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Forward-Looking Statements

This report includes predictions for the future based on the plans and prospects as of the date of issue, in addition to the past and present facts about the Hitachi Chemical Group. The predictions are the results of assumptions or judgments based on the information that available when this report was prepared. Therefore, the results of future business activities or phenomena that may occur in the future may be different from the predictions if any condition changes.

Editorial Policy

The Sustainability Report 2006 summarizes the corporate social responsibility activities of the Hitachi Chemical Group for our stakeholders and consists of three chapters: CSR Management, In Partnership With People, and For the Global Environment. Each chapter of the report describes concrete activities carried out in 2005. Through this report, the Group intends to encourage communication with stakeholders and further enhance its CSR activities.

● Period covered

This report covers fiscal year 2005, from April 1, 2005 to March 31, 2006, as well as including some reports for previous years and future targets.

● Organizations covered

Basically, the report covers Hitachi Chemical Co., Ltd., and the 62 consolidated subsidiaries. Environmental impact data was collected from the companies listed below.

The terms "Hitachi Chemical," "the Company," and "non-consolidated," as used in statements or diagrams appearing in this report, refer solely to Hitachi Chemical Co., Ltd., while "the Hitachi Chemical Group," "the Group," and "consolidated" refer to the entire Hitachi Chemical Group.

In the text, "Hitachi Chemical" and "the Company" are used to refer to Hitachi Chemical Co., Ltd., whereas "the Hitachi Chemicals Group" and "the Group" refer to the consolidated group.

Environmental impact data are collected from the following 16 business entities, representing 37 business sites:

Hitachi Chemical Co., Ltd., Shin-Kobe Electric Machinery Co., Ltd., Hitachi Powdered Metals Co., Ltd., Hitachi AIC Inc., Hitachi Housetec Co., Ltd., Japan Brake Industrial Co., Ltd., Namie Japan Brake Industrial Co., Ltd., Hitachi Chemical Automotive Products Co., Ltd., Hitachi Kasei Polymer Co., Ltd., Hitachi Chemical Filtec Inc., Hitachi Chemical Industrial Materials Co., Ltd., Hitachi Chemical Coated Sand Co., Ltd., Hitachi Chemical (Singapore) Pte Ltd., Hitachi Chemical (Johor) Sdn. Bhd., Hitachi Chemical Co. (Taiwan) Ltd., and Hitachi Chemical (Dongguan) Co., Ltd.

● Scope of the report

This report covers the social and environmental aspects of the policies, plans, efforts, and results of the Hitachi Chemical Group, based on a "triple-bottom line" philosophy, with reference to "Sustainability Reporting Guidelines 2002" issued by the Global Reporting Initiative (GRI) and "Environmental Report Guidelines (fiscal 2003)" issued by the Ministry of the Environment of Japan.

Report Publication

The Hitachi Chemical Group has released similar reports each year since 1999, when the first Environmental, Safety and Health Report was issued. The title and format of subsequent reports was changed to reflect the expanding scope of report content, including the publication of the Environmental Report in 2003; the Social and Environmental Report in 2004, which encompassed social, environmental and economic concerns; and the Sustainability Report in 2005, which presented the status of corporate social responsibility activities for the Group. Both Japanese and English language editions of the Sustainability Report 2006 were issued in July 2006. The 2007 edition is scheduled to be published in July 2007.

The Group reports on the status of its corporate activities through its website and the following annually published reports:



Annual Report

Annual Reports disclose the Group's financial condition and related management and business strategies, primarily focused on the interests of shareholders and investors. It includes discussion on management, business and financial conditions in the fiscal year under review and explains medium-term management and business policies.

IR

<http://www.hitachi-chem.co.jp/english/ir/index.html>

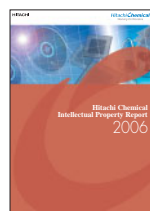


Sustainability Report

This report presents information for all stakeholders on the status of corporate social responsibility policies and activities in the year under review, including environmental preservation, social contributions, occupational safety, business ethics, and compliance.

CSR

<http://www.hitachi-chem.co.jp/english/csr/index.html>



Intellectual Property Report

This report summarizes the Group's R&D activities and intellectual assets, including policies on basic technologies and R&D as well as the acquisition and management of intellectual property. It also explains our R&D programs and the current status of patent applications and ownership.

R&D

<http://www.hitachi-chem.co.jp/english/company/technology.html>