

Corporate Social Responsibility (CSR)



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The Shin-Etsu Group believes that the primary social responsibility a corporation must fulfill is to obey laws and regulations in conducting its corporate activities, make a profit and pay taxes. On the occasion of Shin-Etsu's 80th anniversary, we established our corporate mission statement, "To contribute to people's daily lives as well as to the advance of industry and society by providing key materials and technologies." This mission statement also forms the foundation of the Shin-Etsu Group's commitment to CSR. In conducting corporate activities, all employees focus on product development and quality control while considering their effects on the environment and society. Moreover, they promote safety, environmental and social activities in accordance with the actual situation in each plant and each business office.

Steps to Being Accident- and Disaster-Free

Reflecting on the March 20, 2007 explosion and fire at the Naoetsu Plant cellulose manufacturing facility, Shin-Etsu returned to the starting point of placing safety and environmental protection first and is working to reform safety measures by reconfirming the hazards at all production facilities.

Immediately following the accident, President Kanagawa instructed all Shin-Etsu Group companies to inspect and confirm safety and make any necessary improvements at all plants. We executed a detailed survey of hazards at each production base.

Shin-Etsu improved processes, facilities and manuals based on the results of the inspections, and discloses information both inside and outside the Group through the Company website, including identified hazards and suggestions for improvements that we have collected from employees as examples of close calls.

Further, we work to increase employees' safety consciousness by publishing in-house safety features repeatedly in a variety of media.

Shin-Etsu is working harder than ever to place safety and environmental protection first. The entire Company is working as one to create a new framework that ensures no disasters occur, and continues to take all possible measures to restore trust.

Basic CSR Policy

As a good corporate citizen, the Shin-Etsu Group has always endeavored to contribute to society through positive activities in local communities. In April 2005, we established the CSR Promotion Committee, and are totally devoting our efforts to fulfilling our corporate social responsibilities.

The Entire Shin-Etsu Group is Working to Implement the Following Basic CSR Policies.

- The Shin-Etsu Group's corporate mission is, "To contribute to people's daily lives as well as to the advance of industry and society by providing key materials and technologies." To achieve this mission, the Group carries out fair and sound business practices in strict compliance with the law, and strives to enhance the corporate value of the Group and become an ever-growing company.
- The Shin-Etsu Group makes it a fundamental management principle to pursue the goals of safety and environmental conservation. The Group promotes corporate activities that place primary importance on safety and environmental conservation and strives to maintain the trust of its stakeholders.
- Respecting the principles of human dignity and life fulfillment, the Shin-Etsu Group forbids any discrimination, any use of compulsory labor and any use of child labor. Furthermore, the Group endeavors to create a work environment where all employees can perform their jobs easily and effectively and fully realize their potential.
- The Shin-Etsu Group is committed to positively contributing to society and to disclosing accurate and timely information to the public about the business activities and position of the Group so as to continue to maintain the trust of society.

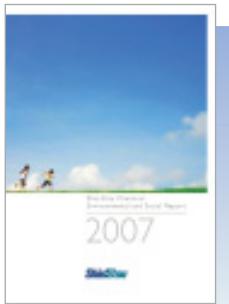
Activities for Environmental Control

The Shin-Etsu Group places safety and environmental protection first and is aggressively promoting environmental management in order to realize a sustainable society. We strive to achieve our goals concerning environmental issues, management of chemical substances, management of facilities and prevention of work-related accidents. The results are checked by means of various self-diagnosis and audit systems so as to allow Shin-Etsu to further develop its systems to attain the next level of objectives.

In 2005, Shin-Etsu Chemical revised its Environmental Charter, adopted in 1998, which sets forth its basic spirit with regard to environmental protection. Each plant conducts Responsible Care, a self-directed activity program for improvement of the environment and safety. In addition, all major plants

and subsidiaries are carrying out environmental conservation activities with ISO 14001 certification, the international standard for environmental management systems.

The Shin-Etsu Group's environmental targets for fiscal 2011 are to curb greenhouse gases by reducing unit energy consumption based on the total amount of sales to 66 percent of the fiscal 1991 level and to achieve zero emissions of waste.



Environmental and Social Report 2007
<http://www.shinetsu.co.jp/e/cat-alog/kanky2007.pdf>

Eco-Friendly Products of the Shin-Etsu Group

We tackle the issues of reducing environmental burden and saving natural resources by developing eco-friendly products. Following here are some of the products that are representative of our contributions to reducing environmental burden.

Polyvinyl Chloride (PVC)

Compared with other plastics, PVC is far less dependent on petroleum resources, and coupled with progress in recycling technologies, it makes major contributions to the environment as well.

PVC Window Frames Are Adopted by the Ministry of the Environment

As reported in news stories, in March 2008 the Ministry of the Environment replaced window frames in its Central Common Government Offices No. 5 using PVC sashes, which have been highly evaluated for their thermal insulation efficiency.

According to trial calculations made by the Plastic Windows Promotion Committee, if all detached houses and collective housing throughout Japan adopted this PVC sash/multi-layered glass system, the annual reduction in CO₂ emissions could be as high as 35,000,000 tons. This one measure would meet the total CO₂ reductions currently required of the Japanese residential sector.

Rare Earth Magnets

With the use of rare earth magnets for air conditioner compressor motors, the coefficient of performance (COP) has improved between approximately 5 percent and 10 percent and power consumption has greatly decreased, which helps save energy and reduce CO₂ emissions.

Automobile applications include use for driving the various motors in hybrid and fuel-cell vehicles, as well as in generators and sensors. Rare earth magnets help achieve smaller components, and contribute to energy conservation and clean energy needs.

The Birth of the SEH-Kanagawa Way in Vancouver



The Shin-Etsu Group is actively making a global contribution to society not only in Japan, but also in each region of the world where the Group has business operations, according to regional characteristics. Activities include interactions with local governments and residents, as well as the establishment of scholarship systems by Group companies in the United States and Malaysia.

The street leading to the entrance of SEH America Inc. in Vancouver, Washington was renamed SEH-Kanagawa Way. The mayor of Vancouver, Royce Pollard, proposed the name as a lasting commemoration of SEH America's and President Kanagawa's longstanding contributions to the local community.

A commemorative ceremony was held on March 5, 2008 to unveil the new street sign. Attendees included Mayor Pollard, prominent community members and many SEH America employees.

The Shin-Etsu Group hopes that SEH America and Vancouver will continue to deepen their good relations and grow together.

