

Business Principle

The Group strictly complies with all laws and regulations, conducts fair business practices and creates unrivaled value for society and industry through the provision of key materials and technologies.

CONTENTS

- 1 Chairman's Message
- 2 President's Message

Value Creation at the Shin-Etsu Group

History

- 4 Value Creation: Past and Future

Business Model

- 6 The Shin-Etsu Group at Present

Special Feature

- 8 PVC
- 10 Semiconductors

Sustainability

- 12 Multifaceted Sustainability Initiatives
- 12 ESG Promotion
- 14 Identifying Key Issues (Materiality)
- 16 Human Resources
- 18 Environment
- 21 Governance
- 24 Activity Status of Outside Directors and Outside Audit & Supervisory Board Members
- 25 Management
- 26 Non-Financial Data

Data Section

Business Overview

- 27 Business at a Glance
- 28 PVC/Chlor-Alkali Business
- 30 Semiconductor Silicon Business
- 32 Silicones Business
- 34 Electronics & Functional Materials Business
- 38 Specialty Chemicals Business
- 40 Processing, Trading & Specialized Services Business
- 41 Technologies, Materials and Products of the Shin-Etsu Group

Financial Information

- 42 Ten-Year Summary
- 44 Consolidated Balance Sheet
- 45 Consolidated Statement of Income / Consolidated Statement of Comprehensive Income
- 46 Consolidated Statement of Changes in Net Assets
- 47 Consolidated Statement of Cash Flows

Company Data

- 48 Shin-Etsu Group Companies
- 50 Investor Information

For more details:

Investor information

<https://www.shinetsu.co.jp/en/ir/>

Sustainability information

<https://www.shinetsu.co.jp/en/sustainability/>

Chairman's Message



We will respond swiftly to changes in the economic environment and enhance our corporate value by seizing growth opportunities.

I would like to express our sincerest gratitude to all our customers, business partners, shareholders and local communities for their support and cooperation.

In FY2020, the entire international community has faced the unprecedented challenge of the COVID-19 pandemic. This resulted in constraints on economic activities on a global scale. We have been striving for steady growth by placing our top priority on the health and safety of our employees as well as by ensuring thorough risk management. We have also been working to achieve steady growth through a stable supply of high-quality products based on close communication with customers. One of our management mottos has long been "Never forget a crisis in the midst of a favorable wind, and plan ahead for growth when faced with a headwind." This time, we have been able again to achieve solid performance by sticking to this policy and responding quickly to the changes in market conditions.

We continued to invest steadily for growth in FY2020 with the aim of increasing our corporate value. This year, at Shintech in the U.S., an integrated PVC production plant under construction in Louisiana is scheduled to start operations. Also, we have started the next PVC expansion project at the same site. Upon completion of the expansion by the end of 2023, Shintech will have production capacity of 3.62 million tons per year, further strengthening our position as the world's largest PVC manufacturer. In the semiconductor silicon business, the whole company is working as one to promote research and development, innovate the production process and ensure stable supply to satisfy customer demands for high-quality products. In all our businesses, such as the silicones business and the electronics & functional materials business, we are actively investing resources, including human resources and capital, into R&D and the

enhancement of facilities for future growth.

Achieving a sustainable society and curbing the environmental impact is a challenge for the entire world. Contributing to the SDGs is one of our management principles. We are developing and launching materials that will help solve SDG-related issues, and working to curb the environmental impact and reduce greenhouse gas emissions. Up to now, we have produced many products that serve to prevent global warming. PVC products contribute to the effective use of resources and energy savings, as well as to the reduction of waste through recycling. In addition, semiconductor silicon, rare earth magnets, and silicone resins are essential materials for electric vehicles and information and communication devices. These products contribute to energy conservation and the advancement of digital transformation (DX) in society as a whole. We are tackling the effective use of resources and the reduction of greenhouse gas emissions by promoting further innovation in production technologies. We will continue to achieve a sustainable society by focusing on the development and stable supply of high-quality materials and products, and on the advancement of production technologies.

Our aim is to further enhance our corporate value by working together with you to achieve growth. We would like to thank all of you for your continued understanding and support.

Chairman
Chihiro Kanagawa