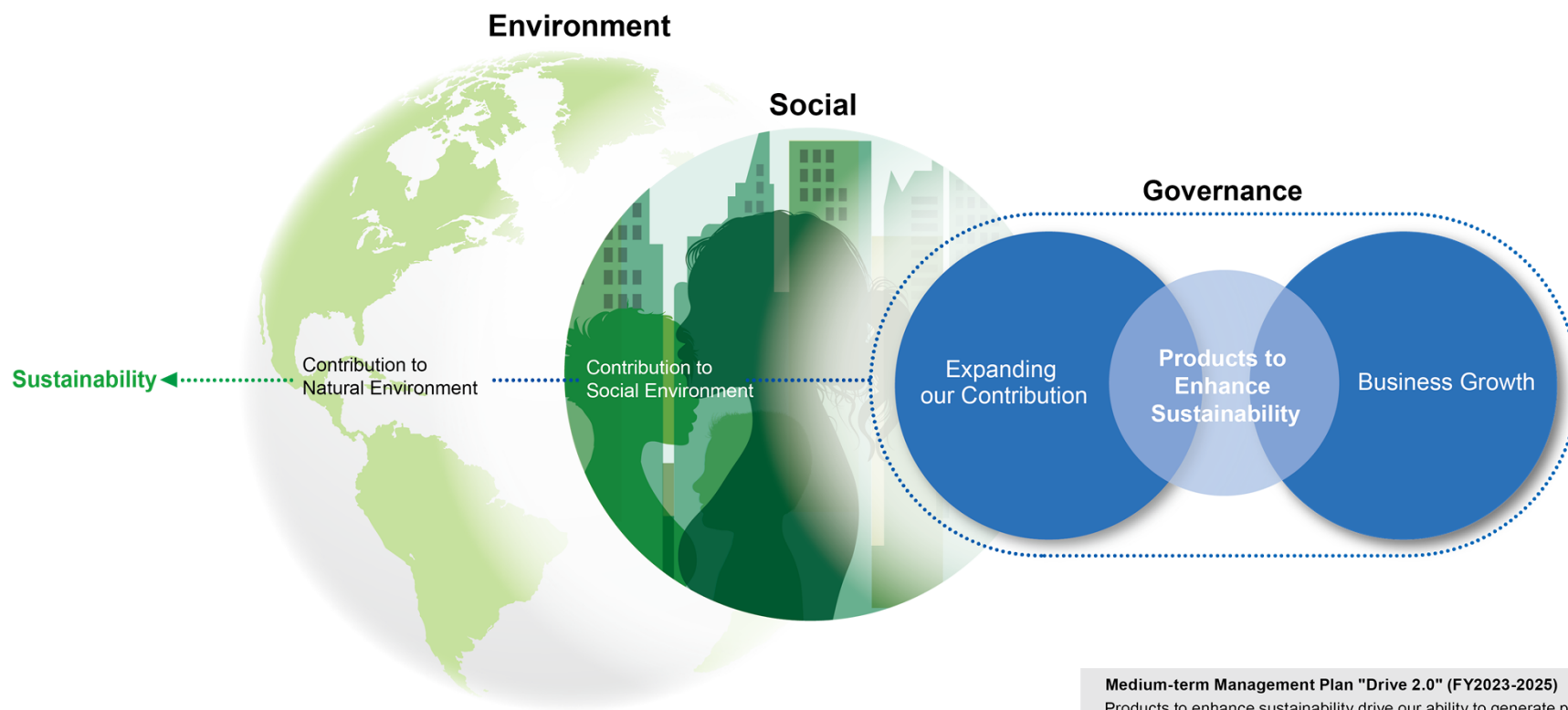


*Products
to Enhance Sustainability*

The "Products to Enhance Sustainability" system is SEKISUI's unique initiative to promote ESG management **SEKISUI**

SEKISUI's system of products to enhance sustainability aims to accelerate the creation and market expansion of products that make a significant contribution to solving issues in the natural and social environment and realize a sustainable society and contribute to the growth of our Group.



Medium-term Management Plan "Drive 2.0" (FY2023-2025)

Products to enhance sustainability drive our ability to generate profits, ability to contribute to solving social issues, and management ability to sustain business.

KPI: Goal of over 1 trillion yen in net sales for products to enhance sustainability in FY2025.

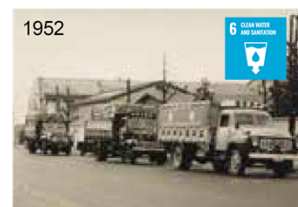
Sustainability DNA is a part of all of SEKISUI's businesses



Our mission is to make unique contributions to the environment and society that only SEKISUI can deliver. This has been the driving force behind the growth of our business.

Contribution to clean water supply and drainage infrastructure

Corrosion over time has been the biggest issue with metal pipes (cast iron pipes), which have been widely used in Japan's waterworks for a long time.



"ESLON Pipes" PVC pipes

Mass production of Japan's first PVC piping, which has a smooth inner surface, is resistant to corrosion, lightweight, and easy to install, began. Since then, water supply and drainage in Japan has continued to be supported for more than half a century.

Contribution to improving urban sanitation

In the 1950s, solving the issue of waste disposal, which had increased due to rapid urbanization, became a major social issue.

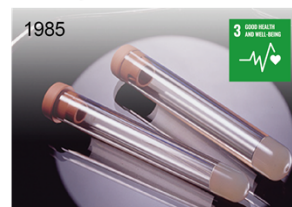


"Poly-Pail" plastic garbage containers

The "Clean Town Campaign" was launched in tandem with products to educate consumers about garbage issues. Our image as a company contributing to society has been elevated.

Contribution to the safety of medical workplaces

Glass blood collection tubes were at risk of infection due to blood spatter if they were dropped or otherwise broken during examination.



"Insepack", plastic vacuum blood collection tubes

The world's first unbreakable plastic vacuum blood collection tubes with the same blood collection life, blood coagulability, and serum separability as glass was developed. They have brought great peace of mind to those working in the medical field.

Contribution to effective use of solar power generation

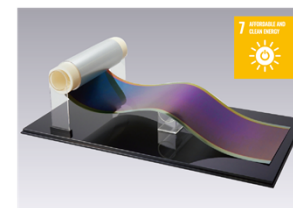
Large amounts of greenhouse gases are emitted due to the march of global warming. The issue was the reduction of CO₂ emissions from households.



Housing equipped with a solar power generation system

The company has been heavily promoting the "Zero Energy House" trend, including the 1997 launch of a series of houses equipped with a solar power generation system as standard equipment.

In Japan, where flat land area is scarce, there is a lack of land that is physically suitable to install photovoltaic facilities.

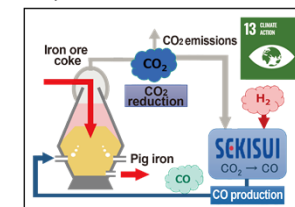


Film-type perovskite solar cells

Lightweight and flexible characteristics not found in conventional silicon solar cells make it possible to install solar cells in places where it has been difficult to do so in the past.

Contribution to the fixation of CO₂

Various technologies are required to reduce CO₂ emissions from industry to achieve a decarbonized society.



Carbon dioxide capture and utilization (CCU) technology

This technology is expected to contribute to the decarbonization of industry by reducing dependence on fossil resources through the effective utilization of CO₂ by converting it to CO.

Year 1950 Year 1960 Year 1970 Year 2000 Year 2050

With urban growth, the development of infrastructure has become increasingly necessary

Technological innovation has led to a demand for more convenient living

The need to build a sustainable society has become more pressing

Contribution to car safety

Since the 1960s, "traffic wars" have become a social issue due to the rapid increase in the number of cars on the road resulting from motorization.



"Interlayer film" that prevents shattering of glass In 1960, the production of "S-Lec Film", an interlayer film for laminated glass, began. The use of glass that does not shatter even if broken started to become widespread and we gained a large share of the global market.

Contribution to the improvement of housing

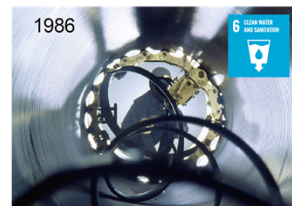
In the 1970s, as Japan's economic miracle, a period of rapid growth, came to an end, there was an urgent need to supply high-quality, inexpensive housing.



"SEKISUI HEIM" advanced industrialized housing The high quality, high performance, and high cost-performance housing achieved by the unit construction method, for which over 80% of the components are manufactured in a factory, has contributed greatly to solving Japan's housing issues.

Contribution to refreshing water infrastructure

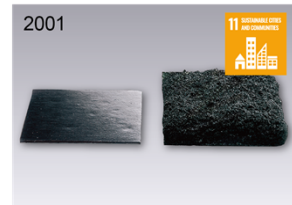
Issues caused by the aging of buried sewage pipes that were laid to accommodate urbanization during the Japanese economic miracle had become apparent.



"SPR Method", a pipeline rehabilitation method This revolutionary method, in which a strip of resin material is used to rehabilitate the sewer pipe and integrate it with the old pipe, can be installed without digging up the road, allowing sewage to continue to flow.

Contribution to preventing the spread of fire

Concerns about unqualified construction due to labor shortages and other factors led to a need for new methods to prevent the spread of building fires.



"Fi-Block" expanding flame-retardant material This material instantly expands 5 to 40 times when a fire breaks out, forming an insulating layer that shuts down a path, such as through pipes, that the flames use to spread. A new dry construction method has been proposed to ensure a more reliable installation.

Contribution to the security and safety of town and community development

For a safe and secure life, not only one's house but also the entire town must be supported by reliable technology.



Town and community development SEKISUI CHEMICAL Group is mobilizing all of its resources to promote town and community development with the aim of creating an ideal town that is safe and easy to live in, and that anyone would want to live in.

Contribution to recycling of combustible waste

Effective utilization of limited resources and disposal of plastics after use have become issues toward achieving a circular economy.

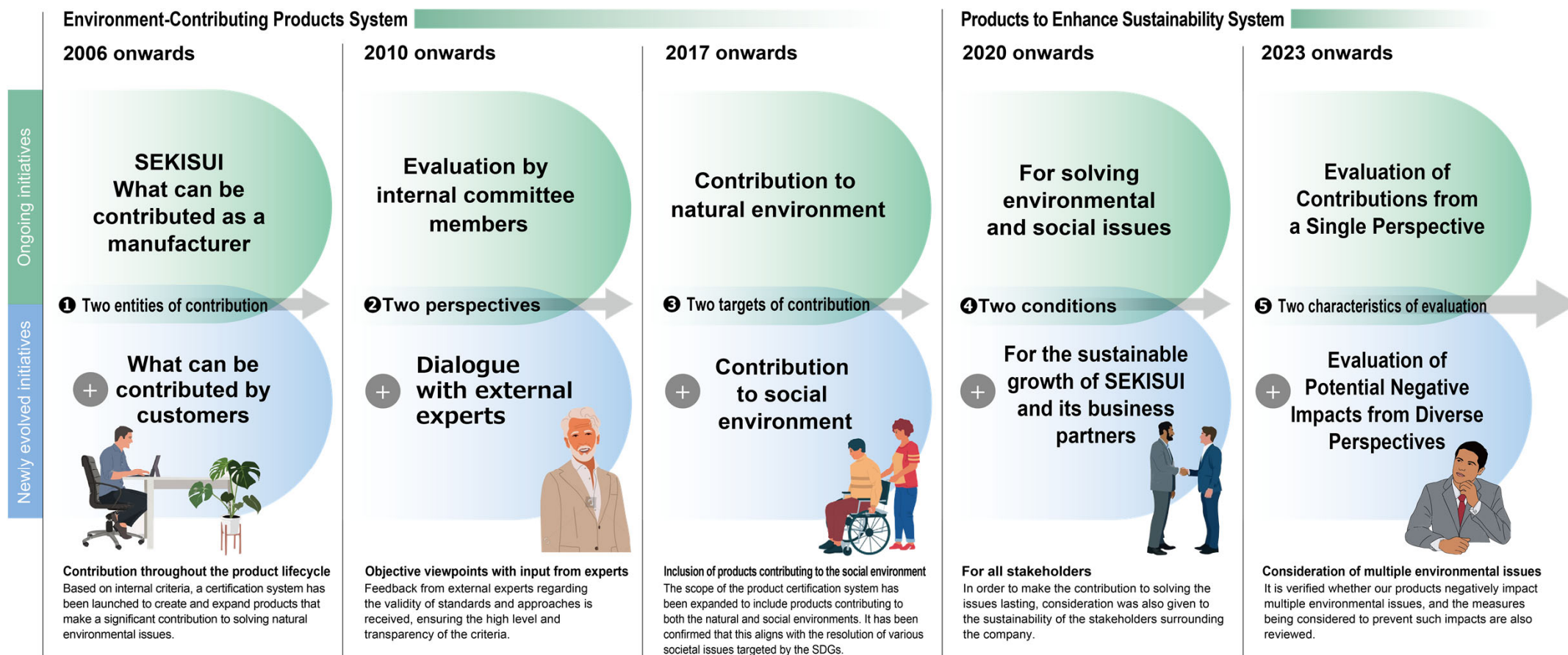


Biorefinery A technology to convert combustible waste into ethanol by utilizing microbial catalysts was established. New recycling technology plants will be built in society.

SEKISUI's 'Products to Enhance Sustainability' certification system, which began as 'Environment-Contributing Products' in 2006, has continually evolved.

In 2006, SEKISUI launched the "Environment-Contributing Products" system with the aim of further contributing to the natural environment.

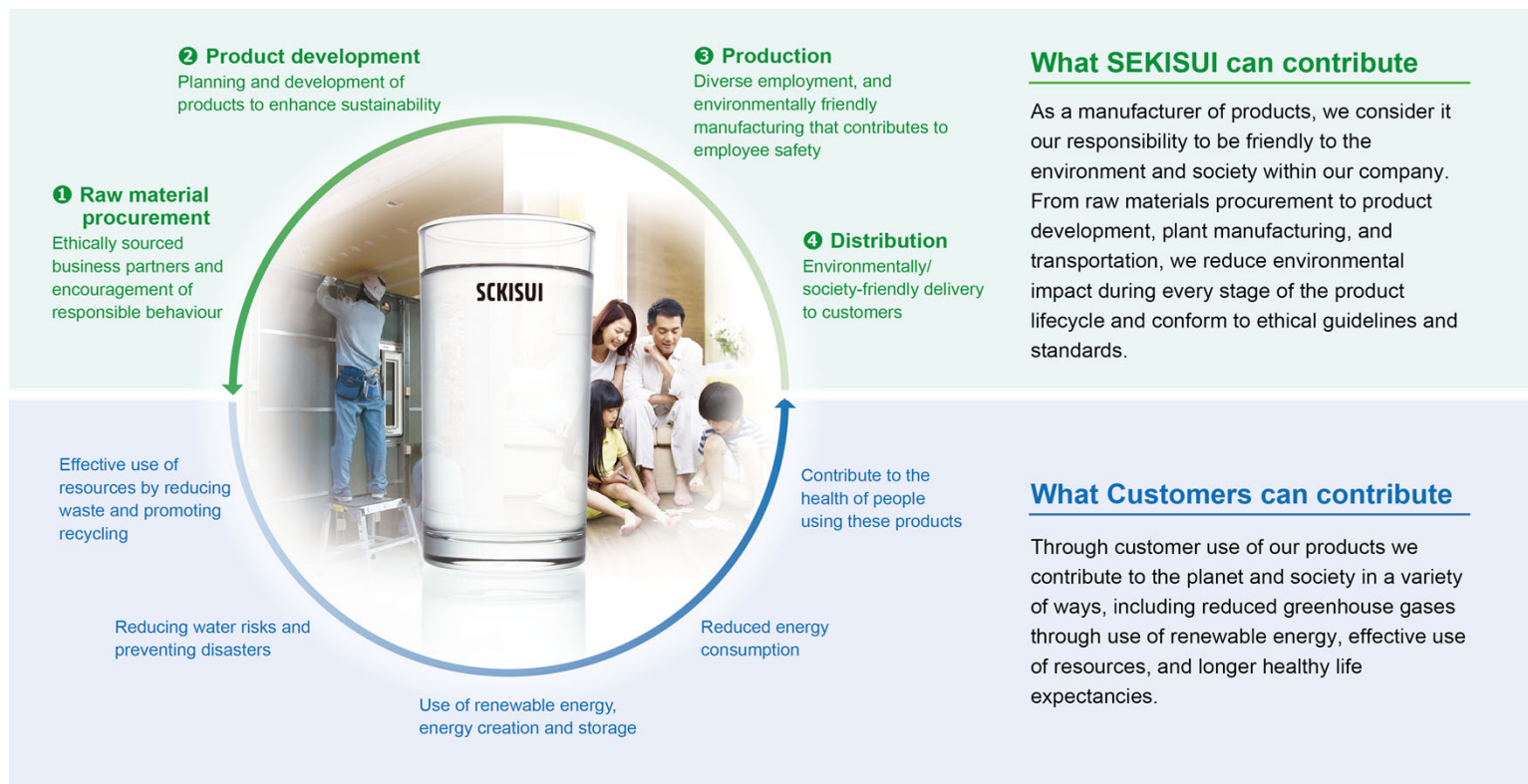
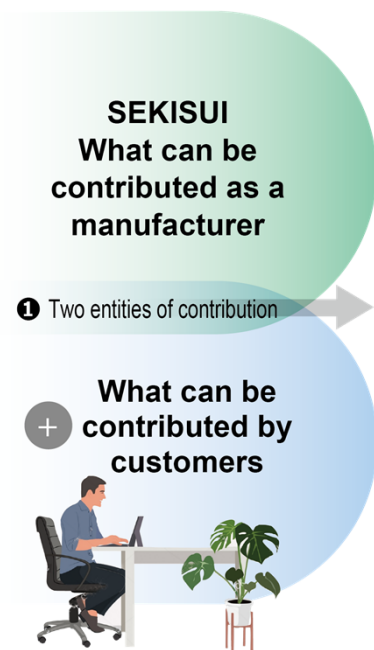
Since then, the content of the system has evolved continuously, and the entire group has been promoting it as a "Products to Enhance Sustainability" system to achieve a higher level of ESG management.



Products that significantly contribute to solving environmental issues are certified according to internal standards, with a commitment to increasing sales.

Traditionally, companies' environmental concerns have focused on reducing the impact of their corporate activities on nature. Since 2006, SEKISUI has been promoting the "Environment-Contributing Products" system to create and expand products that make a positive contribution to the natural environment not only for SEKISUI but also for customers who use them. The system has now further evolved into the "Products to Enhance Sustainability" system.

2006 onwards



Evolution of the System ②

Upgraded to a certification system involving internal reviews and external experts as advisors.

Since 2010, we have received opinions and advice on SEKISUI's "Products to Enhance Sustainability" system from external experts with expertise and business experience in various fields regarding the appropriateness of the criteria and ideas to ensure high standards and transparency.

2010 onwards

Evaluation by internal committee members

② Two perspectives

Dialogue with external experts



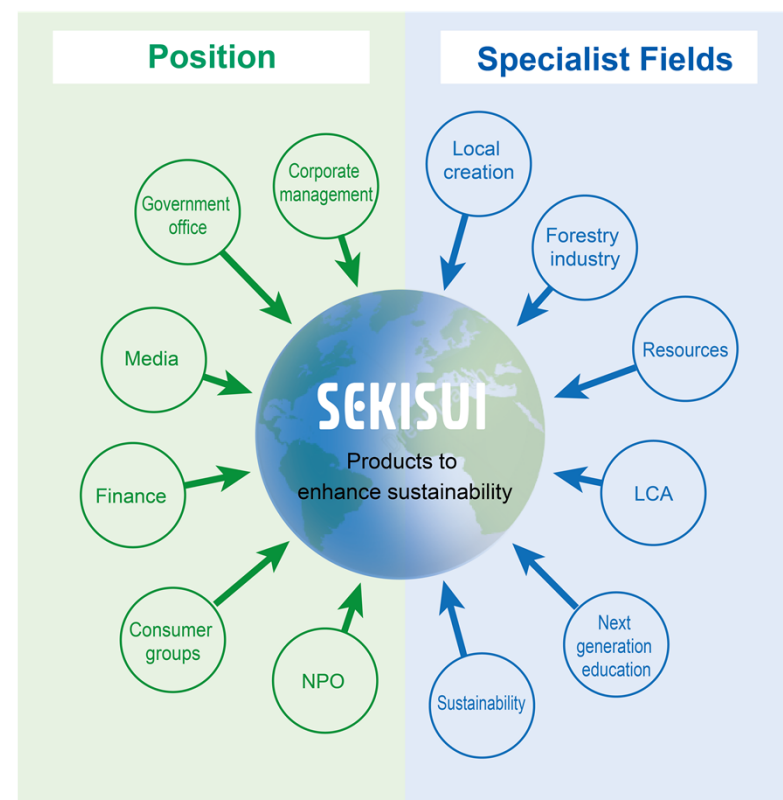
"Products to Enhance Sustainability" System Committee Composition

Internal committee members: The members of the Products to Enhance Sustainability Certification Review Committee, consisting of executive officers from each company who oversee the technical aspects of the organization, as well as the heads of organizations that understand the overall business and are responsible for corporate planning operations, participate in the review process.

External experts: We invite experts from various backgrounds in industry, government, and academia who are engaged in sustainability-related work, including the environment, to participate in this system.

Note: For details about the workflow of certification and operation of the Products to Enhance Sustainability System, see the figure on page 14.

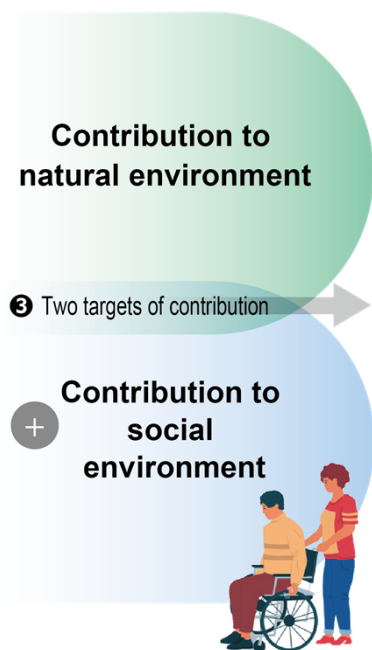
Positions and specialist fields of external experts



Evolving to Address Issues in Both Natural and Social Environments.

In order to realize sustainable society, we promote the creation and diffusion of products that take into account not only the natural environment, but also their contribution to bringing about a better social environment, such as improved health, mitigation of disaster risks, and comfortable living. In step with the Sustainable Development Goals (SDGs) formulated by the United Nations, we have evolved the Products to Enhance Sustainability System into a system that contributes to the sustainability of society.

2017 onwards



Contribution to natural environment

Reduction of Green House Gases <ul style="list-style-type: none"> Improvement of energy saving performance Use of unused energy Alternative to Freon gas Reduction during the product life cycle Use of plastic derived from non-fossil fuel resources (biomass plastic) Energy creation and energy storage functions Energy management in urban areas Reduction in customer manufacturing processes 	Pollution Prevention <ul style="list-style-type: none"> Pollution prevention through purification Transition to low-VOC
Reduction of Waste <ul style="list-style-type: none"> Improvement of durability (e.g., longer service life) Adoption of low-volume waste construction methods Reduction of scrap, defective, and unwanted materials 	Preserve Biodiversity <ul style="list-style-type: none"> Use of certified forest lumber Use of thinned wood Use of biodegradable raw materials Prevention of topsoil runoff Prevention of desertification Conservation of wetland Promotion of greening Prevention of marine and river pollution Conservation of species and genetics
Reduction of Raw Materials <ul style="list-style-type: none"> Conservation of resources Use of recycled resources (waste materials from other products) Horizontal recycling Establishment of a recycling system 	Prevention & Reduction in Disasters <ul style="list-style-type: none"> Disaster resistant
Water Conservation / Water Circulation <ul style="list-style-type: none"> Reduction of drinking water usage Reduction of service water usage Reduction of leaks Water circulation through rainwater seepage 	Intermediate Materials and Resources <ul style="list-style-type: none"> Contribution to the reduction of environmental impact as raw materials, components, and resources



Contribution to social environment (2017 onwards)

Extension of Healthy Life Expectancy <ul style="list-style-type: none"> Prevention of the spread of disease (disease detection and prevention) Independence support for the elderly and persons subject to care Independence support for people with disabilities Reduction of burden on caregivers Improved comfort and hygiene Raising awareness of healthy habits Mitigation of disaster risks Improvement of working environment, including supply chain
Resilience of Social Infrastructure <ul style="list-style-type: none"> Infrastructure development and provision Strengthening disaster and emergency response Strengthening disaster and emergency resilience Support for low-income countries
Enhancement of Living Safety and Disaster Resilience <ul style="list-style-type: none"> Improvement of sustainability of residence and daily life Improvement of safety of daily life Improvement of comfort of residence and daily life Regional revitalization

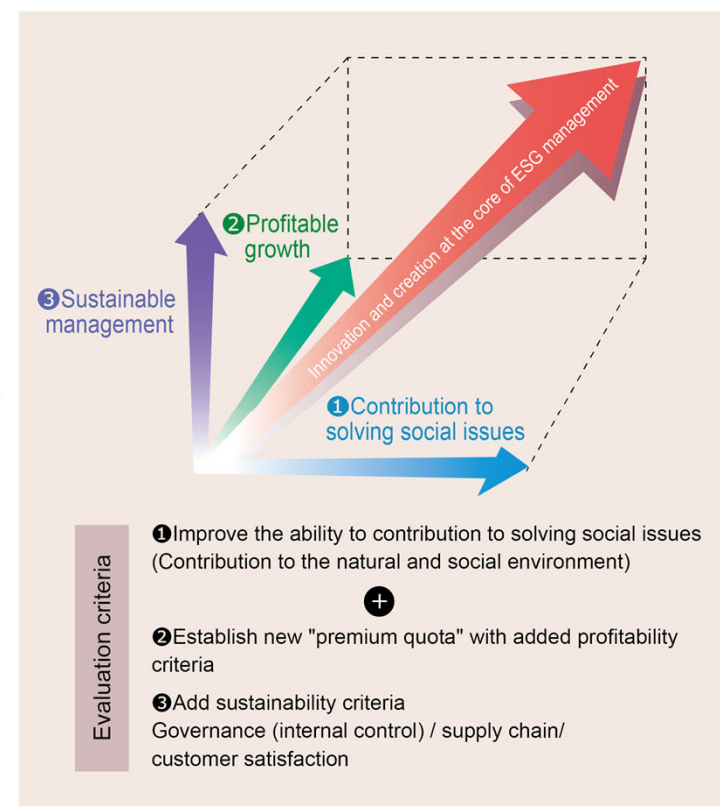
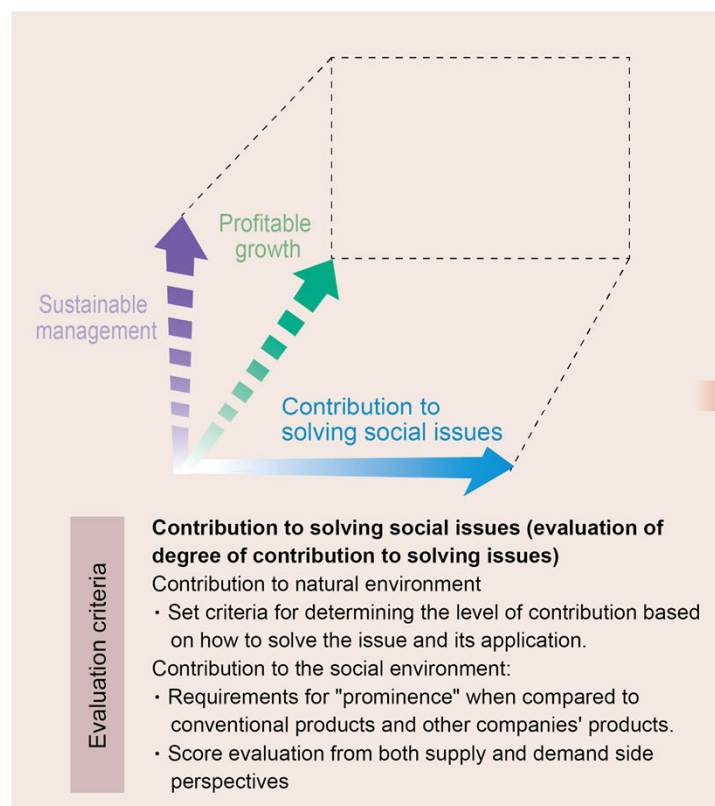


Evolving towards ESG management that solves social issues while driving corporate growth.

To achieve a sustainable society while accelerating sustainable growth as a company, the following processes have been launched in addition to the conventional product evaluation process. The name of the system has been changed to "Products to Enhance Sustainability".

- Sustainability evaluation: Confirmation and assessment of governance (internal control), including the supply chain, customer satisfaction, and social responsibility and risks in the development process (evaluation to be completed in FY2022).
- Premium quota setting: Set to strategically grow products that have a high degree of contribution to solving social issues, including the environment, and that are driving profits.

2020 onwards



Monitoring potential negative impacts of products on multiple environmental issues and evaluating possible measures.

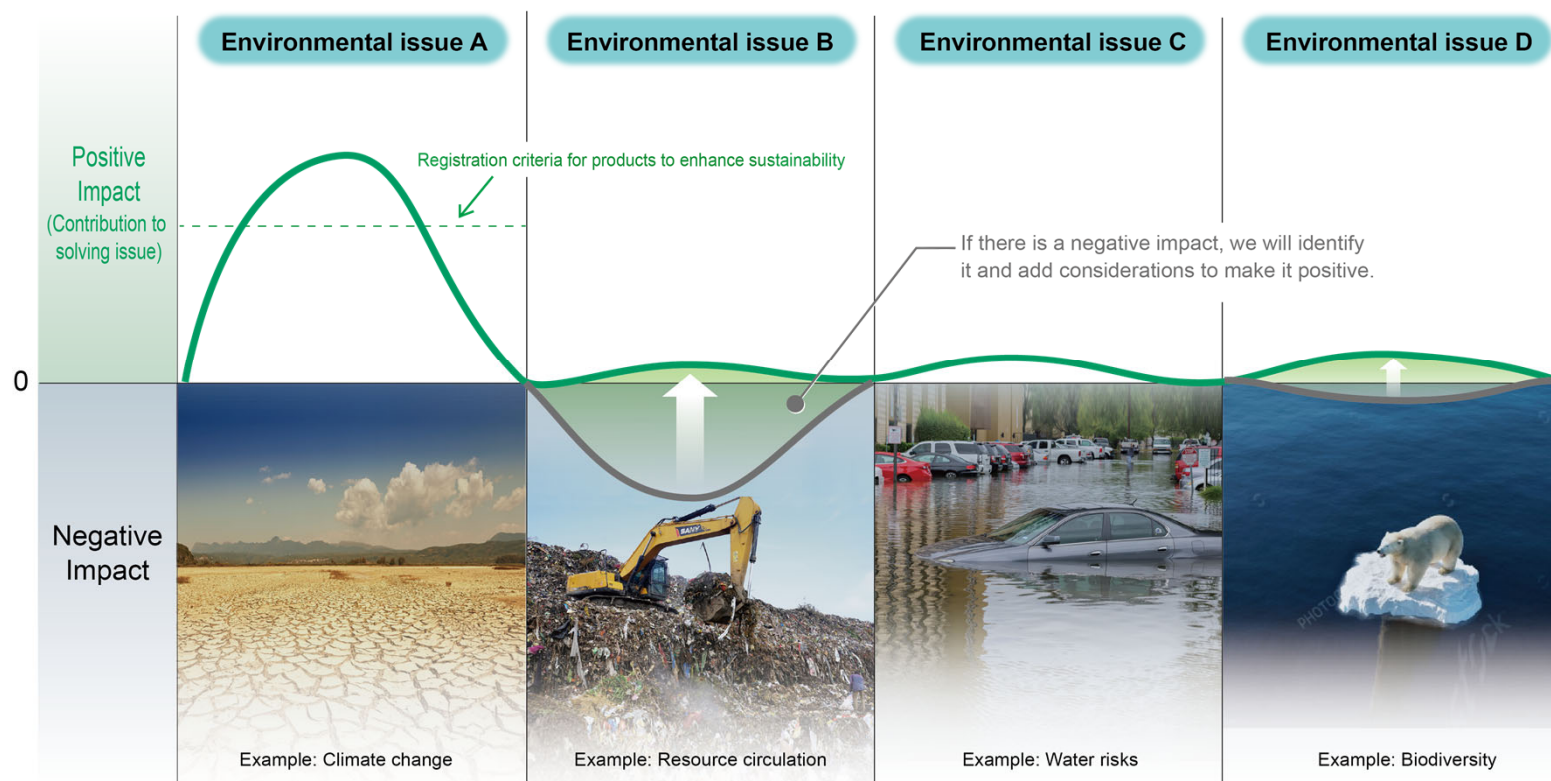
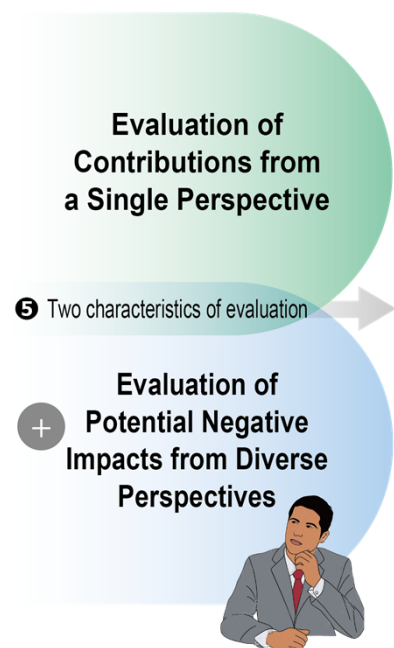
During the certification of Products to enhance sustainability, trade-offs between positive and negative impacts on multiple environmental issues are carefully evaluated. Efforts are focused on improving these impacts and achieving synergies across all effects, thereby further enhancing the quality of SEKISUI's issue-solving.

Gray: Negative impact on environmental issues outside of registration criteria

Green: Products to enhance sustainability that have been evaluated and improved from various perspectives to reduce negative impacts

Note: Below is a conceptual image of the initiative.



2023 onwards

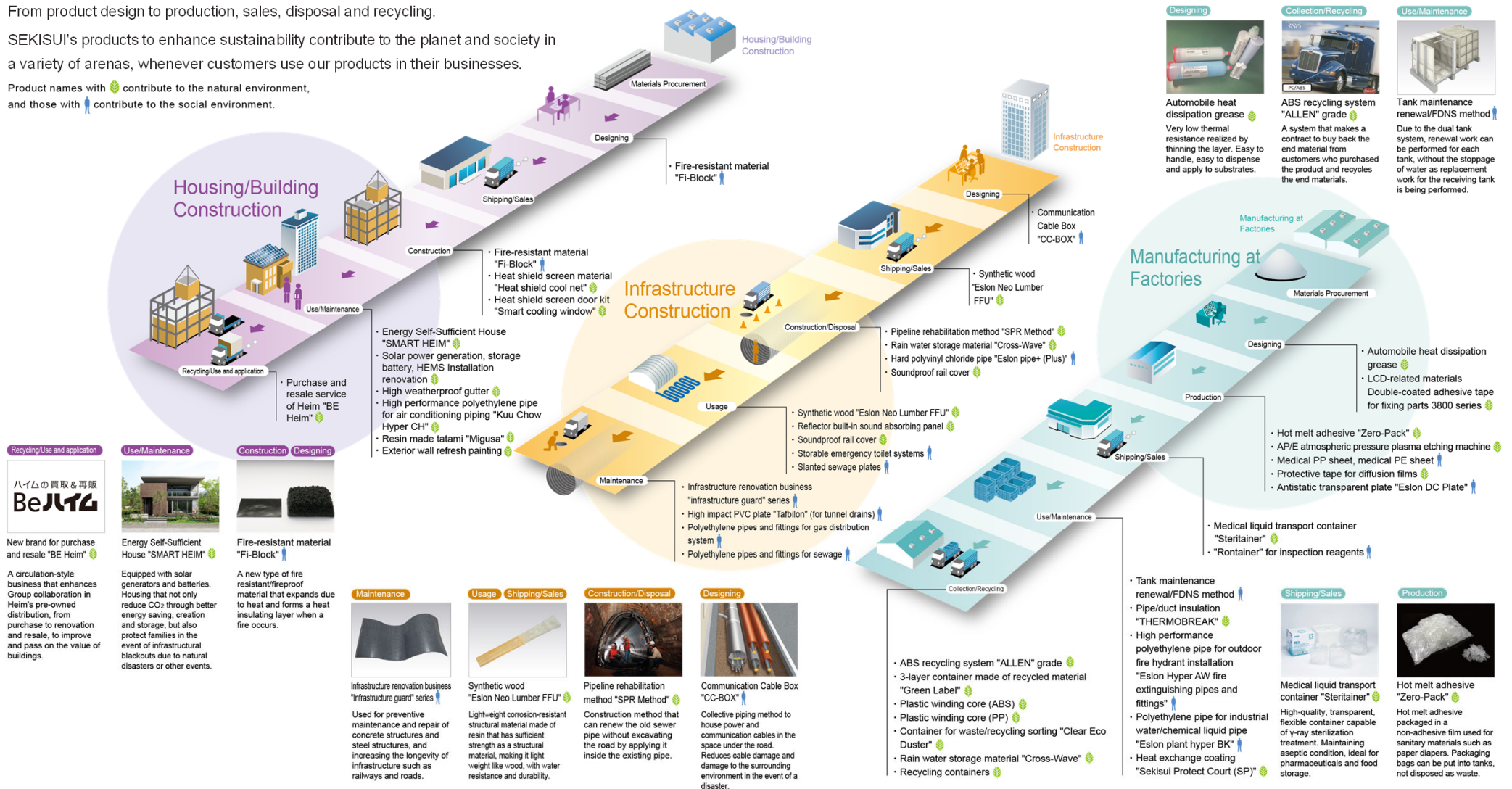


Contributions to the environment and society from customer business activities

From product design to production, sales, disposal and recycling.



SEKISUI's products to enhance sustainability contribute to the planet and society in a variety of arenas, whenever customers use our products in their businesses.

Product names with  contribute to the natural environment, and those with  contribute to the social environment.



Contributions to the environment and society through people's daily lifestyles

In towns, factories, infrastructure, transportation systems. SEKISUI's products to enhance sustainability contribute to the planet and society in various arenas of daily life, often in ways that people cannot see.






Product names with  contribute to the natural environment, and those with  contribute to the social environment.

Medical/Nursing care


• Diagnostics Business



Business development for various clinical examination drugs such as diabetes and infectious diseases, vacuum blood collection tubes made of resin, analyzer and others. Early detection of illness contributes to a longer healthy life through prevention of severity and expansion of infection.

- Nursing care / Independence support facility "wells" 
- Disaster-prevention type of elderly housing "Harvestment" 
- Automatic coagulation analyzer Coapresta series "CP 3000" 
- Medical liquid transport container "Steritainer" 
- Monitoring equipment for nursing homes "ANSIEL" 

Construction

- Fractal sunshade materials "Airyshade" 

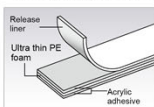


The goal to create a new type of sunshade by combining units of a three-dimensional shape conforming to the structure of trees composed of many leaves. Provides a pleasant tree-like shade, that keeps temperatures low.



- Rain water storage material "Cross-Wave" 

Electronics

- LCD materials: 5200 Series functional foam tape 



Thin foam double-sided tape with high impact absorption performance. Adopted as a liquid crystal display for mobile phones, prevents damage due to dropping, contributing to improvement of waterproofness.




- LCD materials: gap-control microparticles "MICROPEARL SP, GS" 
- Ceramic binder for MLCC (multilayer ceramic capacitor) 

Automobile

- Sound and solar interlayer film "S-LEC" 




Interlayer film used for automotive and architectural glass. Improves sound/heat insulation, reduces weight of material by thinning glass, improves efficiency of air conditioners.

- Foam for automobile flooring materials "Alveosoft" 
- Automobile heat dissipation grease 
- Ultra heat resistant tape for automobiles 



Aviation

- Thermoforming sheet for aircraft interior "KYDEX aircraft grade" 



Recyclable molded parts that satisfy strict safety standards and design properties of the aviation industry, such as flame retardancy and impact resistance. It is used for seat sheets, tray tables, and other items, which contributes to fuel reduction through reduced weight.

Housing


- Resin made tatami "Migusa" 



Tatami mats made of durable polypropylene and natural inorganic materials. Maintaining a natural texture, it lasts longer than tatami using natural rush grass and contributes to effective utilization of resources.




- SMART HEIM City, SMART HEIM Town 
- Heat shield screen material "Heat shield cool net" 
- Heat shield screen door kit "Smart cooling window" 
- Highly insulated floor/bathtub 
- Profile for PVC sash 

Infrastructure


- Reinforced plastic composite "RCP" 



Multilayered reinforced plastic pipe made of glass fiber, unsaturated polyester resin and silica sand. It exerts excellent hydriety, durability, light weight and contributes to reduction of total cost.



- Pipeline rehabilitation method "SPR Method" 
- Polyethylene pipes and fittings for gas distribution system 
- Polyethylene pipes and fittings for sewage 

Railway

- Soundproof rail cover 



Soundproof rail cover that smooths the uneven surface of railway tracks and suppresses noise during operations. Contributes to saving resources by reducing the weight of our proprietary vibration damping technology and structure.

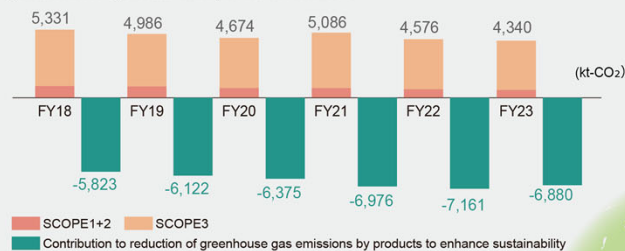
- Synthetic wood "Eslon Neo Lumber FFU" 
- Thermoforming sheet for railway interior "KYDEX Railway Grade" 

Outcomes achieved through the "Products to Enhance Sustainability" initiative

Products to enhance sustainability drive SEKISUI's remarkable growth while significantly contributing to the environment and society.

Natural environment

Reduction of greenhouse gas emissions through both environmentally friendly production systems and product features



*To calculate the contribution to reduction of greenhouse gas emissions by products to enhance sustainability, a general-purpose product was set as a comparison target, and the difference between the product and the target product was calculated as the reduction contribution by MILCA, a calculation system using the LIME2 concept.

Contribution to reduction of greenhouse gas emissions by sector (FY2023)

Business domain	Amount of contribution to reduction of CO ₂ (kt-CO ₂)
Housing	1,163
Infrastructure	535
Mobility	4,376
Electronics	608
Other	198
Total	6,880

Environment

Social

Governance

Expanding our Contribution

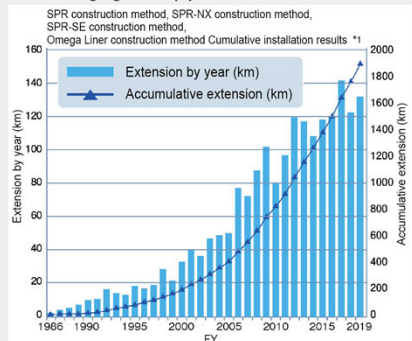
Products to Enhance Sustainability

Business Growth

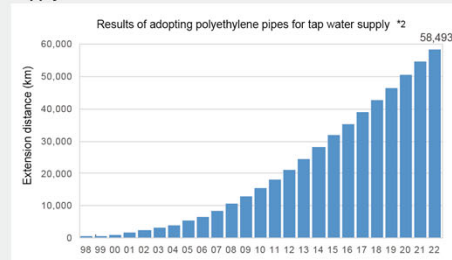
Social environment

Contribution to resilient social infrastructure

Contribution to promoting strengthening construction to renew aging sewer pipes



Contribution to the extension of the water supply system to supply safe and clean water



*1 Source: Pipeline renewal Solutions catalog July 2023 Revised 20th Edition - 2 prints P3
*2 Source: ESOLON™ Hyper JW catalog February 2024 Revised 52nd Edition - 0 prints P3
Reference: Calculated at 5 m per pipe (FY2021, diameter 150 or less)

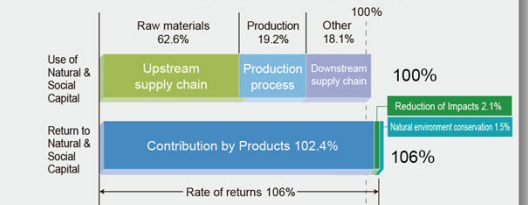
Corporate activities

Contribution to the return of natural and social capital through SEKISUI's overall corporate activities

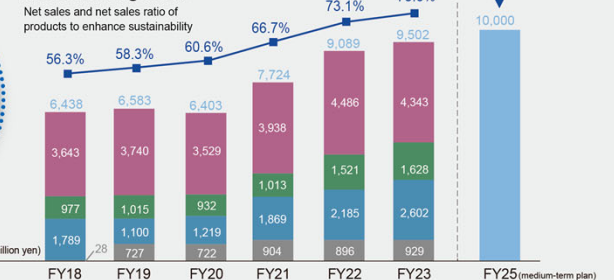
SEKISUI Environmental Sustainability Index is calculated as an indicator of whether the return on natural and social capital is greater than the impact on natural and social capital. The environmental impact of a product over its life cycle is calculated as the impact on climate change due to greenhouse gases, resource depletion, ecosystem degradation, and social assets. *3

*3 Calculated using LIME2 logic, an environmental impact assessment method developed by Professor Itsuo and his colleagues at Waseda University.

SEKISUI Environmental Sustainability Index (2023)



Driving corporate growth by creating and expanding markets for products to enhance sustainability based on ESG management



Achieving Group growth through solving social issues

Environmental issue	Indicator	2019	2023
Climate change	Renewable energy usage rate of purchased electricity	0.3%	49.5%
	Greenhouse gas emissions from our own business activities (Japan/overseas)	867.0 (kt-CO ₂)	583.0 (kt-CO ₂)
	Activities in related initiatives	Japan Climate Initiative (JCI)/RE100/Japan Climate Leaders Partnership (JCLP)/GX League	
Resource circulation	Net sales ratio of products to enhance sustainability (Contribution to resource circulation)	4.0%	7.9%
	Waste generated at production sites (Japan/overseas)	68.3 (kt)	60.7 (kt)
	Activities in related initiatives	Japan Clean Ocean Material Alliance (CLOMA)/Japan Partnership For Circular Economy (JACE)/Japan Circular Economy Partnership (J-CEP)	

Net sales ratio
Housing Company
Urban Infrastructure & Environmental Products Company
High Performance Plastics Company
Headquarters

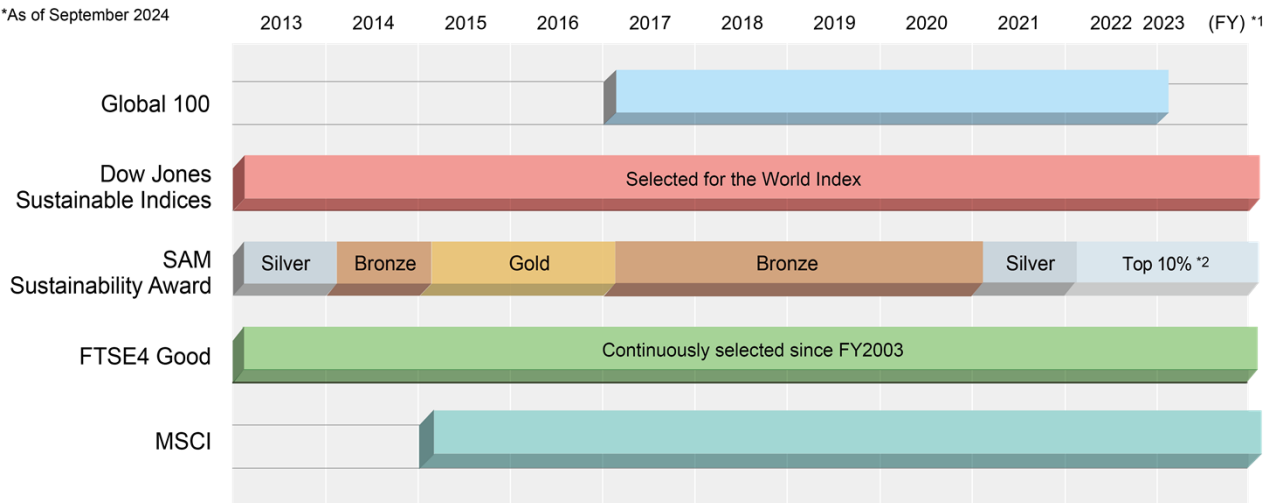
*Currently, the material recycling rate is used as a key indicator of resource circulation (from FY 2022).

Public Recognition of SEKISUI's Sustainability Initiatives



SEKISUI is highly rated by prominent organizations, including S&P Global's sustainability ratings.

SEKISUI's sustainability evaluation by global third-party organizations



Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA



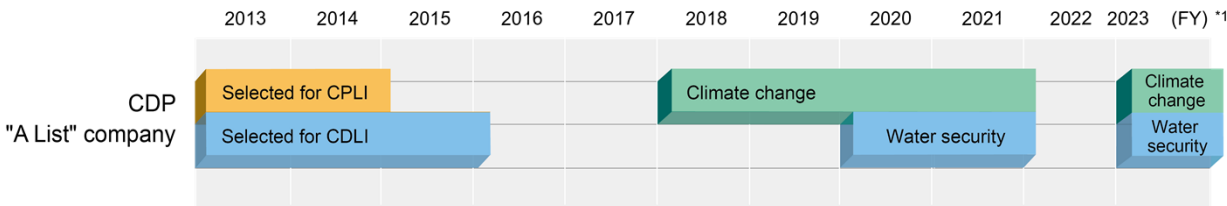
FTSE4Good
<https://www.ftse.com/ja/ftse-russell/indices/ftse4good>

2024 MSCI ESG Leaders Indexes Constituent
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Perception of sustainability evaluations by third-party organizations by SEKISUI

- (1) Positive impact in terms of our corporate activities, such as promotion of investment.
- (2) Related activities send a strong message to the industry, and can encourage a series of similar initiatives.
- (3) Achieving sustainability throughout the industry can greatly improve sustainability for the world.

Evaluation of efforts towards the environment



CDL: Top 24 of the 500 major Japanese companies in the FTSE Japan Index that are recognized as having a high level of transparency in disclosing their environmental impacts.
CPL: Top 12 of the 500 major Japanese companies in the FTSE Japan Index that are recognized for their high level of greenhouse gas reduction and other activities.



SEKISUI applied for certification of its greenhouse gas reduction goals under the SBT1 Initiative in March 2018. SEKISUI was the first company in the chemical industry anywhere to be approved, and our target is scientifically based and ambitious level to achieve the 1.5°C target of the Paris Agreement.

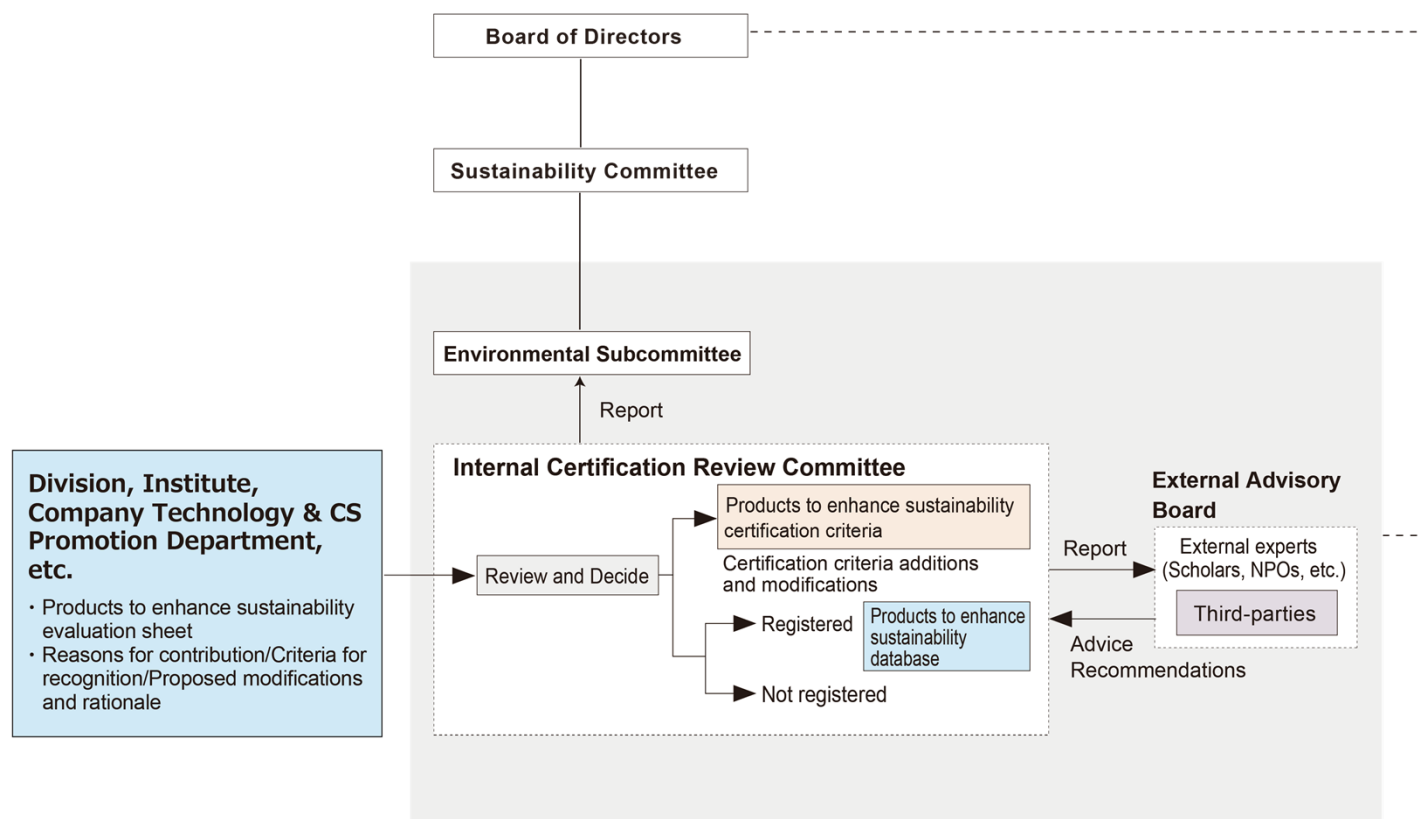


Furthermore, SEKISUI started participating in the TNFD Forum from July 2023. We have adopted their recommendations and registered with the "TNFD Adopter" to express our willingness to make future disclosures. (TNFD: Task Force on Nature-related Financial Disclosures)

*1 : Indicated by the selected year and may not match the year on the logo.
*2: Changed ranking to top 1%, 5%, and 10% in FY2022.

Products to enhance sustainability is a group-wide initiative that includes not only the Environmental Subcommittee but also the Board of Directors.

Operation and certification methods of the products to enhance sustainability system



Our company's Board of Directors makes the following final decisions:

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

For products to enhance sustainability, we ensure high standards and transparency by obtaining opinions and advice from external experts with various backgrounds in industry, government, and academia. We have also received advice on the evolution and direction of the product system based on the significance and method of expression of the contribution of newly registered products to the natural and social environment as well as confirmation of the sufficiency of consideration of multiple issues as required by the EU Taxonomy.

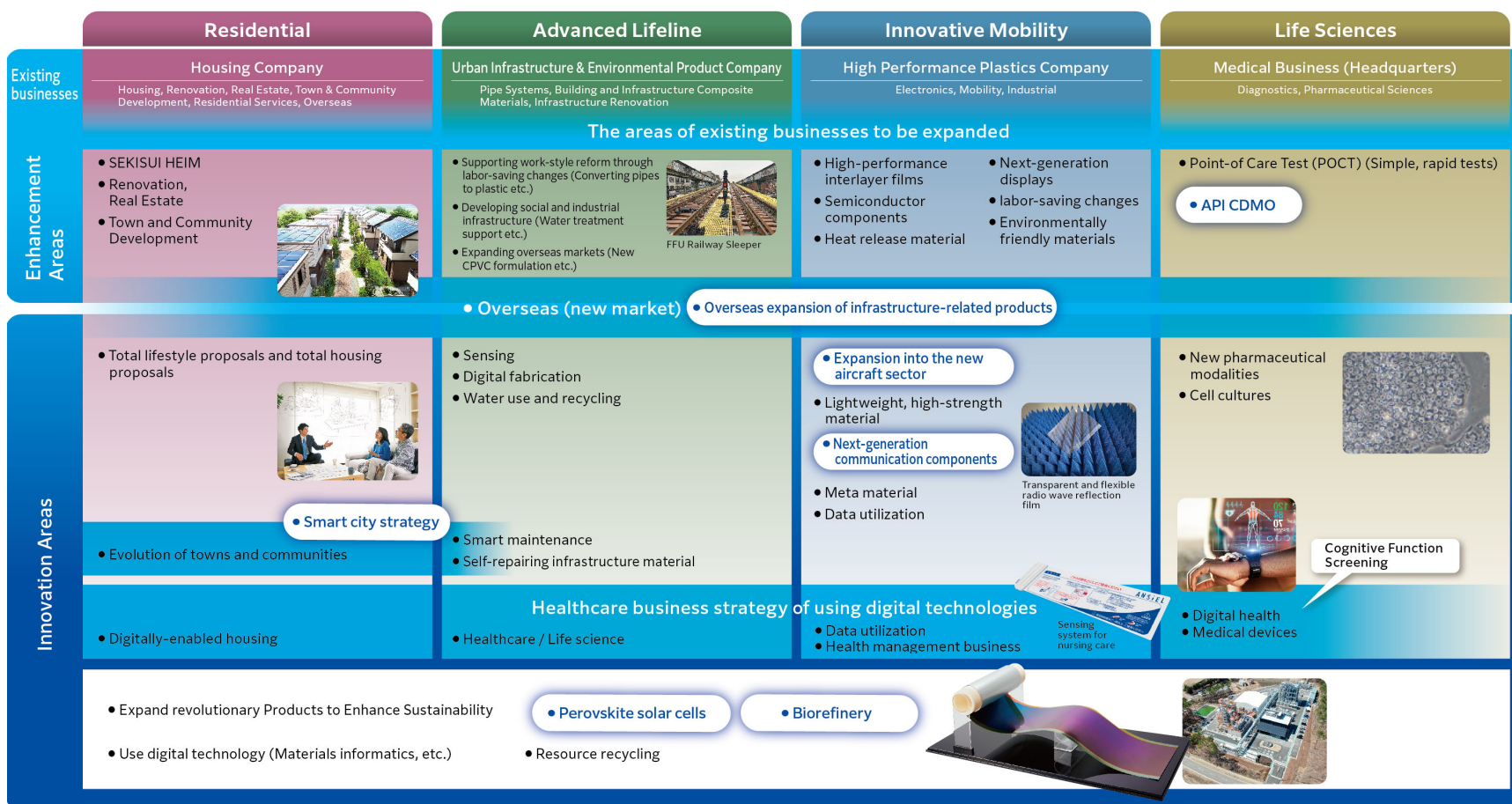
Future Direction of Products to Enhance Sustainability

SEKISUI has developed a 'Strategic Domain Map' to serve as a compass for realizing the long-term vision, and will focus on expanding "Enhancement Areas" and advancing into "Innovation Areas".

Starting from technological prominence, the portfolio across four domains will be transformed.

The areas to be expanded along the extension of existing businesses have been designated as 'Enhancement Areas', where concentrated investments will be made to drive the company's sustainable growth.

Going forward, efforts will be directed towards creating and expanding products to enhance sustainability within the domains outlined in this strategic map.



"Seven Major Themes" that will be the focus of this medium-term plan