



Shin-Etsu Polymer  
*SUSTAINABILITY*  
*REPORT*  
*2025*



## Shin-Etsu Polymer Group's Corporate Mission Statement

Contribute to social and industrial development by creating value based on technologies and products while simultaneously facilitating fair corporate activities in compliance with laws and regulations.

Corporate Code of Conduct



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



## Basic Sustainability Policy

The Shin-Etsu Group will:

- 1 | Do our best to increase the Group's corporate value through sustainable growth and make multifaceted contributions to society.
- 2 | Carry out all our company activities while always placing the utmost priority on safety.
- 3 | Expand those businesses that contribute to the reduction of greenhouse gas emissions.
- 4 | Maximize the efficiency of product development and manufacturing, and contribute to higher efficiency of society by supplying our products thus produced.
- 5 | Engage in business activities while taking biodiversity into account and seeking harmony with the global environment.
- 6 | Strive to respect human rights, assure equality in employment opportunities, and support the self-fulfillment of our employees.
- 7 | Appropriately disclose information in a timely manner.
- 8 | Carry out healthy, trustworthy, and transparent corporate activities in compliance with laws and regulations based on the integrity of the Group's ethical values.

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## 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, we also strive to disclose information in line with requirements from our stakeholders.

The editorial policies for the fiscal 2025 version are as follows:

- 1 The Special Feature introduces the “Polyma-Wrap RV”.
- 2 The Sustainability Report covers our organizations and activities related to sustainability management, 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 2025 version, we received third-party opinions 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.

- Period covered by this report  
Fiscal 2024 (Group Companies in Japan: April 2024 to March 2025, Overseas Group: January to December 2024)
- Organizations covered by this report  
Shin-Etsu Polymer Co., Ltd. and consolidated subsidiaries are covered but they are classified according to the following rules:  
Consolidated / Our Group: Shin-Etsu Polymer Co., Ltd. and consolidated subsidiaries  
Non-consolidated / Our Company: Shin-Etsu Polymer
  - The environmental data is classified according to the following criteria:  
Group: Production sites in Japan or overseas and non-production sites  
Overall: Production sites in Japan or overseas  
Domestic: Production sites in Japan (Tokyo Plant, Kodama Plant, Shiojiri Plant, Itoigawa Plant, and Chikusei Plant)  
Overseas: Overseas production sites (Suzhou Shin-Etsu Polymer Co., Ltd., Dongguan Shin-Etsu Polymer Co., Ltd., Shin-Etsu Polymer (Malaysia) Sdn. Bhd., PT. Shin-Etsu Polymer Indonesia, Shin-Etsu Polymer India Pvt. Ltd., Shin-Etsu Polymer Hungary Kft., Hymix Co., Ltd.)
  - Society and Governance Data: Production sites in Japan or overseas and non-production sites
- Date of Issue  
September 2025 (Previous issue: September 2024; Next issue: September 2026)
- References  
Environmental Reporting Guidelines 2018 by the Ministry of the Environment  
GRI Sustainability Reporting Standards  
The Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

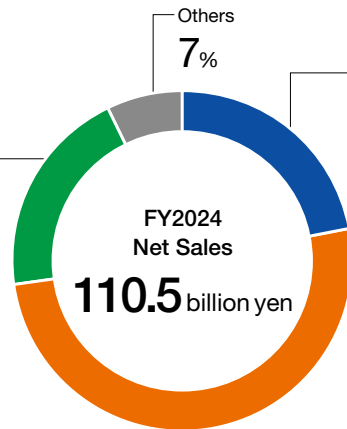
# Business Summary



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

### Main Products

- Wrapping films and other packaging material related products
- Functional compounds
- Functional materials
- Exterior material related products



We are expanding our business globally, focusing on electronics-related fields such as input components for automobiles and information devices.

### Main Products

- Input devices
- Display-related devices
- Component-related products



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

### Main Products

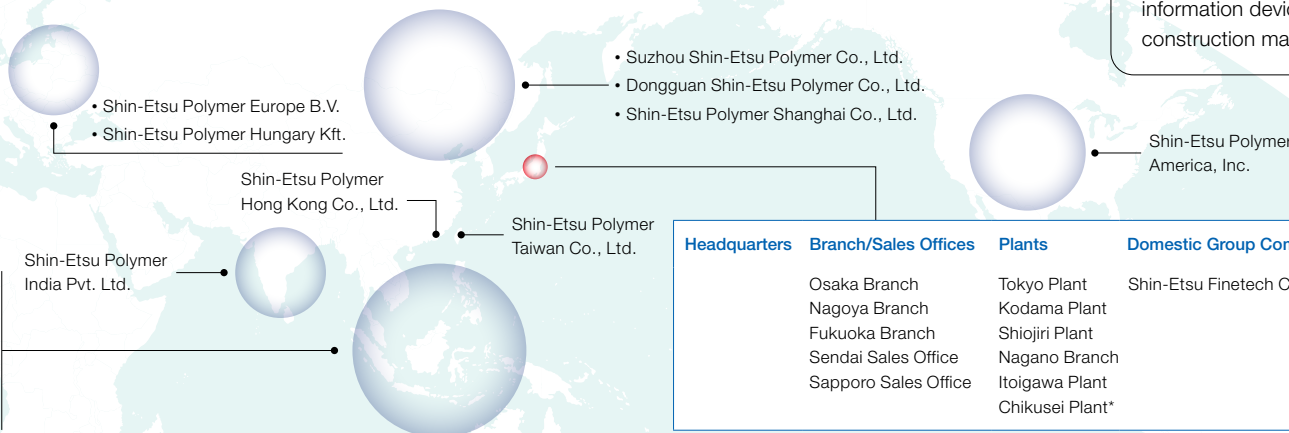
- Semiconductor-related containers
- Carrier tape-related products
- OA device components
- Silicone rubber molded products

## Company Profile

Corporate name: Shin-Etsu Polymer Co., Ltd.  
 Established: September 15, 1960  
 Head Office: Ote Center Building., 1-1-3 Otemachi, Chiyoda-ku, Tokyo 100-0004 Japan  
 Paid-in Capital: ¥11,635 million  
 Employees: Consolidated: 4,356 (1,830 male, 2,526 female)  
 Non-consolidated: 942 (741 male, 201 female)  
 (As of March 31, 2025)

## Main Business Activities

Shin-Etsu Polymer was established in 1960 as a manufacturer of polyvinyl chloride (PVC) products. Since then, we have developed applications using silicone and various plastics for our fundamental technologies involving materials and compounding, design, molding processes, and evaluation and analysis. As a manufacturer of molded plastic products, we meet diverse customer needs in a wide array of fields from automobiles and information devices to semiconductors and construction materials.



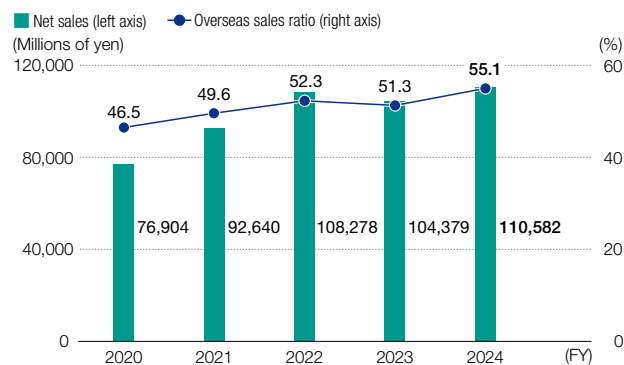
Headquarters	Branch/Sales Offices	Plants	Domestic Group Companies
	Osaka Branch Nagoya Branch Fukuoka Branch Sendai Sales Office Sapporo Sales Office	Tokyo Plant Kodama Plant Shiojiri Plant Nagano Branch Itoigawa Plant Chikusei Plant*	Shin-Etsu Finetech Co., Ltd.

\* KitcheNista Co., Ltd. was dissolved on April 1, 2025, following an absorption-type merger with our company as the surviving company. (As of April 1, 2025)

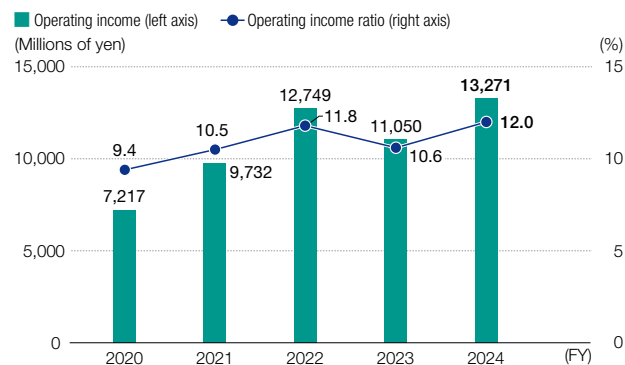
# Financial and Non-Financial Highlights

## Financial Highlights (Consolidated)

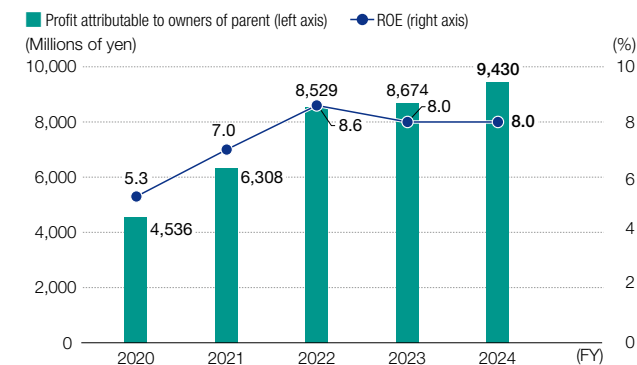
### Net Sales / Overseas Sales Ratio



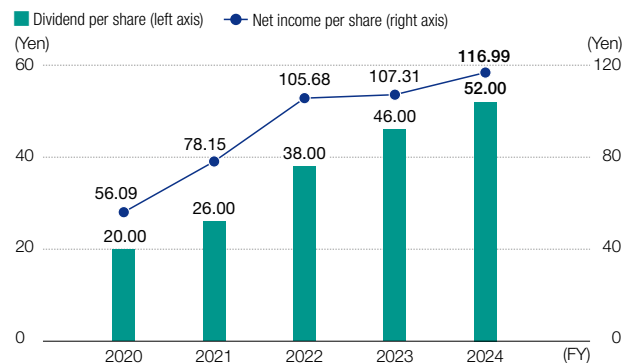
### Operating Income / Operating Income Ratio



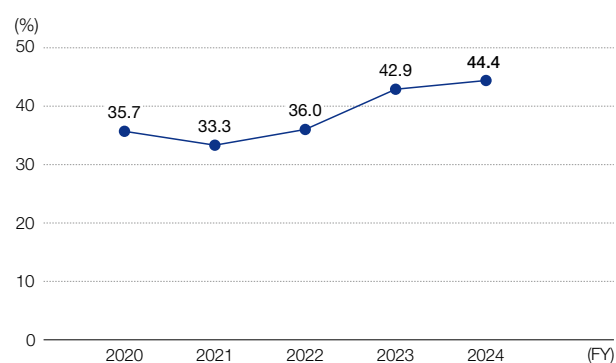
### Profit Attributable to Owners of Parent / ROE



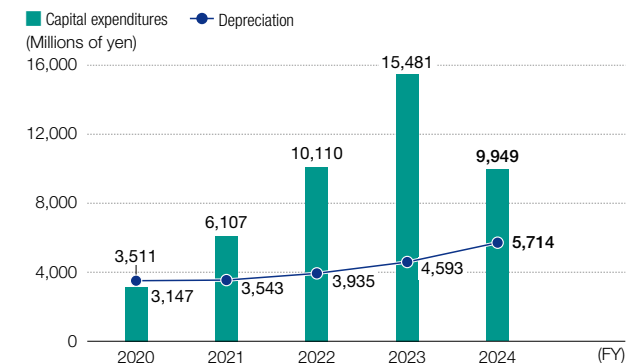
### Dividend per Share / Net Income per Share



### Dividend Payout Ratio

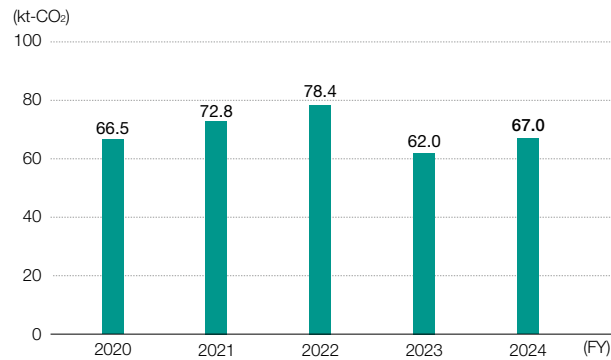


### Capital Expenditures / Depreciation

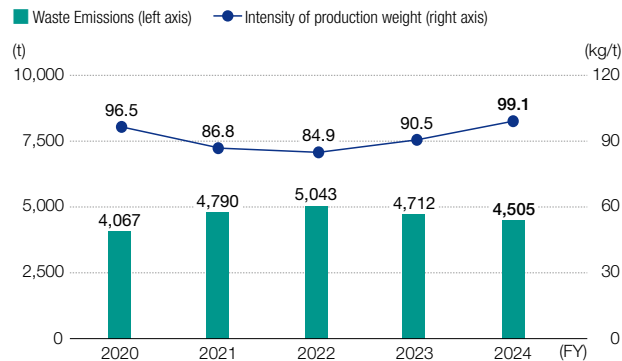


## Non-Financial Highlights

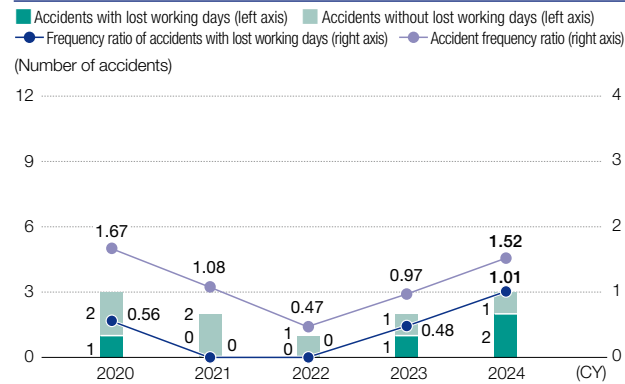
### CO<sub>2</sub> emissions (Scope 1 and 2) (Group)



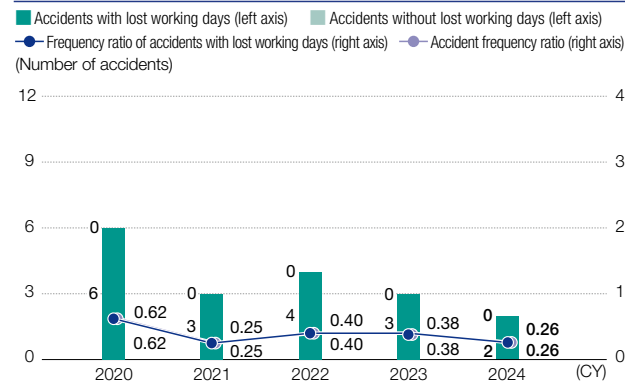
### Waste Emissions (Overall)



### Occupational Accidents (Domestic)\*<sup>1</sup>

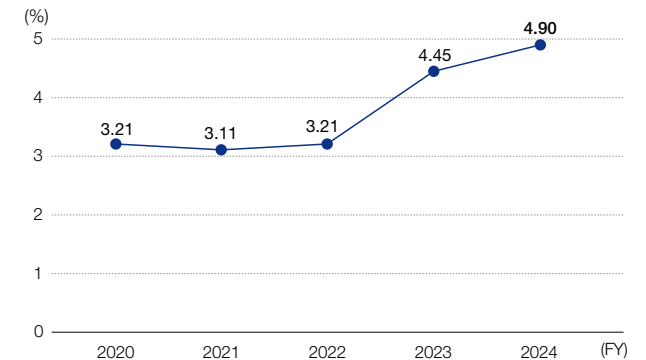


### Occupational Accidents (Overseas)\*<sup>1</sup>



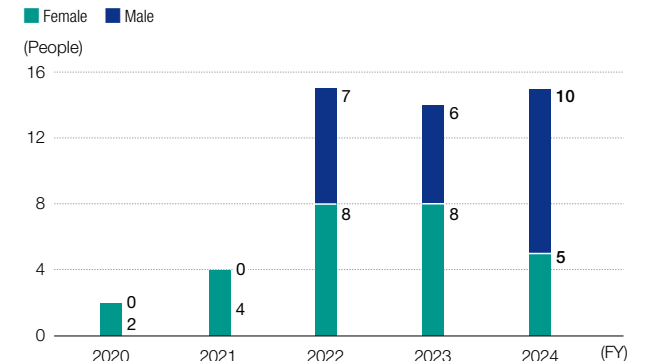
\*1 The graphs are divided due to differing definitions of occupational accidents between Japan and overseas.

### Ratio of Female Managers (Domestic)\*<sup>2</sup>



\*2 Figures are as of the end of March of each fiscal year

### Number of employees taking childcare leave (Domestic)



## Top Message

**As a leading company in resin processing, our aim is to become an essential presence in a sustainable society.**

*Joshiaki Ito*

Representative Director, President & Chief Executive Officer



Based on our corporate philosophy, the Shin-Etsu Polymer Group has earned the trust of a diverse range of stakeholders by putting safety and fairness above all else and creating new value through technologies and products that address societal needs. While the products we provide as a resin processing manufacturer may be somewhat low key, our items made from silicone rubber and various plastics materials are highly practical, enabling more convenient lifestyles as well as making a significant contribution to the industrial sector. Our goal is to become an indispensable part of a sustainable society by addressing customers' diverse needs through our one-stop service capabilities, spanning from material development to molding and processing.

In pursuit of our vision, the Group is currently pursuing business strategies and financial and non-financial strategies under the "Shin-Etsu Polymer Global & Growth 2027" medium-term management plan. Demand for semiconductor-related containers, viewed as a growth area, has remained steady in recent years, and we are expanding our production capacity to meet societal demands such as the widespread adoption of generative AI. In the automotive-related products segment,

another growth area, the shift toward environmentally friendly vehicles has become inevitable, and we are focusing our efforts on developing peripheral components. In base areas such as input devices, OA rollers, food packaging wrapping film, and functional compounds, we have also been working to bolster our product competitiveness by developing unique products that are conscious of and contribute to the environment.

The Group's initiatives to address social issues through our business operations are being driven in alignment with nine "Key Sustainability Issues." With regard to tackling the urgent challenge of achieving carbon neutrality, we have set a target to reduce CO<sub>2</sub> emissions by 46% compared to fiscal 2013 levels by 2030, and the entire company is committed to working together toward this goal. To achieve this, the Group has set the ambitious new target of increasing the share of renewable energy in our power supply to 33% by 2030, and we are also working actively to switch over to energy-saving equipment.

The medium-term management plan sets a target overseas sales ratio of 60% for fiscal 2027, and this ratio reached 55% in fiscal 2024. As we continue to expand our business globally, we recognize that human rights issues can pose significant

business risks, and we believe that strengthening our response to such issues is imperative. The Group conducts business activities in accordance with the Shin-Etsu Group Human Rights Policy and conducts supplier surveys to verify compliance with this policy. Additionally, as part of our Company's unique initiatives, we have been undertaking systematic human rights due diligence since fiscal 2024 and have begun scrutinizing the efforts of key suppliers whose business activities are significantly impacted by exposure to risks. Furthermore, we are urgently establishing systems in keeping with a global corporation, such as expanding our internal reporting system and supplier hotline. We believe that through this series of initiatives, awareness of human rights within the company has steadily risen.

Due to Japan's declining birthrate, aging population, and population decline becoming increasingly pronounced, securing, retaining, and developing excellent human resources is essential for the Group to achieve sustainable growth and contribute to society through our business activities. The effective utilization of human resources underpins all our business activities, and active communication among employees increases work motivation. Based on this belief, we are striving to enhance our training programs to bring out the full potential and motivation of each employee, while continuously working to create an environment where a diversity of employees can work comfortably and healthily with enthusiasm at every stage of their lives. Furthermore, to recruit human resources, we are actively hiring mid-career workers and upgrading our reemployment system. We are also reviewing recruitment methods and compensation packages based on our mid- to long-term business strategy.

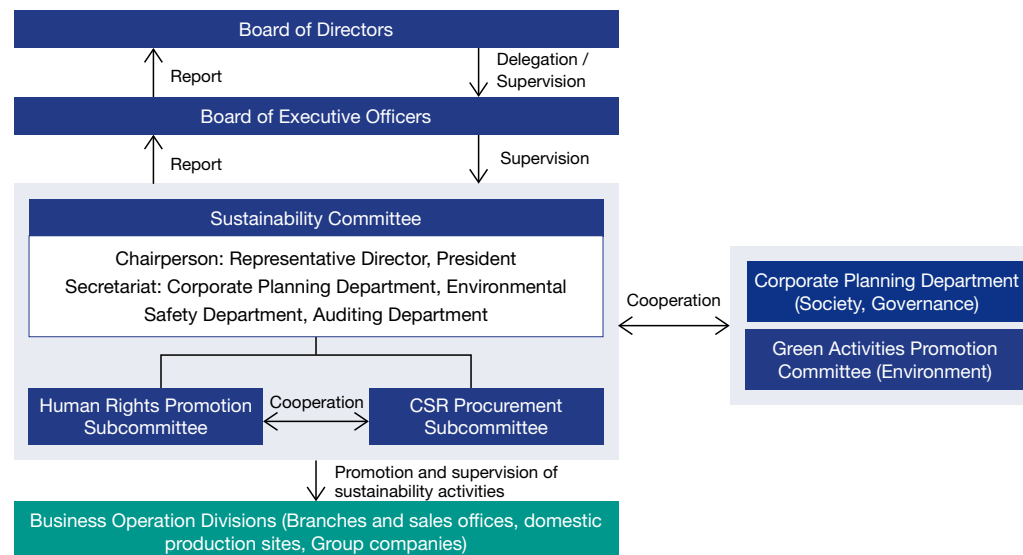
As a leading company in the resin processing field, we will continue to give form to the formless and remain the unsung heroes helping to build a better future. We are committed to earnestly tackling diverse ESG challenges to enhance our own sustainability as we strive to realize sustainability. To this end, we ask for your continued support for the growth of the Shin-Etsu Polymer Group.

# Sustainability Management

## Governance

With an aim to enhance sustainability management, the Shin-Etsu Polymer Group has established the Sustainability Committee, which is chaired by Representative Director and President, as a subordinate body of the Board of Directors and the Board of Executive Officers to deliberate and decide on important sustainability-related matters and policies. All particularly important issues are reported to the Board of Executive Officers and the Board of Directors for decision and approval. Under the promotion system led by the Sustainability Committee and in collaboration with the Corporate Planning Department and the Green Activities Promotion Committee, which work on individual ESG issues, business operation divisions take the lead in promoting sustainability activities as a company-wide effort to solve environmental and social issues, including climate-related risks and opportunities. Regarding the key sustainability issues identified—“Promoting CSR procurement and the diversification of supply sources” and the issue of ‘Respect for human rights’ under “Respect for human rights, the development of human resources and the promotion of diversity”—we have established the “CSR Procurement Subcommittee” and the “Human Rights Promotion Subcommittee,” respectively, to strengthen our efforts in these areas.

### Sustainability Promotion System Chart



### Overview of Activities by Sustainability-related Subcommittees

Name	Purpose	FY2024 Performance
Sustainability Committee	Deliberates over and decides on matters related to sustainability	1 time
Green Activities Promotion Committee	Deliberates and decides on matters related to Green activities, which is promoted as a company-wide activity, such as energy conservation and waste reduction	Green Activities Presentation Events 1 time Subcommittee 2 times
CSR Procurement Subcommittee	Promotes CSR procurement activities throughout the entire supply chain, including raising awareness of the basic procurement policy as well as conducting responsible procurement	1 time
Human Rights Promotion Subcommittee	Promotes activities related to “business and human rights” throughout the entire supply chain	1 time

### Promotion System

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

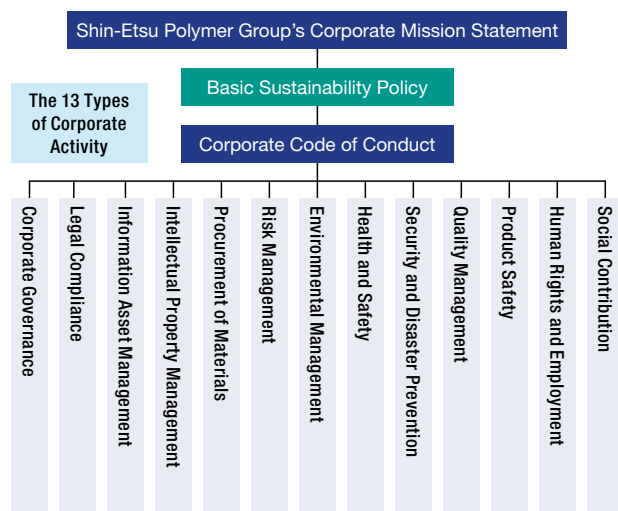
## Risk Management

The Group comprehensively manages sustainability-related risks as critical risks across the entire Group in accordance with risk management regulations. Twice a year, it identifies risks and formulates countermeasures for each department and location, and once a year, it reports the status to the Board of Executive Officers.

Risk Management ▶ P.56

## Strategy

Based on its corporate philosophy, the Group strives to be a business that continues to grow with society by putting safety and fairness at the forefront of its management. To meet the demands and expectations of our stakeholders while aiming to solve social issues through our business, we have defined and implemented 13 specific types of corporate activity in line with our “Basic Sustainability Policy” and “Corporate Code of Conduct,” with our Corporate Mission Statement as our guide. Moreover, we will continue to contribute to the realization of a sustainable society by identifying key sustainability issues and continuously working to solve them.



## Key Sustainability Issues











Based on international issues such as the SDGs, social demands, and the business environment surrounding the Group, we identified nine key sustainability issues by evaluating and summarizing the importance and impact of perspectives of the Group and the stakeholders.

## List of Key Issues and Main Activities for FY2024

Key issues	Details of activities	Target SDGs	Pages
The foundation of all activities: legal compliance, fair corporate activities	<ul style="list-style-type: none"> <li>Developed compliance awareness among officers and employees through e-learning, etc. as well as activities to raise awareness</li> <li>Strengthened security export controls (held briefing sessions on security export controls)</li> <li>Monitored and prevented acts of dishonesty by setting up internal reporting systems, supplier hotline, etc.</li> </ul>		<a href="#">▶ P.46</a> <a href="#">▶ P.54-55</a>
Health and safety of employees and contractors	<ul style="list-style-type: none"> <li>Strengthened risk assessment for the manufacturing facilities and operations and 5S+1A (Sort, Set in order, Shine, Standardize, and Sustain + Safety) activities</li> <li>Conducted environmental security audits</li> <li>Promoted workplace calisthenics before work</li> </ul>		<a href="#">▶ P.36-37</a>
Energy-saving, resource-saving, and reduction of the environmental impacts	<ul style="list-style-type: none"> <li>Carried out activities for achieving the targets of the eighth Mid-Term Plan (FY2024-2026) for Green Activities</li> <li>Implemented the roadmap and reviewed the action plan for reducing CO<sub>2</sub> emissions</li> </ul>		<a href="#">▶ P.16</a> <a href="#">▶ P.20-21</a>
Product quality improvements and product safety control	<ul style="list-style-type: none"> <li>Conducted site inspections to prevent any quality-related misconduct</li> <li>Raised quality awareness through various events during Quality Month</li> <li>Conducted a variety of educational programs to improve quality competence</li> <li>Appropriately resolved customer complaints</li> <li>Implemented quality guidance and quality audits for suppliers in order to improve the quality of purchased goods</li> </ul>		<a href="#">▶ P.30-32</a>
Promoting CSR procurement and the diversification of supply sources	<ul style="list-style-type: none"> <li>Released and disseminated the Shin-Etsu Group CSR Procurement Guidelines and Shin-Etsu Polymer Group's Basic Procurement Policy to business partners</li> <li>Identified status of initiatives through a CSR procurement survey of our business partners and addressed risks</li> </ul>		<a href="#">▶ P.33-35</a>
Respect for human rights, the development of human resources and the promotion of diversity	<ul style="list-style-type: none"> <li>Identified human rights risks through human rights due diligence questionnaires for key business partners as part of our business and human rights initiatives</li> <li>Promoted the use of internal systems and rules to address diversity in work</li> <li>Provided training on diversity and inclusion, and power harassment in the workplace</li> </ul>		<a href="#">▶ P.38-46</a>
Respect for and protection of intellectual property	<ul style="list-style-type: none"> <li>Created intellectual property from development and other outcomes through intellectual property activities based on the industrial property rights systems and compliance manual</li> <li>Deliberated and reported on the status of our activities in the Patent Committee, including the protection and management of intellectual property rights and how we treated competitors' intellectual property rights with respect</li> </ul>		—
Contribution to industry and social initiatives	<ul style="list-style-type: none"> <li>Worked on eco-products promotional activities through the development of products that contribute to the environment as well as society, volunteer activities related to infrastructure maintenance using our product “Polymer Ace”</li> <li>Conducted volunteer activities at local nursing homes, beautification activities, hands-on trainings, and traffic safety activities around the plants at production sites to maintain harmony with local communities</li> </ul>		<a href="#">▶ P.48-49</a>
Accurate and timely information disclosure and communication with stakeholders	<ul style="list-style-type: none"> <li>Provided fair, timely, and appropriate information disclosure and enhanced IR and public relations activities</li> </ul>		<a href="#">▶ P.58</a>

## Shin-Etsu Polymer's Value Chain

The Group identifies potential risks and opportunities in the value chain. We identify and address issues that should be prioritized in our business activities.

	Upstream		Shin-Etsu Polymer	Downstream	
	Procurement of Raw and Other Materials	Logistics	Production	Use/Consumption	Reuse/Recycling/Disposal
Risks	<ul style="list-style-type: none"> <li>• Cost increases and depletion of resources</li> <li>• Furthering biodiversity loss and water environment degradation</li> <li>• Interruptions in supply chains due to natural disasters/accidents</li> <li>• Contamination by harmful chemical substances</li> <li>• Potential human rights violations</li> <li>• Decline in quality of the procured raw materials and manufacturing outsourced products</li> <li>• Procurement suspension due to withdrawal of business by business partners</li> <li>• Cancellation of certification, etc. due to violation of laws and regulations by business partners</li> <li>• Country risk (impact of political and economic conditions)</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental impact due to increased CO<sub>2</sub> emissions during transportation</li> <li>• Human right violations in the form of long working hours, etc.</li> <li>• Disruption of freight routes caused by natural disasters or accidents</li> <li>• Transportation instability due to work style reforms/manpower shortages</li> </ul>	<ul style="list-style-type: none"> <li>• Increase of CO<sub>2</sub> emissions due to expanded production</li> <li>• Increase in water usage</li> <li>• Suspending production/sales due to natural disasters or accidents</li> <li>• Occurrence of occupational accidents that can lead to health problems, operational downtime, discontinued orders, and sales suspensions</li> <li>• Damaging customer trust due to quality issues</li> <li>• Loss of social credibility due to acts of dishonesty</li> <li>• Labor shortages arising from population decline</li> <li>• Social criticism of plastic use</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental impact due to increased CO<sub>2</sub> emissions during transportation</li> <li>• Complaints/Recalls due to product failures</li> <li>• Disasters caused by products</li> </ul>	<ul style="list-style-type: none"> <li>• Increase of waste disposal quantity due to expanded product sales</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• Expansion of sustainable raw material needs</li> <li>• Providing sales opportunities by securing stable procurement and quality</li> </ul>	<ul style="list-style-type: none"> <li>• Resource conservation and reduction of environmental impact through efficient transportation and delivery practices</li> <li>• Gaining trust of our customers through diversification of freight routes and establishing alternative transportation</li> <li>• Eliminating transportation concerns through the selection of leading logistics providers</li> <li>• Establishing a competitive advantage through stable logistics</li> </ul>	<ul style="list-style-type: none"> <li>• Improving productivity and cutting costs by energy-saving and waste reduction</li> <li>• Accumulating and passing on technology and skills</li> <li>• Ensuring occupational health and safety to foster a safety culture, and accumulate know-how</li> <li>• Ensuring and improving product quality and safety</li> <li>• Improving customer rating through an enhanced quality assurance system</li> <li>• Increasing business opportunities by offering "environmentally friendly/contributory products"</li> <li>• Securing human resources by enhancing employees' technical skills and job satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Improving customer satisfaction and increasing order opportunities by improving product functionality and quality</li> <li>• Creation of reuse-compatible products</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of waste disposal quantity due to promotion of effective use of resources</li> <li>• Increasing demand of "environmentally friendly/contributory products"</li> </ul>
Relevant initiatives	<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>• Evaluating, identifying, and correcting procurement and human rights risks through CSR procurement surveys and human rights due diligence</li> <li>• Distribution and dissemination of the "Quality Assurance Guide for Suppliers"</li> <li>• Conducting periodic quality audits of business partners</li> <li>• Promoting a multi-company purchasing system</li> <li>• Reduction of procurement costs by optimizing the supply chains</li> <li>• Publication of "Declaration of Partnership Building"</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of CO<sub>2</sub> emissions in logistics</li> <li>• Further promoting the modal shift and logistics efficiency</li> <li>• Switching to alternative transportation in the event of a natural disaster</li> <li>• Promoting the diversification of transportation modes</li> <li>• Strengthening and reviewing partnership strategies with logistics operators</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting group-wide Green Activities (energy-saving and waste reduction)</li> <li>• Enhancing the effectiveness of BCM through BCP exercises</li> <li>• Developing human resources (position-specific technical training)</li> <li>• Strengthening safety education using audio-visual tools</li> <li>• Continuously improving the quality management system</li> <li>• Sharing of quality issues through quality assurance meetings between the bases, and horizontal expansion of quality improvements</li> <li>• Conducting periodic audits of quality-related misconduct</li> </ul>	<ul style="list-style-type: none"> <li>• Thorough control of harmful chemical substances and proper information disclosure</li> <li>• Continuous development of environmentally friendly/contributory products</li> <li>• Feedback of and response to issues at the time of use</li> <li>• Acquiring product safety evaluation information</li> <li>• Conducting customer satisfaction surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of "environmentally friendly/contributory products" (biodegradable plastics, infrastructure maintenance products)</li> </ul>
Related SDGs	 	 	   		

## Stakeholder Engagement

The Group will act as a company with an open business structure that takes into account the requests and expectations of various stakeholders, including the local community, and fulfill our responsibilities by engaging in dialogue with them through various means of communication. Aiming to co-create value with our stakeholders, we formulated the Multi-Stakeholder Policy in March 2023 as a guideline for appropriate collaboration with diverse stakeholders (review conducted in March 2025).

Multi-Stakeholder Policy (In Japanese only)

 [https://www.shinpoly.co.jp/ja/sustainability/main/00/teaserItems2/04/linkList/0/link/multi\\_2024.pdf](https://www.shinpoly.co.jp/ja/sustainability/main/00/teaserItems2/04/linkList/0/link/multi_2024.pdf)

Stakeholders	Responsibility to fulfill	Key dialogue method	FY2024 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>Establishment of a new dedicated website for infrastructure maintenance products</li> <li>Participated in exhibitions in various countries, including “CMEF” (China Medical Equipment Fair), “INTERPHEX Week Tokyo”, “Maintenance Resilience TOKYO 2024”, “Plastic Japan - High Performance Plastic Expo”, “METALEX 2024” in Bangkok, and “SEMICON Japan”</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 periodic quality audits of business partners</li> <li>Opinion exchanges when surveying chemical content information in compliance with Green Procurement Standards</li> </ul>	<ul style="list-style-type: none"> <li>Implemented Business Continuity Plan/Management System (BCP/BCM) Survey <a href="#">▶ P.34</a></li> <li>Implemented survey on sustainability initiatives by business partners <a href="#">▶ P.34</a></li> <li>Conducting periodic quality audits of business partners <a href="#">▶ P.32</a></li> <li>Optimization of mold transactions for companies subject to the Subcontract Act <a href="#">▶ P.35</a></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>Shareholders' Meeting</li> <li>Financial summary presentation</li> <li>Individual meetings</li> <li>Issuance of business reports</li> <li>Issuance of annual review and sustainability report</li> <li>Information disclosure through our website</li> </ul>	<ul style="list-style-type: none"> <li>Conducted Shareholders' Meeting and two financial summary presentations <a href="#">▶ P.58</a></li> <li>Issuance of business reports <a href="#">▶ P.58</a></li> <li>Issuance of annual review and sustainability report (Japanese/English versions) <a href="#">▶ P.58</a></li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Human resource development</li> <li>Cultivation of a safe work environment</li> <li>Initiatives for work-life balance</li> <li>Promotion of diversity &amp; inclusion</li> <li>Labor-Management Relations</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of human resource development programs</li> <li>Environmental security audits and dialogue via 5S+1A activities</li> <li>Opinion collection via internal reporting system</li> <li>Information publicity via internal intranet/inhouse magazines</li> <li>Mutual understanding and information sharing with labor unions</li> </ul>	<ul style="list-style-type: none"> <li>Issued the in-house magazine (Quarterly Issue)</li> <li>Conducted diversity and inclusion training <a href="#">▶ P.40</a></li> <li>Held “Women’s Day” ceremony (India Plant)</li> <li>Conducted environmental security audits at domestic and overseas bases <a href="#">▶ P.37</a></li> <li>Labor Management Council and collective bargaining sessions <a href="#">▶ P.44</a></li> </ul>
<b>Local communities</b>	<ul style="list-style-type: none"> <li>Co-existence with local regional society</li> <li>Natural environment conservation</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> <li>Fund-raising activities</li> </ul>	<ul style="list-style-type: none"> <li>Volunteer activities for infrastructure maintenance using “Polymer Ace” (Shunan City, Yamaguchi Prefecture) <a href="#">▶ P.48</a></li> <li>Volunteer activities at a local nursing home (India Plant) <a href="#">▶ P.48</a></li> <li>Beautification activities around business sites (domestic plants, Fukuoka Branch, Dongguan Shin-Etsu Polymer Co., Ltd.) <a href="#">▶ P.48</a></li> <li>Workplace experiences and plant tours (Tokyo and Shiojiri Plants) <a href="#">▶ P.49</a></li> <li>Traffic safety activities (at plants in Japan and overseas) <a href="#">▶ P.49</a></li> <li>Blood donation activities (Tokyo, Kodama, Shiojiri, and Malaysia Plants) <a href="#">▶ P.49</a></li> <li>UN “World Refugee Day” fund-raising activities</li> </ul>

## Training and education

We believe that promoting interest and awareness in sustainability and ESG areas within the company will lead to the promotion of sustainability management, and therefore, we are focusing on sustainability training and education for the management and employees. In fiscal 2024, we conducted diversity and inclusion training for general managers and section managers, etc. to increase awareness regarding diversity. We provide an annual e-learning program for all employees, and in fiscal 2024, the fifth installment of this program was held by conducting a follow-up on climate change, with the aim of learning about climate change response measures under the theme of “The Basics of Sustainability” (90% attendance rate).

Implementation year	Description
2020	Basics of CSR in 15 minutes!
2021	Basics of CSR (SDGs)
2022	Basics of Sustainability (Climate Change)
2023	Basics of Sustainability (Human Rights)
2024	Basics of Sustainability (Climate Change: Part Two)



## External Evaluations

The Group has been selected as a “Constituent” in the “MSCI Nihonkabu ESG Select Leaders Index” and the “S&P/JPX Carbon Efficient Index,” both of which are ESG indicators for Japanese equities used by the GPIF. We also received a score of 59 points in the latest Sustainability Assessment, earning us the Commitment Badge. Additionally, our overseas production facilities in Hungary and India undergo regular SMETA audits\*1, while our Tokyo and Itoigawa plants complete the RBA\*2-Online\_SAQ annually, capitalizing on the results to enhance our sustainability activities.

\*1 Social audit evaluating standards for occupational health and safety, environmental conservation, and corporate ethics within the company and its supply chain  
 \*2 Responsible Business Alliance (formerly, EICC)

### Responsible Business Alliance

 <https://www.responsiblebusiness.org/code-of-conduct/>



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## Metrics & Targets

We have set targets linked to our Medium-term Management Plan for key sustainability issues, which we have evaluated and organized based on their importance to the Group and their impact on society and stakeholders.

Key issues	Medium-Term Management Plan/Targets
The foundation of all activities: legal compliance, fair corporate activities	<ul style="list-style-type: none"> <li>Strengthened the Sustainability Committee and the Compliance Committee</li> </ul>
Energy-saving, resource-saving, and reduction of the environmental impacts	<ul style="list-style-type: none"> <li>CO<sub>2</sub> Emission Reduction (Scope 1 and 2) 46% reduction by 2030 (based on 2013 levels), achieving carbon neutrality by 2050</li> </ul>
Promoting CSR procurement and the diversification of supply sources	<ul style="list-style-type: none"> <li>Expanded internal reporting systems and supplier hotline</li> </ul>
Respect for human rights, the development of human resources and the promotion of diversity	<ul style="list-style-type: none"> <li>Promoted measures and improvements based on human rights due diligence</li> <li>Cultivated human resources that are diverse and willing to take on challenges</li> </ul>
Accurate and timely information disclosure and communication with stakeholders	<ul style="list-style-type: none"> <li>Continued constructive dialogue with shareholders and investors</li> </ul>

## Special Feature

kind to the environment and people

# “Polyma-Wrap RV”

The “Polyma-Wrap” series offers a diverse lineup of PVC (Polyvinyl chloride) wraps specifically designed for commercial use. This feature touches on the appeal of the new product “Polyma-Wrap RV,” distinguished by its environmentally conscious features.

## Developing a wide range of products over a history exceeding 50 years

### Q Please tell us about the “Polyma-Wrap” series

**Fumoto:** “Polyma-Wrap” is a PVC-based food packaging wrap offering excellent stretchability and clinging properties. It snugly wraps various foods with its excellent stretch, maintaining their freshness with just the right amount of air permeability and anti-fog properties. Our products are largely categorized into Cling Wrap and Stretch Film. The former is widely used in commercial kitchens within the food service industry, such as restaurants, hotels, and izakaya bars. The latter is primarily used for packaging food items and trays in supermarkets and fresh food retailers, and is designed for use with food packaging machines.

**Hosaka:** “Polyma-Wrap” is a product born from our sales team

gathering feedback from the field, followed by our development and production teams turning the resulting ideas into tangible form. For example, in recent years, due to labor shortages supermarkets and other retailers have increasingly adopted “centralization,” where packaging and processing are performed collectively at specialized facilities. Over our 50-year history, we have developed a diverse lineup of products, including stretch film compatible with pillow packaging machines that enable efficient packaging suitable for mass production.

## Environmentally-conscious PVC wrap compounded with biomass raw materials

### Q Please tell us about “Polyma-Wrap RV”, the new addition to your product lineup.

**Fumoto:** “Polyma-Wrap RV” is an environmentally-conscious

### Features of “Polyma-Wrap RV”

- PVC stretch film
- For use in food and tray packaging applications at supermarkets and fresh food retailers
- Compounded with biomass raw materials and acquired “Biomass 10”



Group 2, Production Engineering Division 3  
Production Engineering Unit

Eichi Hosaka



Film Group, Nagoya Branch  
Sales Unit

Taisei Fumoto

product made from PVC stretch film compounded with plant-derived biomass raw materials. It has been certified with the Biomass Mark 10 (indicating a 10% biomass content in the product) by the Japan Organics Recycling Association (JORA). PVC resin is inherently a material with lower supply chain emissions compared to other general-purpose resins, and compounding it with biomass raw materials contributes to further reducing the environmental impact by cutting greenhouse gas emissions and conserving petroleum resources.

**Hosaka:** To commercialize “Polyma-Wrap RV”, it was essential to maintain the core qualities of the existing product—stretchability, clinging properties, and high transparency—while ensuring consistent quality even with a plant-derived formulation. Transparency is particularly crucial for enhancing the visual appeal of products and conveying the freshness of food, so we made this an absolute requirement in our development process. While we would normally have had to reconstruct the raw material compounding formula from scratch, we were able



to develop this product quickly by repurposing the technology from our sister brand “KitcheNista Wrap Antibacterial Blue”—Japan’s first PVC cling wrap incorporating 10% biomass raw materials. Ultimately, I believe that through collaborative development and

production efforts, we identified the optimal conditions and were able to resolve challenges and maintain quality by leveraging our long-standing compounding formulation and molding expertise.

**Fumoto:** This product answers society’s call for advancing sustainability, and as a member of the sales team, I believe it is essential to effectively showcase its value. Customers have also praised it for being more tear-resistant and flexible compared to current products when wrapping lumpy foods like vegetables and fish. We made some pretty demanding requests to the development team, especially regarding the transparency of the wrap, and we’re extremely grateful that they’ve met our expectations. Additionally, as part of the “Polyma-Wrap” series, we have been working to reduce customer burden by extending its length to reduce replacement frequency. We have also managed to reduce the weight, including packaging materials, helping to cut down on material waste.

### Continuing to create products that meet the growing demand for environmentally conscious solutions

#### Q How do you plan to further develop the “Polyma-Wrap” product?

**Hosaka:** We believe “Polyma-Wrap” is a product that has evolved while capturing the needs of the times. While plastic

#### “Polyma-Wrap” LINE UP



Industrial PVC Stretch Film  
“Polyma-Wrap”



Commercial PVC Cling Wrap  
Plant-Derived “Polyma-Wrap”  
Antibacterial



Commercial PVC Cling Wrap  
“Polyma-Wrap”



“KitcheNista Wrap”

wrap remains a single-use product, its weight has been significantly reduced compared to 50 years ago, making it easier for customers to handle while also reducing its environmental impact. We believe that creating products that somehow make a difference for the environment has been a central theme running through our product development in recent years.

**Fumoto:** As long as people keep eating, plastic wrap will never disappear. That said, in order for “Polyma-Wrap” to remain a lineup that reflects market needs, I feel it will continue to be important for the sales and development teams to maintain an environment where they can exchange opinions. I would like to help create better products by continually getting out into the marketplace, looking at things from a customer perspective, and providing feedback to the development department— no matter how small the detail.

“Polyma-Wrap RV” has only recently been launched, but in the future, plastic wraps compounded with biomass raw materials could become the norm. If that happens, we want to be ready to lead the way.

**Hosaka:** It is well known



that product regulations related to sustainability are extremely strict overseas, particularly in Europe, and the likelihood of this trend reaching Japan is by no means low. Not only plastic wrap, I’ve come to strongly feel through product development that maintaining such a mindset is crucial for enhancing the sustainability of Shin-Etsu Polymer as a company. At a time when environmental awareness is rising to unprecedented levels, we believe that introducing environmentally-conscious products like “Polyma-Wrap RV” is crucial to demonstrating our commitment to sustainability.



# Environment

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# Environmental Management

## Basic Approach

Based on its Basic Environmental Policy, 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 conservation of the environment by reducing environmental burdens.


### Basic Environmental Policy

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

#### ● 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 usage and disposal during the new product development stage and thus reduce any environmental impact.
- 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 community.

#### Basic Environmental Policy

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

## Promotion System

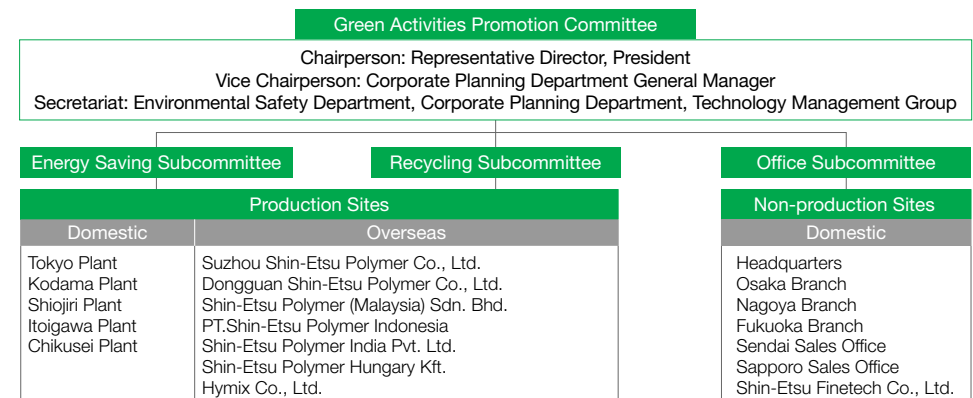
Our Group has established the Green Activities Promotion Committee, chaired by Representative Director and President, as a company-wide, cross-sectional organization to promote environmentally conscious management. We have put in place a system that strives to protect the global environment in all of our business activities. We have also established an Energy Saving Subcommittee and a Recycling Subcommittee under the Green Activities Promotion Bureau, and are working toward achieving the Mid-Term Targets for Green Activities. Please see page 16 for the activities and achievements of the eighth Mid-Term Targets for Green Activities for fiscal 2024. Each plant reports its activity results to management and receives advice during the “Green Activities Presentation” event held every year. To strengthen our green activities toward carbon neutrality, we have appointed Green Activities Promotion Bureau members and subcommittee members at our overseas production sites and have commenced activities. At the Green Activities Presentation Events in fiscal 2025, participants from overseas also attended and reported on their activities.

Green Activities Presentation Events (In Japanese only)



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

### Green Activities Promotion System Chart



Environmental Management

Addressing Climate Change    Initiatives for reducing environmental impact    Control of Chemical Substances    Development of environmentally friendly / contributory products

## The 8th Mid-Term Targets (FY2024 to 2026) for the Shin-Etsu Polymer Group's Green Activities and FY2024 Results

Theme	Items	Indicator	Subject scope*2	Target year	Target value	Results	Evaluation	Page
Addressing Climate Change	Reduction of CO <sub>2</sub> emissions	CO <sub>2</sub> emissions (t-CO <sub>2</sub> )	Group	2030	Reduction of 46% (compared with 2013)	Reduction of 3.3%	—	<a href="#">▶ P.21-22</a>
	Reduction of energy consumption	Intensity of energy consumption (kl/t)	Total	Annually	Reduction of 1% or more annually	19.3% increase	Not achieved	<a href="#">▶ P.23</a>
Initiatives for reducing environmental impact	Waste education	Intensity of waste emissions (kg/t)	Total	2026	Reduction of 3% (compared with 2023)	9.5% increase	—	<a href="#">▶ P.24</a>
	Promotion of recycling	Emission Rate (%) <sup>*1</sup>	Domestic	Annually	Less than 1%	0.11%	Achieved	
			Overseas		—	15.5%	—	
Development of environmentally friendly/ contributory products	Creation of environmentally friendly/ contributory products	Number of certifications (cases)	Group	2026	4 cases	2 cases	—	<a href="#">▶ P.28</a>

\*1 (Amount of landfill + Amount of simple incineration) ÷ Total amount of waste discharged x 100

\*2 See P.02 for the subject scope

## Environmental Management System

As of March, 2025, we have been awarded with ISO14001 certifications at all domestic and overseas production sites (Certification rate: 100%). While adhering to environmental laws and regulations as a fundamental principle, it serves as a vital foundation for promoting the reduction of environmental burdens related to our business activities and continuous environmental improvement activities. Through the operation of an environmental management system based on international standards, the whole Group is promoting initiatives aimed at realizing a sustainable society.

Environmental Management: List of ISO14001 Certifications



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

### The 27th Green Activities Presentation

The Company-wide Green Activities Presentation was held with President, Mr. Deto as chairperson and other directors present.

At the beginning, Vice Chairperson Kowada stated, "To achieve carbon neutrality by 2050, overseas sites will join up with the Green Activities Promotion Committee, and the entire company will pull together to promote sustainability activities." Mr. Saito, Head of the Environmental Safety Department, served as the Secretariat. He reported the achievements in Japan and overseas in fiscal 2024. Subsequently, there were presentations and Q&A sessions by five domestic plants and one overseas plant (Malaysia) concerning their activities and achievements.



Committee Members and Presenters

**Environmental Management**

Addressing Climate Change   Initiatives for reducing environmental impact   Control of Chemical Substances   Development of environmentally friendly / contributory products

## Certified as “Sony Green Partner”

Sony Corporation identifies the substances they judge that they have a significant impact on the global environment and human body among them included in the parts and the materials as “The Environment-Related Substances”, sets “Management Regulations for The Environment-Related Substances to be controlled which are included in Parts and Materials” and clarifies the chemical substances to be prohibited or reduced and their applications. They introduce the “Green Partner Certification” as an operational system for their suppliers to ensure compliance with these standards and regulations, and procure the parts and the materials only from them certified as “Green Partner Certification”.

In 2003, three of our domestic plants received the certification, and now seven plants are certified.

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

#### Scope of Green Partner Certification

Factory Code	MC Name	FC Name	Expiry Date
FC002584	Shin-Etsu Polymer Co.,Ltd.	Shiojiri Plant	20270831
FC002586	Shin-Etsu Polymer Co.,Ltd.	Kodama Plant	20270831
FC007726	Shin-Etsu Polymer Co.,Ltd.	Itoigawa Plant	20270831
FC007742	Shin-Etsu Polymer Co.,Ltd.	Tokyo Plant Production Department I	20270831
FC013450	Suzhou Shin-Etsu Polymer Co.,Ltd.		20270831
FC014180	Shin-Etsu Polymer Co.,Ltd.	Tokyo Plant Production Department II	20270831
FC014187	Dongguan Midas Electronic Co., Ltd.	Dongguan Midas Electronic Co., Ltd.	20270831

\* Date of certification: May 24, 2024

## Environmental Education

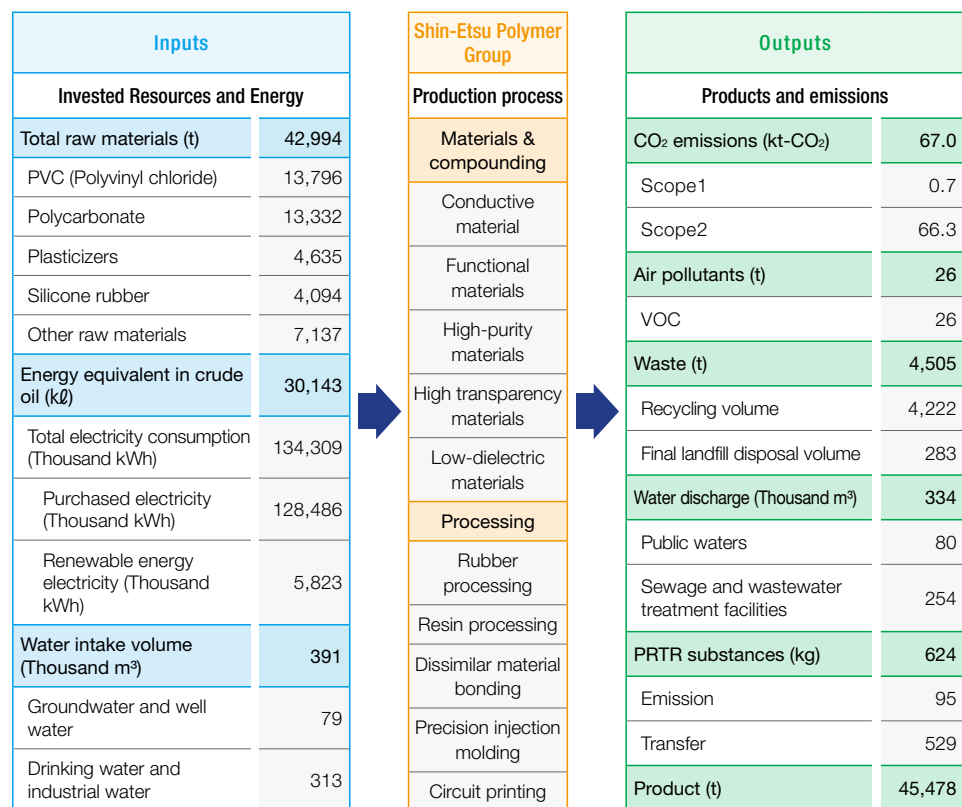
We continuously conduct environmental education to promote clean and energy-saving operations at each of the Group’s production sites. We plan annual programs that are tailored for each production site and provide training to new employees when they join or when they are hired. In addition, Environmental Security Committee members at each business site implement the programs for voluntary environmental conservation management activities, such as waste

management and energy conservation management.

In fiscal 2024, we held study sessions for managers and staff in the Sales Unit to raise awareness of environmental issues, covering our company’s energy-saving initiatives and measures aimed at carbon neutrality.

## Environmental Burdens Related to Our Business Activities

The Group continuously monitors environmental burdens related to our business activities through material balance analysis. We are committed to reducing our environmental impact through the efficient use of invested resources, reduction of waste, and the proper management and treatment of emissions.



**Environmental Management**

Addressing Climate Change   Initiatives for reducing environmental impact   Control of Chemical Substances   Development of environmentally friendly / contributory products

## Environmental Accounting

Our Group calculates the costs borne for and economic effects of environmental conservation, aiming to effectively promote initiatives for environmental conservation. Investments of ¥53.0 million were made in fiscal 2024, an increase of ¥26.3 million from the previous fiscal year. The total cost was ¥439.7 million, a year-on-year increase of ¥257.5 million. We are actively conducting research and development in areas such as the development of environmentally friendly/contributory products.

### FY2024 Costs Borne for Environmental Conservation

(Unit: Millions of yen)

Items		Main Initiative	Investment	Expenditure <sup>*1</sup>
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.	3.6	23.4
	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.	48.8	57.7
	1-3. Resource recycling costs	Collection and recycling of resources, conversion into raw materials or fuel, etc.	0.6	12.3
Sub-total			53.0	93.3
2. Upstream and downstream costs		Costs related to control of chemical substances contained in products, etc.	0.0	0.8
3. Administration costs		EMS maintenance, education, management of green space of plants, cleaning of inside/outside of plants, inspection of water quality, etc.	0.0	61.6
4. R&D costs <sup>*2</sup>		Development of environmentally friendly/contributory products	0.0	282.9
5. Social activity costs		Support, fund-raising activity, donations, etc.	0.0	1.0
6. Environmental remediation costs		N/A	0	0
Total (Items 1 to 6)			53.0	439.7

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

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

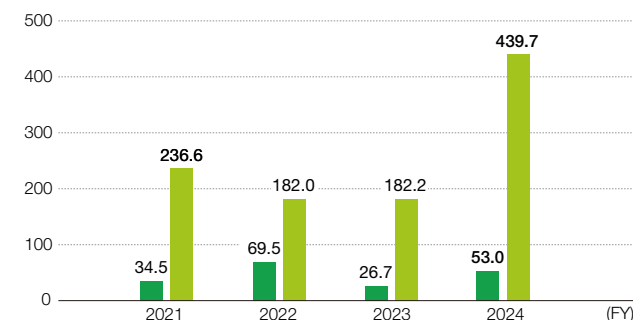
\* Registration costs for recycling outsourcing agreements are not included.

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

### Investment and expenditure

■ Investment ■ Expenditure

(Millions of yen)



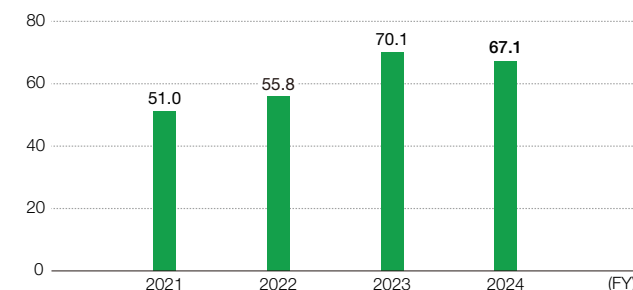
### FY2024 Economic Effects

(Unit: Millions of yen)

Items	Economic effect
1.Reduction of energy costs	16.8
2.Reduction of waste disposal costs	7.2
3.Reduction of costs through resource conservation	0.3
4.Profit from the sales of valuable resources	42.8
<b>Total</b>	<b>67.1</b>

### Economic Effects

(Millions of yen)



## Real Examples of Environmental Conservation Activities

### Energy Savings Through Inverter Conversion of Air Conditioning Fans

Technology & Production Division, Itoigawa Plant  
**Kota Yoshioka**



At the Itoigawa Plant, air conditioning equipment is running 24 hours a day, 365 days a year to maintain the clean room environment. The electricity consumption of this air conditioning equipment accounts for approximately 40% of the plant's total power consumption.

By switching the circulation fan motors in the air conditioning systems of areas previously lacking inverter control to inverter control, we were able to reduce electricity consumption by 297,400 kWh annually and cut CO<sub>2</sub> emissions by 140 t-CO<sub>2</sub>.

Furthermore, to achieve carbon neutrality by 2050, we increased the proportion of renewable energy power from 10% to 20% in fiscal 2025.

We will continue to identify new energy-saving initiatives and pursue activities to contribute to enhancing corporate value going forward.



Inverter-controlled air conditioning system circulation fan

### Promoting Material Recycling of Waste Plastics

Environmental Safety Section, Management Division, Shiojiri Plant  
**Takayuki Yajima**



At the Shiojiri Plant, the manufacturing process generates a wide variety of plastic waste (silicone rubber, PET, OPP, PE), all of which was previously processed entirely through thermal recycling.

Yield improvements also peaked, and while exploring effective waste reduction methods, we discovered that material recycling was possible for silicone rubber, which has a particularly high waste volume. Consequently, we sorted waste within the factory and established operational and management procedures.

As a result, in fiscal 2024, out of the 230 tons of plastic waste generated, 72 tons were recycled as materials, and waste disposal costs were also reduced.

We will continue to promote activities that further advance the material recycling of waste plastics and contribute to a circular economy.



Previous status of plastic waste disposal



Current status of plastic waste sorting and disposal

# Addressing Climate Change

## Basic Approach

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 carbon-free society. With the goal of achieving "Carbon Neutrality by 2050" in mind, we are working to reduce CO<sub>2</sub> emissions related to all business activities of the Group.

## Information Disclosure Based on TCFD Recommendations

The Group has endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and will actively disclose information per four recommended disclosure areas: Governance, Strategy, Risk Management, and Metrics and Targets.

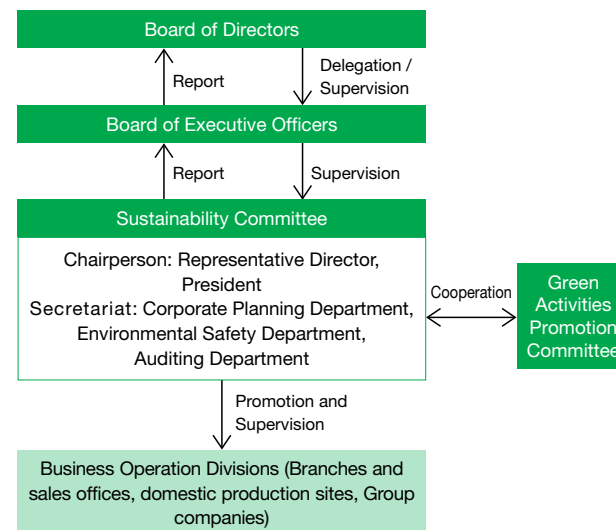


## Governance

The Group has established the Sustainability Committee, which is chaired by Representative Director and 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 by the Committee are reported to the Board of Executive Officers

and the Board of Directors. The Board of Directors monitors and supervises the response status based on these reports. 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. Following the roadmap established in fiscal 2023, we switched to 10% renewable energy power at five domestic plants in fiscal 2024. In November, the Committee shared the results of the six-month monitoring period and deliberated on revising the roadmap. Consequently, we have decided to introduce 20% renewable energy power at five domestic plants by fiscal 2025. At our overseas production sites, we plan to introduce renewable energy power starting in fiscal 2025.

## Climate Change-Related Promotion System Chart



## Strategy (Scenario Analysis)

The 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 scenarios, which reference multiple scenarios published by the IEA (International Energy Agency) and the IPCC (Intergovernmental Panel on Climate Change).

Based on the scenario analysis, we assumed transition risks associated with changes in regulations, such as stricter GHG emission regulations and the introduction of carbon tax, and physical risks associated with extreme weather events, such as wind and flood damage. Transition risks will be addressed by switching to renewable energy and upgrading production facilities and utilities to more energy-efficient facilities than before. Physical risks are addressed through measures such as risk assessment and supply chain management for sustainable procurement. In terms of product and service opportunities, we assumed a shift from gasoline-powered vehicles to EVs and the expansion of the digital network society. In response to these challenges, we will strive to capture opportunities by developing and launching new products for EVs, expanding sales of semiconductor-related containers, and developing and launching functional materials for electronic components.

### 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

Environmental Management    Addressing Climate Change    Initiatives for reducing environmental impact    Control of Chemical Substances    Development of environmentally friendly / contributory products

## Climate-Related Risks

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

Changes in the external environment	Degree of impact	Anticipated time frame	Impacts on Shin-Etsu Polymer Group	Countermeasures
<ul style="list-style-type: none"> <li>Strengthening of GHG emission regulations</li> <li>Introduction of carbon tax</li> </ul>	Major	Medium-term	<ul style="list-style-type: none"> <li>Increase in development and procurement costs required to achieve carbon neutrality</li> <li>Increased taxes due to the introduction of a carbon tax</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of energy-saving equipment</li> <li>Introduction 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 environmentally 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 (risks associated with the physical impacts of climate change)

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

## Climate-related opportunities

### Opportunities (products and services)

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>Transition from gasoline vehicles to EVs</li> <li>Expansion of the digital network society</li> <li>Increased demand for a reduction in CO<sub>2</sub> emissions</li> <li>Increased demand for low-carbon products</li> </ul>	Major	Short - to long-term	<p>Electronic Devices: Development and launch of new products for EVs</p> <p>Precision Molding Products: Sales expansion of semiconductor-related containers due to increased demand</p> <p>Housing and Living Materials: Development and launch of functional materials for electronic components</p>	<p>Started mass production of fire prevention cushions for EV batteries at the Kodama Plant</p> <p>Expansion of Itoigawa Plant and construction of a new building at Tokyo Plant to increase production capacity for semiconductor-related containers have now been completed</p> <p>Development of heat-resistant thin film for power semiconductors as thermal control solution and introduction of equipment for mass production feasibility verification</p>

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

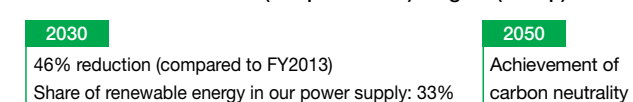
## Risk Management

At the Group, the Sustainability Committee identifies and evaluates climate-related risks and opportunities. With regard to risks and opportunities with a high impact on the business, strategies and targets are set to minimize the risks and maximize the opportunities. The status of these initiatives is regularly reported to the Board of Executive Officers and the Board of Directors.

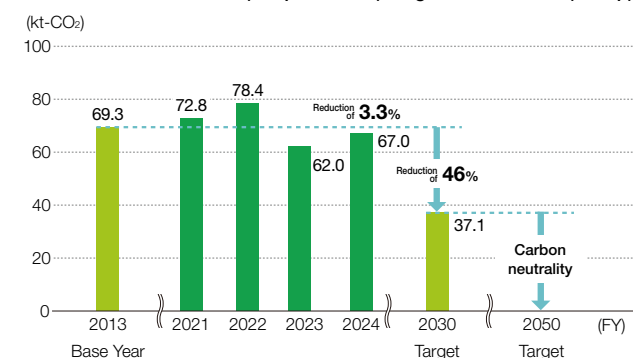
## Metrics & Targets

The Group has set a CO<sub>2</sub> reduction target for all group companies by 2050 with regard to Scope 1 and 2. Going forward, we will actively promote the introduction of energy-saving equipment and the transition to renewable energy. Scope 3 emissions are being prioritized as reduction targets for high-emission categories. Additionally, we have set a target for the share of renewable energy in our power supply by 2030.

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



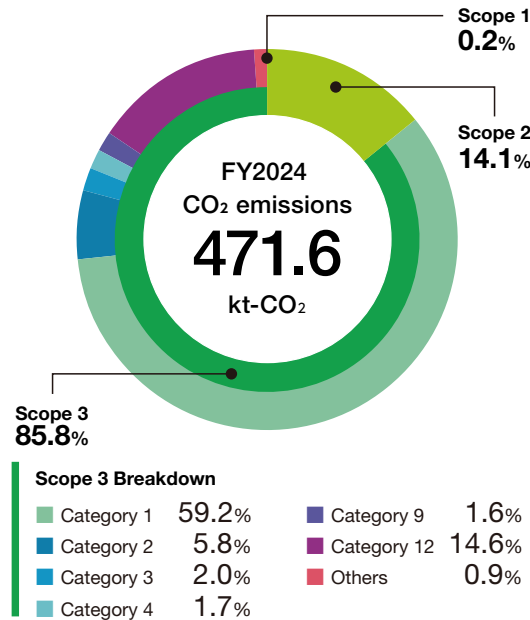
### CO<sub>2</sub> Emission Reduction (Scope 1 and 2) Targets and Results (Group)



## Scope 1, 2, and 3 emissions

To understand the environmental impact across the entire value chain, we calculate Scope 1, 2, and 3 emissions based on the GHG Protocol, an international accounting standard. Scope 3 emissions account for approximately 86% of the Group's total emissions, with Category 1 representing about 59% and Category 12 about 15%, making up the majority.

Scope / Category		FY2024 (kt-CO <sub>2</sub> )	FY2023 (kt-CO <sub>2</sub> )
Scope 1: Direct emissions		0.7	0.9
Scope 2: Indirect emissions from energy sources		66.3	61.1
Scope 3: Indirect emissions apart from Scope 1 and 2		404.6	433.6
1	Purchased goods and services	279.2	286.4
2	Capital goods	27.2	42.3
3	Fuel- and energy-related activities (not included in scope 1 or scope 2)	9.7	8.9
4	Upstream transportation & distribution	7.9	9.0
5	Waste generated by the operations	0.6	0.5
6	Business travel	0.5	0.5
7	Employee commuting	3.4	3.0
8	Upstream leased assets	—	—
9	Downstream transportation & distribution	7.4	6.8
10	Processing of sold products	—	—
11	Use of sold products	—	—
12	End-of-life of sold products	68.8	76.2
13	Downstream leased assets	—	—
14	Franchises	—	—
15	Investments	—	—
Scope 1, 2, and 3 emissions total		471.6	495.6
Scope 3 emissions percentage (%)		85.8	87.5



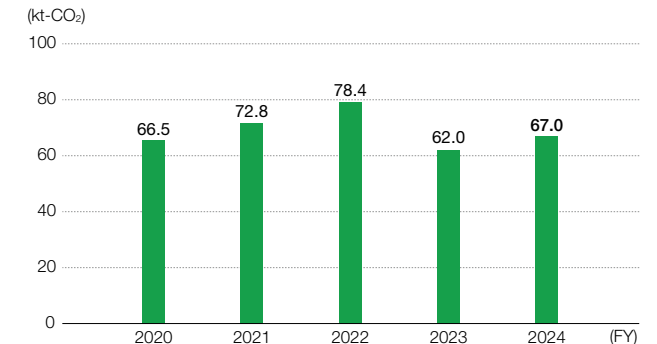
\* We calculate data using the Database of Emissions Unit Values by the Ministry of the Environment (Ver. 3.5), IDEA database v2, intensity of emissions database obtained from suppliers, and the Act on the Rational Use of Energy (ton-kilometer method).

\* Calculation methods for Categories 1 and 4 were revised since fiscal 2023.

## Reducing CO<sub>2</sub> emissions

Production activities account for the majority of the energy consumption of the Group, and approximately 99% of CO<sub>2</sub> emissions in Scope 1 and 2 are indirect emissions from the purchased electricity (Scope 2). Therefore, in order to reduce CO<sub>2</sub> emissions, in addition to reducing energy consumption by promoting energy saving, it has become essential to switch to renewable energy sources. The Group has reduced emissions by utilizing its own solar power generation and switching part of the purchased electricity at its five domestic factories to renewable energy. However, with the start of operations at new plants and the commencement of mass production of new products, energy consumption increased. As a result, CO<sub>2</sub> emissions rose by approximately 5,000 t-CO<sub>2</sub> (an 8.2% increase) from the previous fiscal year.

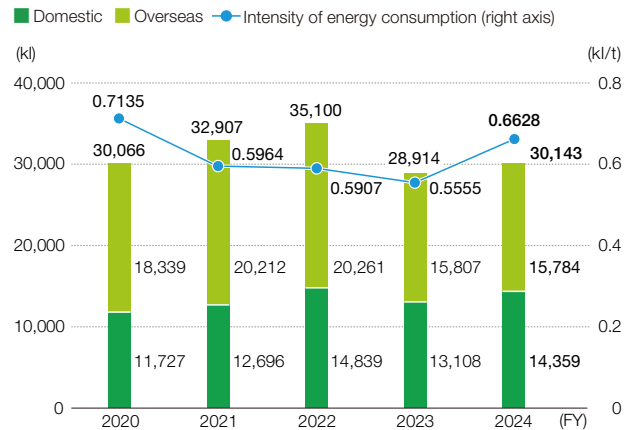
### CO<sub>2</sub> emissions (Scope 1 and 2) (Group)



## Reduction of energy consumption

With the focus on the production sites, we have set a goal of “reducing average energy consumption over a five-year period by 1% or more per year,” which is the evaluation criterion of the Act on the Rational Use of Energy, and have been working to upgrade to energy-saving facilities and equipment as well as promoting power-saving activities. Through energy-saving initiatives, we have been promoting the rationalization of energy use. However, with the start of operations at new plants and the commencement of mass production of new products, energy consumption increased by approximately 1,200 kℓ (a 4.2% increase), expressed in crude oil equivalent, compared to the previous fiscal year. In addition, the transfer of the pipe business resulted in a decrease in production volume, which led to an increase in the intensity of energy consumption.

### Energy Consumption (Overall)

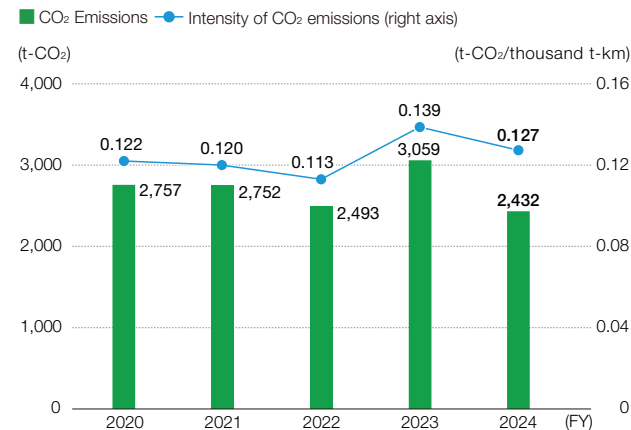


\* Effective fiscal 2023 and beyond, the calorific value conversion factor has been revised and calculated in accordance with the Revised Act on Rationalizing Energy Use.

## Reduction of CO<sub>2</sub> emissions in logistics

Our CO<sub>2</sub> emissions associated with transportation amounted to 2,432 t-CO<sub>2</sub> and decreased by 20.5% year-on-year, primarily due to a reduction in transportation volume stemming from the business transfer. Additionally, CO<sub>2</sub> emissions per unit of freight transported decreased by 8.2% year-on-year due to a reduction in small vehicle shipments and an increase in ship-based transportation. We will continue to promote modal shifts and work to reduce CO<sub>2</sub> emissions.

### CO<sub>2</sub> emissions associated with transportation (Domestic)



\* Effective fiscal 2023 and beyond, this has been revised and calculated in accordance with the Revised Act on Rationalizing Energy Use.

## Future Initiatives and Issues

### 1) Measures to Reduce CO<sub>2</sub> Emissions

Most of the energy used in the Group's business activities is electric power, and switching to renewable energy power is a highly-effective measure. From 2025, we will set a target value for the introduction ratio of renewable energy and further accelerate our efforts to achieve carbon neutrality. Moreover, we will consider measures that we believe will be effective in reducing CO<sub>2</sub> emissions, such as the introduction of solar power generation (including PPA/Power Purchase Agreement).

### 2) Scope 3

In addition to our efforts to reduce CO<sub>2</sub> emissions through in-house emissions (Scope 1 and 2), we will continue to strive to reduce CO<sub>2</sub> emissions throughout the supply chains. For Scope 3, we plan to identify categories and set reduction targets in the future.

### 3) Reliability of Disclosed Information

Disclosure of information is becoming increasingly important in corporate activities. When calculating GHG emissions, we will strive to clarify our own calculation standards and improve data accuracy, and conduct third-party verification to increase the reliability of the disclosed information. In 2025, we began preparations to use an outside consultant for third-party verification.

# Initiatives for reducing environmental impact

## Basic Approach

To minimize the environmental burden related to our business activities, the Group is committed to tackling various environmental challenges, including waste reduction and recycling, water resource conservation, and the prevention of air and soil pollution. In addition, under a strict management system, we are ensuring the safe and proper handling of hazardous substances and chemicals. Through these initiatives, we are striving to conserve the global environment and realize a sustainable society.

## Toward Achieving Zero Emissions

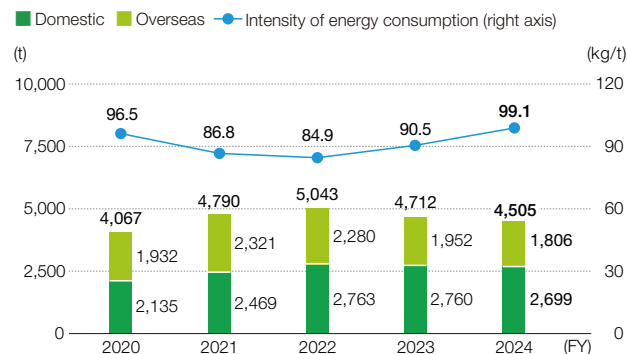
We promote waste reduction and recycling and are aiming for “zero emissions,” whereby waste discharged from the Company is not disposed of through landfill or simple incineration.

### Waste reduction

At all domestic and overseas production sites, we are working to reduce waste generation through productivity improvements, enhanced raw material yield, and the promotion of raw material recycling.

For fiscal 2024, domestic waste emissions totaled 2,699 tons, a 2.2% decrease year-on-year. Overseas emissions totaled 1,806 tons, a 7.5% decrease year-on-year. Based on these results, the total waste emissions of domestic and overseas plants was 4,505 tons, a 4.4% decrease year-on-year. However, due to the decrease in production volume, the intensity of waste emissions against production weight increased by 9.5% year-on-year to 99.1 kg/t.

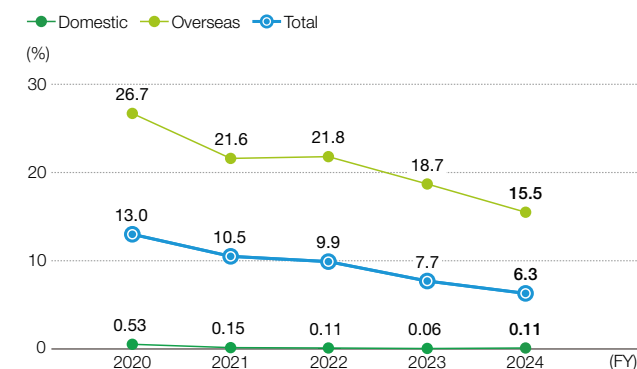
## Waste Emissions (Overall)



## Recycling promotion

We manufacture resin-processed products using a wide range of main raw materials, including polyvinyl chloride, polycarbonate, and silicone. In addition to basic sorting and processing, composite resin products and products made by bonding dissimilar materials such as resin and metal may be difficult to recycle. With regard to waste generated during the manufacturing process of these products, we make it easier to recycle materials by separating them for disposal. We also promote waste recycling by collaborating with waste processors. We are encouraging the recycling of resources by promoting the reuse of waste materials discharged from our company. Nearly 100% of waste generated domestically is recycled, and we are working to further improve on and expand this effort while promoting a shift to recycling methods with a lower environmental burden.

## Emission Rate (Overall)



## Proper Waste Management

In addition to ensuring proper management of waste ultimately discharged by the Company, we conduct regular on-site inspections and audits of contractors to whom we entrust waste processing in order to guarantee that waste is handled properly. No violations of waste disposal laws or environmental incidents have occurred at the Company or its subcontractors. We will continue to strictly adhere to laws and regulations and environmental conservation with a commitment to proper waste management.

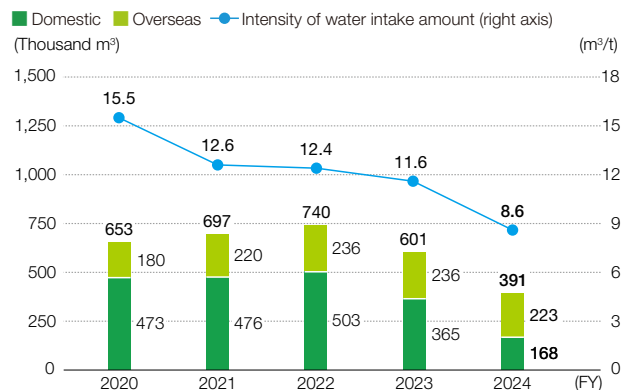
## Conservation of Water Resources

In recent years, the progression of climate change and the worsening of regional water shortages have made it inevitable to tackle water risks. Water is an essential resource in the manufacturing process of resin-processed products, and we are committed to its conservation as an environmental challenge for the sustainable use of water resources.

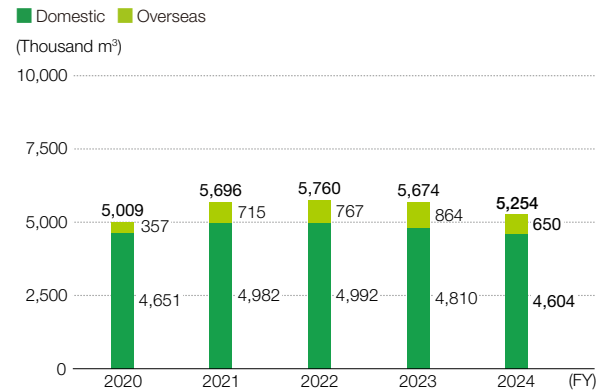
### ■ Promoting the Efficient Use of Water

The total water intake for fiscal 2024 was 391,000 m<sup>3</sup> domestically and internationally, a 35% decrease year-on-year. Water intake per unit of production was 8.6 m<sup>3</sup>/t, a 26% reduction year-on-year. The drainage volume was 334,000 m<sup>3</sup>, representing a 38% decrease year-on-year.

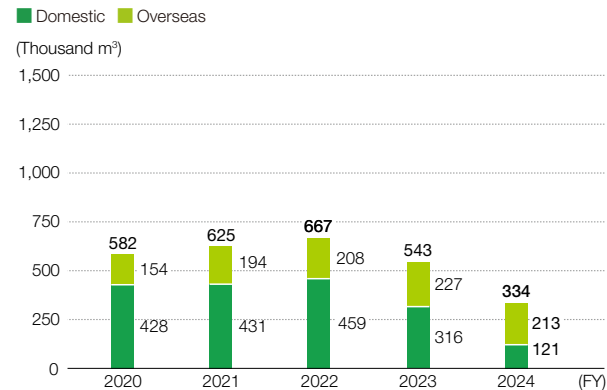
#### Water intake (Overall)



#### Circulated Water (Overall)



#### Water Discharge (Overall)



## Water Pollution Prevention

We conduct regular analysis of discharged water to check that the quality of discharged water satisfies the standards of the “Water Pollution Prevention Act”.

### 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.

### Air Pollution Prevention

We currently have no equipment that is subject to regulations, yet we do stipulate self-control standards and strive to reduce emission amounts. For VOCs (volatile organic compounds) in particular, we have been trying to reduce the consumption while we periodically measure the emission concentration to confirm that the value is below the limit.

Control of VOC Substances ▶ P.27

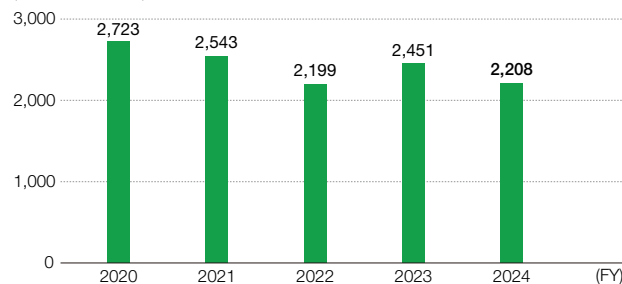


### ■ Investigations on Chemical Substances Contained in Products

At the Group, we have conducted investigations on chemical substances contained in products. Every fiscal year, we receive over 2,000 requests for investigations on chemical substances contained in products, and we report the results in accordance with our Global Environmental Communication System. Furthermore, no major nonconformities occurred in fiscal 2024.

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

(Number of cases)



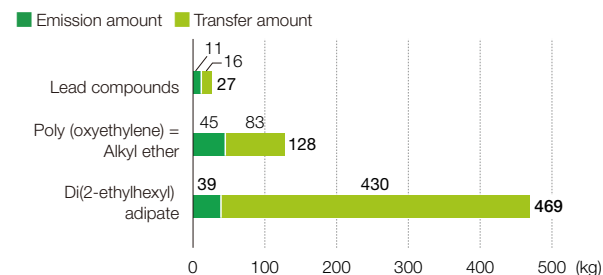
### ■ Management of the Emissions and Transfer of PRTR Target Substances

The Group identifies and registers emissions and transfers of substances subject to the PRTR Act\*, and in fiscal 2024, we made registrations for the Tokyo Plant. PRTR registrations were made for 624 kg of three substances (95 kg for emissions and 529 kg for transfers), including 27 kg (11 kg for emissions and 16 kg for transfers) of lead compounds (lead-based stabilizer for PVC products), a Class I Specified Chemical Substance.

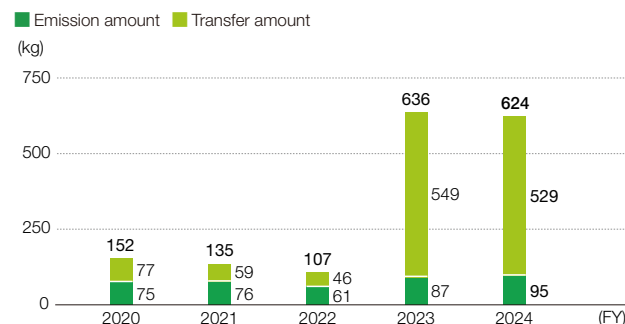
Di(2-ethylhexyl) adipate has been used as a stabilizer for PVC products since fiscal 2023.

\* Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement

#### FY2024 PRTR Registration Results



#### Emissions and Transfer of PRTR Registered Substances



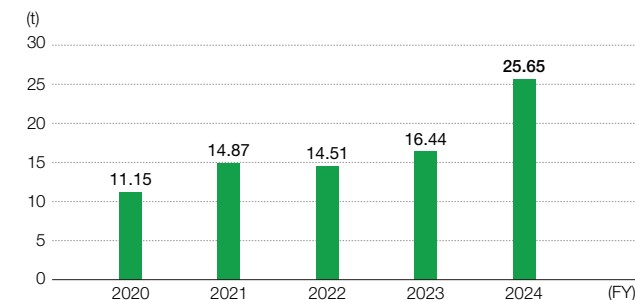
\* To improve data accuracy, values from previous years have been retroactively revised.

### ■ Control of VOC Substances

Every year, we confirm that the value of VOC substances is below the limit.

Consumption (t/year) of VOC9 substances at domestic production sites for fiscal 2024 were 25.65 tons, an increase of about 56% from the previous fiscal year's 16.44 tons. This is primarily due to increased use of ethanol for cleaning and disinfection.

#### Consumption of VOC9 Substances



#### Consumption of VOC9 Substances (Breakdown)

VOC 9 substances	FY2020	FY2021	FY2022	FY2023	FY2024
Ethanol	9.02	10.40	11.37	13.94	21.48
Ethylbenzene	0.01	0.07	0.18	0.03	0.05
Xylene	0.03	0.20	0.13	0.05	0.15
Toluene	1.25	1.37	0.80	0.96	1.13
Acetone	0.00	0.24	0.22	0.13	0.22
Ethyl acetate	0.04	0.02	0.04	0.03	0.03
Butyl acetate	0.50	0.40	1.19	0.31	0.96
Isopropyl alcohol	0.30	0.47	0.58	0.99	1.02
Methyl ethyl ketone	0.00	1.71	0.00	0.00	0.61
<b>Total</b>	<b>11.15</b>	<b>14.87</b>	<b>14.51</b>	<b>16.44</b>	<b>25.65</b>

# Development of environmentally friendly / contributory products

## 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 as a unique sustainability contribution initiative to reduce environmental impact and solve social issues.

### Development Concept

The Group’s environmentally friendly/contributory products refer to 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 100 evaluation criteria for the seven categories below 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 and certification are performed by the Certification Subcommittee, which consists of representatives from each business site.

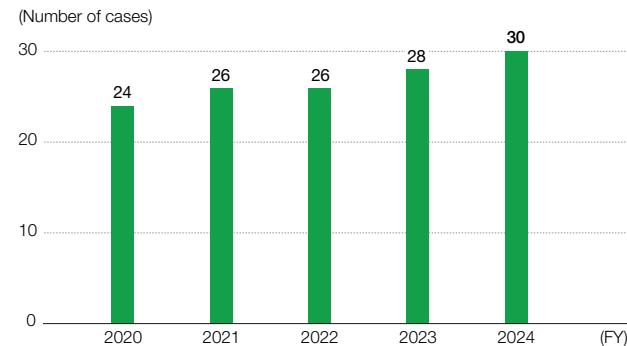
#### Evaluation standards for environmentally friendly / contributory products

- ① Resource saving
- ② Energy saving
- ③ Waste reduction
- ④ Recycling
- ⑤ Environmental pollutants
- ⑥ Safety
- ⑦ Biodiversity conservation

## Certification (Targets and Results)

For the 8th mid-term Green Activities (fiscal 2024-fiscal 2026), our target is to certify four new cases, similar to that in the previous mid-term target. Two cases were certified in fiscal 2024.

### Number of certified products



## Environmentally friendly / contributory products certified in FY2024

The list of Shin-Etsu Polymer Group’s Environmentally friendly/contributory products that resolve social issues is as follows.

### Certified product (1) Inter-Connector



#### Reason for judgment

The Inter-Connector is an electronic component that connects and provides electrical continuity between PCB (printed circuit board) and LCD, or between PCB. The connection requires only applying clamping pressure between the PCB and components like an LCD, making it easy for anyone to perform the task, thereby improving work efficiency. Furthermore, since soldering is not required, it is possible to reduce electricity consumption equivalent to the energy used for soldering.

In addition, it was certified as a product that facilitates easy replacement in case of malfunction and helps prevent unnecessary defects in PCB and materials.

### Certified product (2) Silicone Light Guides



#### Reason for judgment

Silicone light guides are light-guiding elements made from silicone rubber as the raw material. Silicone rubber is suitable due to its properties and ease of molding. In automotive uses, it helps reduce vehicle weight, leading to improved fuel efficiency. Furthermore, improving yield and reducing burrs enables efficient production and contributes to waste reduction. Additionally, compared to other raw materials (such as glass and resin), it has excellent enhancing capabilities—such as the ability to efficiently utilize light—making it a product expected to expand into non-automotive applications (spotlights). All of these factors led to its certification.

# 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 its manufacturing operations, the Shin-Etsu Polymer Group contributes to society by providing high quality products that are trusted by customers.

- 1 The Group endeavors to improve customer satisfaction by constantly working to incorporate market demands in its products.
- 2 The Group aims to continue to be a “company of choice” through unceasing efforts to improve its technologies and enhance quality.
- 3 The Group implements thorough field management and continues to supply consistently high quality products.
- 4 We will obey laws and regulations so that we remain a corporate group that is trusted by society and customers.

Revised July 2023

## Quality Assurance System

The Group’s quality assurance system is based on ISO 9001 (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 ISO 13485 certifications, which additionally support requirements from these particular industries, building up systems for seeking continuous quality improvements.

We have established the Quality Assurance Division as a company-wide, cross-sectional organization to oversee the quality assurance system of the Group, and promote information sharing and collaboration among production sites by establishing a quality management framework, conducting quality meetings and other means, thereby strengthening the quality assurance system for the entire company. Each plant, including the group companies, has a quality assurance department that is independent from the manufacturing department, and is responsible for quality assurance-related operations.

## Quality Management System (QMS)

The quality-related international certifications acquired by all offices of the Shin-Etsu Polymer Group are shown below. Furthermore, all sites have completed the necessary certifications to meet industry and customer requirements for manufactured products.

	Site Name	ISO 9001	IATF 16949	ISO 13485	ISO/IEC 17025
Domestic Business Sites (Shin-Etsu Polymer)	Tokyo Plant	●			
	Chemical Analysis Center				●
	Kodama Plant	●		●	
	Shiojiri Plant	●	●		
	Nagano Branch, Shiojiri Plant	●		●	
	Itoigawa Plant	●			
	Chikusei Plant	●			
Overseas Business Sites	Suzhou Shin-Etsu Polymer Co., Ltd.	●	●	●	
	Shin-Etsu Polymer (Malaysia) Sdn. Bhd.	●	●	●	
	PT. Shin-Etsu Polymer Indonesia	●			
	Shin-Etsu Polymer Hungary Kft.	●	●	●	
	Shin-Etsu Polymer India Pvt. Ltd.	●	●	●	
	Dongguan Shin-Etsu Polymer Co., Ltd.	●			
	Shin-Etsu Polymer America, Inc.	●	●		
Hymix Co., Ltd.	●				

As of April 4, 2025

\* For more detailed information, contact your local sales department or use the “Contact Us” form on the website.

## Quality Education

We focus on educating our employees on quality to develop human resources who can contribute to quality improvement. Under the supervision of the Quality Assurance Division, all employees involved in quality are given the opportunity to participate in “Basic Quality Education” from the early stage of their employment, and thereafter quality education is provided at each stage with various themes and forms (refer to the List of Quality Educational Classes hosted by the Quality Assurance Division). Moreover, each production site formulates annual employee education plans; provides quality education for its new employees; and conducts a program for QMS internal auditors to improve the knowledge and skills that support quality assurance.

### List of Quality Educational Classes Hosted by the Quality Assurance Division

Name	Time frame	Targets	Description
Basic quality education	April	Employees hired in the current year for general positions	New employee training conveying the fundamental concepts of quality management in manufacturing
Education on quality management methods	December	Employees hired in the current year for general positions	Education including exercises on basic statistical measures and methods, designed for employees preparing to take the QC Level 3 Certification exam
8D Introduction Course	Twice a year	Production site nominee (manufacturing division leader level)	Practical course for learning the 8D method (an approach for consistently resolving customer complaints and issues arising in the production process) taught by an outside instructor
5 Whys analysis workshop	Twice a year	Production site nominee (manufacturing division leader level)	Practical course for learning the 5 why analysis (a quality methodology for identifying the root causes of customer complaints and issues arising in the production process) taught by an outside instructor

### The Quality Management and Quality Control Examination

As part of our quality management education, we promote the acquisition of Quality Management and Quality Control Examination (QC KENTEI). The QC KENTEI is a certification test on quality management and quality control conducted by the Japanese Society for Quality Control, which objectively evaluates the relevant knowledge at four levels\*. We aim to improve employee motivation and strengthen our quality management and quality control system by supporting employees in obtaining qualifications, such as by providing incentives according to the passing level. A total of 506 employees have passed the test since this initiative was started in 2019.

\* 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.

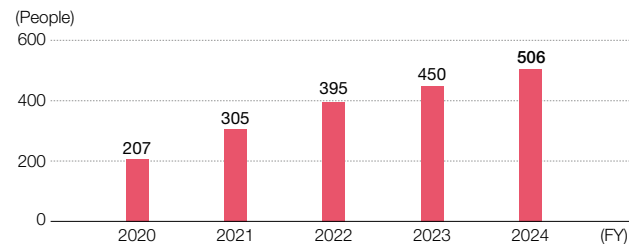
Grade 2: Candidates play a leading role in issues related to solving quality problems through the application of QC methodology.

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)

### Total of Successful QC KENTEI Examinees



## Initiatives for Improving Quality

### Quality Month Activities

With the aim of strengthening quality across the entire Group, various in-house activities are conducted in conjunction with Quality Month, which is held nationwide every November under the auspices of the Union of Japanese Scientists and Engineers and other organizations. During Quality Month in November, we announce a special President’s message at the beginning of the month, display “Quality Month” posters; conduct plant evaluations to assess the quality control status at each production site; and give awards for the best motto about quality that are submitted by our employees and combine them with introductions to the quality divisions at each production site. We then publish them as a special article about quality control in our in-house magazine every year.

In fiscal 2024, the respective heads of the Production Engineering Unit and Quality Assurance Division conducted on-site inspections at the Nagano Branch Plant and Kodama Plant. The purpose was to identify on-site level activities and management levels and to communicate issues and improvement measures related to quality control. Discussions were held on how to incorporate mechanisms for preventing human error in order to avoid identification management mistakes in high-mix, low-volume manufacturing environments, and how to build a system for standardizing practices—such as incorporating “insights” from the field into procedure manuals in a timely manner. Based on these discussions, instructions were issued to translate these concepts into specific initiatives at each production site.



Process inspection



Desk audit

## Quality Audit

With an aim to improve quality and customer service, each production site of the Group systematically conducts internal quality audits in accordance with ISO 9001 certification standards. Audits are conducted from the perspective of whether the prescribed quality management activities are being carried out and improvements are being made continuously from the perspective of improving customer satisfaction.

From the viewpoint of preventing quality misconduct, separate from internal quality audits, the “Quality-related Misconduct Evaluation” is conducted at each domestic and overseas production site in accordance with the Group’s common auditing rules. In each process, plant managers conduct evaluations based on product inspection data to determine whether there are any “motives,” “opportunities,” or “justifications” that could cause misconduct, and whether there are any “tampering,” “fabrication,” or “falsification”.

## Response to Quality-related Defects

We have established a company-wide policy to respond promptly and appropriately to customer inquiries, defect information, and other matters. We have a system in place to promptly report serious cases to management. We have also established a company-wide database that enables us to share information on the content and progress status of defects in real time within the company, which is also useful for aggregating and analyzing past data.

Quality defects are addressed using the 8D method\* as a problem-solving approach. This ensures that reliable recurrence prevention measures are implemented, which has also led to a reduction in the number of customer complaints.

\* The 8 disciplines and methods included in the problem-solving process

## Flow of Response to Quality-related Complaints by the 8D Method

	Status	Description
D0	Complaint received	Taking up a complaint raised by a customer and creating an entry in quality complaint database
D1	Team formation	Selecting problem-solving team members
D2	Problem details identification	Identifying the direct cause of the problem through change point analysis, physical inspection, and occurrence status investigation
D3	Emergency/ temporary measures	Identifying the scope of the problem to prevent it from spreading (i.e. containment), and taking actions to stop the problem from escalating through provisional countermeasures addressing the direct cause
D4	Root cause identification	Identifying the root causes by delving into direct causes
D5	Permanent measures planning	Planning and implementation of permanent measures for root causes
D6	Measures effect verification	Evaluating the effectiveness of permanent measures
D7	Recurrence prevention	Standardization of permanent measures, horizontal deployment of permanent measures to relevant processes
D8	Problem resolution approval	Customer approval and closure of quality complaint database; approval of problem resolution through internal team (in-house) review

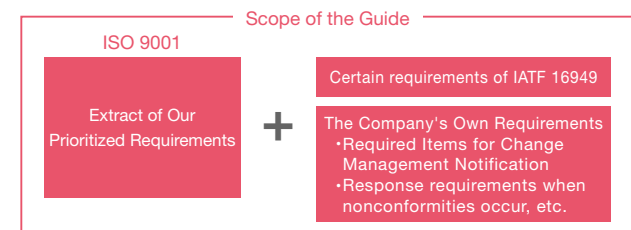
## Ensuring Product Safety

To ensure product safety, we strictly manage product safety from the development stage based on our company regulations that are in compliance with the relevant laws and regulations and industry standards for each product. Moreover, at the stage of transferring mass production from the development and engineering divisions to the production division, we operate a system to check the conditions of chemical substance control and manufacturing feasibility based on the mass production transfer guidelines. When we receive information from our customers that presents a high risk, such as information that threatens product safety, we have a system in place to promptly report it to management and take action. We also provide product safety information by publishing product safety data sheets (SDS) on our website.

## Strengthening Quality Management by Suppliers

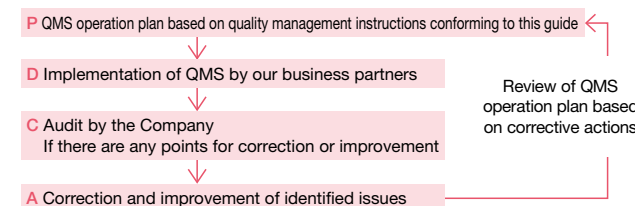
To enhance the quality of our products and improve customer

satisfaction, it is essential to raise the quality level of purchased items, and so the cooperation of our suppliers is essential. The Quality Assurance Division and Purchasing Division have issued the “Quality Assurance Guide for Suppliers,” which clearly states the QMS requirements we seek our business partners to comply with as part of our efforts to bolster supply chain management. This guide, based on ISO 9001 requirements and incorporating certain IATF 16949 requirements as well as our own requirements, is distributed to our business partners. We ask that they comprehend its contents and agree to comply with it.



At the same time, the procurement divisions at each production site plan regular quality audits of suppliers, and in collaboration with the quality assurance and development and engineering divisions, prepare checklists and conduct document audits and on-site inspections based on this guide. While conducting audits, we make detailed observations of QMS operations and manufacturing sites, communicate points requiring correction or improvement, and continuously follow up on corrective actions to drive the PDCA (Plan-Do-Check-Act) cycle.

## Flow of actions in strengthening quality management among business partners



# Supply Chain Management

## Basic Approach

The Shin-Etsu Polymer Group has established the “Shin-Etsu Polymer Group’s Basic Procurement Policy” to maintain fair and equitable relationships with our business partners and to promote procurement activities that take into account human rights, labor rights, and other social rights. Based on this policy, we aim to conduct responsible procurement in our supply chains to bring about a sustainable society. We have also established Green Procurement Standards to promote environmentally friendly procurement activities.

### Shin-Etsu Polymer Group’s Basic Procurement Policy (Extract)

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

### Basic Procurement Policy

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

## CSR Procurement Promotion Activity

Under the “Shin-Etsu Polymer Group’s Basic Procurement Policy”, we are promoting CSR procurement activities across the entire supply chain. When selecting suppliers, we aim to solicit understanding from the suppliers of the contents of the “Shin-Etsu Group CSR Procurement Guidelines”. In line with these guidelines, we promote socially and environmentally

responsible procurement initiatives as good partners aiming for mutual growth and development.

### CSR Procurement Guidelines



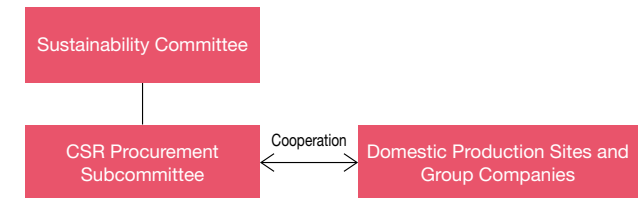
[https://www.shinpoly.co.jp/en/sustainability/social/Procurement/main/00/teaserItems1/01/linkList/0/link/guide\\_shin-etsu\\_en.pdf](https://www.shinpoly.co.jp/en/sustainability/social/Procurement/main/00/teaserItems1/01/linkList/0/link/guide_shin-etsu_en.pdf)

## CSR Procurement Promotion System

Under the Sustainability Committee, we have established a CSR Procurement Subcommittee consisting of members mainly from the Purchasing Division. The subcommittee

regularly holds meetings to promote CSR procurement in cooperation with each production site. The FY2024 Activity results and FY2025 Plans are as follows:

### CSR Procurement Promotion System Chart



### FY2024 Activities and FY2025 Plans

Items	FY2024 results	FY2025 activity plans
<b>Basic Procurement Policy CSR Procurement Guidelines</b>	<ul style="list-style-type: none"> <li>Revision of CSR Procurement Guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Review relevant policies and determine necessity of revisions</li> </ul>
<b>Promotion activities by disclosure of CSR Procurement Guidelines to our business partners</b>	<ul style="list-style-type: none"> <li>Continuously posting on the website</li> <li>Dissemination of information to business partners via the sustainability survey</li> </ul>	
<b>Survey of business partners' sustainability initiatives through the sustainability questionnaire</b>	<ul style="list-style-type: none"> <li>Implementation of revisions including reviewing the questions and adding results summary sheets</li> <li>Establishing and starting implementation of a response manual</li> <li>Implementation of the first-year investigation for the new 3-year plan</li> </ul>	<ul style="list-style-type: none"> <li>Review of the necessity for revising the questionnaire</li> <li>Implementation of the eighth investigation based on the new 3-year plan</li> </ul>

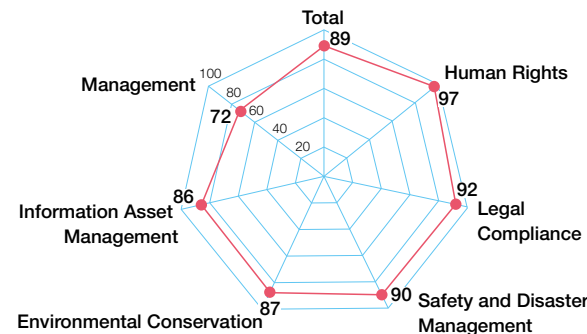
## Responsible Procurement Initiatives

The Group strives to build a sound supply chain by distributing our “Basic Procurement Policy” and “CSR Procurement Guidelines” to our business partners to enhance their understanding of responsible procurement within the Group.

### ■ Survey on sustainability initiatives by business partners

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 2018. For the fiscal 2024 survey, we reviewed some of the questions and asked suppliers to answer a total of 119 questions. We also added a summary sheet displaying a radar chart scored according to the Company’s standards, enabling feedback on the responses. In addition, we established and began implementing a response manual requesting corrective actions based on our business partners’ responses. However, no such responses were identified in fiscal 2024. We also conduct human rights due diligence to assess the current status of our activities by distributing questionnaires on human rights issues to business partners particularly important to our operations. We conduct sustainability surveys that include questions concerning respect for human rights and request our business partners to ensure full compliance.

### Summary of Results of the Business Partner Survey (FY2024)



#### Implementation Results

The evaluation result for the six items as a whole totaled 89 points, exceeding the fiscal 2023 result. Overall scores improved, including in the area of human rights. On the other hand, management needs to be strengthened.

### ■ BCP in Supply Chains

Our Group will continue to strive to strengthen our BCP (Business Continuity Plan) not only in our own operations but also in our supply chains to ensure business continuity and prompt recovery in the events such as a large-scale disaster. In fiscal 2024, we conducted a survey of our major business partners to assess the status of their BCP initiatives and ascertain their level of responsiveness. We automatically send out e-mails to major business partners in the event of a disaster to confirm their safety and the extent of damage. We are also working on strengthening our systems by asking business partners who handle irreplaceable and important materials to consider whether they can be handled at a separate plant in the case of emergency.

## Compliance with the Subcontract Act

With regard to compliance with the Subcontract Act, we confirm that registration and renewal of business partners is carried out without delay in accordance with the capital and transaction details of each business partner. We continue to work with employees who have contact with companies subject to the Subcontract Act, collaborating not only with procurement personnel but also with related internal departments. We are also committed to constantly raising awareness among employees through education on legal compliance by conducting e-learning and workshops for procurement staff in the Purchasing Division as well as on production sites.

## Response to Conflict Minerals

Under the “Conflict Minerals Policy”, the Group continues its full 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. We request our suppliers to refrain from sourcing conflict minerals from these regions in accordance with our “CSR Procurement Guidelines”. We also use the Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) issued by the RMI to verify the presence of conflict minerals and confirm specific details such as smelters, and respond appropriately on this matter when asked by our customers.

#### Conflict Minerals Policy

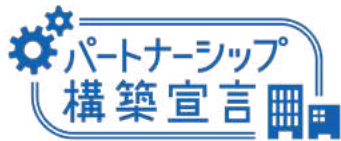


<https://www.shinpoly.co.jp/en/sustainability/social/mineral.html>

## 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, the Small and Medium Enterprise Agency, and the Ministry of Economy, Trade and Industry, and have announced the “Declaration of Partnership Building.”

In fiscal 2024, in accordance with the Promotion Standards and the Declaration of Partnership Building, we advanced internal preparations concerning the handling of assets loaned to subcontractors (such as molds and jigs) as a key activity theme for the Compliance Committee. We developed the “Guidelines for Optimization of Mold Transactions” and sequentially concluded the “Memorandum Concerning Mold Management” with subcontractors, establishing a system to manage loaned assets using a unified format. Going forward, we will monitor the operational status as part of our operational audits. Additionally, as part of efforts to facilitate price pass-through, we also confirmed the status of price revisions with divisions conducting business with subcontractors.



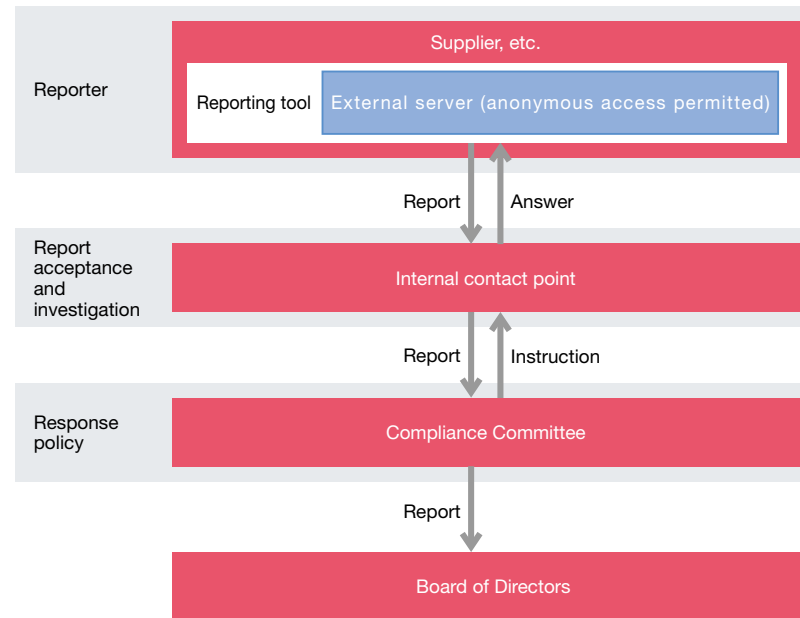
Declaration of Partnership Building (In Japanese only)

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

## Supplier Hotline

The Supplier Hotline was established as a contact point for business partners to make reports. The hotline allows suppliers to report whenever they recognize any violations of laws, regulations by the Group’s officers and employees during transactions with our Group. In addition to being available in the Japanese and English languages, we established a contact point in the Chinese language in June 2024. Through such initiatives, we strive to maintain and develop appropriate business relationships by ensuring transparency and fairness in suppliers’ transactions with the Group.

### Supplier Hotline Internal Response Flow



# Occupational Health and Safety

## Basic Approach

Under the management goal of "raise safety and hygiene awareness to achieve 'zero industrial accidents'", employees of the Shin-Etsu Polymer Group work together as one to reduce risks at workplaces.

## Shin-Etsu Polymer Group Environmental Security Policy

We recognize that safety, disaster prevention, and environmental conservation are among the key management issues taking precedence over all else, and we strive to enhance corporate value by creating workplaces that are both people- and environment-friendly.

- 1 Creating safe, comfortable, and environmentally 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.

Revised October 1, 2016

## Environmental Security Promotion System Chart



## Certifications of Occupational Health and Safety Management System

Two plants in Japan (Tokyo Plant, Kodama Plant) and two overseas sites (Suzhou Shin-Etsu Polymer Co., Ltd., and Hymix Co., Ltd.) have obtained certification for the occupational health and safety management system international standard ISO 45001. The certification rate for all production sites is 33%. Additionally, even at facilities that have not yet obtained certification, we have established and are operating management systems compliant with the same standard. Currently, we are preparing to obtain new certification at two locations, both domestic and international.

## Occupational Safety Initiatives

### — Aiming for Zero Occupational Accidents —

At our domestic and overseas production sites, 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 (Sort, Set in order, Shine, Standardize, and Sustain + Safety) activities.

In 2024, we formulated guidelines for hazardous operations, such as non-routine work and oxygen-deficient environments, as part of our efforts to achieve zero accidents and strengthen our systems, and ensured that all employees were familiar with these guidelines through education and guidance.

### Environmental Security Audits

We conduct annual environmental security audits to check whether environmental security activities (health and safety, disaster prevention, environment and waste, and compliance) are properly implemented at all domestic and overseas plants, and the audit members are the chairperson of the Environmental Security Committee and the Secretariat (Head Office Environmental Safety Department).

In fiscal 2024, we conducted on-site audits or web-based audits at five domestic and four overseas sites out of 12 domestic and overseas sites. With a particular emphasis on “disaster prevention” as a key inspection item, we conducted verification and provided guidance on the management and operational status of firefighting equipment, evacuation routes, disaster drills, hazardous materials storage facilities, and other areas.



Audit in progress (Shiojiri Plant)

### Health and Safety Education / Training

To enable our employees to perform their work safely, we have an education/training system in place to improve safety awareness and the ability to predict and avoid hazards. In addition to conducting training on health and safety for new

employees every year, we distribute educational materials such as DVDs and booklets on health and safety to all plants, and encourage employees to take advantage of opportunities to participate in regular training sessions. Starting in 2024, we strengthened KYT by incorporating CG video audiovisual tools to raise employees' risk awareness. Moreover, we have prepared guidelines for specific equipment and operations that are prone to have accidents, and are working for thorough dissemination of these internal guidelines.

### Occupational Accidents

The number of accidents that occurred at domestic and overseas plants in 2024 was five, including three in Japan (with two lost working days) and two overseas (with two lost working days).

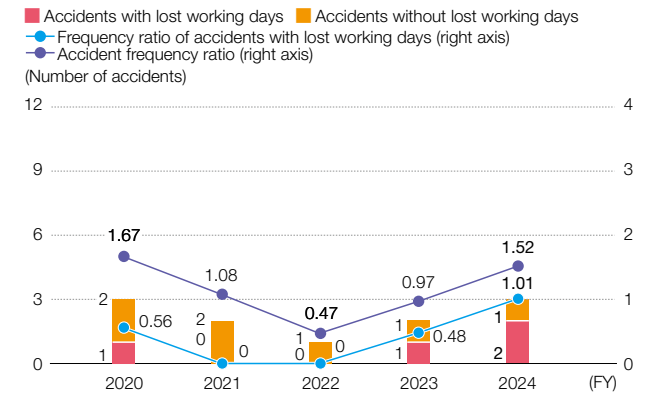
Most of the victims were middle-aged or older employees with more than 25 years of experience. They were mainly caused by human error. Additionally, due to the high number of accidents involving falls during non-routine work, we established guidelines for non-routine work and carried out retraining.

We will continue to promote safety education, KYT, and other initiatives to reinforce safety measures at each workplace.

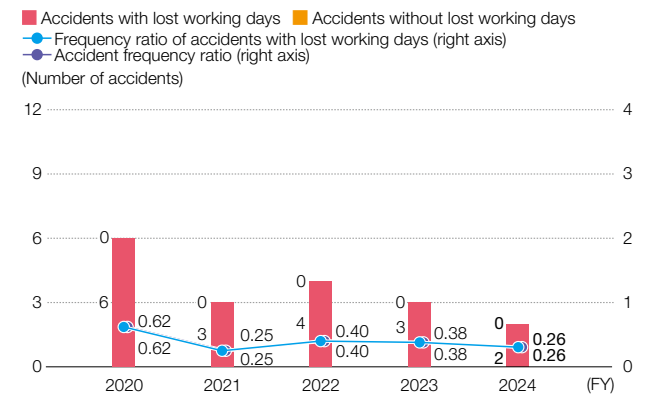
### Risk assessments

We regularly conduct risk assessments to eliminate or reduce various dangers and toxicities in advance, mainly at production sites. We conduct risk assessments whenever there are changes in production processes or operations.

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



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



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

# Respect for Human Rights

## Basic Approach

The Shin-Etsu Polymer Group respects the human rights of all people based on "The Shin-Etsu 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. In fiscal 2024, we revised our human rights policy in light of changes in the social environment surrounding human rights, referencing the United Nations' "Guiding Principles on Business and Human Rights."

### The Shin-Etsu Group Human Rights Policy (Extract)

The Shin-Etsu Group (hereinafter referred to as "the Group") is committed to its corporate mission of "actively pursuing sustainable business activities and creating value demanded by society and industry through unrivaled material technologies." At the foundation of this lies respect for human rights. The Group respects the human rights of all people. The Group will vigorously promote the activities listed below to ensure eternal respect for human rights, while complying with applicable laws and regulations in the countries and regions where we conduct business and respecting international codes of conduct\*. In cases where conflicts arise between the laws and regulations and international codes of conduct of different countries and regions, we will deal with them appropriately founded on the Group's principle of respecting human rights.

Shin-Etsu Group (the "Group") engages in business based on its Business Principle, "The Group actively conducts in sustainable business practices and creates the value sought by society and industry through the provision of unrivaled key materials technologies." The foundation of this is respect for human rights. The Group respects the human rights of all individuals. To ensure respect for human rights perpetually, the Group commits to observe the laws and regulations applicable in the countries and regions where it does business, respect international codes of conduct\*, and vigorously promote the activities listed below. In the event that a contradiction arises between the laws and regulations of a particular country or region and international codes of conduct, we will deal with the matter appropriately based on our Group principles for respecting human rights.

- 1 Prohibition of discrimination** The Group does not discriminate at all on the basis of nationality, race, ethnicity, sex, 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** The Group does not in any case conduct sexual harassment, power harassment, maternity harassment or any other acts that damage human dignity.
- 3 Protection of privacy** The Group protects the privacy of individuals and handles personal information properly in accordance with the applicable laws and regulations of each country and region.
- 4 Respect for basic labor rights** The Group respects the 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** The Group prohibits our operations in all countries and regions from using child labor in accordance with the applicable laws and regulations of each country and region. We also prohibit the use of forced labor.
- 6 Working hours and wages** The Group complies with the working hours, breaks, holidays, and minimum wages stipulated by the applicable laws and regulations of each country.
- 7 Health and safety** For the Group, safety is a fundamental prerequisite for business operations. We prioritize safety above all else and strive to further improve the work environment so that employees can work with peace of mind.

\*"International codes of conduct" follows:  
The Universal Declaration of Human Rights, ILO International Labour Standards, UN Guiding Principles on Business and Human Rights, UN Global Compact's 10 Principles, etc.

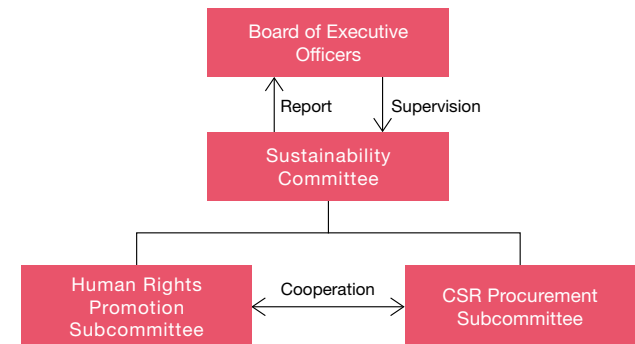
The Shin-Etsu Group Human Rights Policy

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

## Promotion System

The Group has established the Human Rights Promotion Subcommittee under the Sustainability Committee, chaired by Representative Director and President, to focus more intensively on "business and human rights." It will also collaborate with the existing CSR Procurement Subcommittee and further advance human rights-related activities as the first point of contact for the Group's companies both domestically and internationally.

### Human Rights Promotion System Chart



## Human Rights Due Diligence Initiatives

The Group began assessing the human rights due diligence efforts of its business partners as a priority measure starting in fiscal 2024.

We provide feedback on responses to questionnaires for business partners, including those in the human rights field, and identify issues based on the response manual. For business partners with whom we wish to deepen our engagement, we request corrective actions to address issues and monitor progress through management logs. This approach helps prevent human rights risks and facilitate improvements. Additionally, in fiscal 2024, we created value chain maps for businesses where materialized risks could potentially lead to significant losses and conducted questionnaire surveys with the relevant business partners to identify and assess human rights risks. The selection of the applicable business partners and the validity of the survey content, among other aspects of the investigation process, were reviewed with expert guidance. In fiscal 2024, there were no incidents that constituted human rights risks.

We will continue to conduct surveys at the Group's companies both domestically and internationally. For our business partners, we will make improvements such as enhancing questionnaire content and expanding the scope of respondents, further enhancing management practices that respect human rights.

Supply Chain Management ▶ P.34

## Human Rights Reporting and Consultation Desk

Our Group has established an internal reporting system that covers employees of domestic and overseas group companies, and receives reports and consultations on a variety of matters, including human rights. In addition, we have established a "Supplier Hotline" that is available in English and Chinese languages as a contact point for persons outside the Group to report issues.

### Supplier Hotline



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

Internal Reporting System ▶ P.54

## Human Rights-related Education / Training

The Group strives to foster awareness regarding human rights among employees through a variety of activities. In fiscal 2024, we conducted two education and training programs on human rights. We plan to continue holding these programs in the future.

- Human rights training  
Incorporated into new employee training and conducted as a group training session with an outside instructor (100% attendance rate)
- Diversity & Inclusion Training  
Conducted as group training sessions with outside instructors for general managers and section managers, and similar positions (100% attendance rate for all sessions)

Sustainability Management ▶ P.11

# Diversity & Inclusion

## Basic Approach

Shin-Etsu Polymer promotes diversity and inclusion across the company in order to be a company that can continue to meet the expectations of stakeholders by creating an environment that makes the most of diversity and promoting sustainable management.

### Diversity & Inclusion Policy

Creating a workplace where employees recognize diversity among themselves, feel comfortable with others, and cooperate with each other

- 1 We will strive to create a workplace environment and culture that respects and recognizes diversity not only in terms of gender, age, race, nationality, disability, sexual orientation, religion, beliefs, and values, but also in terms of career, experience, and work style, and that allows employees to work and grow together.
- 2 We will continue to foster a corporate culture in which each and every one of our diverse employees can work with enthusiasm and initiative, and make full use of their abilities and individuality.
- 3 We will achieve innovation and creation of new value by encouraging employees to participate in organizational management, demonstrating teamwork skills, and promoting communication among employees.
- 4 We aim to create a workplace where diverse human resources can play an active role by enabling sustainable ways of working according to life stages, such as supporting the balance between work and family, and creating a work environment that is comfortable for seniors and people with disabilities.

## Fostering Corporate Culture

There is a demand for diversity management that creates innovation and leads to value creation by making the most of diverse human resources and providing opportunities for them to maximize their abilities. We are continuously conducting training with the aim of spreading and establishing diversity and inclusion. In fiscal 2024, we invited external instructors to conduct training for managers such as general managers and section managers on three themes: "Diversity and Management," "Diversity and Inclusion," and "Unconscious Bias."



Diversity & Inclusion Training (Managers)

## Securing Diverse Human Resources

We strive to secure and recruit excellent human resources with diverse abilities and personalities regardless of nationality, race, or gender.

### 1 New Recruitment

When recruiting students who have just graduated or completed high school, university, graduate school, etc., the department in

charge of human resources as well as Sales Unit, Development Unit, and Production Unit are involved in the recruitment activities to promote stable and continuous recruitment of diverse human resources from multiple perspectives.

### 2 Mid-career Hires

In order to hire human resources with diverse experience, professional skills, and knowledge, and to revitalize and transform the organization through diverse values, we actively recruit the necessary human resources based on our mid- to long-term business strategy.

### 3 Employment of People with Disabilities

By creating an environment where people with disabilities can work with peace of mind for a long time, we aim to be a company where diverse staff can play active roles. We are flexible with work hours and other arrangements based on the degree and circumstances of disabilities, and we are marking environmental improvements at each workplace, such as offices and plants. We will also continue to accept interns from special needs schools, improve collaboration with local institutions, and continually address the employment of people with disabilities from a long-term perspective.

### 4 Reemployment System

For employees who wish to continue working after retiring at the age of 60, we have established a system to rehire them until the age of 65 in principle. Leveraging their knowledge, expertise, and experience, these re-employed workers pass on their valuable skills to the next generation and will continue playing a key role after re-employment. We are also working on expanding options for continued employment after the age of 65, with the aim of securing employment opportunities up to the age of 70. We will continue to enhance our reemployment

system so that rehired employees can use diverse work styles that make the most of their respective backgrounds, which will lead to vitalization within the company.

## Employee Assistance for Various Life Events

In October 2022, we established the “Employee Childcare Support Policy,” and are focusing on developing an environment to help employees achieve work-life balance, 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 in April 2023, 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. Moreover, we are working on raising awareness regarding the related systems, such as by implementing e-learning on the theme of childcare leave for men, and to foster a culture of creating a workplace that supports work-life balance.

### Employee Childcare Support Policy

Shin-Etsu Polymer is committed to creating a comfortable work environment where employees can maximize their abilities. As part of these initiatives, we have created an environment where employees can achieve work-life balance and childcare with peace of mind, and implement initiatives to promote the use of systems that support childcare.

#### 1 Promoting Use of Childcare System

In order to promote creation of an environment that enables male and female employees to take childcare leave, we aim to promote the participation of male employees in childcare, and to quickly achieve 70% or higher rate of male employees who are taking childcare leave at the time of the childbirth.

#### 2 Enhancement of Childcare Support

We have set up a permanent consultation desk via which employees can inquire about childbirth and childcare support. Moreover, in order to obtain the cooperation and understanding from superiors and at the workplace with respect to employees who are expecting children, we are promoting creation of an environment where employees can confirm their intention to take childcare leave at an early stage.

### Various Systems related to Childcare

System Name	Description
Childcare leave	Can be taken until the child becomes 3 years old (until the day before the child's third birthday)
Childcare leave at childbirth (Paternity leave after childbirth)	Can be taken in two installments, up to 28 days, between the child's birth date or expected delivery date and 8 weeks after the date of birth
Shorter working hours for childcare	Employees with a child in the third grade of elementary school or younger may shorten their scheduled work hours by 30 minutes within a range of two hours per day
Child nursing care leave	Employees with at least 6 months of service and who have children in grade 3 or younger may take up to 5 days of paid leave per year (10 days for 2 or more employees) for childcare, vaccinations, or medical examinations
Accumulated paid leave	Up to 30 days of annual paid leave that has expired can be accumulated and used to care for family members, for own or spouse's pregnancy, or for children under 3 years of age
Childbirth leave	Employees may take paid leave when their spouse gives birth (up to 7 days before the date of delivery or the expected date of delivery)
Maternity leave	Female employees are granted 6 weeks of leave before childbirth (14 weeks in the case of multiple pregnancies) and 8 weeks of leave after childbirth
Hospital visit leave	Leave for health consultation or medical checkups is granted to female employees during pregnancy or before one year has passed since childbirth
Exemption from overtime work	If requested by employees with children in the third grade or younger, such employees are exempt from working outside of the scheduled working hours
Limitation on overtime work	Employees with children in the third grade of elementary school or younger are limited to 24 hours of overtime per month or 150 hours per year if they request it
Restriction on late-night work	Restrictions on late-night work for employees with children of pre-elementary school-going age

## Employee Interviews

Comments from Male Employees  
Taking Childcare LeaveTechnology & Production Division, Itoigawa Plant  
Tomoharu Yamamoto

## Circumstances and reasons for employees taking childcare leave

The reason I decided to take childcare leave this time is, first and foremost, because my wife, understandably, requested I do so.

This was my third child and the first time I was able to take it. I had regretted not being able to take it for my first and second children. The barriers to men taking paternity leave had lowered both on a social level and also within the company compared to when we had our second child, so I was determined to take it this time!

This time, after discussing it with my wife, I took childcare leave for about a month and a half commencing right after the birth. I chose this period largely due to my wife still recovering from the physical toll of childbirth and needing my support, as well as the necessity of caring for our two sons, both in elementary school.

As time passed and our third child was about to turn one, my wife decided to change jobs at this point in time. So, my wife asked me once again to take a second period of childcare leave for about two weeks around the time our child turned one. This was to accommodate the overlap between training at her new workplace and the nursery school enrollment period, specifically for drop-offs and pick-ups, as well as being on call for any emergencies. After checking the company policy, I found that taking a second period of childcare leave was allowed, so I took leave again, which is something I hadn't anticipated.

## Family reaction

**Wife:** During a time when she was physically spent, she was able to focus solely on caring for the baby because I handled the more physically demanding tasks like bathing the baby, cooking, and laundry. She was truly grateful for that. "I'll handle nighttime feedings, so you take care of the daytime chores," we agreed, dividing the responsibilities and supporting each other. She also expressed her gratitude that I handled all the childcare arrangements for the second time, allowing her to start fresh at her new workplace.

**Eldest and second sons:** With the new addition to the family, they seemed happy every day.

## Workplace cooperation

Before I took the childcare leave, I first discussed it with my boss, and received an immediate response of "No problem. Give it your best." My colleagues were also readily supportive, saying things like, "Hang in there, Dad."

## Handover of work duties

Since I knew the period of leave in advance, I discussed the tasks I was responsible for with my supervisor and colleagues and reassigned them.

To be honest, even after reassigning my work, I couldn't help but feel uneasy about it. I worried that because of me, work with deadlines might fall behind, or that the workload for others might increase.

However, that can't be helped! It cuts both ways! And with that same spirit, I want to warmly send off colleagues who take time off for similar reasons.

## Impressions

I never imagined I'd take leave twice, but thanks to my colleagues' tolerance, I was able to take all the leave without feeling too guilty. Of course, taking care of the baby, looking after the older children, doing housework and so on took a physical toll on me, but our whole family was able to spend a happy time together, centered around our new child. I am truly grateful to everyone at work who sent me off so warmly. Thank you.

## 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.

### Policies to Promote Women's Participation and Advancement

#### [Create]

We will encourage not only female employees but also other employees to have a sense of "wanting to be more active" and "wanting to improve their career" and to work by themselves.

#### [Prepare]

In order to create an environment in which all employees can work comfortably and continuously, we will promote awareness among those around us and foster a corporate culture.

#### [Connect]

We will expand "horizontal connections" among employees to share information from various perspectives.

Action Plan to Promote Women's Participation and Advancement Period of Plan April 2021 – March 2026		FY2024 results
Target 1	Increase the proportion of female managers by 30% (compared to fiscal 2021)	50% increase
<b>Description of actual initiatives</b> <ul style="list-style-type: none"> <li>● Active recruitment of female employees</li> <li>● Development of career planning and training programs</li> </ul>		
Target 2	Reduce the gender difference in the average duration of service to three or less	Difference of 2.1 years
<b>Description of actual initiatives</b> <ul style="list-style-type: none"> <li>● Raising awareness of childcare support programs</li> <li>● Fostering and promoting a company culture and atmosphere that makes it easier to take childcare leave</li> <li>● Reviewing the introduction of systems to accommodate diverse work styles</li> </ul>		

In fiscal 2024, we held a networking event where female managers talked about their career paths and gave insights on excelling as key personnel. This initiative provided female employees aspiring to management roles with the opportunity to think in detail about moving up to leadership positions. We will continue our efforts to facilitate interaction between female executives and female employees.

### Employee Interviews

#### Comments from a Female Manager



Information Systems Department Manager  
Noriko Ito

#### My Career Path and Job Role at the Company

I joined the company as an experienced worker and was assigned to the Information Systems Department because I had previously worked in systems-related roles. Subsequently, with the introduction of the J-SOX system, I was transferred to the Audit Office of Internal Auditing, where I engaged in establishing an evaluation system and conducting internal audit operations. Since returning to the Information Systems Department, I have been supervising members responsible for the entire group's infrastructure, security, and core systems. We are also moving forward with projects aimed at transformation, such as introducing new technologies like RPA and generative AI, and overhauling outdated systems.

#### Thinking and Engagement as a Manager

In recent years, as work styles emphasizing work-life balance have gained traction, the Company has also introduced flexible systems such as childcare leave, nursing care leave, a flextime system, and hourly annual leave. "I'm going to pick up my child from nursery school," "My wife is working this afternoon, so I'll be heading home in the morning"—hearing such remarks has become commonplace, making me keenly aware of how times have changed. On the other hand, as a manager, I feel it is essential to create an "atmosphere in which employees are at ease with utilizing such systems," along with making organizational preparations such as information sharing and multi-skilling to minimize the impact on operations.

I myself have managed to balance work and family life with the support of those around me. I believe the secret to sustaining a long career lies in not striving for impossible perfection, but in relying on others from time to time, and embracing challenges without fear of failure. Looking ahead, as we push forward with creating workplaces where diverse talents—regardless of gender—can maximize their abilities in their own unique ways, each individual can be expected to learn and grow independently, bringing new value to the organization.

## Building Good Workplaces

We have put in place an action plan to create a supportive workplace environment that enables employees to balance work and childcare responsibilities, allowing all employees working at our company to make full use of their abilities.

Next Generation Support Measures Action Plan (Phase 4)  
Period of Plan April 1, 2025 – March 31, 2027

Target 1	Maintain a male employee childcare leave uptake rate of 70% or higher during the plan period, and maintain an average childcare leave duration of 10 days or more for male employees
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### Description of actual initiatives

- Establish systems and foster a workplace culture that enables employees to actively participate in childbirth and childcare, and publicize examples of male employees taking childcare leave
- Deepen managers' understanding of taking childcare leave; establish systems and foster a workplace culture that enables employees to actively participate in childbirth and childcare; and publicize examples of male employees taking childcare leave

Target 2	Keep monthly average overtime hours below 20 hours
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### Description of actual initiatives

- Track actual overtime hours on a monthly basis and implement work improvement measures for affected individuals and organizations
- Instill a mindset of operational efficiency within individuals and organizations
- Communicate the company-wide goal of reducing non-statutory overtime

Target 3	Maintain an annual paid leave take-up rate of 60% or higher
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### Description of actual initiatives

- Promote the adoption of leave systems such as time-based annual leave
- Continue to review the introduction of diverse and flexible work arrangements

We are also committed to creating a healthy working environment for each and every employee.

### 1 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 intranet to raise awareness of mental health and health management.

### 2 Promoting the Use of Annual Paid Leave

We promote and 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.

### 3 Initiatives to Ensure Proper Working Hours

In addition to complying with labor-related laws, Shin-Etsu Polymer Group is committed to promote initiatives aimed at curbing long working hours and managing appropriate working hours. We aim to create a work environment that considers the work-life balance of all employees through continuous efforts to improve operational efficiency and thorough labor management.

### 4 Leave of Absence for Accompanying Spouse on Overseas Transfer

In fiscal 2024, we introduced a system allowing employees

to take up to three years of leave to accompany their spouse who relocates overseas due to a job transfer or similar circumstances, citing family circumstances as the reason. This initiative aims to enable employees to flexibly adapt to changes in their family circumstances and expand their career options, thereby facilitating mid- to long-term career development. It also seeks to leverage the experience and enhanced capabilities gained through living abroad so that they can play an active role upon returning to Japan.

### 5 Return-to-work Program

Starting in fiscal 2024, the company introduced a Return-to-Work Program, which allows for the recruitment and selection of registered individuals for positions that need to be filled immediately. This program registers employees who need to resign due to unavoidable circumstances such as family matters, and applies for up to five years after resignation.

## Labor-Management Relations

We strive to keep a relation of mutual understanding and open information sharing with the Shin-Etsu Polymer Labor Union through various opportunities for discussion. At the quarterly Central Labor Management Council, top-level management personnel attends and engages in a series of dialogues on management policies, business overview, personnel systems, and other issues. Moreover, monthly factory labor-management council meetings are held with the attendance from the Shin-Etsu Polymer Labor Union branches and top management of each factory, and at the concurrent Health and Safety Committee meetings, safety and health activities and working conditions are mutually confirmed and opinions are exchanged.

The percentage of employees who are union members is 66%.

# Human Resource Development

## Basic Approach

Shin-Etsu Polymer is looking for “human resources who promote innovation and transformation.” To achieve this goal, we will continue to promote the human resource development in accordance with the Human Resource Development Policy.

### Shin-Etsu Polymer’s Human Resource Development Policy

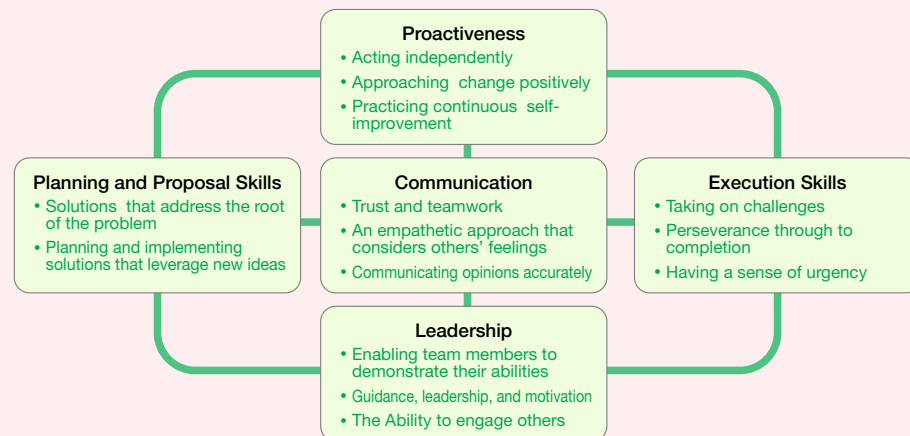
Shin-Etsu Polymer Group is looking for “human resources who promote innovation and transformation.”

To achieve this goal, we will strive to cultivate a workplace culture that supports employees in taking on the challenge to reach stretchy high goals and promote PDCA training that emphasizes OJT training to enable the rotation of experience learning cycle in the field.

We also provide an environment in which each employee can continually learn to ensure that they will have a proactive sense of wanting to learn, play a more active role, and advance their careers.

### Ideal Human Resource Profile

#### Human resources who promote innovation and transformation



## Education / Training

The Group considers that “staff development” is driving force for business continuity and development, so it aims to establish an education and training system that promotes the steady growth of each employee. We organize a wide variety of training programs, including on the job (OJT) and off the job (Off-JT) programs, such as training to develop the capabilities required by position and technical training. We also have systems in place to support employees’ independent career development, such as remote education system to support self-enlightenment and incentive system for qualification acquisitions.

Training Title	Purpose	Number of Participants in FY2024
<b>Position-specific training</b>		
Training for new manager	<ul style="list-style-type: none"> <li>Awareness shift from an employee to a position responsible for management</li> <li>Understanding of overview and basics of management as a manager</li> </ul>	14
Training for supervisor-level employee	<ul style="list-style-type: none"> <li>Recognition of roles as mid-level and experienced employees</li> <li>Cultivation of ability to instruct subordinates and junior employees</li> </ul>	29
Training for third year of employment	<ul style="list-style-type: none"> <li>Recognize the roles required for young employees</li> <li>Improve job satisfaction and motivation</li> </ul>	25
New employee training	<ul style="list-style-type: none"> <li>Attitude as member of society and businessperson</li> <li>Basic work procedure and conduct</li> </ul>	9 (Master's or university graduates) 16 (High school graduates, etc.)
<b>Purpose-specific training</b>		
D&I training	<ul style="list-style-type: none"> <li>Spread and establishment of diversity &amp; inclusion</li> </ul>	114
Human rights awareness training	<ul style="list-style-type: none"> <li>Understanding of human rights issues and raising awareness regarding human rights</li> </ul>	9
Tutor training	<ul style="list-style-type: none"> <li>Understand how to lead as a guide for new employees</li> <li>Raise awareness among young employees and helping them grow as a guide</li> </ul>	27
Compliance training	<ul style="list-style-type: none"> <li>Raise compliance awareness among new employees and mid-career hires</li> <li>Understanding of overseas compliance risks and confirming the importance of legal compliance for new expatriate</li> </ul>	42
Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (“Subcontracting Act”)	<ul style="list-style-type: none"> <li>Enhance compliance awareness among relevant employees to ensure compliance with the Subcontracting Act</li> </ul>	368
Anti-Monopoly Act	<ul style="list-style-type: none"> <li>Deepen understanding of the Anti-Monopoly Act; recognize the importance of legal compliance; and enhance compliance awareness</li> </ul>	278
Career planning workshop	<ul style="list-style-type: none"> <li>Raise awareness of career planning among female employees</li> </ul>	18
Project management training	<ul style="list-style-type: none"> <li>Ensure employees who will lead internal projects in the future acquire the knowledge necessary for project management</li> </ul>	22
QC training	<ul style="list-style-type: none"> <li>Acquire basic QC knowledge</li> </ul>	9
Intellectual property training for beginners	<ul style="list-style-type: none"> <li>Acquire basic knowledge of intellectual property and patents</li> </ul>	21
Copyright seminar	<ul style="list-style-type: none"> <li>Acquire knowledge about the copyright system and developments related to its operations</li> </ul>	33



## Employment-related Data (as of the end of March of each fiscal year)

Items	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
<b>Human Resources</b>						
Number of employees	Male	793	794	799	759	741
	Female	203	207	206	203	201
	Total	996	1,001	1,005	962	942
Number of employees (consolidated)	Male	1,902	2,023	1,946	1,852	1,830
	Female	3,187	3,134	2,760	2,605	2,526
	Total	5,089	5,157	4,706	4,457	4,356
Number of managerial personnel	Male	302	311	302	300	306
	Female	10	10	10	14	15
Ratio of women in management positions	%	3.2	3.1	3.2	4.5	4.9
Ratio of female supervisors	%	19.2	21.9	25.8	27.4	26.9
Average duration of service	Male	20.8	20.6	20.7	20.3	20.7
	Female	15.7	16.7	17.6	18.1	18.6
Number of new hires*1 (master's or university graduates)	Male	8	5	6	8	7
	Female	1	1	4	0	2
	Total	9	6	10	8	9
Number of new hires*1 (high school graduates, etc.)	Male	10	9	17	12	13
	Female	0	3	2	3	4
	Total	10	12	19	15	17
Number of mid-career hires	People	4	24	23	10	11
Ratio of mid-career hires	%	16.0	57.1	44.2	30.3	29.7
Voluntary retirement rate	%	1.4	1.0	1.1	1.1	1.0
<b>Diversity &amp; Inclusion</b>						
Wage difference between men and women	All employees	—	—	67.3	69.5	70.7
	Full-time employees	—	—	69.0	71.8	73.4
	Part-time/fixed-term employees	—	—	52.5	47.0	48.3

Items	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Employment ratio of people with disabilities*2	%	2.0	2.1	2.2	2.4	2.4
Post-retirement re-employment ratio	%	95.1	93.5	86.2	94.2	84.1
Number of employees taking maternity leave	People	2	5	5	3	1
Number of employees taking childcare leave		2	4	15	14	15
Number of males employees taking childcare leave		0	0	7	6	10
Ratio of employees taking childcare leave	Female	100	100	100	100	100
	Male	—	0	77.7	100	100
Number of employees using shorter working hours for childcare	People	17	16	13	18	20
Number of employees taking nursing care leave		1	0	0	0	0
Average use of annual paid leaves*3	Days	11.2	12.2	13.6	14.9	18.9
Ratio of annual paid leave taken*3	%	59.3	64.4	72.3	78.7	74.2
Average overtime work time per employee	Hours/Month	10.4	13.2	13.4	11.8	15.3
<b>Education / Training</b>						
Average training time per employee	Hours/Year	—	—	—	—	13.3
Training investment per employee	Yen/People	—	—	13,883	24,788	22,837

\*1 Figures are as of April 1 of each fiscal year

\*2 Figures are as of June of each fiscal year

\*3 The figures for the fiscal year have been retroactively revised to improve accuracy.

# 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 for Orphanage in the Community

In March 2025, employees of Shin-Etsu Polymer India Pvt. Ltd. visited an orphanage near the plant and delivered gifts.



At the orphanage where the gifts were delivered

### Volunteer Activities Through Infrastructure Maintenance Products

We participated in the Mizube no Hashi Migaki event, an event related to infrastructure maintenance in Shunan City, Yamaguchi Prefecture, and carried out volunteer activities using “Polymer Ace”. This event is a bridge maintenance activity for Matsumuro Ohashi Bridge, a bridge with a long life that turned 100 years old (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.



Bridge maintenance activities

### Beautification Activities

We continuously conduct beautification activities around the plants and offices 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, the Shiojiri Plant, Itoigawa Plant, the Chikusei Plant, and Dongguan Shin-Etsu Polymer Co., Ltd. conduct beautification activities several times a year, while a total of 70 employees participated in the June Environmental Month at the Itoigawa Plant. Thus, many employees take part in beautification activities in local communities. Additionally, the Fukuoka Branch participated in the “Clean Up Fukuoka” community beautification activities during October’s “Urban Building Environment Day,” taking part in beautification activities around the office and in the local area.



Beautification activities at Kodama Plant (left) and Dongguan Shin-Etsu Polymer Co., Ltd. (right)



Fukuoka Branch participated in “Clean Up Fukuoka”

### Sponsored the “SPOGOMI World Cup”

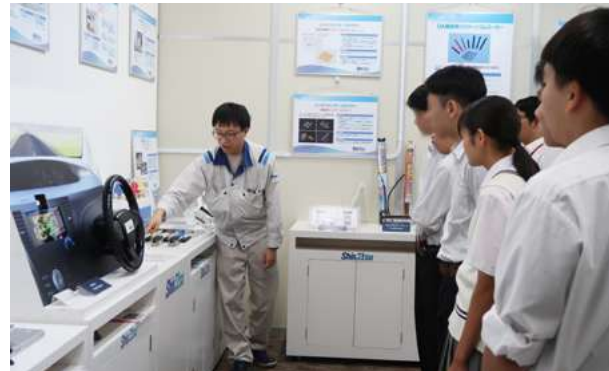
The Itoigawa Plant sponsored the “SPOGOMI World Cup in Itoigawa” organized by the Junior Chamber International Itoigawa. Originating in Japan, “SPOGOMI” is an environmentally friendly new sport that combines ‘sports’ with “community service (‘gomi’ (litter) picking)” and is held nationwide. Teams of 3 to 5 members compete to pick up litter within a fixed time limit, vying for the highest quality and quantity of collected waste. Members from the Itoigawa Plant also participated in the event, with approximately 130 people participating in “SPOGOMI” at the Suzawa Beach area in Itoigawa City.



Employees of the Itoigawa Plant also participated with their families.

### Acceptance of workplace experiences

In July 2024, the Shiojiri Plant hosted three high school interns for a two-day internship program. Moreover, the Tokyo Plant held a plant tour for 12 high school students in July, and accepted three interns from October to November.



Factory tour held at the Tokyo Plant



Traffic safety seminar held at Suzhou Shin-Etsu Polymer Co., Ltd.

### Blood Donation Activities

Blood donation drives were held at the Tokyo Plant, the Kodama Plant, the Shiojiri Plant, and Shin-Etsu Polymer (Malaysia) Sdn. Bhd, in which around 220 employees participated. We did this to save as many lives as possible while keeping an eye on the health of the blood donors.



Blood donation drive in Malaysia (left) and the Shiojiri Plant (right)

## Health and Safety

### Traffic Safety

The Tokyo Plant checks several times a year to make sure car commuters are using their seat belts and bicycle commuters are wearing their helmets 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 and Shin-Etsu Polymer India Pvt. Ltd., we worked for the safety of the community and worked with the local police to encourage safe driving. In addition, at Shin-Etsu Polymer (Malaysia) Sdn. Bhd, 22 employees underwent safe driving training. Suzhou Shin-Etsu Polymer Co., Ltd. hosted a traffic safety seminar by the Wujiang Public Security Bureau, which was attended by 45 employees. Thus, each plant is striving to cultivate safety awareness.

# Governance

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# Corporate Governance

## Basic Approach

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

Based on this fundamental awareness, 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

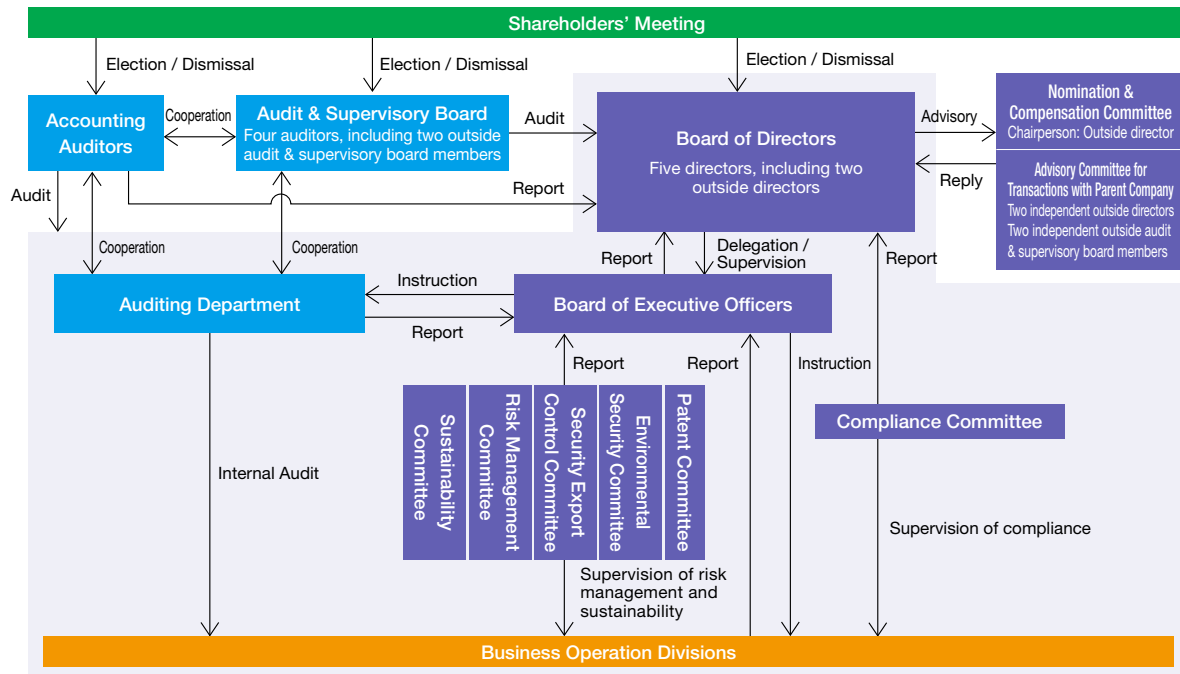
We strive to make constructive dialogue with shareholders, and understandably explain our management policies in order to make sure they are properly understood.

## 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.

The Board of Directors consists of five directors, including two outside directors. The two outside directors have extensive experience and deep insights accumulated over many years, one as a corporate executive and the other as a legal expert. 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.

Corporate Governance System Chart (As of June 24, 2025)



## Results and Objectives of Related Committees

Name	Purpose	FY2024 Performance
Sustainability Committee	Deliberates over and decides on matters related to sustainability.	1 time
Risk Management Committee	Deliberates over and decides on matters related to risks that impact management.	1 time
Security Export Control Committee	Deliberates over and decides on compliance matters related to export control laws and regulations.	1 time
Environmental Security Committee	Deliberates over and decides on matters related to environmental security, disaster management and occupational health and safety.	6 times
Patent Committee	Deliberates over and decides on matters related to the utilization and encouragement of inventions, creations, and designs; the management and operation of industrial property rights; and the revision or abolition of regulations pertaining to industrial property rights.	2 times
Compliance Committee	Deliberates over and decides on matters related to compliance policies, measures, and situational awareness.	4 times
Special Committee (Nomination & Compensation Committee)	Deliberates and decides on matters related to appointment and dismissal of directors, audit & supervisory board members and executive officers, and the compensation of directors and executive officers.	2 times
Special Committee (Advisory Committee for Transactions with Parent Company)	The Board of Directors ensures the fairness of important transactions and actions of the Company that conflict with the interests between the general shareholders of the Company and Shin-Etsu Chemical Co., Ltd., and prevents the Company's minority shareholders from being harmed.	4 times

Report on Corporate Governance

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

## Audit System

As of June 24, 2025, 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 audit matters arising from reports from each Audit & Supervisory Board member. In addition, two Full-Time Audit & Supervisory Board Members visit business operation divisions including those of subsidiaries for inspections as necessary, enhancing the precision and effectiveness of the audit.

Audit & Supervisory Board members receive reports on accounting audit plans and implementation status from accounting auditors every quarter, attend the audit with accounting auditors where appropriate, and exchange opinions and hold discussions, striving to improve the effectiveness and efficiency of the audit. In addition, the Auditing Department 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.

## Executive Compensation

Compensation for senior management and directors consists of basic compensation, bonuses linked to annual performance, and stock options aimed at improving medium-term performance.

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 inside directors and two outside directors, and is

chaired by an independent outside director, thus 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

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 2024 and implemented a self-assessment at a Board meeting in April 2025. 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. At the same time, we received valuable opinions regarding our institutional design, mid- to long-term business strategy, information provision and training opportunities for officers, and diversity management. Therefore, going forward, we will strive to deepen and enrich discussions to further enhance the effectiveness of the Board of Directors. Furthermore, following the effectiveness assessment of the previous fiscal year, one new female outside director was elected at the Annual Shareholders' Meeting held this year.

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 2024, two meetings of the Nomination & Compensation Committee and four meetings of the Advisory Committee for Transactions with Parent Company respectively took place, with all committee members in attendance.

## 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. For important matters such as resolutions, briefings are conducted using summarized materials, and questions raised at that time are taken and answered by the person reporting at the meeting. Regular meetings are held with outside directors and Audit & Supervisory Board Members, and there is a system in place to hear reports on the status of business execution from the Business Operation Divisions and identify issues. Additionally, we provide opportunities to regularly visit our domestic and overseas sites. We are pressing ahead with these initiatives and striving to improve the frequency and quality of information provided to outside directors.

In fiscal 2024, the attendance rate of all outside directors at the meeting of Board of Directors, the Audit & Supervisory Board and special committee was 100%.

### Officer Composition and Skills Matrix

	Name	Attributes		Main knowledge / Experience / Abilities, etc.					
				Corporate management	Global	Technology	Marketing	Financial affairs / Finance	Legal affairs / Governance
Directors	Yoshiaki Ono			●	●	●			●
	Toshiaki Deto			●	●		●		●
	Satoru Sugano					●	●		●
	Osamu Miyashita	Outside	Independent	●	●		●		
	Tamami Murata	Outside	Independent						●
Auditors	Hideaki Hirasawa				●			●	●
	Yoshiaki Torimaru				●		●	●	
	Tatsuo Yoshihara	Outside	Independent	●	●	●			
	Tomoko Moriya	Outside	Independent					●	●

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

\*Position names are as of June 24, 2025.

## Expertise of Directors and Audit & Supervisory Board Members

To ensure proper and flexible decisions and supervision of business activities, the 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. Also, we strive to reflect sustainability considerations in our management through the opinions of third parties who oversee this report.

Furthermore, with the aim of enhancing the diversity of the Board of Directors, we appointed a new outside director with diverse experience and extensive expertise in legal affairs at this year's Annual Shareholders' Meeting.

## Relationship with Parent Company

Shin-Etsu Chemical Co., Ltd., our parent company, is a materials manufacturer with its core business in the materials business focusing on PVC (polyvinyl chloride), semiconductor silicon, silicone and other materials, and holds 53.4% of the Company's shares. Within the said company's corporate group, we are involved in other related businesses such as resin-processed products. We add value to the parent company's PVC, silicone, and other products by processing, molding, and other treatments and then selling them to our customers.

Thus, while maintaining cooperation with Shin-Etsu Chemical through the exchange of product technology and development information and the sharing of management policies, we each manage our operations as an independent business entity and take advantage of the various management benefits of being listed on the stock exchange to enhance our corporate value.

In addition, we procure raw materials from Shin-Etsu Chemical, but for transactions, we determine transactional conditions on the basis of market prices. As for personal relationships, our officers do not concurrently hold an office with our parent company.

As a voluntary special committee, we established an Advisory Committee for Transactions with Parent Company. For important transactions and practices with the said company and its group companies, the Committee guarantees the fairness of such transactions and practices. To protect the profit of general shareholders, the Committee regularly 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 said company and are composed of four members in total, i.e., two independent outside directors and two independent outside Audit & Supervisory Board members.

# 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.

## Basic Compliance Policy

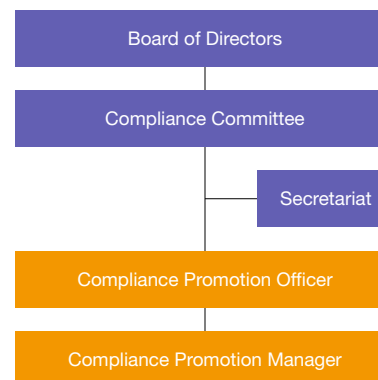
As a corporate group committed to legal compliance, conducting fair corporate practices, and contributing to society, we regard thorough compliance as a basic management principle and conduct compliance activities based on this principle to build a high reputation among all stakeholders and credibility in society.

## Compliance Promotion System and Enhancement

As its compliance promotion system, the Shin-Etsu Polymer Group has established basic compliance principles and regulations, and the Compliance Committee under the direct control of the Board of Directors responds to compliance issues across the company. In the Medium-term Management Plan formulated in May 2023, we included “Strengthening of the Compliance Committee” as one of the measures for “Strengthening Governance,” which is a key issue in our ESG initiatives. Since the previous fiscal year, we have increased the frequency of committee meetings from once a year to four times a year, and have set the goal of activities to improve

awareness of “doing the job right.” We have set themes requiring subsidiaries and departments to take the initiatives, prioritize them, and work together with the secretariat to implement them. In fiscal 2024, in accordance with the “Promotion Standards” under the revised Act on the Promotion of Subcontracting Small and Medium-sized Enterprises, we conducted activities including establishing guidelines based on actual surveys regarding themes aligned with our “Declaration of Partnership Building.” In addition, we are promoting compliance-based corporate activities throughout the Group by consistently implementing compliance education to raise employees’ awareness of compliance and by developing an internal reporting system.

### Compliance Promotion System Chart



## Compliance Initiatives

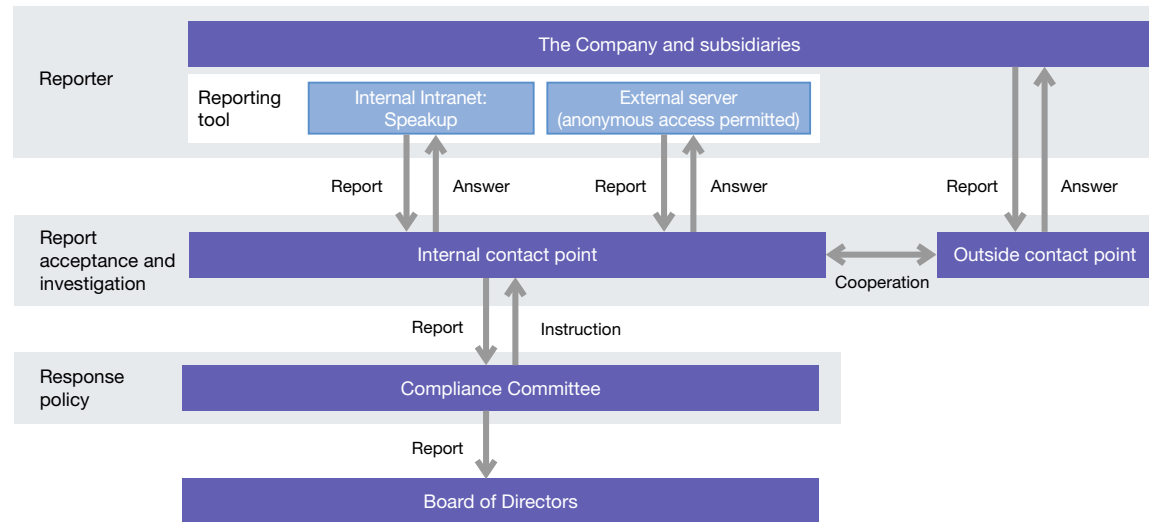
The Group is committed to compliance as part of its management activities to earn the trust not only of stakeholders such as business partners, but also of society at large. In particular, we require that awareness of “doing the job right” be fostered among officers, employees, and others.

### Internal Reporting System

The Group has established an internal reporting system to enable self-cleansing, and ensure the early detection and rectification of misconduct. This program is available to the Company’s officers, employees, temporary staff, and retirees within one year of leaving the Company, including those at our subsidiaries, contractors, and other business partners. We distribute pocket cards that describe the internal reporting system to employees of Group companies in Japan and overseas in the hope that they will lead to the discovery of improper acts. In addition to protecting whistleblowers by complying with the amendment to the Whistleblower Protection Act, we have established internal and outside contact points and we accept anonymous whistleblowing to make whistleblowers feel more secure in reporting or consulting on any concerns. The Supplier Hotline was established as a contact point for those outside the Group such as business partners to make reports. It is available to those in Japanese and English-speaking regions, and in fiscal 2024, we also launched a Chinese version.

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### Internal Reporting Flow



### Compliance with the Anti-Monopoly Act

As its standard of conduct, the Group has specified compliance with the Anti-Monopoly Act and the commitment to always engage in fair and free competition without resorting to unfair competitive practices. Specifically, we regularly conduct “internal training sessions on antitrust law compliance,” and in fiscal 2024, we held two sessions featuring lectures by our legal counsel, covering recent global trends including the application of competition laws both domestically and internationally. Furthermore, to prevent cartel activity, contact (including attending meetings) with competitors is generally prohibited. However, when contact is unavoidable, all employees are obliged to submit a “Competitor Contact Application Form” to their supervisor in advance, obtain permission, make contact (or attend a meeting), and promptly submit a “Competitor Contact Report” to the Legal Affairs Department afterward.



Internal training session

### Prevention of Bribery

The Group strictly prohibits bribery and similar acts in all business activities and is fully committed to ensuring fair and transparent transactions. The Compliance Manual explicitly prohibits bribery and corruption and promotes legal compliance through education for executive officers and employees. We also strive to prevent misconduct and respond promptly by leveraging the self-cleansing effect of our Internal Reporting System. We will continue to promote fair and transparent transactions and the like.

### Compliance Education

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. In addition, we conduct these initiatives not only for new and mid-career hires but also for expatriate employees, and these initiatives are designed to further raise compliance awareness within the Group so as to build an organizational business culture to eliminate improper acts.

### Training Implementation in FY2024

Training Title	Description	Designated participants	Number of participants
New Employee Training		New employees	26
Mid-Career Hire Employee Training	<ul style="list-style-type: none"> <li>General compliance</li> <li>Internal control system</li> </ul>	Mid-career hire employees	10
Expatriate Employee Training		Expatriate employees	6
Training on Compliance with Anti-Monopoly Act	Understanding of and response to Anti-Monopoly Act	People necessary for operational reasons	278

# 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

The Group established a Risk Management Committee in January 2025 to further promote risk management. A system was established in which six committees, including the Risk Management Committee, collaborate to oversee risks within their respective areas of expertise; simultaneously, within

the Business Operation Divisions, six risk management departments led by the Corporate Planning Department control critical risks across the entire Group in an organized manner. The Risk Management Committee distributes a list of significant risks in the form of a questionnaire twice a year to 10 departments and 5 plants within Shin-Etsu Polymer, 2 Group companies in Japan, and 15 Group companies overseas with an aim of identifying risks that could disrupt business continuity, and compiling countermeasures for these risks and reporting them to the Board of Executive Officers.

Additionally, individual risks such as sustainability, security trade, environmental safety, compliance, and intellectual property are managed by respective specialized committees, with implementation status reported annually to the Board of Executive Officers. In the event of an incident, it facilitates

information sharing, establishes countermeasure working groups as necessary, and oversees the progress of recurrence prevention measures.

## Management based on risk management regulations

In addition to establishing a comprehensive management system for the prevention of potential risks within our Group, we have established "Risk Management Regulations" that stipulate our response to such risks. We implement risk management in accordance with these regulations.

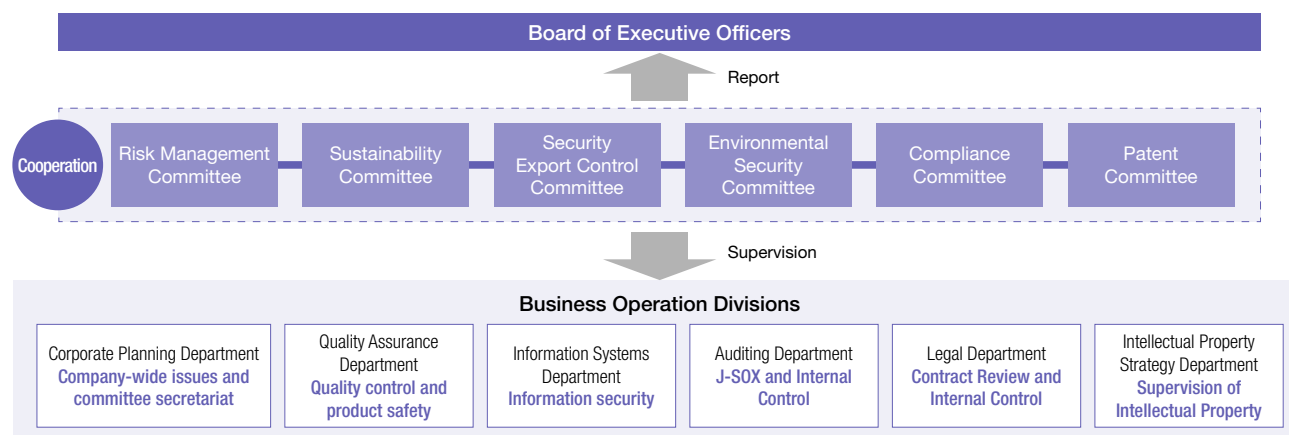
## Definition of Risks

Our Group defines risks as factors that may inhibit the achievement of organizational goals and the implementation of business activities, and affect the profitability of our business.

The identified risks are as follows:

- Country Risk
- Significant rise in raw material costs and supply shortages
- Foreign currency exchange rate fluctuations
- Competition with other companies
- Risks related to intellectual property, contracts, and litigation
- Research and development risks
- Manufacturing and quality control risks
- Government regulations
- Natural disasters
- Climate change
- Epidemics of infectious diseases

## Risk Management System Chart



## Risk Control Procedures

Under the Risk Management Committee in accordance with the risk management procedures, the Corporate Planning Department serves as the secretariat in regularly assessing the major risks defined in the Risk Management Regulations once every six months. Moreover, the Board of Executive Officers meets once a year to discuss the identification of major risks and future actions to be taken.

### 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)

As preparation against risks that may hinder business continuity, we have formulated and are practicing a business continuity plan (BCP) that stipulates measures to be taken in advance along with policies and measures to be taken after a disaster. We have also established BCM as a framework for more effective utilization of the BCP, and are making continuous improvements to realize a system for rapid business recovery and maintenance.

### Basic BCP Policy

- 1 Ensure the safety and security of employees, their families, and neighborhood residents.
  - (1) Keep the workplace safe.
  - (2) Improve the safety of employees and their families.
  - (3) Provide support to ensure that employees and their families feel secure.
  - (4) Cooperate with neighborhood residents.
- 2 Strive to continue and ensure the early recovery of business for customers and employees
  - (1) Maintain customer trust.

## BCP Simulation Exercise

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 progressively undertaken in order to strengthen business continuation capabilities of each production site. Following on from the previous fiscal year, in fiscal 2024, we continued to conduct the "Plant Edition" simulation exercises at two domestic plants. Additionally, general managers from the Corporate Management Department Head Office and Sales Division Head Office participated in the "Office Edition" exercise, which helped each participant reaffirm what they should do as an initial response during a disaster. We will continue to conduct various drills for employees to improve the effectiveness of the BCP.



Simulation exercise

## Information Security

### Information Security Policies and Rules

Based on the Information Security Management Rules, 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:

- 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

The Information Systems Department of the Company serves as the secretariat for information security, reporting to the Officer of Information Systems. An IT leader, who is responsible for managing IT assets, communicating regarding system operations, and taking initial action in the event of a security incident, is designated for each department. Matters related to company-wide management of information security are communicated to each department through these IT leaders. The IT leaders promote activities covering everything from information security measures to information security education to strengthen the system.

### Cybersecurity Support

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. Targeted mail training and information security education via e-learning, incident response training, vulnerability assessment of all servers are regularly conducted, taking countermeasures from system and human perspectives.

# 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.

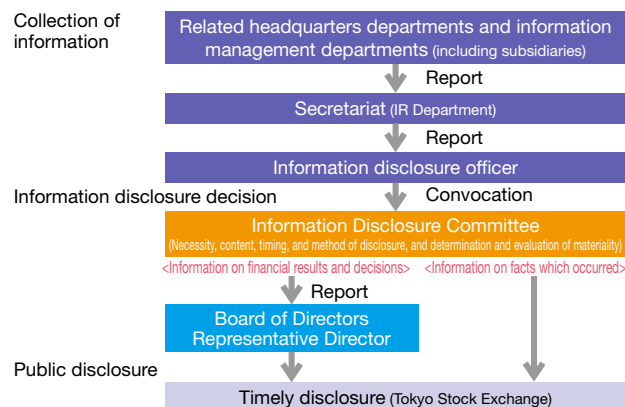
## Information Disclosure System

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 Director in charge of accounting as the Information Disclosure Officer, the Information Disclosure Committee is composed of employees responsible for accounting, legal affairs, public relations, and investor relations 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. Starting with the third quarter results for the fiscal 2024, we began simultaneous disclosure of our financial summaries in Japanese and English. Starting with the first quarter results for the fiscal 2025, we also began simultaneous disclosure of timely disclosure information in addition to the financial summaries.

### Flow of information disclosure



## Communication with Shareholders and Investors

Dialogues with shareholders and investors are managed by the Corporate Planning Department as IR activities, with individual meetings handled by the General Manager of the Corporate Planning Department and members in charge of IR. 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 to

prompt and fair disclosure of information, through our website, including news releases, financial summaries, presentation materials, notices of Shareholders' Meeting, business reports, notices of resolutions, and annual reviews.

We engage in dialogue with shareholders and investors primarily on the following themes:

- Progress of Medium-Term Management Plan
- Initiatives for improving ROE
- Initiatives for improving PBR
- Cash allocation
- Shareholder Return Policy
- Significance of publicly listed parent/subsidiary pairs
- Independence from the parent company

### Investor Relations



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

## Shareholders' Meeting

General Meeting of Shareholders is held every June. To ensure that as many shareholders as possible can attend, we strive to enhance the content of the convocation notice, provide a summary in English, and post the notice on our website and send it out as soon as possible. Furthermore, with the aim of prioritizing convenience and enhancing communication with shareholders on the day of the Shareholders' Meeting, we have adopted a system that allows shareholders to exercise their voting rights in writing or via the Internet in addition to exercising their voting rights in-person.

## Financial Summary Presentation

The Company holds a financial summary presentation for institutional investors and analysts twice a year, in May and November, with the aim of providing a deeper understanding of its financial results. The materials for the financial summary presentation and a summary of the Q&A session are posted on our website in both Japanese and English.

# Third-Party Opinion

For this report, we have consulted with our third parties for opinions and comments to further enhance our Group's sustainability activities.



## Third-Party Opinion on the "Sustainability Report 2025"

Professor Emeritus, Sophia University **Yoshinao Kozuma**

These comments on the Shin-Etsu Polymer Group's sustainability management were made after reading the Company's "Sustainability Report 2025" and engaging with people involved in the Group.

### 1. Establishment of a risk management framework

Fiscal 2024 marked a significant year of organizational reform for the Shin-Etsu Polymer Group's sustainability management. This is because a new Risk Management Committee was established to address risk management, a cornerstone of sustainability management, which served to strengthen the company-wide organizational framework. Risk management used to be assigned by four committees including the Sustainability Committee and five business operation divisions led by the Corporate Planning Department. However, to continuously manage cross-departmental tasks such as transition plans and human rights due diligence, the existence of a specialized organization overseeing company-wide risk management is essential, making the establishment of a new Risk Management Committee timely.

### 2. Switching to renewable energy power at production sites

The Green Activities, which are leading the transition plan toward carbon neutrality by 2050, has entered a new phase. The eighth Mid-term Plan, effective from fiscal 2024, set a target to reduce CO<sub>2</sub> emissions by 46% from 2013 levels by 2030. Furthermore, since 99% of Scope 1 and 2 emissions targeted for carbon neutrality originate from purchased electricity, it has been decided that along with utilizing in-house solar power generation, the proportion of renewable energy electricity introduced across all domestic and overseas production sites will reach 33% by 2030. In connection with this, by fiscal 2024, 10% of electricity at five domestic plants will be sourced from renewable energy, and this is scheduled to expand to 20% by fiscal 2025. We wholeheartedly applaud the steady progress of these transition plans.

### 3. Improvements in information disclosure

The most noteworthy achievement in fiscal 2024 was a significant improvement in information disclosure. Efforts to enhance both the quality and quantity of information are evident throughout this document, such as clearly organizing and disclosing quantitative data for items previously covered only in summary form. For example, regarding the supplier hotline, the internal response flow and internal reporting flow (including external responses) are illustrated to make the reporting process easier to understand. Additionally, numerous evaluation points were identified, including the Declaration of Partnership Building with specific explanations of plans, action plans for next-generation training support measures and women's advancement in the workplace initiatives that now allow quantitative comparison of targets and achievements, increasingly detailed and segmented material balance information, and newly disclosed employee union membership rates. Furthermore, I was impressed by how the layout was streamlined, dramatically reducing the amount of empty space.

### 4. Future challenges

Reducing Scope 3 emissions, which account for approximately 86% of CO<sub>2</sub> emissions, is a critical challenge in achieving carbon neutrality by 2050, and the speedy formulation of reduction plans remains a pressing issue. Furthermore, as the Group did not meet the statutory employment ratio of people with disabilities, and the ratio will be raised in 2026, it is recommended to take appropriate measures.



## Response to Third-Party Opinion

Head of Corporate Planning Department, Business Administration Unit Assistant Chairman, Sustainability Committee **Osamu Kowada**

With guidance from Professor Kozuma, Shin-Etsu Polymer Co., Ltd. has been conducting sustainability management with the aim of achieving a sustainable society. We will continuously work on these challenging tasks.

### 1. Establishment of a risk management framework

We have established a Risk Management Committee to develop and strengthen our risk management framework. Recognizing that risk management is a crucial issue for the sustainable growth of a company, we have established a risk management system to prevent and respond to risks that do materialize to ensure smooth business operations.

### 2. Switching to renewable energy power at production sites

To tackle the urgent challenge of achieving carbon neutrality, we are promoting the Group-wide "Green Activities" initiative and have set targets to reduce CO<sub>2</sub> emissions by 46% from 2013 levels by 2030 and to increase the ratio of renewable energy power to 33% by 2030. We will switch to energy-saving equipment at our domestic and overseas sites in a phased manner and actively pursue the transition to renewable energy.

### 3. Improvements in information disclosure

In addition to reports focusing on key sustainability issues, we will also strive to enhance the quality and quantity of information disclosed to stakeholders and other external parties, transparently communicating how the company addresses social issues such as the environment and human rights.

### 4. Future challenges

We will move forward with sustainability initiatives as a company-wide effort to tackle environmental and social challenges, including climate-related risks and opportunities. We will also actively engage in Scope 3 emissions management with the aim of achieving carbon neutrality by 2050.

In the case of employing people with disabilities, by creating an environment in which people with disabilities can work comfortably for long hours, we aim to be a company where a diverse range of human resources can play an active role. We will also deepen cooperation with the community by accepting practical training from special support schools. We will continuously work on employment of people with disabilities from a long-term perspective by keeping the statutory employment rate in mind.



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