

Chairman's Message



Given the rapidly changing business environment, sales, development, and production will work in harness to enable a stable supply of products and expand our offerings to further enhance corporate value.

Aiming to ensure stable product supply as risks emerge around the world

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

Amid the pandemic that has remained unresolved for the last couple of years, new international tensions have arisen and a variety of risks have asserted themselves. This has led to the destabilization of supply chains for various raw materials and products. Of particular importance in this environment is the stable supply of products. We aim to achieve stable growth together with our customers and society by continuing to provide products of stable quality and quantity.

Our group delivers a wide variety of products worldwide, including PVC essential for social infrastructure and housing construction, silicon wafers used as substrates for semiconductors incorporated into products in a wide range of fields, and silicones used in everything ranging from industrial products to consumer products. In addition to ensuring the stable supply of these products, we are constantly refining their quality and performance.

We are committed to contributing through these efforts to the realization of a sustainable society.

Shintech has begun the next phase of construction, and the entire Group is committed to enhance production capacity

To achieve stable growth, it is essential to increase production and sales capabilities. Shintech, a U.S. subsidiary, began operations in 1974 and has worked to expand its production capacity by implementing "full production, full sales in tandem." In December 2021, a new integrated PVC production plant started operations in Louisiana and the next phase of expansion is underway, aiming at completion at the end of 2023, to ensure a stable supply of high-quality products to customers around the world. As demand for semiconductors continues to increase worldwide, our group is focusing further on supplying high-quality silicon wafers while closely paying close attention to demand trends. In addition, in the silicone business, we are investing to increase production capacity in response to growing demand with a focus on advanced functional products.

Our group has long set great store by geopolitical

risks when making capital investments. It is clear from the current international situation that once a country risk becomes apparent, it exceeds the scope that a single company can deal with. For this reason, our group is investing in the United States and other regions with low country risks. Shintech, with firm roots in the United States, is an example of our success that has developed into the world's largest manufacturer of PVC.

Contributing to the global environment by promoting carbon neutrality in our production processes and supply chain

In order to achieve sustainable growth over the medium- to long-term, we are committed to contributing to the global environment in parallel with the international community. Our group produces a number of products that contribute to carbon neutrality. For example, PVC contributes to energy savings in homes and offices by providing superior insulation as a building material, including in the form of PVC sashes. Silicon wafers, on the other hand, are an indispensable material for realizing high energy efficiency in all fields through IoT and so on. In addition, our group is responding to the needs of the times and society by innovating existing products and developing new ones, such as providing environmentally-friendly silicone products. At the same time, our group is actively promoting decarbonization in its production processes and supply chains by leveraging its production technologies and expertise.

Based on the policies outlined above, our group will continue to provide products that meet the

expectations of customers, shareholders, and society in order to maximize corporate value whatever the business environment may be. We would like to thank all of you for your continued understanding and cooperation.

Chairman
Chihiro Kanagawa