

# Corporate Governance

## Corporate governance structure

### ← P5 CSR Policy ①

Establishing a sound and highly transparent management system that can quickly respond to changing markets is among Hitachi Chemical's top-priority management issues.

As part of this initiative, we have taken actions to adopt the "Company with Committee System" in order to separate executive and supervisory functions. The supervisory function of the Board of Directors has been bolstered by placing nominating, compensation and audit committees, led by Outside Directors, under the Board of Directors.

Outside Directors from Hitachi Chemical are assigned to Group companies that adopt the "Company with Committee System" to conduct management with a sense of Group unity while enhancing oversight of these companies.

## Strengthening internal controls

### ← P5 CSR Policy ①

Hitachi Chemical has developed and currently manages a system for ensuring that the execution of its operations complies with the law and its own corporate standards.

We established the "Hitachi Chemical Standards of Corporate Conduct," our basic code of conduct, as the common standard for the entire Group. While sharing critical parts of other important rules and basic systems, we are implementing appropriate internal controls by conducting audits within the Group. With respect to internal controls for ensuring the credibility of our financial reporting, we document and objectively evaluate performance based on the COSO framework\*.

\* **COSO framework:** The integrated control framework publicized by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), currently the de facto standard for evaluating internal controls. Since 2006, upon the application of the U.S. Sarbanes-Oxley Act by the Hitachi Group, Hitachi Chemical has been working to introduce the COSO framework as a member of the Hitachi Group.

