

Medium-Term Management Policies

Hitachi Chemical, as a “Technologically Innovative Company” that offers the best solutions to its customers, aims to be a business entity that contributes to the realization of a truly prosperous society and enjoys the enduring trust of the capital market, customers, employees, and society. To achieve these goals, we have established the following principles as our medium-term management policies.

1 Create new businesses and products based on strengthening the technology platform on materials

- (1) Strengthen a wide array of technology platform on materials and promote the development of new products differentiated by their superiority through the research of polymer technology, which is the source of Hitachi Chemical’s technology.
- (2) Raise research and development efficiency and increase a ratio of new product sales which play the leading role of the company’s growth by redeploying research and development resources from a company-wide perspective.
- (3) Material System Solution (MSS) is a business model that contributes to creating value for customers by providing them with integrated offerings of the optimum materials, services and solutions for customer requirements. Hitachi Chemical will promote new product development that delivers solutions to customers through the application of MSS.
- (4) Proceed with strategic alliances with external entities to acquire technological and other management resources for businesses that complement current operations and for new business creation. This will be a means to accelerate research and development and new business creation.

2 Maximize Group management efficiency by innovating productivity

- (1) Structure an operating system that produces the maximum benefit with the fewest people by improving net sales per employee and work to adjust the group employees to appropriate number.
- (2) Reduce the number of consolidated subsidiaries by pressing forward with consolidation to eliminate overlap among the group companies and deal with low-profit businesses, at the same time, strive to raise a profit ratio by working to maximize the synergy effect within the group.

3 Strengthen the basis for increased sales and income through optimal deployment of management resources

- (1) Structure a balanced business portfolio by dispersing business risk by working to develop a diverse array of businesses with varying life cycles and, at the same time, moving forward with business selection and concentration to utilize limited management resources effectively.
- (2) Drastically liquidate unprofitable businesses and products to achieve dramatic improvement in earnings at an early date.

4 Fulfill corporate social responsibility (CSR) and implement environmental management to enable sustainable growth

- (1) Align management with environmental protection. Implement improved environmental management that links environmental protection activities to management efficiency.
- (2) Strengthen corporate governance and compliance, and affirm corporate ethics.
- (3) Actively contribute to society, and fulfill corporate social responsibility as a good corporate citizen.

5 Cultivate employees to be the next generation of leaders

- (1) Selectively educate capable employees from the whole group companies in order to cultivate next-generation leaders.
- (2) Energetically promote interdisciplinary rotation among divisions and group companies. Promote sharing of intellectual assets and implement knowledge management.