

Information Disclosures Based on TCFD Recommendations (FY2025)

October 1, 2025
SEKISUI KASEI CO., LTD.

In May 2022, SEKISUI KASEI Group endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We have identified “Addressing Climate Change” as a key management issue (Materiality), and are accelerating our efforts to achieve carbon neutrality by reducing greenhouse gas emissions through promoting energy-saving and greater efficiency in our production activities, and the utilization of renewable energy, and by the creation and business expansion of “Sustainable Star Product (environmentally friendly products)” that contribute to decarbonization.

In addition, we have set “Strengthening Initiatives to address environmental and social issues” as one of the Key Issues of our medium-term management plan “Going Beyond 2027 -Transformation and Completion-.”

Going forward, the Group will work to disclose information on our response to climate change in line with the TCFD recommendations, contribute to the realization of a sustainable society through our business activities, and strengthen our management foundation to enhance the Group’s long-term corporate value.

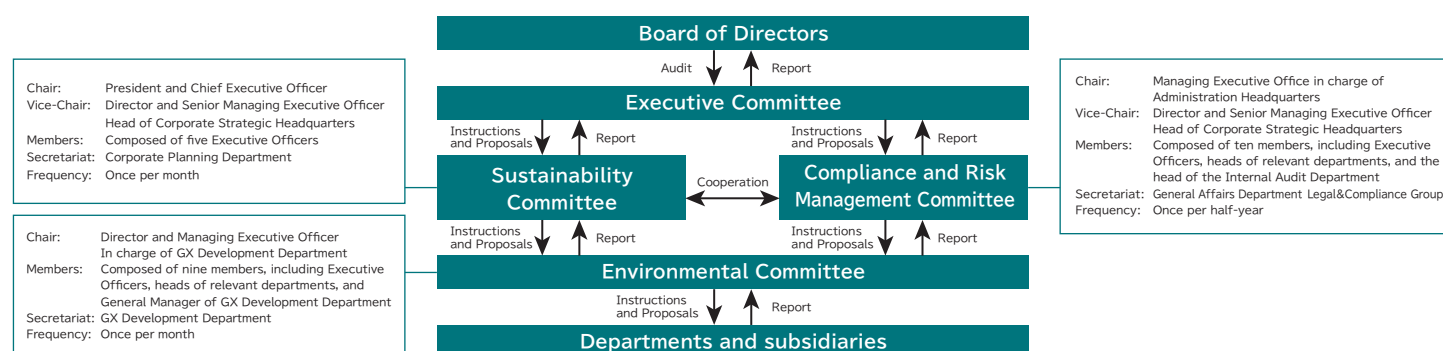
1. Governance

SEKISUI KASEI Group has a governance and risk management system in which climate change-related issues are discussed by the Sustainability Committee, which is composed of key members of the Executive Committee and the Board of Directors, among others, and the Compliance and Risk Management Committee, and then decisions are deliberated, approved, and supervised by the Board of Directors.

The President and Chief Executive Officer is responsible for making final decisions regarding the above matters.

The Sustainability Committee deliberates on the recognition of issues and measures based on them, and the Compliance and Risk Management Committee deliberates on the assessment of risks and initiatives to address them, both drafted by the Environmental Committee. The committees then submit matters for discussion to the Executive Committee and the Board of Directors. The Environmental Committee drives the implementation of policies and measures approved by the Board of Directors, and each department and subsidiary carry out various initiatives based on those policies and measures.

Organizational Chart for Resolving Climate Change Issues



[Management’s role in assessing and managing climate-related strategies]

SEKISUI KASEI Group has defined “Contribution to a Sustainable Society and “Sustainable Enhancement of Corporate Value” as the strategic directions of our business toward 2030, “Target 2030.” We are promoting initiatives to transform our business structure based on the circular economy and to achieve carbon neutrality by 2050.

In views of all these, each operating officer carefully considers risks, opportunities, and corresponding strategies based on the perspective of whether the status of climate change-related initiatives is aligned with the Group’s direction. They are responsible for conducting business by making management decisions according to the situation.

2. Risk Management

In managing group-wide risks, including those related climate change risks, SEKISUI KASEI Group conducts scenario analysis and gains a fuller understanding to ensure that it can carry on our business in the future. The risks identified through these analyses are deliberated and evaluated by the Environmental Committee, which formulates strategies regarding environmental management, conservation, and the like, and identified as specific risks to be addressed. Initiatives for preventing risks from manifesting and to manage risks are deliberated by the Environmental Committee, reported to the Compliance and Risk Management Committee, which is a subordinate committee of the Executive Committee, and deliberated and managed as a management risk.

Opportunities are deliberated and evaluated by the Environmental Committee, reported to the Sustainability Committee, shared with related business divisions, and reflected in business strategies.

After risks and opportunities are reported to the Executive Committee, they are reported to the Board of Directors, and feedback from the Board of Directors is reflected in risk and opportunity initiatives.

3. Strategy

Since its founding, SEKISUI KASEI Group has always sought to help bring about a low-carbon and circular society and has long practiced sustainable manufacturing in harmony with the natural environment, primarily by conserving energy and recycling resources. We are currently implementing the 5Rs, which include the traditional 3Rs (Reduce, Reuse and Recycle) and the Group's own 2Rs (Replace and Re-create), as part of our SKG-5R^{*1} promotion to help solve problems on a global scale. We have set our sights on achieving the following three targets by fiscal year 2030: (1) create Sustainable Star Product^{*2} and expand their business; (2) increase recycled/biomass raw material usage ratio of 50% or higher; and (3) reduce GHG (CO₂)^{*3} emissions, aiming to make social and environmental contributions through our business activities.

^{*1} SKG-5R: <https://www.sekisui-kasei.com/en/sustainability/esg/environment/skg-5r/>

^{*2} Sustainable Star Product: We certify those products that make even greater contributions to the environment as "Sustainable Star Product."
<https://www.sekisui-kasei.com/en/sustainability/esg/environment/ssp/>

^{*3} We calculate the amount of emissions of CO₂, a greenhouse gas (GHG) within the scope of the Act on Promotion of Global Warming Countermeasures, produced by our business activities.

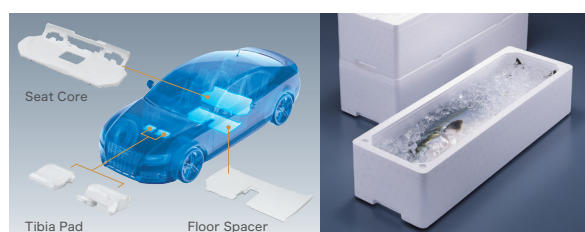
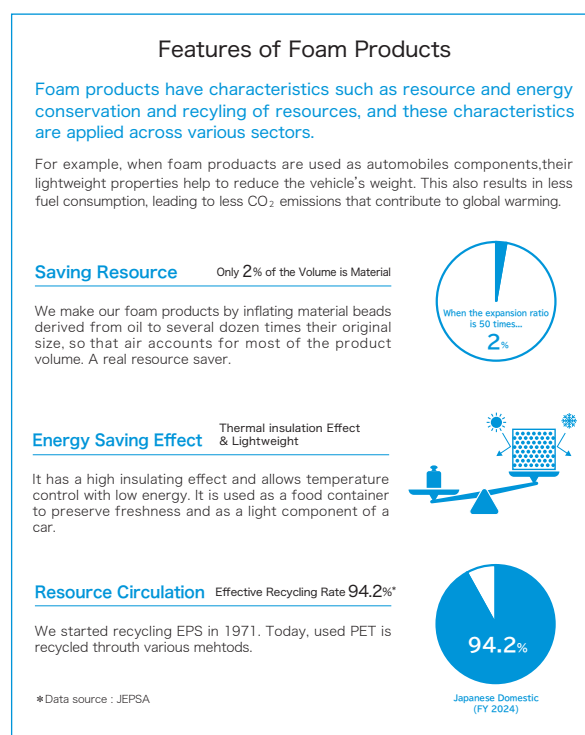
Foam products have features such as resource and energy conservation and resource circulation, and are used in a wide range of fields to take advantage of these features.

For example, when foam products are used as automobile components, their lightweight properties help to reduce the vehicle's weight. This also results in less consumption of fuel, such as gasoline, leading to less GHG (CO₂) emissions that contribute to global warming.

Furthermore, we use thermal insulation (for retaining heat or cold) in food containers to preserve the freshness of agricultural produce, seafood, and other food products and extend their shelf lives, helping to reduce food loss. Taking into consideration these features of foam products, we have selected foam plastic business, the core business of SEKISUI KASEI Group, as a business subject to scenario analysis. We have agreed to align this business with the Paris Agreement target of limiting global warming to an increase of 1.5°C, and after identifying climate-related risks and opportunities and deliberating countermeasures to address them, we have analyzed "transition risks" and "physical risks" associated with climate change in order to achieve a decarbonized economy in accordance with the TCFD framework.

During the course of this analysis, we create projects whose participants include the eight key departments' heads and persons in charge, who are involved in addressing environmental challenges such as climate change, led by the Director in charge of the environmental departments.

When formulating actual measures and accurately identifying business impacts, each department discusses risks, opportunities, and countermeasures and conducts analyses based on actual conditions.



[Climate-related Risks, Opportunities, and SEKISUI KASEI Group's Strategies]

●Target	… 2050
●Scope	… Focused primarily on domestic risks and opportunities, taking into consideration net sales, profit, and other factors.(including in-house business and supply chains)
●Scenario	… IEA WEO NZE2050, IPCC SSP5-8.5 (*for details, please refer to Table1)
●Periods	… Short-term: Less than three years, Medium-term: Three to five years, Long-term: Six years or more
●Financial impact	… Large≥¥2.0 billion, ¥2.0 billion>Medium>¥0.5 billion, Small≤¥0.5 billion

Table1

Item	Climate change countermeasures are implemented and climate change mitigated	There are no climate change mitigation efforts and past trends are left to run their course
Transition Scenario	IEA WEO NZE2050	-
Physical Scenario	-	IPCC SSP5-8.5
Temperature Rise	Less than1.5℃	4℃ or more
Carbon Tax	Higher Carbon Pricing	Not Implemented
Crude Oil Prise	Prise Decreases	Prise Increases
Electricity Prise	Prise Increases	Prise Decreases
Flooding	No Extreme Increase in Flooding	Extreme Increase in Flooding

Type	Key Items with Potential Financial Impact	Financial Impact	Potential Risks and Opportunities		SEKISUI KASEI Group's Strategies	Environmental Issue Correlation Analysis	
			Risks	Opportunities			
Risks and Opportunities Related to Transition (1.5℃ Scenario)	Policy and Regulation	Tighter Regulations on GHG Emissions	Large	(Medium Term) ・Increased costs due to introduction of carbon tax ・Prices increase due to passing carbon tax costs onto product prices, sales decline accordingly (Risks associated with transitioning to other materials)	(Medium-to-Long Term) ・Expansion of business fields and increase in sales volume for Sustainable Star Product that contribute to GHG (CO ₂) emissions reductions (E.g.:Expansion of collaboration with customers to take advantage of opportunities presented by GHG (CO ₂) reductions) (E.g.:Increase in demand for product that support electrification of vehicles) ・Increased cost competitiveness through introduction of energy-saving/efficiency improvements and renewable energy	・Expansion of lineup of Sustainable Star Product (E.g.:Development of lightweight thermal insulation automotive components suitable for use in EVs) ・Production process innovation and logistics efficiency improvements (E.g.:Introduction of high efficiency devices, development of energy-saving processes, promotion of DX) ・Systematic introduction of renewable energy equipment and consideration including off-site PPA (E.g.: Introduction of solar power generation systems for 12 sites) ・Consideration of GHG (CO ₂) emission reduction targets and measures across the entire supply chain, including Scope 3 in addition to Scope 1 and 2	Mitigation
				Mitigation			
		Environmental Regulation of Various Materials	Medium	(Short Term) ・Decline in sales due to restrictions on use of single-use plastics (Medium-to-Long-Term) ・Reduced existing business due to replacement of materials with substitutes, etc. ・Difficulty in procurement of substitute materials and increased costs ・Stricter recycling and waste regulations ・Introduction of plastic tax	(Short Term) ・Early capture of benefits through prompt provision of substitutes for regulated materials (Medium-to-Long-Term) ・Increased demand resulting from preferential use of Sustainable Star Product ・Sales enhancement through development of new products using biomass, recycled raw materials, etc.	・Strengthening Sustainable Star Product lineup centered on SKG-5R ⁴¹ ・Expansion of "ReNew" ⁴² lineup, featuring products made with recycled materials (E.g.:ESLEN Beads RNW, PIOCELAN RNW, LIGHTLON RNW, etc.) ・Expansion of the "BioCellular" ⁴³ lineup, which consists of products made with biodegradable or biomass-derived materials (E.g.:RETONA FOAM BIO, LIGHTLON BIO, etc.) ・Acquisition of ISCC PLUS certification (international sustainable carbon certification) to expand the use of recycled and biomass materials ・Creation of a horizontal recycling system through coordination with other industries and business segments (E.g.:Collecting and recycling of used PIOCELAN parts packaging materials) (E.g.:Collecting and recycling of used EPS foam) (E.g.: Establishment of a recycling scheme utilizing scrap materials generated during the production process of foamed polyethylene resin) ・Increased the use of recycled resources (E.g.:Active utilization of preconsumer and post-consumer materials)	Mitigation Mitigation Mitigation Mitigation Mitigation
				Mitigation			
	Technology	Widespread Adoption of Low-Carbon, Renewable Energy and Energy-Saving Technologies	Large	(Short Term) ・Increased expenditures for decarbonization, energy-saving, and renewable energy facilities ・Negative image due to delay in introduction of new technology	(Medium Term) ・Expansion of business opportunities and acquisition of new business for products that enhance low-carbon,energy-saving performance for customers (E.g.:Vehicle weight reduction, thermal insulation, etc.) ・Reduction of capital investment and R&D investments through the use of subsidies ・Capture of new markets that contribute to new technology development	・Aggressive introduction of renewable energy and energy-saving equipment through use of environmental investment quotas (E.g.:Promotion of transition from heavy fuel oil boilers to gas boilers Planned for 13 sites, performed for 2sites) ・Prioritized use of ¥2.8 billion R&D budget for environmental contribution themes ・Reducing GHG (CO ₂) emissions through promotion of production process innovation and energy conservation promotion ・Pursuing new environmental contributions by leveraging our fundamental technologies (E.g.:Expansion of lightweight components which use ST-Elevent BIO as their core materials) ・Cost reductions through utilization of subsidies in environmental investment and enhancement of PR measures (E.g.:Reinforcement of EPS-to-EPS recycling (Expanded Polystyrene)) ・New business development and promotion of open innovation (E.g.:RETONA FOAM BIO, upcycling of collected resins from various products)	Mitigation Mitigation Mitigation Mitigation Mitigation
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				Mitigation			
	Market	Changes in Customer and Consumer Behavior	Medium	(Short Term) ・Decreased demand for plastic products due to rising environmental consciousness (Regarding issues such as marine plastics) ・Accelerated shift towards circular economy and sustainable society (E.g.:Materials which cannot be recycled no longer sell well, etc.) ・Delayed response to changing customer needs ・Decreased demand for one-way plastic products	(Short Term) ・Increase in demand for resource-saving plastics driven by decrease in plastic usage (Increase in demand for foamed plastic, which uses less raw material than non-foamed plastic) ・Increased opportunities for priority sales through visualization of environmental contribution (E.g.:Disclosure of GHG (CO ₂) emissions amounts, disclosure of biomass content, etc.) ・Increase in demand for recyclable products ・Increase in demand for products made with recycled and biomass-derived materials ・Increase in sales of products that contribute to reduced energy consumption ・Increased demand for returnable products	・Measures for addressing marine pollution (E.g.:Collecting and recycling of scrapped floats) ・Measures for increasing resource recycling value through participation in initiatives (E.g.:We are a member of The Japan Plastics Industry Federation, CLOMA, and the Plastic Waste Management Institute, and we continuously work to solve environmental issues together with these associations' working groups) ・Initiatives for solving environmental issues together with customers (E.g.:ESLEN Sheet PZ Series) ・Transition to resource recycling-based business (E.g.:ESLEN Beads RNW made from recycled used fish boxes, creation of a horizontal recycling system together with product recipients, etc.) (E.g.:Expansion of 3R promotion efforts together with customers through PIOCELAN RNW) (E.g.:Collecting and resource recovery after the use of biodegradable foam RETONA FOAM BIO) ・Shift to businesses that solve environmental and social issues (E.g.:Promotion of recycling and decarbonization, expansion of disaster-related products) ・Procurement of recycled raw materials and ensuring of stable quality ・Enhancement of sustainability information ・Promote businesses that solve environmental and social issues by enhancing the environmental literacy of the Group members (E.g.:Awareness-raising activities through promoting certifications such as eco-tests, and promotion of solution proposals using Sustainable Star Product)	Mitigation Mitigation Mitigation Mitigation Mitigation Both Both Mitigation
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	Reputation	Reputation Changes among Customers and Consumers	Medium	(Medium Term) ・Devalued corporate brand due to delay in global warming countermeasures ・Declined external evaluation due to lack of information disclosure	(Medium Term) ・Corporate image enhancement through promotion of environmental responses and climate-related information disclosure ・Stable funding procurement through increased engagement with investors	・Active and comprehensive information disclosure (E.g.:Disclosure of information to CDP, received a B-score in the climate change program for FY2024) ・Promotion of dialogue with local communities through CSR activities (E.g.:Operating the SEKISUI KASEI Fund) ・Creating model sites for environmental business and enhancement of their content (E.g.:Recycling equipment, ECO Action Gallery, environmental training) ・Enhancement of voluntary foam plastic collecting and recycling activities involving local communities (E.g.:Use of special exception to the Plastic Resource Circulaion Act) ・Addressing environmental issues through collaboration between the private and public sectors (E.g.:Certification as a Ministry of the Environment "Eco-First Company") ・Contributions to the tackling of climate problems through collaboration with outside organizations (E.g.:Participation in the TCFD consortium, disclosure of information to CDP, support for the GX League)	Mitigation Mitigation Mitigation Mitigation Mitigation Mitigation
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Type		Key Items with Potential Financial Impact	Financial Impact	Potential Risks and Opportunities		SEKISUI KASEI Group's Strategies	Environmental Issue Correlation Analysis
				Risks	Opportunities		
Risks and Opportunities Related to Physical Changes (4°C Scenario)	Acute	Increase in Extreme Weather	Large	(Short Term) ·Increased disaster prevention costs at production sites ·Impact on supply chain ·Increased damage and loss of sales opportunities due to plant shutdowns, etc. (Medium Term) ·Increased insurance premium	(Short Term) ·Increased demand for disaster response products (For prevention, early restoration materials, for resilience, etc.) ·Earn trust of customera and increase competitiveness by making supply chain more resilient ·Increase in sales opportunities through response to extreme weather phenomena	·Identification of risks by region and enhancement of BCP initiatives based on the risks ·Strengthening risk management by identifying water risks (E.g.: Disclosure of information to CDP, received a B-score in water security for FY2024) ·Strengthening SCM functions by utilizing DX ·Expanding and deploying products that prevent flooding and landslides caused by torrential rains, and products that lead to emergency response and early restoration (E.g.: AQUAROAD for rainwater storage infiltration tanks used to address torrential rain, EPS lightweight embankment method for rapidly repairing roads following disasters, and EPS Slopes dealing with uneven road surfaces)	Adaptation Adaptation Adaptation Adaptation
	Chronic	Average Temperature Increase	Medium	(Medium Term) ·Impact on production and supply due to power supply restrictions ·Decreased harvest of agricultural produce and seafood, changes in regional characteristics ·Decline in sales in existing regions due to changes in demand and consumption areas	(Short Term) ·Increased business opportunities for products that lead to high thermal insulation and energy-saving performance ·Increased sales opportunities for disaster prevention and greenery products (Medium Term) ·Positive impact of heat on sales	·Reducing power consumption through production innovation ·Accelerate sales of thermal insulation products (E.g.: Thermal insulation materials for buildings, heat insulation materials for housing equipment) ·Accelerate sales of products that mitigate temperature rise (E.g.: Lightweight greenery methods) ·Accelerate sales of products that respond to rises in sea levels (E.g.: Floating pier systems) ·Expansion of agriculture/fishery applications that are not affected by climate change (E.g.: Plant factory for agriculture, land-based aquaculture for seafood) ·Flexible response to changes in demand by leveraging multiple sites	Both Both Adaptation Adaptation Adaptation Adaptation

*1 SKG-5R: The Group's initiatives to contribute to a sustainable society consisting of 3Rs (Reduce, Reuse, Recycle) toward a recycling-based society and 2Rs (Replace, Re-create) based on our unique technologies. For details, please visit our website "SKG-5R."

<https://www.sekisukasei.com/en/sustainability/esg/environment/skg-5r/>

*2 ReNew+ : The Group's products in categories for which recycled materials are used are indicated with "RNW."

*3 BIO Cellular: The Group's products in categories for which biodegradable or biomass-derived plastics are used are indicated with "BIO."

Examples of SEKISUI KASEI Group's Environmental Activities

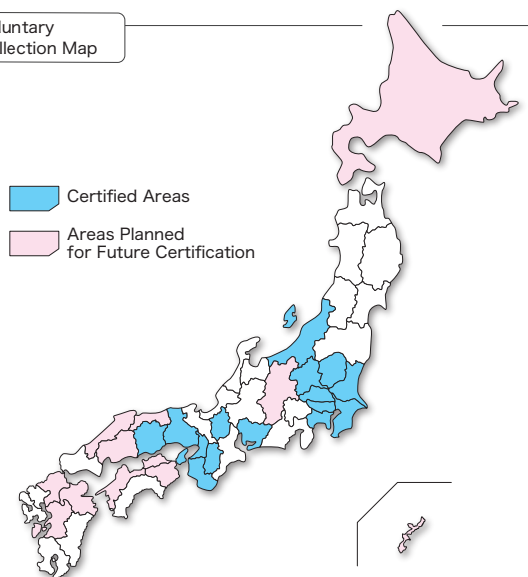
Initiatives as an Eco-First Company

Commitment to Environmental Conservation as an Environmentally Advanced Company

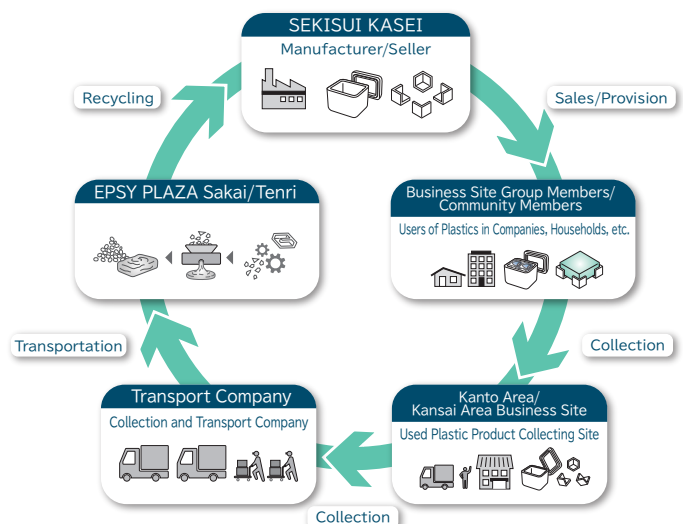
As an "Eco-First Company" certified by Japan's Ministry of the Environment, SEKISUI KASEI is committed to realizing a sustainable society. In addition to focusing on the traditional 3Rs (Reduce, Reuse, and Recycle), SEKISUI KASEI Group promotes its original SKG-5R initiative by adding two unique approaches: Replace and Re-create.

In 2024, we obtained certification for our voluntary recovery and recycling program under the Act on the Promotion of Plastic Resource Circulation in 15 prefectures, covering regions that account for approximately 63% of Japan's population. Based on this certification, we launched a voluntary program in the target areas to collect expanded polystyrene (EPS) from local residents living near our plants and from SEKISUI KASEI Group members.

Voluntary Collection Map



Voluntary Collection/ Recycling Process



In order to achieve a circular economy, we aim to develop the voluntary collection and recycling of EPS at various sites in Japan and contribute to promoting the circulation of plastic resources.

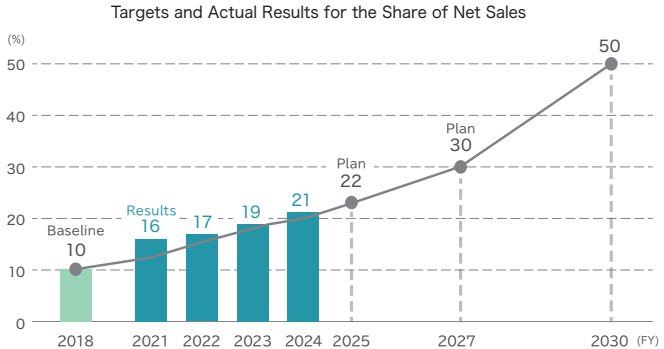
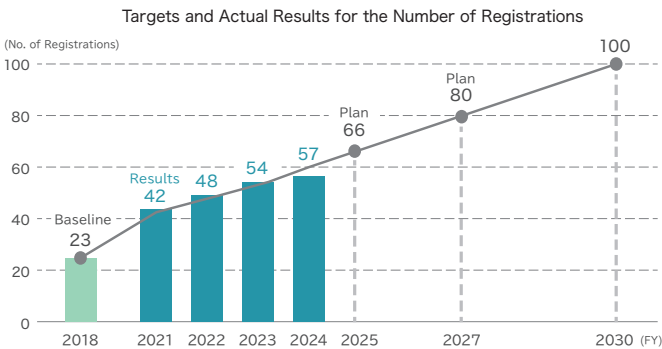
4. Metrics and Targets

SEKISUI KASEI Group has established three targets to be achieved by 2030: the creation of Sustainable Star Product and expanding their business, recycled and biomass material usage ratio, and reduction of GHG (CO₂) emissions.

Target I	Create Sustainable Star Product and Expand Their Business	
	Total Number of Registrations 100	Share of Net Sales 50%
Target II	Recycled and Biomass Material Usage Ratio	
	50% or Higher	ReNew+ BIOCellular
Target III	Reduction of GHG (CO ₂) Emissions	Targets for FY2050 Carbon Neutrality Achieves
	Scope 1+2 -45% (Compared to FY2018)	*The FY2030 target was revised from -27% to -45% in April 2025.

Target I Create Sustainable Star Product and Expand Their Business

In SKG-5R, we have set the targets of expanding the number of Sustainable Star Product registered to a cumulative total of 100 and their ratio of net sales to 50% by FY2030. Furthermore, as a target by FY2027, which is the final fiscal year of the medium-term management plan “Going Beyond 2027-Transformation and Completion-,” we have stipulated a cumulative total number of registrations of 80 and a ratio of net sales of 30%. In FY2024, the cumulative number of registrations was 57, and the ratio of net sales increased by 2.0 points year-on-year to 21%, so both the number of registrations and the ratio of net sales are largely as planned.



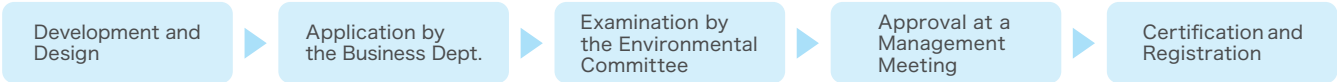
Sustainable Star Product

We develop and design products that consider the limited resources they use and their environmental impact throughout the life cycle, starting from the procurement of raw materials and use stages, up to disposal and recycling.
In SKG-5R, we certify those products that make even greater contributions to the environment as “Sustainable Star Product,” aiming to create and expand their business in line with the indicators set to this end.

Examination/Certification/Registration

The process of registering a Sustainable Star Product is as follows. After receiving the application from the department in charge, the Environmental Committee examines it, and those that meet the criteria as a result of the examination are certified and registered after approval at a management meeting.
A third party evaluates the validity of the certification and registration process.

Flow for Examination, Certification, and Registration



Sustainable Star Product

Products and systems that make greater contributions to the environment among our sustainable products.

High
Level of environmental contribution

Sustainable Product STAR

Sustainable Product

Sustainable Product
Products and systems that are useful in daily life and friendly to the environment, such as foam plastics.

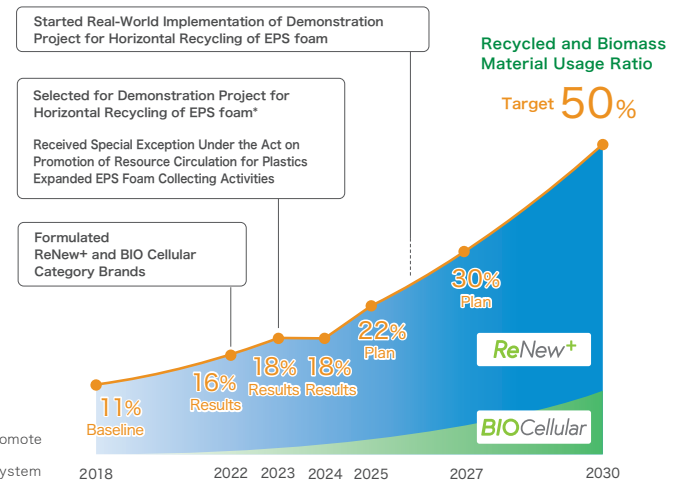
Recycled and Biomass Material Usage Ratio

In order to realize the creation and the business expansion of Sustainable Star Product, we have set a target of replacing 50% of the raw materials we use with raw materials recycled or biodegradable/biomass-derived raw materials from virgin raw materials in all of the products manufactured by SEKISUI KASEI Group by FY2030.

Our result for FY2024 was 18%, although we did not meet the initial plan, we are actively working to increase the ratio of recycled and biomass-based materials in order to achieve our 2025 target of 22%.

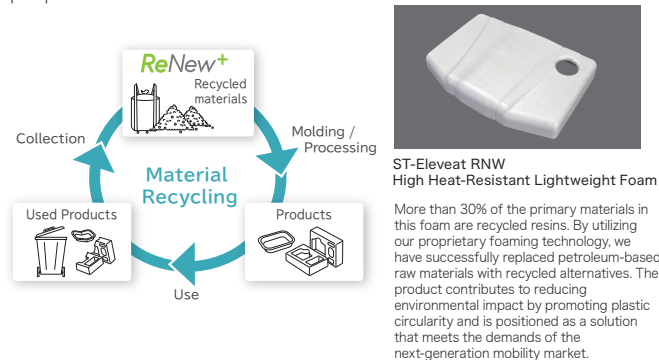
*Selected as a "Ministry of the Environment's FY2023 Project to Promote the Creation of a System for a Decarbonized Circular Economy (of which, Demonstration Projects for Establishing a Recycling System for Plastics and Other Resources).

Targets and Actual Results of Raw Material Usage Ratio to the Total Production Volume



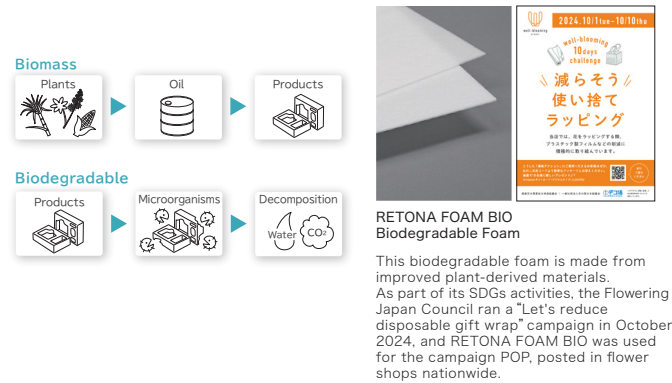
ReNew+

We recover used products and the offcuts from manufacturing processes, carry out regenerative treatment so that they are easy to use, and use them as raw materials in new products. In developing materials that use recycled raw materials, it's essential to solve a variety of technical challenges to achieve the same level of performance as conventional products, but we believe this is one important initiative from the perspective of the reduction of waste.



BIOCellular

Bioplastic is the collective term for biomass plastic and biodegradable plastic. Biomass plastic is made from recyclable organic materials such as plants, while biodegradable plastic is eventually broken down into CO₂ and water through the action of microorganisms, etc.



Reduction of GHG (CO₂) Emissions

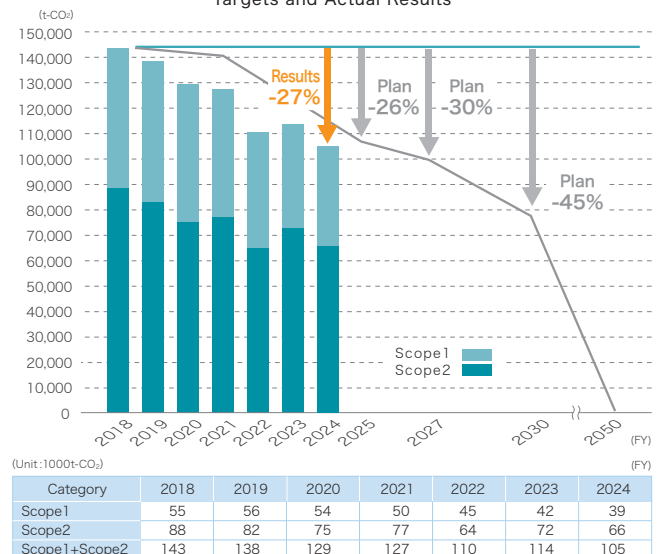
In SKG-5R, we have set a target to reduce our Scope 1+2 GHG (CO₂) emissions in our business activities by 27% by FY2030 from FY2018 levels, that was based on the criteria set by the Science Based Targets (SBT) initiative.

In pursuit of achieving carbon neutrality by 2050 (net zero GHG (CO₂) emissions), we revised our target in April 2025 to a more ambitious goal of a 45% reduction.

We are proactively implementing measures across the Group in accordance with the reduction plan, including promoting more energy-saving production and reviewing our energy procurement method, and we are aiming for zero substantial GHG (CO₂) emissions by FY2050 with the 2030 reduction target as a milestone.

In FY2024, we exceeded our planned progress through improved production efficiency and the adoption of renewable energy, achieving a 27% reduction in GHG (CO₂) emissions compared to FY2018.

GHG (CO₂) Emissions (Scope 1 + 2) Reduction Targets and Actual Results



Promoting the introduction of solar power generation systems across SEKISUI KASEI Group



*Details regarding our Scope 3 GHG (CO₂) emissions are disclosed via CDP.

<https://japan.cdp.net/disclosure>