

CSR Report 2018

Sekisui Plastics Group —
Expanding Our Dreams for People and the Earth



CSR Declaration

Sekisui Plastics Group, Expanding Our Dreams for People and the Earth

We, Sekisui Plastics Group, carry out social responsibility to stakeholders including the global environment by practicing our management philosophy and contribute to the sustainable development of the global society.



Stakeholder	Responsibility of Sekisui Plastics Group
Customers	The Company not only supplies safe/reliable products but also bring comfort and convenience to the lives of people by always creating new functions/value and proposing materials/services as solutions for customers.
Group Members	The Company places emphasis on mutual respect and trust, and pursues the happiness of people working for the company. Consequently, we will improve fairness to skill development and rating, and make efforts to create a healthy/safe work environment, and a good balance between work and family.
Local Communities	The Company believes being a safe workplace is the most important to communities. In addition, as a member of local communities, we aim to be a company trusted and loved by the whole community.
Shareholders	The Company meets expectations from shareholders with returns by improving its corporate value. Furthermore, we focus on the active disclosure of our management information and dialogue with shareholders.
Business Partners	The Company builds trust in relationships with business partners through fair, honest business practices with sincerity as our motto. Also, we aim at co-existence and co-prosperity as a better partner for the partners.
Global Environment	The Company actively endeavors to improve environment to protect our precious earth. In particular, we contribute to the low-carbon society and develop the recycling-based society with foam plastics in the community and lowering carbon levels centering on foam plastics which are eco materials.

Editorial Policy

Sekisui Plastics Group engages in CSR activities with the aim of becoming a corporate group trusted by stakeholders around the world based on the Sekisui Plastics Group's 100th Year Vision set forth in October 2009. To communicate our activities in a more readily understandable way, we organize this report into sections corresponding to the core subjects in ISO 26000.

Period Covered

Activities in this report were carried out in the period from FY2017 (April 1, 2017 – March 31, 2018) until August 2018.

Scope of Reporting

This report covers the 33 companies of Sekisui Plastics Group, including Sekisui Plastics Co., Ltd. However, environmental performance data are aggregated for 19 domestic Group companies with 37 production sites and the Central R&D Laboratory unless otherwise specifically indicated.

Referred Guidelines

- Ministry of the Environment: *Environment Report Guidelines (Y2012 Edition)*, and *Environmental Accounting Guidelines (Y2005 Edition)*
- Japanese Standards Association: *Guidance on Social Responsibility JISZ26000 (ISO 26000)*

Some of the data in this report differs from the data in last year's report as a result of revisions implemented to reflect changes in calculation methods and business sites covered.

▶ Management Philosophy

We, Sekisui Plastics Group, practice “Zen-in Keiei” based on mutual respect and trust.

We are always innovating in our pursuit of “new happiness.”

▶ Code of Conduct

1. Unite individual efforts to make a strong power.
2. Grow and develop together with customers by creating top quality and service.
3. Contribute to a better environment and an enriched society in perfect harmony among people, nature, and technology.
4. Make a honest, generous and fresh workplace.
5. Address each and every challenge in creation and innovation to achieve our goals.

▶ Management Policies Related to the Environment, Safety, and Quality

1. Provide high-quality, safe products and services that meet the expectations of each customer.
2. In overall business activities, strive to prevent accidents and disasters and ensure the health and safety of all the people including employees, business partners, and local residents.
3. Consider the environment and safety in every process from product development to use and disposal and strive to conserve the environment.
4. Consider the resource and energy savings in product development and production, and promote the recycling of used products.
5. Engage in responsible care activities to improve environment, safety, and quality management and gain further confidence from society.
6. Comply with domestic and overseas laws, regulations and standards established by local governments and industries, and engage in business activities.

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Sekisui Plastics Group's 100th Year Vision

Further growth and development toward the 100th anniversary in FY2059

Sekisui Plastics Group aspires to be "a plastics solution company trusted by customers around the world," by practicing the group-wide CSR and *Zen-in Keiei* on the basis of the founding spirit and our new management philosophy.



Mid-Term Management Plan

Make Innovations 60

Transforming the business model for our 60th anniversary

“Restructuring the business portfolio and reforming the earnings structure in line with the Group’s 100th Year Vision”

Make Innovations 60 — Position

Sekisui Plastics Group formulated the Sekisui Plastics Group’s 100th Year Vision for further growth and development toward the 100th anniversary of foundation in FY2059. With seven years having passed since its formulation, the vision has been partially revised to reflect changes in the operating environment during that time, but with the continued goal of becoming “a plastics solution company trusted by customers around the world.”

This year was the final fiscal year of the Company’s three-year mid-term management plan, “Make Innovations 60,” launched in FY2016. As a year in which every effort was made to fully address those issues that the Group has worked in unison to overcome, particular emphasis was placed on promoting business portfolio transformation and earnings structure reform as well as achieving targets.

Make Innovations 60 Quantitative Targets

(Billions of yen)

	FY2016 results	FY2017 results	FY2018 plan
Net Sales	102.4	112.1	120.0
(Overseas sales) (Overseas sales ratio)	(17.1) (16.7%)	(19.4) (17.3%)	(21.2) (17.7%)
Operating income (Operating income ratio)	5.4 (5.3%)	5.3 (4.7%)	6.8 (5.7%)
Recurring income	5.1	5.2	6.6
Net income attributable to owners of the parent	3.4	3.4	4.4
ROE	5.7%	5.5%	6.6%

Five High-Priority Policies

1. Business portfolio transformation

- Increase the sales ratio in the Industry segment
- Accelerate the global sales expansion
- Enhance collective capabilities of the Group with M&A synergy effects

2. Speed-up of the business model transformation

- Build a brand strategy of the Group and centralize information transmissions
- Enhance group-wide development of fabrication business
- Redevelop solution-proposing sales activities and strengthen multi-stage sales activities

3. Strengthening of development capabilities by transforming development promotion system

- Transfer theme of New Business Application Development Center
- Utilize domestic and foreign exhibitions
- Strengthen information gathering for strategic merchandise development

4. Enhancement of competitiveness to build a high-profitability structure

- Adequately respond to raw material price trends
- Wide-region logistic
- Development of energy saving/productivity

5. Personnel portfolio transformation/human resource development

- Increase the number of sales/development personnel, improve their skills and streamline back-office sections
- Human resource development by Sekisui Plastics-Juku
- Share ideal types of Group personnel and nurture next-generation leaders in Japan and overseas

A Message from the President



In 2009, Sekisui Plastics Group formulated the "Sekisui Plastics Group's 100th Year Vision", as the guidepost for further growth and development in the next half century.

This Vision, which is shared among all Group members, defines our corporate goal as becoming "a plastics solution company trusted by customers around the world," and raises our CSR Declaration as "Sekisui Plastics Group, Expanding our dreams for people and the earth."

We feel that what is most important is, based on this Vision, to put our management philosophy into practice and utilize our strengths as a "plastics solution company," while at the same time fulfilling our social responsibility to stakeholders, including the global environment, and contributing to the sustainable development of the global society.

As part of our CSR activities, we have established the three pillars of "manufacture, considering the environment, safety and quality," "sincere management activities emphasizing compliance" and "practices of *Zen-in Keiei*."

We have defined the responsibilities that we hold to each stakeholder, including the global environment, customers, Group members and shareholders, and are engaged in initiatives that fulfill these responsibilities by contributing to society through the promotion of our business activities.

With regard to environmental contributions, we have poured our energies into "Green Wave" (planting trees on the International Day for Biological Diversity, etc.) which have been broadly called for by Japan's Ministry of the Environment and other organizations, as Group-wide initiatives around the world. We have been part of these activities since 2012, and in recognition of our activities thus far, we were designated as a Green Wave official partner by the Japan Committee for United Nations Development Business in March 2018.

Moreover, this year the Western District of the Satoyama Conservation Activities, in which Group Members participate through the Sekisui Plastics Fund in two locations in

We, Sekisui Plastics Group, carry out social responsibility to stakeholders, including the global environment, and contribute to the sustainable development of the society, by putting our management philosophy into practice.

East and West Japan that entered its sixth year. Likewise, "Green Curtain" advocated by the Ministry of the Environment that have also taken root as Group-wide initiatives in the form of photo contests, for example.

Sekisui Plastics Group also participated in "The Call for a Solution to the Problem of Ocean Plastic Waste" advocated by the Japan Plastics Industry Federation as a way to cooperate in solving the international problem of plastic waste in the ocean.

In terms of business, in working towards the corporate goal of becoming "a plastics solution company trusted by customers around the world" as raised in Sekisui Plastics Group's 100th Year Vision, we have been promoting the "Make Innovations 60" mid-term management plan. These efforts have served as a way of working to cultivate new customers and pioneer new markets in the two fields of Industry and Human Life in order to meet the true needs of our customers. As a result, our strategic merchandise, including PIOCELAN and TECHPOLYMER, has continued to grow steadily.

In order to fully promote our CSR activities through these businesses, the capability of the Group employees is essential. Sekisui Plastics Group has defined the image of the employees sought by the Group and summarized this image in the "Zen-in Keiei" card so that our individual employees can fully utilize their specific capabilities. The card shares this image among all Group employees together with the origin of the company name, the management philosophy and the code of conduct as Sekisui Plastics Group's culture (corporate culture).

As a way of creating a worry-free work environment, we offer child-raising support that takes work-life-balance into account and engage in initiatives that consider the physical and mental healthcare of our employees. In terms of diversity, we are promoting initiatives that support the participation of women, employ those with disabilities and expand global employment. We feel that all of these initiatives are based on our founding spirit of "for the happiness of people working for the company."

The motive power for the steady progress of our initiatives targeting the corporate goals in the 100th Year Vision is, without question, the *Zen-in Keiei* culture of Sekisui Plastics Group. We feel that it is this daily independent thinking of each Group member and the accumulation of their activities itself that enables us to grow the company and contribute to society.

Despite this steady progress, we are still only part way to achieving our corporate goals. As such, we will continue to engage in promoting these activities as a single, unified Group. We once again thank all of our stakeholders for their continued support and encouragement.

August 2018

President



Sekisui Plastics' CSR Activity Essence (1)

Manufacturing That Considers the Environment, Safety and Quality

The Sekisui Plastics Group deems three factors as the essence of its CSR activities: manufacturing that considers the environment, safety and quality; sincere management activities emphasizing compliance; and the "practice of *Zen-in Keiei*" (all-member management).

For one of these, manufacturing that considers the environment, safety and quality, we are promoting efforts that take safety into consideration from product development to use and disposal. These include the manufacture of ST-gel, which is used as a "skin contact" component indispensable for biomedical electrodes in the medical/health care fields. Because of this, ST-gel's development was conducted with a focus on providing a product with excellent safety. We also have in place a thorough management structure and system for production process and quality assurance.

■ Simultaneously Satisfying Weak and Firm Adhesion Requirements, Developing Materials That Are Kind to Skin

ST-gel is a material that can hold water and, optionally, solvents, moisturizers, electrolytes and other components in its hydrophilic resin matrix. By fully utilizing foaming technology to control reactivity, it has become possible to reduce to an extremely low level the amount of monomer remaining in the gel that can cause a rash and damage

the skin. Also, since the gel has moisture absorbing and releasing properties, even if the patient sweats, the moisture from the sweat is diffused into the gel and does not make the skin clammy.

Boasting a high level of safety, which is indispensable as a product that comes into contact with areas on the human body, such as the chest, abdomen and shoulders, gel is also characterized by the way such products enable factors, including the hardness and thickness of the gel as well as the strength of adhesion, to be controlled in



1

Manufacture,
considering the environment,
safety and quality

2

Sincere management activities,
emphasizing compliance

3

Practices of *Zen-in Keiei*



accordance with customer requests. Many types of gel have been adopted for use with the electrodes in medical electrocardiograms and the adhesive electrode pads in low-frequency therapeutic devices for use in health care. Also, the demand for cosmetic face packs is expanding, and as a supplier to manufacturers of cosmetics and other products on an OEM basis, we undertake integrated management, from manufacture to shipment.

In recent years, there have also been increasing needs for ST-gel in the areas of nursing care, such as in the

prevention of the reduced mobility condition known as locomotive syndrome, and self-medication, such as self-health management. To respond to demands of this type, we developed a technology that enables us to combine different properties, such as both weak and firm adhesion as well as gel surface hardness and softness, in a single gel material and launched LN Grade in 2017.

Safe and kind to the skin, as a product for which consideration has been given to the environment and to safety, ST-gel is expected to contribute even in new fields.

Interview

Development of Products That Assist Advances in Medical/Health Care Fields

As St-gel is a material that comes into direct contact with the skin, we consider “manufacturing with consideration for the environment, safety and quality” to be particularly essential with this product.

To be able to respond to the burgeoning global demand of recent years, we have assigned overseas process licensees and undertaken the starting-up of facilities. In selecting these licensees, special heed was given to the meeting of safety and quality standards. As there are various grades in the case of ST-gel and the processing

facilities are different for each grade, the person in charge of manufacturing needs to deal with multiple facilities. In consigning the production of ST-gel to new process licensees, we also focused on implementing reliable and seamless handovers.

We believe that we will continue to contribute to advances in the medical/health care fields through sales of ST-gel, demand for which is expected to expand in the medical/health care and beauty fields.



Toshihiro Suzuki

Chief of Production Group, Miho
Sekisui Plastics Kanto Co., Ltd.

Sekisui Plastics' CSR Activity Essence (2)

Sincere Management Activities Emphasizing Compliance

One of the three factors that the Sekisui Plastics Group regards as the essence of its CSR activities is sincere management activities emphasizing compliance. We believe that it is a rule with which we must comply to fulfill the social responsibility that we have to all of our stakeholders.

From our first advances into overseas markets in the 1970s, we have been making active progress in globalization. The number of business bases has increased in recent years, and we believe that sincere management activities emphasizing compliance are needed at each. Having produced the Global Management Handbook, we are working to make sure that all bases remain thoroughly aware of its content.

■ Global Management Handbook

The Global Management Handbook serves as a guide for realizing the Sekisui Plastics Group's goal of remaining a plastics solution company trusted by customers around the world through its business activities.

The reason behind producing the handbook lies in the Group's ongoing global expansion in Northeast Asia, Southeast Asia, the Americas and Europe, and the increase in the number of business bases, of which there

are currently 13 in nine countries as of 2018. Recognizing that what is regarded as common sense in Japan can on occasion be seen as just the opposite outside Japan, it was necessary to urgently clarify and define what should be done and what should not be done to behave correctly in a given situation.

The Handbook first specifies how the presidents of global Group companies, who take command at the frontline, should act locally in terms of areas such as governance, compliance, information security and labor



1 Manufacture, considering the environment, safety and quality

2 Sincere management activities, emphasizing compliance

3 Practices of Zen-in Keiei



management. We would like the presidents of Group companies to understand the Handbook's content and build governance structures that take into consideration the situation and environment prevailing in each country or region. Going forward, we are also considering expanding the Handbook's target readership and enhancing its content.

By putting the Handbook into practice, we will rebuild the organization of the global Group companies and rethink how business should be carried out and, by

promoting management by means of that mechanism, we will build a sustainable system for the future. With these initiatives, we would like to aim for further advances and truly become a plastics solution company trusted by customers around the world.

Interview

Making the Global Management Book the Global Management Bible

As the overseas development of the Sekisui Plastics Group gains pace, it is becoming more important for us to properly manage risks and respond to individual issues with a sense of urgency, so that we can gain the trust of our stakeholders.

On the basis of information and advice of the audit corporation, the results of past internal audits, the current situation at and the opinions of each group company, and by compiling management points and information, the Global Management

Handbook helps managers of global Group companies make management decisions "efficiently and with the correct attitude." In the increasingly severe global market, the Handbook serves as a bible to respond to the expectations of stakeholders in a level-headed manner that balances offense and defense, and I think that it will be useful for conducting sincere management activities emphasizing compliance.



Koichi Oura
Finance & Accounting Department
Administration Headquarters

Sekisui Plastics' CSR Activity Essence (3)

Practice of *Zen-in Keiei*

The Sekisui Plastics Group believes that the "practice of *Zen-in Keiei*" (all-member management) forms not only an essential part of its CSR activities but also the very corporate culture that underpins the Group's development. An entrepreneurial spirit to tackle new things and a business entrepreneurial spirit to work on your own initiative or devise mutual studies are thought necessary for the practice of *Zen-in Keiei*.

Today, at a time when the Sekisui Plastics Group's business activities are extending across the globe, we believe that the fostering of human resources, regardless of their nationalities, capable of excelling on the world stage is necessary for the practice of *Zen-in Keiei* and have developed and are promoting a Global Training System.

■ Global Training System

There are two global training courses currently conducted by the Sekisui Plastics Group: local language training, which is geared toward employees being transferred overseas, and a global talent system special training course, which specializes in participants' on-site learning of, for example, sales development and molding and processing.

Of these, local language training is a training system that supports all employees being transferred overseas in

acquiring the languages necessary for their work assignments. Participants can choose their method of attendance, for instance by school lessons, private tutoring, and e-learning, depending on their circumstances. Since the start of this system, an increasing number of people have mastered the language of a country into which the Company has expanded.

Through training, not only by receiving language tuition, but also by deepening the understanding of local nationalities, cultures, and customs, exchanges with local employees are increasing and also having the effect of making business



1 Manufacture, considering the environment, safety and quality

2 Sincere management activities, emphasizing compliance

3 Practices of *Zen-in Keiei*



activities smoother.

In contrast, the global talent system special training course is characterized by mainly on-site learning with the aim of fostering the human resources capable of excelling on the world stage in the years to come. In 2016, we dispatched personnel to Sekisui Plastic Taiwan Co., Ltd. and conducted a molding and processing training course commenced the year before.

Not merely the mastering of molding technology or the obtaining of language tuition, this gaining of practical experience also serves as a gateway to comprehensive career

development, including production management, cost management, global management and factory management.

Some of the participants who completed the global talent system special training course that began in fiscal 2015 were sent to overseas offices, such as in the United States and Thailand, where they are actually making use of their experience of on-site learning. In the years to come, we will continue to promote global training so that we can put *Zen-in Keiei* into practice even in the global development of the Sekisui Plastics Group, which is continuing to expand.

Interview

Having Put into Practice All Aspects of Operations on the Factory Floor, I Learned Frontline Management Methods in the United States

Amid the rapid advance of globalization in recent years, I thought that I too was in need of awareness reform to put into practice work styles that respect diversity and registered for the Global Talent System.

My trainee period began with short training courses held at various business sites in Japan, where I actually experienced the differences between product items, production methods and facilities.

Next, at the SPUS plant in Tennessee to which I was sent, I had an opportunity to learn on-site all aspects of frontline factory operations, from exchanging the molds to the packaging

of products, through practicing. As a shift leader, in the first half of the training course I received training on global work-site management methods. In the second half, at the newly constructed SPUS plant in Ohio, I was involved in putting in place the same safety, quality and technology management methods as the Tennessee plant. I also participated in the launch of a new automobile component materials project while conducting problem extraction and improvement activities at the production site. From now on, I hope to make use of this experience in Thailand and contribute to the Group's globalization.



Izuru Shimabukuro

Sekisui Plastics (Thailand) Co.,Ltd

Environmental Contribution through Business Activities

Sekisui Plastics Group aspires to be "a plastics solution company trusted by customers around the world" by proposing the Group's products and systems, including eco-friendly products, as solutions in order to bring comfort and convenience to the lives of people.



ESLEN Block

Block for EPS construction method



Super Soilen System

Lightweight greening method



AQUAROAD

Underground stormwater tank

Special Feature



CMT Molded Products

Bathtub pans

Special Feature



CELEPET

Microwave/oven safe food container



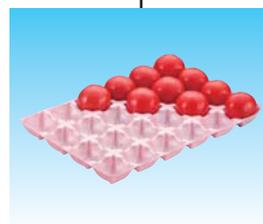
Heat-resistant PS Sheet

Microwave safe food containers



ESLEN Sheet

Food trays



Fruit Tray

Cushioning material for protection



ST-LAYER

CFRP/foam core composite





ESLEN Fish Box

Fresh fish transport container



ELASTIL

Flexibility/high bounce foam



ST-gel

Hydrogel for medical use



SMC Parts

Medical equipment cover



EPSREM

Cushioning material for LCD panels



Special Feature

TECHPOLYMER

Polymer microspheres for paint/coating



TECHTELAS

LED lighting equipment



TECHEATER (panel type)

PTC ceramic heaters



PIOCELAN

Packaging material for transporting automobile parts



EPS Slope

Leveling ramp



ST-gel

Hydrogel for facial masks



FOAMAC

Hull core for yachts/fishing vessels



Resin Molding

Truck roof fairing



Special Feature

PIOCELAN

Automobile component

Environmental Contribution through Business Activities

CASE 01 Functional food containers that possess wide-ranging temperature adaptability, from freezer to oven

"CELPET"

Amid changes in the forms that meals take, brought about by the trend toward meal individualization and the increasing advances of women in society, the purchase, bringing back and eating at home of pre-cooked frozen meals that save the trouble of cooking in the kitchen is becoming more widespread. In addressing that trend, the types and numbers of frozen foods that can be easily eaten simply by heating them in a microwave oven or oven are also increasing. Using materials featuring excellent heat resistance and thermal insulation properties, we developed CELPET functional food containers. Adding variety to menus from using the oven, these containers combine ease of handling, in that they can be held after heating as due to their thermal insulation properties they do not feel hot, and heat retention that enables the food to be eaten while still hot. As a material for food containers that are used in microwave ovens and ovens, it is expected that there will be wide-ranging applications for CELPET in the years to come.

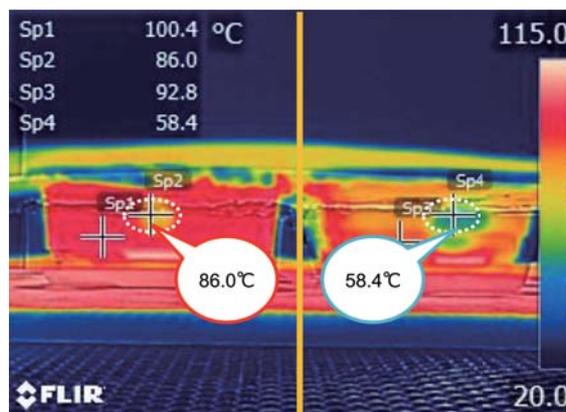
Product Features

Comprising fine bubbles in its structure, CELPET possesses high thermal insulation and heat retention properties as that structure is composed of a foam layer through which heat is not easily conducted. Having undergone a special molding process, CELPET also displays wide adaptability to temperature (resistance to cold and heat), from minus 20°C (68°F) which is in the frozen state to 220°C (428°F) which is the temperature inside the oven. Plastics are normally highly susceptible to damage after even the slightest of impacts under cryogenic temperatures, but there is little to worry about with CELPET. Also, in terms of the environment, as CELPET is made from a foamed C-PET (polyethylene terephthalate) resin, when comparing weights in the same shapes, CELPET can be made lighter than solid PET containers and can thus be said to be a resource-saving material. Among other applications, in the case of the airline in-flight meal containers for which CELPET is used, the reduction of aviation fuel due to weight savings ultimately has the effect of reducing CO₂ emissions.



C-PET

CELPET



Container surface temperatures 10 seconds after heating for 30 minutes in an oven at 180 degrees C
Temperature of food inside container approximately 80 degrees C (actual measured value from Company test)

Market Needs

In the eating at home market, variations of take-out products are increasing due to changes in the form meals at home are taking, and diversification of cooking methods is also desired. One demand that has grown in prominence is that for containers for use in oven baking.

If there are containers that can accommodate not only conventional microwave cooking, but various other cooking methods, this will lead to increased variety in the everyday dishes cooked on-site in supermarkets. There is also an increase in products cooked on the other spot which is in outside supermarket, as these reduce wasted food at stores and compensate for worker shortages. This means that a wider variety of methods will be chosen for cooking at specialty factories. For this reason, there will be ever greater needs for CELPET.

In addition, there is an increasing need for CELPET in automated production lines for baked sweets, and for other uses, to combat the worker shortages.



CASE 02 Excellent thermal insulation and rigidity, uses include bathtub flooring

“CMT Molded Products”

Possessing excellent thermal insulation properties, CMT (Composite Molding Technology) foam products also display other features, such as high rigidity and design performance, and are light in weight. The structural components of houses, such as the floors of bathrooms, are naturally required to have high rigidity and to not break, but also to combine thermal insulation with ease of installation. We developed CMT molded products for bathtub flooring (bathtub pans) by leveraging our knowledge about foam, especially with regard to the composite technologies that combine multiple materials to enhance their properties. As a result, compared with conventional FRP bathtub pans, we realized a substantial saving in weight and improved insulation. Adopted for the next unit baths to be launched by Sekisui Chemical Group's Sekisui Home Techno Co., Ltd., demand for CMT molded products is expected to increase in the years ahead.



Product Features

Composite molded articles that combine the Company's EPS (Expanded polystyrene) and PSP (Foamed polystyrene sheet), CMT molded products are made from a foam that combines the properties of each. By combining both materials, we were able to combine their characteristics, such as the heat resistance, light weight and shock absorption qualities of EPS with the design performance, waterproofness and strength of PSP.

As a result, when compared with conventional FRP bathtub pans, the CMT bathtub adopted by Sekisui Home Techno Co., Ltd. approximately doubles the insulation performance of the floor as a whole, greatly improving its heat retention. In addition, its weight can be reduced by up to around 25%, making it possible to improve the workability at the work site and reduce the burden on workers. The CMT bathtub also improves sound insulation when used on upper floors, thereby realizing performance that is not found with conventional FRP bathtub pans.

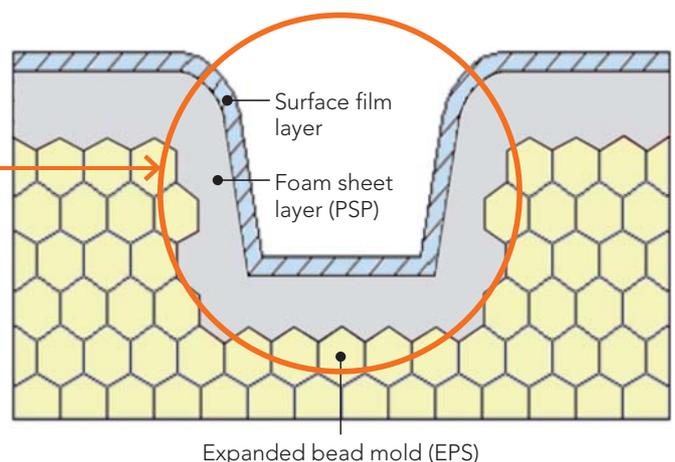


Market Needs

In recent years, there have been calls for improvements in the heat retention function of bathrooms to combat the heat shock problem that occurs in bathrooms and to which the elderly are mostly susceptible. With regard to the heat retention function of unit baths in particular, heat retention has become a necessity not only for the bathtub but also for the whole bathroom.

Apart from this, reducing the weight of the construction materials and simplicity of construction are required, as the shortage of workers and aging craftsmen have become issues in home construction. Combining the characteristics of EPS and PSP, the use of CMT molded products for bathroom components, such as the floors, ceilings, walls and bath covers, provides a solution to these issues.

In the years to come, we will advance the development of CMT molded products not only in bathroom-related fields but also in the furniture and miscellaneous goods fields, and promote them so that they can contribute to society as a lightweight structure material.



Environmental Contribution through Business Activities

CASE
03

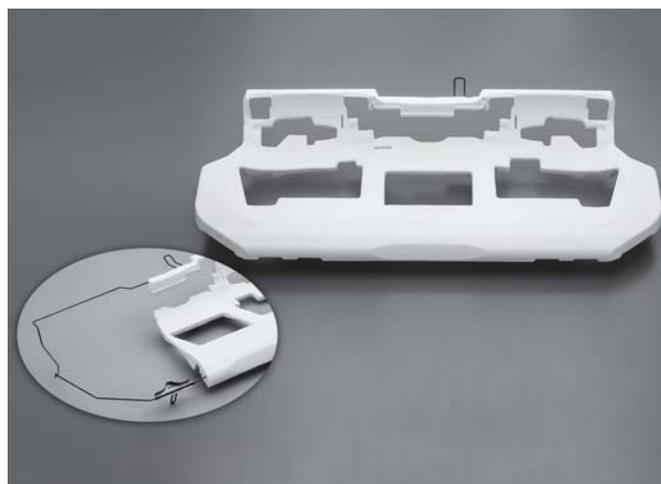
Applying our polymer hybrid technology to automotive materials

“PIOCELAN”

Produced by combining polystyrene and polyolefin, PIOCELAN is a hybridized resin foam that displays the qualities of both, such as rigidity and shock absorption. The dimensional difference between the mold and product during the molding process is small, as is the dimensional change due to the change in temperature, which are major advantages in fields requiring precision.

Leveraging the excellent, all-dimensional stability of PIOCELAN, we established the technology for integrally molding PIOCELAN with the wires necessary for fixing a component to a car body, technology that was adopted for the passenger seat components of a new model from a major automobile manufacturer.

Automobile weight reductions are being demanded to improve fuel efficiency and for the switch to electric vehicles (EVs). While satisfying the performance required for automobile components, we will be making full use of PIOCELAN's characteristics as a foam and, since this product is capable of contributing to weight reduction, aiming to extend its applications in the years to come.



Product Features

This component was produced in a one-step process of collectively molding PIOCELAN (polystyrene/polyolefin hybrid resin foam) and wires. Conventional components of urethane and wire fasteners were assembled by hand, but as a result of successfully molding the component in a one-step process, we were able to drastically reduce the number of assembly operations.

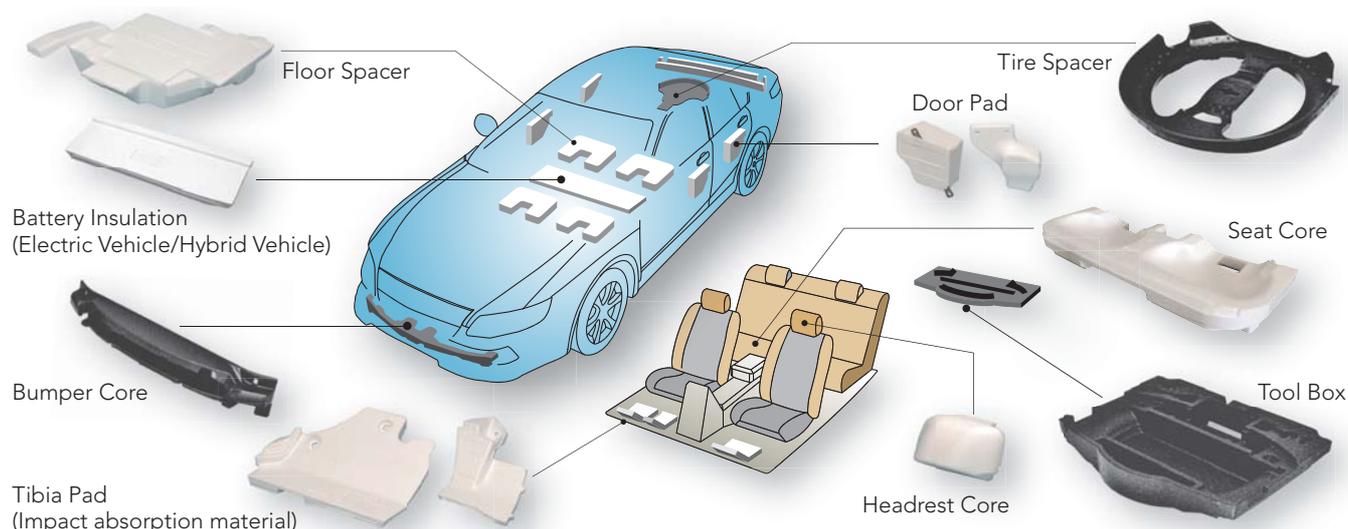
Because we were able to reduce the amount of urethane used for the seat, this has also led to a reduction in the weight of the car body. As a result, we are achieving cost savings by simplifying manufacturing processes while at the same time improving fuel efficiency and lessening environmental burden by reducing weight. The shock absorption qualities of PIOCELAN means greater safety in the event of an accident.

Market Needs

The automobile industry is constantly being called upon to improve fuel efficiency to meet environmental standards and, as a measure to that end, has been focusing on reducing the weight of car bodies.

Particularly with EVs, which is expected to rapidly gain in popularity in the years to come, reducing the weight of components other than batteries will be unavoidable to extend the cruising range, as the battery accounts for a major proportion of an EV's structural weight.

Also constantly being demanded are cost reductions by reducing the number of components and assembly operations. Under such circumstances, we will work toward the wide adoption of PIOCELAN wire insert components in other types of vehicle, as the material helps simultaneously achieve improvements in fuel efficiency and reductions in environmental burden and costs by means of weight savings and reduced manufacturing processes.



CASE
04

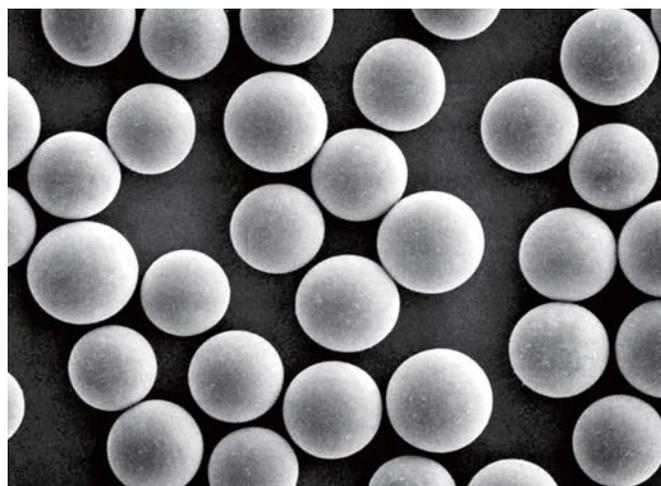
High recovery and soft particles, expanding applications include use as a matting agent

“TECHPOLYMER”

A resin material with spherical particles, TECHPOLYMER forms fine convexities and concavities on the surface of the paint when applied to films or other surfaces, its fine particles being able to serve the function of diffusing the light.

In addition to being able to suppress the gloss of the film for a matte effect by diffusing the light, as can be expected, light can be delivered in a broader range by diffusing straight light. By leveraging its light diffusing function, TECHPOLYMER is widely used in the optical field, such as for liquid crystals and low reflectivity films, in the paint field for matt finish paints, and in the cosmetics field for foundations.

In recent years, there has also been an increasing need to focus on tactile feel and scratch resistance in addition to the matting function, and we are also developing developing highly recovery TECHPOLYMER with these functions added.



Product Features

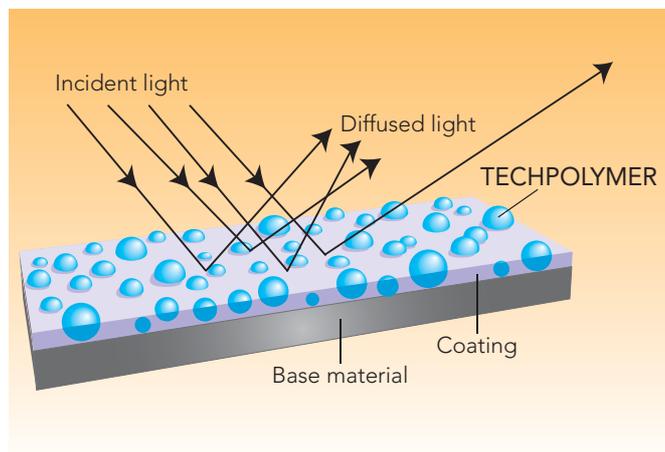
Polymer fine particles are widely used in a wide range of fields as plastic additives that improve a variety of functions. By freely using our proprietary suspension polymerization technology, the fine spherical polymer particles formed with the Company's TECHPOLYMER can be widely adjusted in a range of average particle diameter of between 0.1 to 200 microns.

TECHPOLYMER is also based on our high particle control technology. Enabling us to make adjustments in particle size distribution, in the refractive index, solvent and heat resistance as well as in hydrophilicity/hydrophobicity, depending on the application, we are also able to put together a lineup of fine particles that serve a variety of functions. These include porous spherical particles and hollow structures, fine particles that are not spherical, such as biconvex lens shapes and surface irregularities, as well as fine particles adjusted for hardness.

Market Needs

TECHPOLYMER is used as an additive for matt paint because of its excellent light diffusion performance. The minute irregularities generated in the applied coating layer affect the skin touch (tactile sensation) of the component. Making both a matt finish and a desired feel possible, particularly soft TECHPOLYMER material has been adopted for automobile interiors (such as dashboards), synthetic leather and floor materials, and its needs are expanding.

In addition, for a paint maker-developed matting additive that can be added to paint to self-restore surface scratches, we developed fine particles that combine softness and high resilience and are responding quickly to market needs.



CSR that Supports Corporate Value

In addition to meeting the expectations of all our stakeholders, including shareholders, Group employees, and customers, the Sekisui Plastics Group remains committed to developing a variety of CSR and business activities that put our management philosophy into practice, so that we can fulfill our responsibility to the international community.

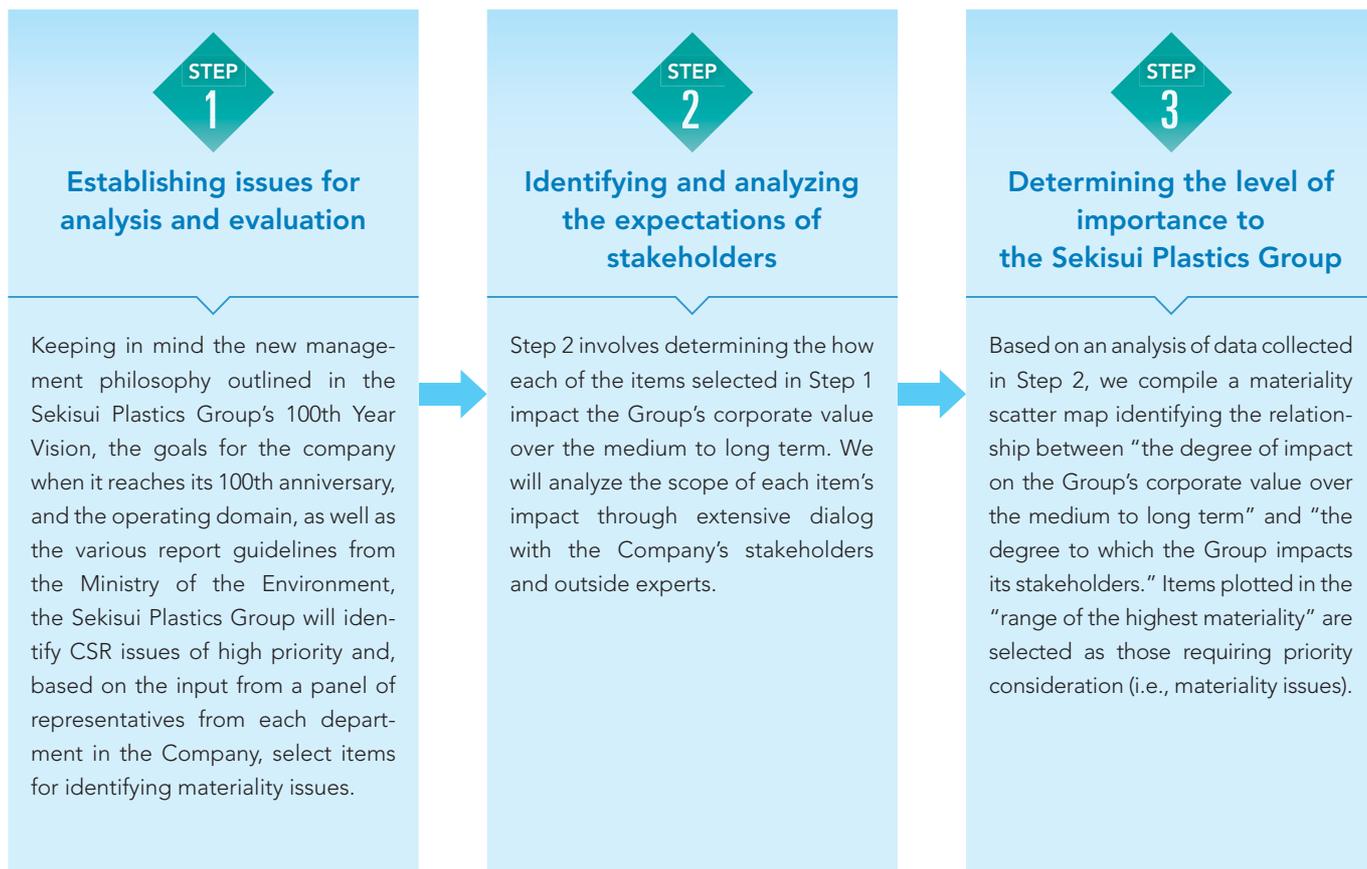
Contributing to the Realization of a Sustainable Society

The “2030 Agenda for Sustainable Development” establishing international sustainable development targets for the years between 2016 and 2030 was adopted at a UN Summit in 2015. The Agenda contains 17 Sustainable Development Goals (SDGs) that are applied universally to all countries, including developed countries, and focus on combating climate change, ensuring sustainable consumption and production, and resolving poverty and inequalities. With this international focus in mind, the Sekisui Plastics Group is committed to clarifying our priority issues.



Identifying Materiality Issues

The Sekisui Plastics Group will identify issues that should be given priority consideration in our CSR efforts (materiality issues) based on the following three step process, which will also be used in the determination of future priority issues.



The Sekisui Plastics Group has developed a business with deep ties to the environment. Ever since our founding, our activities, centered on foamed plastics, have included a focus on recycling and the conservation of resources. The Sustainable Development Goals (SDGs) aim to address a wide range of issues, and include 17 universal goals and 169

individual targets, and we note that there is quite a bit of overlap with our efforts to contribute to society through our business activities. In the following section we will outline the CSR and business activities of the Sekisui Plastics Group that contribute to achievement of the various SDGs.

Environment

SDGs for which we can make a contribution		Initiatives at the Sekisui Plastics Group	
Goal 14.	 Conserve and sustainably use the oceans, seas and marine resources for sustainable development	Signatory to the Declaration of the Global Plastics Associations for Solutions on Marine Litter	P28
Goal 15.	 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Green Curtain Activity & Green Wave Activity	P30
		Column Green Wave Activities	P30
		Mirai Fund Ibaraki "Sekisui Plastics Fund"	P36
		Mirai Fund Ohmi "Sekisui Plastics Fund"	P36

Social

Goal 3.	 Ensure healthy lives and promote well-being for all at all ages	Physical and Mental Healthcare	P24
Goal 4.	 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Human Resource Development at Production Sites	P26
		Cooperation with Kyoto Manufacturing Workshop	P34
Goal 5.	 Achieve gender equality and empower all women and girls	Column Safety Training Center in Thailand	P26
Goal 8.	 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Special Feature 1: Sekisui Plastics' CSR Activity Essence (3) "Practice of Zen-in Keiei"	P11-12
		Culture Vision "Zen-in Keiei"	P21
		Column Support for Parents	P23
Goal 9.	 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Special Feature 1: Sekisui Plastics' CSR Activity Essence (1) Manufacturing That Considers the Environment, Safety and Quality	P7-8
		Special Feature 2: Environmental Contribution through Business Activities	P13-18
Goal 12.	 Ensure sustainable consumption and production patterns	Zero Emission Activity	P30
		Initiative to Quality Assurance	P33
		Recycling	P34

Governance

- CSR Declaration P1-2
- Sekisui Plastics Group's 100th Year Vision P3
- Corporate Governance P22
- CSR Promotion P22
- Promoting Compliance P31

Initiatives for ISO26000—Social Responsibility

Section 1

Organizational Governance

Sekisui Plastics Group, on the basis of its management philosophy, is proactive in the prompt and pertinent information disclosure while ensuring management transparency, validity, and compliance in management.

Culture Vision “Zen-in Keiei”

For the growth of both company and its people

4 keywords for the practice of Zen-in Keiei

Innovation

Speed

Teamwork

Respect for Diversity

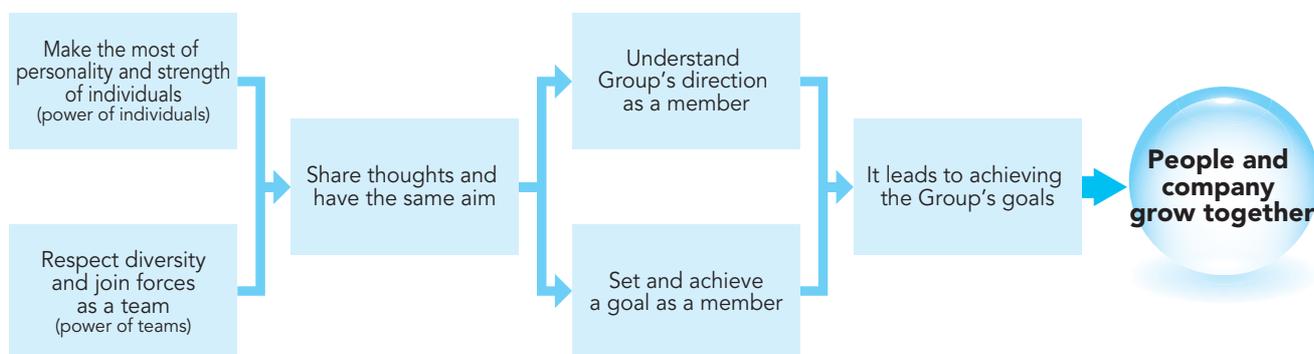
Under the concept of *Zen-in Keiei*, each member thinks by themselves, proposes, and makes voluntary actions, not be forced by top-down instructions. Under the Sekisui Plastics Group culture, we value brainstorm with other members for

improving personality and strength of individuals.

Furthermore, for understanding and realizing the corporate goal of the entire Group we have been making each member act with the spirit of Entrepreneur and Industrialist.

All members, including managements and employees in general, of Sekisui Plastics Group always recognize the 4 keywords, “Innovation,” “Speed,” “Teamwork” and “Respect for Diversity” as starting point of achievement by making the most of strength and improving the weakness.

Zen-in Keiei



The “Zen-in Keiei” card

Sekisui Plastics Group has created the “Zen-in Keiei” card that contains information on the origin of the Group name “Sekisui,” management philosophy and code of conduct of Sekisui Plastics, and action guidelines for the “Zen-in Keiei,” all in a booklet-sized card. The Group started to hand the card to all Group members in April 2017.



Corporate Governance

Sekisui Plastics carries out social responsibility to stakeholders and aspires to be “a plastics solution company trusted by customers around the world.”

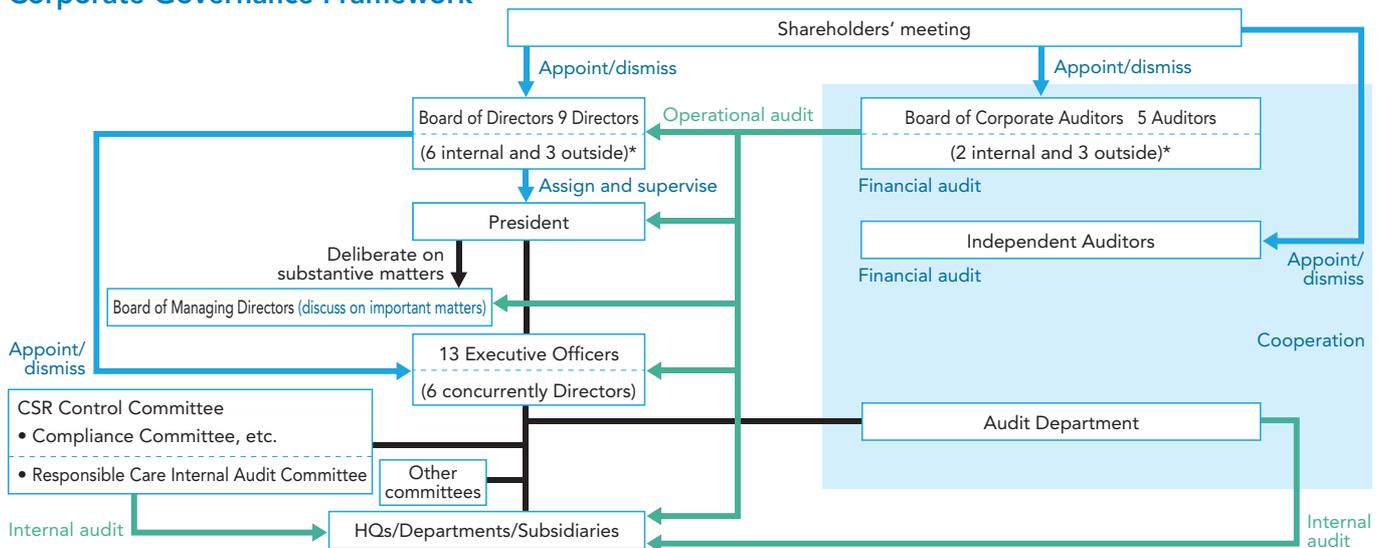
With Japan’s Corporate Governance Code having taken effect from June 2015 for companies listed on the Tokyo Stock Exchange, Sekisui Plastics Group has formulated its own “Corporate Governance Guidelines” outlining the Group’s policies and activities regarding corporate

governance. These Guidelines form the starting point for the effective functioning of corporate governance, to maintain management transparency and soundness, and establish a management structure that is able to address changes in the operating environment.

The guidelines are available in Japanese only on our website:

<http://www.sekisuiplastics.co.jp/ir/governance/>

Corporate Governance Framework



*Three Outside Directors and Two Outside Corporate Auditors are appointed as independent officers.

CSR Promotion

To mark the 50th anniversary of foundation, we formulated the CSR Vision as well as Sekisui Plastics Group’s 100th Year Vision. According to the CSR Vision, we set up the CSR Control Committee, whose chair is the president, and actively promote the CSR.

CSR Promotion Structure



Initiatives for ISO26000—Social Responsibility

Section 2

Human Rights/Labor Practices

Sekisui Plastics Group respects fundamental human rights and takes into consideration that no one is discriminated on any and all factors such as birth, nationality, ethnicity, creed, religion, gender, age, disability.

Human Rights

Initiatives to Human Rights

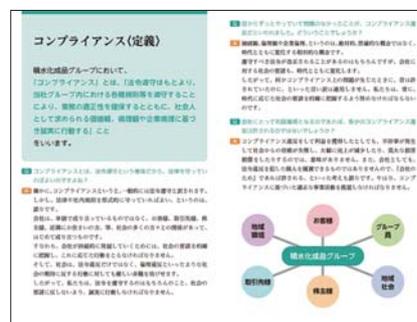
Sekisui Plastics Group's stance on human rights appears in the Compliance Manual and is widely publicized among the Group's employees.

To prevent sexual harassment, power harassment, and other abuses that could occur in the workplace, we conduct several training programs as part of employee education.

In addition, we have set up the SKG (Sekisui Kasei Group) Clean Network, an internal whistleblowing system whereby a staff member can directly report human rights abuses to an

internal point of contact or an outside attorney and address issues related to human rights.

In March 2018, Sekisui Plastics published the second edition of the company's compliance manual, which included revisions centered on labor practices and harassment. In order to expand the understanding of the topics covered in the second edition, we are implementing e-learning programs for all group employees, and with the goal of fostering an awareness of the importance of compliance we continue to remind our employees that the issues of human rights and harassment are never far away.



Column Support for Parents

Sekisui Plastics Co., Ltd. The 2nd Business Headquarters Planning Department **Sae Hosoe**
Sekisui Urethane Kako Co.,Ltd. Administration Department **Tamotsu Suzuki**

With two children born in consecutive years, we have made use of the company's childcare leave system for two years in a row. Thanks to the flex time system, we have been able after giving birth to align the time we arrive at work and leave work to match that of the nursery school, allowing us to maintain a full-time work schedule without any undue difficulty. Our children are still very young and there are times that they cannot go to the nursery school due to a fever or some other reason, and in those cases we have been able to use the company's system for taking leave to care for a child. This is separate from the usual paid leave and has proven very helpful.

The system makes it much easier to raise a child and contributes to an environment where we as parents can put our full energy into both raising their child and performing their duties at work. It appears there are also a number of male employees taking full advantage of the system to attend school events or to care for their children.

While our co-workers and superiors have been quite understanding of our childcare needs, we are promoting the sharing of work responsibilities so that we can better respond to the sudden need to take time off.



On the basis of our founding spirit such as “for the happiness of people working for the company,” we regard human resources as one of our most important management resources. For this reason, Sekisui Plastics Group is proactive in not only skill development supports and fair evaluation of employees, but also efforts to create a good work-life balance and a healthy/safe work environment.

Labor Practices

Certification as a Company Promoting Child-Raising Support

In 2012 and 2014, we acquired the “Mark of Certification of Support for Raising Next-Generation Children” (commonly called “Kurumin”) from the Osaka Labour Bureau of the Ministry of Health, Labour and Welfare. This is an official acknowledgement of our efforts to support employees to balance work and family life by enhancing our childcare leave system and promoting taking paid leave. We continue to aspire to be a company that supports child-raising by encouraging the use of relevant programs and supporting systems that create employee-friendly workplaces and work-life balance.

Business Promotion Consortium —passing on the founding spirit to now

Sekisui Plastics Group set up the Business Promotion Consortium comprising all members of employees and directors, and encourages their voluntary participation in management.

The Consortium pursues the workers’ happiness through the management philosophy of mutual respect and trust.

We treasure the founding spirit of Sekisui Plastics Group, “the happiness of people working for the company,” and practice the corporate culture, *Zen-in Keiei*, through activities of the Consortium.



Physical and Mental Healthcare

To support the physical and mental health of employees, we provide a wide range of services including medical checkups, medical consultations with an industrial physician, guidance from public health nurses on reversing metabolic syndrome, and hygiene training.

For the mental health, in FY2012, we formulated a basic policy, Sekisui Plastics Group’s Mental Health Promotion. We continually and systematically engage in mental health support activities, including preventive measures, following an annual plan. In FY2014 and FY2015, we held mental health training for managers.

In FY2016, we held stress-check tests, engaged in activities to prevent lifestyle-related diseases from becoming severe, and provided health information in order to raise health awareness among employees. In fiscal 2017, our stress-check implementation rate was 92.1%.

Employment Promotion of People with Disabilities

The employment rate for people with disabilities for the entire Group was 1.3% in FY2017. This rate has not reached the legal standard so we continuously strive to increase the rate by sharing examples of employment (job content, working environment, etc.) of the Group companies hiring such people.

Diversity Initiatives

With the goal of promoting diversity, Sekisui Plastics Group believes it essential to provide all employees, regardless of nationality, age, or gender, with workplaces where they can fully demonstrate their skills and abilities under a variety of conditions. As part of this effort, we are focusing on the active advancement of women and advancing measures aimed at creating an environment in which as many women as possible can excel.

Initiatives for ISO26000—Social Responsibility

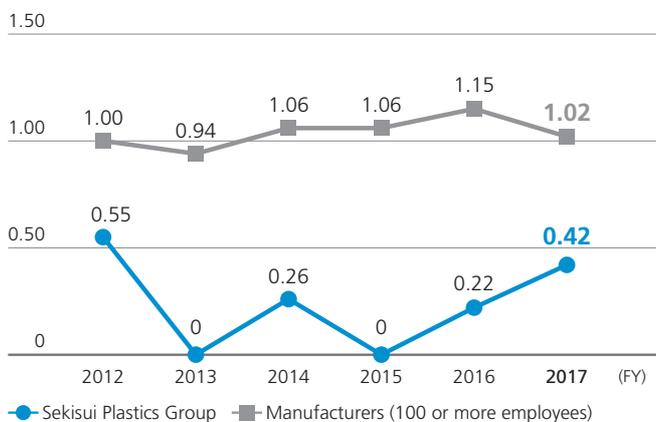
Section 2 Human Rights/Labor Practices

Sekisui Plastics Cram School (SK-Juku)

The SK-Juku promotes the early development of global executive-level employees and next-generation leaders, strengthens develop-sales skills, and cultivates human resources with a sense of vitality. Participants can learn the knowledge and theories required as future management/managers through lessons by external lecturers, discussions between directors, and practical education by directors and management.



Lost Time Injury Frequency Rates*1



*1 Lost Time Injury Frequency Rates: The number of absent employees due to industrial accidents per 1 million working hours

Lost Time Injury Frequency Rates of Manufacturers (100 or more employees): Excerpted from statistics in the Ministry of Health, Labour and Welfare's Survey on Industrial Accidents.

Safety-Related Activities

In addition to safety patrols of each workplace and site patrols by top managers, we carry out the following activities.

1 Safety briefings with the top manager

Each top manager has a briefing with every single employee to find out dangerous facilities and procedures. We use results of the safety response survey of the Japan Industrial Safety and Health Association.

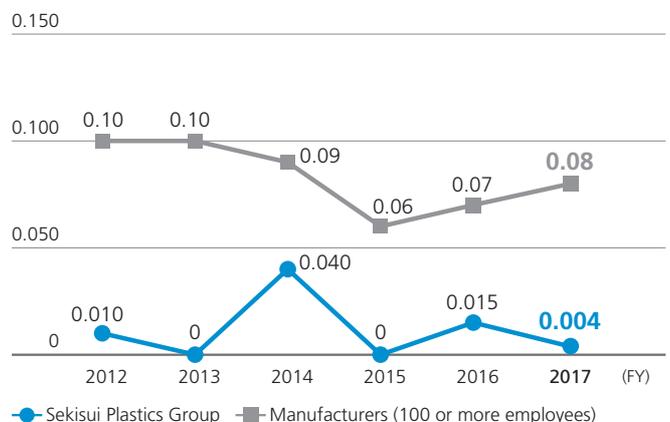
2 Appointment of one-day safety managers

All Group companies appoint one-day safety managers to increase awareness and responsibility on safety and finding out unsafe conditions.

3 Safety meetings by each production section

Group companies that have any similar facility and/or procedure get together to discuss common issues and make/ carry out safety measures.

Accident Severity Rate*2



*2 Accident Severity Rate: The number of lost workdays per 1,000 working hours

Accident Severity Rate of Manufacturers (100 or more employees): Excerpted from statistics in the Ministry of Health, Labour and Welfare's Survey on Industrial Accidents.

Global Talent System

In line with the expansion of our global business bases and with the aim of developing talented individuals who will vigorously play an active role in the global market, we introduced the Global Talent System for developing and managing human resources according to individual experience and skill level. We focus on the creation of human resources with an emphasis on local experience by sending younger employees in a wide variety of positions to global Group companies.

Human Resource Development at Production Sites

We promote human resource development at production sites based on a concept, “Monodukuri (to create things)” is “Hitodukuri (to create human resource).”

We promote the SKG Kaizen Activities for enhancing Monodukuri capability of the entire Group while improving human resource of production site workers.

All workers at production sites, whether they are full-timer and part-timer, participate in SKG Kaizen activities and are committed to create better things in terms of the environment, safety, quality and cost.

Every year, 10 teams, which qualified from over 220 teams in global, give KAIZEN presentation at the final tournament.

Safety-Related and Health Activities

We conduct periodic training, safety education and emergency response drills to hone employee abilities and skills, and maintain/improve safety and health. We set up Anzen Dojo (Safety training halls), where employees can experience simulated accidents, at ten locations in Japan and five locations overseas as educational facilities to raise safety awareness among individual employees and impart safety skills.



Column Safety Training Center in Thailand

Sekisui Plastics (Thailand) Co., Ltd. Saraburi Facility Safety Officer **Sudarat Duangket (Aoi)**

In the wake of the 1993 fire at a toy factory, which left a toll of deaths, the government of Thailand signaled its commitment to safety and disaster prevention, including by enacting a law stipulating that fire drills must be conducted at least once a year. The title of Safety Instructor is given to those completing government-specified training and 70% of those receiving this title are women, showing that women are making a valuable contribution in maintaining a strong level of safety awareness.

In line with the Company's policy of giving top priority the safety and health of its employees, Sekisui Plastics established a safety training center in Thailand in 2016. In daily training exercises, we focus on ensuring safety awareness by following basic actions, such as pointing at and verbally confirming equipment such as helmets, shoes and uniforms prior to work. There are also a variety of other training programs, including cardiopulmonary resuscitation (CPR) and automatic external defibrillator (AED) training, and programs aimed at training new employees to take certain actions, including affixing safety belts, before they enter the work site.

Thanks to the establishment of the safety center and the factory manager's definite commitment to prioritizing safety, the facility has remained accident free and disaster free for over one million man hours.



Initiatives for ISO26000—Social Responsibility

Section 3

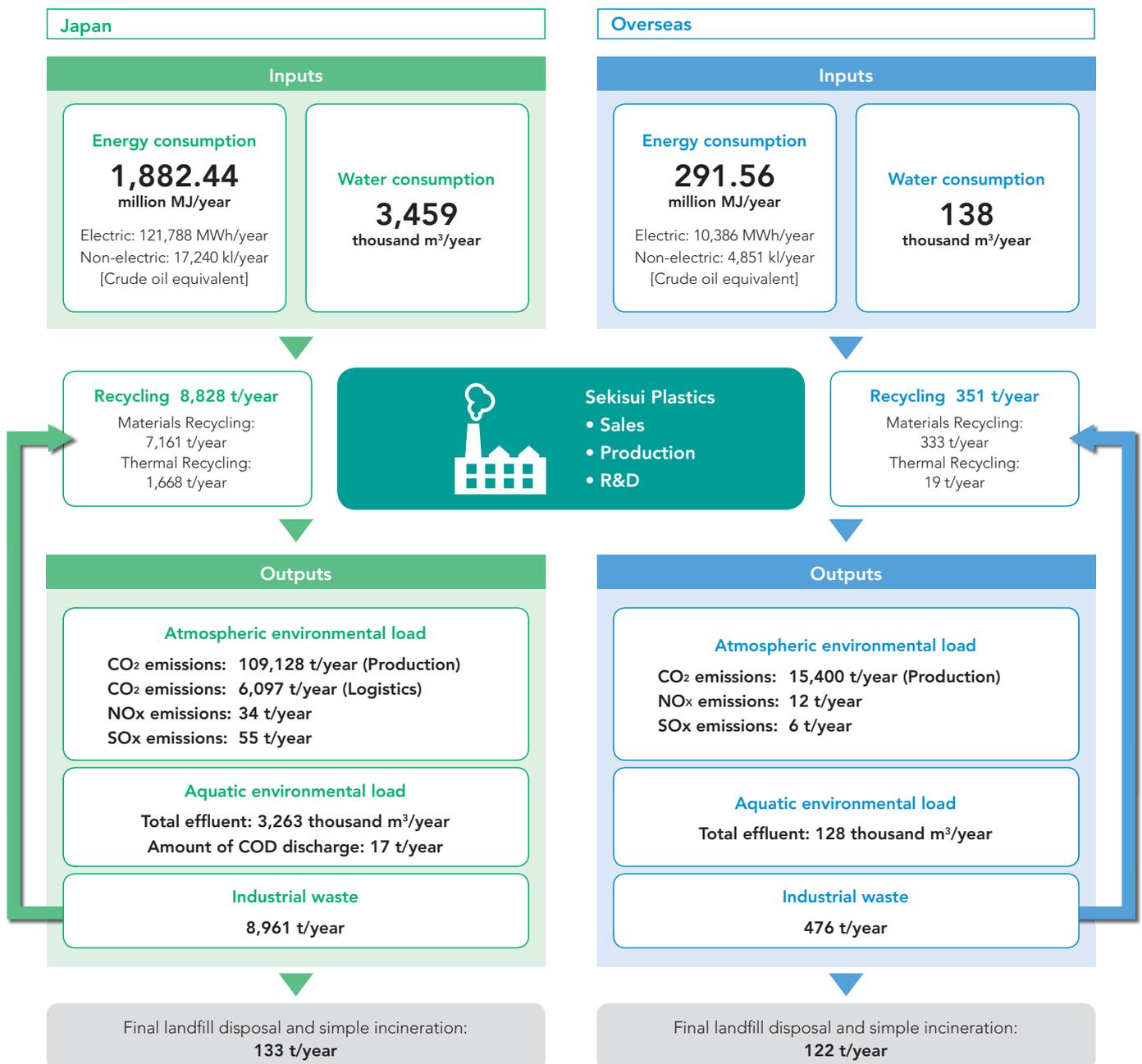
The Environment

To achieve a sustainable society, Sekisui Plastics Group promotes activities that reduce emissions of environmentally hazardous substances generated through business activities, and that preserve biodiversity.

Inputs/Outputs (FY2017 Results)

Sekisui Plastics Group grasps and manages the environmental impact arising from business activities in “unit consumption/output,” which expresses environmental loadings per

production volume. We are working on the low carbon society plan launched in FY2013.



FY2017 Activity Results

Initiative to Reduce CO₂ Emissions in Production

Sekisui Plastics Group set up the Energy-Saving Promotion Committee and promotes the energy saving through innovations on production process.

In fiscal 2017, changes in our production structure involving a shift from raw materials to final products resulted in domestic CO₂ emissions (basic unit) increasing 1.9% from the previous year. Likewise, CO₂ emissions (basic unit) increased 12.5% overseas in line with the launch of full-fledged operations at various mold processing plants.

We are continuing to work to reduce CO₂ emissions in fiscal 2018, by improving processes, eliminating steam/air leakage, and reducing heat loss.



Reducing Water Consumption in the Production Process

Water is becoming an increasingly precious natural resource worldwide and in addition to focusing on how much water the company uses and how much wastewater it releases, the Sekisui Plastics Group is taking measures to reduce usage by studying ways to more efficiently use this valuable resource.

Domestic water consumption in fiscal 2017 was 3,459,000m³, including 1,380m³ of groundwater and 82,000m³ of publicly supplied water. Overseas water consumption was 138,000m³. Due to changes in the group's production structure, water resource consumption on a basic unit basis was up 3.3% from the previous year in Japan and up 6.3% on the same basis overseas.

With the goal of preserving valuable water resources, we will continue to work to conserve water in fiscal 2018, including by promoting the reuse of water and reviewing the production process.



TOPICS

Signatory to The Declaration of the Global Plastics Associations for Solutions on Marine Litter

With worldwide interest in the subject of garbage in the oceans continuing to increase, Sekisui Plastics is a signatory to "The Declaration of the Global Plastics Associations for Solutions on Marine Litter" promoted by the Japan Plastics Industry Federation. The Company will continue to develop materials and products that are less likely to become marine litter while simultaneously working on the issue with customers and employees. We are also working to instill the idea of reducing river and ocean garbage in individual activities.

The Sekisui Plastics Shikoku Ozu facility acquired permission to operate industrial waste disposal and transport businesses, and has started collecting and recycling foamed polystyrene floats used in aquaculture rafts. The Sekisui Plastics Yamaguchi Mihara Plant participates in cleanup events every year on the nearby Nuta River and for four consecutive years has won first place in the handmade raft contest, which is judged based on total garbage collected the quality of the raft's workmanship.



Initiatives for ISO26000—Social Responsibility

Section 3 The Environment

Initiative to Reduce CO₂ Emissions in Distribution

The Sekisui Plastics Group is working to reduce CO₂ emissions by improving efficiency in distribution and organizing projects to reform the distribution system from fiscal 2017. As part of our efforts, we are decentralizing production sites and constructing warehouses in business centers to improve our distribution network. However, with the effects of these efforts yet to manifest, CO₂ emissions in distribution increased in fiscal 2017.



Initiative to Reduce CO₂ Emissions in Offices

We have started energy-saving activities such as turning off unnecessary lights, and installation of energy-saving equipment such as LED lighting and individual air conditioners. In FY2017, we reduced energy consumption on a basic unit per area by 7.0% from the previous fiscal year.



Compliance with the Chemical Substances Management Act

In compliance with the PRTR* system under the Chemical Substances Management Act (the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the

Management Thereof), we promote improvement to reduce emissions of specified chemical substances.

*PRTR: Pollutant Release and Transfer Register

Emissions of chemical substances (PRTR substances: Rounded to one decimal place)

(t)

Substance	Styrene					Toluene					Methyl methacrylate					Ethyl benzene					
	Fiscal Year	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
Emission	Air	5.5	5.8	6.2	6.6	4.7	0.7	0.7	0.4	0.4	0.5	1.4	1.3	1.4	1.4	1.6	0.0	0.0	0.1	0.1	0.1
	Water	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Soil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer		2.1	1.1	1.6	2.7	2.8	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Green Curtain Activity & Green Wave Activity

As an environmental contribution activity based on a group-wide topic, Sekisui Plastics Group carries out the Green Curtain Activity that the Ministry of the Environment encourages as a summertime power-saving and CO₂ reduction measure. In FY2017, 34 locations in Japan and overseas joined in the activity.

In one example, Sekisui Plastics Gunma was awarded the bronze prize in the Green Curtain Contest sponsored by the town of Oizumi. We are also participating in the “Green Wave Activities” being advanced by the Ministry of the Environment. In fiscal 2018, 17 group companies and 39 offices registered on the Ministry’s website and participated in “Green Wave Activity” events.

In recognition of its participation to date, the company was designated as a Green Wave Official Partner in March 2018.



Zero Emission Activity

In order to reduce and recycle the industrial waste, we joined in the zero emission activity in FY2001.

Our Group companies also started the activity from April 2005. The recycling rate in FY2017 was 98.5% in a total of all Group companies. The head office started from November 2004 and we achieved almost 100% recycling rate in FY2017 by thoroughly separating the waste.



Column Green Wave Activities

Sekisui Plastics Co., Ltd. Corporate Planning Center CSR Promotion & Public Relations Department Komei Yanase

The “Green Wave” activities involve people planting trees in their respective time zones at 10:00am on 22 May, the International Day for Biological Diversity as designated by the United Nations. This activity occurring at 10:00am in each time zone creates a “green wave” that moves across the world from east to west.

The Sekisui Plastics Group is in agreement with the goals of the green wave activities and encourages each of its companies to support and spread such activities. With the goal of advancing awareness of biodiversity in our employees, the Group is sponsoring tree planting and raising activities, as well as the conservation of rural nature around the International Day for Biological Diversity. In particular, we are working to increase the number of participants by creating a manual for participation at smaller offices and promoting enhanced participation at larger offices.

In recognition for its participation in these activities, Sekisui Plastics was designated as a Green Wave Official Partner by the Japan Committee for United Nations Decade on Biodiversity (UNDB-J) in fiscal 2018. We will continue to work to achieve the full participation of all Sekisui Plastics locations moving forward.



Initiatives for ISO26000—Social Responsibility

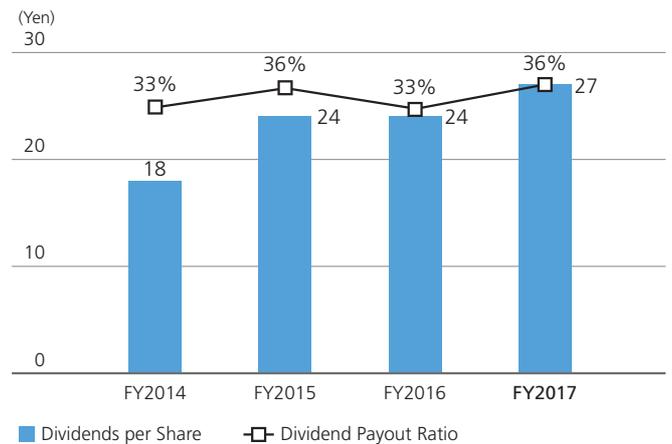
Section 4 Fair Operating Practices

Sekisui Plastics Group complies with laws and regulations, strives to engage in fair operating practices, and conducts business activities based on high ethical standards.

Basic Policy Concerning the Distribution of Profits

In principle, we return profits to shareholders depending on consolidated financial performance and with the aim of distributing stable dividends. We will implement a dividend policy targeting a consolidated dividend payout ratio of 30–40%. In addition, we continue to review and implement the acquisition and retirement of treasury stock in a flexible manner as part of profit-sharing with shareholders. Internal reserves are selectively appropriated for strategic investment leading to the future growth and enhancement of the management structure.

Dividends per Share and Dividend Payout Ratio



Note: The Company consolidated its common share at the ratio of two shares to one, effective on October 1, 2016. On assumption that the share consolidation was implemented on the beginning of FY2014, the dividend per share shows in the graph.

Promoting Compliance

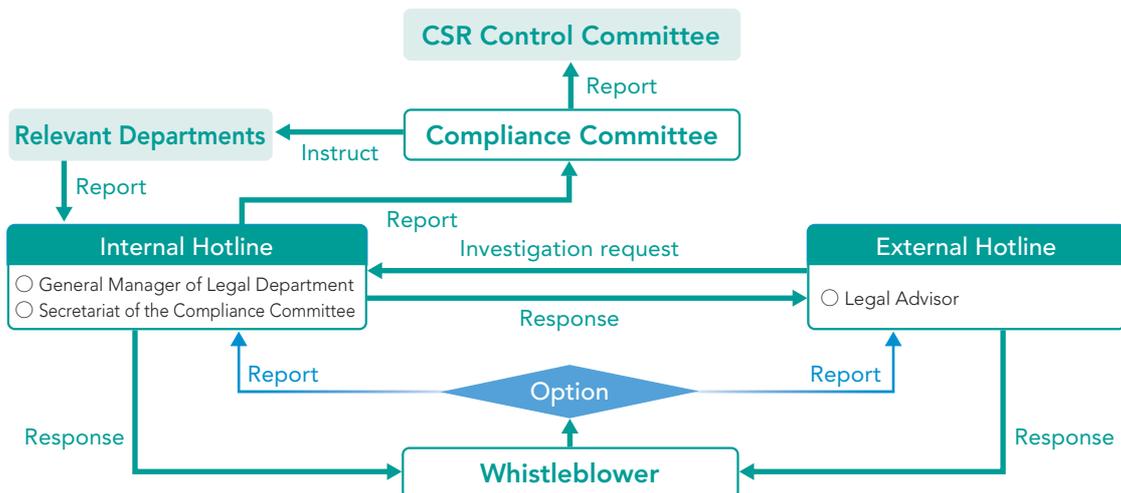
Sekisui Plastics Group set up the Sekisui Plastics Group’s Compliance Guideline, describing how to act as a representative of the Company, and has been building a favorable relationship with societies.

Also, the Group established a Compliance Committee to enhance and promote compliance of the entire Group with laws/regulations. The Committee is held twice a year on a regular basis to deliberate on compliance matters in the Group.

In addition, each Group company establishes a Compliance Committee and appoints a responsible person to cooperate the Groups each other.

To fulfill corporate social responsibilities, the Group set up an internal whistle-blowing system “SKG Clean Network,” and strives to build a fair and vigorous organization.

For “SKG Clean Network,” please refer to the Section 2 on Page 23.



Information Security System

Sekisui Plastics Group has formulated a Basic Policy for Information Security to ensure the security of information assets, and appropriately manages and operate the assets.

In order to enhance the Group's information security, we set up an "Information Security Committee." The committee formulates rules according to the basic policy and their operational manual, and also strives to improve knowledge for handling information assets by seminars and e-learning programs for all Group members.



Purchasing/Procurement Policy

Our purchasing departments provide equal opportunity for suppliers by widely opening the door to pursue better products and services based on transparency and fairness.

We deepened our partnership with our suppliers from fiscal 2017, actively visiting and auditing their factories and plants with our quality assurance and factory purchasing departments.

We are conducting our purchasing activities based on our purchasing policies, with the goals of expanding green procurement and the sustained development of each company's business.



Respect for Intellectual Property

We formulated a basic policy on intellectual property. We ensure proper use of intellectual property in business activities and respect the intellectual property rights of others by carrying out activities complying with the policy and by designating a department to investigate.

We actively put forward particularly outstanding inventions for awards. In fiscal 2017 we received the Chairman's Award from the Nara Inventor's Association for the invention of electrode structures for low-frequency therapeutic equipment as part of commendations for inventions in the Kinki region.



Initiatives for ISO26000—Social Responsibility

Section 5

Consumer Problems

To carry out our responsibility to consumers, Sekisui Plastics Group pursues safety and reliability through activities ensuring product safety and correcting the understanding of environmental impact.

Initiative to Quality Assurance

We operate a customer-focused quality assurance system, applied from the development stage to ensure that all products and services meet the expectations of our customers.

Basic Stance on Quality Assurance

The Company's philosophy is that product quality should reflect customer values, not those of the Company, and as such we carry out upstream management (ensuring product quality at the development stage) in an integrated manner throughout the entire Group. We conducted an in-house campaign to improve quality awareness in fiscal 2017.

Approach to Product Safety

We are committed to developing products that take into consideration the environment, safety and health throughout the entire product life cycle, from the research and development stage to product disposal after use.

Chemical Substance Management

The Sekisui Plastics Group has established a green procurement standard for raw materials and with the goal of providing information on chemical substances in its products, manages all chemical substances under ChemSHERPA (short for chemical information sharing and exchange under reporting partnership in supply chain), a domestic information transfer scheme. In addition, all of our products are labeled according to GHS classifications and their safety data sheets (SDS) are available.

Improve Product Quality at Development Stage



Respond to Consumer Problems

Responding to Accidents/Defects on Products

We developed internal regulations to deal with product accidents. When an accident occurs, responsible departments take the lead in promptly response based on the regulations, with full consideration of the customers' perspective, and related departments cooperate in finding a solution as necessary. In the case of a serious product accident, responsible departments promptly report to the top management and takes rapid, appropriate response.

Raising Customer Satisfaction

The Group attempts to identify customer needs using inquiries via our corporate website and by visits to customers, in our pursuit of customer satisfaction. In addition, the Whole Sekisui Group (including all groups of Sekisui Chemical, Sekisui House, and Sekisui Jushi) shares the product basic data and aims to provide an "All Sekisui" response to customers.

Cooperation with Kyoto Manufacturing Workshop

Sekisui Plastics is working in cooperation with the Kyoto Manufacturing Workshop courses promoted by the Kyoto City Board of Education. One of the learning programs is focused on foamed polystyrene (generally referred to a Styrofoam), which is quite useful in our lives thanks to its light weight, thermal insulation, and shock absorbing

properties. The learning course is offered to and enjoyed by elementary school students in the city of Kyoto. In cooperation with the 3S Senior Venture Club (a volunteer group of Sekisui Chemical alumni), the Sekisui Plastics Group provides support, instructors, and materials for hands-on learning in these programs.

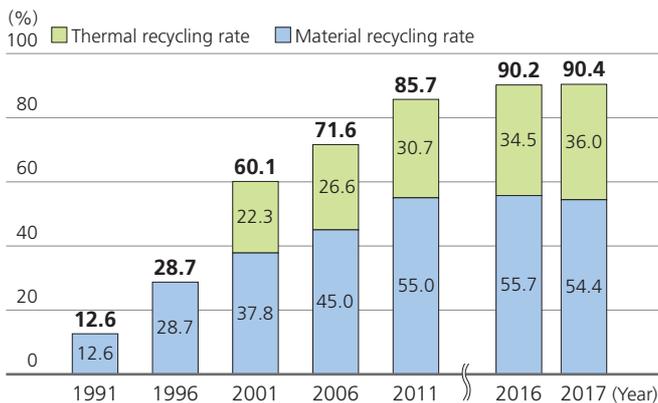


Recycling

Sekisui Plastics Group has been a leader in the recycling of EPS foam for 47 years, since 1971. We established the Japan EPS Recycling Association (current: JEPSA - Japan Expanded Polystyrene Association) together with raw material and molding companies in 1991 and promote recycling activities of EPS foams at recycling centers. In particular, the acquiring

of permission to operate industrial waste disposal businesses in Ibaraki, Nara, Ehime, Oita, and Okinawa Prefectures and a wide-area certification at Sekisui Plastics Yamaguchi (covering Hiroshima, Yamaguchi, and Shimane Prefectures) has allowed the Group to actively engage in the recycling of Styrofoam.

Recycling of Expandable Polystyrene Foam (EPS)



Data source: JEPSA



Initiatives for ISO26000—Social Responsibility

Section 6

Community Involvement and Development

As a good corporate citizen, Sekisui Plastics Group aims to meet the expectations and reward the trust by society. The Group will fulfill its role as a member of society through its business activities in order to promote the sound development of communities.

Social Contribution Activities of Sekisui Plastics Group

In accordance with our CSR Declaration set forth in the Sekisui Plastics Group's 100th Year Vision, we foster a culture of social contribution and actively promote social contribution activities.

With greater importance given to CSR-oriented management, the Social Contribution Committee has formulated the "Social Contribution Action Policy" and promoted activities in an organized manner throughout the Group.

The Action Policy defines two themes in its promotion of social contribution: corporate social contribution activities and support for activities by Group employees.

Following the policy, we have set two activities of "social contribution activity promotion as a company" and "social contribution activity support to the Group members" to promote our activities.

Social Contribution Activity Policy

- 1 We play an active role in and fulfill our responsibilities toward local and international communities as good corporate citizens.
- 2 We use our management resources effectively and promote distinctive activities.
- 3 We stay focused on the objectives and results and make every effort to promote activities of value to all.
- 4 We encourage the voluntary participation of everyone in the Group.
- 5 We disseminate information on our activities both within and outside the Group.

Support for the Reconstruction Effort in the Tohoku Region

The Sekisui Plastics Group is working to support reconstruction efforts in the Tohoku region through the formation of the Tohoku Reconstruction CS Team, whose members are mainly drawn from Sekisui Plastics Tohoku, and our business activities, including total solutions proposals in the civil engineering-related domain (as in infrastructure development) and in the agriculture- and fisheries-related domains. In addition, we have donated Sekisui Plastics Group products (such as simple food containers) for use at earthquake reconstruction events, and Group employees participated in the Millennium Hope Hills Tree-Planting Festival.



Mirai Fund Ibaraki “Sekisui Plastics Fund”

To expand activities of the “Sekisui Plastics Fund” nationwide, a new fund in the Kanto region was established in May 2016 with a contribution to the “Mirai Fund Ibaraki” operated by the Ibaraki NPO Center Commons.

In FY2017, we supported, with aid and the participation of our Group members, the activities of the NPO “association of the Protecting Rural Nature in Koga,” which engages in restoring and protecting abandoned wooded areas.



Mirai Fund Ohmi “Sekisui Plastics Fund”

The Sekisui Plastics Fund was established in July 2012 with a contribution to the “Mirai Fund Ohmi” operated by the NPO Ohmi Culture Promotion Foundation. The fund provides ongoing financial support and assistance via our Group member participation for the activities of the “Koga Environment and Satoyama Vitalization Council,” an NPO which works to preserve biodiversity in Lake Biwa and the surrounding environment. From FY2016, we started this activity in the new employee orientation.



Column Sekisui Plastics Fund provides support for the preservation of woodlands

President of NPO “Koga Environment and Satoyama Vitalization Council” Tadao Fujii

The “Koga Environment and Satoyama Vitalization Council” conducts restoration activities aimed at revitalizing the woodlands in Minakuchi-cho, Koga City, Shiga Prefecture, which is located near Lake Biwa. More specifically, our activities include the thinning of the woodlands, the trimming of deadwood and shrubs, weeding and the clearing of dead leaves, the installation and maintenance of stairs and pathways, and the creation of a boardwalk through the wetlands. We have been conducting these activities for about 14 years and the goals of initial restoration plan have almost been reached. We are now moving into the maintenance and utilization stages.

In terms of support from Sekisui Plastics, we are of course grateful for the financial support, and we are especially delighted that these conservation activities are included in the training program for new employees. Our membership is well populated with older citizens and they are especially happy to work with the younger recruits.

Even when the activities associated with the funding come to a close, we are hoping for continued participation in Satoyama preservation activities as well as ongoing cooperation in making the woodlands of Koga a relaxing place for its citizens.



Environmental Performance Data

Environmental Accounting (Japan)

Environmental Conservation Costs

(Millions of yen)

Category	Major activities	FY2016		FY2017	
		Investment	Costs	Investment	Costs
1) Costs in business area					
(1) Pollution control	Control measures for air/water quality	35	99	71	114
(2) Global environment	Energy saving	378	24	226	25
(3) Recycling	Recycling, industrial waste treatment	1	210	7	226
Subtotal		414	333	304	365
2) Up-/down-steam	Product recycling	2	472	4	423
3) Management costs	Departmental costs associated with introducing environment management system	8	122	0	114
4) R&D costs	R&D for environmental conservation products	0	47	0	47
5) Social Activity cost	Greening, social supports	0	2	0	2
6) Environmental damage fixing cost	Nature restoration	0	0	0	0
Total		424	976	308	951

Environmental Conservation Effects (in terms of volume)

Details of effects (Unit)	FY2016	FY2017
1) Effects on costs in business area		
(1) Electricity consumption (MWh)	116,644	121,788
(2) Crude oil consumption (kl)	16,469	17,240
(3) Total effluent (thousand m ³)	3,044	3,459
(4) Amount of COD discharge (t)	14	17
2) Effects on Up-/down-steam costs		
Amount of recycled polystyrene foam (t)	670	398

Economic Effects Related to Environmental Conservation Measures

(Millions of yen)

Details of effects	FY2016	FY2017
1) Cost reduction through energy-saving activities	79	128
2) Income from recycling	575	435
Total	654	563

Cost Effectiveness of Environmental Conservation Activities

FY2016	FY2017
67.0%	59.2%

Investment figures are for construction completed during the period. Expense figures do not include depreciation and amortization

Major ISO Certification

ISO 9001 Certification

(as of August 2018)

Certified Group Companies	Scope of certification
Sekisui Plastics	Development, management of commissioned manufacturing and sales of synthetic resin (such as polystyrene, polyethylene, polypropylene, polyethylene terephthalate and polyphenylene ether), molded articles (including foamed articles) and related products (such as industrial materials, distribution packing materials, freshness-preserving agents and housing and construction components integrating a heating system) Development, manufacturing and sales of polymer hydrogel products and processed products Development, manufacturing and sales of neutral electrodes, biofunction test electrodes and stimulating electrodes
Sekisui Plastics Kanto	Development and manufacture of expandable polystyrene resin, extrusion foamed plastic products, and acryl/styrene resin particles
Sekisui Plastics Shiga	Development and manufacturing of styrene resin, expandable styrene resin and particles Manufacturing of acrylic resin particles
Sekisui Plastics Tobu	Manufacturing and sales of polystyrene foam articles
Sekisui Plastics Kyushu	Development and manufacturing of extrusion polystyrene foam (ESLEN Sheet and laminated sheet)
Sekisui Plastics Tenri	Development and manufacturing of extrusion foamed plastics products
Shonan Sekisui Kogyo	Development and manufacturing of polystyrene foam sheet
Taiwan Sekisui Yunchu	Manufacturing of expandable polystyrene resin and its particles
Sekisui Giken	Manufacturing of synthetic resin containers Development, manufacturing and management of commissioned manufacturing of synthetic resin food containers (such as food product trays)
Sekisui Plastics Shikoku	Development, manufacturing, sales and materials supply of polystyrene foam articles and processed products
Sekisui Plastics Ohmi	Manufacturing of polystyrene foam articles and processed products
Sekisui Plastics Gunma	Manufacturing and sales of polystyrene foam articles and processed products
Sekisui Plastics Yamaguchi	Development, manufacturing and sales of polystyrene foam products (articles and processed products)
Tianjin Sekisui Plastics	Manufacturing of styrene resin particles
Suzhou Sekisui Plastics	Manufacturing of styrene resin particles
Sekisui Plastics Saitama	Development and manufacturing of polystyrene foam sheet and polystyrene foam laminate sheet
Sekisui Plastics (Shanghai) International Trading Co., Ltd.	Foam packaging material trading
Sekisui Plastics Yamakyu Co., Ltd.	Manufacture of thermoplastic resin sheet molded products and resin molded products (parts for trucks, buses, construction and agricultural machinery, medical equipment, etc.)
Sekisui Plastics (Shanghai) Precision Forming	Designing and manufacturing of precision plastic molded articles, and manufacturing of plastic sheet/film processed products
Sekisui Plastics (Thailand) Co., Ltd.	Manufacturing of foam products
Sekisui Plastics Europe B.V.	Sales, marketing, production and technical support of Pciocelan, Sales, marketing and technical support of Techpolymer and ST-Gel, Sales of foamed parts

ISO 14001 Certification

(as of August 2018)

Certified Group Companies	Scope of certification
Sekisui Plastics Shiga	Development and manufacturing of styrene resin, expandable styrene resin and its particles and special synthetic resin
Sekisui Plastics Kanto, Sekisui Plastics	Development, manufacture and sale of acrylic/styrene resin particles and polymer hydro-gel products, and their processed products, for expandable styrene resin and extruded foaming products. Design, construction and sale of industrial materials
Sekisui Plastics Tenri	Development and manufacture of extruded foam products, polymer hydro-gel products, and processed products and intermediate processing of waste plastics
Sekisui Plastics Kyushu	Development and manufacturing of extruded foaming polystyrene
Sekisui Urethane Kako	Development, manufacturing and sales of plastics products, in particular polyurethane foam
Sekisui Plastics Gunma	Manufacturing and sales of foam polystyrene articles and processed products
Taiwan Sekisui Yunchu	Manufacturing of expandable styrene resin and its particles
Tianjin Sekisui Plastics	Manufacturing of expandable styrene resin particles
Sekisui Plastics Sakai	Manufacturing of liquid crystal panels in Green Front Sakai
Suzhou Sekisui Plastics	Manufacturing of expandable styrene resin particles
Sekisui Plastics (Shanghai) International Trading Co., Ltd.	Foam packaging materials trading
Sekisui Plastics (Shanghai) Precision Forming	Designing and manufacturing of precision plastic molded articles, and manufacturing of plastic sheet/film processed products

ISO 13485 Certification

(as of August 2018)

Certified Group Companies	Scope of certification
Sekisui Plastics	Development, manufacture, and sales of neutral electrodes, biofunction test electrodes, and stimulating electrodes

ISO/TS 16949 Certification

(as of August 2018)

Certified Group Companies	Scope of certification
Sekisui Plastics. U.S.A., Inc.	Manufacturing relating to molding and assembly of foamed molded parts

Consolidated Financial and Non-financial Data

Fiscal Year	2013	2014* ¹	2015	2016	2017
For the year:					(Millions of yen)
Net sales	109,923	113,660	101,559	102,398	112,101
Operating income	2,124	3,930	5,118	5,401	5,284
Recurring income	2,206	4,180	4,862	5,049	5,154
Net income attributable to owners of the parent	1,264	2,530	3,147	3,404	3,448
Capital expenditures	3,434	5,908	4,424	5,836	7,762
Depreciation and amortization	3,856	3,999	3,937	3,591	4,087
At year-end:					
Total assets	110,687	116,201	114,892	119,670	131,774
Total net assets	54,036	58,275	58,800	61,363	66,145
Interest-bearing debt	18,566	19,467	18,274	18,425	19,096
Amounts per share* ² :					(Yen)
Net income	26.95	54.14	67.33	73.03	75.33
Net assets	1,136.53	1,231.37	1,243.30	1,322.14	1,444.28
Cash dividends	14.00	18.00	24.00	24.00	27.00
Key ratios:					
Operating income ratio (%)	1.9	3.5	5.0	5.3	4.7
ROE (%)	2.5	4.6	5.4	5.7	5.5
ROA (%)	2.0	3.7	4.2	4.3	4.1
Equity ratio (%)	48.0	49.5	50.6	50.7	49.6
Total number of employees	1,833	1,859	1,895	2,011	2,101
Employees (Japan)	1,609	1,539	1,545	1,633	1,680
Employees (overseas)	224	320	350	378	421
Female employee ratio (%)	—	—	16.9	18.1	18.9
Industrial accident	0	4	1	1	2
Equipment disaster	1	1	0	0	1

*1 In order to synchronize accounting periods of overseas Group companies with the accounting period in Japan beginning in FY2014, the FY2014 results for overseas Group companies are based on a 15-month accounting period.

*2 Sekisui Plastics Co., Ltd. consolidated its common share at the ratio of two shares to one, effective on October 1, 2016. On assumption that the share consolidation was implemented on the beginning of FY2012, the dividend per share shows as above.

Fiscal Year	2013	2014	2015	2016	2017
Number of production sites					
Japan	35	35	35	36	37
Overseas	6	6	8	10	10
Inputs (Japan):					
Energy consumption (million MJ/year)	1,767.90	1,750.18	1,710.86	1,801.26	1,882.44
Unit consumption/output (MJ/t)	8,370	8,532	8,308	8,308	8,453
Water consumption (thousand m ³ /year)	2,875	2,883	2,865	3,256	3,459
Unit consumption/output (m ³ /t)	13.6	14.1	13.9	15.0	15.5
Outputs (Japan):					
CO ₂ emissions (Production) (t/year)	103,365	102,445	99,963	104,367	109,128
Unit consumption/output (kg-CO ₂ /t)	489	499	485	481	490
CO ₂ emissions (Transportation) (t/year)	6,665	6,333	6,506	7,177	7,854
Unit consumption/output (kg-CO ₂ /t)	32.5	33.1	32.4	38.0	39.2
CO ₂ emissions (Office) (t/year)	261	221	143	136	126
Unit consumption/output (kg-CO ₂ /m ²)	68.4	57.9	37.6	35.6	33.1
Effluent (thousand m ³)	2,601	2,704	2,799	3,044	3,263
Unit consumption/output (m ³ /t)	12.3	13.2	13.6	14.0	14.7
Amount of COD discharge (t)	13.7	13.3	11.7	14.1	16.6
Industrial waste (t)	12,697	7,665	7,278	8,138	8,961
Recycling rate (%)	98.4	98.5	98.8	98.5	98.5
Inputs (Overseas):					
Energy consumption (million MJ/year)	—	—	166.70	229.36	291.56
Unit consumption/output (MJ/t)	—	—	13,571	14,041	16,165
Water consumption (thousand m ³ /year)	—	—	70	118	138
Unit consumption/output (m ³ /t)	—	—	5.7	7.2	7.7
Outputs (Overseas):					
CO ₂ emissions (Production) (t/year)	—	—	9,936	12,394	15,400
Unit consumption/output (kg-CO ₂ /t)	—	—	809	759	854
Effluent (thousand m ³)	—	—	62	106	128
Unit consumption/output (m ³ /t)	—	—	5.1	6.5	7.1
Amount of COD discharge (t)	—	—	7.6	10.4	12.9
Industrial waste (t)	—	—	425	410	476
Recycling rate (%)	—	—	82.6	78.3	73.9

(Note) Sekisui Plastics Group identifies and manages the environmental impact arising from business activities in "unit consumption/output," which expresses the quantity of environmental loadings per unit in the volume of production.

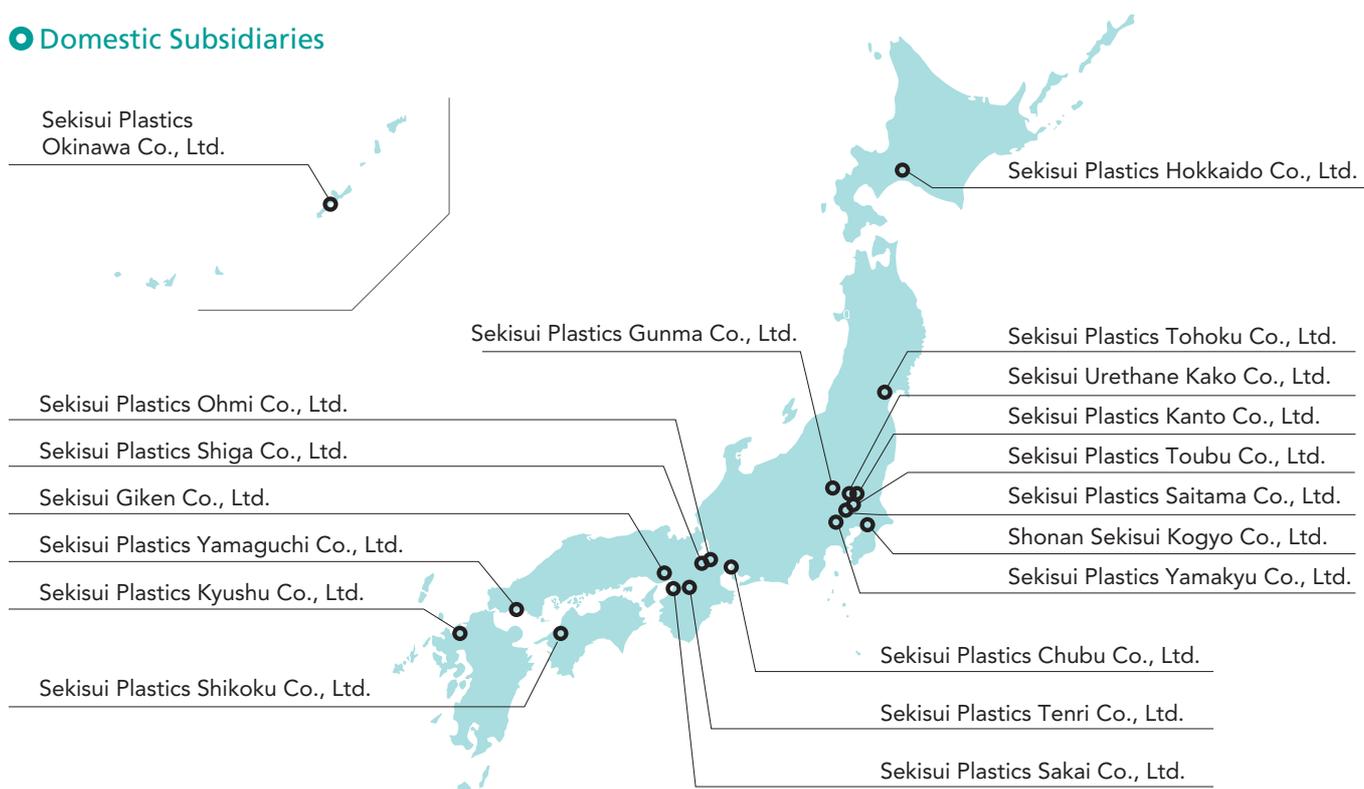
Our Group Network (33 companies)

(As of August 1, 2018)

Overseas Subsidiaries



Domestic Subsidiaries



Company Profile

Company name	Sekisui Plastics Co., Ltd.
Founded	October 1, 1959
Paid-in capital	¥16,533 million
President	Masato Kashiwabara
Number of employees	418 (non-consolidated) 2,101 (consolidated)

Business Lines in Each Segment

Human Life	Market/Application	Agricultural and marine product containers, food containers, distribution materials, construction materials, civil engineering materials
	Major Products	ESLEN Beads, ESLEN Sheet, ESLEN Wood, INTERFOAM, other foamed/molded products
Industry	Market/Application	Automobile components, packaging materials for transporting automobile parts, industrial components, industrial packaging, electric part materials, medical and health care materials
	Major Products	PIOCELAN, LIGHTLON, NEOMICROLEN, CELPET, TECHPOLYMER, ST-gel, TECHEATER, ELASTIL, FOAMAC, ST-LAYER, other foamed/molded products



You can find the latest information of corporation, shareholder and investor relations as well as details of our products and green activities on the Website of Sekisui Plastics.

<http://www.sekisuiplastics.com>

Sekisui Plastics Co., Ltd.

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