

The Entire Group Promotes CSR Activities Guided by Action Plans

Based on the Group CSR Policy, the entire Hitachi Chemical Group develops action plans every year and utilizes the PDCA (Plan–Do–Check–Act) cycle to improve overall CSR performance.

CSR Policy of Hitachi Chemical Group

1 Commitment to Corporate Social Responsibility (CSR)

The Hitachi Chemical Group, including all its executives and employees, recognizes CSR as a vital part of corporate activity and is fully committed to carrying out its social responsibility in accordance with this CSR Policy for the sustainable development of society and business.

2 Contribution to Society through Our Business

The Hitachi Chemical Group will contribute to the realization of a prosperous and vibrant society by providing safe, high-quality products and services through business activities based on its superior research, technology and product development.

3 Disclosure of Information and Stakeholder Engagement

The Hitachi Chemical Group will disclose information of legitimacy and transparency in order to maintain and develop a relationship of trust with its various stakeholders, and act responsibly towards them through various means of communication.

4 Corporate Ethics and Human Rights

The Hitachi Chemical Group will undertake its business based on the principles of fairness and sincerity, act with the utmost respect for human rights and pursue a high standard of corporate ethics in the global business environment encompassing diverse cultures, morals, ethics, and legal systems.

5 Environmental Conservation

The Hitachi Chemical Group will strive to minimize environmental footprints and utilize resources towards the development of a sustainable society that is in harmony with the environment.

6 Corporate Citizenship Activities

The Hitachi Chemical Group will promote social contribution activities as a good corporate citizen in order to realize a better society.

7 Working Environment

The Hitachi Chemical Group will make every effort to create a pleasant and motivating working environment for all its employees and to fully support those employees who are capable of carrying out self-fulfillment and self-development through their work.

8 Responsible Partnership with Business Partners

The Hitachi Chemical Group will make every effort to promote fair and sound business practices among our business partners by fostering a common awareness of social responsibility.

CSR Behavioral Objectives and Results 2005

Objectives	Results	Self-evaluation	Relevant pages	
Assumption of CSR by the total company and group				
<ul style="list-style-type: none"> Initiative demonstrated and examples given by management 	<ul style="list-style-type: none"> Top management actively promoted CSR. 		—	
<ul style="list-style-type: none"> Strengthening corporate governance 	<ul style="list-style-type: none"> The Committee Systems advanced a high level of objectivity and transparency in management. 		P7	
<ul style="list-style-type: none"> Enhancing internal control according to the COSO framework 	<ul style="list-style-type: none"> An internal control system was restructured based on the COSO framework. 		P7	
<ul style="list-style-type: none"> Enhancing and establishing the CSR promotion system 	<ul style="list-style-type: none"> CSR activities were promoted throughout the group by establishing committees for each category of activity. 		P8	
Product development based on strength and business activities on agility				
<ul style="list-style-type: none"> Product development by high level, wide-ranging material and processing technologies 	<ul style="list-style-type: none"> Strategic Development Projects based on our technology platform for materials were strengthened. 		Annual Report Intellectual Property Report	
<ul style="list-style-type: none"> Increasing the number of environmentally friendly products 	<ul style="list-style-type: none"> The environmental CSR-compliant Monozukuri was promoted. The sales ratio of environmentally friendly products reached 81% against the goal of 80%. 		P29 P30	
Information disclosure and dialogue				
<ul style="list-style-type: none"> Disclosing information fairly and transparently 	<ul style="list-style-type: none"> Site reports on CSR and environmental issues were issued in two out of the four Hitachi Chemical entities and in three Group companies. 		P20	
<ul style="list-style-type: none"> Having an opportunity for stakeholder dialogue 	<ul style="list-style-type: none"> Communication with local communities was reinforced through information sessions and factory tours. 		P20	
Good corporate citizen				
<ul style="list-style-type: none"> Improving the level of compliance through CSR education 	<ul style="list-style-type: none"> CSR Introduction Sessions were held targeting all employees; 1,072 people were trained. English, Chinese, and Korean versions of the CSR Guidebook were issued. 		P8 P9	
<ul style="list-style-type: none"> Audit and verification through the internal reporting system 	<ul style="list-style-type: none"> Internal audits were implemented on compliance, export controls, and CSR. 		P9	
<ul style="list-style-type: none"> Behavior based on the understanding of diversity in people and cultures 	<ul style="list-style-type: none"> Human rights education programs were implemented. 		P15	
Contribution to a sustainable global environment				
<ul style="list-style-type: none"> Efforts toward reduction of environmental impact 	<ul style="list-style-type: none"> Preventing global warming Controlling chemical substances 	<ul style="list-style-type: none"> CO₂ emissions resulted in approximately 447,000 tons, exceeding the goal of 416,000 tons for the year 2005. Emissions of chemical substances (substances subject to PRTR law + substances under voluntary management) resulted in 2,036 tons, exceeding the goal of 1,559 tons for the year 2005. 	 	P37 P35
	<ul style="list-style-type: none"> Reducing wastes Compliance with laws and regulations on a global scale 	<ul style="list-style-type: none"> Zero-emission was achieved in 29 sites, including eight additional sites. We complied with environmental legislation such as RoHS and provided necessary information to customers about the chemical composition of products. 	 	P39 P29
Contribution to realization of affluent human life and improved society				
<ul style="list-style-type: none"> Contributing to local communities 	<ul style="list-style-type: none"> Local cultural events and sports activities (table tennis classes, marathon races, archery tournaments) were supported. 		P19	
<ul style="list-style-type: none"> Supporting environmental conservation activities 	<ul style="list-style-type: none"> Environmental protection activities were supported through the Hitachi Environmental Foundation and clean-up campaigns were implemented. 		P19	
<ul style="list-style-type: none"> Contributing to global society 	<ul style="list-style-type: none"> Social activities were supported through the Hitachi Foundation, and an anti-drug campaign were implemented in an overseas Group company. 		P19	
Creation of an ideal working environment				
<ul style="list-style-type: none"> Creating a safe and comfortable working environment 	<ul style="list-style-type: none"> Accidents and disasters led to twelve cases of lost workday injuries for 2005, compared to the goal of zero. 		P17	
<ul style="list-style-type: none"> Improving the working atmosphere for every worker 	<ul style="list-style-type: none"> Support systems for balancing of work and childcare/nursing were publicized on the corporate intranet. 		P16	
<ul style="list-style-type: none"> Cultivating human resources who will be the driving force of the next generation 	<ul style="list-style-type: none"> Education concerning compliance, etc. was provided through the Internet. 		P16	
Business activities with consideration given to the total supply chain				
<ul style="list-style-type: none"> Promoting fair and sound business activities 	<ul style="list-style-type: none"> Business explanatory meetings at our sites and supplier surveys were held; feedback was incorporated into procurement activities. 		P14	
<ul style="list-style-type: none"> Liaising with suppliers and partners in the field of environment and human rights 	<ul style="list-style-type: none"> Suppliers were supported in the establishment of environmental management systems, resulting in a 9% increase in the "green suppliers" ratio compared to the previous year. Thorough control of chemical substances was enforced in procured items. 	 	P33 P33	

Self-evaluation Significant result Expected result Lower-than-expected result

CSR Action Plans for 2006

Promoting voluntary CSR activities and fully launching internal controls

- Developing and implementing CSR policies tailored to the features of each section and Group company.
- Fully launching internal controls based on the COSO framework within the entire Group.

Promoting business activities that realize sustainability

- Promoting businesses, technologies, and product development that contribute to the sustainable development of society and the global environment.
- Promoting day-to-day CSR activities initiated in the workplace.

Reinforcing and establishing information disclosure and dialogue

- Disclosing information with high transparency in an honest and timely manner.
- Reinforcing and establishing dialogue with stakeholders.

Ensuring the fair and conscientious business performance of all employees

- Promoting compliance in export control, information security, and the protection of personal information, etc.
- Reinforcing training in corporate ethics and human rights.

Establishing eco-management, eco-products, and eco-factories

- Reinforcing the development of eco-friendly and human-friendly products with full consideration of complete product life cycles.
- Reducing the environmental burdens on the earth during the manufacturing process.
- Controlling chemical substances in compliance with global standards.

Actively implementing activities for sharing happiness in communities

- Raising employee awareness of their contribution to society.
- Actively implementing activities that contribute to local communities and the global society.

Creating improved, safe and dynamic workplaces

- Enforcing safety and health measures to protect employee well-being.
- Creating an open corporate culture by encouraging internal communication.
- Creating better working conditions by supporting female employees and promoting staff diversity.

Business activities that take into account the entire supply chain

- Fulfilling our social responsibilities in coordination with our suppliers.
- Contributing to the sustainable development of society and the global environment by promoting green procurement.

Becoming a corporate group that is worthy of trust

The Hitachi Chemical Group's CSR Action Objectives for 2006



Akira Kageyama
General Manager,
CSR Office

The Hitachi Chemical Group established its CSR Office in 2004. During the first year, basic policies for promoting CSR activities were drawn up and educational activities were implemented in accordance with these policies. In the following year, 2005, we attempted to raise the awareness of CSR activities through management reform and case studies, and in the area of appropriately controlling chemical substances, one of our key social responsibilities, we have taken steps to comply with prevailing regulations, which are now recognized as contributing to society's sustainable development. We believe we are achieving some success in these areas.

Creating these mechanisms, however, is simply a means for accomplishing our true objectives. Consequently, we have decided that for 2006, we will strive to improve the content of our CSR activities and to promote CSR efforts across the Group, so that all workers, from management to line workers, are constantly aware of the essence of CSR and are encouraged to proactively participate. We will particularly focus on improving working conditions and business activities that contribute to sustainable development.

Improving the working environment

As in the saying, "An enterprise is only as good as its people," every employee must take the initiative to embrace CSR in order for our company to be deemed worthy of stakeholder trust. To this end, we intend to improve working locations as places that are safe and healthy and where workers can experience a sense of achievement in their labors.

In 2005, a number of accidents and disasters occurred within our Group, including twelve incidents that led us to suspend operations. The dust explosion at the Tokushima factory of Hitachi Kasei Polymer Co., Ltd. in February 2006 was an especially serious accident. We deeply regret our inability to protect the safety of our valued employees and causing inconvenience and concern among our customers, neighboring residents, and other stakeholders.

Safety is an essential requirement for a good workplace. In order to create genuinely reassuring and safe working conditions, we will thoroughly identify any issues that could lead to accidents and disasters in each workplace.

Sustainable corporate development, however, requires more than

helping our employees exercise their full potential in their respective assignments. We must also be appealing to the outside world so that others will be eager to work with us. We will get back to the basics to realize these goals.

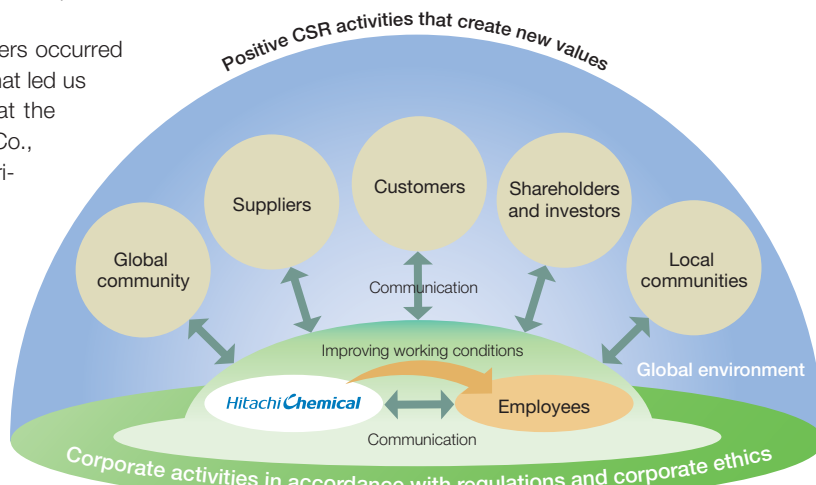
Business activities contributing to global and social sustainable development

We believe key aspects of our corporate social responsibility are to reduce environmental burdens resulting from business activities and to contribute to the sustainable development of the earth and society. Effectively controlling chemical substances is a particularly high priority concern for us, since it is directly linked to our very presence as a chemical materials manufacturer.

As represented by the Restriction of Hazardous Substances (RoHS) Directive, legislative actions regarding chemical substances are now increasing across the world. Beyond appropriately handling chemical substances, we must provide highly reliable information on these chemical substances so that our customers feel safe using our products.

For these reasons, our Group established the Environmental CSR-compliant Monozukuri Committee in 2005, which works to acquire information at early stages, formulate policies, and ensure their enforcement. In the future, the committee will take a step further and implement efforts to provide product systems that further reduce environmental burdens for society and for our customers from a mid- and long-term perspective, in addition to dealing with the current regulations.

Through dynamic communications with our employees and our internal stakeholders, as well as with our customers and suppliers, we intend to make steady progress and be a corporate group that proves truly worthy of stakeholder trust.



Based on the integrity of our corporate practice, we proactively implement CSR activities in response to the trust and expectations of all stakeholders.