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Targets and Results

Enterprise Blueprint for 2020 To meet the expectations of society	Details of current activities (■: Completed, △: Ongoing)	Future initiatives and targets
Decision-making with accountability and transparency <ul style="list-style-type: none"> Organizational decision-making is conducted appropriately based on internal regulations Business divisions carry out their operations using the PDCA cycle based on policies The process of decision-making takes into consideration social and environmental impacts 	<ul style="list-style-type: none"> △ Operations address corporate governance (details of results below) • Zeon Corporation's Basic Policy on Corporate Governance (Japanese Only) http://www.zeon.co.jp/content/200281514.pdf • Corporate Governance Report (Japanese Only) http://www.zeon.co.jp/content/200324423.pdf 	<ol style="list-style-type: none"> Continue implementing our CSR framework, and periodically revise its operations based on society's expectations
Ensuring corporate governance <ul style="list-style-type: none"> Corporate governance Corporate governance functions effectively and reasonably Risk management Established a global crisis management structure Business continuity Independent business continuity management (BCM) activities (establishing a BCM system, periodically revising BCM through drills and other means, etc.) are conducted throughout the Zeon Group, and have become established and reinforced 	<ul style="list-style-type: none"> △ Report corporate governance reports (status of system for ensuring appropriateness of business affairs) △ Regularly revise risks using the risk table and evaluate risks across the Zeon Group (Japan/global) △ Operate an internal reporting system ■ Establish business continuity management (BCM) △ Create and periodically revise various business continuity plans (group-wide BCP, division BCP, raw materials procurement BCP, etc.) 	<ol style="list-style-type: none"> Improve internal control level at Zeon Group companies Evaluate the risk table and give guidance for improvements at divisions and Group companies, and horizontally implement successful cases Consider business risks broadly and manage them in view of demands and society's expectations. Promote actions in consideration of the TCFD's long-term view of climate change risks Update the BCP together with revising risks

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Basic Policy on Corporate Governance

Zeon Corporation aims to increase profits and enhance corporate value on an ongoing basis while respecting and balancing the various interests of its shareholders and other diverse stakeholders. To this end, we are continuing efforts to establish a system that enables efficient and sound corporate management through corporate governance.

Putting in place a corporate governance system allows us to clarify the functions and roles of each organizational entity within the company and to carry out rapid decision-making and execution. We are also improving corporate transparency through appropriate monitoring and disclosure of business activities and their effects.

Basic Policy on Corporate Governance (Japanese only)
<http://www.zeon.co.jp/content/200281514.pdf>
 Corporate Governance Report (Japanese only)
<http://www.zeon.co.jp/content/200324423.pdf>

The main components of our Corporate Governance System are summarized below.

Board of Directors

The Board of Directors meets, in principle, every month with corporate auditors in attendance to ensure compliance with applicable laws and the Articles of Incorporation in the execution of business. In addition to its statutory duties, the role of the Board of Directors is to make important decisions about basic management policy, strategy, and other aspects of business execution. Currently, the Board of Directors consists of seven directors, including three outside directors.

Executive Committee

The Executive Committee, in accordance with the Executive Committee Rules, comprises the President and executive officers ranked senior corporate officer and above, meets twice a month in principle to examine and make decisions on important business matters after due deliberation involving consultation with attending full-time corporate auditors. Important business matters stipulated in the Board of Director Rules are examined and decided by the Board of Directors.

Board of Corporate Auditors

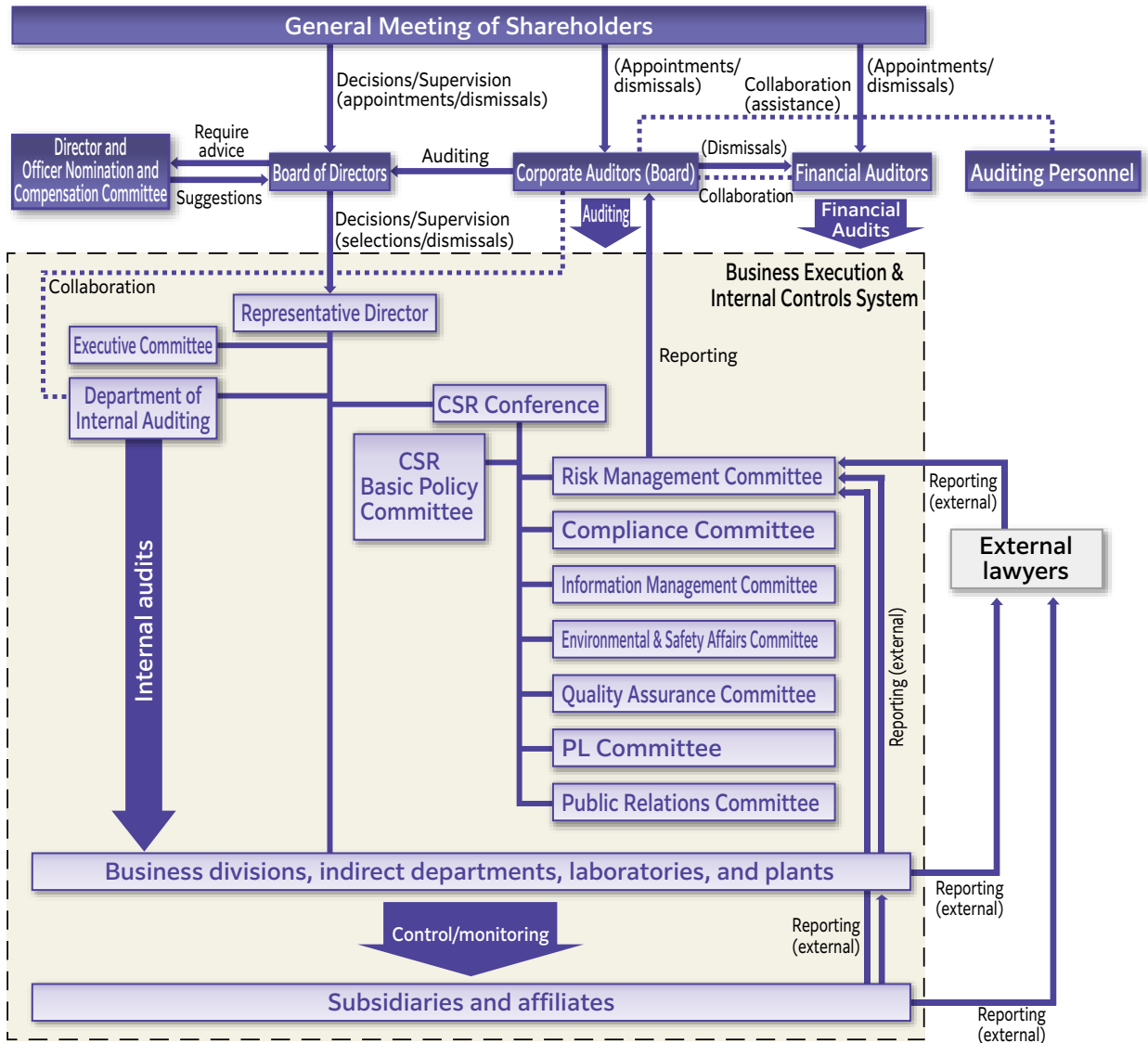
The Board of Corporate Auditors comprises five members, including three outside corporate auditors. The Board reports, discusses, and adopts resolutions on important business matters. In accordance with the auditing guidelines established by the Board of Corporate Auditors, each corporate auditor audits directors' execution of their duties through various means, such as attending Board of Directors meetings and monitoring business operations, including at subsidiaries' operations.

Director and Officer Nomination and Compensation Committee

The Director and Officer Nomination and Compensation Committee is placed under the Board of Directors as an advisory organ for the purpose of strengthening the objectivity and transparency of the Board of Directors functions related to nominating directors and officers and deciding their compensation. The committee is composed of three to five members, of which at least two are independent outside directors.

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Corporate Governance System



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Risk Management

Risk Management Framework

The Risk Management Committee leads Zeon's risk management. Activities to prevent law violations and to comply with laws and regulations are conducted under the Compliance Committee (For more information about the framework, see Compliance. [→P. 51]) The Information Management Committee implements appropriate management of information, from the time when information is obtained until the time when it is deleted.

Risk Management and Compliance System



Risk Management Committee FY 2019 Results

- Handle incidents as they occur and take steps to prevent their recurrence
 - Enhance risk and crisis control measures
- Example: Based on business continuity plans (BCPs), hold comprehensive, group-wide disaster drills that simulate a major earthquake

Internal Reporting System

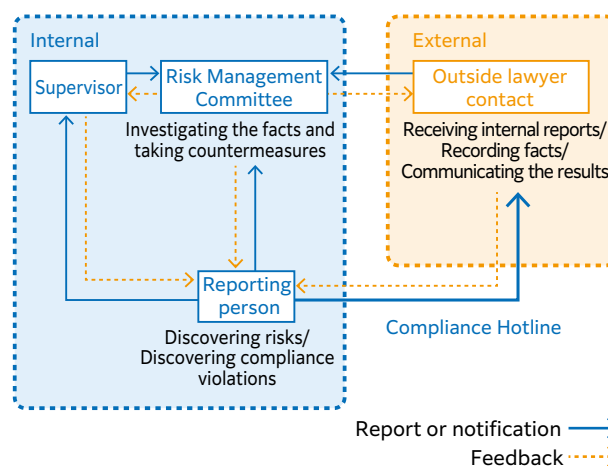
Zeon established its internal reporting system to quickly collect information on potential risks and facilitate their resolution. Per the rules on reporting risk-related information, reports can be made not only to one's supervisor or the Risk Management Committee directly, but also by calling the Compliance Hotline, which connects the caller to an external lawyer. No person who reports* a matter of concern will suffer any adverse consequences as a result of making a report.

Internal reports: Cumulative total of 16 incidents over the past 10 years (FY 2010–FY 2019)

The Risk Management Committee has appropriately dealt with each of these incidents by conducting an investigation into the reported details and instructing internal organizations to institute measures accordingly.

*Zeon employees (including seconded employees), temporary employees, and executives of contractors that work at our worksites have the right to report matters of concern.

Internal Reporting Flowchart



Compliance Hotline

Reporting contact: Hiroshi Yoshimura, lawyer
 Office: Yoshimura Horitsu Jimusho, Iketani Bldg. 3F, 1-9-7 Iidabashi, Chiyoda-ku, Tokyo, 102-0072
 Tel: +81-3-3264-1805
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 Email: yosimura@tkh.att.ne.jp