

Risk Management

Risk Management based on the Guidelines for Implementing Measures to Counter Risk

Under philosophies of self-defense and respect for human life, Hitachi Chemical set up the "Guidelines for Implementing Measures to Counter Risk at Hitachi Chemical" in November 1995. The aim of this Guideline is reducing risks that hinder the business, and implementing appropriate measures in emergency situations.

The Risk Management Group of the CSR Office plays a leading role. It develops the system for prevention of crisis, contingency plan and the preventative measures in collaboration with internal relevant divisions and Risk Management Department of Hitachi, Ltd. If necessary, it cooperates closely with external organizations/specialists, including the authorities and lawyers. Also, it collects and analyzes security information, which is issued by

Hitachi, Ltd. and the Ministry of Foreign Affairs, on various countries and regions all over the world; and provides it to the person in charge of risk management at each division and group company.

Reducing risks by analyzing all the possibilities

The heads of the divisions or the representatives of group companies shall examine all business-related risks and possibilities of crisis; and plan/implement the preventative measures and the contingency plan. Based on that, each division and group company implements preventative measures including training and audit.

Contingency Plan

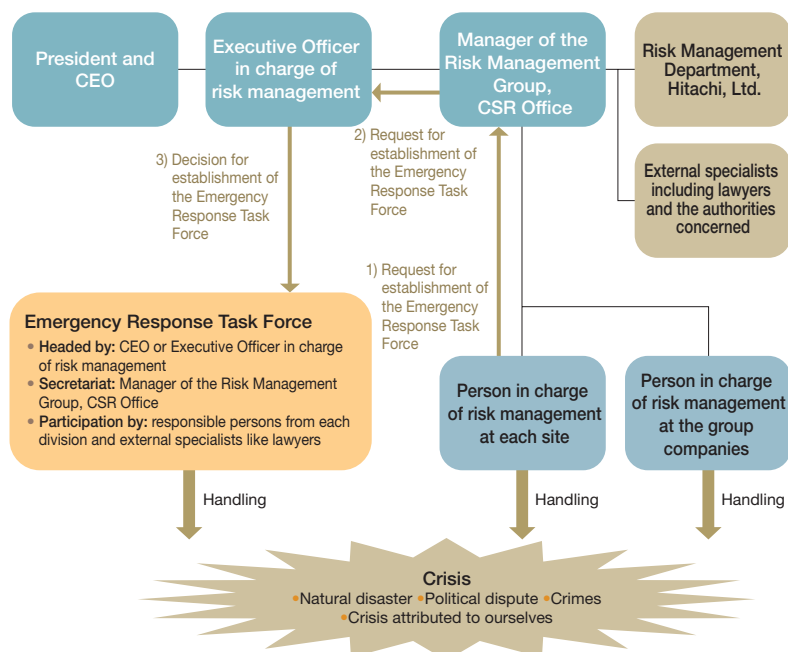
In case of crisis, the head of the division, or the person in charge of risk management shall measure the scale and influence of the crisis; and

communicate the state of affairs to the Manager of the Risk Management Group. When the responsible person for the division determines that the crisis can be handled within the division, he/she shall address the affairs in accordance with the manual specified by the division and report the details to the Manager of the Risk Management Group.

If the responsible person determines that it cannot be handled within the division, he/she shall request, through the Manager of Risk Management Group, to set up the Emergency Response Task Force headed by the Executive Officer in charge of risk management.

This Task Force consists of responsible persons from each division under the supervision of the Chief Executive Officer and the Executive Officer, and invites external experts including corporate lawyers to solve the affairs promptly and appropriately.

Risk Management System and Example of Measures against Crisis



Introducing the Safety Confirmation System in Case of Disaster including Big Earthquakes

In October 2004, the headquarters of Hitachi Chemical introduced the Safety Confirmation System, which distributes earthquake information to all registered mobile phones (email addresses) in case of earthquake of magnitude 5 or above and confirms the safety of the each owner by answering simple questions. The system is designed to speed up the countermeasures against the disaster by checking the safety of employees in the shortest possible period of time. On the company-wide disaster prevention day in November 2004, a drill was conducted for the system.