

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.