



# Annual Review 2024

Year Ended March 31, 2024

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#### Scope of Reporting

Period covered: From April 1, 2023 to March 31, 2024 (includes some activities from April 1, 2024 onwards)  
Organization covered: Shin-Etsu Polymer Group (Please see p.28 for details.)

#### Notes on the Occasion of the Publication of Annual Review 2024

The purpose of our Annual Review is to provide shareholders, investors and other stakeholders with easy-to-understand financial and non-financial information on the Group's management strategy, business performance and ESG initiatives. The 2024 edition includes progress on the Medium-term Management Plan, which started in fiscal 2023, and a dialogue with outside officers. This review was prepared mainly by the Corporate Planning Department in collaboration with the relevant departments inside the Company.

#### Forward-Looking Statements

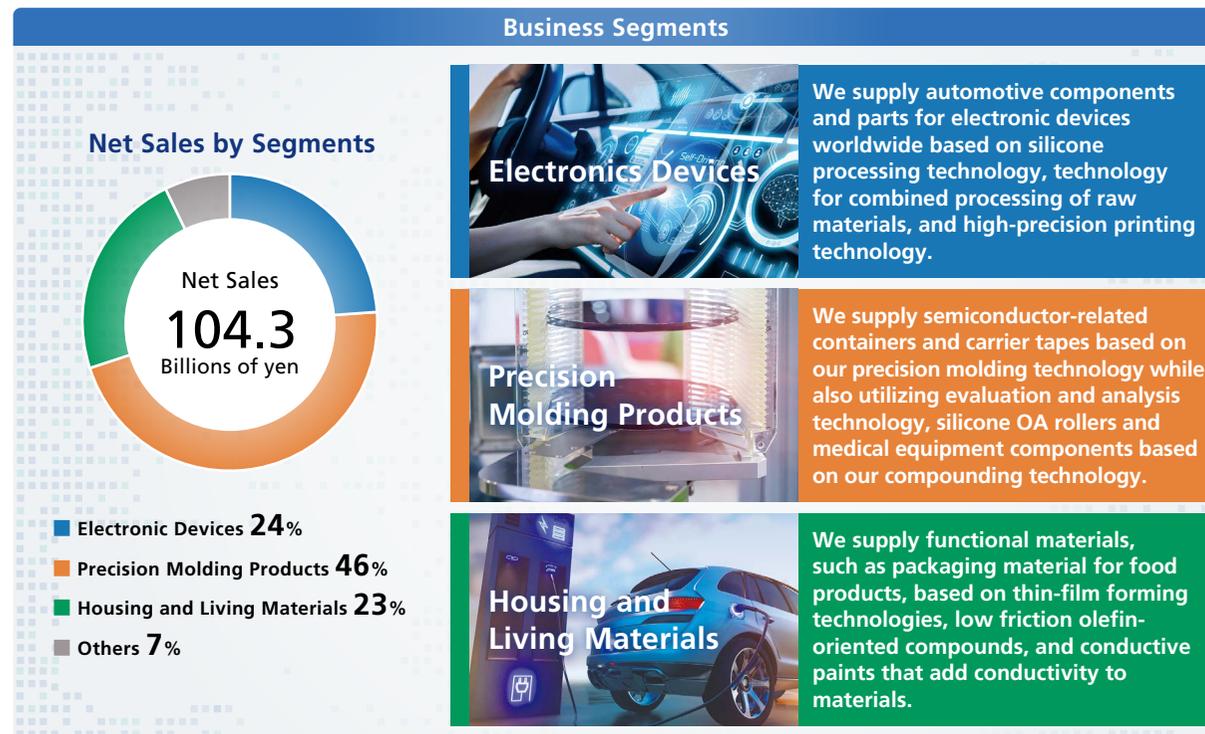
This annual review contains information about Shin-Etsu Polymer's current plans, strategies and other items not based on historical fact. These are forward-looking statements that involve risks and uncertainties. Actual results may differ significantly from those discussed in the forward-looking statements due to various factors in the Company's operating environment, including changes in economic and market conditions, foreign exchange rates and demand trends.

Note: All yen and dollar figures in this annual review have been rounded down to the nearest unit.

 Our sustainability information is thoroughly covered in our Sustainability Report.  
<https://www.shinpoly.co.jp/en/sustainability.html>

## At a Glance

As a world-leading resin processing manufacturer, Shin-Etsu Polymer provides high-value-added products in a wide range of fields, flexibly and promptly responding to customer needs by applying our technologies to develop a variety of products.

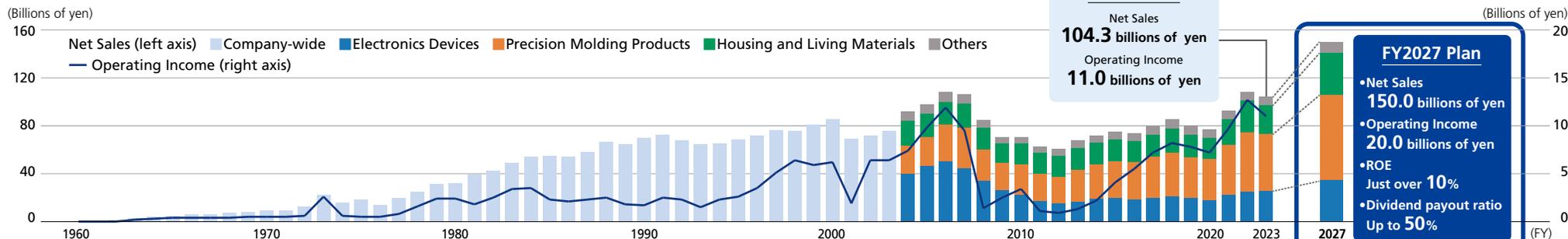


\* Medium-term Management Plan target = Target for the fiscal year ending March 31, 2028, which will be the final year of the Medium-term Management Plan.

# Past, Present, and Vision

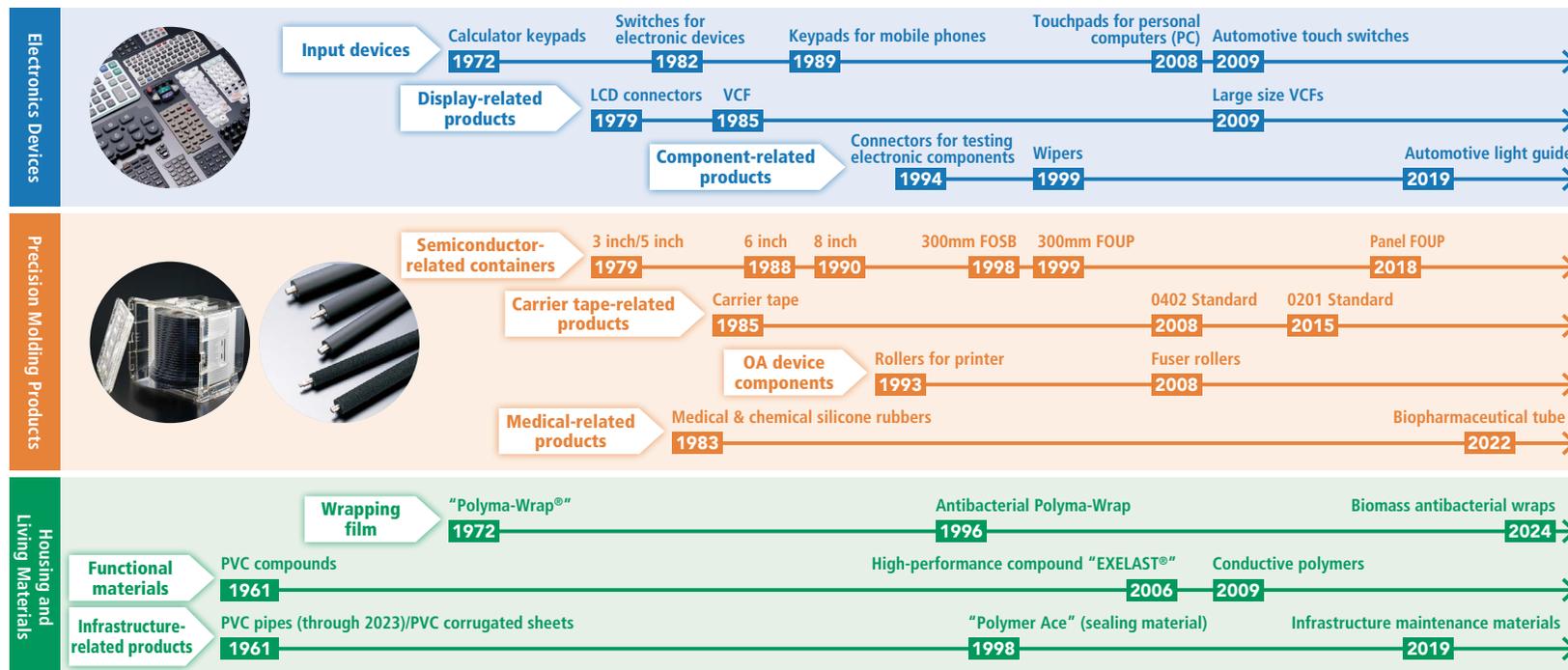
Shin-Etsu Polymer Co., Ltd. began operations in 1960 as a manufacturer of molded PVC products. We started out by manufacturing and selling corrugated sheets, pipes, and other construction materials. As a resin processing manufacturer, we produce a wide variety of products to meet the demands of society in a wide array of fields from automobiles and semiconductors to construction materials.

## Net Sales and Operating Income



\* Net sales figures for FY1962 through FY1980 are non-consolidated, while figures for FY1981 and onward are consolidated. Data from fiscal 2004 onward is color-coded to match our current segments.

## History of Product Development



Contribute to the market expansion of semiconductors and EVs with the goal of doubling profits

Demands for semiconductors while communication networks are becoming more sophisticated and virtual space is expanding

### Future Social Issues

EV demand aimed at achieving carbon neutrality

# Value Creation Process

Shin-Etsu Polymer has been creating high-value-added products with the accumulated technologies by making full use of the management resources. We will contribute to social and industrial development by creating value through our technologies and products, aiming for sustainable growth together with society.



# Value Creation Sources

Shin-Etsu Polymer's capital, which has been cultivated since its establishment, supports our current business activities and plays an important role in the value creation process. By enhancing and effectively utilizing our capital, we will create value through our technologies and products and reinforce our management resources.



## Intellectual Capital

>Technology and intellectual property that creates products and services

We create high-value-added products and differentiate ourselves from competitors by expanding and evolving our core technologies, strengthening development for our fundamental technologies, and promoting our intellectual property strategies.

- R&D costs: **3.75 billions of yen** ↗
- Sales-to-R&D ratio: **3.6%** ↘
- Number of proprietary patents: **1,232** patents in Japan, **649** patents overseas ↗



## Social and Relationship Capital

>Achieving co-existence and co-prosperity with various stakeholders

We contribute to creating a sustainable society by building a relationship of trust through communication with our stakeholders, including customers, business partners, and local communities.

- Sales bases: **17 bases** ↘
- **Extensive customer base and supply chain**
- **Brand strength based on a history of trust**



## Human Capital

>Recruiting and training a highly skilled and diverse workforce

We are committed to creating an environment where each employee can work in their own way and grow through their work while demonstrating a high level of expertise and skills.

- Number of employees: **4,457** (consolidated) ↘  
**962** (non-consolidated) ↘
- Ratio of overseas employees: **74.5%** (consolidated) ↘
- Ratio of female employees: **21.1%** (non-consolidated) ↗



## Financial Capital

>Solid financial structure that supports management

We strive to sustainably enhance corporate value by maintaining a stable financial base that enables us to actively invest in growing businesses and appropriately return profits to shareholders.

- Total assets: **140.77 billions of yen** ↗
- Equity ratio: **80.0%** ↗
- Net working capital: **67.84 billions of yen** ↘



## Manufactured Capital

>Global production system that supports manufacturing

By streamlining production processes and optimizing production locations, we are boosting our global competitiveness and building a production system that can quickly address the needs of our customers.

- Production bases: **13 bases** ↘
- Capital expenditures: **15.4 billions of yen** ↗



## Natural Capital

>Preserving the global environment by promoting "Green Activities"

We are working to reduce our environmental impact and solve social issues by using resources and energy effectively and reducing environmentally hazardous substances.

- Crude oil equivalent energy consumption: **32,937 kl** ↘
- Water consumption: **601,000m<sup>3</sup>** ↘

(As of March 31, 2024. ↗ ↘ indicate direction of change from previous fiscal year.)

## Message from Chairman

# Steady progress in measures aimed at achieving targets

Although sales and profits fell in fiscal 2023 as demand for semiconductors remained sluggish, we will continue to work on initiatives to capture new demand in growth areas and strengthen our sales capabilities in base areas with the aim of achieving our medium-term management plan targets.

In the semiconductor industry, which we have positioned as a growth area, demand is expected to grow on the back of the spread of generative AI and the expansion of data centers, and the long-lasting adjustment phase is expected to turn around. We have been expanding our Itoigawa Plant and constructing a new building at our Tokyo Plant for some time, and we will have a solid and stable supply system to prepare for the coming increase in demand for semiconductors. As for automobile-related products, our other growth area, we expect to see progress in new technologies associated with the spread of EVs and the shift to autonomous driving. We are preparing to start mass production of new products for in-vehicle devices by the end of this year. In addition, we will strive to further bolster our sales capabilities for input devices, rollers used in printers, and food wrapping films, which we position as our base areas, by expanding our market share and developing our own unique products.

In terms of environmental initiatives, we extended our efforts to convert existing energy sources to renewable energy, which we had been promoting at some of our plants, to all plants starting in April 2024. With regard to CO<sub>2</sub> emissions, we are working to reduce emissions by 46% compared to fiscal 2013 by 2030, and to achieve carbon neutrality by 2050.

Human resource utilization is the source of corporate development. We are striving to enhance our training programs to motivate and develop the skills of our employees, and in terms of the advancement of women, we appointed two female managers to general manager positions last year. Going forward, we will continue to promote career awareness among female employees and provide career training programs for women to ensure diversity in management positions. In addition, with regard to the listing of our company and our parent Shin-Etsu Chemical both on the Prime Market, our Advisory Committee for Transaction with Parent Company consisting of outside directors and Audit & Supervisory Board members will continue to carefully conduct reviews to ensure that there are no conflicts of interest.

I would like to thank you all for your continued support.

Chairman and Chief Executive Officer



信越ポリマー株式会社

株式会社キッチニスタ



# Message from President

## Steadily promoting initiatives to prepare for a recovery in demand

Fiscal 2023 was the first year of the Shin-Etsu Polymer Global & Growth 2027 five-year medium-term management plan. Although we did not reach our record-high profits set in fiscal 2022 owing to adjustments in demand in the semiconductor industry, a recovery in demand for automobile-related products, rollers used in printers, and food wrapping films underpinned our business performance. As part of our medium-term management plan, we plan to proactively make capital investments for the future, and were able to make good progress in this area. In addition, we have designated bolstering our sustainability initiatives as one of our non-financial strategies, and we were able to make steady progress on our environmental and social-related initiatives.

### Fiscal 2023 Results

In fiscal 2023, we reported net sales of ¥104.3 billion and operating income of ¥11.0 billion, marking a year-on-year decrease in both sales and profits. The drop in sales was attributed mainly to lower sales volume of semiconductor-related containers and the transfer of the construction PVC pipe business, while the drop in profit was driven by lower plant utilization resulting from lower sales and higher depreciation expenses following the start of operations at the Itoigawa Plant (Niigata Prefecture).

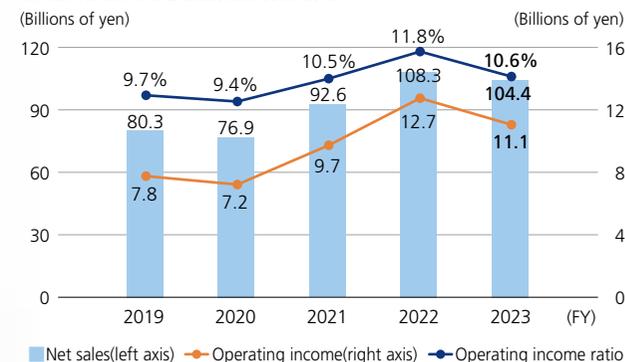
By segment, the Electronic Devices business posted higher sales and profits as a result of steady sales of automobile-related input devices, in-vehicle products such as light path control films and silicone molded products, as well as connectors for testing electronic components, thanks to a recovery in demand in the automobile industry. In the Precision Molding Products business, both sales and profits were down, reflecting a drop in semiconductor-related containers due to the continued demand adjustment for semiconductors. In the Housing and Living Materials business, sales fell due to the transfer of the PVC pipe business, but sales of food wrapping films, mainly smaller-sized films, were strong on the back of a recovery in demand from the restaurant industry, with the business posting lower sales and higher profits.



*Toshiaki Ito*

President and Chief Executive Officer

### Consolidated Business Results





### Medium-term Management Plan (Business Strategy)

With the aim of reaching our medium-term management plan targets, we will continue to strive to capture new demand in growth areas and strengthen our sales capabilities in base areas. We are working to bolster each of the three themes of our business strategies: strengthen sales and improve productivity in base areas, capture new demand in growth areas, and increase overseas sales ratio.

As part of our efforts to strengthen sales and improve productivity in base areas, we are pushing forward with cost reductions for office automation-related products by consolidating and streamlining production bases. For packaging materials, we are aiming to raise our customer share based on the high market share we have established to date. Among our efforts during the period under review, we were particularly focused on consolidating our existing film business with KitcheNista, a food wrapping film manufacturer that we acquired in 2021. We consolidated our sales divisions and are now proceeding with consolidating production. We are working to improve productivity and profitability by streamlining production by product category, for example by consolidating the production of small films, which had been produced at the Tokyo Plant (Saitama Prefecture), to KitcheNista's Chikusei Plant (Ibaraki Prefecture).

In terms of our efforts to capture new demand in growth areas, we installed production facilities at our Kodama Plant (Saitama Prefecture) for battery cushioning materials, one of our new products, and expect to begin mass production by the end of fiscal 2024, with prototype shipments to customers already underway. In addition, in the area of power semiconductor-related products, we are aggressively promoting the development of heat-resistant thin films, which are garnering attention in a variety of fields for heat protection solution for silicon carbide (SiC) semiconductors. While still in the development stage at this time, we have decided to install production facilities to verify performance, cost, and productivity for mass production, and are shifting toward development with an eye toward mass production.

As for our efforts to increase the overseas sales ratio, our overseas sales ratio was roughly flat YoY owing to slow

growth in automobile-related products caused by a global adjustment in automobile production and a prolonged adjustment period in semiconductor production. Going forward, we intend to expand sales in Southeast Asia and India, where growth is remarkable. Specifically, we plan to focus on bolstering sales by narrowing down our target regions, including expanding sales of new functional compounds produced by our Thai subsidiary Hymix in the ASEAN region, and boosting our share of sales of input devices and other in-vehicle products produced at our Indian plant for the fast-growing Indian automobile market.

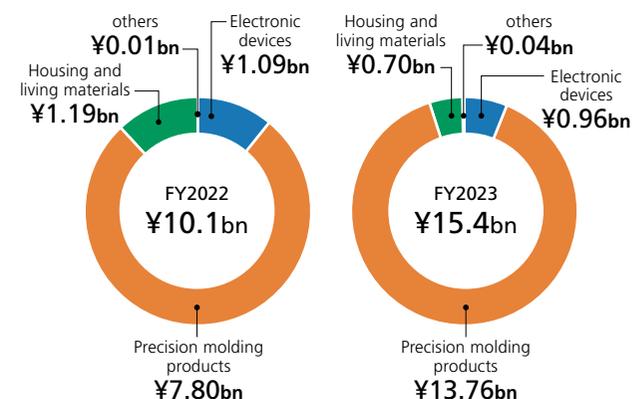
### Medium-term Management Plan (Financial Strategy)

Under the medium-term management plan, we plan to proactively carry out capital investment aimed at ensuring future business growth, while at the same time targeting a dividend payout ratio of 50%.

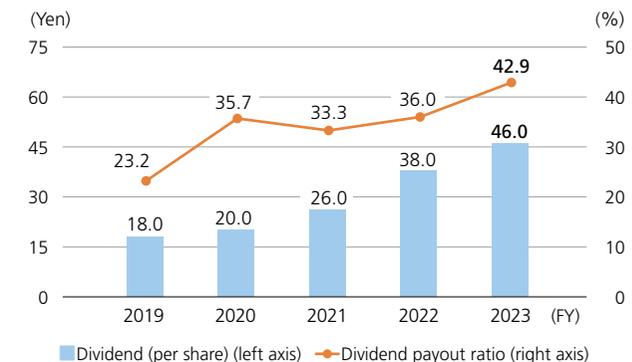
We are making steady progress in capital investments, with the Itoigawa Plant expansion completed last year and the construction of a new building at the Tokyo Plant scheduled for completion by the end of this year as part of our efforts to boost capacity for semiconductor-related containers. Currently, we are in the process of securing customer approval for the second expansion area of the Itoigawa Plant. Although these facilities will only begin to contribute to production in the future, we expect that they will make a substantial contribution to earnings growth when the anticipated semiconductor demand growth phase kicks in. In addition to this, preparations are underway to set up facilities for the launch of mass production of battery cushioning materials. We are also in the process of investing in production facilities for the verification of heat-resistant thin film, although this is still in the development stage. The medium-term management plan calls for capital investment of approximately ¥40 billion for products in growth areas, and so far we have invested ¥10.1 billion in fiscal 2022 and ¥15.4 billion in fiscal 2023, so I believe we are making good progress in our efforts to prepare for the near future. Meanwhile, in terms of shareholder returns, we are nearing our medium-term target of a 50% dividend payout ratio, having increased our dividend by 8 yen year-on-year in

fiscal 2023, bringing our dividend payout ratio to about 43%. Our operating cash flow, which is the source of capital investment, grew year-on-year despite a drop in profits at the end of fiscal 2023. Although demand for semiconductors continues to be in an adjustment phase, our policy of allocating cash on hand and future cash on hand to proactive growth investments and shareholder returns remains unchanged.

### Capital Expenditure by Segment

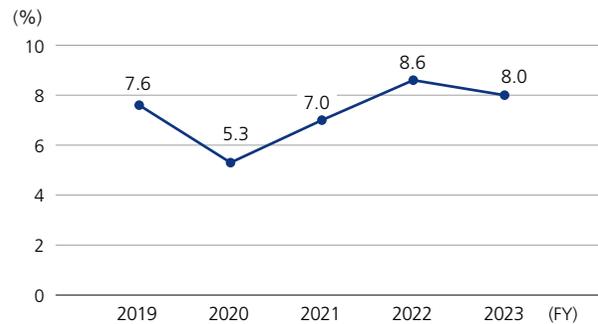


### Dividend and Dividend Payout Ratio





## ROE



Our approach to financial strategy under the medium-term management plan is to implement cost of capital-conscious management, and we have set a target ROE of over 10% as an indicator for this purpose. Unfortunately, in fiscal 2023, our ROE slipped 0.6pp year-on-year to 8%, but it has gradually risen over the past five years, and we believe it is at a satisfactory level in relation to our estimated cost of capital. We aim to improve ROE mainly by expanding profits, and to achieve this we will boost sales by proactively making capital investments. Furthermore, we will provide stable returns to shareholders, using the profits generated by our business as the source of funding. Through these efforts, we will continue to build up our ability to steadily maintain an ROE of at least 8%, with the aim of achieving our target of over 10%.

### Growth Strategy (non-financial strategies)

In addition to executing our business strategy, enhancing our sustainability initiatives is important to ensure medium- to long-term business growth.

We have identified the reduction of CO<sub>2</sub> emissions as one of our key sustainability priorities, and we aim to achieve a 46% reduction in CO<sub>2</sub> emissions compared to fiscal 2013 by 2030 and to achieve carbon neutrality by 2050. Along with

conventional energy-saving activities such as switching to energy-saving facilities, we extended our efforts to convert existing energy sources to renewable energy, which we had been promoting at some of our plants, to all plants from April 2024. Although it will be difficult to convert to renewable energy sources in a uniform manner since the power conditions differ from region to region and from country to country, we will steadily implement measures to achieve our target.

Proactive human capital utilization is also a key sustainability priority. While working to create an environment where each employee can work comfortably and healthily at each stage of their lives, we are especially stepping up our efforts related to human rights. The Shin-Etsu Polymer Group conducts business activities in line with the Shin-Etsu Chemical Group Human Rights Policy, and as part of our human rights due diligence, we conduct surveys of our business partners to ensure that there is no conflict with the Shin-Etsu Chemical Group Human Rights Policy. Last year we announced our Partnership Building Declaration, and this year we reviewed our payment terms. In addition, we are expanding our external reporting system (Supplier Hotline) to promote CSR procurement, and plan to open a hotline for Chinese speakers, on top of our hotlines available for Japanese and English speakers.

### Fiscal 2024 Outlook

In fiscal 2024, we expect a recovery in demand for semiconductor-related containers, a growth driver for our company. Currently, the production of semiconductor devices such as memory for advanced semiconductors is gradually recovering, leading to a recovery in demand for FOUPs, which are transport containers used in the semiconductor production process. Furthermore, device manufacturers are expected to work through their inventories in the first half of this fiscal year, and we expect demand for FOSBs, used mainly for transferring wafers from wafer manufacturers to device manufacturers, to recover by the end of 2024. In addition, we expect demand for automobile-related products to remain firm, especially from Japanese customers, along with further growth in demand for food

wrapping films from the restaurant industry on the back of inbound tourism demand. Based on a comprehensive assessment of these factors, I believe we are in a position to fully expect a year-on-year increase in sales and profits in fiscal 2024.

We have set an ambitious target for the current medium-term management plan, aiming to double our profits compared to fiscal 2022. Although profits fell in fiscal 2023, the first year of the plan, we are making steady progress in expanding production capacity and strengthening sales capabilities in preparation for a future recovery in demand, and we believe that we are well on our way to achieving our medium-term management plan targets. All of us in the company will work together to achieve our targets, and we sincerely ask for your continued support.





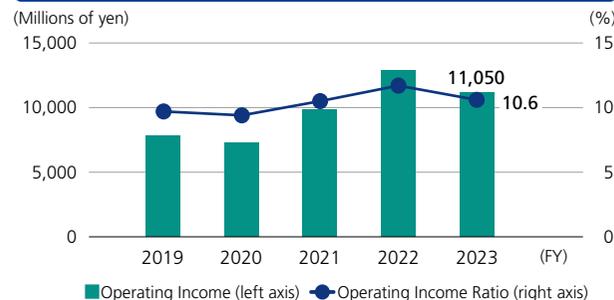
# Financial Highlights

## Net Sales and Overseas Sales Ratio



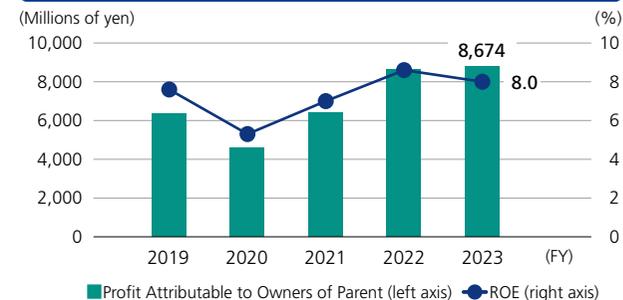
Despite an upturn in demand for automobile-related products, the adjustment phase in demand for semiconductor-related containers continued, resulting in net sales of 104,379 million yen (down 3.6% year on year). Overseas sales totaled 53,538 million yen, accounting for 51.3% of total sales.

## Operating Income and Operating Income Ratio



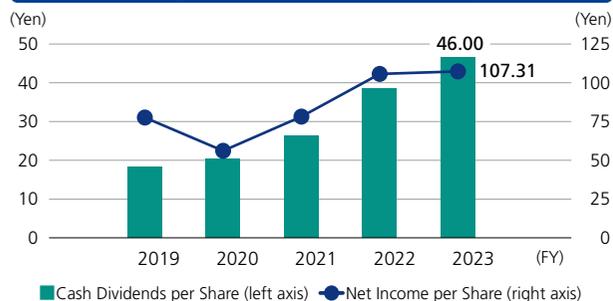
Operating income fell 13.3% year on year to 11,050 million yen due to sluggish sales of semiconductor-related containers in the Precision Molding Products business. As a result, the operating income ratio was 10.6%, down 1.2pp from the previous period.

## Profit Attributable to Owners of Parent and ROE



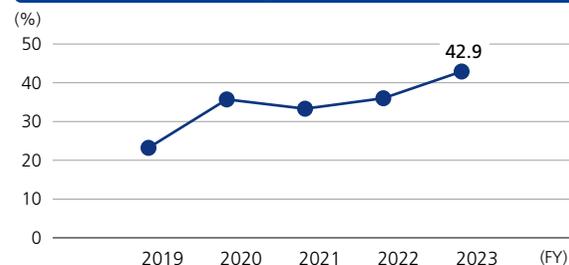
Profit attributable to owners of parent came to 8,674 million yen (up 1.7% year on year) due mainly to the transfer of the PVC pipes business. ROE was 8.0%, down 0.6pp from the previous period.

## Net Income per Share/Cash Dividends per Share



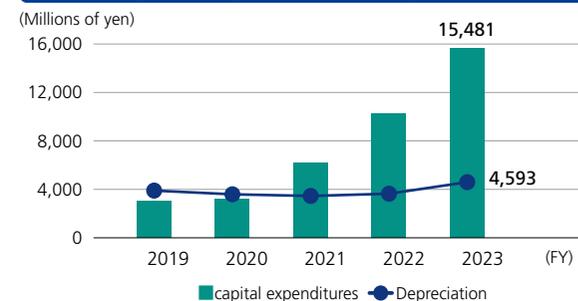
Net income per share was 107.31 yen (up 1.63 yen year on year). After taking into consideration the current fiscal year's business performance, financial position, and other factors in a comprehensive manner, we decided to pay an annual cash dividend of 46 yen per share, an increase of 8 yen per share from the previous fiscal year.

## Payout Ratio



Aiming to raise the dividend payout ratio to 50% based on the performance guidelines indicated in the medium-term management plan, we increased it 6.9pp over the previous fiscal year to 42.9%.

## Capital Expenditures/Depreciation

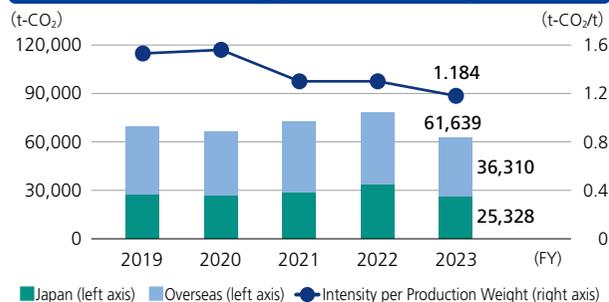


Due to the expansion of the Itoigawa Plant and the construction of a new building at the Tokyo Plant, capital expenditure totaled 15.48 billion yen (up 5.37 billion yen year on year). Depreciation totaled 4.59 billion yen (up 650 million yen year on year), mainly due to the start of operations at the Itoigawa Plant.



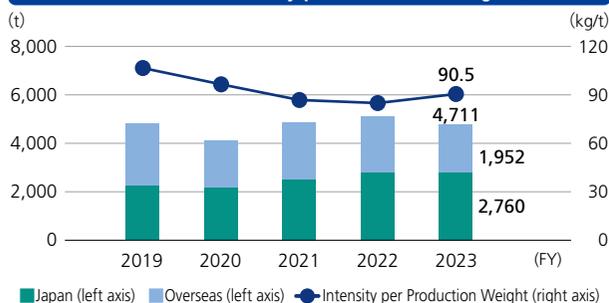
# Non-Financial Highlights

## CO<sub>2</sub> Emissions and Intensity per Production Weight (Overall)<sup>\*1</sup>



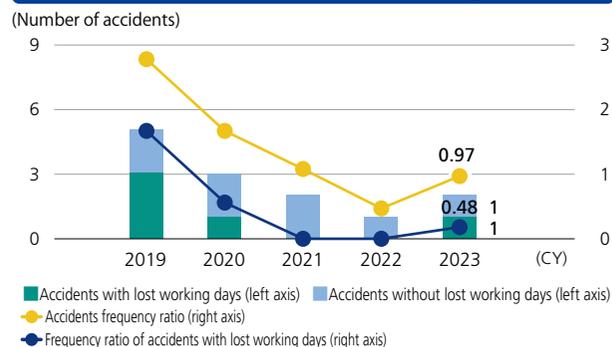
The chart shows the effects of using adjusted emission factors from each electric power company to calculate CO<sub>2</sub> emissions and switching to renewable electricity at some bases. CO<sub>2</sub> emissions per unit decreased 16% year on year at domestic plants and 2% at overseas plants.

## Waste Emissions and Intensity per Production Weight (Overall)



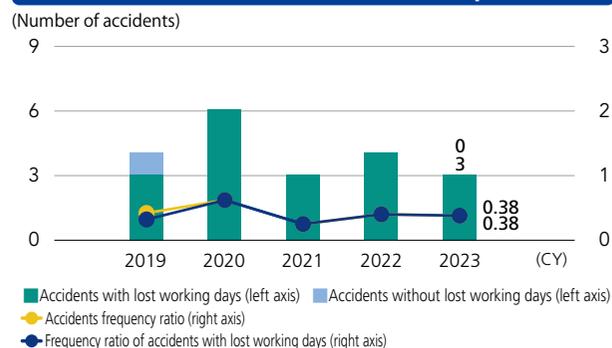
Due to an increase in disposal of unneeded equipment and molds and a decrease in production volume, waste emissions per unit increased 12% year on year at domestic plants and 2% at overseas plants.

## Work-related Accidents (Domestic plants)<sup>\*2</sup>



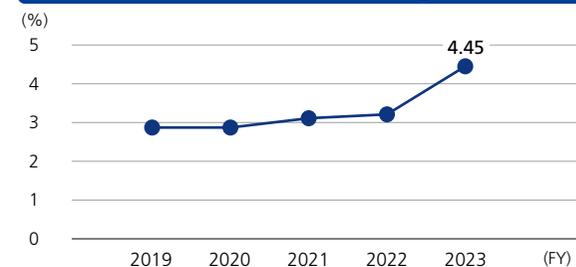
There were two accidents in Japan (one with lost working days and one without lost working days), an increase of one accident from the previous fiscal year. The frequency ratio of accidents with lost working days was 0.48.

## Work-related Accidents (Overseas plants)<sup>\*2</sup>



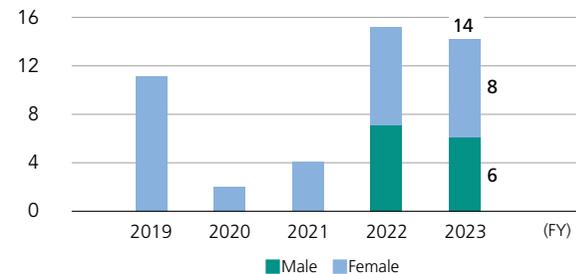
There were three accidents with lost working days overseas, a decrease of one from the previous fiscal year. The frequency ratio of accidents with lost working days of 0.38.

## Ratio of Female Managers<sup>\*3</sup>



In fiscal 2023, a working group was established to propose and implement systems and initiatives that will encourage employees to pursue key positions in the future.

## Number of Childcare Leave Takers



In response to the revision of Japan's Childcare Leave and Family Care Leave Act in April 2023, we have made efforts to create an environment that promotes male participation in childcare and have worked to improve the rate of male employees taking parental leave.

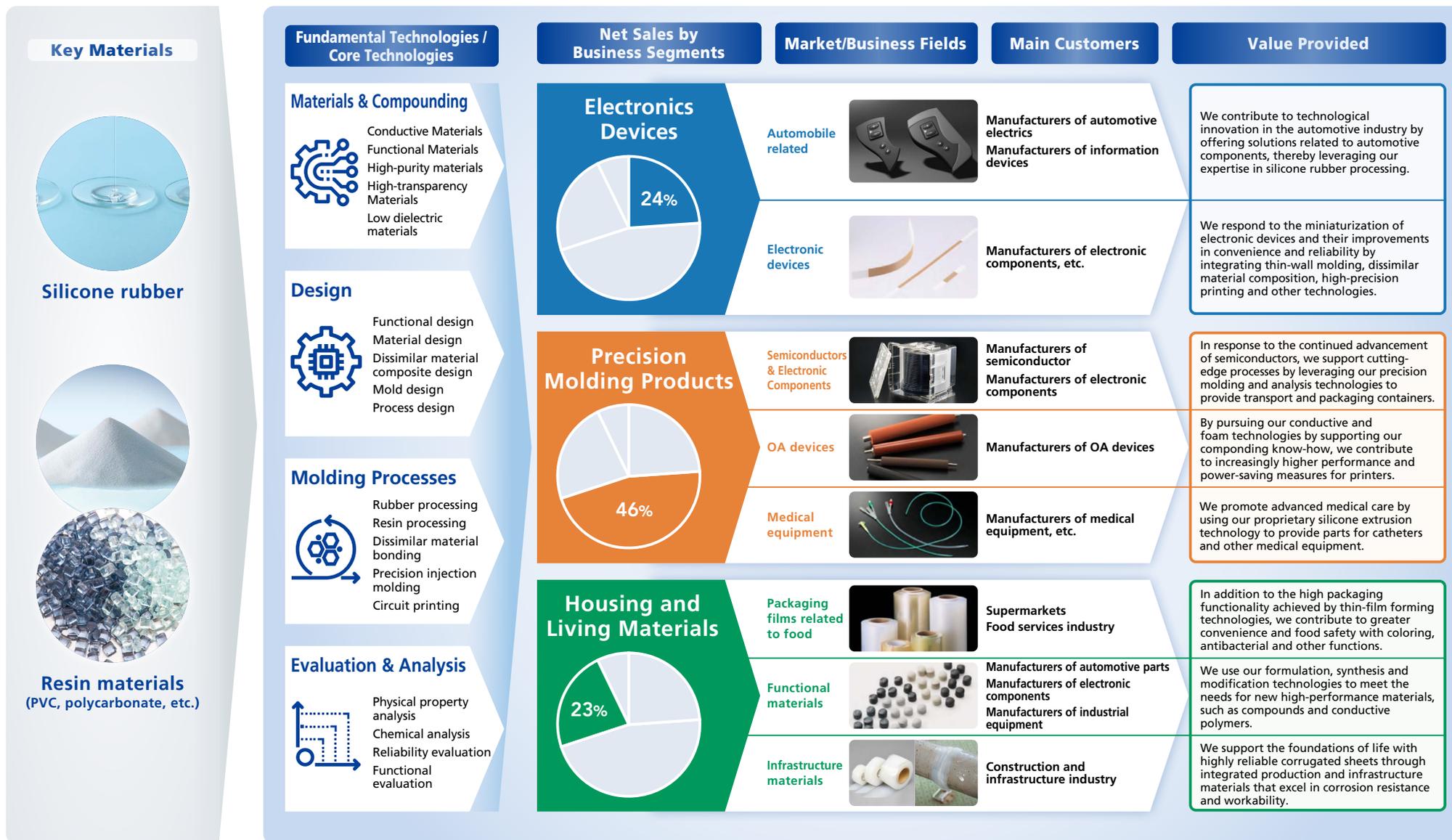
\*1 Domestic data is collected and aggregated on the basis of fiscal year (April 2023 – March 2024) while overseas data on the basis of calendar year (January 2023 – December 2023). Due to rounding, some totals may not correspond with the sum of the separate figures. Domestic sites include Tokyo Plant, Nanyo Plant, Kodama Plant, Shiojiri Plant, Itoigawa Plant, and KitcheNista Co., Ltd. Overseas sites include Suzhou Shin-Etsu Polymer Co., Ltd., Dongguan Shin-Etsu Polymer Co., Ltd., Shin-Etsu Polymer (Malaysia) Sdn. Bhd., PT. Shin-Etsu Polymer Indonesia, Shin-Etsu Polymer India Pvt. Ltd., Shin-Etsu Polymer Hungary Kft.,

\*2 The graphs are divided due to differing definitions of workplace accidents between Japan and overseas.

\*3 Figures are as of the end of the fiscal year.

# Business Model

As a world-leading resin processing manufacturer, Shin-Etsu Polymer provides high-value-added products in a wide range of fields, flexibly and promptly responding to customer needs by applying our technologies to develop a variety of products.



Special Feature

# Highly Durable Infrastructure Maintenance Materials to Reduce Life Cycle Costs (LCC)

As many of Japan's infrastructure facilities were built after a period of rapid economic growth, it has been aging quickly in recent years. According to statistical data from the Ministry of Land, Infrastructure, Transport and Tourism (see table below), the percentage of bridges, tunnels, harbors and wharves that were constructed more than 50 years ago will reach 50 to 70% by 2040. In addition, the number of workers, especially young people, is decreasing due to the decline in the country's birth rate, thereby leading further to the number of craftsmen working in construction. Therefore, repairing and extending the life of infrastructure as an alternative to large-scale construction, such as bridge replacement and tunnel rebuilding have been gathering attentions in recent years. We have been developing and providing to the market with highly durable infrastructure maintenance materials that can efficiently and easily repair aging infrastructure facilities and reduce the Life Cycle Cost (LCC).

## Percentage of social infrastructure constructed more than 50 years ago

	March 2020	March 2030	March 2040
<b>Road bridges</b> [Approx. 730,000 bridges (length: above 2m)]	Approx. 30%	Approx. 55%	Approx. 75%
<b>Tunnels</b> [Approx. 11,000 tunnels]	Approx. 22%	Approx. 36%	Approx. 53%
<b>River management facilities (sluice gates, etc.)</b> [Approx. 46,000 facilities]	Approx. 10%	Approx. 23%	Approx. 38%
<b>Sewer pipes and drains</b> [Total length: approx. 480,000 km]	Approx. 5%	Approx. 16%	Approx. 35%
<b>Harbor facilities</b> [Approx. 61,000 facilities (waterfront facilities, outer facilities, mooring facilities, waterfront transportation facilities, etc.)]	Approx. 21%	Approx. 43%	Approx. 66%

Compiled by Shin-Etsu Polymer based on the source entitled "Current Status and Future Predictions of Social Capital" (Ministry of Land, Infrastructure, Transport and Tourism; [https://www.mlit.go.jp/sogoseisaku/maintenance/02research/02\\_01.html](https://www.mlit.go.jp/sogoseisaku/maintenance/02research/02_01.html))

In fiscal 2019, we began selling silicone infrastructure maintenance materials used for infrastructure maintenance and repair. Specific applications include preventing corrosion in steel structures and piping as well as limiting deterioration and repairing cracks in concrete structures. The areas that need to be repaired, even for maintenance, are difficult to categorize due to the vast number of items involved. Furthermore, since maintenance work is performed while infrastructure structures and facilities are in operation, it requires materials and construction methods that can be easily applied in a short time, unlike new construction work. Silicone products are ideal materials because they can easily conform to complex shapes, provide good resistance to weathering and vibration, and be utilized in a wide range of temperatures. In addition, we will propose a construction method that is suitable for a wide variety of construction sites and that fits the customer's construction environment following our own study.

We will respond flexibly by combining bonding agents, adhesives and self-welding to the extent of each site where maintenance is required.

### [Polymer Ace®]



Polymer Ace® has a clay-like substance that adheres to the adherend. When exposed to moisture in the air, it hardens into a rubber-like substance and adheres to the adherend.

### [Silico Sheet® AD]



It is an ideal adhesive sheet for waterproofing and corrosion protection.

### [Polymer Multi Tape®]



For a wide range of applications (such as water leakage prevention, rust prevention, and UV protection), silicone materials are fused together to form a single unit.

The construction of a combination of materials can be applied to a variety of sites.

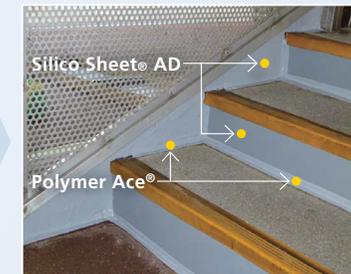
#### Example of application to station stairs

Materials applied: Polymer Ace® and Silico Sheet® AD

##### ▶ Before construction



##### ▶ After construction



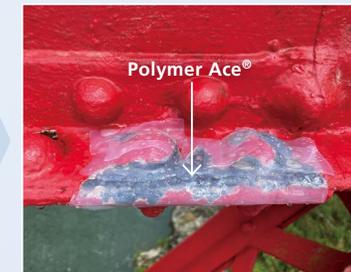
#### Example of bridge corrosion control

Materials applied: Polymer Ace®

##### ▶ Before construction



##### ▶ After construction





# Electronic Devices

This segment operates globally with a focus on electronics-related fields, such as input components and peripheral components for automobiles and information devices.



Key switches



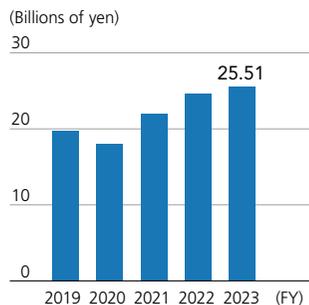
Touch switches

View/light path control film (VCF)

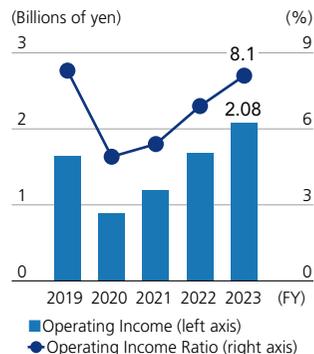
Connectors for testing electronic components



## Net Sales



## Operating Income and Operating Income Ratio



<b>Customer Base</b>	Manufacturers of automotive electrics, information devices, electronic components, etc.
<b>Strengths</b>	<ul style="list-style-type: none"> <li>Implementing robust production and sales infrastructure that enables global business expansion</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>Transition to EVs and more sophisticated electrical equipment in cars to achieve carbon neutrality</li> </ul>
<b>Threats</b>	<ul style="list-style-type: none"> <li>Slowdown in global EV growth in the automotive market</li> </ul>

## Business Environment

### Automotive industry on path to recovery; semiconductor industry transitioning out of demand adjustment phase

In Electronic Devices segment, sales to the automotive-related customers account for a higher percentage which demand mainly comes from the automotive and electronic equipment sectors. The automotive-related market has been recovering remarkably. According to OICA, the global automobile production in 2023 increased 10% YoY to around 93.56 million units. Although the recent data suggested that sales momentum for EVs is slowing among automobiles, we believe that the shift to EVs will progress supported by decarbonization movement, and the trend of expanding demand for more advanced electrical equipment that electronically controls operation, as well as electrification and autonomous driving (known as CASE), will continue in the medium to long term.

In the electronic equipment sector, the inventory of consumer electronics that had accumulated during the COVID-19 pandemic continued to be cleared. Especially for information devices, global shipments of smartphones and PCs declined for the second consecutive year according to U.S. market research firm IDC. However, the replacement of PCs is expected to emerge again since the last purchasing was done during the stay-home period of the COVID-19 pandemic and the widespread of AI-enabled devices. We believe the demand for products that respond to the digitalization of society to continue growing.

## Specific Measures for Opportunities and Risks

### Optimal local production in response to market changes to meet customer needs

From early on, our company has been attuned to the global market and has taken proactive steps to expand overseas. For input devices, we are optimizing our production bases by having added an Indian factory, which completed our third building expansion in 2022, to our main factories in China (Suzhou) and Malaysia.

The Indian automotive industry is under reviewing its supply chain and expanding local sourcing. Therefore, we take this opportunity to promote sales expansion in the domestic Indian market as well as exports to Europe and other markets by expanding the Indian factory.

Our company aims to build a stable supply system that is resilient to unforeseen events and spikes in demand by optimizing local production based on the changing market environment.

In addition, the majority of our products are designed and produced according to customers' specifications. We are focusing on marketing and product development to propose new products at the time required by customers, such as model changes in automobiles. For example, a new battery cushioning material that is being prepared for mass production based on recent market trend.



## Achievements and Issues in Fiscal 2023

### POINT

#### Input devices

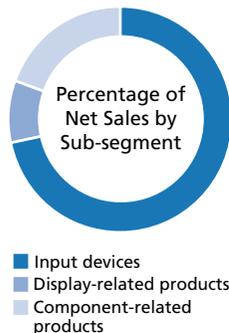
- Growth of in-vehicle touch switches
- Steady sales of in-vehicle key switches

#### Display-related products

- Expansion of view/light path control films (VCF)

#### Component-related products

- Strong performance in automotive silicone molded products
- Steady sales of connectors for testing electronic components



In this segment, demand for the automotive industry recovered, and automotive-related input devices and other in-vehicle products remained firm. However, electronic device-related products remained sluggish due to the prolonged clearance of consumer appliances inventory. This has resulted in an overall revenue increase of 3.3% YoY, reaching 25.506 billion yen. Operating income increased by 22.5% to 2.075 billion yen—a double-digit increase over the previous period—due in part to the weaker yen.

Although sales of PC touch pads in input devices declined, sales of in-vehicle key switches and in-vehicle touch switches remained strong. In display-related products, sales of connectors for LCDs fell, but view/light path control films (VCF) remained strong. Meanwhile, in component-related products, automotive silicone molded products grew significantly, and connectors for testing electronic components remained steady.

## FY2024 Outlook and Strategies in the SEP G&G 2027 Medium-term Management Plan

The automotive industry, the main client of this segment, has overcome the COVID-19 pandemic and is seeing a recovery in demand, especially from Japanese automakers. As a result, we anticipate that input devices for automobiles, as well as VCF and silicone molded products for automotive applications, will continue to exhibit stable performance. If the yen continues to weaken, this will be a favorable development. On the other hand, in the electronic equipment sector, sales of LCD connectors are expected to remain steady as inventories of consumer appliances that have accumulated during the COVID-19 pandemic have been cleared. We also expect demand for connectors for testing electronic components to return, too, as inventories of electronic components have been cleared.

Under the SEP G&G 2027 Medium-term Management Plan, the Electronic Devices business aims to achieve net sales of 34.1 billion yen and an operating income of 2.8 billion yen in the fiscal year ending March 31, 2028 (the final year of the plan).

To achieve this target, we will work to secure sales and profits by maintaining and gaining market share within in-vehicle input devices, such as automotive key switches and touch switches, which account for a high percentage of our sales and already have a certain global market share. We have designated these devices as our base area. Since we have designated products for EVs (such as battery cushioning materials), which market is expected to expand in the future, and products for in-vehicle devices that will contribute to autonomous driving as growth area, we are working to gain new demand for these products. Although global EV sales are currently slowing in 2024, we believe that there will always be a time to switch from gasoline vehicles to EVs to achieve carbon neutrality. We are making steady progress toward achieving our targets for the fiscal year ending March 31, 2028, by developing new products and investing in mass production to meet these targets.

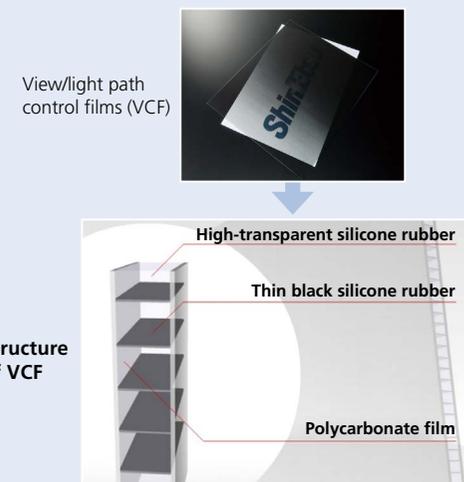
## TOPIC Expansion of View/Light Path Control Film (VCF) Applications

The VCF is a sheet that imitates a blind structure, enabling control of the view and light path. The light-shielding layer made of black silicone rubber has a thickness of 15  $\mu\text{m}$  (0.015 mm), thereby utilizing our specialty of thin-film processing technology.

At the time of development, the main applications of the VCF were to prevent “peeking” on LCD displays and to prevent glare on windshields. Due to its excellent reliability, silicone rubber is currently used in many applications, such as automotive components, ATMs and cash dispensers, and aircraft seat monitors.

In particular, its use in optical sensors for light path control is spreading, significantly improving sensor accuracy. Furthermore, for in-vehicle applications, in addition to LCDs for driver’s seats and car navigation systems, we also propose using them for warning lights, illumination, switches, etc., thereby achieving design diversification and differentiation.

We are confident that the VCF—a one-of-a-kind product—will continue to expand as new applications are created to meet the diverse needs of the DX (Digital transformation) market.





# Precision Molding Products

We supply precision molded products that require high-precision resin and rubber processing, such as semiconductor wafer transport containers and printer rollers.



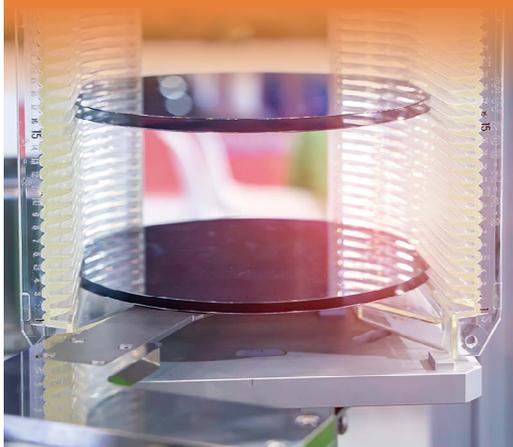
Precision Molding Products



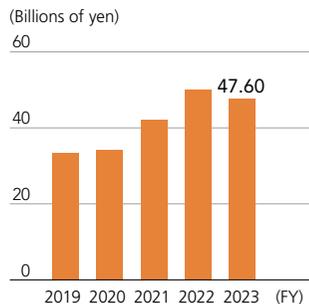
Embossed carrier tapes

OA rollers

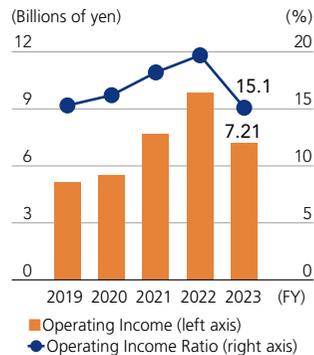
Medical device components



## Net Sales



## Operating Income and Operating Income Ratio



## Customer Base

Manufacturers of semiconductors, electronic components, office automation devices, medical equipment, etc.

## Strengths

- Ability to propose material composition and optimal processing methods according to the functions required by customers
- High-standard quality assurance system based on proprietary precision molding/processing technologies and advanced evaluation/analysis technologies

## Opportunities

- Semiconductor and electronic component manufacturers scaling up their capacity to address the growing demand for semiconductors in response to the spread of AI
- Progress in printer industry restructuring

## Threats

- Rapid decline in demand for semiconductors and electronic components due to the semiconductor demand cycle
- Decreased demand for printing due to the shift to paperless operations

## Business Environment

### Semiconductor adjustment phase coming to an end; steady demand continues for OA devices

Generative AI is becoming widespread in our daily lives as the digitalization is advancing rapidly, such as IoT applications in manufacturing sites and support for CASE in automobiles. Demand for semiconductors is expected to boost in various areas, including the construction of new data centers in anticipation of significant future increases in data transmission volume. Although the demand for semiconductors still remain in an adjustment phase, we expect it to reach the bottom level shortly and begin to rise by the end of the fiscal year.

In the OA device market, although replacement demand for multi-function devices slowdown with the end of the COVID-19 pandemic, for small printer application is recovering as inventories are being cleared. In the medical field, demand for catheters has returned to normal in response to the increased number of surgeries following the COVID-19 pandemic. Nevertheless, demand for biopharmaceutical tubing has increased due to the revitalization of the pharmaceutical market.

## Specific Measures for Opportunities and Risks

### Ramping up our supply capabilities to prepare for burgeoning demand for semiconductors and electronic components

Although an inventory glut continues due to the silicon cycle triggered by the COVID-19 pandemic, demand for semiconductors, especially for advanced products, is recovering as a result of the new data center construction and other factors. In anticipation of medium- to long-term growth in demand for semiconductors, our company is expanding facilities at our 300 mm wafer container production bases, which are the Itoigawa Plant (Niigata Prefecture) and the Tokyo Plant (Saitama Prefecture). The Itoigawa Plant has gradually started operating production facilities since early 2023, and we expect all the facilities to be operational by the end of this fiscal year. Preparations are underway for the Tokyo Plant to begin operations in the next fiscal year. By expanding our capacity in a timely manner to meet the growing demand for semiconductors, we aim to build a production structure that can provide a stable supply of high-value-added products.

Although the number of new printers and multi-function device installations is declining due to a shift towards paperless work and digitalization, we believe this trend will result in more opportunities to acquire new demand for the restructuring of the printing industry. We strive to increase our market share by fully leveraging our silicone compounding and foaming (sponging) technologies.



## Achievements and Issues in Fiscal 2023

### POINT

#### Semiconductor-related containers

- Sluggish sales of shipping containers for both 300 mm and 200 mm wafers

#### OA device components

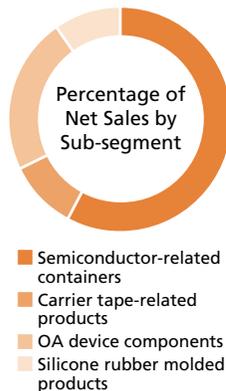
- Increased demand for fuser rollers in multi-function devices
- Sluggish sales of laser printer rollers

#### Carrier tape-related products

- Electronic component applications on par with the previous year
- Weak demand for semiconductor-related applications

#### Silicone rubber molded products

- Demand for medical-related products on par with the previous year



In this segment, demand for OA device components was steady, but demand for semiconductor-related containers remained sluggish due to a prolonged adjustment phase in the semiconductor industry. This has resulted in an overall revenue decrease of 4.8% YoY, falling to 47.602 billion yen. Operating income decreased by 26.9% YoY to 7.211 billion yen due to the reduction in sales and an increase in depreciation costs.

Sales of semiconductor-related containers were declined due to the sluggish sales of small-diameter wafer containers and 300 mm wafer containers. In OA device components, sales of semi-conductive rollers remained slow, but sales of fuser rollers for multi-function devices grew substantially. This has resulted in sales remaining at the same level as the previous year. Sales of carrier tape-related products declined due to weak demand for use in semiconductor chip transport. Furthermore, sales of silicone rubber molded products stagnated due to decreased demand on general molded products, while sales of medical-related products were on par with the previous year.

## FY2024 Outlook and Strategies in the SEP G&G 2027 Medium-term Management Plan

We expect that it may take at least until the end of the first half of the year for the device manufacturers to clear their accumulated semiconductor wafer inventories fully. In the meantime, we have also seen that device manufactures' capital investment has been resuming recently, particularly in advanced semiconductors. Therefore, we expect the recovery in demand for 300 mm wafer in-process containers (FOUP) to be followed by the recovery in demand for 300 mm wafer shipping containers (FOSB) by the end of this fiscal year. In addition, sales of carrier tapes for smartphone chip transport are expected to grow moderately, while demand for rollers for small printers, which are components for OA devices, is expected to be strong. In medical-related components, we also expect new demand for biopharmaceutical tubes to remain steady.

Under the SEP G&G 2027 Medium-term Management Plan, the Precision Molding Products business aims to achieve net sales of 71.2 billion yen and an operating income of 14.5 billion yen in the fiscal year ending March 31, 2028 (the final year of the plan).

To achieve this target, we will designate OA device components, where we hold a high market share, as a base area and strive to secure sales and profits by further gaining market share among our customers. We have designated semiconductor-related products and medical-related products, which are expected to expand over the medium to long term, as growth areas. Furthermore, in response to the growth phase of the wafer container market, we are investing in expanding production capacity for 300 mm wafer containers. In the medical-related segment, our company aims to gain market share by targeting the domestic pharmaceutical market, where domestic production is gaining momentum, and subsequently intends to expand its business globally. We will steadily implement these measures to ensure that we achieve our targets for the fiscal year ending March 31, 2028.

## TOPIC

### Expanding Sales of PANEL FOUP Container for Semiconductor Back-end Process

Semiconductors play an essential role in modern technology and are considered one of the most important national strategies from an economic security perspective. The semiconductor market is expected to grow at a double-digit rate through 2024, and various technological innovations are underway to improve the performance of semiconductor products. The semiconductor manufacturing process is divided into two parts: the front-end process of forming circuits on silicon wafers and the back-end process of cutting wafers into semiconductor chips and finishing them into products such as logic ICs. PANEL FOUP is used in the back-end process.

The back-end manufacturing process involves a technology called "panel level package" (PLP), which uses panels larger than 500 mm square. PLP is expected to provide a number of benefits, including improved productivity. In response to this trend, we have further developed the technology that we have cultivated for 300 mm wafer containers with the aim of creating the PANEL FOUP as an in-process transport container for PLPs. We also participate in the standardization activities of the Semiconductor Equipment and Materials International (SEMI) and strive to develop semiconductor back-end manufacturing technologies.

Back-end manufacturing processes are expected to become even more important in the semiconductor market going forward. We will focus on expanding sales of PANEL FOUP, which is used in back-end processes.



Panel level package (PLP)  
PANEL FOUP for  
manufacturing processes

# Housing and Living Materials

We offer living-related products, such as wrapping films for food packaging made from PVC, and material products, such as functional compounds and conductive polymers.



Cling wraps



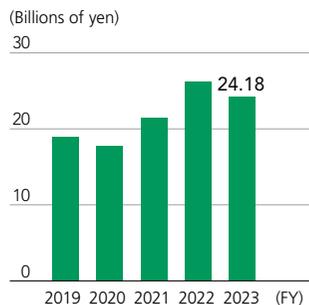
Functional compounds

Conductive polymers

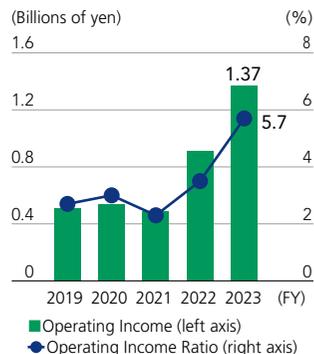
Stretch films



## Net Sales



## Operating Income and Operating Income Ratio



### Customer Base

Supermarkets and food services industry, automotive parts manufacturers, electronic component manufacturers, industrial equipment manufacturers, construction and infrastructure industry, etc.

### Strengths

- Top market share in Japan for commercial PVC cling wrap that utilize industrial use for food packaging
- Establishment of production bases for non-phthalate PVC compounds in ASEAN

### Opportunities

- Booming food service and accommodation industries due to the increase in inbound tourism
- A shift in production towards eco-friendly vehicles

### Threats

- Higher raw material and utility costs due to rising energy prices
- Slowdown in global EV growth in the automotive market

## Business Environment

### Recovery in the flow of people led to recovery in cling wraps for the food service industries, but EV sales slowed worldwide

The food service and accommodation industries, which are the food product wrapping film clients accounting for more than 40% of this segment, have been booming since the reclassification of COVID-19 infections in May 2023 and expanding demand from inbound tourism.

Production in the automotive-related industries, which are the clients for functional compounds, is recovering worldwide, and inventory adjustments continue in the machine tool and semiconductor equipment markets, which are the segment's other clients. Demand for conductive polymers has declined, in part due to the impact of the slowdown in capital investment for EV production.

The long-term downward trend in the number of new home builds in Japan continues to create a challenging environment for construction materials. On the other hand, there is a growing need for maintenance materials for aging roads, bridges, harbors, and other infrastructure facilities.

## Specific Measures for Opportunities and Risks

### Strengthening the ability to propose wrapping films for food products

With our wrapping films for food products, we have secured the top market share in Japan for commercial PVC cling wraps that are used industrially following the acquisition of KitcheNista as a consolidated subsidiary. With the consolidation of KitcheNista, we are striving to offer an assortment of products in stores that fully utilize our extensive product lineup, including antibacterial, antiviral, colored, and biomass certified products. Last fiscal year, we continued to integrate systems and sales organizations with KitcheNista, and we are continuing to integrate and consolidate production bases this fiscal year.

In functional compounds, we are working to establish our position in the ASEAN region market by leveraging the non-phthalate production facilities established at Hymix in Thailand. Our goal is to offer a range of high-value-added products that emphasize the safety of the materials. We are working to develop new applications for conductive polymers in capacitors, which are used in many EVs, and automotive-related applications. Note that we transferred the PVC pipe business in November last year.



## Achievements and Issues in Fiscal 2023

### POINT

#### Wrapping films

- Strong performance in smaller cling wraps

#### Functional compounds

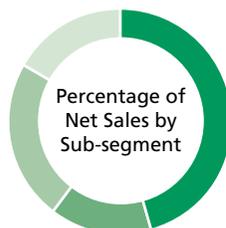
- Strong performance in automotive applications
- Sluggish demand in cable applications for industrial machinery

#### Functional materials (conductive polymers)

- Electronic component applications on par with the previous year
- Steady performance in display applications

#### Construction material products

- Transfer of the PVC pipe business (as of November 1, 2023)



Percentage of Net Sales by Sub-segment

- Wrapping films
- Functional materials
- Functional compounds
- Construction material products

In this segment, demand for wrapping films for food products recovered due to an increase in inbound tourism, and the PVC pipe businesses were transferred. This has resulted in an overall revenue decrease of 7.8% YoY, falling to 24.184 billion yen. Operating income increased by 51.2% YoY to 1.374 billion yen due to progress in price pass-through of PVC-related products, such as wrapping films.

Sales of wrapping films and other packaging-related products were solid since the demand from the food service industries recovered and the sales of cling wraps remained strong. In functional compounds, sales for automotive applications were strong, but those for industrial machinery cables and other applications were weak. Furthermore, in functional materials, sales for automotive electronic component applications were on par with the previous year, while sales for display applications increased. Exterior material-related products remained sluggish overall as demand for PVC corrugated sheets and other products continued to decline.

## FY2024 Outlook and Strategies in the SEP G&G 2027 Medium-term Management Plan

The number of visitors to Japan continues to increase, and the food service and accommodation industries are expected to remain strong for some time. As a result, demand for packaging, especially cling wraps, is expected to remain steady. Inventory adjustment of functional compounds for cable coating applications has been protracted, but demand for automotive applications is growing, especially from Japanese automakers. We expect the bottom level to be reached soon and to begin rising by the end of the fiscal year. Conductive polymers have been affected by stagnant demand for hybrid aluminum electrolytic capacitors due to the current slowdown in EV sales. However, sales of hybrid and other eco-friendly vehicles have been strong and are expected to remain steady for the time being.

Under the SEP G&G 2027 Medium-term Management Plan, the Housing and Living Materials business aims to achieve net sales of 35.1 billion yen and an operating income of 2.3 billion yen in the fiscal year ending March 31, 2028 (the final year of the plan).

To achieve this target, we have designated packaging with the top market share in commercial PVC cling wraps for industrial use and functional compounds with unique low-friction products as our base areas. We aim to continue expanding our market share in films by promoting functions such as antibacterial and color while also securing sales and profits in compounds by expanding their applications in automobiles. In anticipation of the future increase in demand for in-vehicle electronic components due to the shift to EVs, we have designated functional materials, such as conductive polymers and high-performance thin-film films, as a growth area. In addition, we are developing new products that will help improve the durability and heat resistance of electronic components. We aim to achieve our target for the fiscal year ending March 31, 2028, by solving EV issues such as extending the cruising distance from the perspective of materials for electronic components and thereby gaining market share.

## TOPIC

### Relaunch of KitcheNista Wrap Antibacterial Blue

KitcheNista Co., Ltd., which is our production and sales subsidiary, relaunched a blue-colored wrap known as KitcheNista Wrap Antibacterial Blue (“Antibacterial Blue”) in January 2024. The renewed Antimicrobial Blue has obtained the Biomass Mark certification by incorporating 10% plant-based biomass raw materials. The use of PVC resin and plant-based additives contributes to reducing greenhouse gas emissions and petroleum resources. Blue is a color that is rarely found in food, so even if a piece of plastic wrap were to get mixed with food, it would be easy to spot because of its unique color. Consequently, many restaurants and lodging facilities have adopted it to improve food safety. In addition, the antimicrobial finish inhibits the growth of bacteria on the wrap. The Group will continue to promote initiatives to solve social issues, such as reducing the environmental impact through its business activities.



SIAA is an industry organization that certifies marks for Kohkin/Boukabi (Antibacterial/Antifungal).



KitcheNista Wrap Antibacterial Blue



Biomass is certified by Japan Organics Recycling Association which product used organic material that comes from plants.



# Corporate Governance

## Basic Approach

We recognize that the cornerstone of management is to increase corporate value as a global corporation that is trusted by and meets the expectations of its shareholders and various other stakeholders.

Based on this fundamental awareness, we will work to enhance its corporate governance by making the right decisions through speeding up the management decision-making process, ensuring transparency, strengthening its internal control functions, and by making accurate decisions from the standpoint of its stakeholders.

## Corporate Governance System

We adopt the "company with an Audit & Supervisory Board" system for its corporate governance framework. Both the Board of Directors and the Audit & Supervisory Board supervise and audit the execution of business at multiple levels so as to guarantee objectivity and neutrality.

The Board of Directors comprises five directors, two of whom are outside directors. Some of their authority on business execution is delegated to the Board of Executive Officers, which makes it easier for the Board of Directors to perform its role of supervising business execution.

In addition, two full-time Audit & Supervisory Board members visit the Business Operation Divisions (including those of subsidiaries) when necessary to enhance the precision and effectiveness of their auditing activities. Furthermore, we have established a system that maintains and improves our corporate governance by exchanging information and opinions with the Accounting Auditors and the Department of Internal Auditing, our internal audit division. For these reasons, we have chosen the current governance structure.



Corporate Governance Report

<https://www.shinpoly.co.jp/en/ir/governance.html>

## Nomination & Compensation Committee

In order to strengthen the independence, objectivity, and accountability of the functions of the Board of Directors concerning the nomination and compensation of directors and other key individuals, the Company has established a "Nomination & Compensation Committee" under the purview of the Board of Directors to benefit from its appropriate involvement and advice. The Nomination & Compensation

Committee is chaired by an independent outside director, whilst its independence is guaranteed because the majority of its members are independent outside directors.

The Nomination & Compensation Committee consults with the Board of Directors, deliberates on such matters as the nomination of directors, Audit & Supervisory Board members and executive officers, compensation systems for directors and executive officers, and the process for determining compensation, and then reports the outcomes of its discussions to the Board of Directors.

## Evaluation of the Effectiveness of the Board of Directors

In addition to the Nomination & Compensation Committee, we have established the Advisory Committee for Transaction with Parent Company, which is composed of independent outside officers, in order to ensure the independence and objectivity of the Board of Directors and thereby enhance its supervisory function. In fiscal 2023, the Nomination & Compensation Committee met four times and the Advisory Committee for Transaction with Parent Company met three times, with all committee members present to participate in discussions at each meeting.

The Board of Directors is composed of officers with diverse values and perspectives backed by expertise in various fields and extensive experience, including overseas work.

To further improve the effectiveness of the Board of Directors, the company's Board conducted a questionnaire for all directors and Audit & Supervisory Board members on the effectiveness of the Board as a whole in fiscal 2023. It implemented a self-assessment survey at a Board meeting held in May 2024. As a result, it was confirmed that the Board of Directors generally functions in a timely and appropriate manner, making swift decisions after open and constructive discussions, confirming that the effectiveness of the Board of Directors is by and large assured. In addition, we have confirmed issues that also need attention, such as the need to promote human resource development and further improve its effectiveness for the director candidates. As a result, we will continue discussions to make improvements.

We will strive to continue improving the Board of Directors' effectiveness by further deepening and enriching our discussions on the company's institutional design, medium-term plans (such as the Medium-term Management Plan), issues surrounding sustainability, and the diversity of the directors.

## Audit System

As of June 25, 2024, the Audit & Supervisory Board is comprised of four members, including two outside Audit & Supervisory Board members, and conducts audits from a standpoint independent of business execution. The Audit & Supervisory Board members attend important internal meetings such as the Board of Directors to carry out their management oversight function. They also convene the Audit & Supervisory Board meetings to discuss important matters related to auditing based on reports from each member. Furthermore, the two full-time Audit & Supervisory Board members, when necessary, visit the Business Operation Divisions, including those of subsidiaries, to enhance the precision and effectiveness of their auditing activities.

Every quarter, the Audit & Supervisory Board members receive reports from the Accounting Auditors on audit plans and progress made. They also actively engage in discussions and consultations with the Accounting Auditors, thereby ensuring closer cooperation and improving the effectiveness and efficiency of audits. Furthermore, regular information exchanges are conducted with the internal audit division, known as the Department of Internal Auditing. From the perspectives of legality, rationality, and efficiency, this department audits and investigates management and operational execution mechanisms and provides the necessary reports to the Audit & Supervisory Board members as required.

## Support System for Outside Officers

For outside directors and outside Audit & Supervisory Board members, we provide advance notice of important meetings, such as the Board of Directors meetings, and agenda items. Furthermore, liaison meetings of outside directors and Audit & Supervisory Board members are held regularly. At each liaison meeting, a system is established to hear the status of business execution from the Business Operation Division and to determine the issues they face. Through these efforts, we strive to improve the frequency and quality of information provided to outside directors and outside Audit & Supervisory Board members.

Additionally, support is provided to outside directors by the General Affairs Division, and to outside Audit & Supervisory Board members by the Audit & Supervisory Board Office.

### Communication with Shareholders and Investors

The Corporate Planning Department oversees dialogue with shareholders and investors as part of its IR activities. Individual meetings are handled by the IR staffs. We hold briefings for analysis and investors following the announcements of full-year and second-quarter results as an opportunity to explain the status of our business.

We also aim to enrich dialogue by issuing business reports and annual reviews, as well as through timely and fair disclosure of information on our website, including press releases, financial reports, presentation materials for results briefings, Shareholders' Meeting notices, and resolution notifications.



Shareholder and Investor Information  
<https://www.shinpoly.co.jp/en/ir.html>

### Activation of the General Meeting of Shareholders / Facilitation of Exercise of Voting Rights

We have undertaken a variety of initiatives, including:

- Early distribution of Shareholders' Meeting notices  
Distributed three weeks before Shareholders' Meeting dates
- Avoiding peak days when holding Shareholders' Meeting  
64th Regular Shareholders' Meeting date: June 25, 2024
- Exercising voting rights electronically  
Adoption of electronic voting via the Internet
- Initiatives to improve the voting environment  
Participation in an electronic voting platform
- Preparing summaries of the Regular Shareholders' Meeting notices in English and posting them on the website

### Directors / Audit & Supervisory Board Members



### Composition and Skill Matrix of Directors / Audit & Supervisory Board Members

Name		Special Committee Composition		Primary Knowledge, Experience, Skills, etc.						
		Nomination & Compensation Committee	Advisory Committee for Transaction with Parent Company	Corporate Management	Global	Technology	Marketing	Treasury and Finance	Legal/ Governance	Human Resource Management
Yoshiaki Ono	1 Chairman	●		○	○	○				○
Toshiaki Deto	2 President	●		○	○		○			○
Satoru Sugano	3 Director					○	○			○
Shigemichi Todoroki	4 Outside Director	● (Chairman)	● (Chairman)					○	○	
Osamu Miyashita	5 Outside Director	●	●	○	○		○			
Hideaki Hirasawa	6 Full-Time Audit & Supervisory Board Member				○			○	○	
Yoshiaki Torimaru	7 Full-Time Audit & Supervisory Board Member				○		○		○	
Tatsuo Yoshihara	8 Outside Audit & Supervisory Board member		●	○	○	○				
Tomoko Moriya	9 Outside Audit & Supervisory Board member							○	○	

\*Titles are current as of June 25, 2024.

\*This does not represent all the knowledge, experience, abilities, etc. possessed by each officer.



In response to the demands of the present times, we promote reforms and have established effective governance.

Dialogue between Outside Director and  
Outside Audit & Supervisory Board Member

**Shigemichi Todoroki**

Outside Director



**Tatsuo Yoshihara**

Outside Audit &  
Supervisory Board Member



### Shin-Etsu Polymer's Governance

**Todoroki** Having adopted the "Company with an Audit & Supervisory Board" system, we have made solid progress in governance reform in response to reforms and amendments to the Companies Act and the Corporate Governance Code. I believe that our actual situation is similar to that of a "Company with a Nominating Committee, etc.," which is considered to be transparent and highly effective. With the introduction of an Executive Officer System, business execution and supervision by the Board of Directors are clearly separated, and the Nomination & Compensation Committee has been established as an advisory committee in which outside directors play a central role. In addition, half of the Audit & Supervisory Board is composed of outside Audit & Supervisory Board members, creating a robust auditing system in place. Based on this system, I feel that our active discussions at the Board of Directors meetings and the Board of Executive Officers meetings lead to increased corporate value and strong corporate governance.

**Yoshihara** Simply establishing a mechanism is not enough if we wish to achieve "effective governance," but I do believe that various discussions are necessary. On the day of the Board of Directors meeting, we hold a liaison meeting for outside directors and Audit & Supervisory Board members,

in which they are briefed directly by those in charge of the Business Operation Division. Questions and discussions are held on the topics related to the day's discussions, the state of business in Japan and abroad, and changes in the business environment. Through this liaison meeting, we confirm at the field level that there are no discrepancies with laws and regulations, the Articles of Incorporation, and social trends. Supplementary explanations during liaison meetings have stimulated discussion at subsequent Board of Directors meetings.

In addition, Audit & Supervisory Board members have several opportunities each year to report to the representative directors. Although the agenda mainly consists of reports and exchanges of views on the operational audits by the Audit & Supervisory Board members, the outside auditors also express their thoughts and feelings directly at the meeting. The representative directors have responded very openly and honestly each time, and I believe I can say that our governance is working well.

### Roles as Outside Director and Outside Audit & Supervisory Board Member of Shin-Etsu Polymer

**Todoroki** Since we are in the unique position of being a listed subsidiary, I believe that the role of outside directors should take the minority shareholder's position when a

parent-subsidiary transaction involves a conflict of interest that clearly disadvantages minority shareholders. Because independent outside directors are in a position that is free from internal ties, they are expected to supervise and monitor management from an outside perspective without any reservations within the company. I express my opinions openly according to my own beliefs from a neutral standpoint, uninfluenced by anyone. During various projects, such as new capital investments and expansion into new businesses, I will ask thorough questions if I do not fully understand in order to get the whole picture. I believe that outside officers must not only supervise from an outside perspective but also be willing to discuss issues with a sense of oversight.

**Yoshihara** I believe that the most important requirement of outside Audit & Supervisory Board members, who are independent officers, is to ensure our governance objectively. While maintaining objectivity, we ensure the governance of our company by so-called tripartite audit such as collaborating with internal audits by the Department of Internal Auditing, audits by Accounting Auditors, and audits by Audit & Supervisory Board members.

In doing so, we are careful to avoid becoming overly attached to the individual projects we audit. Rather than



judging the merits of individual projects, I try to conduct an objective audit of various projects, focusing only on what processes were used to reach the conclusions and whether the processes were considered from a variety of perspectives.

**Todoroki** I believe that supporting the management decision-making process is another vital role of outside directors. We are fortunate that our company is performing well, and I believe we should refrain from doing anything that would dampen this management momentum and effective business prospects. Looking to the future of the semiconductor industry, we are expanding our production system for semiconductor-related containers, our main product line. I feel that even more now as we are on the verge of a significant leap forward in our business. After all, the primary criterion for evaluating management capabilities is actual performance. That builds confidence in management. I believe that one of the key roles of outside directors is to ride this wave of good performance and encourage the implementation of management measures to realize further development.

### Mutual Collaboration among Outside Directors and Outside Audit & Supervisory Board Members

**Todoroki** Our skill matrix identifies areas of expertise for each of our individual officers. If the content of Board of Directors discussions required only one area of expertise, it would be better if only those with the appropriate expertise for the topic based on the identified skills would offer opinions. Nevertheless actual matters are complex and intertwined with multiple areas of expertise.

For this reason, instead of taking the attitude that “I should refrain from speaking since it is not my specialty,” I believe it is important to try to do this action myself by

making an effort to understand it even in areas outside my specialty, participating actively in discussions, and expressing my thoughts from within those discussions. We should avoid assuming that each person is responsible only for a specific area of expertise and leave the rest to others with other specialties. Otherwise, I do not think we could say that all officers—whether inside or outside officers—would be working together. Fortunately, from my perspective, I recognize that our officers have a wide range of managerial sense beyond their own skills. At the Board of Directors meetings, all members leverage this knowledge in lively discussions that transcend the boundaries of specialized fields and bring together the directors and Audit & Supervisory Board members. I believe that this creates synergy in the discussions and further strengthens the effectiveness of the Board of Directors.

**Yoshihara** As Mr. Todoroki mentioned, even if an individual officer has a specialty, it is meaningless to the Board of Directors, to the Audit & Supervisory Board, and ultimately to the company's governance if the officer fails to utilize that specialty. To that end, I think it is important not to be overly concerned with your area of expertise but to speak up at Board of Directors meetings if you have any questions. If you are not an expert in the field, there is a tendency not to speak up for fear of missing the point, but there is always an atmosphere of tolerance to receive that in our company.

As a result, the Board of Directors, as well as the Board of Audit & Supervisory Board, actively engage in discussions and exchanges of views across areas of expertise. Even outside the agenda of the Audit & Supervisory Board meetings, when some members ask something like, “How about this idea?” or “This is what I think about this matter,” based on our respective backgrounds, other members will respond

with a variety of opinions, even in areas outside their expertise. The diverse skills of our members and their ability to ask a variety of questions without being limited to their own areas of expertise lead to lively discussions, which I believe is beneficial to our governance.

### Effectiveness of the Advisory Committee for Transaction with Parent Company (Special Committee), Shin-Etsu Chemical

**Todoroki** From an outsider's perspective, the biggest concern about parent-subsidary listings is that the subsidiary's profits may flow to the parent company. To address this concern, we have established the Advisory Committee for Transaction with Parent Company to review transactions between Shin-Etsu Chemical (the parent company) and its group companies to ensure that the transactions between the parent company and its subsidiaries are conducted in a fair manner. The committee members consist of three independent outside directors, including myself. It is a transparent and independent organization that is completely separate from the company. The committee has proven to be effective because it receives clear explanations of actual transactions with the parent company from the secretariat and compares the details of transactions with other suppliers to ensure that the transactions are conducted on terms that are equivalent to those generally recognized as fair.

**Yoshihara** The committee currently meets four times a year. We review purchases from other suppliers and sales to other customers to determine the fairness of transactions. No problems have arisen as a result of our actual reviews, and we believe that there will be no issues in the future as long as the reviews are adequately conducted under this system.



# Research and Development Activities

## Basic Policy

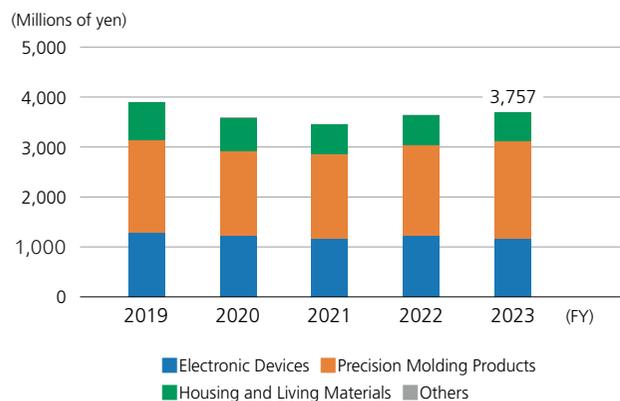
Our Group's Basic Policy of research and development is to propose high value added unique and differentiated products to our customers through close communication in order to envision and realize an idea future. The Shin-Etsu Polymer Group will also participate actively in efforts to achieve the SDGs, which are spreading worldwide. In particular, we believe that the mission of R&D is to contribute to achieving carbon neutrality by 2050.

## Main R&D Fields

Core technologies of our Group include compounding technology of functional resins such as silicones, various plastics, and conductive materials, as well as precision and micro-processing technologies. Utilizing these core technologies and sharing information obtained from the market across all development departments, we develop a broad spectrum of products targeting various markets that automobiles, semiconductors, information devices OA equipment and living materials. We have placed a particular emphasis on the promising sectors of next-generation automobiles and semiconductors, selecting cross-cutting themes ranging from base area products to growth area products to propel our research and development.

Moreover, by integrating hypothetical data on future markets with the market needs obtained from customers, we aim to create new businesses contributing to carbon neutrality.

## R&D Costs by Segment



## Intellectual Property Strategy

Intellectual property and intangible assets are important management assets.

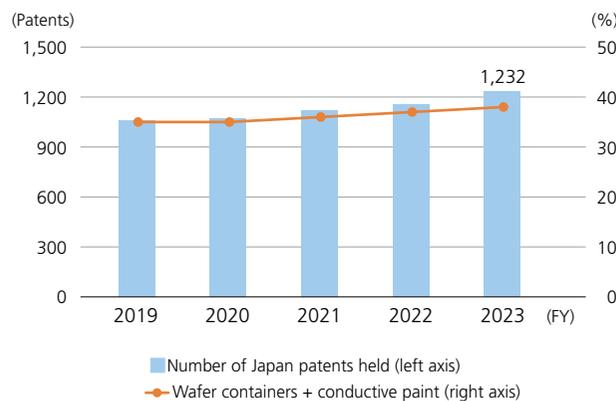
Based on the Group's Basic Policy for research and development, we will promote intellectual property management by establishing intellectual property strategies for each business sector or area and working alongside the development departments.

In particular, we will promote the protection of management assets related to SDG initiatives and activities aimed at achieving carbon neutrality in order to contribute to the enhancement of business competitiveness and corporate value from the perspective of intellectual property.

In our base area products such as input devices and OA rollers, we are accumulating intellectual property rights based on our compounding technology and micro-processing technology, among other areas, and appropriately managing our patent portfolio to support our business and expand our business domains.

In addition, we are leveraging our core technologies to expand our patent portfolio with products positioned in growth areas such as EVs and next-generation semiconductors, including our "SEPLEGYDA®" conductive paint and semiconductor-related products, by filing patent applications and obtaining rights with a greater awareness of speed and differentiation from other companies.

## Number of Patents Held in Japan and Patents Ownership Ratio by Product



## Voice from the Development Unit

Perspectives from different fields lead to new ideas

**Hirokuni Takezawa**  
Development Unit



I joined Shin-Etsu Polymer as a mid-career hire and took on the role of quality control department. I used to work as a silicon wafer engineer, and after joining Shin-Etsu Polymer, I used that knowledge to oversee the quality assurance and management system for our wafer transport containers across all of our global bases. After that, I was in charge of silicone molded products, and then transferred to the development department for the same products, where I am currently. Although transferring from the quality department to the development department may seem like a shift to a completely different line of work, there are some similarities, such as the way we approach the development process from a quality management perspective. I also enjoy an active exchange of opinions and smooth communication with the sales and manufacturing departments, so I am spending my days in a fulfilling work environment.

I find it very rewarding to be able to contribute to society by playing a part in the evolution of these devices and pharmaceutical products that improve the quality of life and, in some cases, save lives. In addition, Shin-Etsu Polymer has recently obtained a license to manufacture and sell medical devices, so we are constantly challenging ourselves to develop our own medical devices. Besides medical devices, Shin-Etsu Polymer is developing many products using silicone rubber, such as electronic devices, automotive, and infrastructure-related products, as well as products using materials other than silicone rubber, such as semiconductors and packaging materials. The ability to gain information, insights, and knowledge from different fields is a resource for advancing development work and something that makes it attractive.

Although the work is tough, I do enjoy a good work-life balance by taking some time off and employee welfare provided by the company. Personally, I feel that it is a good work environment where I can refresh my mind and body with my hobbies during time off and where I have the flexibility to handle childcare and caregiving.



# Sustainability Initiatives

## Basic Approach

Based on its corporate philosophy, Shin-Etsu Polymer Group strives to be a business that continues to develop together with society by putting safety and fairness first in its business. The Group will contribute to the realization of a sustainable society by aiming to solve social issues through its business while meeting the demands and expectations of society.



Sustainability Initiatives

<https://www.shinpoly.co.jp/en/sustainability.html>

Sustainability Report

<https://www.shinpoly.co.jp/en/sustainability/report.html>

## Sustainability Promotion Structure

Shin-Etsu Polymer Group has established the Sustainability Committee, chaired by the President, as a subordinate organization of the Board of Directors and the Board of Executive Officers. It aims to discuss and decide on key matters and measures related to sustainability issues in order to strengthen sustainability management. Under this structure led by the Sustainability Committee, we promote sustainability activities as a company-wide effort to resolve environmental and social issues, including climate-related risks and opportunities.

## Sustainability Promotion Structure Chart



Key Sustainability issues	Details of activities	Medium-term Management Plan/KPI
Legal compliance, fair corporate activities	<ul style="list-style-type: none"> <li>Developed compliance awareness among officers and employees through e-learning, etc. as well as activities to raise awareness</li> <li>Strengthened security export controls (held a briefing on security export controls)</li> <li>Monitored and prevented acts of dishonesty by setting up internal reporting system, supplier hotline, etc.</li> </ul>	Strengthen the Sustainability Committee and the Compliance Committee
Health and safety of employees and contractors	<ul style="list-style-type: none"> <li>Strengthened production facilities and work risk assessment, and engaged 5S+1A activities</li> <li>Conducted environmental security audits</li> <li>Promoted pre-work exercises in the workplace</li> </ul>	—
Energy-saving, resource-saving and reduction of the environmental impacts	<ul style="list-style-type: none"> <li>Carried out activities for achieving the targets of the seventh Mid-Term Plan (FY2021–2023) for Green Activities</li> <li>Established a roadmap and action plan to reduce CO<sub>2</sub> emissions</li> </ul>	Reduce CO <sub>2</sub> emissions (Scopes 1 + 2) 2030: 46% and 2050: 100%, compared to the FY2013 level
Product quality improvements and product safety control	<ul style="list-style-type: none"> <li>Conducted site inspections to prevent any quality-related misconduct</li> <li>Raised quality awareness among Group employees through various events during Quality Month</li> <li>Provided various types of education/training to improve quality competence</li> <li>Handled customer complaints appropriately</li> </ul>	—
Promoting CSR procurement and the diversification of supply sources	<ul style="list-style-type: none"> <li>Released the Group's CSR Procurement Guidelines to our clients</li> <li>Conducted CSR procurement surveys of clients to better understand their status</li> </ul>	Enhance the internal reporting system and supplier hotline
Respect for human rights, the development of human resources, and the promotion of diversity	<ul style="list-style-type: none"> <li>Conducted a survey on the employment of foreign workers and their work environments at domestic and overseas offices</li> <li>Improved and promoted the use of internal systems and rules to address diversity in work</li> <li>Conducted training on diversity &amp; inclusion, business and human rights, and power harassment in the workplace</li> <li>Established a Chinese-language supplier hotline</li> </ul>	Promote measures and improvements based on human rights due diligence Cultivate diverse human resources with a willingness to take on challenges Enhance the internal reporting system and supplier hotline
Respect for and protection of intellectual property	<ul style="list-style-type: none"> <li>Deliberated and reported on the status of our activities in the Patent Committee, including the protection and management of intellectual property rights acquired through the industrial property rights systems and compliance manuals and how we treated competitors' intellectual property rights with respect</li> </ul>	—
Contribution to industry and social initiatives	<ul style="list-style-type: none"> <li>Aimed to grow closer to local communities through worked on eco-products promotional activities through the development of products that contribute to the environment as well as society, volunteer activities related to infrastructure maintenance using "Polymer-Ace," volunteer activities at local nursing homes, beautification activities around plants at production sites, work experience, traffic safety activities, blood donation activities, and others</li> </ul>	—
Accurate and timely information disclosure and communication with stakeholders	<ul style="list-style-type: none"> <li>Strived to provide fair, timely, and appropriate information disclosure and enhanced IR and public relations activities</li> </ul>	Continue to engage in constructive dialogue with shareholders and investors



# Environment (TCFD Disclosure)

## Disclosures Based on TCFD Recommendations



### Governance

Our Sustainability Committee, chaired by our President, deliberates on issues related to addressing climate change, such as CO<sub>2</sub> emission reduction targets, receives regular reports on activities from our Business Operation Divisions, and discusses the measures necessary to further strengthen our sustainability management. Matters of significant importance discussed by the committee are reported to the Board of Directors, where the responses thereto are monitored and supervised accordingly. During this fiscal year, we aimed to expand the conversion of electric power to renewable energy sources, which has been implemented at some of our plants, to other plants. Consequently, we established a roadmap for reducing CO<sub>2</sub> emissions linked to business growth, as outlined in our Medium-term Management Plan, and began implementing it in April 2024.

### Strategy (Scenario Analysis)

Based on the following two scenarios (1.5°C, 4°C), which we chose by referencing the multiple scenarios contained in reports issued by organizations such as IEA (International Energy Agency) and IPCC (Intergovernmental Panel on Climate Change), our Group has identified climate-related risks and opportunities that are likely to arise in our key business areas in a future where climate change intensifies and qualitatively assessed the financial impacts thereof.

As a result of our scenario analysis, we have identified transition risks arising from regulatory changes such as stricter greenhouse gas emission controls and the introduction of carbon taxes, as well as physical risks due to extreme weather events like flooding and storms. To address transition risks, we are implementing measures that include the installation of solar power generation systems and purchasing renewable energy. For physical risks, we manage these by conducting risk assessments and overseeing our supply chain for sustainable sourcing. Furthermore, we have identified opportunities within our products and services, taking into account the shift from gasoline vehicles to EVs and the expansion of the digital network society. To capitalize on these opportunities, we are focusing on the development and market launch of new products for EVs, expanding sales of semiconductor-related containers, and advancing the development and market launch of material products for electronic components.

### Risk Management

Within our Group, the Sustainability Committee, chaired by our President, is responsible for identifying and evaluating risks and opportunities related to climate change. Risks assessed as having a high impact on our business activities are reported to the Board of Directors as well as the Audit & Supervisory Board. Moreover, we establish strategies and objectives to minimize the risks identified and maximize opportunities, and we report on the progress of these initiatives periodically to both the Board of Directors and the Audit & Supervisory Board.

## Climate-related Risks

Transition risks (risks associated with the transition to a low-carbon economy)

Changes in the external environment	Degree of impact	Anticipated time frame	Impacts on Shin-Etsu Polymer Group	Countermeasures
<ul style="list-style-type: none"> <li>Strengthening of GHG emission regulations</li> <li>Introduction of carbon tax</li> </ul>	Major	Medium-term	<ul style="list-style-type: none"> <li>Increase in development and procurement costs required to achieve carbon neutrality</li> <li>Increased taxes due to the introduction of a carbon tax</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of energy-saving equipment</li> <li>Purchase of renewable energy</li> <li>Introduction of solar power facilities</li> <li>Purchase of carbon credits</li> </ul>
<ul style="list-style-type: none"> <li>Increased demand for low-carbon products</li> <li>Need for new climate-change-related technologies</li> </ul>	Major	Medium-term	<ul style="list-style-type: none"> <li>Increased R&amp;D costs due to increased competition in the development of energy-related technologies</li> <li>Increased capital investment due to increased production</li> </ul>	<ul style="list-style-type: none"> <li>Transition to low-carbon materials</li> <li>Expansion of eco-friendly products</li> <li>Promotion of technological innovation</li> <li>Improvement of facilities for production efficiency</li> </ul>
<ul style="list-style-type: none"> <li>Sharp rise in the cost of petroleum-derived raw materials</li> <li>Reduced use of petroleum-derived raw materials by customers</li> </ul>	Major	Medium-term	<ul style="list-style-type: none"> <li>Increased procurement costs due to rising raw material costs</li> <li>Compatible costs due to the introduction of equipment compatible with low-carbon raw materials</li> <li>Reduced revenue for existing products</li> </ul>	<ul style="list-style-type: none"> <li>Transition to low-carbon materials</li> <li>Exploration of alternative raw materials</li> <li>Installation of equipment that is compatible with alternative raw materials</li> </ul>

Physical risks (risks associated with the physical impacts of climate change)

Changes in the external environment	Degree of impact	Anticipated time frame	Impacts on Shin-Etsu Polymer Group	Countermeasures
<ul style="list-style-type: none"> <li>Wind or flooding damage caused by irregular weather</li> </ul>	Major	Short- to long-term	<ul style="list-style-type: none"> <li>Decreased revenue caused by a shutdown or reduction in business activities due to flooding and damage to factories</li> <li>Increased costs such as restoration costs, natural disaster countermeasure costs, and insurance premiums</li> <li>Increased procurement costs and loss of sales opportunities due to interruptions in supply chains caused by disasters</li> <li>Costs associated with cleanup of chemical spill caused by disasters</li> </ul>	<ul style="list-style-type: none"> <li>Updating BCP manual</li> <li>Risk assessments and sustainable supply chain management</li> <li>Diversification and decentralization of raw material suppliers</li> <li>Strict management of hazardous materials</li> </ul>

## Climate-related Opportunities

Product or service opportunities

Changes in the external environment	Degree of impact	Anticipated time frame	Impacts on Shin-Etsu Polymer Group	Status of response
<ul style="list-style-type: none"> <li>Transition from gasoline vehicles to EVs</li> <li>Expansion of the digital network society</li> <li>Increased demand for a reduction in CO<sub>2</sub> emissions</li> <li>Increased demand for low-carbon products</li> </ul>	Major	Short- to long-term	<b>Electronic Devices:</b> Development and launch of new products for EVs	Preparation of facilities for mass production of thermal control products for EVs
			<b>Precision Molding Products:</b> Sales expansion of semiconductor-related containers due to increased demand	Expansion of Itoigawa Plant and construction of new building at Tokyo Plant are underway to increase production capacity for semiconductor-related containers
			<b>Housing and Living Materials:</b> Development and launch of material products for electronic components	Development of heat-resistant thin films for semiconductor modules as thermal control solution underway

Anticipated time frame Short term: within 10 years. Medium term: from 10 to 50 years. Long term: Over 50 years

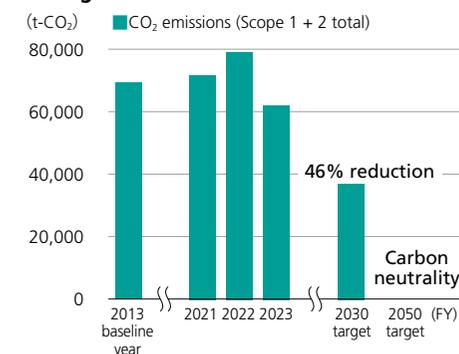
## Indicators and Targets

We have set CO<sub>2</sub> reduction targets for the entire Group through 2050. First, we will actively promote shifting to renewable energy sources and switching to energy-efficient equipment. We will also consider implementing solar power generation systems.

### CO<sub>2</sub> Emission Reduction Targets (Scope 1 + 2)

2030 Target	46% reduction (compared to FY2013)
2050 Target	Achieving carbon neutrality

### Changes in CO<sub>2</sub> Emissions Results



# Strengthening Human Capital for Corporate Value Enhancement

## Our Approach to the Human Resource Strategy

Shin-Etsu Polymer Group is looking for “human resources who promote innovation and transformation.” To achieve this goal, we will strive to cultivate a workplace culture that supports employees in taking on the challenges to reach stretchy high goals and promote PDCA training that emphasizes OJT training to enable the rotation of the experiential learning cycle in the field. We also provide an environment where each employee can continually learn to ensure that they will have a proactive sense of wanting to learn, play a more active role, and advance their careers.

## Training for Human Resource Development

Shin-Etsu Polymer Group considers that “staff development” is the driving force for business continuity and development, so it aims to establish an education and training system that promotes the steady growth of each and every employee. We provide training to develop capabilities for each employee level while supporting employees’ autonomous career development.

## Education and Training

Training Title	Purpose	Number of Participants in FY2023
Training for manager	<ul style="list-style-type: none"> <li>Change in awareness as management close to executive-level</li> <li>Reconfirmation of overall perspectives and basics of management</li> </ul>	6
Training for new manager	<ul style="list-style-type: none"> <li>Change in awareness from member to advance into management position</li> <li>Understanding overview and basics of management as a manager</li> </ul>	20
Training for supervisor-level employee	<ul style="list-style-type: none"> <li>Recognition of role as mid-level or experienced employee</li> <li>Cultivation of leadership ability for subordinates and junior employee</li> </ul>	20
Training for third year of employment	<ul style="list-style-type: none"> <li>Recognizing role required as young employees</li> <li>Improve job satisfaction and motivation</li> </ul>	16
New employee training	<ul style="list-style-type: none"> <li>Preparedness as member of society and businessperson</li> <li>Basic work procedure and conduct</li> </ul>	8 (master's and university graduates) 15 (high school graduates)

## Diversity & Inclusion

Shin-Etsu Polymer is committed to promoting diversity and inclusion throughout the company to create an environment where diversity can be fully utilized and to promote sustainable management. Our aim is for our company to continue to meet the expectations of our stakeholders. To that end, we intend to create a workplace where employees recognize diversity among themselves, feel comfortable with others, and cooperate with each other. In addition, based on the action plan established in accordance with the Act on the Promotion of Women's Active Engagement in Professional Life, we promote the creation of a work environment where women can play an active role over the long term, achieve personal growth, and fully demonstrate their abilities.

## Status of Female Employees

Item	FY2021	FY2022	FY2023
Manager-level (%)	3.11	3.21	4.45
Supervisor-level (%)	21.91	25.81	27.40
Average duration of service (Year)	Male	20.6	20.3
	Female	16.7	17.6

## Employment Support for Life Events

We focus on creating a work environment that accommodates employees balance work and life events, such as childbirth and childcare. Our systems go beyond legal requirements, and we continually strive to enhance employment support measures. In particular, we are focusing on encouraging male employees to be actively involved in childcare and are working to improve the percentage at which they take childcare leave.

## Status of Maternity Leave, Childcare Leave, and Nursing Care Leave (Each fiscal year)

Item	FY2021	FY2022	FY2023
Maternity leave (Persons)	5	5	3
Childcare leave (Persons)	4	15	14
Male employees taking childcare leave (Persons)	0	7	6
Ratio (%) of female employees taking childcare leave	100	100	100
Ratio (%) of male employees taking childcare leave	0	77.7	100
Employees using shorter working hours for childcare (Persons)	16	13	18
Nursing care leave (Persons)	0	0	0

## Employee's Voice

**Balancing work and childcare while maintaining a sense of gratitude to those around me**

**Eiichi Hosaka** Production Unit



I took 3 months of childcare leave because I wanted to reduce the burden of my wife's workload to almost zero and because I wanted to be with my child all the time during this irreversible stage of development and particularly rapid growth.

When I first explained that my wife was pregnant, my supervisor agreed to support my decision to take childcare leave, for which I was extremely grateful. Although I initially asked for a four-week paternity leave at birth, my supervisor recommended that I take a longer period, saying that I would have a lot of difficulties until my baby held up his head up.

Prior to my childcare leave, I shared a progress list and other handover details with my supervisor and co-workers to ensure a smooth transition when I would return to work. At home, my wife was delighted that I was able to take childcare leave. I think that also gave her peace of mind.

After my baby was born, it took a month before my wife could start moving around again normally. Thanks to the childcare leave I took during that time, I was able to take care of my child and support my wife, which was a real blessing.

When I first returned to work, I had a hard time switching my mind back to work mode again. However, my supervisor and co-workers updated me during my absence on the progress list and details that I had previously prepared, so my return to work went smoothly. After taking childcare leave, my approach to work has changed. Right now, I am trying to work more efficiently so that I can go home earlier. At some time, though, I may have to react to my child suddenly having a fever, for example. As a result, I try to share my tasks with my colleagues so that they will always be able to support me.



# Eleven-Year Financial and Non-Financial Summary

(For the fiscal years ended March 31, 2014 through 2024)

Fiscal year	Millions of yen											Thousands of U.S. dollars <sup>1)</sup>	
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2023	
<b>For the year:</b>													
Net sales	¥104,379	¥108,278	¥ 92,640	¥ 76,904	¥ 80,254	¥ 85,460	¥ 79,343	¥ 73,979	¥ 75,039	¥ 71,707	¥ 67,332	\$ 691,251	
Segments													
Electronic Devices	25,506	24,684	21,996	18,037	19,725	20,699	19,554	18,644	19,933	18,875	16,453	168,913	
Precision Molding Products	47,602	50,021	42,147	34,160	33,451	37,089	34,369	31,074	30,377	28,644	26,407	315,245	
Housing and Living Materials	24,184	26,236	21,406	17,736	19,009	19,931	18,703	17,269	18,205	18,435	18,499	160,158	
Others	7,085	7,336	7,090	6,969	8,067	7,740	6,715	6,991	6,522	5,753	5,971	46,920	
Overseas sales	53,538	56,624	45,992	35,790	36,943	40,396	38,092	33,593	34,495	31,660	27,160	354,556	
Gross profit	31,155	33,731	29,140	23,981	25,693	26,762	24,627	22,692	20,896	18,534	16,582	206,324	
Operating income	11,050	12,749	9,732	7,217	7,756	8,153	7,206	5,511	4,101	2,231	1,314	73,178	
Ordinary income <sup>*2</sup>	11,530	12,986	10,129	7,021	8,097	8,026	7,274	5,934	4,532	2,865	1,662	76,357	
Profit attributable to owners of parent	8,674	8,529	6,308	4,536	6,288	6,049	5,455	4,230	3,151	1,777	720	57,443	
Comprehensive income	11,517	12,944	9,849	3,577	5,587	4,468	6,239	2,361	226	4,544	5,869	76,271	
Cash flows from operating activities	11,973	9,124	9,759	10,641	7,688	9,498	8,447	7,278	7,682	4,656	4,373	79,291	
Cash flows from investing activities	(12,314)	(11,200)	(9,664)	(3,736)	(4,629)	(6,745)	(4,437)	(1,843)	(4,768)	(1,572)	(3,036)	(81,549)	
Free cash flows	(340)	(2,075)	94	6,905	3,059	2,752	4,009	5,435	2,914	3,084	1,337	(2,252)	
Cash flows from financing activities	(4,148)	(2,498)	(2,364)	(1,691)	(1,813)	(3,204)	(1,670)	(789)	(1,179)	(604)	(745)	(27,470)	
Capital expenditures	15,481	10,110	6,107	3,147	3,032	6,023	5,420	3,721	4,424	3,877	2,571	102,523	
R&D costs	3,758	3,638	3,454	3,588	3,896	4,249	3,382	3,572	3,609	3,225	2,807	24,887	
<b>At year-end:</b>													
Total assets	¥140,778	¥ 135,364	¥ 122,577	¥ 108,212	¥ 105,378	¥ 107,032	¥ 103,667	¥ 96,061	¥ 92,845	¥ 93,889	¥ 88,644	\$ 932,304	
Total net assets	112,967	105,128	94,337	86,677	84,538	80,560	77,510	72,890	71,253	72,250	68,088	748,125	
Net working capital <sup>*3</sup>	67,842	70,583	65,238	62,555	58,904	54,118	53,658	51,549	49,917	49,798	46,092	449,284	
<b>Per Share Data:</b>													U.S. dollar <sup>1)</sup>
Net income	¥107.31	¥105.68	¥ 78.15	¥ 56.09	¥ 77.55	¥ 74.27	¥ 66.48	¥ 51.60	¥ 38.55	¥ 21.85	¥ 8.86	\$ 0.71	
Net assets	1,394.32	1,294.09	1,166.23	1,067.58	1,042.40	989.44	948.31	887.09	870.12	874.65	826.10	9.23	
Cash dividends	46.00	38.00	26.00	20.00	18.00	16.00	12.00	12.00	9.00	9.00	9.00	0.31	
<b>Financial indicators:</b>													% (Except interest coverage ratio)
Return on equity (ROE)	8.0	8.6	7.0	5.3	7.6	7.7	7.3	5.9	4.4	2.6	1.1		
Return on assets (ROA)	8.4	10.1	8.8	6.6	7.6	7.6	7.3	6.3	4.9	3.1	2.0		
Equity ratio	80.0	77.4	76.7	79.8	80.0	75.1	74.6	75.8	76.7	76.0	75.7		
Interest coverage ratio (Times)	353.0	259.6	384.1	383.4	254.6	396.1	345.1	285.5	283.2	150.5	133.8		
<b>Non-financial indicators:</b>													
CO <sub>2</sub> emissions intensity per production weight (Domestic plants) (t-CO <sub>2</sub> )	0.68	0.79	0.72	0.72	0.70	0.71	0.68	0.68	0.69	0.71	0.71		
CO <sub>2</sub> emissions intensity per production weight (Overseas plants) (t-CO <sub>2</sub> ) <sup>*4</sup>	2.45	2.51	2.71	6.57	6.12	5.96	6.49	6.98	6.72	6.96	6.83		
Waste emissions intensity per production weight (Domestic plants) (kg/t)	74.1	66.2	63.2	59.1	58.3	55.9	55.4	57.3	56.7	59.6	59.3		
Waste emissions intensity per production weight (Overseas plants) (kg/t) <sup>*4</sup>	131.8	128.9	144.0	320.5	373.3	355.2	418.1	419.9	432.8	393.1	392.9		
Number of employees (Consolidated) (people)	4,457	4,706	5,157	5,089	4,655	4,614	4,407	4,144	3,942	3,962	3,628		

\*1. U.S. dollar amounts are included solely for the convenience of readers, using the conversion rate of ¥151 per US\$1 prevailing on March 31, 2024.

\*2. In the fiscal year ended March 31, 2015, "loss on retirement of noncurrent assets" was reclassified from extraordinary loss to non-operating expenses. Ordinary income and return on assets for the fiscal year ended March 31, 2014 were restated to reflect this change.

\*3. Since the fiscal year ended March 2019, according to the application of the Partial Amendments to "Accounting Standard for Tax Effect Accounting", deferred tax assets of current assets is included under fixed assets, and deferred tax liabilities of current liabilities is included under non-current liabilities. Since the fiscal year ended March 31, 2018, the net working capital is calculated based on the results of similar reclassifications.

\*4. Total amount from January to December each year.



# Company Profile, Group Network and Investor Information

(As of March 31, 2024)

Company Profile	
Corporate Name	Shin-Etsu Polymer Co., Ltd.
Established	September 15, 1960
Head Office	Ote Center Building, 1-1-3 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
Paid-in Capital	¥11,635 million
Number of Employees	4,457 (Consolidated) 962 (Non-consolidated)
Subsidiaries	17 companies
URL	<a href="https://www.shinpoly.co.jp/en/">https://www.shinpoly.co.jp/en/</a>

Stock Information	
Number of Shares Authorized	320,000,000
Number of Shares Issued	82,623,376
Number of Shareholders	13,152
Fiscal Year-End	March 31
Stock Listing	Tokyo Stock Exchange (Ticker code 7970)
Transfer Agent	Mizuho Trust & Banking Co., Ltd.

Major Shareholders		
Shareholder Name	Number of Shares (Thousands)	Percentage of Total Equity (%)
Shin-Etsu Chemical Co., Ltd.	42,986	53.2
The Master Trust Bank of Japan, Ltd. (Trust account)	6,164	7.6
Custody Bank of Japan, Ltd. (Trust account)	1,991	2.4
AVI JAPAN OPPORTUNITY TRUST PLC	1,287	1.5
GOVERNMENT OF NORWAY	917	1.1
CEPLUX-THE INDEPENDENT UCITS PLATFORM 2	814	1.0
Nippon Life Insurance Company	768	0.9
JPMorgan Securities Japan Co., Ltd.	586	0.7
STATE STREET BANK AND TRUST COMPANY 505001	573	0.7
NORTHERN TRUST CO. (AVFC) RE THE HIGHCLERE INTERNATIONAL INVESTORS SMALLER COMPANIES FUND	555	0.6

- In addition to the above and excluded from the above major shareholders, 1,882 thousand shares of treasury stock are held in the name of Shin-Etsu Polymer Co., Ltd.
- Percentage of total equity is calculated excluding treasury stock.

## Group Network

### Our Company

#### Head Office

Chiyoda-ku, Tokyo

#### Plants

Tokyo Plant (Saitama Prefecture) Nagano Branch (Nagano Prefecture)  
Kodama Plant (Saitama Prefecture) Itoigawa Plant (Niigata Prefecture)  
Shiojiri Plant (Nagano Prefecture)

### Domestic Subsidiaries

#### Sales and Construction, etc.

Shin-Etsu Finetech Co., Ltd. (Tokyo)

#### Manufacturing and Sales

KitcheNista Co., Ltd. (Ibaraki Prefecture)

### Overseas Subsidiaries

#### Sales

Shin-Etsu Polymer Shanghai Co., Ltd.  
Shin-Etsu Polymer Hong Kong Co., Ltd.  
Shin-Etsu Polymer Taiwan Co., Ltd.  
Shin-Etsu Polymer Vietnam Co., Ltd.  
Shin-Etsu Polymer (Thailand) Ltd.  
Shin-Etsu Polymer Singapore Pte. Ltd.  
Shin-Etsu Polymer America, Inc.  
Shin-Etsu Polymer Europe B.V.

#### Manufacturing

Suzhou Shin-Etsu Polymer Co., Ltd.  
Dongguan Shin-Etsu Polymer Co., Ltd.  
Shin-Etsu Polymer (Malaysia) Sdn. Bhd.  
PT. Shin-Etsu Polymer Indonesia  
Shin-Etsu Polymer India Pvt. Ltd.  
Shin-Etsu Polymer Hungary Kft.  
Hymix Co., Ltd.

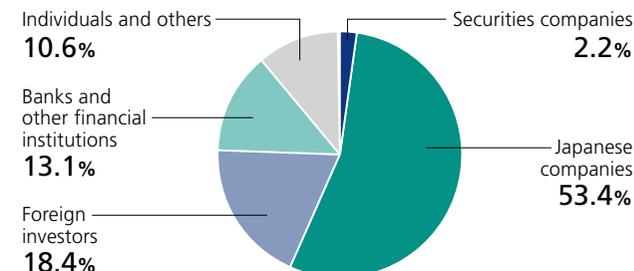
## External Evaluation

We have been selected for inclusion in the MSCI "Nihonkabu ESG Select Leaders Index."

2024 CONSTITUENT MSCI NIHONKABU  
ESG SELECT LEADERS INDEX

\* The inclusion of Shin-Etsu Polymer Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Shin-Etsu Polymer Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

## Composition of Shareholders



\*Excludes 2.2% of treasury stock