

Fulfilling Our Social Responsibilities Through Business

Responsibility to Customers and Suppliers

Pursuing customer satisfaction

← P12 CSR Policy ②

The Hitachi Chemical Group deploys a Material System Solution (MSS) in its pursuit for customer satisfaction. MSS is a unique business model for helping customers solve problems by integrating our wide-ranging technology and expertise, including the material, process and evaluation technologies, which the Group has cultivated over the years.

MSS requires the marketing and sales division to grasp the genuine needs of our customers and to accurately relay that information to the development and manufacturing divisions. An optimum level of collaboration with the procurement division and other divisions is also necessary. To this end, the Hitachi Chemical Group promotes information sharing and communication with customers and suppliers as well as within the company and among Group companies.

We set up the Laboratory for Electronic Packaging Materials & Technology dedicated to proposing solutions which incorporate the best possible combination of products, information on product usage, production processes and evaluation data.

For more information on MSS, please refer to our website.

URL <http://www.hitachi-chem.co.jp/english/company/mss.htm>

Pursuing quality in the manufacturing process

← P12 CSR Policy ② ③

The Hitachi Chemical Group established its Quality Assurance Principles in 1988 based on the concept that quality takes absolute precedence in *Monozukuri* (product design, manufacturing and improvement), an approach that emphasizes the importance of satisfying customers, winning their trust and contributing to society. In line with this principle, we secure stable product quality through continuous quality improvement in every stage, from design and development to prototyping and mass production.

We maintain ISO 9001 certification at our major production sites and obtained TS 16949* certification for some products in 2007 in response to customer demand. At the same time, each sales office seeks to research and understand the quality conditions of delivered products and customer needs, and shares this feedback with the development and manufacturing divisions.

* TS 16949: International quality management standard for automobile components

Repairing electric stoves for mini-kitchen units —To ensure product safety

Electric stoves mounted in mini-kitchen units sold by Hitachi Chemical from April 1984 to September 1988 could be unintentionally switched on with an inadvertent touch or by coming into contact with another object, possibly causing combustible material placed on or near the stove to smoke or ignite.

The company has been repairing units of this model since 1988 to address this issue. Nevertheless, one or more accidents involving unrepaired products did occur. Therefore, Hitachi Housetec Co., Ltd., which used to be a Hitachi Chemical subsidiary, together with other member companies of the Conference on Electric Stove for Mini Kitchen Unit, announced the problem in newspapers and set up a dedicated body to promote repairs. As a result, the rate of listed units reached 98.0% with a repair rate of 92.3% as of the end of March 2008. We will continue to work toward 100% repair, while strengthening our efforts to ensure product safety.

Control and information disclosure of chemical substances

← P12 CSR Policy ② ③

The Hitachi Chemical Group is working on eliminating and reducing hazardous chemical substances, developing alternative technologies and reinforcing its management system as part of the responsibilities of a company handling chemical substances (see p. 33–35).

Building and maintaining fair relationships with suppliers

← P12 CSR Policy ③

Hitachi Chemical procures materials based on our Primary Concepts of Purchasing Business, which sets the rules for building and maintaining fair relationships with suppliers and safeguarding impartiality in the selection of suppliers with priority on environment-friendly products, the protection of human rights and full compliance.

Hitachi Chemical's website provides information on worldwide procurement sites and includes a procurement list to facilitate preparation of product proposals from suppliers. Upon receiving proposals, we investigate quality, safety, price, delivery and stability of supply, data related to the supplier's capabilities in technology and quality control, and corporate data. Sample products are evaluated before any decision to purchase is made.

In fiscal 2008, we plan to send our Primary Concepts of Purchasing Business to all suppliers to promote CSR activities across the supply chain. We will also request their understanding of our approach and cooperation with our initiatives.

Furthermore, with the start of registration of substances

subject to REACH*, we plan to request the cooperation of our suppliers in a questionnaire concerning registration, and in disclosing information on chemical substances.

* REACH (Registration, Evaluation, and Authorization of Chemicals): EU law under which all chemical substances are registered by usage and assessed for risk; only those products confirmed to be safe may be imported and used while those of high risk are subject to approval and restriction.

Our Primary Concepts of Purchasing Business can be found on our website.

URL <http://www.hitachi-chem.co.jp/english/purchase/policy.html>

Strengthening partnerships with suppliers

← P12 CSR Policy ③

The Hitachi Chemical Group implements SCM (Supply Chain Management) and reinforces partnerships with raw materials suppliers to enhance the quality of products delivered to our customers.

We proactively communicate with suppliers by holding presentation meetings, taking the initiative to disclose information on our website and conducting surveys of our suppliers, while supporting suppliers that seek to develop their own environment management systems.

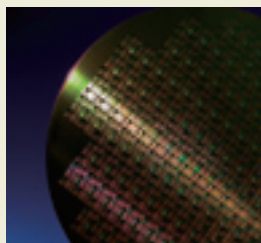
Working to provide high-quality, high-performance products that meet customer demands

The following positive feedback is commonly expressed with regard to our development proposals with customers related to CMP slurry for semiconductor production: "It's improved now; we can make further tune-ups on our own, but could you please improve this property?"

To provide the best products in response to the rapid development of semiconductors, we must continuously test products using our own equipment, which is similar to that used by customers, and then repeatedly visit customers' production lines to ensure performance requirements are met.



CMP slurry



Semiconductor wafer
(Courtesy of CASMAT)

CMP slurry has been used by a large number of semiconductor manufacturers since it was introduced. We will continue working meet customer demands and further enhance quality and performance.



Masanobu Habiro
Wafer Process
Development Section
Semiconductor Material
Department

Development of the Business Continuity Plan

Developing a system to ensure the stable supply of products even in the event of disaster, based on multifaceted risk analysis



The Hitachi Chemical Group is developing the Business Continuity Plan (BCP) based on accurately understanding customer needs and market trends to guarantee a supply of its main products even in the event of a natural disaster, such as a great earthquake or massive fire; and even if an interruption is unavoidable, to resume supplies as soon as possible.

Advancing development of the Business Continuity Plan for main products

As part of risk management, Hitachi Chemical evaluates seismic capacity, establishes priorities based on the results and systematically improves seismic retrofitting or rebuilding.

In addition, each business division has selected main products including those with high market share to be subject to crisis management should a risk actually arise. As a result, a BCP was developed for two products in fiscal 2007.

In fiscal 2008, we will continue to expand our BCP to cover other major products while exploring measures to be taken by the Head Office and sales offices as well as countermeasures against infectious diseases.

From the front line of practice



Atsushi Konii
Planning Department,
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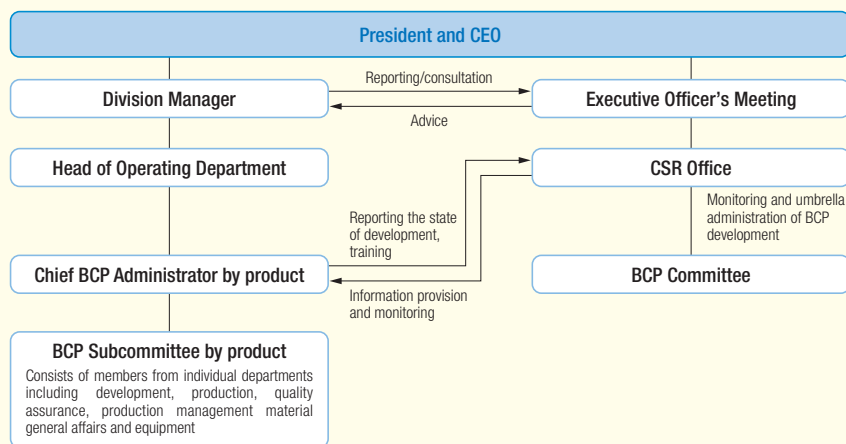
We are working to raise awareness of crisis management and establish a system to ensure prompt, effective action in time of disaster.

A large-scale earthquake could interrupt the production and delivery of products to customers, endangering the survival of the plant. We are developing the BCP to ensure a stable supply of products even in the event of unforeseeable circumstances.

Under the BCP, we sort out potential risks in our production sites and develop measures to alleviate damage and an action plan for early restoration based on the impact analysis. The company organized a project team for each product, with members selected from individual departments focused on our manufacturing departments.

We hope to further strengthen trust with customers by raising awareness of crisis management for those in charge while defining roles to establish a system that allows prompt and effective action in time of disaster.

BCP Structure



Plan Development Process

