

Creating a Vibrant, Safe and Healthy Working Environment Responsibility to Employees

Human resource development guidelines

← P5 CSR Policy 47

The Hitachi Chemical Group has set a guideline for human resource development. This guideline provides a five-point summary of desirable employee characteristics for accomplishing the Group's corporate vision.

We not only treat employees in accordance with the laws of each country or region, we also strive to conduct fair hiring practices, provide appropriate working conditions and create a working environment in which employees can do their jobs with enthusiasm while fully realizing their potential.

Respect for human rights

← P5 CSR Policy 47

● Implementation of human rights education

Sustainable corporate development requires respect for human rights and the personality of each employee as well as the creation of a corporate culture that allows workers to freely demonstrate their individuality and creativity.

Based on this stance, the Hitachi Chemical Group promotes training on human rights, and in 2006, we conducted training for managers and new employees.

● Prevention of harassment

We develop educational activities using the Hitachi Chemical Group CSR Guidebook (see p. 8) to prevent sexual and moral harassment.

Sexual Harassment Consultants and Complaint Processing Committees are set up at each business site as part of a system for responding promptly and appropriately to incidents of harassment. Consultations and reports are also accepted through the Group Hotline (see p. 9). Managers receive training on preventing harassment.

Encouraging career development for a diverse workforce

← P5 CSR Policy 7

● Global promotion of diversity in human resources

The Hitachi Chemical Group is globalizing its business to realize its corporate vision of leading the creation of new and innovative value throughout the world.

This requires hiring and training outstanding human

Female Employee Encouragement Project

In 2006, Hitachi Chemical launched the "Female Employee Encouragement Project" to improve the working environment for female employees.

A seminar was held in August 2006 to raise the awareness of senior management and employees, and related articles were published in the corporate newsletter.

Female Employee Meetings were also held at each business site to understand the current situation and to raise awareness among women as well. To respond to requests for

information on corporate measures for promoting the careers of female employees and the expressed need for a place to exchange and communicate opinions that commonly emerged at these meetings, a Female Employee Cheer Site with a bulletin board was opened on the intranet to introduce measures undertaken by the Company.

The entire Company, from top management and senior managers to each individual employee, is promoting these activities to create an

environment in which diverse human resources can freely demonstrate their potential.

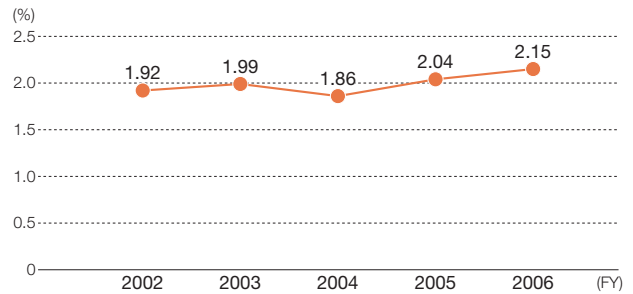


Female Employee Cheer intranet site



In October 2006, the Hitachi Chemical Group held its second Overseas Subsidiary Forum, attended by national staff from overseas. Based on topics discussed each day at the Forum, staff representing countries worldwide play a leading role in joint projects for expanding overseas sales.

Ratio of employees with disabilities (non-consolidated)



resources representing various ways of thinking and backgrounds, regardless of nationality or gender, and we are actively seeking diverse personnel across the Group and developing appropriate training systems.

● Promotion of female employees

The future development of the Hitachi Chemical Group vitally depends on every employee, regardless of gender, fully realizing their potential and continuing to work with enthusiasm. To this end, we launched the “Female Employee Encouragement Project” in 2006 and established a dedicated section in April 2007 to heighten awareness and create a dynamic working environment. We have also set numerical targets to promote the hiring of female employees for career-track positions and the advancement of female employees to management positions. In 2006, four female employees were employed in management positions, and as a result the ratio of female managers was 0.9% of all managers, on a non-consolidated basis.

● Recruitment of persons with disabilities

The Hitachi Chemical Group is expanding the number of positions available for disabled employees and improving facilities to actively offer opportunities for

social participation by disabled persons who are eager to work.

While the ratio of disabled employees was 2.15% in 2006 and exceeded the legal employment rate on a non-consolidated basis, some Group companies have yet to achieve the legal rate, and we are striving to promote employment Group-wide by exchanging information.

Enhancing employee capabilities and career development

← P5 CSR Policy 7

Hitachi Chemical provides various employee education and training opportunities for enhancing capabilities and skills.

Our company-wide education system is organized under two over-arching categories—training by job level and by job category—to clarify knowledge requirements based on each employee’s level and category, and we also provide elective courses that employees can freely choose. By using the Hitachi Learning Gate e-learning platform, employees are able to participate in training at any time.

Major Personnel Programs at Hitachi Chemical

Category	Major Programs and Activities
Career management system	We offer a system in which employees determine their future careers and skill attainment and discuss these goals with their supervising department managers. The intent of the system is to provide an opportunity for each employee to think about their own careers, to learn, and to seek self-fulfillment by communicating with their supervising department managers.
Group open opportunity application system	When new personnel are required for the strategic launch of a new business, for example, we first seek applicants from within the Group through an open position offer system on our intranet.
Internal free agent system	This system enables highly motivated employees to apply their skills in a different work setting. Three employees took advantage of this system in 2006.
Over-sixty employment system	This system utilizes the motivation and years of accumulated experience and knowledge of employees who wish to remain in the workforce after mandatory retirement. Four such workers were re-employed in 2006.

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Support for balancing work and private life

← P5 CSR Policy 7

The Hitachi Chemical Group has established a system for supporting employees in balancing work and private life.

Childcare leave can be taken up to the end of March following a child's first birthday. Employees can choose reduced working hours until the child reaches the third year of elementary school, and we also offer a re-employment program for former employees who have resigned due to childcare and nursing needs, or the relocation of their spouse. In addition, we have telecommuting programs that support childcare and nursing, exemption from late-night work and reduced overtime.

These programs are presented in easy-to-understand terms on our intranet, but we still intend to encourage employees to make more use of them.

Communication with employees

← P5 CSR Policy 3, 7

The Hitachi Chemical Group believes the key to solving problems faced by employees lies in the

workplace, which is also where they feel a sense of fulfillment. To respond promptly and appropriately to their problems, we promote communication between management and employees as well as among employees.

Hitachi Chemical's intranet includes a site where top management can directly explain management policies, as well as a consultation service and a bulletin board. We also launched a CSR Workshop Discussion with Future Leaders and Female Employee Meetings (see p. 19) starting in 2006.

Employee survey

← P5 CSR Policy 3, 4

In August 2006, Hitachi Chemical conducted an Employee Survey (see p. 8) involving all 4,100 employees to gauge the level of satisfaction at work and awareness of compliance.

We plan to conduct similar surveys every two years and reflect the results in creating a working environment that leads to higher motivation.

Incorporating employee ideas to enhance the level of CSR activities

Hitachi Chemical held a CSR Workshop Discussion with Future Leaders at seven sites with the goal of incorporating the interests of young and mid-level employees in CSR activities toward sustainable development. A total of 146 employees participated.

Prominent in these small discussion groups was the call for revitalizing communication both inside and outside the Company to pursue customer satisfaction and create a

positive working environment that serves as the basis of these efforts. In response, opinions expressed in these groups have been incorporated into the CSR Action Plan for 2007, and we will consider ways for implementing specific proposals.

Hitachi Chemical will continue to listen to the voices of its employees.



CSR Workshop Discussion held at Hitachi Chemical's Yamazaki Works

Occupational safety and health

← P5 CSR Policy 7

● Measures for occupational safety and health

The safety and health of our employees are the backbones of a sound working environment, and the Hitachi Chemical Group pursues safety and health activities by placing top priority on employees as well as local residents.

Specifically, we introduced the Occupational Safety and Health Management System (OSH-MS) in 2000 to identify and address sources of danger under normal and extraordinary circumstances as well as aging facilities. In recent years, however, we had fallen behind in some aspects, so in 2006 we established the OSH Promoter System to reinforce safety and health activities at the initiative of each workplace.

During the design and completion of equipment or facilities, we conduct an audit based on international safety standards such as ISO 12100 to promote intrinsic safety with the goal of eliminating accidents and disasters. We are also implementing Risk Prevention Training (“Kiken Yochi Kunren”: KYT) and the “Hiyari-Hatto” (Near-Miss) program.

To realize a workplace that is truly safe and where employees feel reassured, we will thoroughly examine

elements that could lead to accidents or disaster at each site and make fundamental improvements.

● System for promoting occupational safety and health

The Hitachi Chemical Group determines guidelines on safety and health for the entire Group at the Across-the-Board CSR Conference (see p. 8), which is held each year in March.

Based on the plan established by the conference, each site formulates and implements an action plan, which takes into account the specific characteristics of that site. Cross-sectional safety and health activities are promoted by entities such as the OSH Promoters' Conference, the Safety and Health Committee, which is responsible for actual, onsite promotion, and the Security Auditing Committee, which is responsible for auditing the safety of newly installed facilities.

● Investing in accident and disaster prevention

Active investment is essential for preventing accidents and disasters and ensuring a safe work environment.

In 2006, ¥1.9 billion was invested on a non-consolidated basis, while ¥3.2 billion was invested on a consolidated basis, primarily for facility refurbishment and occupational safety and health. As a result, cumulative investment in this field by Hitachi Chemical since 1990 amounted to ¥9.3 billion.

Reinforcing safety and health activities through the OSH Promoter System

Hitachi Chemical introduced the OSH Promoter System in 2006, and 133 employees—approximately 4% of the total workforce—have been registered.

OSH Promoters are appointed by division chiefs to take the initiative in promoting safety and health activities at each site. As leaders in each division, they also collaborate with the Safety and Health Committee to offer advice on risk evaluation and formulate plans for reducing risk. We are training

newly appointed OSH Promoters to deepen their knowledge and understanding of safety and health.

In 2007, we will expand this system to the entire Group to further strengthen safety and health activities at the workplace.



Training for OSH Promoters

Creating a Vibrant, Safe and Healthy Working Environment

Responsibility to Employees

● Implementing safety audits

The Hitachi Chemical Group has screened documentation and conducted onsite audits on safety at manufacturing sites and Group manufacturing companies once a year based on our own occupational safety and health management system, OSH-MS, to coincide with our environmental safety audit.

In 2005, we divided our overseas manufacturing companies into regional blocks that audit each other. In December 2006, we held the Second Southeast Asian Region Group Conference on Environmental Safety and Health at Hitachi Chemical Automotive Products (Thailand) Co., Ltd., featuring training seminars and presentations in addition to an audit.

● Promoting occupational safety and health education

The Hitachi Chemical Group has issued the "Checkpoints for Workplace Safety Audit," which contains guidelines and explanations regarding occupational safety management, based on an analysis of past accidents and their causes, and provides occupational safety and health training. In addition to the Japanese language version, we also have English and Chinese language versions that are used for training at overseas Group companies.

To strengthen safety awareness, we also distribute cards that employees are required to carry containing the Ten Safety Principles, which are based on the

causes of past accidents.

In addition, we hold Environment and Safety Presentations once a year in which supervisory managers exchange information on improvements in occupational safety and health.

● Conducting disaster drills

The Hitachi Chemical Group maintains its own firefighting teams to provide emergency response to disasters and accidents. The teams regularly conduct voluntary drills and participate in joint drills organized by local municipalities to ensure rapid response to emergencies.

We have designated May 14 as Disaster Prevention Day for individual sites and November 14 as Disaster Prevention Day for the whole Group, with each entire week surrounding these days as Disaster Prevention Week. We conduct comprehensive disaster prevention drills and other activities to review our disaster prevention management plans and safety facilities as well as raise employee awareness of safety.

● Physical and mental healthcare

The Hitachi Chemical Group provides health checkups for employees at least once a year. The Group holds lectures by experts and interviews by company physicians at each site to promote active communication.

First Chinese Block Environment and Safety Mutual Audit held in China

In February 2007, we held the First Chinese Block Environment and Safety Mutual Audit for Group companies in the city of Dongguan in China.

This was the first mutual audit performed by auditing staff who attended the Chinese Block Environment and Safety Seminar held in Dongguan in June 2006. A total of 40 participants from seven Group companies in China, including Hitachi Chemical (Dongguan) Co., Ltd.,

attended a presentation on environment and safety, conducted an audit of Hitachi Storage Battery (Dongguan) Co., Ltd. and performed an onsite inspection of Hitachi Powdered Metals (Dongguan) Co., Ltd.

Opinions were actively exchanged during the presentation over the cases of improvements made at each company. During the audit, unsafe situations were thoroughly identified and measures to reduce risk were discussed.



Environment and Safety Presentation

We also provide a 24-hour telephone consultation service for members of the corporate health insurance union (all employees and executives) and their families so they can readily obtain advice on health concerns.

In addition, we offer healthcare services such as yoga classes and walking events.

● Report on accidents and disasters

In 2006, there were three lost-workday injuries (including one fatality) on a non-consolidated basis and 10 accidents on a consolidated basis. We were, therefore, unable to improve on the situation from 2005, in which two accidents on a non-consolidated basis and 12 on a consolidated basis occurred.

For this reason, we will continue efforts to create a sound working environment as our priority goal of the CSR Policy for 2006, and we intend to further strengthen activities based on our action plan.

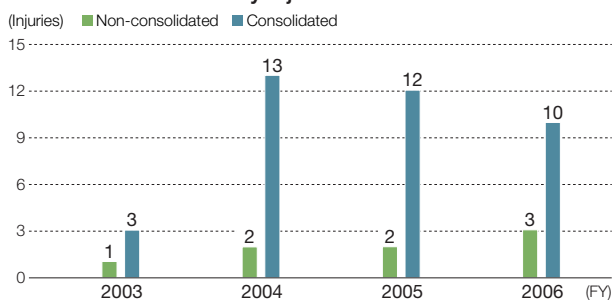
Report on the fatal accident at Yamazaki Works (Sakuragawa)

On January 10, 2007, a fatal accident occurred at Yamazaki Works at Sakuragawa.

The victim was preparing for work at the heat-treatment furnace, when he noticed damage on the lower tier of the two-tiered flexible container bags piled outdoors. He was cleaning up the coke that had fallen out and repairing the flexible container bag, when a bag on the second tier tumbled down on him. Despite extensive rescue efforts, the employee did not survive.

At the Hitachi Chemical Group, all employees will renew their commitment to safety at work in memory of this accident.

Number of lost-workday injuries



Counseling session offered as part of mental healthcare

As part of our mental healthcare activities, Shimodate Works offered counseling sessions by an industrial counselor from a specialized institution from February to March 2007.

Participants were mid-career employees who scored high in stress levels in a previously conducted mental health check. After the counseling sessions, they commented that they felt comfortable discussing their problems and were refreshed.

We believe these activities will not

only directly alleviate stress, but also lead to the cultivation of a working atmosphere in which employees feel comfortable speaking with a counselor.



Counseling session (back of employee shown)