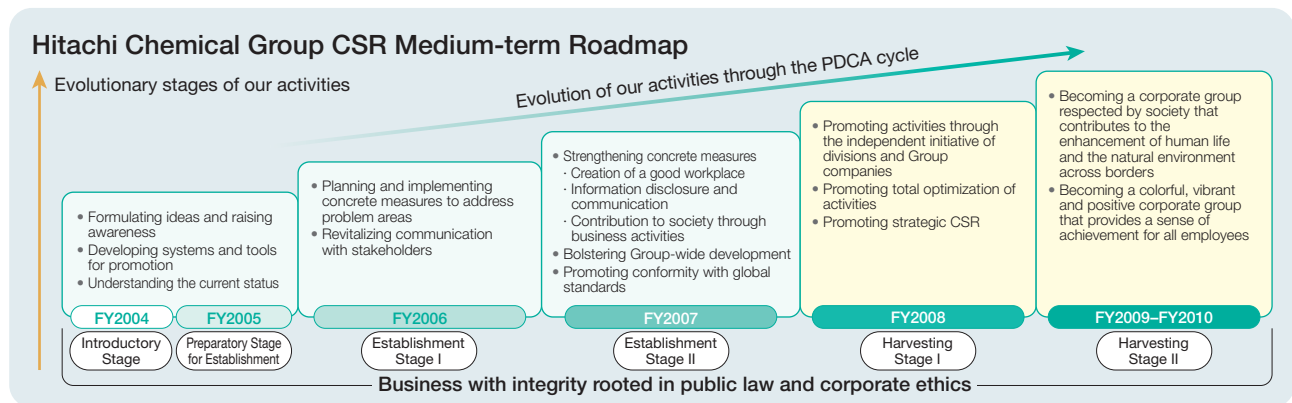


The Entire Group is Systematically Pursuing Even Higher Levels of CSR Activities

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	<p>Commitment to Corporate Social Responsibility (CSR)</p> <p>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.</p>
2	<p>Contribution to Society through Our Business</p> <p>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.</p>
3	<p>Disclosure of Information and Stakeholder Engagement</p> <p>The Hitachi Chemical Group will disclose information with legitimacy and transparency in order to maintain and further develop a relationship of trust with various stakeholders, and act responsibly through various means of communication.</p>
4	<p>Corporate Ethics and Human Rights</p> <p>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.</p>
5	<p>Environmental Conservation</p> <p>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.</p>
6	<p>Corporate Citizenship Activities</p> <p>The Hitachi Chemical Group will promote social contribution activities as a good corporate citizen in order to realize a better society.</p>
7	<p>Working Environment</p> <p>The Hitachi Chemical Group will make every effort to create a pleasant and motivating workplace for all its employees and to fully support those employees who are capable of carrying out self-fulfillment and self-development through their work.</p>
8	<p>Responsible Partnership with Business Partners</p> <p>The Hitachi Chemical Group will make every effort to promote fair and sound business practices with our business partners by fostering a common awareness of social responsibility.</p>

CSR Action Plans and Results Fiscal 2007

Objectives	Results	Relevant pages	Self-evaluation		
1	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 formulated and publicized at business sites and in the corporate newsletter. Effectiveness of the Group corporate governance regarding financial reporting confirmed. 	<p>—</p> <p>P16</p>	<p>A</p> <p>A</p>	
2	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. 	<ul style="list-style-type: none"> Promotion of environmental CSR manufacturing continued. 	P20, 30, 35	A
		<ul style="list-style-type: none"> Responding to the requirements from customers and society by controlling chemical substances related to products in compliance with global standards. 	<ul style="list-style-type: none"> Appropriate voluntary control standards designated in response to RoHS Directives in each country and Japan's Industrial Safety and Health Law; comprehensive control implemented over chemical substances contained in products. 	P20-21, 35	A
3	Maintaining accountability for stakeholders	<ul style="list-style-type: none"> Disclosing highly transparent information in an honest and timely manner. 	<ul style="list-style-type: none"> Appropriate control of product information promoted through MSDS and primary revision of labeling in response to the revised Industrial Safety and Health Law based on GHS standards. 	P20-21, 35	A
		<ul style="list-style-type: none"> Reinforcing and establishing dialogue with stakeholders. 	<ul style="list-style-type: none"> Reports on CSR and the environment issued by three out of four Hitachi Chemical business sites and at three Group companies. Information disclosure to local communities implemented through briefings at business sites. Environment and CSR briefings held for branch offices, branch stores and principal distributors. 	P29	A
4	Ensuring the fair and sincere business performance of all employees	<ul style="list-style-type: none"> Promoting compliance in export control, information security, the protection of personal information and fair and free competition. 	<ul style="list-style-type: none"> Antimonopoly Law Handbook revised. External contact point (law firm) established for internal whistle-blowing. 	P16-17	A
		<ul style="list-style-type: none"> Reinforcing training in corporate ethics and human rights. 	<ul style="list-style-type: none"> CSR training continued. Human rights training continued. (Total attendance: 280 employees) 	P23, 26	A
5	Reinforcing the development of eco-friendly and human-friendly products with full consideration of entire product life cycles	<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: 85% (target: 85%) 	P33	A
		<ul style="list-style-type: none"> Reducing the environmental impact of business operations, including manufacturing. 	<ul style="list-style-type: none"> CO₂ emissions: 84% of 1990 levels in Japan (target: 93%) results due to promotion of a shift in fuel sources (to gas) 	P36	A
		<ul style="list-style-type: none"> Reinforcing comprehensive risk management for chemicals. 	<ul style="list-style-type: none"> Waste reduction: 78% of 2000 levels (target: 79%); atmospheric emission of chemical substances under PRTR Law: 11% of 2000 levels (target: 20%) 	P34, 37	A
6	Actively implementing activities for sharing happiness in communities	<ul style="list-style-type: none"> Revise our social contribution policy and strengthen employee mindset on social contribution 	<ul style="list-style-type: none"> Guidelines revised, new social contribution policy formulated. Employee-participation activities promoted, such as cleanup campaigns. 	P28	A
		<ul style="list-style-type: none"> Actively implementing activities that contribute to local communities and the global society. 	<ul style="list-style-type: none"> Support provided for community cultural and sports activities (table tennis class, badminton class, marathons). 	P28-29	A
7	Creating improved, safe and dynamic workplaces	<ul style="list-style-type: none"> Taking advanced countermeasures against occurrence of serious incidents. 	<ul style="list-style-type: none"> Investment in facility improvements continued in order to maintain a low-risk working environment. Lost-workday accidents and disasters: 16 incidents (target: 0). OSH Promoter System utilized and strengthened. 	P26-27	C
		<ul style="list-style-type: none"> Creating an open corporate culture by encouraging internal communication. 	<ul style="list-style-type: none"> Safety seminars at overseas Group companies continued. Cross-sectional discussions promoted as well as information sharing on countermeasures through committees, working groups and sectional meetings. 	P26-27	A
		<ul style="list-style-type: none"> Creating a sound workplace where everyone can exhibit their abilities, by advancing diversity of human resources and promoting the career development of female employees. 	<ul style="list-style-type: none"> Mental health seminars and counseling conducted. Intranet website to support female employees launched (hit counts: approx. 23,000). Diversity seminars conducted (attended by 300 employees). 	P25, 27	A
8	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"> Negotiations started with suppliers to obtain cooperation in formulating a business continuity plan (BCP). 	P22	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 chemical substance regulations on raw materials promoted in cooperation with suppliers. 	P20-21, 35	A

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

CSR Action Plans for Fiscal 2008

Top Priority Theme Achieving progress in eliminating serious incidents

Priority Theme 1 Environmental conservation actions—Formulating and implementing a carbon management strategy

Priority Theme 2 Incorporating CSR into the supply chain

Priority Theme 3 Cultivating a corporate culture which increases motivation

<p>1 Promoting CSR activities led by voluntary and independent initiatives by divisions and Group companies</p>	<ul style="list-style-type: none"> Developing and implementing CSR policies tailored to the features of each division and Group company. Comply with J-SOX and prevent the occurrence of any serious flaw in corporate governance.
<p>2 Negotiating with all companies in the supply chain toward observance of our CSR</p>	<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. Planning and promoting actions to ensure conformity to the EuP Directive. Formulating a BCP (business continuity plan). Exercising accurate export control, responding to changes in the regulatory environment.
<p>3 Maintaining accountability to our stakeholders</p>	<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.
<p>4 Ensuring fair and sincere business performance by all employees, including management</p>	<ul style="list-style-type: none"> Promoting compliance in export controls, information security, the protection of personal information and fair and free competition. Improve individual awareness of corporate ethics and human rights.
<p>5 Promoting environmental protection activities to realize sustainability</p>	<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. Promoting Green Curtain Project.
<p>6 Contributing to the creation of sustainable Earth and society as a good corporate citizen</p>	<ul style="list-style-type: none"> Actively implementing social contribution activities in local communities with a global perspective. Enhancing awareness in employees of activities, unique to Hitachi Chemical, which we are implementing.
<p>7 Creating a sound workplace which is safe, comfortable and respected by employees</p>	<ul style="list-style-type: none"> Taking advanced countermeasures against occurrence of lost-workday accidents and mishaps. Reviewing and implementing measures that improve the mental health for employees. Taking measures to prevent harassment. Promoting internal communication to create an open corporate culture. Creating a sound workplace where everyone can exhibit their abilities, by advancing diversity of human resources and promoting the career development of female employees.
<p>8 Implementing social responsibility activities across the entire supply chain</p>	<ul style="list-style-type: none"> Fulfilling our social responsibility by communicating the Group's CSR information and strengthening collaborations with customers and suppliers. Responding to customer requests appropriately and swiftly.

Seeking sustainable development for society and the Hitachi Chemical Group

The Hitachi Chemical Group's CSR Action Plans for fiscal 2008



Shigeru Hayashida

Executive Officer
General Manager, CSR Office

Every employee in the Hitachi Chemical Group, from management to line worker, engages in CSR activities under the guidance of the Hitachi Chemical Group CSR Medium-term Roadmap to remain a corporate group that honors stakeholder trust and expectations.

Fiscal 2008 represents Harvesting Stage 1 of the Roadmap, and during this important year we will seek total optimization of activities undertaken so far, while also building a system for transitioning into strategic CSR activities.

Strategic CSR activities involve addressing social problems, not through charitable activities, but through efforts closely related to our business operations by fully deploying our technologies, human resources and social networks. We intend to promote CSR activities as a means for advancing the sustainable development of our business.

Based on our philosophy, we reviewed our CSR Action Plans for fiscal 2008 and revised the themes adopted in previous years to further clarify the relationship between our CSR activities and our business operations. Here is an outline of our Top Priority Theme and three Priority Themes.

Top Priority Theme: Achieving progress in eliminating serious incidents

During fiscal 2007, a total of 66 accidents occurred throughout the Group, the worst year on record. However, as the effects of OHSAS-based safety and health activities launched at the start of the year gradually took root, the number of accidents in the latter half showed a slight decline compared with the first half.

Individual business sites have been conducting voluntary safety activities centered on OSHMS since fiscal 2000. To unify and improve these efforts, we began seeking third-party certification for OHSAS, and in fiscal 2007 two of our business sites were certified. In fiscal 2008, we will spread this effort to Group companies to create workplace where employees can work with greater safety and confidence.

Priority Theme 1: Environmental conservation actions—Formulating and implementing a carbon management strategy

To accomplish our target for reducing CO₂ emissions under the Kyoto Protocol (7% reduction from 1990 levels by 2010), the Hitachi Chemical Group has been promoting energy conversion at its business sites, resulting in a 12% reduction for the entire Group in fiscal 2007.

While we remain on course for accomplishing our target by fiscal 2010 as a result of the systematic implementation of reduction initiatives, we expect even higher targets to be designated following of the Kyoto Protocol. Accordingly, we will make plans to develop new green products and propose new systems to reduce emissions in the post-Kyoto Protocol era.

Priority Theme 2: Incorporating CSR into the supply chain

Regulatory controls governing the safety of chemical substances are becoming increasingly stringent in many countries, just at the time globalization of business has raised the risk of product accidents involving these substances.

To minimize risks as much as possible, we will seek to share information with customers and suppliers throughout the supply chain and conduct negotiations to gain understanding, agreement and cooperation with respect to mutual CSR requirements. We will also endeavor to develop a system that ensures the continued supply of raw materials and manufacturing of products on a contractual basis.

Priority Theme 3: Cultivating a corporate culture which increases motivation

We will create a dynamic, diverse work environment, regardless of gender, nationality or physical ability.

In addition, as part of our social contribution activities, we will expand the scope of the Green Curtain Project, seek greater cooperation with NPOs and support the Chemical Society of Japan for its "I-love-Chemistry Club" (tentative name) initiatives to prevent children from losing interest in chemistry.

Through actions taken on these initiatives, we will promote strategic CSR activities and seek sustainable development for society and the Hitachi Chemical Group.