Corporate Mission Statement

The Group strictly complies with all laws and regulations, conducts fair business practices and contributes to people's daily lives as well as to the advance of industry and society by providing key materials and technologies.

The Shin-Etsu Group Aims to Become
a Company that Grows with Society through
Management Dedicated to Placing the Highest
Priority on Safety and Fairness.

To strictly comply with laws and regulations and to conduct fair business practices are the foundation of management.

As a company trusted by society, the Group engages in a variety of corporate activities that always place a priority on safety and the environment. We are also making efforts to contribute to environmental conservation by providing key materials and technologies.

The Group will build upon products, sales capabilities, manufacturing technologies and development capabilities accumulated up to now and continue taking on a wide range of global challenges to contribute to the development of society.

Contents

Highlights
Shin-Etsu Group Business 2
Management Report
Management Message ····· 4
Management Topics 1:
Major Investments in Growth ······ 10
Management Topics 2:
Building the Foundation for a Strong Corporate Structure 12
Management Topics 3:
Research and Development Meeting Social Demands · 14
·
Business Overview
PVC/Chlor-Alkali Business 16
Semiconductor Silicon Business 18
Silicones Business
Electronics and Functional Materials Business · 20
Specialty Chemicals Business 21
Diversified Business 21
Foundation for Supporting Corporate Value
Sustainability 22
Corporate Governance 28
Board of Directors and Audit & Supervisory Board Members · · 33
, ,
Financial Information
Eleven-Year Summary 34
Consolidated Balance Sheets 36
Consolidated Statements of Income 38
Consolidated Statements of Comprehensive Income 38
Consolidated Statements of Changes in Net Assets 39
Consolidated Statements of Cash Flows 41
Corporate Data
Corporate Data Consolidated Subsidiaries 42 Investor Information 43

2016 Annual Report Editorial Policy

In this fiscal year's report, we clarify the Group's corporate value and the foundation supporting it, present the status and results of several major investments aimed at achieving growth, outline the effective R&D structure that led to the success of those investments and focus on mechanisms for firmly responding to the demands of society and the current age. This report compiles easily understandable explanations of major points mainly focused on a management report by the Chairman, President, Vice Chairman and Senior Managing Director, the leaders of the Company's growth.

For more details

Financial & IR Information https://www.shinetsu.co.jp/en/ir/ **CSR Information** ▶ https://www.shinetsu.co.jp/en/csr/

Precautionary Statement Regarding Earnings Forecasts and Prospects

The earnings forecast and other forward-looking statements presented in this document represent judgments and assumptions based on information available at the time of publication and therefore include risks and uncertainties. Please understand that actual earnings might differ significantly from forecast earnings due to a variety of factors. Critical factors that could affect actual earnings include economic conditions surrounding the Group and Group company business domains, market trends and yen exchange rates versus the U.S. dollar and other currencies. Moreover, factors that could affect earnings and performance are not limited to those mentioned above.