

# Board of Directors and Auditors

(As of June 29, 2006)

## PRESIDENT AND CEO



**Chihiro Kanagawa**

## EXECUTIVE SENIOR MANAGING DIRECTORS



**Shunzo Mori**

*In charge of General Affairs and  
Personnel & Labor Relations  
General Manager, Electronics Materials  
Division*



**Fumio Akiya**

*In charge of Advanced Materials,  
Technologies, and Auditing*



**Yasuhiko Saitoh**

*In charge of Office of the President,  
Public Relations, Finance & Accounting  
and Legal Affairs*

## Corporate Governance and Compliance

### Basic Policies concerning Corporate Governance

The Shin-Etsu Group's management appreciates the fundamental importance of its shareholders, placing top priority on continuously raising corporate value. To realize this policy, it is developing an efficient organizational structure and various systems that can respond swiftly to changes in the business environment. Moreover, from the standpoint of increasing transparency and strengthening supervisory functions, Shin-Etsu's basic policy concerning corporate governance is to make efforts to actively disclose timely and accurate information to shareholders and investors, which is positioned as one of its most important management issues.

### Corporate Governance System

Three out of the eighteen members of Shin-Etsu's Board of Directors are outside directors. Limiting the number of directors to the minimum necessary, the Shin-Etsu Group is establishing a system to promote speedier decision-making and agile management.

Out of Shin-Etsu's five statutory auditors, including full-time auditors, three are outside auditors. Statutory auditors attend meetings of the Board of Directors as well as other important internal meetings, and carry out audits concerning Shin-Etsu's business operations. They also exchange information and opinions

directly with Shin-Etsu's accounting auditors, Chuo Aoyama PricewaterhouseCoopers.

With regard to decisions about reviewing and recognizing officers' remuneration, Shin-Etsu has an Officers' Remuneration Committee chaired by an outside director. Total officers' remuneration was ¥733 million in fiscal 2006.

In May 2005, Shin-Etsu established an Auditing Department dedicated to matters concerning internal audits of business operation and control systems within the company, and works to further strengthen its corporate governance.

Regarding the risk management system, the Risk Management Committee promotes companywide activities and develops various related regulations in order to prevent and forestall risks that may occur in connection with business operations.

### Basic Policy concerning Compliance

The Shin-Etsu Group's corporate philosophy is to conduct fair business activities in a thoroughly law-abiding spirit. The Group has established various regulations regarding its compliance system, which all employees follow in carrying out their duties. Internal audits of the operating status of this system are conducted by the Auditing Department and the other respective departments related to the contents of the audit.