

Environmental activities of the Hitachi Cable Group

The Hitachi Cable Group established the "Standards of Corporate Conduct" clearly defining its mission and role in conducting business activities and has used the Guidelines as the criteria of judgment in all business operations. Based on the standard, the Group further established the "Action Guidelines for Environmental Conservation" comprising of 10 items and promotes activities of the Group as a whole by committing to actively take action for environmental conservation.

Hitachi Cable Group's Action Guidelines for Environmental Conservation

Purpose

In order to realize an environmentally harmonious and sustainable society through products and services, the Hitachi Cable Group is committed to meeting its social responsibilities by promoting globally-applicable "MONOZUKURI" (designing, manufacturing or repairing of products), which is aimed at reducing environmental burdens of products throughout their entire life cycles, ensuring environmental conservation.

Action Guidelines

1. Realization of a sustainable society

Global environmental conservation is a critical challenge shared by all humans. We are committed, therefore, to fulfilling its responsibilities by assisting in the realization of an environmentally harmonious and sustainable society as one of its management priorities.

2. Contributing to society by developing technologies and production processes

We will make efforts to contribute to society by developing highly reliable technologies and production processes, while identifying needs considering concerns related to global environmental conservation and limited resources.

3. Responsibilities of members of the board and departments responsible for environmental conservation

Members of the board in charge of environmental conservation are responsible for facilitating appropriate environmental conservation activities. Departments responsible for environmental conservation should endeavor to promote and ensure environmental conservation activities, including improving environment-related rules and regulations and setting goals for environmental burden reduction. These departments should also confirm that their environmental conservation activities are conducted in a proper manner and ensure that these activities are maintained and improved.

4. MONOZUKURI to reduce environmental loads

We will promote globally applicable "MONOZUKURI" with the aim of reducing environmental burdens at every stage, including product research and development, design, production, distribution, sales, usage and final disposal.

5. Initiatives to reduce environmental burdens

We will investigate and review the environmental impact caused in the course of its "MONOZUKURI" processes. Hitachi Cable will also introduce excellent technologies and materials useful to

safeguard the environment, in other words, to reduce environmental burdens through energy and resource saving, chemical substance management, recycling, and other measures.

6. Observation of environmental regulations

Our environmental conservation efforts are not only to be focused on observing international environmental regulations and those of national and local governments, but also on conserving the environment by implementing voluntary environmental standards when necessary.

7. Meeting local community's requests

Regarding globally-applicable MONOZUKURI activities, impact on the local environment and community are to be considered. In addition, measures that meet local communities' requests should be implemented.

8. Employee education

We will educate its employees on the observance of environment-related laws, raise their environmental awareness and encourage their interest in society at large and broad-based environmental conservation activities.

9. Prevention of environmental problems

We will evaluate potential environmental problems and prevent them from occurring. In the event that any environmental problem occurs, Hitachi Cable will take appropriate measures to minimize the impact on the environment.

10. Communications with stakeholders

We will make efforts to disclose information on its environmental conservation activities to its relevant stakeholders. We will also actively communicate with these stakeholders so as to strengthen mutual understanding and forge cooperative relationships with them.

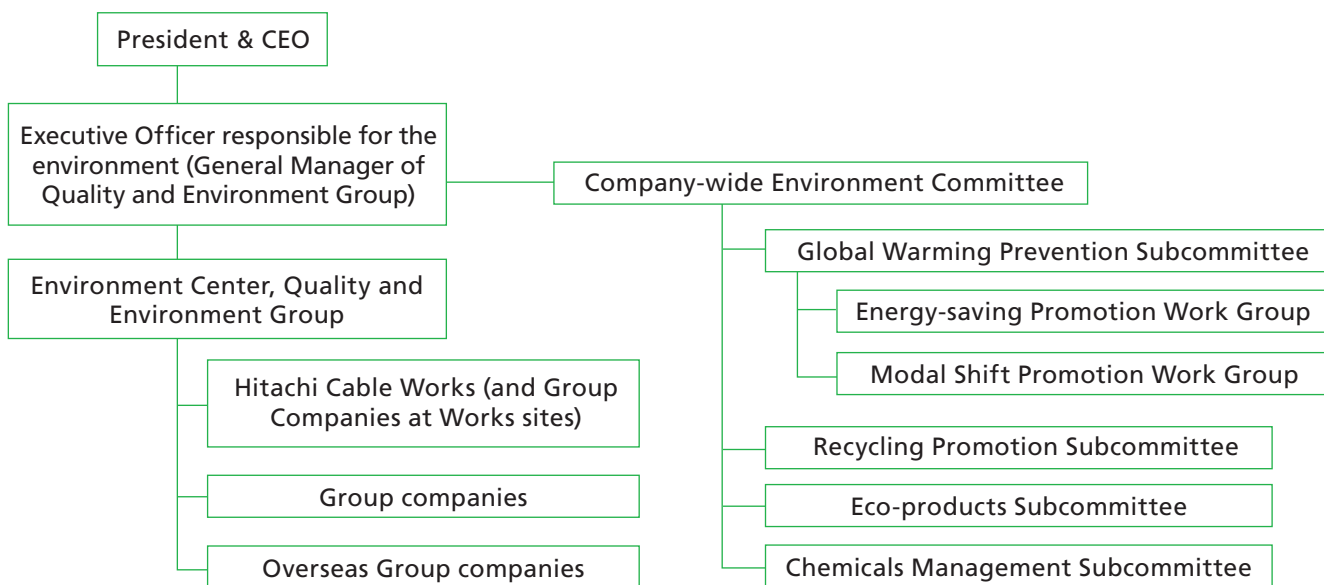
Established in April 2005

Environmental Management Status

Environmental management structure

Hitachi Cable has established a Company-wide Environmental Committee and its subcommittees to prepare plans for the Group's environmental actions, to review and evaluate achievements, to study possible improvements, to discuss common challenges, etc. Based on the Action Guidelines for Environmental Conservation, each Works and Group companies promote environmental improvement activities by each unit of certification of ISO14001 Environmental Management System. The Hitachi Cable Group further established the Environment Center in Quality and Environment Group for

the Group-wide environmental management, and the Center communicate action policies and information to the Works and the Group companies and sum up achievements through environmental activities. The Environment Center is also a part of the certification for ISO14001 environmental management system, under the Hitachi Group Environmental Promotion Mechanism and plays a role to carry out departmental activities in accordance with the environmental management policy of the entire Hitachi Group.



ISO 14001-certification status

All domestic manufacturing bases of the Hitachi Cable Group and affiliated companies have acquired certification of ISO14001 environmental management system. When we add Nikko Shokai Co., Ltd., a non-manufacturing company, to the count of affiliated companies, a total of eight domestic Group and affiliated companies have acquired certification. As for the overseas Group and affiliated companies, the Singburi Factory of Hitachi Bangkok Cable Co., Ltd. newly acquired ISO14001 certification, and the number of certified companies has reached 14.

Hitachi Cable and Group Companies at Works sites

Number of certificates	Number of certified Hitachi Cable sites	Number of Group Companies at Works sites
3	7	9

Number of certified Hitachi Cable Group and affiliated companies

Domestic	Overseas
8	14

Hitachi Group Environmental Operation Organization

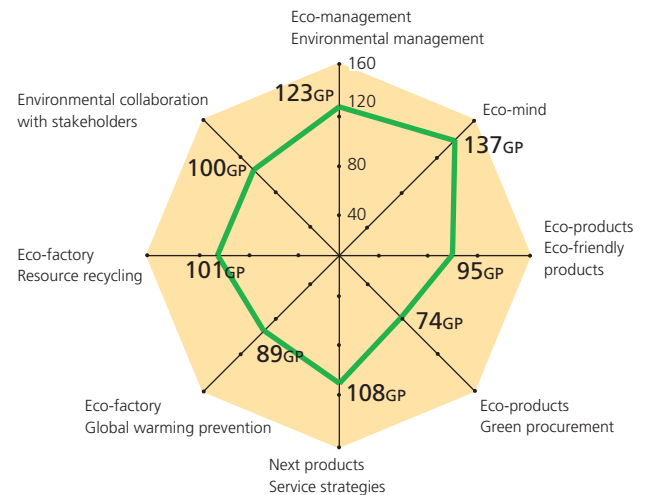
Number of certificates	Range of certification	Certified department in Hitachi Cable
1	Hitachi's Corporate Environmental Policy Division and Environmental Management Departments in the Hitachi Group	Environment Center, Corporate Quality and Environment Group

Environmental Management Evaluation System, GREEN21 Ver 3

Following "GREEN21 Ver 2" activities that were completed in the fiscal year 2005, the Hitachi Group kicked off "GREEN21 Ver 3" in the fiscal year 2006. 640 Green Points (GP) achieved in Ver 2 activities is taken as a reference, and Ver 3 aims to achieve an environmental management level of 1,280 GP in the fiscal year 2010. Higher levels of evaluation items are set up in order to achieve the targets of the environmental action plan toward the fiscal year 2010 and to establish a higher standard for environmental management structure.

In the first year of GREEN21 Ver 3, in the fiscal year 2006, the result was 826 GP, exceeding our target of 768 GP. However, when looking at individual categories, the scores for environmental-conscious products and green procurement turned out to be low, and we seriously feel that further enhancement and improvement is required for expanding the lineup of environmental-conscious products and the sophistication of green procurement.

Green Point evaluation results



Categories and evaluation items

Category	Major evaluation items
Eco-management: environmental management	Action plans, environmental accounting, compliance with laws and regulations
Eco-mind	Environmental education of employees
Eco-products: eco friendly products	Eco-design management, environmental-conscious products
Eco-products: green procurement	Green procurement
Next generation products: service strategies	Eco-products strategies, sustainable business models
Eco-factory: global warming prevention	Energy-saving at factories, energy-saving transportation
Eco-factory: resource recycling	Waste reduction, chemicals management
Environmental collaboration with stakeholders	Information disclosure, global citizen activities

Compliance status of environmental laws and regulations

In the fiscal year 2006, two sets of instructions were given in the Hitachi Cable Group. One was from the Hitachi Takahagi Wide Area Sewage Union regarding the case where Hitachi Magnet Wire Corp. at the Toyoura Works site had in error discharged about 200 liters of waste xylene solvent in the sewage, some of which reached the sewage treatment plant. As a countermeasure, about 140 liters of waste solvent stored in the sewage pit were promptly collected, and the sewage piping in the plant was cleaned. As a measure to prevent the recurrence of such an accident, the procedure was reviewed, and re-education was thoroughly implemented. The other guidance was about the in-plant sewage inspection of Tsuchiura Works by the Tsuchiura City municipal government. As a result of water quality analysis, it turned out that the content of nitrogen and sulfur as well as the amount of suspended solids was about twice as high as those of the wastewater standards specified in the Tsuchiura City Sewage Ordinance. We assumed that as the amount of water flow had been

small at the time of sampling, the outlet pump was forcedly operated, causing water to mix and release a small amount of sludge into the sewage and, as a countermeasure, we cleaned the outlet tank.

No other serious violations of regulations were found. We also received a complaint from a local resident concerning the noise from the outdoor units of the air conditioners at Densen Works. A vibration resulting from faulty bearings in the fan motor caused the noise, and we immediately repaired the unit, eliminating the abnormal noise to the resident's satisfaction.

Number of instructions and complaints

Category	FY2004	FY2005	FY2006
Instructions	1	1	2
Complaints	4	1	1

Environmental education

The issue of global warming is now widely recognized. We conduct environmental education on the basis of the principle that awareness and concrete action by individuals are indispensable for global environmental conservation. Our education is founded on "environmental e-learning" provided for all employees and introductory and explanatory articles through publications for employees and their families and, based on them, provides professional education directly related to business operations and position-based education covering content required for individual positions and classes.



An explanatory meeting on site environmental policies (Toyoura Works)

Category	Name of education
Position-based education	<ul style="list-style-type: none"> ● Manager and supervisor education ● Planning staff education ● Overseas company manager training ● Education for newly employed
Professional education	<ul style="list-style-type: none"> ● Environmental-related professional education ● Specified operation staff education ● Auditor education
General education	<ul style="list-style-type: none"> ● Internet education (environmental e-learning) ● Environmental policy presentations ● Environmental lectures ● Publication for employees and their families

Environmental auditing

Every fiscal year, we audit the environmental management result report that sums up the compliance status of manufacturing sites and regularly implement environmental auditing to conduct on-site surveys. We also study and review the results of internal auditing based on individual units of ISO14001 certification. Through these auditing and checking processes, we check and confirm compliance, risk management and systems throughout the Group.

The environmental management result report, covering 14 sites reported two cases where legal and regulatory standards were exceeded. We have already confirmed that countermeasures were taken for these cases.

Category	Description	
Results of auditing the environmental management result report	Subject	14 sites
	Non-compliance with voluntary control standards	0 cases
	Non-compliance with legal and/or regulatory standards	2 cases
Environmental auditing (on-site survey)	Subject	1 site
Results of internal auditing based on ISO14001	Subject	14 sites 167 departments and sections
	Non-compliance	2 cases
	Correction required	25 cases

Risk checkups at Works

At individual Works, internal and external managers conduct risk checkups jointly in order to confirm the safety of facilities that cause concern about the effects on the environment in case of trouble. Regarding such facilities as fuel storage tanks, chemical solution storage tanks, chemical storage rooms, facilities using chemical solutions, exhaust gas cleaning towers, and high-pressure gas facilities, we inspect the actual conditions of facilities and promote necessary improvements in order to minimize effects in case of assumed natural disasters, accidents or operational mistakes.



Risk checkup (Densen Works)

Environmental Action Plan and Results

Hitachi Cable sets up an environmental action plan to be applied to the entire Group every year. Shown below is a table of targets of key items in the 2006 Environmental Action Plan and their results/evaluation. We also listed the plans for the fiscal year 2007 to 2010.

○ :Achieved; × :Not achieved/improvement efforts required; – : Not subject to evaluation

	Item	2006 Action Plan		Evaluation	Page
		Target	Result		
Environmental conservation In production	Global warming prevention	3.8% reduction of CO2 generated from energy (Compared with that of FY1990)	5.3% reduction	○	38
		31% reduction of emission of SF6 greenhouse gas (Compared with that of FY2003)	35% reduction	○	38
	Transport efficiency	Grasping energy spent for transportation and energy-saving planning in compliance with the Law Concerning the Rational Use of Energy, which mandates measures for transportation	Establishment of a system to grasp consumption and energy-saving plans	○	40
	Resource recycling	Reduction of final disposal rate (*1) to 2% or less	1.1%	○	41
		Reduction of waste and reusable resources generated by 22.8% (Compared with that of FY2000)	26.0% reduction	○	41
	Improve the resources recycling rate (*2) by 2% (Compared with that of FY2005)	2.7%	○	42	
	Chemicals management	19% reduction of VOC air emissions (Compared with that of FY2000)	9.4% reduction	× (*a)	44
Environmental-friendly products	Environmental-friendly products	Increase the registration rate of Hitachi Group environmental-friendly products to 65% or more.	Registration rate 78.7%	○	46
		Improvement in environmental efficiency of products (1) 7% improvement of global warming prevention factor (Compared with that of FY2000) (2) 7% improvement of resources factor (Compared with that of FY2000)	170% improvement of global warming prevention factor and 130% improvement of resources factor, thanks to increased memory capacity of μBGA products	○	–
		Resource-saving for materials used in products (1) 7% improvement of recycled plastic material use rate for products subject to the activity (Reference year: FY2000) (2) 4% reduction of the amount of packing material used for products subject to the activity (Reference year: FY2000)	Selection of products subject to the activity hasn't been completed for both (1) and (2).	× (*b)	–
		Selection study toward registration of super-environmental-friendly products (*3)	Have completed to schedule the selection of prospective products	○	–
	Green procurement	Green supplier rate 100%	100%	○	45
Environmental management	Environmental management promotion	Promotion of environmental management of Group companies	<ul style="list-style-type: none"> •13 companies to report environmental burden data •1 company to implement environmental auditing 	○	33
	Environmental education	<ul style="list-style-type: none"> •Development of eco-minds among employees and their families •Promotion of environmental education by taking advantage of professional lectures and training 	<ul style="list-style-type: none"> •Issue of PR journals to employee's families •Implementation of position-based education •Continuous hosting of environmental e-learning 	○	33
	Environmental communication Global citizen activities	<ul style="list-style-type: none"> •Communication through exhibitions, etc. •Involvement in social contribution activities in relation to the environment including "open house" at Works, community cleaning activities and greening activities. 	<ul style="list-style-type: none"> •Participation in eco-product exhibitions, etc. •Implementation of community cleaning activities •Participation in various volunteer activities, etc. 	○	46

Action plans for production activities at overseas bases

Production activities	Global warming prevention	2% reduction of CO2 emission per unit of sales (Compared with that of FY2003)	Number of successful sites: 5/number of sites subject to the activity: 5	○
	Effective use of resources	20.7% reduction in waste and reusable resources generated (Reference years to be set up for individual sites)	44% reduction	○
		2% reduction of water used (Compared with that of FY2005)	0.9% reduction	× (*c)
	Chemicals management	2% reduction of VOC air emissions (*4) (Compared with that of FY2005)	Number of successful sites: 0/number of sites subject to the activity: 3	× (*d)

Evaluation

FY2007 target	~ FY2010 target
4.6% or more reduction (Compared with that of FY1990)	7% reduction (Compared with that of FY1990)
32% reduction (Compared with that of FY2003)	35% reduction (Compared with that of FY2003)
New targets since FY2007 1% reduction of transportation energy units per ton-kilometers (Compared with that of FY2006)	4% reduction of transportation energy units per ton-kilometers (Compared with that of FY2006)
1% or less	—
23.1% reduction (Compared with that of FY2000)	24% reduction (Compared with that of FY2000)
4%	10%
New targets since FY2007 12.5% reduction (Compared with that of FY2000)	33% reduction (Compared with that of FY2000)
Registration rate 67%	Registration rate 70%
Respectively, 10% improvement (Compared with that of FY2000) 10% improvement (Compared with that of FY2000)	Respectively, 20% improvement (Compared with that of FY2000) 20% improvement (Compared with that of FY2000)
(1) 10% improvement in recycled plastic material use rate for products(Reference year: FY2000) (2) 5% reduction in amount of packing material used (Reference year: FY2000)	(1) 20% improvement in recycled plastic material use rate for products(Reference year: FY2000) (2) 10% reduction in amount of packing material used (Reference year: FY2000)
Newly promote selection and registration of super-environmental-friendly products	30% of registered environmental-friendly products to be super-environmental-friendly products
—	—
Promotion and development of environmental management	
<ul style="list-style-type: none"> • Continued promotion to employee's families • Promotion of position-based education • Continued environmental e-learning 	
<ul style="list-style-type: none"> • Expansion of the provision of product environmental information • Expansion of social contribution activities in relation to the environment 	

Remarks on target column

(*1) Final disposal rate = $\frac{\text{Final disposal volume}}{\text{Waste and reusable resources generated}}$

(*2) Resource recycling ratio is an index commonly used in the Hitachi Group to quantify levels of sophistication of resource recycling by setting weight factors for individual disposal categories of waste recycling, thermal recycling, simple incineration and final disposal and multiplying the disposal amount of each category with the corresponding factor.

(*3) Super-environmental-friendly product: An environment-friendly product that satisfies predefined conditions such as the number-one in the industry and factor 10

(*4) VOC air emission ratio = $\frac{\text{Emission into air}}{\text{Amount used}}$

Remarks on evaluation column

(*a) We have promoted studies of measures to reduce VOC2 substances whose emission into the air is large, but we haven't reached the stage where substantial reductions have been achieved. The target figures in FY2007 and beyond have been revised in consideration of the schedule of measures.

(*b) We prepared a list of prospective products for the activity, but we haven't been able to narrow down products and put the activity into practice.

(*c) Due to the increase in the number of plating equipment that uses a large amount of water, we couldn't achieve the target. In FY2007, we will study and plan measures for reduction.

(*d) Due to increased VOC types and amounts used, we couldn't reach a stage to reduce the emission rate.

2% reduction	5% reduction
20.7% reduction	
4% reduction	10% reduction
4% reduction	10% reduction

Environmental accounting

Shown below is the current status of the costs of environmental conservation activities performed at Hitachi Cable Group's domestic sites as well as the economic and environmental conservation effects. The scale of the total environmental conservation cost is equivalent to that of the past. As for investments, we have taken measures to reduce environmental burdens and to obtain economic effects such as fuel conversion to reduce CO₂ emissions and facility rehabilitation to enhance yields and reduce waste in the production process.

Period: April 2006 to March 2007

Subject: Hitachi Cable and domestic Group companies (Excluding the head office factory of Hitachi Cable Precision Co., Ltd.)

Environmental conservation cost

(Unit: million yen)

Category		Major activities	Investment amount*1	Cost
Cost at Works area		Pollution prevention, energy saving, resource-saving, waste processing, monitoring and measurement of environmental facilities	1,110	3,876
Details	Pollution prevention cost	Facility investment and maintenance for removal of air pollutants and wastewater processing	212	1,052
	Global environmental conservation cost	Facility investment and maintenance for energy saving and CO ₂ emission reduction	732	530
	Resource recycling cost	Waste processing operations Facility investment and maintenance for waste recycling and reduction	166	2,294
Upstream/downstream cost		Collection and reuse of drums, bobbins, reels, pallets and containers	44	546
Management activity cost		Operation and maintenance of environmental management systems Cost of environmental education for employees and labor cost of environmental management organization	3	614
R&D cost		R&D of environmental-friendly products	9	795
Social activity cost		Greening, beautification, landscaping and other environmental improvements	0	5
Environmental damage compensation cost		Environment-related donation and surcharges	0	4
Total			1,166	5,840

Item	Amount
Total amount of investment in the applicable period	21,455
Total R&D cost in the applicable period	10,000

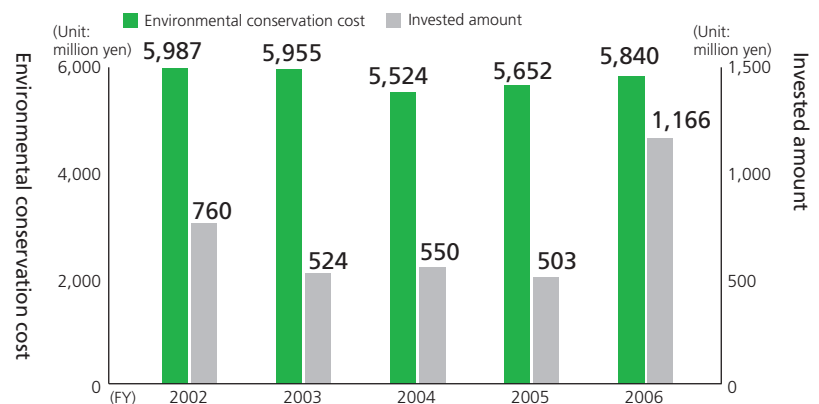
Economic effects generated from environmental conservation measures *2

Description of cost reduction	Amount
Energy cost reduction through energy saving	214
Cost reduction through reusing drums, bobbins and pallets	855

Environmental conservation effects *3

Description of effects	Reduced amount
Reduced electricity consumption	7,939Mwh
Reduced amount of fuel consumed (converted to crude oil)	1,498KL

Transition of environmental conservation cost & investment



*1 Major investment

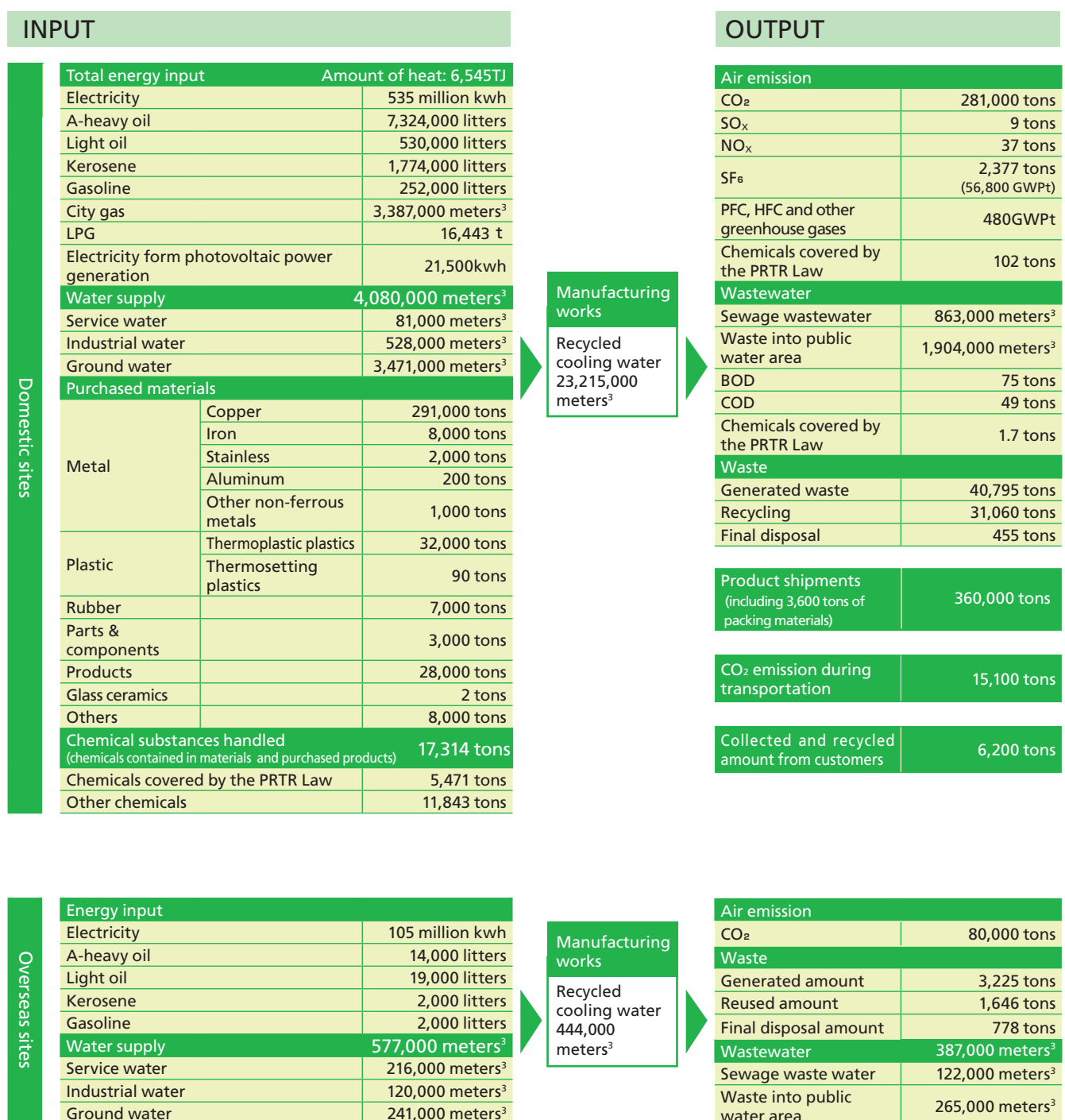
- Pollution prevention: Installation of scrubber for exhaust gas cleaning: 52 million yen
- Global environmental conservation: Melting furnaces, heating furnaces and conversion of boiler fuel : 420 million yen
- Resource recycling: Facility enhancement to reduce waste and enhance yields: 116 million yen

*2 As the percentage and amount of scrap metal in income derived from waste recycling is large, it is not included in the economic effects.

*3 Environmental conservation effects represent the effects of reduction generated from the measures.

Input of Resources and Energy and Output to the Environment

The production activities of the Hitachi Cable Group affect the environment in a variety of manners. We consider it our mission to make ever-lasting efforts to reduce the effects on the environment as much as possible while we are engaged in production. The tables below show the input amount of energy, water resources and substances purchased and handled in production activities, the amount of emitted environmental burdens and waste, and the amount of products delivered and collected and recycled products.



These figures are taken from five large-scale overseas production sites

Global Warming Prevention

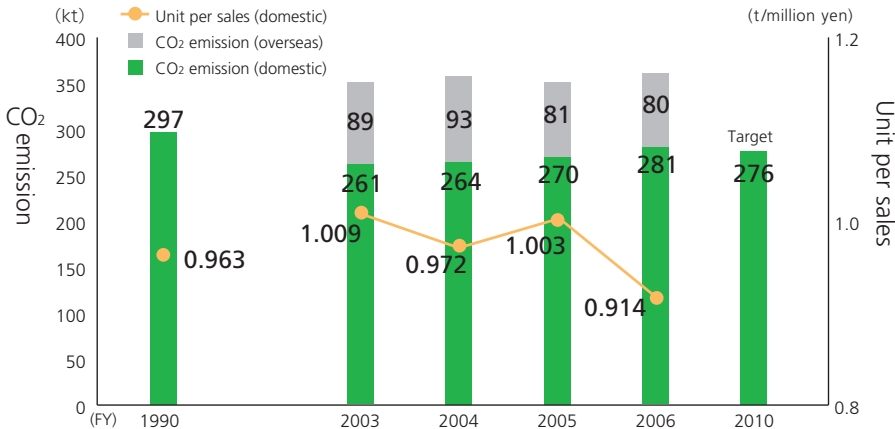
As part of efforts to reduce greenhouse gas emissions, the Hitachi Cable Group has a target of reducing its domestic sites' CO₂ emissions generated through energy consumption by 7% in FY2010 when compared with that of FY1990 and SF₆ gas emissions by 35% in FY2010 when compared with that of FY2003. By summing up these two targets, we set a total greenhouse gas reduction target of 24% by FY2010 when compared with that of FY1990 and when converted to CO₂. In FY2006, domestic greenhouse gas emissions were 338,000 tons, which represents a 23% reduction when compared with that of FY1990.

CO₂ emission status

The total of domestic CO₂ emissions generated through energy consumption in FY2006 was 281,000 tons, representing a 5.3% reduction against 297,000 tons in FY1990. However, due to an increase in the quantity of products, the amount of emissions has continued to increase when compared with that of the previous

year. For this reason, as a measure prospective of a large amount of reduction, we are focusing on renovating facilities to convert fuel types from A-heavy oil and LPG to city gas and LNG. The total of CO₂ emissions generated in energy consumption in five overseas sites was 80,000 tons.

CO₂ emission and unit



The domestic emission factor is the one used in the Hitachi Group for FY1990 as well as FY2003 and FY2004 while for FY 2006, the factor published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry is used.

In order to eliminate the effects of the fluctuations in the price of copper, a zero-base sales amount excluding copper cost from total sales is used.

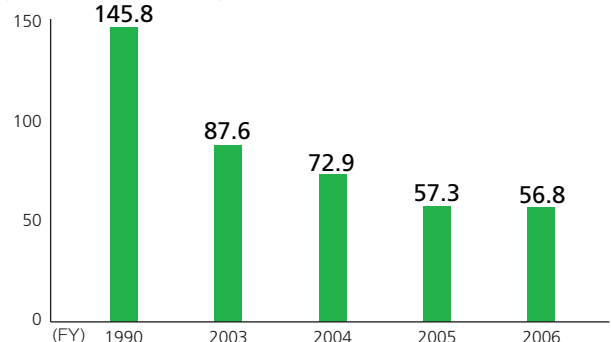
For domestic data, Hitachi Cable Precision's figures in FY1990 and FY2003 are added to the data of the previous year's Report, and the target figure of FY2010 is updated.

SF₆ gas use reduction

Greenhouse gases other than domestic CO₂ emissions generated through energy consumption include SF₆ gas used for performance tests of electric parts and components, CO₂ used as shield gas and PFC/HFC used for cleanser and cooling agents. Total SF₆ gas emissions in FY2006 were 2,377 tons, 56,800 tons when converted to CO₂ while the total emission of CO₂ not generated in energy consumption and PFC/HFC was 480 tons/year when converted to CO₂.

SF₆ gas emission

(Unit: GWP thousand tons)



Promoting fuel conversion as a measure to reduce CO₂ emissions

As a key measure to reduce CO₂ emissions, Hitachi Cable is promoting a plan to convert such fuels as butane gas, A-heavy oil and kerosene to city gas (LNG.)

Densen Works replaced the existing A-heavy oil boiler used for heating rubber steam pans and air conditioning with a boiler driven by city gas, reducing CO₂ emission by 2,100 tons/year. Tsuchiura Works is in the process of replacing butane gas and kerosene used in copper melting and copper heating furnaces with city gas. This modification will be finished by the end by March 2008, and the use of most fuels will be converted to city

gas, and we expect to reduce CO₂ emissions by 5,000 tons per annum. The copper melting furnace of Hitachi Wire & Rod Ltd. at Toyoura Works is now undergoing modifications to change the fuel from butane gas to LNG, and from March 2008 when the tank installation, piping and other facility renovation work are completed, it is expected to reduce CO₂ emissions by 2,700 tons every year. Through these fuel conversion methods, we plan to reduce 3.5% of our total CO₂ emissions or 9,800 tons.

Other than those mentioned above, the key facility improvements to save energy we have implemented in FY2006 are as follows:



City gas boiler (Densen Works)

Category	Improvement example
High-efficiency lighting introduced	Replaced with high-efficiency ceiling lights and fluorescent lamps
Air-conditioning operation improvement	Utilizing return cooling water as a heat source Optimized operation mode of cooling/heat pumps with cooling water temperature monitor Natural air-cooling through changing airflow routes
Distribution system	Efficiency enhancement through updating and integrating transformers
Compressor	Quantity management

SF₆ emissions reduction

The Hitaka Factory of J-Power Systems Corp. located in Hitaka Works uses SF₆ gas for cable insulation tests. As the amount of SF₆ gas used in each round of the test was small and testing locations changed, at one stage the gas was not recovered in any sufficient volume. In FY2006, three sets of mobile gas recovery equipment were installed, and by flexibly operating the equipment, the amount of recovery has increased, reducing the amount of emissions into the air.



Mobile SF₆ gas recovery equipment

Promoting efficiency in transportation

Energy-saving and reduced CO₂ emissions during transportation

As a countermeasure against global warming, reduction of CO₂ during transportation has become an important challenge. In response to the revised Law Concerning the Rational Use of Energy, the Hitachi Cable Group has implemented more accurate measurements of traffic volume as well as a checkup and review of the reality of transportation in the past. The company accordingly improved load factors, transportation routes and transportation methods for more efficient and energy-saving transportation in order to solve issues outstanding for many years as factors that prevented efficient transportation. Our target is a 4% reduction

of transportation energy unit per ton-kilometers by FY2010 when compared with that of the FY2006.

The transportation amount of the Hitachi Cable Group calculated using the calculation formula specified in the Law Concerning the Rational Use of Energy was 109,041,000 tons-kilometers in FY2006, the amount of transportation-related energy was 5,640 kiloliters when converted to crude oil, and CO₂ emissions were 15,100 tons. Within our Group, it is only Hitachi Cable that falls under the category of specified freighter in the Law Concerning the Rational Use of Energy and we duly made an application for the specification.

Modal shift promotion

Customers of the magnet wires produced by Hitachi Magnet Wire Corp. located in Toyoura Works are electric product manufacturers and their factories throughout Japan. Transportation to these customers in Kyushu has been switched from trucks to Japan Rail (JR) containers, resulting in a reduction of CO₂ emissions of 296 tons per year. As illustrated by this example, the Hitachi Cable Group

promotes modal shifts from truck to railroad and sea freight for regular and long-distance transportation. The ratio in FY2006 was at the level of 3.5% of total tons-kilometers.

In addition, the following key transportation efficiency enhancement and improvement measures are in progress or are in the planning stage:



Coils stacked in a JR container

Category	Improvement example
Transportation routing for modal shift	Expanded use of JR cargo and ferries for transportation to Hokkaido and Kyushu Review of transportation hubs and routes
Packing and loading methods	Downsizing by reviewing packing material types and sizes Improved stacking jigs
Transportation arrangements	Content analysis and reduction of requests for transportation changes and emergency transportation Optimization of frequent and small volume transportation

Promoting recycling of resources

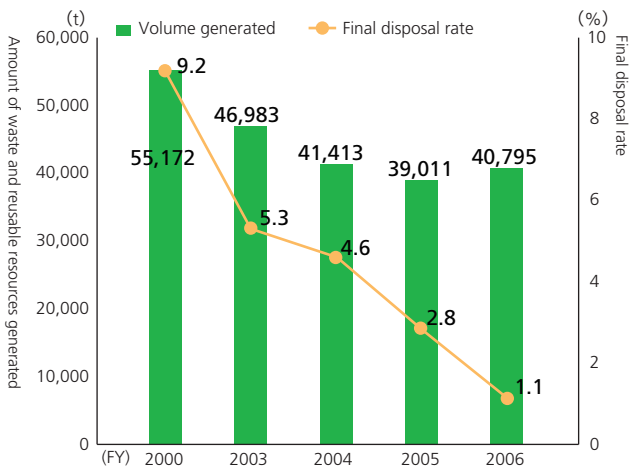
Reduction of volume generated and final disposal rate

As an activity to increase the amount of reusable resources recovered from waste and decrease the final disposal rate toward the formation of a recycling society, the Hitachi Cable Group started an initiative to reduce the final disposal rate of the entire Group by 1% or less in FY2007. The waste generated at the Group's plants and factories include a large amount that is difficult to reuse such as vinyl chloride and vulcanized rubber, but we promoted even more thorough sorting at plants and factories and activities to

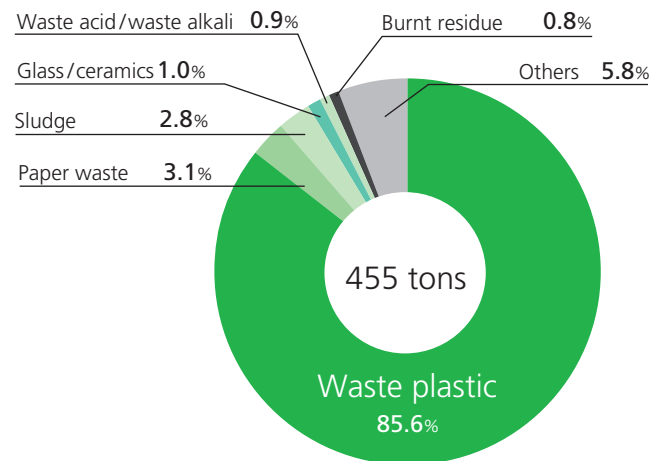
develop applications of reused materials, resulting in steady results as illustrated by the final disposal rates of 2.8% in FY2005 and 1.1% in FY2006 that were close to the final target. In FY2007, we are focusing on activities toward a final disposal rate of 1% including a further expansion of the lineup of reuse applications.

In relation to waste and reusable resources generated, a 26% reduction has been achieved when compared with that of FY2000, thanks to steady and persistent efforts.

Transition of volume generated and final disposal rate (domestic)

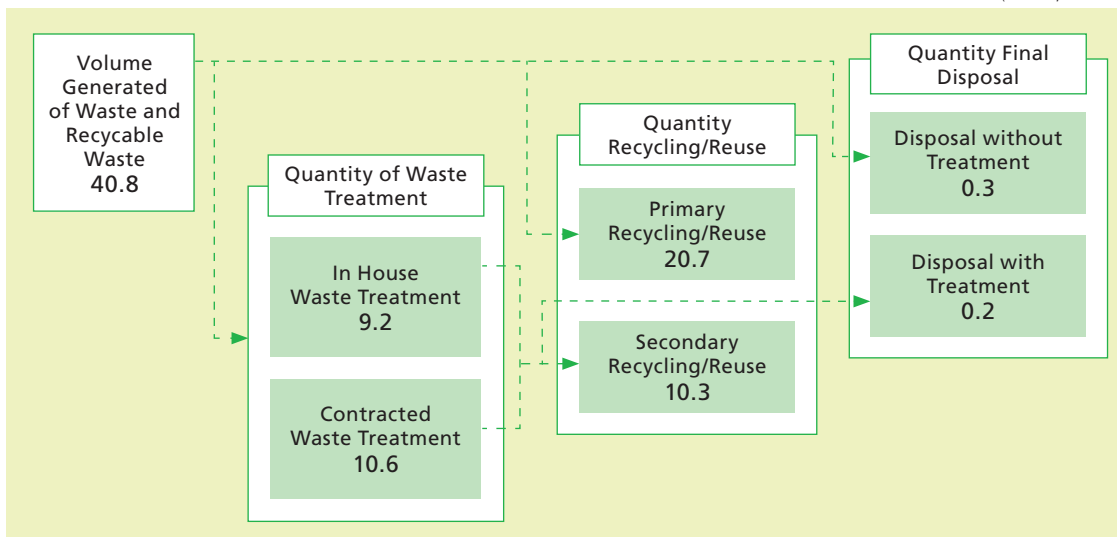


Breakdown of quantity final disposal by category



Processing flow of waste and reusable resources

(Unit: 1,000 tons)



Increasing the resource-recycling rate

In order to advance recycling, the Hitachi Group started initiatives using an index of "resource recycling rate." The amount of energy consumption required for individual categories of recycling/reuse, thermal recycling, simple incineration and final disposal are set up as factors so that the greater the amount of recycling whose factor is small increases and the less the amount of final disposal whose factor

is large decreases, then the lower the total amount of disposal volume multiplied by the corresponding factors will be. We try this rate as an activity for LCA evaluation at the waste stage. The resource-recycling rate in FY2006 improved by 2.7% when compared with that of FY2005.

Activities to increase the amount of reused resources

At Hitaka Works, the electric cables that are manufactured generate a large amount of plastic in the cable coating process. The final disposal rate was 5.8% and about one-sixth of generated plastic waste was land filled in FY2004, one year before FY2005, when the initiative to reduce the final disposal rate commenced. It was the biggest challenge toward lowering the final disposal rate. As a direction of the activity, measures have been taken to strongly promote sorting of plastic waste, and, depending on the type of

plastic, crushing and other new intermediate processes have been implemented so that plastic waste becomes reusable. The amount of sellable value has thus been increased, suppressing the increase in processing costs. Consequently, the final disposal rate in FY2005 was 3.8%, and that of FY2006 improved to 1.3%. In FY2007, we are further pushing an increase in the amount of reusable resources in order to achieve our target of 1% or less of the final disposal rate.

Hitaka Works: An example of thorough sorting of polyethylene waste into reusable resources

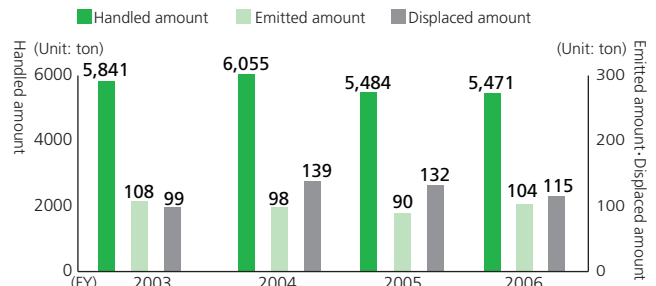


Chemical Management in Production Activities

Chemicals emission control

In order to prevent pollution by chemicals in production activities, Hitachi Cable voluntarily controls and manages a total of 1,435 chemicals in three categories in accordance with the "Hitachi Group Voluntarily Controlled Chemical Substances," mainly focusing on those chemicals subject to the Pollutant Release and Transfer Register (PRTR) Law and chemical-related laws and regulations: 124 "prohibited substances" whose use is prohibited (emission prohibited for some); 258 "reduction substances" whose amount of use and emission is reduced in an organized manner; and 1,053 "controlled substances" whose use and emission are controlled and managed. We properly grasp the amount of use, emission and movement of individual substances and promote activities to reduce their use and emission. Furthermore, when a new chemical substance is used in a manufacturing process, a stringent examination is carried out, where its risk evaluation is implemented, and, based on its score, it is assigned with a category and added to the control list as a "Hitachi Cable Voluntarily Controlled Chemical Substance" so that no toxic

Handled, released and transferred amount of chemicals subject to the PRTR Law



* Including substances whose handled amount is less than 1 ton/year.

chemical substance will be newly used. We received applications for one "reduction substance" and nine "controlled substances" from individual Works, and they are duly added to the list of controlled chemicals.

The total amount of chemicals handled in FY2006 was 17,314 tons, including 5,471 tons of chemicals subject to the PRTR Law, 104.2 tons of emitted chemicals and 115.7 tons of displaced chemicals.

Released and transferred amount of chemicals subject to the PRTR Law in FY 2006

(Unit: ton)

Substance number	Designated chemical substance name	Emission amount		Displaced amount	
		Air	Water	Sewage	Waste
1	Water-soluble compounds of zinc	0.1	0.0	0.0	0.2
9	Adipic acid bis (2-ethylhexyl)	0.0	0.0	0.0	1.5
16	2-amino ethanol	2.1	0.0	0.0	0.1
25	Antimony and its compounds	0.0	0.0	0.0	4.6
29	4,4'-isopropylidenediphenol [bisphenol A]	0.0	0.0	0.0	0.1
30	Condensation polymer of 4,4'-isopropylidenediphenol and 1-chloro-2,3-epoxy-propane [bisphenol A epoxy resin]	0.0	0.0	0.0	33.6
32	2-imidazolidinethione	0.0	0.0	0.0	0.3
40	Ethylbenzene	2.2	0.0	0.0	1.4
43	Ethylene glycol	0.1	1.7	0.0	0.6
63	Xylene	14.0	0.0	0.0	3.7
64	Silver and its soluble compounds	0.0	0.0	0.0	0.0
67	Cresol	1.4	0.0	0.0	5.3
108	Non-organic cyanide compound (excluding complex salt and cyanate)	0.0	0.0	0.0	0.0
115	N- N-Cyclohexyl-2-benzothiazolesulfenamide	0.0	0.0	0.0	1.4
120	3,3'-Dichloro-4,4'-diaminodiphenylmethane	0.0	0.0	0.0	0.4
172	N,N-dimethylformamide	4.1	0.0	0.0	4.4
197	Decabromodiphenyl Ether	0.0	0.0	0.0	0.1
202	Tetrahydromethylphthalic anhydride	0.0	0.0	0.0	0.0
204	Tetramethylthiuram disulfide	0.0	0.0	0.0	0.1
207	Copper soluble acid (excluding complex salt)	0.0	0.0	0.0	0.7
224	1,3,5-trimethyl benzene	0.5	0.0	0.0	0.9
227	Toluene	68.8	0.0	0.0	2.1
230	Lead and its compounds	0.0	0.0	0.0	3.7
231	Nickel	0.0	0.0	0.0	0.5
232	Nickel compounds	0.0	0.0	0.0	0.7
252	Arsenic and its non-organic compounds	0.0	0.0	0.0	4.7
266	Phenol	1.6	0.0	0.0	16.2
269	Phthalic Acid Di-n-octyl	0.0	0.0	0.0	3.3
270	Phthalic Acid Di-n-butyl	0.0	0.0	0.0	0.8
272	Phthalic acid bis (2-ethyl hexyl)	0.0	0.0	0.0	15.1
273	Phthalic Acid Di-n-butyl=benzyl	6.4	0.0	0.0	0.0
283	Hydrogen fluoride and its soluble salt	0.0	0.0	0.6	3.7
299	Benzene	0.0	0.0	0.0	0.0
304	Boron and its compounds	0.0	0.0	0.1	0.8
312	Phthalic anhydride	0.0	0.0	0.0	0.0
Other 59 substances		0.5	0.0	0.0	2.5
Total		102.5	1.7	0.8	114.9

Note 1: Figures dropping the second decimal digit are indicated. For this reason, the total figure is different from the total of individual figures shown.

Note 2: 1 ton/year or more of the substances whose names are given in the table are handled (0.5 ton/year for specific chemicals.)

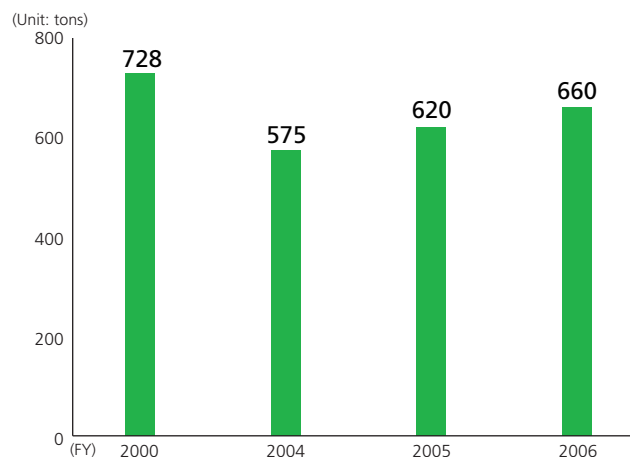
Reducing VOC emissions

As VOC emissions in the air must be reduced, the Hitachi Group picks up 41 substances. The Hitachi Cable Group targets and takes the initiative to reduce these 41 VOC substances by 33% in FY2010 when compared with that of FY2000.

The number of VOC substances dealt with in FY2006 was 31, and VOC air emissions with a handling amount of 1 ton/year or more are 660 tons, representing a 9.4% reduction when compared with that of FY2000.

Of these air emissions, two isopropyl alcohol n-decane substances used for copper surface processing and cleansing represent two-thirds of the total. Taking them as the targeted VOC's for reducing VOC air emissions, we will plan and implement facility improvement measures.

Transition of VOC air emissions (domestic)



Storage status of electric equipment using PCB

We strictly stored and managed these devices at individual sites and expect to start adjustments on schedule with the Japan Environmental Safety Corporation to outsource their disposal by the end of FY2007. We will undertake concrete studies, putting

first priority on the safe carryout and transport of the equipment. We will continue to strictly store and manage small devices that are not subject to disposal at present.

Site	Transformer	Capacitor	Others (fluorescent lamp stabilizers, etc.)
Densen Works	0	15	Stabilizer: 391 pieces; waste oil: 54 liters
Hitaka Works	12	43	Stabilizer: 24 pieces Fluorescent capacitors: 1,942 pieces and 16kg waste x 2 cans
Takasago Works	1	0	0
Toyoura Works	4	64	Stabilizers: 659 pieces; 6 packs of waste, etc.
Tsuchiura Works	9	360	Stabilizers: 573 pieces
Equipment Factory, Hitachi Cable MEC-Tech, Ltd.	0	0	Stabilizers: 67 pieces
Kisai Factory, Hitachi Alloy, Ltd.	0	135	Stabilizers: 24 pieces
Ishioka Works, Tonichi Kyosan Cable, Ltd.	0	6	0
HQ Factory, Tohoku Rubber Co., Ltd.	0	9	0

- The figures include devices with very small amounts of PCB.
- In addition to those shown on the table, there are two transformers (with a small amount of PCB) and 22 capacitors.

Green Procurement

Green procurement principles

The basic principle in relation to green procurement of the Hitachi Cable Group is to procure products and service with little environmental burdens from suppliers that actively address environmental conservation in consideration of reduction, long life, reuse/recycling, ease of disintegration, energy-saving and optimal use of chemical substances.

As to the optimal use of chemical substances in raw materials and parts/components used in products, we implement a chemical substance management system of procured products in which suppliers are requested to submit such information as "no content certification," "chemical content

information," "analysis report" and "MSDS" regarding each of 15 substances prohibited to be contained in procured products (Level A Prohibited Substance Group) and 10 substances whose content must be grasped and controlled (Level B Controlled Substance Group.)



Explanatory meeting for suppliers on survey requests (Hitaka Works)

Integrated Management System for Chemical Substances Contained in Products

We established the "Integrated Management System for Chemical Substances Contained in Products" to grasp and control the amount of chemicals contained in procured materials and components as well as delivered products. Using "chemical substance content information" provided by suppliers and composition data of products and parts/components, the amount of chemical content in all the procured items and completed products is calculated, and Quality Assurance performs evaluation, confirmation and approval corresponding to the controlled values of individual procured items and products on the system using quantified

calculation results and actual analysis data in order to establish a system and organization where no product that contains any chemical exceeding its limit is shipped.



Portal screen of the Integrated Management System for Chemical Substances Contained in Products

100% Green Supplier Rate

For a period of two years between 2005 and 2006, we promoted the "green supplier certification system" in order to build eco-partner relationships with major suppliers. In this system, we encourage suppliers to promote a reduction of environmental burdens and develop environmental-friendly products, promote their acquisition of ISO14001 management system or equivalent environmental certification* and certify suppliers that have acquired such certification as green suppliers. Thanks to understanding and

cooperation from major suppliers, we have been able to certify all 183 companies subject to this system as green suppliers in FY2006.

*Eco Stage, Eco Action 21, KES, HI-KES (Hitachi Group's environmental certification system where suppliers are registered by participating in HiGreen Seminars that provide KES-certified suppliers with know-how of environmental management.) "Eco Stage" is a registered trademark of Mitsubishi UFJ Research & Consulting Co., Ltd. "Eco Action" is a registered trademark of the Institute for Global Environmental Strategies.

Green purchasing of stationery and office supplies

We promote the green purchasing of stationery and office supplies with little environmental burdens such as Eco Mark-certified products, Green Mark products and products compliant with the Green Purchase Law. As stationery and office supplies are mainly purchased via the Internet*, we conduct awareness raising and education such as the

provision of information on the Internet, for those who are responsible for purchasing and education of the significance of green purchase so the percentage of green purchases is increased. In FY2006, the green purchase ratio of Web purchase was 71.6%.

*Internet purchasing by Hitachi Procurement Service Co., Ltd.

Environmental-conscious Products

Design for Environment

We promote "environmental-friendly design" to minimize the environmental burdens of developing products. With regard to eight items concerning environmental burden reduction, including volume reduction, reuse and energy-saving, we conduct "Assessment for DfE (Design for Environment)" to compare the extent of performance enhancement and improvement between conventional and newly developed products by scores, and those products exceeding the reference scores are registered in the Hitachi Group's environmental information indication system, "environmental-friendly products." We started to register our products in FY2001 and newly registered five products in FY2006, resulting in an accumulated total number of 103 registered products

Assessment criteria of "Assessment for DfE (Design for Environment)"

1. Resource reduction
2. Product longevity
3. Resource recycling
4. Ease of decomposition and processing
5. Environmental conservation
6. Energy efficiency
7. Information disclosure
8. Packing materials

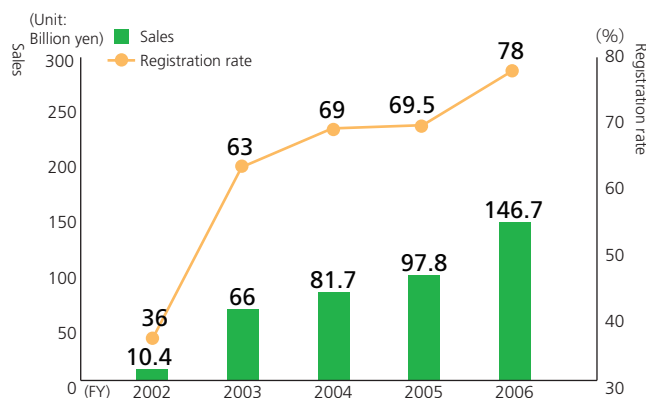
Products registered as FY2006 environmental-friendly products

Optical transceiver for Ethernet
Under-carpet cables for telephones
Thin polyamide-imide flat cables
High frequency waveguide
Baggner

with sales of 146.7 billion yen per year. As an index to evaluate the percentage of registered products in the entire product line, we define the ratio between the sales of the registered products and those of all products in the category as the "registration rate" and implement initiatives to improve the registration rate. In FY2006, the rate reached a level as high as 78%.

Furthermore, the Hitachi group put into practice a system to indicate environmental-friendly products that satisfy predefined conditions such as the number-one in the industry and factor 10 as "super-environmental-friendly products," and the Hitachi Cable Group is now proceeding with the selection of products compliant with this system to be registered.

Sales and registration rate of environmental-friendly products



$$\text{*Registration rate} = \frac{\text{Sales of environmental-friendly products}}{\text{Total sales of the products in the category}}$$

Participating in exhibitions

We have booths at product exhibitions and introduce advantages in terms of eco-friendliness of our products, promoting communication with stakeholders. In FY2006, we exhibited our environment-friendly products at three exhibitions including Eco Style Fair 2006.

Name of exhibition	Period
2006 Automotive Engineering Exposition (Yokohama)	May 24 - 26, 2006
Eco-Products International Fair 2006 (Singapore)	October 31 - November 2, 2006
Eco Style Fair 2006 (Tokyo)	December 14 - 16, 2006



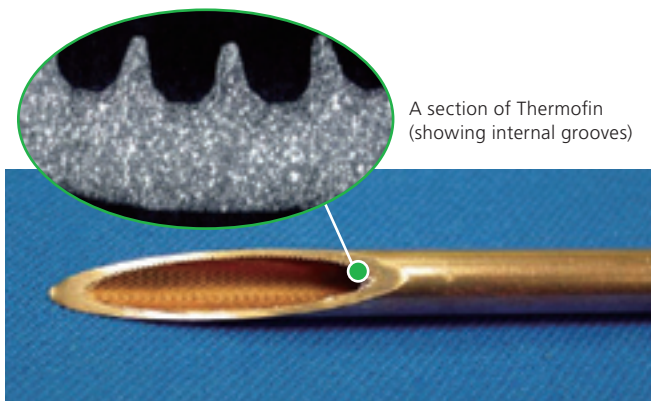
Eco-Products International Fair 2006

High performance copper heat transfer tube for Ecocute

The feature of Ecocute* that uses natural coolants to heat water is high heat efficiency. One part of the equipment and the component that supports the high heat efficiency performance is a high performance heat transfer copper tube, "Thermofin."

The new type of Thermofin has deeper and thinner grooves inside the tube, enhancing heat transfer characteristics. Furthermore, improved manufacturing technology resulted in a 5% reduction of energy consumption at the time of manufacturing, making it a real energy-saving product.

*Ecocute is a registered trademark of the Kansai Electric Power Company.



A section of Thermofin (showing internal grooves)

Thermofin

Optical transceiver for Ethernet



Optical transceiver for Ethernet

Optical transceivers for Ethernet play a background role in the information network society. Thanks to downsizing and increased packaging density of parts and components, the volume of the latest optical transceiver is reduced by 46% when compared with conventional transceivers of the equivalent type, decreasing the amount of materials used by 52%.

Further, low-voltage IC's are used, reducing power consumption by 54%.

Tohoku Baggner (Tohoku Rubber Co., Ltd.)

Thanks to improved technology in the preparation of rubber material, our foldable and returnable container made of rubber-coated fabric used for the transportation of powder, Baggner, has thinned, maintaining conventional performance, reducing its weight by 7% and contributing to a reduction in the transport load.

Development of new production technology has resulted in a 20% reduction of energy necessary for manufacturing when compared with conventional products, contributing to energy saving.



Baggner

**"Empowering Energy & Communication" is a registered trademark of Hitachi Cable, Ltd.

● Contact ●

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