

To all stakeholders

Achieving Corporate Social Responsibility through the Full Realization of Our Corporate Vision



Yasuji Nagase
President,
Chief Executive Officer and Director

A handwritten signature in black ink that reads "Y. Nagase".

The corporate vision of the Hitachi Chemical Group commits us to the mission of creating new value ahead of the times, recognizing and earning trust as the key value. This vision guides our actions as a corporation and as individual employees. I believe Hitachi Chemical's corporate social responsibility fully respects this corporate vision.

Conducting business with consideration for people and the environment

Concern over global warming and other environmental issues is intensifying every year. The rapid depletion of natural resources, including energy, is making the quest for solutions increasingly urgent.

The Hitachi Chemical Group intends to further strengthen its environmental management and to conduct business in a way that is friendly to both people and the environment. Therefore, we participate in the World Business Council for Sustainable Development (WBCSD) so the direction of our R&D and business operations will be firmly based on dialogue and cooperation with the world's leading corporations.

Promising quality, cost and delivery with the right content and level of information

Our corporate activities are deeply rooted in our relationships with all our stakeholders, beginning with customers, shareholders and investors, and extending to suppliers, local communities and employees.

To merit the trust of these stakeholders and fulfill our responsibility as a corporation, we do more than simply comply with public laws and ethical standards; we also strive to maintain our promise of quality, cost and delivery for all our products and to provide a level of information that is neither too much nor too little. It is particularly important as a chemical materials manufacturer to consider the impact of chemical substances on people and the environment. This is clear from the global trend toward stricter regulations governing chemical substances through such initiatives as the RoHS Directive and the REACH. We recognize

that exercising greater control over chemical substances and providing information on product security and safety are key components to earning the trust that customers have placed in us.

Focusing on attaining the two elements in our vision of the ideal corporate group

In April 2007, Hitachi Chemical established a new Mid-term Management Policy targeted for the year 2010, in which we laid out two elements that defined the ideal corporate group. The first is to become a corporate group that contributes to the enhancement of human life and the natural environment through cutting-edge material technologies. By developing our unique Material System Solution business model to consistently provide superior products that freely combine our many cutting-edge material technologies, we will further increase the trust placed in us by customers—in other words, we will deliver customer satisfaction.

The second is to become a vivid, vibrant and positive corporate group that provides a sense of achievement for all employees. The point is that if employees are not happy working for the Hitachi Chemical Group, we cannot contribute to our other stakeholders much less to society at large. In particular, I feel my responsibility is to promote measures for creating a comfortable, accident-free workplace.

I also intend to conduct management in a way that is even more considerate to people and to focus my efforts on cultivating a corporate culture of diversity, in which employees with various characteristics as well as those hired abroad can further improve and fully demonstrate their abilities.

Listening to the voice of stakeholders to raise the level of our CSR activities

Hitachi Chemical has been recognized for its CSR management system and environmental management by being selected to the Dow Jones Sustainability World Index—the index for socially responsible investment—for the second consecutive year and third time overall. We

were also highly ranked in the 10th Environmental Management Survey published by Nihon Keizai Shimbun Inc. in December 2006.

However, while we conducted investor relations activities during fiscal 2006 in the United States and Europe, given the fact that foreign shareholders accounted for more than 20% of our investors, we have gained a renewed appreciation for the need to provide more opportunities to listen to the voices of overseas stakeholders and investors.

We are also aware of the work that remains to be done in areas such as a CSR strategy that accounts for the supply chain and risk management on a global scale, and we are resolved to deal with each of these issues. To that end, we set up the Business Continuity Plan (BCP) Committee in 2006 to develop a system for ensuring the continuity of our core business operations in the event of accidents or disasters.

On another level, we are looking to more actively contribute to society at large through activities that give back to local communities and to future generations in terms of the knowledge and experience we have gained through developing technologies.

Specifically, given current concerns that children are losing interest in the sciences, we hope to contribute to creating an even more prosperous society by nurturing the abundant receptiveness and curiosity of the young and developing their sense of scientific inquiry as part of our mission as a chemical company.

The Hitachi Chemical Group is committed to developing our CSR activities across the Group and worldwide while, at the same time, to continue to raise the level of these activities to contribute to society through our business. This report summarizes many of these activities. We look forward to hearing what you have to say about the CSR activities undertaken by the Hitachi Chemical Group.

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