

# Corporate Social Responsibility (CSR)

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-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 primary importance on safety and the environment and is working to reform safety measures.

Based on the results of a survey on hazards executed at each production base, we improved processes, facilities and manuals. We use the Company's website to share information both inside and outside the Group on issues including identified hazards and suggestions for improvements that we have collected from employees.

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

Shin-Etsu is working harder than ever to place primary importance on safety and the environment. The entire Company is working as one to create a new framework that ensures no accidents 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.



A Shin-Etsu employee conducting a science seminar for school students

## 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, 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 has incorporated safety and the environment in its management policy 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 activities to attain the next level of objectives.

In 2005, Shin-Etsu revised its Environmental Charter, adopted in 1998, which sets forth the basic spirit of its approach to environmental control. Each plant conducts Responsible Care, a self-directed program for improvement of the environment and safety. In addition, all major plants and subsidiaries are carrying out environmental 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.



### 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 many products we supply 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 Endorsed by the Ministry of the Environment and the University of Tokyo

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.

In addition, in March 2009 PVC sashes were installed on one floor of the Administration Bureau building at the University of Tokyo's Hongo Campus. These PVC sashes were installed on a trial basis, under the university research council-organized Todai Sustainable Campus Project, which has "creating a low-carbon campus" as its highest priority. Energy saving and other factors are currently being measured.

#### 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 CO<sub>2</sub> 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.

### Subsidy Program for Purchasing Eco-Friendly Products

Shin-Etsu adopted a subsidy program to assist in covering part of employees' expenses incurred in purchasing eco-friendly products. This program is designed to raise employees' environmental awareness and encourage them to conserve energy.

Products covered are PVC sashes and hybrid vehicles. Shin-Etsu's core product, PVC, which is used in PVC sashes, and rare-earth magnets, which are used in hybrid vehicles, are both indispensable materials that contribute to improving environmental performance.

The program is a trial for us as a materials manufacturer that supplies products to a wide range of industries. We are working to continue expanding the range of products eligible for subsidies and foster awareness of environmental conservation among Shin-Etsu employees.



PVC window frames installed at the office of the Minister of the Environment