

The Entire Group is Pursuing Even Higher Levels of CSR Activities

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 the 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 further develop a relationship of trust with its various stakeholders, and act responsibly toward 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.

Becoming a trusted corporate group that meets expectations

The Hitachi Chemical Group's CSR Action Plans for 2007



Shigeru Hayashida
Executive Officer
General Manager, CSR Office

The Hitachi Chemical Group established its CSR Office in 2004, and we conduct our CSR activities to achieve our goal of becoming a corporate group that honors stakeholder trust and expectations and in which every employee, from management to line worker, recognizes the essential role of CSR. All these activities are guided by the Hitachi Chemical Group CSR Medium-term Roadmap.

The year 2007 is defined as Establishment Stage II on this Roadmap. We intend to establish a mechanism that strictly enforces compliance while continuing to conduct business activities that contribute to the sustainable development of society and the global environment.

Improving the working environment

In 2006, we placed special emphasis on improving our working environment. Unfortunately, 10 incidents over the course of the year required us to suspend operations, and one resulted in the death of an employee. We deeply regret having been unable to protect the life of this individual, a valued stakeholder within the corporation.

The creation of a safe and comfortable working environment is the foundation of all our CSR activities. As a goal for 2007, we decided to place top priority on creating a safe and secure workplace, free from serious incidents that could result in industrial accidents. Guided by the slogan, "Determination by the top, action by everyone," we promise to take every opportunity to practice safety first.

Creating a culture that thrives on diverse human resources

In creating a sound working environment, it is important that we cultivate a culture in which diverse human resources can realize their full potential. As corporate activity becomes increasingly global in scope, we must nurture a culture in which diverse personnel can demonstrate their abilities without regard for gender, age, nationality or employment

status to become a corporation that is genuinely worthy of trust. Many actions must be taken, including the systematic promotion of managerial career paths for women, the training of overseas personnel for management and the reconsideration of various barriers faced by non-full-time employees. As a beginning, we launched a Female Employee Cheer Site on our intranet in March 2007, followed by the establishment of the Diversity Development Group within the CSR Office in April.

Intensifying information disclosure and communication

A high level of transparency is required for stakeholders to recognize that a corporation is fulfilling its social responsibility. Consequently, information disclosure and communication will be our second priority, and we will seek to reinvigorate workplace communication through activities, such as the CSR Workshop Discussion with Future Leaders that began in 2006, led by our young and mid-level workers. We will also make use of the sustainability report and site reports published by each Group company and works to increase opportunities for dialogue with outside stakeholders and local communities in an effort to encourage interactive communication.

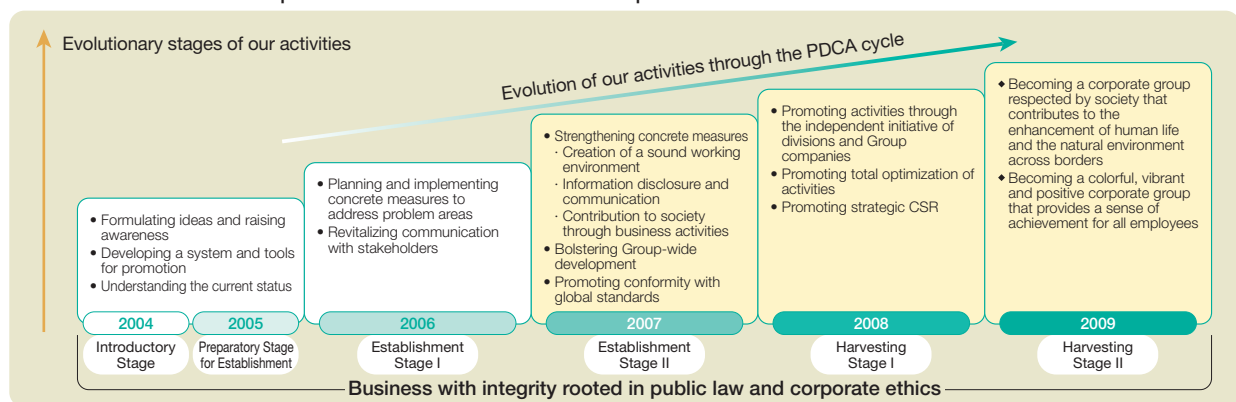
Contributing to society through our business activities

Our third priority is to contribute to society through our business activities. We will give shape to measures designed to fulfill our social responsibility through our daily operations.

With respect to controlling chemical substances, we will respond to the European Union's RoHS Directive and REACH as well as other rules and strive to reduce or abolish the use of toxic chemical substances and to provide safe, secure products by disclosing accurate information on risks to customers, the government and the public at large. As the severity of environmental issues increases across the globe, Hitachi Chemical will seek to go beyond just reducing environmental impact to consider a sustainable business model that takes environmental management one step forward, based on the proactive approach of generating value for the environment.

By acting on these measures, we plan to become a corporate group that honors the trust and expectations of all our stakeholders.

Hitachi Chemical Group CSR Medium-term Roadmap



| CSR Action Plans and Results 2006 | | | | |
|--|---|---|--|---------------------------|
| Objectives | Results | Relevant pages | Self-evaluation | |
| Promoting voluntary CSR activities and fully launching internal controls | <ul style="list-style-type: none"> Developing and implementing CSR policies tailored to the features of each division and Group company. Fully launching internal controls based on the COSO framework within the entire Group. | <ul style="list-style-type: none"> Policies were formulated and publicized at business sites and in site newsletters. The status of the Group's corporate governance that influences the credibility of financial reporting was documented. Results of the evaluation proved the absence of any significant inadequacies or deficiencies. | — P7 | A A |
| | Promoting business activities that realize sustainability | <ul style="list-style-type: none"> 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. | <ul style="list-style-type: none"> Deliberations over sustainable business initiated. Strengthening manufacturing through small-group activities was implemented. | P6, 12, 16 P15 |
| Reinforcing and establishing information disclosure and dialogue | | <ul style="list-style-type: none"> Disclosing information with high transparency in an honest and timely manner. | <ul style="list-style-type: none"> Visits to foreign shareholders and investors were made as in the past. Information disclosure was implemented appropriately in compliance with international regulations for chemical substances such as RoHS in the EU and South Korean laws on hazardous chemical substances. | P4 P15, 16 |
| | <ul style="list-style-type: none"> Reinforcing and establishing dialogue with stakeholders. | <ul style="list-style-type: none"> Reports on CSR and the environment were issued by three business sites out of four and four Group companies. Communication with local communities was made through such events as business briefings and manufacturing site tours. | P26 P26 | A |
| | Ensuring the fair and conscientious business performance of all employees | <ul style="list-style-type: none"> Promoting compliance in export control, information security, and the protection of personal information, etc. Reinforcing training in corporate ethics and human rights. | <ul style="list-style-type: none"> Employee awareness survey on compliance was conducted. CSR training continued to be implemented. Human rights training continued to be implemented (117 employees attended). Training at major overseas Group companies was implemented. | P8 P8 P19 P9 |
| Establishing eco-management, eco-products, and eco-factories | <ul style="list-style-type: none"> Reinforcing the development of eco-friendly and human-friendly products with full consideration of complete product life cycles. | <ul style="list-style-type: none"> Ratio of green product sales: 83% (target: 80%). | P29 | A |
| | <ul style="list-style-type: none"> Reducing the environmental burdens on the earth during the manufacturing process. | <ul style="list-style-type: none"> CO₂ emissions: 91% of 1990 levels (target: 93% or less). Waste reduction: 78% of 2000 levels (target: 96% or less). | P32 P33 | A |
| | <ul style="list-style-type: none"> Controlling chemical substances in compliance with global standards. | <ul style="list-style-type: none"> Emissions of chemical substances: 20% of 2000 levels (target: 30% or less). Information disclosure was appropriately done in compliance with international regulations for chemical substances such as RoHS in the EU and South Korean laws on hazardous chemical substances. Investigation on products regarding usage of chemical substances was conducted and certificates were issued verifying toxic substances were neither present nor used. Comprehensive Control System for Chemical Substances is being developed. | P31 P15, 16 P15, 16 P15, 16 | B |
| | Actively implementing activities for sharing happiness in communities | <ul style="list-style-type: none"> Raising employee awareness of their contribution to society. Actively implementing activities that contribute to local communities and the global society. | <ul style="list-style-type: none"> Employee-participation activities such as the Cleanup campaign were promoted. Support for community cultural activities and sports activities (table tennis class, badminton class and marathons) was provided. Founded university scholarship for Chinese students. | P25, 26 P25, 26 P26 |
| Creating improved, safe and dynamic workplaces | <ul style="list-style-type: none"> Enforcing safety and health measures to protect employee well-being. | <ul style="list-style-type: none"> Lost-workday accidents and disasters: 10 incidents including one fatality (target: 0 incidents). OSH Promoter System was introduced. Safety seminars continued to be conducted in overseas Group companies. Mental health seminars and counseling were conducted. | P24 P22 P23 P24 | C |
| | <ul style="list-style-type: none"> Creating an open corporate culture by encouraging internal communication. | <ul style="list-style-type: none"> CSR Workshop Discussion was held (146 employees participated). Employee awareness survey was carried out. | P21 P21 | A |
| | <ul style="list-style-type: none"> Creating better working conditions by supporting female employees and promoting staff diversity. | <ul style="list-style-type: none"> Female employee meeting was held (36 employees participated). Diversity promotion department was established (April 2007). Female Employee Cheer Intranet Site was launched. | P19 P20 P19 | A |
| Business activities that take into account the entire supply chain | <ul style="list-style-type: none"> Fulfilling our social responsibilities in coordination with our suppliers. | <ul style="list-style-type: none"> The set goal of 100% for the green supplier ratio was achieved through the support for the building suppliers' environmental management system. | P14 | A |
| | <ul style="list-style-type: none"> Contributing to the sustainable development of society and the global environment by promoting green procurement. | <ul style="list-style-type: none"> Compliance with laws for chemical substances was promoted in cooperation with suppliers, in terms of raw materials. | P14 | A |

Self-evaluation A = Achieved as planned; B = Largely achieved as planned with some inadequacies remaining; C = Inadequate

| CSR Action Plans for 2007 | |
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| Promoting CSR activities that are led by the voluntary and independent initiative of divisions and Group companies | <ul style="list-style-type: none"> Developing and implementing CSR policies tailored to the features of each division and Group company. |
| Promoting business activities that realize sustainability | <ul style="list-style-type: none"> Promoting businesses, technologies, and product development that contribute to the sustainable development of society and the global environment. Responding to the requirements from customers and society by controlling chemical substances related to products in compliance with global standards. Invigorating CSR activities in frontline departments. Fulfilling the responsibility for the stable supply of products. |
| Maintaining accountability for stakeholders | <ul style="list-style-type: none"> Disclosing information with high transparency in an honest and timely manner. Enhancing communication with stakeholders inside and outside the Group. |
| Ensuring the fair and conscientious business performance by all employees, including management | <ul style="list-style-type: none"> Promoting compliance in export controls, information security, and the protection of personal information, etc. |
| Reinforcing the development of eco-friendly and human-friendly products with full consideration of entire product life cycles | <ul style="list-style-type: none"> Strengthening development of products and technologies friendly to both people and the environment. Reducing the environmental impact of business operations, including manufacturing. Reinforcing comprehensive risk management for chemicals. |
| Contributing to the creation of a truly prosperous society as an upstanding corporate citizen | <ul style="list-style-type: none"> Implementing social contribution activities that are special to the Hitachi Chemical Group. Actively engaging in support activities for local communities and global society. |
| Creating a safe, sound and vibrant working environment | <ul style="list-style-type: none"> Taking advanced countermeasures against occurrence of serious incidents. Enhancing physical and mental health. Taking measures to prevent harassment. Promoting internal communication to create an open corporate culture. Creating a sound working environment where everyone can exhibit their abilities, by advancing diversity of human resources and promoting the career development of female employees. |
| Implementing social responsibility activities in the entire supply chain | <ul style="list-style-type: none"> Fulfilling our social responsibility in cooperation with suppliers. Contributing to the sustainable development of society and the global environment by promoting green procurement. |