

HITACHI

Hitachi High-Technologies



Corporate Social
Responsibility Report

2007

Table of Contents

2 Hitachi High-Technologies' CSR Vision

Leadership Commitment

3 Contribution to Progress of Society through High-Tech Solutions

Contribution to Society through High-Tech Solutions

5 Solutions through Products and Technologies

9 CSR Mind of Employees

11 Supporting System for Employees Working on CSR

CSR Activity Report

13 Management

14 Customer Satisfaction

15 Environmental Activity

17 Social Contribution Activity

18 Corporate Profile and Financial Report

Editorial Policy

The CSR Report 2007 is published to update our stakeholders about our current activities with CSR. This periodical explains how we contribute to the progress of the world through our business activity in a feature section entitled "Contribution to Society through High-Tech Solutions". It also provides a comprehensive report on CSR activity in areas such as management systems, environmental activities, contributions to society and so on.

Website

This booklet is an abridged and translated edition of our Japanese CSR report, which is available on our Japanese website. For more information on our general corporate activities, please visit our "Global Site" at:

<http://www.hitachi-hitec.com/global/>



Scope of this Report

Organizations Concerned:

Hitachi High-Technologies Corporation and its affiliated companies

Report Period:

Primarily from April 2006 to March 2007

Next Scheduled Publication:

June 2008

Reference Guides:

"Environmental Reporting Guidelines 2003" by Ministry of the Environment

Hitachi High-Technologies' CSR Vision

Our underlying idea for managing our company is “achieving our business goal on the philosophy that we contribute to society through our business and with consideration for the environment, society and human rights”. Our ultimate goal is to “be at the top of the high-tech solution business” while keeping in mind the importance of creating values through high-tech solutions in order to contribute to society. Moreover, we believe that environmental consciousness, a law-abiding spirit, disclosing information and respect for employees to be essential in corporate management. These ideas are summarized as “basic philosophy” and “corporate vision” below, and putting them into practice is the very CSR of our company.

Corporate Vision

Basic Philosophy

Hitachi High-Technologies Corporation aims to be a successful enterprise trusted by all our stakeholders and contributing to social progress through business activities that emphasize value creation through high-tech solutions. We are committed to open, transparent, and reliable business practices. As we continue to grow, we will value environmental responsibility and strive to build a prosperous community, fulfilling our social responsibility and contributing as a corporate citizen with passion and pride in our work.

Corporate Vision

To consistently aim to be Global Top in high-tech solutions

Business Policy

1. To place the customer first, growing with our customers by providing the best solutions, consistently a step ahead of market needs.
2. To contribute to value creation in the global community through synergies between our strengths in cutting-edge technologies and our capabilities as an established trading company.
3. To aim for reliability and excellence based on our core assets of talent and technical resources, and to maximize our corporate value.

Management Policy

1. To aggressively disclose information and conduct business in a highly transparent manner.
2. To exercise social responsibility as an environmentally aware corporate citizen.
3. To conduct legally and ethically sound business activities.

Corporate Culture Policy

1. To respect the abilities of every employee and inspire confidence to tackle new challenges.
2. To build a vibrant, enterprising company that is open to new ideas.
3. To encourage speedy and efficient performance through teamwork.

Contribution to Progress of Society through High-Tech Solutions

— Each Employee Practices CSR Activity with a Great Sensitivity —

CSR for Hitachi High-Technologies

In recent years, with the rapid change of economic and social climates such as globalization and progress of IT, companies have been asked to respond to various issues such as global environmental protection, improvement of “quality” of peoples’ lives, and information security. In this situation, our company, as a member of the Hitachi Group, promotes contribution to society through our proud state-of-the-art technologies as well as taking compliance and environmental protection into consideration.

To practice the policy written in the Basic Philosophy is the very CSR of our company. They are “Hitachi High-Technologies Corporation aims to be a successful enterprise trusted by all our stakeholders and contributing to social progress through business activities that emphasize value creation through high-tech solutions.” and “strive to build a prosperous community, fulfilling our social responsibility and contributing as a corporate citizen”.

Contribution to Society through Business Activity

We think that high-tech solutions utilizing our technologies and human resources are capable of responding to customer demand, as well as contributing to society with the aim of improving the quality of life and social infrastructure. These beliefs are the cornerstone of CSR.

For example, our electron microscope and various analysis equipment

contribute to the research and development for the public health and wellness such as developing vaccines for communicable-disease like norovirus and bird flu, and also developing new medicine.

In addition to the business activity for contribution to society, we support “science education” both domestically and internationally. Through the use of our electron microscope in science classes we are cultivating young peoples’ interest in science in hope that they may embark on careers that contribute to the development of science and technology. Furthermore, we are currently engaged in an environmental preservation project. We call it “Hitachi High-Technologies Yasato Forest Tree Planting Activity”. This project is designed to help prevent the progression of global warming. We are also involved in other community related projects, some of which are community cleanups at each business location and support for public marathons.

Field-Oriented CSR

We have done our best to promote CSR policies, however, we now see the need to expand our CSR policy to include our individual employees. We think it important that each and every employee should develop CSR awareness and needs to take the “independent-minded stance” at their work locales. Therefore, we encourage employees to promote CSR policies and provide support through an excellent education program and training at manufacturing sites.

Moreover, we would like to achieve the goal set in our Corporate Culture Policy which is: to respect the abilities of every employee and inspire confidence to tackle new challenges, to build a vibrant, enterprising company that is open to new ideas and to encourage speedy and efficient performance through teamwork. Thus, we are striving to get the best out of each employee, providing fair and transparent personnel system, excellent maternity leave and volunteer break system, and consideration to human rights. At the same time, we are doing our best to make the working environment more comfortable so that each employee can find motivation in his/her job and feel like an important member of society.

Management of CSR

In April 2006, we directly linked CSR activities to the corporate management and created a new CSR promotion Division for the purpose of organizing an entirely better promotional system. To spread the basis of CSR within the company, we occasionally remind our employees about "Ethics (conducting business based on fundamental principal and correctness)" and "Integrity (on business honesty rather than gain)", hold study meetings at each office, and make efforts to motivate employees to comply with CSR policies.

In July 2006, our headquarters and all domestic branches and sales offices received an ISO9001 certificate in every department. Our entire group makes efforts to improve the quality management in the



H. Obayashi

Obayashi Hidehito
President,
Chief Executive Officer and Director

departments of manufacturing, sales and services for customer satisfaction. Furthermore, in terms of the environment, we are promoting a project entitled "Environmental CSR-Compliant Monozukuri" which is designed to promote environmental protection.

We, Hitachi High-Tech Group are all doing our best to promote CSR activities as written above in order to gain trust from our stakeholders.

Our company will continue to develop the CSR as our corporate culture grows through the high motivation of each employee, communication with stakeholders and actively working to fulfill social responsibility.

June 2007

Every Effort for Human Life and Health – Contributions to Society w

Human life sustaining activities such as breathing and muscle movement are controlled at the molecular level like protein, enzyme, lipid and carbohydrate. Identifying and understanding the mechanisms that sustain our lives have led to the development of medical treatment and medicine, the solutions to food and environmental issues, and the improvement of the quality human life. In this section, we will introduce examples of microscopic observation and analysis to contribute to society by Hitachi High-Technologies Group.

We Support the Research for Biology and Medical Sciences

Transmission Electron Microscope

Electron Microscope Useful in Various Viruses Research

It has been discovered that diseases such as bird (avian) flu and norovirus can be transmitted to humans. The viruses that cause these diseases range from about 30 to 150 nanometers (1 nanometer= 1/1000000000 meter) in size which means we can only look at them with an electron microscope. The cause of SARS, which afflicted China in 2003, was confirmed to be a new kind of corona virus. The research on this virus was done with an electron microscope. Now the research for treating and preventing this virus is progressing. Along with the

development of new medicine, the electron microscope plays a crucial role in specifying effective materials, searching for production methods, and analyzing functions within human body.

We Support Research Development Partnerships with Universities and Laboratories

A new aspect using an electron microscope technology is that the Computed Tomography (CT) is applied to three dimensional observation of fine structure of samples. This is attracting people's



What is an electron microscope?

The electron microscope magnifies objects up to a million times closer than a conventional microscope.

It enables us to observe the specimen better at the nano-level than by an optical microscope.

There are generally two kinds of electron microscopes: transmission electron microscopes and scanning electron microscopes.

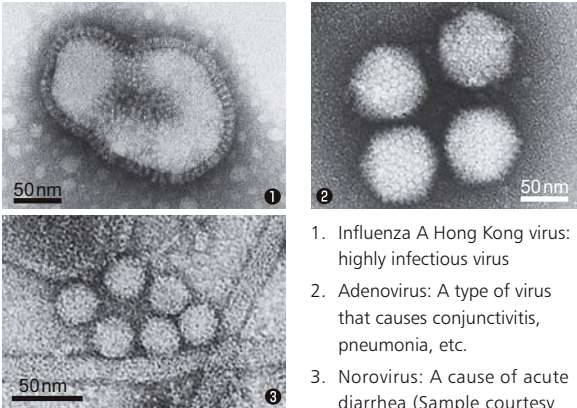
These are both used in the field of medical research, science and biology, material development, electronics, etc.

1. Transmission Electron Microscope:TEM: Active in research and industry fields as "Bio-TEM®"
2. Scanning Electron Microscope: SEM

attention. Scientists have found that they can observe the steric structure and inner structure of cells by cutting molecules into round slices to analyze and manipulating the image. Visualization of such a cell structure is currently a collaborative project between public studies and Hitachi High Technologies. Hitachi High-Technologies is working diligently developing equipment and offering technical support. We hope to develop strong partnerships and grow with various universities and laboratories.

We Respond to the Demand of the Researcher

Feedback from customers has immensely helped Hitachi High-Technologies improve the Transmission Electron Microscope “Bio-TEM®”. These improvements allow medical and biological researchers attain optimal results. Also, we pursued the operability and functionality based on ergonomics for users to feel rather comfortable even if it is their first time use of the microscope. Moreover, we have been making an effort to offer valuable solutions for optimum usage to the customers who are using our electron microscopes.



1. Influenza A Hong Kong virus: highly infectious virus
2. Adenovirus: A type of virus that causes conjunctivitis, pneumonia, etc.
3. Norovirus: A cause of acute diarrhea (Sample courtesy by Etuko Tajiri-Utagawa, Ph. D, Senior Researcher, Department of Virology II, National Institute of Infections Diseases)



Hiroyuki Kobayashi
Advanced Microscope Systems
Design 2nd Dept.,
Naka Division,
Nanotechnology Products Business
Group,
Hitachi High-Technologies

In the development of “Bio-TEM®”, we have especially focused on functionality such as flexible observation from wide field with low magnification to large magnification and observation with auto focus as more customers demanded them. In fact, we have controlled 70% of the domestic market share which indicates the opinion our customers have about this product. Many people are using our products and that instills us with a great sense of accomplishment and increases our sense of responsibility to society.

Our important role is to support users of our electron microscope to give sufficient results and to apply our customer’s feedback to our products and services. We often conduct seminars, workshops and give lectures for young researchers as well as experienced researchers at leading universities and research facilities around the world. This is in hope to present our valuable and wide-field technologies to the world.



Eiko Nakazawa
Naka Application Center,
Naka Division,
Nanotechnology Products
Business Group,
Hitachi High-Technologies

Analytical Science Protects the Safety of Our Food and Life

High Performance Liquid Chromatograph

Demands for Strict Quality Control

How dense is the active constituent of a pharmaceutical product? How much vitamin and calcium nutrition is there in food? Is the food we touch and eat free from harmful substances? These are only a few questions that are emerging as people are paying more attention to their health, safety, and environment. The government maintains the safe manufacturing and distribution of products by carrying out surprise inspections and imposing strict regulations. Now the demand of quality control of raw material is growing. Therefore, quality control and inspection in this area has been increased. Furthermore, correct and reproducible analysis data is important.

For example, there are many products made from chemicals such as daily products, electric appliances, vehicles, and other things we use in daily life. In this type of manufacturing business, we need to manufacture products in compliance with strict quality control regulations depending on the purpose of use, from raw materials to the final products. These manufacturing methods must comply with both domestic and international regulations. In accordance to The Pharmaceutical Affairs Law, we are obligated to gather and submit component data that focuses on the reproducibility of pharmaceutical products protecting people's health and cosmetic products being applied directly to the skin.

In recent years, more manufactured product components have become subject to regulation all over the world. Manufacturers must follow these regulations to market their products internationally. Our new issue now is how we can decrease inspection time to keep operation schedules on time.



Kousaku Toyosaki
Bio & Analytical Systems Design Dept.,
Naka Division, Nanotechnology
Products Business Group,
Hitachi High-Technologies

To keep products safe for consumption, it is important for manufacturers to maintain high standards of quality control and therefore requires equipment capable of performing the ultra fast analysis. We have developed products designed for speedy analysis, reducing solvating media quantity consumed and electricity usage, and environment. We will continue listening to customers' voices to make a better product.

Upgrading Quality Control through Promotion of Streamlining of Analysis

Hitachi High-Technologies has developed a solution to the problem of inspection time. We provide a high performance liquid chromatograph that makes it possible to shorten the time of inspection while sustaining the correctness and reproducibility of the data. This method can be customized a variety of items such as pharmaceutical products, food, environmental analysis, chemistry and materials. To raise the analytical efficiency, analysis time has been decreased by up to one tenth of that of the conventional company products and made it possible to measure the reproducibility well with low light (=high sensitivity). The speed-up analysis adds conditions to examine various conditions, and improves not only productivity but the quality of the entire analysis. Also, to uphold our social responsibility for products, we have proven the basic performance attributed to the high-speed analyzer in reproducibility and stability through long duration tests. We continue to pursue quality, safety, and durability that follows the Hitachi Group's criteria of *Eco-Products. For example, we never use lead solders.

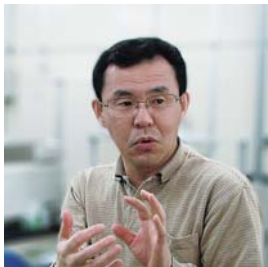
* Hitachi High-Technologies recognizes our environmentally sound products based on the common evaluation criteria among Hitachi Group known as "Eco-Product".

Practice Safety Criterion and Contribution to the Problem Solution for New Pharmaceutical Development Pharmacokinetic Analysis Service

Pharmacokinetic Analysis Contributing to the Pharmaceutical Products Development

Therapeutics for a variety of malignant diseases have been discovered through pharmaceutical and therapeutical progress. However, many patients still need valuable pharmaceutical products. Thus, pharmaceutical companies have new tasks designed for improving the accuracy of test results, regardless of the diversity and complexity of analytical work. These tasks are to confirm the safety and efficacy of clinical studies for new pharmaceutical development, to do post marketing survey, and to develop *generic drugs.

To assist in the completion of the tasks, Hitachi High-Tech Group offers our “pharmacokinetic analysis service”. Pharmacokinetics is one of the research fields that evaluates the efficacy and toxicity of medicine. We analyze blood, urine, nail and liver samples and report the results to the pharmaceutical companies or hospitals which requests our analysis service.



Yoshimitsu Orii
Analytical Service Center,
Hitachi High-Tech Manufacturing
& Service Corporation

Our company’s analyzer is capable of analyzing a very small quantity component such as a Pico unit (1/100 billionth).

It takes more than 10 years to develop new medicine, so it is necessary to manage data and keep security appropriately for a long-period data measurement and its follow up research.

We must pay the closest attention to the correctness and perfection of data and ensure facilities and test environments abide by the national safety criteria because the development of medicine is directly related to people’s lives.

Pharmacokinetic Analysis facilities ranked A in GLP. We receive a GLP adequateness inspection from the Pharmaceuticals and Medical Devices Agency every three years.



The Most Important Social Responsibility is Following Safety Criterion

It is necessary that we confirm to GLP (Good Laboratory Practice) on pharmaceutical development. This safety criterion was set up by the government for the research and development of pharmaceuticals and medical device. Our company strictly manages our facilities, technologies and quality to abide by GLP standards as we understand that conforming to the GLP is our social responsibility. We are making an effort to nourish highly knowledgeable and skilled employees who can conform to the GLP criteria. Along with following GLP standards, it is our standard to check and double check the correctness of all analyzed data and results.

Providing Knowledge and Information Data is Also an Important Role

We commonly have specialist discussions on the results of analysis with developers from pharmaceutical companies and offer them our technical and scientific expertise. We provide services that include our technology and analysis know-how making best use of our background experience as an analyzer maker. The end result is a huge amount of analyzed and collected data. Not only providing data quickly, we are working to arrange it and systematize effective utilization as a part of our services.

* branded generic drug sold after the patent of the new drug has expired with same component and lower cost.

Each Employee Supports Hitachi High-Tech's CSR Program

Liquid Crystal Displays Ensure Environmental Protection through Higher Productivity, Miniaturization and Reduction of Volume.



Shigeru Nakamura
Assemble Systems Dept.,
Fine Technology Product Business
Group,
Hitachi High-Technologies

I design equipment that attaches IC chips and basal plates for displaying images to liquid crystal displays used for the screens of TV and PC automatically at high speed.

Liquid crystal TVs and displays are highly valued because they cause less damage to the environment. As a manufacturer we have the responsibility to protect the environment during the manufacturing process. We reviewed our manufacturing line for high productivity and miniaturization of products, which resulted successfully in saving energy and time, plus volume reduction. The single unitization of plural processes and non-stop operation have increased production efficiency, and, in addition, we have reduced the amount of materials needed for manufacturing liquid crystal displays. Such developments have produced Eco-Products of Hitachi Group and they receive a good evaluation.

Our next goal is to make products concerning from the selection of eco-friendly materials to recycle, and save more energy and volume through higher productivity and miniaturization.



Module Assembly System for LCD



Liquid crystal displays

Contribution to the Development of ASEAN Industry through Mutual Communication between Technology and Human Resources



Shuichi Hirabayashi
Vietnam Representative Office
Hitachi High-Technologies
(Singapore) Pte. Ltd.

Hitachi High-Technologies (Singapore) Pte. Ltd. has installed scanning electron microscopes (SEM) for a Vietnamese national research organization, the IMS (Institute of Materials Science), and has provided related information and training seminars for their engineers. As a sponsor in 2007, we also have provided \$10,000 in financial aid to IMS during the collaborative development research into carbon nanotubes with Vietnam's Industry-Government-Academia, and supported an international workshop held in Ha Long Bay as well.

IMS is expected to play a key role in establishing a research base, introducing advanced technologies, and developing domestic industry in Vietnam. Our company hopes the engineers studying at the IMS will help to further the development of Vietnamese industry by improving their research and development capabilities through the optimal use of Hitachi electron microscopes, thus increasing contributions to industry throughout the world. With the hope of accelerating communications between Japan and ASEAN countries, in the near future we are planning to welcome two Vietnamese engineers for training at Hitachi High-Technologies' factory in Japan. We also will send our Japanese engineers to *Biopolis in Singapore.

I hope that we will be able to act as a bridge builder between ASEAN countries and Japan and contribute to the development of industries in the ASEAN region.



Dr. Minh and a researcher of IMS, operating SEM of Hitachi High-Technologies

* the governmental bio research and development complex

Sharing the Wonder of Science with Today's Children-Tomorrow's Scientists



Bill Roth
San Francisco Office, California
Hitachi High Technologies America, Inc.

* Carbon Nanotubes : new nano-level (1 nanometer= 1/1000000000 meter) material has advanced characteristics in strength and electricity, which is expected to apply for semiconductors and displays.

I am an Application Engineer for the Electron Microscope products in the San Francisco Office. The Hitachi High-Technologies Group supports various "Science Education activities" to stimulate students' interest in Science in hope that they will contribute to the development of High-Technologies in the future.

At the San Francisco Office we organize field trips for local Elementary school, High school and college students which include a tour through our facility and the experience of operating the Electron Microscopes.

Recently, students from Mission College visited our facility. After a lecture on how the Scanning Electron Microscope (SEM) and Transmission Electron Microscope (TEM) work, students were allowed to operate the microscope themselves. They observed the microscopic world that could only be observed by the Electron Microscope: insects, viruses etc. and *carbon Nanotubes that recently have attracted considerable attention as material for Nano research.

I think it is very important to get the younger generation interested in and excited about science. I enjoy this part of my job and hope to share this activity in the local communities.



Students listening carefully to the demonstration of how electron microscopes work



A thank you letter from Mission College

Offer Global Solutions to Customers through New Material Suggestions



Keiko Onodera
Advanced Materials Group,
Industrial Materials 2nd. Dept.,
Hitachi High-Technologies

My division deals with providing various advanced industrial materials for customers both inside and outside Japan. My work here involves a new plastic material used for home appliances. From April, 2004, I was given a chance to go to Shanghai for an international business training within the company for a year. There I learned a new language, how to work in a different culture, and the importance of communication. I was able to gain a global view through this experience.

In recent years, environmentally friendly materials have been increasing in demand. For example, I have proposed a plastic derived from corn and other plants which have since been adopted in the manufacturing of products such as desktop cellular phone holders. The training I received overseas has been a great asset in the development of our business globally as we find insight into the various needs of our customers.

For the future, I am going to do my best to provide new materials corresponding to the needs of customers and society.



Products using plant-derived material



Intercultural Business training in Shanghai

Development Assistance for Employees

[Educational System] Support for Capacity-Building and Career Development for Effective Solutions

Our group is working on promoting human resources targeting all employees because we think “the person is the very foundation of the company” and enhancing each person’s value as a human resource is directly connected to the on-going process of value creation for the Hitachi High-Technologies Group.

Our policy concerning human resources is to promote professionally minded individuals who can globally act in response to rapidly advancing technology, changes in the business environment, and the needs of customers. We provide our employees with educational seminars in order to strengthen the foundation of the entire group. Also, professional education is provided at factories and each affiliated company depending on their business model. Through these synergy effects, we provide the education which meets the needs of workplace and society.

Educational programs are categorized as: rank-specific training, internationalization, business, engineering. We support a promotion plan for workplace and employees.

Especially, we develop human resources with a focus on the following three points to keep offering high quality High Tech Solution business.

1. strengthen “production power/development power”
2. strengthen “suggestion type business power”
3. strengthen “global business skill”



People from many offices all over the world attend the global manager training.

Education System of Hitachi High-Technologies



Main Education to Offer High-Tech Solution Business

(Typical example: Educational contents in Hitachi High-Technologies)

Top Priority Subject	Educational Contents
Strengthening Core Technology and Skills	<ul style="list-style-type: none"> • dispatching of engineers to overseas research organizations, etc. • basic technological education for the entire group, section technical lectures, and dispatches to outside organizations • planned conveyance of skills
Strengthening Business Power	<ul style="list-style-type: none"> • phased high-level marketing education for many employees from younger generation to executives • presentation education from younger generation
Global Talent's Strengthening and Development	<ul style="list-style-type: none"> • overseas training system • global business training for many new employees • development of employees overseas (We conduct manager development program)



Shizuka Wada

Human Resource Development Group,
Human Resource Dept.,
Hitachi High-Technologies

We take measures to bring out the best in each individual through our education programs. The overall goal is get our employees to learn and grow through their work. The task today is to cultivate the next-generation of global leaders who are world-minded and who can correspond to the needs those of both inside and outside the company.

[Award System]

Employees' Challenge in the Development of New Business Leads to a Positive Workforce.

Every year, the president of Hitachi High-Technologies honors teams or individuals who inspired new developments which produced positive results. The purpose of this system is to reward the efforts and results that employees make and to encourage each employee to suggest new business, which we feel lead to the contribution to society.

In 2006, we awarded 34 awards for technical innovation, 51 awards for intellectual property right, 11 awards for business development, and 20 awards for management innovation. The project "Development and sales expansion of hard disk related production/inspection equipment" received President Awards which are the top awards for technical innovation and business development. This project received such positive responses because the design & development division and the sales section worked together to determine the exact

needs of the world and to develop new technology and products.

The excellent knowhow and information about the awarded business cases are shared within the Hitachi High-Technologies Group through the case presentations. We think this opportunity is important for promoting a positive workplace and we will continue to make use of it as a means of discovering new business.



The award ceremony for engineering innovation and intellectual property right in December, 2006.

[Support for Skill Acquisition]

A Work Environment for Improving High-Level Skills

The strength of our high-tech products, including the electron microscope and the DNA sequencer which are leading the world in this type of technology, lies in the electron beam apparatus and high speed DNA analysis. High-level skills are also necessary to produce high-tech products.

Skilled technicians within the manufacturing field are decreasing today, and it has become a social problem. To address this problem, our group is working systematically to improve the level of "high technology skill" in manufacturing, and to pass it down to young technicians.

Especially, every year we participate in the "WorldSkills Competitions" for the purpose of maturing young, innovative technicians from which many are awarded medals. The participation in this competition is important for developing both products and people. Through competition trainings, young technicians develop their skills and spirit, and instructors improve their leadership skills.

Our mission in high-tech field is to pass down to young technicians our "technology-minded" spirit and to keep challenging to further advance our technologies.

■ Hitachi High-Technologies' Activity Example for "Skill Acquisition and Conveyance"

The entire company	Continuously taking skill examination (national assay)
Naka Division	"Subjects and practical skills competition" to strengthen and convey the basic skill "WorldSkills Competitions" to foster young, promising future technicians
Kasado Division	Technical education through the collaboration between "technical training school" and the workplace
Shonan/Saitama Division	"Skill recognition system" and "Skills competition" to train multi-faceted technicians

■ Technician Introduction



Toru Katouno, Master/Maister

Semiconductor Equipment Manufacturing Dept.,
Naka Division, Nanotechnology Products Business
Group, Hitachi High-Technologies

Gold medal winner of the WorldSkills Competitions in 1973. He received the title "Best Technicians" of employees in the manufacturing division of Hitachi Group and, furthermore, received the award of "Contemporary master craftsman" from the Ministry of Health, Labor and Welfare in fiscal 2006. This award is given to an outstanding skilled technician in our country.

Management

Corporate Governance

The reinforcement of business execution oversight as well as bold and quick decision-making and business execution are important factors for sustaining growth in any corporation. To sustain corporate growth at Hitachi High-Technologies, we have adopted the style of corporate governance called “the Company with Committees System.” In a committee oriented company, business activity control and power can be delegated between the Board of directors and the Executive Officers.

In our company, the most important matters on management are dealt with by the Executive Committee and supervision is mutual shared among the Executive Officers. The role of the Board of Directors is to decide management basic policy and supervise the execution of business activities such as receiving the reports from Nominating Committee, Audit Committee, Compensation Committee, and Executive Officers. The Audit Committee monitors the execution of business activities through an internal control system centered in the Internal Auditing Division. Internal audits are routinely performed and the results are reported to the Board of Directors. Accounting Auditors are also included in the auditing process to ensure proper accounting.

Moreover, in adherence to the Sarbanes-Oxley Act, we established the Internal Control Group inside the Internal Auditing Division to build and implement internal control over financial reporting and to assess its effectiveness.

Compliance / Risk Management

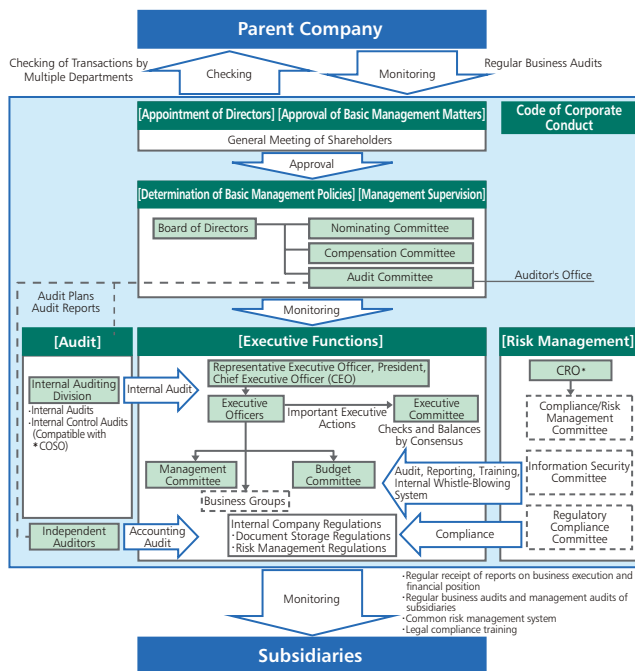
The Compliance/Risk Management Committee was set up in fiscal year 2003. In fiscal year 2006, under this committee system, we formulated our activity plan after investigating all the risks we might have in each section. From fiscal year 2007, this committee will check all department activities every 6 months to make sure everything is being carried out as it was originally planned.

We recognize information security to be a high risk issue due to recent social events, and therefore have taken various measures from management class to employees to insure security. E-learning and information security audit targeting all employees are some examples

of these measures.

In addition, on the basis of a result of the questionnaire survey carried out in 2005, we planned consciousness improvement toward the compliance in the whole Hitachi High-Technologies Group in fiscal 2006. First, a person responsible for compliance in each Division received the compliance trainer training and after that, they held the workshop for approximately 1,200 managers at their workplace. During the workshop we asked managers to do the self check according to “Code of conduct for managers” established in March, 2006 and then educate their subordinates.

Business Execution, Management Oversight and Internal Control System (As of May 1st, 2007)



* COSO: Acronym for the Committee of Sponsoring Organizations of the Treadway Commission, which publicized the internal governance framework in 1992.

* CRO: The Chief Risk Management Officer who is an executive officer responsible for compliance and risk management. The CRO is selected by the Board of Directors.

Customer Satisfaction

Quality ISO Certification as a Business Firm on a National Scale

We have worked on “the enhancement of customer satisfaction”. One of our efforts for it was to promote the acquisition of Quality ISO certification in our sales departments which can be a very important contact point with our customers. In July, 2005, the headquarters and a part of the corporate departments acquired Quality ISO certification, and in July 2006, the sales departments and all the corporate departments supporting sales including regional branch and branch offices all over Japan acquired the certification of Quality ISO9001. (1,500 employees have acquired this certification.)



The Naka Division, Kasado Division, and affiliated companies that are in charge of manufacturing in our company received their ISO certification in 1995. Shortly thereafter, Hitachi High-Tech Fielding, a service affiliated company, also received it. In total, 6,200 employees in the manufacturing and service departments have received certification. Overall, 7,700 employees of the Hitachi High-Technologies Group have earned ISO qualification.

Now that the sales departments of Hitachi High-Technologies are ISO certified, it means that the customer-satisfaction-system in all fields; manufacturing, sales and service has been achieved. We intend to adhere to the Quality ISO Management System in order to guide our company and elevate the quality of business practices with a view to enhancing customer satisfaction further.

■Hitachi High-Technologies Corporation Quality Policy

In addition to contributing to social progress through high-tech solutions that emphasize **value creation**, Hitachi High-Technologies Corporation bases our commitment to continual improvement of quality management systems on an ethical and law-abiding foundation, with the goal of elevating the quality of our business practices and enhancing customer satisfaction in every area of our operations.

Adopted April 2, 2007

Enhance Customer Satisfaction by Strengthening the Quality Guarantee System

According to our “Quality Guarantee Policy” we are striving to improve the quality and safety in designing products based on the safety design standards, in examining the quality evaluation, and in confirming the operating situation after shipment. This policy ensures our quality guarantee system in manufacturing, safety of our products, and our customer’s satisfaction.

Continual Improvement through Measuring the Customer Satisfaction

We are continuously striving to improve customer satisfaction. This is an important issue as it concerns the Quality ISO in our daily business activities. Our method of improving satisfaction is simple. We first receive customer opinions from each department and then report them to top management people. Although this effort is made on a continuous basis, each department has their own particular method of collecting and dealing with customer response. The following describes how each of our departments goes about collecting customer opinion data.

The sales department entrusts questionnaires to third party participants. They collect the surveys about our correspondence to the customer first, and then relay the information to us so we can convey it to our business activities. The questionnaire consists of 30 evaluation points. Some areas evaluated in this type of questionnaire concern the correspondence of our business staff in charge and the products we have supplied to the customer. The manufacturing department has face-to-face meetings with customers to receive their frank opinions on performance, quality, and price of the product corresponding to the product evaluation we received through the questionnaires. The service department is building a system to offer “quick and perfect service” by receiving customer’s feedback through a questionnaire evaluation done at the time of service correspondence as well as questionnaires distributed and collected by third party participants.

In sum, the design and production department, sales department, and service department work together to elicit and understand the customer’s opinions and needs. We are continuously developing the quality of manufacturing, business, and service to expand business affairs and to contribute to society.

Environmental Activity

Evaluation of the fiscal 2006 Environmental Action Plan and Environmental Accounting / Fiscal 2007 Environmental Action Plan

Evaluation of fiscal 2006 performance

●: Target achieved ▲: Needs improvement

Category	Subcategories	Main initiatives and results in fiscal 2006	Rating of results	Cost of environmental preservation			
				Fiscal 2005		Fiscal 2006	
				Cost	Investment	Cost	Investment
Eco-Mind & Global Environmental Management	1. Environmental management promotion	Ranked first for four consecutive years in the trading company category of the Environmental Management Survey conducted by Nihon Keizai Shinbun Inc.	●				
	2. GREEN 21 Ver. 3	Green point: 815 points, including affiliated companies (target: 768 points)	●	355	—	398	—
	3. Solid environmental management system	Obtained a certification of Hitachi environmental promotion organization management system Appeal to overseas offices to promote environmental management	●				
	4. Environmental education	Environmental e-learning in the group of sales sections Education according to rank-specific trainings	●	53	—	61	—
Next-Generation Products and Services	1. Eco-Products	Registered 16 new products and achieved Eco-Products ratio of 76% (target: 70%) Selected 5 Super Eco-Products	●				
	2. Promotion of control of hazardous substances used in products	Promotion of managing the harmful chemical substance contained products complying with European and Chinese RoHS and other regulations, and of making systems for it. Achieved almost 100 % of Green Supplier ratio.	●	1,193	—	987	—
	3. Promotion of sustainable business	Promotion of the sales of Eco-Products Promotion of Eco-Service (ex. Collected SF6)	●				
Super Eco-Factories & Offices	1. Global warming prevention	Reduced CO ₂ emissions per unit of production by 36 % compared to base year Reduced electric power consumption at the headquarters building resulting in a 10.5% reduction in energy use compared to the fiscal year 2000 Promotion of "TEAM Minus 6 %" activity in the entire group	●	12	354	190	86
	2. Promotion of resource-cycle use	Zero emissions achieved at Shonan Division The headquarters started using the recycling route for zero emission	●				
	3. Chemical substance management	Conducted a measurement of VOC density Planned to reduce VOC emission	●	165	6	152	—
	4. Eco-Factories maintenance, etc.	Maintenance of Eco-Factories and examination to introduce super Eco-Factories etc.	●	478	30	543	23
Worldwide Environmental Partnerships	1. Environmental communication	Published CSR Report 2006, sent all stockholders, distributed at business exhibitions Issued Naka Division Site Report Exhibited the tabletop microscope at "Eco-Products 2006"	●				
	2. Global citizenship activity	Communicated with local communities at each division facility Cut the undergrowth in the Hitachi High-Technologies Yasato Forest	●	19	—	16	—
Total				2,275	390	2,347	109

● We had no violations of environmental laws and regulations. We responded appropriately to comments and complaints from outside the company.

● Environmental accounting tabulation standards

1) Scope: Hitachi High-Technologies Corporation (Headquarters, domestic branch offices and divisions), domestic affiliated companies of manufacturing and sales. (partly)

2) Reporting period: April 1st, 2006 – March 31st, 2007

3) Costs: labor, R&D, depreciation etc. * Compound costs (combination costs for environmental protection and other purposes) are calculated on the basis of apportionment by extracting parts specific to the purpose of environ

4) Result: Effect on real income: income obtained through activities related to environmental preservation. Effect on cost reduction: The cost reduced by the environmental load reduction plan. (Not including deemed reduction)

(Unit: million yen/year)

Results in fiscal 2006		Main environmental initiatives in fiscal 2007
Real income	Cost reduction	
—	—	Keep being in a higher rank of the Environmental Management Survey
—	—	Gain 896 Green Points
—	—	Continuous correspondence to Hitachi Group environmental promotion organization management system Make plan of the promotion of environmental management at overseas offices
—	—	E-learning of environmental education to all employees of Hitachi High-Technologies Group
—	—	Achieve 72 % or more application of Eco-Products Achieve 8 % or more registration ratio of Super Eco-Products
—	—	Promotion of nonuse of harmful chemical substances in products, in accordance with laws and regulations of other countries continuously
—	—	Promotion of business model to lighten environmental load for the next generation as planned
—	64	Reduce CO ₂ emissions per unit of domestic production by 21 % (fiscal 1990 standard)
48	3	Reduce industrial waste by 14 % (fiscal year 2000 standard) Promotion of recycling material by 4 % (fiscal 2005 standard) Achieve zero emission at headquarters
—	16	Plan the density regulation measure according to Air pollution law for targeted facilities Reduce VOC emission
—	16	Implemented Eco-Factories maintenance measures
—	—	Promotion of continuous communication with stakeholders Publish CSR report (issue newly Chinese version) and Environmental site report Implement of factory open houses and site tours, and complying with survey requests Consideration of exhibiting our products to “Eco-Products Tokyo” and other international exhibition
—	—	Contribution to environmental social activities through planning volunteer activities and active participations to local volunteer activities
48	83	

mental protection.

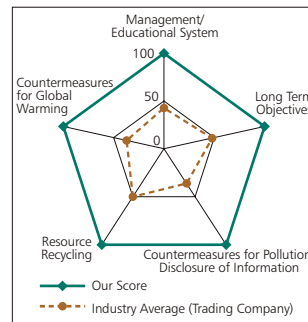
Environmental Activity Highlights

Ranked first for consecutive 4 years in the trading company category of the 10th Environmental Management Survey

In the 10th Environmental Management Survey conducted by Nihon Keizai Shinbun Inc., we received the first prize in the trading company category again.

All the efforts of the entire Hitachi High-Technologies Group received high scores in management, educational system, countermeasures for pollution, and disclosure of information.

We will continue to make efforts to improve our environmental activities.



“Practical application of PCB sequent online measurement technology” received the Best Award of Environmental Award

Hitachi High-Tech Control Systems received the best award by “Practical application of PCB sequent online measurement technology” in the “33rd Environmental Award” conducted by Hitachi Environmental Foundation and Nikkan Kougyou Shinbun Inc. The monitors set in each PCB treatment plant can measure emission gas for 24 hours and plays a role for the safe disposal of PCB.



Exhibited Hitachi Tabletop Microscope TM-1000 at “Eco-Products 2006”

In December 2006, we exhibited our Eco-Product, the Hitachi Tabletop Microscope TM-1000 at an environmental preservation related exhibition in Japan called “Eco-Products 2006”. This large-scale exhibition was held at the Tokyo Big Site. Through this exhibition we were able to introduce 150 visitors ranging from elementary school aged students to adults to our environmental contribution and micro-worlds found with our microscope.



Social Contribution Activity

We Support Science Education through a Radio Program "SCIENCE KID'S"

From October 2006 the Bunka radio broadcasting corporation began broadcasting a science themed program called "Science Kid's". It airs every Saturday from 17:30 to 17:45. The target audience is mainly elementary school children. The concept of this program is to promote science as a very exciting subject. The program contains many interesting subjects and listeners get to discover new things and solve scientific questions. We offer this program to answer children's questions about science.

We would like to tell elementary school children how interesting science is and we would like them to develop keen interest in science through this program to keep children from losing much needed interest in science.



Mr. Masaki Omura is the radio host and is also active on TV. This picture shows he was conducting the experiment using toilet paper after the radio program was recorded.

We Support Children's Education in Philippines through Charity Secondhand Book Fair

In August 2006, we held a charity secondhand book fair for supporting children's education in Philippines at Hitachi High-Technologies headquarters. Sponsorship for this activity was provided by the NPO Child Fund Japan (CFJ) and four other companies. Along with receiving donations, we sold secondhand books and Philippine goods offered by each company's employees and CFJ supporters. Total amount of money of the book sales and donations was over 500 thousand yen. Our company's sales totaled about 50 thousand yen, which was more than last year. The money earned went to support 2nd grade elementary school students' education in Philippines. We will continue to support Philippine education by holding this book fair annually.



This charity secondhand book fair attracted many employees.

Cleanup Activity for Hanaguri and Shirahama Beaches

Hitachi High-Technology's Kasado Division, as a member of Hitachi Group in Kasado district, has been cleaning beaches, parking spaces, and neighborhood streets of the Hanaguri and Shirahama Beaches every summer since 1993. Our cleanup activity is not only for environmental preservation but also for building communication with the local people. In fiscal year 2006, we received the Ministry of Land, Infrastructure and Transport Chugoku Regional Development Bureau Chief Award and the Yamaguchi Prefecture Inland Sea of Seto Environmental Protection Association Chairperson Award for our cleanup activity. In 2006, 160 people of Hitachi Group joined this cleanup activity and after that enjoyed the beach with local people and their families.



Cleanup activity on the beach

"Hitachi High-Technologies Yasato Foreset" We Mowed the Undergrowth as a Part of Tree-Planting Activity

We began the Hitachi High-Technologies Yasato Forest Tree Planting Activity as part of an effort to help prevent global warming in 2005. To ensure the growth of tree saplings the undergrowth and weeds in the area must be thinned over a 60 year period. In June 2006, about 60 volunteers ranging from employees, their families and friends gathered together to take on this job. Those participating removed tall weeds and underbrush using hand sickles with extra care not to cut the saplings. Activities such as this are for the protection of the global environment and we will continue such activities in the years ahead.



The undergrowth mowing activity by employee volunteers

Corporate Profile and Financial Report

Corporate Profile

■ Company Name

Hitachi High-Technologies Corporation

■ Headquarters Address

24-14, Nishi-Shinbashi 1-chome, Minato-ku, Tokyo 105-8717, Japan

■ Main Businesses and Products of our Group

Electronic Device Systems
Etching Systems / Step & Scan Systems / Wafer Inspection Systems / Advanced CD-Measurement SEMs / Electron Microscopes / Back-end Process Equipment / LCD/PDP Manufacturing & Inspection Systems / Hard Disk Drive Manufacturing Systems
Life Science
Automatic Clinical Chemistry Analyzers / Immunodiagnostic Analyzers / Liquid Chromatographs / Amino Acid Analyzers / Spectrophotometers / DNA Sequencers / NMR Spectrometers / Magnetocardiographs
Information Systems and Electronic Components
Chip Mounters / OLED (Organic Light Emitting Diodes) Production Equipment / Semiconductor Products / IT Solutions / Measuring Equipment and Related Systems / Network and Communications-related Products / Information and Consumer Electronics Products / Electronic Devices
Advanced Industrial Products
Steel, Nonferrous Metals, and Plastics / Procurement Solutions Business / Silicon Wafers / Substrates and Circuit Boards / Components for LCD Projectors / Optical Components / Optical Media Components / Automotive-related Components

Economy Report (as of March 31st, 2007)

■ Capital

7.9 billion yen

■ The Number of Employee

Entire Group 10,234

Hitachi High-Technologies 3,889

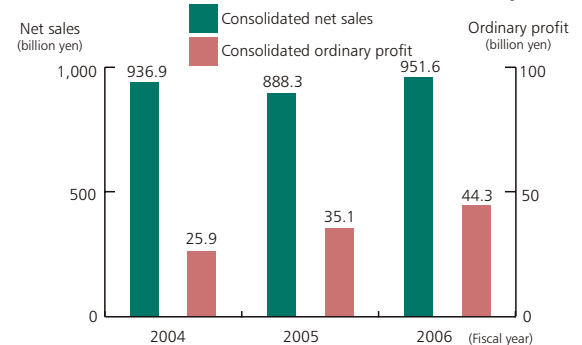
■ Subsidiaries and Affiliates

11 in Japan, 27 overseas

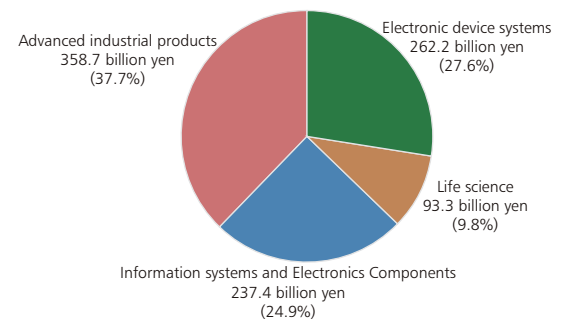
■ Offices

25 in Japan, 60 overseas in 28 countries, as of April 1st, 2007

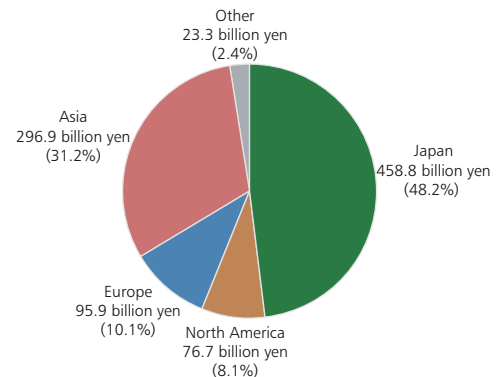
■ Consolidated Net Sales and Consolidated Ordinary Profit

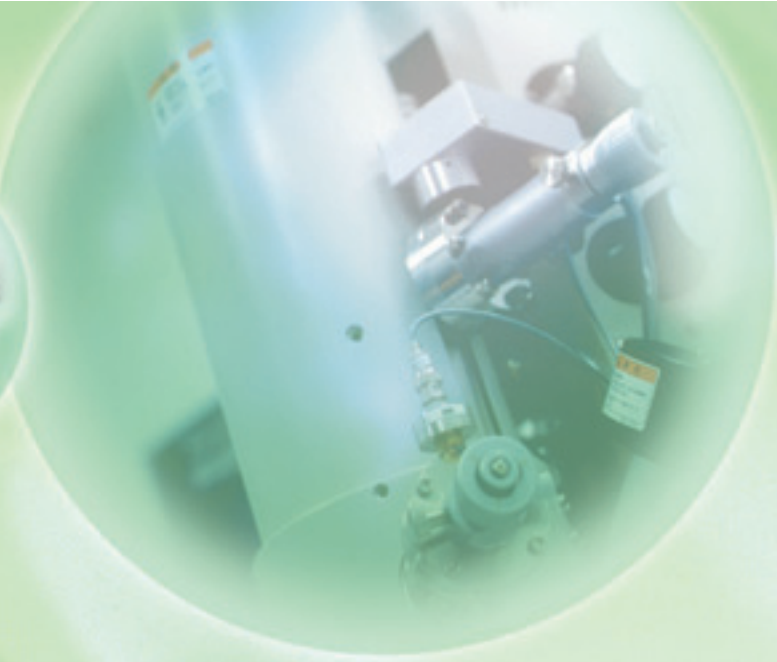


■ Net Sales by Business Segment (Fiscal 2006)



■ Net Sales by Region (Fiscal 2006)





Cover Photo

By Ayako Inoue, "Rice-planting", a winner of Hitachi High-Technologies Award of the Earth Photo Contest 2007, sponsored by President Co., Ltd. Hitachi High-Technologies Corporation is among its co-sponsors.

Publisher / Inquiries

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