

Strengthening corporate governance

P16 CSR Policy 1

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

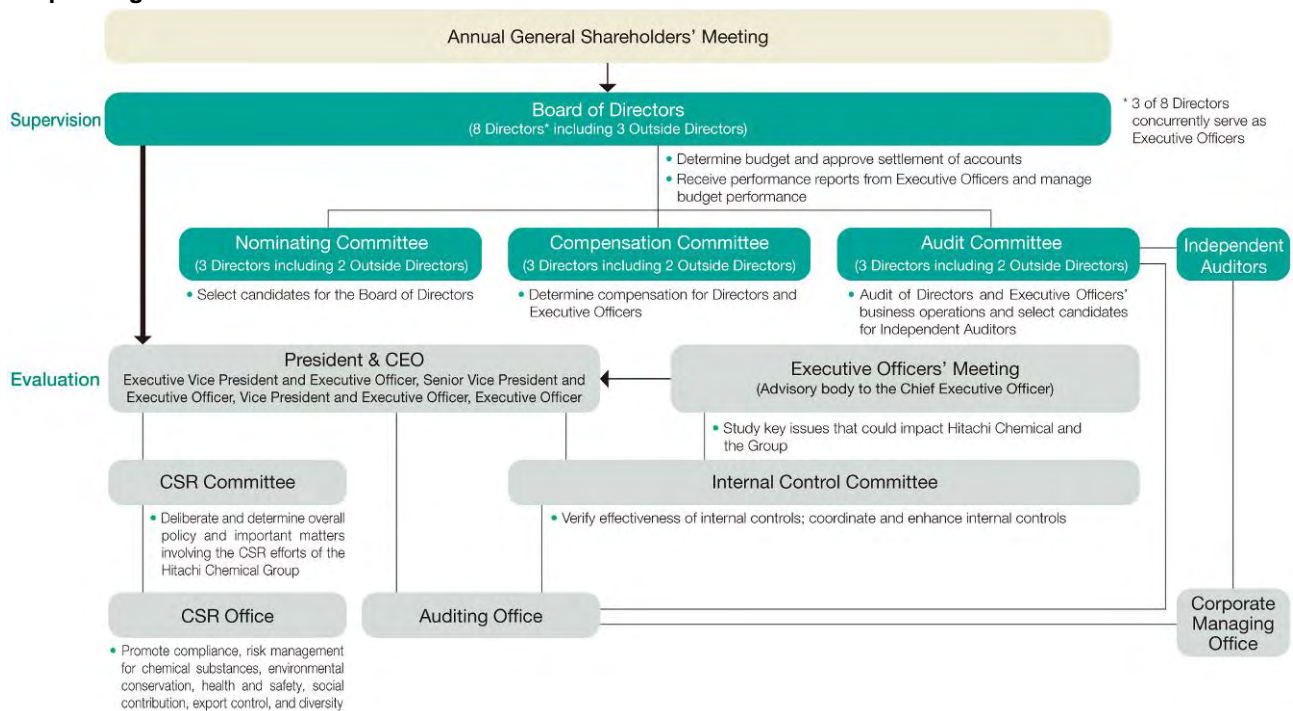
As part of this initiative, we have taken actions to adopt the “Company with Committee System” in order to separate executive and supervisory functions. By reinforcing the supervisory functions of the Board of Directors, we intend to realize a management structure that is highly objective and transparent.

In addition, directors and auditors from Hitachi Chemical are assigned as necessary to Group companies to conduct management with an eye toward Group unity while enhancing oversight.

The Hitachi Chemical Group is also striving to augment its compliance structure to ensure its operations conform to the law and Articles of Incorporation. In particular, we established the “Hitachi Chemical Standards of Corporate Conduct,” our basic code of conduct, as the common standard for the entire Group. We are sharing critical parts of other important rules and basic systems across the Group. And we are implementing an all-out effort to eliminate business dealings with anti-social forces by setting a policy which prohibits direct or indirect contact and rejects any involvement with demands from such organizations. Based on this principle, Group companies have also established their own structures for preventing association with anti-social forces by formulating the necessary rules, designating divisional responsibility and appointing Staff in Charge of Preventing Unfair Demands.

Furthermore, to secure the credibility of our financial reporting, we document our performance and objectively evaluate the effectiveness of our corporate governance in financial reporting in accordance with the COSO framework from the United States and Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting. We disclose results within the framework of the Financial Instruments and Exchange Law.

Corporate governance structure



Uncompromising commitment to compliance

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The Hitachi Chemical Group broadens the definition of compliance beyond mere adherence to laws and regulations to include corporate ethics and an employee code of conduct based on the ethical values and conscience of each individual. This stance is the core of CSR.

The Hitachi Chemical Group CSR Guidebook, which delineates appropriate behavior, was distributed to all Group employees, and we expect them to comply with the Guidebook content. We also demonstrate our uncompromising commitment to compliance by conducting internal audits.

Furthermore, the Hitachi Chemical Group Hotline was established for employees as a consultation and whistleblowing system for compliance. Requests for consultation and information are handled quickly and appropriately while protecting the anonymity of the reporter. We provide an internal hotline (the CSR Office) and an external hotline (lawyers), and we have accepted contacts through post mail, e-mail and our intranet, and from June 2009 by telephone.

• Compliance in exporting products

The Hitachi Chemical Group stringently controls exports in various divisions, including the determination of cargo restrictions by the product design and development divisions, the screening of customers and intended purposes by the sales division, and shipping control at business sites. In addition, we are endeavoring to fully comply with foreign exchange laws as well as the national security policies of each country for preventing nuclear proliferation and terrorism.

Ensuring airtight information security

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• Information security

Hitachi Chemical has established a Basic Policy for Information Security to safeguard information by clarifying the key requirements for handling information assets and systems. To prevent information leakage, specific procedures and precautions for handling information assets and systems have been compiled into Hitachi Chemical's Network Usage Manual, which is made available to all employees. Thorough compliance with listed requirements is being ensured through measures such as e-learning.

In addition, the Information Security Committee was set up to determine information security policies as well as to plan and implement related measures. We have also assigned an information security director at each site along with information asset managers and an information system administrator.

• Protecting personal information

The Hitachi Chemical Group protects personal information of customers and employees that it possesses through its Personal Information Committee as well as the designation of staff in charge of personal information protection and a personal information manager at each site.

Promoting risk management

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As an enterprise involved in wide-ranging areas and regions, the Hitachi Chemical Group faces a variety of business risks including disasters, major fires, infectious diseases, and terrorism. We constantly strive to sufficiently analyze and anticipate risks to develop plans and take action, with due consideration for potential risks at every stage of business operations and across all organizational levels.

In concrete terms, to minimize risk and effectively respond to emergencies, we have defined types of risk, the responsibilities of management and employees for preventing an occurrence of crises, the membership and activities of the Emergency Response Task Force that is organized in case of a crisis, and communication standards based on the Guidelines for Implementing Measures to Counter Risk at Hitachi Chemical.

In addition to preparing for the occurrence of a major earthquake by reinforcing our factory buildings, we have been formulating a business continuity plan (BCP) since 2007 to avoid having to suspend operations or seriously impact society even if we sustain major damage from a disaster or accident. Furthermore, in April 2008, we established a New Influenza Task Force to minimize any possible impact on employees and production activities, and in April 2009 we prepared our response to the new influenza virus (H1N1) thought to have originated in Mexico.

Risk management system and example of emergency response

