

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.

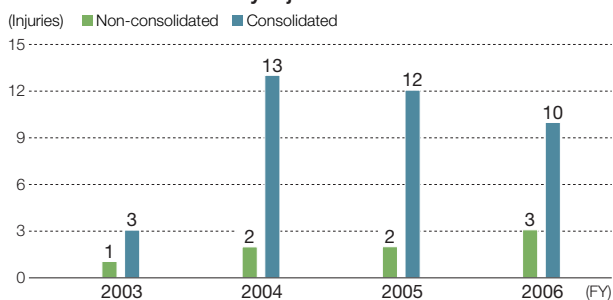
Report on the fatal accident at Yamazaki Works (Sakuragawa)

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)