

Society

■ Human Capital	093	■ Respect for Human Rights	129
● Fostering a Culture That Embraces Challenge	096	■ Responsible Procurement	135
● Achieving the Right Talent in the Right Position	099		
● Achieving Diversity	103		
■ Safety Issues	115		
■ Stakeholder Engagement	124		

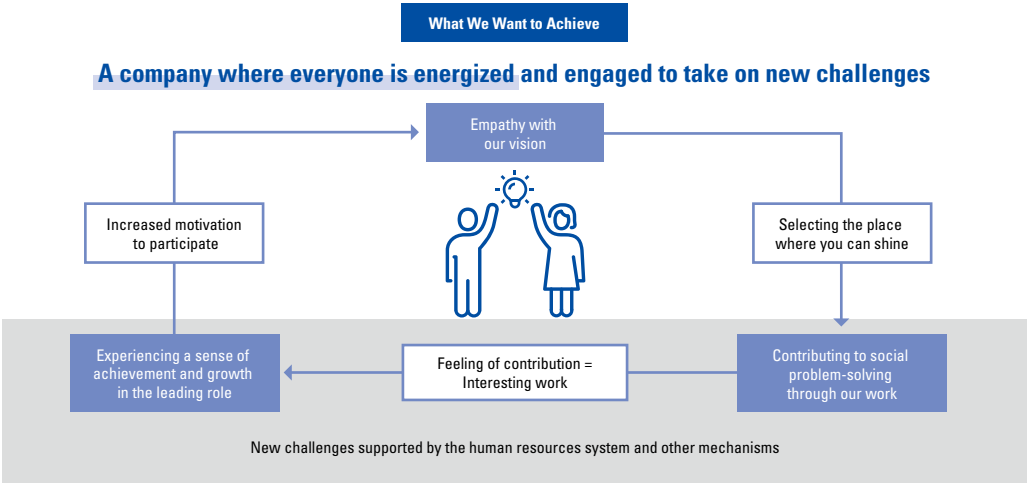
Human Capital

Strategy (Stance, Approach, Risks and Opportunities)

Basic Concept

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

WEB Human Resources Philosophy
https://www.sekisuichechemical.com/sustainability_report/basic_policies/#anc-P04



As we work to become an energized and engaged company where all employees thrive on challenges, we are promoting a shift in our human resources management that includes the promotion of a role-based human resources system and challenges as part of a human capital strategy. In addition, we aim to achieve the right talent in the right position by developing human resources that can respond to the speed of business growth and changes. This includes securing, selecting, and systematically training personnel who are essential to the realization of our Long-term Vision. In the current Medium-term Management Plan, we actively invested in human capital with the aim of expanding employee careers and improving working conditions.

Risks and Opportunities

Factor: Declining working-age population and intensifying competition for talent		
Risks Declining sales opportunities and delays in new business development due to shortages of human resources, and a rising proportion of senior employees due to an imbalanced workforce composition	Opportunities Securing the workforce and improving productivity by expanding recruitment channels (mid-career and nationality) and through greater activity by senior employees	
Factor: Increase in talent mobility		
Risks Reduced organizational stability due to rising turnover, and lower work quality due to the loss of know-how and tacit knowledge	Opportunities Correcting workforce composition through expanded mid-career recruitment, and accelerating innovation through diverse human resources	
Factor: Quantitative shortage of next-generation leaders		
Risks Decline in organizational strength due to vacancies in key positions or inappropriate appointments to such positions	Opportunities Revitalization of the organization and improvement of engagement through promotions made regardless of age, gender, or nationality	
Factor: Insufficient response to global expansion and digital technology		
Risks Decline in competitiveness and productivity due to an inadequate response to globalization and DX	Opportunities Acquisition of expertise through re-skilling, and stronger competitiveness	

Human Capital Strategy

Under the human capital strategy outlined in the current Medium-term Management Plan, we implemented various measures based on the three pillars of fostering a culture that embraces challenge, placing the right talent in the right position, and achieving diversity. SEKISUI CHEMICAL Group is shaping the future by passing on the baton of challenge to each individual. We are working diligently to realize our management strategies of strategic innovation and organic growth by fostering a culture that embraces challenge and maximizing individual and organizational strengths.



Major KPI: Added-value productivity

In addition, in order to measure the effectiveness of heavy investments in human capital, we have introduced a productivity indicator (added-value productivity) starting in FY2024. By using the indicator, we quantitatively assess whether human resource management is being carried out appropriately.

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

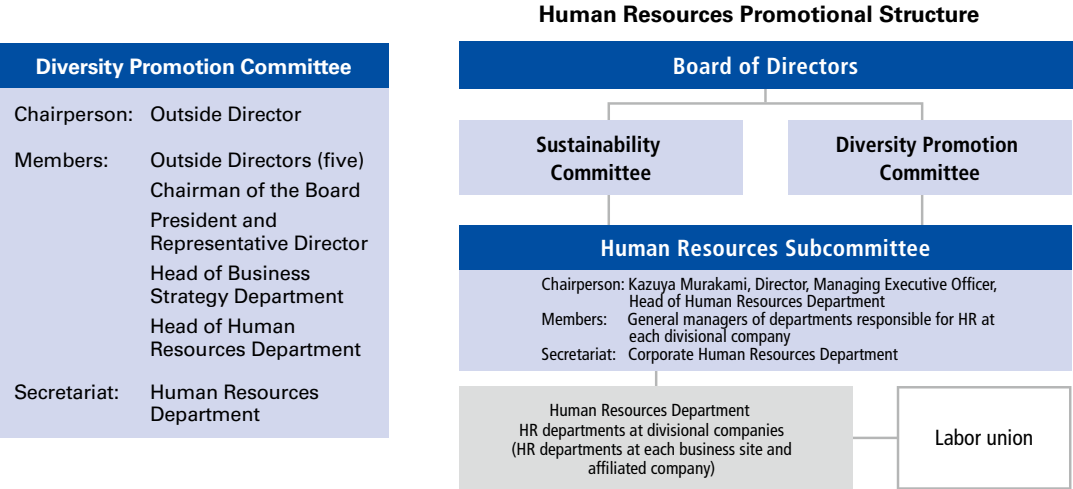
	FY2023	FY2024	FY2025
Added-value productivity (%)	159.3	163.1	163.3

• Value added (operating profit + depreciation + labor costs) [result] ÷ Human capital cost (labor costs + welfare expenses + hiring expenses + training expenses) [investment]

Governance

System

SEKISUI CHEMICAL Group established the Diversity Promotion Committee as a part of efforts to carry out its human capital strategy. Engaged in a variety of activities, the committee meets twice a year. Within these activities, the Committee clarifies the supervisory and executive functions in a bid to strengthen the Group's strategies and information disclosure as they relate to human capital management as well as efforts to promote diversity. The supervisory function supervises and provides advice on human capital management-related matters and efforts to secure the diversity of human resources. The executive function has established a Human Resources Subcommittee composed of the general managers of human resources departments from each divisional company, which discusses and decides on various human resources policies based on the human capital strategy. The human resources departments of headquarters and divisional companies then collaborate with the labor union to swiftly implement these initiatives.



(As of April 1, 2026)

Risk Management

With regard to human capital, we recognize the risks and opportunities associated with the four factors previously mentioned. We are promoting various measures to reduce risks based on KPIs that are set in conjunction with the risks and opportunities associated with each factor. In addition, the Human Resources Subcommittee, which meets once every six months, evaluates risks and opportunities along with these measures. By adopting a PDCA cycle-based approach with respect to these initiatives, we are able to reduce risks, prevent reoccurrence, and expand opportunities. In this manner, we are promoting a human capital strategy. The Group-wide Risk Review Subcommittee also evaluates risks and opportunities related to human capital, and monitors the likelihood (frequency) and impact (outcome). At the same time, steps are taken to confirm the consistency of measures in response to social conditions and demands, identify issues, consider countermeasures, develop strategies to reduce risks one step ahead, respond quickly when problems occur, and turn risks into opportunities.

P093 Risks and Opportunities

Indicators and Targets

Under the human capital strategy based on the current Medium-term Management Plan, the Group established 16 guiding principles. These guiding principles consist of two policies and 14 KPIs (including three priority KPIs). In the next Medium-term Management Plan, to further enhance the execution of our human resources strategy, we will partially change both the priority categories and the scope, set new goals, and establish two policy items and 15 KPIs (including four priority KPIs). The goals in our Group's human capital strategy are the items listed on the right.

Human Capital-related Guiding Principles

Policies								
1	Human resource development							
2	Internal environmental improvement policy							
KPIs								
No.	Item	Scope	Category	Results (2025)	Category	Targets (2026)	Category	Targets (2028)
1	Challenge action rate ^{*1}	Consolidated	Priority	62%	Priority	65%	Priority	72%
2	Rate of successor candidate preparation ^{*2}	Consolidated	Priority	104%	Priority	120%	Priority	150%
3	Retention rate ^{*3}	Non-consolidated	Priority	98.4%	Major	Maintain/Improve from previous year	Major	Maintain/Improve from previous year
4	Engagement score	Consolidated	Major	138 ^{*4}	Priority	65% ^{*5}	Priority	65% ^{*5}
5	Training hours ^{*6}	Non-consolidated	Major	8.3 hours	Major	10 hours	Major	10 hours
6	Specialty Positions fulfillment ratio ^{*7}	Non-consolidated	Major	73.3%	Major	100%	Major	100%
7	Ratio of women in core positions	Non-consolidated	Major	5.7%	Major	6%	Major	7%
8	Recruitment ratio of women	Non-consolidated	Major	31.7%	Major	35%	Major	35%
9	Gender wage gap ^{*8}	Non-consolidated	Major	71.8%	Major	Maintain/Improve from previous year	Major	Maintain/Improve from previous year
10	Percentage of male employees taking childcare leave	Non-consolidated	Major	93.3%	Major	90%	Major	90%
11	Employment ratio of people with disabilities ^{*9}	Non-consolidated	Major	2.7%	Major	2.7%	Major	2.7%
12	Total working hours (until FY2025) ^{*10}	Non-consolidated	Major	1,944 hours				
13	Rate of long-term leave due to mental health problems ^{*11}	Consolidated	Major	1.25%	Major	1.15%	Major	1.00%
14	Added-value productivity ^{*12}	Consolidated	Major	163.3%	Major	Maintain/Improve from previous year	Major	Maintain/Improve from previous year
15	Retention rate after 3 years (from FY2026 onward) ^{*13}	Consolidated	Priority	72.1%	Priority	75%	Priority	80%
16	Percentage of paid leave taken (from FY2026 onward) ^{*14}	Non-consolidated	Major	68.4%	Major	75%	Major	80%

^{*1} A questionnaire was conducted to survey whether the employees expressed challenge action toward the realization of the long-term vision

^{*2} Number of succession candidates for G1 posts (business leaders in the highest posts) ÷ number of available posts
Succession candidates for G1 posts are appointed by the Human Resources Committee.

^{*3} (1 - (Number of retirees in a year ÷ number of employees as of April 1 of that fiscal year)) × 100
The number of retirees does not include those whose contract period has expired, those who have become executives, those who have retired at retirement age, or those who have transferred within the Group.
The number of employees as of April 1 of that fiscal year includes only those employed without a fixed term.

^{*4} The index representing the ratio of employees who averaged 4.5 points or more when answering 6 engagement-related behavior questions (6 points max.), with the FY2019 results set at 100

^{*5} From FY2026 onward there have been changes to the survey system, and the ratio for positive responses to the three questions on engagement (the top two five-level items) has been averaged

^{*6} Number of hours for training per employee during the fiscal year
This is an aggregation of the training hours registered in the relevant systems (the number of training types that can be managed in company-wide shared systems having been expanded, beginning in FY2025)

^{*7} Number of specialty domains with Specialty Position personnel assigned ÷ total number of specialty domains

^{*8} The gap in wages is due to the composition of workforce (including age and certification) and is not due to the personnel system
Calculation formula: Average annual wage of women - Average annual wage of men
Scope of aggregation: All employees (full-time employees, part-time employees, and fixed-term employees) are included.
Full-time employees: Includes those seconded from the Company to other companies
Part-time or fixed-term employees: Includes contract employees, temporary employees, and part-time employees
Excludes commuting allowances, etc.

Scope of wages:
^{*9} In accordance with the Report on Employment Status of Persons with Disabilities (reference date: June 1, 2025)

^{*10} Prescribed working hours (75 hours) + overtime hours - paid leave hours taken

^{*11} The ratio of employees who took more than one month of leave due to mental health issues in that year

^{*12} Value added (operating profit + depreciation + labor costs) [result] ÷ Human capital cost (labor costs + welfare expenses + hiring expenses + training expenses) [investment]

^{*13} Percentage of new employees in fiscal year X-2 who remained employed as of the end of fiscal year X
Changed to a priority KPI starting in FY2026.

^{*14} The number of days of paid leave taken includes carryover from the previous fiscal year.

Policy for the Next Medium-term Management Plan

As it works to make Vision 2030 a reality, the Group aims to become a company where everyone wants to take on challenges, that is, a company where innovation and creation flourish and its contribution to solving social issues continues to grow. In the next Medium-term Management Plan, by continuing to create an environment where each of our diverse employees can grow autonomously through taking on challenges, we aim to evolve into a company that grows together with its employees and one that earns the trust of society. In addition, we will accelerate efforts to acquire and select human resources essential to realize our Long-term Vision and, through 23 billion yen in human capital investment, will enhance our human capital and strategically develop human resources, nurturing and producing outstanding people who shine in society.



Fostering a Culture That Embraces Challenge

Strategy

Basic Concept

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

Important HR Strategies

Creating opportunities to pursue challenges

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

Encouraging employees to pursue challenges

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

Indicators and Targets

Indicator

Priority KPI: Challenge action rate

Since FY2021, the Group has set the Challenge action rate as a priority human capital KPI. Every year, we conduct a survey to measure employees' challenging behavior and employ the results of each survey to make improvements at the workplace level.

Question in the survey on the Challenge action rate

A survey was conducted regarding the prompt: "I am already engaging in specific challenges in an effort to realize Vision 2030." It measured the degree of action-taking in four stages.

Since FY2023: Respondents who replied "Yes" or "Somewhat applicable."

Until FY2022: Respondents who replied "Yes."

Major KPI: Engagement score

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

Questions

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

Targets

Challenge action rate (SEKISUI CHEMICAL Group/Japan and Overseas)

60% (FY2025)

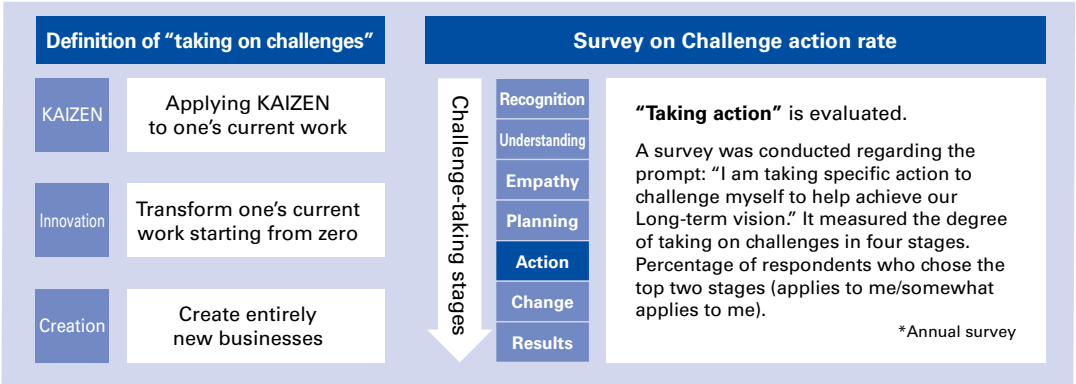
Engagement score (SEKISUI CHEMICAL Group/Japan and Overseas)

Maintain/Improve from previous fiscal year

P097 P098 FY2025 results (Major Initiatives for Fostering a Culture That Embraces Challenge)

Major Initiatives

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



Challenge action rate (SEKISUI CHEMICAL Group/Japan and Overseas)

	FY2021	FY2022	FY2023	FY2024	FY2025
Challenge action rate (%)	51	47	48	56	62
Response rate (%)	62	81	88	89	90

・ A questionnaire was conducted to survey whether the employees expressed challenge action toward the realization of the long-term Vision
・ Including some unconsolidated subsidiaries and entities accounted for using the equity method

Creating Opportunities to Pursue Challenges

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

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

Employees take the initiative to develop their capabilities and hone their individual skillsets in order to achieve their own careers. Those who raise their hands and take on the challenge of pursuing opportunities where they can play an active role will have the chance to move up the ladder. The number of postings, the number of applicants, and the number of employee transfers have all tended to increase, reflecting a rising awareness of the system across the Company and a growing career-oriented mindset among our workforce.

Intra-Group Job Postings Results

	FY2021	FY2022	FY2023	FY2024	FY2025
Number of postings	44	54	75	90	120
Number of people to be recruited	65	88	132	144	232
Number of applicants	236	188	188	178	239
Number of employee transfers	55	54	53	46	83

・ The figures have been revised due to recalculation based on transfer dates, including FY2021 to FY2024.

Career Path Support Results (SEKISUI CHEMICAL)

		FY2021	FY2022	FY2023	FY2024	FY2025
Number of employees who have changed career courses	Male (persons)	2	6	6	7	14
	Female (persons)	4	3	1	2	2
Number of employees who have converted to permanent, full-time employment	Male (persons)	4	3	0	0	1
	Female (persons)	10	11	4	6	4

Providing opportunities to take on challenges

1 Global engineer dispatch program

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

2 Innovation School

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

Results of the Recruitment-Type Training Programs for Major Subsidiary Companies in Japan

Training name	FY2021	FY2022	FY2023	FY2024	FY2025
Number of participants in global engineer dispatch program	Not implemented*	Not implemented*	1	3	3
Innovation School (persons)	102	102	54	63	76

* No dispatch due to COVID-19 measures

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

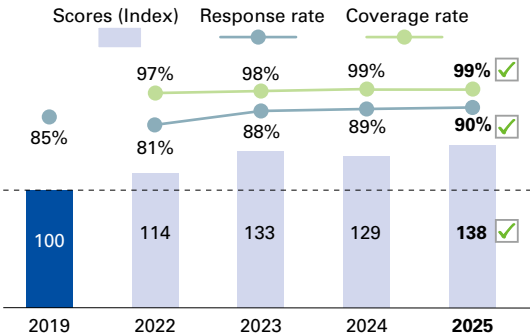
In FY2023, we launched an in-house entrepreneurial system, C.O.B.U. Accelerator, with the aim of nurturing human resources for new businesses through hands-on business creation and fostering a culture that embraces challenge. Any employee of the Group can apply. In this two-year, three-stage program, applicants themselves explore customer issues and conduct proof-of-concept trials with support from experts inside and outside the Company, with the aim of commercialization. Over the three years from FY2023 to FY2025, the Group received a cumulative total of 500 applications. We are also working to create a new field where employees can truly fulfill their aspirations for taking on challenges.

Encouraging Employees to Pursue Challenges

Further strengthening activities to foster a culture that embraces challenge

Every year, we conduct a survey to measure the level of employee engagement, focusing on their passion for work and attachment to the Company, as the foundation for taking on challenges. In FY2025, the response rate reached a record high of 90%. The engagement score index has improved compared with the previous fiscal year and now exceeds its FY2023 level. Analyzing the results of the survey at the divisional company, Group company, and each organizational unit level, we are formulating and implementing improvement measures according to the issues faced. As a cross-organizational initiative, the HR departments of domestic Group companies come together to undertake Engagement Drive Project activities. This project provides examples and tools to help each organization make use of the survey results, as well as workshops for analyzing and utilizing those results.

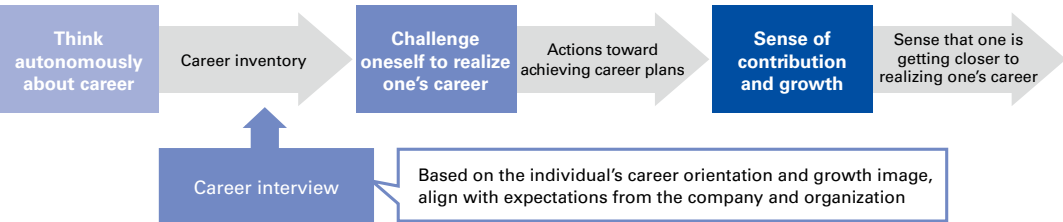
Engagement Survey (SEKISUI CHEMICAL Group / Japan and Overseas)



- The index representing the ratio of employees who averaged 4.5 points or more when answering 6 engagement-related behavior questions (6 points max.), with the FY2019 results set at 100
- Survey scope: All employees (including regular full-time, non-full-time employees, and dispatch employees) of 152 of the 154 Group companies surveyed.
- Coverage rate: Percentage of companies surveyed relative to the number of Group companies in Japan and overseas.
- Response rate: Percentage of employees who responded to the survey relative to the total number of employees of the companies where the survey was conducted.
- Including some non-consolidated subsidiaries and equity-method affiliates

Fostering a culture of career autonomy

SEKISUI CHEMICAL Group believes that promoting autonomous career development is important in further motivating employees to take on challenges. Working to promote this autonomous career development, SEKISUI CHEMICAL operates the Career Interview System for all employees. Under this system, employees discuss their past experience, commitment toward and fulfillment of roles as well as career and work orientation with their respective managers. The fruits of these discussions are then centrally managed under the Group's human resource system and utilized in an organized manner. Moreover, we provide career autonomy supervisor training and career plan basic training on how to formulate career plans in order to conduct career interviews more effectively. We aim to further draw out employees' proactive ambition to take on challenges through these training programs.



Career Training Attendance Results (SEKISUI CHEMICAL)

Training name	FY2021	FY2022	FY2023	FY2024	FY2025
Career autonomy supervisor training (persons)	393	252	134	113	75
Career plan basic training (persons)	—	77	62	30	42
Newly appointed management career planning training (persons)	—	203	204	199	213
New employee career planning training (persons)	—	78	95	111	122



Achieving the Right Talent in the Right Position

Strategy

Basic Concept

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

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

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

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

Important HR Strategies

- **Development of next-generation leaders**
 - Strengthen selection and training of management candidates
 - Visualize and undertake multifaceted observations of management roles
- **Secure prominent professional human resources**
 - Strengthen efforts to secure highly specialized human resources
 - Strengthen reskilling in line with business needs

Indicators and Targets

Indicator

● **Priority KPI: Rate of successor candidate preparation***

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

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

● **Major KPI: Training hours**

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

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

● **Major KPI: Specialty Positions fulfillment ratio**

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

*The rate of assignment of highly specialized human resources with respect to specialized areas across the company
Number of specialty domains with Specialty Position personnel assigned ÷ Total number of specialty domains

Targets

- **Rate of successor candidate preparation (SEKISUI CHEMICAL Group/Japan and Overseas)**
100% (FY2025)
- **Training hours (SEKISUI CHEMICAL)**
10 hours (FY2025)
*Training managed through registration in the company-wide common system
- **Specialty Positions fulfillment ratio (SEKISUI CHEMICAL Group/Japan and Overseas)**
100% (FY2025)

P100 P101 FY2025 results (Major Initiatives for Achieving the Right Talent in the Right Position)

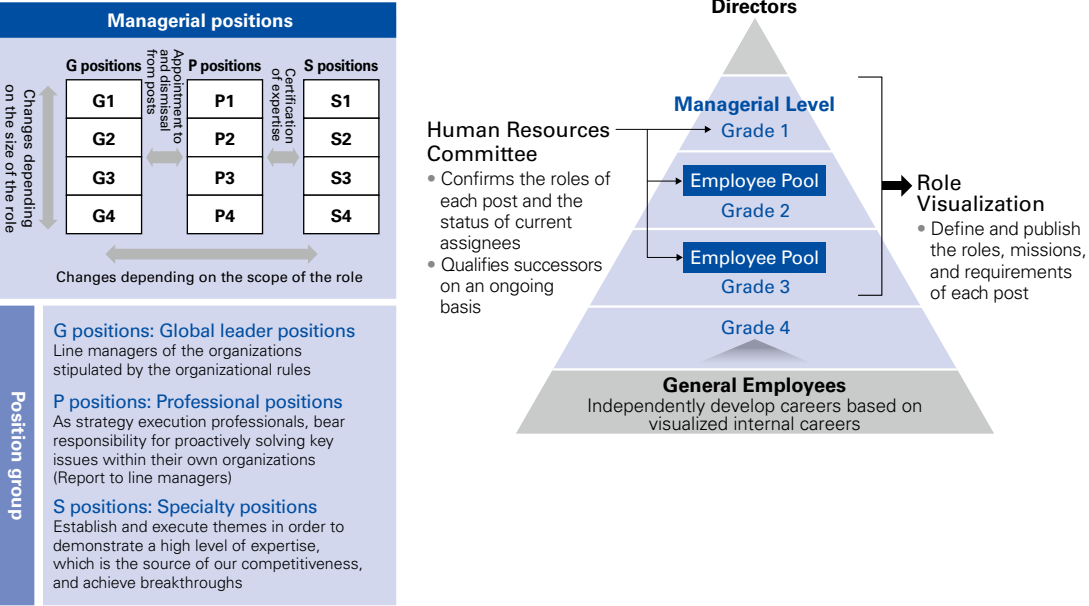
Major Initiatives

Development of Next-generation Leaders

Strengthen selection and training of management candidates

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

Overall View of the Role-based System



Secure Prominent Professional Human Resources

Strengthen efforts to secure highly specialized human resources

Highly specialized human resources refers to professional human resources who demonstrate a high level of expertise, which is the source of our competitiveness. In addition to the difficulties involved in development through work, there is high demand across all industries. As a mechanism to continuously secure human resources within the Company, we appoint specialists with a high level of expertise who are acceptable both inside and outside the Company to Specialty positions to tackle deepening of the technologies we possess and enhancing the technologies from a medium- to Long-term perspective. In addition to technology areas (technology platforms), we have established areas in such staff divisions as DX and legal affairs and have appointed Specialty positions, as we are promoting technology enhancements, the development of human resources, and coordination among the divisional companies. In FY2025, we expanded the areas in the manufacturing infrastructure divisions, but going forward we will aim to enhance our competitiveness by deploying professional human resources to all highly specialized areas and aim to expand our expertise through human resources development.

Specialty Positions fulfillment ratio (SEKISUI CHEMICAL Group/Japan and Overseas)

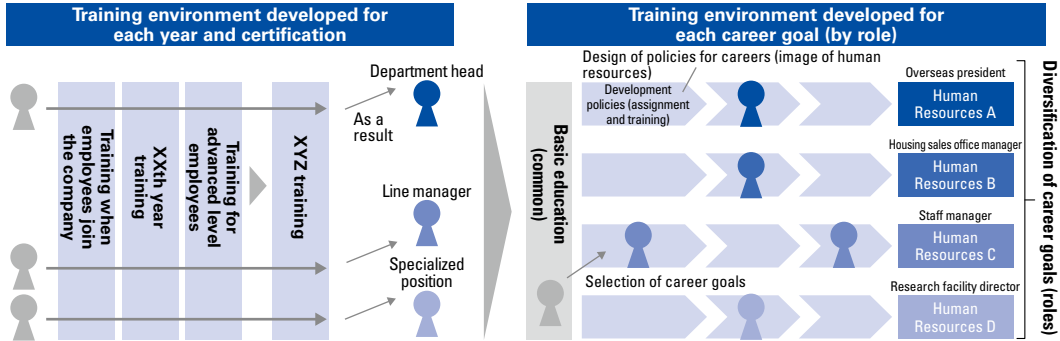
	FY2021	FY2022	FY2023	FY2024	FY2025
Number of specialized areas across the company (posts)	29	29	26	28	30
Number of specialized areas certified for Specialty positions (posts)	18	19	22	21	22
Specialty Positions fulfillment ratio* (%)	62.1	65.5	84.6	75.0	73.3
Number of Specialty Position personnel (persons)	38	39	39	41	43

* Number of specialty domains with Specialty Position personnel assigned ÷ total number of specialty domains

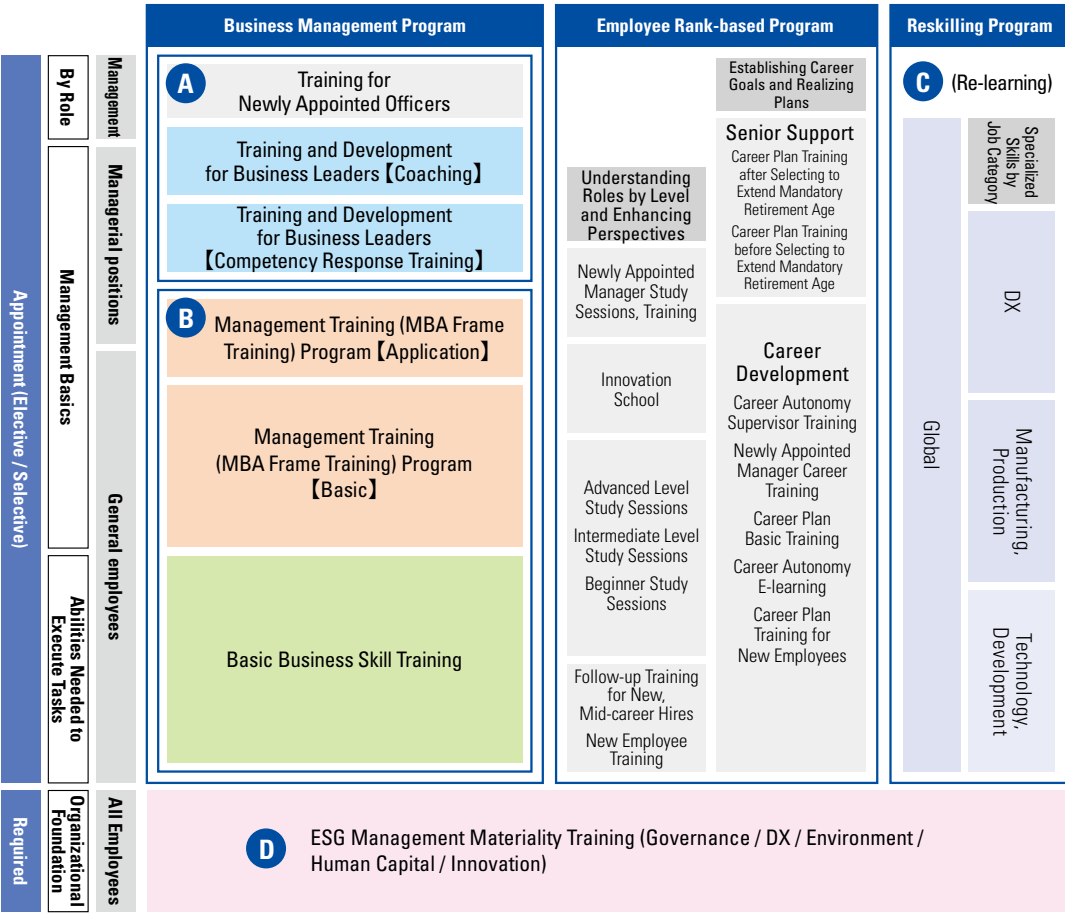
Strengthen reskilling in line with business needs

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

Conversion of the Training System (image)



Training System Chart



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

1 Developing global talent

SEKISUI CHEMICAL Group offers training programs to acquire e-mail writing, presentation, meeting facilitation, and other practical skills. The Group also hosts global career events where employees hear directly from expatriates, giving them a more concrete and familiar sense of global work. In the six-month Global Academy, participants first complete a program for acquiring the necessary skills, and then spend a week on-site overseas, deepening their understanding of global business through fieldwork and dialogue with businesspeople inside and outside the Company. The number of participants in FY2025 was 14. In addition to language skills, participants learn a wide range of elements, such as the skills needed to build collaborative ties with people from different cultural backgrounds, market analysis, and the business-development methods of global companies, giving them the opportunity to experience firsthand what it is like to work globally. As an added bonus, the program leads to networking among participants across different departments and generations.

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



Overseas local program at the Global Academy in Thailand

Number of Japanese Employees Stationed Overseas
(SEKISUI CHEMICAL Group) (FY2025)

Breakdown by region (persons)	
North America / Latin America	53
Europe	37
Asia / Oceania	121

2 DX human resource development

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

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

3 Manufacturing human resource development

To develop manufacturing human resources, we provide basic training, specialized training, and management training.

The basic manufacturing training provides employees working on the front lines of manufacturing sites with opportunities to gain a basic understanding of all aspects of manufacturing, including safety, quality, and productivity. Using SEKISUI CHEMICAL Group's proprietary e-learning content, we also administer comprehension tests after employees have watched videos to ensure that an acceptable level of understanding is firmly established. In FY2025, 620 people newly took 3,304 courses.

Training for production managers is conducted for each position (production manager, production assistant manager, and site leader). This training is designed to help participants learn about the Group's approach to manufacturing so that they can better understand and carry out the roles required of each position. Through group discussions, participants learn about the challenges they will face in performing the duties of each position and how to improve their own level of leadership after returning to their respective workplaces. In FY2025, a total of 29 employees took part in this training.



Achieving Diversity

Strategy

Basic Concept

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

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

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

Important HR Strategies

- Active participation of diverse human resources

- Promote the employment and retention of diverse human resources
 - Promote diversity and support work-life balance
- Creating a vibrant work environment

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

Indicators and Targets

Indicator

● **Priority KPI: Retention rate**
Retention rate of all employees
〈Calculation formula〉 (1 - (Number of retirees in a year ÷ number of employees as of April 1 of that fiscal year)) × 100

- Major KPI: Ratio of women in core positions

Percentage of female managers to all managers (Managers, Department Managers and General Managers level or above, excluding Executive Officers and Directors)
- Major KPI: Recruitment ratio of women

Recruitment ratio of women for both new graduates and mid-career hires
- Major KPI: Gender wage gap

The gap in wages is due to the composition of workforce (including age and certification) and is not due to the personnel system

Calculation formula: Average annual wage of women ÷ Average annual wage of men

Scope of aggregation: All employees (full-time employees, part-time employees, and fixed-term employees) are included.

Full-time employees: Includes those seconded from the Company to other companies

Part-time or fixed-term employees: Includes contract employees, temporary employees, and part-time employees

Scope of wages: Excludes commuting allowances, etc.
- Major KPI: Percentage of male employees taking childcare leave

Percentage of male employees who took at least one day of childcare leave during the fiscal year
〈Calculation formula〉 Male employees who took childcare leave during the relevant period ÷ Male employees whose spouse gave birth during the relevant fiscal year

* SEKISUI CHEMICAL employees can take childcare leave until the child reaches 3 years of age.
- Major KPI: Employment ratio of people with disabilities

Percentage of employees with disabilities to all employees
〈Calculation formula〉 Number of regular workers who have physical, intellectual, or mental disabilities ÷ Number of regular workers
- Major KPI: Total working hours

Total actual hours worked during the year
〈Calculation formula〉 Prescribed working hours (7.5 hours) + overtime hours - paid leave hours taken
- Major KPI: Rate of long-term leave due to mental health problems

The ratio of employees who took more than one month of leave due to mental health issues in that year
〈Calculation formula〉 Number of employees who were absent from work for more than one consecutive month due to mental health issues ÷ Number of employees covered by health management

Targets

- Retention rate (SEKISUI CHEMICAL)

Maintain/Improve from previous fiscal year
- Ratio of women in core positions (SEKISUI CHEMICAL)

5% (FY2025)
- Recruitment ratio of women (SEKISUI CHEMICAL)

Ratio of female new graduate employees: 35% (FY2025)
- Gender wage gap (SEKISUI CHEMICAL)

Maintain/Improve from previous year
- Percentage of male employees taking childcare leave (SEKISUI CHEMICAL)

75% (FY2025)
- Employment ratio of people with disabilities (SEKISUI CHEMICAL)

2.5% (above the legally stipulated ratio)
- Total working hours (SEKISUI CHEMICAL)

2,000 hours or less (FY2025)
- Rate of long-term leave due to mental health problems (SEKISUI CHEMICAL Group/Japan)

1.0% or less (FY2025)

Major Initiatives

Active Participation of Diverse Human Resources

Basic Concept of Diversity

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

Retention Rate (SEKISUI CHEMICAL)

		FY2021	FY2022	FY2023	FY2024	FY2025
Retention Rate (%)	Male	97.6	97.2	97.6	97.8	98.4
	Female	96.8	96.1	97.2	97.7	98.3
	Total	97.5	97.0	97.5	97.8	98.4

・ (1 - (Number of retirees in a year ÷ number of employees as of April 1 of that fiscal year)) × 100
The number of retirees does not include those whose contract period has expired, those who have become executives, those who have retired at retirement age, or those who have transferred within the Group.
The number of employees as of April 1 of that fiscal year includes only those employed without a fixed term.

Retention Rate (SEKISUI CHEMICAL Group/Japan)

		FY2021	FY2022	FY2023	FY2024	FY2025
Retention Rate (%)	Male	95.9	95.4	94.8	94.7	95.5
	Female	94.2	94.3	93.9	93.2	95.9
	Total	95.5	95.1	94.6	94.4	95.6

1 Promote the employment and retention of diverse human resources

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

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

Performance Data

Composition, Number, and Ratio of Female Directors and Audit and Supervisory Board Members (SEKISUI CHEMICAL) (FY2025)

	Directors		Audit and Supervisory Board Members		Total Officers	Executive Officers
	Internal Directors	Outside Directors	Full-time Audit and Supervisory Board Members	Outside Audit and Supervisory Board Members		
Male (persons)	7	2	2	3	14	30
Female (persons)	0	3	0	0	3	2
Ratio of Female (%)	—	60.0	—	—	17.6	6.3

Number of Female Directors and Female Managers (SEKISUI CHEMICAL Group/Japan)
Number of Officers Excluding SEKISUI CHEMICAL

	FY2021	FY2022	FY2023	FY2024	FY2025
Number of Female Directors (persons)*	2	3	4	1	2
Number of Females Managers* (persons)	195	206	240	260	288

* Including non-consolidated companies until FY2023, but excluding non-consolidated companies from FY2024

Composition of Personnel (SEKISUI CHEMICAL)

		FY2021	FY2022	FY2023	FY2024	FY2025
Employees*1	Male (persons)	3,250	3,226	3,270	3,314	3,405
	Female (persons)	652	661	705	748	816
	Ratio of Female (%)	16.7	17.0	17.7	18.4	19.3
Regular Full-time Employees*2	Male (persons)	3,023	3,032	3,119	3,214	3,347
	Female (persons)	607	627	668	718	788
	Ratio of Female (%)	16.7	17.1	17.6	18.3	19.1
Average Years of Continuous Employment*2	Male (years)	17.6	17.9	17.1	17.1	17.0
	Female (years)	12.9	13.1	12.2	12.0	12.2
Managerial Positions (Managers)	Male (persons)	700	790	801	831	885
	Female (persons)	45	47	57	64	73
	Ratio of Female (%)	6.0	5.6	6.6	7.2	7.6
Managerial Positions (Department manager level or above)	Male (persons)	635	558	577	571	565
	Female (persons)	15	17	14	15	14
	Ratio of Female (%)	2.3	3.0	2.4	2.6	2.4
All Managerial Positions	Male (persons)	1,335	1,348	1,378	1,402	1,450
	Female (persons)	60	64	71	79	87
	Ratio of Female (%)	4.3	4.5	4.9	5.3	5.7
Employees Newly Appointed to Managerial Positions	Male (persons)	54	70	53	56	48
	Female (persons)	3	6	5	6	7
	Ratio of Female (%)	5.3	7.9	8.6	9.7	12.7
Deputy (Assistant) Manager / Supervisor Level*3	Male (persons)	795	827	880	928	972
	Female (persons)	113	127	145	163	194
	Ratio of Female (%)	12.4	13.3	14.1	14.9	16.6

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

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

*3 Advanced level employees in the Business Career Course

Composition of Personnel (SEKISUI CHEMICAL Group/Japan)

		FY2021	FY2022	FY2023	FY2024	FY2025
Employees	Male (persons)	15,857	15,822	15,767	15,738	15,609
	Female (persons)	5,069	5,195	5,202	5,209	4,995
	Ratio of Female (%)	24.2	24.7	25.0	24.9	24.2
New Graduate Recruitment	Male (persons)	405	448	508	489	433
	Female (persons)	150	183	180	160	142
	Ratio of Female (%)	27.0	29.0	26.0	24.7	24.7
Managerial Positions (Managers)	Male (persons)	2,865	3,031	3,110	3,073	3,146
	Female (persons)	168	178	204	224	254
	Ratio of Female (%)	5.5	5.5	6.0	6.8	7.5
Managerial Positions (Department manager level or above)	Male (persons)	1,533	1,400	1,398	1,504	1,427
	Female (persons)	27	28	26	36	34
	Ratio of Female (%)	1.7	2.0	2.0	2.3	2.3
All Managerial Positions	Male (persons)	4,398	4,431	4,508	4,577	4,573
	Female (persons)	195	206	230	260	288
	Ratio of Female (%)	4.2	4.4	4.9	5.4	5.9
New Managers*4	Male (persons)	191	191	194	137	182
	Female (persons)	22	22	23	18	32
	Ratio of Female (%)	10.3	10.3	10.6	11.6	15.0

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

Age Composition of Permanent, Full-time Employees (SEKISUI CHEMICAL) (FY2025)

	Under 30	30-39 years old	40-49 years old	50-59 years old	60 or older
Male (persons)	405	768	656	1,155	363
Female (persons)	179	243	129	189	48
Ratio of Female (%)	30.7	24.0	16.4	14.1	11.7

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

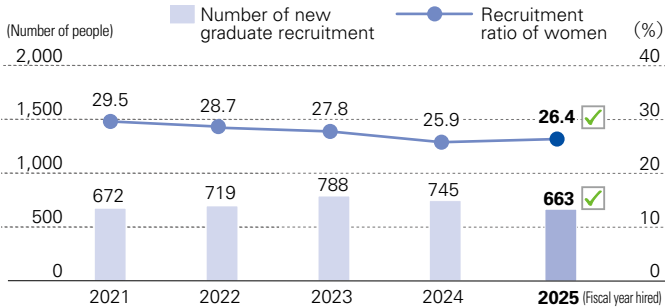
Recruitment (SEKISUI CHEMICAL)

		FY2021	FY2022	FY2023	FY2024	FY2025
New Graduate Recruitment *1	Male (persons)	63	64	83	92	84 ☒
	Female (persons)	18	25	38	36	39 ☒
	Ratio of Female (%)	22.2	28.1	31.4	28.1	31.7 ☒
Mid-career Recruitment	Male (persons)	19	50	75	90	91 ☒
	Female (persons)	3	9	15	26	22 ☒
	Ratio of Female (%)	13.6	15.3	16.7	22.4	19.5 ☒
	Ratio of Mid-career Employees Hired*2 (%)	21.4	39.9	42.7	47.5	47.9 ☒

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

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

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



·Including some equity-method affiliates

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

	FY2021	FY2022	FY2023	FY2024	FY2025
New Employee Induction Training (persons)	150	152	158	190	194

Mid-career Hires Training (SEKISUI CHEMICAL)

	FY2021	FY2022	FY2023	FY2024	FY2025
Number of Participants (persons)	35	58	74	131	119

·Held once every six months until the first half of FY2024. Changed to holding it every month from September 2024.

Turnover Rate (SEKISUI CHEMICAL)

		FY2021	FY2022	FY2023	FY2024	FY2025
Employee Turnover (Number of People Who Left Employment) (persons)	Male	74	85	76	69	54
	Female	20	25	19	16	13
	Total	94	110	95	85	67 ☒
Turnover Rate (%)	Male	2.4	2.8	2.4	2.2	1.6
	Female	3.2	3.9	2.8	2.3	1.7
	Total	2.5	3.0	2.5	2.2	1.6 ☒

·Calculation Method: (Employee turnover in the relevant fiscal year ÷ Number of employees as of April 1 of the fiscal year) × 100

Turnover Rate (SEKISUI CHEMICAL Group/Japan)

		FY2021	FY2022	FY2023	FY2024	FY2025
Turnover Rate (%)	Male	4.1	4.6	5.2	5.3	4.5
	Female	5.8	5.7	6.1	6.8	4.1
	Total	4.5	4.9	5.4	5.6	4.4

Retention Rate After Three Years (SEKISUI CHEMICAL)

	Hired in FY2019	Hired in FY2020	Hired in FY2021	Hired in FY2022	Hired in FY2023
Retention Rate Three Years After Employment (%)	93.1	89.6	89.0	95.5	90.7

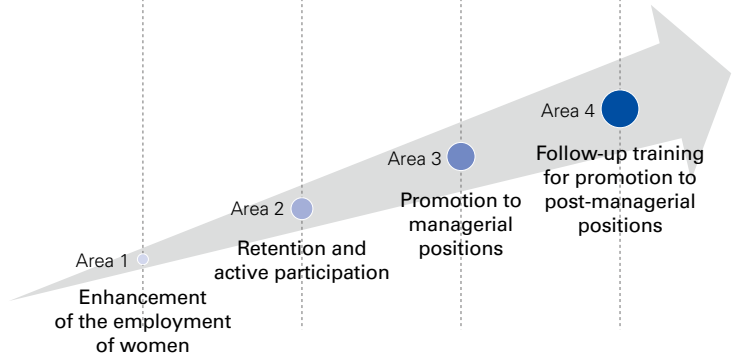
·Calculation Method: Percentage of new employees in fiscal year X-2 who remained employed as of the end of fiscal year X

2 Promote diversity and support work-life balance

2-1 Promote gender diversity

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

Four Areas of Support for the Active Participation of Women



Themes	Targets (2030)	FY2025 Result	Major Initiatives
Enhancement of the employment of women	Recruitment ratio of women 35%	31.7%	・ Publication of articles featuring interviews with female managers
Retention and active participation	Retention rate after 10 years 95%	56.8%	・ Women's Career Seminar (for young employees, for after returning to work from maternity leave and childcare leave) ・ Field survey
Promotion to managerial positions	Ratio of managers 8%	5.7%	・ Women's Career Development Program
Follow-up training for promotion to post-managerial positions	Advanced level management 15 people	5 people	・ Women Managers Mentor System

Expansion of development measures after promotion to management positions

To diversify our senior management, we launched the Women Managers Mentor System, targeting women managers who are candidates for senior management positions. We piloted this program in FY2024 and formally rolled it out in FY2025. By selecting mentors from within the Group, mentees (women managers) hone their skills through their day-to-day work and gain exposure to the perspectives of senior management, fostering growth in both mindset and skills. Furthermore, for officers, we have set a target of 30% in terms of the proportion of women.

Performance Data

Training Results for Women (SEKISUI CHEMICAL Group/Japan)

		FY2021	FY2022	FY2023	FY2024	FY2025
Women's CDP Training (selected participants)	Women (persons)	58	49	48	55	55
	Supervisors (persons)	55	46	46	52	53
Women's Career Seminar (open participation)	Young employees (persons)	—	55	36	19	27
	While raising children (persons)	—	73	34	23	21
	All levels (persons)	—	67	37	—	—

Gender Wage Gap (SEKISUI CHEMICAL) (FY2025)

Regular full-time employees (%)	Non-permanent, non-full-time employees (%)	Overall (%)
71.8	107.4	71.8

・ The gap in wages is due to the composition of workforce (including age and certification) and is not due to the personnel system
Calculation formula: Average annual wage of women ÷ Average annual wage of men
Scope of aggregation: All employees (full-time employees, part-time employees, and fixed-term employees) are included.
Full-time employees: Includes those seconded from the Company to other companies
Part-time or fixed-term employees: Includes contract employees, temporary employees, and part-time employees
Scope of wages: Excludes commuting allowances, etc.

2-2 Promote the active participation of people with disabilities

As one of our major diversity promotion policies, we are advancing Group-wide efforts to promote the employment, retention, and active participation of people with disabilities. When hiring at SEKISUI CHEMICAL CO., LTD., we give top priority to matching the characteristics of people with disabilities with the workplace and job content, and we provide workplace tours and hands-on training. After they join the company, we hold regular interviews and provide follow-up support to both the individuals and their departments. In FY2025, we held an information session for students attending employment transition support offices. Employees with disabilities who are active at the Company gave the explanations, and participants told us it helped them get a concrete picture of what working here would be like. To promote the employment of people with disabilities at each Group company, we provide support for hiring activities and hold study sessions for those in charge of personnel affairs.



Information session on employment of people with disabilities

Performance Data

Employment Ratio of People with Disabilities (SEKISUI CHEMICAL)

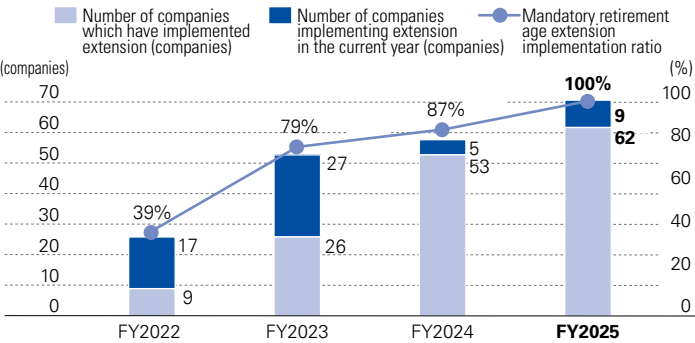
	FY2021	FY2022	FY2023	FY2024	FY2025
Employment Ratio of People with Disabilities (%)	2.5	2.3	2.4	3.1	2.7

·In accordance with the Report on Employment Status of Persons with Disabilities (Reference date: June 1, 2025)
·Including special subsidiaries

2-3 Promote the active participation of seniors

To encourage each and every employee to shine in a leading role and continue taking on challenges regardless of age, the Group completed the extension of the mandatory retirement age to 65 across the entire Group, including SEKISUI CHEMICAL CO., LTD., in FY2025. Furthermore, we conduct training for employees who selected mandatory retirement age extension so that they can clearly imagine their roles and their work after mandatory retirement age extension.

Status of Implementation of Mandatory Retirement Age Extension



Performance Data

Training Results for Seniors

	FY2022	FY2023	FY2024	FY2025
Employees in management positions who took career training after selecting to extend their mandatory retirement age (persons)	35	55	42	57
General employees who took career training after selecting to extend their mandatory retirement age (persons)	34	11	27	43
Employees of Group companies who took career training after selecting to extend their mandatory retirement age (persons)	50	127	55	106
Required: Employees at age 57 who took the required career training before selecting to extend their mandatory retirement age (persons)	94	69	326	185
Elective: Employees between the ages of 50 and 56 who took elective career training before selecting to extend their mandatory retirement age (persons)	60	41		

·Career training before selecting to extend the mandatory retirement age was only for SEKISUI CHEMICAL CO., LTD. until FY2023.
·As a consequence of rolling out the mandatory retirement age extension system to the Group companies, from FY2024 we expanded the target of the career training before selecting to extend the mandatory retirement age to all of the Group companies.

2-4 Active participation of global human resources

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

Development of overseas local human resources

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



Performance Data

Breakdown of the Number of Employees (SEKISUI CHEMICAL Group) (FY2025)

Item	Number of people
Total number of employees	26,752
Japan	19,906
North America/ Latin America	2,251
Europe	1,052
Asia / Oceania	3,543

2-5 Support for balancing childcare and work

· Support for balancing work and childcare

To support employees in balancing childcare and work, we have put in place systems and financial support that go beyond statutory requirements so that they can manage life events such as childbirth and child-rearing, and we focus on creating an environment where these systems are easy to use. As for the systems of SEKISUI CHEMICAL CO., LTD., employees can take childcare leave until the end of the month of their child's third birthday and can use the shortened working hours system until the day before their child enters junior high school (use in combination with flexible hours is allowed). To foster a supportive environment, we work to spread awareness of these systems and promote understanding of them through such means as messages from the Head of the Human Resources Department and roundtable discussions led by supervisors who have male subordinates who have taken childcare leave. In addition to these efforts, achievements such as the rate of male employees taking childcare leave (90.1% in FY2024) were recognized, and in FY2025 we received Platinum Kurumin, a special certification under the Act on Advancement of Measures to Support Raising Next-Generation Children, from the Ministry of Health, Labour and Welfare.



WEB Regarding the acquisition of “Platinum Kurumin” certification
https://www.sekisui.co.jp/news/2025/1441178_41954.html (In Japanese only)

Use of Childcare-related Systems (SEKISUI CHEMICAL)

		FY2021	FY2022	FY2023	FY2024	FY2025
Ratio of those who took childcare leave (%) ^{*1}	Male	47.3	68.1	69.8	90.1	93.3
	Female	100	100	97.1	92.9	100
Average number of childcare leave acquisition days (days) ^{*2}	Male	38.8	29.1	47.3	59.9	79.1
	Female	293.8	358	371.7	322.1	398.8
Ratio of those who returned to work after childcare leave (%)	Male	100	100	100	100	100
	Female	91.7	100	96.0	100	100

^{*1} Excludes those who are taking maternity leave. From FY2024, those who had children before joining the Company and workers on loan from other companies are excluded from the calculation.
^{*2} From FY2022, the average number of days of childcare leave taken by employees who completed the period during which they were eligible to take childcare leave in the subject fiscal year

· Support for balancing nursing care and work

Marking 2025, the year in which the entire baby-boomer generation reaches the age of 75 or older, we conducted a Group-wide survey to understand the realities of nursing care and work. The survey results suggested that the number of employees providing nursing care will rise to more than ten times the current level going forward. We will continue to focus on building an organizational culture for balancing nursing care and work, through such means as spreading information about the relevant systems and sharing employees’ real-life experiences.

・ Support for balancing illness (treatment) and work

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

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

Policy	Main content		FY2021	FY2022	FY2023	FY2024	FY2025
Shortened working hours for childcare	Can be taken until the child enters junior high school. (The statutory end date is until the child reaches three years of age.)	Male	0	0	2	2	6
		Female	64	70	78	65	111
		Total	64	70	80	67	117
Use of flexible working hours	Times of starting and finishing work may be moved earlier or later by up to 60 minutes until the child reaches junior high school age.	Male	3	1	1	3	3
		Female	4	0	3	0	2
		Total	7	1	4	3	5
Family leave	Three days of special care leave per year granted until the child or grandchild starts high school.	Male	156	152	174	208	300
		Female	54	68	77	86	102
		Total	210	220	251	294	402
Nursing care leave	Up to a total of 93 days for each individual eligible for care. (Up to a maximum of one year for the first individual eligible for care.)	Male	2	1	2	4	2
		Female	1	1	1	0	0
		Total	3	2	3	4	2
Shortened working hours for nursing care	Two days per week or 4.5 hours per day for a maximum of three years for each individual eligible for care.	Male	1	1	0	1	1
		Female	0	2	2	1	0
		Total	1	3	2	2	1

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

Policy	Main content		FY2021	FY2022	FY2023	FY2024	FY2025
Accumulated annual leave (for raising children)	Acquired on an hourly basis for children up to the age of 18	Male	13	32	43	52	48
		Female	37	52	52	54	64
		Total	50	84	95	106	112
Accumulated annual leave (for personal injury or illness)	Acquired on a daily basis (10 or more consecutive business days) or hourly basis	Male	35	58	71	64	60
		Female	13	46	40	42	38
		Total	48	104	111	106	98
Accumulated annual leave (for care giving)	Acquired for care giving on a daily or hourly basis for spouses, parents, children, etc.	Male	2	10	28	36	40
		Female	12	20	17	14	11
		Total	14	30	45	50	51
Accumulated annual leave (for health nursing)	Acquired for health nursing on a daily or hourly basis for spouses, parents, children, etc.	Male	11	37	58	70	74
		Female	24	38	45	39	45
		Total	35	75	103	109	119
Accumulated annual leave (for fertility treatment)	Acquired on a daily or hourly basis	Male	0	0	2	1	1
		Female	1	4	5	4	0
		Total	1	4	7	5	1
Accumulated annual leave (for volunteering)	Acquired on a daily or hourly basis	Male	0	1	6	10	11
		Female	0	0	3	6	4
		Total	0	1	9	16	15

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

P111 Status of paid leave taken

External Evaluation

In recognition of our particularly outstanding work-life balance initiatives that enable dual careers and co-parenting regardless of gender, we were selected for the first time by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for Next Nadeshiko: Companies Supporting Dual Careers and Co-parenting.

WEB Next Nadeshiko: Companies Supporting Dual Careers and Co-parenting

https://www.sekisui.co.jp/news/2026/1450065_42699.html (In Japanese only)



Creating a Vibrant Work Environment

Create a safe and secure work environment

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

To realize flexible work styles, we are upgrading and expanding Group-wide working from home, flexible hours and other systems. As a result, coexistence between going to an office and working remotely has taken hold. We are also expanding mechanisms that enable employees to build their careers continuously at the Company, such as Spouse Transfer Leave and Childbirth Support Leave. We will continue to maintain close communication between the Company and labor union, engage in constructive dialogue on issues common to labor and management, and promote system revisions related to flexible work styles through the Labor-Management Committee.

WEB Statement of Work Style Reforms
https://www.sekisuichechemical.com/sustainability_report/basic_policies/#anc-P04

Performance Data

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

Training name	FY2022	FY2023	FY2024	FY2025
Training for managers to coach employees' self-support (persons)	202	74	113	98

Hours Worked and Paid Leave Taken (SEKISUI CHEMICAL)

	FY2021	FY2022	FY2023	FY2024	FY2025
Monthly average number of overtime hours per employee (hours)*1	18.2	19.0	18.7	19.3	20.3
Annual average number of total hours worked per person (hours)*2	1,925	1,932	1,919	1,929	1,944
Percentage of paid leave taken per employee (%)*3	64.9	66.6	74.7	71.8	68.4
Average number of paid leave days taken per employee (days)	12.5	12.8	14.1	13.6	13.2

• Excluding managers and workers on loan from other companies
*1 The average number of overtime hours per employee per month is calculated based on the prescribed working hours of 7.5 hours
*2 Prescribed working hours (7.5 hours) + overtime hours - paid leave hours taken
*3 Percentage of paid leave taken per employee = Number of paid leave taken ÷ Available paid leave days

Number of Labor Union Members

The SEKISUI CHEMICAL Labor Union serves as the Company's labor union. Adopting a union shop system, 100% of eligible employees are members (2,484 in FY2025).

Ensure a healthy and comfortable working environment

Promoting Health and Productivity Management

SEKISUI CHEMICAL Group strives to improve its employees' physical and mental health based on the idea that employees are "precious assets bestowed on us by society." In March 2019, we announced details of our Declaration of Health, and established the Basic Policy for Health and Productivity Management, which summarizes our philosophy regarding our goals for health and productivity management*1. We are also promoting health management using a Health and Productivity Management Strategy Map.

WEB Declaration of Health/Basic Policy for Health and Productivity Management
https://www.sekisuichechemical.com/sustainability_report/basic_policies/#anc-P04

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

WEB Health and Productivity Management Strategy Map
https://www.sekisui.co.jp/sustainability_report/pdf/csr_strategy_map.pdf (In Japanese only)

Declaration of Health for SEKISUI CHEMICAL Group

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

SEKISUI CHEMICAL Group Basic Policy for Health and Productivity Management

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

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

Human Capital

Safety Issues

Stakeholder Engagement

Respect for Human Rights

Responsible Procurement

Management Issues to be Solved through Health and Productivity Management

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

Initiative 1. Health checkups and measures to prevent lifestyle-related diseases

We work to strengthen our collaborative health management with the SEKISUI Health Insurance Society and carry out uniform health checkups for all Group companies. In addition to introducing a health management system, we are also undertaking a variety of measures, including putting in place the SEKISUI Health Network (SHN), which can accommodate business sites with less than 50 employees in a bid to promote better health Group-wide, including small business sites. In addition, to help prevent the worsening and onset of lifestyle-related and other diseases, we have established Group-standard high-risk values and confirm that appropriate health management is being carried out for employees who fall under them.

Seven Health Habits Support Program

As a part of our measures to prevent lifestyle-related diseases, since FY2019 we have been regularly conducting the Seven Health Habits Support Program, an e-learning program focused on seven health habits, and we are recommending that our employees practice the seven health habits. In FY2025, we held four events using health support apps, with a cumulative total of 3,584 participants. For the autumn walking event, we held a team competition in addition to the individual competition; among participants, 92.6% said they enjoyed the event and 92.2% said it led to improvements in their exercise or lifestyle habits. For the sleep event, there was a 19.7 point improvement in the quality of sleep before and after the event. According to work day presenteeism measurements, performance also increased by 4.4 points, from 64.8 points to 69.2 points.

P.114 Presenteeism measurements

Performance Data

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

	FY2020	FY2021	FY2022	FY2023	FY2024
Percentage of employees receiving health checkups (%)	99.5	99.7	99.6	99.8	99.8
Percentage of employees receiving a secondary medical examination (%)	70.6	69.7	68.5	70.0	72.9
Percentage of employees at a healthy weight (%) ^{*1}	64.8	65.1	64.9	64.6	63.9
Percentage of employees with abnormal results in health checkups (%) ^{*2}	60.6	59.8	58.7	59.0	58.9
Percentage of employees who have lifestyle-related diseases (%) ^{*3}	50.0	49.7	48.9	48.5	49.2
Percentage of high-risk employees (%) ^{*4}	1.18	0.98	0.94	1.08	1.04
Percentage of confirmations of high-risk employees' management status (%) ^{*5}	98.0	—	100	100	100
Percentage of smokers (%)	29.8	28.9	28.2	27.7	27.3
Percentage of employees with a drinking habit (%) ^{*6}	18.7	17.1	18.1	18.9	26.6
Percentage of employees with an exercise routine (%) ^{*7}	22.0	22.6	24.5	25.2	26.0
Percentage of employees who eat breakfast (%) ^{*8}	68.9	69.0	68.5	68.1	68.6
Percentage of employees who eat snacks appropriately (%) ^{*9}	82.9	83.1	82.5	82.1	81.5
Percentage of employees who sleep sufficiently (%) ^{*10}	68.9	68.0	67.4	66.7	65.2

^{*1} Percentage of employees at a healthy weight: the percentage of employees with a BMI between 18.5 and 25.0
^{*2} Percentage of employees with abnormal results in health checkups: the percentage of employees to whom at least one item among the five standard items of the SEKISUI CHEMICAL Group (blood pressure, glucose metabolism, lipids, liver function, and anemia) applied in the regular health checkup
^{*3} Percentage of employees who have lifestyle-related diseases: the percentage of employees to whom at least one of the four standard items of the SEKISUI CHEMICAL Group (BMI, blood pressure, glucose metabolism, and lipids) applied in the regular health checkup
^{*4} Percentage of high-risk employees: the percentage of employees to whom the standard high-risk value of the SEKISUI CHEMICAL Group applied in the regular health checkup
^{*5} Percentage of confirmations of high-risk employees' management status: confirmation of the appropriate health management implementation status of employees to whom the standard high-risk value of the SEKISUI CHEMICAL Group applied in the regular health checkup
^{*6} Percentage of employees with a drinking habit: until FY2023, the percentage of employees who drink sometimes or every day and consume 360 ml or more on the days they drink; due to a change in the standard questionnaire, from FY2024 onward, the percentage of employees who drink three or more days a week and consume 180 ml or more on the days they drink
^{*7} Percentage of employees with an exercise routine: the percentage of employees who have been exercising to the extent that they sweat lightly for at least 30 minutes per time at least two times a week for at least one year
^{*8} Percentage of employees who eat breakfast: the percentage of employees who eat breakfast at least five times a week
^{*9} Percentage of employees who eat snacks appropriately: the percentage of employees who sometimes consume or almost never consume snacks or sweet drinks outside the three meals of breakfast, lunch, and dinner
^{*10} Percentage of employees who sleep sufficiently: the percentage of employees who get sufficient rest and recuperation from sleep
· Data for FY2025 is being compiled as of July 2026
· Some past figures have been revised due to improvements in precision

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

	FY2021	FY2022	FY2023	FY2024	FY2025
Percentage of employees aware of the seven health habits (%)	69.7	75.9	83.4	85.0	88.2
Percentage of employees participating in the Seven Crown App (%)	11.8	16.0	16.4	17.1	18.2

・ Percentage of employees participating in the Seven Crown App: the percentage of employees participating in the Seven Health Habits (habits considered to be related to average life expectancy) Support Program utilizing the health support app, including affiliated companies' employees and dispatch employees
・ Some past figures have been revised due to improvements in precision

● Initiative 2. Mental health

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

1. Use of stress level tests

Stress level tests are conducted among all Group companies, including those with fewer than 50 employees. Population analysis has been mandatory since FY2019. The FY2025 population analysis was conducted at 100% of Group companies. In addition, detailed population analyses were conducted at 93.6% of the Group's business sites. Furthermore, the rate of workplace environment improvement based on stress tests was 64.8%. We continuously hold video sessions for learning population analysis methods and practical training on improving the workplace environment for those in charge at business sites and others, and going forward we will keep promoting autonomous activities at each business site and fostering a better workplace culture.

Performance Data

Stress-check (SEKISUI CHEMICAL Group/Japan)

	FY2021	FY2022	FY2023	FY2024	FY2025
Stress-check Assessment Rate (%)	95.2	95.5	96.4	97.0	96.9
Percentage of Employees with a High Level of Stress (%)	16.4	17.2	16.5	16.2	15.8

・ Companies subject to stress check: Companies that are members of the SEKISUI Health Insurance Society (excluding some affiliated companies)
・ Percentage of Employees with a High Level of Stress: calculated for companies subject to stress check (excluding some affiliated companies)

2. Mental health training

Every year, the Group conducts self-care training for all Group employees, line care training for managers, and mental health training for new employees. We also provide web-based stress management training (Internet-based cognitive behavioral therapy (iCBT) training) for newly appointed managers, mid-career hires, and employees posted overseas, who all face significant changes in their environment, and we have seen improvement in stress self-control indicators. Through these training programs, we aim to improve the mental health literacy of each and every employee.

Performance Data

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

Training name	FY2021	FY2022	FY2023	FY2024	FY2025
Self-care training participation rate for all employees (%)	74.8	83.5	84.7	86.7	85.1
Line care training for managers participation rate (%)	91.0	90.8	57.9*	67.5*	92.5
Training participation rate for new employees(%)	—	—	94.5	95.9	95.7

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

3. Enhanced consultation centers where employees can comfortably seek advice

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

● Initiative 3. Workplaces and systems where employees can work with peace of mind

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

Health Management for Employees Stationed Overseas

In addition to health checkups before assignment and upon return, we make sure employees stationed overseas receive a health checkup once a year during their assignment, using opportunities such as temporary returns to Japan, and we recommend vaccinations at company expense according to the destination region, as part of our efforts to manage the health of employees stationed overseas. Also, to expand mental health care for employees stationed overseas, in FY2025 we launched a counseling service available to the Group's employees stationed overseas and their accompanying family members, and it received a cumulative total of 15 consultations.

Measures for Health Issues by Life Stage

In FY2025, in an effort to solve women’s health issues, we conducted e-learning on women’s health for female employees, all employees, and managers. In the e-learning for female employees, we covered “preconception care” and “health of working women” with a focus on health issues by age group, and 2,345 employees took the courses. In addition, in FY2025, we held an online seminar by an external lecturer on the theme of “menopause in working women,” which was highly requested in the participant survey from the previous fiscal year. On the day, 202 interested employees attended, with a satisfaction rate of 94.2% and an understanding rate of 99.3%. For male employees, we continued to provide e-learning on “male menopause,” which had high participant satisfaction in the previous fiscal year, and 7,100 employees took the course in FY2025. Both seminars provided an opportunity to deepen understanding of health issues specific to each biological sex and life stage, tailored to the needs of the employees. In addition, we conducted a joint study on the health of the menopausal generation (both men and women) utilizing IT through industry-academia collaboration, and we are proceeding with considerations regarding how health measures should be implemented while taking biological sex differences into account. We will continue to work toward promotion of the fostering of a workplace culture which enables all employees to work with peace of mind.

Performance Data

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

	FY2021	FY2022	FY2023	FY2024	FY2025
Rate of participation in the women's health seminar for all employees (%)	74.4	67.1	—	70.8	70.1
Rate of participation in the women's health seminar for managers (%)	—	91.7	76.9	78.3	79.1
Rate of participation in the women's health seminar for female employees (%)*	—	65.0	67.7	4.6	52.7

* Rate of participation in the women's health seminar for female employees, representing the participation rate in the e-learning for FY2022, FY2023, and FY2025, and the participation rate on the day the webinar was held for FY2024.

Initiative 4. Group-wide initiatives

In order to promote health and productivity management across the Group as a whole, we are working to expand Group-wide certification under the Large Enterprise Category of the Health & Productivity Management Outstanding Organizations Recognition Program. Group companies that are engaging in activities aimed at increasing the level of health through pre-assessment are covered under this use. We took steps to initiate information exchange meetings among applicable companies from FY2019. Having established specific health and productivity management targets for each company and putting in place a mechanism to share details regarding the level of achievement, we are promoting activities on an integrated Group-wide basis. In addition, we have appointed people responsible for, and others in charge of health and productivity management at approximately 300 business sites. In this manner, we have established systems that ensure the definitive promotion of health and productivity management. Furthermore, a working group meets

monthly with the SEKISUI Health Insurance Society and in addition, attended by representatives of the labor union, the Health Up Committee meets once a year to share information and deliberate on measures.

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

Initiative 5. Increase motivation and productivity

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

External Evaluation

Recognized for addressing health-related issues for employees from a company-wide perspective, we were certified for the ninth time as a “Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category (White 500))” along with 33 domestic group companies.

WEB Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category (White 500))
https://www.sekisui.co.jp/news/2026/1449644_42699.html (In Japanese only)



Performance Data

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

	FY2021	FY2022	FY2023	FY2024	FY2025
Rate of long-term leave due to mental health problems (%) *5 *6	1.02	1.13	1.14	1.28	1.25
Implementation of 4 or more of the Seven Health Habits (%) *5	54.0	63.9	63.5	64.5	65.0
Implementation ratio of workplace environment improvements (%) *5	64.9	57.3	63.0	69.1	64.8
Presenteeism (%) *1 *5	64.7	57.6	57.6	58.3	58.9
Absenteeism (days) *2 *5	1.31	2.34	3.05	2.88	2.77
Employees in an ideal health condition (%) *3	—	33.1	31.9	33.3	33.6
Work engagement *4	—	3.05	3.01	3.04	3.05

*1 Presenteeism is a condition in which a person is working but is unable to perform at full capacity due to health problems. The calculation employs a self-assessed value for overall performance on working days over the past four weeks (28 days) on a scale of 0 to 10, with a higher score indicating a smaller loss. The survey uses WHO-HPO. FY2025 survey target: 19,883 people, response rate: 96.8%

*2 Absenteeism: Absent from work due to injury or illness. Actual calculation from FY2022. FY2025 survey target: 19,883 people, response rate: 96.8%

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

*4 Work engagement: The nine-item average, of the nine-item version of the Utrecht Work Engagement Scale, the most widely used work engagement measurement. FY2025 survey target: 19,883 people, response rate: 96.8%

*5 Some figures have been retrospectively revised to improve accuracy.

*6 The ratio of employees who took more than one month of leave due to mental health issues in that year



Safety Issues

Strategy (Stance, Approach, and Awareness of Risk)

Basic Concept

SEKISUI CHEMICAL Group believes that creating a workplace in which employees can work safely and with peace of mind is a key corporate responsibility and one of management's most important priorities. Based on this concept, we engage in total safety activities (zero occupational injuries, zero equipment-related accidents, zero commuting-related accidents, and zero extended sick leave) based on the five themes (1) to (5) listed below. However, no matter how safe and secure an environment is, accidents cannot be prevented if each and every employee working there does not take the necessary care. Safety is not possible without the safety endeavors of each individual. For this reason, in addition to safety education and efforts to increase sensitivity to danger, we are also focusing on creating a culture of observing and complying with established rules. Under the next Medium-term Management Plan, we will keep working to minimize Group-wide major risks while focusing on reducing lost-time injuries, which have been rising, and on uncovering on-site risks (KPIs: halve the frequency rate to 0.4 or below; halve the rate of accidents from unidentified risks to 30% or below).

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

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



Awareness of Risk

SEKISUI CHEMICAL Group recognizes the following safety-related risks.

Serious equipment accidents (fires/explosions)

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

Work-related fatal or serious accidents

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

Large-scale leakage of hazardous substances and environmental pollution

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

Serious violations of environment-related laws

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

Developing Human Resources Capable of Identifying Dangerous Situations

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

- 1. Safety Leader (SL)
A staff member who assists safety managers and promotes safety management activities at business sites. The staff member is responsible for discovering and mitigating risks, and promoting safety education at their respective business sites.
- 2. Safety Sub-Assessor (SSA)
A machine safety specialist who is responsible for ensuring the safety specifications of newly introduced production equipment and discovering and mitigating risks related to existing production equipment at business sites.

Governance

System for Occupational Safety

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

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

We have compiled a wide range of Group occupational health and safety data. This compilation includes data generated from work at production and construction sites and through research activities, encompassing not only Group employees but also data from partner companies outside the Group that work within our operations.

The Safety Subcommittee met twice in FY2025, in October and March.

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

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

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

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

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

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

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

- SEKISUI S-LEC AMERICA, LLC.
- SEKISUI S-LEC MEXICO S.A. de C.V.
- SEKISUI S-LEC B.V.
- SEKISUI POLYMATECH EUROPE B.V.
- SEKISUI SPECIALTY CHEMICALS EUROPE S.L.
- SEKISUI DIAGNOSTICS (UK) LIMITED
- SEKISUI SPECIALTY CHEMICALS (THAILAND) CO., LTD.

- SEKISUI RIB LOC AUSTRALIA PTY. LTD.
 - SEKISUI PILON PTY. LTD.
 - SEKISUI S-LEC (THAILAND) CO., LTD.
 - SEKISUI DLJM MOLDING PRIVATE LTD. Greater Noida
 - SEKISUI DLJM MOLDING PRIVATE LTD. Tapukara
 - SEKISUI DLJM MOLDING PRIVATE LTD. Chennai 1
 - SEKISUI DLJM MOLDING PRIVATE LTD. Gujarat
 - Sekisui S-LEC (Suzhou) Co., Ltd.
 - Sekisui Medical Technology (China) Ltd.
 - SEKISUI MEDICAL TECHNOLOGY (SUZHOU) LTD.
- The ISO 45001 certified business sites (21) account for 48% of the total number of the Group's overseas production sites (44).



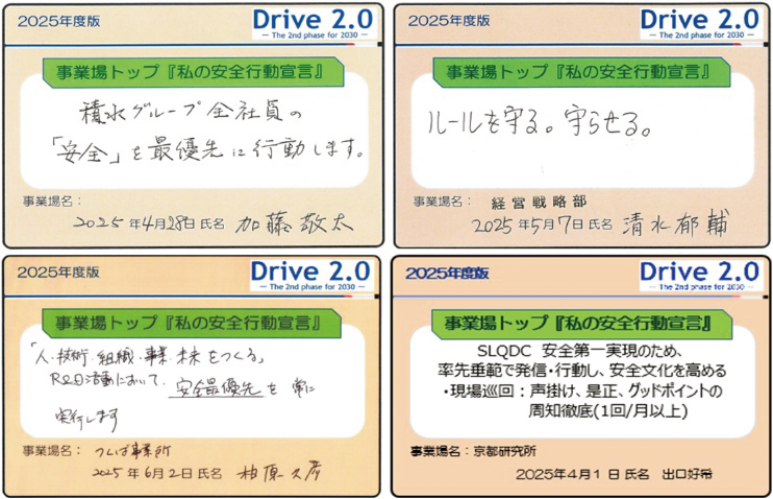
Occupational Safety Committee Meeting Held

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

Meetings of the Central Occupational Safety Committee were held at the Company's head office up to FY2019. This Committee served as a Group-wide forum for discussion between labor and management. Despite refraining from face-to-face meetings and going on a hiatus from FY2020 attributable to such factors as the COVID-19 pandemic, deliberations in the form of Central Occupational Safety Committee meetings, at which labor and management discuss issues and measures regarding safety activities, resumed from FY2022.

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

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



Safety declarations posted on the intranet

Risk Management

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

Serious equipment accidents (fires/explosions)

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

Work-related fatal or serious accidents

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

Large-scale leakage of hazardous substances and environmental pollution

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

Serious violations of environment-related laws

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

Implementation of Safety Audits

SEKISUI CHEMICAL Group has identified occupational health and safety management system evaluation categories, which are employed in the self-evaluations conducted at each business site as well as safety audit evaluations by the Corporate Headquarters. The Group conducts safety audits at production sites and research institutes every three years. In FY2025, the Group conducted safety audits at 17 domestic sites. We were able to conduct document reviews including the close exchange of information and site inspections from a broader perspective. We review evaluation categories each year, taking into account issues related to Group-wide safety management activities. In the future, the Group plans to make continuous improvements to its safety auditing procedures, to ensure that they are carried out appropriately in line with audit objectives and the circumstances in each case.

Implementation of Occupational Safety Assessments

Article 14 of the Group's Safety Management Rules stipulates that when launching a new business, the general manager of the relevant business division is responsible for conducting a comprehensive prior assessment of occupational safety. Based on this stipulation, the relevant divisional company that is looking to launch a new business implements an assessment. Laws and regulations at overseas sites differ depending on the region, country, and state. For this reason, external consultants (experts in local laws and regulations) conduct audits to confirm the status of legal compliance.

Implementation of Medical Examinations

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

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

Indicators and Targets

Targets

Under the current Medium-term Management Plan, SEKISUI CHEMICAL Group is promoting safety activities based on the KPI of zero incidents of injuries attributable to machines and equipment with the aim of preventing serious accidents that could result in permanent disability by preventing injuries caused when caught or entangled in machinery and equipment. In FY2025, there were 5 incidents of injuries attributable to machines and equipment.

Major implementation measures	Management indicators	Final fiscal year (FY2025) targets of the current Medium-term Management Plan	Number of incidents in FY2025
Safety audits, mutual on-site inspections, and comments and sound improvements through on-site risk assessment	Zero incidents of injuries attributable to machines and equipment	0	5 cases 

* Injuries attributable to machines and equipment: Injuries directly inflicted on a person due to the energy of machines and equipment in operation at a plant, or the accumulated energy thereof.

Major Initiatives

Development of Human Resources to Take the Initiative in Safety Activities

To strengthen its safety activities, the Group established and has continued to promote a Safety Leader (SL) certification system since FY2017. Certified SLs assist safety managers and promote safety management activities at each site. In FY2025, 16 employees (and a cumulative total of 217 since FY2017) were certified under the SL certification system. SLs are tasked with identifying and mitigating risks at their respective workplaces, holding workshops with other SLs Group-wide, upgrading and expanding the content of safety training, and promoting the rollout of best practice examples. In addition, since FY2017, we have continued to support employees in their efforts to acquire Safety Sub-Assessor (SSA)* certification, holders of which promote machine safety activities. As of March 2026, a cumulative total of 278 employees have qualified with 239 holding certification. Furthermore, a total of 25 employees have acquired Safety Assessor (SA)* certification, 23 employees have maintained their SA certification, and two have acquired Safety Senior Assessor (SEA)* certification. Both SA and SEA rank above SSA.

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

New Equipment Design Safety Standards

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

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

Standard A: Basic safety standards

Standard B: Common safety standards

Standard C: Individual equipment safety standards

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

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

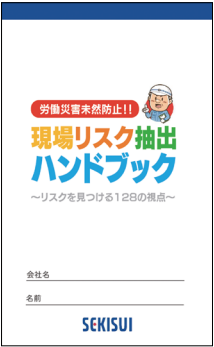
^{*2} A safety qualification by Japan Certification Corporation that certifies knowledge of machinery safety based on international safety standards.

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

Since FY2021, the Group has conducted mutual on-site inspections among its manufacturing sites. This initiative is led by the Technology & CS Promotion departments of each divisional company, and involves employees from different manufacturing sites, who work to uncover risks at each other's sites. Safety, disaster-preparedness, and environmental audits are only conducted once every three years, making frequent audits impossible. This made it difficult to horizontally deploy best practice examples from other business sites.

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

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



Improving Emergency Response Skills

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

- Getting caught or entangled in machinery at production sites

- Falling off equipment or falling over at a business site
- Chemical process-related fires or explosions

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

We also piloted a process safety audit at sites whose manufacturing centers on chemical processes, covering one site at the end of FY2024 and another in FY2025, to get a clear picture of the Group's strengths and weaknesses. Checks by outside experts found shortcomings in the inspection and additional testing of the safety design of older equipment. We plan to carry out these checks at the remaining target sites one by one.

Deepening Understanding of the Basic Safety Principles

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



Six Basic Principles for Hot Work Poster (Thai version)

Measures to Prevent Fires and Explosions

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

We verify such items as the storage and handling status of hazardous materials as well as the recovery systems used in the event of a natural disaster, etc., to detect disaster risks at an early stage and take preventive measures. In FY2025, we conducted audits at 15 business sites and identified 336 issues. Improvements are being made at each business site regarding the points raised.



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

Safety Audits at Overseas Business Sites

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

In FY2025, auditors went directly to 16 business sites to conduct on-site inspections. We also conducted an occupational health and safety management audit based on the Group's evaluation standards through remote meetings for sites that had completed on-site inspections.

Safety Awards

We hold the SEKISUI CHEMICAL Group Safety Conference every year. In FY2025, awards were bestowed by the President, and case studies were presented by sites with the best safety records using an online format on May 29.

Safety Management Across Construction Site Supply Chains

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

Safety During Transportation

The Housing Company monitors occupational safety in transporting housing units, which are large loads. There were nine occupational accidents in FY2025 but no serious accidents or transportation accidents.

Emergency-Preparedness Drills

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

Environment-Related Complaints and Accidents

Environment-Related Complaints and Accidents (FY2025)

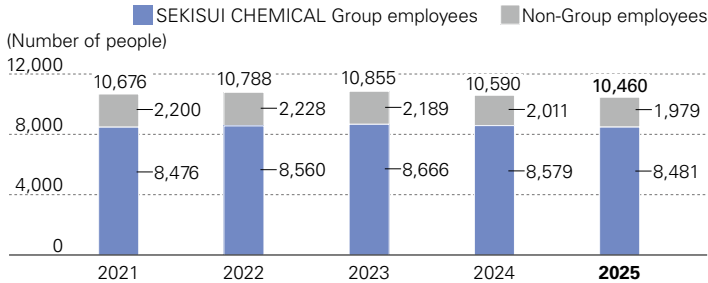
Category		Number of cases	Details	Indicator	Calculation method
Accidents	Fires	0 ☒	—	Fires	Number of fire incidents involving firefighting activities by public fire departments that occurred during the fiscal year
	Leakage	0 ☒	—	Leaks	Number of incidents involving the off-site leakage of hazardous or toxic materials of 1/5 or more of the designated quantity or 200 liters or more that occurred during the fiscal year
Complaints		0 ☒	—	Complaints	Number of complaints that could significantly affect the living environment of neighborhood residents that occurred during the fiscal year

Performance Data

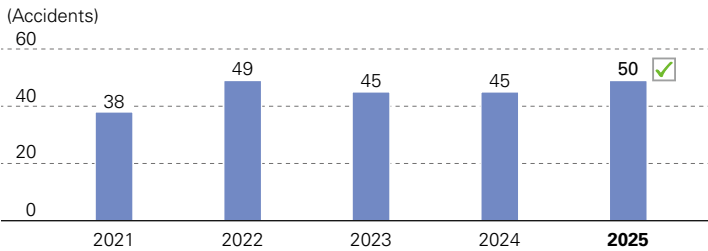
Safety Performance

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

Number of People Working at Our Sites

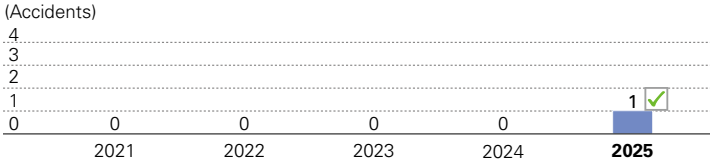


Number of Occupational Accidents



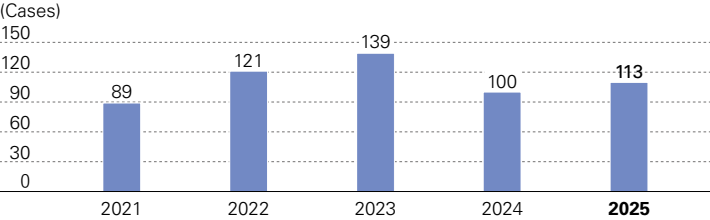
Indicator	Calculation method
Number of occupational accidents	The number of occupational accidents (both those resulting in lost time and those not) occurring during a given fiscal year (April through the following March)

Number of Major Facility Accidents



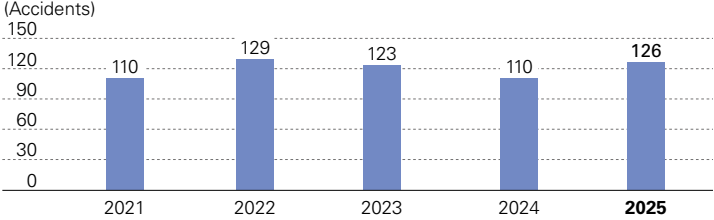
Indicator	Calculation method
Number of major facility accidents	The number of incidents where facilities malfunctioned (fires, leaks, etc.) that fulfill at least one of the following criteria (SEKISUI CHEMICAL Group criteria), from (1) to (3), occurring during a given fiscal year (April through the following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

Number of Cases of Long-term Sick Leave



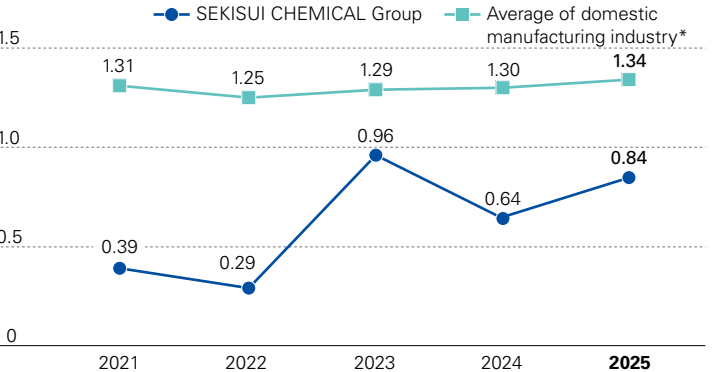
Indicator	Calculation method
Number of cases of long-term sick leave	Describes leave of 30 days or more consecutively for sickness or injury occurring in a Japanese production site or research institute during the given fiscal year (April through the following March), and which is newly occurring. Recurrences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

Number of Commuting Accidents



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

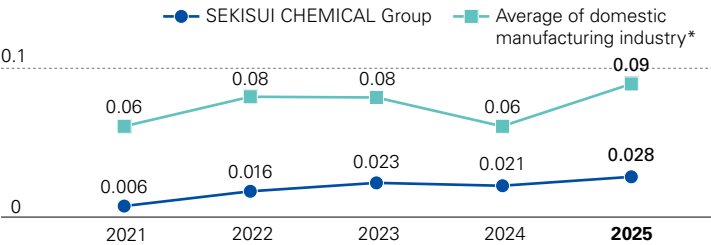
Frequency Rate Over Time



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

Indicator	Calculation method
Frequency rate	The total number of injuries, illnesses, and fatalities in occupational accidents with lost time per 1,000,000 hours of total time worked during a given fiscal year (April through the following March). Formula for calculation: (Number of injuries, illnesses, and fatalities in occupational accidents with lost time ÷ Total number of man-hours worked) × 1,000,000

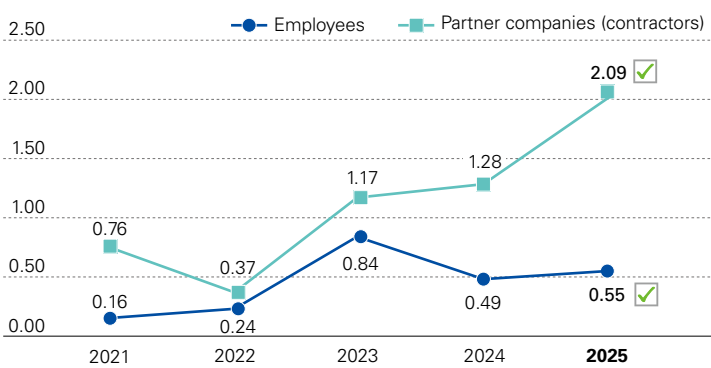
Severity Rate Over Time



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

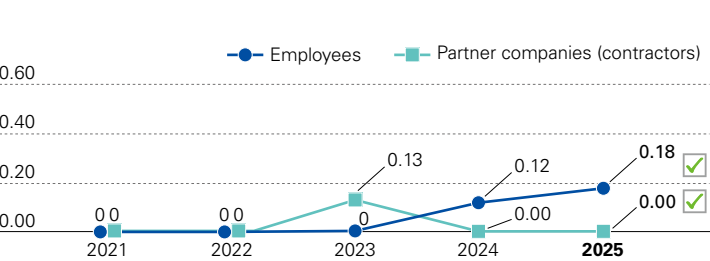
Indicator	Calculation method
Severity rate	The total number of days of work lost per 1,000 hours of total time worked during a given fiscal year (April through the following March). Formula for calculation: (Number of days of work lost ÷ Total number of man-hours worked) × 1,000

Lost Time Injury Frequency Rate (LTIFR)



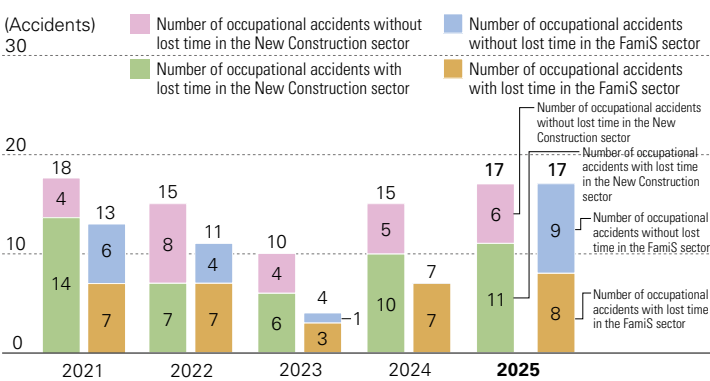
Indicator	Calculation method
Lost time injury frequency rate	(Number of accidents causing sick leave ÷ Total number of man-hours worked) × 1,000,000

Occupational Illness Frequency Rate (OIFR)



Indicator	Calculation method
Occupational illness frequency rate	(Occupational illnesses ÷ Total number of man-hours worked) × 1,000,000 Occupational illnesses as defined by the Ministry of Health, Labour and Welfare, including heat stroke, lower back pain, and intoxication by chemical substances

Safety Performance on the Housing Company's Construction Sites



Indicator	Calculation method
Safety performance on the Housing Company's construction sites	The number of occupational accidents (both those resulting in lost time and those not) occurring on construction sites under the jurisdiction of the Housing Company during a given fiscal year (April through the following March)

Safety Performance with Respect to Construction Sites in the UIEP Company

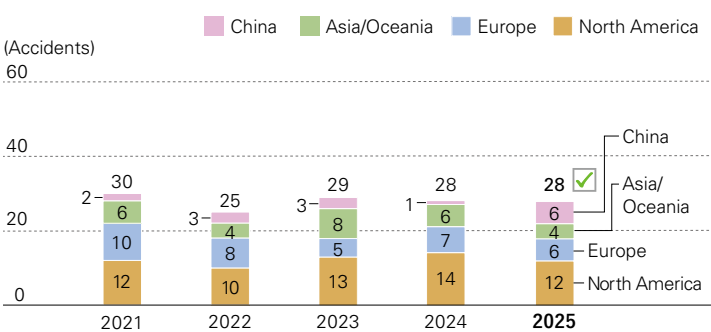


Indicator	Calculation method
Safety performance with respect to construction sites in the UIEP Company	The number of occupational accidents (both those resulting in lost time and those not) occurring on construction sites under the jurisdiction of the UIEP Company during a given fiscal year (April through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

Overseas

Aggregate scope: 45 overseas production sites

Number of Occupational Accidents



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

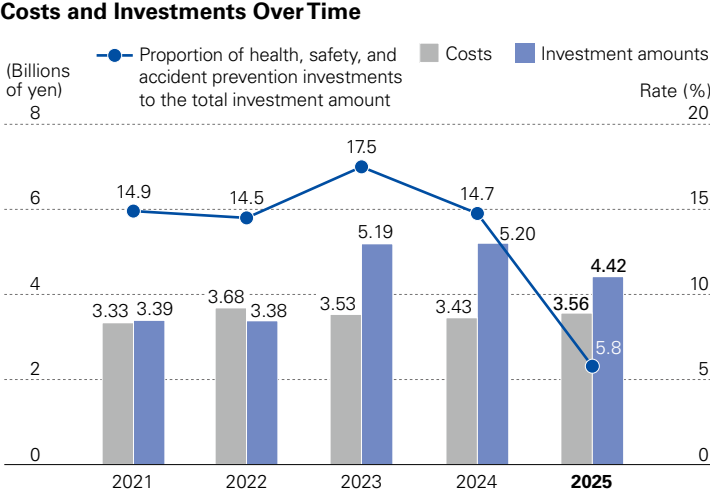
Japan and Overseas
Aggregate scope: 48 production sites, 5 research institutes, and 31 construction offices in Japan
45 production sites overseas

Number of Fatalities Due to Occupational Accidents (Number of people)					
	FY2021	FY2022	FY2023	FY2024	FY2025
Employees	0	0	0	0	0
Japan	0	0	0	0	0
Overseas	0	0	0	0	0
Partner companies (contractors)	0	0	0	0	0
Japan	0	0	0	0	0
Overseas	0	0	0	0	0
Total	0	0	0	0	0

Health and Safety / Accident Prevention Costs

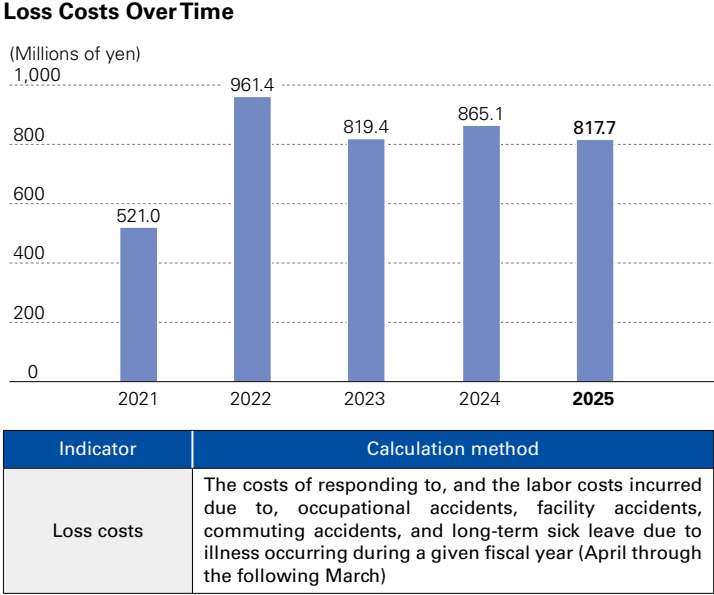
Aggregate scope: 46 production sites, 5 research institutes, Corporate Headquarters departments, and back offices of divisional companies in Japan

Accident Prevention Costs (FY2025)		(Millions of yen)	
Item		SEKISUI CHEMICAL Group	
Classification	Disclosure	Costs	Investment amounts
1 Costs within business site areas	Health and safety measures, rescue and protective equipment, measurement of work environment, health management, workers' accident compensation insurance, etc.	1,397	4,422
2 Administrative costs	Establishment and implementation of OHSMS, safety education, personnel costs, etc.	2,157	0
3 Other	Safety awards, etc.	6	0
Total		3,561	4,422



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

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





Stakeholder Engagement

Strategy

Basic Concept

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

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

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

There were no significant concerns raised by stakeholders through each engagement in FY2025.

Major Initiatives

Responsibility of SEKISUI CHEMICAL Group to Each Stakeholder and Communication Methods

Stakeholders	SEKISUI CHEMICAL Group's commitment	Contacts	Communication methods	Frequency
Customers	We take the voices of our customers seriously, offer prominent products and services and strive to build a long-term relationship of trust with our customers.	· Departments in Charge of Quality Control · Sales Department	· Customer Consultation Office (handles inquiries) · CS surveys (customer satisfaction surveys) · Sales operations · Website and social media · Exhibition spaces and expos / events	· Day-to-day · As needed (carried out whenever needed at each divisional company, business site, or sales office) · Day-to-day · Day-to-day · As needed (implemented through questionnaires and conversations at venues)
Shareholders	To meet the expectations of all our valued shareholders, we strive for highly efficient use of capital, fair ethical disclosure of information, adequate returns from profit, and increasing corporate value through sustainable growth.	· Departments in Charge of Legal Affairs · Departments in Charge of IR · Departments in Charge of ESG	· General Meeting of Shareholders · Management briefings, business briefings, etc. · Integrated reports · Responding to surveys from institutions that evaluate ESG	· 1 time per year · 6 times per year (briefings for institutional investors and analysts are released on the website) · Issued once per year · As needed (handled in order of inquiry)
Employees	We foster among our employees a spirit of taking on new challenges and are actively creating workplaces where every employee can stand out and diverse human resources can both excel and feel that their work is worthwhile.	· Departments in Charge of Human Resources · Departments in Charge of Safety · Departments in Charge of Legal Affairs · Departments in Charge of ESG · Departments in Charge of Public Relations	· Individual boss and subordinate interviews · Counseling · Labor-management meetings · Central Occupational Safety Committee · Internal whistle-blowing system · Employee satisfaction surveys · Various employee questionnaires · Dialogue with management · Intranet · Internal newsletter	· Regularly · As needed (counseling available upon request through an in-house occupational counselor or external clinical psychologist) · Regularly · 0 times per year · As needed (handling for consultations and reports) · 1 time per year · As needed (questionnaires implemented for internal publications, various types of training sessions, etc.) · Regularly · As needed (information updated when necessary) · 4 times per year
Business Partners	When procuring materials, we follow the fundamentals of being open, fair, compliant with the law and social norms, engaged in relationships of mutual trust, environmentally conscious, anti-corruption, and considerate of human rights. We aim to achieve coexistence and shared prosperity by building more robust partnerships with our business partners and engaging in fair trade. We are also engaged in promoting CSR based on cooperation with our business partners.	· Departments in Charge of Purchasing · Departments in Charge of Legal Affairs	· Purchasing activities · Explanatory meetings with suppliers · CSR procurement questionnaires · Points of contact for consultations from, and whistle-blowing by, business partners · Website	· Day-to-day · Regularly · Once every 3 years · As needed (handling for consultations and reports) · As needed (information updated when necessary)
Local Communities	We emphasize a perspective that encompasses contributions to the development of communities through our business, coexistence with communities, and environmental conservation. We think about how to make measures that are tailored to the needs of each community and practice business in ways that engender trust.	· Departments in Charge of ESG · Plants and offices · Departments in Charge of Public Relations	· Volunteering by employees · Dialogues with NPOs and NGOs · Support for learning (dispatching of instructors, plant tours, etc.) · News releases	· Regularly · As needed (implemented as necessary before and after activities) · Regularly · As needed (latest information posted as necessary)
Environment	We are engaged in expanding and creating the market for Products to Enhance Sustainability, reducing our environmental impacts, and conserving the natural environment—all with the aim of realizing “Earth with Maintained Biodiversity.”	· Departments in Charge of ESG · Plants and offices · Departments in Charge of Sales · Departments in Charge of Purchasing	· Volunteering by employees · Dialogues with NPOs and NGOs · Sales operations · Purchasing activities	· Regularly · As needed (implemented as necessary before and after activities) · Day-to-day · Day-to-day

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

The Group believes that dialogue between top management and employees is essential to solving challenges surrounding the Company and its work. Continuing on from FY2024, the “Town Hall Style Meeting with President /Top Management” initiative was held to allow employees to gain a true picture of top management and their intentions while generating increased energy through an improved sense of expectation and trust. In FY2025, our Outside Directors visited affiliated companies and business sites, which let them build deeper understanding and trust. We also held Town Hall Style Meeting with President /Top Management sessions at overseas affiliates, giving employees abroad a chance to speak directly with senior management and exchange views from a global perspective. These dialogue sessions provided opportunities not only to hear the thoughts and experiences of top management but also for participants to directly ask questions and seek advice about their own concerns and challenges, leading to active two-way dialogue and the exchange of insights that can be applied to daily work.

■ Direct Dialogue with Investors to Promote Mutual Understanding

The Group believes it is extremely important to engage in constructive dialogue with shareholders and investors in order to achieve sustainable growth and enhance corporate value over the medium to long term. We have therefore identified active engagement conducted between investors and management as one of our key issues, while the President and Representative Director and Senior Managing Executive Officer, Head of the Business Strategy Department, are taking the lead in proactively holding quarterly financial results briefings and direct dialogue with shareholders and institutional investors. We make use of the opinions and questions we receive in dialogue with shareholders and investors in our management strategy for enhancing corporate value, and, mindful of fair disclosure, we strive to reflect them as far as possible in our integrated report and other IR materials, while strengthening our information dissemination on our website. During FY2025, we held 65 engagements. We actively take part in conferences hosted by securities companies to increase our opportunities for dialogue with institutional investors, and we held an Electronics Field Briefing to deepen understanding of our business, publishing the proceedings on our website.

WEB Electronics Field Briefing Session <https://www.sekisuichechemical.com/ir/presentations/event/>

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

Number of Times Active Engagement Conducted Between Investors and Management

	FY2021 results	FY2022 results	FY2023 results	FY2024 results	FY2025 results
Number of engagements*	82	74	80	73	65

* The number represents the number of times the directors and executive officers engaged in dialogue with investors.

■ Promoting Understanding and Acceptance of ESG Management Concepts Among Employees

We implement ESG management training for new employees, newly appointed managers, and others based on their position. In FY2025, as in FY2024, we held President Workshop meetings for the presidents of local subsidiaries outside of Japan. We were able to confirm the progress and effectiveness of challenge-taking behavior and engagement improvement measures, in some regions with the Head of the Human Resources Department and other senior officers in attendance, and gain insights from other companies’ case studies that will lead to the resolution of our own issues. The regional headquarters disseminate ESG-related information to employees of their respective Group companies. In Europe, ESG-related information is posted on the intranet once a month, and in the United States, ESG training based on each employee’s position is held on a regular basis, with an ESG poster competition added from FY2025. In China and the rest of Asia, we are working to raise employees’ awareness of ESG by holding ESG poster competitions, distributing videos, and providing training for regional personnel.

Distributing Value to Stakeholders

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

(Unit: Millions of yen)

Stakeholders	Method of calculating amounts	FY2021	FY2022	FY2023	FY2024	FY2025
Shareholders	Dividends	23,177	25,100	29,094	32,937	35,578
Business Partners	Cost of sales, selling costs / general administrative costs (excluding personnel costs)	858,944	926,822	930,019	944,955	957,760
Employees	Labor costs, etc.	210,122	224,034	232,120	244,848	245,044
Local Communities	Donations	198	198	296	297	—
Environment	Environmental conservation costs	27,522	26,373	15,726	14,852	—
Government and administrative bodies	Corporate taxes, local taxes, and business taxes *Excluding corporate tax adjustments	35,995	27,325	38,400	33,276	35,341
Creditors	Interest paid as part of costs apart from sales	774	872	1,103	1,039	1,443

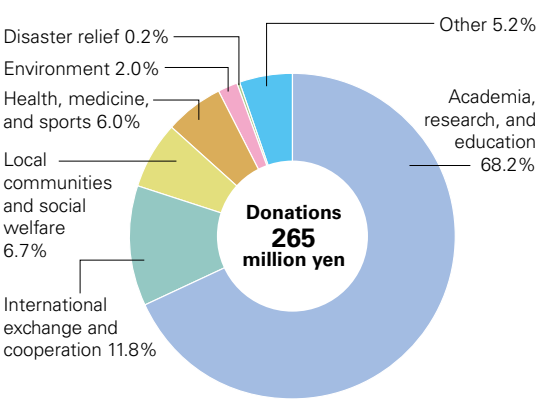
Performance Data

Details of Donation Activities in FY2025
(SEKISUI CHEMICAL Group)

(Unit: Thousands of yen)

Type of donation	Amount
Donations	264,808
Employee volunteers	39,234
Donations of goods	7,707
Administrative costs	1,602

Breakdown of Cash Donations in FY2025



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

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

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



2026 PARTICIPANT

Our company is committed to upholding the Ten Principles of the **United Nations Global Compact**. Please refer to our **Communication on Progress**.

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

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

*1 TCFD: Task Force on Climate-related Financial Disclosures, a task force established in 2015 by the Financial Stability Board (FSB). It has proposed a framework for companies to disclose information regarding the impact of climate change on their finances. The task force concluded its mission in October 2023, and its concepts and framework have now been incorporated into the climate-related disclosure standards of the ISSB.

*2 TNFD: Taskforce on Nature-related Financial Disclosures. Established in 2021 to create a framework for private companies and financial institutions to properly assess and disclose risks and opportunities related to natural capital and biodiversity. As a framework to follow TCFD, it is developing a disclosure framework for nature-related risks.

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

WEB Disclosure of Information Based on TCFD/TNFD Recommendations
https://www.sekisuichemical.com/sustainability_report/report/#tcf

Major Organizations in Which SEKISUI CHEMICAL Group Participates

As of March 31, 2026

Organization, committee, conference, etc.	Main positions undertaken by SEKISUI CHEMICAL Group personnel, including directors
Committee on Urban Policy and Housing Development, Japan Business Federation	Chairperson
Committee on Responsible Business Conduct & SDGs Promotion, Japan Business Federation	Chairman of Subcommittee on Planning
Keidanren Nature Conservation Council	Vice Chairman
Japan Chemical Industry Association	Director
The Japan Plastics Industry Federation	Director
Kansai Chemical Industry Association	Vice Chairman, Managing Director
Japan Federation of Housing Organizations	Director
Japan Prefabricated Construction Suppliers and Manufacturers Association	Managing Director
The Machinami Foundation	Director
The Provision of Quality Housing Stock Association (SumStock)	Vice Chairman
Japan-China Association for Building and Housing Industry	Director
Japan PVC Pipe and Fittings Association	Director
FRPM Pipes Association of Japan	Chairman
Japan Sewage Works Association	Advisory Council Director
Federation of Japan Water Industries, Inc.	Director
Japan Sewage Pipe Renewal Method Association	Vice Chairman, Director
Japan Pipe Rehabilitation Quality Assurance Association	Director
Japan Society for Trenchless Technology	Director
Pipeline Quality Evaluation System Thinking-Association	Director
Gesuido Pipe Databank	Representative Director
Japan Adhesive Tape Manufacturers Association	Vice Chairman, Director
Environmentally Symbiotic Community Development Association	—
SDGs: Smart Wellness Housing R&D Consortium	—
Senior Housing Association	—
Japan Housing Association	—
Geo-Heat Promotion Association of Japan	—
Nature Environment Coexistence Technology Association	—
RE100	—
Japan Clean Ocean Material Alliance (CLOMA)	—
Sustainable Plastics Initiative (SusPla)	Director



Respect for Human Rights

Strategy

Basic Concept

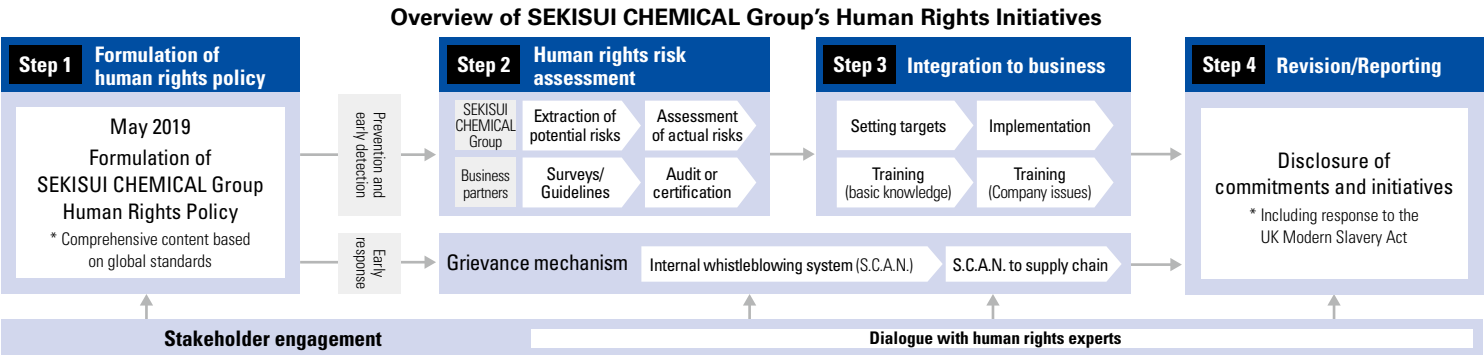
SEKISUI CHEMICAL Group recognizes its responsibility to protect the human rights of all people who are affected by its business activities. In recent years, human rights issues have received increasing attention from society as laws and regulations regarding human rights have been enacted in Japan and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

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

In the current Medium-term Management Plan, we have identified the following as key issues: (1) cultivating and instilling a culture of respect for human rights; (2) implementing human rights due diligence to reduce risk; and (3) implementing the Grievance Mechanism, and, have steadily advanced our business and human rights initiatives, with the Human Rights Subcommittee playing a central role. We have also worked to strengthen the execution capabilities of our RHQs (regional headquarters).

In the next Medium-term Management Plan, to enhance the effectiveness of our business and human rights initiatives, we will promote the dissemination and integration of these initiatives through a promotion structure that includes the divisional companies, while advancing the identification of risks and measures across the value chain and the appropriate handling of laws and regulations.

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



Awareness of Risk

In 2018, the Group used Verisk Maplecroft's data to calculate human rights risk scores from high-risk areas and industry perspectives, and identified potential human rights risks in Thailand, China, and India. In 2019, we became aware of the high human rights risks of foreign workers in Japan through dialogue with overseas experts. In 2021, we conducted a questionnaire survey of all areas where Group companies are located. While the survey did not reveal any issues that required immediate action, we identified issues that required further investigation and are continuing to take corrective measures. In 2025, we conducted a human rights impact assessment based on the latest information from the non-profit organization Caux Round Table Japan^{*1}, and confirmed that potential human rights risks related to our business are high in Thailand, China, India, Indonesia, Mexico, and Taiwan. We also identified potential human rights risks along the value chain of each divisional company.

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

^{*1} A non-profit organization with a network of various CSR-related organizations in Japan and overseas and extensive experience in providing support programs for initiatives to reduce human rights risks within corporate supply chains.

Governance

System

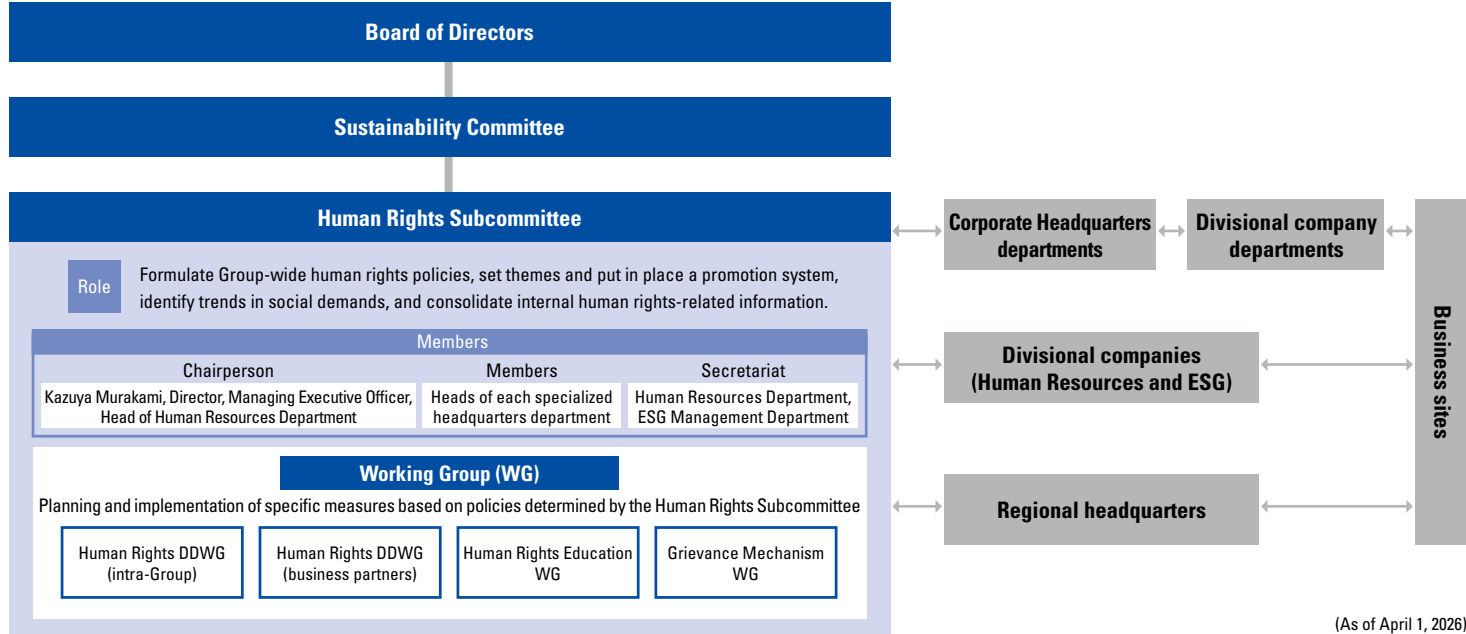
Since FY2022, the Group has had a Human Rights Subcommittee under the Sustainability Committee to strengthen its response to a wide range of human rights issues in a cross-organizational manner, and is promoting initiatives accordingly.

In FY2024, we established a new Human Rights Subcommittee as the seventh subcommittee under the Sustainability Committee. In addition, the previous subcommittee was reorganized as the Human Rights Promotion Subcommittee, which is a subordinate organization of the Human Rights Subcommittee.

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

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

In FY2025, one meeting of the Human Rights Subcommittee and six meetings of the Human Rights Promotion Subcommittee were held.



(As of April 1, 2026)

Grievance Mechanism

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

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

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

As a global measure, we are rolling out the SEKISUI CHEMICAL Group Global Hotline, a system that allows a broad range of stakeholders, including overseas business partners, to report and seek consultation in multiple languages, and we have now completed its introduction in regions other than the Americas.

Risk Management

Risk Management

The Group conducted human rights due diligence together with a specialized agency while prioritizing potential human rights risks based on dialogue with experts and an analysis survey conducted by the agency (Verisk Maplecroft^{*2}) and the identification of high-risk sites through simultaneous surveys covering the entire Group. The relevant sites, RHQ (regional headquarters), divisional companies, and Corporate Headquarters cooperate in planning and implementing remedial action measures for identified issues. Through these efforts, we will implement Group-wide risk management activities on a global basis with the aim of reducing risks.

^{*2} A risk analysis and research corporation with a global perspective and knowledge of human rights, economic, and environmental risks.

Human Rights Due Diligence (SEKISUI CHEMICAL Group)

SEKISUI CHEMICAL Group launched initiatives aimed at building a human rights due diligence^{*3} framework in November 2018. The major initiatives implemented up to FY2025 are as follows.

^{*3} Human rights due diligence is the ongoing management process of identifying and assessing any potential negative impact on human rights (human rights risks) from a company's business activities, and if there are human rights risks, the process of creating mechanisms to prevent or mitigate the impact from such risks.

FY2018 to FY2019

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

FY2020

Implemented human rights interviews at domestic production sites.

FY2021

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

FY2022

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

- UIEP Company: Sekisui Industrial Piping Co., Ltd. (Taiwan)
- Housing Company: Kinki Sekisui Heim Sekou Co., Ltd.

FY2023

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

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

FY2024

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

- HPP Company: THAI SEKISUI FOAM CO., LTD.
- Three construction companies (business partners of the Housing Company)

FY2025

Human rights interviews were conducted at seven locations in total: overseas production sites, domestic construction sites, and domestic production sites.

- HPP Company: SEKISUI DLJM MOLDING PRIVATE LTD.
- Housing Company: four construction companies that are business partners, and one domestic production site
- UIEP Company: one domestic production site

Identifying and Remediating Human Rights Risks

SEKISUI CHEMICAL Group is implementing initiatives to identify and remediate human rights risks based on global human rights risk assessments. The initiatives for FY2025 are as follows.

Human Rights Interview at an Overseas Production Site

In FY2025, as in FY2024, we conducted an interview on human rights at an overseas production site (India). SEKISUI DLJM MOLDING PRIVATE LTD. confirmed that the human rights risks for employees were relatively high based on the results of a potential human rights risk analysis conducted by an external specialized agency (Verisk Maplecroft) in FY2018 and a human rights survey targeting all subsidiary companies, and has been working on improvements through various measures. To evaluate the current situation, we conducted interviews. We interviewed local employees for the purpose of gaining a better understanding of their actual working conditions (discrimination and harassment, appropriate wages, appropriate working hours, forced labor, occupational safety and health in the workplace, etc.).

● Targets

Of the 397 workers employed at High Performance Plastics (HPP) Company SEKISUI DLJM MOLDING PRIVATE LTD. (259 of whom are contract employees), we interviewed 15 (four of whom are women).

● Implementation method

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

● Survey content

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

● Results

Although no significant negative impact on the human rights of employees was found in this survey, areas for improvement were identified for creating a better workplace environment, including appropriate working hours and employment conditions, transparency of wage information, respecting the rights of female employees, occupational safety and health, and access to remedy. In response to these issues, SEKISUI DLJM MOLDING PRIVATE LTD. formulated a remediation plan and took measures to address them.

■ Human Rights Interviews at Domestic Production Sites and Domestic Construction Sites

Since FY2020, SEKISUI CHEMICAL Group has conducted human rights assessments, including interviews with employees, at domestic production sites and construction companies of the Housing Company that employ foreign workers. This is in response to the high level of human rights risks related to the working environment of foreign workers in Japan identified through dialogue with overseas experts. In FY2025, we conducted a foreign employment management assessment^{*4}, including employee interviews, at the four construction companies that are business partners of the Housing Company and one domestic production site each for the Housing Company and the Urban Infrastructure & Environmental Products Company.

● Targets

- 1 Construction Company H (business partner of the Housing Company): Two foreign nationality employees (0 women) and one manager
- 2 Construction Company H (business partner of the Housing Company): Two foreign nationality employees (0 women) and one manager
- 3 Construction Company A (business partner of the Housing Company): Five foreign nationality employees (0 women) and one manager
- 4 Construction Company H (business partner of the Housing Company): Two foreign nationality employees (0 women) and one manager
- 5 Business Partner P (at a domestic production site of the Housing Company): 14 foreign nationality employees (0 women) and one manager
- 6 Business Partner O (at a domestic production site of the Urban Infrastructure & Environmental Products Company): 100 foreign nationality employees (35 women) and one manager

● Implementation method

- 1 Conducted a preliminary survey consisting of 342 questions in 40 categories regarding human rights, and held interviews with presidents, executives, foreign worker labor managers, and personnel and labor management supervisors based on the survey results.
- 2 Interviews were conducted with foreign nationality employees and managers for human resources and labor management.
- 3 As a result of the assessment, corrective actions were implemented in response to issues pointed out by a third-party organization (examples of corrective actions: wearing company-provided safety shoes, etc.).

● Results

For the six companies targeted for interviews, they were each evaluated above the appropriateness criteria in the categories of "hiring," "labor," "employee agreement," "human rights," and "job satisfaction," and all were recognized as proper operators that fairly employ foreign nationals. On the other hand, many of the issues pointed out as future challenges concerned the evaluation system, Japanese-language education, and career-plan education, and we provided feedback to the business partners.

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

Human Rights Due Diligence (Our Suppliers)

Caring about human rights issues across the entire supply chain

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

Details of human rights due diligence implementation in supply chains

In FY2024, we conducted a sustainable procurement survey based on a new survey flow that is conducted once every three years. Based on the raw material purchase records for FY2022 and FY2023, we conducted a survey involving 1,085 companies, confirming various conditions of business partners, external data services related to ESG, and utilizing a new questionnaire for the survey. The questionnaire survey using the new questionnaire form was distributed to 617 companies, and responses were received from all companies (response rate: 100%). In FY2025, drawing on the results of that survey, we visited business partners that we judged to be key suppliers by our own criteria. During the visits, in addition to the questionnaire content, we sought to grasp the actual state of risk through employee interviews. We conducted direct visits to 28 companies, and as a result, no business partners were found to be high-risk. This confirmation also includes matters related to child labor. We also prepared programs tailored to each of seven regions, namely China, Taiwan, South Korea, Southeast Asia (Thailand), Europe (Netherlands), the Americas (USA), and Japan, and held seminars on sustainable procurement delivered by external experts.

Indicators and Targets

Current Medium-term Management Plan targets (FY2023-2025)	FY2025 results
Continuously implement human rights due diligence and gradually transition the operating entity to each divisional company and regional headquarters	- SEKISUI CHEMICAL Group - High Performance Plastics (HPP) Company SEKISUI DLJM MOLDING PRIVATE LTD. (India) conducted human rights interviews - Domestic production sites - Human rights interviews were conducted at one site each for the Housing Company and the Urban Infrastructure & Environmental Products Company - Construction company (business partner) - Human rights interviews conducted at five construction companies (business partner of the Housing Company)
Expand the scope of management of key risks in the supply chain, put in place management regulations, expand self-audit operations, and utilize external evaluations	- Sustainable procurement survey: Dialogue with 28 companies and seminars held at seven locations - Sustainable timber procurement survey: 100% implementation rate - Responsible mineral procurement survey: 100% implementation rate
Cultivate and instill a culture of respect for human rights	- Held Human Rights Month (global) - Awareness program for management and executives: Conducted for newly appointed executive officers and directors of Group company - Incorporated into existing training programs (conducted at key milestones such as new employee hiring and overseas assignments)
Complete the global introduction of multi-lingual whistle-blowing systems (SEKISUI CHEMICAL Group Global Hotline) that also function as the Grievance Mechanism	- All SEKISUI CHEMICAL Group companies globally (China, Asia, Australia, Europe, and the Americas) have completed implementation (by FY2024). - There have been reports from all regions except Australia.

Major Initiatives

Human Rights Education

Human rights training for Group employees

The Group conducts training and education on human rights for its employees in order to engage in management that takes human rights into consideration. We are conducting a “Human Rights Month” as an awareness event for all Group employees globally. Additionally, we are conducting training for senior management and incorporating content that raises awareness of human rights issues, including forced labor, child labor, and harassment, into the hierarchical training conducted at milestones such as entry into the Company and promotion, thereby promoting the importance of respecting human rights and awareness of our human rights policy.

Conducted SEKISUI CHEMICAL Group Human Rights Month

To encourage employees to act in a manner that respects human rights, we have designated December each year as “Human Rights Month” starting from FY2022, with participation from all Group employees globally. In FY2025, we implemented a president’s message, poster displays, and “Human Rights and Compliance e-Learning 2025” (all communicated across 12 countries). A total of 20,490 individuals (78.35%) participated in the “Human Rights and Compliance e-Learning 2025.” Additionally, as a domestic activity, we held an online seminar on December 5 titled “Human Rights Issues: Are They Present in Your Daily Life!? Learning the Basics of ‘Business and Human Rights’ in a Gentle Manner,” which was viewed by 457 individuals (including archives). The theme focused on the awareness that even familiar events may have the potential for human rights violations, and we provided video viewing during the period of Human Rights Month. At the same time, to ensure understanding in as many preferred languages as possible, we increased the number of translation languages for our human rights policy from the previous three (Japanese, English, and Chinese) to twelve languages, and re-communicated it globally.



Promotion of understanding among senior management

We are conducting training at workshops for newly appointed executive officers and directors of Group companies, seeking to promote understanding and implementation of the SEKISUI CHEMICAL Group’s initiatives on “Business and Human Rights” based on our human rights policy from the perspective of senior management.

Strengthening human rights education in hierarchical training

We are promoting the importance of respecting human rights and awareness of our human rights policy through training conducted at milestones such as entry into the Company, promotions, and overseas assignments. In FY2025, we reviewed the e-learning program based on tiers.

Stakeholder Engagement

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

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

Response to the UK Modern Slavery Act

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

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

WEB Statement on the UK Modern Slavery Act
https://www.sekisuichechemical.com/sustainability_report/pdf/English_Modern_Slavery_Statement_for_FY2024.pdf



Responsible Procurement

Strategy (Stance, Approach, and Awareness of Risk)

Basic Concept

SEKISUI CHEMICAL Group aims to continue evolving in its procurement activities with respect to accountability, transparency, and respect for stakeholders’ interests, based on its Long-term Vision, Vision 2030, the Vision Statement of “Innovation for the Earth”: In order to realize a sustainable society, we support the basis of LIFE and will continue to create “peace of mind for generations to come.”

From FY2023 to FY2025, we worked to promote sustainable procurement that had evolved beyond our earlier efforts, carrying out supplier due diligence (listing all suppliers, conducting sustainable procurement surveys, holding dialogue with business partners, on-site verification, and seminars for business partners and the SEKISUI CHEMICAL Group Purchasing Department) over a three-year period. In addition, to bring about a sustainable society together with our business partners, we newly established the Letter of Consent on Sustainable Procurement, and we have been concluding it with business partners in turn from FY2025.

From FY2026 onward, we will undertake a new round of supplier due diligence, raising awareness among a broader range of business partners and, where necessary, working more closely with them. In addition, in each country and region we will appropriately address the relevant laws and regulations, and we will also advance information disclosure.

Awareness of Risk

SEKISUI CHEMICAL Group recognizes procurement-related risks as follows.

- Improper procurement in the supply chain

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

Basic Procurement Policy

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

WEB Basic Procurement Policy
https://www.sekisuichemical.com/sustainability_report/basic_policies/#anc-P08

Sustainable Procurement Guidelines (Supplier Code of Conduct)

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

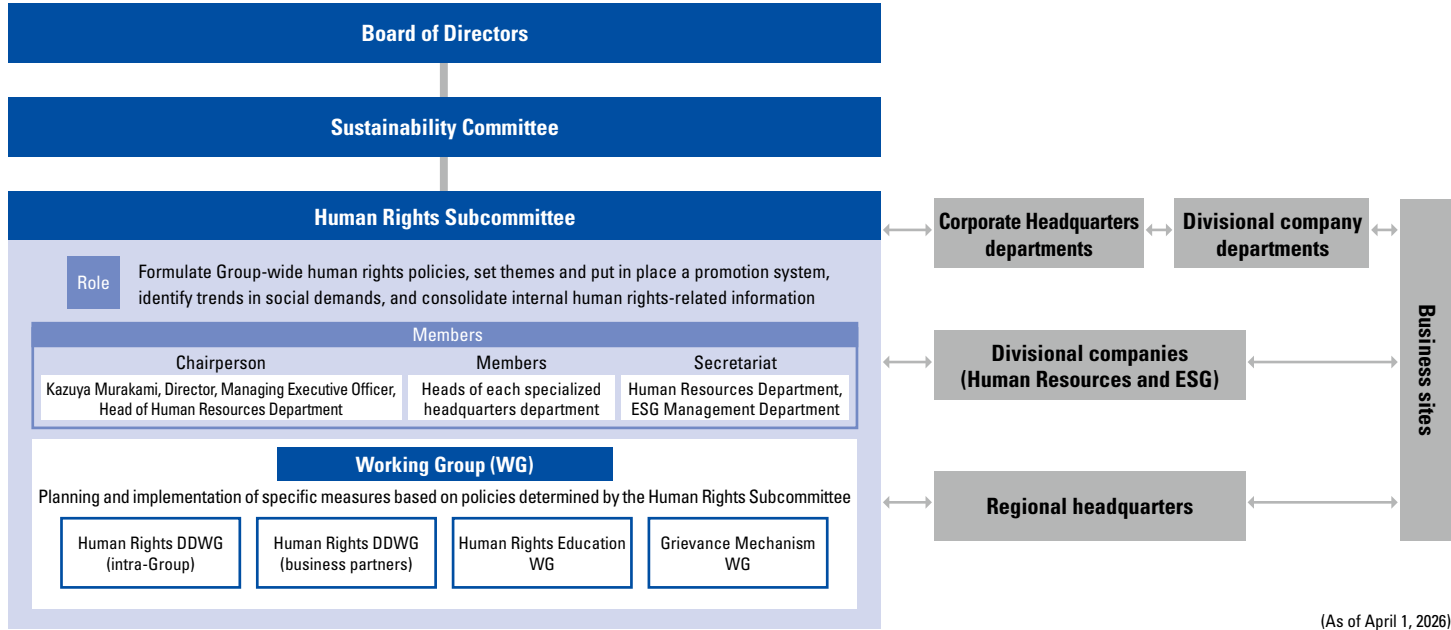
We ask our business partners to understand and comply with the purpose and content of these guidelines as well as cooperate with us in our efforts to realize a sustainable society.

WEB Sustainable Procurement Guidelines
https://www.sekisuichemical.com/about/assets/pdf/GuidelinesForSustainableProcurement_20230303.pdf

Governance

System

Since FY2022, the Group has had a Human Rights Subcommittee under the Sustainability Committee. In FY2024, we established a new Human Rights Subcommittee, and the previous subcommittee was reorganized as a subordinate body under the newly established Human Rights Subcommittee. The Purchasing Group of Corporate Headquarters plays a central role in conducting procurement-related transactions in cooperation with the purchasing departments of business sites and Group companies as well as the Overseas Management Group. All transactions are conducted in accordance with our Basic Policy on Sustainable Procurement and Guidelines. In order to achieve more appropriate procurement throughout the supply chain, we encourage secondary and tertiary suppliers to realize and maintain socially responsible operations through our primary suppliers. Cooperation with business partners is indispensable to the realization of sustainable procurement. For this reason, we are working to promote the understanding of suppliers regarding sustainable procurement and surveys. The Basic Policy on Sustainable Procurement and Guidelines are available on our website in English and Chinese for overseas business partners.



■ Building Supply Chains Based on Sustainable Procurement Surveys

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

In FY2024, the sustainable procurement survey was drastically revised for the first time in three years. We expanded the scope of verification, which increased the number of business partners to be monitored, and we also adopted methods beyond surveys, including the use of external databases.

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

As for applying it to new business partners, we will continue our deliberations as we expand operations going forward.

WEB Original questionnaire for business partners (created in FY2024)
https://www.sekisuichechemical.com/sustainability_report/pdf/English_Sustainable_Procurement_Self-Assessment_Questionnaire.pdf

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

Risk Management

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

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

■ Sustainable Procurement Survey Process

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

Once every three years
- Method of verification

Verification is conducted using multiple methods

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

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

Indicators and Targets

Targets

Critical action items	Disclosure	FY2025 targets	FY2025 results
Expand the management scope of key risks	Sustainable timber procurement survey	100% implementation rate	100% implementation rate
	Responsible mineral procurement survey	100% implementation rate	100% implementation rate
Minimize supply risks	Dialogue with key suppliers identified by our own criteria	29 companies	28 companies
	Holding sustainable procurement seminars	Held at seven sites worldwide	✓

Major Initiatives

FY2025 Sustainable Procurement Survey

The Group conducts surveys of its business partners regarding sustainable procurement. In FY2024, we conducted verification of business partners, including a questionnaire survey once every three years. A total of 1,085 business partners were subject to verification, and we made use of external databases and questionnaire surveys to conduct the assessments. Of these, the questionnaire survey was conducted with 617 companies, and we received responses from all of them (a 100% response rate). In FY2025, drawing on the results of that survey, we visited business partners that we judged to be key suppliers by our own criteria. During the visits, in addition to the questionnaire content, we sought to grasp the actual state of risk through employee interviews. We conducted direct visits to 28 companies, and as a result, no business partners were found to be high-risk. For the one company not yet visited, we plan to conduct the visit in FY2026. We also prepared programs tailored to each of seven regions, namely China, Taiwan, South Korea, Southeast Asia (Thailand), Europe (Netherlands), the Americas (USA), and Japan, and held seminars on sustainable procurement delivered by external experts.

Declaration of Partnership Building

In March 2022, we signed the Declaration of Partnership Building, declaring that we will focus on coexisting in mutual prosperity throughout the supply chain, forging new partnerships (inter-company collaboration, support for IT implementation, expert matching, green procurement, etc.), and comply with promotion standards. In addition, we signed a revised version of the Declaration of Partnership Building in August 2024 and March 2026.

WEB Declaration of Partnership Building

<https://www.biz-partnership.jp/declaration/129162-05-08-osaka.pdf> (In Japanese only)

FY2025 Responsible Mineral Procurement Survey

SEKISUI CHEMICAL Group holds in-house training sessions to deepen understanding of surveys on the background behind conflict minerals (minerals that fund armed insurgents) and social changes (human rights violations such as child labor). This training was conducted prior to the survey based on the Responsible Mineral Procurement Survey Manual.

The survey was conducted at 55 sites in Japan and overseas that handle the subject minerals. As a result, of the raw materials containing the target minerals in Japan, 85% were identified at smelters, and 15% were non-disclosed or unknown. Overseas, we identified 100% at smelters. Going forward, when a smelter is non-disclosed or unknown, we will consult with the business partner and consider appropriate measures on a case-by-case basis.

Responsible Mineral Procurement Survey Method

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

Sustainable Timber Procurement

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

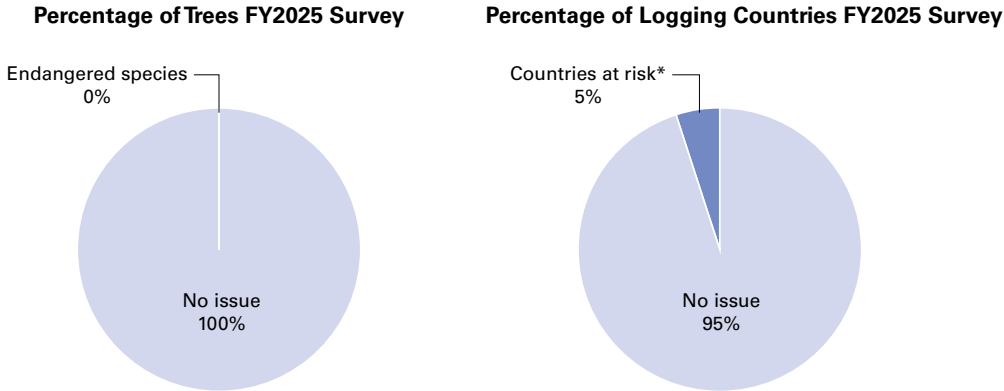
In response, the Group made significant progress regarding due diligence in FY2022. Specifically, we set a new target of zero deforestation by 2030 and reviewed our “Timber Procurement Policy” in an effort to achieve this target.

WEB Timber Procurement Policy
https://www.sekisuichechemical.com/sustainability_report/basic_policies/#anc-P08

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

We conducted a survey of 73 suppliers with respect to tree species and logging sites. We also held hearings with suppliers who handle raw materials that are endangered species and whose logging areas are in high-risk countries to clarify traceability. In particular, for timber originating in the Malaysian state of Sarawak, where the risk is of greatest concern, we have requested that it be excluded from procurement. As a result, we confirmed directly with our business partners that no such timber was procured in FY2025 either. Procurement ratios by area are shown as follows. Going forward, we will also conduct detailed surveys of timber originating in other Malaysian states, Indonesia, China, and Vietnam, and proceed with identifying risks.

WEB Sustainable Timber Procurement Guidelines
https://www.sekisuichechemical.com/sustainability_report/basic_policies/#anc-P08



* Countries at risk: Malaysia, Indonesia, China, Vietnam