

# Environmental Management

## The guidelines for environmental conservation

In April 1993, The Hitachi Chemical Group laid down the Action Guidelines for Environmental Protection, based on the Standards of Corporate Conduct as its basic philosophy.

In February 2005, the guidelines were totally revised from the perspective of focusing on reduction of environmental impacts in all stages of the product life cycle and fulfillment of corporate social responsibility by pursuing environmental conservation.

Based on the new guidelines, the Group draws up an action plan every year and continuously promotes its environmental conservation activities.

## The Group promoting environmental management in line with the ISO 14001

Aiming at promoting environmental corporate management and reducing environmental risks, the Hitachi Chemical Group pioneered the introduction of an environmental management system. By 2002, major group companies of the

Hitachi Chemical Group have acquired ISO 14001 certification. In 2004, the Group started preparation for transferring to ISO 14001:2004 by collecting information and restructuring the system.

Policies of the whole Group and important matters concerning environmental activities have been determined by the Environmental Management Council. From March 2005, the Across-the-Board CSR Conference was established and took over the role of the Environmental Management Council.

### Hitachi Chemical's Action Guidelines for Environmental Conservation

#### Purpose

In order to realize an environmentally harmonious and sustainable society through products and services, Hitachi Chemical is committed to meeting its social responsibilities by promoting globally-applicable "MONOZUKURI" (designing, manufacturing or repairing of products), which is aimed at reducing environmental burdens of products throughout their entire life cycles, ensuring environmental conservation.

#### Action Guidelines

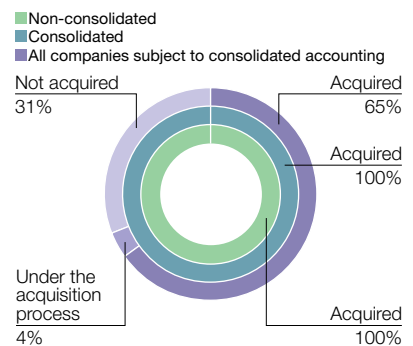
1. Global environmental conservation is a critical challenge shared by all humans. Hitachi Chemical is committed, therefore, to fulfilling its responsibilities by assisting in the realization of an environmentally harmonious and sustainable society as one of its management priorities.
2. Hitachi Chemical will make efforts to contribute to society by developing highly reliable technologies and production processes, while identifying needs considering concerns related to global environmental conservation and limited resources.
3. Members of the board in charge of environmental conservation are responsible for facilitating appropriate environmental conservation activities. Departments responsible for environmental conservation should endeavor to promote and ensure environmental conservation activities, including improving environment-related rules and regulations and setting goals for environmental burden reduction. These departments should also confirm that their environmental conservation activities are conducted in a proper manner and ensure that these activities are maintained and improved.
4. Hitachi Chemical will promote globally applicable MONOZUKURI with the aim of reducing environmental burdens at every stage, including

product research and development, design, production, distribution, sales, usage, and final disposal.

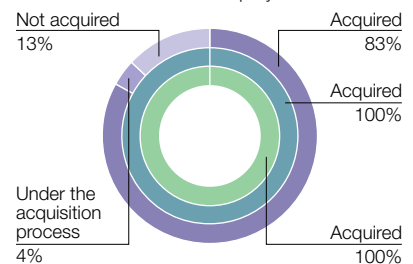
5. Hitachi Chemical will investigate and review the environmental impact caused in the course of its MONOZUKURI processes. Hitachi Chemical will also introduce excellent technologies and materials useful to safeguard the environment, in other words, to reduce environmental burdens through energy and resource saving, chemical substance management, recycling, and other measures.
6. Hitachi Chemical's environmental conservation efforts are not only to be focused on observing international environmental regulations and those of national and local governments, but also on conserving the environment by implementing voluntary environmental standards when necessary.
7. Regarding globally-applicable MONOZUKURI activities, impact on the local environment and community are to be considered. In addition, measures that meet local communities' requests should be implemented.
8. Hitachi Chemical will educate its employees on the observance of environment-related laws, raise their environmental awareness, and encourage their interest in society at large and broad-based environmental conservation activities.
9. Hitachi Chemical will evaluate potential environmental problems and prevent them from occurring. In the event that any environmental problem occurs, Hitachi Chemical will take appropriate measures to minimize the impact on the environment.
10. Hitachi Chemical will make efforts to disclose information on its environmental conservation activities to its relevant stakeholders. Hitachi Chemical will also actively communicate with these stakeholders so as to strengthen mutual understanding and forge cooperative relationships with them.

## ISO 14001 acquiring ratio

Ratio of sites

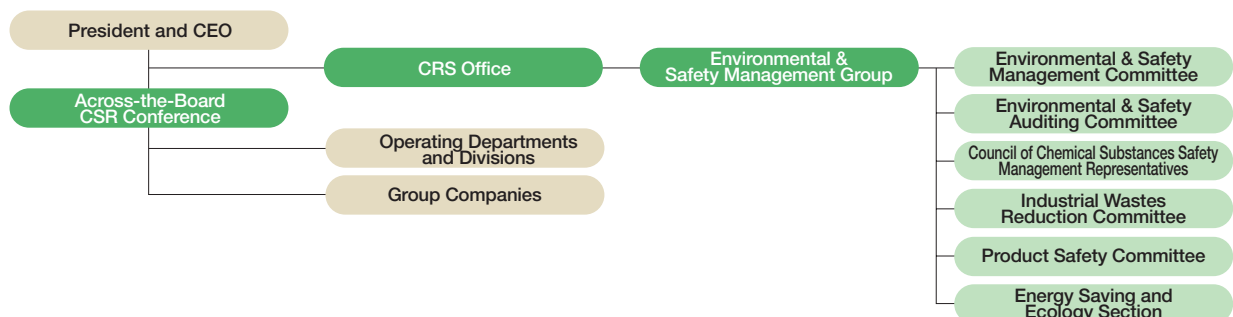


Ratio of the number of employees



Monozukuri literally means "manufacturing." In this context, it means the entire process of creating value in products and services we produce.

## Environmental Management Structure



## Conducting regular environmental audits

The Hitachi Chemical Group conducts more than one internal audit and one external audit a year based on ISO 14001 standards. The internal audit shall be based on the audit check sheet. To ensure objectivity and fairness, internal auditors are selected from outside the targeted sections and from other sites. External certification bodies carry out the external audits.

Each site takes corrective actions against deficiencies pointed out through the audit to minimize risks and to reduce environmental impacts.

### External Examination on Hitachi Chemical Head Office

In the external examination held in May 2004, the overall evaluation given was "improved" due to the clarification of the environmental impact evaluation procedures and information flow, the environmental management structure enhanced by the establishment of the CSR Office, achievement of objectives/targets. Achievement of zero emissions by the whole Company and achievement of 60% in the ratio of green products in sales, in particular, were highly evaluated. In 2004, the head office promoted the activities as a hub of the Company for further improvement, including the expansion of Hitachi Chemical's initiative to group companies as well as enhancement of the Social and Environmental Report.

## Environmental CSR-Compliant Monozukuri Standards Established

The Hitachi Chemical Group established the Environmental CSR-Compliant Monozukuri Standards in March 2005. The standards clarify the important matters in terms of environmental conservation in each process of the product life cycle: energy saving, resource saving, recycling, and chemical substance control.

The Group will appoint a manager responsible for the promotion of the standards at each site and group company

and establish the management structure to respond to customer needs as well as to comply with the current and future laws and regulations. In 2005, the Group will also establish a Committee for Environmental CSR-Compliant Monozukuri and cross-sectional working groups, which are responsible for production, procurement support, group support, and construction of computer aided systems.

## Roles of the Committee for Environmental CSR-Compliant Monozukuri and Working Groups

