



Sustainability Report **2022**

Shin-Etsu Polymer





Shin-Etsu Polymer Group Corporate Mission Statement

The Group strictly complies with all laws and regulations, conducts fair business practices, and contributes to the advance of industry and society by creating value through providing key technologies and products.

Shin-Etsu Polymer Group places safety and fairness first in its business and targets becoming a group of companies that develops together with society.

Basic Sustainability Policy

- 1 We will do our best to increase the Group's corporate value through sustained growth and make multifaceted contributions to society.
- 2 We will carry out all activities with safety as our top priority.
- 3 We will develop and expand business that contributes to the reduction of GHG gas emissions.
- 4 We will maximize the efficiency for product development and manufacture and contribute to improving the efficiency of society by providing such products.
- 5 We will conduct our business activities in harmony with the global environment while taking biodiversity into consideration.
- 6 We will strive to respect human dignity, assure equality in employment opportunities, and support the self-fulfillment of our employees.
- 7 We will appropriately disclose information in a timely manner.
- 8 We will carry out trustworthy corporate activities that are based on the integrity of the Group's ethical values.

Corporate Code of Conduct

- 1 We have pride and awareness as employees of Shin-Etsu Polymer Co., Ltd. and its Group companies and do our best to become a company trusted by society by always maintaining a law-abiding spirit, complying with laws, regulations, internal codes and rules and conducting fair and highly transparent corporate activities.
- 2 We disclose a comprehensive range of corporate information where necessary and appropriate and promote communication with society as well as stakeholders, investors, customers, and communities as an "open company."
- 3 We respect the histories, cultures, customs, etc. of individual countries and regions, work at developing business based on mutual trust, and make efforts to coexist with communities.
- 4 We recognize global environmental preservation as one of our first priority challenges and, by fulfilling our social responsibilities, actively participate in the establishment of a recycling-oriented economic society aiming for sustainable development.
- 5 Through our business activities, we try to develop and manufacture environmentally friendly products with high performance, contribute to an affluent society, and preserve the environment. Furthermore, we implement green procurement, properly control chemical substances, and comply with regulations on substances contained in products.
- 6 We commit ourselves to meeting the requirements of customers and consumers and making efforts to provide attractive, safe, and quality products and services that are highly satisfactory. Furthermore, we carefully handle personal information associated with customer's privacy and strictly control such information so that no leakage or illegal use should occur.
- 7 We respect the principle of free competition and always promote fair trade. We also build transparent, fair, and healthy relations with customers and consumers.
- 8 We respect the human rights, individuality, and diversity of employees, realize fair treatment, and establish a working environment where they can exert their abilities and skills. We comply with occupational laws and regulations and do not engage in inhumane labor practices such as child or forced labor.
- 9 We maintain healthy and normal relations with governments and their administrations.
- 10 We confront antisocial groups and organizations that threaten social order and security with a resolute attitude.
- 11 As a good corporate citizen, we carry out social contribution activities in a positive manner.

Editorial Policy

The Shin-Etsu Polymer Group issues a Sustainability Report every year as a communication tool to enable stakeholders to understand group activities that will lead to the realization of a sustainable society. In addition to reports focusing on key sustainability issues (previously “key CSR issues,”) we also strive to disclose information in line with requirements from our stakeholders.

The editorial policies for the fiscal 2022 version are as follows:

- 1 In the Special Feature, we introduce products that contribute to solving “Water Crisis/Water Stress” issues.
- 2 The Sustainability Report covers our organizations and activities related to governance, suppliers, employees, local communities, and the environment in an easy-to-see and easy-to-understand manner for relevant stakeholders.
- 3 The information in this Report (including the English version) and details of environmental data are all disclosed on our website. We also provide additional information on our website.
- 4 For this fiscal 2022 version, we received third-party comments from Mr. Yoshinao Kozuma, Professor at Sophia University, as with previous editions. We will draw on the comments in our future efforts and initiatives.

WEB WEB About our sustainability initiatives
<https://www.shinpoly.co.jp/en/environment.html>

• Period covered by this report

April 2021 – March 2022 (For group companies in Japan); January 2021 - December 2021 (For overseas group companies)

• Issued

September 2022 (Previous issue: September 2021; next issue: September 2023)

• Organizations covered by this report

Shin-Etsu Polymer Group (For further information, please see page 44)

• Fields covered by this report

This report covers the fields of environmental conservation and social activities. For an overview of the business, please refer to our corporate profile.

• References

Environmental Reporting Guidelines 2018 by the Ministry of the Environment
GRI Sustainability Reporting Standards 2016/2018/2019/2020

• Inquiries

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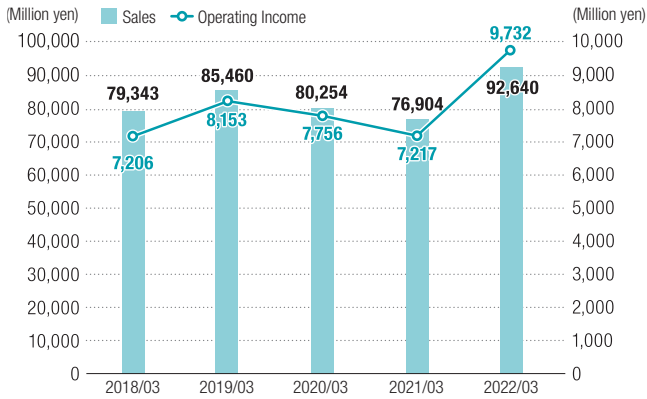
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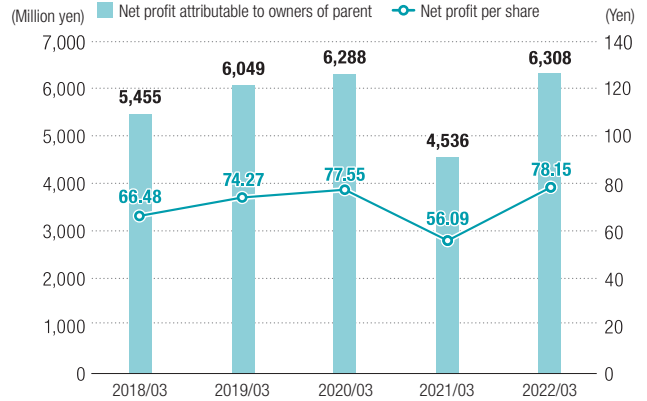
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Third-Party Opinion / Response to Third-Party Opinion

Financial and Non-Financial Highlights

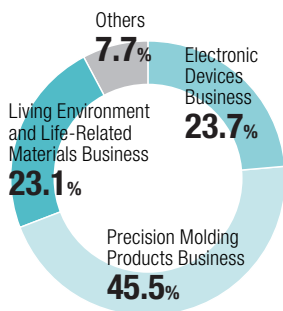
Sales / Operating Income (consolidated)



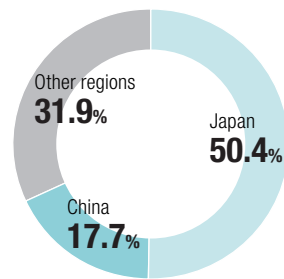
Net Profit Attributable to Owners of Parent / Net Profit per Share



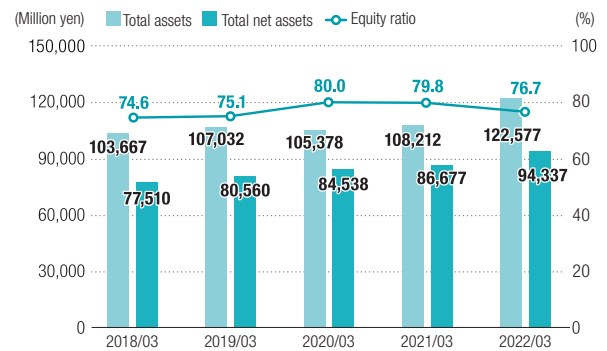
Distribution of consolidated sales by business segment



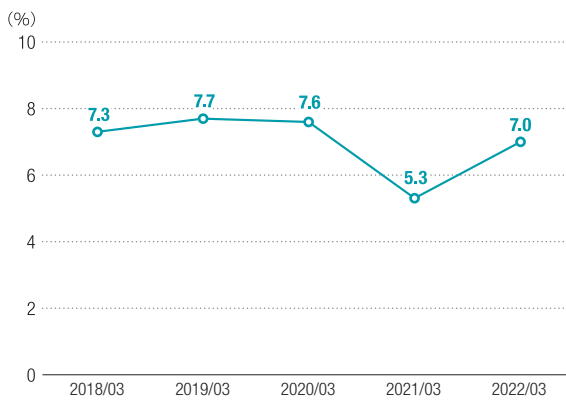
Composition ratio of consolidated overseas sales and shipping destinations



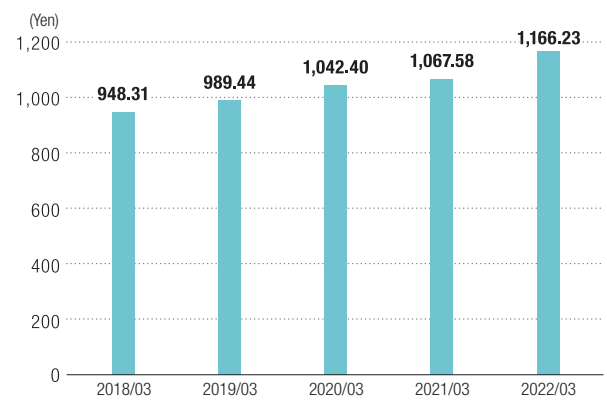
Total Assets / Total Net Assets / Equity Ratio



Return of Equity (ROE)



Total Net Assets per Share

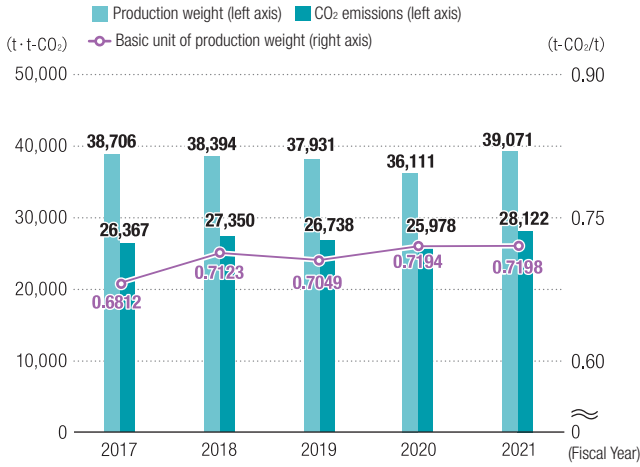


*Sales do not include consumption tax.

*For other key management indicators etc., please refer to our financial report.

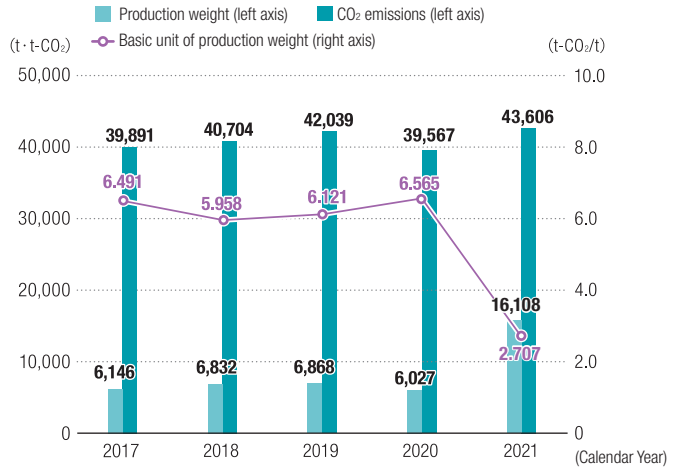
Financial and Non-Financial Highlights

CO₂ Emissions and Basic Unit of Production Weight (Domestic Plants)



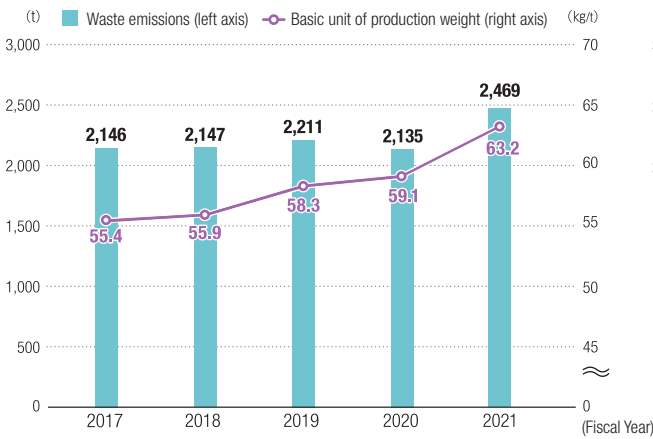
*The CO₂ emission coefficient uses our coefficient.

CO₂ Emissions and Basic Unit of Production Weight (Overseas Plants)

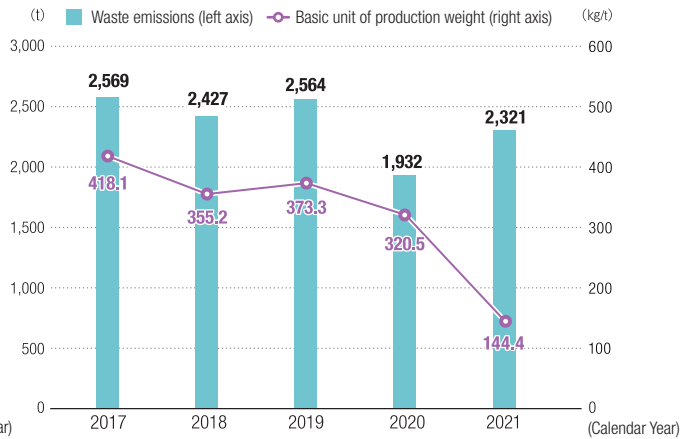


*The CO₂ emission coefficient uses our coefficient.

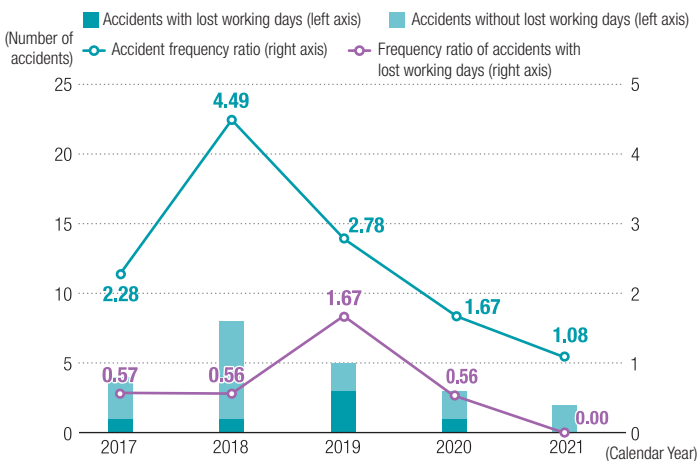
Waste Emissions and Basic Unit of Production Weight (Domestic Plants)



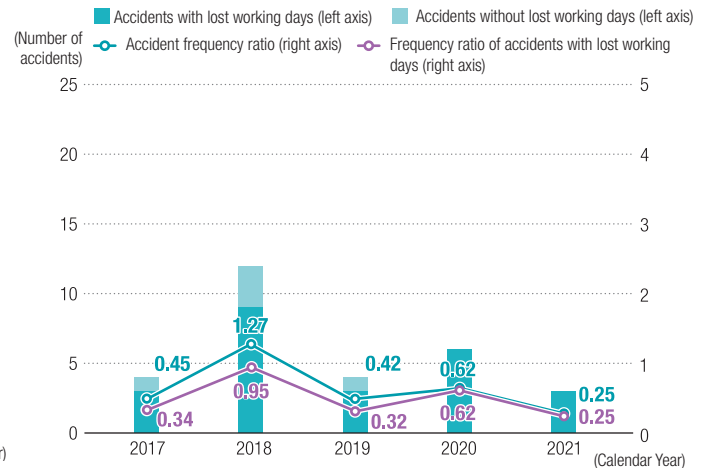
Waste Emissions and Basic Unit of Production Weight (Overseas Plants)



Workplace Accidents / Accident Frequency Ratio (Domestic Plants)



Workplace Accidents / Accident Frequency Ratio (Overseas Plants)



*This fiscal year, retroactive revisions were made to prior years to improve data accuracy.

*Domestic data is collected and aggregated on the basis of fiscal year (April 2021 – March 2022) while overseas data on the basis of calendar year. (January 2021 – December 2021)

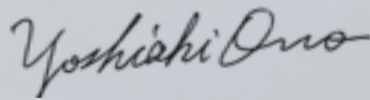
*Domestic plants: Tokyo Plant, Nanyo Plant, Kodama Plant, Shiojiri Plant, Itoigawa Plant

*Overseas plants: 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.

Top Commitment

Promoting Sustainability Management with the Aim of Solving Social Challenges through Business Activities

President



Fulfilling our role as a resin processing company

Shin-Etsu Polymer was established in 1960 as the resin processing arm of the Shin-Etsu Chemical Group. Since then, we have developed our business chiefly by providing high value-added products using silicone rubber and various plastics based on our technological and application strengths that cover the processes from raw material development to fabrication. As a chemical manufacturer, we are committed to the development of better products. For this purpose, we have devoted strenuous efforts to a number of issues, including positioning safety as the top priority for supplying products, saving energy and resources as well as reducing environmental impacts from our business activities, and incorporating challenges shared around the world—such as the SDGs—into our own goals.

In fiscal 2021, the semiconductor and electronic parts industries enjoyed continued expansion in demand while automobile-related sectors made a firm demand recovery, and as a result our business achieved high-level performance. From among our products, demand for semiconductor-related containers is likely to grow going forward, given the intensifying concerns over the semiconductor shortage around the world. As a globally operating resin processing company, we will strive to fulfill our role in ensuring a stable supply of products.

Promoting group-wide sustainability activities

In an effort to solve social challenges, our management goals include contributing to the SDGs through our business activities and actively working on sustainability activities, and an array of initiatives are underway in all departments. Major recent pro-

Prologue

grams are related to the Task Force on Climate-Related Financial Disclosures (TCFD), which we endorsed in January 2022. Using the framework developed by this initiative, we will upgrade our data collection, analysis, and evaluation practices to clarify the risks and opportunities presented by climate change to our business activities, thereby enhancing the quality and quantity of our disclosure processes.

Our group-wide efforts are represented by the Green Activities, in which a range of actions are implemented to mitigate global warming while encouraging the effective use of resources. At present, we are working on issues related principally to carbon neutrality, climate change, environmental problems, and the development of products that contribute to achieving the SDGs, through which we seek to attain the targets set out in the 7th Mid-Term Plan (FY2021-2023). We are also conducting the Environmentally Friendly/Contributory Products program, which was started in 2013 as part of the Green Activities. This initiative features an internal certification system for products that reduce environmental impact and streamline business processes for customers. The program is linked to the SDGs, is connected with society at large, and has the potential for expansion in the future.

In the area of environmental protection, we participated in Zero Carbon Saitama, a carbon-offsetting program hosted by Saitama Prefecture, and the Tokyo Plant and Kodama Plant donated their excess CO₂ reductions. Going forward, we will promote initiatives for environmental protection and environmental management across the Group.

Contributing to achieving a sustainable society in cooperation with supply chains

In order to continue with global business development in the future, it is essential to enhance supply chain management. We address this as one of the nine key issues defined to promote sustainability management in accordance with the related basic policy and the Corporate Code of Conduct, and we are striving for solutions to these issues while engaging in business operations. For the “promotion of CSR procurement and diversification of supply sources,” a subcommittee has been set up to enhance related measures. We have distributed and released the Group’s CSR Procurement Guidelines to our supplier companies and seek their cooperation to ensure responsible procurement operations across the entire supply chain as an approach toward a sustainable society.

To improve employee engagement, we seek to create an open

workplace where employees can engage in meaningful work. To this end, we are implementing measures to ensure compliance and encourage respect for human rights, targeting not only our employees but also business partners. The Supplier Hotline has been available on our website since January 2021 so that those outside the Group can report issues that have been identified concerning our activities. Furthermore, since human resources are the embodiment of sustainability activities, we believe that fostering people is the source of our development, and we are encouraging the utilization of internal programs and rules designed to address workstyle reforms and diversity issues.

Building a robust base that supports sustainability management

In fiscal 2021, the Company applied for the Prime Market of the Tokyo Stock Exchange, the top-tier section of the market set under its reorganized listing structure. In order to qualify for that position, we will step up our efforts to ensure compliance and corporate governance based on achievements from previous CSR management promotion activities, with the aim of ensuring continued business and contributing to building a sustainable society.

To continue to be chosen by many customers despite the rapidly changing social environment, it is crucial to build a robust corporate base that supports sustainability management and forms our foundation. We will confront and strive to promptly solve our ESG issues, such as our failure to meet the statutory employment rate of persons with disabilities, and comply with the Corporate Governance Code that was revised in June 2021. We are giving particular priority to enhancing measures for governance. In fiscal 2021, we introduced an executive officer system and formed the Advisory Committee for Transactions with parent company. This special body consists of members selected from among independent officers, and improves the independence and objectivity of the Board of Directors as well as enhances its supervisory function. We will continue ramping up measures to ensure compliance and governance, with a focus on risk reduction and accurate, timely information disclosure to stakeholders.

The products we offer are seldom seen by the public eye, but they support society as it is today and in the future in various forms by serving the needs of the times. As a responsible global corporation committed to solving social challenges through business, we will continue driving forward sustainability management, looking to contribute to the creation of a sustainable society.



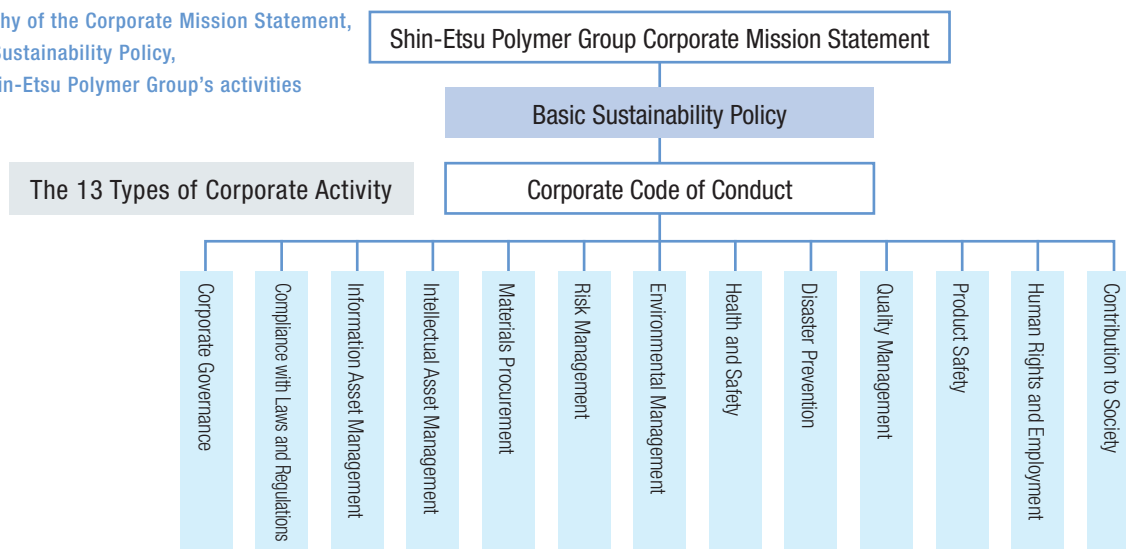
Our Basic Approach to Sustainability

Based on its corporate philosophy, the Shin-Etsu Polymer Group strives to be a business that continues to grow with society by putting safety and fairness at the forefront of its management. 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.

• Our Basic Sustainability Policy and Corporate Code of Conduct

With our Corporate Mission Statement as our guide, the Shin-Etsu Polymer Group defines and implements 13 specific types of corporate activity in line with our Basic Sustainability Policy and Corporate Code of Conduct.

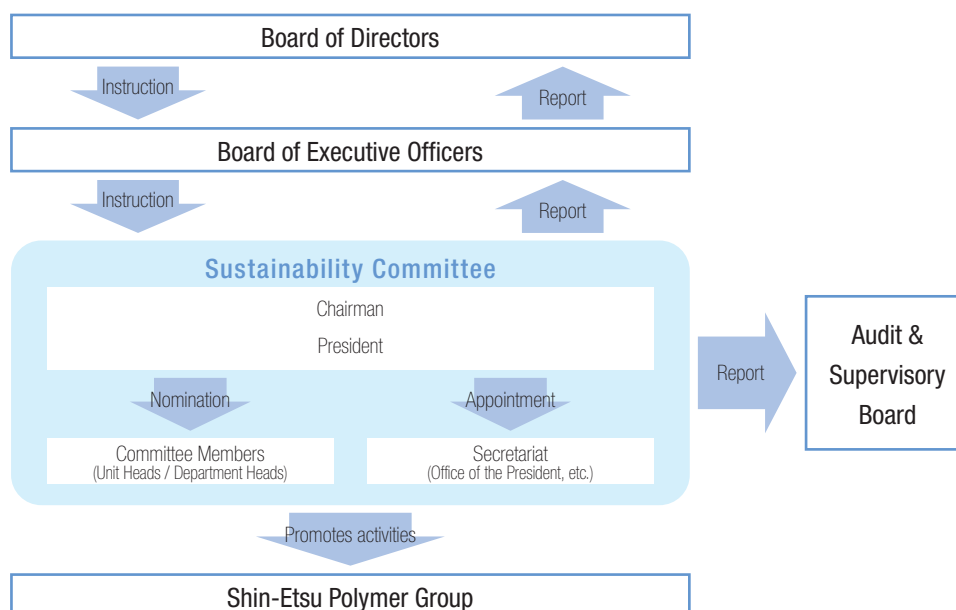
Hierarchy of the Corporate Mission Statement, Basic Sustainability Policy, and Shin-Etsu Polymer Group's activities



• Sustainability Promotion Structure

The Shin-Etsu Polymer Group has long been engaged in sustainability activities through its departments and Group companies. In fiscal 2021, the CSR Promotion Committee was renamed to the Sustainability Committee to further strengthen the Group's promotion of sustainability management with a view to realizing a sustainable society and business activities. Under this framework, we are carrying out initiatives across the whole Group towards finding solutions to environmental and social issues including climate-related risks and opportunities.

Sustainability Promotion Structure Chart (As of May 1, 2022)





Key Sustainability Issues

The Shin-Etsu Polymer Group has set out and is promoting initiatives for its Key Sustainability Issues (previously “Key CSR Issues”) based on social demands and expectations from its stakeholders. A subcommittee has been set up and is prioritizing activities to tackle, in particular, “promoting CSR procurement and the diversification of supply sources,” as well as “the promotion of respect for human rights, the development of human resources and the promotion of diversity,” as key challenges.

• Major Initiatives in FY2021

We implemented the following initiatives for each key issue. In addition, an e-learning program titled “The Basics of CSR,” which was originally established in fiscal 2020, was modified to focus on the SDGs and held in June 2021.

Key issues	Details of activities	Target SDGs	Pages
Foundation of every activity: Legal compliance / Fair corporate activities	<ul style="list-style-type: none"> Developing compliance awareness among officers and employees through e-learning, etc. as well as activities to raise awareness Strengthening security export controls Monitoring and prevention of acts of dishonesty by setting up internal reporting systems, supplier hotlines, etc. 		P43
Ensuring the health and safety of employees and contractors	<ul style="list-style-type: none"> Conducted working environment audits of each business site (health & safety, disaster and fire prevention, environmental protection, and legal compliance) 		P37
Saving energy and resources and reducing the impact on the environment	<ul style="list-style-type: none"> Aiming to achieve the mid-term targets, we actively worked to promote environmental conservation and management (establishment and implementation of targets for the seventh Mid-Term Plan (FY2021–2023) for Green Activities, including measures to combat global warming and effective use of resources) 		P20
Improving product quality and product safety management	<ul style="list-style-type: none"> Conducted plant evaluations (Quality Month) and site inspections to prevent any quality-related misconduct Engaged in quality improvement activities such as QC KENTEI (quality control tests) 		P31
Promotion of CSR procurement and diversification of supply sources	<ul style="list-style-type: none"> Distributed and released the Group’s CSR Procurement Guidelines to our clients Conducted client surveys to better understand their status 		P32
Respect for human rights, the development of human resources and promotion of diversity	<ul style="list-style-type: none"> Conducted a survey on the employment of foreign workers and their work environments at domestic and overseas offices Improved and promoted the use of internal systems and rules to address diversity in work 		P33 ~ P36
Respect for and protection of intellectual property	<ul style="list-style-type: none"> Reported the status of our activities to the Patent Committee, including the protection of intellectual property rights acquired through the industrial property rights systems and how we treated competitors’ intellectual property rights with respect 		—
Social contribution activities	<ul style="list-style-type: none"> We worked on eco-products promotional activities through the development of products that contribute to the environment as well as society, while aiming to grow closer to local communities by donating our shupua range of products to institutions and organizations 		P12 P38
Accurate and timely information disclosure and communication with stakeholders	<ul style="list-style-type: none"> We strived to provide fair, timely, and appropriate information disclosure and enhanced IR and public relations activities 		P42

• External Evaluations

We have been selected for inclusion in the “FTSE Blossom Japan Sector Relative Index,” an index created by FTSE Russell that reflects Japanese companies with comparatively strong ESG performance in their respective sectors. In addition, we were awarded a rating of “Bronze medal” in a sustainability assessment by EcoVadis, marking the third consecutive year that we were awarded a medal since we began responding to the assessment.





Shin-Etsu Polymer Value Chain

The Shin-Etsu Polymer Group identifies risks and opportunities by assessing environmental and social impacts throughout the value chain. We identify and address issues that should be prioritized in our business activities.

	Risks	Opportunities	Relevant initiatives	Related SDGs
Upstream	Procurement of Raw and Other Materials <ul style="list-style-type: none"> • Cost increases and depletion of petroleum-derived resources • Indirect impacts on biodiversity and water risks • Contamination by harmful chemical substances • Potential risks to human rights 	<ul style="list-style-type: none"> • Promotion of sustainable procurement • Securing stable procurement and quality 	<ul style="list-style-type: none"> • Understanding and dealing with procurement risks brought about by resource restrictions • Procurement based on the CSR Procurement Guidelines • Thorough control of harmful chemicals and proper information collection • Investigations on human right risks through CSR procurement surveys 	
	Logistics <ul style="list-style-type: none"> • Human right violations in the form of long working hours, etc. • Increase of CO₂ emissions during transportation • Disruption of freight routes caused by natural disasters or accidents • Loss of logistics quality 	<ul style="list-style-type: none"> • Response to diversifying freight routes • Securing better logistics • Establishing a competitive advantage through stable supply 	<ul style="list-style-type: none"> • Promoting the modal shift • Using larger vehicles and enhancing loading efficiency • Consideration of adopting optimal transport methods depending on the season • Improving the efficiency of logistics • Carrying out CSR procurement surveys and taking corrective measures • Reduction of CO₂ emissions in logistics 	
Shin-Etsu Polymer	Production <ul style="list-style-type: none"> • CO₂ emissions and water risks • Suspending production due to natural disasters or accidents • Occurrence of occupational accidents • Damaging customer trust due to quality issues (such as dishonest acts) 	<ul style="list-style-type: none"> • Improving productivity by reducing energy usage and waste generation • Accumulating and passing on skills • Improving quality and enhancing quality assurance systems • Ensuring and improving product quality and safety • Ensuring occupational health and safety 	<ul style="list-style-type: none"> • Promoting group-wide Green Activities (energy-saving and waste reduction) • BCM: Risk control and prevention of disasters • Human resource development • Promotion of work-life balance/diversity • Improving occupational health and safety, and creating comfortable work environments • Promoting improvements through global quality assurance meetings 	
Downstream	User/Consumption <ul style="list-style-type: none"> • Increase of CO₂ emissions • Contamination by harmful chemical substances • Complaints/Recalls due to product failures • Disasters caused by products 	<ul style="list-style-type: none"> • Increasing business opportunities by offering environmentally friendly products • Enhancement and improvement of product functions/quality 	<ul style="list-style-type: none"> • Thorough control of harmful chemical substances and proper information disclosure • Provision of environmentally friendly/contributory products • Feedback of and response to issues at the time of use • Acquiring safety evaluation information 	
	Reuse/Recycling/Disposal <ul style="list-style-type: none"> • Contamination by harmful chemical substances • Increase of waste disposal quantity 	<ul style="list-style-type: none"> • Promotion of effective use of resources • Increasing demand of environmentally friendly products 	<ul style="list-style-type: none"> • Creation of reuse-compatible products • Provision of environmentally friendly/contributory products (biodegradable plastics, infrastructure/maintenance products) 	



Stakeholder Engagement

Based on the Shin-Etsu Polymer Group Corporate Mission Statement, “The Group strictly complies with all laws and regulations, conducts fair business practices, and contributes to the advance of industry and society by creating value through providing key technologies and products.” as well as the Basic Sustainability Policy, the Shin-Etsu Polymer Group lists eight key issues. To solve these issues, we consider the opinions and advice of our stakeholders to be very valuable. Going forward, we will continue to engage in dialogue and communication with diverse stakeholders, thereby developing our business activities.

Stakeholders	Responsibility to fulfill	Key dialogue method
<p>Customers</p>	<ul style="list-style-type: none"> • Provision of safe and secure products • Improvement of customer satisfaction 	<ul style="list-style-type: none"> • Dialogue through sales activities • Participating in exhibitions • Information disclosure through our website
<p>Suppliers / Business partners</p>	<ul style="list-style-type: none"> • Realizing fair and just transactions and building relationships of trust • Procurement activities in consideration of the environment and society 	<ul style="list-style-type: none"> • Application of CSR Procurement Guidelines to business partners • Regular investigation of current status via survey slips • Dialogues via supplier hotline • Dialogues via quality management audits • Opinion exchanges when surveying chemical content information in compliance with Green Procurement Standards
<p>Shareholders / Investors</p>	<ul style="list-style-type: none"> • Timely and proper information disclosure • Improvement of IR/SR activities • Promotion of ESG activities 	<ul style="list-style-type: none"> • General Meeting of Shareholders • Financial summary presentation • Individual meetings • Issuance of business reports (communication with shareholders) • Issuance of annual review and sustainability reports • Information disclosure via website
<p>Employees</p>	<ul style="list-style-type: none"> • Human resource development • Provision of good workplaces • Initiatives for work-life balance • Promotion of diversity 	<ul style="list-style-type: none"> • Implementation of human resource development programs • Dialogues via Health and Safety Committee • Opinion exchanges at the time of environmental security audit • Opinion collection via internal reporting system • Information publicity via internal intranet/in-house magazines • Internal measures to prevent in-house COVID-19 infections
<p>Communities / Society</p>	<ul style="list-style-type: none"> • Co-existence with local regional society • Natural environment protection 	<ul style="list-style-type: none"> • Social contribution activities through product donations, etc. • Acceptance of workplace experiences and factory tours • Community beautification activities • Blood donation activities

Towards Establishing a Recycling-Oriented Economic Society



• Development of environmentally friendly/contributory products

Based on its Basic Environmental Principles, the Shin-Etsu Polymer Group is promoting the environmentally friendly/contributory products system to contribute to a sustainable society by reducing environmental impact and solving social issues. We are also striving to develop products that contribute to fulfilling the SDGs.

• Product development concept

The Group's environmentally friendly/contributory products are new or existing products that solve customer problems and are certified to be needed by society and the environment (social needs).

• Evaluation standards

We have established 97 evaluation criteria for the seven categories on the right to evaluate whether a product can reduce the Group's environmental burden or contribute to streamlining processes and reducing environmental burden at customer sites.

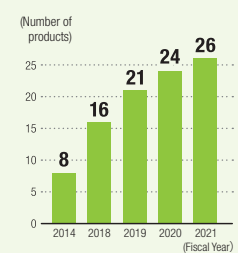
Evaluation standards for environmentally friendly/contributory products

- ① Resource saving
- ② Energy saving
- ③ Waste reduction
- ④ Recycling
- ⑤ Environmental pollutants
- ⑥ Safety
- ⑦ Bio-diversity protection

• Certification (targets and results)

As one of the targets of the 7th Green Activities (FY2021-2023), we would like to certify four new products. Two products were certified in fiscal 2021.

Number of certified product groups



Group products contributing to SDGs	UN Sustainable Development Goals (SDGs) and Targets
Biodegradable runner clips	Goal #2: Zero Hunger Target 2.4
	Goal #12: Responsible Consumption and Production Target 12.2
	Goal #15: Life on Land Target 15.1
Medical catheters	Goal #3: Good Health and Well-being Target 3.8
Food wrapping films	Goal #3: Good Health and Well-being Target 3.d
Vinyl chloride pipe/joints	Goal #6: Clean Water and Sanitation Target 6.4
	Goal #9: Industry, Innovation and Infrastructure Target 9.4
Semiconductor wafer transport containers	Goal #7: Affordable and Clean Energy Target 7.3
Resin tape frames for wafers	Goal #7: Affordable and Clean Energy Target 7.3
Silicone rollers for office automation	Goal #7: Affordable and Clean Energy Target 7.3
shupua	Goal #7: Affordable and Clean Energy Target 7.3
Functional compound EXELAST SX Series	Goal #7: Affordable and Clean Energy Target 7.3
	Goal #9: Industry, Innovation and Infrastructure Target 9.4
Touch switches (input devices)	Goal #9: Industry, Innovation and Infrastructure Target 9.4

Group products contributing to SDGs	UN Sustainable Development Goals (SDGs) and Targets
Self-bonding silicone Rubber tape Mizumore Goyo	Goal #9: Industry, Innovation and Infrastructure Target 9.4
Polymer Ace	Goal #9: Industry, Innovation and Infrastructure Target 9.4
Polymer Ace TG	Goal #9: Industry, Innovation and Infrastructure Target 9.4
Shin-Etsu Silicosen/Bio-Silico	Goal #9: Industry, Innovation and Infrastructure Target 9.4
Agriputty Aqua	Goal #9: Industry, Innovation and Infrastructure Target 9.4
KitcheNista Wrap	Goal #9: Industry, Innovation and Infrastructure Target 9.4
Silicone rubber sheet	Goal #9: Industry, Innovation and Infrastructure Target 9.4
Toilet booths	Goal #11: Sustainable Cities and Communities Target 11.3
Embossed / Blister carrier tape	Goal #12: Responsible Consumption and Production Target 12.5
HSP	Goal #12: Responsible Consumption and Production Target 12.5
Polycy Tough Corrugated board	Goal #12: Responsible Consumption and Production Target 12.5
SEPLEGYDA (conductive paint)	Goal #12: Responsible Consumption and Production Target 12.2
Shin-Etsu Sepia Film	Goal #12: Responsible Consumption and Production Target 12.2
Fumigation sheets	Goal #15: Life on Land Target 15.1

Note: Products in blue are certified as environmentally friendly/contributory products.

Infrastructure Maintenance Materials to Support a Livable and Durable Urban Environment

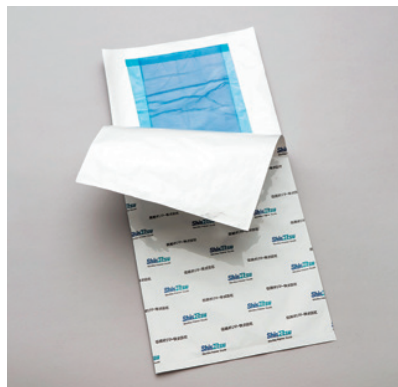
In Japan, where the national population is declining, maintenance of social infrastructure is becoming a major challenge. Decrepit facilities may cause leaks of water, air, and electricity, posing a threat to safety and wasting energy. This Special Feature sheds light on two products that help solve the above issues.



Updating infrastructure repair and maintenance processes to build a sustainable society



Kosuke Shirakata
Division Director, Sales & Marketing Division IV, Sales Unit



Polymer Ace
Silicone adhesive sheet



Polymer Multi Tape
Self-bonding silicone rubber tape

In Japan, many urban infrastructure construction projects started around five decades ago during the rapid economic growth period, and the related structures and facilities now require maintenance processes for improvement and extended use, thus posing a major social issue. Also, dilapidated buildings present the risk of causing serious accidents. While various techniques and materials have been developed for new infrastructure construction, little progress has been made to develop maintenance processes and materials to enable more efficient improvements and repairs, primarily due to a lack of labor and funding.

In order to provide a solution to the above social issue, we looked at silicone rubber with suitable properties, such as the ability to fit into any complicated geometric shape, weatherability, vibration resistance, and wide operating temperature ranges. Thus, we are leveraging our materials knowledge and processing techniques cultivated over long years to develop products and engineering methods using this mate-

rial to provide products that “make work easier and its effectiveness long-lasting,” according to the project slogan.

We participate in exhibitions and technical matching sites to have direct contact with end-users, and work together with such customers to address many different issues related to techniques and processes as well as the conditions of work locations. This increases the products’ ease of handling and effectiveness of use.

Various utility and network systems for supplying water, electricity, and gas as well as road transport, communications, and public transportation are essential functions supporting our daily living, although we are usually unaware of their vital importance. However, any failure of these functions—even a minor one—may bring grave inconveniences to many people. By offering products and technologies that help to keep social infrastructure in good condition, we aim to contribute to achieving a sustainable society.

Tape and sealing materials for water leak prevention that are durable, easy-to-use, and workable in any place

Polymer Ace Polymer Multi Tape

Polymer Ace and Polymer Multi Tape can fit into any shape while making work easier and providing resistance to UV radiation. They are used for the repair of water leaks in various types of facilities. In addition, they are expected to help resolve social issues, such as crumbling infrastructure and stable energy supply.

This article features a report on interviews with representatives from the Sales, Development, and Production Units, who present the details and future plans of the two products.



Interviewees



Yasushi Takaki
Sales & Marketing Division IV



Kunihiko Ishikawa
Team Leader,
Production Department I,
Production Division,
Kodama Plant



Manabu Watanabe
Group III,
Technology Development
Department



Keisuke Ohata
Production Department I,
Production Division,
Kodama Plant

Highly usable, durable, and making work easier

— Would you please give a brief introduction to Polymer Ace and Polymer Multi Tape?

Takagi Both products are silicone rubber-based maintenance materials designed for the primary application of repairing cracks and aging damage, thereby preventing water leaks and corrosion. They are different in their working mechanisms. Polymer Ace is a sheet-form adhesive paste. Using the product involves removing the protection sheet to apply it to the affected area and allowing the surface to react with the ambient moisture and harden gradually to adhere to the target area. Using Polymer Multi Tape involves pulling the tape out and wrapping it around the affected area to let the material fuse and integrate by itself on the area to serve as a bond. This is also applicable to leaking facilities. As such, this product has been broadly adopted by many industries, chiefly for the maintenance of piping equipment.

— What are some specific applications of these products in society?

Takagi The two products serve in the maintenance of many different types of facilities, centering on transportation infrastructure and manufacturing sites. Major applications of Polymer Ace are for repairs or improvements on the walls, roofs, and pipes in railroad system facilities—such as station buildings and railroad tracks—and also road network systems, such as elevated highways, tunnels, and expressways. Other leading applications include use in reservoir tanks, an important water resources recycling tool, and U-shaped gutters. Good maintenance of these is essential to the conservation of water resources and the prevention of water leaking into the ground, a measure for controlling surface subsidence. A major usage of Polymer Multi Tape is to maintain piping equipment in roads and factories, thereby preventing water leaks and environmental pollution that would otherwise occur. Both products are used by many facilities throughout society to prevent water leaks, thus helping them remain rust-free and operable for a longer time.

— What are the features and strengths of these products?

Watanabe Both use silicone rubber—known for its high durability, weatherability and heat resistance—as a raw material. Accordingly, their major strengths lie in resistance to temperature change, UV radiation and aging deterioration. In particular, Polymer Ace can fit into complicated geometric shapes required by nuts and bolts being used in utility poles and the like, which is made possible by employing elastic silicone rubber. We leverage our proprietary processing technology for Polymer Multi Tape, which was developed by enhancing the elasticity of the material to exhibit adhesion without adopting

adhesive compounds, thereby achieving glue-free adhesion.

Ishikawa Thanks to its high elasticity, Polymer Ace enables recycling within the process under the right conditions. In order to ensure these properties of the material, we strictly control the manufacturing environment, particularly with respect to temperature and humidity. To keep the environment in a suitable condition for processing sheet materials, we perform temperature and humidity checks as needed. This practice is essential to achieving elastic, durable, strong products that can work in any place.

Ohata In order to ensure the high quality of Polymer Multi Tape, we have established regulations for the production process. Moreover, we check each product by hand for elasticity, strength and self-bonding properties, and ship only those that have passed the series of checks. We had a range of issues immediately after the production line was started, and then carried out a number of improvement measures, including the above-stated inspection process, to finally achieve stable production.

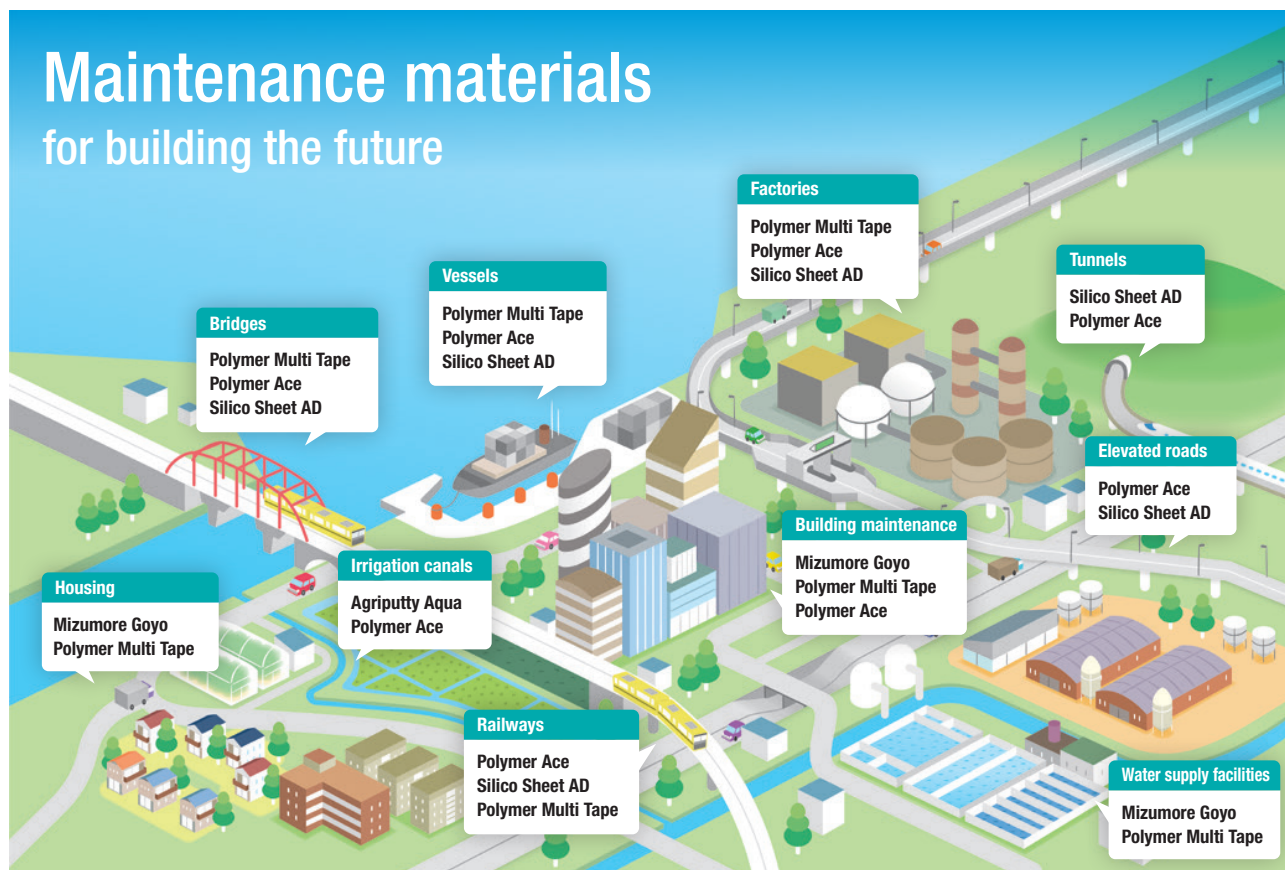
Takagi In addition to the physical properties of the product and material, I think the highlight of the two items is the distinctive ease of use. In general, repair work is often entrusted to maintenance service providers. However, these products may eliminate the need for a professional service to conduct some repairs. They work simply by being applied to or wrapped around the affected areas. And they are durable and can fit into various shapes. As such, they are appreciated by many customers from a diverse range of sectors.

Watanabe To help customers use the products properly, the Company sends members of the related development teams to their sites at the time of the first delivery to offer guidance and advice, such as on methods for ensuring airtight application. This helps many customers understand the distinctive strengths of our products and their ease of use.

Contributing to solutions to human resources and operations-related issues in addition to infrastructure maintenance

— How do you see these products contributing to society?

Takagi Primarily, we hope they are used to repair damage to prevent water leaks and corrosion, and that such maintenance efforts will ensure safe, secure infrastructure as well as stable energy supply. Additionally, these items are useful in that they can accommodate non-professional handling and may offer a solution to issues related to human resources—specifically, the recently growing labor shortage in the construction industry.



Watanabe At exhibitions, the two products drew considerable interest among participants from a diverse range of industries, suggesting expectations that the products' high usability will respond to various needs and issues of society. Particularly, when repairing piping equipment and U-shaped gutters, work generally involves water stoppage and replacement of the affected structure as a whole. These products can eliminate the need for such costly measures. I hope they help improve operational efficiency at the sites of many more customers in various ways.

Ishikawa As a representative of the production team, I'm delighted that these products are being appreciated by many users for serving various purposes. It is very encouraging. We will work to utilize the high functionality of silicone rubber to develop higher-value added products, and aim to fulfill our mission to contribute to society.

Ohata We will also need to refine our techniques to reduce defect rates to increase stable mass production capabilities. The production team hopes to help provide solutions to customers' issues by ensuring the supply of high-quality products.

— What are the future plans for the products?

Watanabe Both products have come into widespread use in various sectors to meet specific maintenance needs. Going forward, we will advance our development efforts to expand

their applications. At present, we are focusing on boosting the lineup of each item in response to current or emerging needs. However, we are considering shifting our focus to identifying latent future needs, thereby developing possible functions that can provide a solution to identified issues. By doing this, these products will be able to make further contributions to addressing infrastructure maintenance and energy supply issues.

Ohata In order to respond to growing demand, I think we will need to increase the production volume while enhancing quality assurance. To this end, we will build production capabilities that will enable us to respond to the needs of the times without fail.

Ishikawa I believe that quick response capabilities will become more important in the future. We will conduct our duties as the production team in order to ensure prompt delivery of appropriate products to customers facing unexpected water leaks.

Takagi In my view, the maintenance of facilities represents an area where the market will grow as we move toward the future of a sustainability-oriented society. Our maintenance products are easy to use, make work easier, and contribute to addressing emergency situations related to infrastructure and energy supply. So, in light of the coming market growth, we will work to expand the understanding of their strengths and demonstrate our commitment to creating a sustainable society.


Comments from a customer

Trust in and future expectations for Shin-Etsu Polymer,

Polymer Ace and Polymer Multi Tape

This article covers an interview with a representative of Kyusyu Railway Company, a major customer of the two highlighted maintenance material products. The client describes the usage situation of the products for preventing water leaks and maintaining facility functions as well as his future expectations for the Company.



Items essential to the safety of our customers and local residents

— **For what purpose does your company use the two products?**

We use them chiefly for the repair of station buildings. These facilities are unavoidably susceptible to aging deterioration in roofs, poles, and piping equipment, which occasionally leads to water leaks and corrosion. This sort of situation must be addressed quickly to prevent it from developing into a more serious issue that may affect customers and result in fallen objects or even the collapse of a structure. Therefore, good maintenance of station buildings is essential to ensure the safety of customers and local residents. For this purpose, Polymer Ace and Polymer Multi Tape are used in many station buildings in the Hakata Service District to repair water leaks and corrosion and as a substitute for annealing wire to secure components.

— **How do you like using the products?**

These items are truly helpful, as they are easy to use and make our jobs easier. The maintenance of station buildings often poses significant challenges. For example, work must be limited to non-service hours due to the need to shut off the power, occasional overhauls entail a huge cost, and we often lack the personnel to complete exhaus-

sive tasks for pre-vacation intensive inspection programs. Polymer Ace and Polymer Multi Tape help us deal with these situations. They are particularly useful for conducting stopgap measures before professional services arrive and making operational improvements with respect to time, cost, and personnel. When we detect an abnormality, these handy, easy-to-use items allow us to take prompt action to reduce risks. Polymer Ace and Polymer Multi Tape help prevent serious accidents, and as such, are crucial maintenance tools for train service operations.

— **What are your future expectations for these products and for Shin-Etsu Polymer?**

The two products are truly handy and convenient. I hope the items' strengths and features will become more widely known to the public and more widely used. As the number of users increase, ideas for applications will expand, and the product will be able to play an active role in more and more situations. I also suggest that they should be able to permanently repair cracks and dilapidation, in addition to providing stopgap measures. I believe that the need for simplified repair and maintenance measures will increase going forward, given the trends related to requirements for the effective use of resources. In light of this, Polymer Ace, Polymer Multi Tape and Shin-Etsu Polymer will play more active roles in contributing to society.

Environmental Management

Basic Approach

Based on its Basic Environmental Principles, the Shin-Etsu Polymer Group promotes Green Activities, addressing challenges such as combating global warming, measures for conserving and effectively using resources, the reduction of substances with environmental burdens, and other measures, for the protection of the environment by reducing environmental burdens.

Basic Environmental Principles

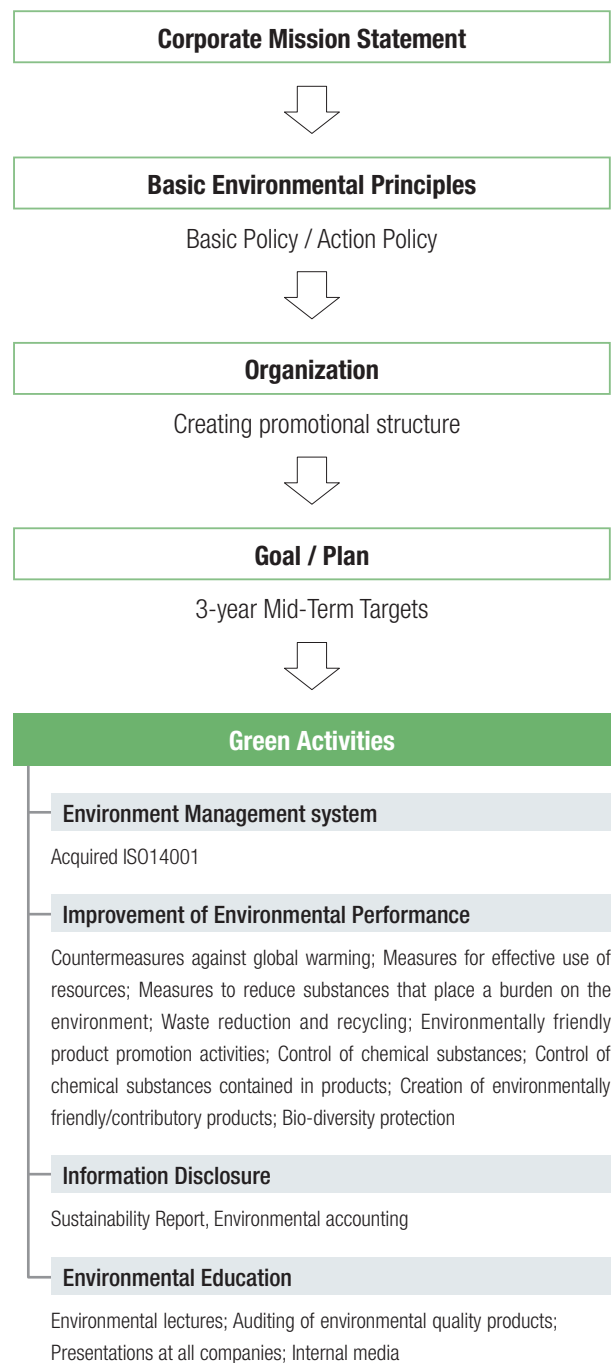
•Basic Policy

The Shin-Etsu Polymer Group recognizes that work towards environmental conservation is one of the highest priority issues for our operation. Therefore, we are working hard to become a part of building a recycling economic society through responsibilities we are expected to uphold.

Action Policy

- 1 We are rebuilding the organization and systems to work for efficient and continuous environmental activities.
- 2 We observe laws and regulations for resource conservation, energy saving, waste reduction, recycling, and the proper handling of environmentally harmful substances. In addition, we set challenging goals and try to achieve them in our own manner with technical and economic resources.
- 3 We evaluate the environmental impacts of all phases from purchase and production through to usage and disposal during the new product development stage and thus reduce any environmental impacts.
- 4 We strive for the conservation and sustainable use of biological diversity by understanding, evaluating, and reducing the impact on ecosystems caused by business activities.
- 5 We provide internal education programs to achieve understanding and awareness of basic environmental policies for all employees.
- 6 We disclose the information of our environmental activities and make efforts to coexist with local communities.

Environmental Management System Diagram



Green Activities Organization

Since fiscal 2000, we have been carrying out Green Activities, which involve implementing measures to combat global warming and promoting the effective use of resources. Every three years, we draw up a new mid-term plan for the Activities. Fiscal 2022 is the second year of the seventh Mid-Term Plan, and we are implementing a range of initiatives to achieve our targets. We report on the setting of targets, activities, and results at Board of Directors meetings and incorporate any improvements into the next step. Information is also shared across the Company through reports at Green Activities Presentation events.

Organization of the Bureau



List of Plants & Subsidiaries Approved by the Sony Green Partner Environmental Quality Approval Program

Of the substances contained in the parts and materials of Sony's products, those judged as having a significant impact on the global environment and human body have been identified as "Substances Subject to Environmental Control" and specified in the "Control Regulations on the Substances Contained in Parts and Materials Subject to Environmental Control." Suppliers that comply with these standards and regulations are certified as a "Sony Green Partner." In 2003, three of our domestic plants received the certification, and now seven plants are certified.

Shin-Etsu Polymer Co., Ltd. ID: 410A

Factory Code	MC Name	FC Name	Expiry Date
FC002584	Shin-Etsu Polymer Co.,Ltd.	Shiojiri Plant	20240831
FC002586	Shin-Etsu Polymer Co.,Ltd.	Kodama Plant	20240831
FC007726	Shin-Etsu Polymer Co.,Ltd.	Itoigawa Plant	20240831
FC007742	Shin-Etsu Polymer Co.,Ltd.	Tokyo Plant Production Department I	20240831
FC013450	Suzhou Shin-Etsu Polymer Co.,Ltd.		20240831
FC014180	Shin-Etsu Polymer Co.,Ltd.	Tokyo Plant Production Department II	20240831
FC014187	Dongguan Midas Electronic Co., Ltd.	Dongguan Midas Electronic Co., Ltd.	20240831

*Date of certification: May 20, 2021

Certifications of Environmental Management System

We have been awarded with ISO14001 certifications at all Japanese and overseas production sites. By effectively implementing the management system, we are working on the reduction of environmental burdens and continuous environmental improvement activities based on compliance with the environment-related laws and regulations.

*Please visit our website for further information on registration card numbers, certification bodies and various other data.
<https://www.shinpoly.co.jp/en/environment/management.html>

FY2021 Results of the 7th Mid-Term Targets (2021 to 2023) for the Shin-Etsu Polymer Group's Green Activities

Theme	Item	Indicator	Subject scope	7th Mid-Term Targets (2021 to 2023)		Activities and Achievements in 2021		Reference
				Target year	Target value	Activities	Achieved value	
Countermeasures Against Global Warming	Reduction of basic unit of CO ₂ emissions	Basic unit of production weight (t-CO ₂ /t)	Domestic Plants	2030 (long-term target)	Reduction of 13% (compared with 2017)	<ul style="list-style-type: none"> Improving yield Introducing energy-saving equipment Shifting to LED lighting Replacing air conditioners 	0.7198 t-CO ₂ /t a 5.7% increase (interim result)	P24
			Overseas Plants				2.707 t-CO ₂ /t a 58.3% reduction (interim result)	
	Reduction of basic unit of energy converted to crude oil	Basic unit of production weight (kℓ/t)	Domestic Plants	2021	Reduction of 1% or more on a five-year average Note: The evaluation criterion in the Act on the Rational Use of Energy	<ul style="list-style-type: none"> Improving yield Introducing energy-saving equipment Shifting to LED lighting Replacing air conditioners 	0.3249 kℓ/t 101.4% Failed to achieve	P24
			Overseas Plants				1.255 kℓ/t 80.4% Achieved	
		Basic unit of floor space (kℓ/m ²)	Domestic Non-Production Base			<ul style="list-style-type: none"> Managing lighting (On/Off) Replacing electricity with city gas at some offices 	0.0300kℓ/m ² 98.1% Achieved	—
	Reduction of basic unit of energy related to logistics	Basic unit of freight volumes (kℓ/1,000 t km)	Domestic	—	—	<ul style="list-style-type: none"> Promote a modal shift 	0.0457 Year-on-year reduction of 1.1%	P25
Effective Use of Resources	Emissions rate	Amount of landfill + simple incineration total waste emissions × 100 (%)	Domestic Plants	2021	Less than 1%	<ul style="list-style-type: none"> Promoting recycling of landfill waste 	0.15% Achieved	P26
			Overseas Plants				21.6% Failed to achieve	
	Reduction of basic unit of waste emissions	Basic unit of production weight (kg/t)	Domestic Plants	2023	Reduction of 3% (compared with 2020)	<ul style="list-style-type: none"> Improving production yields Reducing losses when starting/stopping and when facing issues 	63.2 kg/t a 6.9% increase (interim result)	
		Overseas Plants	144.4 kg/t a 55.2% reduction (interim result)					
	Creation of environmentally friendly / contributory products	Number of certified product groups Compared with FY2014 (8 product groups)	Group-wide	2023	4 product groups	<ul style="list-style-type: none"> Promoting proposals of products for applications, working with relevant departments 	2 product groups	P12
Control of Chemical Substances	PRTR registered amount	Amount of emissions + amount of transfers (kg)	Domestic Plants	—	—	<ul style="list-style-type: none"> Further reduction of usage by reconsidering cleaning methods 	135 kg Year-on-year decrease of 11%	P28
	Emissions of VOC 9 substances	Emissions into atmosphere (t)		—	—		14.87 t Year-on-year increase of 33%	
Conservation of Water Resources	Reduction of water usage	Water usage (m ³)	Domestic Plants	—	—	<ul style="list-style-type: none"> Improving production efficiency Promoting circulating water systems Optimizing wastewater treatment 	476,000 m ³ Year-on-year increase of 0.6%	P29
			Overseas Plants				220,000 m ³ Year-on-year increase of 22%	
	Basic unit of production weight (m ³ /t)	Domestic Plants	—	—	12.2m ³ /t Year-on-year decrease of 6.9%			
		Overseas Plants			13.7m ³ /t Year-on-year decrease of 54%			

*Domestic data is from the fiscal year of April 2021 to March 2022, whereas overseas data is from the calendar year of January 2021 to December 2021.

*Domestic plants: Tokyo Plant, Nanyo Plant, Kodama Plant, Shiojiri Plant, and Itoigawa Plant

*Overseas plants: 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.; and Hymix Co., Ltd.

*Non-production bases: Head Office, branches, and sales offices

*Domestic: Plants and non-production bases in Japan

Environmental Accounting

Our Group calculates the costs borne for and effects of environmental conservation, aiming to effectively promote initiatives for environmental conservation.

Costs borne for environmental conservation

(Unit: Million yen)

Item		Main initiatives	Investment amount	Cost* ¹
1. Costs within business	1-1. Pollution prevention costs	Regular inspection of equipment, noise and vibration measurements, management of septic tanks, water quality measurements, etc.	3.4	26.2
	1-2. Global environmental conservation costs	Introduction of highly efficient air conditioners, shifting to LED lighting, application of inverters to equipment, thermal insulation, replacement with energy-saving equipment, motorization, etc.	29.6	124.7
	1-3. Recycling costs	Collection and recycling of resources, conversion into raw materials or fuel, etc.	1.5	28.0
Sub-total			34.5	178.9
2. Upstream and downstream costs* ²		Costs related to control of chemical substances contained in products, etc.	0	1.9
3. Control activity costs		EMS maintenance, education, management of green space of plants, cleaning of inside/outside of plants, inspection of water quality, etc.	0	28.6
4. R&D costs* ³		Development of environmentally friendly/contributory products	0	26.0
5. Social activity costs		Support, fund-raising activity, donations, etc.	0	1.2
6. Environmental damage prevention costs		N/A	0	0
Total			34.5	236.6

*1 Costs = Actual costs – costs if an activity is not conducted. When the total difference is ≤ 0 , 0 is the assumed value.

*2 Registration costs for recycling outsourcing agreements are not included.

*3 R&D costs are calculated based on our own standards.

Investments of 34.5 million yen were made in fiscal 2021, a decrease of 80.5 million yen from the previous year. The total cost was 236.6 million yen, a year-on-year decrease of 62.2 million yen.

The economic effects associated with environmental conservation measures increased from 44.3 million yen in the previous year to 51.0 million yen, mainly due to an increase in the profit from the sales of valuables.

Economic effects of environmental conservation

(Unit: Million yen)

Items	Economic effect
1. Reduction of energy costs	15.4
2. Reduction of waste disposal costs	4.8
3. Reduction of costs through resource conservation	1.4
4. Profit from the sales of valuables	29.4
Total	51.0

The 24th Green Activities Presentation

The Company-wide Green Activities Presentation was held with President Ono as Chairperson and other directors present. In his opening speech, Vice Chairperson Mr. Sato said, "The main goals of Green Activities include reductions in the basic unit of energy against production weight and in the basic unit of waste emissions. Today, representatives of domestic plants will report their achievements in the first year of the seventh Mid-Term Plan."

Mr. Saito, Head of the Environmental Control & Safety Group, served as the Secretariat. He reported the achievements in Japan and overseas in fiscal 2021 and explained the company-wide initiatives for carbon neutrality. Subsequently, there were presentations and Q&A sessions by five domestic plants concerning their activities and achievements.



Back row: Speakers who made presentations on the achievements of each plant

Real Examples of Environmental Protection Activities

• Energy saving along with the improvement of the work environment



Faming Liu
 ENG Group
 Dongguan Shin-Etsu Polymer
 Co., Ltd.

In our company, all the OA roll production equipment had been set up on one floor without any partitions. This arrangement had made effective air conditioning difficult, resulting in the temperature reaching 30 degrees Celsius in summer despite the air conditioner being set at 26 degrees Celsius.

In response, we explored ways to block the heat generated by the equipment and decided to set up partitions, covering main heat sources including three primer coating machines and 15 hot air dryers. This effort has led to a lower temperature at the site in the summer, from 30 to 26 degrees Celsius, which has also resulted in energy savings of 167,265 kWh per year and a reduction in CO₂ emissions of 60.2 t-CO₂.

Through Green Activities, we will continue to work on energy saving and strive to become an environmentally friendly company.



Partitioning the equipment and adding flame retardant vinyl curtains at the entrance and exit

• Thermal recycling through conversion into raw materials and fuel for cement



Yutaka Sunaga
 Environmental Control & Safety
 Section
 Kodama Plant

At Kodama Plant, we signed a service agreement with waste management company A in December 2002 to achieve an emissions rate of less than 1%. The company converts our waste silicone rubber, grinded by us, into raw materials and fuel for cement.

In addition, to reduce the costs of disposing waste plastics for sheets, we also signed a service agreement with waste management company B in April 2004. Since then, these plastics have also been converted into raw materials and fuel for cement.

We continue to work with these two waste management companies in conversion into raw materials and fuel for cement as thermal recycling, which helped us achieve the target with the emissions rate of 0.78% in fiscal 2021.



Waste silicone rubber, sent to waste management company A



Waste plastics for sheets, sent to waste management company B

Environmental Burdens Related to Our Business Activities

We believe the basis of environmental conservation activity is to accurately understand the environmental burdens that arise from business activities. In order to effectively and continuously promote environmental conservation activities, we act while confirming the trend of those burdens and by formulating plans to reduce environmental burdens.

INPUT

Resources and energy

Year	Item	Domestic production location	Overseas production location	Total
2021	Energy (converted to crude oil) (kℓ)	12,696	20,212	32,908
2020		11,727	18,339	30,066
Year-on-year comparison (%)		108.3	110.2	109.4
2021	Water consumption (1,000 m ³)	476	220	696
2020		473	180	653
Year-on-year comparison (%)		100.6	122.2	106.7
2021	PRTR chemical target substance (t)	95.10	—	95.10
2020		90.84	—	90.84
Year-on-year comparison (%)		104.7	—	104.7

Raw materials

- PVC (Polyvinyl chloride)
- Silicone rubber
- Other synthetic resins
- Other materials

*Domestic figures represent fiscal year, while overseas figures are for the calendar year.



Shin-Etsu Polymer Group (Domestic and Overseas)

Business activities (Resin molding and processing)



OUTPUT

To the environment

Year	Item	Domestic production locations	Overseas production locations	Total
2021	CO ₂ (t-CO ₂)	28,122	43,606	71,728
2020		25,978	39,567	65,545
Year-on-year comparison (%)		108.3	110.2	109.4
2021	Waste (t)	2,469	2,321	4,790
2020		2,135	1,932	4,067
Year-on-year comparison (%)		115.7	119.6	117.5
2021	Amount of waste recycled (t)	2,466	1,820	4,286
2020		2,123	1,412	3,535
Year-on-year comparison (%)		116.1	128.9	121.2
2021	Emission Rate (%)	0.15	21.58	10.5
2020		0.53	26.74	13.0
Year-on-year comparison (point)		-0.38	-5.16	-2.5
2021	Waste water (1,000 m ³)	431	194	625
2020		428	154	582
Year-on-year comparison (%)		100.7	126.0	107.3
2021	PRTR target substances: Registered amount (t)	0.135	—	0.135
2020		0.152	—	0.152
Year-on-year comparison (%)		88.8	—	88.8

*Domestic figures represent the fiscal year, while overseas figures are for the calendar year.

*The conversion coefficient of CO₂ emissions is calculated using our own coefficient.

Countermeasures Against Global Warming



Basic Approach

In order to contribute to the prevention of global warming, the Shin-Etsu Polymer Group promotes energy conservation at all business sites. We conduct Green Activities as part of our efforts to promote energy saving. In fiscal 2021, the first year of the seventh Mid-Term Plan for the Activities, we implemented various initiatives at both domestic and overseas plants. In logistics, we promoted energy saving through modal shifts and efficient site operations.

Energy Target

In the seventh Mid-Term Plan of the Green Activities, we have set a target for the “reduction of the basic unit of energy converted to crude oil” and worked toward the “reduction of 1% or more on a five-year average in the basic unit of energy against production weight,” based on the evaluation criterion in the Act on the Rational Use of Energy. Domestic plants failed to achieve this target, with the basic unit averaging 101.4% over five years. However, overseas plants made a remarkable achievement, with the result being 80.4%, mainly due to the addition of a consolidated subsidiary in Thailand with a large production weight and a small basic unit of energy.

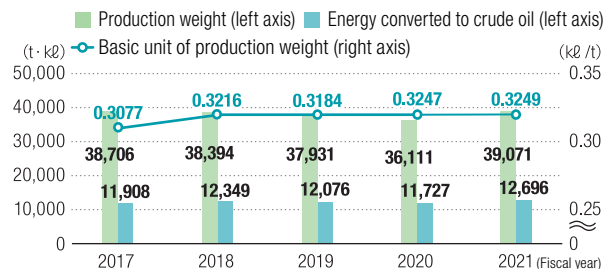
Our key initiatives include the reexamination of conditions for facility operations, the improvement of yields, and the replacement of existing equipment with energy-saving equipment and LED lighting. We will continue our energy saving efforts to promote countermeasures against global warming.

CO₂ Emissions Target

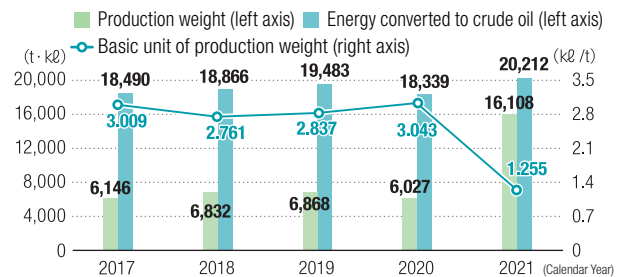
We have set the long-term target of the Green Activities as the “reduction of the basic unit of CO₂ emissions.” More specifically, we aim for a 13% reduction by fiscal 2030 in the basic unit of CO₂ emissions against production weight compared with the base year (fiscal 2017). In fiscal 2021, domestic plants showed an increase (105.7% of the fiscal 2017 result), while overseas plants made a significant reduction (41.7% of the 2017 result).

Our key initiatives and reasons for the reduction are the same as those mentioned in the section on the energy target. Looking ahead, we will set absolute emission reduction targets and develop them into activities to reduce CO₂ emissions as we aim for carbon neutrality.

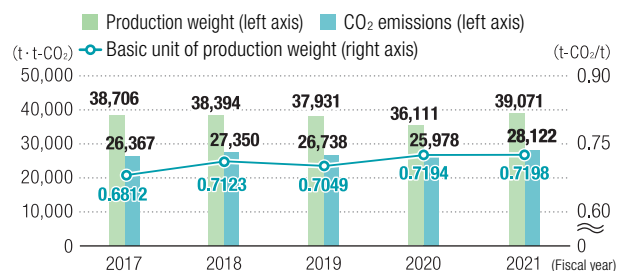
Basic unit of energy against production weight (Domestic plants)



Basic unit of energy against production weight (Overseas plants)

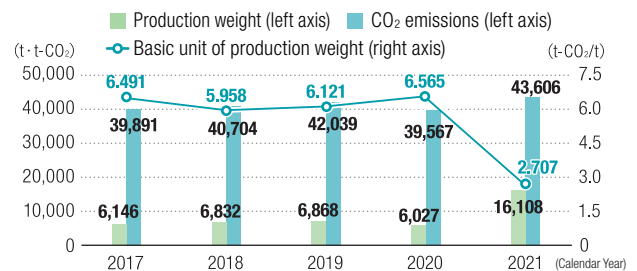


Basic unit of CO₂ emissions against production weight (Domestic plants)



*CO₂ emissions are calculated based on the emission factor of our company.

Basic unit of CO₂ emissions against production weight (Overseas plants)



*CO₂ emissions are calculated based on the emission factor of our company.

GHG emissions

The following is the summary of our Group's GHG emissions in fiscal 2021.

Scope 1 : 1,400 t-CO₂

Scope 2 : 71,400 t-CO₂

Scope 3 : 334,200 t-CO₂

The Scope 3 emissions accounted for 82% of the total. We will work on reducing GHG emissions in our overall supply chain.

*We have revised Scope 3 emissions after a review in fiscal 2021 on the activities to be included in the calculation and on the emission factor.

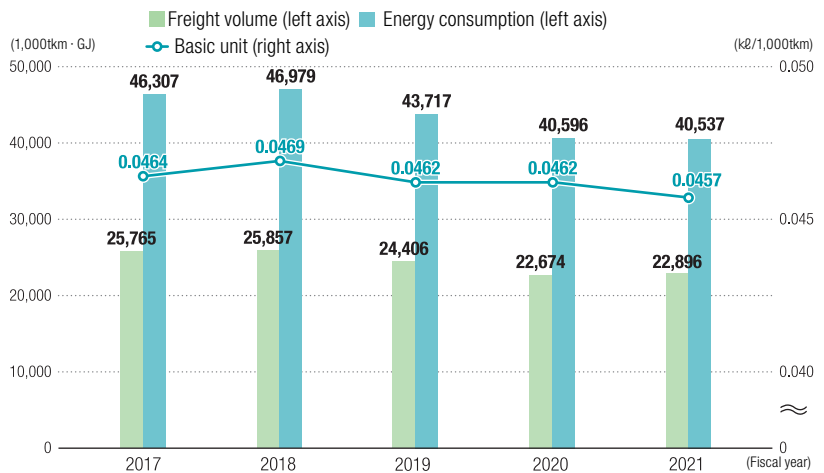
*We calculate data using the Database of Emissions Unit Values by the Ministry of the Environment (Ver. 3.1), IDEA v2, data on the basic unit of emissions obtained from suppliers, and the Act on the Rational Use of Energy (ton-kilometer method).

Category		FY2021 (kt-CO ₂)
Our group	(Scope 1) Direct emissions	1.4
	(Scope 2) Indirect emissions from energy sources	71.4
	Scope 3*	
1	Purchased goods / services	169.6
2	Capital goods	16.7
3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	9.0
4	Upstream transportation and distribution	12.5
5	Waste generated in operations	0.4
6	Business travel	0.2
7	Employee commuting	2.5
8	Upstream leased assets	—
9	Downstream transportation and distribution	17.6
10	Processing of sold products	—
11	Use of sold products	—
12	End-of-life treatment of sold products	105.7
13	Downstream leased assets	—
14	Franchises	—
15	Investments	—
Total Scope 3 emissions		334.2
Total emissions (Scopes 1, 2, and 3)		407.0
Proportion of Scope 3 emissions		82%

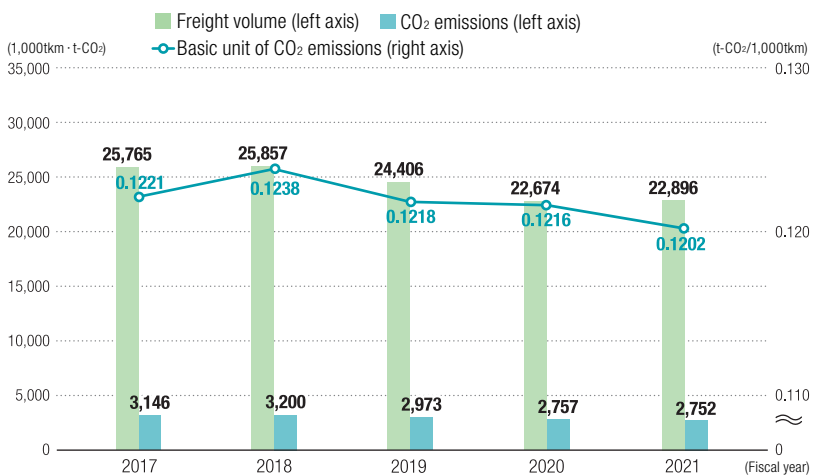
Energy-saving Activities Related to Transportation

In fiscal 2021, the basic unit of freight volume and energy decreased by 1.1% year on year. While the freight volume as the denominator of the basic unit increased by 1.0% year on year, the basic unit of energy decreased due to the introduction of larger vehicles for transportation of packaging materials between warehouses and for information devices. We will work to further reduce the basic unit while continuing to promote the use of larger vehicles and modal shifts.

Energy consumption and basic unit of freight volumes



CO₂ emissions and basic unit of freight volumes



Waste Reduction and Recycling



Basic Approach

Under the key phrase of “zero landfills and simple incineration by promoting waste recycling,” the Shin-Etsu Polymer Group is engaging in activities aimed at the reduction and recycling of waste. As metrics, we are using the basic unit of waste emissions and emissions rate.

Key Initiatives

Under the seventh Mid-Term Plan (FY2021–2023), which started last fiscal year, we are continuing the activity purposes stated in the sixth Mid-Term Plan, promoting initiatives for “maintenance and continuation of zero emissions” and “a 3% reduction in the basic unit of waste emissions against production weight compared with fiscal 2020.”

Waste Reduction Activities

We have been successful in waste reduction through various activities, including the promotion of steady improvements at the field level. Another example is the active efforts each plant is making for better manufacturing methods by adopting the latest technology through collaboration with engineers at the Production Unit.

Actual Results of FY2021

Initiatives of Domestic Plants

The total volume of waste in fiscal 2021 was 2,469 tons, which was a 15.6% increase from the previous fiscal year. The basic unit of waste emissions against production weight was 63.2 kg/t, a 6.9% increase from the base year (fiscal 2020). The emissions rate was 0.15%, thereby achieving the target rate of less than 1.0%.

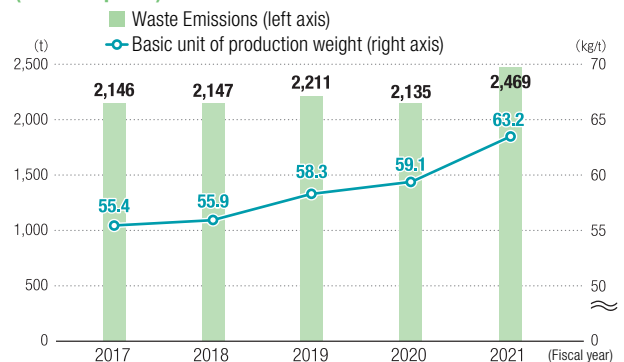
The main reasons for the failure to achieve the target for the basic unit of waste emissions against production weight include a sharp rise in the manufacture of semiconductor-related products, as well as an increase in trial production for quality evaluations associated with new products and changes in 4M.

Initiatives of Overseas Plants

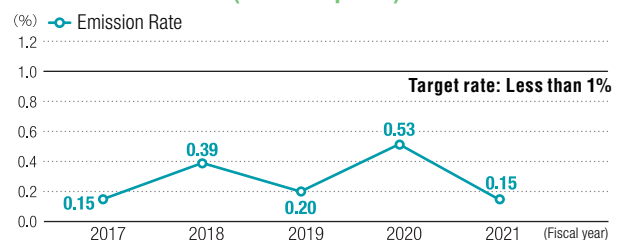
The total volume of waste in 2021 was 2,321 tons, which was a 20.1% increase from the previous year. The basic unit of waste emissions against production weight was 144.4 kg/t, a 55.2% decrease from the base year (2020).

This drastic change is due to the addition of a consolidated subsidiary in Thailand (Hymix Co., Ltd.) as a plant. Even when we exclude this subsidiary, the basic unit of the emissions was lower than the base year (2020) by 12.5%, which shows improvement.

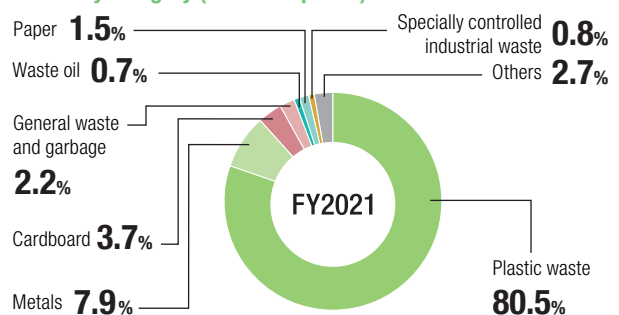
Basic unit of waste emissions against production weight (Domestic plants)



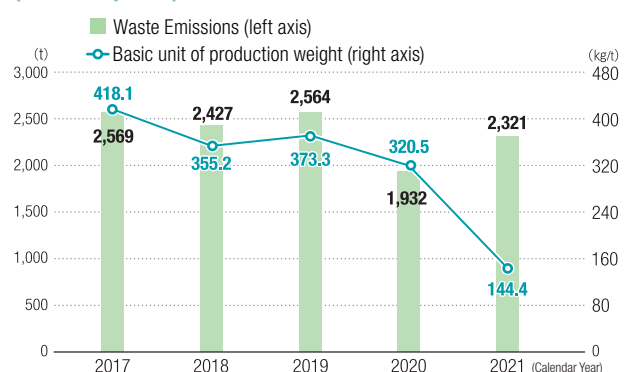
Annual emissions rate (Domestic plants)



Sorted by category (Domestic plants)



Basic unit of waste emissions against production weight (Overseas plants)



Control of Chemical Substances



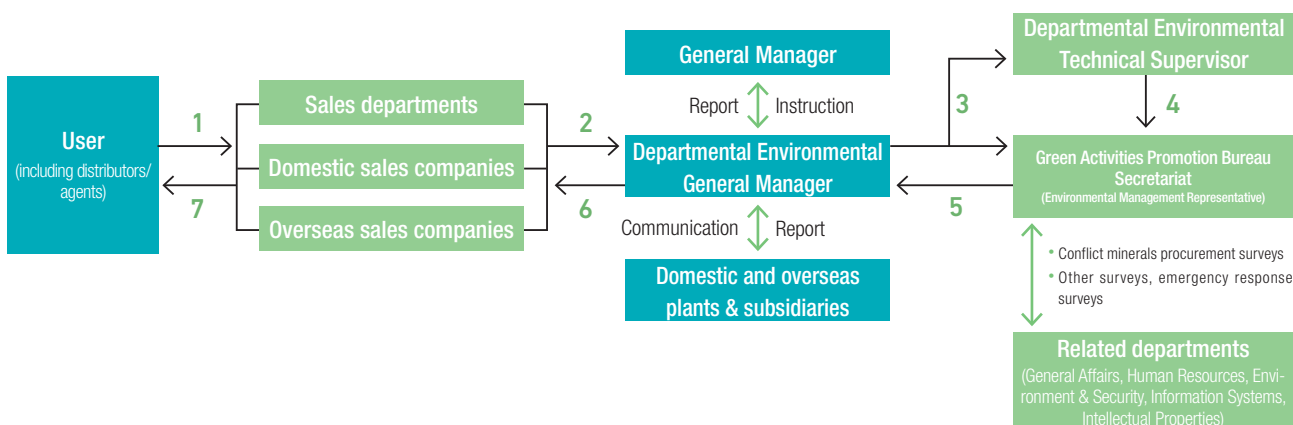
Basic Approach

In accordance with its environmental basic policy, the Shin-Etsu Polymer Group is engaged in the control of chemical substances contained in products and the provision to customers of products with low environmental burdens through the proper handling of prohibited substances and controlled substances, and for the purpose of reducing environmental burdens in each process from procurement to production, use and disposal, and conserving biodiversity.

Global Environmental Communication System (G-Environmental System)

The Group has established a Global Environmental Communication System to implement the centralized control of all Group companies including overseas business locations in response to requirements from customers and under the Control Rules of Chemical Substances Contained in Products.

- 1 An "Environmental Management Representative" for our Group is appointed who represents the Group regarding customer's requirements in relation to the environmental quality of our products.
- 2 An "Environmental General Manager" and the "Environmental Technical Supervisor" are appointed in each division. The Environmental General Manager manages issues associated with the environmental quality of products in the division and related domestic and overseas plants and subsidiaries (hereinafter, "Departments"). The Environmental Technical Supervisor is responsible for businesses associated with the environmental quality of the products of the Departments.
- 3 Submissions of documents such as Green Procurement Survey Responses, certificates of non-use of environment-related substances and analysis data are conducted in accordance with the rules set forth in the Global Environmental Communication System.
- 4 Materials with low environmental burdens are purchased from suppliers that promote environmental considerations in accordance with the "Control Rules of Chemical Substances Contained in Products" and "Control Standards of Chemical Substances Contained in Products."
- 5 This system is also applied to environmental quality system surveys and conflict minerals procurement surveys required by customers.



Control Standards of Chemical Substances Contained in Products

Based on the Control Rules of Chemical Substances Contained in Products, our Group stipulates our own Control Standards of Chemical Substances Contained in Products (Version 4.0). According to these standards, we aim to generate no serious incompatibility by thoroughly controlling chemical substances in all finished products and purchased materials.

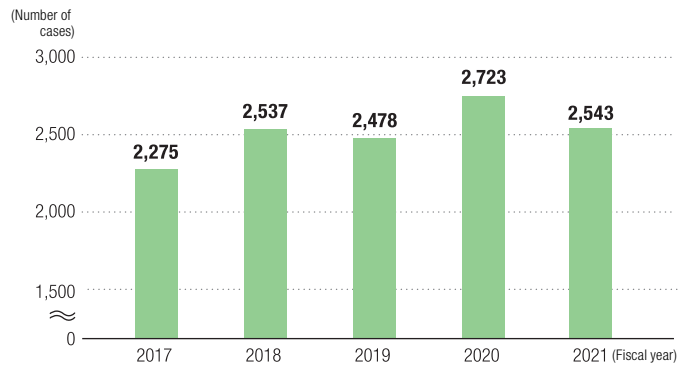
Prohibited substances	1) Chemical Substances Control Law Class I Specified Chemical Substances 2) Industrial Safety and Health Law Hazardous substances prohibited in production, etc. 3) Poisonous and Deleterious Substances Control Law Specific poisons 4) TSCA Prohibited or restricted substances for use (Section 6) 5) POPs regulation Annex I 6) REACH regulation Annex XVII (restricted substances) 7) GADSL Reference List (Classifications: "P" and "D/P")	Intentional use prohibited Cannot be contained as impurities
Controlled substances	1) ELV Directive Designated substances 2) RoHS Directive Designated substances 3) REACH regulation Candidate List of SVHC for Authorization and Annex XIV (substances subject to authorization) 4) IEC62474 Declarable substance groups and declarable substances	Intentional use prohibited Must be below the threshold when contained as impurities
Reportable substances	GADSL Reference List (Classifications: "D")	Report only

* For details, please refer to the Shin-Etsu Polymer Group's "Control Standards of Chemical Substances Contained in Products."
(<https://www.shinpoly.co.jp/en/environment/chemical/main/0/teaser/items/1/01/linkList/0/link/standard.pdf>)

Number of Investigations on Chemical Substances Contained in Products

At our group, we have been conducting investigations on the chemical substances contained in products since 2000. In recent years, we have received far more than 2,000 requests for such investigations annually. The results of the investigations are reported based on the Global Environmental Communication System. In fiscal 2021, no serious incompatibility cases were reported.

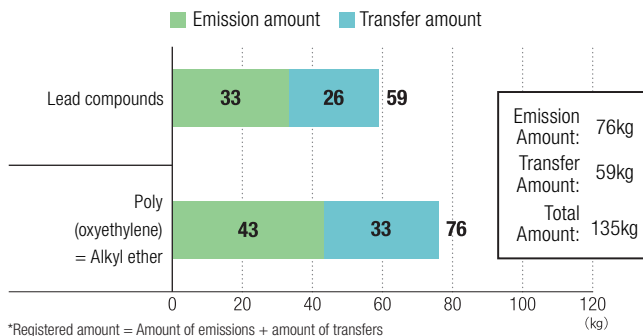
Number of investigations on chemical substances contained in products



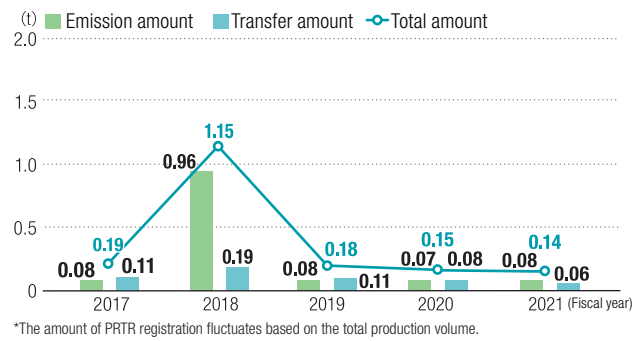
PRTR registration results

Tokyo, Nanyo, and Kodama Plants made PRTR registrations for 135 kg of two substances (76 kg for emissions and 59 kg for transfers), including 59 kg (33 kg for emissions and 26 kg for transfers) of lead compounds (lead-based stabilizer for PVC products), a Class I Specified Chemical Substance.

PRTR registration results



Total Results of PRTR Registrations



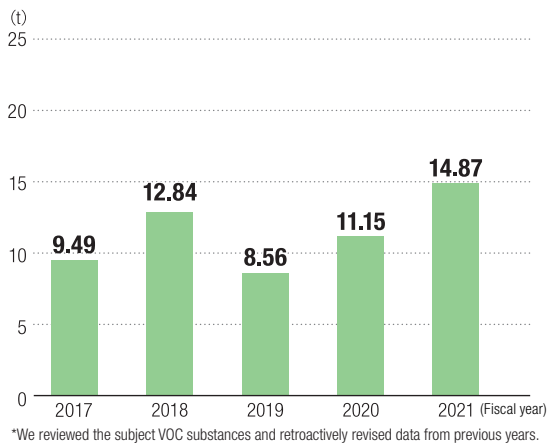
VOC Emissions into the Atmosphere

In fiscal 2021, the amount of domestic VOC emissions into the atmosphere (t/year) was 14.87 tons, a 33.4% increase from the previous year (11.15 tons). The table below shows the nine substances included in the result.

Unit: t

VOC 9 substances	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Ethanol	7.12	6.36	8.87	6.71	9.02	10.40
Ethylbenzene	0.01	0.01	0.02	0.03	0.01	0.07
Xylene	0.01	0.01	0.02	0.05	0.03	0.20
Toluene	1.65	0.43	1.18	0.99	1.25	1.37
Acetone	0.00	0.00	0.00	0.00	0.00	0.24
Ethyl acetate	0.05	0.03	0.04	0.03	0.04	0.02
Butyl acetate	3.77	2.64	2.36	0.40	0.50	0.40
Propyl alcohol	0.00	0.00	0.35	0.35	0.30	0.47
Methyl ethyl ketone	0.00	0.00	0.00	0.00	0.00	1.71
Total	12.59	9.49	12.84	8.56	11.15	14.87

Annual VOC 9 emission volumes



Activities for Bio-diversity Protection



Basic Approach

The Shin-Etsu Polymer Group addresses global warming countermeasures that affect bio-diversity protection, such as the effective utilization of resources, thorough control of chemical substances, effective use of water resources, and pollution prevention, while striving to reduce environmental burdens.

Conservation of Water Resources

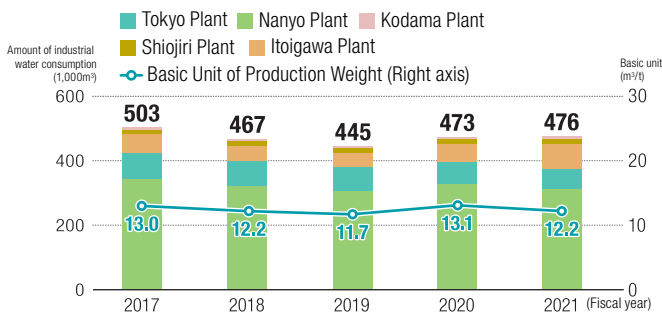
We need to address water risks as water shortages have become more serious on a global scale due to the impact of climate change. Our Group promotes proper management of water resources, wastewater treatment, and efficient water use.

•Efficient Use of Water

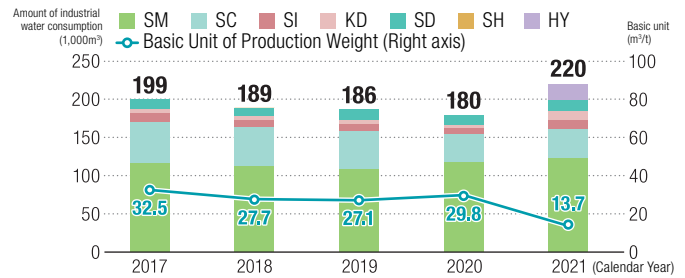
At domestic plants, industrial water consumption was at 100.6% of the result in the previous year due to an increase in the manufacture of semiconductor-related products. However, thanks to efficient water use, the basic unit was 93.1% of the result in the previous year.

Meanwhile, at overseas plants, industrial water consumption was at 122.2% and the basic unit was 46.0% of the result in the previous year, mainly due to the addition of Hymix Co., Ltd., a consolidated subsidiary in Thailand.

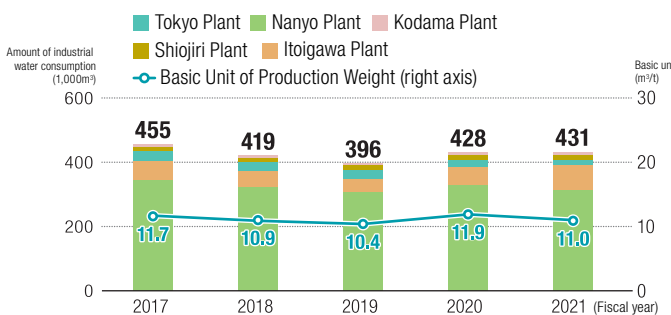
Industrial water use status (Domestic plants)



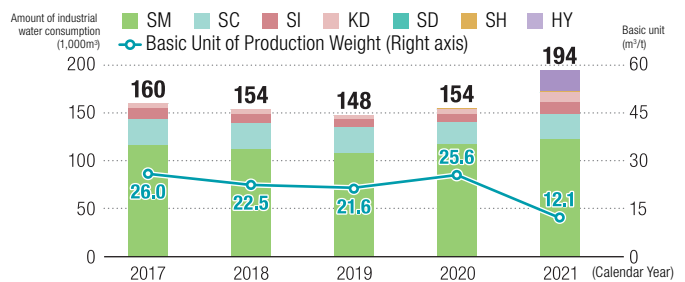
Industrial water use status (Overseas plants)



Water discharge status (Domestic plants)



Water discharge status (Overseas plants)



SM: Shin-Etsu Polymer (Malaysia) Sdn.Bhd.
SH: Shin-Etsu Polymer Hungary Kft.

SC: Suzhou Shin-Etsu Polymer Co., Ltd.
SD: Shin-Etsu Polymer India Pvt. Ltd.

KD: Dongguan Shin-Etsu Polymer Co., Ltd.
SI: PT. Shin-Etsu Polymer Indonesia

HY: Hymix Co., Ltd

•Air Pollution Prevention

We have no equipment that is subject to regulations, yet we do stipulate self-control standards when deemed necessary and work on reducing emission amounts. We periodically measure the emission concentration of VOCs in order to confirm that the value is below the limit.

•Water Pollution Prevention

We check that the quality of discharged water satisfies the standard specified in the Water Pollution Prevention Act both voluntarily and in accordance with laws and regulations. We are also working on reducing the basic units of water use and aiming for conversion to circulated water.

•Soil Contamination Prevention

We perform monitoring based on the Soil Contamination Countermeasures Act. We also conduct surveys on soil and underground water where necessary to confirm that there is no contamination.

Endorsement of TCFD Recommendations

Endorsement of TCFD Recommendations and Our Initiatives

The Shin-Etsu Polymer Group develops business activities that embrace sustainable approaches and aims to reduce the environmental impacts from our businesses and contribute to achieving a sustainable society with a focus on the transition to a low-carbon society. As such, we expressed our endorsement of the TCFD Recommendations in January 2022*.

Toward the goal of achieving carbon neutrality by 2050, we are working to reduce CO₂ emissions related to all business activities of the Group.



*Task Force on Climate-related Financial Disclosures (TCFD)

This special task force for information disclosure related to climate change was established in September 2015 by the Financial Stability Board (FSB), an international body that serves administrative, regulatory, and supervisory roles for the global financial system. In December 2017, the task force released recommendations which included the suggestion that corporations should analyze climate-related risks and opportunities using multiple medium- to long-term scenarios (different climate scenarios to keep the temperature rise to 2°C or below above pre-industrial levels) and disclose the impacts of the identified risks and opportunities on their financial performance.

The TCFD Recommendations offer a disclosure framework with a focus on the following four areas. The Group engages in disclosure activities for each area.

•Governance

Organizational governance regarding climate-related risks and opportunities

- At the Group, the Sustainability Committee is chaired by the president and deliberates on climate change actions (including CO₂ emissions reduction targets and annual activity reporting) on a regular basis.
- The details of deliberations made by the Committee are reported to the Board of Executive Officers and then to the Board of Directors, which is responsible for deliberation, approval and oversight regarding the reported details.

•Strategy

Impacts of climate-related risks and opportunities on the organization's business, strategy and financial planning

- The Group identifies two major categories of climate-related risks: transition risks, such as increased costs for environmental measures; and physical risks, including opportunity losses caused by natural disasters. In addition, it considers the commercialization of environmentally friendly products among its climate-related opportunities. Going forward, the Group will identify specific issues and perform scenario-based analyses according to its growth strategies.

•Risk Management

How the organization identifies, assesses, and manages climate-related risks

- The Group defines risks as factors inhibiting the achievement of organizational goals and the implementation of business activities. It identifies the following two types of inhibitors: issues related to business processes, such as manufacturing and marketing; and non-business-related events, such as social changes and natural disasters. Risks associated with the environment and natural disasters include earthquakes, tsunamis, eruptions, abnormal weather, lightning, fires, storms, and floods. Going forward, we will identify specific risks and opportunities posed by climate change and report to the Board of Executive Officers and the Board of Directors as appropriate and take necessary actions under the leadership of the Sustainability Committee.

•Metrics & Targets

Metrics and targets used to assess and manage relevant climate-related risks and opportunities

- We conduct CO₂ emissions management programs and publish the results in this Report every year.
- The Group has started discussions to set medium- to long-term targets for Scopes 1 and 2 with the aim of achieving carbon neutrality by 2050 (net zero GHG emissions), and in consideration of the Paris Agreement's long-term goal to "keep the rise in mean global temperature to well below 2°C above pre-industrial levels, and preferably limit the increase to 1.5°C."
- We will continue discussions to set appropriate targets considering actual CO₂ emissions in the past and in light of our policy of working together with customers and suppliers to carry out various environmental impact reduction activities.

Improving Quality



Basic Approach

The Shin-Etsu Polymer Group is building and strengthening our quality assurance systems. We believe that high quality and stable supplies are indispensable to providing our customers with safe, secure products. To that end, we are aiming to improve customer satisfaction according to our quality policy.

Shin-Etsu Polymer Group Quality Policy

Through manufacturing, we will contribute to society by providing high-quality products that are trusted by customers.

- 1 We will always incorporate market needs into our products and strive to improve customer satisfaction.
- 2 We will continue efforts to improve quality and hone our technology, as we aim to become the company of choice for our customers.
- 3 We will conduct thorough field management to continuously provide a stable supply of high-quality products.

Initiatives for Quality Control

•Quality Assurance System

Our quality assurance system is based on ISO9001 (international standard of quality management systems). Plants in Japan and overseas have been certified. Also, plants for automotive and medical equipment parts have acquired IATF16949 and ISO13485 certifications, which additionally support requirements from these particular industries, building up systems for continuous quality improvements.

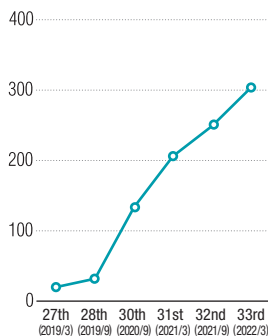
Each plant has a quality assurance department that is independent from the manufacturing department, assuming full responsibility for quality assurance operations. In addition, the Production Unit has the Office of Quality Assurance as a corporate-wide organization. By promoting cooperation among plants, it improves the corporate quality assurance system.

[WEB ISO9001 and other certifications acquisition](https://www.shinpoly.co.jp/en/technology/quality.html)
<https://www.shinpoly.co.jp/en/technology/quality.html>

•QC KENTEI

This initiative that started in 2019 as part of quality management education is now conducted across the entire company and is used as a program for the education of new employees. A total of 305 employees thus far have passed the test that takes place twice a year.

Accumulated total of successful QC KENTEI examinees



•Fifth Quality Month

During the fifth quality month in November, we announced a special President's message, conducted plant evaluations, and gave awards for the best mottos about quality that were submitted by our employees. We also published a special article in our in-house magazine about quality control.

Plant evaluations were carried out at the Tokyo Plant and the Nagano Branch under a theme of "Review management of in-house abnormalities." General Manager from the Production Unit and Head from the Office of Quality Assurance took the lead on this and attentively checked on the mechanisms of abnormality management at individual processes as well as manufacturing shops in detail.



Tokyo Plant



Nagano Branch

•Preventive Measures against Misconduct

In order to prevent misconduct, it is important that plant managers take the initiative to create an atmosphere that allows employees to express their opinions freely and show their determination to fight against it. Covering plants in Japan and overseas, plant managers (at domestic sites: by plant managers, at overseas sites: by presidents) conducted audits mainly on quality-related laws and standards in addition to customers' contract and specifications and inspection results.

Initiatives to Secure Product Safety

•Product Safety Activities

When we receive information from our customers that presents a high risk, such as information that threatens product safety, we promptly notify management. The Office of Quality Assurance makes appropriate responses. In addition, we strive to assure product safety in manufacturing by complying with all laws and regulations in addition to relevant industrial standards of individual products.

Supply Chain Management



Basic Approach

The Shin-Etsu Polymer Group has established green procurement standards to promote environmentally friendly procurement activities. Also, we have established the “CSR Procurement Guidelines” based on our recognition of the need for procurement activities, taking account of human rights, labor rights, and other social rights. With the understanding of our business partners, we are conducting responsible procurement in our supply chains to realize a sustainable society.

CSR Procurement Promotion Activity

Under the Basic Procurement Policy of the Shin-Etsu Polymer Group, we consider it important to promote CSR activities across the entire supply chain. To achieve this goal, we aim to solicit understanding from business partners and promote CSR activities in tandem on the basis of the Shin-Etsu Chemical Group’s CSR Procurement Guideline.

•Basic Policy and Guidelines to Promote CSR Procurement

Basic Procurement Policy

- 1 Abiding by the law
- 2 Promotion of corporate social responsibility
- 3 Selection of vendors
- 4 Meeting the needs of suppliers and conducting performance reviews

[\[WEB\] CSR Procurement Guidelines](https://www.shinetsu.co.jp/en/sustainability/assets/pdf/sustainability/esg_supply/management/csr_guideline.pdf)

https://www.shinetsu.co.jp/en/sustainability/assets/pdf/sustainability/esg_supply/management/csr_guideline.pdf

•CSR Procurement Promotion System

We established a CSR Procurement Subcommittee consisting of members mainly from the Purchasing Department and held meetings regularly. In fiscal 2021, we conducted the following activities.

FY2021 Activities and FY2022 Plans

Item	FY2021 activities	FY2022 activity plans
Revision of Basic Procurement Policy	Review of revision plan	Implementation of revision, posted on website
Revision of CSR Procurement Guidelines and CSR procurement investigation questionnaires	Implementation of revision to Guidelines Review of changes to content of CSR procurement investigation questionnaires	Revision planned
CSR promotion activities through distribution of the CSR Procurement Guidelines to our business partners	Continue to distribute the Guidelines	Posted on website
Survey for selected business partners using CSR procurement investigation questionnaires	Conducted in accordance with FY2021 action plan	Scheduled to be implemented in accordance with FY2022 action plan

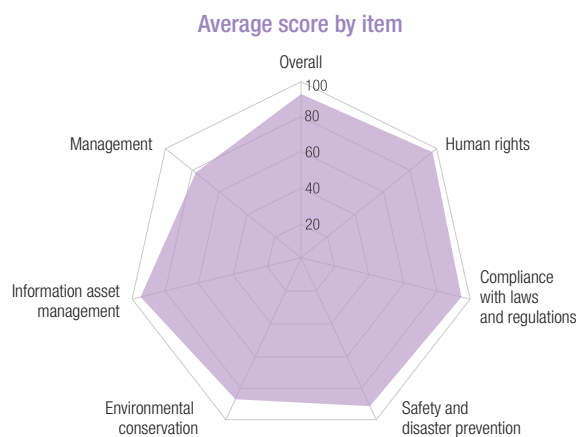
•Business Partner Survey

In order to comprehend the current status of business partners’ sustainability activities, we prepared questionnaires based on the “CSR Procurement Guidelines” and the “RBA Code of Conduct*.” We have been conducting surveys since fiscal 2018. The questionnaire is comprised of a total of 104 questions under six items including human rights, compliance with laws and regulations, safety and disaster prevention, and environmental conservation.

* Responsible Business Alliance (formerly “EICC”)
(<https://www.responsiblebusiness.org/code-of-conduct/>)

Result

The overall score in the six items was over 90. A category that was deemed to require additional support was management (setting of CSR policy and goals, supply chain management, etc.)



Response to Conflict Minerals

The Shin-Etsu Polymer Group has established a policy on how to respond to conflict minerals. Under this policy, we maintain initiatives to ensure zero use of any conflict minerals or minerals from OECD conflict and high-risk areas across the supply chain including business partners, thereby promoting responsible procurement.

[\[WEB\] Conflict Minerals Policy](https://www.shinpoly.co.jp/en/environment/mineral.html)

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

Human Resources Development



Basic Approach

Based on the belief that helping employees develop and grow is one of our most important management issues, the Shin-Etsu Polymer Group actively promotes the development of human resources capable of fully demonstrating their expertise and abilities. We also strive to create work environments where each and every employee can work in their own way and develop themselves.

Current Employment Situation

(Unit: People)

Item		FY2019		FY2020		FY2021	
		Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated
Number of employees	Male	814	1,865	793	1,902	794	2,023
	Female	216	2,790	203	3,187	207	3,134
	Total	1,030	4,655	996	5,089	1,001	5,157
Number of managers	Male	296	—	302	—	292	—
	Female	9	—	10	—	10	—
Number of officers	Male	14	—	14	—	14	—
	Female	0	—	0	—	0	—
Number of new graduates hired (Bachelor's degree or higher)	Male	5	—	8	—	5	—
	Female	3	—	1	—	1	—
Number of new graduates hired (High school graduate)	Male	9	—	10	—	9	—
	Female	2	—	0	—	3	—
Number of mid-career hires	Male	6	—	4	—	21	—
	Female	2	—	0	—	3	—

Human Resources System

We continually work on the development of personnel systems that encourage employees to take on challenges. We have adopted a

track-based personnel system consisting of multiple tracks for managers (based on expected roles) and general staff (based on duties and work locations). In addition to personal achievement, our personnel evaluation system also recognizes employees' ability to drive performance as well as teamwork that contributes to the organization. It therefore focuses on fairness and soundness. We will continue to work on creating systems that encourage employees to take on challenges and promote their growth.

Tutor System

Each new employee is assigned a tutor as a dedicated educator who focuses on training them for their new position. These tutors serve as role models and confidantes for new employees. The tutors themselves also grow and develop through this very experience as an educator.

Career Self-Assessment Seminars

We have a career self-assessment system for employees turning 50 or 55, aiming to help them reflect on their careers and leverage their experience for the future so that they can maintain and increase their motivation. In addition to the information on this system, we also provide career self-assessment seminars for eligible employees to acquire essential knowledge for post-retirement living, such as financial planning.

Education/Training

We continually work on the development of personnel systems that encourage employees to take on challenges. We have adopted a track-based personnel system. We consider "human resource development" that is expected of managers to be the driving force of business continuity and development. We thus organize a wide variety of training programs for employees' career development, which includes training to develop capabilities required for individual functions and grades, remote educational systems to support self-enlightenment and incentive systems for qualification acquisitions.

Name of training	Purpose	Subjects
Manager training	<ul style="list-style-type: none"> Awareness shift towards management closer to executives Reconfirmation of general view and basics of management 	Managers
New manager training	<ul style="list-style-type: none"> Awareness change from an employee to a position responsible for management Understanding of general view and basics of management as a manager 	New managers
Training for supervisor ranks	<ul style="list-style-type: none"> Recognition of roles as mid-career and experienced employees Cultivation of instruction capabilities towards subordinates and junior employees 	Mid-career employees
Training in third year after joining company	<ul style="list-style-type: none"> Recognize roles required for young employees Improve job satisfaction and motivation 	Young employees
New employee training	<ul style="list-style-type: none"> Attitude as a working adult and corporate employee Basic procedures and actions towards work 	New employees

Respect for Human Rights



Basic Approach

The Shin-Etsu Polymer Group respects human rights of all people based on the Shin-Etsu Chemical Group Human Rights Policy. To enable our Group companies across the globe to perpetually continue respecting human rights, we comply with all international codes of conduct and actively promote activities for human rights.

The Shin-Etsu Group Human Rights Policy

1 Prohibition of discrimination

We do not discriminate at all on the basis of nationality, race, ethnicity, gender, religion, personal views, beliefs, age, social status, disability, sexual orientation, gender identification, labor union participation, health, marital status, political opinions or any other status.

2 Prohibition of damaging human dignity

We do not in any case conduct sexual harassment, power harassment, maternity harassment or any other acts that damage human dignity.

3 Protection of privacy

We protect the privacy of individuals and handle personal information

properly in accordance with the applicable laws and regulations of each country.

4 Respect for basic labor rights

We respect workers' right to organize, the right of collective bargaining, and further rights given to workers to establish, maintain and improve trust and good cooperative relationships through dialogue between labor and management.

5 Prohibition of child and forced labor

We prohibit operations in all countries and regions from using child labor in accordance with the applicable laws and regulations of each country. We also prohibit the use of forced labor.

Human Rights Due Diligence (Identification of Human Rights Risks)

Our Group conducts human rights due diligence. In fiscal 2021, we identified human rights risks and conducted an identification and evaluation of human risk impacts. We used a human rights risk evaluation sheet to score human rights risks reported by Group companies in Japan and overseas, identifying and evaluating human rights issues that needed to be addressed with priority based on two perspectives of "Seriousness of potential impact upon human rights" and "Human rights risks and relations with the company." We will proceed with the implementation of impact evaluations and the study of countermeasures and improvements. The results will be disclosed internally and publicly.

•Human Rights Risks and Results of Risk Analysis

[Japan]

Working hours, health and safety, inhumane or harsh treatment (harassment)

[Overseas]

Working hours, health and safety, management systems

[Analysis results]

It appears that about 70% of group companies consider the violation of human rights that occurs in suppliers as an important risk

[Initiatives going forward]

We will choose key suppliers in Japan and overseas and conduct compliance evaluations including human rights risk evaluations

Supplier Hotline

Our Group has established a hotline for officers, Group employees, part-time employees, and temporary workers. It responds to their reports and concerns properly and promptly in order to prevent human rights infringements in the course of business activities.

Supplier Hotline is also available, so that those outside the Group can report violations of human rights and procurement laws based on the CSR Procurement Guidelines and relevant laws. Currently, we are considering the possibility of establishing hotlines in English and Chinese.

WEB Supplier Hotline

<https://www.shinpoly.co.jp/ja/contact/contact17.html> (only available in Japanese)

Work-Life Balance



Basic Approach

The Shin-Etsu Polymer Group strives to create encouraging environments so that each employee can enjoy working in a healthy manner in various life stages.

Employee Assistance for Various Life Events

We focus on the development of environments to help employees balance work and various life events, such as childbirth and childcare by providing support exceeding legal requirements and enhancing employee assistance.

Usage of maternity, childcare and nursing care leave

End of Fiscal Year	FY2019	FY2020	FY2021
Number of employees who took maternity leave (People)	5	2	5
Number of employees who took childcare leave (People)	11	2	4
Number of males included in employees taking childcare leave (People)	0	0	0
Percentage of female employees taking childcare leave (%) (Leave takers/Number of births×100)	100	100	100
Number of employees who used reduced working time system to care for children (People)	19	17	16
Number of employees who took nursing care leave (People)	0	1	0

Systems on Childbirth and Childcare

Item	Description
Childcare leave	Employees may take leave until a day before a child's third birthday.
Short working hours for childcare	Employees with a child in the third grade or below may work shorter hours. Reduction can be made up to two hours a day on a 30-minute basis.
Sick/injured childcare leave	Employees who have been in service for at least six months that have a child in the third grade or below may take leave on an hourly basis up to five days per year (or up to ten days if they have two or more eligible children) to look after the child in the event of an injury or sick-ness, or to have the child vaccinated or undergo a health examination.
Accumulated paid leave	Accumulated paid leave is designed to be used for nursing care for family members, pregnancy of the employee or spouse, and care for a child below age three.
Paternity leave	Employees may take three days of paid leave when their spouse gives birth (Between seven days before the estimated delivery date and seven days after the delivery date).
Maternity leave	Female employees may take six weeks (or 14 weeks for multiple pregnancies) of leave before childbirth and eight weeks after childbirth.
Medical appointment leave	Female employees, who are pregnant or within one year after childbirth, may take leave for health guidance or medical examinations.
Exemption from overtime work	Employees are exempted from working in excess of the prescribed working hours if they have a child in the third grade or below and request such an arrangement.
Limitation on overtime work	Employees are not made to work overtime in excess of 24 hours per month or 150 hours per year if they have a child in the third grade or below and request such an arrangement.
Limitation on late-night work	Employees are not ordered to work late at night if they have a pre-school-age child and make a request for such an arrangement.

Health Promotion

•Employee Assistance Program (EAP)

Shin-Etsu Polymer and its domestic Group companies have introduced the Employee Assistance Program (EAP) to help employees and their families lead healthy lives, both physically and mentally. Through this program, employees can consult professionals in various fields on a wide range of topics including mental and physical health, childcare, nursing care, as well as legal and financial matters. Toll-free calls and e-mail are used to protect privacy.

We also have a consultation service for sexual harassment. In addition, we regularly provide useful health-related information via our internal network to raise awareness of mental health and health management.

•Promoting the Use of Annual Paid Leave

We encourage employees at each workplace to regularly take annual paid leave. If it has expired, employees can still use a certain number of days as paid leave in cases of non-occupational injury and illness, nursing care, childcare, participation in social contribution activities, and the like.

Usage of annual paid leave

End of Fiscal Year	FY2019	FY2020	FY2021
Average annual paid leave granted (Days)	19.0	19.0	19.0
Usage of annual paid leave (Days)	14.0	11.2	12.2
Annual paid leave taken (%)	73.7	59.3	64.4

•Initiatives to Ensure Proper Working Hours

We promote the reduction of overtime work through such measures as the improvement of work efficiency.

Average monthly overtime (per person)

Fiscal Year	FY2019	FY2020	FY2021
Hours/month	11.5	10.4	13.2

*In comparison to set working hours.

Diversity & Inclusion

Basic Approach

The Shin-Etsu Polymer Group encourages an organizational culture that enables every employee to respect individuals' different values and backgrounds and to fully demonstrate their abilities.

Employment of People with Disabilities

By positively supporting the employment of people with disabilities, we aim to become a company where diverse human resources can play active roles. We will continue to accept interns from special needs schools, improve collaboration with such schools and continually address the employment of people with disabilities from a long-term perspective.

Number/Ratio of employment of people with disabilities

End of Fiscal Year	FY2019	FY2020	FY2021
Number of employees with disabilities (People)	22	23	25
Employment ratio of people with disabilities (%)	1.87	1.98	2.13

Re-employment System

We re-employ employees who want to continuously work after reaching mandatory retirement age until the legal re-employment obligation age. Leveraging their knowledge, expertise, and experience built over years, these senior employees pass on their valuable skills to the next generation and keep playing a key role after re-employment. We will continue to update our systems to enable senior employees to play more active roles.

Number/Employment Rate of Re-employed Employees

Fiscal Year	FY2019	FY2020	FY2021
Number of retired employees (People)	26	41	31
Number of re-employed workers after retirement (People)	24	39	29
Post-retirement re-employment rate (%)	92.3	95.1	93.5
Employment rate among those wishing to be re-employed (%)	100	100	100

Mid-Career Recruitment

We continuously recruit talent based on our medium to long-term business strategy, embracing people with diverse experiences and values, in order to revitalize our organization and to develop our business.

Number/Rate of Mid-Career Hires

Fiscal Year	FY2019	FY2020	FY2021
Number of mid-career hires (People)	8	4	24
Proportion of mid-career hires (%)	29.6	18.2	57.1

Initiatives for Promoting Women's Participation and Advancement

Based on the Action Plan that was established in accordance with the Act on the Promotion of Female Participation and Career Advancement in the Workplace, we promote working environments where women can play active roles for long periods of time, develop and thrive in workplace.

Action Plan to Promote Women's Participation and Advancement

April 2021 – March 2026

- 1 Increase the proportion of female managers by 30% (compared to fiscal 2021)
- 2 Reduce the gender difference in the average years of service to three or less
 - Develop female managers
 - Develop worker-friendly environments for both male and female employees

Status of female employees

Item		FY2019	FY2020	FY2021
Managers	Ratio of females (%)	2.95	3.21	3.11
Supervisors	Ratio of females (%)	16.32	19.24	21.91
Average duration of service (Years)	Male	19.7	20.8	20.6
	Female	14.4	15.7	16.7

The difference between the average duration of service for males and females is steadily decreasing. In addition, we promote female employees who are supervisors or higher in rank as a candidate for managers. Currently, the ratio of female supervisors is about 22%. In order to cultivate a corporate culture based on the Action Plan and where both males and females can play active roles, we will continue to build mechanisms that "develop people."

Occupational Health and Safety



Basic Approach

Under the management goal of heightening the safety and health awareness to eliminate accidents, employees of the Shin-Etsu Polymer Group work together as one to reduce risks at workplaces.

Shin-Etsu Polymer Group Environmental Security Policy

Recognizing that safety, disaster management and environmental protection are among the top management priorities, our Group makes collective efforts including the following:

- 1 creating safe, comfortable and eco-friendly workplaces with the aim of eliminating occupational accidents, occupational diseases and environmental accidents,
- 2 observing all relevant laws and regulations,
- 3 preventing disasters and environmental accidents by promoting risk management and minimizing risks (promotion of risk assessments),
- 4 raising awareness of safety, disaster prevention and environmental conservation via education, and
- 5 obtaining trust from society by openly disclosing information about the current status of all our environmental security activities.

Initiatives for Environmental Security Management

•Eliminating Workplace Accidents

In addition to performing regular risk assessments of facilities and operations based on our occupational health and safety management system, we promote near-miss elimination activities and risk prediction training (“KYT”). In 2022, we are applying and strengthening 5S + 1A activities at all domestic plants and aim for “Safety first” and “Achieving zero accidents” by improving individual employees’ sensitivity towards risks.

•Environmental Security Audits

We conduct annual environmental security audits to check whether environmental security activities (safety and health, disaster prevention, environment and waste, and compliance) are properly implemented at all domestic and overseas plants.

In 2021, onsite audits were not conducted at two domestic plants out of six in order to prevent COVID-19 infections. For these plants, audits took place through documentation in the form of web-based audits. In the form of a special audit, we checked the implementation status of “disaster management measures,” assuming a fire at a plant.

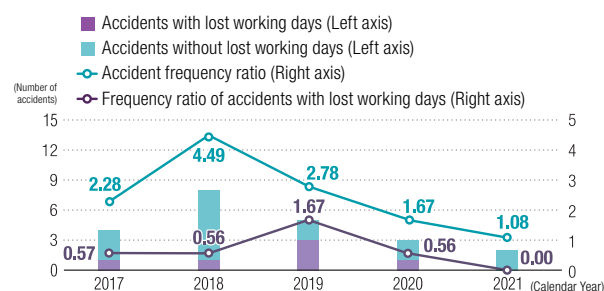
In 2022, we plan to conduct a special audit for “Safety devices on machinery.”

•Work Time Accidents Report for 2021

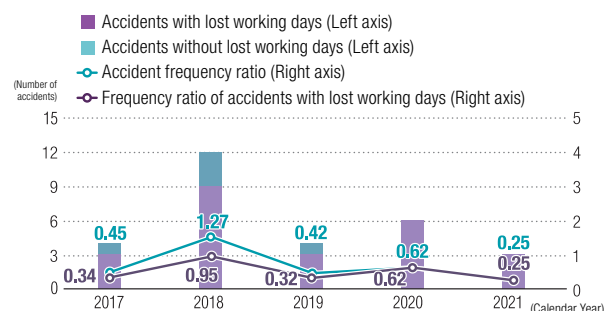
The number of accidents that occurred at domestic and overseas plants was five, including two in Japan (no accident with lost working days) and three overseas (three accidents with lost working days). Most of the victims were middle-aged and older employees with 20 or more years of experience. They were mainly caused by human

error. In response to the large number of falling accidents last year, we took preventive measures such as installing nonslip surfaces on floors and posting notices to attract people’s attention. We will continue to promote safety education, KYT and other initiatives to reinforce safety measures at each workplace.

Number/Frequency Ratio of Workplace Accidents (Domestic plants)



Number/Frequency Ratio of Workplace Accidents (Overseas plants)



*This fiscal year, we retroactively revised data from previous years in order to improve the precision of the data.

Social Contribution Activities



Basic Approach

Based on the concept of “making efforts to coexist with local communities,” we carry out health and safety, communication with communities, and humanitarian/disaster relief activities to promote coexistence and mutual prosperity. In relation to the implementation status of such activities, we openly disclose all relevant information.

Communication with Communities

•Supporting Project to Help People Infected with COVID-19

HYMIX, our production base in Thailand, cooperated with the Thai Department of Labour Protection and Welfare to provide support for people infected with COVID-19 and donated support materials arranged by employees. This was a support activity to mainly distribute the materials to local isolation facilities, self-isolating patients, and hospitals. The company provided food and sanitary goods that are necessary during recuperation periods.



Support materials prepared by staff of HYMIX

•Acceptance of Workplace Experience Students from Special School

As part of our initiatives to promote the employment of people with disabilities, the Shiojiri Plant accepted interns from a special school for a period of five days. As a learning opportunity to prepare for social independence, they experienced onsite practical training.



Experiencing on site

•Social Contribution through “shupua” Products, Cups Made of High Transparency Silicone Rubber

We donate “shupua” cups, which are made of highly transparent silicone rubber, to facilities and organizations as part of our social contribution initiatives. In fiscal 2021, we donated them to special schools. This soft, nonslip product makes it easy and safe for people of all ages to use, including older adults and small children.



shupua

•Beautification Activities

At production sites, we continuously conduct beautification activities in the neighborhood as local community members. The Tokyo Plant as well as Dongguan Shin-Etsu Polymer Co., Ltd. conducts a monthly program for picking up garbage in the area. Also, the Kodama Plant conducts a beautification activity twice a year, while a total of 120 employees participated in beautification cleaning at the Itoigawa Plant as part of Environment Month in June. Many employees are engaged in beautification activities in local communities.



Beautification activity at Kodama Plant

Health and Safety

•Traffic Safety

Throughout the year, the Tokyo Plant conducts a check of commuters' seat belt use during morning commutation times, while also striving to enhance employee observance of the Road Traffic Act and strict enforcement of safe driving.



Scene of check conducted at Tokyo Plant

The Kodama Plant organized a traffic safety workshop six times a year, with about 200 employees participating in each event. In addition, Suzhou Shin-Etsu Polymer Co., Ltd. hosted a traffic safety knowledge workshop with the Fen Hu Traffic Police that had participation of 45 people recommended by individual departments. Each plant is striving to cultivate safety awareness.

•Blood Donation

Shin-Etsu Polymer (Malaysia) Sdn. Bhd. conducted a blood donation activity with participation of 132 employees. While paying attention to the health of blood donors, we did to save as many lives as possible.



Blood donation by staff

Corporate Governance



Basic Approach

The Company recognizes 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, the Company 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 stakeholders' standpoint.

Basic Principles

(1) Ensuring shareholders' rights and equality

We strive to maintain an environment where shareholders can properly exercise their rights by respecting such rights and ensuring equality for all, including minority and overseas shareholders.

(2) Appropriate cooperation with all stakeholders, in addition to shareholders

We strive to uphold appropriate cooperation with all stakeholders other than just shareholders, while working towards creating sustainable growth and medium to long-term corporate value for the company.

(3) Ensuring disclosure and transparency of appropriate information

We strive to ensure that all information is useful and easy for users to understand, while making sure details are properly disclosed based on the relevant laws and regulations. We also independently provide various other information.

(4) Responsibilities of the Board of Directors

We strive for the appropriate implementation of the roles and responsibilities of the Board of Directors based on our fiduciary responsibility to shareholders.

(5) Dialogue with shareholders

We strive to make constructive dialogue with shareholders, and understandably explain our management policies in order to make sure they are properly understood.

Corporate Governance System

Shin-Etsu Polymer adopts an Audit & Supervisory Board system. The Board of Directors and the Audit & Supervisory Board are the two institutions that supervise and audit business execution in multiple layers, thereby providing a functional and effective managerial supervisory function as well as a supervisory and audit function that ensures objectivity and neutrality.

As of June 23, 2022, the Board of Directors is composed of five directors, two of whom are outside directors who have extensive experience and deep insights accumulated over many years, one as a corporate executive and the other as an accounting and tax specialist. The Board of Directors delegates part of its executive authority to the Board of Executive Officers, thereby making it easier to exert its supervisory functions for operational execution.

Nomination & Compensation Committee

To bolster independence, objectivity and accountability of the functions of the Board of Directors in relation to the nominations and compensations of directors, etc., Shin-Etsu Polymer established the Nomination & Compensation Committee under the Board of Directors for appropriate engagement and advise. The Nomination & Compensation Committee has an independent outside director as its chairman while half of the Committee members are comprised of independent outside directors, assuring the independence of the Committee.

As requested by the Board of Directors, the Committee deliberates on the nomination of directors, the compensation system, and the process of compensation decisions and reports on the results of deliberations to the Board of Directors.

Corporate Governance Report

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

Officers Composing Individual Organizations and Activity Status (FY2021)

Position	Name of officer	Outside officer	Independent officer	Operation execution	Board of Directors (Attendance rate)	Audit & Supervisory Board (Attendance rate)	Nomination & Compensation Committee (Attendance rate)	Advisory Committee for Transactions with parent company (Attendance rate)
President / Chief Executive Officer	Yoshiaki Ono			●	● (100%)		● (100%)	
Director / Senior Managing Executive Officer	Toshiaki Deto			●	● (100%)		● (-%) (From June 25, 2021)	
Director / Managing Executive Officer	Toru Takayama			●	● (100%)			
Director	Shigemichi Todoroki	●	●		● (100%)		● (100%)	● (100%)
Director	Osamu Miyashita	●	●		● (100%)		● (100%)	● (100%)
Standing Auditor	Morio Miyazaki	●				● (100%)		
Standing Auditor	Hideaki Hirasawa					● (100%)		
Corporate Auditor	Sachihito Hosogi	●				● (100%)		
Corporate Auditor	Tatsuo Yoshihara	●	●			● (100%)		● (100%)
Managing Executive Officer	Yasushi Shibata						● (100%) (Until June 24, 2021)	

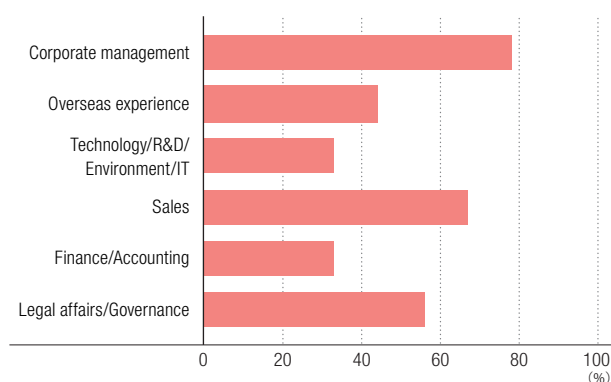
*Position names are as of March 31, 2022.

*During the applicable period, no Nomination & Compensation Committee meetings have been held since June 25, 2021.

Expertise of Directors and Corporate Auditors

To ensure proper and flexible decisions and supervision of business activities, Shin-Etsu Polymer's Board of Directors is composed of those who have expertise and experience in individual business fields and those who have diverse perspectives of stakeholders and knowledge about governance, thereby assuring a balance and diversity of knowledge, experience and abilities as the Board of Directors as a whole.

Ratio of officers with expertise



Relationship with Parent Company

Shin-Etsu Chemical Co., Ltd., the parent company of Shin-Etsu Polymer, is a controlling shareholder holding 53.3% of the total number of outstanding shares (excluding treasury stock) of our company. Shin-Etsu Polymer maintains close cooperation with Shin-Etsu Chemical by exchanging information on product technical development and sharing management policies and improves corporate value by demonstrating its collective strengths as a member of the Shin-Etsu Chemical Group. In addition, we procure raw materials from Shin-Etsu Chemical, but for transactions, we negotiate with them on the basis of market prices and determine transactional conditions in a fair and appropriate manner. As for personal relationships, our officers do not concurrently hold an office with Shin-Etsu Chemical.

In October 2021, as a voluntary special committee, we established an Advisory Committee for Transactions with parent company that is composed of independent outside directors and independent outside corporate auditors. For important transactions and practices with the parent company and its group companies, the Committee guarantees the fairness of such transactions and practices and thus to protect the profit of general shareholders, the Committee deliberates on important transactions and practices and reports to the Board of Directors.

Dialogues with Shareholders and Investors



Basic Approach

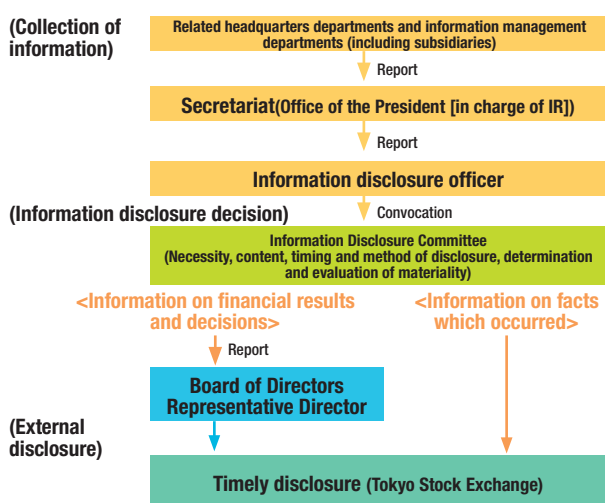
To achieve sustainable growth and increase medium- to long-term corporate value, Shin-Etsu Polymer recognizes that it is important to engage in active dialogue with shareholders and investors on a daily basis, reflecting the opinions and requests obtained into business management to grow as a company. We strive to ensure that our management policies and strategies are properly understood by disclosing management information appropriately on a timely basis and engaging in constructive dialogue with shareholders and investors.

Information Disclosure System

We operate with a constant awareness of enhancing corporate governance and securing transparency of management. We also strive to provide fair, timely, and appropriate information disclosure to shareholders and investors in accordance with all applicable laws and regulations in relation to financial instruments trades and the rules of the Tokyo Stock Exchange.

The Shin-Etsu Polymer Group has established the Information Disclosure Rules and the Information Disclosure Committee, chaired by the information disclosure officer. With the Head of Office of the President at the head, the Information Disclosure Committee is composed of members of the Office of the President, Accounting Department, General Affairs Department, and other related departments to form a flexible information disclosure system. Any corporate information that is subject to disclosure standards as stipulated by Securities Listing Regulations of the Tokyo Stock Exchange (“TSE”) is in principle disclosed on the Timely Disclosure network (“TDnet”) operated by the TSE upon approval and report by the Board of

Internal system for timely information disclosure



Communication with Shareholders and Investors

Directors, and as necessary, is announced to the media and or published on our website.

Dialogues with shareholders and investors are managed by the Office of the President as IR activities, with individual meetings handled by the director in charge, the manager, and IR staff. As an opportunity to describe our business situation to shareholders and investors, we hold briefings for analysts and investors after the term-end and interim financial results have been announced. Furthermore, we strive to improve dialogue through the issuance of business reports and annual reviews, in addition to prompt and fair disclosure of information through our website, including news releases, financial summaries, presentation materials, notices of General Meeting of Shareholders, and notices of resolutions.

[WEB IR Information](https://www.shinpoly.co.jp/en/ir.html)
<https://www.shinpoly.co.jp/en/ir.html>

Efforts to Invigorate the General Meeting of Shareholders and Facilitate the Exercise of Voting Rights

We are engaged in various initiatives that include the following:

- **Early delivery of convocation notices for the General Meeting of Shareholders**
 Notices are sent three weeks prior to the day of the General Meeting of Shareholders
- **Avoiding overlaps with other companies' General Meeting of Shareholders**
 62nd Annual General Meeting of Shareholders: June 23, 2022
- **Exercise of voting rights using an electromagnetic method**
 Exercise of voting rights using an electromagnetic method via the Internet adopted
- **Effort to improve voting environment**
 Participation in electronic voting platform
- **Delivery of notice to General Assembly of Shareholders meetings (summary)**
 A summary of each notice to the General Meeting of Shareholders is prepared in English and posted on the website.

Compliance



Basic Approach

The Shin-Etsu Polymer Group considers conducting corporate activities based on compliance as one of the most important tasks that a company should perform on a permanent basis. Through such corporate activities, we make efforts so that the Group maintains trust as a member of society.

We also strive to operate appropriate and efficient internal controls based on the establishment and maintenance of a compliance system.

Compliance System

As its compliance promotion system, the Shin-Etsu Polymer Group has established compliance principles and a compliance manual, and the Compliance Committee responds to compliance issues across the company. In addition, the status of compliance is regularly reported to the Board of Directors.

We also strive to promote group-wide corporate activities based on compliance, including the implementation of compliance education and the establishment of an internal reporting system (hotline).

Improving Compliance

• Establishment of the Supplier Hotline

In January 2021, the Supplier Hotline was established as a contact point for those outside the Group to make reports. The hotline allows suppliers to report whenever they recognize any violations of laws, regulations, and compliance by the Group's officers and employees during transactions with our Group.

Through such initiatives, we strive to maintain and develop appropriate business relationships by ensuring transparency and fairness in suppliers' transactions with the Group.

• Internal Reporting System

The Group has established an internal reporting system that includes the Supplier Hotline mentioned above. We distribute pocket cards that describe the internal reporting system to employees of Group companies in Japan and abroad in the hope that they will lead to the discovery of improper acts. In addition, we are also complying with the amendment to the Whistleblower Protection Act enforced on June 1, 2022, so that whistleblowers can feel more secure in reporting their concerns.

• Awareness-Raising Through Compliance Training

To facilitate the Group's officers and employees in understanding and putting into practice the specific standards of action in compliance, we distribute a compliance manual as well as provide training through e-learning on a regular basis. These initiatives are designed to further raise compliance awareness within the Group so as to eliminate improper acts in business management.

Training Items in FY2021

Training name	Description	Designated participants	Number of participants, percentage of participation
New Employee Education	<ul style="list-style-type: none"> • General compliance • Ethics education 	New employees	10
Mid-Career Hire Employee Education		Mid-career hire employees	15
E-learning	Third session	<ul style="list-style-type: none"> • Prevention of power harassment 	All employees 89%
Explanatory Meeting on Anti-Monopoly Act	<ul style="list-style-type: none"> • Understanding the basics • Confirmation of internal procedures 	People involved	290

• Conducting Compliance Surveys at Production Contractors

With human rights due diligence becoming increasingly mandatory in the UN and EU, we conducted a survey on the uptake of compliance at production contractors and other partners both in Japan and overseas in fiscal 2021. The survey indicated that while there were no issues that would immediately lead to a violation of laws or regulations, there was room for further action, such as the establishment of an internal reporting system and documentation of various rules and regulations. Moving forward, we will continue to support these measures.

Risk Management



Basic Approach

Recognizing that risk management is a crucial issue for the sustainable growth of a company, the Shin-Etsu Polymer Group has established a risk management system for prevention of risks and responding to risks that do materialize to ensure smooth business operations.

Risk Management System

Recognizing that risk management is a crucial issue for the sustainable growth of a company, the Group has established a system driven by four committees, including the Sustainability Committee, and five risk management departments led by the Office of the President to control critical risks across the entire Group in an organized manner. The Board of Directors deliberates on critical company-wide risks and passes the necessary measures to prevent them.

Furthermore, all departments at headquarters, as well as domestic and overseas production and sales bases, periodically assess individual critical risks and take appropriate measures to reduce such risks.

Risk Management Regulations

The Group has established risk management regulations for the purpose of contributing to smooth business operations by developing a control system to prevent risks that have arisen or may arise within the Group.

•Definition of Risks

The Group defines risks as factors that may inhibit the achievement of organizational goals and the implementation of business activities. It identifies the following two types of inhibitors: issues related to business processes, such as manufacturing and marketing; and non-business-related events, such as social changes and natural disasters.

The Office of the President manages risk control while the leaders of individual departments at headquarters, plants and subsidiaries in Japan and overseas (or their appointees) assume responsibility for controlling risks of relevant departments. If an emergency occurs and a corporate-wide response is required, a task force will be established.

•Risk Control Procedure

- (1) Identifying risks: Identify and understand risks related to business and operations of individual departments, etc.
- (2) Evaluating risks: Evaluate magnitude, scope, etc. of identified and understood risks
- (3) Controlling risks: Control magnitude, scope, etc. of evaluated risks
- (4) Establishment of contingency plan: Establish contingency plan for risks when they actually occur
- (5) Audit/Examination: Evaluate current status and confirm response measures, etc.

Business Continuity Management (BCM)

A business continuity plan (BCP) defines pre-emptive and post-disaster measures and is one of the key factors for supporting business continuity. To practice this more effectively, we recognize that it is important to continually improve and manage business continuity management (BCM) for all activities.

Basic BCP Policy

① Protect the safety and security of employees, families and residents in communities

- (1) Secure safety of workplaces.
- (2) Improve safety of employees and their families.
- (3) Support security of employees and their families.
- (4) Extend assistance to residents in communities.

② Make utmost efforts for continuity or early recovery of business for customers and employees

- (1) Protect trust in customers.

•Conducting Media Training (Crisis Management and Emergency Publicity)

With the importance of crisis management systems increasing, and in order to minimize the impact upon the Company and stakeholders, Shin-Etsu Polymer recognizes that it is necessary to enhance its capability for crisis management through crisis management training. It hosted a mock press conference assuming an explanation of the circumstances of a defective product incident. The objective is to promptly and appropriately fulfill accountability without any deception or concealment in accordance with emergency publicity guidelines during an emergency, minimizing any reductions in terms of credibility and image.



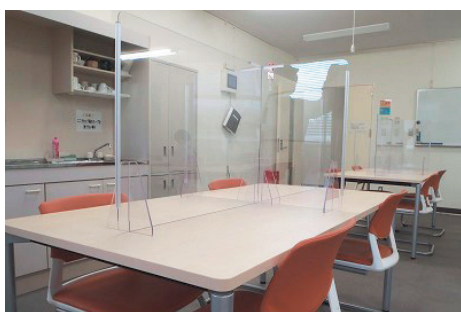
Scene from the mock press conference

Preventive Measures against COVID-19

In response to the global outbreak of COVID-19, Shin-Etsu Polymer established a task force at its headquarters in March 2020 to examine and carry out countermeasures for individual bases on the basis of administrative policies and infection statuses of respective countries. The Shin-Etsu Polymer Group has been carrying out various measures on a global scale in order to ensure the safety of our employees and their families, while also keeping the impact on customers, suppliers and our business to a minimum.



Thorough temperature measurements



Installation of partitions

Information Security

•Information Security Policies and Rules

As for our corporate information security policies, we examine the permissible range of risks in information security regarding company information assets, establish goals to maintain and manage information security, and position the achievement of such goals as a company task.

Information security essentially involves maintaining the confidentiality, completeness, and availability of information assets. Our management goals include the following:

Information Security Policies

- (1) Clarifying responsibilities for protection, utilization, management, and operation of information assets.
- (2) Informing every one of their responsibilities so they can act with an awareness of them.
- (3) Properly recognizing risks to ensure that effective countermeasures are taken.
- (4) Maintaining information system security for each employee who carries out operations.
- (5) Thoroughly observing social ethics and all applicable laws and regulations.

•Information Security System

Information security is possible only when each individual employee understands the authority and responsibility granted to them in accordance with their work and role, and properly carries out their responsibilities.

Information security is handled by the Information Systems Department under the direction of the information systems officer. Matters concerning corporate-wide management of information security are communicated via IT leader meetings. The Information Systems Department also provides guidance on information security for Shin-Etsu Polymer and affiliated companies.

Business Overview of the Shin-Etsu Polymer Group

•Company Profile

Corporate name:	Shin-Etsu Polymer Co., Ltd.
Established:	September 15, 1960
Headquarters address:	Ote Center Bldg. 1-1-3 Otemachi, Chiyoda-ku, Tokyo 100-0004 Japan
Paid-in capital:	11,6359,500,000 yen
Number of employees:	Consolidated: 5,157 (2,023 male, 3,134 female) Non-consolidated: 1,001 (794 male, 207 female) (As of March 31, 2022)

Branch/Sales Offices

Osaka Branch
Nagoya Branch
Fukuoka Branch
Sendai Sales Office
Hiroshima Sales Office
Sapporo Sales Office

Plants

Tokyo Plant
Nanyo Plant
Kodama Plant
Shiojiri Plant
Nagano Branch
Itoigawa Plant

Domestic Group Companies

Shin-Etsu Finetech Co., Ltd.
KitcheNista Co., Ltd.*

Overseas Group Companies

Suzhou Shin-Etsu Polymer Co., Ltd.
Dongguan Shin-Etsu Polymer Co., Ltd.
Shin-Etsu Polymer Shanghai Co., Ltd.
Shin-Etsu Polymer Hong Kong Co., Ltd.
Shin-Etsu Polymer Taiwan Co., Ltd.
Shin-Etsu Polymer (Thailand) Ltd.
Shin-Etsu Polymer Singapore Pte. Ltd.
Shin-Etsu Polymer (Malaysia) Sdn. Bhd.
PT. Shin-Etsu Polymer Indonesia
Shin-Etsu Polymer India Pvt. Ltd.
Shin-Etsu Polymer America, Inc.
Shin-Etsu Polymer Europe B.V.
Shin-Etsu Polymer Hungary Kft.
Shin-Etsu Polymer Vietnam Co., Ltd.
Hymix Co.,Ltd.

•Main Business Activities

We were established as a polyvinyl chloride (PVC) processing manufacturer in 1960 and have continued to work on the development and application of basic technologies such as materials and composition, design, manufacturing processes and evaluation and analysis of various resins including silicone rubber. We support various customer needs in a comprehensive range of fields from automobiles and information equipment to semiconductors and construction.

Electronic Devices Business

- Input devices
Automobile key switches, laptop PC touch pads, remote control input devices, electronic home appliance switches
- Display-related devices
Electronic device connectors, view/light path control film
- Component-related products
Waterproof products for smartphones, parts inspection connectors

Precision Molding Products Business

- Semiconductor-related containers
Wafer cases, semiconductor-related containers
- Carrier tape-related products
Embossed carrier tapes, top cover tapes
- OA equipment parts
Various rollers for printers, faxes and PPCs
- Silicone rubber molded products
Medical catheters, Silicosen, adhesive plates

Living Environment and Life-Related Materials Business

- Wrapping films and other packaging material related products
Wrapping films for fresh food, self-adhesive films
- Functional Compounds
Items for various electrical cables (communication cables, robot cables etc.), interior and exterior equipment for automobiles
- PVC pipe-related products
Water supply and sewerage piping, general drain piping, agricultural piping, piping joints
- Exterior material-related products
PVC/Polycarbonate corrugated sheets
- Infrastructure maintenance materials
Self-bonding silicone rubber tape, silicone adhesive sheet

New Materials Business

- Polythiophene-based conductive polymer, high-functioning engineering plastic film

Others

- Construction
Shop and store design and construction, interior and exterior design and construction of commercial facilities, bathrooms, etc.
- Packaging materials
Industrial trays, packaging for fruit, agricultural materials, shopping bags, container washing

*KitcheNista Co., Ltd. became a consolidated subsidiary in August 2021. As the reporting period is from April 2021 to March 2022, this company is not covered in the report.

Third-Party Opinion

For this report, we asked for opinions and comments from third parties to help further enhance our group's environmental and social activities.



Third-Party Opinion on the “Sustainability Report 2022”

Yoshinao Kozuma
Professor Emeritus, Sophia University

After reading the Group's “Sustainability Report 2022” and interviewing some of the people involved, I would like to make the following comments in relation to the Shin-Etsu Polymer Group's CSR management.

1. Progress of Human Rights Due Diligence

In fiscal 2021, the Group made notable progress with regard to human rights due diligence. For one thing, an analysis of the human rights risk evaluation sheet revealed that about 70% of group companies see their suppliers as having significant human rights risks. This is consistent with the general finding that human rights risks in supply chains are relatively high and also suggests that the risk identification and evaluation process is functioning soundly. I hope that clear disclosure of the actual status of operations will be promoted in the future.

With regard to carrying out human rights due diligence, it is essential to establish a point of contact that victims and proxies can access to report any human rights violations that may have occurred. As mentioned in this report and on the website, the Group is currently operating a Supplier Hotline for external reporting. Moving forward, they will open similar channels on English and Chinese websites, displaying a steady improvement in the operation system of human rights due diligence.

2. Labor-related Data to Pay Attention to

In fiscal 2021, there were two labor-related data points of note. One was labor accident data. The frequency ratio of accidents with lost working days at domestic plants finally recorded a zero. In addition, the accident frequency ratio has continuously shown a declining tendency since fiscal 2018. In Europe, laws and regulations on human rights/environmental due diligence are gaining momentum, and in this context, there is a growing tendency to treat occupational accidents as human

rights issues. To remove potential human rights risks, I hope that the Group will continue to focus on eliminating labor accidents.

Gender measures also saw remarkable results. The five-year action plan on women's participation and advancement starting in April 2021 had targets for increasing the number of female managers and decreasing the gap in average service years between men and women. Since fiscal 2017, when information disclosure started, the number of female employees who are supervisors or higher in rank has continually been increasing, and the gap in average service years, which initially showed little change, has been narrowing in recent years. I have high hopes for March 2026, which is the deadline to achieve the targets.

3. Expectations of environmentally friendly/contributory products

The seventh Mid-Term Plan (FY2021–2023) for Green Activities set a target of having four products certified by fiscal 2023. In fiscal 2021, two products were certified. Judging from the achievements to date, it appears that the target will be fulfilled by the deadline. If the Group can take advantage of this mechanism to reduce scope 3 category 12 emissions, which is a major downstream emission source, it will be effective in the Group's transition to a decarbonized society.

4. Future Challenges

An urgent issue that currently needs to be addressed is TCFD compliance, which is required for prime companies. While information disclosure began this fiscal year, the requisite initiatives still need further development. In addition, the failure to achieve the statutory employment rate of persons with disabilities has been a pending item for the last few years, so it would be advisable to consider some radical corrective measures.



**Yoshiaki
Torimaru**

Head of Office
of the President /
Assistant Chairman,
Sustainability Committee

Response to Third-Party Opinion

With guidance from Professor Kozuma, Shin-Etsu Polymer Co., Ltd. has been conducting sustainability management with the aim of achieving a sustainable society.

We intend to work on the challenges he identified as follows:

1. Human Rights Due Diligence

We will investigate and evaluate human rights risks in supply chain management and disclose the results and countermeasures. As to the establishment of hotlines for overseas suppliers, we will speed up preparations and start operating them as soon as possible.

2. Environmentally Friendly/Contributory Products

As it was suggested that this certification mechanism can be an effective option for transitioning to a decarbonized

society, we will study it in further detail.

3. TCFD Compliance

At the beginning of the year, we declared support for TCFD recommendations and started with information disclosure in this report. We will urgently begin organizing the requisite initiatives. We will also work on establishing the most important targets and strategies in more detail.

4. Statutory Employment Rate of Persons with Disabilities

We have made some improvements in labor-related matters, but an improvement to this index has been a long-standing issue. We will make further efforts pertaining to this issue.

About the symbol mark

The green leaves and bright morning dew symbolize our desire to create brilliant value in a green environment.



The combination of indigo water, green trees, and blue sky symbolizes our commitment to the continuous development of life, while the Shin-Etsu colors represent the development of our company.



About the design

The Shin-Etsu Polymer Group is committed to realizing a sustainable society together with local communities. For this four-year period, our cover designs are based on the theme of “coexistence of nature and society,” expressing the coexistence between nature and our company (plants) through symbolic objects, flowers, and birds from regions where we operate. Following the fiscal 2021 edition, which depicted Saitama Prefecture, we took motifs from Niigata Prefecture, where the Itoigawa Plant is located. Specifically, this year’s cover shows the rice fields of Hoshi-toge, which are rich in greenery, and the Japanese crested ibis, which is the prefectural bird of Niigata Prefecture.



Shin-Etsu
Shin-Etsu Polymer Co., Ltd.

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