

# Sustainability Report

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# 2023

Shin-Etsu Polymer



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### 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 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 2023 version are as follows:

- ① In the Special Feature, we introduce antiviral and antibacterial food wraps that contribute to preventing infections.
- ② The Sustainability Report covers our organizations and activities related to sustainability management, the environment, society, and governance in a clear and easily understandable format for all our stakeholders.
- ③ The information in this Report is disclosed on our website. We also provide additional information on our website.
- ④ For this fiscal 2023 version, we received third-party comments from Mr. Yoshinao Kozuma, Professor Emeritus at Sophia University, as with previous editions. We will draw on the comments in our future efforts and initiatives.

 About our sustainability initiatives

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

### • Period covered by this report

April 2022 – March 2023 (For Group companies in Japan); January – December 2022 (For overseas Group companies)

### • Issued

September 2023 (Previous issue: September 2022; next issue: September 2024)

### • Organizations covered by this report

Shin-Etsu Polymer Group (For further information, please see page 65)

### • 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 2016/2018/2019/2020/2021

The Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

### • Inquiries

Corporate Planning Department, Business Administration Unit, Shin-Etsu Polymer Co., Ltd.

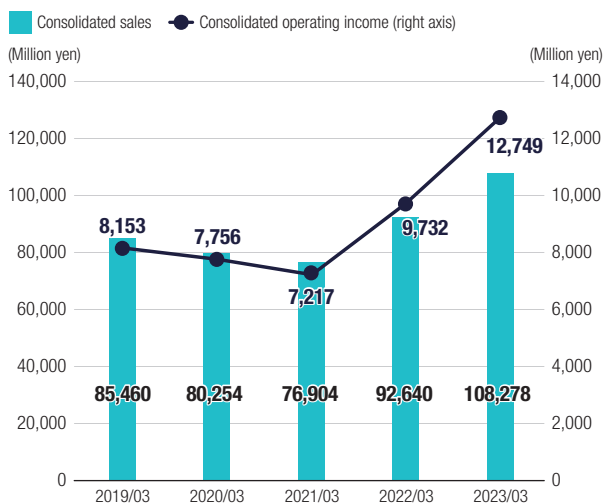
Ote Center Building 1-1-3 Otemachi, Chiyoda-ku, Tokyo 100-0004 Japan

TEL +81-3-5288-8404 FAX +81-3-5288-3111

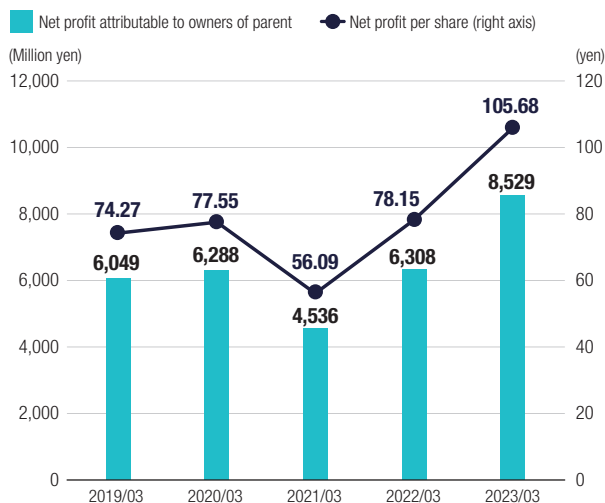
URL <https://www.shinpoly.co.jp/en/>

# Financial and Non-Financial Highlights

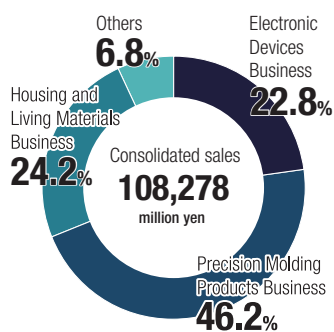
## Sales / Operating Income (consolidated)



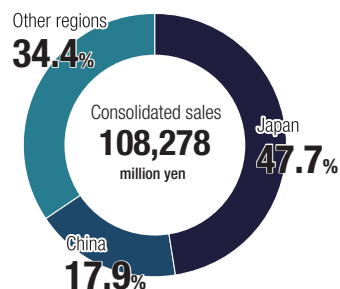
## Net Profit Attributable to Owners of Parent / Net Profit per Share



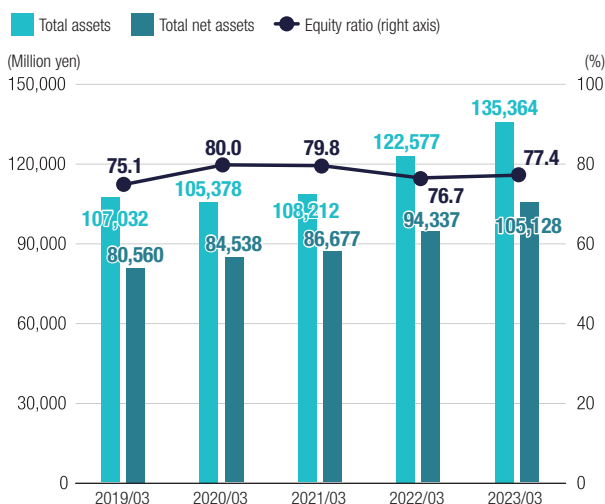
## Distribution of Consolidated Sales by Business Segment



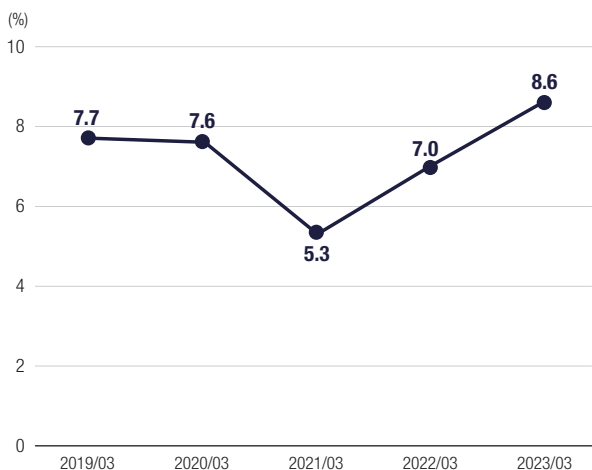
## Composition Ratio of Consolidated Sales and Shipping Destinations



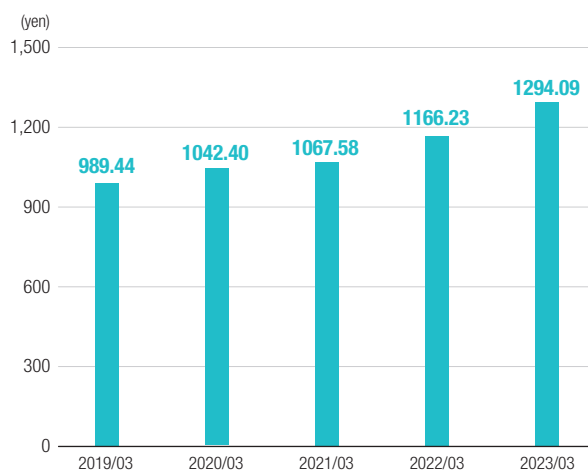
## Total Assets / Total Net Assets / Equity Ratio



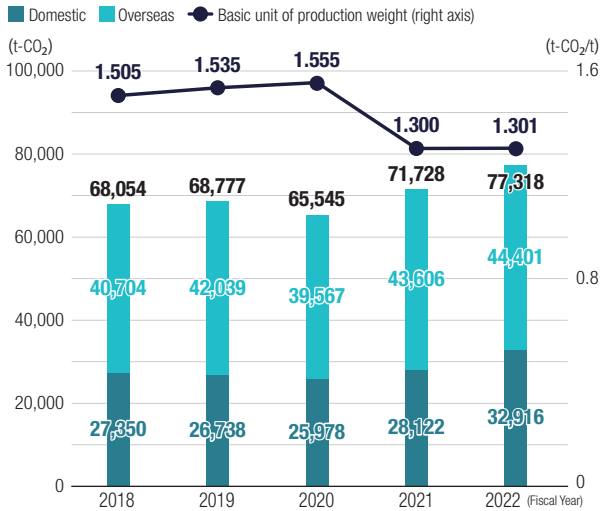
## Return of Equity (ROE)



## Total Net Assets per Share

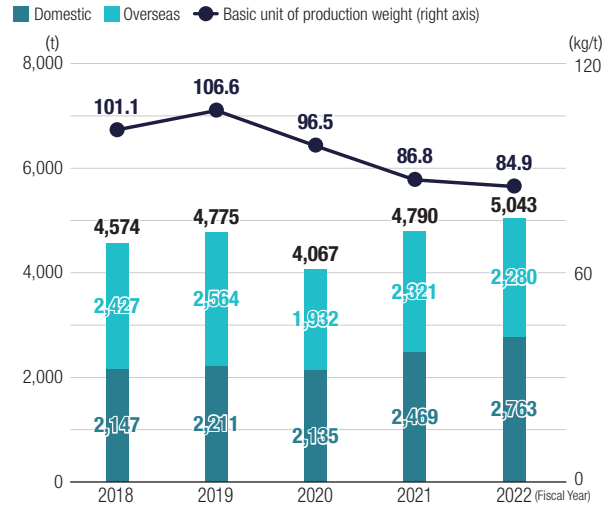


### CO<sub>2</sub> Emissions and Basic Unit of Production Weight (Overall)

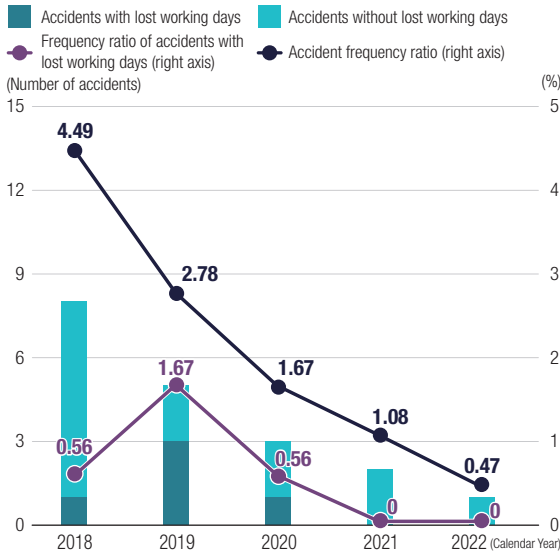


\*The graphs are divided due to differing definitions of workplace accidents between Japan and overseas.

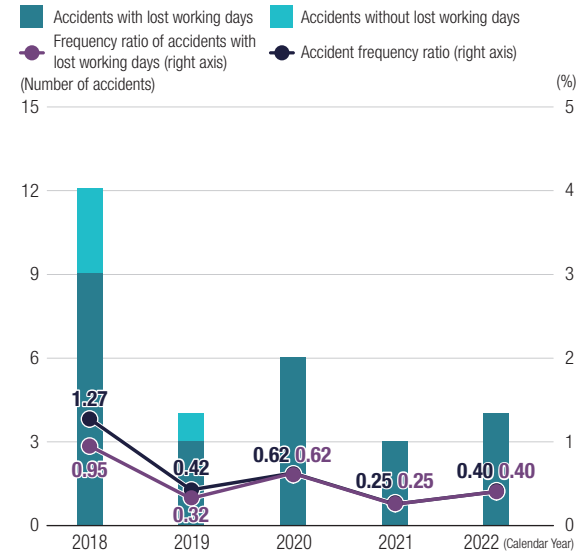
### Waste Emissions and Basic Unit of Production Weight (Overall)



### Workplace Accidents / Accident Frequency Ratio (Domestic)



### Workplace Accidents / Accident Frequency Ratio (Overseas)



\*Domestic data is collected and aggregated on the basis of fiscal year (April 2022 – March 2023) while overseas data on the basis of calendar year (January 2022 – December 2022).

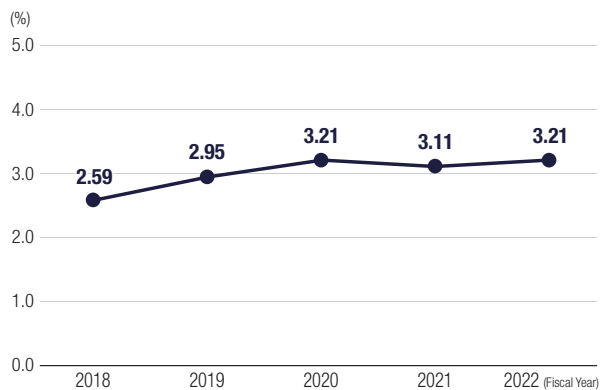
\*Due to rounding, some Totals may not correspond with the sum of the separate figures.

\*Domestic sites include Tokyo Plant, Nanyo Plant, Kodama Plant, Shiojiri Plant, Itoigawa Plant, and KitchiNista Co., Ltd.

\*Overseas sites include Suzhou Shin-Etsu Polymer Co., Ltd., Dongguan Shin-Etsu Polymer Co., Ltd., Shin-Etsu Polymer (Malaysia) Sdn. Bhd., PT. Shin-Etsu Polymer Indonesia, Shin-Etsu Polymer India Pvt. Ltd., Shin-Etsu Polymer Hungary Kft., and Hymix Co., Ltd.

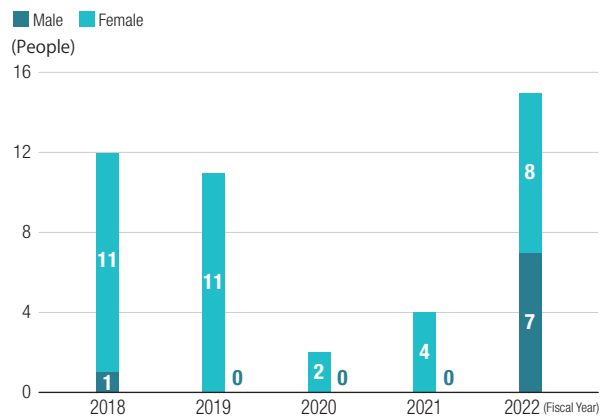
\*Overall: Total of Japan and overseas plants

### Ratio of Female Managers



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

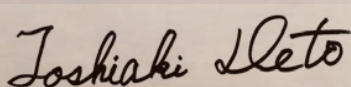
### Number of Childcare Leave Takers



**Top Message**

**Contributing to the Realization  
of a Sustainable Society  
by Promoting Sustainability Management  
with the Aim of Becoming a Business  
That Continues to Grow with Society**

President




## Inheriting Management Policies to Further Enhance Corporate Value

I assumed the position of President of Shin-Etsu Polymer on June 23, 2023. I feel honored and privileged to take over this important role from Chairman Ono, our former president, with the start of the new medium-term management plan, Shin-Etsu Polymer Global & Growth 2027 (SEP G&G 2027). Over the last 10 years, as the General Manager of the Sales Unit, I have promoted the growth of our business by strengthening product development capabilities to meet the quality standards desired by our customers and developing a global production system to ensure a stable supply. Moving forward, we will continue enhancing our corporate value by providing high value-added products that take advantage of our basic technologies, while focusing on relationships of trust with our customers.

Since our establishment in 1960, Shin-Etsu Polymer has been dedicated to 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 as the resin processing manufacturer of the Shin-Etsu Chemical Group. Currently, we are meeting a wide range of customer needs by combining compounding and processing technologies for silicone rubber and various plastics to provide high value-added products. In addition, based on its Corporate Mission Statement, 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. For this purpose, we will continue to pursue better product development by striving for energy conservation, resource efficiency, and reduced environmental impact in our business activities and proactively incorporating global challenges such as the SDGs into our goals.

In fiscal 2022, there were challenges such as soaring raw material prices and disruptions in international logistics due to the situation in Ukraine, resulting in declining sales volumes in some of our businesses. Nevertheless, we avoided a significant downturn, and overall performance improved due to increased demand in the automotive-related business and sustained high demand in the semiconductor business. Meanwhile, as the company with the top domestic market share for semiconductor-related containers, we need to secure production capacity that can constantly respond to market demands. Regardless of the current situation, we will continue to expand our facilities and improve market confidence from a medium- to long-term perspective, while striving to fulfill our role as a globally operating resin processing company in ensuring a stable supply of products.

## Strengthening the business foundation to support sustainability management

In May 2023, our Group announced the Medium-Term Management Plan SEP G&G 2027, which covers the period from FY2023 to FY2027. To keep operating in the current rapidly changing social environment, it is crucial to build a robust corporate foundation that supports our cornerstone of sustainability management. In the Medium-Term Management Plan, we have set key issues and targets in each of the ESG areas to further clarify the issues that we need to tackle. We will continuously strive to resolve these issues, including climate change and our failure to meet the statutory employment rate of persons with disabilities, while focusing on timely information disclosure to stakeholders.

In particular, we recognize that reducing CO<sub>2</sub> emissions is one of our major challenges. In our medium-term management plan, we have set a goal of becoming carbon neutral by 2050. We are examining measures to achieve carbon neutrality, with a focus on switching to renewable energy sources, including the introduction of solar power generation and energy storage facilities.

We will also continue to strengthen our sustainability management system to fulfill our social responsibility. The Group has established the Sustainability Committee to deliberate on CO<sub>2</sub> emission reduction targets and climate change actions. In addition, the Compliance Committee is responsible for comprehensive risk management and the development and operation of a compliance system for the entire Group, including subsidiaries. We will actively promote the activities of both committees, while also engaging in constructive dialogue with shareholders and investors.

Furthermore, in March 2023, we formulated the Multi-Stakeholder Policy as a guideline for building relationships with various stakeholders, including employees and business partners. We will continue to work toward appropriate collaboration with all stakeholders as an open company.

## Developing human resources to promote creativity and innovation

To achieve sustainable growth in the future, it is important to secure and develop human resources who can drive creativity and innovation in the company. Based on this idea, we have set the development and growth of our employees as one of our top priorities and will focus on developing human resources who can demonstrate a high level of expertise and ability. We promote workplaces that encourage employees to learn, play a more active role, and advance their careers and support them in reaching greater heights. Specifically, we are creating environments that facilitate continuous learning by establishing an on-site experience learning cycle that emphasizes OJT, while building a human resource system that makes it easy for each employee to take on new challenges. In addition, to create an environment where employees can play an active role regardless of gender or age, we have proactively implemented measures such as establishing a re-employment system that allows employees to continue working after reaching the mandatory retirement age, promoting women's participation and advancement, and expanding systems to help employees balance work and various life events like childcare and nursing care. Our entire Group will work together to achieve further growth by embracing people with diverse experiences and values to revitalize our organization and develop our business.

The products we offer are seldom seen by the public eye, but they support our current society and meet demands for the creation of a future society in a variety of ways. In the ever-changing market and social environment, we will strengthen our corporate foundation by promoting sustainability management, fulfill our responsibilities as a global company that aims to solve social issues through our business, and contribute to the realization of a sustainable society.



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# 2

## Sustainability Management

# Sustainability Management

## 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.

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.

**WEB Sustainability Promotion Structure**  
<https://www.shinpoly.co.jp/en/sustainability/activities/promotion.html>

### • Sustainability Promotion System

The Shin-Etsu Polymer Group has long been engaged in sustainability activities through its departments and Group companies. 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 System Chart



### • Sustainability Training and Education

- We held an executive training session on the topic of the Task Force on Climate-related Financial Disclosures (TCFD) with the aim of gaining a better understanding of the need to respond to climate change risks. We expressed our endorsement of the TCFD Recommendations in January 2022 and are working to address climate change.
- To deepen employees' understanding of sustainability activities, we provide an annual e-learning program. For the third iteration in fiscal 2022, we focused on climate change under the theme of "The Basics of Sustainability."



The executive training session


















## 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 FY2022

We implemented the following initiatives for each key issue.

Key issues	Details of activities	Target SDGs	Pages
Foundation of every activity: Legal compliance / Fair corporate activities	<ul style="list-style-type: none"> <li>Developed compliance awareness among officers and employees through e-learning, etc. as well as activities to raise awareness</li> <li>Strengthened security export controls (especially US entity list compliance)</li> <li>Monitored and prevented acts of dishonesty by setting up internal reporting systems, supplier hotlines, etc.</li> </ul>		P60   P61
Ensured the health and safety of employees and contractors	<ul style="list-style-type: none"> <li>Strengthened occupational safety and working environment maintenance activities at each business site</li> <li>Conducted plant audits (health &amp; safety, disaster and fire prevention, environmental protection, and legal compliance)</li> </ul>		P49   P50
Saved energy and resources and reduced the impact on the environment	<ul style="list-style-type: none"> <li>Carried out activities for achieving the targets of the seventh Mid-Term Plan (FY2021–2023) for Green Activities</li> <li>Examined countermeasures against global warming to achieve carbon neutral and set “Metrics &amp; Targets”</li> </ul>	  	P24
Improved product quality and product safety management	<ul style="list-style-type: none"> <li>Conducted plant evaluations (Quality Month) and site inspections to prevent any quality-related misconduct</li> <li>Engaged in quality control improvement activities such as QC KENTEI (quality control tests)</li> </ul>		P38   P39
Promotion of CSR procurement and diversification of supply sources	<ul style="list-style-type: none"> <li>Distributed and released the Group’s CSR Procurement Guidelines to our clients</li> <li>Conducted client surveys to better understand their status</li> </ul>		P40   P41
Respect for human rights, the development of human resources and promotion of diversity	<ul style="list-style-type: none"> <li>Conducted a survey on the employment of foreign workers and their work environments at domestic and overseas offices</li> <li>Improved and promoted the use of internal systems and rules to address diversity in work</li> </ul>	  	P42   P48
Respect for and protection of intellectual property	<ul style="list-style-type: none"> <li>Deliberated and reported on the status of our activities in the Patent Committee, including the protection and management of intellectual property rights acquired through the industrial property rights systems and how we treated competitors’ intellectual property rights with respect</li> </ul>		-
Social contribution activities	<ul style="list-style-type: none"> <li>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 through volunteer activities related to infrastructure maintenance using “Polymer-Ace”</li> </ul>	  	P14   P15, P51   P52
Accurate and timely information disclosure and communication with stakeholders	<ul style="list-style-type: none"> <li>Strived to provide fair, timely, and appropriate information disclosure and enhanced IR and public relations activities</li> </ul>		P58   P59

### •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 fourth consecutive year that we were awarded a medal since we began responding to the assessment.



**FTSE Blossom  
Japan Sector  
Relative Index**

# 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	<b>Procurement of Raw and Other Materials</b> <ul style="list-style-type: none"> <li>• Cost increases and depletion of petroleum-derived and other resources</li> <li>• Procurement suspension due to natural disasters/accidents</li> <li>• Indirect impacts on bio-diversity and water risks</li> <li>• Contamination by harmful chemical substances</li> <li>• Potential risks to human rights</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion of sustainable raw material needs</li> <li>• Securing stable procurement and quality</li> </ul>	<ul style="list-style-type: none"> <li>• Understanding and dealing with procurement risks brought about by resource restrictions</li> <li>• Procurement based on the CSR Procurement Guidelines</li> <li>• Thorough control of harmful chemicals and proper information collection</li> <li>• Investigations on human right risks through CSR procurement surveys</li> </ul>	 
	<b>Logistics</b> <ul style="list-style-type: none"> <li>• Human right violations in the form of long working hours, etc.</li> <li>• Increase of CO<sub>2</sub> emissions during transportation</li> <li>• Disruption of freight routes caused by natural disasters or accidents</li> <li>• Loss of logistics quality</li> <li>• Increased costs due to labor shortages</li> </ul>	<ul style="list-style-type: none"> <li>• Diversifying freight routes</li> <li>• Selecting higher-quality logistics</li> <li>• Establishing a competitive advantage through stable supply</li> </ul>	<ul style="list-style-type: none"> <li>• Further promoting the modal shift</li> <li>• Using larger vehicles and enhancing loading efficiency</li> <li>• Consideration of adopting optimal transport methods depending on the season</li> <li>• Improving the efficiency of logistics</li> <li>• Reduction of CO<sub>2</sub> emissions in logistics</li> </ul>	
Shin-Etsu Polymer	<b>Production</b> <ul style="list-style-type: none"> <li>• CO<sub>2</sub> emissions and water risks</li> <li>• Suspending production due to natural disasters or accidents</li> <li>• Occurrence of workplace accidents that can lead to health problems, operational downtime, discontinued orders, and sales suspensions</li> <li>• Damaging customer trust due to quality issues (such as dishonest acts)</li> </ul>	<ul style="list-style-type: none"> <li>• Improving productivity by reducing energy usage and waste generation</li> <li>• Accumulating and passing on skills</li> <li>• Improving quality and enhancing quality assurance systems</li> <li>• Ensuring and improving product quality and safety</li> <li>• Ensuring occupational health and safety to enhance employee engagement, foster a safety culture, and accumulate know-how</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting group-wide Green Activities (energy-saving and waste reduction)</li> <li>• BCM: Risk control and prevention of disasters</li> <li>• Human resource development</li> <li>• Promotion of work-life balance / diversity &amp; inclusion</li> <li>• Improving occupational health and safety, and creating comfortable work environments</li> <li>• Promoting improvements through global quality assurance meetings</li> </ul>	   
Downstream	<b>Use/Consumption</b> <ul style="list-style-type: none"> <li>• Increase of CO<sub>2</sub> emissions</li> <li>• Contamination by harmful chemical substances</li> <li>• Complaints/Recalls due to product failures</li> <li>• Disasters caused by products</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing business opportunities by offering environmentally friendly/contributory products</li> <li>• Enhancement and improvement of product functions/quality</li> </ul>	<ul style="list-style-type: none"> <li>• Thorough control of harmful chemical substances and proper information disclosure</li> <li>• Provision of environmentally friendly/contributory products</li> <li>• Feedback of and response to issues at the time of use</li> <li>• Acquiring safety evaluation information</li> </ul>	
	<b>Reuse/Recycling/Disposal</b> <ul style="list-style-type: none"> <li>• Contamination by harmful chemical substances</li> <li>• Increase of waste disposal quantity</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion of effective use of resources</li> <li>• Increasing demand of environmentally friendly/contributory products</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of reuse-compatible products</li> <li>• Provision of environmentally friendly/contributory products (biodegradable plastics, infrastructure/maintenance products)</li> </ul>	

## Stakeholder Engagement

The Shin-Etsu Polymer Group determines key issues based on our 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 our Basic Sustainability Policy. 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. In addition, we established the Multi-Stakeholder Policy in March 2023.

**WEB** Multi-Stakeholder Policy (In Japanes only)

[https://www.shinpoly.co.jp/ja/news/20230308/main/015/teaserItems1/04/linkList/0/link/multi\\_2023.pdf](https://www.shinpoly.co.jp/ja/news/20230308/main/015/teaserItems1/04/linkList/0/link/multi_2023.pdf)

Stakeholders	Responsibility to fulfill	Key dialogue method	FY2022 results
<b>Customers</b>	<ul style="list-style-type: none"> <li>•Provision of safe and secure products</li> <li>•Improvement of customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>•Dialogue through sales activities</li> <li>•Participating in exhibitions</li> <li>•Information disclosure through our website</li> </ul>	<ul style="list-style-type: none"> <li>•Decowrap® received the FY2022 Good Design Award from the Japan Institute of Design Promotion</li> <li>•Acquired Eco-Rail Mark certifications from Railway Freight Association</li> <li>•Participated in exhibitions in various countries, such as Electronica (Europe), Plastic Japan, and Maintenance &amp; Resilience TOKYO</li> </ul>
<b>Suppliers / Business partners</b>	<ul style="list-style-type: none"> <li>•Realizing fair and just transactions and building relationships of trust</li> <li>•Procurement activities in consideration of the environment and society</li> </ul>	<ul style="list-style-type: none"> <li>•Application of CSR Procurement Guidelines to business partners</li> <li>•Regular investigation of current status via survey slips</li> <li>•Dialogues via supplier hotline</li> <li>•Dialogues via quality management audits</li> <li>•Opinion exchanges when surveying chemical content information in compliance with Green Procurement Standards</li> </ul>	<ul style="list-style-type: none"> <li>•Initiatives on the Partnership Establishment Announcement</li> <li>•Conducted surveys on business partners' initiatives on sustainability</li> </ul>
<b>Shareholders / Investors</b>	<ul style="list-style-type: none"> <li>•Timely and proper information disclosure</li> <li>•Improvement of IR/SR activities</li> <li>•Promotion of ESG activities</li> </ul>	<ul style="list-style-type: none"> <li>•General Meeting of Shareholders</li> <li>•Financial summary presentation</li> <li>•Individual meetings</li> <li>•Issuance of business reports (communication with shareholders)</li> <li>•Issuance of annual review and sustainability reports</li> <li>•Information disclosure via website</li> </ul>	<ul style="list-style-type: none"> <li>•Conducted two General Meetings of Shareholders and two financial summary presentations</li> <li>•Sent notifications of General Meetings of Shareholders three weeks before the day</li> <li>•Issuance of business reports (communication with shareholders)</li> <li>•Issuance of annual review and sustainability reports</li> <li>•Supported the TCFD recommendations</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>•Human resource development</li> <li>•Provision of good workplaces</li> <li>•Initiatives for work-life balance</li> <li>•Promotion of diversity &amp; inclusion</li> </ul>	<ul style="list-style-type: none"> <li>•Implementation of human resource development programs</li> <li>•Dialogues via Health and Safety Committee</li> <li>•Opinion exchanges at the time of environmental security audit</li> <li>•Opinion collection via internal reporting system</li> <li>•Information publicity via internal intranet/ in-house magazines</li> <li>•Internal measures to prevent in-house COVID-19 infections</li> </ul>	<ul style="list-style-type: none"> <li>•Established the Multi-Stakeholder Policy, which includes the “1.Returning Value to Employees” clause</li> <li>•Conducted environmental security audits at domestic and overseas business sites</li> </ul>
<b>Communities / Society</b>	<ul style="list-style-type: none"> <li>•Co-existence with local regional society</li> <li>•Natural environment protection</li> </ul>	<ul style="list-style-type: none"> <li>•Social contribution activities through product donations, etc.</li> <li>•Acceptance of workplace experiences and factory tours</li> <li>•Community beautification activities</li> <li>•Blood donation activities</li> </ul>	<ul style="list-style-type: none"> <li>•Established the Multi-Stakeholder Policy, which includes the “3. Initiatives regarding stakeholders” clause</li> </ul>

# Towards Establishing a Recycling-Oriented Society



信越ポリマーグループ  
環境配慮・貢献製品



## Development of environmentally friendly / contributory products

Based on its Basic Environmental Principles, the Shin-Etsu Polymer Group is promoting an 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.

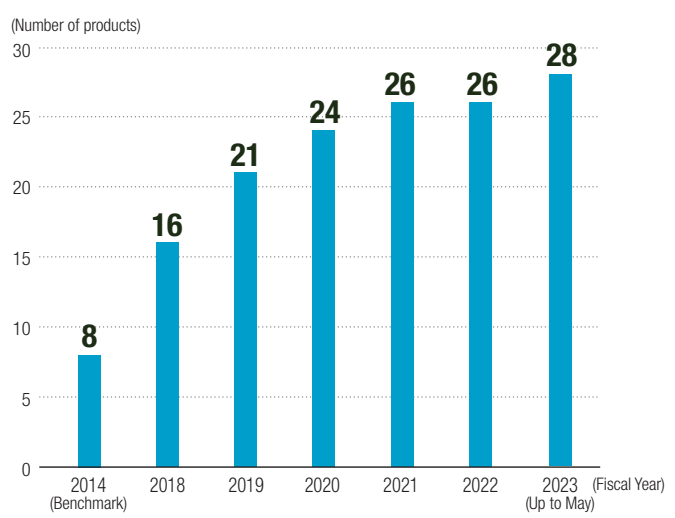
### Evaluation standards for environmentally friendly / contributory products

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

### ●Certification (targets and results)









One of our targets for the 7th Green Activities (fiscal 2021–2023) was to certify four new products. While there were no certifications in fiscal 2022, we successfully certified two products in May 2023, thus reaching our target.

### Number of certified product groups



## Shin-Etsu Polymer Products that Contribute to the SDGs

We will introduce some Shin-Etsu Polymer products that resolve social issues and contribute to the SDGs.

Product	Environmental impact reduction (contribution)	SDGs achieved
Polymer Ace 	It bonds synthetic marble surface tops and stainless steel sinks in system kitchens. This enables an 83% reduction in assembly time compared to the conventional method. Also, less workspace is required as it eliminates the need for temporary storage spaces after processing.	 Goal #9: Industry, Innovation and Infrastructure Target 9.4
KitcheNista Wrap 	We reduced the amount of resin used and the consumption of environmental resources by leveraging the qualities of PVC to develop a thin yet durable wrap. Also, the Refill Wrap Series eliminates the need for exterior packing, reducing the amount of waste generated.	 Goal #3: Good Health and Well-being Target 3.d
Toilet booths 	This product reduces the risk of fingers getting trapped in toilet booth doors. Also, the door can be easily opened from the outside in the event of an emergency (accident, sudden illness, etc.) inside the booth. These improvements allow us to provide safer toilet spaces.	 Goal #11: Sustainable Cities and Communities Target 11.3
Fumigation sheets 	A sheet used to fumigate pinewood that has been damaged by insects. Made of biodegradable materials, the sheet contributes to environmental conservation after use.	 Goal #15: Life on Land Target 15.2

**WEB** Shin-Etsu Polymer Products that Contribute to the SDGs (In Japanes only)

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

## Product introduction

### Biodegradable runner clips



Biodegradable runner clips are used in applications such as the cultivation of crops such as strawberries. Our runner clips leverage the qualities of biodegradable plastic and are used in agriculture. The runner clips gradually weaken due to UV exposure and hydrolysis and break down after one to two years. If they are put into the soil, microorganisms will turn them into water and carbon dioxide, which means no waste is produced, and they have no impact on the soil. Therefore, they do not need to be recovered from the soil and disposed of.



Before use



Bend into a U-shape before use



Insert them into the soil



They are broken down and absorbed by the soil after use.



# 3

## Special Feature

### First SIAA-Registered Antiviral Product

# Antiviral/ Antibacterial Kitchenista

**Kitchenista's employees from the sales, development, and production departments shared their thoughts about the qualities and future outlook of its product, Kitchenista.**

**Antiviral and Antibacterial Kitchenista reduces the amount of certain viruses on wrap film and inhibits their growth.**

**Kitchenista Co., Ltd. utilizes its advanced technological capabilities to meet diverse needs of customers.**



**Kenichi Onuma**  
General Manager, Sales & Marketing Department

### Resolving hygienic and environmental issues to create a sustainable society by using Kitchenista food wrap

Having reached the 50th anniversary since our founding, Kitchenista has become a specialist in PVC food wraps and is the market leader for domestic commercial small-roll wraps. In addition to commodity products, we've focused on solving customer issues, considering the balance between quality and cost, and used the technical capabilities that we have cultivated to develop proprietary products to meet the needs of the times, including Antibacterial Wrap, Refillable Wrap, and Antiviral & Antibacterial Wrap. Food wrap is an essential product used in food preservation and microwave cooking. In recent years, there has been a strong emphasis on food safety and security. Amidst this, our proprietary products have been well received by customers thanks to their application in hygiene management at food preparation sites and their contribution to environmental conservation. During the COVID-19 pandemic, our sales, development, and production departments collaborated to rapidly release the Antiviral & Antibacterial Wrap to the market, and it was well received by customers.

We will continue to apply our products to realize a sustainable society from the perspective of customers in the food sector.



## First SIAA-Registered Antiviral Product

# Antiviral/ Antibacterial KitcheNista



**Hiroaki Ikeguchi**  
Chief

Tokyo Sales Group, Sales & Marketing Department



**Kazuhiro Ebinuma**  
Deputy Manager

Development Section, Development Department



**Kazuo Kanbara**  
Deputy Manager

Production Section, Production Department

## Adding Antiviral Properties to Our Wrap

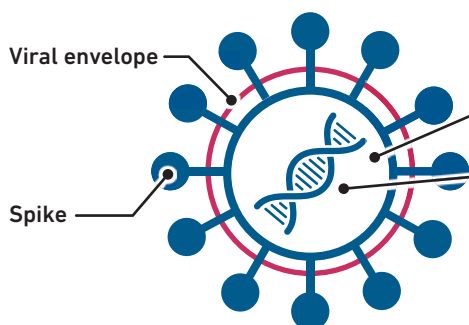
### —What is Antiviral & Antibacterial KitcheNista Wrap?

**Ebinuma:** KitcheNista is the first food packaging wrap film to be registered as an antiviral product at the SIAA (Society of International sustaining growth for Antimicrobial Articles). We were already selling antibacterial wrap film, but the spread of COVID-19 caused a sharp increase in demand for antiviral products. Viruses can be largely divided into two categories: enveloped viruses, which include influenza and the novel coronavirus, and non-enveloped viruses like norovirus. This product is effective against enveloped viruses like the novel coronavirus and helps to maintain food hygiene.

**Ikeguchi:** When COVID-19 was at its peak, we thought about how to use our technology to contribute to society. At this time, the sales department suggested adding antiviral and antibacterial properties to the wrap. The idea for antiviral products had arisen before, particularly during flu seasons. However, given its seasonal nature and relatively low customer demand, we never went ahead with development. However, this time, there was the need to protect against a virus that is present all year round. The product needed to be developed quickly, but thanks to our development and production departments, we were able to rapidly produce and bring the product to market.

## Structural Differences in Viruses

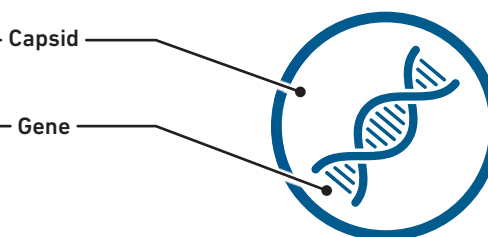
### Enveloped viruses



### Typical viruses

- Influenza virus
- Novel coronavirus, etc.

### Non-enveloped viruses



### Typical viruses

- Norovirus
- Rotavirus
- Adenovirus, etc.

## —How do you think the product contributes to society?

**Ikeguchi:** I feel it contributes to society by preventing infection. Particularly during the height of the COVID-19 pandemic, facilities such as hospitals, nursing homes, hotels, and schools paid extra attention to hygiene management. Through our sales activities, we received many reports that Antiviral & Antibacterial KitcheNista was being used in such facilities. Also, I think the product is reaching customers concerned about infection prevention as we clearly listed “Antiviral & Antibacterial” on the packaging. I believe this aligns with SDGs Goal 3: Ensure healthy lives and promote well-being for all at all ages.

## Performance, Speed, and Stable Supply: All are Essential

### —Please tell us about the innovations and strengths of the product.

**Ikeguchi:** The fact we have acquired the SIAA mark is a major strength of the product. To market the product with Antiviral on the packaging, we had to meet the standards set forth by SIAA. These standards involve exposing the wrap film to a virus and taking a measurement 24 hours later. The strict standards demand that to acquire the SIAA mark, viral load must be reduced to one hundredth or less of a standard product and that the effect must persist after the test.

**Ebinuma:** As viruses are very small, inactivation is only possible if the antiviral agent is evenly spread throughout the entire wrap film. We were able to overcome



this issue by using both powdered and liquid antiviral agents. Also, even if we were able to give the wrap antiviral properties, we would cause inconvenience to our customers if the wrap didn't maintain its usability. After we had decided what would be included in the antiviral agent, we went through a process of trial and error to determine what amount of ingredients would best demonstrate the key qualities of a wrap: ease of cutting, the right amount of stretch, and good stickiness. On the other hand, we needed to produce the product quickly as the demand was brought about by the COVID-19 pandemic. Therefore, rather than testing individually, we conducted experiments with multiple prototypes.

**Kanbara:** In production, every product must have the same performance. Therefore, creating a production process that results in the same finish that anyone can create at any time was key. You need to accurately measure how many antiviral and antibacterial additives to include. Another essential perspective was whether we could achieve a stable supply. Even if we could meet the antiviral standards, it would be meaningless if we could only supply the product in a limited manner.



## —Tell us about the future prospects for the product.

**Kanbara:** Our food packaging wrap is closely related to food. That is why if this antiviral and antibacterial wrap becomes the standard for the market, we believe we can contribute to improving customers' hygiene management. In addition, the widespread distribution of this product will likely help to further raise the level of the KitcheNista brand.

**Ebinuma:** Our current antiviral and antibacterial wrap effectively inactivates enveloped viruses. On the other hand, it doesn't meet the standard for non-enveloped viruses such as norovirus. Therefore, we're considering developing a product with antiviral properties against a wider range of viruses. Also, it is still at the concept stage, but we are thinking of taking on the challenge of developing a new antiviral and antibacterial film wrap that is effective against viruses in the air as well as those on surfaces it is in contact with.

**Ikeguchi:** I feel like there are still many possibilities for film wrap due to its close relationship with food. Our Colored Antibacterial Wrap was designed to be easily noticeable if accidentally mixed into food. I think these kinds of innovations will help solve various issues in hygiene management and at food preparation sites. For sales, we will closely listen to our customers' needs, stay alert to changes in the times, and incorporate this into new products.

# 4

## Environment

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# 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-oriented 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 Principles for all employees.
- 6 We disclose the information of our environmental activities and make efforts to coexist with local communities.

**WEB** Basic Environmental Principles  
<https://www.shinpoly.co.jp/en/sustainability/environment/policy.html>

## Company-Wide Green Activities

To promote environmentally friendly management, the Shin-Etsu Polymer Group initiated Green Activities in April 2000. Our goal is to balance company growth with environmental conservation while strengthening our corporate climate. We began by implementing idle reduction measures and paperless operations, obtaining ISO14001 environmental management certifications for our domestic and overseas production sites, and enhancing our environmental performance, particularly in terms of energy and resource savings. Currently, we have set interim targets for energy savings, waste reduction, recycling, and more over a three-year period and promote related initiatives. Fiscal 2023 marks the final year of our seventh mid-term plan.

Please see page 24 for our results of fiscal 2022.

Each production site reports its activity results to management and receives advice during the Green Activities Presentation event held every year.

**WEB** Green Activities Presentation events (In Japanese only)  
<https://www.shinpoly.co.jp/ja/sustainability/environment/movement.html>

## 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.: 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 domestic 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.

**WEB** Environmental Management: List of ISO14001 Certifications  
<https://www.shinpoly.co.jp/en/sustainability/environment/management.html>

## 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. Costs within business	1-1. Pollution prevention costs	Regular inspection of equipment, noise and vibration measurements, management of septic tanks, water quality measurements, etc.	3.5	10.1
	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.	66.0	54.9
	1-3. Recycling costs	Collection and recycling of resources, conversion into raw materials or fuel, etc.	0.1	30.8
Sub-total			69.5	95.8
2. Upstream and downstream costs		Costs related to control of chemical substances contained in products, etc.	0	2.2
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	43.2
4. R&D costs <sup>2</sup>		Development of environmentally friendly/contributory products	0	40.2
5. Social activity costs		Support, fund-raising activity, donations, etc.	0	0.5
6. Environmental damage prevention costs		N/A	0	0
Total			69.5	182.0

\*1 Costs = Actual costs—costs if an activity is not conducted. When the total difference is  $\leq 0$ , 0 is the assumed value.

\*2 R&D costs are calculated based on our own standards.

Note: Registration costs for recycling outsourcing agreements are not included.

Note: Due to rounding, sub-total and total figures may not correspond with the sum of separate figures.

Investments of 69.5 million yen were made in fiscal 2022, an increase of 35 million yen from the previous year. The total cost was 182 million yen, a year-on-year decrease of 54.6 million yen.

The economic effects associated with environmental conservation measures reached almost the same level as the 51 million yen of the previous year, with an increase in the profit from the sales of valuables accounting for about 58% of the total, on par with the previous year.

### Economic Effects of Environmental Conservation

(Unit: Million yen)

Items	Economic effect
1. Reduction of energy costs	14.4
2. Reduction of waste disposal costs	8.4
3. Reduction of costs through resource conservation	0.6
4. Profit from the sales of valuables	32.3
Total	55.8

Note: Due to rounding, totals may not correspond with the sum of the separate figures.

## The 7th Mid-Term Targets (2021 to 2023) for the Shin-Etsu Polymer Group's Green Activities and FY2022 Results

Theme	Item	Indicator	Subject scope	7th Mid-Term Targets (2021 to 2023)		Activities and Achievements in 2022		Reference
				Target year	Target value	Activities	Achieved Value	
Countermeasures Against Global Warming	Reduction of basic unit of CO <sub>2</sub> emissions	Basic unit of production weight (t-CO <sub>2</sub> /t)	Total (domestic + overseas)	2030 (long-term target)	Reduction of 13% (compared with 2017)	<ul style="list-style-type: none"> <li>Improving yield</li> <li>Introducing energy-saving equipment</li> <li>Shifting to LED lighting</li> <li>Replacing air conditioners</li> </ul>	1.301 t-CO <sub>2</sub> /t an 11.9% decrease (interim result)	P27
	Reduction of basic unit of energy converted to crude oil	Basic unit of production weight (kl/t)	Domestic Overseas	2022	Reduction of 1% or more on a five-year average Note: The evaluation criterion in the Act on the Rational Use of Energy		0.3555kl/t 1.1456kl/t	
Effective Use of Resources	Reduction of basic unit of waste emissions	Basic unit of production weight (kg/t)	Domestic	2023	Reduction of 3% (compared with 2020)	<ul style="list-style-type: none"> <li>Improving production yields</li> <li>Reducing material loss when starting/stopping and when facing issues</li> </ul>	66.2 kg/t a 12.0% increase (interim result)	P29
			Overseas				128.9 kg/t a 59.8% reduction (interim result)	
			Total (domestic + overseas)				84.9kg/t an 12.3% decrease (interim result)	
	Emissions rate	Amount of landfill + simple incineration / total waste emissions × 100 (%)	Domestic Overseas	2022	Less than 1% —	<ul style="list-style-type: none"> <li>Promoting recycling of landfill waste</li> </ul>	0.11% (Achieved) 21.8%	
Reduction of Environmental Burden	Creation of environmentally friendly/contributory products	—	Shin-Etsu Polymer Group	2023	4 product groups	<ul style="list-style-type: none"> <li>Promoting proposals of products for applications, working with relevant departments</li> </ul>	2 product groups	P14

## The 25th Green Activities Presentation

The Company-wide Green Activities Presentation was held with President Deto as chairperson of the Green Activities Promotion Bureau and other directors present. In his opening speech, Vice Chairperson Mr. Sato said, "The significance of Green Activities will continue to grow as a key element in achieving carbon neutrality, one of the initiatives outlined in our Mid-term Management Plan. We will aim to promote future activities company-wide, extending beyond production departments." Mr. Saito, Head of the Environmental Control & Safety Group, served as the Secretariat. He reported the achievements in Japan and overseas in fiscal 2022. Subsequently, there were presentations and Q&A sessions by six domestic plants concerning their activities and achievements.



Back row: Presenters from domestic plants



## Real Examples of Environmental Protection Activities



### Reducing energy usage by renewing air conditioners

**Masanori Tomita**

Engineering Section, Tokyo Plant

In fiscal 2022, we renewed our air conditioners (external and internal units) at the Tokyo Plant's R&D Center. A unique characteristic of the system is that it features an ice thermal storage tank. This allows us to use electricity at night to produce ice and reduce the electricity load for cooling during the daytime.

As a result, we have significantly contributed to power leveling (peak shifting) as the Act on the Rational Use of Energy requires. Through centralized management and introducing high-efficiency specifications, we have reduced power consumption by 86,486 kWh/year and CO<sub>2</sub> emissions by approximately 25 tons annually. We aim to continue our efforts in finding and implementing energy-saving measures through our Green Activities.



Air conditioning system equipped with an ice thermal storage tank



### Certified as an Eco-Rail Mark committed company

**Yoji Tamura**

Logistics Group, Office of Sales & Marketing Unit

In November 2022, Shin-Etsu Polymer was certified by the Ministry of Land, Infrastructure, Transport, and Tourism as an Eco Rail Mark committed company. Additionally, Polyma-Wrap® became a certified Eco-Rail Mark product. The Eco-Rail Mark system awards certification to products or companies that use eco-friendly rail transport to a certain extent. It aims to raise awareness of environmental issues and promote a modal shift to railway freight transport for companies.

At Shin-Etsu Polymer, we have been promoting a modal shift for the transportation of our products since 2006, and we will continue to promote activities to reduce our environmental impact.

\*Certified products: Products using railways for more than 30% of land freight transport over 500 km. Polyma-Wrap® railway-use share: 56.5%

\*Certified companies: Companies using railways for more than 15% of land freight transport over 500 km. Shin-Etsu Polymer Co., Ltd. railway-use share: 28.8%



President Deto and Mr. Seyama (left), the then-chairman of the Railway Freight Association

## 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	Overseas	Total
2022	Energy converted to crude oil (kl)	14,839	20,261	35,100
2021		12,696	20,212	32,908
Year-on-year comparison (%)		116.9	100.2	106.7
2022	Water consumption (thousand m <sup>3</sup> )	503	236	740
2021		476	220	696
Year-on-year comparison (%)		105.7	107.2	106.3
2022	PRTR chemical target substance (t)	74.58	—	74.58
2021		95.10	—	95.10
Year-on-year comparison (%)		76.0	—	76.0

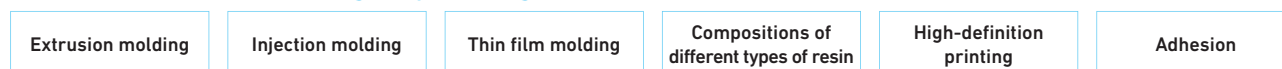
#### Raw materials

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



### Shin-Etsu Polymer Group (Domestic and Overseas)

#### Business activities (Resin molding and processing)



### OUTPUT

#### Environment

Year	Item	Domestic	Overseas	Total
2022	CO <sub>2</sub> (t-CO <sub>2</sub> )	32,916	44,401	77,318
2021		28,122	43,606	71,728
Year-on-year comparison (%)		117.0	101.8	107.8
2022	Waste (t)	2,763	2,280	5,043
2021		2,469	2,321	4,790
Year-on-year comparison (%)		111.9	98.2	105.3
2022	Amount of waste recycled (t)	2,759	1,783	4,542
2021		2,466	1,820	4,286
Year-on-year comparison (%)		111.9	98.0	106.0
2022	Emission Rate (%)	0.11	21.82	9.86
2021		0.15	21.58	10.53
Year-on-year comparison (point)		-0.04	0.24	-0.19
2022	Waste water (thousand m <sup>3</sup> )	459	208	667
2021		431	194	625
Year-on-year comparison (%)		106.5	107.2	106.7
2022	PRTR target substances: Registered amount (t)	0.107	—	0.107
2021		0.135	—	0.135
Year-on-year comparison (%)		79.3	—	79.3

# 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 2022, the second 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-Saving Initiatives

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 are working 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. Starting from fiscal 2022, we have decided to aggregate the crude oil equivalent energy from domestic and overseas production facilities to track overall changes in energy intensity.

As part of domestic and overseas energy-saving measures, we have promoted improvements in yield and upgrades to energy-efficient equipment and machinery. As a result of our domestic efforts in fiscal 2021, we achieved the status of an S-Class, excellent energy-saving company.

We will continue to advance energy-saving measures and aim for a reduction in overall energy intensity.

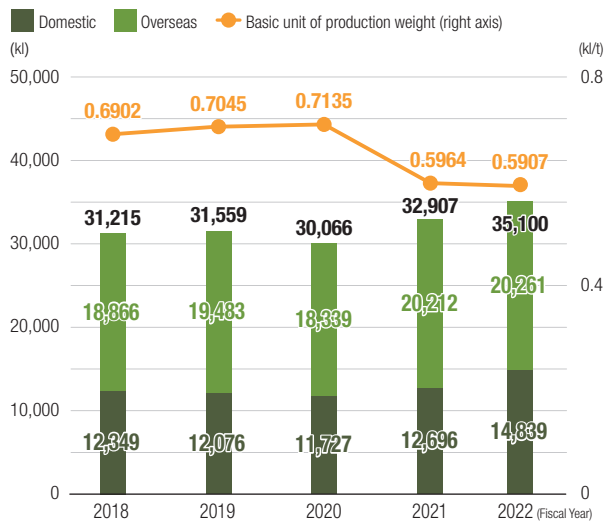
## Initiatives to Reduce CO<sub>2</sub> Emissions

In an effort to reduce the basic unit of CO<sub>2</sub> emissions of domestic plants, we worked toward the long-term target of the Green Activities of “a 13% reduction by fiscal 2030 in the basic unit of CO<sub>2</sub> emissions against production weight compared with the base year fiscal 2017.” Starting this year, we have decided to track the overall trends in CO<sub>2</sub> emissions per unit, combining both domestic and overseas figures.

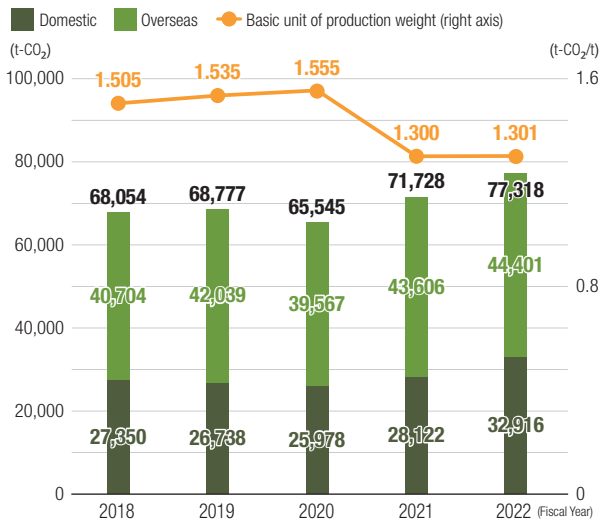
The results for fiscal 2022 show an 11.9% reduction compared to fiscal 2017. This shows a downward trend since fiscal 2021, which can be attributed to the effectiveness of our energy-saving measures.

Looking ahead, we will not solely focus on emissions per unit of production; instead, “reducing CO<sub>2</sub> emissions” will be a critical theme. We will implement a variety of initiatives to address this issue.

**Changes in CO<sub>2</sub> Emissions  
And Basic Unit of Production Weight (Overall)**



**Changes in CO<sub>2</sub> Emissions  
And Basic Unit of Production Weight (Overall)**



## GHG Emissions (Scope 1, 2, 3)

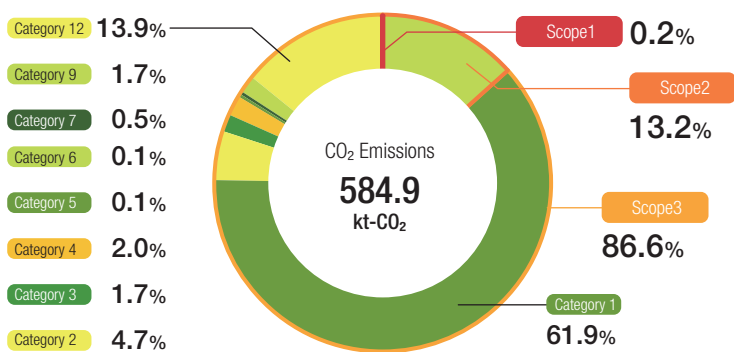
The following is the summary of our Group's GHG emissions in fiscal 2022.

**Scope 1** : 1.3 kt-CO<sub>2</sub>

**Scope 2** : 77.1kt-CO<sub>2</sub>

**Scope 3** : 506.5 kt-CO<sub>2</sub>

The Scope 3 emissions accounted for 87% of the total. We will work on reducing GHG emissions in our overall supply chain.



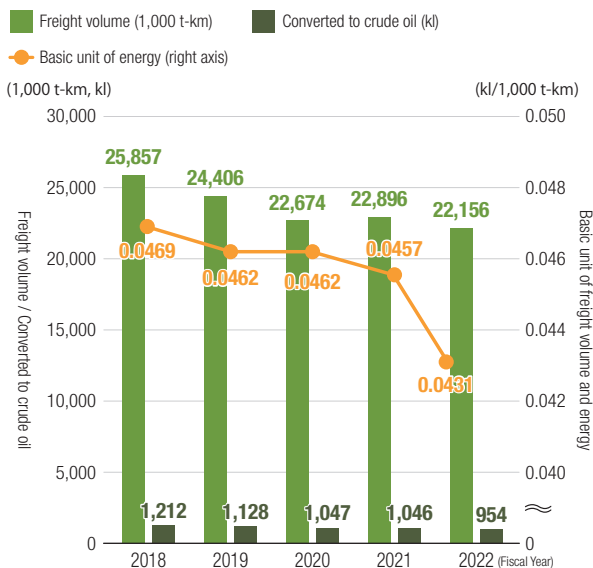
\*We calculate data using the Database of Emissions Unit Values by the Ministry of the Environment (Ver. 3.3), IDEA v2, data on the basic unit of emissions obtained from suppliers, and the Act on the Rational Use of Energy (ton-kilometer method).  
\*Calculation methods for Categories 1 and 4 were revised this fiscal year.

Category		FY2022 (kt-CO <sub>2</sub> )
(Scope 1) Direct emissions		1.3
(Scope 2) Indirect emissions from energy sources		77.1
(Scope 3) Indirect emissions excluding Scope 1 and 2		506.5
1	Purchased goods / services	362.2
2	Capital goods	27.6
3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	9.7
4	Upstream transportation and distribution	11.6
5	Waste generated in operations	0.6
6	Business travel	0.4
7	Employee commuting	3.0
8	Upstream leased assets	—
9	Downstream transportation and distribution	9.9
10	Processing of sold products	—
11	Use of sold products	—
12	End-of-life treatment of sold products	81.5
13	Downstream leased assets	—
14	Franchises	—
15	Investments	—
Total emissions (Scopes 1, 2, and 3)		584.9
Proportion of Scope 3 emissions		86.6%

## Energy-saving Activities Related to Transportation

In fiscal 2022, the basic unit of freight volume and energy decreased by 5.7% compared to the previous fiscal year. Freight volume as the denominator of the basic unit decreased by 3.2% year on year. We decreased the basic unit of energy by promoting a modal shift for the transportation between warehouses for the information devices and the packaging materials. As a result, we achieved a 2.1% reduction, exceeding the target of a reduction of 1% or more on a five-year average for the regular reports required by the Act on the Rational Use of Energy. Also, we reduced CO<sub>2</sub> emissions by 22%, from 3,200 t-CO<sub>2</sub> in fiscal 2018 to 2,493 t-CO<sub>2</sub> in fiscal 2022. We will continue to promote modal shifts and a reduction in the basic unit of freight volume and energy and CO<sub>2</sub> emissions.

### Changes in the Basic Units of Energy Converted To Crude Oil and Freight Volume and Energy



### Changes in CO<sub>2</sub> Emissions And CO<sub>2</sub> Emissions per Basic Unit of Freight Volume



# Waste Reduction and Recycling

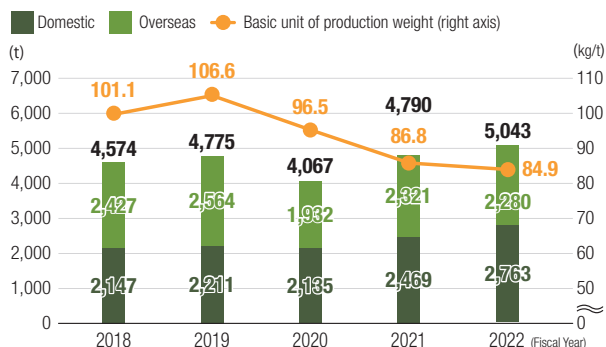
## Basic Approach

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

At domestic and overseas plants, we have proactively improved production methods by installing cutting-edge technology, resulting in yield and productivity improvements. Furthermore, we conduct periodic on-site inspections and audits of waste disposal contractors to ensure that proper disposal is being carried out for any waste that is generated.

## Changes in Waste Emissions per Basic Unit of Production Weight (Overall)



## Actual Results of FY2022

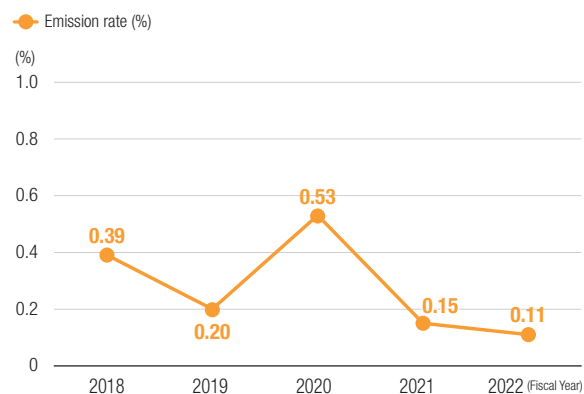
### Total waste emissions

The total waste emissions of domestic plants rose by 11.9% year on year to 2,763 tons. The increase is partly due to the addition of KitcheNista Co., Ltd. as a production facility. The total waste emissions of overseas plants decreased by 1.8% year on year to 2,280 tons. As a result, total waste emissions rose by 5.3% year on year to 5,043 tons.

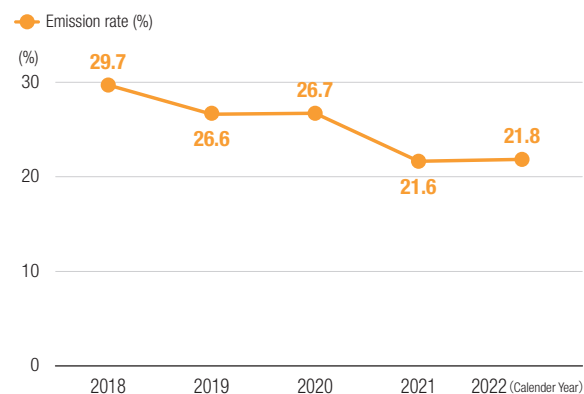
### Basic unit of waste emissions against production weight

The basic unit of waste emissions of domestic plants against production weight was 66.2 kg/t, a 4.7% increase year on year. The worsening was partly caused by waste generated from production adjustments that arose due to factory expansions and renovations. On the other hand, the basic unit of waste emissions of overseas plants against production weight decreased by 10.7% to 128.9kg/t. The reduction was due to initiatives such as minimizing material loss during startup and shutdown through continuous operation and promoting waste plastic recycling. As a result, the overall basic unit of waste emissions against production weight was 84.9 kg/t, a 2.2% reduction year on year.

### Emission Rate (Domestic)



### Emission Rate (Overseas)



# Control of Chemical Substances

## Basic Approach

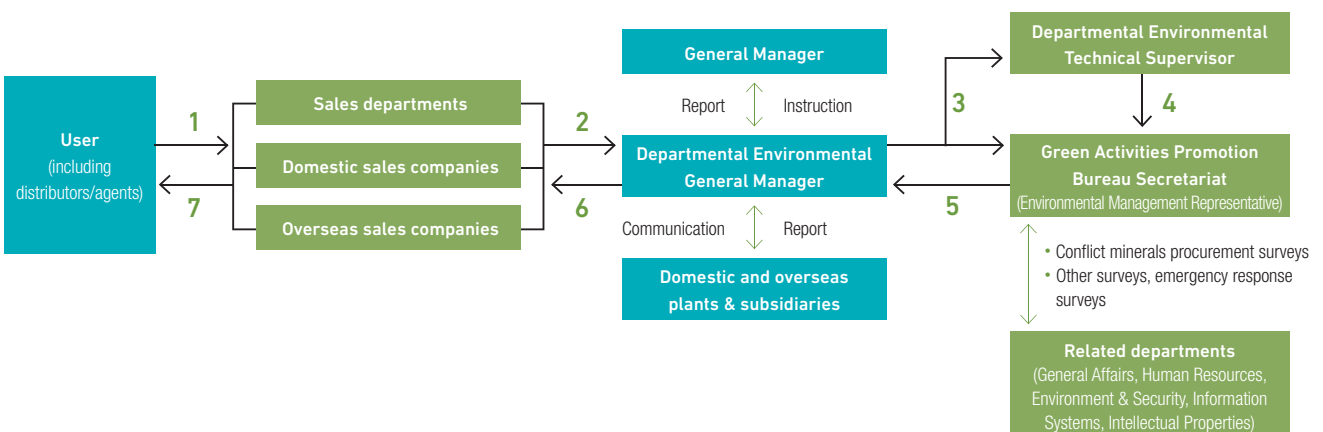
In accordance with Basic Environmental Principles, the Shin-Etsu Polymer Group is engaged in the control of chemical substances contained in products and the provision to customers of products with low environmental burdens through the proper handling of prohibited substances and controlled substances,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

## Enhancement of Control Systems for Chemical Substances

### • 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.

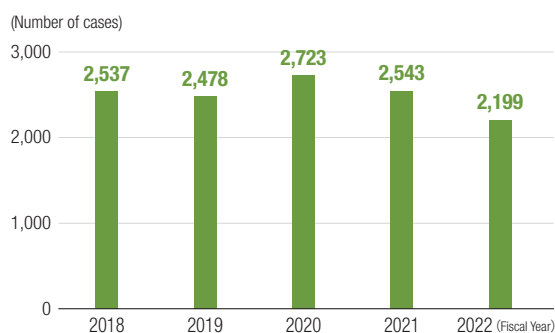
Prohibited substances	1) Chemical Substances Control Law 2) Industrial Safety and Health Law 3) Poisonous and Deleterious Substances Control Law 4) TSCA 5) POPs regulation 6) REACH regulation 7) GADSL	Class I Specified Chemical Substances Hazardous substances prohibited in production, etc. Specific poisons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

**WEB** Control Standards of Chemical Substances Contained in Products  
<https://www.shinpoly.co.jp/en/sustainability/environment/chemical.html>

## ● Number of Investigations on Chemical Substances Contained in Products

At the Shin-Etsu Polymer Group, we have conducted investigations on chemical substances contained in products since 2000. In recent years, we have received over 2000 requests for investigations on chemical substances contained in products per year, and we report the results in accordance with our Global Environmental Communication System. Furthermore, no major nonconformities occurred in fiscal 2022.

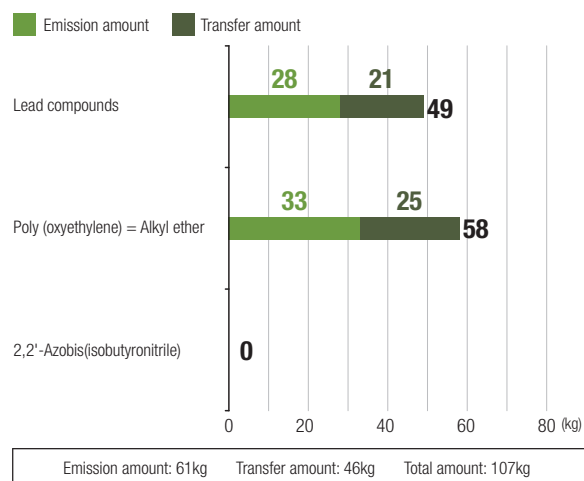
### Number of Investigations on Chemical Substances Contained in Products



## Management of the Emissions and Transfer of PRTR Target Substances

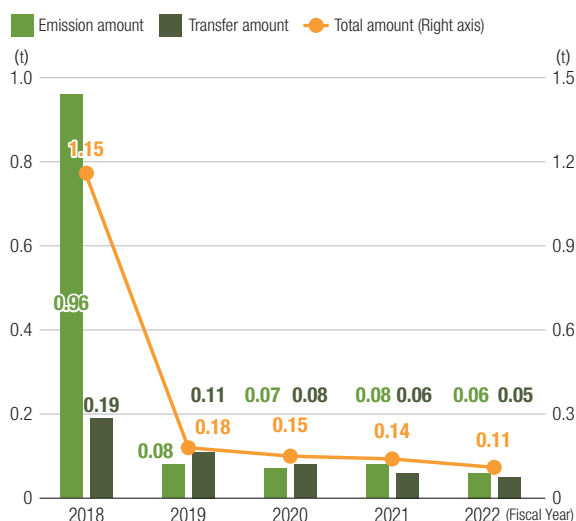
Tokyo, Nanyo, and Kodama Plants made PRTR registrations for 107 kg of two substances (61 kg for emissions and 46 kg for transfers), including 49 kg (28 kg for emissions and 21 kg for transfers) of lead compounds (lead-based stabilizer for PVC products), a Class I Specified Chemical Substance.

### PRTR Registration Results



\*Registered amount = Amount of emissions + amount of transfers

### Total Results of PRTR Registrations



## Management of the VOC Emissions into the Atmosphere

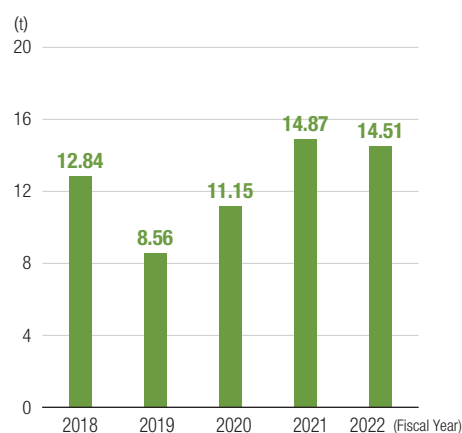
Total atmospheric emissions (t/year) in Japan for fiscal 2022 were 14.51 tons, a decrease of about 2.4% from the previous year's 14.87 tons.

The table below shows the nine substances included in the result.

Unit: t

VOC 9 substances	2018	2019	2020	2021	2022
Ethanol	8.87	6.71	9.02	10.40	11.37
Ethylbenzene	0.02	0.03	0.01	0.07	0.18
Xylene	0.02	0.05	0.03	0.20	0.13
Toluene	1.18	0.99	1.25	1.37	0.80
Acetone	0.00	0.00	0.00	0.24	0.22
Ethyl acetate	0.04	0.03	0.04	0.02	0.04
Butyl acetate	2.36	0.40	0.50	0.40	1.19
Propyl alcohol	0.35	0.35	0.30	0.47	0.58
Methyl ethyl ketone	0.00	0.00	0.00	1.71	0.00
Total	12.84	8.56	11.15	14.87	14.51

### Change in Total VOC9 Emissions





# Activities for Bio-diversity Protection

## Basic Approach

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

## Conservation of Water Resources

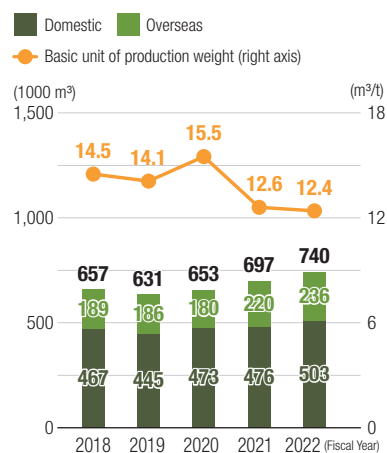
We need to address water risks as water shortages have become more serious on a global scale due to the impact of climate change. Our Group promotes proper management of water resources, wastewater treatment, and efficient water use.

### • Efficient Use of Water

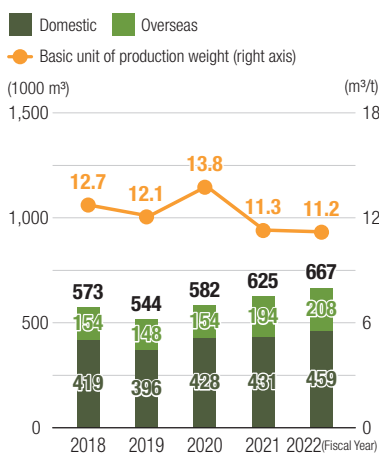
Total industrial water consumption in domestic and overseas plants was 106% of the result in the previous year due to an increase in the manufacture of semiconductor-related products. However, thanks to efficient water use, the basic unit was 98% of the result in the previous year. Total water discharge was 107% while the basic unit was 99%, compared to the result of the previous year.

Additionally, the amount of circulated water was 101% while the basic unit was 94%, compared to the result of the previous year.

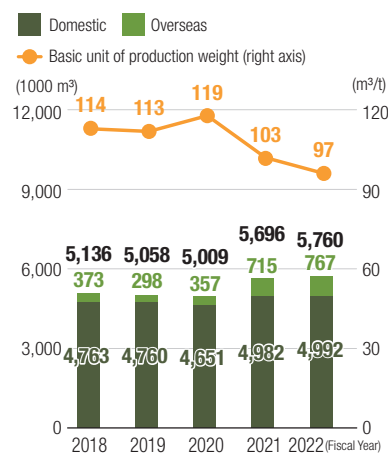
#### Industrial Water Use Status (Total)



#### Water Discharge Status (Total)



#### Circulated Water Status (Total)



### • 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 conduct regular analysis of discharged water to check that the quality of discharged water satisfies the standard specified in the Water Pollution Prevention Act. 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 analysis and surveys on soil and underground water when we build new plants and expand existing plants in order to confirm that there is no contamination.

# Information Disclosure Based on TCFD Recommendations

## Endorsement of TCFD Recommendations and Our Initiatives

The Shin-Etsu Polymer Group develops business activities that embrace sustainable approaches and aim to reduce our businesses' environmental impacts and contribute to achieving a sustainable society with a focus on the transition to a low-carbon society. Toward the goal of achieving carbon neutrality by 2050, we are working to reduce CO<sub>2</sub> emissions related to all business activities of the Group.

As of January 2022, the Shin-Etsu Polymer Group has endorsed the TCFD\* recommendations. The Group actively discloses information per the four recommended disclosure areas: Governance, Risk Management, Strategy, and Metrics and Targets.

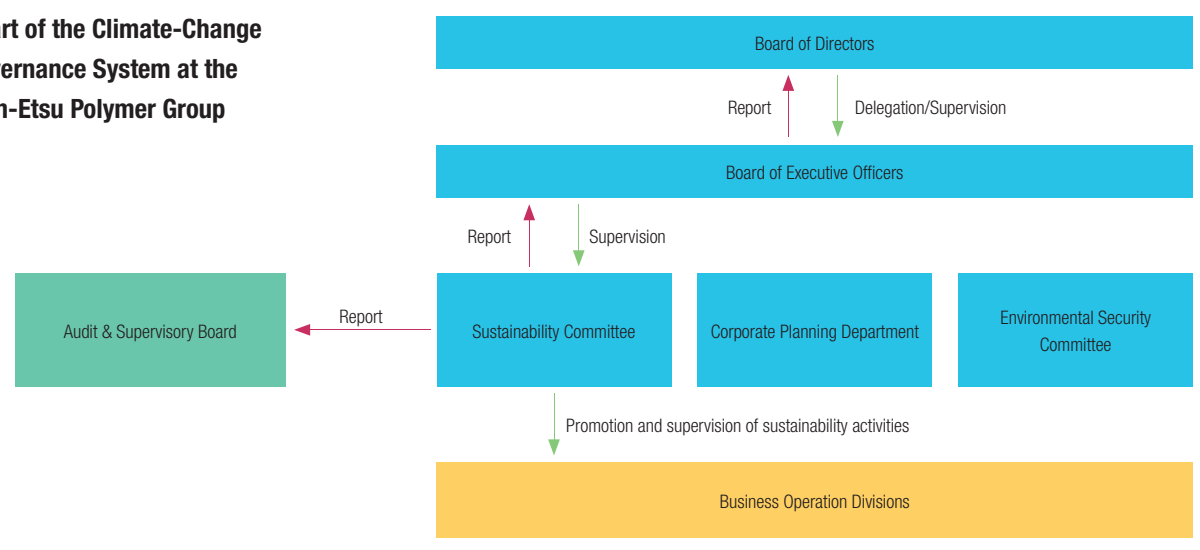


\*Task Force on Climate-related Financial Disclosures (TCFD) is an international initiative established in 2015 by the Financial Stability Board (FSB) of the G20. It aims to improve the disclosure of financial impacts related to climate-related risks and opportunities.

### • Governance

At the Group, we have established the Sustainability Committee, which is chaired by the president. Here, necessary discussions for enhancing sustainability management are held. This includes deliberations regarding climate change actions, such as reduction targets for CO<sub>2</sub> emissions, and the receipt of periodic reports, including annual activity reports from business operation divisions. Important matters discussed at the Committee are reported to the Board of Directors and the Audit & Supervisory Board, where they are monitored and supervised. Also, as a part of our ongoing energy-saving initiatives in the Green Activities, we regularly report on the progress in achieving targets set for our domestic and overseas plants. We will align these efforts with our goals for achieving carbon neutrality by 2050.

Chart of the Climate-Change Governance System at the Shin-Etsu Polymer Group



## ● Strategy (Scenario Analysis)

The Shin-Etsu Polymer Group has qualitatively assessed the financial impact of climate-related risks and opportunities in our major businesses for a future with heightened climate change. We base these assessments on the two below scenarios, which reference multiple scenarios published by the IEA (International Energy Agency) and the IPCC (Intergovernmental Panel on Climate Change).

### 1.5°C Scenario

A scenario where strict measures against climate change would limit the average annual temperature rise to less than 1.5°C compared to pre-industrial levels

### 4°C Scenario

A scenario where the failure to take additional climate action is expected to lead to an average annual temperature rise of 3.2 to 5.4°C compared to pre-industrial levels

## ● Climate-Related Risks

Transition Risks (Policy & Regulatory Risks, Market Changes)

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

## ● Physical Risks (Acute)

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

## ● Climate-related opportunities

Opportunities (products and services)

Changes in the external environment	Degree of impact	Anticipated time frame	Impacts on Shin-Etsu Polymer Group
<ul style="list-style-type: none"> <li>Transition from gasoline vehicles to EVs</li> <li>Expansion of the digital network society</li> <li>Increased demand for a reduction in CO<sub>2</sub> emissions</li> <li>Increased demand for low-carbon products</li> </ul>	Major	Medium- to long-term	Electronic Devices: Development and launch of new products for EVs
			Precision Molding Products: Sales expansion of semiconductor-related containers due to increased demand
			Housing and Living Materials: Development and launch of material products for electronic components

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

## ● Risk Management

At the Shin-Etsu Polymer Group, the Sustainability Committee, chaired by the president, identifies and evaluates climate-related risks and opportunities. Risks assessed to have a high impact on the business are reported to the Board of Directors and the Audit & Supervisory Board. In addition, strategies and targets are set to minimize identified risks and maximize opportunities. The status of these initiatives is regularly reported to the Board of Directors and the Audit & Supervisory Board.

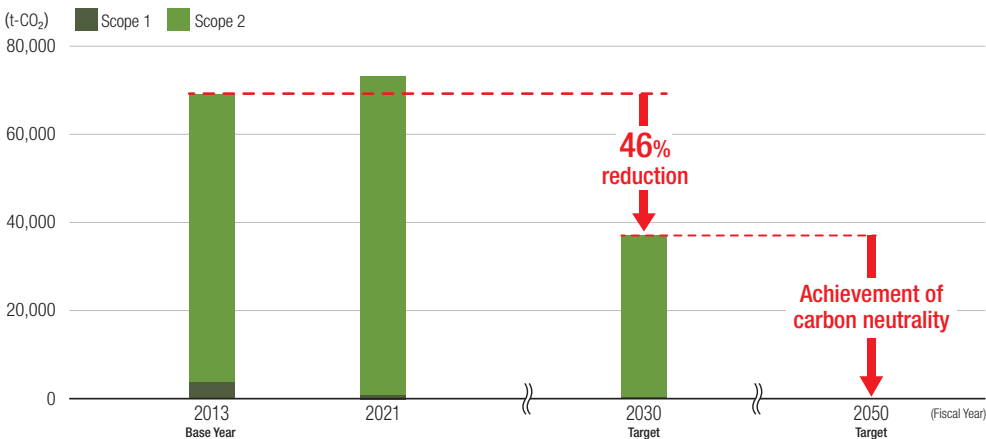
## ● Metrics & Targets

Towards the Shin-Etsu Chemical Group's 2050 Carbon Neutrality Declaration, Shin-Etsu Polymer has set a CO<sub>2</sub> reduction target to be met by FY2050 for its group companies as a whole. We will promote measures such as switching to renewable energy, transitioning to energy-saving equipment, and installing solar power generation.

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

<b>2030 Target</b>	46% reduction (compared to FY2013)
<b>2050 Target</b>	Achievement of carbon neutrality

### CO<sub>2</sub> Emission Reduction Targets for the Shin-Etsu Polymer Group



## 5

## Society

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# 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.
- 4 We will comply with laws and regulations to continue to be a company trusted by society and customers.

## 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.

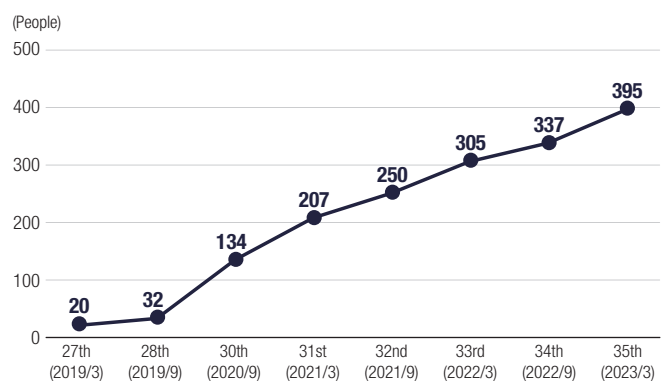
Each plant has a quality assurance department that is independent from the manufacturing department, assuming full responsibility for quality assurance operations. In addition, the Production Unit has the Office of Quality Assurance as a corporate-wide organization. By promoting cooperation among plants,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

### •The Quality Management and Quality Control Examination

The Quality Management and Quality Control Examination (QC KENTEI) is conducted under the certification of the Japanese Society for Quality Control. QC KENTEI is a written test that objectively evaluates the level of knowledge of quality control by dividing it into four grades\*.

As part of our quality management education, we have introduced a system for taking examinations according to the content of work and background. A total of 395 employees thus far have passed the test since this initiative was started in 2019.

Accumulated Total of Successful QC KENTEI Examinees



\* Each grade level

Grade 1: Candidates work in QC management or technical departments and require a high level of proficiency and understanding in all areas of quality control.

Grade 2: Candidates play a leading role in issues related to solving quality problems through the application of QC methodology.

Grade 3: Candidates include those with a basic understanding of QC methodology, members of Kaizen activities and students of industrial universities or colleges.

Grade 4: Candidates include new recruits, temp staff, high school and university students, and anyone interested in joining a company.

(From the website of the Japanese Standards Association)

## •Sixth Quality Month

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

Plant evaluations were carried out at the Itoigawa Plant and the Shiojiri Plant under the theme of "Review management of in-house abnormalities." The 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.



Plant evaluation scenes



## •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 with inspection results on whether quality-related laws and standards in addition to customers' contracts and specifications were observed.

## 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 mainstay of the response is moved to the Office of Quality Assurance from the plant to make 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 bring about 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 Guidelines.

### •Basic Policy and Guidelines to Promote CSR Procurement

#### Shin-Etsu Polymer Group Basic Procurement Policy

- 1 Legal compliance
- 2 Promotion of corporate social responsibility
- 3 Supplier selection
- 4 Development and review of the suppliers

#### CSR Procurement Guidelines

[https://www.shinpoly.co.jp/en/sustainability/social/Procurement/main/00/teaserItems1/01/linkList/0/link/guide\\_shin-etsu\\_en.pdf](https://www.shinpoly.co.jp/en/sustainability/social/Procurement/main/00/teaserItems1/01/linkList/0/link/guide_shin-etsu_en.pdf)

### •CSR Procurement Promotion System

We established a CSR Procurement Subcommittee consisting of members mainly from the Purchasing Department and held regular meetings. In fiscal 2022, we conducted the following activities:

#### FY2022 Activities and FY2023 Plans

Items	FY2022 activities	FY2023 activity plans
Revision of the Basic Procurement Policy	Implementation of revisions, posted on website	Review of revision plan
Revision of CSR Procurement Guidelines and CSR procurement investigation questionnaires	Implementation of revisions to CSR procurement investigation questionnaires	Review of methods for evaluating survey results
CSR promotional activities through distribution of the CSR Procurement Guidelines to our business partners	Posted on website	Post continuously on the website
Survey for selected business partners using CSR procurement investigation questionnaires	Conducted in accordance with the plan	Scheduled to be implemented in accordance with FY2023 action plan



## ● Business Partner Survey

In order to understand the current status of our 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 year 2018. In the FY2022 survey, as a member of the Shin-Etsu Chemical Group, we asked suppliers, including those overseas, to answer a total of 118 questions focusing on human rights.

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

## ● Compliance with the Subcontract Act

With regard to compliance with the Subcontract Act, we confirm that registration and renewal of each business partner is carried out without delay in accordance with the capital and transaction details of each business partner. In addition, we continue to work with employees who have contact with companies subject to the Subcontract Act, collaborating not only with personnel in the Purchasing Department but also with related internal departments.

## Response to Conflict Minerals

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

 **Conflict Minerals Policy**  
<https://www.shinpoly.co.jp/en/sustainability/social/mineral.html>

## Declaration of Partnership Building

We agreed with the purpose of the "Council on Promoting Partnership Building for Cultivating the Future" promoted by the Cabinet Office and the Small and Medium Enterprise Agency and have announced the "Declaration of Partnership Building."

 **Declaration of Partnership Building (In Japanese only)**  
<https://www.shinpoly.co.jp/ja/sustainability/social/procurement.html>



# Human Resource Development

## Shin-Etsu Polymer Human Resource Development Policy

Shin-Etsu Polymer is looking for “staff who promote creativity and innovation.” To achieve this goal, we will strive to create a workplace culture that encourages employees to take on the challenge to reach high goals that are stretchy and effective, and to foster a development PDCA cycle that emphasizes OJT that allows employees to turn on-site experience learning cycles.

In addition, we will provide an environment in which each employee can continue to learn so that they can independently feel that they want to learn, play an active role, and advance their careers.

## The Type of Person We Are Looking For

**Independence**

- Acts independently
- Responds positively to change
- Continues their own self-improvement

**“Staff who promote creativity and innovation”**

**Ability to get things done**

- Proactive
- Finishes their work
- Quick

**Leadership**

- Empowers team members
- Guides, leads, and motivates
- Ability to use their resources

**Communication**

- Trustworthy and good at teamwork
- Responds with empathy to how others feel
- Properly communicates his/her opinion

**Ability to plan and make proposals**

- Makes strategies that identify the root of the problem
- Plans and implements solutions that utilize new ideas

## Education / Training

We consider “staff development” 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 by position, remote educational systems to support self-enlightenment and incentive systems for qualification acquisitions.

### Training program

Name of training	Purpose	Subjects	Number of attendees in FY2022
Manager training	<ul style="list-style-type: none"> <li>• Awareness shift towards management closer to executives</li> <li>• Reconfirmation of the general view and basics of management</li> </ul>	Managers	7
New manager training	<ul style="list-style-type: none"> <li>• Awareness shift from an employee to a position responsible for management</li> <li>• Understanding of general view and basics of management as a manager</li> </ul>	New managers	19
Training for supervisor ranks	<ul style="list-style-type: none"> <li>• Recognition of roles as mid-career and experienced employees</li> <li>• Cultivation of ability to instruct subordinates and junior employees</li> </ul>	Mid-career employees	48
Training in third year after joining the company	<ul style="list-style-type: none"> <li>• Recognize the roles required for young employees</li> <li>• Improve job satisfaction and motivation</li> </ul>	Young employees	10
New employee training	<ul style="list-style-type: none"> <li>• Attitude as working adults and corporate employees</li> <li>• Basic procedures and conduct towards work</li> </ul>	New employees	10 (Bachelor’s degree or higher) 18 (High school graduates)

## Tutor System

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

### New graduate employees

(Unit: People)

Items		FY2020	FY2021	FY2022
Number of new graduates hired (Bachelor's degree or higher)	Male	8	5	6
	Female	1	1	4
	Total	9	6	10
Number of new graduates hired (High school graduate)	Male	10	9	16
	Female	0	3	2
	Total	10	12	18
Total		19	18	28

## Human Resources System

The Shin-Etsu Polymer Group works on the development of human resources systems that encourage employees to take on challenges from the viewpoint of creating work environments where each and every employee can work in their own way and develop themselves. We have adopted a track-based human resources 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.

# Respect for Human Rights

## Basic Approach

The Shin-Etsu Polymer Group respects the 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 to respect 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 opinion 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 labor and forced labor

We prohibit our 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.

## Conducting Compliance Assessments, Including Human Rights Risk Assessments

As part of our due diligence on human rights, the Group has been conducting human rights risk surveys in the value chain since 2018 to confirm that our business is conducted in accordance with the Shin-Etsu Chemical Group Human Rights Policy. In FY2022, we conducted a survey targeting approximately 70% of tier 1 suppliers in Japan and overseas. As a result, we confirmed that there were no serious violations to our human rights policy. The Group will continue to promote management that respects human rights.

## Supplier Hotline

The 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. In FY2023, we established a point of contact available in English in addition to Japanese.

 Supplier Hotline

<https://www.shinpoly.co.jp/en/contact/contact17.html>

# 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 developing environments to help employees balance work and various life events, such as childbirth and childcare by providing support exceeding the legal requirements and enhancing employee assistance. In response to the revision of the Childcare and Family Care Leave Act, we have created an environment that encourages male employees to participate in childcare and worked to increase the percentage of male employees taking childcare leave.

### Usage of maternity, childcare and nursing care leave

Items	FY2020	FY2021	FY2022
Number of employees who took maternity leave (People)	2	5	5
Number of employees who took childcare leave (People)	2	4	15
Number of males included in employees taking childcare leave (People)	0	0	7
Percentage of female employees taking childcare leave (%) (Leave takers/ Number of births×100)	100	100	100
Percentage of male employees taking childcare leave (%)	0	0	77.7
Number of employees who used the reduced working time system to care for children (People)	17	16	13
Number of employees who took nursing care leave (People)	1	0	0



## Comments from Male Employees Taking Childcare Leave

### Ryota Ono

Accounting Department

Immediately after the birth, I was pretty busy at work and there was little time to be involved in childcare. This made me take childcare leave because I wanted more time to be with my child. I did not want to leave childcare to my wife alone and I wanted to actively be involved. Our company has an e-learning system for childcare leave and it was easy to take it, so I took two weeks of childcare leave.

During the childcare leave period, I took care of my child as much as possible (changing diapers, preparing milk, cuddling, etc.). Also, I did all the housework (cleaning, washing, cooking, etc.) so my wife could recover from childbirth.

By taking childcare leave, I could get used to childcare and I learned through experience how difficult it is to raise children. I feel that those two weeks were valuable because I got a lot of time to be with my child, and I could see my child grow up and begin to speak. My wife was not feeling well after giving birth, and she was mentally and physically exhausted due to lack of sleep and nursing in the middle of the night. She said that my support was a big help to her.

## 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, and nursing care. Toll-free calls and e-mail are used to protect privacy.

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. The employees can still use a certain number of days of expired annual paid leave as accumulated 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

Items	FY2020	FY2021	FY2022
Average annual paid leave granted (Days)	19.0	19.0	18.7
Average use of annual paid leave (Days)	11.2	12.2	12.8
Annual paid leave taken (%)	59.3	64.4	68.4

### •Initiatives to Ensure Proper Working Hours

Overtime remained at the same level as the previous year as the number of busy workplaces increased along with the expansion of business performance. We will continue to work to improve operational efficiency and reduce overtime working hours.

#### Average monthly overtime (per person)

Items	FY2020	FY2021	FY2022
Hours/month	10.4	13.2	13.4

\* 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 different individual values and backgrounds and to fully demonstrate their abilities.

### Current Employment Situation

Items		FY2020		FY2021		FY2022	
		Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated
Number of employees	Male	793	1,902	794	2,023	799	1,946
	Female	203	3,187	207	3,134	206	2,760
	Total	996	5,089	1,001	5,157	1,005	4,706

## 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 the workplace. This fiscal year, we started a project centered on female managers.

### 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

Items		FY2020	FY2021	FY2022
Managers	Male	302	311	302
	Female	10	10	10
	Ratio of women (%)	3.21	3.11	3.21
Supervisors	Ratio of women (%)	19.24	21.91	25.81
Average duration of service (Years)	Male	20.8	20.6	20.7
	Female	15.7	16.7	17.6

### FY2022 Wage Difference between Men and Women (%)

All workers	Full-time workers	Part-time/fixd workers
67.3	69.0	52.5

Calculated based on the provisions of the "Act on the Promotion of Women's Active Engagement in Professional Life"



## Comments from a Female Manager

**Atsuko Tanaka**

Development and Planning Group

### My Work History and Work as a Manager

After joining the company as a mid-career hire, I first worked at the Intellectual Property Department and now I belong to the Development and Planning Group. I mainly conduct technology trend research and market research, and I am also in charge of the idea generation platform. Due to my work, I have the opportunity to talk with people from many departments. Now I have left work related to development, but I'm still exposed to various products and technologies, and this is something I like about my work.

### Promoting Women's Future Participation and Advancement

After joining the company, I gave birth to two children, took about a year of childcare leave for each of them, and returned to work. I think I have been able to get this far thanks to the use of various internal systems and the understanding of those around me. There are still few female managers, but I hope they will continue to use their individual abilities and expand their fields of activity without being bound by existing ideas.

## Employment of People with Disabilities

By positively supporting the employment of people with disabilities, we aim to become a company where diverse staff 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

Items	FY2020	FY2021	FY2022
Number of employees with disabilities (people)	23	25	22
Employment ratio of people with disabilities (%)	1.98	2.13	2.19

## Continued Employment of Retirees

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

### Number/Employment Rate of Re-Employed Employees

Items	FY2020	FY2021	FY2022
Number of retired employees (people)	41	31	29
Number of re-employed workers after retirement (people)	39	29	25
Post-retirement re-employment rate (%)	95.1	93.5	86.2
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

Items	FY2020	FY2021	FY2022
Number of mid-career hires (people)	4	24	23
Proportion of mid-career hires (%)	18.2	57.1	47.9



# 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 risk prediction training (“KYT”) and 5S+1A activities. In 2022, we encouraged workplace calisthenics before work, communication for near-miss elimination & precaution reporting, and pointing and calling as a bottom-up activity in the manufacturing department to improve individual employees’ sensitivity toward risks.

### •Environmental Security Audits

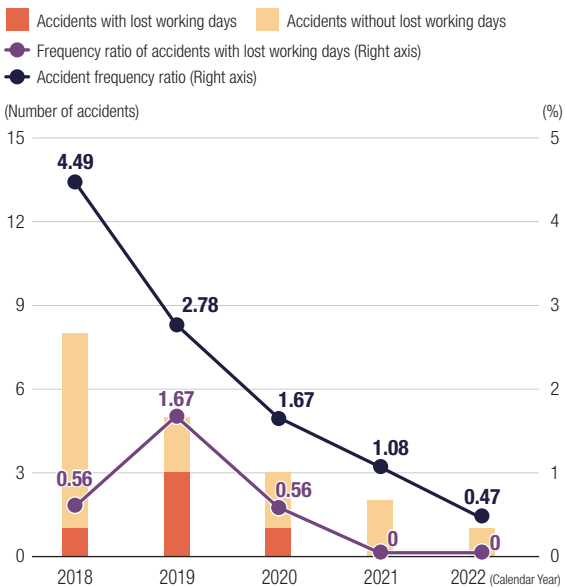
We conduct annual environmental security audits to check whether environmental security activities (safety and health, disaster prevention, environment and waste, and compliance) are properly implemented at all domestic and overseas plants.

In FY2022, on-site audits were not conducted at two domestic plants out of seven and four overseas plants in order to prevent COVID-19 infections. For these plants, audits took place through documentation in the form of web-based audits. As a special audit, we checked the inspection status and management of “safety devices on facilities and machinery.”

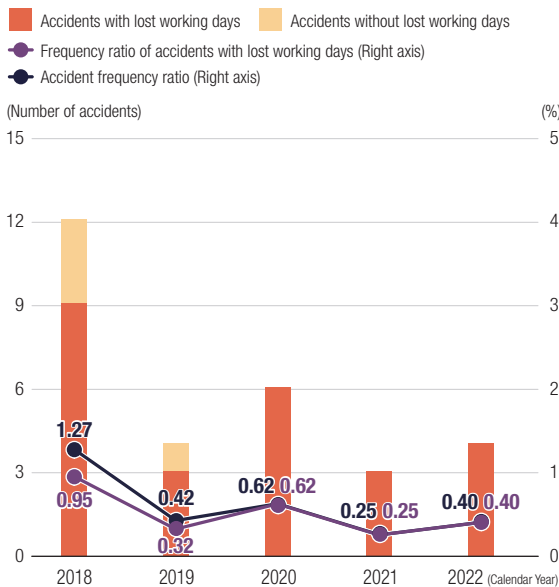
## •Work Time Accidents Report for 2022

The number of accidents that occurred at domestic and overseas plants was five, including one in Japan (no accident with lost working days) and four overseas (all accidents with lost working days). Most of the victims were younger employees with less than three years of experience. They were mainly caused by human error. In response to the large number of incidents of a hand or finger getting caught in machinery, we reviewed our non-stationary work instruction and offered employees opportunities to re-educate themselves. We will continue to promote safety education, KYT, and other initiatives to reinforce safety measures at each workplace.

### Workplace Accidents / Accident Frequency Ratio (Domestic)



### Workplace Accidents / Accident Frequency Ratio (Overseas)



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

# 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

### •Volunteer Activities to Repair Bridges – Expressing Gratitude to Infrastructure –

We participated in the Mizube no Hashi Migaki event, an event related to infrastructure maintenance in Shunan City, Yamaguchi Prefecture, where the Nanyo Plant is located. This event is a bridge maintenance activity for Matsumuro Ohashi Bridge, a bridge with a long life that turned 100 years old two years ago (Japan's oldest steel simple truss bridge that can be used without being relocated after construction). This is an activity to polish up the bridge expressing gratitude for the infrastructure that has supported the lives of the local people.

For the purpose of extending the life of bridges as much as possible, the “CATS-B (Bridge Guard),” a voluntary organization consisting of volunteers from industry, government, academia and the private sector, has been working to inspect and clean bridges. In this activity, “Polymer-Ace,” our product for infrastructure maintenance, was used to repair the bridge.

We will continue to contribute to local communities by providing maintenance products for easy and long-life installation.



Applying “Polymer-Ace” to the bridge

### •Volunteer Activities for the Elderly in the Community

The Rider and Bikers Club of Shin-Etsu Polymer (Malaysia) Sdn. Bhd. visited the elderly housing in Putrajaya to donate food and supplies needed by the elderly. They also conducted social contribution activities such as cleaning to improve the environment in the surrounding area.



Cleaning activities

### •Donating to the Community at the Children’s Day Event

Hymix Co., Ltd. (Thailand) donated stationery, food, presents, etc. to Donhuaroh City Hall and Dondamrongtham Elementary School in the area as part of the 2023 Children’s Day activity. In Thailand, the second Saturday of each January is designated as Children’s Day, and events related to Children’s Day are held at public facilities and elementary schools throughout Thailand.



Hymix employees prepared gifts

## • Beautification Activities

At production sites, we continuously conduct beautification activities in the neighborhood as local community members. The Tokyo Plant conducts a monthly program for picking up garbage in the community around the plant. Also, the Kodama Plant and the KitchaNista Chikusei Plant conduct beautification twice a year, while a total of 130 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.



In the “Clean Campaign” held at the Chikusei Plant in October

## Health and Safety

### • Traffic Safety

Throughout the year, the Tokyo Plant checks to make sure commuters are using their seatbelts during the morning commute, while also striving to enhance employee observance of the Road Traffic Act and strict enforcement of safe driving.

At the Shiojiri Plant Young Driver Club and Shin-Etsu Polymer India Pvt. Ltd. (India), we worked for the safety of the community and worked with the local police to encourage safe driving. In addition, Suzhou Shin-Etsu Polymer Co., Ltd. hosted a traffic safety knowledge workshop with the Fen Hu Traffic Police with 51 people participating and recommended by individual departments. Each plant is striving to cultivate safety awareness.



A reflective mark is affixed to an electric motorcycle during the SC safety workshop

### • Blood Donation

Shin-Etsu Polymer (Malaysia) Sdn. Bhd. hosted a blood drive, with 120 employees participating. We did this to save as many lives as possible while keeping an eye on the health of the blood donors.



Blood Donation

# 6

## Governance

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# 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, 2023, 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.

 Report on Corporate Governance  
<https://www.shinpoly.co.jp/en/ir/governance.html>

## 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 advice. The Nomination & Compensation Committee is comprised of two internal directors and two outside directors, assuring the independence of the Committee.

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

## Evaluation of the Effectiveness of the Board of Directors

In addition to the Nomination & Compensation Committee, Shin-Etsu Polymer strives to enhance its supervisory function by ensuring the Board's independence and objectivity by establishing an Advisory Committee for Transactions with Parent Company. In fiscal 2022, two meetings of the Nomination & Compensation Committee and one meeting of the Advisory Committee for Transactions with Parent Company respectively took place, with all committee members in attendance.

The Board of Directors of Shin-Etsu Polymer is composed of directors with diverse values and perspectives that are endorsed by a wide range of expertise in each field and overseas work.

To improve the performance of the Board of Directors as a whole, the Company's Board conducted a questionnaire for all Directors and Audit & Supervisory Board members on the effectiveness of the Board in fiscal 2022 and implemented a self-assessment at a Board meeting in May 2023. As a result, it was confirmed that the Board of Directors generally functions in a timely and appropriate manner, making swift decisions following open and constructive discussions and that the effectiveness of the Board of Directors is by and large assured.

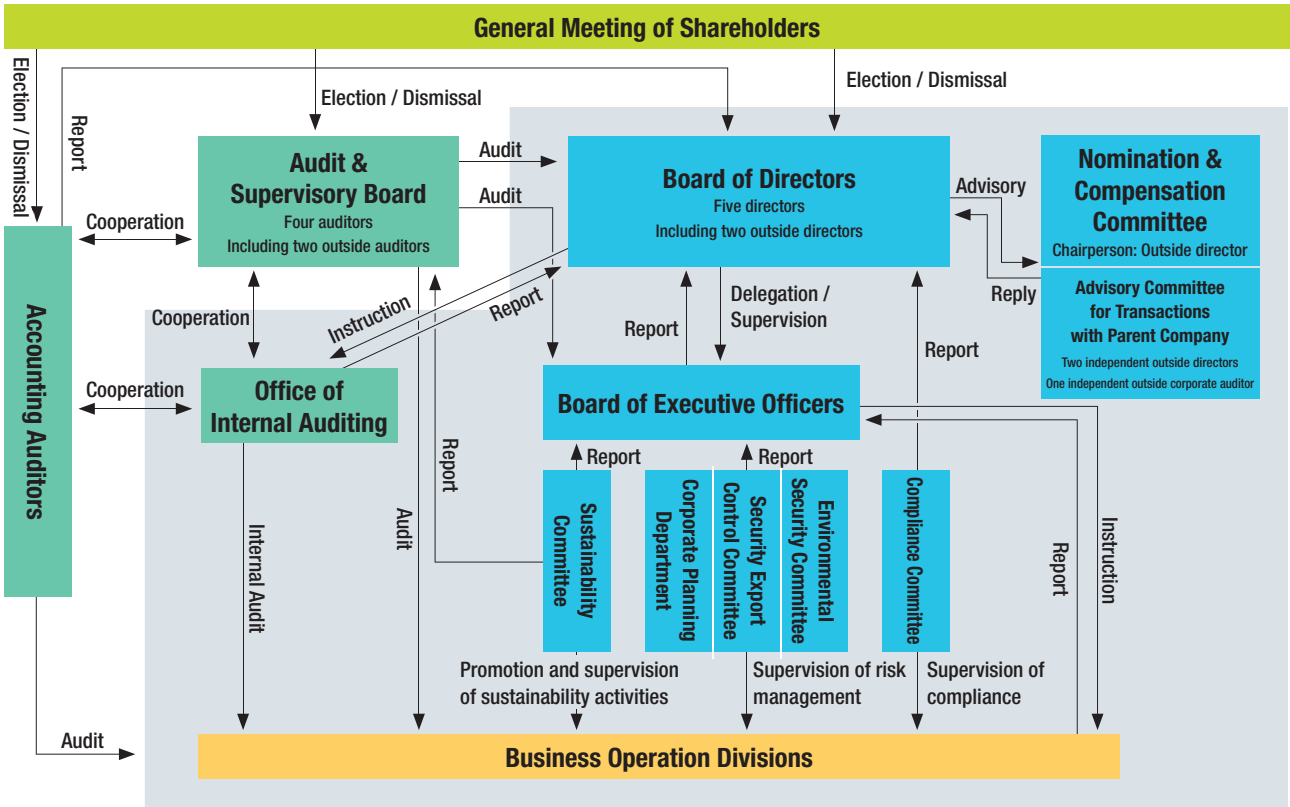
With regard to sustainability-related issues and diversity management, we will strive to further improve the effectiveness of the Board of Directors by enhancing discussions aimed at resolving issues.

In response to an effectiveness evaluation of the previous fiscal year, one outside female auditor was selected at the General Meeting of Shareholders this fiscal year.

## Audit System

As of June 23, 2023, the Audit & Supervisory Board consists of two inside and two outside Audit & Supervisory Board members and is conducting audits independently of business execution. Audit & Supervisory Board members fulfill their functions of supervising management by attending Board of Directors meetings and other important meetings, and also hold regular and extraordinary Audit & Supervisory Board meetings to discuss important auditing matters arising from reports from each Audit & Supervisory Board member. In addition, two Standing Auditors visit business operation divisions including those of subsidiaries for inspections as necessary, enhancing the precision and effectiveness of auditing.

Audit & Supervisory Board members receive reports on accounting auditing plans and implementation status from accounting auditors every quarter, attend the audit with accounting auditors where appropriate, and closely cooperate with each other through exchanges of opinions and consultation, striving to improve the effectiveness and efficiency of auditing. In addition, they regularly exchange information with the Office of Internal Auditing, which is an internal audit department. The Office of Internal Auditing conducts the audits and investigations of management and operational systems and operational execution status from the viewpoint of legitimacy, rationality and efficiency and reports to the Audit & Supervisory Board members as necessary.



**Corporate Planning Department**

Manages company-wide issues and risks, evaluates control policies and the situation of the entire company, and puts appropriate measures in place. Furthermore, it cooperates with other divisions and operates as a contact center in the case of an emergency.

**Security Export Control Committee**

Deliberates over and decides on compliance matters related to export control laws and regulations.

**Environmental Security Committee**

Deliberates over and decides on matters related to environmental security, disaster management and occupational health and safety.

**Compliance Committee**

Deliberates over and decides on matters related to compliance policies, measures and situational awareness.

**Support System for Outside Officers**

Outside directors and outside Audit & Supervisory Board members are informed in advance of the schedule and agenda of important meetings such as the Board of Director meetings. We have been striving to increase the frequency and improve the quality of information provision to outside directors and outside auditors by, for example, holding liaison meetings with outside directors and Audit & Supervisory Board members on a regular basis.

Also, the General Affairs Department and Office of Audit & Supervisory Board Members respectively extend support to outside directors and outside auditors by distributing materials from Board of Director meetings and meeting minutes. All outside officers were in attendance for Board of Director meetings, Board of Auditors meetings and special committees in fiscal 2022 and 2023.



## 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 ensuring a balance and diversity of knowledge, experience and abilities as the Board of Directors as a whole.

### Officer Composition and Skills Matrix

	Name	Attributes	Main knowledge / Experience / Abilities, etc.						
			Corporate management	Global	Technology	Marketing	Financial affairs / Finance	Legal affairs / Governance	Human resources management
Directors	Yoshiaki Ono		○	○	○				○
	Toshiaki Deto		○	○		○			○
	Satoru Sugano				○	○			○
	Shigemichi Todoroki	Outside and independent					○	○	
	Osamu Miyashita	Outside and independent	○	○		○			
Auditors	Hideaki Hirasawa			○			○	○	
	Yoshiaki Torimaru			○		○		○	
	Tatsuo Yoshihara	Outside and independent	○	○	○				
	Tomoko Moriya	Outside and independent					○	○	

\*Position names are as of June 23, 2023.

\*Does not represent all knowledge, experience, abilities, etc. of individual officers.

## Relationship with Parent Company

Shin-Etsu Chemical Co., Ltd., the parent company of Shin-Etsu Polymer, is a controlling shareholder holding 53.1% of the total number of outstanding shares 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. For important transactions and practices with the parent company and its group companies, the Committee guarantees the fairness of such transactions and practices. To protect the profit of general shareholders, the Committee deliberates on important transactions and practices in view of said purpose and reports to the Board of Directors. To enable fair and neutral judgments, committee members are required to be objectively and materially independent from the parent company and are composed of three members in total, i.e., two independent outside directors and one independent outside corporate auditor.

# Dialogues with Shareholders and Investors

## Basic Approach

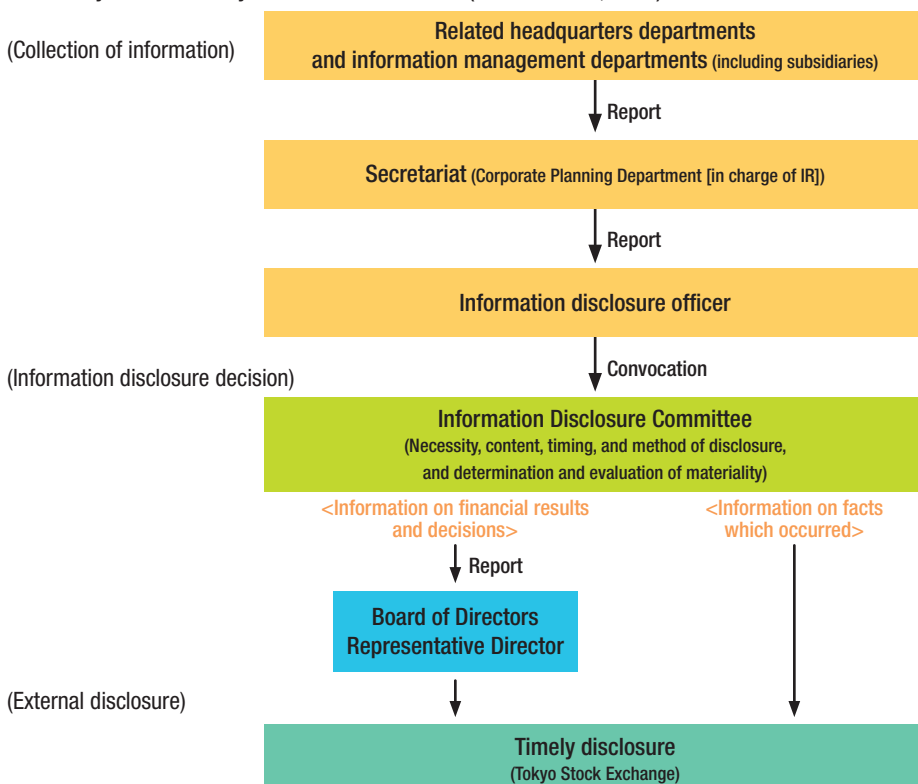
To achieve sustainable growth and increase medium- to long-term corporate value, Shin-Etsu Polymer recognizes that it is important to engage in active dialogue with shareholders and investors on a daily basis, reflecting the opinions and requests obtained into business management to grow as a company alongside them. 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 General Manager of the Corporate Planning Department at the head, the Information Disclosure Committee is composed of members of the Corporate Planning Department, 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 Directors, and as necessary, is announced to the media and/or published on our website.

### Internal System for Timely Information Disclosure (As of June 23, 2023)



## Communication with Shareholders and Investors

Dialogues with shareholders and investors are managed by the Corporate Planning Department (formerly the Office of the President) as IR activities, with individual meetings handled by the director in charge, the general 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.

 Investor Relations  
<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**

63rd Annual General Meeting of Shareholders: June 23, 2023

- **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 Annual 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. To bolster activities by the Compliance Committee as part of the Financial and Non-financial Strategy in the Medium-term Management Plan enacted in May 2023, Shin-Etsu Polymer established a system to enable subsidiaries and individual departments to set targets to be independently handled and to execute them with priorities together with the Secretariat.

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. Though this was only available in Japanese, in 2023, we established a contact point in English. 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, and by establishing internal and outside contact points as well as accepting anonymous whistleblowing, whistleblowers can feel more secure in reporting any 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 web streaming on a regular basis. These initiatives are designed to further raise compliance awareness within the Group so as to build a business culture to eliminate improper acts.

### Training Items in FY2022

Training name	Description	Designated participants	Number of participants
New Employee Education	<ul style="list-style-type: none"> <li>● General compliance</li> <li>● Internal control system</li> </ul>	New employees	23
Mid-Career Hire Employee Education		Mid-career hire employees	35
Training on Compliance with Anti-Monopoly Act	<ul style="list-style-type: none"> <li>● Understanding of and response to Anti-Monopoly Act</li> </ul>	People necessary for operational reasons	About 260

## ● Conducting Compliance Surveys at Production Contractors

According to Guidelines on Respect for Human Rights as set forth by the Ministry of Economy, Trade and Industry and with human rights due diligence becoming increasingly mandatory in the UN and EU, we have started to conduct a survey on the uptake of compliance at production contractors and other partners both in Japan and overseas since 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 to prevent and respond to risks that do materialize to ensure smooth business operations.

## Risk Management System

On the recognition 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 Corporate Planning Department 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 Corporate Planning Department 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.

### ● Preparation and Improvement of BCP Action Procedure Documents

Since fiscal 2019, the preparation of BCP action procedure documents from an initial response to when a disaster occurs to the creation of recovery plans has been handled at individual production bases and executed at three domestic bases in fiscal 2022. The goal in the preparation of “Group Action Flow” and “Action Checklist” is to clarify what each department should do and enable them to take prompt action in the case of a disaster.

We will continue to review and update procedure documents, and through training, etc., improve the effectiveness of BCP.



Scene from workshop

## ● Information Security Policies and Rules

As for our corporate information security policies, we examine the impact range of risks in information security regarding company information assets, establish goals to maintain and manage information security, and aim towards achieving such goals.

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.

In each department, there is an IT leader in charge of the management of IT assets, communication pertaining to system operations, initial action when a security incident occurs, etc. Any matters in relation to the corporate-wide management of information security are communicated to each department via this IT leader.

## ● Cybersecurity

To prepare for a cyberattack, the internal network and outside is completely separated by a firewall. All necessary security countermeasures, including monitoring with intrusion detection services 24 hours a day, 365 days a year are continuously taken. In addition, by separating information and control networks, we can minimize the impact in the case of an occurrence.

Targeted mail training and information security education via e-learning are regularly conducted, taking countermeasures from system and human perspectives.



# 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:	11,635 million yen
Number of employees:	Consolidated: 4,706 (1,946 male, 2,760 female) Non-consolidated: 1,005 (799 male, 206 female) (As of March 31, 2023)

## 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, Shiojiri Plant  
Itoigawa Plant

## Domestic Group Companies

Shin-Etsu Finetech Co., Ltd.  
KitchaNista 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

### Housing and Living 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

- Functional materials
- 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

## 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 2023"

#### Yoshinao Kozuma

Professor Emeritus, Sophia University

After reading the Group's "Sustainability Report 2023" and interviewing some of the people involved, I would like to make the following comments as an evaluation in relation to the Shin-Etsu Polymer Group's sustainability management.

#### 1. ESG targets of new Medium-term Management Plan

In May 2023, the Shin-Etsu Polymer Group announced its five-year Medium-term Management Plan, "SEP G&G 2027," starting from fiscal 2023. This plan incorporates a non-financial strategy of strengthening ESG initiatives. While the Shin-Etsu Polymer Group has previously expressed its commitment to promoting CSR management and realizing a sustainable society, this is the first time that ESG targets pertaining to important environmental and social issues have been included, indicating an intention to further strengthen sustainability management. Of particular significance is the quantified expression of medium to long-term climate goals, specifically the 2050 Carbon Neutral (CN) milestone and the 2030 milestone, which earned high praise for being in alignment with global trends and the Japanese government's 2050 CN declaration.

However, in order to avoid negative impacts caused by climate risks, it would be better to prepare and announce a transition plan pertaining to an actual path and strategy leading to 2050 CN by including scope 3 emissions that account for about 87% of total emissions in the 2050 CN target as quickly as possible.

#### 2. TCFD information disclosure and 1.5°C scenario

Climate-related information supporting TCFD has been newly disclosed. In particular, the fact that scenario analysis was conducted for the 1.5°C scenario is both appropriate and timely. Along with the setting of the 2050 CN target, this achievement shows the soundness of the Group's climate risk management.

## Response to Third-Party Opinion



#### Osamu Kowada

Head of Corporate Planning Department  
Assistant Chairman, Sustainability Committee

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. ESG Targets of New Medium-Term Management Plan

We will disclose corporate policies pertaining to ESG targets in the Medium-term Management Plan. We will continue to strive to build a sustainable society as a sustainability management promotion company and work on the challenge of realizing a low-carbon society while actively contributing to solve the challenges pointed out by Professor Kozuma.

#### 2. Support of TCFD

In support of TCFD, we will recognize future climate change-related events as management risks and utilize them in our business strategies by identifying new opportunities.

#### 3. Supplier Hotline Available in English

With regard to human rights risks pertaining to supply chain management, we

#### 3. Supplier hotline available in English

"SEP G&G 2027" also set targets to respect human rights, promote diversity and the promotion of CSR procurements. Among these is "improvement of supplier hotlines," which are indispensable for human rights risk management in a supply chain. On the English website of the Group, a supplier hotline contact point in English was recently launched. This is also one of the greatest achievements of the current fiscal year.

#### 4. Results of countermeasures for workplace accidents

The Group has strived to achieve zero workplace accidents. The frequency ratio of accidents with lost working days at domestic production bases was recorded as zero for two consecutive years. The accident frequency ratio at domestic production bases has also been decreasing over time, which is an achievement worthy of being evaluated. In recent years, as workplace accidents are generally included as risks subject to human rights due diligence globally, continuing with the zero-labor accident trend would be most desirable.

#### 5. Future challenges

The failure to the statutory employment rate of persons with disabilities still remains a challenge for the future. Assuming that departments concerned are making daily efforts, I feel that considering measures to serve as an effective improvement measure may be necessary. In addition, the difference in wages between males and females that is disclosed this fiscal year shows that the standard wage for females compared to males is lower than the average in Japan, which is even lower than the OECD average. Therefore, I would like to see a reduction in these disparities earlier than the target year of 2028.

will open hotlines for overseas suppliers, increase transparency and fairness of transactions between suppliers and our company and build stronger relationships of trust.

#### 4. Countermeasures for Workplace Accidents

With higher awareness about health and safety and heralding "zero accidents" as a management target, all employees work together to reduce risks of danger at workplaces and conduct safety countermeasures on a daily basis. We will maintain these continued efforts to ensure zero accidents.

#### 5. Diversity & Inclusion

As improvements to diversity and inclusion emerged as a challenge, we will continue to work on this issue with an increased sense of speed.

## 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 2022 edition, which depicted Niigata Prefecture, we took motifs from Nagano Prefecture, where the Shiojiri Plant is located. Specifically, this year’s cover shows Matsumoto Castle, a national treasure of Japan, and the Japanese rock ptarmigan, which is the prefectural bird of Nagano Prefecture.



**Shin-Etsu**

Shin-Etsu Polymer Co., Ltd.

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