

Eco-management (promotion of environment management)

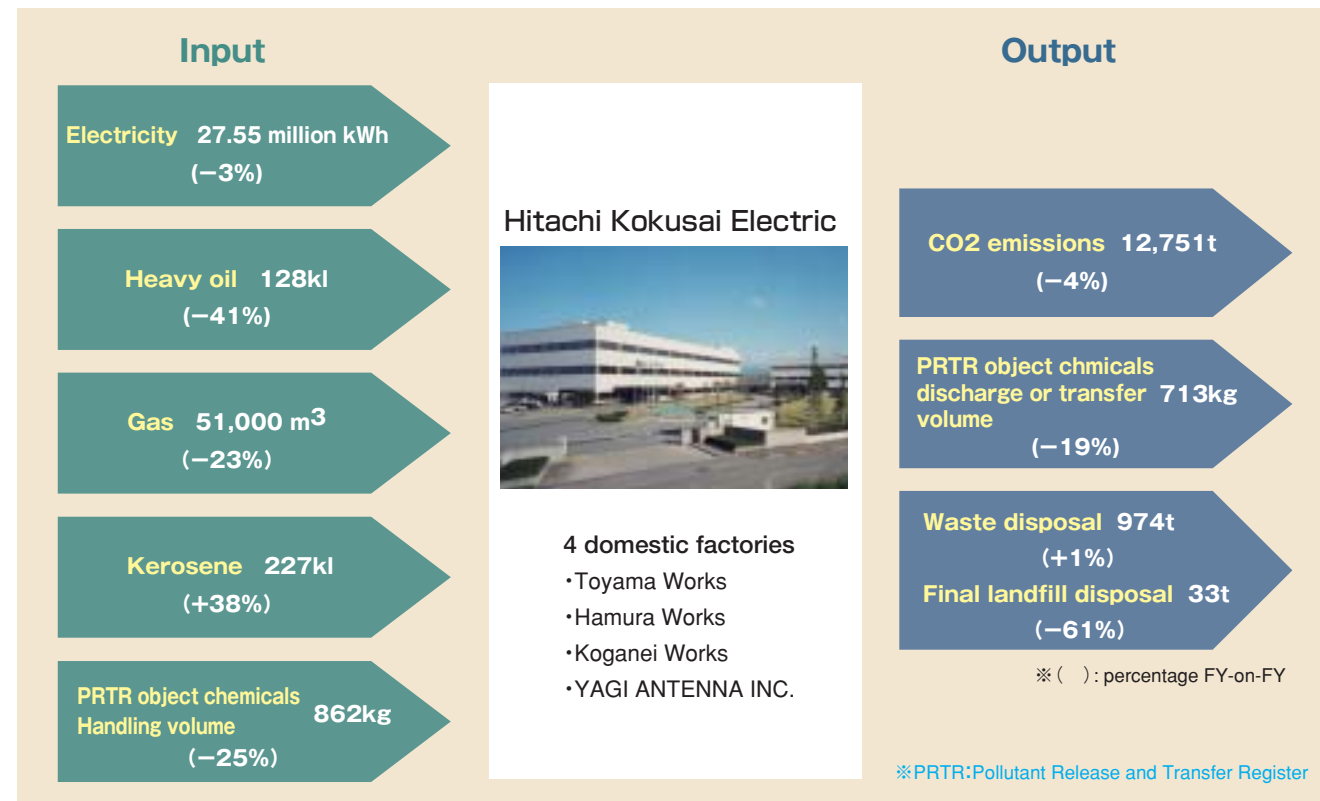
Hitachi Kokusai Electric established an environment management system based on ISO14001, and conducts ongoing improvement by setting environmental goals every fiscal year and working on realizing these goals.

Business activities and environmental load

We quantitatively collect and analyze data concerned with how much resources and energy are used (input) and how much environmental load generating materials are discharged (output) during our business operation at 4 domestic factories.

From the results of these analyses, we establish a reduction goal of environmental load generating materials every year, and work hard to achieve this goal throughout our business operations.

Business activity mass-balance



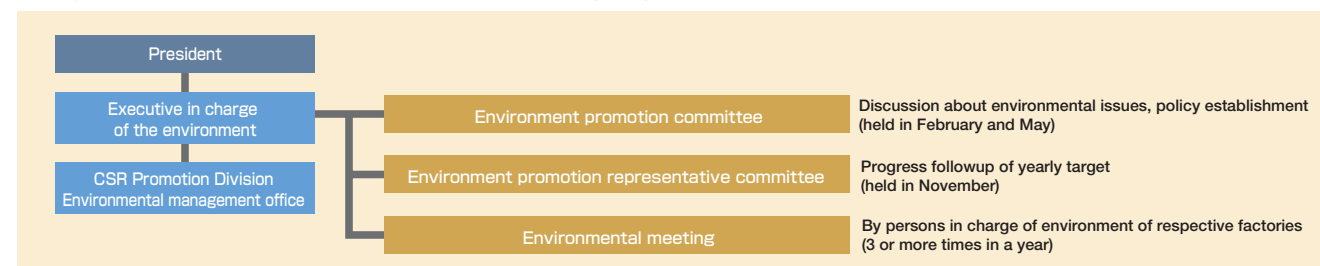
Environment protection system

In the presence of our president, we hold our environment promotion committee with the executive in charge of the environment as chairman and the top executives of each factory and affiliated company as committee members. In this committee, we discuss and determine the mid-to-long term environment planning of the whole group, yearly targets, and priority subjects, then applying the results in each factory and affiliated company. Every factory and affiliated company appoints an environment promotion representative based on the structure of the environment management system, and works on environment activities suited for our business.

The environment management office, consisting of headquarters staff, plans and supports environmental strategies as well as conducts progress followup in the environment promotion representative committee. This work is based on the decisions in the environment promotion committee.

In addition, there is an environmental meeting consisting of persons in charge of the environment of their respective factories. They discuss the policy and activity planning of Hitachi Kokusai Electric group, reporting on results, information exchange, experience sharing, and problem solutions.

Organization chart of Hitachi Kokusai Electric group



Goals and results of environmental activities in fiscal 2004

As we move ahead toward the mid-to-long term target, we are focusing on three key areas, i.e. eco-products, eco-factories, and eco-management.

●Eco-products

We already achieved our FY 2006 goal of 80% for our percentage of environment-friendly products sales, ahead of schedule due to adopting the assessment of environment-friendly designs. We introduced the facilities and production process for lead-free solder connection in FY2003, and have applied it to 39 newly developed products. We will use lead-free solder connection for all newly developed products, step by step. We continue to work on the green procurement issue because investigation of RoHS Directive 6 regulated substance content and the shift from contained products to alternatives have not yet been completed.

We also continue to work on creating environment-friendly products in compliance with green procurement requests from customers.

●Eco-factories

Carbon dioxide emission was reduced by 12% due to promoting total optimization. Chemicals were reduced by 72% compared to FY 2000 due to reducing the amount used and shifting to alternatives. Then, the promotion of recycling reduced the final landfill amount by 95% compared to FY 1998.

●Eco-management

We conducted environmental audits at 2 sites: Tohoku Electronics Engineering, Inc. and Koganei Works.

※RoHS:Restriction of the use of certain Hazardous Substances in electrical and electronic equipment

Goals and results of environmental activities in fiscal 2004

◎:Mid-long term target reached ○:Target reached △:Efforts in improvement required

	Main item	Mid-long term plan	Fiscal 2004 target	Results	Own evaluation
Ecological product	Environment-friendly products	Percentage of environment-friendly products sales 80% in fiscal 2006	Percentage of environment-friendly products sales 70% in fiscal 2004	Percentage of environment-friendly products sales 80% in fiscal 2004	◎
	Lead-free solder	Complete elimination of lead solder	Increase in lead-free solder connection products	Application to 39 newly developed products	△
	Green procurement	Complete abolishment of RoHS Directive 6 in fiscal 2005	Investigation of RoHS Directive 6 regulated substance content Shift from contained products to alternatives	Investigation request to 737 companies Alternative shifting not yet completed	△
Ecological factory	Global warming prevention (energy conservation)	Reduction of carbon dioxide (CO2) emission Compared to FY 1990 3% reduction in FY 2005 7% reduction in FY 2010	Reduction of carbon dioxide CO2 Compared to FY 1990 2% reduction in FY 2004	12% reduction in FY 2004	△
		Reduction of CO2 emissions in production Compared to FY 1990 20% reduction in FY 2005 25% reduction in FY 2010	Reduction of CO2 emissions in production Compared to FY 1990 18% reduction in FY 2004	10% increase in FY 2004	
	Reduction of chemicals	Compared to FY 2000 Chemicals to be reduced 30% reduction in FY 2005	Chemicals to be reduced 25% reduction in FY 2004	Chemicals to be reduced 72% reduction in FY 2004	◎
	Reduction of waste	Compared to FY 1998 85% reduction in FY 2005 Zero emissions in FY 2100	84% reduction Compared to FY 1998	95% reduction Compared to FY 1998	◎
Ecological management	Environmental audit	Enhancement of environmental audit (including factories and affiliated companies)	Implementation of environmental audits by Headquarters' environment management department ISO14001 periodic inspection	Environmental audit implemented at 2 factories Environmental audit by environment management office implemented at 3 internal and 6 affiliated companies	○
	Consolidated management	Promotion of consolidated management by factory	Assessment of environmental load (type, extent, and amount)	Environmental load data obtained	

Environmental audit

In addition to the internal audit based on the environment management system, the environmental audit (audit with regard to environment performance and compliance with laws and regulations) is conducted on in-company business institutions and affiliated company institutions by the environment management office. The audit is held every 2 years at in-company business institutions and every 3 years at affiliated company institutions.

In FY 2004, the environmental audit was held at Koganei Works and Tohoku Electronics Engineering, Inc. Problems and improvements were clarified in the audit, and thereby necessary action are taken.

