

Corporate Social Responsibility (CSR)

Based on the corporate mission statement, “the Group complies strictly with all laws and regulations, conducts fair corporate activities, and contributes to people’s daily lives as well as to the advancement of industry and society by providing key materials and technologies,” the Shin-Etsu Group focuses on developing environmentally responsible products and placing priority on safety, environmental protection, and social activities.

Basic CSR Policy

The Shin-Etsu Group believes that its obligation to society is to adhere to the corporate mission and make contributions to shareholders and all other relevant parties. The following basic CSR policy provides concrete guidelines for fulfilling this obligation. It also serves as the framework for a variety of internal rules and regulations as well as all of the Group’s activities.

The Shin-Etsu Group:

1. Will enhance the Group’s corporate value through sustained growth and make multi-faceted contributions to society.
2. Will carry out our business activities by making safety always our highest priority.
3. Will constantly pursue energy-saving, resource-saving, and the reduction of the environmental burden, and seek to maintain harmony with the environment.
4. Will endeavor to use our cutting-edge technologies and products in order to contribute to combating global warming and protecting biodiversity.
5. Will respect human dignity, assure equal employment opportunities, and support the self-fulfillment of our employees.
6. Will disclose information that is timely and accurate.
7. Will perform transparent business activities that are sound and trustworthy in accordance with the highest ethical standards.

Safety and Environmental Initiatives

Always making safety the highest priority is one management objective of the Shin-Etsu Group. With this in mind, we implement extensive safety measures and frequent education programs and drills so that we are always prepared to respond to any event.

To eliminate potential sources of danger in manufacturing processes, we create the best possible designs for equipment and processes and constantly make improvements. Furthermore, all workers must adhere to work manuals that ensure safety. Manuals are continuously reexamined and improved. Information from employees about hazards as well as ideas for improvements are posted on the *hiyari-hatto* (close call) incidents section of the Shin-Etsu website. This safety information is thus available to all employees as well as to the public.

The Shin-Etsu Group uses all aspects of its business operations to protect the environment, thereby combating global warming and creating a sustainable society. We have established ambitious targets for cutting greenhouse gas emissions and the environmental burden of our manufacturing processes. By using an organizational, continuous approach, we are creating clean manufacturing processes. As a manufacturer of materials, we are dedicated to protecting the global environment by developing and enhancing products and technologies that help lower the environmental burden.

Shin-Etsu has established the mid-term environmental goal of bringing our unit greenhouse gas emissions down to 50% of the 1990 level in terms of the consumption rate by 2015. In FY 2012, these emissions were 60.6% of the 1990 level.

Another goal at Shin-Etsu is to achieve zero emissions (less than 1% of all waste materials sent to landfills) by 2015. This ratio was 1.92% in FY 2012, and more action will be taken to further lower this figure.



Safety audit

Participation in U.N. Global Compact

Shin-Etsu Chemical became a participant in the U.N. Global Compact in November 2010. This international initiative was introduced in 2000 based on a proposal by then U.N. Secretary General Kofi Annan at a global economic forum. The compact encourages companies and organizations worldwide to become even better corporate citizens by supporting and following 10 principles in the areas of human rights, labor, the environment and the prevention of corruption.

As a member of the global chemical industry, the Shin-Etsu Group signed the Responsible Care Global Charter of the International Council of Chemical Associations in 2006. Responsible Care covers worldwide activities involving environmental protection, safety, and health. Now that we are also participating in the U.N. Global Compact, we will further reinforce our commitment to CSR programs by using the compact's 10 principles as our guideline for these activities.



The U.N. Global Compact's Ten Principles

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Interaction with Communities

Shin-Etsu Group companies participate in many community and social activities in Japan and around the world. Activities reflect the requirements of each locality hosting a Group business site. Examples include picking up trash in areas near factories and holding special events in order to interact with local residents and governments. Scholarship programs in the United States and Malaysia are other illustrations of social activities.

Assistance for Victims of the Great East Japan Earthquake

The Shin-Etsu Group and its employees participated in donation collections and other activities to support programs for earthquake victims. At Shintech Inc. in the United States, employees supported a T-shirt charity sales event by the local Japanese Club and made donations to earthquake relief organizations. At CIRES, S.A. in Portugal, employees made contributions that were equal to one day's salary to the Red Cross for its activities in Japan. At Shin-Etsu Magnetics Philippines, Inc., many employees took part in a marathon to collect donations that were sent to earthquake recovery programs. Each employee completed their own targeted distance for the marathon under a banner that read "Don't give up Japan, Don't give up Tohoku."



A message from the staff of CIRES



Elementary school students from Tokyo took a field trip to Simcoa Operations in Australia.



Students show gratitude for a donation to their local elementary school made by Shin-Etsu Handotai Europe in Scotland.