

Hitachi Chemical Corporate Governance Guidelines

Chapter 1 General Provisions

Purpose

Article 1

Hitachi Chemical Co., Ltd. (hereinafter referred to as “the Company”) has established the Hitachi Chemical Corporate Governance Guidelines (hereinafter referred to as “the Guidelines”) in order to achieve sustainable growth and increase of its corporate value under the Hitachi Chemical Group Identity, the structure of its philosophy and values shared within the Hitachi Chemical Group. In accordance with these Guidelines, the Company strives to strengthen and enhance its corporate governance.

(Hitachi Chemical Group Identity)

<Mission>

Contribute to society through the development of superior technologies and products.

<Values: Founding Spirits >

“Pioneering Spirit”

A purposeful approach to one’s work based on individual initiative, to create new business by pursuing novel, new goals. This spirit is manifested in a keen desire to be at the forefront of technology and the top of our chosen fields of expertise. These objectives are achieved by promoting the limitless potential of each individual member of Hitachi Chemical.

“Sincerity”

To approach issues openly and honestly, without drawing false distinctions between oneself and others. “Sincerity” is the spirit that inspires the confidence that society has placed in us.

“Harmony”

The willingness to respect the opinions of others and discuss matters in a manner that is thorough and frank, but fair and impartial, and once a conclusion has been reached, to cooperate and work together to achieve a common goal.

<Vision>

With a pioneering spirit to explore uncharted areas, we develop innovative solutions beyond the boundaries of chemistry, delivering “wonders” that exceed the expectations of customers and society.

Basic Views on Corporate Governance

Article 2

In order to achieve a high level of agility, objectivity and transparency in its management, the Company adopts the “company with a nomination committee and other committees” structure that separates executive and supervisory functions. To maximize the advantages of this structure, the Company established an executive framework which enables timely and firm decision-making; it also set up three Board of Directors committees – nomination, compensation and audit committees – with the majority of the members of each committee being outside directors, to exercise appropriate oversight over management.

In addition, the Company formulated the Guidelines to serve the interests of all stakeholders including shareholders.

Chapter 2 Corporate Governance Structure

Section 1 Form of Corporate Organization

Article 3

With the aim of achieving sustainable growth and enhancing corporate value, the Company adopts the “company with a nomination committee and other committees” structure as its form of corporate organization under the Companies Act in order to improve earnings power and capital efficiency as well as to further enhance governance functions. With this structure, the Company ensures effective, independent and objective oversight of the management by the Board of Directors, and achieves a high level of efficiency, objectivity and transparency in its management by enhancing the agile decision-making and expertise in business judgment through an executive framework centered around the President and Chief Executive Officer.

Article 4

The Company has established an “Executive Officers’ Meeting,” composed of all Executive Officers, which acts as an advisory body to the Chief Executive Officer in order to facilitate his or her rational and careful decisions through multifaceted studies on important issues that may affect the management of the entire Hitachi Chemical Group.

Section 2 Directors, Executive Officers and the Board of Directors

Fiduciary Responsibilities of Directors and Executive Officers

Article 5

With due attention to their fiduciary responsibilities to shareholders, the Directors and Executive Officers shall secure the appropriate cooperation with stakeholders and act in the interest of the Company and the common interests of its shareholders.

Directors’ Information Gathering and Support Structure

Article 6

1. The Company shall allocate full-time staff that will assist Directors to facilitate the smooth operation of the Board of Directors, Nomination Committee, Audit Committee and Compensation Committee, while the Board of Directors shall select, as necessary, Directors who will assist with the duties of Outside Directors as members of the Audit Committee.
2. Directors shall request information and material to departments related to information that is required to perform their duties, and the relevant department shall provide such information and material on a timely basis.
3. Directors may consult with external specialists at the Company’s expense, where they deem it necessary.

Independent Outside Directors

Article 7

In order to achieve a high level of objectivity and transparency in its management, Independent Outside Directors shall ask questions and provide opinions and advice to the Board of Directors or the committees that they belong to based on their abundant experience and insight from the perspective of securing the legality, appropriateness and efficiency of corporate management and increasing corporate value from a standpoint that is independent from the Company.

Article 8

The Nomination Committee shall consider an Outside Director to be independent unless:

- (1) his or her immediate family member* is, or has been within the last three years, an executive director or an executive officer of the Company, its parent company or any of its subsidiaries;
- (2) he or she is currently an executive director, an executive officer or an employee of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds 2% of any of the companies' consolidated gross revenues;
- (3) he or she has received during any of the last three fiscal years more than ¥10 million in direct compensation for his or her service as a specialist in law, accounting or tax, or as a consultant from the Company, other than director compensations; or
- (4) he or she serves as an executive officer or director of a not-for-profit organization, and the Company's discretionary charitable contributions to the organization in any of the last three fiscal years are more than ¥10 million and 2% of that organization's annual gross revenues.

* An "immediate family member" includes a person's spouse, parents, children, siblings, grand-parents, grand-children, mothers and fathers-in-law, sons and daughters-in-law, spouses of siblings, grand-parents-in-law, grand-children-in-law, and brothers and

sisters-in-law.

Article 9

1. Directors and Executive Officers shall establish a framework that facilitates smooth communication and cooperation between Independent Outside Directors and Executive Officers, Audit Committee members or the Audit Committee.
2. Independent Outside Directors shall hold regular meetings consisting solely of Independent Directors to exchange information and develop a shared awareness among themselves from an independent and objective standpoint.

Standards for Appointment and Dismissal of Directors, etc.

Article 10

1. The Nomination Committee and the Board of Directors shall establish the standards for the appointment and dismissal of Directors and the standards for the appointment and dismissal of Executive Officers respectively, and carry out the appropriate appointment and dismissal procedures in a fair and highly transparent manner.
2. Director candidates shall be nominated by the Nomination Committee based on the standards for appointment of Directors, and Executive Officers shall be appointed by the Board of Directors based on the standards for appointment of Executive Officers.
3. The reasons for selecting Director candidates shall be disclosed in the notice of general shareholders' meeting.

Service in Other Companies

Article 11

1. The Chief Executive Officer shall disclose, as prescribed by law, the concurrent posts held by Outside Directors and their candidates.
2. Directors shall not serve as more than four listed companies' directors, corporate auditors, or executive officers in addition to the Company's director, in principle, to ensure that they can secure the time necessary to

understand the Company's business, participate in and prepare for the board meetings.

Training of Directors, etc.

Article 12

1. Directors and Executive Officers shall offer the following training and information necessary for Directors to appropriately fulfill their roles and responsibilities, as required:
 - (1) Explanations, etc. of the Company's business to all newly appointed Independent Directors;
 - (2) Annual explanation of each business's strategy at the Board of Directors;
 - (3) Provision of necessary information on the Company's business issues and other matters to Independent Outside Directors; and
 - (4) Arrangement of the system for offering external educational programs on the roles, responsibilities and other matters of Directors.
2. The Chief Executive Officer shall provide structured training on overall corporate management to Executive Officers when they assume their post, and continuously offer opportunities to exchange views and acquire knowledge on business issues such as regular study meetings for Executive Officers after they assume their post so that they can appropriately fulfill their roles and responsibilities. In addition, in order to systematically nurture the next generation of Executive Officers, the Chief Executive Officer shall provide senior staff who will be Executive Officer candidates with educational programs from which they can acquire the leadership and management skills required of top management.

Succession Planning

Article 13

1. The Board of Directors shall, based on the advice of the Nomination Committee, engage in continuous oversight of development plans concerning successor candidates for the Chief Executive Officer and Executive Officers.

2. The Board of Directors shall, after careful deliberation, determine the selection of the Chief Executive Officer, based on the advice of the Nomination Committee, in consideration of the following matters:
 - (1) that he or she has the highest personal and professional ethics, integrity, insight and leadership; and
 - (2) that he or she is believed to be the one most qualified to realize sustainable enhancement of the Company's corporate value and the shareholders' common interests, with rich experience and a distinguished record in the area of corporate management.

Roles, Responsibilities and Evaluation of the Board of Directors

Article 14

1. The Board of Directors shall pass resolutions on important matters concerning the basis of corporate management such as management policies, as well as on the appointment and dismissal of the Chief Executive Officer and Executive Officers. In addition, it shall receive business performance reports on a regular basis and engage in constructive discussions.
2. In order to establish an environment that supports appropriate risk-taking by Executive Officers, the Board of Directors shall fulfill its roles and responsibilities by securing sufficient time including prior consideration in preparation for deliberations of the Board on important strategies.
3. The Board of Directors shall promote agile business execution by delegating to Executive Officers decision-making on business operations for any matters other than those that are required to be resolved by the Board of Directors by law, the Articles of Incorporation or the Board of Directors Regulations.
4. In order to enable adequate management decisions, the Board of Directors shall establish appropriate internal control and risk management systems and oversee their effectiveness in operations.
5. The Board of Directors shall pass resolutions on the establishment of the internal control system pursuant to the provisions of the Companies Act

of Japan. It shall also receive regular reports of evaluation results regarding the effectiveness of the system from the department in charge of internal control via the Audit Committee, and make prompt improvements if any deficiencies in control are identified in the course of evaluations.

6. In the event that the Company engages in transactions with its officers, major shareholders, etc., the Board of Directors shall deliberate adequately on whether such transactions can be approved or not, in order to ensure that such transactions do not harm the interests of the Company or the common interests of its shareholders.

Composition of the Board of Directors

Article 15

1. Given the need for diverse views and efficiency of the Board of Directors, the number of Directors shall be an appropriate number of members within the maximum number set out in the Articles of Incorporation.
2. At least two and more than one third of the Directors shall be Independent Outside Directors.

Operation of the Board of Directors

Article 16

The Board of Directors shall endeavor to foster a climate where free, open and constructive discussion and exchanges of views can take place by providing opportunities for Outside Directors to raise concerns, etc.

Article 17

The Board of Directors shall ensure the following in relation to the operation of board meetings and shall attempt to make deliberations active:

- (1) Materials are distributed seven days in advance of the meeting date;
- (2) Explanations are provided in advance by the relevant Director or Executive Officer;
- (3) The schedule of board meetings for the current year is determined in advance and regular annual agenda are notified at the beginning of the

term;

- (4) Board meetings are held at least once a month and an appropriate number of agenda items are set; and
- (5) An adequate time for deliberations is given to ensure sufficient discussions.

Evaluation of Effectiveness

Article 18

Each year the Board of Directors shall evaluate its effectiveness and disclose a summary of the results.

Section 3 Nomination Committee, Audit Committee and Compensation Committee

Nomination Committee

Article 19

1. The Nomination Committee shall consider the optimal size of the Board of Directors in deciding the matters relating to a proposal concerning the appointment and dismissal of Directors to be submitted to the general shareholders' meeting.
2. In order to ensure the effectiveness of the management supervisory and decision-making functions of the Board of Directors, the Nomination Committee shall consider diversity in the experience and expertise, etc. possessed by the Director candidates, the composition ratio between Outside Directors and other Directors (Directors concurrently serving as Executive Officers, and non-executive directors from within the Hitachi Chemical Group), and other such matters.
3. In nominating a Director candidate, the Nomination Committee shall consider that to maintain the continuity of the Board of Directors, new candidates do not constitute all or almost all of the nominees.
4. The Nomination Committee shall consider the period of time since the candidate's assumption of office as the Company's Director and the candidate's age to keep bringing fresh ideas and viewpoints regularly to the Board of Directors.

5. The Nomination Committee shall provide advice to the Board of Directors regarding development plans concerning successor candidates for the Chief Executive Officer and Executive Officers.
6. In the determination of the selection of the Chief Executive Officer by the Board of Directors, the Nomination Committee shall provide advice regarding the selection of the candidate.

Article 20

In nominating a director candidate, the Nomination Committee shall consider that:

- (1) he or she has highest personal and professional ethics, integrity and insight; and
- (2) he or she has distinguished record of leadership or experience at policy making levels in business, law, administration, accounting or education, etc., in addition to satisfying the criteria for independency as provided for in Article 8.

Audit Committee

Article 21

1. The Audit Committee shall make appropriate decisions from an independent and objective standpoint when executing its roles and responsibilities including the audit of the performance of Directors' and Executive Officers' duties, appointment and dismissal of external auditors and the determination of auditor remuneration. The Audit Committee shall exercise its rights positively and proactively, by acts such as deliberating and deciding audit policies and plans each year and carrying out audits based on those policies and plans at group companies in Japan and abroad. It shall also regularly report audit contents to the Board of Directors and Executive Officers and appropriately express its views.
2. The Audit Committee shall preserve its independence by being, in principle, composed of members who are at least two-thirds comprised of Independent Outside Directors, and appoint a full-time Audit Committee

member.

3. The Audit Committee shall ensure its information gathering power by having a full-time Audit Committee member attend important meetings on business operations such as the Executive Officers' Meeting, etc. In addition, the Audit Committee shall provide information acquired in the course of its audit activities to Independent Outside Directors in order to strengthen their capacity to collect information.

Article 22

At least one person of the Audit Committee shall have expertise on finance and accounting.

Article 23

1. The Audit Committee shall ensure that adequate time is given to audits by formulating audit implementation plans.
2. The Audit Committee shall ensure close cooperation with the internal audit department through regular conferences and individual meetings.

Article 24

The Audit Committee shall establish standards for the appropriate selection of external auditor candidates and proper evaluation of external auditors, and verify whether external auditors possess the independence and expertise through conferences and individual meetings.

Article 25

1. The Audit Committee shall hold regular conferences with external auditors to discuss audit plans and audit contents in order to strengthen cooperation with external auditors, and secure proper execution of audits by those auditors.
2. The Board of Directors, Audit Committee and Chief Executive Officer shall ensure the following:
 - (1) Hold regular individual meetings between external auditors and the Chief Executive Officer;

- (2) Ensure adequate coordination through conferences and individual meetings between external auditors and each of the Audit Committee and the internal audit department; and
- (3) Ensure that the company is constituted in the way that it can adequately respond to any misconduct, inadequacies or concerns identified by the external auditors.

Compensation Committee

Article 26

1. The Compensation Committee shall establish such basic policies on the remuneration, etc. of Directors and Executive Officers of the Company that the remuneration should be linked to its business results more strongly and be an incentive for the management aiming at the increase of corporate value over not only the short-term, but also medium- to long-term, and regularly review the policies.
2. The Chief Executive Officer shall disclose the basic policies prescribed in the previous paragraph in business reports, annual securities reports and corporate governance reports.

Section 4 Whistleblowing

Article 27

The Chief Executive Officer shall establish a framework for whistleblowing that enables employees of the Hitachi Chemical Group to report illegal or inappropriate behavior, disclosures, or any other serious concerns, as well as allows for an objective assessment and appropriate responses to the reported issues. In addition to an internal point of contact for whistleblowing, the Chief Executive Officer shall also establish a point of contact that is independent from the company at an external law firm. The Hitachi Chemical Group shall develop a framework that protects whistleblowers by the internal regulations of each company. Its enforcement shall be regularly reported to the Audit Committee by the compliance department.

Chapter 3 Relationship with Stakeholders

Section 1 General Provisions

Article 28

Directors and Executive Officers shall fully recognize that sustainable growth and increases in corporate value are brought about as a result of the provision of resources and contributions made by a range of stakeholders, including customers, shareholders, employees, business partners, creditors and local communities. As such, they shall ensure appropriate cooperation with stakeholders. In addition, they shall endeavor to exercise leadership in establishing a corporate culture where the rights and positions of stakeholders are respected and sound business ethics are ensured.

Article 29

Directors and Executive Officers shall aim to achieve a sustainable society under the corporate philosophy upheld in the Hitachi Chemical Group Identity by combining the business and CSR as well as making group-wide efforts to promote honest corporate management to all stakeholders.

Article 30

1. The Board of Directors shall establish the Hitachi Chemical Standards of Corporate Conduct and Hitachi Chemical Group Codes of Conduct as basic codes of conduct in carrying out business activities globally, and review them where appropriate.
2. The Board of Directors and Executive Officers shall confirm where appropriate whether or not the standards of conduct, etc. prescribed in the previous paragraph are being implemented. In confirming, they shall focus on the substantive assessment of whether the company's corporate culture truly embraces the intent and spirit of the standards of conduct, etc.

Ensuring Diversity

Article 31

Directors and Executive Officers shall respect the character and

individuality of each employee, recognize that it is essential to continue to generate innovation and provide solutions through corporate management where diverse human resources with various values and ideas can exercise their individualities and capabilities and play an active role in the company, regardless of nationality, gender, race, age, disability or sexual orientation, and promote measures on diversity.

Section 2 Relationship with Shareholders

Strengthening of Roles of the Corporate Pension Fund as an Asset Owner

Article 32

Regarding the management of pension funds handled by Hitachi Chemical Pension Fund, the Company shall assign officers and employees with expertise in finance, etc. to serve as the Chief Investment Officer and the Investment Committee Member. The Fund shall also employ outside experts in order to increase its investment management expertise and perform its expected roles.

The Fund shall develop the Investment Basic Policy through the Investment Committee and shall monitor the management of pension funds, the exercise of voting rights, and other actions by asset managers in accordance with the Policy, and confirm the soundness of investment management. When asset managers to whom investment management is entrusted in accordance with the Policy exercise their voting rights, the respective wills of asset managers shall be respected so that conflicts of interest are appropriately managed and do not arise between pension fund beneficiaries and the Company.

Securing the Rights and Equal Treatment of Shareholders

Article 33

Directors and Executive Officers shall take appropriate measures to fully secure shareholder rights and develop an environment in which shareholders can exercise their rights appropriately and effectively. In addition, they shall endeavor to secure effective equal treatment of shareholders. In particular, given their particular sensitivities, adequate consideration shall be given to the issues and concerns of minority

shareholders and foreign shareholders for the effective exercise of shareholder rights and effective equal treatment of shareholders.

General Shareholders' Meetings

Article 34

1. Directors and Executive Officers shall recognize that general shareholders' meetings are a decision-making body on important matters such as the appointment and dismissal of Directors as well as an opportunity for constructive dialogue with shareholders, and shall therefore take appropriate measures from a shareholder's standpoint in setting the timing and method of providing information as well as dates of general shareholders' meetings to ensure the appropriate exercise of shareholder rights at such meetings.
2. In order to make it easier for shareholders to exercise their voting rights, electronic voting via the Internet and the Electronic Voting Platform shall be introduced and English translations of the notices of general shareholders' meetings shall be disclosed on the Company's website, etc.
3. Directors and Executive Officers shall send notices of general shareholders' meetings earlier than the statutory deadline to give shareholders sufficient time to consider the agenda. During the period between the approval of convening the general shareholders' meeting by the Board of Directors and sending the convening notice, information included in the notice shall be disclosed through TDnet, the Electronic Voting Platform or on the Company's website.

Article 35

Directors and Executive Officers shall assess whether a considerable number of opposing votes were cast against a proposal by the Company at a general shareholders' meeting and if they deem this to be the case, analyze the reasons and consider the need for shareholder dialogue and other measures at a board meeting.

Article 36

In order to prepare for cases where institutional investors who hold shares in street name express an interest in advance of the general shareholder meeting in attending the general shareholder meeting or exercising voting rights, Directors and Executive Officers shall work with the trust bank (*shintaku ginko*) and/or custodial institutions to consider this possibility.

Dialogue with Shareholders

Article 37

1. In order to contribute to the Company's sustainable growth and increase its corporate value, Directors and Executive Officers shall engage in constructive dialogue with shareholders even outside the general shareholders' meeting.
2. During such dialogue, Directors and Executive Officers shall listen to the views of shareholders and pay due attention to their interests and concerns, clearly explain business policies to shareholders in an understandable manner so as to gain their support, and work for developing a balanced understanding of the positions of shareholders and other stakeholders and acting accordingly.
3. The Chief Executive Officer shall disclose policies on IR activities that aim to promote constructive dialogue with shareholders.

Article 38

1. The Chief Executive Officer shall oversee the entire IR activities, while the IR department shall be the point of contact in promoting proactive IR activities in cooperation with the business strategy, finance, human resources, legal and business departments, etc. under the Executive Officer in charge of IR.
2. Directors and Executive Officers shall identify the shareholder ownership structure in the shareholder register at the end of March each year. In addition, they shall carry out investigations to identify shareholders that effectively hold the Company's shares. Information that is clarified in the investigation shall be utilized in formulating IR measures including visits to overseas institutional investors.

3. The Chief Executive Officer shall establish internal regulations on insider information control, thoroughly enforce control and provide regular education programs to all employees in a managerial position or higher, including group companies.

Article 39

1. Individual meetings with shareholders shall be handled through the IR department as the point of contact. In addition, the Chief Executive Officer or an Executive Officer shall respond to the meeting according to the number of shares held by the shareholder with whom the meeting is held.
2. As primary opportunities for dialogue aside from individual meetings, Q&As at annual general shareholders' meetings and results presentations for securities analysts and institutional investors shall be held, as well as regular visits to overseas institutional investors.
3. Issues pointed out as well as advice given by shareholders through IR activities shall be reported to the Board of Directors and Executive Officers as appropriate and utilized to increase corporate value by incorporating them into the corporate management.

Article 40

1. The Chief Executive Officer shall appropriately make information disclosure in compliance with the relevant laws and regulations, but shall also strive to actively provide information beyond that required by law. This includes both financial information, such as financial standing and operating results, and non-financial information, such as business strategies and business issues, risk, and governance.
2. The Chief Executive Officer shall disclose the corporate mission and vision as well as the basic management policies on the Company's website, financial summaries, annual reports (integrated reports), etc.
3. The Board of Directors and Executive Officers shall formulate medium-term management plans, disclose target figures for key management indicators, and make their best efforts to achieve those

targets. In addition, they shall explain specific measures for achieving the targets, the progress, reflections on past years, and next year's priority measures based on these matters at the annual general shareholders' meeting and results presentations for securities analysts, institutional investors, etc.

4. In order to enable shareholders to understand and evaluate the Company appropriately, when disclosing information, the Chief Executive Officer shall aim for clear and specific explanations and descriptions.
5. Bearing in mind the number of foreign investors, etc., the Chief Executive Officer shall disclose and provide information in English to a reasonable degree, such as by creating an English version of the Company's website where English versions of notices of general shareholders' meetings, results presentation materials and annual reports (integrated reports) can be published.

Basic Strategy for Capital Policy

Article 41

1. The Board of Directors and Executive Officers shall decide how to use the cash flow that the Company has generated in consideration of the overall management environment surrounding the Company, shareholders' interests, future business developments and the dividend payout ratio, etc. based on the recognition that maintenance and enhancement of a sound financial base is essential for sustainable business growth.
2. Internal reserves shall be invested in establishing a framework for R&D and global provision of new high value-added products that have potential for strong growth as well as in strengthening and activating operating platforms for existing businesses, and effectively utilized to establish a resilient financial structure.
3. The distribution of profits to shareholders shall basically take the form of a stable growth of dividends. Share buybacks shall be carried out efficiently as shareholder returns to supplement dividends, on a scale that is consistent with dividend policies.

Capital Policy that May Harm Shareholder Interests

Article 42

When implementing a capital policy that results in the change of control or in significant dilution, in order not to unfairly harm existing shareholders' interests, the Board of Directors shall carefully examine the necessity and rationale from the perspective of their fiduciary responsibility to shareholders, ensure appropriate procedures, and provide sufficient explanation to shareholders.

Cross-Shareholdings

Article 43

1. The Company holds shares in other companies when it deems there is reason to hold such shares from a business operation perspective, and when it deems that continuing to hold such shares will contribute to an increase in corporate value. However, shares will not be held for pure investment purposes.
2. In the acquisition of shares in other companies, the Board of Directors or Executive Officers shall, as the decision-making body in this regard, thoroughly confirm the Company's compliance with the requirements under the previous paragraph, and, on the basis thereof, make decisions on the implementation of such acquisitions, in accordance with the criteria for submission to the Board of Directors, the regulations for approval concerning business execution, etc.
3. The Chief Executive Officer shall regularly confirm, through deliberation in the Executive Officers' Meeting, the objective and rationale behind important cross-shareholdings, and report the results of such confirmation to the Board of Directors.
4. The Company shall, in a timely manner, reduce cross-shareholdings which, as the result of the deliberation and confirmation prescribed in the previous paragraph, are deemed to lack objectives and rationale for being held.
5. The Chief Executive Officer shall make decisions on the voting rights of cross-shareholdings from the standpoint of whether the agenda

conforms to the Company's cross-shareholding policy.

6. When cross-shareholders (i.e., shareholders who hold the Company's shares for the purpose of cross-shareholding) indicate their intention to sell their shares, the Company shall not hinder the sale of the cross-held shares by, for instance, implying a possible reduction of business transactions.
7. The Company shall not engage in transactions with cross-shareholders which may harm the interests of the Company or the common interests of its shareholders by, for instance, continuing the transactions without carefully examining the underlying economic rationale.

Protection of Shareholders' Rights

Article 44

In the event of a tender offer, the Board of Directors shall clearly explain the position of the Board, including any counteroffers, and shall not frustrate shareholder rights to sell their shares in response to the tender offer.

(Revised on November 26, 2018)

Correspondence to the Corporate Governance Code

The Articles of the Hitachi Chemical Corporate Governance Guidelines correspond to the Principles of the Corporate Governance Code as follows:

Corporate Governance Code			The corresponding Article of the Hitachi Chemical Corporate Governance Guidelines
Section	General Principle, Principle	Supplementary Principle	
Section 1: Securing the Rights and Equal Treatment of Shareholders	General Principle 1	-	Guidelines, Article 33
	1.1 Securing the Rights of Shareholders	-	Guidelines, Article 33
		1.1.1	Guidelines, Article 35
		1.1.2	Guidelines, Article 3
		1.1.3	Guidelines, Article 33
	1.2 Exercise of Shareholder Rights at General Shareholder Meetings	-	Guidelines, Article 34
		1.2.1	Guidelines, Article 34
		1.2.2	Guidelines, Article 34
		1.2.3	Guidelines, Article 34
		1.2.4	Guidelines, Article 34
	1.2.5	Guidelines, Article 36	
	1.3 Basic Strategy for Capital Policy	-	Guidelines, Article 41
	1.4 Cross-Shareholdings	-	Guidelines, Article 43
		1.4.1	Guidelines, Article 43
		1.4.2	Guidelines, Article 43
	1.5 Anti-Takeover Measures	-	-
		1.5.1	Guidelines, Article 44
1.6 Capital Policy that May Harm Shareholder Interests	-	Guidelines, Article 42	
1.7 Related Party Transactions	-	Guidelines, Article 14	

Corporate Governance Code			The corresponding Article of the Hitachi Chemical Corporate Governance Guidelines
Section	General Principle, Principle	Supplementary Principle	
Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders	General Principle 2	-	Guidelines, Article 28
	2.1 Business Principles as the Foundation of Corporate Value Creation Over the Mid- to Long-Term	-	Guidelines, Article 1
		-	
	2.2 Code of Conduct	-	Guidelines, Article 30
		2.2.1	Guidelines, Article 30
	2.3 Sustainability Issues, Including Social and Environmental Matters	-	Guidelines, Article 29
		2.3.1	Guidelines, Article 29
	2.4 Ensuring Diversity, Including Active Participation of Women	-	Guidelines, Article 31
	2.5 Whistleblowing	-	Guidelines, Article 27
		2.5.1	Guidelines, Article 27
2.6 Roles of Corporate Pension Funds as Asset Owners	-	Guidelines, Article 32	
Section 3: Ensuring Appropriate Information Disclosure and Transparency	General Principle 3	-	Guidelines, Article 40
	3.1 Full Disclosure	-	(i) Guidelines, Article 40
		-	(ii) Guidelines, Article 2
		-	(iii) Guidelines, Article 26
		-	(iv) Guidelines, Articles 8, 10, 13, 15 and 20
		-	(v) Guidelines, Article 10

Corporate Governance Code			The corresponding Article of the Hitachi Chemical Corporate Governance Guidelines
Section	General Principle, Principle	Supplementary Principle	
		3.1.1	Guidelines, Article 40
		3.1.2	Guidelines, Article 40
	3.2 External Auditors	-	Guidelines, Article 25
		3.2.1	Guidelines, Article 24
		3.2.2	(i) Guidelines, Article 23
			(ii) Guidelines, Article 25
			(iii) Guidelines, Article 25
			(iv) Guidelines, Article 25
Section 4: Responsibilities of the Board	General Principle 4	-	Guidelines, Article 3
	4.1 Roles and Responsibilities of the Board (1)	-	Guidelines, Article 14
		4.1.1	Guidelines, Article 14
		4.1.2	Guidelines, Article 40
		4.1.3	Guidelines, Article 13
	4.2 Roles and Responsibilities of the Board (2)	-	Guidelines, Articles 14 and 26
		4.2.1	Guidelines, Article 26
	4.3 Roles and Responsibilities of the Board (3)	-	Guidelines, Article 14
		4.3.1	Guidelines, Article 10
		4.3.2	Guidelines, Articles 10 and 13
		4.3.3	Guidelines, Articles 10 and 14
		4.3.4	Guidelines, Article 14
	4.4 Roles and Responsibilities of <i>Kansayaku</i> and the <i>Kansayaku</i> Board	-	Guidelines, Article 21
		4.4.1	Guidelines, Article 21

Corporate Governance Code			The corresponding Article of the Hitachi Chemical Corporate Governance Guidelines
Section	General Principle, Principle	Supplementary Principle	
	4.5 Fiduciary Responsibilities of Directors and <i>Kansayaku</i>	-	Guidelines, Article 5
	4.6 Business Execution and Oversight of the Management	-	Guidelines, Articles 3 and 15
	4.7 Roles and Responsibilities of Independent Directors	-	Guidelines, Article 7
	4.8 Effective Use of Independent Directors	-	Guidelines, Article 15
		4.8.1	Guidelines, Article 9
		4.8.2	Guidelines, Article 9
	4.9 Independence Standards and Qualification for Independent Directors	-	Guidelines, Articles 8 and 20
	4.10 Use of Optional Approach	-	Guidelines, Articles 3 and 4
		4.10.1	Guidelines, Article 3
	4.11 Preconditions for Board and <i>Kansayaku</i> Board Effectiveness	-	Guidelines, Articles 18 and 22
		4.11.1	Guidelines, Article 19
		4.11.2	Guidelines, Article 11
		4.11.3	Guidelines, Article 18
	4.12 Active Board Deliberations	-	Guidelines, Article 16
		4.12.1	Guidelines, Article 17

Corporate Governance Code			The corresponding Article of the Hitachi Chemical Corporate Governance Guidelines	
Section	General Principle, Principle	Supplementary Principle		
	4.13 Information Gathering and Support Structure	-	Guidelines, Article 6	
		4.13.1	Guidelines, Article 6	
		4.13.2	Guidelines, Article 6	
		4.13.3	Guidelines, Article 23	
	4.14 Director and <i>Kansayaku</i> Training	-	Guidelines, Article 12	
		4.14.1	Guidelines, Article 12	
4.14.2		Guidelines, Article 12		
Section 5: Dialogue with Shareholders	General Principle 5	-	Guidelines, Article 37	
	5.1 Policy for Constructive Dialogue with Shareholders	-	Guidelines, Articles 37, 38, 39 and 40	
		5.1.1	Guidelines, Article 39	
		5.1.2	(i)	Guidelines, Article 38
			(ii)	Guidelines, Article 38
			(iii)	Guidelines, Article 39
			(iv)	Guidelines, Article 39
			(v)	Guidelines, Article 38
5.1.3	Guidelines, Article 38			
5.2 Establishing and Disclosing Business Strategy and Business Plan	-	Guidelines, Article 40		