

Environment Consciousness in Material Procurement

Promoting green procurement under the cooperation of partners

The Hitachi Chemical Group promotes green procurement to preferentially purchase products, parts, and raw materials that exert less impact on the environment. As the Group considers that comprehensive cooperation with suppliers is indispensable for this initiative, we drew up the Green Procurement Guidelines in 2001.

Green Procurement Guidelines

1. Chemical Substance Control

Suppliers are asked to make sure that they do not use or include any substances prohibited by law (Law Concerning the Examination and Regulation of Manufacture etc. of Chemical Substances (first class), Occupational Health and Safety Law (prohibition of production) and Law Concerning the Protection of the Ozone Layer through the Control of Specified Substances and Other Measures) in their products. When the Hitachi Chemical Group voluntarily specifies controlled substances independently of laws, your cooperation in providing information, reduction of content, prohibition of use, or use of substitutes would be appreciated.

2. Resource Saving and Recycling

Suppliers on inclusion of components or equipment are asked to choose raw materials easier to recycle. Please pay attention to reducing in weight and size as well as the structure, which should be easily disassembled to recyclable components.

3. Energy Saving

Suppliers are asked to continuously improve energy consumption per unit of production for electricity and fuel and on standby.

4. Waste

Suppliers are asked to reduce the volume of waste generated from the production process. If you want to use recycled materials for production, we are ready to extend cooperation in the evaluation of the quality.

5. Containers and Packaging

Suppliers are asked to examine the possibility of switching from disposable containers to recyclable ones. Please promote the adoption of recyclable or recycled materials for packaging.

6. Distribution

Suppliers are asked to minimize CO₂ and other gas emissions during transportation. Please let the cargo always be attached with the Yellow Card.

7. Provision of Information

Suppliers are asked to provide detailed information in the Material Safety Data Sheet (MSDS). Your cooperation would be appreciated, when you provide the information on the product, related to environmental protection, including chemical substance content in time of need.

Efforts to reduce environmental impacts in liaison with suppliers

Based on the Green Procurement Guidelines, the Hitachi Chemical Group expands the ratio of purchase from suppliers who have established environmental management systems, purchases products with the Eco Marks, and investigates hazardous chemical substances contained in raw materials.

Hitachi Chemical confirmed successful elimination of six chemical substances subject to the EU's RoHS Directive *1 from 2,476 procured materials by 2004. At the same time, the Company requested submission of an agreement and a certificate for elimination of the six substances from materials purchased from suppliers. The ratio of material with the certificates in weight reached 38%.

The ratio of suppliers having the ISO 14001, JISQ14001, HI-KES, or any relevant environmental management system (green supplier ratio *2) was 61%. The Group aims at achieving 100% of the ratio in 2006.

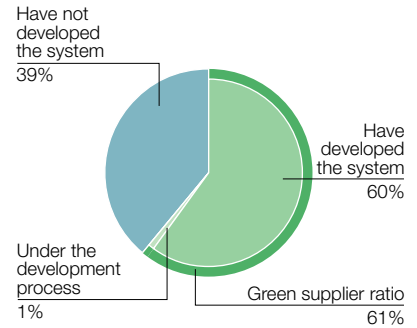
Office and stationery supplies are also subject to the green procurement where the Group purchases goods compliant with the Eco Mark and the Law on Promoting Green Purchasing. In 2004, the ratio of green procurement was 56% on a non-consolidated basis and 38% on the consolidated bases. An electronic ordering/purchasing system "e-sourcing" is used for all procurement activities in the Group to seek efficiency in green procurement.

*1 RoHS (Restriction of the use of certain

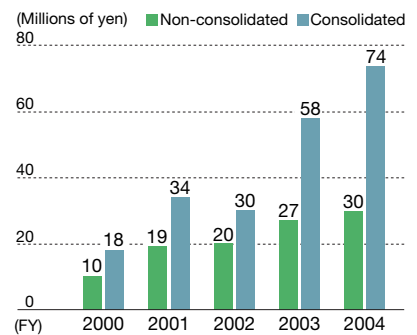
Hazardous Substances in electrical and electric equipment) Directive: Restricts the use of six hazardous substances—hexavalent chromium, cadmium, mercury, lead, polybrominated biphenyl (PBB), and polybrominated diphenyl ether (PBDE)—in electrical and electronic equipment in EU.

*2 Green supplier ratio = number of companies with an environmental management system (including the companies in the development process)/number of major suppliers

Ratio of suppliers with/without an environmental management system



Amount of green procurement of office equipment



Ratio of green procurement of office equipment

