



## **SEKISUI CHEMICAL Group Modern Slavery Statement for Financial Year (FY) 2023**

This Statement sets out the steps taken by SEKISUI CHEMICAL Co., Ltd. in FY2023, ending March 31, 2024, as well as steps planned for in FY2024 and beyond.

### **1. About this statement**

SEKISUI CHEMICAL Co., Ltd. (hereafter referred to as the “Company”) makes this statement pursuant to section 54 (1) of the UK Modern Slavery Act 2015 (hereafter referred to as the “Slavery Act”). It sets out the actions taken by SEKISUI CHEMICAL Group, which is a corporate conglomerate managed by the Company as the parent company, to prevent any forms of modern slavery and human trafficking in any part of its business or its supply chains.

The Company hereby declares that it remains fully committed to opposing slavery and human trafficking in any part of its business or its supply chains. The concepts of slavery and human trafficking used in this statement are as defined in the Slavery Act.

### **2. Outlines of our business and structure**

Since its establishment in 1947, SEKISUI CHEMICAL Group has continued to open up new frontiers of “residential and social infrastructure creation” and “chemical solutions,” utilizing its prominent technology and quality, thereby contributing to enrich people’s lives and the social infrastructure. In 2001, we adopted the Divisional Company Organization System, which consists of three Divisional Companies and Headquarters.

SEKISUI CHEMICAL Group’s products are sold around the world. The Group, which has its head office in Japan, has 156 Group companies (excluding equity-method affiliates and affiliates) in 20 countries and regions. It has 26,929 employees and consolidated sales of 1 trillion 256.5 billion yen.

#### **1) Divisional Companies and Major lines of business**

- Housing Company

Major lines of business:

Housing, Stock Business, Town and Community Development,

## Residential Services

- Urban Infrastructure & Environmental Products Company

Major lines of business:

Pipe systems, Buildings and Infrastructure Composite Materials,  
Infrastructure Renovation

Advanced materials

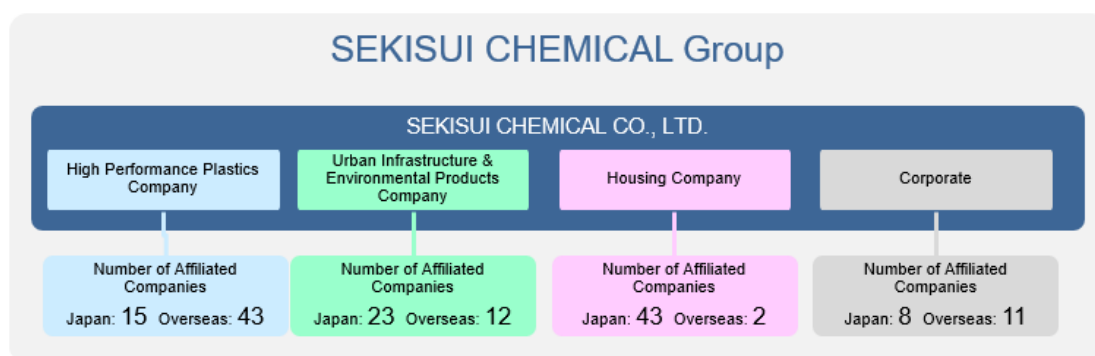
- High Performance Plastics Company

Major lines of business:

Electronics, Mobility, Industrial

- Headquarters

Life science and other businesses



## 2) Business in the UK

In the United Kingdom, multiple companies that are part of SEKISUI CHEMICAL Group, including Sekisui Diagnostics (UK) Limited, are operating businesses.

Major lines of business: Manufacture and sales of enzymes, Clinical Chemistry and Coagulation systems & reagents, Infectious Disease Rapid Tests, Sales of polyolefin foam, etc.

## 3. Outline of our supply chains

We source raw materials from suppliers across the world based on our [Basic Procurement Policy](#). In FY2023, we revised our Basic Procurement Policy in order to respond to further escalation of social demands in recent years, including human rights, sustainability, and anti-corruption. Calling on our suppliers to fulfill their responsibilities to respect human rights, we have posted information on the Company's website to widely publicize details on revision.

In addition, we summarize list of items as standards which we request all suppliers involved with the Group and production of the Group's products to comply with, as "SEKISUI CHEMICAL Group Sustainable Procurement Guidelines". Sustainable

Procurement Guidelines are in line with the UN Global Compact 10 Principles, UN Guiding Principles on Business and Human Rights, and SEKISUI CHEMICAL Group 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.

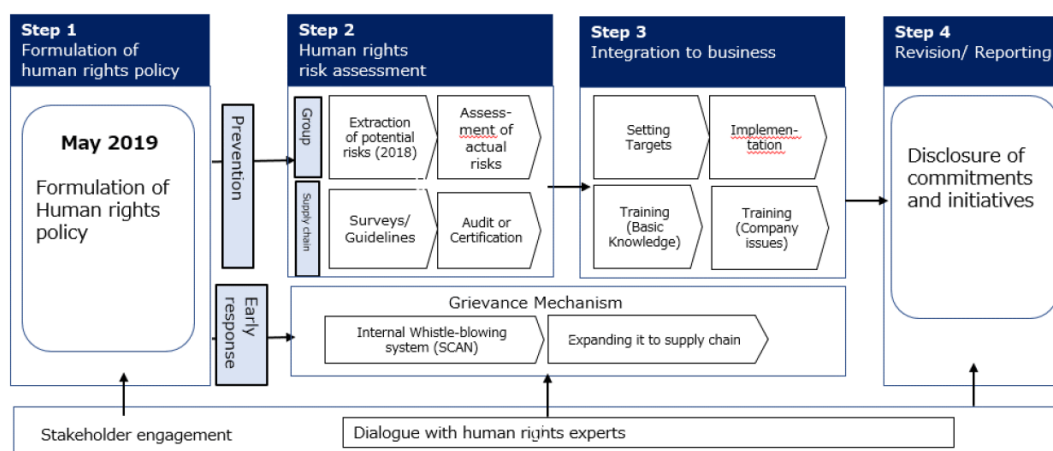
✧ Refer to: [Sustainability Report 2024](#)

- (p.232) Society > Responsible Procurement > Revising the Basic Procurement Policy, Sustainable Procurement Guidelines (Supplier Code of Conduct)

#### 4. Overview of SEKISUI CHEMICAL Group’s Human Rights Initiatives

##### 1) Organizing our Human Rights Initiatives

SEKISUI CHEMICAL Group has organized human rights initiatives involving the Group based on the UN’s Guiding Principles on Business and Human Rights in the following manner. Grounded in the SEKISUI CHEMICAL Group Human Rights Policy formulated in May 2019, we will work to build a cycle to evaluate human rights impacts, integrate human rights into business, make reports, and establish a grievance mechanism in an effort to identify, address, and remediate any human rights risks that may arise from the Group’s business activities.

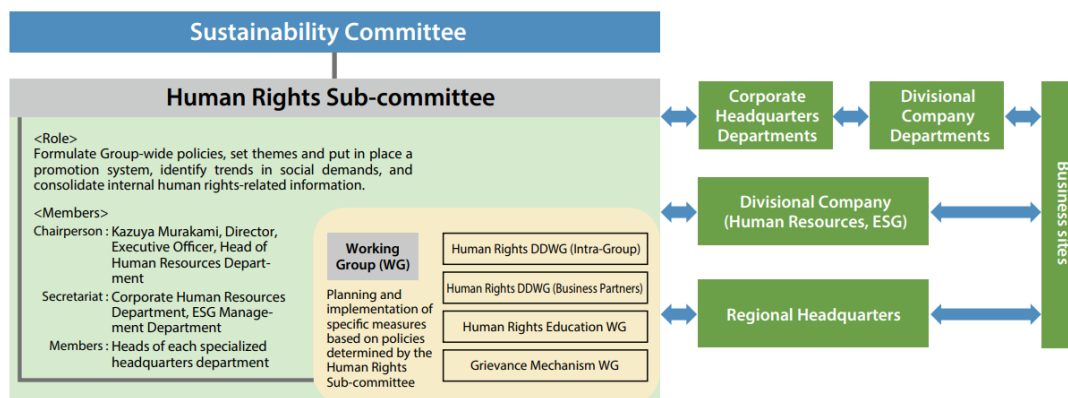


##### 2) System to Enhance Initiatives

To strengthen our response to a wide-ranging array of human rights issues, including identification, evaluation and remediation of human rights risks, education and training, and establishment of grievance mechanism, in a cross-organizational manner, we established the Human Rights Subcommittee under the Sustainability Committee in FY2022. Chaired by the Director, Executive Officer and Head of Human Resources Department, this subcommittee is comprised of the heads of each specialized headquarters department, and assumes the role of formulating Group-

wide policies regarding human rights. At the same time, four working groups linked to the Human Rights Subcommittee plan and execute concrete measures.

Likewise, we promote our human rights initiatives throughout the Group by sharing the policies and measures established by the Human Rights Subcommittee and each working group among each of the relevant departments of the Company’s headquarters and divisional companies, and by applying these down to the business site level. In FY2023, the Human Rights Subcommittee met 8 times.



## 5. Policies related to prevention of slavery and human trafficking

In May 2019, SEKISUI CHEMICAL Group drew up the SEKISUI CHEMICAL Group “Human Rights Policy”, based on the United Nations Guiding Principles on Business and Human Rights, to prevent all forms of slavery and human trafficking in our business and supply chains. In addition, in February 2024, we have stated human rights issues that SEKISUI CHEMICAL Group considers as salient. The “Human Rights Policy” was adopted by the Board of Directors of the Company and signed by the President and Representative Director of the Company. The next steps will include thoroughly informing all employees and business partners of SEKISUI CHEMICAL Group about the “Human Rights Policy” and fully implementing the Policy.

### [SEKISUI CHEMICAL Group “Human Rights Policy”](#)

(Sustainability Report 2024 p.346-348)

In March 2009, SEKISUI CHEMICAL Group signed the United Nations Global Compact and, together with all of our Group companies, is supporting the Ten Principles of the UN Global Compact.

## 6. Human rights risks and due diligence process

### 1) SEKISUI CHEMICAL Group

#### (1) Outline of Initiatives

SEKISUI CHEMICAL Group launched initiatives aimed at building a human rights due diligence framework in November 2018. Initiatives implemented up to FY 2023 are as follows.

- From FY 2018 to FY 2019:  
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.
- FY 2020:  
Implemented human rights interviews at domestic production sites.
- FY 2021:  
Conducted a survey-format human rights risk assessment on a global basis for management in all areas where the Group is located and for general as well as indirect employees at selected business locations.
- FY 2022:  
Remediated issues identified through the above risk assessments, and implemented human rights interviews at two locations in Japan and overseas.
  - UIEP Company: SEKISUI INDUSTRIAL PIPING CO., LTD. (Taiwan)
  - Housing Company: SEKISUI HEIM KINKI CO., LTD.
- FY 2023:  
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)

## (2) Detailed initiatives of FY2023

- Human Rights Interview at an Overseas Production Site

In FY 2023, as in FY 2022, we conducted an interview on human rights at an overseas production site (Indonesia). As a result of the human rights risk assessment by Verisk Maplecroft conducted in 2018, the country-specific risk score was generally high in Indonesia. However, the Group did not confirm the working conditions of its employees through surveys and interviews at that time. To this end, we interviewed local employees to gain a better understanding of their actual working conditions (appropriate wages, appropriate working hours, forced labor, occupational safety and health in the workplace, etc.).

### <Targets>

25 employees working at PT. SEKISUI POLYMATECH INDONESIA  
(including 11 women) + three managers (including one woman)

### <Implementation method>

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

<Survey content>

Forced labor, freedom of association, the right to collective bargaining, equal pay, and prohibition of discrimination, etc.

<Results>

Although no significant negative impact on the human rights of employees was found in this survey, issues that should be prioritized were identified, such as occupational safety and health, respect for the rights of female workers, and respect for the rights of trainees under the Indonesian Intern Training (MAGANG) system. To address these issues, PT. SEKISUI POLYMATECH INDONESIA formulated a remedial action plan.

• Human rights interviews at Domestic Construction and Nursing Care Sites

Since FY 2020, 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 addition to expanding the scope of this program to include nursing care sites within the Group and business partner construction companies of the Housing Company, we conducted foreign national employment management assessments\*, including employee interviews, for the two companies listed below in FY 2023.

<Targets>

- a) Healthy Service Corporation (Group company that engages in nursing care):  
Three female foreign nationality employees + one manager
- b) A construction company (business partner of the Housing Company):  
Two foreign nationality employees (none of whom were women) + one manager

<Implementation method>

- a) Conducted a preliminary survey consisting of 342 questions in 40 categories regarding human rights, and held interviews with personnel and labor management supervisors based on the survey results
- b) Interviews were conducted with foreign nationality employees and managers for human resources and labor management.

- c) Took remedial action with regard to the assessment results and matters indicated by third parties (Remedial action example: Appoint a person in charge of lifestyle and business counseling, guidance, etc. for foreign nationality employees.)
- d) As a result of the assessment, if the company is recognized by a third-party organization as an excellent business that employs foreign nationality employees appropriately, that company can acquire a Certificate in Appropriate Employment Company of Foreign National Employees.

<Results>

Healthy Service Corporation received an overall evaluation that was significantly higher than the average, and in particular high evaluations in such categories as "hiring," "personnel systems," "human rights," and "internal agreements," and was judged to be appropriate in terms of hiring and working hours with respect to its foreign nationality employees. On the other hand, in the "labor" category, the recommendation was made to appoint a person in charge of lifestyle and business counseling, and to provide guidance to foreign employees. In response to this recommendation, remedial action was taken. In specific terms, a person in charge of employment and labor affairs for foreign workers in the company was appointed. In addition, in the human resource management category, the evaluation identified issues in the training of employees, particularly with respect to medium- to long-term employment and clarifying career paths. These issues remain an area of ongoing consideration.

A construction company (business partner of the Housing Company) was highly evaluated in each of the "hiring," "labor," "employee agreement," "human rights," and "job satisfaction" categories, exceeding the appropriateness criteria, and was recognized as a company that properly employs foreign nationals. On the other hand, feedback relating to the construction company (business partner) pointed out access to remediation, evaluation systems, and the creation of a systematic structure for career development as future issues.

\*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.

◇ Refer to: [Sustainability Report 2024](#)

- (p.224-226) Society > Respect for Human Rights > Human Rights Due Diligence (SEKISUI CHEMICAL Group)

## 2) Supply Chain

### (1) Surveys on Sustainable Procurement

SEKISUI CHEMICAL Group conduct sustainable procurement surveys to assess whether our business partners are operating in a socially responsible manner. Based on the survey results, we work with our business partners to resolve any outstanding issues. In FY2021, we broadly revised the survey to include content that allows us to evaluate and confirm the compliance status and achievement status of the above Supplier Code of Conduct. Moreover, we began implementing the survey across the globe at the same time from FY 2021 in order to more rapidly address common global initiatives. As a result, we received responses from 67% of our suppliers that were subject to the survey.

In FY 2022, we conducted direct interviews with 13 companies with poor self-assessments on the above survey for the purpose of confirming whether there were any potential risks, and to confirm their situation. As a result, we determined that risk was low at 12 companies. In regard to one remaining overseas manufacturer, we conducted interviews of local workers together with consultants in order to reduce risks and advance efforts toward improvement.

In FY 2023, subsequent dialogue was undertaken in to confirm the status of progress. As a result, we confirmed that the issues that had been raised at the time of the hearing, such as the return of passports, the return of deposits, and the preparation of employment contracts in the native language, had been completed and improved.

◇ Refer to: [Sustainability Report 2024](#)

- (p.236) Society > Responsible Procurement > Fiscal 2023 Sustainable Procurement Survey

## (2) Surveys on Raw Materials (Timber and Minerals)

### • Surveys on Timber Procurement

SEKISUI CHEMICAL Group set a new target of zero deforestation by 2030 and reviewed our Timber Procurement Policy in FY2022 in an effort to achieve this target. 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. In FY2023, we conducted a survey of 54 suppliers with respect to tree species and logging sites. We also held hearings with suppliers who handle raw materials that are endangered species and whose logging areas are in high-risk countries to clarify traceability. As a result of the survey, we were able to identify two suppliers with risks directly in the supply chain. In the future, we will continue our efforts to reduce the risks identified.

◇ Refer to: [Sustainability Report 2024](#)

- (p.238-239) Society > Responsible Procurement > Sustainable Timber Procurement



- Surveys on Responsible Mineral Procurement

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).

In FY2023, we have conducted survey at 35 sites in Japan and 16 sites overseas that handle the subject minerals. As a result, 96% of the raw materials containing the target minerals in Japan were identified at smelters, and 4% were unknown. Overseas, 99% were identified at smelters, and 1% were unknown. In FY 2024, we will consider responses in line with the risk levels of undisclosed or unknown raw materials.

◇ Refer to: [Sustainability Report 2024](#)

- (p.237) Society > Responsible Procurement > Fiscal 2023 Responsible Mineral Procurement Survey

## 7. Establishment of a Hotline

The SEKISUI CHEMICAL Group establishes a variety of mechanisms to listen to opinions of stakeholders, such as reporting systems for employees and business partners, customer consultation office, and a sustainability inquiry desk, in order to take appropriate action to remediate any negative impact on human rights that may occur in its business activities.

In 2002, SEKISUI CHEMICAL Group established the in-house whistleblower system called Sekisui Compliance Assist Network (S.C.A.N.), which can be used by any employee of the Group. All global areas have completed the installation of this system. In addition, a global hotline system that can receive reports in multiple languages is being introduced. In China and Australia, the global hotline system is already in operation, and there are reports from China.

Externally, a website was set up on the SEKISUI CHEMICAL Group's website in FY2015 to accept a wide range of reports from business partners and other parties, and the global hotline system mentioned above is being expanded globally.

◇ Refer to: [Sustainability Report 2024](#)

- (p.293) Governance > Legal and Ethical Issues > Promoting and Operating the S · C · A · N. Internal Whistle-blowing System

## 8. Education about slavery and human trafficking

- 1) Human rights training programmes for Group employees

SEKISUI CHEMICAL Group conducts training and educational programs focusing on the theme of human rights for its employees. In this manner, the Group is endeavoring to engage in management that takes into consideration concerns regarding human rights. Training, especially at such milestones as when an employee enters the Company or is promoted, is designed to raise awareness of human rights issues including forced labor, child labor, and harassment, thereby promoting the importance of respecting human rights and our human rights policy. Moreover, as part of our human rights education for employees in Japan and overseas, we began our Business and Human Rights e-Learning course in Japanese and English, which is available on the Company intranet, from FY 2020. In FY 2022, we prepared versions of the course in German, Spanish, Dutch, Chinese, Thai, and Indonesian, and expanded this initiative to employees in all areas (North America, Europe, and Asia) in which the Group operates. In FY 2023, we conducted Compliance and Human Rights e-Learning, in conjunction with compliance e-learning. Through these training and education means, we are advancing awareness toward the importance of and need to respect human rights as well as our human rights policy.

## 2) Implemented SEKISUI CHEMICAL Group Human Rights Month

In order to provide awareness-raising opportunities that enable employees to act with respect for human rights, SEKISUI CHEMICAL Group “Human Rights Month” was implemented by expanding the period of SEKISUI CHEMICAL Group “Human Rights Week” implemented in FY2022.

In addition to disseminating President's Message, in which the president indicated the Group's stance on respecting human rights, Human Rights Poster was displayed to encourage each individual employee to question whether they have violated the human rights of any individuals involved in their everyday work, including colleagues, business partners, and customers. By translating the president's message into 11 languages and publishing the human rights poster in both Japanese and English, they were distributed to all areas where SEKISUI CHEMICAL Group operates. For employees in Japan, a human rights lecture was also given as the opening of Human Rights Month.

◇ Refer to: [Sustainability Report 2024](#)

- (p.229) Society > Respect for Human Rights > Human Rights Education

## 9. Engagement with external stakeholders

In October 2023, SEKISUI CHEMICAL Group participated in individual dialogues\* with overseas experts (research analysts of the World Benchmarking Alliance (WBA) and specialists on the global value chain) to explain the Group's human rights initiatives and receive advice on how to develop activities in the future. The experts evaluated the Group's human rights due diligence, remediation planning, and monitoring cycle as effective initiatives. On the other hand, they advised that it is

important to listen to the voices of employees from the rights holder's perspective and solve issues identified one by one, rather than judging whether or not to take action from management's perspective alone. 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.

\* Individual dialogues: Hosted by the Caux Round Table Japan

◇ Refer to: [Sustainability Report 2024](#)

- (p.230) Society > Respect for Human Rights > Stakeholder Engagement

## 10. Plans for the future

Based on the perspective of the Guiding Principles on Business and Human Rights, we will strive to ensure that our business and supply chain do not cause or contribute to human rights abuses. In FY2024, we will identify the following three points as important measures concerning "Business and Human Rights".

### 1) Fostering and spreading a culture of respect for human rights

To ensure that all employees are aware of the human rights policy and that a climate of respect for human rights is fostered throughout the Group, we will develop and implement measures to disseminate the policy to employees through the following initiatives.

#### (1) Working with Key Personnel

To ensure that human rights initiatives are implemented throughout the Group, key persons at each business unit and group company are identified to deepen their understanding of the activities.

#### (2) Raise level of understanding by management and executives

Conduct trainings and lectures for executive officers and Group executives to increase understanding among senior management.

#### (3) Raise awareness on "Business and Human Rights" throughout the Group

Hold Human Rights Month in all areas where the Group operates in order to raise the level of understanding of human rights throughout the Group.

### 2) Implementing human rights due diligence and reducing risks

#### (1) SEKISUI CHEMICAL Group

Conduct human rights risk assessments for foreign workers at construction sites in Japan and production sites in Asia where high potential human rights risks have been identified within the Group. In addition, in order to raise Group-wide

awareness of human rights issues and achieve more effective prevention and mitigation of human rights risks, we will begin the transition of operating entity for human rights due diligence from Corporate Headquarters to Regional Headquarters and Divisional Companies.

(2) Our Suppliers

In order to promote sustainable procurement, the scope and process of the “Sustainable Procurement Survey” will be reviewed and a survey will be initiated based on the new “Sustainable Procurement Survey” framework.

(3) Implementation of Grievance Mechanism

Expand the introduction of multilingual global hotline and promote awareness of the hotline among non-Japanese employees and business partners.

This statement was adopted by the Board of Directors of the Company and signed by Keita Kato, President and Representative Director of the Company.

September 12<sup>th</sup>, 2024  
Keita Kato



President and Representative Director  
SEKISUI CHEMICAL Co., Ltd.