

# Updates Regarding our Response to Inappropriate Product Testing, etc.

**April 25, 2019**

 **Hitachi Chemical Co., Ltd.**

# Progress in Addressing Customers Impacted by Inappropriate Testing

(figures in parentheses represent % of total)

Category	Total	A	B	C	D	E
Hitachi Chemical	2,329 (100%)	1,876 (81%)	448 (19%)	4 (0%)	1 (0%)	0 (0%)
Domestic Group companies	127 (100%)	78 (61%)	16 (13%)	26 (20%)	0 (0%)	7 (6%)
Overseas Group companies	131 (100%)	30 (23%)	25 (19%)	51 (39%)	9 (7%)	16 (12%)
Number of Companies (Composition Ratio)	2,587 (100%)	1,984 (77%)	489 (19%)	81 (3%)	10 (0%)	23 (1%)
Ration of Consolidated Revenue (Composition Ratio)	19.6% (100%)	11.7% (60%)	5.6% (29%)	1.5% (7%)	0.4% (2%)	0.4% (2%)

(Note) A: Performance confirmation complete B: Currently conducting performance testing. However, the customer has indicated that there are no foreseeable problems. C: Have informed the customer that the company believes there are no performance problems D: Have informed the customer that the company has supplied products under the scope of investigation E: Will inform the customer that the company has supplied products under the scope of investigation

## Products Subject to Inappropriate Testing Other Than 30 Previously Disclosed (Products of group companies. No quality issues founded by internal investigations)

Category	Product name	Category	Product name
Resin material	Resin packing	Other functional materials	Resin coated sand

## Results of Development Division Investigations: No issues found in investigations of Companywide development divisions

# Creating a Fully Automated Product Testing System

**Aim:** Use automation to prevent manipulation of test data, written results, etc.

**Goals:** Complete automation by end of FY2020 at Hitachi Kasei operations offices & by end of FY2022 at Group companies (investment: 12–15 billion yen)

**Progress:** STEP 1 Results issuing system: design of procedures & system underway  
As of April 2019 STEP 2 Enabling automated transmission from measuring instruments:  
Survey of current equipment & detailed investment estimate underway

## Plan for installation of system

		Completed		Underway		Planned	
	Step	2018/4Q	2019	2020	2021	2022	
Hitachi Kasei	STEP 1 Results issuing system	Planning of project launch policy	Design of procedures/system	Installation & operation			
	STEP 2 Automated transmission	Survey of current equipment	Estimate	System design	Installation & operation		
Group companies	STEP 1 Results issuing system		Survey of current Equipment, system design	Installation for selected products	Installation for all products		
	STEP 2 Automated transmission				Survey of current equipment	Installation & operation	

Note: The above schedule and estimated investment may change due to future circumstances.

**Strengthen communication between senior management and employees through continuous messaging from management**

## **Improve compliance training**

### **Details of Training Programs**

#### **Special Compliance Classes (New)**

Workshop-based training by job rank for all employees on preventing recurrence of inappropriate incidents

#### **Specialist Professional Training (New)**

Practice-oriented training to prevent recurrence targeting QA, sales, development & manufacturing divisions (first line of defense)

**Regular Compliance Classes Taught by Lawyers (Continual)**  
**Compliance-related e-Learning (Continual)**

**Stricter enforcement of work regulations re. compliance violations**