



SEKISUI CHEMICAL CO., LTD.

Presentation of ESG Management

Futoshi Kamiwaki

Director, Senior Managing Executive Officer

Responsible for ESG Management Dept.,
Digital Transformation Dept. and New Business Development Dept.
Head of Business Strategy Department

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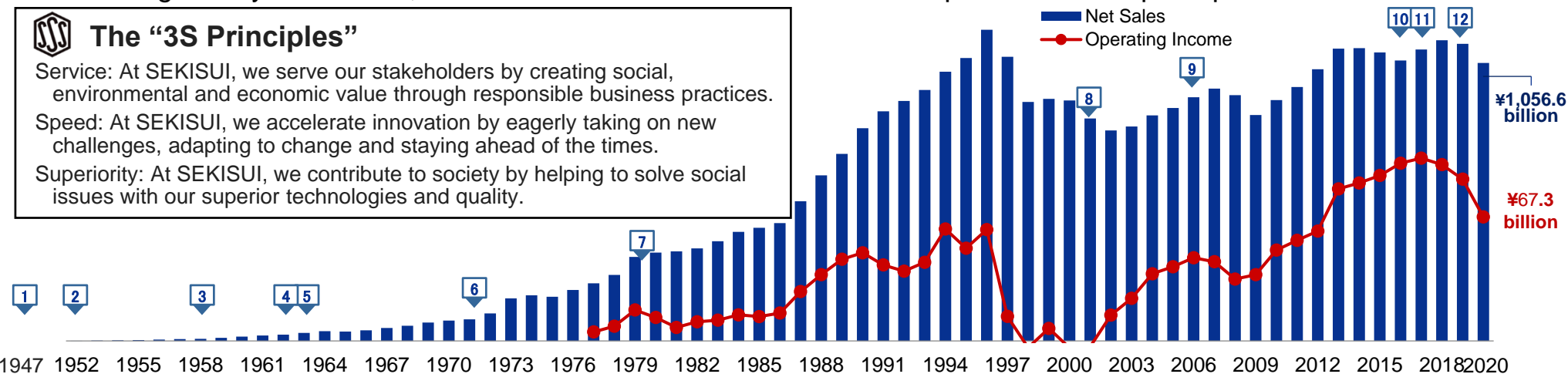
SEKISUI CHEMICAL Group Accomplishments

- Guided by the “3S Principles,” SEKISUI CHEMICAL has dared to challenge new businesses and frontiers focusing mainly on plastics-related technologies and products since its foundation in 1947
- In a long history of success, we have continued to mold our business portfolio and expand profits















The “3S Principles”

- Service:** At SEKISUI, we serve our stakeholders by creating social, environmental and economic value through responsible business practices.
- Speed:** At SEKISUI, we accelerate innovation by eagerly taking on new challenges, adapting to change and staying ahead of the times.
- Superiority:** At SEKISUI, we contribute to society by helping to solve social issues with our superior technologies and quality.



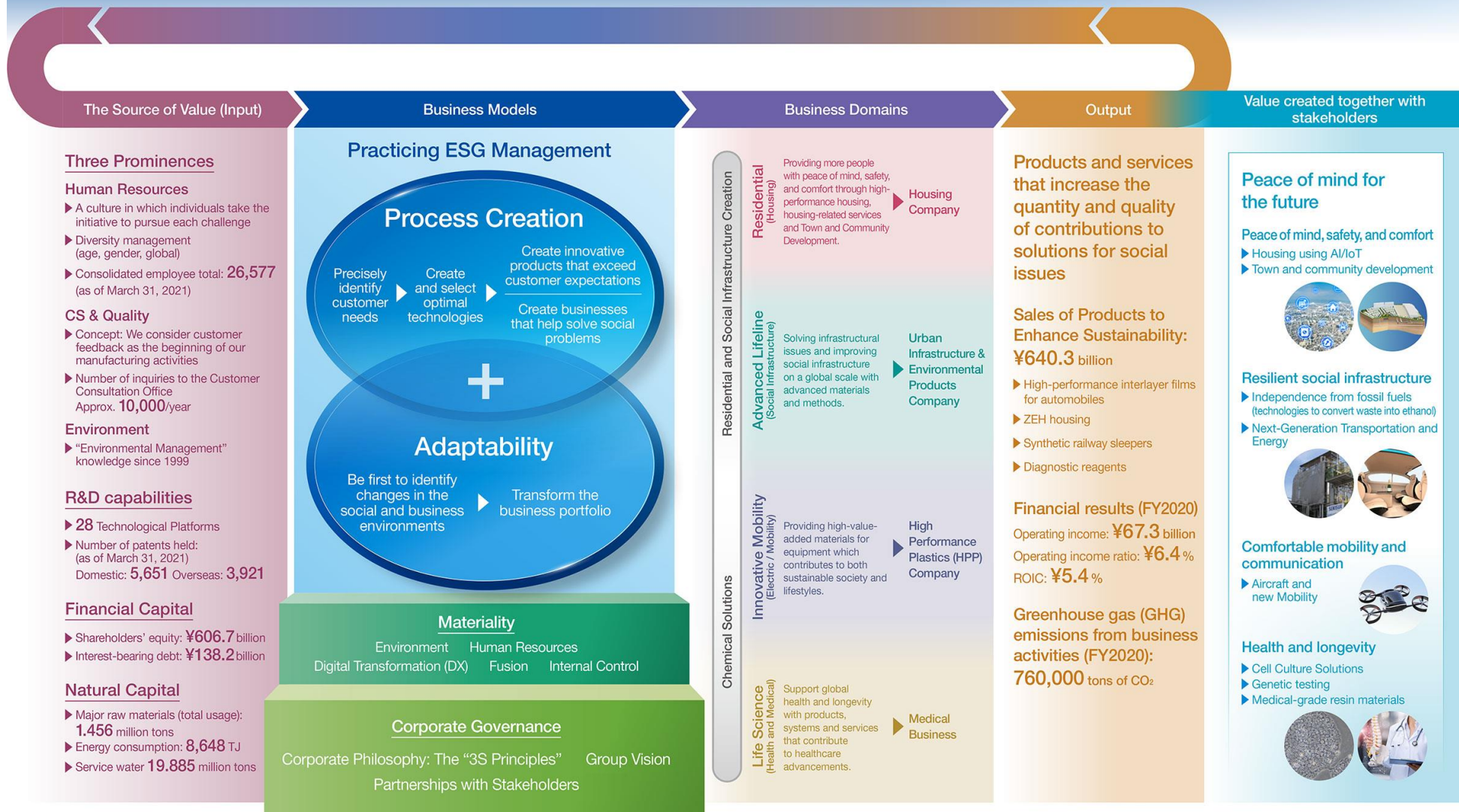
*Unconsolidated accounts before 1976 and consolidated accounts since 1977

<p>1 1947</p> <p>Established SEKISUI INC. in order to run a general plastic business</p> 	<p>4 1962</p> <p>Rolled out poly-pail plastic garbage bins on a nationwide basis and contributed to efforts aimed at resolving garbage-related issues</p> 	<p>7 1979</p> <p>Awarded the Deming Prize, the highest honor for total quality management from production to sales and service</p> 	<p>10 2016</p> <p>Executive Advisor Naotake Okubo awarded the Deming Prize for Individuals; SEKISUI CHEMICAL Group Awarded the Japan Quality Recognition Award in the Innovation category by the Union of Japanese Scientists and Engineers</p> 
<p>2 1952</p> <p>Began full-fledged production of ESLON polyvinyl chloride pipes</p> 	<p>5 1963</p> <p>Established SEKISUI PLASTICS CORPORATION, the first plant to be set up in the U.S. by a Japanese manufacturer</p> 	<p>8 2001</p> <p>Divisional company system introduced</p> 	<p>11 2017</p> <p>Successfully developed a first-in-the-world production technology that converts garbage into ethanol</p> 
<p>3 1958</p> <p>Began production of interlayer film for laminated lass S-LEC</p> 	<p>6 1971</p> <p>Entered the housing business with the launch of steel frame unit housing “Heim”</p> 	<p>9 2006</p> <p>Daiichi Pure Chemicals Co., Ltd. (currently Sekisui Medical Co., Ltd., a consolidated subsidiary) acquired</p> 	<p>12 2019</p> <p>Acquired AIM Aerospace Corporation (currently SEKISUI AEROSPACE CORPORATION)</p> 

Value Creation Process

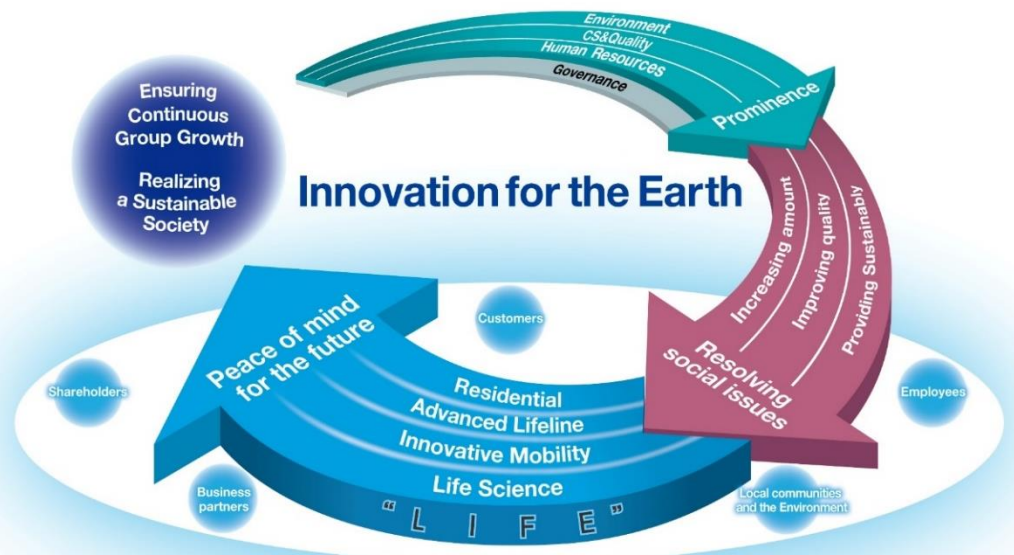
Vision 2030 Innovation for the Earth

In order to realize a sustainable society, we support the basis of LIFE and will continue to create "peace of mind for the future."



Vision 2030 Overview of the Long-term Vision

- Virtuous cycle for “Ensuring Continuous Group Growth” and “Realizing a Sustainable Society”
- Aiming to double the Group’s business (sales of ¥2 trillion, operating income ratio of 10% or higher) by 2030 by expanding contributions to resolving social issues through “business growth, reform and creation, centered on ESG management”

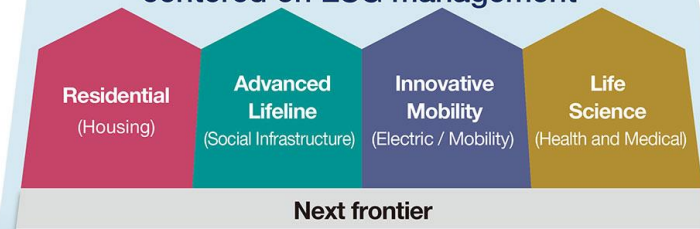


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Innovation for the Earth

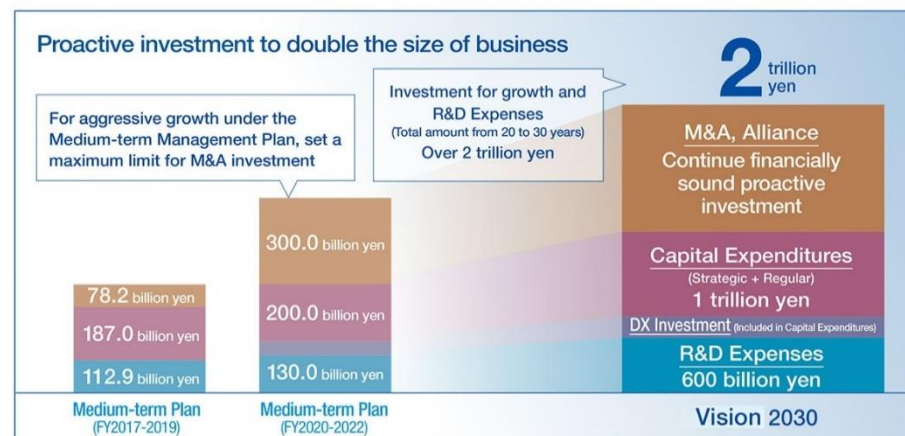
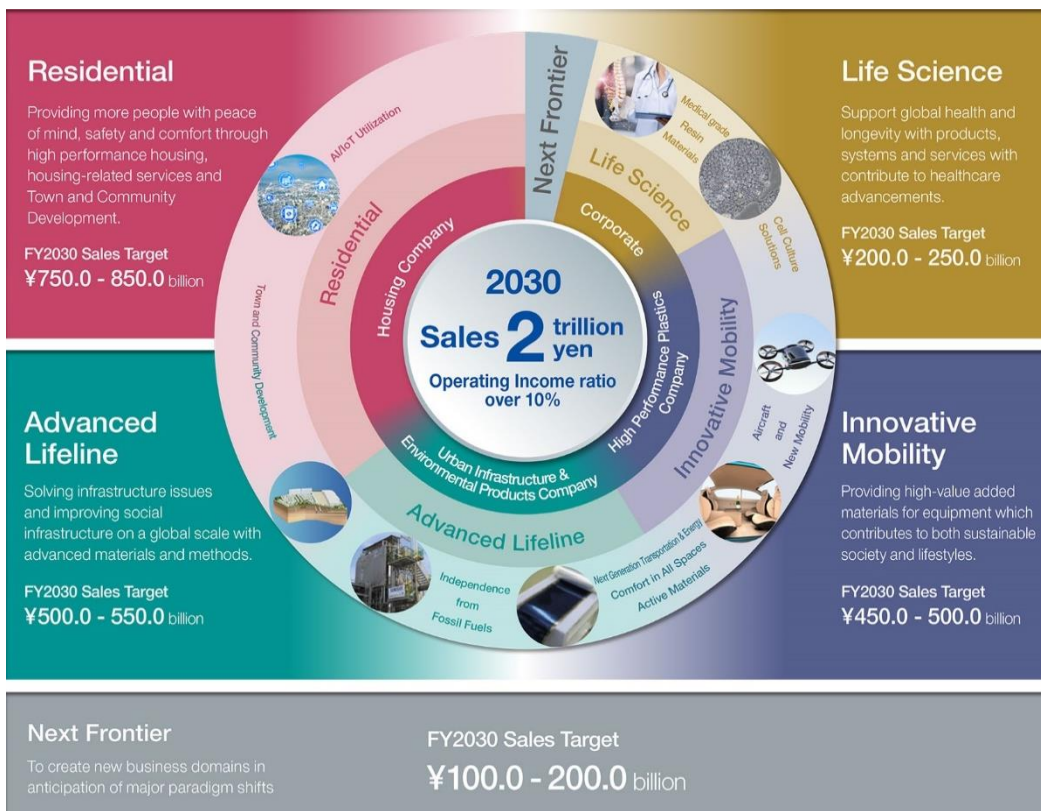
In order to realize sustainable society, we support the basis of LIFE and will continue to create “peace of mind for the future”.

Sales: ¥2 trillion
Operating income ratio: 10% or higher
Business growth, reform and creation, centered on ESG management



Vision 2030 Overview of the Long-term Vision

- Increase sales of each domain from 1.5 to 3 times, and transform into an attractive company with diverse growth engines and a strong presence
- Work to accelerate efforts aimed at cultivating and expanding frontier businesses also within the overseas business without slowing the pace of growth to date



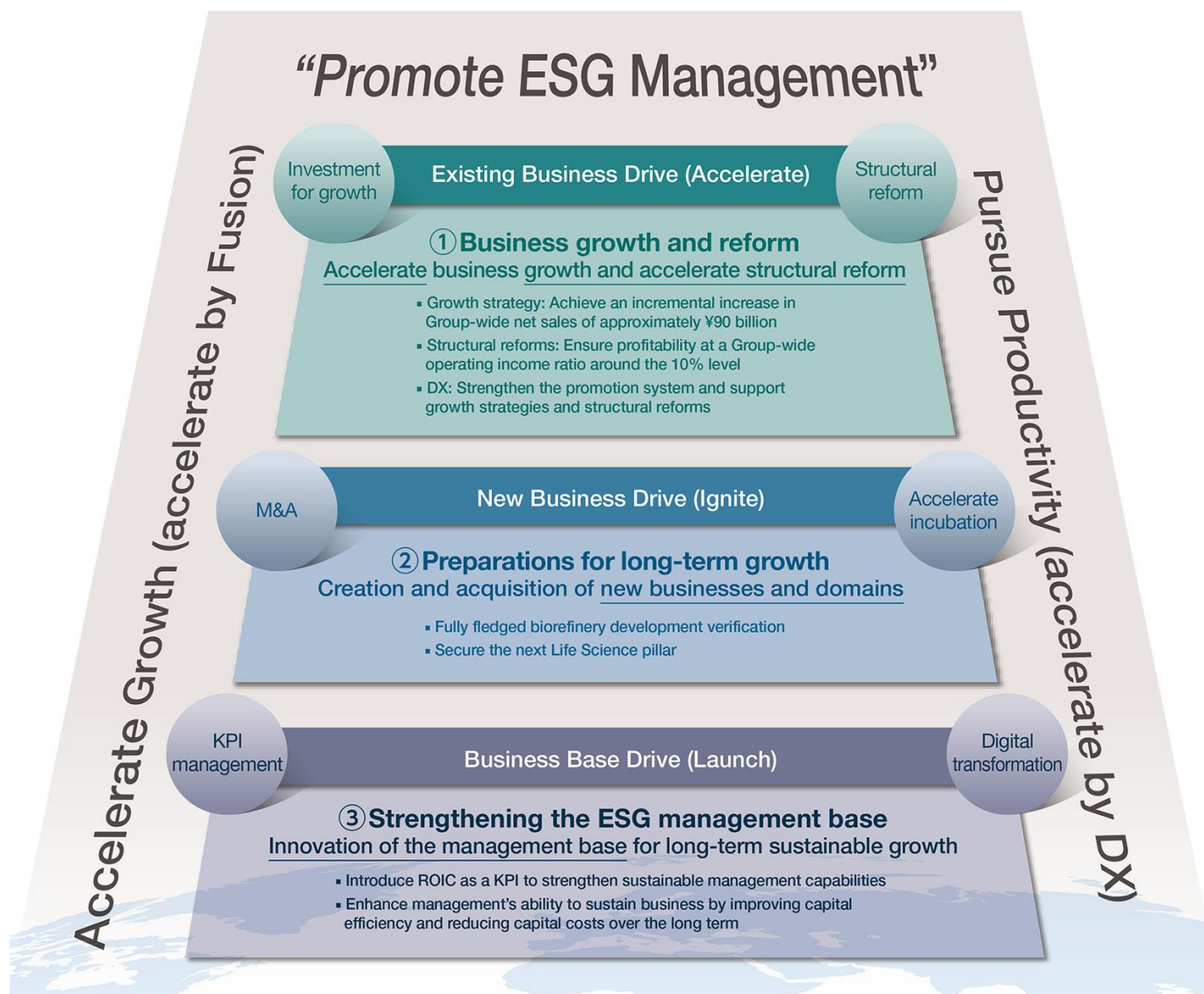
Proactive Investment of Management Resources

- Anticipating making investments exceeding ¥2 trillion in total value over the 10 years through 2030 to achieve substantial growth rather than the extension of existing businesses

*ESG Investment: Serve to control long-term capital costs and contribute to greater corporate value through reduced environmental impact, work-style reforms and DX

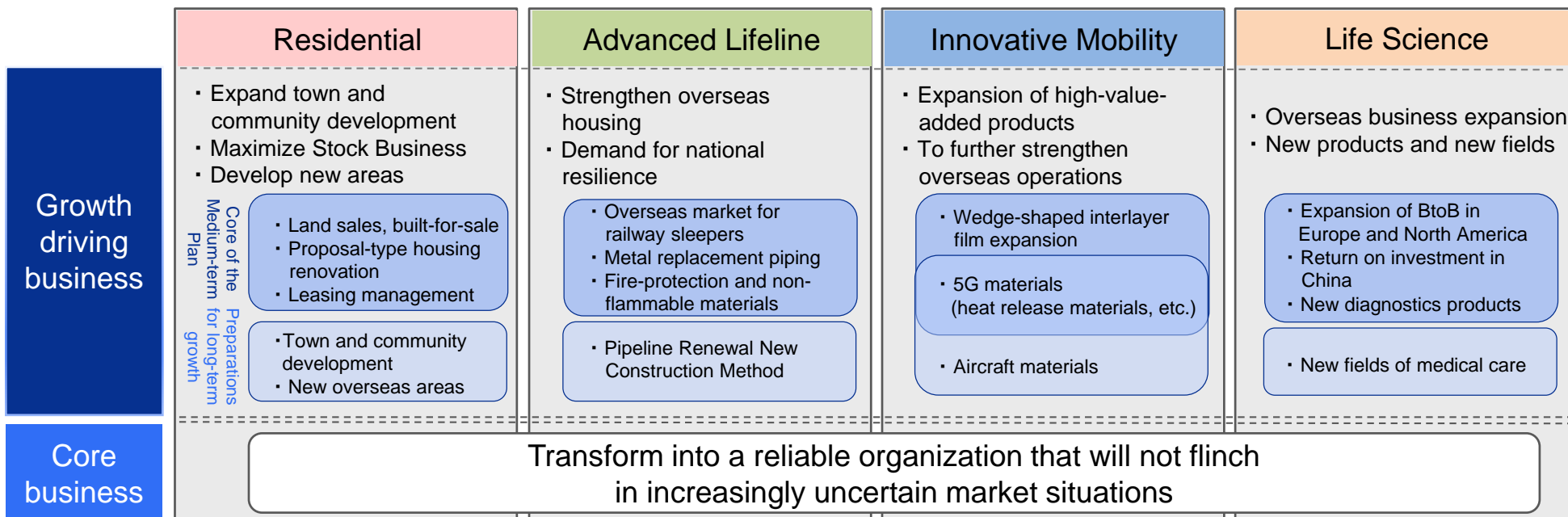
Drive 2022 Overview of Medium-term Management Plan Strategy

- Promote ESG management and accelerate the three Drives globally



Drive 2022 Basic Strategy Details (1) Business Growth and Reform

■ Growth strategy: Increase Group-wide net sales by over ¥90 billion



■ Structural reform: Secure profitability with a Group-wide operating income ratio around the 10% level

● Manufacturing innovation

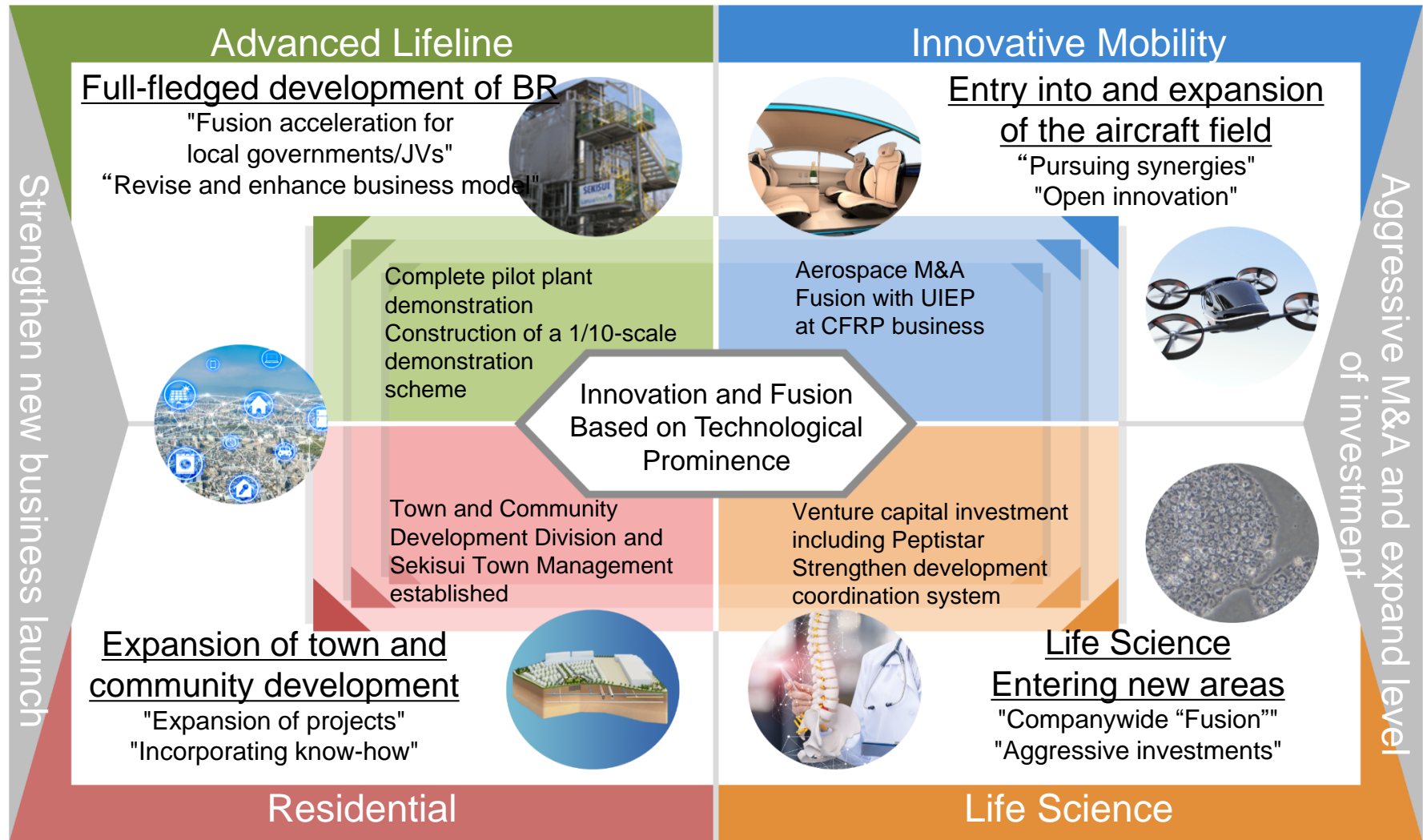
- ✓ Housing: Onset of the effects of production company integration (boost profitability, stabilization of production → response to increased volume)
- ✓ Other divisional companies: Purchasing and logistics innovation, automation and unmanned night shifts, optimization of manufacturing systems

● Business structure reform

- ✓ Identify low-margin products
- ✓ Reform the business portfolio

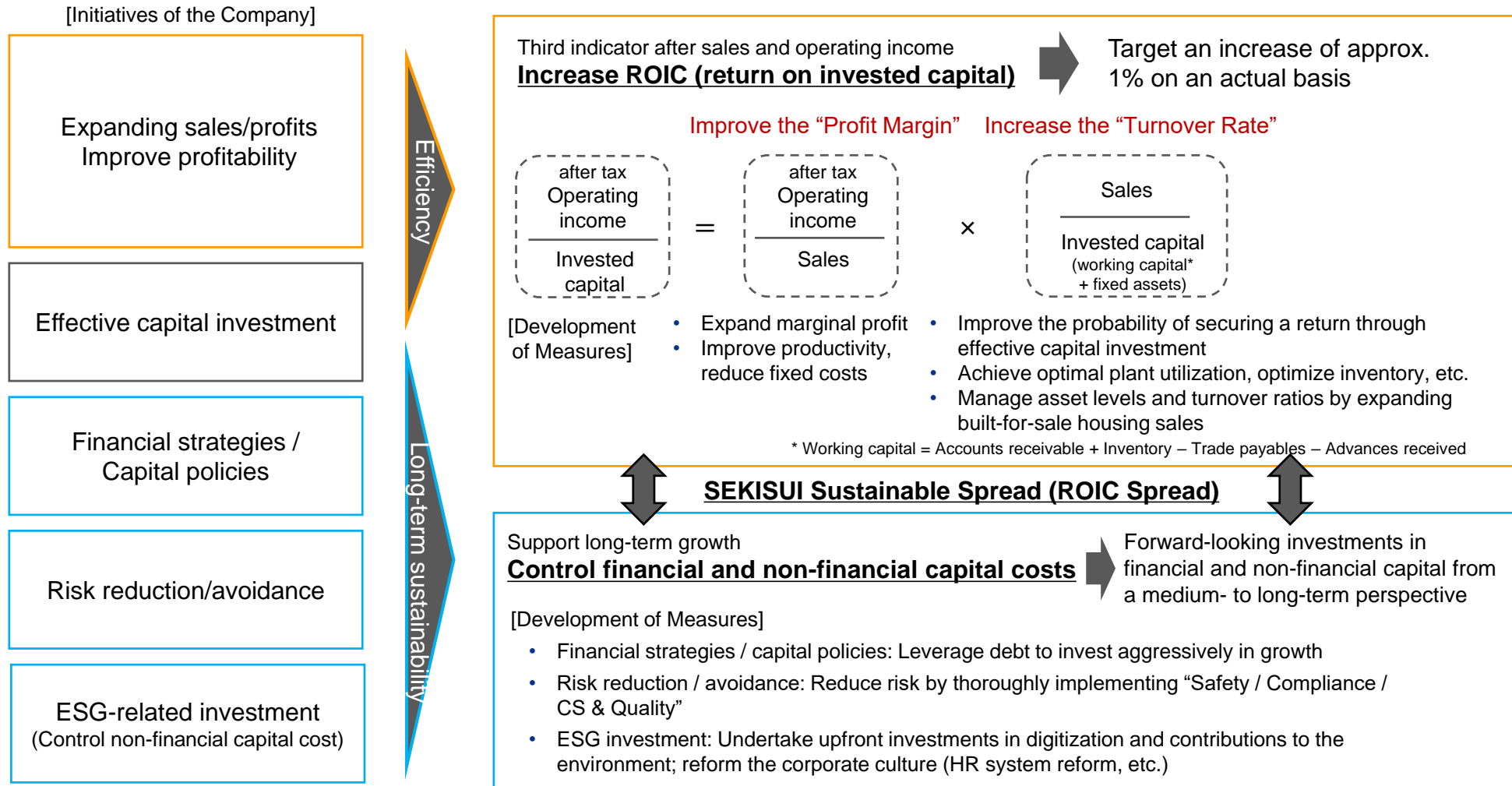
Drive 2022 Basic Strategy Details (2) Preparations for Long-term Growth

Build business base in each domain



Drive 2022 Basic Strategy Details (3) Strengthening the ESG Management Base

- Introduce ROIC as a KPI to strengthen management ability to sustain business
- Enhance management ability to sustain business by increasing the efficiency of capital and reducing financial and non-financial capital costs over the long term

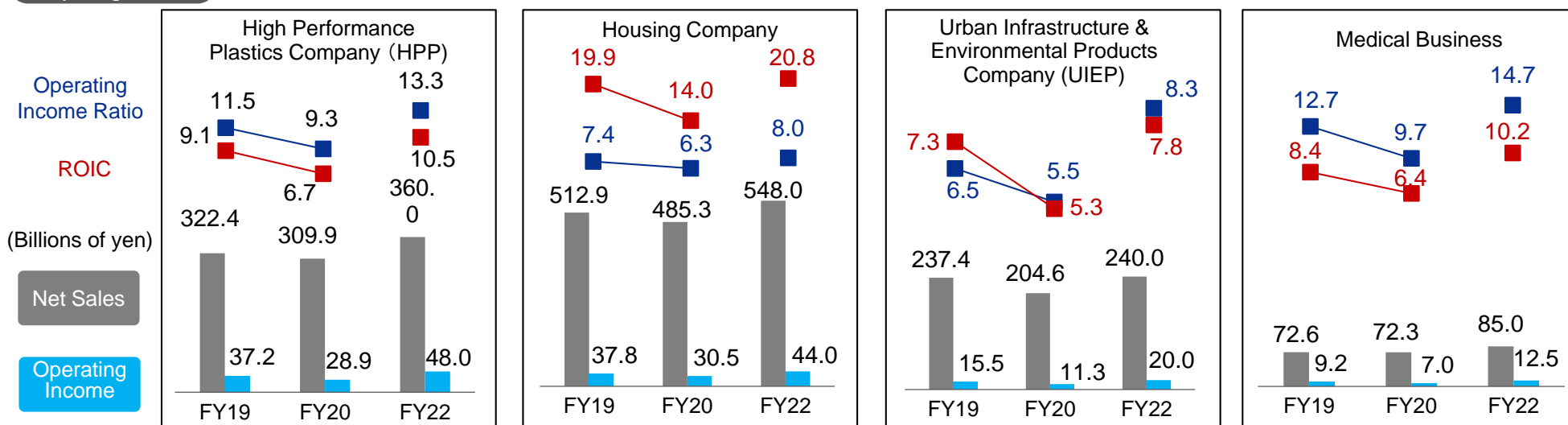


Drive 2022 Target Values

Billions of yen Unless otherwise stated	FY2019		FY2020	FY2021	FY2022	
	Results	Medium-term Increment	Results	Revised Plan (Oct, 2021)	Medium-term Plan*	Medium-term Increment*
Net Sales	1,129.3	+63.5	1,056.6	1,155.5	1,220.0	+90.7
Operating Income (ratio)	87.8 (7.8%)	-8.7 (-1.3%)	67.3 (6.4%)	90.0 (9.0%)	110.0 (9.0%)	+22.2 (+1.2%)
Net Income	58.9	-2.0	41.5	34.0	70.0	+11.1
ROIC	7.7%	-2.6%	5.4%	7.3%	8.6%	+0.9%
ROE	9.7%	-1.6%	6.5%	4.9%	10.6%	+0.9% (maintained 10% over)
Overseas Sales (ratio)	274.7 (24%)	+28.9	266.0 (26%)	300.0 (26%)	320.0 (26%)	+45.3
EBITDA	133.2	+0.5	116.6	139.0	170.0	+36.8

By segment

* Excluding new M&As, etc.



Drive 2022 Key ESG Management Issues and KPIs

- Identify and address issues where the importance for stakeholders is extremely high, and is also extremely high for management of the Company

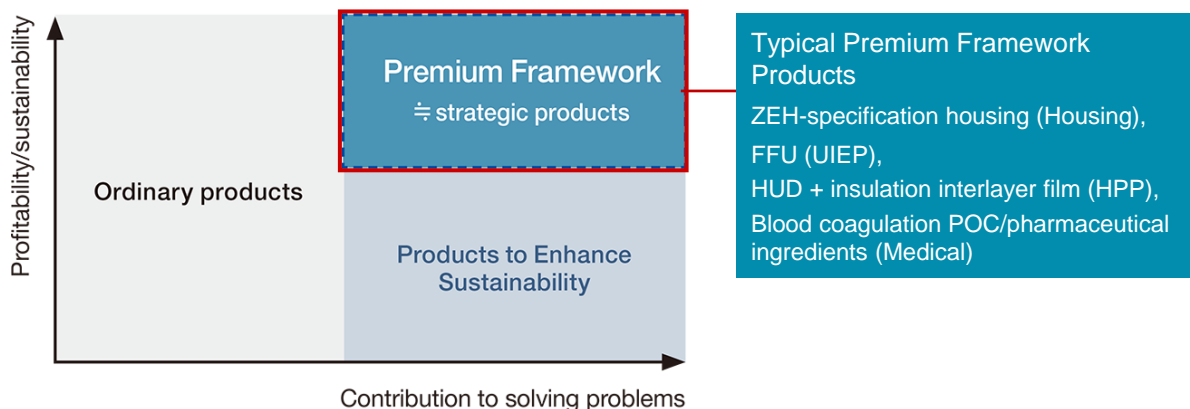
Output		KPI	FY2020 Results	FY2022 Target
Products to Enhance Sustainability and Premium Framework	Drive the ability to create profit, contribute to solving social problems, and achieve sustainable management	Products to Enhance Sustainability and Premium Framework Net Sales	¥640.3 billion Include Premium Framework ¥329.0 Billion	¥800.0 billion Include Premium Framework ¥440.0 Billion

Key Issues (Materiality)			KPI	FY2020 Results	FY2022 Target
Risk reduction /avoidance	Internal Control (Reducing major incidents)	Prevent or minimize impact of major incidents on our corporate value	Number of major incidents in the 5 fields*	0	0
	Internal Control (BCP)	Mitigate the impact of earthquakes, pandemics, and other incidents	BCP operating rate	Selection of 143 target organizations in Japan and overseas	BCP operating rate 100% (Establishment of PDCA)
Investment for the Future (Raising sustainability KPIs)	DX	Become the driver that transform work processes and business models	Direct/indirect net sales per employee	N/A	FY2030: Indirect productivity 40% increase Direct productivity 15% increase (from FY2019)
	Environment	Addressing climate change	Renewable Energy as a Percentage of Purchased Power	7.2%	20%
	Human Resources	Aim to be an excellent and vibrant company where employees thrive on challenges	Degree of challenging behavior expression	N/A	Managing initiative progress
	Fusion	Promote technology and business opportunities through internal and external fusion	Increasing net sales through fusion	+¥12.4 billion (from FY2019)	+¥50.0 billion (from FY2019)

*Major incidents in the 5 fields: Safety, Quality, Accounting, Legal/Ethical, Information management

- Internally certify products as Products to Enhance Sustainability that significantly contribute solve environmental and social issues
- Evaluate for sustainability of the Company and Products

Products to Enhance Sustainability



Evolution of System for Evaluating Products to Enhance Sustainability

2006

Launched independent SEKISUI evaluation/certification system for Environment-Contributing Products

Among environmentally friendly products, we promote the creation and expansion of Environment-Contributing Products by internally certifying products that significantly and effectively help solve environmental issues when used by customers.

2017

Expanded problem-solving criteria for evaluation and certification

We expanded criteria to include products that help solve problems in both the natural and social environments. We reaffirm that our goals are equivalent to SDGs proposed by the United Nations.

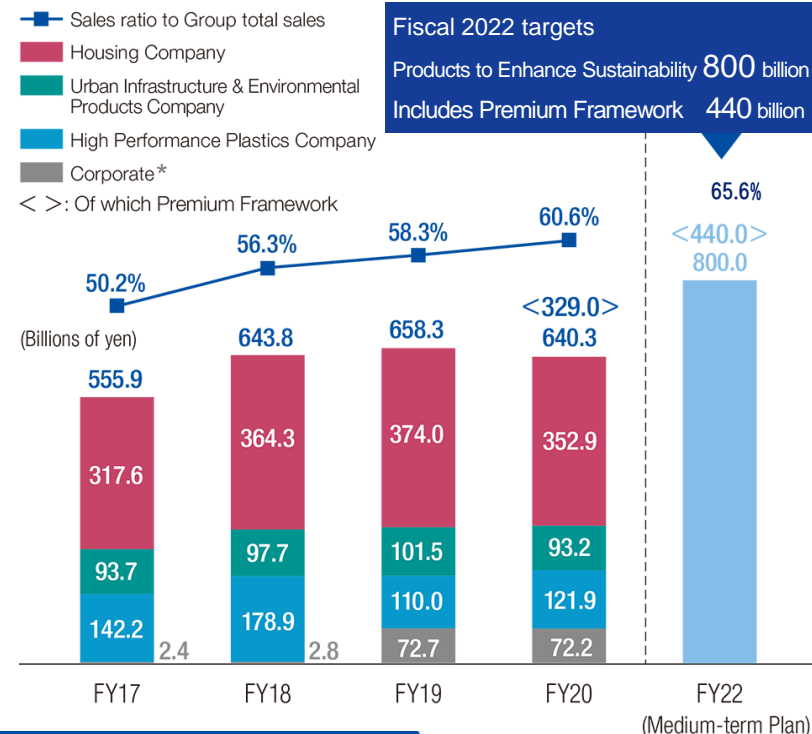
2020

Launched a new system for evaluating Products to Enhance Sustainability

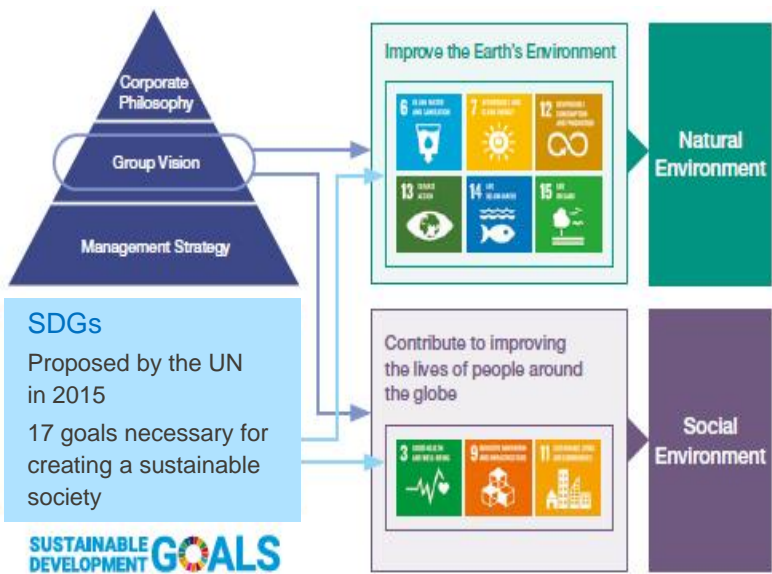
In addition to the existing certification process, we added evaluations for sustainable management and profitability, as well as established the Premium Framework.

*Note: The Medical Business included in Corporate Headquarters from fiscal 2019.

Products to Enhance Sustainability Net sales



Products to Enhance Sustainability Definition



Social Environment Contribution Certification Criteria (Excerpt)

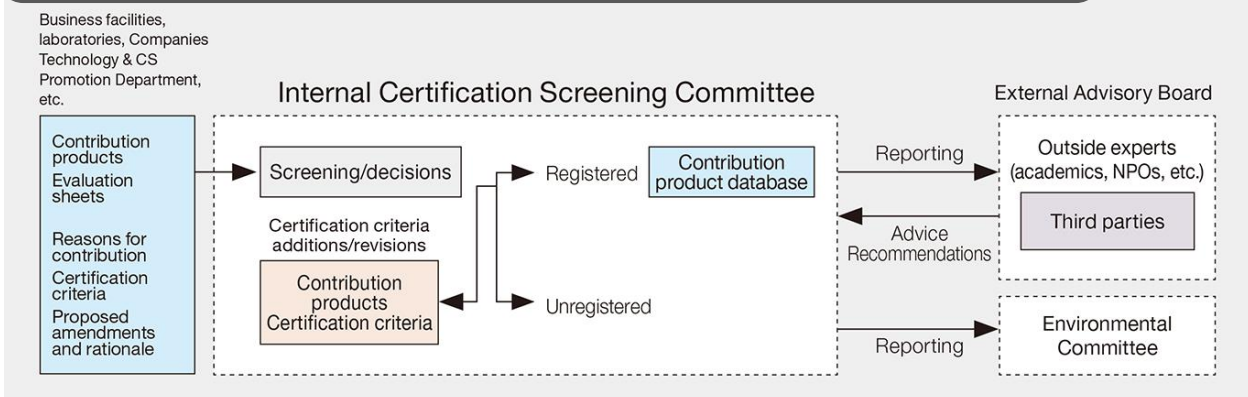
Judgement criteria*	Social environment contribution impact
Promote health and well-being	Prevent the spread of disease (illness detection/prevention)
	Support the independence of the elderly and those in need of care
	Support the independence of people with disabilities
	Minimize burdens on caregivers
	Improve comfort/hygiene
	Raise awareness of healthy habits
Build resilient infrastructure	Mitigate natural disaster risks
	Improve working conditions, including in supply chains
	Develop and provide infrastructure
Promote sustainable cities and residences	Enhance responses to disasters and emergencies
	Enhance resilience to disasters and emergencies
	Support low-income countries
	Improve sustainability of residences and livelihoods
	Improve livelihood safety
	Make residences and livelihoods more comfortable
	Invigorate local communities

*Note: Social environment contribution products are those that significantly contribute to the above three criteria, while other products are judged based on internal judgment criteria that reflect the 17 SDGs as necessary.

Natural Environment Contribution Certification Criteria (Excerpt)

Judgement criteria	Natural environment contribution impact
Reduce GHG emissions	Increase energy conservation performance
	Use unutilized energy
	Find alternatives to freon gas
	Reduce use in product lifecycles
	Reduce the use of fossil resource-derived plastics
	Develop energy creation/storage functions
Reduce waste	Implement energy management in urban spaces
	Conserve energy in customer production processes
	Increase durability (extend service life, etc.)
Reduce raw materials use	Adopt low volume waste methods
	Reduce scrap, defects, and unnecessary materials
	Conserve raw materials
Conserve water/aquatic environments	Use recycled resources (waste from other products)
	Horizontal recycling of materials collected internally
	Reduce clean water usage volume
	Reduce water usage volume
Prevent pollution	Reduce water leakage
	Circulate water through rainwater filtration
	Prevent pollution via purification
Preserve biodiversity	Shift to low VOC
	Use certified forest timber
	Use thinned timber
	Use of biodegradable materials
	Prevent topsoil erosion
	Prevent desertification
	Conserve wetlands
	Promote tree planting
Prevent marine/river pollution	
Prevent/mitigate disasters	Conserve species/genes
	Disaster-resistant materials
Intermediate materials, raw materials	Help lower environmental burdens via raw materials, components, materials

Products to Enhance Sustainability System Operation/Certification Method



Internal Certification Screening Committee: comprises Corporate HQ centered on ESG Management Department

Products to Enhance Sustainability Examples(1)

■ High-performance interlayer films for automobiles help improve sound/heat insulation, contribute to weight reduction through thinner glass, and increase air conditioning efficiency; contribute to the safety, security, and comfort of a mobility society

- 1960s: Greatly enhanced the safety of automobiles through interlayer films that prevent windshields from shattering even when they break
- 2000s: Enhanced energy conservation and comfort through additional sound/heat insulation functions
- 2010s: Contributed to improved safety by reducing the driver's need to shift his/her vision by projecting information on the windshield



Sound/heat insulation interlayer films (shatterproof + sound and UV ray reduction)

Safety, energy conservation, and comfort

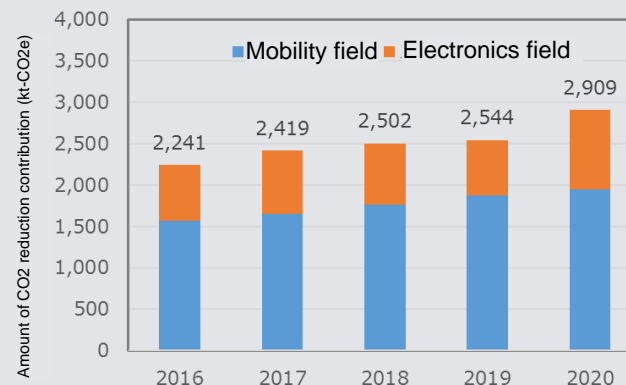


Wedge-shaped interlayer film for HUDs (improved HUD visibility)

Advanced safety

Contributions to the reduction of CO2 emissions

✓ HPP Company
Amount of CO2 emissions reduced by products to enhance sustainability in the Mobility and Electronics fields



* Amount of reduction contribution: Difference in the amount of CO2 emissions during a product's life cycle compared with the absence of the product (= amount of reduction)

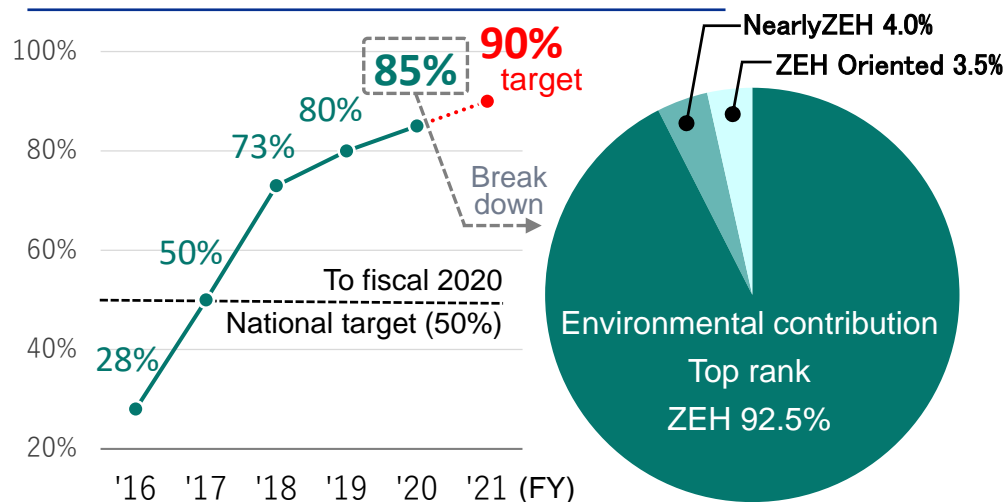
Fiscal 2020 SEKISUI Environmental Sustainability Index

Products to Enhance Sustainability Examples(2)

- SEKISUI HEIM "Housing Equipped with Solar Power Generation Systems" enables the creation, saving, and storage of energy by means of solar power generation, large-capacity storage batteries, and HEMS; reduces CO2 emissions in residential areas and contributes to climate change mitigation

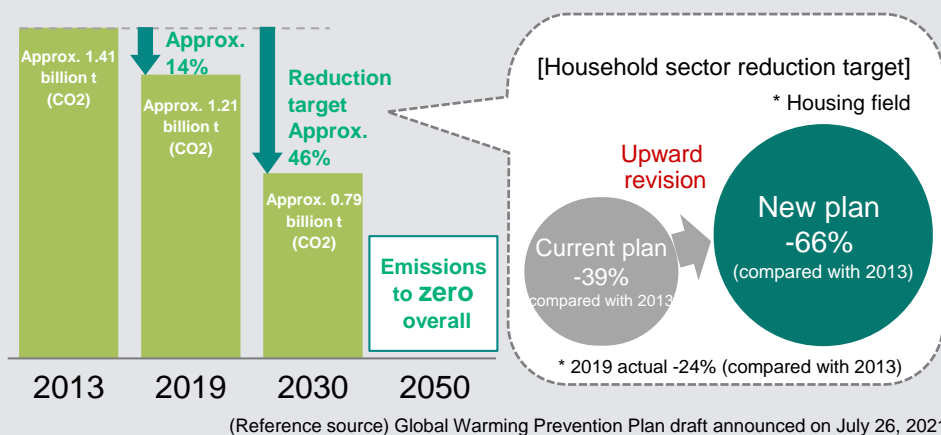


The Company's ZEH Ratio



Japan's Carbon Neutrality Target

✓ Japan's actual GHG emissions and targets



Products to Enhance Sustainability Examples(3)

Resolving diversifying social issues through sustainable solutions that employ resin products

- Harmonious coexistence with the natural environment – efforts to reduce environmental impact, countermeasures to address severe natural disasters
- Work style reforms through labor saving – promoting labor savings and lighter weight while extending the service life of onsite construction by simplifying construction methods and products



FFU
Synthetic Wood for Shield Work

Strong, light weight,
and durable

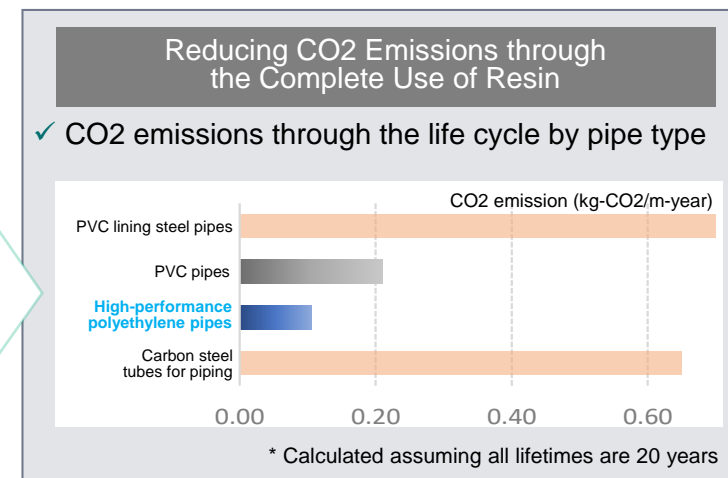
ESLO HYPER
High-performance seismic
polyethylene pipes



ESLON RCP
Reinforced plastic
composite pipe



Sewage (Spirally) pipe renewal
(SPR) Method



Internal Control・DX

- Control financial and non-financial capital costs and enhance management's ability to sustain business by investing in the business foundation including digitization, human resources, and the environment

Hold Down Major Incidents

- Accelerate efforts to build governance and internal control systems to reduce and avoid risks that could lead to major incidents globally

Domain	Incident Example
Safety	Fire / explosion; fatality / serious accident
Quality	Quality and other falsification / quality defects that threaten human life / quality problems causing external losses (or expected losses) of ¥1 billion or more
Accounting	Fraud and improper accounting
Legal / Ethical	Violations of the Monopolies Act, bribery and corruption related laws
Information management	Exploitation and destruction of data; information system failure; leakage of personal and confidential information

Case Study

Measures to Prevent Recurrence after Leakage of Conductive Fine Particle Technical Information (Excerpt)

- Thorough information management by importance
- Limitation of contactable persons by confidential information, access log recording
- Organizational risk management activities in R&D Department
- Enhancement of moral education and training for technology development workers
- Thorough confidentiality obligations for retirees and hires

Promote DX

- Strengthen the promotion system, accelerate and support medium to long term growth strategies and structural reforms; review conventional internal control, business, and work processes while undergoing a transformation from the perspectives of “visualization and standardization,” “productivity increase,” and “sophistication”

*“visualization and standardization”: Standardized operations, Introduction of ERP, renewed infrastructure and networks

- “Productivity increase”: Automation / unmanned shifts, improve operational efficiency through the use of digital technology, ICT and AI
- “Sophistication”: Increase the sophistication of operational control, governance and the supply chain

Initiatives to Promote DX

Domain	Implementation Items
Global Management Foundation Reform	Renovation of the core system (global ERP*)
Purchasing	Standardization of purchasing operations and the visualization of transaction data on a global basis
Sales and Marketing	Standardization of efficient business models and visualization of business processes
Remote Work	Promotion of remote work

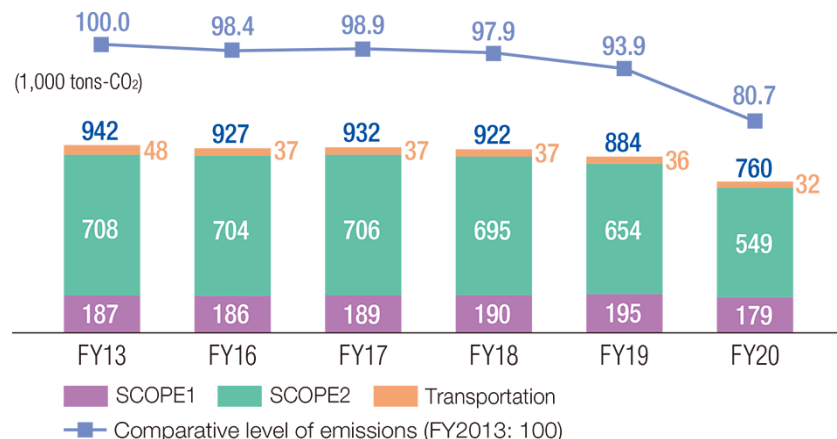
* ERP: Enterprise Resources Planning

Environment

■ Backcasting from the Long-term Environmental Management Vision 2050 to formulate and promote the Environmental Medium-term Plan

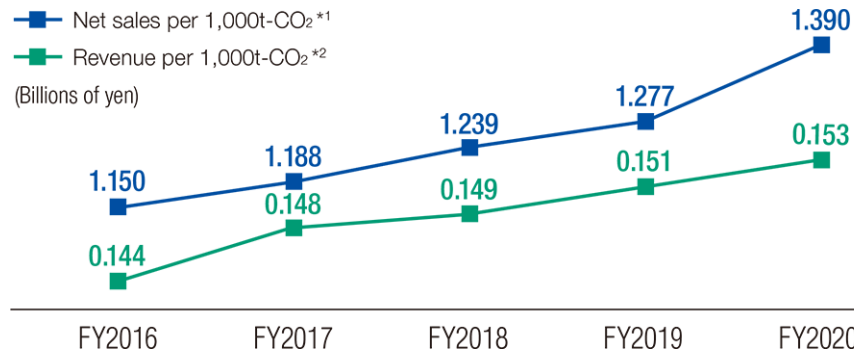
Greenhouse Gas (GHG) Emissions That Arise from Business Activities

In aiming for zero GHG emissions, we have been accelerating our effort.



Carbon Efficiency due to Business Activities

Both sales and EBITDA per GHG emissions from business activities are on the rise.



*1 Net sales per 1,000t-CO₂: Net sales (Billions of yen) / GHG emissions (Thousands of tons-CO₂)

*2 Revenue per 1,000t-CO₂: EBITDA (Billions of yen) / GHG emissions (Thousands of tons-CO₂)

Main Indicators of Environmental Mid-term Plan

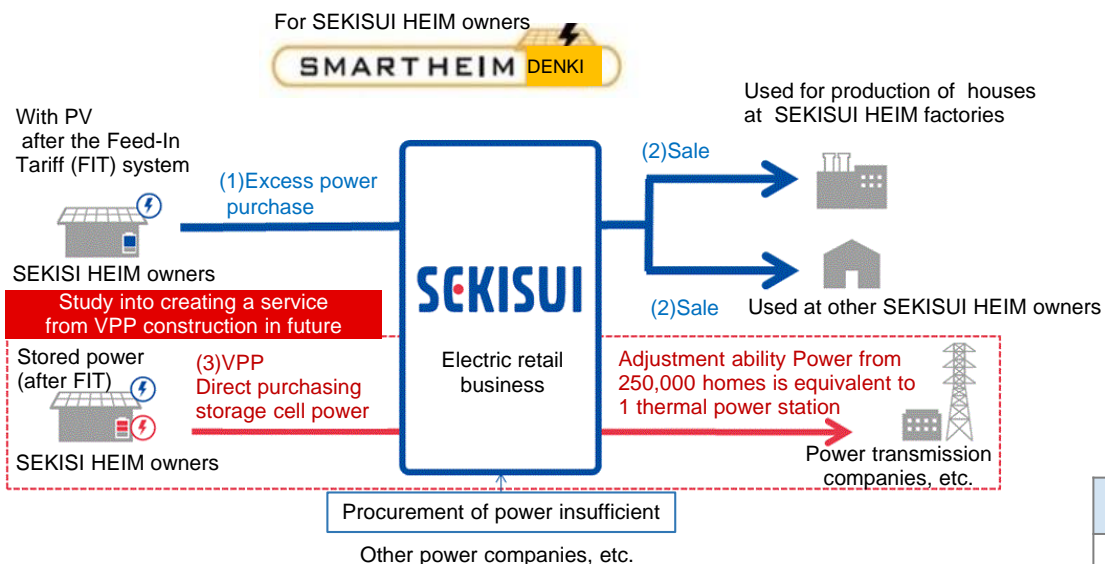
* Internal review (brought forward) of the GHG emission reduction target for 2030 under consideration

Item	Indicator	FY2020 Results	Mid-term targets (FY2022)	FY2030	FY2050	Notes	
Integrated index	SEKISUI Environmental Sustainability Index	Rate of return to natural and social capital	121.9%	Maintain 100% or more	Maintain 100% or more	Maintain 100% or more	
Reducing environmental impact	GHG reduction	Rate of renewable energy of purchased electricity	7.2%	20%	100%	(Convert all energy used to renewable energy)	Join RE100
		Reduction in GHG emissions generated by business activities	-19.3% (vs FY2013)	-9% or more (vs FY2013)	-26% or more* (vs FY2013)	Zero GHG emissions	Acquisition of certification from Science-Based Targets (SBT) Initiatives (until 2030)
	Reduction in GHG emissions in supply chain (SCOPE3)	-10.8% (vs FY2016)	—	-27% or more* (vs FY2016)	—		
Energy saving	Energy consumption for unit of output	-0.4% (vs FY2019)	-3% or more (vs FY2019)	—	—		

Environment Case Study

- Purchase excess power from SEKISUI HEIM customers whose homes are equipped with solar panels (cumulative total in excess of 200,000 residences) for use in Group factories

Expand of SMART HEIM DENKI Power Trading Service



Promoting Factories That Use 100% Renewable Electricity



SEKISUI S-LEC B.V. Film Plant

Facilities for which 100% of electricity is derived from renewable energy sources

Japan	SEKISUI CHEMICAL CO., LTD. Tsukuba Office
	HOKKAIDO SEKISUI HEIM INDUSTRY CO., LTD.
	TOHOKU SEKISUI HEIM INDUSTRY CO., LTD.
	SEKISUI HEIM INDUSTRY CO., LTD. Kink Office
	SEKISUI MEDICAL CO., LTD. Tsukuba Plant
	SEKISUI MEDICAL CO., LTD. Ami Office
Netherlands	SEKISUI S-LEC B.V. Film Plant
Spain	SEKISUI SPECIALTY CHEMICALS EUROPE S.L.

Business Targets

- Number of purchases: 186,000 (2030)
- Amount of electric energy purchased: 675,000 MWh per year; Equivalent to the power demand of SEKISUI CHEMICAL Group's 73 domestic bases including plants and offices (as of FY2017)

Environment Use of TCFD Scenario Analyses

- In the disclosure of information in accordance with the TCFD's proposal, analysis based on four anticipated scenarios and the assessment of risks
- For long-term climate change risks, consideration of back-cast business and product development; preparations geared toward the transition of risks into business opportunities for each scenario

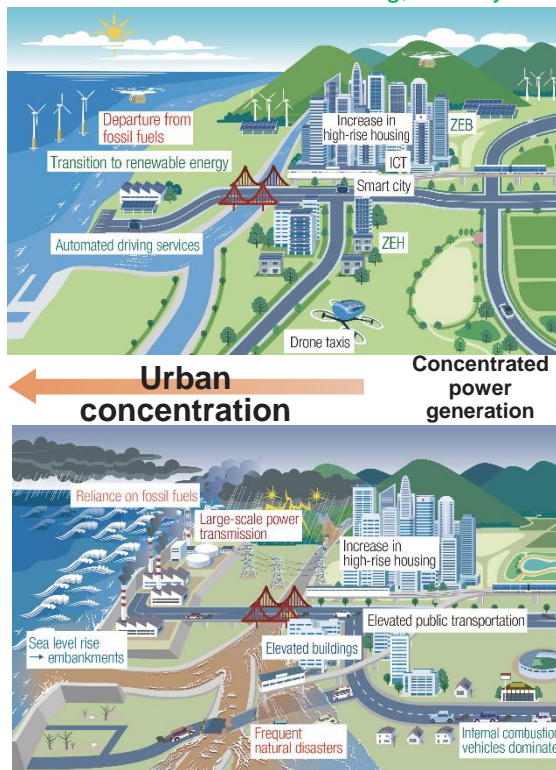
2° C scenario: Carbon tax/emission controls

* Reanalysis assuming a 1.5° C scenario under internal consideration

Scenarios involving various policies to control climate change

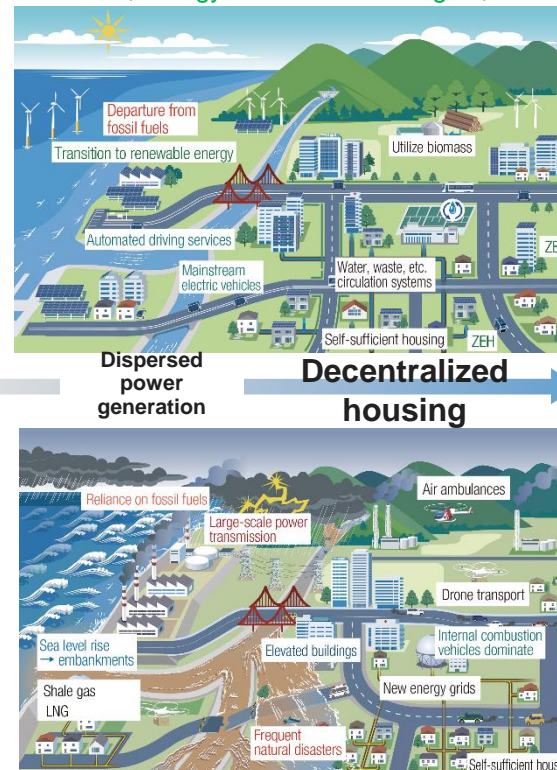
Our contribution: ZEH housing, Mobility energy conservation materials, energy creation technologies, etc.

Scenarios involving increased urban concentration



Departure from fossil fuels
Electric vehicles
Internal combustion vehicles
Reliance on fossil fuels

Scenarios involving regional dispersion



- (B) Continuous circulation society
- Local production and consumption of energy, biomass plastics
 - Water circulation, including underground water
 - Mobility services, decrease in private cars
 - Low-rise suburban housing lots
- (C) Local production and consumption society
- Dispersed new energy grids
 - Economic development of emerging nations
 - Strong demand for detached housing
 - Development of drone technology

Scenarios involving preparation for increased temperatures and frequent disasters due to climate change

Our contribution: Material that are highly durable and resilient against disaster, renewal methods, etc.

4° C scenario: Frequent natural disasters

- (A) Decarbonized smart society
- Compact + networked
 - High-rise residences
 - ICT/transport services

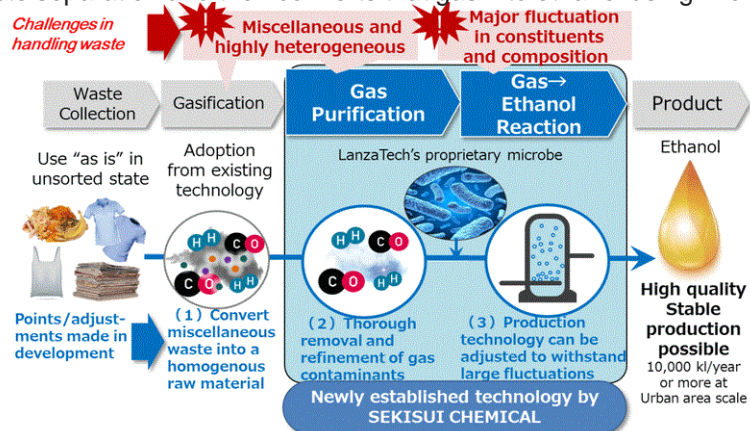
- (D) Mass consumption society
- Competition among advanced nations for fossil fuels
 - Hike in land prices/residential heights
 - Urban sharing services
 - Stronger fire-fighting services specializing in urban areas

Case Study Bio-refinery(BR)

- Aiming to build the ultimate resource recycling social system (circular economy) through a first-in-the-world production technology that turns “waste” into ethanol

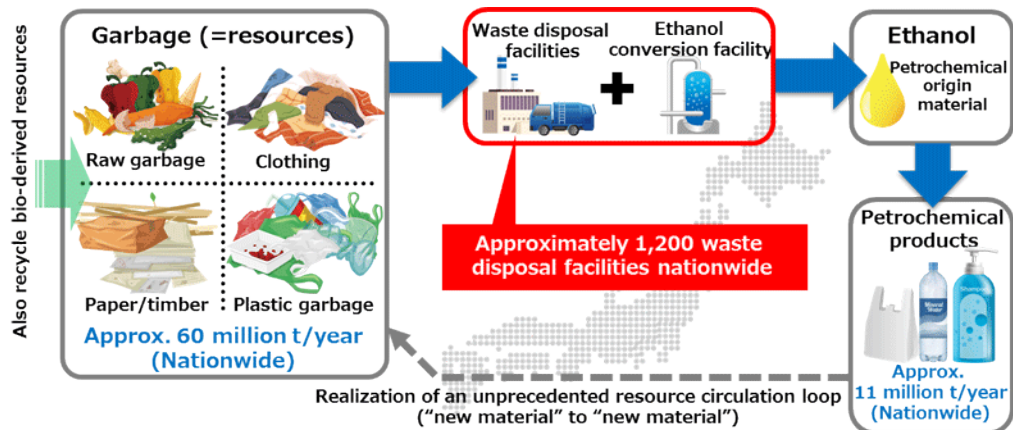
Overview of the Technology

- Production technology that turns waste into gas without the need for waste separation and then converts that gas into ethanol using microbes



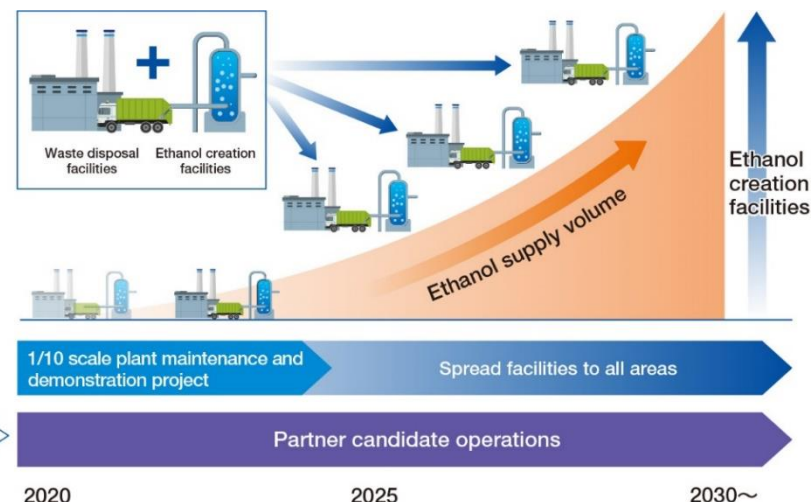
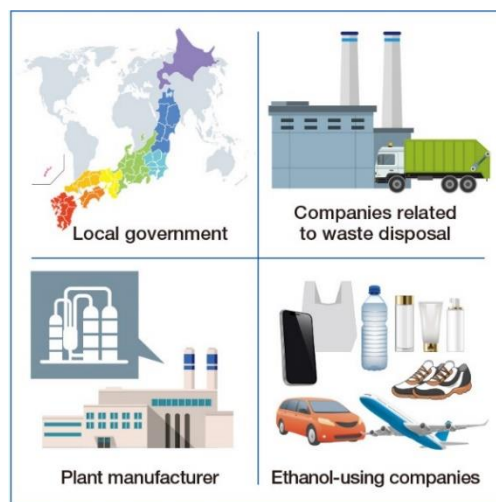
Vision of the Future

- Realizing a resource circulation loop that recycles all kinds of waste



Business Development Schedule

2014	Technology development commenced using a pilot verification plant
2017	Technology established with LanzaTech
2020	Agreed with Sumitomo Chemical to cooperate on a circular economy initiative
2020	Joint venture established with INCJ, a public/private sector fund
End of FY2021	Verification plant operations scheduled to commence
2022	Commenced test production of polyolefins using ethanol produced as a raw material
From 2025	Target commercial and business application

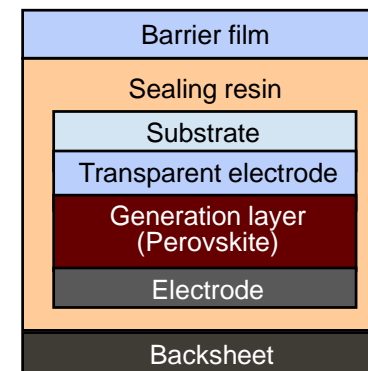
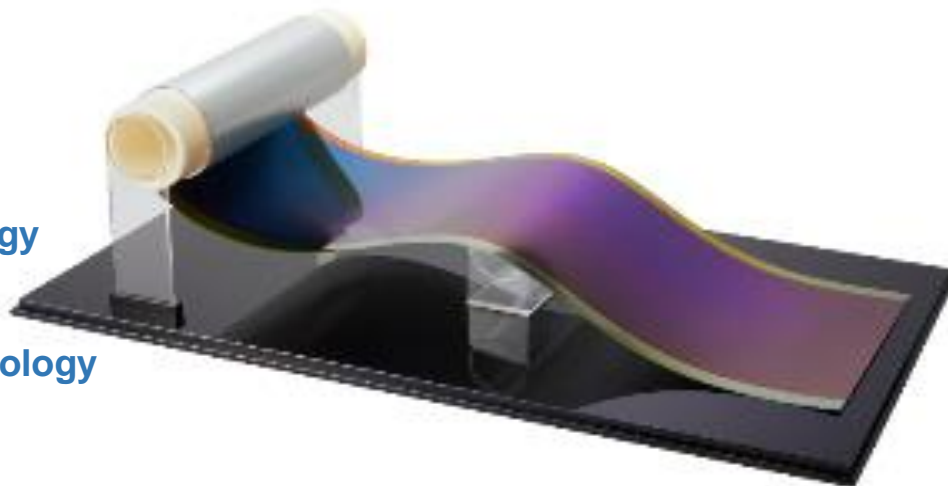


Case Study Film-type Perovskite Photovoltaic Battery

- Ultra-lightweight photovoltaic battery that can be installed on walls and factory roofs that are subject to weight constraints

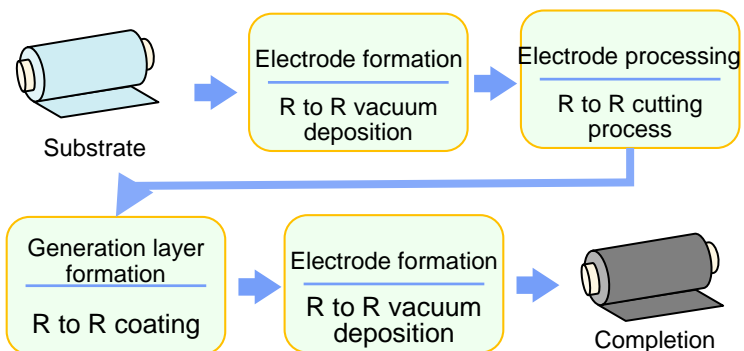
Ultra-lightweight Photovoltaic Battery Packed with Proprietary Technologies

- Sealing technology
- Processing technology
- Material technology
- Film formation technology

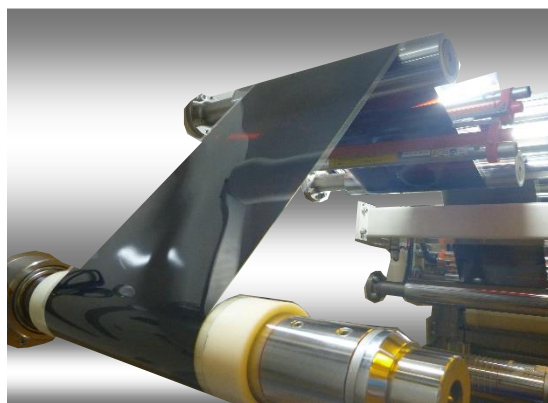


<Film-type Perovskite photovoltaic battery cross-sectional structure>

Building a Roll to Roll Manufacturing Process with a Width of 30cm



<Roll to Roll manufacturing process>



Durability Confirmation to the Equivalent of 10 Years Outdoors






* Compliant with photovoltaic module standard (IEC61215)
Major durability tests: 5 items cleared

Fusion

Based on its technology platform, SEKISUI CHEMICAL Group is making efforts to fuse together its various internal and external stakeholders and companies while accelerating innovation

Town & Community Development

In addition to communities where all residences are equipped with storage batteries and built to zero energy house (ZEH) specifications, there are communities that none other than SEKISUI CHEMICAL Group can provide. Smart and resilient residential housing communities bring to bear the unparalleled infrastructure materials of the Group that stand strong against disasters, including rainwater storage systems that provide countermeasures to torrential downpours and drinking water systems capable of securing days of potable water, even when water services are suspended. We bring sustainable town and community development to every corner of Japan so residents can continue to live in safety.

-  HPP Company
-  Housing Company
-  UIEP Company



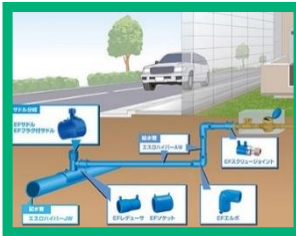
SMART HEIM



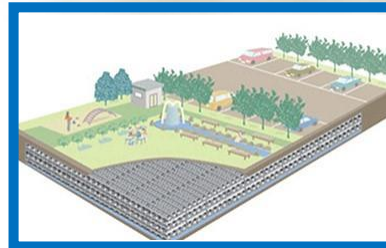
High performance resin tatami mats (MIGUSA)



Drinking water storage system



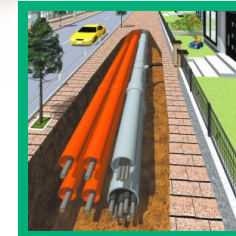
ESLO HYPER
Quake-resistant
water supply pipe



CROSS-WAVE
Rainwater storage/recharge system



ESLON RCP
Reinforced composite
plastic pipe



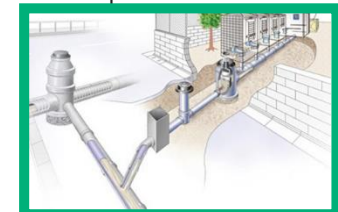
CC-BOX
Electric and communications
cable protective pipeline system



Airy shade
Fractal sunshade



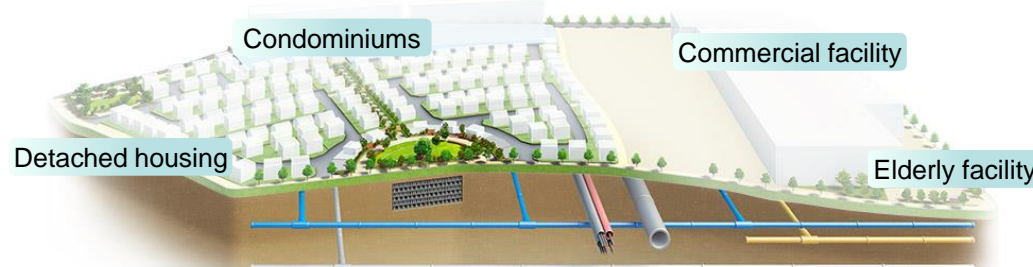
Fi-Block
Fire-resistant thermal
expansion materials



Emergency-use storage-type
portable toilet

Examples of products to enhance sustainability used in city-planning

*Image illustration

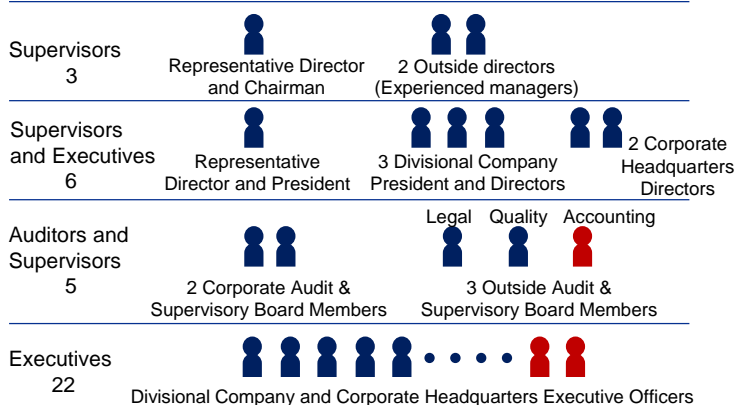


Corporate Governance (1)

- Adopted the Executive Officer System to clearly distinguish the business execution function (executive officers) from the supervisory function (directors) in order to respond quickly to changes in the business environment of each divisional company
- The Sustainability Committee, which reports directly to the President, identifies risks and opportunities that the Company may face in the future, prioritizes them, and deliberates on policies and measures

Management System

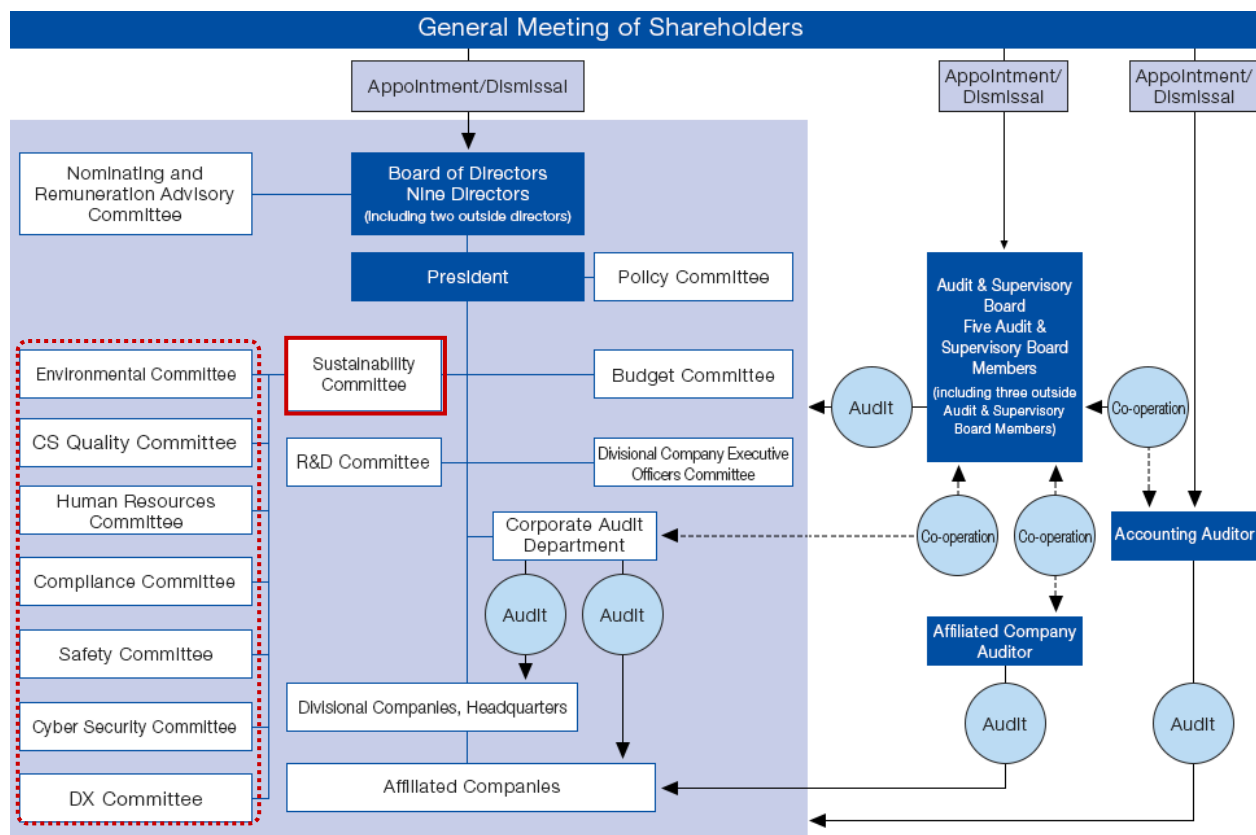
(As of September 1, 2021)



Initiatives Taken to Enhance Corporate Governance

2001	Divisional Company Organization System introduced
2003	Quality specialist selected as an Outside Audit & Supervisory Board Member
2007	The term of office of Directors shortened from 2 years to 1 year
2007	Legal, accounting, and quality specialist system implemented for Outside Audit & Supervisory Board Members
2008	Executive officer system introduced
2008	2 independent Outside Directors appointed
2015	Sekisui Corporate Governance Principles established
2016	Nomination and Remuneration Advisory Committee established

Corporate Governance System



* Each sub-committee has its own director in charge and deliberates on materiality

Corporate Governance (2)

- To complement the functions of the Board of Directors and further enhance the fairness and transparency of management, established the Nomination and Remuneration Advisory Committee, the majority of which is composed of independent outside directors
- Director compensation reflects performance, including ESG-related non-financial indicators

Nomination and Remuneration Advisory Committee and Compensation System

<Roles of the Nomination and Remuneration Advisory Committee>

- Enhance the effectiveness of the Board of Directors
- Deliberate on the nomination and non-reappointment of senior executives, including representative directors, and the nomination of candidates for director
- Engage in succession planning for SEKISUI CHEMICAL Group's president
- Deliberate on such matters as the system of remuneration and levels of remuneration for Directors

Compensation System for Directors

<Policy regarding determination of remuneration and other compensation>

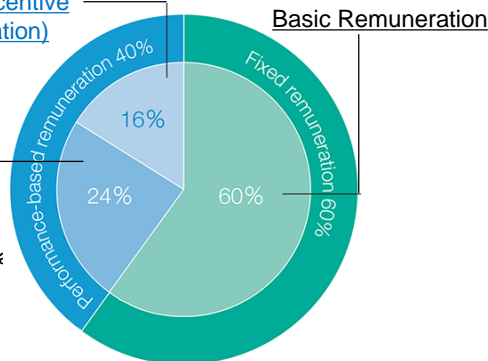
- The policy should contribute to continuous growth and medium- to long-term improvement of corporate value for the Group
- Officers of the Company should share value with shareholders and increase their awareness of shareholder-focused management
- The remuneration policy should be highly connected to business performance, providing motivation for officers of the Company to achieve management plan goals

Medium- and long-term incentive (Share-based compensation)

Promote contribution to improved business performance and increased corporate value

Short-term incentive (Bonuses)

- 80-90% linked to such financial performance indicators as operating income, the bottom line, ROE, and ROIC;
- 10-20% linked to such ESG-related non-financial indicators as the sales ratio of products to enhance sustainability and the rate of renewable energy



Assessment Relating to the Board's Effectiveness

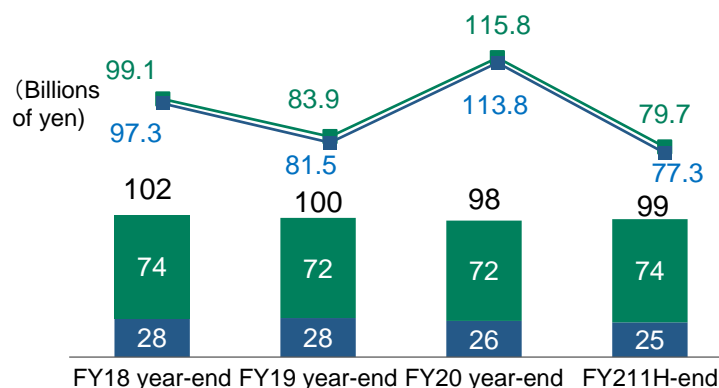
- Conduct questionnaires for evaluating effectiveness ▶ Promote the transfer of authority to the Executive Committee to expand the time allowed for discussions on strategy at Board meetings

The important management issues taken up and deliberated by the Board of Directors in fiscal 2020

- Long-term Vision, new Medium-term Management Plan
- Growth strategies (including R&D, large new businesses, and capital investment); human resource policy
- Fundamental strategies (Sustainability Committee reports, digital transformation, safety and CS & quality), etc.

Cross-shareholdings

Number of cross-held stocks, Total Amount of Cross-held Stocks Recorded in the Balance Sheet



■ No. of Stocks (Listed Companies) ■ No. of Stocks (Non-Listed Companies)
 — Total Amount Recorded on the Balance Sheet — Includes Total Amount for Listed Companies



Human Resources
and Human Rights

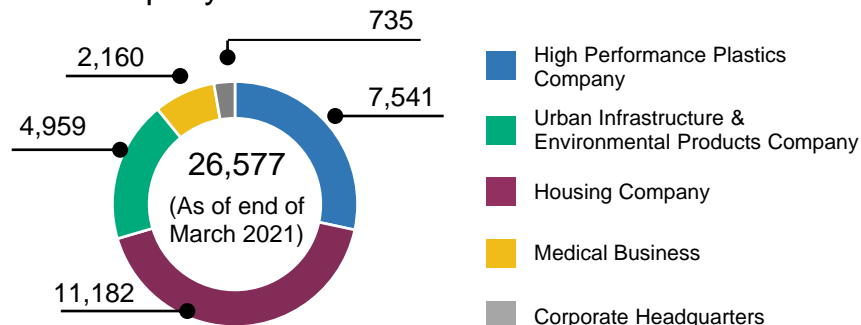
Kazuya Murakami

Director, Executive Officer
Head of Human Resources Department

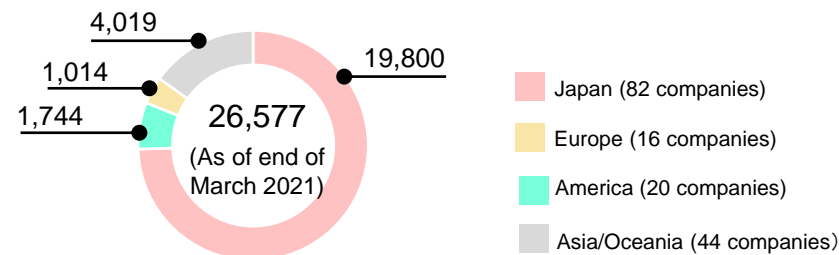
Human Resources

Consolidated Number of Employees

By Divisional company



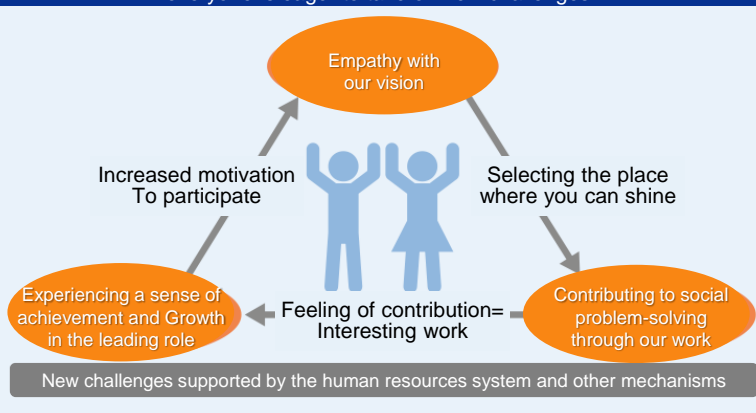
By region



The Form We Want to Achieve and Initiatives

The Form We Want to Achieve A Dynamic Company

The form we want to achieve is a dynamic company where everyone is eager to take on new challenges



Initiative

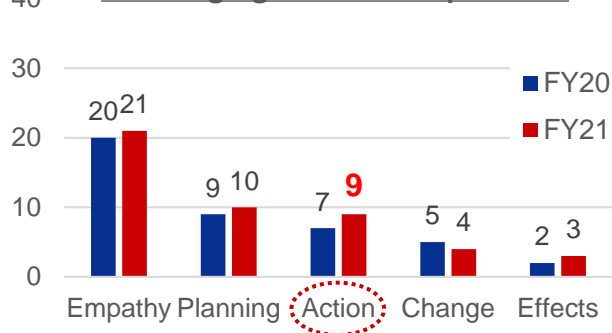
Vision Management and KPIs	<ol style="list-style-type: none"> (1) Conduct Group-wide vision caravans (2) Adopt the degree of challenging behavior expression as a KPI
Ensure That the Right Person Is in the Right Place while Promoting the Career Development of Employees	<ol style="list-style-type: none"> (1) Introduce a system for fostering next-generation personnel: Put in place a role-based HR system from fiscal 2022 (2) Steps completed to introduce an internal job posting system: Efforts directed toward expanding and revitalizing the job posting system
Activities to Improve Engagement	<ol style="list-style-type: none"> (1) Roll out activities with all 84 teams in the Group (2) Newly establish an ESG management award system
Human Resource Diversity・Well-being	<ol style="list-style-type: none"> (1) Help employees better balance work and family life (promote childcare leave by gender); promote human resource diversity; provide flexible work options that match life events; extend the retirement age to encourage the senior generation to play an active role (2) Health management: Certified as a Health and Productivity Stock in recognition of efforts to promote measures against lifestyle-related diseases and creating a workplace that employs stress checks; rolling out initiatives to other Group companies in an effort to expand to a growing number of affiliated companies

Human Resources Creating a Culture of Challenge

Case Study Vision Management and KPIs

Steps taken to conduct vision caravans and engage in dialogue between the president and employees to realize the Long-term Vision; in addition, conducted workshops for the heads of organizational workplaces to develop a vision for each organization; as a result, and in the belief that it is worthwhile for each and every employee to continue to take on challenges, working to improve the degree of challenging behavior expression, which was newly adopted as a KPI

(%) Survey to Measures the Degree of Challenging Behavior Expression



✓ Steps to realize the Vision

1. Empathize and hope to realize
2. Have a clear image of what should be done do
3. Take on specific challenges
4. Notice change in work and the workplace caused by actions taken
5. Produce concrete outcomes

Case Study: A System That Supports Employees to Exceed Their Performance Goals and Actively Take on New Challenges

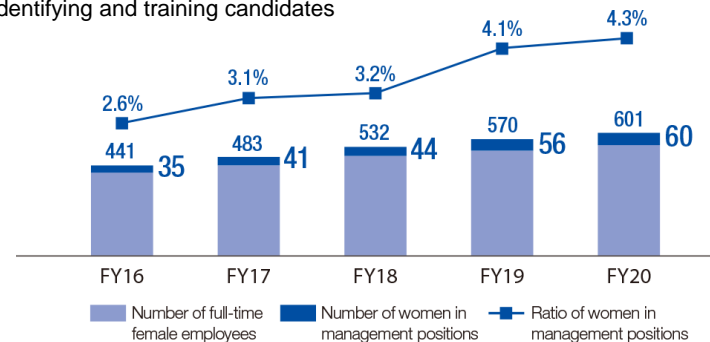
Each department recruiting personnel internally; job posting system introduced within the Group for employees taking the initiative to transfer to another department and take on new challenges from 2000; cumulative total of 233 employees who continue to thrive after transferring to a new department

Results of Intra-Group Job Postings

	FY2016	FY2017	FY2018	FY2019	FY2020	Cumulative Total since FY2000
Number of recruitment cases	44	49	44	45	31	386
Number of employees recruited	149	130	140	62	54	1,334
Number of applicants	83	99	115	135	155	1,163
Number of employees transferred	12	19	26	28	28	233

Women in Management Positions (Sekisui Chemical non-consolidated)

Maintain a female employee new graduate ratio of 30%; target a ratio of employees newly appointed to management position of 30% (2030); in addition, steps taken to implement a career development program as a mechanism for identifying and training candidates



Targets for promotion of women's activities	FY2025	FY2030
Number of women in management positions (goals)	80	120

Career Development Program for Women

		FY2016	FY2017	FY2018	FY2019	FY2020
Number of program attendees	Women	90	58	35	39	52
	Superiors	77	44	31	24	46

Human Resource Diversity and Well-Being

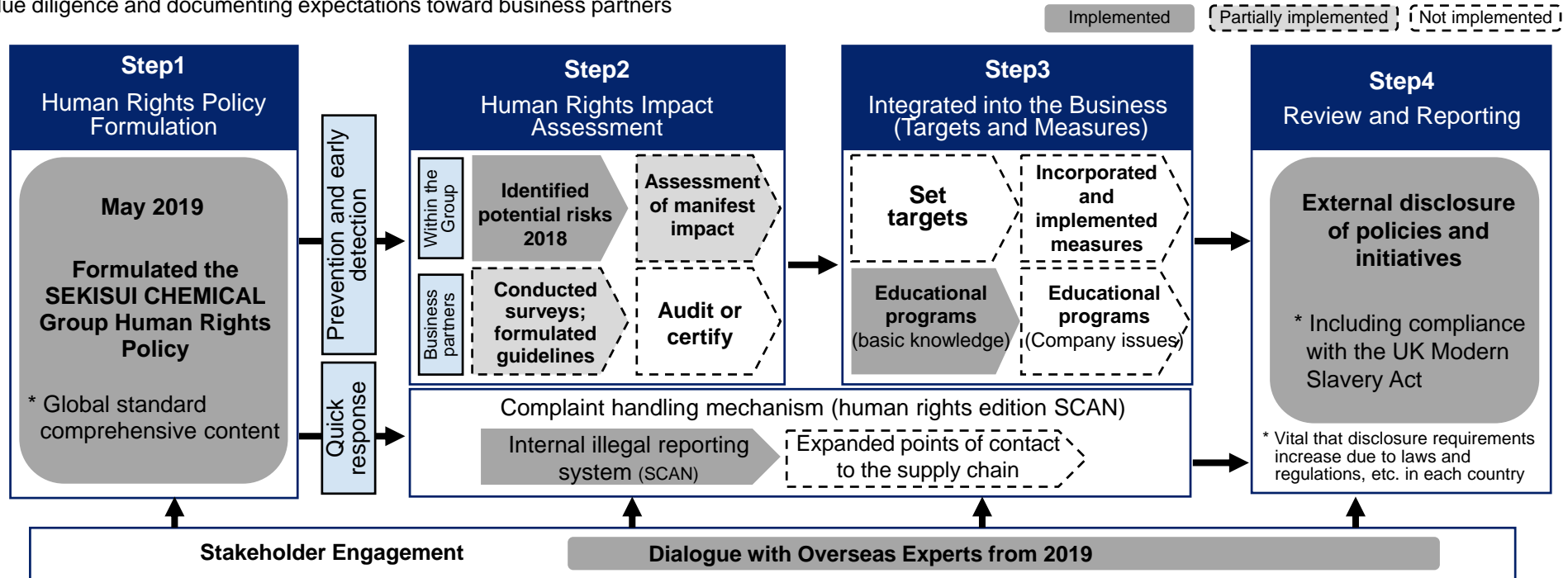
Encouraging both men and women to take childcare leave as a means to choose flexible working styles that match life events; promoting health management throughout the Group including affiliated companies

		FY2017	FY2018	FY2019	FY2020
Ratio of childcare leave taken (%)	Men	16.8	22.5	39.0	34.6
	Women	100	100	100	95.8
Certified as a Health and Productivity Stock		-	-	-	★
Number of subject White 500 companies		5	20	28	30

Human Rights

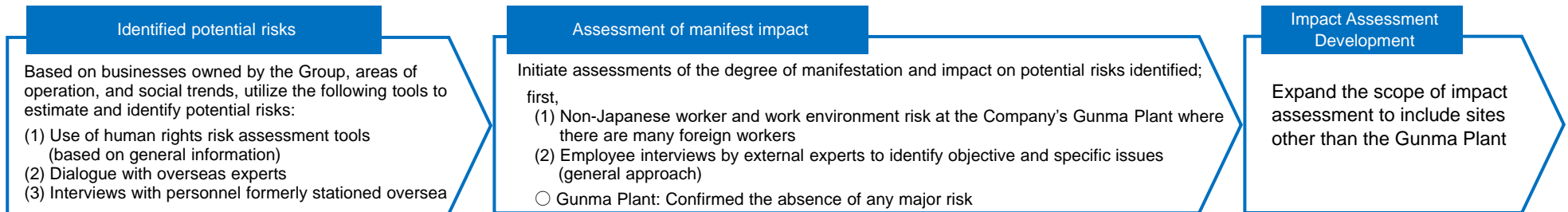
Approach and Initiatives

Formulated the SEKISUI CHEMICAL Group “Human Rights Policy” in fiscal 2019 based on the Guiding Principles on Business and Human Rights adopted by the United Nations; undertaking activities based on comprehensive global standard policies in accordance with guiding principles including human rights due diligence and documenting expectations toward business partners



Case Study: Conducted Human Rights Impact Assessment

Implement a human rights risk assessment conducted by an external expert organization and interviews by a third-party organization based on that assessment



External Evaluations

- In addition to its selection for inclusion in major ESG indexes, highly acclaimed in such fields as the environment and human resources
- Selected for inclusion in the four indexes adopted by GPIF and the environmental stock index

ESG Index

- Earned selection to the “World” category of the DJSI
- Earned selection to the FTSE4Good Index series
- Earned selection to the FTSE Blossom Japan Index
- Earned selection to the MSCI ESG Leaders Indexes
- Earned selection to the MSCI Japan ESG Select Leaders Index
- Earned selection to the MSCI Japan Empowering Women (WIN) Select Index
- Earned selection to the Ethibel PIONEER and Ethibel EXCELLENCE
- Earned selection to the S&P/JPX Carbon Efficient Index Composite
- SNAM Sustainability Index

Member of
**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA



FTSE4Good

www.ftserussell.com/products/indices/FTSE4Good



FTSE Blossom
Japan

www.ftserussell.com/products/indices/indices/blossom-japan.jp

2021 MSCI ESG Leaders
Indexes Constituent

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“Sekisui Chemical Co. Ltd. has been reconfirmed for inclusion in the Ethibel PIONEER and Ethibel EXCELLENCE Investment Registers since 09/12/2016.
This selection by Forum ETHIBEL (www.forumethibel.org) indicates that the company can be qualified as a sector leader in terms of Corporate Social Responsibility (CSR).”

ESG-Related Ranking, Awards

- Earned sustainability rating of “Bronze Class” by S&P Global
- Earned selection as one of the “2021 Global 100 Most Sustainable Corporations in the World index” ranking 51th



Environment, Human Resources

- Earned selection to the 2020 “CDP Climate Change A-List,” “CDP Water Security A-List”
- Acquired certification from the “SBT (Science-Based Targets) Initiative” (June 2018)
- Earned selection as a “Nadeshiko Brand” by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange in 2020
- Earned selection as a 2021 Health and Productivity Management Brand by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange
- Certified as a 2021 Health and Productivity Management Organization by both the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi in the large enterprise category (“White 500”)





This slide presentation may contain forward-looking statements. Such forward-looking statements are based on current expectations and beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements due to changes in global economic, business, competitive market and regulatory factors.

Note: In the case of numerical values denominated in billions of yen, numbers below a billion are rounded up or down to the nearest hundred million