Ministry of the Environment and Ministry of the Economy, Trade and Industry))]
	Downstream	Category 10	Processing of Sold Products	CO2 emissions = Σ[production volume of relevant products × emissions coefficient at the time of processing the relevant products (IDEA v. 3.5.1)] Covers products for the automotive industry by Subsidiary companies in Japan and overseas.
		Category 11	Use of Sold Products	CO2 emissions = Σ[number of structures sold as housing during the relevant fiscal year × amount of electricity purchased from power companies throughout a year × 60 years × electricity-based emissions coefficient], including the effect of the solar power generation system. The amount of electricity purchased from power companies throughout a year is based on the Electricity Income and Expenditure Home Survey of Houses with Built-In Solar Power Generation Systems (2025).The electricity-based emissions coefficient employed is the emissions coefficient from the FY2025 report produced by the Act on Promotion of Global Warming Countermeasures reporting system (alternate value), equal to 0.416 tons-CO2/MWh. The calculation is performed under the assumption that housing will be used for 60 years. Housing sold within Japan for the fiscal year relevant to the calculation is covered. We also have been calculating the effect of reduction in energy used in residences built to ZEH specifications since FY2018.
		Category 12	End-of-life Treatment of Sold Products	CO2 emissions = Σ[amount of major raw materials used in the products sold during the relevant fiscal year × emissions coefficient (IDEA v. 3.5.1)] The calculation assumes that products sold during a given fiscal year are disposed of during the same fiscal year.
		Category 13	Leased Assets (Downstream)	Calculated for construction work carried out using machinery leased by SEKISUI CHEMICAL. CO2 emissions = Σ[relevant installation units × fuel usage per unit × CO2 emissions coefficient (emissions coefficient determined based on a system of greenhouse gas emission calculations, reports, and official disclosures)]



Realizing Resource Recycling

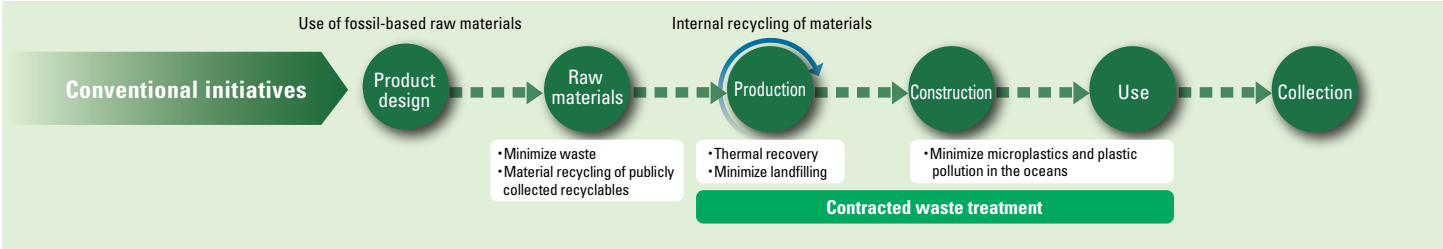
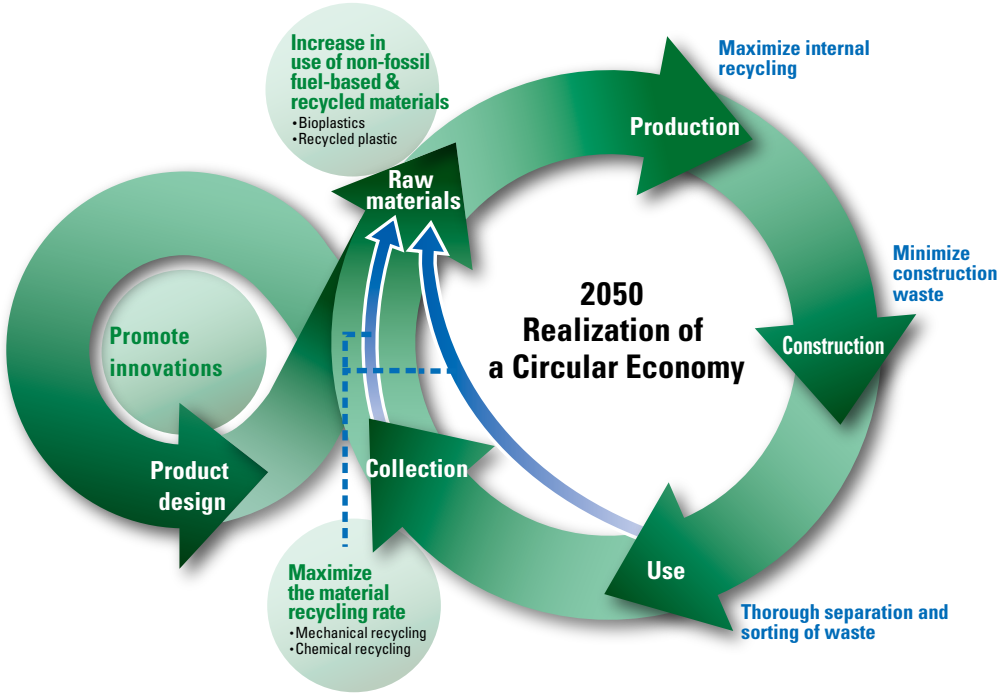
Strategy (Stance, Approach, Risks and Opportunities)

Basic Concept

Establishment of the Resource Recycling Policy

SEKISUI CHEMICAL Group aims to help create a sustainable society through the realization of a circular economy by 2050. To achieve this Long-term goal, we formulated a resource recycling policy and strategy in FY2021. In partnership with the supply chain, we are working to minimize the use of virgin raw materials derived from fossil fuels. At the same time, we are promoting resource recycling and aim to realize a circular economy through our businesses.

WEB Resource Recycling Policy
https://www.sekisuichechemical.com/sustainability_report/basic_policies/#anc-P02



Promoting Efforts Based on the Resource Recycling Policy

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

The Group reviewed and re-established milestones for FY2023 and FY2025. Since FY2023, we have accelerated our efforts to achieve the revised milestones.

In addition to these initiatives, we believe that innovation at the product design stage is important for driving the promotion of resource recycling throughout the product life cycle. By rethinking the design of new products and revising the processes for existing products, we are promoting initiatives for innovation that accelerates resource recycling. To achieve these, we formulated the Environmentally-Conscious Design Guidelines and released them in February 2026.

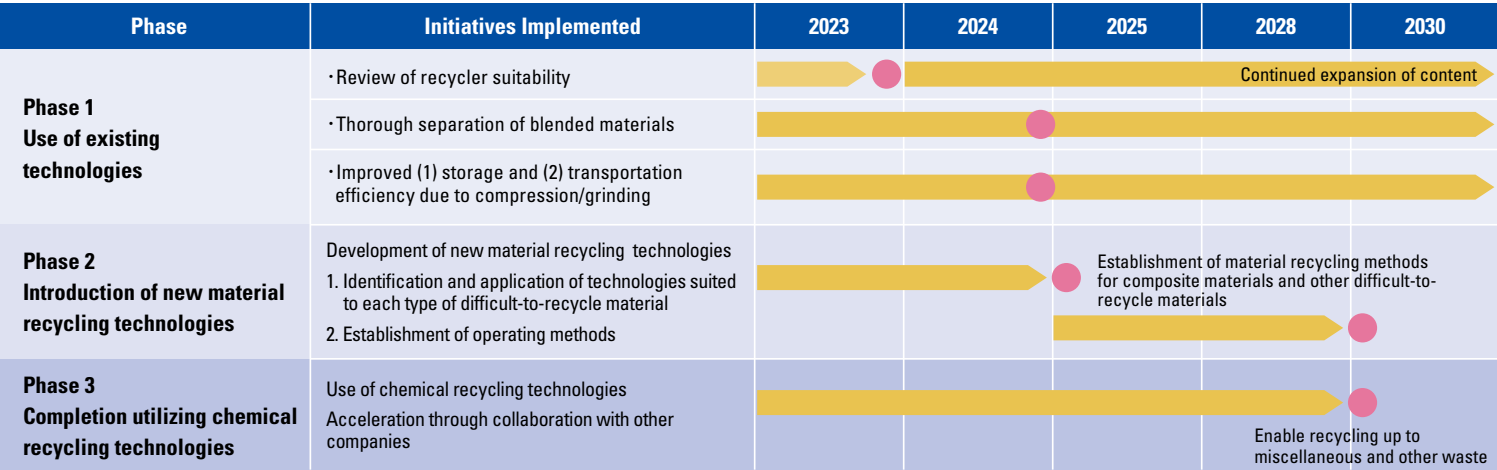
Road Map for Long-Term Goal Achievement

		2020 to 2022	By 2025	By 2030
Business strategy	Net sales of Products to Enhance Sustainability that contribute to resource circulation (base year: 2020)	1.1 times	1.7 times	2 times or more
Raw material resource conversion	Net sales of products not derived from fossil fuels and using recycled materials	3 billion yen	40 billion yen	100 billion yen
Recycling waste products	Rates for recycling waste plastic into new materials	Analyze current conditions and set baselines	Japan: 65%	Japan: 100% Overseas: 85% (100% in 2035)

Plan to Accelerate the Material Recycling of Waste Plastics

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

Plan for Recycling Waste Plastic into New Materials



Expected timing of the effects of increased material recycling rates

Risks and Opportunities Posed by Resource Recycling on Our Businesses

Opportunity losses caused by changes in consumer behavior and preferences

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

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

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

The following are certain examples.

1. The Plastic Molding and Processing Business

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

2. Town and Community Development Business

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

These risks and opportunities are analyzed and identified using the social scenario based on the scenario analysis. Details are disclosed through theTCFD Report.

Addressing Plastic Waste Issues

Since around 2017, plastic waste, represented by marine plastic waste, has become a major environmental issue. The Group does not manufacture or sell primary microplastics for applications that presuppose their release into the environment. However, we recognize that plastic products and plastic materials contained in products that are used or disposed of after use may deteriorate in the natural environment and become microscopic if not properly treated.

Employee education

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

Contributing to social change

We recognize that the proper use and disposal of plastics requires the construction of a social system as well as a shift in public awareness through education and training. The Group is therefore engaged in various collaborations with industry, government, and academia. For example, we are participating in the Clean Ocean Material Alliance (CLOMA), a collaborative initiative between companies organized by Japan's Ministry of Economy, Trade and Industry. For a fundamental solution, we are working on the common issues necessary for the social implementation of resource recycling schemes with the aim of realizing a circular economy.

Enhancing material recycling

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

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

Governance

Promotion System for Resource Recycling Issues

As far as resource recycling issues are concerned, including resource conversion, the recycling of waste, and external environmental issues that may constitute management risks, steps are taken to ascertain the magnitude of each risk to consider appropriate countermeasures, and to carry out the necessary decision-making process under the supervision of the Board of Directors. In similar fashion to other environmental issues, our supervisory and executive systems for reducing the Group's negative impact on the environment and society related to resource recycling and expanding its contribution to the resolution of issues are based on its Environmental Management Promotion System.

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

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

P035 Environmental Management Promotion System

Risk Management

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

Indicators and Targets

Resource Recycling Targets

Aim: Promote resource recycling

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

Current Medium-term Targets (final fiscal year: FY2025)
Per unit of production: -3% (compared with FY2022)
FY2025 Results: +10.0% (compared with FY2022)
2030 Target: —
2050 Target: Achieve a circular economy

Indicator 2: Recycling rate for waste plastic materials

Current Medium-term Targets (final fiscal year: FY2025)
Japan: 65% Overseas: 69%
FY2025 Results: 70.0% (Japan) 68.6% (Overseas)
2030 Target: 100% (Japan) 85% (Overseas)
2050 Target: Maintain at 100%

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

Current Medium-term Targets (final fiscal year: FY2025): -3% (compared with FY2022)
FY2025 Results: -14.4% (compared with FY2022)
2030 Target: —
2050 Target: Achieve a circular economy

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

Current Medium-term Targets (final fiscal year: FY2025): -12% (compared with FY2022)
FY2025 Results: -6.4% (compared with FY2022)
2030 Target: —
2050 Target: Achieve a circular economy

Major Initiatives

Waste Plastic Initiatives

Enhancing material recycling

The Group is working to maximize material recycling using existing technologies. In addition to promoting the recycling of these materials as in-house raw materials, we are also advancing the selection of treatment methods with an emphasis on material recycling. As far as waste that is difficult to manage using material recycling is concerned, we are also working to establish new treatment methods.

Use of quality evaluations to improve the material recycling rate

In order to mitigate and resolve risks not only with regard to resource recycling issues, but also other environmental issues, and to ensure international competitiveness through the sustainable development of products and businesses, it is vital that the Group promotes material recycling of plastics, while also identifying the recycling methods that should be accelerated. Working also to identify material recycling technologies that should be prioritized and to promote higher quality recycling, we have clarified our stance toward recycling and are determining the initiatives to be taken based on the following three assessment criteria.

[Stance Toward Recycling]

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

[Evaluation Scale]

- Recycling properties
- Amount of CO₂ emission reduction through the use of waste plastics
- Degree of contribution to the environment (handling of difficult-to-recycle materials, etc.)

- In terms of recyclability, there are various methods of material recycling (e.g., horizontal recycling of plastics, cascade recycling, use as other functional materials, etc.). Accordingly, the Group evaluates the recycling properties that it aims for.
- In terms of reducing CO₂ emissions, we evaluate the positive impact of material recycling on climate change mitigation, and ensure there is no negative impact.

- In terms of the degree of contribution to the environment, we evaluate the social significance and degree of environmental contribution of processing difficult-to-recycle materials*.

* Difficult-to-recycle materials: Materials that are currently difficult to dispose of and can only be thermally recycled or landfilled

Accelerating efforts through internal measures

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

1. Use of resource recycling support measures

In order to promote the recycling of waste plastics into materials using high-quality recycling methods, we implemented resource recycling support measures that provide financial support for costs and equipment required for initiatives according to the amount of resources recycled into materials in FY2024 and FY2025.

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

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

Promoting the reduction of packaging materials

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

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

Promoting Construction Material Recycling

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

Contributing to Resource Recycling through Business

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

Examples of products that contribute to resource recycling

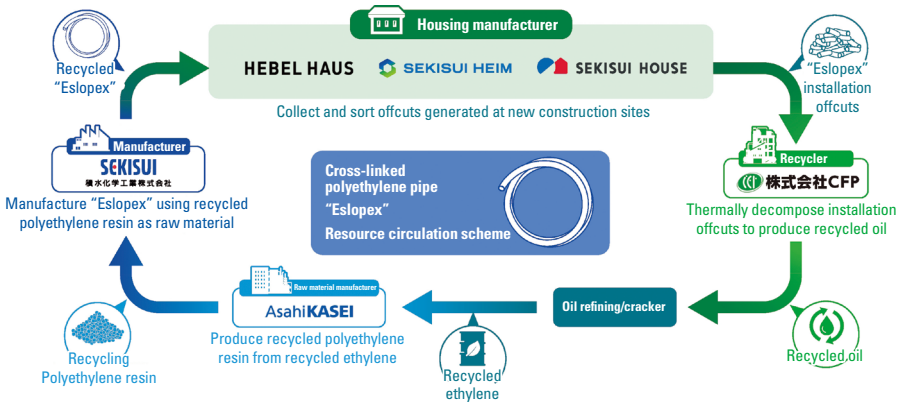
Business Field	Themes	Example Products
Housing	Remodeling menus to extend the life of products and services when reusing homes	· Be-Heim, a service that allows a customer to pass on a home to another customer, who will live in it with peace of mind
Building and Civil Engineering	Products that use recycled plastic as a raw material	· Products that enable temporary storage of rainwater in the event of a torrential downpour (rainwater storage material Cross-Wave) · Infrastructure with resource recycling properties (foamed three-layer pipes) · We have built a resource circulation scheme by integrating the strengths of housing manufacturers, chemical manufacturers, and recyclers, and have developed "Eslopex," a cross-linked polyethylene pipe made from polyethylene resin recycled via chemical recycling from offcuts generated at new construction sites.
Mobility	Buy-back system that collects customer scraps for reuse as raw materials	· System that involves contracting with customers who have purchased products to buy back scraps from those customers for recycling (SEKISUI KYDEX product)

Initiatives undertaken in collaboration with other companies

Building a resource circulation scheme using installation offcuts

In partnership with Asahi Kasei Corp., Asahi Kasei Homes Corp., Sekisui House, Ltd., and CFP CORPORATION, the Group is working to build a resource circulation scheme to recover and reuse the installation offcuts of cross-linked polyethylene pipe "Eslopex," used for water supply and hot water supply, that are produced at construction sites. The recovered offcuts are converted into recycled ethylene through chemical recycling by CFP, and Asahi Kasei recycles it into recycled polyethylene resin. We then expect to achieve a product loop by remanufacturing this into piping materials made from recycled raw materials. With the participation of three housing manufacturers, we will increase the amount recovered and improve cost efficiency, establishing a circulation model that integrates design, recovery, and recycling. Through this initiative, we will help reduce our environmental impact and bring about a circular economy.

Resource circulation scheme diagram for cross-linked polyethylene pipe "Eslopex"



Initiative Collaboration

As far as the issue of resource recycling is concerned, we are collaborating with various entities, including other companies and organizations, to achieve our Long-term goals, thereby expanding our contributions toward the resolution of issues and raising the potential to achieve milestones ahead of schedule. Based on the aforementioned, the Group participates in and registers with various initiatives and organizations, including forums. When participating or registering, we confirm that founding principles, the direction of initiatives, and goals are consistent with the Group. Our continued participation is determined on an annual basis to ensure that there are no discrepancies in the direction in which we are heading. In the event that the direction differs, steps will be taken to withdraw from the initiative, forum, or other organization.

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

Clean Ocean Material Alliance (CLOMA)

Organizer.....Japan's Ministry of Economy, Trade and Industry, Ministry of the Environment, Ministry of Agriculture, Forestry and Fisheries

Significance / ObjectivesTo solve the issue of marine plastic waste, which is a global environmental issue

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

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

In FY2025, we conducted the following activities.

1. Activities related to rule-making

In FY2023, we used the position paper on chemical recycling technology published as CLOMA to work on solving common issues, aiming for the social implementation of chemical recycling technology. In particular, in FY2025, we held repeated discussions with government agencies, focusing on the “Act on Promotion of Resource Circulation for Plastics,” and discussed operations and considerations that would lead to solving issues in the social implementation of chemical recycling.

2. Activities for enhancing the value of resource recycled products

Based on the viewpoint that defining and certifying superior resource recycled products will lead to enhanced product value, we give opinions in discussions of various resource recycling-related certifications and product standards from the perspective of chemical recycling technology. In FY2025, “Chemical Recycling Process Certification,” in which we participated as a CLOMA/WG chair company in the Eco Mark Criteria Committee operated by the Japan Environment Association, was published and its operation began. Subsequently, a criteria committee for “Chemical Recycling Product Certification” has also been launched, and discussions have begun.

Japan Partnership for Circular Economy (J4CE)

Organizer.....Japan’s Ministry of the Environment, Ministry of Economy, Trade and Industry, and Japan Business Federation

Significance / ObjectivesTo further foster understanding and promote efforts by a wide range of responsible parties, including domestic companies, as the trend toward a circular economy accelerates on a worldwide basis.

Activities.....Introduction of case studies through case study brochures, dissemination of information for the general public, and support for inter-company collaboration.

Our roleTo accelerate the creation and social implementation of new recycling businesses by disseminating case studies and providing feedback on internal technologies and measures based on an understanding of the latest information.

Sustainable Plastics Initiative (SusPla)

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

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

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

Ecosystem Society Agency (ESA)

Significance / ObjectivesTo promote co-creation among companies, local governments, research institutions, and others with recycling and coexistence as its core principles and realize a sustainable and fulfilling society. Its mission is to build an autonomous, decentralized ecosystem society in which many actors complement one another.

Activities.....Advancing co-creation projects that address regional and social issues, as a platform for collaboration among industry, government, academia, and the public. Promoting social implementation through the demonstration of business schemes, human resource development, events, agreements, and other means.

Our roleWe are active in the Japan Circular Economy Partnership (J-CEP), a task force within ESA, and as a member of the corporate alliance we help advance a circular economy by sharing case studies and providing technical cooperation.

Circular Partners (CPs)

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

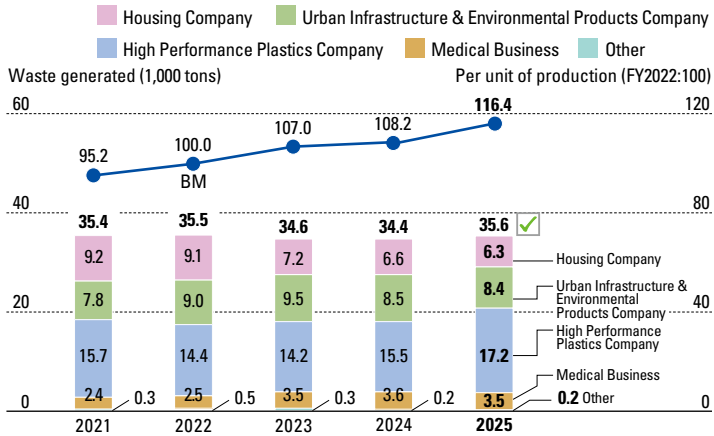
Activities.....Working on topics such as a vision/roadmap, circular economy information distribution platform, and regional circulation model.

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

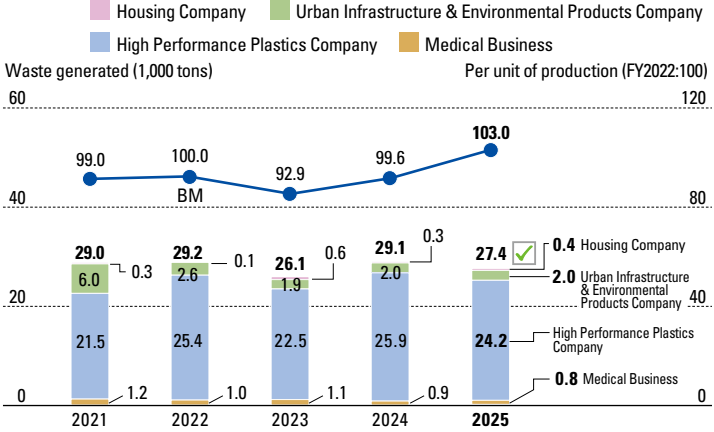
Performance Data

Waste Generated by Production Sites

Amount of Waste Generated by Production Sites*1, per Unit of Production*2 (Index) / Japan



Amount of Waste Generated by Production Sites*1, per Unit of Production*2 (Index) / Overseas

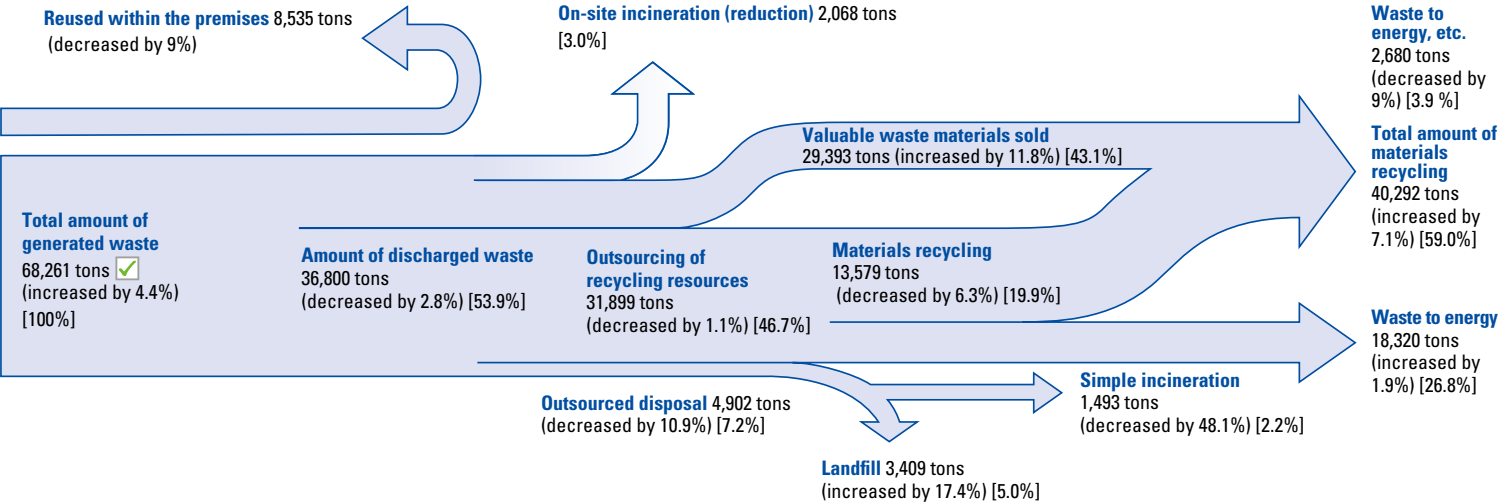


*1 Amount of waste generated: Limited to waste for which the production site is responsible. Prototypes and inventory disposal under the responsibility of divisional companies are not included.
In line with a change in the control of certain businesses in the UIEP and HPP companies implemented from October 2022, the data for FY2022 of both companies is collated as if the change in control had been initiated from the beginning of FY2022.
*2 Amount of waste generated per unit of production weight

Production Site Waste Generation and Disposal / Japan and Overseas

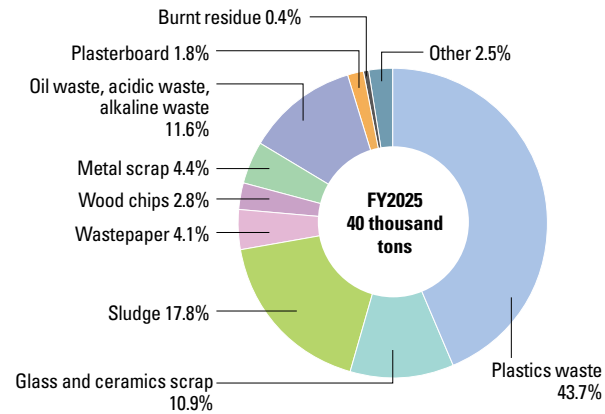
	Total amount of generated waste	Recycled Waste	Unrecycled Waste
FY2021	68,939	63,243	5,696
FY2022	71,179	63,139	8,040
FY2023	64,943	57,971	6,972
FY2024	67,716	60,797	6,919
FY2025	68,261	61,292	6,989

FY2025 Annual Production Site Waste Generation and Disposal / Japan and Overseas

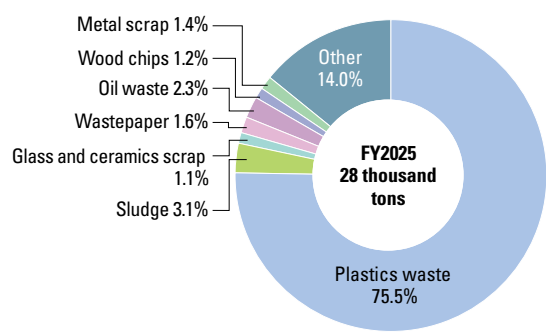


Note: Change over previous year is in () and proportion of total waste generation is in [].

Breakdown of Waste Generated at Production Sites / Japan

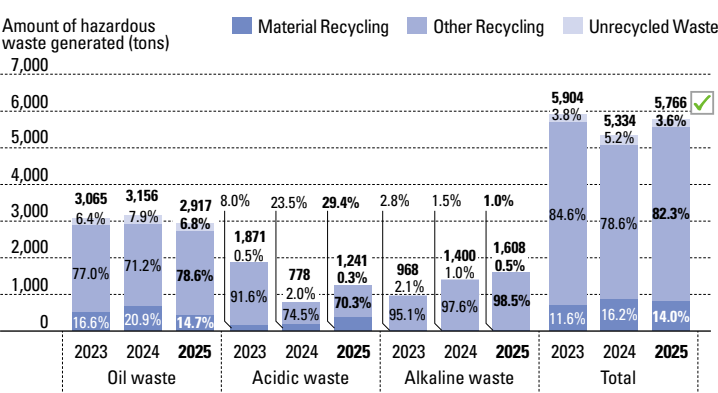


Breakdown of Waste Generated at Production Sites / Overseas



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

Amount of Hazardous Waste Generated / Recycling rate (Japan and Overseas) FY2025

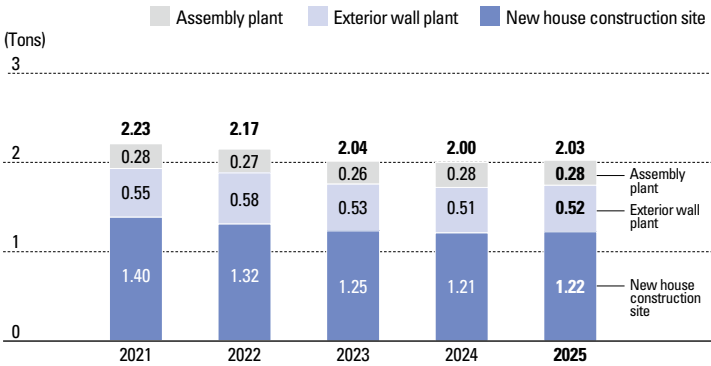


Indicator	Calculation Method
Amount of Hazardous Waste Generated and Recycling Rate	Recycling rate = Amount of recycled waste ÷ Amount of hazardous waste generated Hazardous substance: Oil waste, acidic waste, alkaline waste Recycling: Material recycling

* Because the definition of amount generated was revised, data have been restated retrospectively.

Waste generated on construction sites of new housing

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

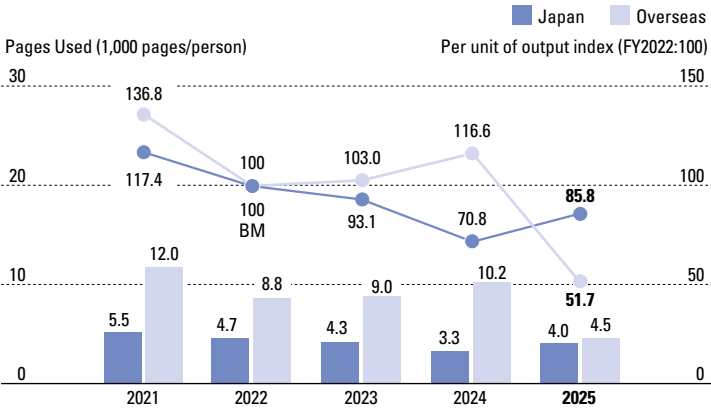


Indicator	Calculation Method
Amount of Waste Generated per Building	Amount of waste generated per building at new housing construction sites = Total amount of waste generated at new housing construction sites ÷ Number of new houses sold Note: Reference: Amount of waste generated during new housing construction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

* From FY2025, the measurement method has been changed at some sites.

● Waste generated in offices

Amount of Copy Paper Used at Offices per Unit of Output (Index)



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

Indicator	Calculation Method
Amount of Copy Paper Used at Offices per Unit of Output	Amount of copy paper used at offices per unit= Amount of copy paper used at offices ÷ Number of office personnel

Disclosure of the Recycling Status of Waste Plastics in accordance with the Act on Promotion of Resource Circulation for Plastics
(Status of FY2025 Emissions and Recycling / Production sites and research facilities in Japan)

	Disclosure according to the Act on Promotion of Resource Circulation for Plastics												Recycling as the Management Indicator for SEKISUI CHEMICAL Group (including waste sold as raw materials)											
	Emissions (Tons)			Rate of recycling (%)			Rate of thermal recycling (%)			Rate of recycling (broad) (%)			Emissions (Tons)			Rate of recycling (%)			Rate of thermal recycling (%)			Rate of recycling (broad) (%)		
	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
SEKISUI CHEMICAL CO., LTD.	4,417	3,935	3,968	8.1	9.5	17.2	85.0	85.0	77.0	93.1	94.4	94.2	9,946	11,357	11,390	59.2	68.6	71.1	37.7	29.4	26.8	96.9	98.1	98.0
Hokkaido Sekisui Heim Industry Co., Ltd.	31	24	27	0.0	0.0	0.0	100.0	100.0	100.0	100.0	100.0	100.0	31	24	27	0.0	0.8	0.0	100.0	99.2	100.0	100.0	100.0	100.0
Tohoku Sekisui Heim Industry Co., Ltd.	17	45	30	0.0	0.0	1.1	100.0	100.0	98.9	100.0	100.0	100.0	31	61	34	45.1	26.7	12.9	54.9	73.3	87.1	100.0	100.0	100.0
Sekisui Heim Industry Co., Ltd.	316	246	226	1.8	6.5	7.8	97.3	93.5	92.2	99.2	100.0	100.0	430	382	383	16.2	30.4	45.4	83.2	69.6	54.6	99.4	100.0	100.0
Chushikoku Sekisui Heim Industry Co., Ltd.	54	67	55	0.0	0.0	0.0	100.0	100.0	100.0	100.0	100.0	100.0	57	71	61	5.1	5.9	10.2	94.9	94.1	89.8	100.0	100.0	100.0
Kyushu Sekisui Heim Industry Co., Ltd.	43	27	17	0.0	0.0	0.0	100.0	100.0	100.0	100.0	100.0	100.0	50	42	30	13.9	35.9	42.9	86.1	64.1	57.1	100.0	100.0	100.0
Sekisui Board Co., Ltd.	96	100	98	24.2	28.7	32.3	75.8	71.3	67.7	100.0	100.0	100.0	96	100	100	24.2	28.7	33.5	75.8	71.3	66.5	100.0	100.0	100.0
Higashinihon Sekisui Industry Co., Ltd.	1	1	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9	18	3	94.1	96.0	100.0	0.0	0.0	0.0	94.1	96.0	100.0
Nishinihon Sekisui Industry Co., Ltd.	181	208	172	0.4	0.3	0.3	99.6	99.7	99.7	100.0	100.0	100.0	181	208	173	0.4	0.3	1.4	99.6	99.7	98.6	100.0	100.0	100.0
Sekisui Chemical Hokkaido Co., Ltd.	285	304	394	74.5	87.5	91.6	25.5	12.5	8.4	100.0	100.0	100.0	309	314	394	76.5	87.9	91.6	23.5	12.1	8.4	100.0	100.0	100.0
Chiba Sekisui Industry Co., Ltd.	98	119	98	37.7	47.9	86.7	15.9	9.9	13.3	53.6	57.8	100.0	153	166	196	60.1	62.5	93.3	10.2	7.1	6.7	70.2	69.6	100.0
Toto Sekisui Co., Ltd.	311	228	189	0.0	0.0	0.0	92.0	86.9	69.6	92.0	86.9	69.6	806	688	660	61.5	66.9	71.4	35.4	28.8	19.9	96.9	95.7	91.3
Yamanashi Sekisui Co., Ltd.	158	131	78	86.5	84.3	84.0	13.5	15.7	16.0	100.0	100.0	100.0	464	340	334	95.4	94.0	96.3	4.6	6.0	3.7	100.0	100.0	100.0
Nara Sekisui Co., Ltd.	192	176	193	18.6	41.2	42.5	35.8	58.8	50.6	54.4	100.0	93.0	220	198	227	28.8	47.8	51.0	31.3	52.2	43.1	60.1	100.0	94.1
SHIKOKU SEKISUI CO., LTD.	14	5	56	0.0	0.0	0.0	100.0	100.0	100.0	100.0	100.0	100.0	307	212	278	95.3	97.5	79.7	4.7	2.5	20.3	100.0	100.0	100.0
Kyushu Sekisui Industry Co., Ltd.	107	88	85	70.1	60.6	3.3	29.9	39.4	41.1	100.0	100.0	44.4	507	457	552	93.7	92.4	85.1	6.3	7.6	6.3	100.0	100.0	91.4
Sekisui Techno Molding Co., Ltd.	71	64	86	42.5	44.0	37.1	56.1	55.1	62.9	98.6	99.1	100.0	598	487	660	87.5	84.4	84.1	12.4	15.5	15.9	99.8	99.9	100.0
Sekisui Fuller Company, Ltd.	90	94	127	0.0	0.0	0.0	84.9	90.7	78.2	84.9	90.7	78.2	145	142	216	38.1	34.0	41.1	52.6	59.9	46.1	90.7	93.9	87.1
Sekisui Medical Co., Ltd.	74	279	279	0.6	2.6	3.7	99.2	45.3	92.2	99.8	47.9	95.9	75	315	326	2.1	13.6	17.5	97.7	40.2	79.0	99.8	53.7	96.5
Sekisui Nano Coat Technology Co., Ltd.	88	76	46	0.0	0.0	0.0	100.0	100.0	100.0	100.0	100.0	100.0	88	77	65	0.0	1.2	30.2	100.0	98.8	69.8	100.0	100.0	100.0
TOKUYAMA SEKISUI CO.,LTD.	120	100	90	0.0	24.2	36.2	89.6	66.4	52.9	89.6	90.6	89.1	464	353	433	74.1	78.5	86.7	23.2	18.8	11.0	97.3	97.3	97.7
Sekisui Polymatech Co., Ltd.	229	181	178	0.0	0.0	0.0	98.7	99.2	100.0	98.7	99.2	100.0	229	181	178	0.0	0.0	0.0	98.7	99.2	100.0	98.7	99.2	100.0
Sekisui SoflanWiz Co., Ltd.	50	63	73	0.0	0.0	0.2	11.4	13.2	11.6	11.4	13.2	11.8	50	63	73	0.0	0.0	0.2	11.4	13.2	11.6	11.4	13.2	11.8
Sekisui Seikei Ltd.	152	103	97	11.7	0.0	6.0	80.9	93.7	82.0	92.6	93.7	88.1	986	1,093	933	86.4	90.5	90.2	12.4	8.9	8.5	98.9	99.4	98.8
Sekisui LB Tec Co., Ltd.	58	45	26	13.1	6.4	12.9	0.0	0.0	32.0	13.1	6.4	44.9	58	45	26	13.1	6.4	12.9	0.0	0.0	32.0	13.1	6.4	44.9
Research and Laboratory of Plastics Technology Co., Ltd.	6	8	9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6	8	9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Group Total	7,259	6,717	6,697	13.0	15.5	21.1	78.7	75.9	71.5	91.6	91.4	92.6	16,297	17,401	17,762	60.7	66.9	70.0	35.6	29.7	27.2	96.3	96.7	97.2

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



Reducing Water-related Risks

Strategy (Stance, Approach, Risks and Opportunities)

Basic Concept

Minimizing Water-related Risks and Solving Water-related Issues

SEKISUI CHEMICAL Group has identified realizing society with abundant access to clean water as one of its goals to realize an earth with maintained biodiversity, a major target of its SEKISUI Environment Sustainability Vision 2050. The Group has outlined the following vision in its efforts to realize this goal.

<Vision>

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

WEB Water Resources Policy
https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P02

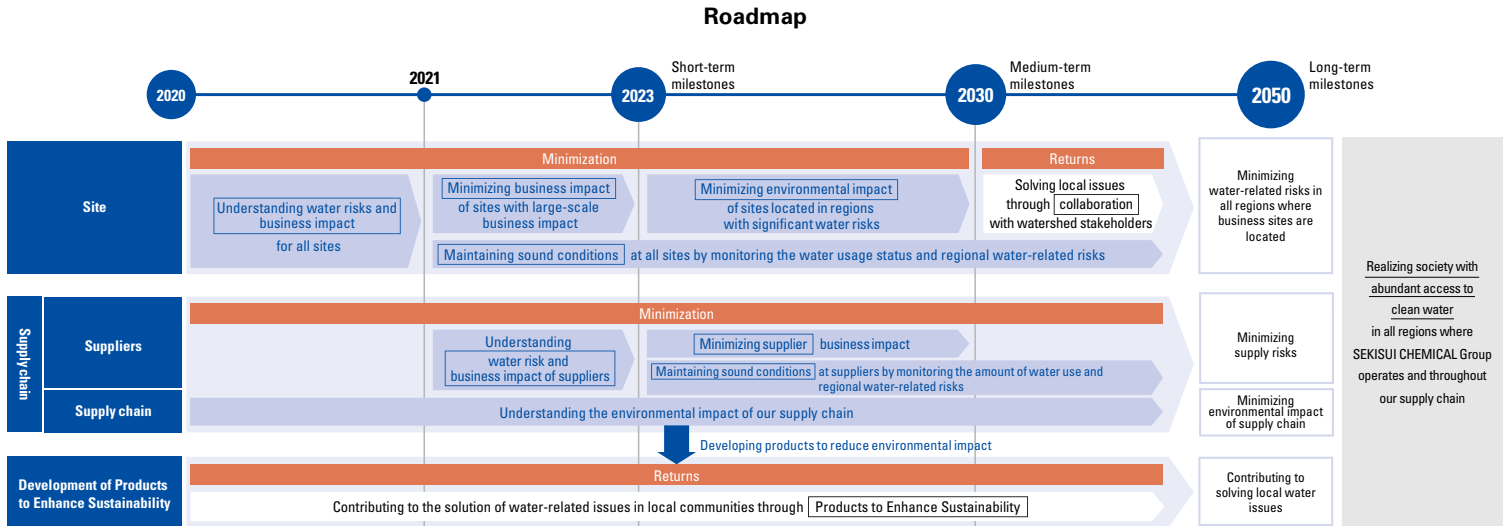
Roadmap to Realize Societies with Abundant Access to Clean Water

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

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

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

In addition, we will continue to promote the development of Products to Enhance Sustainability to accelerate returns to natural capital, including the conservation of water resources. This in turn will help solve local water-related issues and minimize the environmental impact across the supply chain. Moreover, we will work to help solve local water-related issues by building a collaborative system with watershed stakeholders from 2030 to 2050 as an initiative undertaken at business sites around the world.



As far as the Group's water-related risks are concerned, we have drawn up four social scenarios that are based on two presupposed axes. One axis focuses on the decentralization of social systems in rural areas against concentration in large cities. The other axis focuses on mitigation as opposed to the acceleration of climate change, with temperature increases of less than 1.5°C and 4°C or more as the two poles. We have examined the impact of water-related risk aspects on each social scenario and analyzed the risks and opportunities that arise under these impacts.

■ Risks and Opportunities Posed by Water Resource Issues to Our Businesses

SEKISUI CHEMICAL Group assesses the impact that water resource issues have on companies as well as the scale of impact that companies have on water resources, determines the importance of risks, and sets priorities to be addressed. For risks and opportunities related to specific water resource issues, the scale, scope of impact, and other items are identified through scenario analyses based on theTCFD Guide. The following are certain examples.

● Suppliers

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

● The plastic molding and processing business

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

Governance

■ Promotion System for Water-related Risk Issues

As far as water-related risks that may pose a risk to management are concerned, steps are taken to ascertain the magnitude of each risk and to consider as well as implement appropriate counter-measures under the supervision of the Board of Directors. In similar fashion to other environmental issues, our supervisory and executive systems for reducing the Group's impact on water resources and water-related risks and expanding its contribution to the resolution of issues are based on the Environmental Management Promotion System. The Board of Directors has made the following final decisions on water-related risk issues.

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

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

P035 Environmental Management Promotion System

Risk Management

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

■ Assessment of the Impact on Businesses from Water-related Risks

In FY2020, the first year of the roadmap for 2050, we conducted assessments on the likely impact on business activities from water-related risks at all SEKISUI CHEMICAL Group production sites and research facilities (an update of the FY2013 assessment). The aims of the assessment were (1) to understand the water-related issues (external factors) in

the regions where each business site is located, and (2) to identify the business sites with a large business or environmental impact from water-related risks.

In identifying local water-related issues, we utilized assessment results drawn from Aqueduct Water Risk Atlas 3.0, a tool for assessing water-related risks, created by the World Resources Institute (WRI), an International Environmental NGO, as well as responses to the water use survey from each business site. Based on this information, we conducted an assessment in line with the Guidelines for Setting Water Targets for Companies* issued by the CEO Water Mandate, and selected five business sites where addressing water-related risks should be prioritized. Over FY2023 to FY2025, we formulated and advanced concrete initiatives to minimize the business impact at these five sites.

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

In addition, in FY2025, five years on from the previous assessment (FY2020), we updated the water-related risk assessment for production sites and research facilities in Japan. In FY2026, we plan to extend the assessment to production sites outside Japan and complete the update of the water-related risk assessment across all sites globally.

In updating the assessment, we took into account changes in the social environment since FY2020 and reorganized our vision and our approach to assessment. On that basis, and taking into account the latest situation at each site, we reset our targets and the content of our initiatives.

In the FY2020 assessment, we set individual targets for sites with high water-related risks and advanced our response, but the other sites had no clear targets. In this assessment, we reviewed this approach and set targets suited to the function and actual situation of each site, covering all production sites and research institutes in Japan. We plan to set targets for sites outside Japan in the same way, putting in place a structure for advancing efforts on water-related risks across the entire Group.

As in FY2020, the water-related risk assessment was conducted from two perspectives, environmental impact and business impact, but this time we newly assessed the business impact by converting it into a monetary amount. This made it possible to quantitatively grasp the scale of the water-related risks each site faces and to consider and advance measures according to the estimated amount of impact. We have also set a target of continuously reducing the amount of business impact across the entire Company.

In this assessment, we used the WRI Aqueduct Water Risk Atlas 4.0 to understand global water stress, focusing on water resources and drought risk. For water quality risk, biodiversity, and regulatory and reputational risk, we used the Water Risk Filter ver. 2.0 of the World Wide Fund for Nature (WWF), an International Environmental NGO, which allows assessment based on river basin characteristics. Furthermore, for region-specific disaster risks such as flooding at sites in Japan, we checked the current situation using the Overlay Hazard Map of the Ministry of Land, Infrastructure, Transport and Tourism, and also used the WRI Aqueduct Floods to assess flood impact looking ahead to the future (2050). By using these tools selectively according to purpose, we conduct a multifaceted water-related risk assessment covering both the present and the future, from the perspectives of both environmental impact and business impact. We also conducted follow-up surveys of each business site on its water use and the status of its initiatives, and reflected the responses in the assessment.

Indicators and Targets

Water-related Risk Targets

Aim: Preservation of water resources

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

Current Medium-term Targets (2023-2025): -10% (compared with FY2016)
FY2025 Results: -5.9% (compared with FY2016)
2030 Target: —
2050 Target: —

* Production sites which use large quantities of water: In FY2018, two sites were selected whose water intake accounts for 15% or more of the total water intake of all production sites globally. Combined water intake share of these two sites: 38.9% in FY2025.

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

Current Medium-term Targets (2023-2025): -10% (compared with FY2016)
FY2025 Results: -21.8% (compared with FY2016)
2030 Target: —
2050 Target: —

* Production sites with high COD emission volumes: In FY2018, four sites were selected whose COD emissions account for 10% or more of the total COD emissions of production sites in Japan.

Indicator 3. Minimizing water-related risks

Current Medium-term Targets (2023-2025):
Implementation of initiatives to minimize the business impact of water-related risks specific to five sites in Japan and overseas
FY2025 Results: initiatives implemented at four sites
2030 Target: —
2050 Target: —

P076 Examples of Initiatives to Minimize Water-related Risks and Criteria for Judging Minimization

Major Initiatives

Impact of Water-related Risks on the Supply Chain

The main suppliers that consume large quantities of fresh water during their manufacturing processes of raw materials for the Group are as follows:

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

For synthetic resin manufacturers, since FY2023 we have used surveys to confirm their policies, target-setting, and the status of their initiatives on environmental issues centered on water-related risks and biodiversity, and we are advancing our understanding of the risks. In addition, to organize and reduce the risks identified, we hold dialogue with suppliers as part of understanding the current situation with future environmental due diligence in mind.

We are also working to raise risk awareness on both the Group's and suppliers' sides and to advance risk reduction by sharing risk avoidance measures and good practices.

We continuously monitor all of these suppliers based on the SEKISUI Environmental Sustainability Index. Specifically, we quantitatively grasp the environmental impact of pollutants in the wastewater generated when raw materials are manufactured as an impact on natural capital.

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

Furthermore, since FY2020, we have continued to gain a better understanding of water-related risks in our product supply chains, as well as the impact of reducing water-related risks through our products on returns to natural and social capital.

P041 Integrated index: SEKISUI Environmental Sustainability Index

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

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

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

With the goal of not only reducing damage from the ever-increasing number of disasters brought on by climate change, but also promoting disaster mitigation in support of recovery efforts after a disaster, we are offering peace of mind to our housing customers' lifestyles as well as increasing the value thereof by recommending, for example, the installation of a drinking water storage

system that uses water infrastructure piping.

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

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

SEKISUI CHEMICAL Group draws the water that it needs for its business from public water systems, industrial water systems, groundwater, and surrounding rivers. Recognizing that water is a valuable resource shared by the community, we are working to reuse and reduce the amount of water consumed through various means, including the recycling of cooling water.

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

At production sites which use large quantities of water, water intake volume decreased 5.9% in FY2025 compared with the base FY2016. This is the result of the accumulated efforts at each business site, which advanced measures such as expanding the use of recycled water and introducing automatic control of water intake from rivers through capital investment.

The COD impact of river discharge water at production sites with large COD emission volumes in FY2025 decreased 21.8% compared with the base FY2016.

Examples of Capex Using the Environmental Contribution Investment Incentive Program

Base year: 2016

	Site	Reduction strategy
Reduction in water intake volume	Japan Site A	Introduction of filtration equipment allowing the reuse of recycled wastewater as a coolant. Strengthen management and promote visualization of water use at the facility.
	Japan Site B	Automation of industrial water intake adjustment

Examples of Initiatives to Minimize Water-related Risks and Criteria for Judging Minimization

Business site		Business impact to be minimized	Example of initiative	Criterion for judging minimization	FY2025 Result
Japan	1	Risk of reduced production or suspended operations due to drought	Reuse of wastewater as production process water	Expansion (compared with FY2022)	+8.7t/hr
	2	Pressure on sales from wastewater treatment costs	Keep wastewater treatment costs from rising - Renovation of wastewater treatment equipment (optimizing treatment capacity) - Improvement of wastewater treatment capacity (introduction of a process in which microorganisms suited to treating persistent components become the dominant species) - Improved production efficiency through consolidated production (reducing water use and wastewater volume) - Use of sludge volume-reduction agents	Wastewater treatment costs at 1.0% or less of net sales	1.3%
Overseas	3	Pressure on sales from wastewater treatment costs	To prevent an increase in wastewater treatment costs, study whether to introduce hydrochloric acid waste fluid treatment equipment (confirming whether it is effective)	Complete the study on whether to introduce hydrochloric acid waste fluid treatment equipment (confirming whether it is effective)	Study completed. Decided to introduce hydrochloric acid waste fluid treatment equipment (installed in November 2025).
	4	Pressure on sales from water bills	Keep water bills from rising Monthly monitoring of water use / checking for water leaks	Water charges at 1.0% or less of net sales	0.9%



Wastewater treatment equipment at Business Site 2 in Japan

Water Recycling

In order to reduce the amount of water it draws from water sources, SEKISUI CHEMICAL Group is promoting the reuse of water in its production processes. Each production site of the UIEP and HPP companies recycles large volumes of cooling water for reuse in the production process. In FY2025, approximately 155 million m³ of recycled water was used at production sites in Japan and overseas.

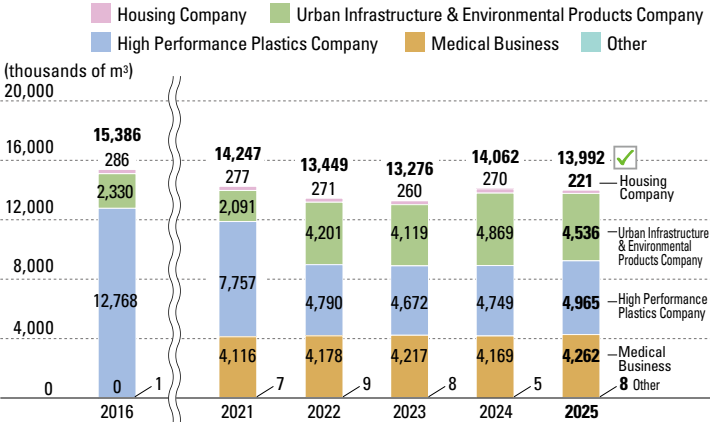
In Hasuda City, where the Musashi Plant is located, wastewater purified in accordance with environmental standards is used as the main source of water for Kurohama Pond, which is designated as a nature conservation area by Saitama Prefecture.

WEB Details about Kurohama Pond (Musashi Plant Environment Report 2025)
https://www.sekisui.co.jp/musashi/assets/pdf/2025_site_report.pdf (In Japanese only)

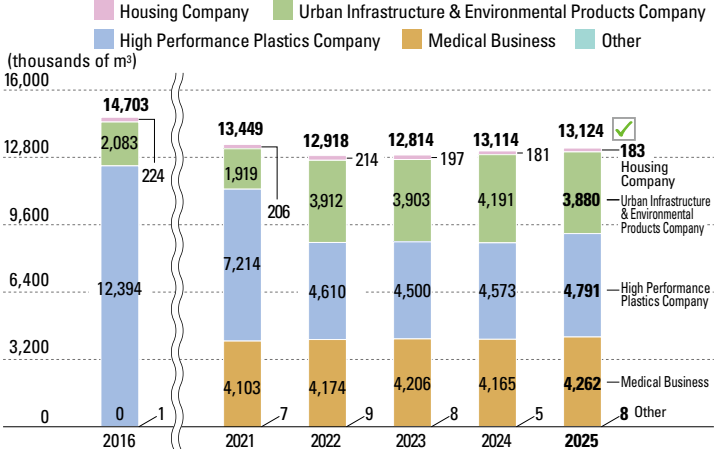
Performance Data

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

Water Intake Volume at Production Sites / Japan

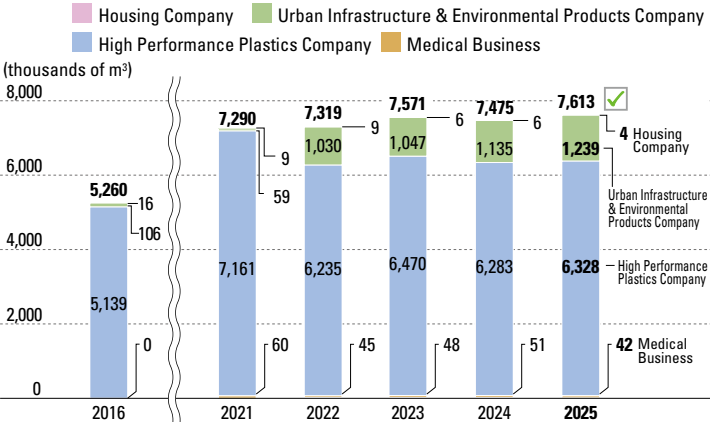


Wastewater Discharge at Production Sites / Japan

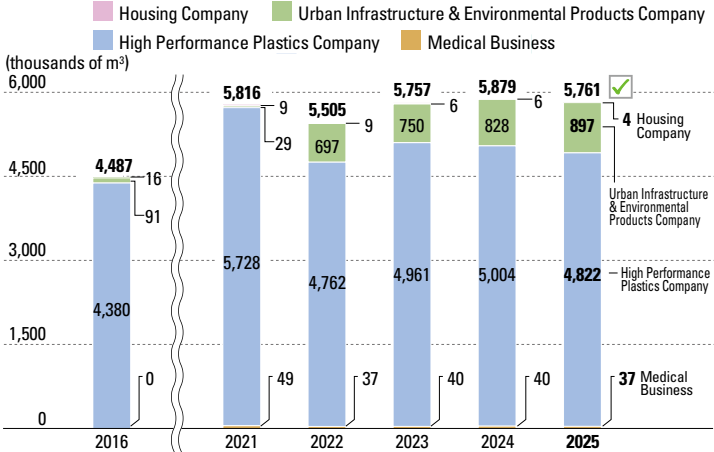


* Starting in FY2025, where wastewater volume exceeds water intake due to factors such as rainfall, the wastewater volume is adjusted to equal the water intake. Note that the total drainage volume when the FY2024 data is adjusted under the same conditions is 13,110 thousand m³.

Water Intake Volume at Production Sites / Overseas

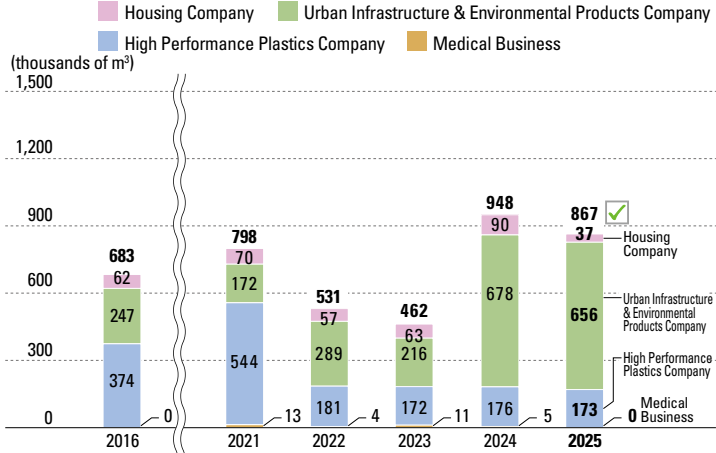


Wastewater Discharge at Production Sites / Overseas



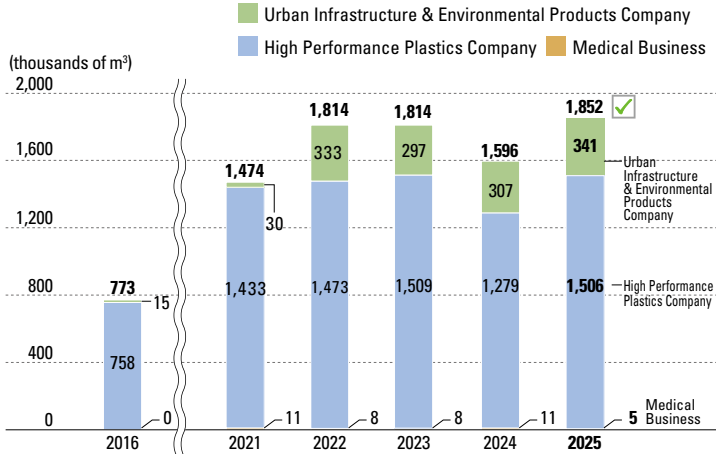
* Starting in FY2025, where wastewater volume exceeds water intake due to factors such as rainfall, the wastewater volume is adjusted to equal the water intake. Note that the total drainage volume when the FY2024 data is adjusted under the same conditions is 5,879 thousand m³.

Water Consumption at Production Sites / Japan



* Starting in FY2025, where wastewater volume exceeds water intake due to factors such as rainfall, the wastewater volume is adjusted to equal the water intake. Note that the total water consumption when the FY2024 data is adjusted under the same conditions is 952 thousand m³.

Water Consumption at Production Sites / Overseas



* Starting in FY2025, where wastewater volume exceeds water intake due to factors such as rainfall, the wastewater volume is adjusted to equal the water intake. Note that the total water consumption when the FY2024 data is adjusted under the same conditions is 1,596 thousand m³.

Water Intake Volume at Production Sites by Water Source

(Unit: thousands of m³)

Water source	Regions	All regions						Areas in regions with water stress					
		2016	2021	2022	2023	2024	2025	2016	2021	2022	2023	2024	2025
Surface water	Japan	696	185	18	25	0	0	0	0	0	0	0	0
	China	0	0	0	0	0	0	0	0	0	0	0	0
	Asia / Oceania	0	0	0	0	0	0	0	0	0	0	0	0
	Europe	0	0	0	0	0	0	0	0	0	0	0	0
	North and Central America	0	0	0	0	0	0	0	0	0	0	0	0
	Total	696	185	18	25	0	0	0	0	0	0	0	0
Ground water	Japan	2,604	2,238	2,232	2,041	1,915	1,844	0	0	0	0	0	0
	China	0	0	0	0	0	0	0	0	0	0	0	0
	Asia / Oceania	103	132	125	116	109	105	25	24	29	116	109	105
	Europe	0	0	0	0	0	0	0	0	0	0	0	0
	North and Central America	4	5	21	12	80	25	0	0	0	8	78	25
	Total	2,710	2,375	2,378	2,169	2,104	1,974	25	24	29	125	187	131
Seawater	Japan	0	0	0	0	0	0	0	0	0	0	0	0
	China	0	0	0	0	0	0	0	0	0	0	0	0
	Asia / Oceania	0	0	0	0	0	0	0	0	0	0	0	0
	Europe	0	0	0	0	0	0	0	0	0	0	0	0
	North and Central America	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0	0	0	0	0	0
Third-party water*	Japan	12,086	11,824	11,199	11,210	12,147	12,148	0	0	0	0	0	0
	China	273	243	226	213	168	116	236	235	222	204	168	116
	Asia / Oceania	896	1,087	1,146	1,194	1,299	1,390	18	42	58	1,162	1,277	1,372
	Europe	1,943	2,527	2,603	2,705	2,873	2,935	1,857	2,444	2,527	2,679	2,843	2,905
	North and Central America	2,042	3,297	3,198	3,331	2,945	3,042	10	121	132	1,920	1,561	1,664
	Total	17,241	18,977	18,372	18,653	19,433	19,631	2,121	2,842	2,938	5,965	5,850	6,056
Total volume of water withdrawn	Japan	15,386	14,247	13,449	13,276	14,062	13,992	0	0	0	0	0	0
	China	273	243	226	213	168	116	236	235	222	204	168	116
	Asia / Oceania	999	1,219	1,271	1,310	1,408	1,495	44	65	86	1,279	1,387	1,477
	Europe	1,943	2,527	2,603	2,705	2,873	2,935	1,857	2,444	2,527	2,679	2,843	2,905
	North and Central America	2,046	3,301	3,219	3,343	3,025	3,067	10	121	132	1,928	1,639	1,689
	Total	20,646	21,537	20,768	20,847	21,537	21,605	2,146	2,866	2,967	6,090	6,037	6,187

* Third-party water: Water withdrawn from local government water suppliers (public water supply and industrial water supply)

* Share of water intake in regions where Baseline Water Stress is High or Extremely High, relative to total water intake: 28.6%

Wastewater Discharge at Production Sites by Discharge Destination

(Unit: thousands of m³)

Discharge destination	Regions	All regions						Areas in regions with water stress					
		2016	2021	2022	2023	2024	2025	2016	2021	2022	2023	2024	2025
Surface water	Japan	11,219	10,623	10,183	9,998	9,808	10,029	0	0	0	0	0	0
	China	0	0	0	0	0	0	0	0	0	0	0	0
	Asia / Oceania	22	13	16	15	21	18	2	1	2	15	21	18
	Europe	0	0	0	0	0	0	0	0	0	0	0	0
	North and Central America	0	0	0	0	0	0	0	0	0	0	0	0
	Total	11,241	10,636	10,199	10,012	9,829	10,048	2	1	2	15	21	18
Ground water	Japan	0	0	0	0	0	0	0	0	0	0	0	0
	China	0	0	0	0	0	0	0	0	0	0	0	0
	Asia / Oceania	0	0	0	0	0	0	0	0	0	0	0	0
	Europe	0	0	0	0	0	0	0	0	0	0	0	0
	North and Central America	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0	0	0	0	0	0
Seawater	Japan	2,892	2,205	2,149	2,303	2,776	2,555	0	0	0	0	0	0
	China	0	0	0	0	0	0	0	0	0	0	0	0
	Asia / Oceania	0	0	0	0	0	0	0	0	0	0	0	0
	Europe	0	0	0	0	0	0	0	0	0	0	0	0
	North and Central America	0	0	0	0	0	0	0	0	0	0	0	0
	Total	2,892	2,205	2,149	2,303	2,776	2,555	0	0	0	0	0	0
Third-party water*	Japan	591	622	586	513	530	541	0	0	0	0	0	0
	China	272	233	218	205	161	71	235	226	214	198	161	71
	Asia / Oceania	679	881	860	908	992	1,043	26	37	36	888	980	1,032
	Europe	1,930	2,511	2,592	2,696	2,859	2,912	1,857	2,439	2,521	2,674	2,833	2,885
	North and Central America	1,585	2,177	1,819	1,934	1,847	1,716	9	62	73	704	605	586
	Total	5,057	6,424	6,075	6,256	6,388	6,283	2,127	2,764	2,844	4,464	4,579	4,575
Total volume of wastewater	Japan	14,703	13,449	12,918	12,814	13,114	13,124	0	0	0	0	0	0
	China	272	233	218	205	161	71	235	226	214	198	161	71
	Asia / Oceania	701	895	876	922	1,012	1,062	29	38	38	902	1,000	1,051
	Europe	1,930	2,511	2,592	2,696	2,859	2,912	1,857	2,439	2,521	2,674	2,833	2,885
	North and Central America	1,585	2,177	1,819	1,934	1,847	1,716	9	62	73	704	605	586
	Total	19,190	19,265	18,423	18,571	18,993	18,885	2,129	2,765	2,846	4,478	4,600	4,593

* Third-party water: Wastewater (sewer systems) discharged to wastewater treatment facilities operated by local governments, etc.

* Starting in FY2025, where wastewater volume exceeds water intake due to factors such as rainfall, the wastewater volume is adjusted to equal the water intake. In addition, the total wastewater volume for all regions when the FY2024 data is adjusted under the same conditions is 18,989 thousand m³. Furthermore, the total wastewater volume in regions with water stress is 4,600 thousand m³.

Water Consumption at Production Sites

(Unit: thousands of m³)

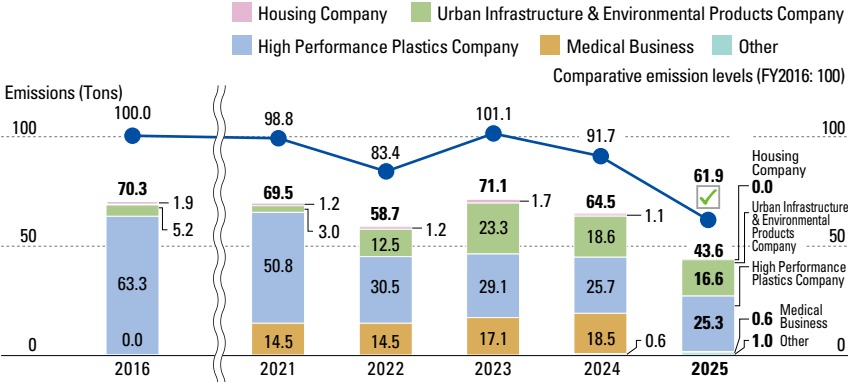
Regions	All regions						Areas in regions with water stress					
	2016	2021	2022	2023	2024	2025	2016	2021	2022	2023	2024	2025
Japan	683	798	531	462	948	867	0	0	0	0	0	0
China	1	9	8	8	7	44	1	9	8	6	7	44
Asia / Oceania	298	324	395	388	396	433	15	27	48	376	386	427
Europe	13	16	11	9	15	24	0	6	6	5	10	19
North and Central America	461	1,125	1,400	1,409	1,178	1,351	1	59	59	1,225	1,034	1,103
Total	1,456	2,272	2,345	2,276	2,544	2,720	17	101	121	1,612	1,437	1,594

* Starting in FY2025, where wastewater volume exceeds water intake due to factors such as rainfall, the wastewater volume is adjusted to equal the water intake. Note that the total water consumption for all regions when the FY2024 data is adjusted under the same conditions is 2,548 thousand m³. In addition, the total water consumption in regions with water stress is 1,437 thousand m³.

* Share of water consumption in regions where Baseline Water Stress is High or Extremely High, relative to total water consumption: 58.6%

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

COD Discharge / Japan



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

* Scope of aggregation for FY2025: Production sites and research facilities in Japan that are required to conduct regular measurement under laws, ordinances, and agreements (11 sites). Where measurement is required, the site is included in the aggregation regardless of whether the discharge destination is the sea, a river, a sewer system, or elsewhere.

* Up to FY2024, voluntarily measured values are also included. When the FY2024 data is adjusted under the same conditions as FY2025, the COD emissions will be 45.7 tons.



Addressing Biodiversity

Strategy (Stance, Approach, Risks and Opportunities)

Reducing the Impact of Corporate Activities on Biodiversity

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

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

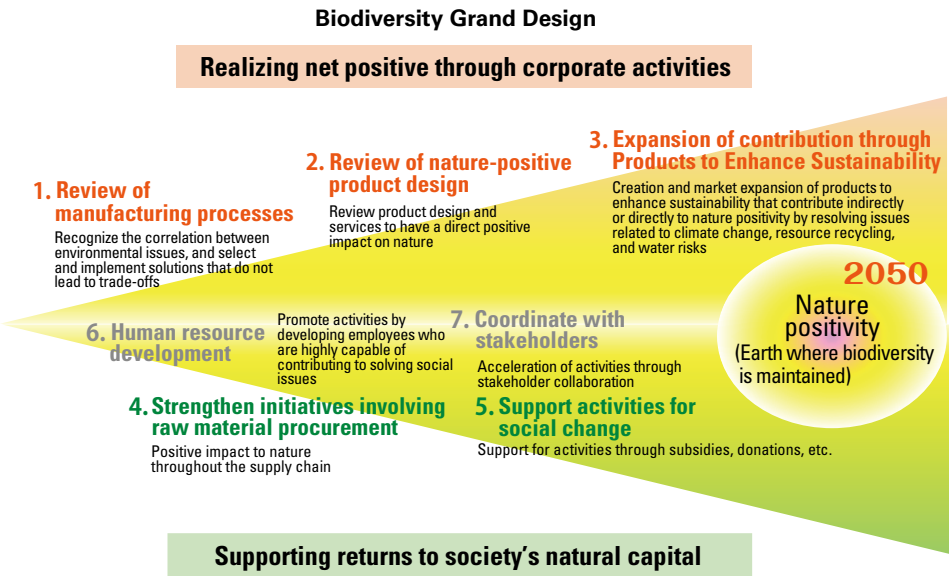
Our approach to land use

As a rule, the Group does not convert land through use, development, or similar means in the vicinity of protected areas (World Natural Heritage sites, IUCN Categories I, II, and III, and Ramsar sites). We will grasp the impact of our business activities on biodiversity across the entire global value chain and, in areas judged important from a biodiversity perspective, work to review the activities, minimization, restoration, and offsetting (compensation).

WEB Biodiversity Policy, Biodiversity Action Guidelines
https://www.sekisuichechemical.com/sustainability_report/basic_policies/#anc-P02

Biodiversity Conservation Initiatives based on the SEKISUI Environment Sustainability Vision 2050

In order to contribute to the realization of an earth with maintained biodiversity, SEKISUI CHEMICAL Group engages in activities based on its Long-term Environmental Management Vision, SEKISUI Environment Sustainability Vision 2050. As stated in the SDGs, natural and social environmental issues are interconnected, and in order to solve a single issue, we must remain conscious of multiple issues while working to find solutions. Going forward, the Group aims to enhance partnerships with stakeholders and further develop our initiatives to address not only environmental issues, but also social challenges. By doing so, we will contribute to realizing returns on both natural and social capital, through which we hope to achieve a nature-positive earth. With this in mind, we have drawn up the following grand design of initiatives that we will prioritize by 2050.



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

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

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

- 4. Strengthen initiatives involving raw material procurement
- 5. Support activities for social change

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

- 6. Develop human resources
- 7. Collaborate with stakeholders

P.027 Our Direction for 2050 on Environmental Issues

P.041 Integrated index: SEKISUI Environmental Sustainability Index

Risks and Opportunities

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

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

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

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

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

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

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

[Ecosystem impact] Risk of fragmentation of the habitats of living creatures when fostering town and community development
[Company impact] Risk that habitat fragmentation may reduce the attractiveness and sustainability of urban environments coupled with possible reputational risk

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

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

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

- 1. By procuring from sustainable forests, we are working to avoid risks and ensure a stable supply of housing with a durability of 60 years or more. We recognize that in gaining the understanding and trust of customers, we will be better placed to expand opportunities for housing sales.
- 2. We are endeavoring to develop a resource recycling system that prevents illegal dumping of molded plastic products at the time of disposal, and are focusing on the following two activities. We are promoting activities to enhance the value of resource recycling by participating in various initiatives. In addition, we are examining recycling methods for products after use and working to establish systems and frameworks for product collection in cooperation with other companies.
- 3. In order to prevent the fragmentation of the habitats of living creatures across regions, we are strengthening ecosystem bridges by raising the environmental awareness of local residents through the planting of endemic species and awareness-raising activities. As a result of these efforts, we obtained ABINC-ADVANCE certification for Asaka Lead Town, a model for the Group's Town and Community Development Business. This has allowed us to turn risk into opportunity, as the ecological considerations have helped enhance the attractiveness of the town.
- 4. We are expanding businesses that strengthen water infrastructure in the Asian region thereby reducing risks and generating opportunities.

 Past and Future Biodiversity Initiatives

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

- **Assessment and reduction of the impact of business activities on biodiversity**
 - Improving the quality of green spaces at production sites using a “JBIB Land Use Score Card”
 - Greening of business sites (promoting landscaping and biotope development)
 - Protection of endangered species and elimination of invasive species at production sites
 - Promoting biodiversity-conscious purchasing
- **Development and promotion of technologies and products**
 - Incorporating biodiversity assessments into the product development process
 - Developing and evaluating assessment methods and reducing impact
- **Raising employee awareness**
 - Conducting nature conservation activities at business sites
- **Dialogue and collaboration with external stakeholders**
 - Supporting innovation inspired by nature, and holding periodic forums
 - Supporting NPOs and other organizations through the Japan Business Federation (Keidanren)
- **Transmission of information**
 - Providing education to the next generation (children’s nature study course, school visits)
 - Publishing sustainability reports, and posting information on the Company’s websites

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

Biodiversity Initiatives in the Current Medium-term Management Plan

		Recognize impact and dependence		Reduce negative impacts		Increase the positive impact	
		Item	Examples of Indicator	Item	Examples of Indicator	Item	Examples of Indicator
Achieve net positive through natural capital throughout the product life cycle	Products to Enhance Sustainability	Understanding current situation and identifying important aspects by analyzing the impact of products on natural capital (LCA method, etc.)	Reduction contribution Rate of return	Consideration of product design and services to reduce negative impact on product life cycle (confirmation at registration and holding study sessions)	—	Creation and market expansion of products to enhance sustainability that contribute indirectly or directly to nature positive by resolving issues related to climate change, resource recycling, and water risks.	—
		Raising awareness during product registration	—				
	Manufacturing Process	Understanding ecosystem impacts related to water use	—	Considering solutions that do not involve trade-offs in order to solve each environmental issue	Management indicators for each issue		
		Grasping the impact of land of production sites by utilizing the “JBIB Land Use Score Card” (expanding target areas)	Area Number of business sites	Reducing water risks in production facilities Promoting the use of chemical substances with only small impact on the ecosystem and suppressing the release of chemical substances Promoting resource recycling of plastic products	—	Expanding the positive impact of green space on the premises by utilizing the results of the “JBIB Land Use Score Card”	Points of “JBIB Land Use Score Card”
	Human Resource Development	Improve ability to contribute to solving social issues through educational and SDGs contribution activities			Examples of Indicator	Awareness of SDGs No.14 and No.15 Level of ability to contribute to solving social issues, number of human resources	
Supporting Net Positive in Social	Procurement of Raw Materials	Understanding raw material risks through CSR/timber procurement questionnaires in procurement	Risk score	Strengthening sustainable procurement (emphasis on certification and due diligence) Especially for timber, traceability needs to be understood and sustainable procurement is pursued	—	—	—
	Social Transformation	—	—	—	—	Continuation of research grants (manufacturing that learns from nature)	Cumulative number of grants
		—	—	—	—	Mangrove planting in Thailand	Area CO ₂ fixation Job creation value
						Corporate collaboration activities based on the 30by30 initiative	—

Governance

Promotion System for Biodiversity Issues

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

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

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

P.035 Environmental Management Promotion System

Risk Management

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

Assessment of Impact on Biodiversity (Natural Capital)

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

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

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

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

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

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

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

Trends in Return Rates to Biodiversity and Plant Biomass (Unit: %)

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Biodiversity aspects	38.3	39.4	43.1	40.8	49.7	38.0	30.5	29.6	35.8
Plant biomass aspects	35.0	35.1	34.9	38.2	41.0	67.8	50.4	57.2	70.5

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

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

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

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

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

Examples of the former are Sekisui Heim’s solar panel-equipped houses, and the latter are kraft tapes that enable the use of thinner paper cores than previously possible. In order to expand these contributions, it is important to develop products and technologies that contribute to decarbonization, and to establish services and technologies that reduce the waste from products sold while promoting recycling. With this in mind, we are working to achieve the aforementioned goals by expanding our lineup of Products to Enhance Sustainability. Going forward, we will continue to promote manufacturing while examining the direction of these return rates in order to engage in nature-positive corporate activities.

Indicators and Targets

Targets Related to Addressing Biodiversity

“JBIB Land Use Score Card” Points

Current Medium-term Targets (2023-2025): +3 points over a 3-year period (compared with FY2022)

FY2025 Results: +3.5 points (compared with FY2022)

Next Medium-term Targets (2026-2028): +1 point over a 3-year period (compared with FY2025)

2030 Target: Promote ecosystem consideration* at all business sites

2050 Target: Maintain ecosystem consideration at all business sites

* Ecosystem consideration: Increased quantitative evaluation of biodiversity

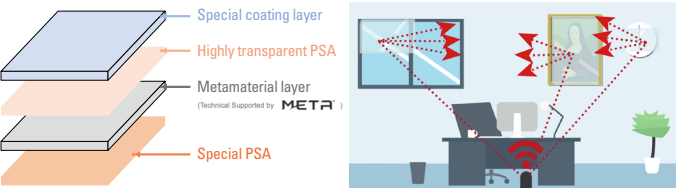
Major Initiatives

Continuing support for “learning from nature” manufacturing and holding forums

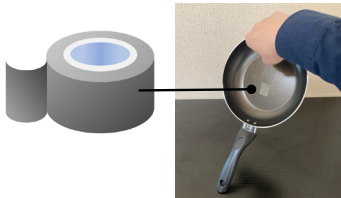
Since 2002, SEKISUI CHEMICAL Group has provided grants for manufacturing with a focus on learning from nature, while also holding forums to share the results of research work. As an effective approach to manufacturing that is geared toward the resolution of social and environmental issues, we recognize the critical need to learn from nature’s wisdom. With this in mind, we are implementing various measures for the development of basic science learned from nature. While basic science requires time for research and support, we believe that learning from nature’s wisdom has the potential to create fundamental innovations that differ from conventional energy-consuming technologies.

By providing these grants to researchers outside the Company, we have supported the development of 342 technologies (cumulative total as of the end of March 2026). Amid efforts to promote development focused on this understanding, the following technologies and product examples have emerged. (See the diagram below.)

Contribution to a next-generation telecommunications society



Transparent flexible reflector film developed from studies of the brilliance of morpho butterfly wings



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

Contribution to the extension of healthy life expectancy (through measures against viruses and allergens)



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

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

■ Using Sustainable Raw Materials

About timber: To contribute to the eradication of deforestation and the sustainable use of timber resources, SEKISUI CHEMICAL Group promotes the use of FSC-certified and other legally harvested timber, as well as timber that has been confirmed to be sustainable through direct engagement. In addition, we conduct surveys on commercial distribution with a focus on the logging area, tree species and quantity of timber materials to ensure traceability. For recycled materials, we use timber- and timber-based materials that are already in use in the market, unused thinnings, and branches. In 2022, we set the target of eliminating deforestation by 2030. As a part of efforts to achieve this target, we revised our Timber Procurement Policy and put in place Sustainable Timber Procurement Guidelines to facilitate procurement in line with this policy. While maintaining our commitment to the legal procurement of timber, we are also promoting initiatives to reduce the impact of deforestation on the human rights of indigenous peoples and the environment.

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

About genetic resources: Where we procure materials derived from plants, animals, or other sources that contain functional units of heredity, we will confirm whether purchasing transactions are conducted appropriately in line with Access and Benefit-Sharing (ABS). Where we engage in transactions involving genetic resources, we will put in place an appropriate structure as needed to meet international frameworks and relevant laws and regulations.

■ Initiatives to Improve the Quality of Green Spaces

SEKISUI CHEMICAL Group is implementing initiatives to improve the quality of green spaces at all of its domestic production sites and research facilities. We are promoting initiatives to improve the quality of the green spaces within our 45 business sites in Japan (total site area: 3,352,000 m², total green space area: 861,000 m²) in an effort to improve the habitats of local flora and fauna, build an ecosystem network that connects local communities and business sites, and revitalize regional cooperation. Utilizing the “JBIB Land Use Score Card”, we aimed to improve our score by three points compared with FY2022 during the period of the current Environmental Medium-term Plan (2023-2025). Under the guidance of the environmental consulting company Regional Environmental Planning, Inc., we engaged in a variety of activities, including the following.

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

As a result, our average score for FY2025 improved by 3.5 points compared with FY2022. Under the next Environmental Medium-term Plan (2026-2028), we are aiming to improve our score by one point compared with FY2025.

■ Plant Surveys and Eradication Activities

Non-native species and species to be conserved: Many non-native species have invaded our surrounding, firmly taking root. Some of these are plants that damage ecosystems, including those that deprive native species of their habitat, and others are plants that are harmful to people. Under these circumstances, SEKISUI CHEMICAL Group has conducted surveys of exotic and precious plants in and around its 41 plants and offices in cooperation with experts since FY2018. Based on the results of the survey, we have selected those species to be eradicated and those to be preserved, and have prepared a countermeasure manual that outlines appropriate eradication methods and timing, which we are using while continuing to engage in eradication activities. In order to create and maintain a better environment within business sites, we recognize the need to manage green spaces with biodiversity in mind, while focusing on non-native species and species conservation (precious species).



Exploitation of natural resources: The only natural resource the Group uses directly at its sites is water, and we do not use other wild species such as animals or plants (and therefore there are no wild species that have been captured or harvested). As for water, we recognize its impact, conduct risk surveys, and carry out activities at each site to work on reducing risk.

P.073 Assessment of the Impact on Businesses from Water-related Risks

Certified as a Nationally Certified Sustainably Managed Natural Site by the Ministry of the Environment under the Act on Promoting Activities to Enhance Regional Biodiversity

Sekisui Medical's Iwate Plant has been certified as a Nationally Certified Sustainably Managed Natural Site by the Ministry of the Environment under the Act on Promoting Activities to Enhance Regional Biodiversity. It is also registered in the international database as an Other Effective area-based Conservation Measures (OECM), which is an area outside protected areas that contributes to biodiversity conservation.

Location: Hachimantai City, Iwate Prefecture Area: 27.8 ha

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

- A survey revealed that 951 species of flora, fauna, and spring water creatures grew in and inhabited the plant site.
- Among these species, the survey discovered 22 rare species, including *Capricornis crispus* (special protected species) and *Gilgulus japonicus* (protected species).
- To create an environment that contributes to biodiversity, such as the continuous planting of deciduous broad-leaved trees by employees and the development of spawning grounds for *Hynobius lichenatus* and *Zhangixalus arboreus*, efforts were being made to engage in sustainable maintenance and management that leverages natural cycles.

In FY2025, we surveyed the habitat of Asian black bears and implemented various safety measures, including holding training sessions.



For details on the impact on biodiversity at all production sites, please see the TNFD Report.



Panoramic view of Iwate Plant



A Japanese serow, a Special Natural Monument



Trying out bear spray

Collaboration with External Organizations

Corporate organizations that take action with the aim of preserving biodiversity

30by30 Alliance



Organizer.....Ministry of the Environment
Significance /Achieve the 30by30 target in Japan
Objectives
Activities.....Under the Kunming-Montreal Global Biodiversity Framework, compile and promote necessary measures to halt loss and restore biodiversity by 2030 (nature-positive), including OECM certification.
Our roleExpress support and aim to accelerate efforts through in-house and corporate collaboration.

Japan Business Initiative for Biodiversity (JBIB)

Significance /Contribute to the conservation of biodiversity in Japan and overseas
Objectives
Activities.....Promote a variety of activities, such as research on biodiversity in collaboration with various companies.
Our roleExchange opinions with companies that promote biodiversity conservation, share case studies while accelerating in-house efforts, and raise awareness of social efforts.

Keidanren Declaration of Biodiversity Initiative

Significance /Work to realize a sustainable society by building a society in harmony with nature
Objectives
Activities.....Voluntarily and proactively address the seven items that make up the Keidanren Declaration for Biodiversity and Guideline (revised version).
Our roleEndorse and work to mainstream biodiversity by developing activities in accordance with this spirit and aspiration.

Activities to conserve green spaces

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

Environmental conservation activities

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

Performance Data

Results from the “JBIB Land Use Score Card”

	FY2025
“JBIB Land Use Score Card”	Up 3.5 points (compared with FY2022)

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



Chemical Substance Management

Strategy (Stance and Approach)

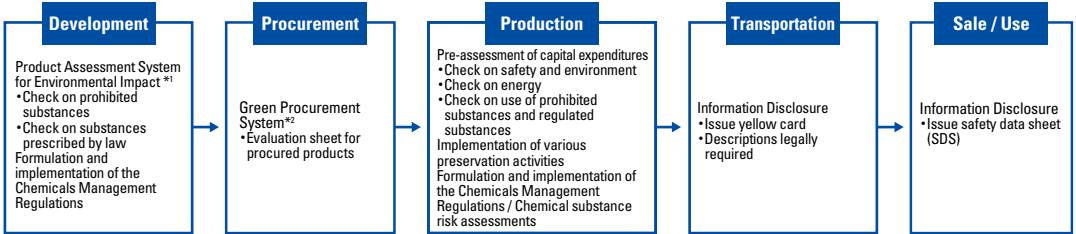
Minimizing Environmental Impact through Proper Control and Reduction of Chemical Substance Emissions

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

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

*1 Product Assessment System for Environmental Impact: A system for assessing the environmental impact of products at all stages from raw material procurement through manufacture, use, disposal, and transportation.

*2 Green Procurement System: A system which prioritizes lower levels of environmental impact when procuring raw materials, parts, etc.



Governance

Promotion System for Chemical Substance Management Issues

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

P035 Environmental Management Promotion System

Major Initiatives

Controlling VOC Emissions

In FY2025, VOC emissions in Japan decreased by 14.2% compared with FY2024.

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

Preventing Air and Water Pollution

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

Soil Contamination Countermeasures

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

When land is sold due to the closure of a production site, we undertake steps in accordance with the law. In FY2025, no new measures were required.

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

We are progressively disposing of transformers and capacitors that contain PCBs, starting with business sites whose equipment can now be accepted at PCB treatment facilities. Machines and equipment that contain PCBs in storage are strictly managed through a variety of means. This includes the locking of storage facilities and periodic inspections. Steps are also being taken to enhance awareness of mandatory requirements regarding equipment that uses fluorocarbons in accordance with Japan's Act on Rational Use and Proper Management of Fluorocarbons (Fluorocarbons Emission Control Act) and to ensure thoroughgoing management including periodic inspection.

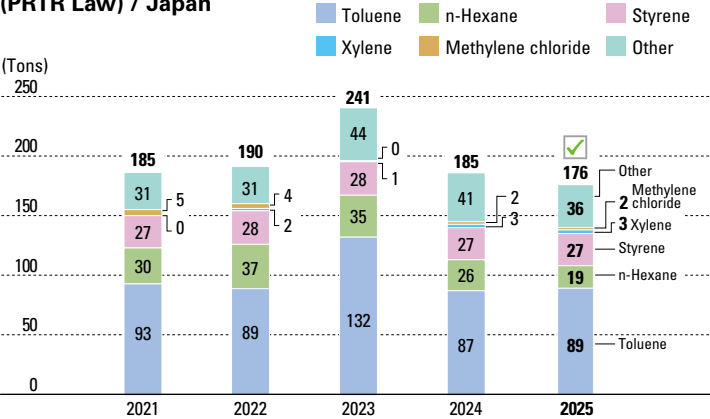
Performance Data

Note 1: From FY2019, Medical Business results have been tabulated on a stand-alone basis owing to its separation from the HPP Company. The presentation of Corporate Headquarters results has been reclassified as Other.

Note 2: In line with a change in the control of certain businesses in the UIEP and HPP companies implemented from October 2022, the data for FY2022 of both companies is collated as if the change in control had been initiated from the beginning of FY2022.

Note 3: Figures are tabulated based on the review of designated chemicals under the PRTR Law, which was revised in FY2023. However, the data for FY2022 and earlier has not been retroactively revised.

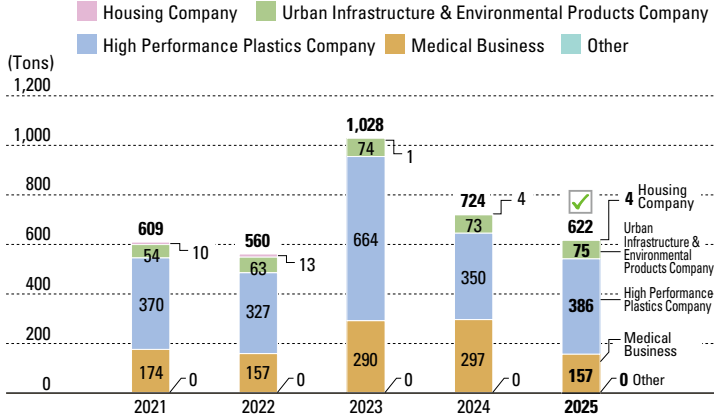
Amount of Chemical Substance Emission and Transfer (PRTR Law) / Japan



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

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

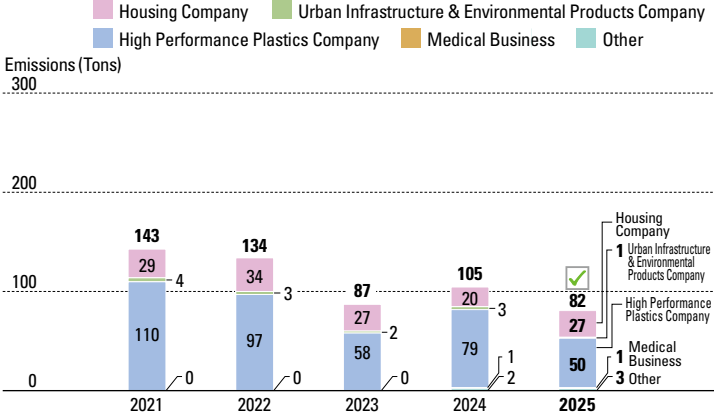
Discharge of Volatile Organic Compounds (VOCs) into the Atmosphere / Japan



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

Indicator	Calculation Method
VOC Emissions	Amount of emissions into the atmosphere of volatile organic compounds (VOCs) among the substances subject to the PRTR Law and those designated by the Japan Chemical Industry Association

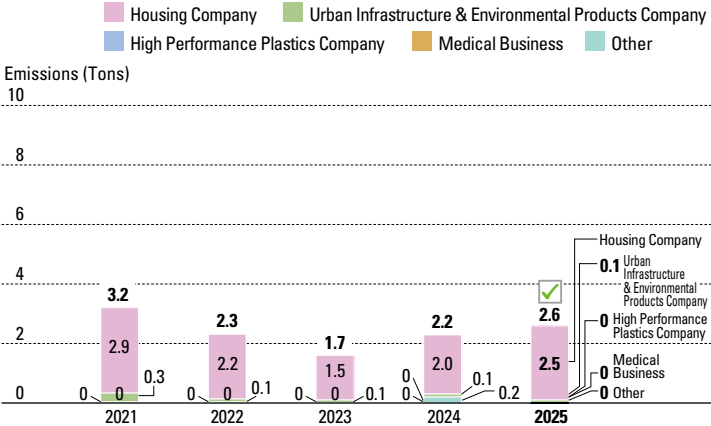
NO_x Emissions / Japan



Indicator	Calculation Method
NO _x Emissions	$NO_x \text{ emissions} = \sum (\text{Amount of exhaust gas airflow per year} \times NO_x \text{ concentration} \times 46 / 22.4)$

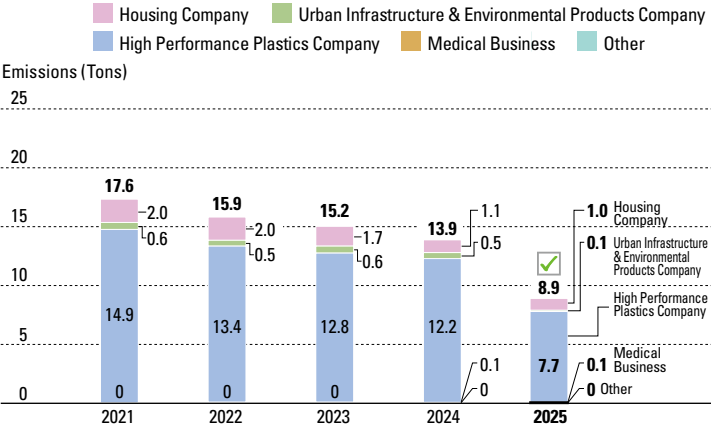
* Emissions have decreased in FY2025 due to a revision of the calculation method.

SO_x Emissions / Japan



Indicator	Calculation Method
SO _x Emissions	SO _x emissions = Σ (amount of exhaust gas airflow per year × SO _x concentration × 64 / 22.4)

Soot and dust Emissions / Japan



Indicator	Calculation Method
Soot and Dust Emissions	Soot and dust emissions = Σ (amount of exhaust gas airflow per year × soot concentration)

* Emissions have decreased in FY2025 due to a revision of the calculation method.