

Hitachi Chemical Co., Ltd.
ANNUAL REPORT

2017

2016.4.1 ● 2017.3.31

Working On Wonders

Surpassing conventional common sense and going beyond the field of conventional chemistry, our quest to create new “wonders” will be continued to fulfill the dreams of customers and society.

The “Hitachi Chemical Group Identity,” consisting of our “Mission,” “Founding Spirit” and the “Hitachi Chemical Group Vision,” is the globally shared structure of our philosophy and values, established to strengthen our group’s teamwork beyond regions and business fields.

CONTENTS

Hitachi Chemical’s Strength

- 03 History of Explorations Taken On by Capitalizing on Core Competencies
- 05 Exploring to Provide Value to Society
- 07 Creating a Corporate Culture for Exploring New Business Directions

At a Glance

- 09 Trends in Management Indicators
- 11 Highlights of Fiscal Year 2016

Our Strategy

- 13 Top Message
- 21 Strategy Development Process
- 23 Value Creation Process
- 25 10-year Strategy and 2018 Medium-term Management Plan

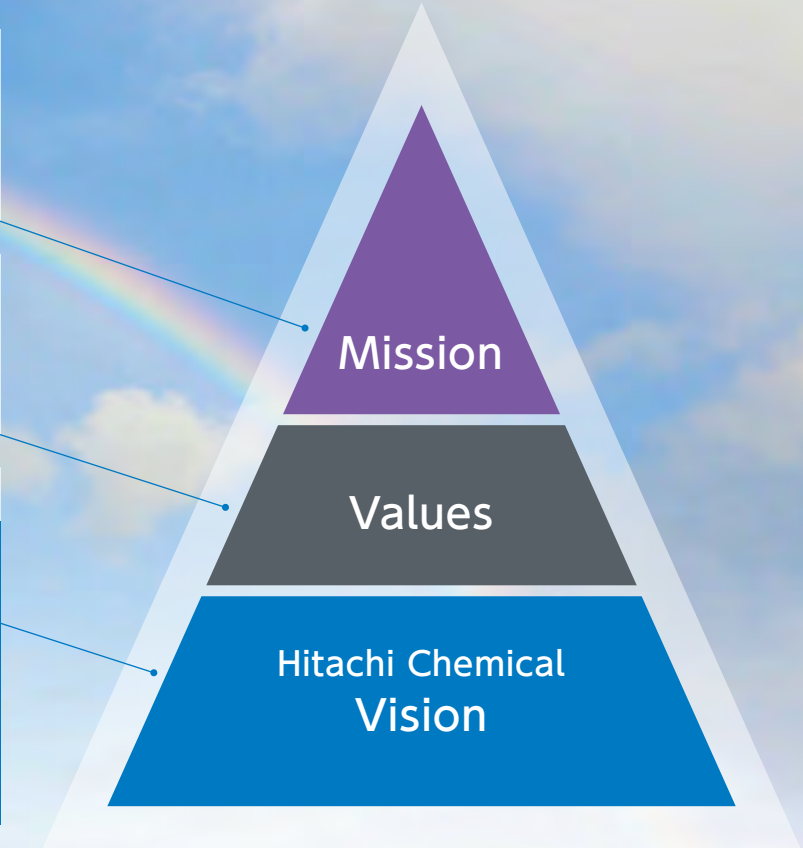
Our Initiatives

- 29 Initiatives of Key Businesses
 - 29 Functional Materials
 - 31 Automotive Products
 - 33 Energy Storage Devices and Systems
 - 35 Life Sciences
- 37 ESG Management
 - 37 Environment
 - 38 Society
 - 43 Governance
 - 47 Board of Directors and Executive Officers

Mission
Contribute to society through the development of superior technologies and products.

Founding Spirit
"Pioneering Spirit"
"Sincerity"
"Harmony"

Hitachi Chemical Group Vision
With a pioneering spirit to explore uncharted areas, we develop innovative solutions beyond the boundaries of chemistry, delivering "wonders" that exceed the expectations of customers and society.



Organizations Covered
Hitachi Chemical Co., Ltd., its 79 consolidated subsidiaries and 2 equity-method associates and joint ventures (a total of 82 companies). (As of the end of June 2017)
When the Hitachi Chemical Group as a whole is indicated, the terms "Hitachi Chemical," "the Hitachi Chemical Group," "the Group" and "consolidated" are used. The terms "the Company" and "non-consolidated" refer to Hitachi Chemical Co., Ltd.

Reporting Period
Fiscal year 2016 (April 1, 2016 to March 31, 2017)
This report also contains information regarding events of particular importance that have occurred prior to or after fiscal year 2016. Please note that "fiscal year" and "FY" refer to accounting years from April 1 to March 31 of the following year.

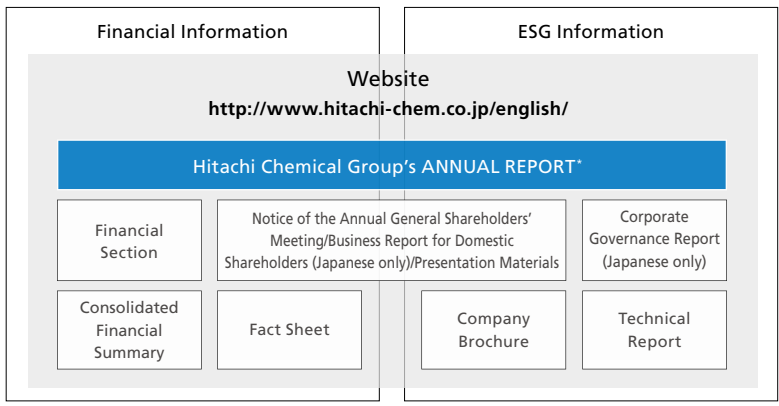
Guidelines Consulted
International Integrated Reporting Council (IIRC) Integrated Reporting Framework
GRI Sustainability Reporting Standards
Ministry of the Environment of Japan Environmental Reporting Guidelines (2012 edition).

Forward-looking Statements
In addition to information of material fact regarding the past and present activities of Hitachi Chemical, this report contains forward-looking statements concerning future plans and forecasts. Forward-looking statements are assumptions and judgments based on information available at the time of publication. Therefore, future results of business activities and events may differ from forward-looking statements due to changes in a variety of factors.

Stakeholder Dialogue
Stakeholder Dialogue is scheduled in December 2017. The dialogue will be published on Hitachi Chemical's CSR website.

Editorial Policy
The Hitachi Chemical Group's Annual Report is published each year at the end of July to help various stakeholders, including shareholders and investors, understand our activities aimed at fulfilling the Hitachi Chemical Group Vision. It is an integrated report covering our management strategy, financial information and information on environmental, social and governance (ESG) activities. This Annual Report provides an overview of the Group's medium-term policy/strategy and value creation process, in addition to initiatives in its key businesses and ESG (Environmental, Social and Governance) activities. A wide range of detailed, timely information on Hitachi Chemical is disclosed on our website. Please also make use of our other information disclosure tools.

Hitachi Chemical's Information Disclosure Tools



*For detailed financial information, please refer to the Financial Section.

Third-party Assurance of Environmental and Social data
In order to enhance the credibility of the Environmental and Social data we disclose on our CSR website, we have engaged KPMG AZSA Sustainability Co., Ltd. to provide assurance as a third party with respect to some environmental and social data (energy consumption, greenhouse gas emissions, water consumption, VOC emissions, accident frequency rate, accident severity rate, and number and proportion of female managerial positions). For the "Independent Assurance Report," please refer to our CSR website. http://www.hitachi-chem.co.jp/english/csr/independent_verification.html