

Occupational Safety and Health

Occupational safety and health management in line with OSH-MS promoted by the whole Group

The Hitachi Chemical Group utilizes the Occupational Health and Safety Management System (OSH-MS), identifies dangerous work by risk management, and promotes improvement of such work. It also ensures substantial safety in facilities and implements such safety activities as the Safety Training Observation Program (STOP) developed by E. I. du Pont de Nemours and Company, Risk Prevention Training (KYT), and the "Hiyari-Hatto" (Near-Miss) program.

Originally, the Environmental Management Council determined the policies concerning occupational safety and health for the whole Group. From March 2005, the Across-the-Board CSR Conference was established and took over the role. Cross-sectional organizations such as the Environmental and Safety Auditing Committee, responsible for environmental safety and health, and Security Auditing Committee, responsible for safety of the newly introduced equipment, promote each individual activity.

Improving safety through introduction of ISO 12100 and establishment of OSH-MS

In the Hitachi Chemical Group, the number of lost-work day injuries and illnesses amounted to one on a non-consolidated basis and nine on a consolidated basis in 2004, showing a substantial increase from one and four, respectively, in 2003. The occupational accident rate was 0.15 on a non-consolidated basis and 0.4 on a consolidated basis.

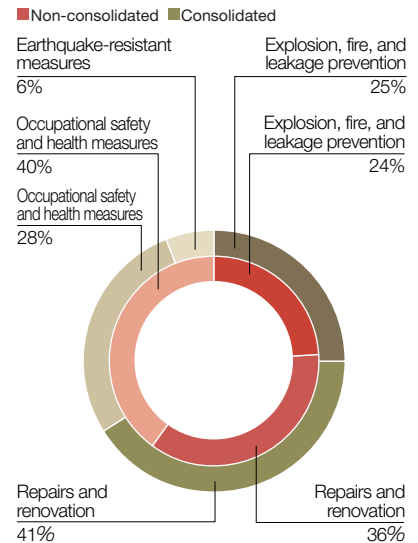
Based on the circumstances, the Group will commence a new approach from 2005 for continuous activities in pursuit of safety. Specifically, it will adopt the international safety standard ISO 12100 and other standards, which ensure substantial safety for machines and facilities based on the standard, and establishes the structure for achieving no accidents and no disasters by establishment of a safety management system based on the OSH-MS. At the same time, overseas group companies will establish an environmental and safety audit system, implement audits, introduce danger simulation training*, and enhance manager/supervisor education as well.

* **Danger simulation training:** Participants simulate dangerous work using machines and facilities to ensure the basics of safety again.

Continuing safety and disaster prevention investment including repairs and renovation

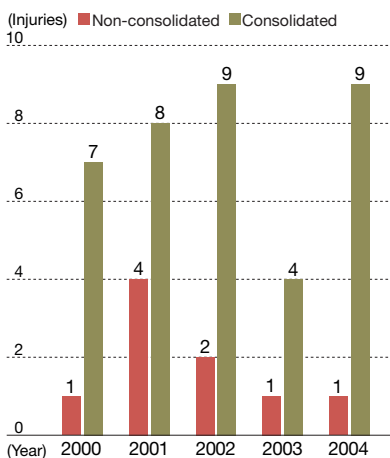
In 2004, ¥300 million was invested on a non-consolidated basis, while ¥1.3 billion was invested on a consolidated basis, for repairs, renovations, and other measures. Accumulative investment in this field by Hitachi Chemical has amounted to ¥5.9 billion since 1990.

Breakdown of safety and disaster prevention investment

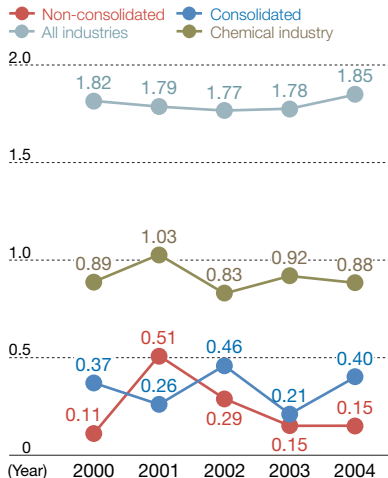


The data on safety and disaster prevention investment are collected within the range of environmental impact data collection. (See page 1)

Number of lost-work day injuries and illnesses

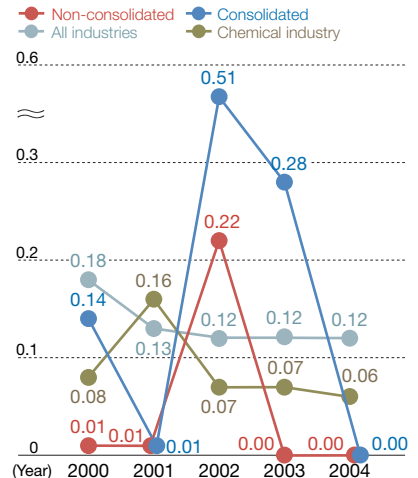


Occupational accident rate*



* **Occupational accident rate:** Number of persons dead or injured by industrial accidents per one million hours of labor.

Severity rate*



* **Severity rate:** Workdays lost per 1,000 hours of labor due to lost workday injuries and illness.

CSR Management

In the Market

For the Global Environment

With Employees

In Society

Occupational Safety and Health

Implementing regular safety audits based on the Group's original auditing data

The Hitachi Chemical Group prepares environmental and safety auditing data as the Group's original data with regard to the environment, disaster prevention, safety and health, and chemical substances. Based on this, the Environmental and Safety Auditing Committee applies a documentary examination of production sites, R&D, quality and physical distribution divisions, as well as an audit based on the OSH-MS, all are conducted annually. In 2004, 66 sites (including 4 sites overseas) were audited in total.



Safety audit at Miharu Works of Hitachi AIC Inc.

Occupational safety education utilizing various tools

The Hitachi Chemical Group analyzed past accidents and their causes to define the Ten Safety Principles. They are clearly stated on a handy card and distributed to all employees. Education on occupational safety and health is provided using such tools as the Focus of the Occupational Safety Audit.



Developing countermeasures against accidents through emergency drills and education at each site

The Hitachi Chemical Group has its self-firefighting teams to prevent or be prepared for sudden disasters and accidents, including fire and windstorm, and flood. The teams conduct regular drills voluntarily and participate in joint drills organized by the municipalities so as to be completely prepared for any emergency.

Expressing deep remorse for a serious accident at Shimodate Works of Hitachi Chemical on November 14, 1982*, the Group designated the day as the Group's disaster prevention day to renew our pledge for disaster prevention and safety. In addition, May 14 is also designated as a disaster prevention day at each site. The week including these two days is respectively prescribed as disaster prevention week. During this week, the Group carries out comprehensive disaster prevention drills and other events to review its disaster prevention management schemes and safety facilities as well as to raise employee awareness of safety.

An annual presentation on the environment, safety, and health is held. This is targeted for managers and supervisors and designed to improve the level of safety and health through presentations of improvement in such areas and information exchange.

* A serious accident occurred at Shimodate Works of Hitachi Chemical on November 14, 1982: Solvent exploded into flames in a duct of the production process for laminated sheets. One person was slightly injured.



Comprehensive disaster prevention drill at Yamazaki Works of Hitachi Chemical on the disaster prevention day

Report on the fatal accident at Hitachi Chemical (Johor) Sdn. Bhd.

On November 11, 2004, a fire broke out during plant removal and cleaning at Hitachi Chemical (Johor) Sdn. Bhd., Malaysia. Five local employees were scalded and were hospitalized, and one out of five was killed. The Hitachi Chemical Group took the accident seriously as an important failure of safety management. After this accident, the Group reviewed the operational standards, reeducated employees, and conducted environmental and safety audits on four manufacturing sites at three companies in Southeast Asia. From 2005, at home and abroad, the Group is committed to ensuring substantial safety and reducing potential risks for machines and facilities, as well as enhancing safety and health management standards, through the introduction of international safety standards (ISO 12100, etc.) and OSH-MS. The overseas group companies, in particular, will establish a mutual safety audit system* for each regional bloc and implement measures so that we will never be involved in serious accidents any more to prevent serious accidents from happening.

* Mutual safety audit system: The overseas manufacturing companies are divided into three blocs: Southeast Asia, Dongguan (China) and others. Persons qualified as an environmental and safety auditor will audit the sites within the bloc for each other.