

Responsibility to Customers and Suppliers

Pursuing customer satisfaction

P16 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 the 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.html>

Pursuing quality in the manufacturing process

P16 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 are pursuing measures to further enhance the level of quality control by adopting methods such as SPC and FMEA, required by ISO/TS 16949*, into our quality management system. At the same time, each sales office seeks to research and understand the quality conditions of delivered products and customer needs, and relays this information to the development and manufacturing divisions.

* ISO/TS 16949: Particular requirements for quality management of automobile components

Quick response and prevention of product-related accidents

P16 CSR Policy 2

Hitachi Chemical has established a structure for responding to product-related accidents, including claims and defects, in order to prevent recurrence. We strive to minimize any impact on customers.

Specifically, each sales office and division immediately reports any accident to the business site, and prompt action is taken to deal with the product in question and resolve the problem.

We investigate the causal mechanism of product-related accidents in quality control meetings called “Gleanings,” in which we also discuss the effectiveness of measures for containing such mechanisms and preventing shipment of defective products. We also provide guidance for the entire Company to prevent recurrence.

Providing a stable supply of products

P16 CSR Policy 2

Hitachi Chemical has conducted seismic analysis of its factory buildings as part of its risk management and has systematically undertaken seismic reinforcement and reconstruction by prioritizing targets based on the analysis. To control risks that might lead to crises, we endeavor to grasp the needs of our customers and markets to formulate and regularly revise our BCP, so that in the event of a large-scale earthquake or fire, the supply of major products will either not be interrupted or will resume as quickly as possible after any suspension in production.

In addition, in fiscal 2008 we set up a New Influenza Task Force and implemented action plans in line with its basic policies, such as the preparation of hygiene devices to minimize any damage to employees or production operations.

Control and information disclosure of chemical substances

P16 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. 46).

Building and maintaining fair relationships with suppliers

P16 CSR Policy 8

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 sent our Primary Concepts of Purchasing Business to all suppliers to promote CSR activities across the supply chain. We also requested their understanding of our approach and cooperation with our initiatives.

Preliminary registration under the REACH Regulation* was completed in December 2008 and full-scale preparation for official registration began in fiscal 2009. We are currently seeking confirmation from suppliers on registering related materials.

* 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.

Strengthening partnerships with suppliers

P16 CSR Policy 8

The Hitachi Chemical Group implements SCM (Supply Chain Management) and reinforces relationships 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.

Close-up

Unwavering Commitment to Fair and Clean Purchasing Activities

Our internal rules clearly state our intention to forge stronger partnerships with suppliers, and we strive to fulfill our social responsibility in concert with them.

Companies have recently been required in their materials procurement to strengthen the CSR aspects of their operations, such as those pertaining to respect for human rights, compliance with legal and ethical norms, health and safety, and the environment, and are expected to demonstrate greater commitment to fair and transparent business transactions. In response, Hitachi Chemical in September 2008 revised its Primary Concepts of Purchasing Business and the Code of Conduct for Purchasing Business upon which these concepts are based, to clearly emphasize legal compliance and environmental consideration in addition to quality, delivery and price.

Revised Primary Concepts and Code of Conduct for purchasing

To provide better products to our customers, our Primary Concepts of Purchasing Business were revised to include the following:

- (1) A clear statement of the purpose of our purchasing activities as to the receiving of necessary materials from suppliers to provide such products;
- (2) A more explicit expression of our commitment to partnership, CSR, information disclosure and confidentiality;
- (3) A declaration of our intent to pursue our purchasing activities in line with the Primary Concepts of Purchasing Business, which establish our commitment to fair and transparent transactions.

In our Code of Conduct for Purchasing Business, we placed stronger emphasis on the importance of partnership, CSR, information disclosure and confidentiality in materials procurement. We also added specific examples of prohibited behavior in the articles to reiterate that employees are prohibited from receiving personal favors.

Primary Concepts of Purchasing Business

Global

Hitachi Chemical will continually provide better products to its customers using materials and related information received from suppliers within the global supply chain.

Partnership

Hitachi Chemical will seek to deepen communication with suppliers and will highly value mutual understanding and trust to build relationships of close and impartial cooperation.

CSR (Corporate Social Responsibility)

Through its purchasing activities, Hitachi Chemical will fulfill its social responsibilities in areas such as respect for human rights, compliance with legal and ethical norms, health and safety, and environmental protection.

Information Disclosure and Confidentiality

Hitachi Chemical will seek mutual disclosure and sharing of information with suppliers as required and will endeavor to control trade secrets and ensure confidentiality.

Procurement of Optimal Materials

Hitachi Chemical will procure materials that meet its requirements for quality, delivery, price, stability of supply and technological capability from suppliers with management and control capabilities for fulfilling their social responsibilities.

Consideration for Human Rights and Labor Conditions

Hitachi Chemical respects human rights and is committed to securing occupational health and safety. We expect our suppliers to also continue to pursue actions that protect safety and human rights.

All employees involved in purchasing will act in accordance with Hitachi Chemical Code of Conduct for Purchasing Business.

(Revised September 2008)

Presenting our policies to nearly 1,500 suppliers

We mailed printed copies of our revised Primary Concepts and Code of Conduct for purchasing to approximately 1,500 companies with whom we regularly do business, along with a document explaining the reasons for these policies and our request for their understanding and cooperation. In addition, staff from our Purchasing Department directly visited nearly 100 of our main suppliers to explain the content of the policies and Hitachi Chemical's approach to them. The documents were also posted to our website, where they can be referred to as needed.



Procurement site on the website

Implementing the policy toward making it common knowledge among all employees

To ensure the Primary Concepts and Code of Conduct for purchasing become common knowledge among employees, they were included on the company-wide intranet bulletin board along with a document explaining the purpose of the revisions. All employees were explicitly instructed to review them, and the information was also posted on the intranet's homepage as a regular reminder. In addition, the head of Hitachi Chemical's Purchasing Department distributed an e-mail message to all heads of procurement at Hitachi Chemical Group companies, instructing them to adhere to these basic purchasing guidelines.