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(Translation)

(Securities Code 4063)

June 5, 2024

(Start date for provision of electronic documents: May 29, 2024)

To: All Shareholders of Shin-Etsu Chemical Co., Ltd. (the “Company”)

Notice of Convocation of the 147th  
Ordinary General Meeting of Shareholders

Dear Shareholder:

You are hereby notified that the 147th Ordinary General Meeting of Shareholders will be held as described below.

The information (matters to be provided electronically) that comprises the contents of the Reference Documents for the Ordinary General Meeting of Shareholders (excluding the Voting Card) has been provided electronically. Please access the Company’s website below and select “Investors” followed by “General Meeting of Shareholders” to review the information.

The Company’s website <https://www.shinetsu.co.jp/en/>

The same information is also provided electronically on the website of the Tokyo Stock Exchange (TSE). Please access the following TSE website (Listed Company Search), enter “Shin-Etsu Chemical” in “Issue name (company name)” or “4063” (single-byte numerical) in the securities “Code” section, click on “Search”, select “Basic information” and then “Documents for public inspection/PR information” to review the information.

Tokyo Stock Exchange (TSE) website (Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

You are entitled to exercise your voting rights via the Internet or in writing. We would appreciate it if you would take the time to review the agenda items listed in the Reference Documents for the General Meeting of Shareholders and exercise your voting rights no later than 5:00 p.m. on Wednesday, June 26, 2024.

## Description of Meeting

1. Date and Time : June 27, 2024 (Thursday) at 10:00 a.m. (the reception is to start at 9:00 a.m.)
2. Place : Hall & Conference on the 2nd floor of Otemachi Place East Tower at 3-1, Ohtemachi 2-chome, Chiyoda-ku, Tokyo  
(Although the venue name has changed, the venue is the same as that of the 146th Ordinary General Meeting of Shareholders held in June 2023.)
3. Agenda for the Meeting:  
Matters to be reported :
  1. Report on the Business Report, the Consolidated Financial Statements, and the Audit Reports of the Accounting Auditor and the Audit & Supervisory Board on the Consolidated Financial Statements for the 147th fiscal year (April 1, 2023 through March 31, 2024)
  2. Report on the Financial Statements for the 147th fiscal year (April 1, 2023 through March 31, 2024)

### Matters to be resolved:

- |             |  |
|-------------|--|
| 1st Agendum | : Distribution of Retained Earnings to Shareholders                  |
| 2nd Agendum | : Election of Nine (9) Directors                                     |
| 3rd Agendum | : Issuance of Stock Acquisition Rights as Stock Options to Employees |

Very truly yours,

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Yasuhiko Saitoh  
Representative Director / President  
Shin-Etsu Chemical Co., Ltd.  
4-1, Marunouchi 1-chome  
Chiyoda-ku, Tokyo

- 
- ⊙ If, on the returned Voting Card, no indication of approval or disapproval is made for each agenda item, it will be treated as an indication of approval.
  - ⊙ If you exercise your voting rights both via the Internet and by Voting Card, the rights exercised via the Internet will be treated as effective.
  - ⊙ If you exercise your voting rights multiple times via the Internet, the latest exercised voting rights will be treated as effective. In addition, if you exercise your voting rights multiple times from a PC or a smartphone, the latest voting rights exercised from whichever devices will be treated as effective.
  - ⊙ Of the matters to be provided electronically, the following matters are not included in the documents to be delivered to shareholders who have requested such documents in accordance with the laws and regulations and the Articles of Incorporation of the Company. Therefore, documents to be delivered to the shareholders who have requested delivery in hardcopy form are a part of the subject documents which the Audit & Supervisory Board Members and the Accounting Auditor audited in the course of preparing the audit report.
    - Business Report (Matters Concerning Stock Acquisition Rights Issued by the Company, System to Ensure the Properness of Operations and the Progress thereof)
    - Consolidated Financial Statements (Notes to Consolidated Financial Statements)
    - Financial Statements (Notes to Non-Consolidated Financial Statements)
  - ⊙ Materials for the Ordinary General Meeting of Shareholders are provided to shareholders on our website. If you would like to receive the materials in paper form, you need to contact the Company's administrator of the shareholder registry or your securities company and complete the procedure for requesting the delivery of the materials in paper form by the record date for the exercise of voting rights at the Ordinary General Meeting of Shareholders.
  - ⊙ In the event that the matters to be provided electronically are revised, the fact that such revision has occurred, the items before revision, and the items after revision will be posted on the Company's website and the TSE website.

## **Guidance on How to Exercise Voting Rights**

### **If you will be exercising your voting rights via the Internet or in writing**

#### **Via the Internet**

To be exercised by: Wednesday, June 26, 2024 5:00 p.m.

Please access the voting rights exercise site which we specify below and indicate your approval or disapproval and send it via the internet by the date and time shown above.

Voting rights exercise site: <https://evote.tr.mufg.jp/>

#### **By Voting Card**

To reach us by: Wednesday, June 26, 2024 5:00 p.m.

Please indicate your approval or disapproval on the enclosed Voting Card sent together with this Notice of Convocation and send it back by postal mail to reach us by the date and time shown above.

### **If you will be attending the Meeting of Shareholders in person**

Date: Thursday, June 27, 2024 10:00 a.m.

(The reception desk will be opened at 9:00 a.m.)

Please hand in the Voting Card sent together with this Notice of Convocation at the reception desk.

#### **To Institutional Investors**

You may exercise your voting rights using the “Electronic Voting System Platform,” operated by ICJ, Inc.

**Notice of Convocation of the 147th  
Ordinary General Meeting of Shareholders**

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## Reference Documents for Exercising Voting Rights

### Agenda and Reference Materials

#### 1st Agendum: Distribution of Retained Earnings to Shareholders

From the long-term perspective, the Company is focusing on expanding profitability and maintaining a solid financial base, with the basic policy of returning the fruits of such management efforts to the Company's shareholders in a proper, stable manner.

The Company proposes a year-end cash dividend distribution for the 147th fiscal year as summarized below:

1. Type of Assets Proposed for Distribution  
Monetary
2. Asset Allotment Details and Total Amount  
The Company proposes a monetary allotment of ¥50 per share of Common Stock in the Company; ¥99,802,709,850 in total.
3. Effective Date of Distribution of Retained Earnings  
June 28, 2024

The Company has paid an interim cash dividend of ¥50 per share for the current fiscal year; thus, the annual cash dividend for the current fiscal year will be ¥100 per share, which is the same amount as the annual cash dividend for the preceding fiscal year (equivalent to ¥500 per share on a pre-split basis).

2nd Agendum: Election of Nine (9) Directors

Upon the conclusion of this Ordinary General Meeting of Shareholders, the terms of office of all nine (9) Directors will expire. Accordingly, the Board of Directors proposes that nine (9) persons be elected as Directors.

The candidates are as follows:

Candidate number		Name		Position and Responsibilities at the Company and Important Concurrent Positions, etc.
1	Reappointment Candidate	Fumio Akiya	Male	Representative Director - Chairman of the Board Meeting In charge of Semiconductor Materials and Technologies Representative Director & President, Shin-Etsu Handotai Co., Ltd.
2	Reappointment Candidate	Yasuhiko Saitoh	Male	Representative Director - President Director & President, SHINTECH INC. Director & President, Shin-Etsu Handotai America, Inc.
3	Reappointment Candidate	Susumu Ueno	Male	Director, Senior Managing Corporate Officer General Manager, Silicone Div.
4	Reappointment Candidate	Masahiko Todoroki	Male	Director, Senior Managing Corporate Officer In charge of Semiconductor Materials Dept. Senior Managing Director, Shin-Etsu Handotai Co., Ltd.
5	Reappointment Candidate	Hiroshi Komiyama	Outside Director Independent Officer Male	Director Former President, National University Corporation, The University of Tokyo Chairman, Mitsubishi Research Institute, Inc.
6	Reappointment Candidate	Kuniharu Nakamura	Outside Director Independent Officer Male	Director Director & Special Adviser, SUMITOMO CORPORATION Note: The candidate will retire from the position of Director of SUMITOMO CORPORATION on June 21, 2024. Outside Director, NEC Corporation Note: The candidate will retire from the position of Outside Director of NEC Corporation on June 21, 2024.
7	Reappointment Candidate	Michael H. McGarry	Outside Director Independent Officer Male	Director Former Director & Chairman, Chief Executive Officer, PPG Industries, Inc. Director, United States Steel Corporation Director, Holcim AG Director, C. H. Robinson Worldwide, Inc.

Candidate number		Name		Position and Responsibilities at the Company and Important Concurrent Positions, etc.
8	Reappointment Candidate	Mariko Hasegawa	Outside Director Independent Officer Female	Director Former President, National University Corporation, the Graduate University for Advanced Studies, SOKENDAI President, Independent Administrative Agency, the Japan Arts Council
9	Newly Nominated Candidate	Takashi Hibino	Outside Director Independent Officer Male	Director & Chief Corporate Adviser, Daiwa Securities Group Inc. Note: The candidate will retire from the position of Director of Daiwa Securities Group Inc. on June 21, 2024. Outside Director, Mitsui Fudosan Co., Ltd. Note: The candidate will become an Outside Director of Mitsui Fudosan Co., Ltd. on June 27, 2024.

<p>No. 1</p> <p style="text-align: center;"><b>Fumio Akiya</b> (October 20, 1940)</p> <p>Number of Company Shares Held 84,500 shares</p> <p style="text-align: center;">Reappointment Candidate Male</p>	<p><b>▶Career Summary, Positions, Responsibilities, and Important Positions in Other Entities</b></p> <p>Apr., 1964    Joined the Company  Oct., 1997    General Manager of Technology Dept.  June, 1998    Director  June, 2000    Managing Director  June, 2002    Senior Managing Director  June, 2004    In charge of Technology (to date)  July, 2007    Representative Director and Senior Managing Director  Nov., 2008    In charge of Semiconductor Materials (to date)  June, 2009    Representative Director and Executive Vice President  June, 2016    Representative Director and Vice Chairman  June, 2023    Representative Director and Chairman of the Board Meeting (to date)</p> <p><b>-Important Positions in Other Entities-</b>  Representative Director and President of Shin-Etsu Handotai Co., Ltd.</p> <p>▶ There is no special interest between the candidate and the Company.</p> <p><b>▶Reasons for Electing the Candidate for Director</b></p> <p>Mr. Fumio Akiya has extensive knowledge on production technologies and has endeavored to construct a strong foundation in the semiconductor silicon operations, and has done his utmost to increase the Company's value. Considering these reasons, he has been chosen as a candidate for the position of Director with expectations that he will continue contributing to the Company's management.</p>
<p>No. 2</p> <p style="text-align: center;"><b>Yasuhiko Saitoh</b> (December 5, 1955)</p> <p>Number of Company Shares Held 156,500 shares</p> <p style="text-align: center;">Reappointment Candidate Male</p>	<p><b>▶Career Summary, Positions, Responsibilities, and Important Positions in Other Entities</b></p> <p>Apr., 1978    Joined the Company  Dec., 1999    Director of Shin-Etsu PVC B.V. (to date)  June, 2001    Director of the Company  June, 2002    Managing Director  June, 2005    Senior Managing Director  July, 2007    Representative Director and Senior Managing Director  June, 2010    Representative Director and Executive Vice President  June, 2016    Representative Director and President (to date)</p> <p><b>-Important Positions in Other Entities-</b>  Director and President of SHINTECH INC.  Director and President of Shin-Etsu Handotai America, Inc.</p> <p>▶ There is no special interest between the candidate and the Company.</p> <p><b>▶Reasons for Electing the Candidate for Director</b></p> <p>Mr. Yasuhiko Saitoh has been contributing to the development of the international business of the Group, including our PVC operations in the U.S., for many years, and since taking office as the President in June 2016, he has used his global management experience and done his utmost to increase the Company's value. Considering these reasons, he has been chosen as a candidate for the position of Director with expectations that he will continue contributing to the Company's management.</p>



<p>No. 3</p> <p style="text-align: center;"><b>Susumu Ueno</b> (May 24, 1943)</p> <p>Number of Company Shares Held 67,630 shares</p> <p style="text-align: center;">Reappointment Candidate Male</p>	<p><b>►Career Summary, Positions, Responsibilities, and Important Positions in Other Entities</b></p> <p>Apr., 1968    Joined the Company  June, 2005    General Manager of Gunma Complex  June, 2013    Director                    General Manager of Silicone Div. (to date)  June, 2015    Managing Director  June, 2016    Senior Managing Director  June, 2021    Director, Senior Managing Corporate Officer (to date)</p> <p>► There is no special interest between the candidate and the Company.</p> <p><b>►Reasons for Electing the Candidate for Director</b></p> <p>Mr. Susumu Ueno has extensive knowledge on the field of production and has endeavored to expand the Silicone operations which have produced diverse products for many years, and has done his utmost to increase the Company's value. Considering these reasons, he has been chosen as a candidate for the position of Director with expectations that he will continue contributing to the Company's management.</p>
<p>No. 4</p> <p style="text-align: center;"><b>Masahiko Todoroki</b> (May 16, 1953)</p> <p>Number of Company Shares Held 102,600 shares</p> <p style="text-align: center;">Reappointment Candidate Male</p>	<p><b>►Career Summary, Positions, Responsibilities, and Important Positions in Other Entities</b></p> <p>Apr., 1976    Joined the Company  Jan., 2001    General Manager of Planning &amp; Administration Dept. of Semiconductor Materials Div.  Apr., 2004    Director of Shin-Etsu Handotai Co., Ltd.  June, 2006    Director of the Company  June, 2009    Managing Director of Shin-Etsu Handotai Co., Ltd.  June, 2010    Managing Director of the Company  June, 2017    Senior Managing Director of Shin-Etsu Handotai Co., Ltd. (to date)                    Senior Managing Director of the Company  June, 2021    Director, Senior Managing Corporate Officer (to date)  Apr., 2022    In charge of Semiconductor Materials Dept. (to date)</p> <p><b>-Important Positions in Other Entities-</b></p> <p>Senior Managing Director of Shin-Etsu Handotai Co., Ltd.</p> <p>► There is no special interest between the candidate and the Company.</p> <p><b>►Reasons for Electing the Candidate for Director</b></p> <p>Mr. Masahiko Todoroki has endeavored to expand the semiconductor silicon operations for many years and has done his utmost to increase the Company's value. Considering these reasons, he has been chosen as a candidate for the position of Director with expectations that he will continue contributing to the Company's management.</p>

<p>No. 5</p> <p><b>Hiroshi Komiyama</b> (December 15, 1944)</p> <p>Number of Company Shares Held 17,400 shares</p> <p>Reappointment Candidate Outside Director Independent Officer Male</p>	<p><b>►Career Summary, Positions, Responsibilities, and Important Positions in Other Entities</b></p> <p>July, 1988 Professor, School of Engineering, The University of Tokyo</p> <p>Apr., 2000 Dean of the Graduate School of Engineering, Dean of the School of Engineering, The University of Tokyo</p> <p>Apr., 2005 President of National University Corporation, The University of Tokyo</p> <p>June, 2010 Director of the Company (to date)</p> <p><b>-Important Positions in Other Entities-</b></p> <p>Chairman, Mitsubishi Research Institute, Inc.</p> <p>►There is no special interest between the candidate and the Company.</p> <p><b>►Reasons, etc. for Electing the Candidate for Outside Director</b></p> <p>Mr. Hiroshi Komiyama is a candidate for Outside Director as defined in Item 7, Paragraph 3, Article 2 of the Corporations Law Enforcement Regulations. Mr. Komiyama, who has held, in succession, various important posts, including the President of the University of Tokyo, has provided beneficial recommendations, capitalizing on his outstanding knowledge and wealth of experience in a wide variety of fields, including chemical technology, the global environment, resources, and energy. He also has provided supervision from an independent standpoint. In view of this, his nomination as a candidate for Outside Director reflects the confidence that the Company places in him to continue to provide the required quality of recommendations and supervision. Moreover, he assumed the position of Outside Director of the Company in June 2010 so his term of office as Outside Director of the Company will have reached fourteen (14) years as of the close of this General Meeting of Shareholders.</p> <p>►The Company has reported Mr. Hiroshi Komiyama as an Independent Officer as provided in the applicable regulations of the Tokyo Stock Exchange, Inc., etc. If Mr. Komiyama will be reappointed as Director, he is planned to continue acting as an Independent Officer.</p>
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No. 6

**Kuniharu Nakamura**  
(August 28, 1950)

Number of Company Shares Held  
0 shares

Reappointment Candidate

Outside Director

Independent Officer

Male

**► Career Summary, Positions, Responsibilities, and Important Positions in Other Entities**

June, 2012 Representative Director and President, SUMITOMO CORPORATION  
Apr., 2018 Representative Director and Chairman of the above  
June, 2018 Director and Chairman of the above  
June, 2020 Director of the Company (to date)  
Apr., 2024 Director and Special Adviser, SUMITOMO CORPORATION (to date)

Note: The candidate will retire from the position of Director of SUMITOMO CORPORATION on June 21, 2024.

► There is no special interest between the candidate and the Company.

**► Reasons, etc. for Electing the Candidate for Outside Director**

Mr. Kuniharu Nakamura is a candidate for Outside Director as defined in Item 7, Paragraph 3, Article 2 of the Corporations Law Enforcement Regulations. Mr. Nakamura, who has held, in succession, various important posts, including Representative Director and President of SUMITOMO CORPORATION, has provided beneficial recommendations, capitalizing on his outstanding knowledge and wealth of experience in international business in a wide variety of fields. He also has provided supervision from an independent standpoint. In view of this, his nomination as a candidate for Outside Director reflects the confidence that the Company places in him to continue to provide the required quality of recommendations and supervision. Moreover, he assumed the position of Outside Director of the Company in June 2020 so his term of office as Outside Director of the Company will have reached four (4) years as of the close of this General Meeting of Shareholders.

► The Company has reported Mr. Kuniharu Nakamura as an Independent Officer as provided in the applicable regulations of the Tokyo Stock Exchange, Inc., etc. If Mr. Nakamura will be reappointed as Director, he is planned to continue acting as an Independent Officer.

No.7

**Michael H. McGarry**  
(March 7, 1958)

Number of Company Shares Held  
0 shares

Reappointment Candidate

Outside Director

Independent Officer

Male

**► Career Summary, Positions, Responsibilities, and Important Positions in Other Entities**

July, 2015 Director, Chief Executive Officer of PPG Industries, Inc.  
Sep., 2016 Director, Chairman and Chief Executive Officer of the Above  
June, 2022 Director of the Company (to date)  
Jan., 2023 Executive Chairman and Director of PPG Industries, Inc.

**-Important Positions in Other Entities-**

Director, United States Steel Corporation  
Director, Holcim AG  
Director, C. H. Robinson Worldwide, Inc.

► There is no special interest between the candidate and the Company.

**► Reasons, etc. for Electing the Candidate for Outside Director**

Mr. Michael H. McGarry is a candidate for Outside Director as defined in Item 7, Paragraph 3, Article 2 of the Corporations Law Enforcement Regulations. Mr. McGarry, who has held various important posts consecutively, including Director, Chairman and Chief Executive Officer of PPG Industries, Inc., in the United States a worldwide manufacturer of paints, coatings, etc., is well versed in management in the United States, Europe, and Asia, and has provided beneficial recommendations, capitalizing on his outstanding knowledge and wealth of experience in a wide range of chemical fields, which includes driving the business portfolio reforms at the company. He also has provided supervision from an independent standpoint. In view of this, his nomination as a candidate for Outside Director reflects the confidence that the Company places in him to continue to provide the required quality of recommendations and supervision. Moreover, he assumed the position of Outside Director of the Company in June 2022 so his term of office as Outside Director of the Company will have reached two (2) years as of the close of this General Meeting of Shareholders.

► The Company has reported Mr. Michael H. McGarry as an Independent Officer as provided in the applicable regulations of the Tokyo Stock Exchange, Inc., etc. If Mr. McGarry will be reappointed as Director, he is planned to continue acting as an Independent Officer.

No. 8

**Mariko Hasegawa**  
(July 18, 1952)

Number of Company Shares Held  
0 shares

Reappointed Candidate

Outside Director

Independent Officer

Female

**► Career Summary, Positions, Responsibilities, and Important Positions in Other Entities**

Apr., 1983 Research assistant, the Department of Biological Sciences, Faculty of Science, The University of Tokyo  
Jan., 2006 Professor at the Hayama Center for Advanced Studies of National University Corporation, the Graduate University for Advanced Studies, SOKENDAI  
Mar., 2007 Committee member of the National Public Safety Commission  
Apr., 2014 Executive Director/Vice President of SOKENDAI  
Apr., 2017 President of SOKENDAI  
Apr., 2023 President of Independent Administrative Agency, the Japan Arts Council (to date)  
June, 2023 Director of the Company (to date)

**-Important Positions in Other Entities-**

President of Independent Administrative Agency, the Japan Arts Council

► There is no special interest between the candidate and the Company.

**► Reasons, etc. for Electing the Candidate for Outside Director**

Ms. Mariko Hasegawa is a candidate for Outside Director as defined in Item 7, Paragraph 3, Article 2 of the Corporations Law Enforcement Regulations. Ms. Hasegawa, who served as President of National University Corporation, the Graduate University for Advanced Studies, SOKENDAI and a committee member of the National Public Safety Commission built upon her many achievements as a researcher in the field of natural anthropology, has provided her beneficial recommendations, capitalizing on her outstanding knowledge and wealth of experience in a wide variety of fields. She also has provided supervision from an independent standpoint. In view of this, her nomination as a candidate for Outside Director reflects the confidence that the Company places in her to continue to provide the required quality of recommendations and supervision. Moreover, she assumed the position of Outside Director of the Company in June 2023 so her term of office as Outside Director of the Company will have reached one (1) year as of the close of this General Meeting of Shareholders.

► The Company has reported Ms. Mariko Hasegawa as an Independent Officer as provided in the applicable regulations of the Tokyo Stock Exchange, Inc., etc. If Ms. Hasegawa will be reappointed as Director, she is planned to continue acting as an Independent Officer.

<p>No. 9</p> <p style="text-align: center;"><b>Takashi Hibino</b> (September 27, 1955)</p> <p>Number of Company Shares Held 0 shares</p> <p style="text-align: center;">Newly Nominated Candidate Outside Director Independent Officer Male</p>	<p>▶ <b>Career Summary, Positions, Responsibilities, and Important Positions in Other Entities</b></p> <p>Apr., 2011 Director and President, Chief Executive Officer of Daiwa Securities Group Inc.</p> <p>Apr., 2017 Director and Chairman of the Board, Corporate Executive Officer of the above</p> <p>Apr., 2024 Director and Chief Corporate Adviser of the above (to date)</p> <p>Note: The candidate will retire from the position of Director of Daiwa Securities Group Inc. on June 21, 2024.</p> <p><b>-Important Positions in Other Entities-</b></p> <p>Outside Director of Mitsui Fudosan Co., Ltd.</p> <p>Note: The candidate will become an Outside Director of Mitsui Fudosan Co., Ltd. on June 27, 2024.</p> <p>▶ There is no special interest between the candidate and the Company.</p> <p>▶ <b>Reasons, etc. for Electing the Candidate for Outside Director</b></p> <p>Mr. Takashi Hibino is a candidate for Outside Director as defined in Item 7, Paragraph 3, Article 2 of the Corporations Law Enforcement Regulations. Mr. Hibino, who served as Director and President, Chief Executive Officer, etc., of Daiwa Securities Group Inc., a global securities company, has expert knowledge and abundant experience in the financial business. Considering these reasons, he has been chosen as a candidate for the position of Outside Director with expectations that he will provide us with supervision and advice from an independent standpoint.</p> <p>▶ Mr. Takashi Hibino meets the Independent Officer requirements provided in the applicable regulations of the Tokyo Stock Exchange, Inc., etc. If the proposed election of him is approved, it is planned that he will serve as an Independent Officer.</p>
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- Notes
1. The Company has entered into an agreement with each of the four persons, Mr. Hiroshi Komiyama, Mr. Kuniharu Nakamura, Mr. Michael H. McGarry, and Ms. Mariko Hasegawa pursuant to Paragraph 1, Article 427 of the Corporations Law, to limit the amount of the liability for damages stipulated in Paragraph 1, Article 423 of the said law to the amount set forth in the applicable law. If their reelections are approved, the relevant agreements are scheduled to remain effective. If Mr. Takashi Hibino is appointed as director and assumes the position, the Company will enter into the same agreement with him.
  2. The Company has entered into a directors and officers liability insurance agreement with an insurance company, pursuant to Paragraph 1, Article 430-3 of the Corporations Law. The outline of the contents of the insurance agreement is as described in “III. Matters Concerning Directors and Audit & Supervisory Board Members of the Company, 1. Name and Other Information Concerning Directors and Audit & Supervisory Board Members, Note 7” of the Business Report. The candidates other than Mr. Takashi Hibino are covered by the insurance agreement and they will continue to be covered by these insurance policies upon approval of their reappointment. If Mr. Takashi Hibino is appointed as director and assumes the position, he will be covered by these insurance policies. In addition, the Company plans to renew the insurance policies on the same terms at the next time of renewal.

[Reference] Expertise and areas of involvement of candidates for Directors

The main expertise expected of candidates for Director listed in the 2nd Agendum is as follows:

Candidate	Growth strategy	Production technology/ Productivity	Product development	Risk management	Capital policy	Human capital	Sustainability
Fumio Akiya	●	●	●	●		●	●
Yasuhiko Saitoh	●		●	●	●	●	●
Susumu Ueno	●	●	●	●			●
Masahiko Todoroki	●		●	●			●
Hiroshi Komiya		●	●	●		●	●
Kuniharu Nakamura	●			●	●		●
Michael H. McGarry	●	●		●	●	●	●
Mariko Hasegawa				●		●	●
Takashi Hibino	●			●	●		●

Note: The above list represents the most specialized expertise of each candidate for Director and is not meant to be an exhaustive list of their knowledge and experience.

Risk management and Sustainability are areas in which the Company expects all Directors to be involved.

3rd Agendum: Issuance of Stock Acquisition Rights as Stock Options to Employees

In accordance with the provisions of Articles 236, 238 and 239 of the Corporations Law, the Company proposes to issue stock acquisition rights as stock options to executive-level employees, and to entrust the authorization of such issue, and the determination of the conditions for invitation to the stock acquisition, to the Board of Directors.

1. Reason for issuing stock acquisition rights with particularly advantageous terms and conditions:

For the purpose of enhancing the willingness and the morale to perform their duties and to improve the Company's business performance, stock acquisition rights may be issued to executive-level employees without the requirement for cash payment, in accordance with the outlines described below.

2. Substance and maximum quantity of the stock acquisition rights, etc. conditions for invitation of which may be determined based on authorization

- (1) Type and quantity of shares subject to the stock acquisition rights:

The type of share subject to the stock acquisition rights shall be the common shares of the Company, and the quantity of shares subject to the stock acquisition rights (hereinafter called the "Number of Granted Shares") shall be one hundred (100) shares per one (1) stock acquisition right.

After the day when the stock acquisition rights are allocated (hereinafter called the "Allocation Day"), if the Company makes a share split (including gratis distribution, and the same is hereinafter applicable to the descriptions of share split) or a share consolidation of common shares of the Company, the Number of Granted Shares shall be adjusted according to the formula described below. Such adjustment, however, shall be made to the Number of Granted Shares for the stock acquisition rights that are not yet exercised at that point of time, and if, as a result of the adjustment, there arises any share less than one (1) share, such fraction shall be omitted.

Number of Granted Shares after adjustment = Number of Granted Shares before adjustment × Ratio of share split or share consolidation

In addition to the above, if any cause arises to force the Company to adjust the Number of Granted Shares, the Company shall make the adjustments considered necessary.

- (2) Upper limit of the number of stock acquisition rights

The number of stock acquisition rights shall be limited to 21,000 rights.

(Up to 2,100,000 common shares of the Company shall be issued at the exercise of stock acquisition rights. If the Number of Granted Shares is adjusted as prescribed in (1) above, however, the Company shall adjust the upper limit by multiplying the adjusted Number of Granted Shares by the upper limit of the number of stock acquisition rights.)

- (3) Payment for the stock acquisition rights

No payment of cash is needed for issuance of the stock acquisition rights.

- (4) Calculation of the value of assets to be contributed at exercise of each stock acquisition right

The value of assets to be contributed at the exercise of each stock acquisition right shall be (x) the amount of investment per share issued at the exercise of a stock acquisition right calculated in the following (hereinafter called the "Exercise Price") multiplied by (y) the Number of Granted Shares.



The Exercise Price shall be 1.025 times as high as the closing price of the common shares of the Company at the Tokyo Stock Exchange averaged on a daily basis (excluding days with no transactions closed) during the month prior to the month including the day of resolution by the Board of Directors to decide conditions for invitation of the stock acquisition rights, or 1.025 times as high as the closing price of the common shares of the Company at the Tokyo Stock Exchange on the day prior to the day of resolution by the Board of Directors to decide conditions for invitation of the stock acquisition rights (if there is no closing price on such date, the closing price of the closest preceding day), whichever is higher, and fractions less than one (1) yen shall be rounded up.

After an Allocation Day, when the Company issues new common shares or disposes of treasury shares at a price lower than the market price (excluding the sale of treasury stock in accordance with the provisions of Article 194 (Request by the Holder of Fractional Shares for Sale of the Fractional Shares) of the Corporations Law, the conversion of any certificate that shall or may be converted to common shares of the Company, and the exercise of a stock acquisition right (including a right attached to a corporate bond with a stock acquisition right)), the Company shall adjust the Exercise Price according to the formula described below, and if, as a result thereof, there arises any fraction less than one (1) yen, such fraction shall be rounded up.

Exercise Price after adjustment = Exercise Price before adjustment

$$\times \frac{\text{Number of issued shares} + \frac{\text{Number of shares newly issued} \times \text{Payment amount per share}}{\text{Market price}}}{\text{Number of issued shares} + \text{Number of shares newly issued}}$$

(In the formula above, “Number of issued shares” is the gross total number of shares issued by the Company minus the number of treasury shares held by the Company, and at the disposal of treasury shares, “Number of shares newly issued” shall be replaced with “Number of treasury shares to be disposed of.”)

If a share split or a share consolidation is effected after an Allocation Day, the Exercise Price shall be adjusted according to the formula described below, and any fractions less than one (1) yen resulting from such adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

In addition to the above, if any cause arises to force the Company to adjust the Exercise Price, the Company shall make adjustments considered necessary.

(5) Period during which a stock acquisition right may be exercised

The period starting on the day following the day that is two (2) years after the Allocation Day and ending on the day that is seven (7) years after the Allocation Day.

(6) Matters related to capital stock and capital reserve to be increased by issuance of shares at exercise of the stock acquisition rights

(i) The amount of capital stock increased by issuance of shares at exercise of the stock acquisition rights shall be half (1/2) of the limit of an increase in capital stock and the like to be calculated in accordance with Paragraph 1, Article 17 of the Corporate Accounting Rules, and a resulting fraction less than one (1) yen shall be rounded up.

(ii) The amount of capital reserve increased by issuance of shares at the exercise of the stock acquisition rights shall be the limit of an increase in capital stock and the like in (i) minus the amount of capital stock increased prescribed in (i).

(7) Restriction on acquisition of a stock acquisition right through transfer

Acquisition of a stock acquisition right through transfer requires approval by a resolution of the Board of Directors of the Company.

(8) Conditions for acquisition of the stock acquisition rights

- (i) If an agreement to approve a merger agreement that will make the Company a disappearing company is approved at a General Meeting of Shareholders of the Company, or if an agreement to approve a corporate split agreement or a corporate split plan that will make the Company a split company, or if an agreement for a share exchange agreement or a share transfer plan that will make the Company become a wholly-owned subsidiary of another company is approved at a General Meeting of Shareholders of the Company (in either case, if no resolution at a General Meeting of Shareholders is needed, resolved by the Board of Directors of the Company), the Company may acquire back the stock acquisition rights without compensation on the day specified by the Board of Directors of the Company.
- (ii) If those persons to whom the stock acquisition rights are issued or the heirs of such persons no longer satisfy the conditions to exercise the stock acquisition rights prescribed in the “Stock Acquisition Right Agreement” concluded between the Company and employees concerned based on the resolution at a General Meeting of Shareholders and at a meeting of the Board of Directors, the Company may acquire back the stock acquisition rights concerned without compensation on the day specified by the Board of Directors of the Company.

(9) Handling of the stock acquisition rights under the Reorganization Action

When the Company effects a merger (only when the Company disappears), an absorption corporate split, a foundation corporate split, a share exchange or a share transfer (hereinafter collectively called a “Reorganization Action”), under the following conditions, stock acquisition rights of a joint stock corporation listed in any of Sub-Items a - e in Item 8, Paragraph 1, Article 236 of the Corporations Law (hereinafter called the “Reorganized Corporation”) shall be delivered to holders of stock acquisition rights (hereinafter called “Remaining Stock Acquisition Rights”) remaining unexercised as of the point of time when the Reorganization Action comes into effect. In this case, the Remaining Stock Acquisition Rights shall expire, and the Reorganized Corporation shall issue new stock acquisition rights. This issuance, however, shall be limited to the case where the issuance of the stock acquisition rights of the Reorganized Corporation under the following conditions is prescribed in the absorption merger agreement, the foundation merger agreement, the absorption corporate split agreement, the plan of the foundation corporate split, the share exchange agreement, or the plan of the share transfer:

- (i) Number of the stock acquisition rights to be issued by the Reorganized Corporation  
The same number of stock acquisition rights shall be issued as the number of the Remaining Stock Acquisition Rights.
- (ii) Type of share of the Reorganized Corporation subject to the stock acquisition rights  
Common shares of the Reorganized Corporation.
- (iii) Number of shares of the Reorganized Corporation subject to the stock acquisition rights  
This number shall be decided in the same manner as (1) above taking into consideration the conditions for the Reorganization Action.

- (iv) Value of assets to be contributed at exercise of each stock acquisition right  
The value of assets to be contributed at exercise of each stock acquisition right shall be the amount of contribution calculated through adjustments, taking into consideration the conditions for the Reorganization Action, multiplied by the number of shares subject to the stock acquisition right as decided in (iii) above.
- (v) Period during which a stock acquisition right may be exercised  
This period shall commence on the starting day of the period for exercising the stock acquisition right specified in (5) above, or the day when the Reorganization Action comes into effect, whichever is later, and end on the day of expiration of the period during which a stock acquisition right may be exercised as specified in (5) above.
- (vi) Matters related to capital stock and capital reserve to be increased by issuance of shares at the exercise of the stock acquisition rights  
They shall be decided in the same manner as (6) above.
- (vii) Restriction on acquisition of a stock acquisition right through transfer  
Acquisition of a stock acquisition right through transfer requires approval by the Reorganized Corporation.
- (viii) Conditions for acquisition of the stock acquisition rights  
They shall be decided in the same manner as (8) above.
- (10) Omission of fractions resulting from the exercise of stock acquisition rights  
Fractions less than one (1) share shall be omitted from the shares issued to holders of stock acquisition rights at the exercise of the rights.
- (11) Authorization to decide the conditions for invitation of the stock acquisition rights, and the like  
Conditions for invitation of the stock acquisition rights, and related details, other than the aforementioned, shall be decided by resolutions at meetings of the Board of Directors to be held separately.

[End]

## **BUSINESS REPORT**

(April 1, 2023 through March 31, 2024)

### **I. Matters Concerning the Current State of the Company's Group**

#### **1. Business Operations**

During the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024), while the “probability of a soft landing” became a hot topic in the United States, the Chinese economy entered the phase of major adjustment. In a situation where geopolitical risks are added to the Chinese economic slowdown and the resulting oversupply, the economies of Japan and the Eurozone shifted in contrast with each other, and several emerging countries sustained their growth. There was a difference between strong and weak performances in individual industries. In such a situation, we maintained close communication with our customers, continued to provide a reliable supply of products with required quality, and conducted sales with agility. On the other hand, to ensure financial soundness, we recorded losses based on market fluctuations. We will continue working to improve our operating performance. To that end, we will accelerate the development of products that are valuable to our customers and continue capital investments with a medium- to long-term perspective in order to meet the needs and demands of customers and markets in a timely manner.

As a result, the net sales for the Company's group for this consolidated fiscal year decreased by 14.0% (393,887 million yen) compared with the previous fiscal year to 2,414,937 million yen. Compared to the performance of the previous fiscal year, operating income decreased by 29.8% (297,164 million yen) to 701,038 million yen, ordinary income decreased by 22.8% (232,983 million yen) to 787,228 million yen, and profit attributable to owners of parent decreased by 26.6% (188,098 million yen) to 520,140 million yen.

The business operations of each division were as follows:

#### Infrastructure Materials

This division's total sales decreased by 22.8% (297,824 million yen) from the previous fiscal year to 1,010,275 million yen, and operating income decreased by 40.5% (219,383 million yen) to 321,961 million yen.

As for PVC, the export pressures from Chinese manufacturers continued, but we strove to maintain the price level. The caustic soda market was in a similar situation.

#### Electronics Materials

This division's total sales decreased by 2.9% (25,204 million yen) from the previous fiscal year to 850,442 million yen, and operating income decreased by 9.7% (29,235 million yen) to 272,165 million yen.

In the semiconductor market, the adjustment phase since the autumn of the year before last continued during the period under review, but there were also signs that the market had bottomed out. Under these circumstances, we focused on shipping semiconductor materials such as silicon wafer, photoresist and photomask blanks as planned. As for rare earth magnets, adjustment also

continued in industrial application, but we focused on expanding sales to automotive and other markets.

#### Functional Materials

This division's total sales decreased by 13.8% (68,136 million yen) from the previous fiscal year to 425,250 million yen, and operating income decreased by 34.9% (45,604 million yen) to 85,004 million yen.

In the commodity product group, the inventory adjustment and the slowdown in the market caused by the slump in the Chinese economy continued and their impact intensified in the second half of the fiscal year. In response, we strove to make up for it by increasing the sales of highly functional product groups.

#### Processing & Specialized Services

This division's total sales decreased by 2.1% (2,722 million yen) from the previous fiscal year to 128,969 million yen, and operating income decreased by 8.4% (2,209 million yen) to 24,156 million yen.

The demand for semiconductor wafer-related containers continued to be adjusted particularly for in-process products, and the sales of input devices for automobiles remained strong as the automobiles industry recovered. The sales of PVC wrapping films have increased for the food service and lodging industry against the background of the increase in inbound tourist demand.

## 2. Status of Capital Investments and Procurement of Funds of the Company's Group

The Company's group invested 406,886 million yen during this consolidated fiscal year mainly in the following:

Major facilities completed during this consolidated fiscal year:

Capital investment for the reduction in the volume of greenhouse gas emissions [enhancement of the facility for manufacturing silicone products that contribute to the environment] (the Company's Gunma Complex)

Facilities under construction as of the end of this consolidated fiscal year:

Enhancement of an integrated PVC manufacturing plant [2nd phase] (SHINTECH INC.)

Enhancement of the facility for manufacturing advanced functional silicone products and eco-friendly silicone products (the Company's Gunma Complex, Shin-Etsu Silicones (Thailand) Limited, etc.)

Enhancement of the facility for manufacturing advanced functional silicone products (the Company's Gunma Complex, Takefu Plant and Naoetsu Plant)

Enhancement of the facility for manufacturing pharmaceutical cellulose excipients (the Company's Naoetsu Plant)

The Company's group expended mostly its own funds for investment capital during this consolidated fiscal year.

## 3. Problems Confronting the Company's Group

### (1) Basic Management Policies, Management Indicator as a Target and Mid- to Long-term Management Strategies

The Company aims to respond to our shareholders' expectations by creating the value for society and industries through the provision of unrivaled key materials technologies. To achieve this, we are developing numerous products that will help resolve the issues faced by customers and industries. At the same time, while pursuing the world's highest level of technology and quality and constantly striving to improve productivity, we are stably supplying products to customers all over the world. In order to sustain these efforts, we are striving for the kind of management that can respond promptly and precisely to the changes in the economic and market conditions.

In every economy it is imperative to maximize efficiency in this day and age when there is a greater need for human society to pursue sustainable growth and better quality of life while lessening the burden on the environments. We believe that we have and can play a key role to that end. In addition to reducing our own greenhouse gas emissions, we will focus on providing the technologies and materials that are useful for decarbonization. We will work to ensure that many of our products serve these purposes and that the more our products are used, the more we can contribute to industry and people's lives. We will thus fulfill our role as an essential supplier that supports the world's industries and people's lives.

The management indicator sets a target of increasing revenue and earnings every fiscal year. Among our main products, there are some that are affected by changes in the business environment including market conditions. We need to adapt speedily to changes in the external environment in order to manage each business in rapidly changing markets. We aim for new heights in growing our business in the next fiscal year. We will continue to focus on these efforts so that our products will be used more widely in society and industry.

## (2) Problems to be Addressed by the Company's Group

In order to reliably meet the demands of our customers, we constantly inspect the supply system, including the supply chain, and take measures in advance to expand it. The fluctuation range of the economic situation has become wider than in the past, and we will strive to improve our adaptability and resilience to these changes. We will inspect our business conditions carefully so that we can face up to the so-called imponderables.

## 4. Trend of Business Results and Financial Conditions

Item \ Year	144th Fiscal Year	145th Fiscal Year	146th Fiscal Year	147th Fiscal Year
Net Sales (Million Yen)	1,496,906	2,074,428	2,808,824	2,414,937
Profit attributable to owners of parent (Million Yen)	293,732	500,117	708,238	520,140
Net Income per Share (Yen)	141.35	240.76	347.84	259.41
Net Assets (Million Yen)	2,886,625	3,429,208	4,026,209	4,424,073
Total Assets (Million Yen)	3,380,615	4,053,412	4,730,394	5,147,974

Notes 1. The Company carried out a 5-for-1 share split of its common shares as of April 1, 2023. In accordance with the Accounting Standard for Net Income per Share, Net Income per Share is calculated on the assumption that the share split was carried out at the beginning of the 144th financial year.

2. For the 147th Fiscal Year, the net sales and net income decreased because certain products were affected by market conditions.

5. Status of Major Subsidiary Companies, etc. (as of March 31, 2024)

(1) Status of Major Subsidiary Companies

Name of Company	Amount of Capital	Holding Ratio (%)	Major Lines of Business
SHINTECH INC. (U.S.A.)	US\$18.75	100.0	Manufacture and sales of polyvinyl chloride
Shin-Etsu Handotai Co., Ltd.	¥10,000 million	100.0	Manufacture and sales of semiconductor silicon
Shin-Etsu Handotai America, Inc. (U.S.A.)	US\$150 million	100.0 (100.0)	Manufacture and sales of semiconductor silicon
Shin-Etsu PVC B.V. (Netherlands)	EUR18 thousand	100.0 (100.0)	Manufacture and sales of polyvinyl chloride
Shin-Etsu Handotai Taiwan Co., Ltd. (Taiwan)	NT\$1,500 million	70.0 (70.0)	Processing and sales of semiconductor silicon
Shin-Etsu Polymer Co., Ltd.	¥11,635 million	53.4 (0.1)	Manufacture and sales of plastic products, etc.
S.E.H. Malaysia Sdn. Bhd. (Malaysia)	RM188 million	100.0 (100.0)	Processing and sales of semiconductor silicon
Shin-Etsu Engineering Co., Ltd.	¥200 million	100.0	Design, engineering and construction of plants, etc.
SHIN-ETSU HANDOTAI EUROPE LIMITED (U.K.)	£Stg. 73 million	100.0 (100.0)	Processing and sales of semiconductor silicon
SE Tylose GmbH & Co. KG (Germany)	EUR500 thousand	100.0 (100.0)	Manufacture and sales of cellulose derivative products
Shin-Etsu Silicones (Thailand) Limited (Thailand)	THB6,325 million	100.0	Manufacture and sales of silicone products
Asia Silicones Monomer Limited (Thailand)	THB3,393 million	100.0 (100.0)	Manufacture of silicone monomer
JAPAN VAM & POVAL CO., LTD.	¥2,000 million	100.0	Manufacture and sales of vinyl acetate monomer and polyvinyl alcohol

Notes 1. For the column regarding holding ratio, the upper number indicates the entire ratio of holdings held by both the Company and the Subsidiary Companies, while the lower number indicates the ratio held by the Subsidiary Companies. The holding ratios are computed net of any treasury shares held.

2. For the fiscal year under review, the scope of Major Subsidiary Companies has been reviewed to exclude Shin-Etsu Astech Co., Ltd.



## (2) Status of Major Affiliated Companies

Name of Company	Amount of Capital	Holding Ratio (%)	Major Lines of Business
Mimasu Semiconductor Industry Co., Ltd.	¥18,824 million	43.9 (1.1)	Processing of semiconductor silicon and sales of precision equipment
SHIN-ETSU QUARTZ PRODUCTS COMPANY LTD.	¥1,000 million	50.0	Manufacture and sales of quartz glass products

Notes 1. For the column regarding holding ratio, the upper number indicates the entire ratio of holdings held by both the Company and the Subsidiary Companies, while the lower number indicates the ratio held by the Subsidiary Companies. The holding ratios are computed net of any treasury shares held.

2. At a meeting of the Board of Directors held on April 25, 2024, the Company resolved to acquire shares of Mimasu Semiconductor Industry Co., Ltd. through a tender offer under certain conditions, including the completion of procedures and responses in accordance with the relevant competition law, in order to make Mimasu Semiconductor Industry Co., Ltd. a wholly owned subsidiary. On the same date, the Company announced, “Notice Regarding Planned Commencement of Tender Offer for Shares of Mimasu Semiconductor Industry Co., Ltd. (Securities Code 8155)” and “Notice Regarding Expected Changes in Specific Subsidiaries Associated with Planned Commencement of Tender Offer for Shares of Mimasu Semiconductor Industry Co., Ltd. (Securities Code 8155)”.

## (3) Results of Consolidation

For this consolidated fiscal year, there are 99 consolidated subsidiaries, etc. and 3 companies to which the equity method is applied, including the Major Subsidiary Companies and the Affiliated Companies mentioned above.

For this consolidated fiscal year, net sales amounted to 2,414,937 million yen (down by 14.0% from the previous fiscal year), and the profit attributable to owners of parent amounted to 520,140 million yen (down by 26.6% from the previous fiscal year).

## 6. Major Lines of Business of the Company’s Group (as of March 31, 2024)

The Company’s group’s major lines of business are the manufacture and sales of the following products:

Infrastructure Materials	Polyvinyl Chloride, Caustic Soda, Methanol, Chloromethanes, Poval
Electronics Materials	Semiconductor Silicon, Rare Earth Magnets, Semiconductor Encapsulating Materials, LED Packaging Materials, Photoresists, Photomask Blanks, Synthetic Quartz Products
Functional Materials	Silicones, Cellulose Derivatives, Silicon Metal, Synthetic Pheromones, Vinyl Chloride - Vinyl Acetate Copolymer Resin, Liquid Fluoroelastomers, Pellicles
Processing & Specialized Services	Processed Plastics, Export of Technologies and Plants, Export and Import of Products, Engineering

## 7. Major Bases of the Company's Group (as of March 31, 2024)

### (1) Company

Principal Office: 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

Branch Offices: Osaka Branch, Nagoya Branch, and Fukuoka Branch

Plants: Naoetsu Plant (Niigata Prefecture), Takefu Plant (Fukui Prefecture), Gunma Complex [Isobe Plant and Matsuida Plant], Kashima Plant (Ibaraki Prefecture)

Research & Development Centers: Silicone-Electronics Materials Research Center (Gunma Prefecture), Advanced Functional Materials Research Center (Gunma Prefecture), PVC and Polymer Materials Research Center (Ibaraki Prefecture), Specialty Chemicals Research Center (Niigata Prefecture), New Functional Materials Research Center (Niigata Prefecture) and Magnetic Materials Research Center (Fukui Prefecture)

### (2) Subsidiaries

Domestic: Shin-Etsu Handotai Co., Ltd. (Tokyo); Shin-Etsu Polymer Co., Ltd. (Tokyo); Shin-Etsu Engineering Co., Ltd. (Tokyo); and JAPAN VAM & POVAL CO., LTD. (Osaka Prefecture)

Overseas: SHINTECH INC. (U.S.A.); Shin-Etsu Handotai America, Inc. (U.S.A.); Shin-Etsu PVC B.V. (Netherlands); Shin-Etsu Handotai Taiwan Co., Ltd. (Taiwan); S.E.H. Malaysia Sdn. Bhd. (Malaysia); SHIN-ETSU HANDOTAI EUROPE LIMITED (U.K.); SE Tylose GmbH & Co. KG (Germany); Shin-Etsu Silicones (Thailand) Limited (Thailand); and Asia Silicones Monomer Limited (Thailand)

8. Status of Employees of the Company's Group and the Company (as of March 31, 2024)

(1) Status of Employees of the Company's Group

Business	Number of Employees	Increase or Decrease Compared with the End of the Previous Fiscal Year
Infrastructure Materials	1,862	+85
Electronics Materials	12,451	+326
Functional Materials	4,334	+86
Processing & Specialized Services	7,357	-210
Total	26,004	+287

Note: The number of employees is the number of persons actually at work.

(2) Status of Employees of the Company

Number of Employees	Increase or Decrease Compared with the End of the Previous Fiscal Year	Average Age	Average Years of Service
3,680	+199	41.9	20.1

Note: The number of employees is the number of persons actually at work.

9. Major Lenders to the Company's Group (as of March 31, 2024)

Name of Lender	Outstanding Borrowings (Million Yen)
The Hachijuni Bank, Ltd.	8,442
MUFG Bank, Ltd.	6,283
Nippon Life Insurance Company	3,600
Meiji Yasuda Life Insurance Company	2,300

## II. Matters Concerning Stock in the Company (as of March 31, 2024)

### 1. Number of Shares and Shareholders

Total number of shares authorized to be issued:	8,000,000,000
Total number of issued shares:	2,001,691,765
Number of shareholders:	176,592

Notes 1. The total number of issued shares decreased by 22,431,200 shares due to the cancellation of treasury shares implemented as of January 11, 2024.

2. The total number of issued shares includes 5,637,568 treasury shares.

### 2. Major Shareholders

Name of Shareholder	Number of Shares Held (Thousand shares)	Holding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	368,510	18.5
Custody Bank of Japan, Ltd. (Trust Account)	139,286	7.0
JPMORGAN CHASE BANK 385632	80,348	4.0
Nippon Life Insurance Company	76,765	3.8
The Hachijuni Bank, Ltd.	58,953	3.0
Meiji Yasuda Life Insurance Company	53,439	2.7
SSBTC CLIENT OMNIBUS ACCOUNT	46,170	2.3
GOVERNMENT OF NORWAY	39,758	2.0
STATE STREET BANK WEST CLIENT - TREATY 505234	35,733	1.8
JP MORGAN CHASE BANK 385781	26,483	1.3

Note: The holding ratios are computed net of the treasury shares (5,637,568 shares).

### III. Matters Concerning Directors and Audit & Supervisory Board Members of the Company

#### 1. Name and Other Information Concerning Directors and Audit & Supervisory Board Members (as of March 31, 2024)

Title	Name	Responsibilities, Important Concurrent Positions, etc.
Representative Director - Chairman of the Board Meeting	Fumio Akiya	In charge of Semiconductor Materials and Technologies Representative Director & President, Shin-Etsu Handotai Co., Ltd.
Representative Director - President	Yasuhiko Saitoh	Director & President, SHINTECH INC. Director & President, Shin-Etsu Handotai America, Inc.
Director, Senior Managing Corporate Officer	Susumu Ueno	General Manager, Silicone Div.
Director, Senior Managing Corporate Officer	Masahiko Todoroki	In charge of Semiconductor Materials Dept. Senior Managing Director, Shin-Etsu Handotai Co., Ltd.
Director <sup>1</sup>	Toshihiko Fukui	President, the Canon Institute for Global Studies Outside Director, Kikkoman Corporation
Director <sup>1</sup>	Hiroshi Komiyama	Chairman, Mitsubishi Research Institute, Inc.
Director <sup>1</sup>	Kuniharu Nakamura	Director & Chairman, SUMITOMO CORPORATION Outside Director, NEC Corporation
Director <sup>1</sup>	Michael H. McGarry	Director, United States Steel Corporation
Director <sup>1</sup>	Mariko Hasegawa	President, Independent Administrative Agency, the Japan Arts Council
Full-time Audit & Supervisory Board Member	Hidenori Onezawa	
Audit & Supervisory Board Member <sup>2</sup>	Yoshihito Kosaka	C.P.A./Certified Public Tax Accountant Representative Partner, HIYU Certified Tax Accountants' Corporation
Audit & Supervisory Board Member <sup>2</sup>	Mitsuko Kagami	Lawyer Partner Lawyer, KAGAMI Law Office Outside Director, MEDIPAL HOLDINGS CORPORATION Outside Director, Sotetsu Holdings, Inc.
Audit & Supervisory Board Member <sup>2</sup>	Hiroko Kaneko	C.P.A. Member of the Business Accounting Council, Financial Services Agency Outside Director/Audit & Supervisory Committee Member, Mitsubishi HC Capital Inc. Outside Director/Audit & Supervisory Committee Member, Kanagawa Chuo Kotsu Co., Ltd. Outside Audit & Supervisory Board Member, Development Bank of Japan Inc.

- Notes 1. <sup>1</sup> indicates an Outside Director as defined in Item 15, Article 2 of the Corporations Law.
2. <sup>2</sup> indicates an Outside Audit & Supervisory Board Member as defined in Item 16, Article 2 of the Corporations Law.
3. Described below are important concurrent services as executives for other companies performed by Outside Directors and Outside Audit & Supervisory Board Members and the relationship between the Company and such other companies. Mr. Toshihiko Fukui, Outside Director, serves in a concurrent role at the Canon Institute for Global Studies, a general incorporated foundation. However, there is no special relationship between the Company and the foundation that must be disclosed under this item. Mr. Hiroshi Komiyama, Outside Director, serves in a concurrent role at Mitsubishi Research Institute, Inc. However, there is no special relationship between the Company and the company that must be disclosed under this item. Ms. Mariko Hasegawa, Outside Director, serves in a concurrent role at Independent Administrative Agency, the Japan Arts Council. However, there is no special relationship between the Company and the Independent Administrative Agency that must be disclosed under this item. Mr. Yoshihito Kosaka, Outside Audit & Supervisory Board Member, serves in a concurrent role at HIYU Certified Tax Accountants' Corporation. However, there is no special relationship between the Company and the certified tax accountants' corporation that must be disclosed under this item. Ms. Mitsuko Kagami, Outside Audit & Supervisory Board Member, serves in a concurrent role at KAGAMI Law Office. However, there is no special relationship between the Company and the firm that must be disclosed under this item.
4. Described below are important concurrent services as Outside Directors or Outside Audit & Supervisory Board Members etc., for other companies performed by Outside Directors and Outside Audit & Supervisory Board Members and the relationship between the Company and such other companies. Mr. Toshihiko Fukui, Outside Director, serves concurrently as Outside Director for Kikkoman Corporation. However, there is no special relationship between the Company and the company that must be disclosed under this item. Mr. Kuniharu Nakamura, Outside Director, serves concurrently as Outside Director for NEC Corporation. However, there is no special relationship between the Company and the company that must be disclosed under this item. Mr. Michael H. McGarry, Outside Director, serves concurrently as Director for United States Steel Corporation. However, there is no special relationship between the Company and the company that must be disclosed under this item. Ms. Mitsuko Kagami, Outside Audit & Supervisory Board Member, serves concurrently as Outside Director for MEDIPAL HOLDINGS CORPORATION and Sotetsu Holdings, Inc. However, there is no special relationship between the Company and either of these two companies that must be disclosed under this item. Ms. Hiroko Kaneko, Outside Audit & Supervisory Board Member, serves concurrently as Outside Director/Audit & Supervisory Committee Member for Mitsubishi HC Capital Inc. and Kanagawa Chuo Kotsu Co., Ltd., and serves concurrently as Outside Audit & Supervisory Board Member for Development Bank of Japan Inc. However, there is no special relationship between the Company and either of these three companies that must be disclosed under this item.
5. Mr. Yoshihito Kosaka, Outside Audit & Supervisory Board Member, is licensed as a Certified Public Accountant and as a Certified Public Tax Accountant, and brings with him a considerable degree of knowledge and experience in the fields of finance and accounting. Ms. Hiroko Kaneko, Outside Audit & Supervisory Board Member, is licensed as a Certified Public Accountant and brings with her a considerable degree of knowledge and experience in the fields of finance and accounting, such as having served as a member of the Business Accounting Council, Financial Services Agency.
6. The Company has entered into an agreement with each of the Outside Directors and Audit & Supervisory Board Members, pursuant to Paragraph 1, Article 427 of the Corporations Law, to limit the amount of the liability for damages stipulated in Paragraph 1, Article 423 of said law to the amount set forth in the applicable law.
7. The Company has entered into a directors and officers liability insurance agreement with an insurance company, pursuant to Paragraph 1, Article 430-3 of the Corporations Law. The insurance policies cover the liability of the insured persons arising from the performance of their duties as well as damages arising from claims received pertaining to the pursuit of said liability. However, there are certain exclusions, such as no coverage for damages arising from actions taken with the knowledge that they were in violation of laws and regulations. The insured persons under the insurance policies are Directors, Audit & Supervisory Board Members, Corporate Officers and managerial employees of the Company and certain subsidiaries.
8. Five Outside Directors and three Outside Audit & Supervisory Board Members of the Company -- Mr. Toshihiko Fukui, Mr. Hiroshi Komiyama, Mr. Kuniharu Nakamura, Mr. Michael H. McGarry, and Ms. Mariko Hasegawa as Directors, Mr. Yoshihito Kosaka, Ms. Mitsuko Kagami and Ms. Hiroko Kaneko as Audit & Supervisory Board Members -- have been reported to the Tokyo Stock Exchange, Inc., etc. as Independent Officers.
9. Mr. Kuniharu Nakamura, Director, assumed the position of Director, Special Adviser of SUMITOMO CORPORATION on April 1, 2024. Ms. Hiroko Kaneko, Audit & Supervisory Board Member, will retire from the position of Outside Director/Audit & Supervisory Committee Member of Kanagawa Chuo Kotsu Co., Ltd. on June 27, 2024.

10. As of March 31, 2024 the number of Corporate Officers was 16. The Corporate Officers who are not concurrently serving as Director are as follows.

Title	Name	Responsibilities, Important Concurrent Positions, etc.
Managing Corporate Officer	Toshiya Akimoto	In charge of Office of the Secretariat, Public Relations and Legal Affairs General Manager, Office for Digitization and Digitalization
Managing Corporate Officer	Fumio Arai	In charge of Purchasing General Manager, Organic Chemicals Div. Director & President, Shin-Etsu PVC B.V. Director & President, SE Tylose GmbH & Co. KG
Managing Corporate Officer	Yukihiro Matsui	In charge of Patents General Manager, Electronics Materials Div.
Managing Corporate Officer	Masaki Miyajima	In charge of Business Auditing and Advanced Materials General Manager, PVC Div.
Corporate Officer	Toshiyuki Kasahara	In charge of Office of the President General Manager, Finance & Accounting Dept.
Corporate Officer	Kazumasa Maruyama	General Manager, New Functional Materials Div.
Corporate Officer	Toshio Shiobara	In charge of R&D Deputy General Manager, Electronics Materials Div. (In charge of Organic Electronics Materials)
Corporate Officer	Yoshimitsu Takahashi	In charge of General Affairs and Environmental Control & Safety General Manager, Business Development Dept.
Corporate Officer	Kai Yasuoka	In charge of Personnel & Labor Relations General Manager, International Div.
Corporate Officer	Ichiro Onozawa	General Manager, Shirakawa Plant, Shin-Etsu Handotai Co., Ltd.
Corporate Officer	Yukinori Satoh	In charge of Special Functional Products Dept. General Manager, Gunma Complex
Corporate Officer	Shigeyoshi Netsu	General Manager, Research & Development Dept.

2. Remuneration, etc. of Directors and Audit & Supervisory Board Members Attributable to the Fiscal Year under Review
- (1) Policy, etc. for Determining the Amount of Remuneration, etc. of Individual Directors and Audit & Supervisory Board Members

The Company has resolved the policy at the Board of Directors Meeting (Paragraph 7, Article 361 of the Corporations Law). For the resolution, the Company has obtained the approval of the Officers' Remuneration Committee, the majority of whose members are Outside Directors.

With regard to the remuneration, etc. of individual Directors attributable to the fiscal year under review, the Board of Directors confirmed that the method for determining remuneration, etc. is consistent with the foregoing policy and that the determined remuneration, etc. was as reported by the Officers' Remuneration Committee based on its examination and evaluation. As such, the Company deems the amounts are in line with the foregoing policy.

The policy, etc. for determining the amount of remuneration, etc. of individual Directors and Audit & Supervisory Board Members is as follows.

- a. Basic policy

The remuneration system of Directors shall be designed to contribute to the mid- to long-term enhancement of the corporate value of the Company, and the remuneration of Directors shall be determined by the Board of Directors based on the results of the review and evaluation by the Officers' Remuneration Committee as well as its opinion thereon. The remuneration shall consist of "fixed remuneration" determined as appropriate for each individual's position, job responsibilities, etc., and "performance-based remuneration" that takes into consideration the annual financial performance of the Company as an incentive for the enhancement of corporate value, as well as "stock options" as an incentive for higher motivation and morale to execute one's duties and to improve performance, and ultimately for the enhancement of shareholder value (stock price-linked remuneration).

On the other hand, the remuneration of Audit & Supervisory Board Members shall be determined through their mutual consultation. The remuneration shall consist of "fixed remuneration" determined as appropriate for each individual's job responsibilities as an Audit & Supervisory Board Member.

Outside Directors and Audit & Supervisory Board Members are not entitled to any "performance-based remuneration" or "stock options" as they are expected to perform supervisory and checking functions over management.

- b. Policy on determining the amount of fixed remuneration (monetary remuneration) of individual Directors or the calculation method thereof

Based on the request of the Board of Directors, fixed remuneration shall be deliberated regularly by the Officers' Remuneration Committee to set the remuneration levels and to perform the review and evaluation to determine the amount of fixed remuneration of individual Directors for the relevant fiscal year as appropriate for each individual's position, job responsibilities, etc., and advised by the Committee to the Board of Directors. The Board of Directors shall decide the amount of fixed remuneration of individual Directors in accordance with the report of the Officers' Remuneration Committee.

Fixed remuneration shall be paid on a monthly basis as monthly remuneration.

- c. Policy on determining the performance measures used for the calculation of performance-based remuneration of Directors and the amount or quantity of performance-based remuneration of Directors



The performance measure for performance-based remuneration shall be the annual consolidated ordinary income of the Company. This is because the Company defines its management targets in terms of annual increases in revenue and profit and focuses on growth in sales and profit through daily, monthly, and annual efforts to achieve the solid operation and management of the Company. On the other hand, as the business of the Company is subject to the impact of market conditions, the Company shall also perform evaluations based on a comparison with the financial performance of industry peers.

Based on the request of the Board of Directors, performance-based remuneration shall be deliberated regularly by the Officers' Remuneration Committee to set the performance-based remuneration levels and to determine the relative remuneration proportion and mechanism to ensure it is tied to the Company's financial performance, as well as to perform the review and evaluation to determine the total amount of performance-based remuneration and the amount to be allotted to individual Directors based on changes in the consolidated ordinary income for the relevant fiscal year from the previous fiscal year and in consideration of the financial performance of industry peers, and advised by the Committee to the Board of Directors. The Board of Directors shall decide the total amount of performance-based remuneration and the amount to be allotted to individual Directors in accordance with the report of the Officers' Remuneration Committee.

Performance-based remuneration shall be paid as a bonus after the close of each annual general meeting of shareholders.

- d. Policy on determining the non-monetary remuneration details of Directors and the amount or quantity of non-monetary remuneration of Directors or the calculation method thereof

Stock acquisition rights, which will be issued as stock options based on a resolution of the Board of Directors, shall be granted as non-monetary remuneration. Based on the request of the Board of Directors, the Officers' Remuneration Committee shall perform the review and evaluation to determine the number of stock options to be allotted to eligible Directors and advise the Board of Directors accordingly.

The monetary value of stock options granted as non-monetary remuneration shall be calculated by multiplying the unit fair value of the stock acquisition rights calculated as of the date of allotment of the stock acquisition rights by the total number of stock acquisition rights allotted based on the advice of the Officers' Remuneration Committee.

The timing of grants of stock options shall be determined by a resolution of the Board of Directors.

- e. Determining the relative proportion of each type of remuneration (performance-based remuneration, non-monetary remuneration, and other remuneration) for the remuneration of individual Directors

The remuneration of the Directors (excluding Outside Directors) consists of fixed remuneration, performance-based remuneration, and stock options. The relative proportion of each type of remuneration shall be appropriately deliberated by the Officers' Remuneration Committee as set forth in a. Basic policy above to ensure that the remuneration will effectively serve as an incentive for the enhancement of corporate value and shareholder value.

- f. Policy on determining the amount of remuneration for Audit & Supervisory Board Members or the calculation method thereof

Audit & Supervisory Board Members shall have the right to decide on the policy on determining the amount of their remuneration or the calculation method thereof. Audit & Supervisory Board Members shall determine their remuneration through mutual consultation among them in consideration of the content of the deliberations of the Officers' Remuneration Committee.

The Officers' Remuneration Committee shall deliberate on the total amount of remuneration of Audit & Supervisory Board Members and the amount of remuneration of individual members to be determined as appropriate for each individual's job responsibilities.

(2) Matters concerning Resolutions of the General Meeting of Shareholders regarding the Remuneration, etc. of Directors and Audit & Supervisory Board Members

The 144th Ordinary General Meeting of Shareholders held on June 29, 2021 resolved to determine the amount of remuneration, etc. of Directors as follows: no more than 2 billion yen per year (including within this amount 200 million yen for Outside Directors). The General Meeting also resolved that the Company shall issue monthly remuneration, which is fixed remuneration, and bonuses, which is performance-based remuneration, as remuneration for execution of duties for the relevant fiscal year, within the range of the above amounts. Aside from the above, the 144th Ordinary General Meeting of Shareholders held on June 29, 2021 resolved that the amount of remuneration, etc. to be used for the payment in exchange for the stock acquisition rights issued to the Company's Directors (excluding Outside Directors) as stock options shall be within the range of 750 million yen per year. The General Meeting also resolved that the details of the stock acquisition rights to be issued shall be as follows: up to an aggregate number of 4,000 stock acquisition rights may be issued within the one-year period commencing from the day of the Ordinary General Meeting of Shareholders for each business year. As for the type and quantity of shares subject to such stock acquisition rights, up to 400,000 common shares of the Company may be issued upon the exercise of such stock acquisition rights.\* The amount of remuneration, etc. for Directors mentioned in the two resolutions above does not include the employee salaries of Directors who serve concurrently as employees. As at the conclusion of the above General Meeting of Shareholders, there were eleven (11) Directors (five (5) Outside Directors included) in total.

The 131st Ordinary General Meeting of Shareholders held on June 27, 2008 resolved to determine the amount of remuneration, etc. of Audit & Supervisory Board Members as follows: no more than 150 million yen per year. The General Meeting also resolved that the Company shall issue monthly remuneration, which is fixed remuneration, as remuneration for execution of duties for the relevant fiscal year, within the range of the above amounts. As at the conclusion of the above General Meeting of Shareholders, there were five (5) Audit & Supervisory Board Members in total.

\* The Company carried out a 5-for-1 share split of its common shares as of April 1, 2023. As a result, from that date onwards, up to an aggregate number of 20,000 stock acquisition rights may be issued within the one-year period commencing from the day of the Ordinary General Meeting of Shareholders for each business year. As for the type and quantity of shares subject to such stock acquisition rights, up to 2,000,000 common shares of the Company may be issued upon the exercise of such stock acquisition rights.

(3) Amounts of Remuneration, etc. Payable to Directors and Audit & Supervisory Board Members

Designation	Total Amount of Remuneration, etc.		Amount of Remuneration, etc. by Type					
			Fixed Remuneration		Performance-based Remuneration, etc.		Non-monetary Remuneration, etc.	
	Total Amount	Number of Recipients	Total Amount	Number of Recipients	Total Amount	Number of Recipients	Total Amount	Number of Recipients
Directors	Million Yen 1,065	Persons 11	Million Yen 617	Persons 11	Million Yen 227	Persons 4	Million Yen 220	Persons 4
Audit & Supervisory Board Members	64	6	64	6	—	—	—	—
Total	1,129	17	681	17	227	4	220	4
(Of which, Outside Directors and Outside Audit & Supervisory Board Members)	(187)	(10)	(187)	(10)	(—)	(—)	(—)	(—)

Notes 1. The above figures for “Total Amount of Remuneration, etc.” and “Fixed Remuneration” include those relevant to two Directors and two Audit & Supervisory Board Members who retired from the office effective as of the conclusion of the 146th Ordinary General Meeting of Shareholders held on June 29, 2023.

2. The above figures for “Performance-based Remuneration, etc.” include the bonus reserve amount attributable to the fiscal year under review. The performance measures chosen as the base figures for calculating the amount of performance-based remuneration, etc. and the reasons for having chosen the performance measures are as described in “(1) Policy, etc. for Determining the Amount of Remuneration, etc. of Individual Directors and Audit & Supervisory Board Members” above. In addition, the calculation method for the amount of performance-based remuneration, etc. is as described in “(1) Policy, etc. for Determining the Amount of Remuneration, etc. of Individual Directors and Audit & Supervisory Board Members” above. The consolidated ordinary income for the Company’s group for this consolidated fiscal year, a performance measure, is as described in “I. Matters Concerning the Current State of the Company’s Group” above.

3. 18th Issue of Stock Acquisition Rights (for Distribution to Directors and Corporate Officers), which was issued as stock options based on a resolution of the Board of Directors held on November 15 2023, was granted to the Directors excluding Outside Directors as non-monetary remuneration, etc.

4. In addition to the above, the amounts of remuneration and others paid or payable to Outside Directors and Outside Audit & Supervisory Board Members from subsidiaries of the Company for serving as Director or Audit & Supervisory Board Member of such subsidiaries in the fiscal year under review aggregated 3 million yen. There is no information reportable under the disclosure item regarding remuneration and others paid or payable to Outside Directors and Outside Audit & Supervisory Board Members from a parent company or its subsidiaries for serving as Director or Audit & Supervisory Board Member in the fiscal year under review.

3. Matters Concerning Outside Directors and Outside Audit & Supervisory Board Members

(1) Main Activities via Board of Directors Meetings and Other Arrangements during the Fiscal Year under Review

In addition to the statutory Board of Directors, the Company has a second principal organ, called the Managing Directors’ Committee, for considering and deciding the execution of business processes, and each organ holds a meeting once a month (The Board of Directors meetings were held 13 times during the fiscal year under review.) as a general rule. The activities of the Company’s Outside Directors and Outside Audit & Supervisory Board Members, which were centered on participation in these meetings, are reviewed below:

a. Activities of Outside Directors

Name	Main Activities
Toshihiko Fukui	<p>The Director attended all 13 meetings of the Board of Directors, as well as Managing Directors' Committee meetings, held during the fiscal year under review, and shared his beneficial recommendations concerning the dialogue with investors and cyber security systems for the Company's Group as a whole, etc., capitalizing on his outstanding knowledge and wealth of experience related to global finance and economy as an ex-Governor of the Bank of Japan. He also provided thorough supervision from an independent standpoint, performing the job expected of him.</p> <p>He serves as chair of the Officers' Remuneration Committee.</p>
Hiroshi Komiyama	<p>The Director attended all 13 meetings of the Board of Directors, as well as Managing Directors' Committee meetings, held during the fiscal year under review. The Director, who has served as President of the University of Tokyo, as well as in a variety of distinguished positions, shared his beneficial recommendations concerning cutting-edge digital technology and the utilization of renewable energy, etc., capitalizing on his outstanding knowledge and wealth of experience in a wide range of disciplines, including chemical engineering, the global environment, and natural resources and energy. He also provided thorough supervision from an independent standpoint, performing the job expected of him.</p> <p>He serves as a member of the Officers' Remuneration Committee.</p>
Kuniharu Nakamura	<p>The Director attended all 13 meetings of the Board of Directors, as well as Managing Directors' Committee meetings, held during the fiscal year under review. The Director shared his beneficial recommendations concerning measures to address geopolitical risks and the development of a personnel system that facilitates a comfortable working environment, etc., capitalizing on his management experience at SUMITOMO CORPORATION, a general trading company, and based on his prominent knowledge of and abundant experience in international business in a wide variety of fields. He also provided thorough supervision from an independent standpoint, performing the job expected of him.</p>
Michael H. McGarry	<p>The Director attended all 13 meetings of the Board of Directors, as well as Managing Directors' Committee meetings, held during the fiscal year under review. The Director shared his beneficial recommendations on product pricing and reduction of cross-shareholdings, etc., capitalizing on his management experience at PPG Industries, Inc. in the U.S., a global leader in paints and coatings, and also based on his outstanding knowledge and wealth of experience in a broad range of chemical industry fields. He also provided thorough supervision from an independent standpoint, satisfactorily performing the job expected of him.</p> <p>He serves as a member of the Officers' Remuneration Committee.</p>

Name	Main Activities
Mariko Hasegawa	The Director attended 8 out of 10 meetings of the Board of Directors (attendance rate 80%), as well as Managing Directors' Committee meetings, held during the fiscal year under review since her assumption of office. The Director shared her beneficial recommendations on the relationship between carbon neutrality and sustainable business, etc., capitalizing on her outstanding knowledge and wealth of experience in a variety of fields, such as having served as President of the Graduate University for Advanced Studies, SOKENDAI and a committee member of the National Public Safety Commission, built upon her many research achievements as a researcher in the field of natural anthropology. She also provided thorough supervision from an independent standpoint, satisfactorily performing the job expected of her.

b. Activities of Outside Audit & Supervisory Board Members

Name	Main Activities
Yoshihito Kosaka	The Audit & Supervisory Board Member attended all 13 meetings of the Board of Directors and all 16 meetings of the Audit & Supervisory Board, as well as Managing Directors' Committee meetings, held during the fiscal year under review. At the Audit & Supervisory Board meetings he shared his comments from a finance and accounting specialist's point of view. In addition, he received reports from Directors, Corporate Officers and employees, etc. on the execution of duties and conducted investigations of offices/factories and subsidiaries of the Company, thereby exercising his audit function thoroughly.
Mitsuko Kagami	The Audit & Supervisory Board Member attended 12 out of 13 meetings of the Board of Directors (attendance rate 92%), and all 16 meetings of the Audit & Supervisory Board, as well as Managing Directors' Committee meetings, held during the fiscal year under review. At the Audit & Supervisory Board meetings, she shared her comments from a legal specialist's point of view. In addition, she received reports from Directors, Corporate Officers and employees, etc. on the execution of duties and conducted investigations of offices/factories and subsidiaries of the Company, thereby exercising her audit function thoroughly.
Hiroko Kaneko	The Audit & Supervisory Board Member attended all 10 meetings of the Board of Directors and all 11 meetings of the Audit & Supervisory Board, as well as Managing Directors' Committee meetings, held during the fiscal year under review since her assumption of office. At the Audit & Supervisory Board meetings, she shared her comments from a finance and accounting specialist's point of view. In addition, she received reports from Directors, Corporate Officers and employees, etc. on the execution of duties and conducted investigations of offices/factories and subsidiaries of the Company, thereby exercising her audit function thoroughly.

(2) Relationship with the Company or the Company's Particular Associated Business Interests, Such as Major Trading Partner

No Outside Directors or Outside Audit & Supervisory Board Members hold such a relationship that must be disclosed under this item.

#### **IV . Status of Accounting Auditor**

1. Name of Accounting Auditor

Ernst & Young ShinNihon LLC

2. General Description of Limitation of Liability Agreement

No agreement exists that must be disclosed under this item.

3. Amount of Remuneration and Others Payable to Accounting Auditor Attributable to Fiscal Year under Review

- a. Amount of remuneration and others payable by the Company for the audit service as specified in Paragraph 1, Article 2 of the Certified Public Accountants Law

88 million yen

- b. Total amount of monetary and other financial benefits payable by the Company and its Subsidiaries

278 million yen

Notes 1. The Audit Agreement between the Company and the Accounting Auditor does not distinguish between the amounts of remuneration and others for the Accounting Auditor's audit service specified under the Corporations Law and for the audit service specified under the Financial Instruments and Exchange Law. In fact, these amounts are practically indivisible, so the amount shown above is given as a lump sum.

2. With respect to remuneration and others payable to the Accounting Auditor, the Audit & Supervisory Board of the Company gives consent set forth in Paragraph 1, Article 399 of the Corporations Law after confirming and reviewing the audit plan of the Accounting Auditor, the performance of duties relating to accounting audit, the necessity for amending the amount of remuneration and others payable and other matters.

4. Details of Non-audit Services

The Company pays the Accounting Auditor a retainer in consideration of its advice, etc. on internal controls over financial reporting, which falls outside the scope of audit services specified in Paragraph 1, Article 2 of the Certified Public Accountants Law.

5. Retention of Audit Corporations Other Than Company's Accounting Auditor to Audit Financial Documents of Subsidiaries of the Company

Of the Company's Significant Subsidiaries, those employing an audit corporation (that may be an equivalent auditor qualified outside Japan) other than the Company's Accounting Auditor, to receive audit services (to the extent specified in the Corporations Law and in the Financial Instruments and Exchange Law [or in equivalent legislation applicable outside Japan]) are as follows: Shin-Etsu PVC B.V.; Shin-Etsu Handotai Taiwan Co., Ltd.; S.E.H. Malaysia Sdn. Bhd.; SHIN-ETSU HANDOTAI EUROPE LIMITED; SE Tylose GmbH & Co. KG; Shin-Etsu Silicones (Thailand) Limited; and Asia Silicones Monomer Limited.

6. Policy for Determining the Dismissal or Non-reappointment of Accounting Auditor

The Company’s policy states that, if the Accounting Auditor is found to meet the definition of one of the Items of Paragraph 1, Article 340 of the Corporations Law, subject to the consent of all Audit & Supervisory Board Members, the Audit & Supervisory Board shall dismiss the Accounting Auditor. In addition to the cases mentioned above, the Audit & Supervisory Board determines the content of the proposal to be submitted to the General Meeting of Shareholders concerning the dismissal or non-reappointment of the Accounting Auditor if the Company has a reason or need of its own to do so or if it is difficult for the Accounting Auditor to perform its duties appropriately

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The monetary amounts and numbers of shares set out in this BUSINESS REPORT are expressed as full units with any fractions of the indicated units rounded down to the nearest full unit.

## CONSOLIDATED BALANCE SHEET

As of March 31, 2024 (Amounts are stated in millions of yen; amounts less than 1 million are omitted.)

### ASSETS

#### Current Assets:

|                                                            | (Millions of yen) |
|------------------------------------------------------------|-------------------|
| Cash and time deposits -----                               | 1,698,999         |
| Notes, accounts receivable-trade and contract assets ----- | 481,812           |
| Securities -----                                           | 20,710            |
| Merchandise and finished goods -----                       | 295,388           |
| Work in process -----                                      | 23,286            |
| Raw materials and supplies -----                           | 401,971           |
| Other -----                                                | 121,389           |
| Less: Allowance for doubtful accounts -----                | <u>(7,049)</u>    |
| Total current assets                                       | <u>3,036,509</u>  |

#### Fixed Assets:

|                                     |                  |
|-------------------------------------|------------------|
| Property, Plant and Equipment:      |                  |
| Buildings and structures, net ----- | 290,086          |
| Machinery and equipment, net -----  | 860,903          |
| Land -----                          | 108,611          |
| Construction in progress -----      | 454,975          |
| Other, net -----                    | <u>32,000</u>    |
| Total property, plant and equipment | <u>1,746,577</u> |

|                         |        |
|-------------------------|--------|
| Intangible Assets ----- | 10,195 |
|-------------------------|--------|

#### Investments and Other Assets:

|                                             |                  |
|---------------------------------------------|------------------|
| Investments in securities -----             | 183,758          |
| Deferred tax assets -----                   | 71,284           |
| Other -----                                 | 105,777          |
| Less: Allowance for doubtful accounts ----- | <u>(6,129)</u>   |
| Total investments and other assets          | <u>354,692</u>   |
| Total fixed assets                          | <u>2,111,465</u> |

|              |                  |
|--------------|------------------|
| TOTAL ASSETS | <u>5,147,974</u> |
|--------------|------------------|



## LIABILITIES

### Current Liabilities:

|                                       | (Millions of yen) |
|---------------------------------------|-------------------|
| Notes and accounts payable-trade----- | 161,364           |
| Short-term borrowings-----            | 10,386            |
| Accounts payable-other -----          | 115,148           |
| Accrued expenses -----                | 88,680            |
| Accrued income taxes -----            | 73,140            |
| Accrued bonuses for employees-----    | 5,002             |
| Accrued bonuses for directors-----    | 361               |
| Other -----                           | <u>66,312</u>     |
| Total current liabilities             | <u>520,395</u>    |

### Long-Term Liabilities:

|                                    |                |
|------------------------------------|----------------|
| Long-term debt -----               | 13,913         |
| Deferred tax liabilities-----      | 129,262        |
| Net defined benefit liability----- | 32,571         |
| Other -----                        | <u>27,757</u>  |
| Total long-term liabilities        | <u>203,505</u> |
| TOTAL LIABILITIES                  | <u>723,901</u> |

## NET ASSETS

### Stockholders' Equity:

|                                    |                  |
|------------------------------------|------------------|
| Common stock -----                 | 119,419          |
| Additional paid-in capital-----    | 127,894          |
| Retained earnings -----            | 3,520,355        |
| Less: Treasury stock, at cost----- | <u>(24,292)</u>  |
| Total stockholders' equity         | <u>3,743,377</u> |

### Accumulated Other Comprehensive Income:

|                                                                  |                |
|------------------------------------------------------------------|----------------|
| Unrealized gains (losses) on available-for-sale securities ----- | 40,518         |
| Deferred gains (losses) on hedges -----                          | (2,919)        |
| Foreign currency translation adjustments-----                    | 466,438        |
| Remeasurements of defined benefit plans -----                    | <u>10,507</u>  |
| Total accumulated other comprehensive income                     | <u>514,545</u> |

|                                                              |         |
|--------------------------------------------------------------|---------|
| Share Subscription Rights-----                               | 4,841   |
| Non-Controlling Interests in Consolidated Subsidiaries ----- | 161,308 |

TOTAL NET ASSETS 4,424,073

TOTAL LIABILITIES AND NET ASSETS 5,147,974

## CONSOLIDATED STATEMENT OF INCOME

For the fiscal year ended March 31, 2024 (Amounts are stated in millions of yen; amounts less than 1 million are omitted.)

|                                                                   | (Millions of yen)     |
|-------------------------------------------------------------------|-----------------------|
| Net Sales-----                                                    | 2,414,937             |
| Cost of Sales -----                                               | <u>1,503,728</u>      |
| Gross profit-----                                                 | 911,209               |
| <br>Selling, General and Administrative Expenses-----             | <br><u>210,171</u>    |
| Operating income-----                                             | 701,038               |
| <br>Non-Operating Income:                                         |                       |
| Interest income -----                                             | 67,959                |
| Foreign exchange gain-----                                        | 13,648                |
| Other income -----                                                | <u>16,709</u>         |
| Total non-operating income -----                                  | 98,316                |
| <br>Non-Operating Expenses:                                       |                       |
| Interest expenses -----                                           | 1,501                 |
| Loss on retirement of non-current assets-----                     | 2,226                 |
| Other expenses -----                                              | <u>8,398</u>          |
| Total non-operating expenses -----                                | <u>12,126</u>         |
| Ordinary income-----                                              | 787,228               |
| <br>Extraordinary income:                                         |                       |
| Gain on sale of investment securities-----                        | 19,178                |
| Insurance claim income -----                                      | <u>4,424</u>          |
| Total extraordinary income -----                                  | 23,602                |
| <br>Extraordinary losses:                                         |                       |
| Business restructuring expenses-----                              | <u>15,157</u>         |
| Total extraordinary losses-----                                   | 15,157                |
| Income before income taxes and<br>non-controlling interests ----- | 795,673               |
| <br>Income Taxes:                                                 |                       |
| Current-----                                                      | 215,618               |
| Deferred -----                                                    | <u>14,894</u>         |
| Total income taxes -----                                          | <u>230,513</u>        |
| Net Income -----                                                  | 565,160               |
| <br>Net Income Attributable to Non-Controlling Interests -----    | <br><u>45,020</u>     |
| Net Income Attributable to Owners of Parent -                     | <u><u>520,140</u></u> |

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the fiscal year ended March 31, 2024 (Amounts are stated in millions of yen; amounts less than 1 million are omitted.)

(Millions of yen)

|                                                               | Stockholders' Equity                                       |                                   |                                          |                                         | [Total]   |                           |                                                        |                  |
|---------------------------------------------------------------|------------------------------------------------------------|-----------------------------------|------------------------------------------|-----------------------------------------|-----------|---------------------------|--------------------------------------------------------|------------------|
|                                                               | Common stock                                               | Additional paid-in capital        | Retained earnings                        | Treasury stock, at cost                 |           |                           |                                                        |                  |
| Balance as of April 1, 2023                                   | 119,419                                                    | 128,320                           | 3,310,205                                | (22,891)                                | 3,535,053 |                           |                                                        |                  |
| Changes during the year                                       |                                                            |                                   |                                          |                                         |           |                           |                                                        |                  |
| Cash dividends                                                |                                                            |                                   | (211,242)                                |                                         | (211,242) |                           |                                                        |                  |
| Net income attributable to owners of parent                   |                                                            |                                   | 520,140                                  |                                         | 520,140   |                           |                                                        |                  |
| Purchase of treasury stock                                    |                                                            |                                   |                                          | (107,742)                               | (107,742) |                           |                                                        |                  |
| Disposal of treasury stock                                    |                                                            | (2,096)                           |                                          | 9,690                                   | 7,593     |                           |                                                        |                  |
| Cancellation of treasury stock                                |                                                            | (96,651)                          |                                          | 96,651                                  | -         |                           |                                                        |                  |
| Transfer to additional paid-in capital from retained earnings |                                                            | 98,748                            | (98,748)                                 |                                         | -         |                           |                                                        |                  |
| Other                                                         |                                                            | (425)                             |                                          |                                         | (425)     |                           |                                                        |                  |
| Net changes of items other than stockholders' equity          |                                                            |                                   |                                          |                                         |           |                           |                                                        |                  |
| Total changes during the year                                 | -                                                          | (425)                             | 210,150                                  | (1,400)                                 | 208,324   |                           |                                                        |                  |
| Balance as of March 31, 2024                                  | 119,419                                                    | 127,894                           | 3,520,355                                | (24,292)                                | 3,743,377 |                           |                                                        |                  |
|                                                               | Accumulated Other Comprehensive Income                     |                                   |                                          |                                         | [Total]   | Share subscription rights | Non-controlling interests in consolidated subsidiaries | Total net assets |
|                                                               | Unrealized gains (losses) on available-for-sale securities | Deferred gains (losses) on hedges | Foreign currency translation adjustments | Remeasurements of defined benefit plans |           |                           |                                                        |                  |
| Balance as of April 1, 2023                                   | 31,511                                                     | (410)                             | 297,855                                  | 6,385                                   | 335,341   | 3,814                     | 151,999                                                | 4,026,209        |
| Changes during the year                                       |                                                            |                                   |                                          |                                         |           |                           |                                                        |                  |
| Cash dividends                                                |                                                            |                                   |                                          |                                         |           |                           |                                                        | (211,242)        |
| Net income attributable to owners of parent                   |                                                            |                                   |                                          |                                         |           |                           |                                                        | 520,140          |
| Purchase of treasury stock                                    |                                                            |                                   |                                          |                                         |           |                           |                                                        | (107,742)        |
| Disposal of treasury stock                                    |                                                            |                                   |                                          |                                         |           |                           |                                                        | 7,593            |
| Cancellation of treasury stock                                |                                                            |                                   |                                          |                                         |           |                           |                                                        | -                |
| Transfer to additional paid-in capital from retained earnings |                                                            |                                   |                                          |                                         |           |                           |                                                        | -                |
| Other                                                         |                                                            |                                   |                                          |                                         |           |                           |                                                        | (425)            |
| Net changes of items other than stockholders' equity          | 9,006                                                      | (2,508)                           | 168,583                                  | 4,122                                   | 179,203   | 1,027                     | 9,308                                                  | 189,540          |
| Total changes during the year                                 | 9,006                                                      | (2,508)                           | 168,583                                  | 4,122                                   | 179,203   | 1,027                     | 9,308                                                  | 397,864          |
| Balance as of March 31, 2024                                  | 40,518                                                     | (2,919)                           | 466,438                                  | 10,507                                  | 514,545   | 4,841                     | 161,308                                                | 4,424,073        |

## NON-CONSOLIDATED BALANCE SHEET

As of March 31, 2024 (Amounts are stated in millions of yen; amounts less than 1 million are omitted)

### ASSETS

#### Current Assets:

|                                            | (Millions of yen) |
|--------------------------------------------|-------------------|
| Cash and time deposits -----               | 195,857           |
| Notes receivable-----                      | 5,176             |
| Accounts receivable-trade-----             | 309,733           |
| Merchandise and finished goods -----       | 72,212            |
| Semi-finished products -----               | 42,786            |
| Raw materials and supplies -----           | 193,603           |
| Advance payments -----                     | 297               |
| Short-term loans -----                     | 6,383             |
| Accounts receivable-other -----            | 75,475            |
| Other -----                                | 2,145             |
| Less: Allowance for doubtful accounts----- | <u>(2,190)</u>    |
| Total current assets                       | <u>901,482</u>    |

#### Fixed Assets:

##### Property, Plant and Equipment:

|                                          |                |
|------------------------------------------|----------------|
| Buildings, net -----                     | 76,933         |
| Structures, net-----                     | 12,286         |
| Machinery and equipment, net -----       | 80,208         |
| Vehicles, net -----                      | 80             |
| Tools, furniture and fixtures, net ----- | 4,873          |
| Land-----                                | 25,503         |
| Leased assets, net-----                  | 704            |
| Construction in progress -----           | <u>50,917</u>  |
| Total property, plant and equipment      | <u>251,507</u> |

|                         |       |
|-------------------------|-------|
| Intangible Assets ----- | 1,542 |
|-------------------------|-------|

##### Investments and Other Assets:

|                                                                 |                |
|-----------------------------------------------------------------|----------------|
| Investments in securities -----                                 | 83,344         |
| Investments in capital of subsidiaries and affiliates -----     | 150,972        |
| Investments in partnerships -----                               | 10             |
| Investments in partnerships of subsidiaries and affiliates----- | 26,482         |
| Long-term loans -----                                           | 11,463         |
| Long-term prepaid expenses -----                                | 43             |
| Deferred tax assets -----                                       | 30,427         |
| Other -----                                                     | 4,830          |
| Less: Allowance for doubtful accounts-----                      | <u>(10)</u>    |
| Total investments and other assets                              | <u>307,564</u> |
| Total fixed assets                                              | <u>560,614</u> |

|              |                  |
|--------------|------------------|
| TOTAL ASSETS | <u>1,462,097</u> |
|--------------|------------------|

## LIABILITIES

### Current Liabilities:

|                                                       | (Millions of yen) |
|-------------------------------------------------------|-------------------|
| Accounts payable-trade-----                           | 187,571           |
| Electronically recorded obligations - operating ----- | 2,075             |
| Short-term borrowings-----                            | 149,710           |
| Lease obligations-----                                | 84                |
| Accounts payable-other -----                          | 31,842            |
| Accrued income taxes -----                            | 34,012            |
| Accrued expenses -----                                | 21,621            |
| Advances received -----                               | 759               |
| Deposits -----                                        | 105,230           |
| Accrued bonuses for directors -----                   | 227               |
| Other -----                                           | <u>1,294</u>      |
| Total current liabilities                             | <u>534,429</u>    |

### Long-Term Liabilities:

|                                       |                |
|---------------------------------------|----------------|
| Long-term debt -----                  | 206,150        |
| Lease obligations-----                | 691            |
| Long-term accounts payable-other----- | 300            |
| Accrued retirement benefits -----     | 12,559         |
| Asset retirement obligations -----    | <u>72</u>      |
| Total long-term liabilities           | <u>219,775</u> |

**TOTAL LIABILITIES** 754,204

## NET ASSETS

### Stockholders' Equity:

|                                       |                |
|---------------------------------------|----------------|
| Common stock -----                    | 119,419        |
| Additional paid-in capital:           |                |
| Capital reserve -----                 | <u>120,771</u> |
| Total additional paid-in capital----- | <u>120,771</u> |

### Retained earnings:

|                                                   |                |
|---------------------------------------------------|----------------|
| Legal earned reserve -----                        | 6,778          |
| Other retained earnings:                          |                |
| Reserve for special depreciation-----             | 3              |
| Reserve for disaster prevention-----              | 81             |
| Reserve for reduction entry of fixed assets ----- | 1,763          |
| Reserve for reduction entry of land -----         | 21             |
| Retained earnings brought forward -----           | <u>444,485</u> |
| Total other retained earnings-----                | <u>446,356</u> |
| Total retained earnings-----                      | <u>453,134</u> |

|                                    |                 |
|------------------------------------|-----------------|
| Less: Treasury stock, at cost----- | <u>(24,292)</u> |
| Total stockholders' equity         | <u>669,033</u>  |

### Valuation and Translation Adjustments:

|                                                                  |        |
|------------------------------------------------------------------|--------|
| Unrealized gains (losses) on available-for-sale securities ----- | 34,405 |
|------------------------------------------------------------------|--------|

|                                |                |
|--------------------------------|----------------|
| Share Subscription Rights----- | <u>4,453</u>   |
| <b>TOTAL NET ASSETS</b>        | <u>707,892</u> |

**TOTAL LIABILITIES AND NET ASSETS** 1,462,097

## NON-CONSOLIDATED STATEMENT OF INCOME

For the fiscal year ended March 31, 2024 (Amounts are stated in millions of yen; amounts less than 1 million are omitted.)

|                                                                                    | (Millions of yen)     |
|------------------------------------------------------------------------------------|-----------------------|
| Net Sales-----                                                                     | 730,352               |
| Cost of Sales -----                                                                | <u>513,148</u>        |
| Gross profit -----                                                                 | 217,204               |
| Selling, General and Administrative Expenses-----                                  | <u>56,772</u>         |
| Operating income -----                                                             | 160,431               |
| Non-Operating Income:                                                              |                       |
| Interest income -----                                                              | 2,373                 |
| Dividend income-----                                                               | 170,797               |
| Other income -----                                                                 | <u>14,675</u>         |
| Total non-operating income-----                                                    | 187,846               |
| Non-Operating Expenses:                                                            |                       |
| Interest expenses-----                                                             | 1,547                 |
| Other expenses -----                                                               | <u>3,898</u>          |
| Total non-operating expenses-----                                                  | 5,446                 |
| Ordinary income -----                                                              | <u>342,832</u>        |
| Extraordinary income:                                                              |                       |
| Gain on sale of investment securities -----                                        | <u>19,178</u>         |
| Total extraordinary income -----                                                   | 19,178                |
| Extraordinary losses:                                                              |                       |
| Loss on valuation of investments in partnerships of subsidiaries and affiliates -- | <u>3,000</u>          |
| Total extraordinary losses-----                                                    | <u>3,000</u>          |
| Income before income taxes -----                                                   | 359,009               |
| Income Taxes:                                                                      |                       |
| Current -----                                                                      | 58,040                |
| Deferred -----                                                                     | <u>(2,770)</u>        |
| Total income taxes -----                                                           | 55,270                |
| Net Income-----                                                                    | <u><u>303,739</u></u> |

## NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the fiscal year ended March 31, 2024 (Amounts are stated in millions of yen; amounts less than 1 million are omitted.)

(Millions of yen)

|                                                               | Stockholders' Equity |                            |                             |          |                            |                                |           |                               |           |
|---------------------------------------------------------------|----------------------|----------------------------|-----------------------------|----------|----------------------------|--------------------------------|-----------|-------------------------------|-----------|
|                                                               | Commons<br>stock     | Additional paid-in capital |                             |          | Retained earnings          |                                |           | Treasury<br>stock,<br>at cost | [Total]   |
|                                                               |                      | Capital<br>reserve         | Other<br>capital<br>reserve | [Total]  | Legal<br>earned<br>reserve | *Other<br>retained<br>earnings | [Total]   |                               |           |
| Balance as of April 1, 2023                                   | 119,419              | 120,771                    | -                           | 120,771  | 6,778                      | 452,606                        | 459,385   | (22,891)                      | 676,684   |
| Changes during the year                                       |                      |                            |                             |          |                            |                                |           |                               |           |
| Cash dividends                                                |                      |                            |                             |          |                            | (211,242)                      | (211,242) |                               | (211,242) |
| Net income                                                    |                      |                            |                             |          |                            | 303,739                        | 303,739   |                               | 303,739   |
| Purchase of treasury stock                                    |                      |                            |                             |          |                            |                                |           | (107,742)                     | (107,742) |
| Disposal of treasury stock                                    |                      |                            | (2,096)                     | (2,096)  |                            |                                |           | 9,690                         | 7,593     |
| Cancellation of treasury stock                                |                      |                            | (96,651)                    | (96,651) |                            |                                |           | 96,651                        |           |
| Transfer to additional paid-in capital from retained earnings |                      |                            | 98,748                      | 98,748   |                            | (98,748)                       | (98,748)  |                               |           |
| Net changes of items other than stockholders' equity          |                      |                            |                             |          |                            |                                |           |                               |           |
| Total changes during the year                                 | -                    | -                          | -                           | -        | -                          | (6,250)                        | (6,250)   | (1,400)                       | (7,650)   |
| Balance as of March 31, 2024                                  | 119,419              | 120,771                    | -                           | 120,771  | 6,778                      | 446,356                        | 453,134   | (24,292)                      | 669,033   |

|                                                               | Valuation and<br>translation adjustments                            | Share subscription<br>rights | Total<br>net assets |
|---------------------------------------------------------------|---------------------------------------------------------------------|------------------------------|---------------------|
|                                                               | Unrealized<br>gains (losses) on<br>available-for-sale<br>securities |                              |                     |
| Balance as of April 1, 2023                                   | 25,264                                                              | 3,419                        | 705,368             |
| Changes during the year                                       |                                                                     |                              |                     |
| Cash dividends                                                |                                                                     |                              | (211,242)           |
| Net income                                                    |                                                                     |                              | 303,739             |
| Purchase of treasury stock                                    |                                                                     |                              | (107,742)           |
| Disposal of treasury stock                                    |                                                                     |                              | 7,593               |
| Cancellation of treasury stock                                |                                                                     |                              | -                   |
| Transfer to additional paid-in capital from retained earnings |                                                                     |                              | -                   |
| Net changes of items other than stockholders' equity          | 9,141                                                               | 1,033                        | 10,174              |
| Total changes during the year                                 | 9,141                                                               | 1,033                        | 2,523               |
| Balance as of March 31, 2024                                  | 34,405                                                              | 4,453                        | 707,892             |

\* Breakdown of other retained earnings

|                                                               | (Millions of yen)                   |                                 |                                             |                               |                                   |
|---------------------------------------------------------------|-------------------------------------|---------------------------------|---------------------------------------------|-------------------------------|-----------------------------------|
|                                                               | Reserve for special depreciation    | Reserve for disaster prevention | Reserve for reduction entry of fixed assets | Reserve for research          | Reserve for dividend equalization |
| Balance as of April 1, 2023                                   | 18                                  | 78                              | 1,794                                       | 88                            | 15                                |
| Changes during the year                                       |                                     |                                 |                                             |                               |                                   |
| Cash dividends                                                |                                     |                                 |                                             |                               |                                   |
| Reversal of reserve for special depreciation                  | (14)                                |                                 |                                             |                               |                                   |
| Provision of reserve for disaster prevention                  |                                     | 2                               |                                             |                               |                                   |
| Reversal of reserve for reduction entry of fixed assets       |                                     |                                 | (31)                                        |                               |                                   |
| Reversal of reserve for research                              |                                     |                                 |                                             | (88)                          |                                   |
| Reversal of reserve for dividend equalization                 |                                     |                                 |                                             |                               | (15)                              |
| Reversal of general reserve                                   |                                     |                                 |                                             |                               |                                   |
| Transfer to additional paid-in capital from retained earnings |                                     |                                 |                                             |                               |                                   |
| Net income                                                    |                                     |                                 |                                             |                               |                                   |
| Total changes during the year                                 | (14)                                | 2                               | (31)                                        | (88)                          | (15)                              |
| Balance as of March 31, 2024                                  | 3                                   | 81                              | 1,763                                       | -                             | -                                 |
|                                                               |                                     |                                 |                                             |                               |                                   |
|                                                               | Reserve for reduction entry of land | General reserve                 | Retained earnings brought forward           | Total other retained earnings |                                   |
| Balance as of April 1, 2023                                   | 21                                  | 351,137                         | 99,453                                      | 452,606                       |                                   |
| Changes during the year                                       |                                     |                                 |                                             |                               |                                   |
| Cash dividends                                                |                                     |                                 | (211,242)                                   | (211,242)                     |                                   |
| Reversal of reserve for special depreciation                  |                                     |                                 | 14                                          | -                             |                                   |
| Provision of reserve for disaster prevention                  |                                     |                                 | (2)                                         | -                             |                                   |
| Reversal of reserve for reduction entry of fixed assets       |                                     |                                 | 31                                          | -                             |                                   |
| Reversal of reserve for research                              |                                     |                                 | 88                                          | -                             |                                   |
| Reversal of reserve for dividend equalization                 |                                     |                                 | 15                                          | -                             |                                   |
| Reversal of general reserve                                   |                                     | (351,137)                       | 351,137                                     | -                             |                                   |
| Transfer to additional paid-in capital from retained earnings |                                     |                                 | (98,748)                                    | (98,748)                      |                                   |
| Net income                                                    |                                     |                                 | 303,739                                     | 303,739                       |                                   |
| Total changes during the year                                 | -                                   | (351,137)                       | 345,032                                     | (6,250)                       |                                   |
| Balance as of March 31, 2024                                  | 21                                  | -                               | 444,485                                     | 446,356                       |                                   |



**Audit Report of Accounting Auditor on the Consolidated Financial Statements**  
(English Translation)

**Independent Auditor's Report**

May 15, 2024

The Board of Directors  
Shin-Etsu Chemical Co., Ltd.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Noriaki Kenmochi  
Designated Engagement Partner  
Certified Public Accountant

Satoshi Kanazawa  
Designated Engagement Partner  
Certified Public Accountant

Tetsuya Kawawaki  
Designated Engagement Partner  
Certified Public Accountant

**Opinion**

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to the consolidated financial statements of Shin-Etsu Chemical Co., Ltd. and its consolidated subsidiaries (the Group) applicable to the fiscal year from April 1, 2023 to March 31, 2024.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended March 31, 2024, in accordance with accounting principles generally accepted in Japan.

## **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Other Information**

The other information comprises the information included in the Group's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

**Audit Report of Accounting Auditor on the Financial Statements (Non-Consolidated)**  
(English Translation)

**Independent Auditor's Report**

May 15, 2024

The Board of Directors  
Shin-Etsu Chemical Co., Ltd.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Noriaki Kenmochi  
Designated Engagement Partner  
Certified Public Accountant

Satoshi Kanazawa  
Designated Engagement Partner  
Certified Public Accountant

Tetsuya Kawawaki  
Designated Engagement Partner  
Certified Public Accountant

**Opinion**

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Shin-Etsu Chemical Co., Ltd. (the "Company") applicable to the 147<sup>th</sup> fiscal year from April 1, 2023 to March 31, 2024.

In our opinion, the accompanying financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the Company, applicable to the fiscal year ended March 31, 2024, in accordance with accounting principles generally accepted in Japan.

## **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements and the Related Supplementary Schedules section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Other Information**

The other information comprises the information included in the Company's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements and the related supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the related supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the related supplementary schedules or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Financial Statements and the Related Supplementary Schedules**

Management is responsible for the preparation and fair presentation of these financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the related supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements and the Related Supplementary Schedules**

Our objectives are to obtain reasonable assurance about whether the financial statements and the related supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the related supplementary schedules.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements and the related supplementary schedules is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the related supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements and the related supplementary schedules, including the disclosures, and whether the financial statements and the related supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

## Audit Report of Audit & Supervisory Board

### Audit Report

The Audit & Supervisory Board has prepared this Audit Report on the execution of duties by the Directors during the 147th fiscal year from April 1, 2023 to March 31, 2024, based upon, and after having considered, the audit reports prepared by the individual Audit & Supervisory Board Members. The Report follows:

1. Audit Methods and Procedures Used by Audit & Supervisory Board Members and by the Audit & Supervisory Board

(1) The Audit & Supervisory Board established its audit policy, plan and so forth, and received reports from the individual Audit & Supervisory Board Members on their progress in conducting audits, as well as their findings. The Board also received reports from the Directors and others and from the Accounting Auditor concerning their progress in executing duties, and requested explanations as needed.

(2) In accordance with the standards established by the Audit & Supervisory Board for auditing by the Audit & Supervisory Board Members, pursuant to the audit policy and assigned duties and others, the individual Audit & Supervisory Board Members promoted communication with the Directors, Corporate Officers, the internal audit function, and other employees and others, in order to enhance information collection and the overall audit environment, and conducted audits by the following methods.

① They also attended the Board of Directors' meetings and other important meetings and received reports from the Directors, Corporate Officers and employees and others on their progress in executing duties and requested explanations from them as needed. They perused important documented decisions, approvals and others, and conducted investigations to ascertain the operation of business practices and the status of assets of the Head Office and other principal places of business. With regard to the subsidiaries, the Audit & Supervisory Board Members promoted communication and information sharing with the Directors, Audit & Supervisory Board Members and others of the subsidiaries and received business reports from subsidiaries as needed.

② They audited the substance of the Board of Directors' resolutions regarding the development of the systems to ensure the Directors execute their duties in conformity with laws and regulations and the Articles of Incorporation, and other systems specified in Paragraphs 1 and 3, Article 100 of the Corporations Law Enforcement Regulations necessary for ensuring the properness of operations undertaken by the company group composed of the stock company and its subsidiaries, as well as the systems (internal control systems) being developed in accordance with such resolutions. The Audit & Supervisory Board Members received periodic reports from the Directors, Corporate Officers and employees and others on their progress in establishing and operating such systems and requested explanations from them as needed.

③ The Audit & Supervisory Board monitored the Accounting Auditor to determine whether it maintained its independence and conducted appropriate audits, and received reports from the Accounting Auditor on its progress in executing duties and asked for explanations as needed. The Board was also advised by the Accounting Auditor of its appropriate development of systems enumerated in the Items of Article 131 of the Corporate Calculation Regulations as constituting a "system to ensure the proper execution of duties," and asked for explanations as needed.

Based on the methods above, the Audit & Supervisory Board examined the Business Report and its Annexed Schedules, Financial Documents (Balance Sheet, Income Statement, Statement of Changes in Shareholders' Equity and Other Net Assets, and Non-consolidated Notes thereto) along with their Annexed Schedules, as well as the Consolidated Financial Documents (Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Statement of Changes in Shareholders' Equity and Other Net Assets, and Consolidated Notes thereto), all covering the fiscal year under review.

## 2. Results of Audits

### (1) Results of Auditing Business Report and Others

- ① The Audit & Supervisory Board certifies that the Business Report and its Annexed Schedules fairly present the state of affairs of the Company in conformity with laws and regulations and the Articles of Incorporation.
- ② The Board finds no irregular acts that occurred or significant facts that violated laws and regulations or the Articles of Incorporation, in connection with the execution of duties by the Directors.
- ③ The Board certifies the adequacy of the Board of Directors' resolutions relevant to internal control systems. Also, the Board finds no items that require particular notice in connection with the substance of the Business Report or the execution of duties by the Directors relevant to such internal control systems.

### (2) Results of Auditing Financial Documents and their Annexed Schedules

The Audit & Supervisory Board certifies the appropriateness of audit procedures used by the Accounting Auditor, Ernst & Young ShinNihon LLC, and of the results of its audit.

### (3) Results of Auditing Consolidated Financial Documents

The Audit & Supervisory Board certifies the appropriateness of audit procedures used by the Accounting Auditor, Ernst & Young ShinNihon LLC, and of the results of its audit.

May 16, 2024

The Audit & Supervisory Board, Shin-Etsu Chemical Co., Ltd.

|                                                                             |                  |        |
|-----------------------------------------------------------------------------|------------------|--------|
| Full-time Audit & Supervisory Board Member                                  | Hidenori Onezawa | (Seal) |
| Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) | Yoshihito Kosaka | (Seal) |
| Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) | Mitsuko Kagami   | (Seal) |
| Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) | Hiroko Kaneko    | (Seal) |

[End of Notification]