

Comment from a Stakeholder



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Hitachi Chemical has built up communication efforts, starting from the “Responsible Care” Environment, Safety and Health Report in 1999, evolving to the Environmental Report and then to the Social and Environmental Report. The Sustainability Report of 2005 can be stated as the first step toward a new phase. This is a natural result of the awareness within the Company that recognizes corporate social responsibility (CSR) activities as the corporate activities themselves, and a reputation as trustworthy as a value the Company should protect and nourish. The fact that the Company defined the Sustainability Report, explaining the current status of environmental conservation, social contribution, occupational safety, corporate ethics and compliance; and the Annual Report, referring to the present situation of corporate management, business, R&D and financial status, as the two major reports, eloquently expresses the corporate philosophy of Hitachi Chemical.

1. Achievement (Points to be appraised)

Establishment of the CSR Policy of Hitachi Chemical Group and CSR Behavioral Objectives, along with the issuance of the CSR Guidebook and other documents, play an important role in sharing recognition of the next phase. Building a CSR management system that comprehensively incorporates the Across-the-Board CSR Conference, CSR Office, and other management systems in the fields of environment, safety, risk management, and export regulation should be effective in implementing CSR activities under a unified philosophy in the future.

Under clear objectives, the Group endeavored to increase the number of green products, to reduce emissions of chemical substances and industrial wastes, and to improve CO₂ emissions per unit production, and achieved good results. In addition to

such performance, it is very impressive that the Group has set the establishment of the foundation for the future as its objective, including construction of the Comprehensive Control System for Chemical Substances under the principle of Hitachi Chemical's Action Guidelines for Environmental Conservation advocating prevention and voluntary standards. It is also worthy of attention that it compiled the Environmental CSR-Compliant Monozukuri Standards and used them to liaise risk minimization and reduction of environmental impact with creation of competitive products.

Under the policy of fair and faithful business, Hitachi Chemical enhanced transparency by opening a procurement page on the website, and improved fairness by using objective assessments to select suppliers. It has also concretely stipulated in the Primary Concepts of Purchasing Business that the Company pays attention to human rights and labor conditions in all stages of the supply chain, respecting human rights and observing a high level of corporate ethics as a good corporate citizen. I look forward to seeing the future results of such policies.

2. Issues (Points where effort should be exerted)

This is only the very first step. It is important to clarify the issues and tackle them step by step toward the realization. It is necessary to establish CSR activities as an indispensable part of corporate activities and to create a system where activities are constantly improved with the PDCA cycle.

As a middle-stream company, and as a company that handles and provides a variety of chemical substances, it is essential to ask for the cooperation of partners, to share the awareness of its corporate social responsibility, and to expand the liaison with a broad range of related

companies, in order to promote risk minimization and reduction of environmental impacts. It is vital as a primary step to strengthen the basis within the range of consolidated companies to promote consistency and consolidation of information.

Disclosure of negative information including an accident abroad deserves praise. The report is well compiled for easy understanding, especially sections like “Results and Plans of the Hitachi Chemical Group's CSR Activities” and “Environmental Targets and Results.” But some sections need improvement. The pages on the “Examples of green products” are specific and interesting, but I would like to know more about the methods and standards of green product assessment. The table of “Chemical substances handled, emitted and transferred by the Hitachi Chemical Group” should be improved to explain what we should read and understand from it.

3. Expectation (Points to be challenged)

As a whole, I would like to point out several items to which I expect more information. In the chapter “With Employees,” I expect a further challenge in the report by introducing the process in which employees grow as valuable and professional human resources within and outside the Company from the viewpoint that education in the workplace can surpass that of school. In the chapter “In Society,” I expect a more substantial report on fair and faithful business activities and on how the Company is concerned about communication with young stakeholders and the rearing and education of the next-generation.

Lastly, considering that the basis of a chemical manufacturer is to handle chemical substances, I expect it to strengthen and systemize its scientific knowledge of the substance and grasp its material balance, as well as to cultivate human resources who can independently evaluate and choose methods on their own.