

Strategic Report (continued)

Section 172(1) Statement - Companies Act 2006

The Companies (Miscellaneous Reporting) Regulations 2018 require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (a) to (f) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. The Board of Directors of Shin-Etsu Handotai Europe Ltd (SEHE), consider, both individually and together, that they have acted in a way, in good faith, that would be most likely to promote the success of the Company for the benefit of its members as a whole in the decisions taken during the year ended 31 December 2024.

This S172 statement focuses on matters of strategic importance to SEHE, and the level of information disclosed is consistent with the size and the complexity of the business.

Overview of how the Board performed its Duties within the financial year

While key decisions are made at Group level, SEHE Directors uphold their individual and collective responsibilities under S172. They receive guidance on their statutory duties and governance obligations, staying informed on emerging regulations. Regular updates ensure Directors are equipped to make informed decisions that align with SEHE's long-term strategy and corporate responsibility commitments.

S172(1) (a) "The likely consequences of any decision in the long term"

Decisions requiring Director approval follow a structured framework, ensuring transparency and accountability. Monthly Directors' meetings oversee financial performance, risk management, and strategic investments. These forums provide insights into business performance, allowing Directors to assess market trends and long-term strategies.

In 2024, SEHE undertook significant investments in new machinery, facilities, and IT infrastructure, including cybersecurity enhancements. These investments aim to improve operational efficiency, maintain SEHE's competitive edge, and support future expansion plans. Regular strategic reviews ensure business objectives are aligned with the evolving market landscape.

Workforce development remained a priority, with SEHE investing in apprenticeships, as well as employee cross training and upskilling initiatives. These schemes help to build a skilled talent pipeline and enhance workforce flexibility and efficiency, ensuring employees are equipped to adapt to evolving operational needs.

S172(1) (b) "The interests of the company's employees"

Employees are central to SEHE's success. The Board recognises that effective communication fosters an engaging and inclusive workplace culture. Employee feedback from the 2024 employee forum informed various workplace improvements. Annual performance presentations, led by Directors and Senior Managers, provided business updates and facilitated open discussions. These sessions allowed employees to engage directly with leadership, ask questions, and share insights.

Workplace committees played a key role in enhancing employee interests. The Healthy Working Lives committee organised quarterly wellbeing initiatives, including mental health awareness sessions and financial wellbeing support. SEHE also has an Employee Assistance Programme, offering confidential support services covering mental health, financial advice, and personal development resources. Discounts are offered through the employee benefits package and the workplace Events Club. The Pension Governance Committee supported employees in planning for their future, hosting information sessions with our pension provider.

This year, SEHE had the honour of celebrating 40 years of successful operations in Livingston - a milestone that reflects the dedication and resilience of its workforce, past and present. As part of the celebrations, SEHE launched a '40 Days of 40 Prizes' initiative, providing employees with the chance to win various prizes over a 40-day period. These celebrations reinforced a sense of unity and shared achievement among employees for their collective contributions to SEHE's success over the past 40 years.

Strategic Report (continued)

Section 172(1) Statement - Companies Act 2006 (continued)

SI72(1) (c) “The need to foster the company’s business relationships with suppliers, customers and others”

SEHE values strong relationships with customers, suppliers, auditors, and various regulatory bodies. Regular interactions between Procurement, Sales, Finance, Technical, and Engineering teams ensured collaboration and mutual trust, enabling long-term business success.

Customer engagement remained a priority, with SEHE integrating customer feedback into process improvements and product development. The Sales and Quality teams worked closely with customers to align production capabilities with market needs.

Supplier relationships were strengthened through ethical sourcing initiatives, including sustainability assessments and efforts to localise supply chains. The Company remained committed to responsible procurement, ensuring suppliers met high environmental and ethical standards.

Environmental, Social, and Governance (ESG) considerations were embedded in decision-making processes, ensuring SEHE’s operations align with evolving stakeholder expectations. Monthly Directors’ meetings reviewed key ESG developments, reinforcing the Company’s commitment to sustainability and corporate responsibility.

SI72(1) (d) “The impact of the company’s operations on the community and the environment”

SEHE actively engages with the local community, recognising its role as a key employer in the region. Apprenticeships, career fairs, and school outreach programmes encouraged young people to consider careers in the manufacturing industry. Mock interviews and careers talks further strengthened SEHE’s community ties and supported future workforce development.

Environmental responsibility is a focus for SEHE, with the Company committed to contributing to Net Zero by 2050. In 2024, SEHE continued monitoring energy consumption, waste management, and carbon emissions, and implementing targeted efficiency measures.

The onsite Combined Cooling Heating Power (CCHP) plant generated the majority of the site’s energy needs, reducing reliance on the national grid and minimising transmission losses. Efficiency is enhanced by utilising the generated energy for both heating and cooling within the production process. Additional sustainability initiatives included electric vehicle charging points and hybrid-electric pool cars.

SEHE supported local charities through donations to food banks and the local community. The Company also collaborated with a local conservation group to preserve biodiversity on Company-owned land.

SI72(1) (e) “The desirability of the company maintaining a reputation for high standards of business conduct”

SEHE upholds the highest business standards, supporting its objective to be Europe’s leading silicon supplier. The Board prioritises compliance with internationally recognised standards, including ISO 14001 (environmental management), ISO 45001 (occupational health and safety), and IATF 16949 (automotive quality management). These certifications demonstrate SEHE’s commitment to sustainability, quality, and safety.

A strong focus on workplace safety resulted in zero lost-time injuries and zero in-house reportable accidents in 2024. Proactive safety initiatives, risk assessments, and employee training sessions contributed to this achievement, reinforcing SEHE’s commitment to maintaining a safe working environment.

Corporate governance remains central to business operations, with SEHE maintaining robust frameworks, including a Code of Conduct, Ethics & Compliance statements, and a Modern Slavery Statement. These policies ensure ethical decision-making and transparency across the organisation.

SEHE participates in the Responsible Business Alliance (RBA) and is committed to supporting the UN Sustainable Development Goals (SDGs). In 2024, the Board advanced ESG reporting efforts, ensuring compliance with evolving sustainability regulations and customer expectations.

Strategic Report (continued)

Section 172(1) Statement - Companies Act 2006 (continued)

S172(1) (f) "The need to act fairly as between members of the company"

The Directors have a sole member to consider in decision-making, as SEHE is a wholly owned subsidiary of Shin-Etsu Handotai Co., Ltd (SEH). The Directors adhere to the various reporting requirements with the Group and the Ultimate Parent (Shin-Etsu Chemical Co., Ltd). Information and updates on Company strategy, objectives, performance, financials, investments, and environmental, social and governance (ESG) arrangements are regularly exchanged through corporate questionnaires, corporate audits, monthly reporting and by attending an annual board meeting. During 2024, a number of company audits were conducted.

On behalf of the Board,

Akihiko Tamura

Director

29 August 2025