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Amid the rising tide of societal and legal expectations for corporations to fulfill their social responsibilities, companies typically strive for sustainable growth in coexistence with society and turning these efforts into a competitive strength. I believe CSR reports published by companies that follow this path not only summarize their overall activities related to society but also express their commitment to serious goals (Plan) and authentic business processes (Do), as well as a genuine review (Check) of its past activities and a determined declaration for the future based on this review (Act).

1. Strong points

This Report opens with a declaration of the Hitachi Chemical Group's Corporate Vision—its philosophy, mission and value—followed by the President's Message clearly stating that "taking action based on this fundamental philosophy constitutes the very essence of CSR" and that "the Hitachi Chemical Group will continue to steadily advance toward this goal." I commend the company's clearly articulated stance of contributing to society through realizing its corporate vision. The three annual publications—Annual Report, CSR Report and the Intellectual Property Report—squarely address the Corporate Vision and provide different perspectives on corporate activities, giving the reader a sense of the company's determination and the genuine commitment of management.

With respect to actual activities, the stated goal is to engage in "CSR activi-

ties that encourage the participation of all members of the Group," and the company is focused on creating a workplace where employees can constantly learn and work comfortably, in an effort to establish an environment that enables each employee to exercise initiative related to CSR and be ever-mindful of its importance. In the Report, specific activities are published as the voices of employees, which is important from the standpoint of offering employees opportunities for realizing that their daily actions are the very essence of CSR activities.

In terms of the status of activities, examples of actual results and self-evaluation for the fiscal year under review, as well as the action plan for the next fiscal year were added to the principles, targets and highlights published in last year's Report. Actions based on the PDCA cycle were expressed in charts to facilitate understanding.

2. Points where further effort and improvement are needed

While the For the Environment chapter—the environmental report—is replete with content gathered since the Responsible Care Report was published in 1999, and the goals, actual results and goals by category for the next fiscal year are expressed in an easy-to-understand style, the content of the In Partnership With People chapter—the social report—still requires work.

For example, in the Responsibility to Customers and Suppliers section, reporting on the conversations with and

feedback from customers and suppliers would make the accomplishments easier to grasp. It would be particularly helpful to include a report on the specific content and opinions expressed in supplier surveys, along with subsequent measures and improvements made by the company, which would indicate the genuine views of stakeholders and ensure that the feedback has been effective. In the Responsibility to Employees section, the company should go beyond simply introducing systems for enhancing the working environment to assessing how the systems are being used and are actually building employee motivation and pride, as well as making an effort to quantify results.

3. Expectations

For a company to gain trust, it must sincerely align its deeds with its words. However, there can be no respect unless words are expressed with passion and deeds are performed with determination. Becoming a trusted and respected company requires the aspirations of the company, the earnest commitment of management, the determination of employees, and the true voice of stakeholders.

I have high expectations that Hitachi Chemical will strive to further realize a sustainable society by pursuing its fiscal 2006 action goals of creating a comfortable workplace and implementing activities that contribute to sustainable development.



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Following up on the previous fiscal year, in which the Hitachi Chemical Group sought to formulate various rules and establish systems based on the fundamental recognition that Corporate Social Responsibility (CSR) is synonymous with corporate activity, 2005 marked the first year the company developed concrete CSR measures for realizing its action plan and achieving its targets. In addition to its basic philosophy of trust, the Group has clearly stated its intention of pursuing dedicated steady action in an unequivocal expression of its standpoint of steadfastly promoting CSR as the mainstream of corporate activity.

1. Achievements (Strong points)

In addition to the CSR Introductory Courses open to all employees, it is highly significant that the company has connected CSR to small group activities in an effort to develop steady CSR actions. The Corporate Social Responsibility Report also plays a role by publishing the actual words of each individual employee through the "Voices" columns. Improvement activity in each workplace gives substance to the PDCA cycle. It also nurtures individuals who are capable of fulfilling their social responsibilities as part of their normal, everyday actions. I have great expectations for down-to-earth CSR activities such as these.

2. Issues (Points where further effort is needed)

Having placed as much weight on the Sustainability Report as the Annual Report as the Hitachi Chemical Group's two major reports, progress was made on adjusting the content of the two reports toward establishing a system for publicly disclosing information. Efforts to clarify the content of the CSR Report itself are also evident in the three-chapter division of content into CSR Management, In Partnership With People and For the Global Environment. Regular disclosure of information constitutes an important element of CSR activity. It is my hope that in future, the CSR Report will further evolve to serve as an index to the information base, that is, a guide for people who seek broader and deeper information.

The majority of environmental content—categorized under Eco-Management, Eco-Products and Eco-Factories—was accomplished with clear-cut goals for each category. In addition, the company has begun preparing for the RoHS Directive and implementation of GHS, which will serve as a milestone in controlling chemical substances. However, this marks only the very beginning compared with the actions stated in the International Conference on Chemicals Management (ICCM) held in February 2006 in response to the World Summit on Sustainable Development (WSSD)

held in 2002, and Europe's REACH initiative. In cooperation with its business affiliates and based on its steady activity of identifying the properties and exposure scenarios of all chemical substances being handled, the Hitachi Chemical Group must work harder to promote the establishment of its Integrated Control System for Chemical Substances and apply it to every aspect of its business, from planning and proposing, to research and development, production and sales, and presentations to the public.

3. Expectations (Future challenges)

Creating a workplace that is comfortable and motivating is not only essential for securing the company's human resources, but is also significant for society as a whole. I will be watching with interest the Hitachi Chemical Group's pursuit of concrete activities for creating a workplace that is conducive to work and encourages employees to grow through their work into individuals who are valued both inside and outside the company.

I am also interested to see how the company will undertake concrete activities for ensuring the transparency and objectivity of business transactions, among other measures, to promote fair and honest business activities for respecting human rights and accomplishing lofty ethical ideals as a good corporate citizen in the course of its global business development.