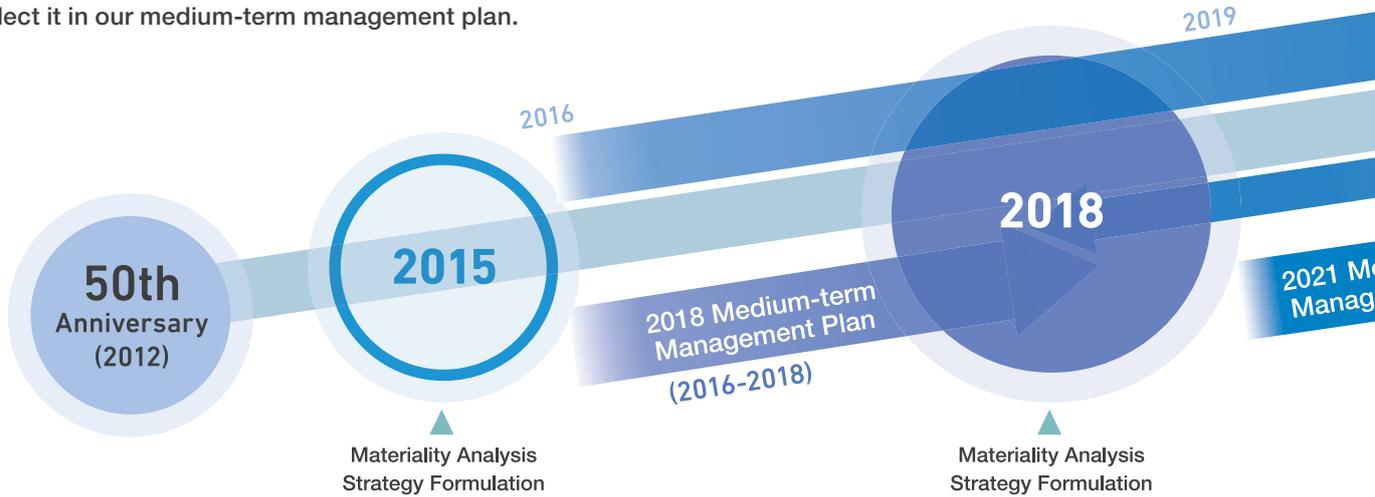


# Strategy Development Process

## Backcasting from “where we want to be in ten years’ time”

In fiscal year 2015, as a first step towards the next 50 years, we outlined our “where we want to be in ten years’ time” and settled on the 10-year Strategy to implement it. Backcasting from there, we formulated our 2018 Medium-term Management Plan. We regularly conduct gap management on the progress of this three-year medium-term management plan and review the annual plan. We also conduct materiality analysis every three years and reflect it in our medium-term management plan.



### 2012~2013 (50th Anniversary)

#### Formulating “Management Message Looks to the Future”

When we celebrated our 50th anniversary in 2012, we held a communication workshop attended by all staff members of the Hitachi Chemical Group. We formulated “Management Message Looks to the Future” by summarizing our business by anticipating 50 years in the future to the value offered, the way we want to be and our DNA that will drive our actions. The message was shared among all staff members

#### Establishment of the Hitachi Chemical Group Identity and start of WOW-BB activities

We repeated discussions by anticipating 50 years in the future. Hitachi Chemical Group Identity, consisting of our “Mission,” “Founding Spirit” and the “Hitachi Chemical Group Vision,” was established in fiscal year 2013. To embody the Hitachi Chemical Group Vision, we have started WOW-BB activities that consist of the WOW Global Awards, in which the entire Group workforce can participate to create an aggressive corporate culture, as well as our 10-year Strategy.



Hitachi Chemical becomes a powerful group with a **challenging** spirit that continuously innovates, building on individual initiatives

### 2015

#### Formulation of our 10-year Strategy and the 2018 Medium-term Management Plan

With the aim of delivering the Hitachi Chemical Group Vision, we drew a blueprint for what we want to be in 10 years’ time and formulated our 10-year Strategy for making the blueprint come true. The value that Hitachi Chemical should deliver through its operations is defined as the enhancement of quality of life (QOL) and the achievement of a sustainable environment. In this way, we pursue growth that goes beyond simply an extension of our existing growth. Starting from “where we want to be in 10 years’ time,” the 2018 Medium-term Management Plan shows where we will be three years from where we were in 2016.

#### Materiality of Hitachi Chemical (2015)

In pursuit of long-term, sustainable growth, Hitachi Chemical conducts a materiality analysis to identify the priority issues that we should undertake in the three-year period of the next Medium-term Management Plan. The analysis is utilized in our business management. The following describes the materiality analysis in fiscal 2015.





## Delivering the Hitachi Chemical Group Vision

Top Message

At a Glance

Our Strategy

Our Initiatives

### 2018

#### Formulating 2021 Medium-term Management Plan

Currently, Hitachi Chemical is committed to materiality analysis in an effort to formulate the 2021 Medium-term Management Plan. We specify materiality for the purpose of ensuring sustained long-term growth. Joined by our Executive Officers and Directors and after hearing opinions from experts, we will push forward with the materiality analysis that aims to serve as the basis or starting point of our discussion of the Medium-term Management Plan.



For the details of "Management Message Looks to the Future," refer to Hitachi Chemical's website ▶ [About Hitachi Chemical](#) ▶ [CSR](#) ▶ [Social Report Engagement with Stakeholders](#) ▶ [Stakeholders' Dialogue](#) ▶ ["Moving Ahead the Next 50 Years."](#)



For the Hitachi Chemical Group Identity, refer to [P.02](#).



For the 10-year Strategy and the 2018 Medium-term Management Plan, refer to [P.23-28](#).



For the WOW Global Awards, refer to [P.14](#).



For the 2021 Medium-term Management Plan, refer to [P.28](#).

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|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>1 Creating new businesses and products</li> <li>2 Augmenting global business expansion</li> <li>3 Resolving customer and social issues by strengthening marketing capabilities</li> <li>4 Development of technologies and products that help resolve social issues</li> <li>5 Swift decision-making and resolution of customer issues by promoting localization</li> <li>6 Implementation of strategic alliances and M&amp;A</li> <li>7 Reforms toward Niche and Cluster business models</li> <li>8 Strengthening material technology capabilities</li> <li>9 Improving productivity</li> <li>10 Improving synergy effects</li> <li>11 Strengthening supply chain management</li> <li>12 Diversified global human resources management</li> <li>13 Promoting open innovation</li> <li>14 Cultivating compliance awareness</li> <li>15 Pursuing customer satisfaction</li> <li>16 Strengthening quality management</li> <li>17 Business continuity management (BCM)</li> <li>18 Promotion of bold "WOW-BB activities" with an eye to the medium and long term</li> <li>19 Development and provision of safe, easy-to-use products</li> </ul> | <ul style="list-style-type: none"> <li>20 Providing accurate product and service information</li> <li>21 Promotion of intellectual property strategies</li> <li>22 Raise management quality to align with global expectations</li> <li>23 Environmental concerns associated with manufacturing</li> <li>24 Strengthening corporate governance</li> <li>25 Improving management transparency through appropriate information disclosure</li> <li>26 Interactive communication with stakeholders</li> <li>27 Ensure fair competitive conditions for procurement and fair supplier partnerships</li> <li>28 Strengthening and promotion of sustainable engineering</li> <li>29 Thoroughness of customer information management</li> <li>30 Resolving societal issues through strategic social action programs</li> <li>31 Actualizing fair and impartial employment opportunities and working conditions</li> <li>32 Occupational health and safety management</li> <li>33 Prevention of global warming</li> <li>34 Recycling resources</li> <li>35 Building medium- to long-term relationships with the local community</li> <li>36 Preserving local ecosystem</li> </ul> |
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#### Materiality Analysis Process

##### Step 1 Issue identification

- Analyze ESG trends both domestically and abroad, and identify key issues relevant to our business strategy
- Assessment of identified issues by external experts



##### Step 2 Priority evaluation by Executive officers<sup>\*1</sup>

- Executive Officers' evaluation of importance of issues assessed in Step 1 from the view of the Company<sup>\*2</sup> and stakeholders<sup>\*3</sup>
- Prioritize issues utilizing the materiality matrix on the left



##### Step 3 Management team approval

- Executive Officers at the level of Vice President and above, as well as Executive Officers in charge of management strategies and finance, attend a management strategy meeting to approve the priority issues.



For detailed information, refer to Hitachi Chemical's website ▶ [About Hitachi Chemical](#) ▶ [CSR](#) ▶ [Governance and CSR Management](#) ▶ [Hitachi Chemical's Value Creation and Materiality](#).

\*1: The target evaluation period has been established in conjunction with the 2018 Medium-term Management Plan.

\*2: The X axis represents importance to business and includes increased revenue and operating income, enhancement of global business, and strengthening of the management base.

\*3: The Y axis represents importance to stakeholders and includes shareholders, investors, customers, clients, suppliers, employees, local communities, the global environment, and government/public administration.