

# 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.

## MANAGING DIRECTORS

### Ryoei Miki

General Manager, Business Development Department

### Kiichi Habata

In charge of Silicone and Environmental Control & Safety

### Yoshiaki Ono

General Manager, Silicone-Electronics Materials Research Center, R&D and Patent Department and New Products Department

## DIRECTORS

### Frank P. Popoff\*

Former Chairman of US The Dow Chemical Company

### Shunji Kono\*

Adviser, Tokio Marine & Nichido Fire Insurance Co., Ltd.

### Masashi Kaneko\*

Director & Chairman, Nikko Cordial Corporation

### Toshinobu Ishihara

General Manager, New Functional Materials Research Center and New Functional Materials Department

### Masaki Miyajima

General Manager, PVC Division

### Atsushi Nakamura

General Manager, Organic Chemicals Division

### Fumio Arai

Director & President, Shin-Etsu PVC B.V.  
Director & President, SE Tylose GmbH & Co. KG

### Koji Takasugi

In charge of Purchasing  
General Manager, International Division

### Toshiyuki Kasahara

General Manager, Finance & Accounting Department

### Hidenori Onezawa

In charge of Semiconductor Materials

### Masahiko Todoroki

General Manager, Planning & Administrative Department, Semiconductor Materials Division

## FULL-TIME STATUTORY AUDITOR

### Osamu Okada

## STATUTORY AUDITORS

### Masahiko Watase

### Masao Okazaki\*\*

### Taku Fukui\*\*

### Yoshihito Kosaka\*\*

\* External director

\*\* External auditor

## Towards Thorough Compliance Management

As a part of its thorough compliance management system for reaffirming company-wide awareness concerning compliance issues, all officers and employees of the Shin-Etsu Group have signed a written Compliance Pledge.

Moreover, we have set up a Compliance Consultation Office, which supports every staff member of the Shin-Etsu Group in conducting their business activities in strict compliance with laws, government regulations and in-company rules.

In consideration of the Act on the Protection of Personal Information, the Shin-Etsu Group has established and disclosed on the Shin-Etsu website a personal information protection policy and is working to ensure appropriate handling and thorough protection of personal information.

The Shin-Etsu Group is taking these practical approaches to promote compliance management.

## Shin-Etsu's Corporate Governance Structure

