

Comments from a Stakeholder



Tadashi Kunihiro

Attorney-at-law, T. Kunihiro & Co.

I have been a reader of the Hitachi Chemical Group's Sustainability Report since 2005, and consider it a well-crafted report that sufficiently fulfills the basic functions of offering an evaluation from the standpoint of various stakeholders and communicating to those stakeholders.

Also, given that companies often take on too many CSR activities to the point their impact is stretched too thin, I highly commend the Hitachi Chemical Group for the consistency with which it upholds trust and the highest standards of ethics and business integrity, which clarify the basic CSR principles each individual employee follows, enabling them to go about their daily operations with an unwavering stance.

The impact of the financial crisis caused by the Lehman Shock has reached the real economy, and many companies are suffering amid a worldwide recession. Forced to either sail or sink, a few companies will take the easy way out by disregarding CSR. Precisely because these are times of cataclysmic change, however, companies will be scrutinized to see if their CSR is simply a matter of formality or actually rooted in fundamental values. Because of these circumstances, the Hitachi Chemical Group should be considering this time as an opportunity to turn CSR into the key for overcoming difficulties. And this direction is already apparent throughout the report.

A systematic and consistent effort to protect the environment is an important aspect of CSR. As a chemicals manufacturer, the Hitachi Chemical Group is naturally required to control the risks associated with chemical substances. It is also extremely important for the company to go one step further and actively be involved in environmental conservation with a firm eye on the global environment as a whole. In that sense, it is noteworthy that the company has launched a Carbon Management Strategy and participates in and lends its support to the World Business Council for Sustainable Development and the tenth Conference of the Parties (COP 10) to the Convention on Biological Diversity. I hope the company will continue to move in these directions in the future.

Also noteworthy is the application of CSR to the supply chain. This involves an effort to thoroughly implement fair and clean procurement by revising the Hitachi Chemical Code of Conduct for Procurement and Purchasing to place greater emphasis on legal compliance and environmental considerations in addition to securing quality in product procurement. Since a company cannot exist in society on its own, this move to extend CSR activities beyond the confines of the Hitachi Chemical Group is indeed consistent with the principles of CSR.

Still, the road to achieving CSR is not a smooth one.

The fact that in March this year the company received a cease-and-desist order from the Japan Fair Trade Commission and was required to pay a surcharge for engaging in price-fixing in the sale of cross-linked, foamed polyethylene sheets shows that CSR activities undertaken over the past few years were in some respects insufficient. Compliance is at the heart of CSR, and such an incident is unforgivable, requiring the company to reflect on the overwhelming gravity of the matter. With respect to measures for the future, while it is essential to review procedures for complying with the Antimonopoly Act and to seek thorough implementation, the company must dig deeper in investigating the causes. It must ask itself why its CSR principles were not fully shared at the point of business operations leading to this result, and then formulate and execute measures based on the root cause to prevent a recurrence.

This part will be in the hands of the company. And I look forward with interest to seeing in the next report how the company has handled these tasks.