

Hitachi Maxell Group

CSR Report 2006

Corporate Social Responsibility Report

Main Operations and Affiliated Companies

Head Office: 2-18-2 Iidabashi, Chiyoda-ku, Tokyo 102-8521, Japan
Registered Head Office: 1-1-88 Ushitora, Ibaraki-shi, Osaka 567-8567, Japan
Global Sales & Marketing Management Group: 2-18-2 Iidabashi, Chiyoda-ku, Tokyo 102-8521, Japan

【R&D Facilities】

R&D Division: 6-20-1 Kinunodai, Tsukubamirai-shi, Ibaraki 300-2496, Japan
Battery Development Center: 1-1-88 Ushitora, Ibaraki-shi, Osaka 567-8567, Japan

【Works】

Kyoto Works: 1 Koizumi, Oyamazaki-cho, Otokuni-gun, Kyoto 618-8525, Japan
Fukuchiyama Works: 2-51 Osadano-cho, Fukuchiyama-shi, Kyoto 620-0853, Japan
Tsukuba Works: 6139-1 Onogo-machi, Joso-shi, Ibaraki 300-2595, Japan
Osaka Works: 1-1-88 Ushitora, Ibaraki-shi, Osaka 567-8567, Japan
Ono Works: 5 Takumidai, Ono-shi, Hyogo 675-1322, Japan

【Main Affiliated Manufacturing Companies in Japan】

Kyushu Hitachi Maxell, Ltd.: 4680 Ikata, Fukuchi-machi, Tagawa-gun, Fukuoka 822-1296, Japan
Maxell Seiki, Ltd.: 45-101 Kagamita, Oyamazaki-cho, Otokuni-gun, Kyoto 618-8558, Japan
Maxell Hokuiku Seiki, Ltd.: 5-88 Fukushima, Yatsuo-machi, Toyama-shi, Toyama 939-2376, Japan
Maxell Hi Tec, Ltd.: 691 Kuramochi, Joso-shi, Ibaraki 300-2722, Japan
Tohshin Seiko Co., Ltd.: 42-2 Aza Shinmei, Tazawa, Ohkuma, Watari-cho, Watari-gun, Miyagi 989-2383, Japan

For inquiries

Hitachi Maxell, Ltd.

Environment Promotion Center, Environment Promotion Group, CSR Headquarters,
1-1-88 Ushitora, Ibaraki-shi, Osaka 567-8567, Japan Telephone: +81-72-623-8250

Maxell Japan: <http://www.maxell.co.jp>

Maxell Worldwide: <http://www.maxell.com>

【Main Affiliated Sales and Service Companies in Japan】

Maxell Shoji Co., Ltd., Maxell Life, Ltd., Maxell Business Service Co., Ltd.,
Maxell Software Engineering Co., Ltd., Maxell Logistics Co., Ltd.

【Affiliated Manufacturing Companies outside Japan】

Maxell Europe Ltd.
Maxell Tohshin (Malaysia) Sdn. Bhd.
Wuxi Hitachi Maxell Co., Ltd.
Maxell De Mexico, S.A. DE C.V.

【Affiliated Sales Companies outside Japan】

Maxell Corporation of America
Maxell Europe Ltd.
Maxell Asia, Ltd.
Maxell Asia (Singapore) Pte. Ltd.
Maxell Deutschland GmbH
Maxell Scandinavia AB
Maxell Benelux B.V.
Maxell (France) S.A.
Maxell Italia S.p.A.
Maxell Hungary Kft.
Maxell (Shanghai) Trading Co., Ltd.
Maxell Taiwan, Ltd.



Conservation of the Global Environment for the Next Generation



To protect the environment, this publication is printed with soy-oil-based ink on 100% wood-free kenaf paper.



maxell

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About this CSR*1 Report

- Focusing on the environmental aspects of the Hitachi Maxell Group's CSR activities, this report additionally deals with endeavors concerning the societal and economic aspects.
- In response to the high level of interest in our environmental performance revealed by the questionnaire attached to the 2005 Environmental Report, this year's report once again includes numerous concrete examples of such performance. This year we have shifted from an environmental report to a CSR report; accordingly the social reporting content has been further augmented and enhanced.
- In conformance with the Law Concerning the Promotion of Business Activities with Environmental Consideration and with the Environment Ministry's Environmental Reporting Guidelines (FY2003 version), this report has been compiled with reference to the 2002 Sustainability Reporting Guidelines issued by GRI*2. Our environmental reports have undergone third party verification. No events worthy of note occurred in the period from the completion of verification up until issuing.
- Those quantitative parameters that underwent third party audit have  placed beside them.
- The period covered by this Report is April 1, 2005 to March 31, 2006. In places however it also refers to matters relating to fiscal 2006.

Scope of Companies Covered by this Report
[Maxell Group]

Maxell Group in and outside Japan

[Maxell Group in Japan]

Maxell, Ltd.; Kyushu Hitachi Maxell, Ltd.; Maxell Hokuriku Seiki, Ltd.; Tohshin Seiko Co., Ltd.

[Maxell Group outside Japan]

Maxell Europe Ltd.; Maxell Toshin (Malaysia) Sdn. Bhd.; Wuxi Hitachi Maxell Co., Ltd.; Maxell De Mexico, S.A. DE C.V.

[Maxell]

Hitachi Maxell, Ltd.; Kyoto Works (including Fukuchiyama Works); Tsukuba Works; Osaka Works; Ono Works, R&D Division; Sales & Marketing Management Group (Head Office); and affiliated companies within each Works: Maxell Seiki, Ltd.; Maxell Hi Tec, Ltd.; Maxell Life, Ltd.; Maxell Logistics Co., Ltd.; Maxell Shouji Co., Ltd.; Maxell Business Service Co., Ltd.; Maxell Software Engineering Co., Ltd.

Publication of the next issue "CSR Report 2007" is scheduled to be in June 2007.

*1 CSR: Corporate Social Responsibility
*2 GRI: Global Reporting Initiative (a Netherlands-based NGO)

Cover photos

[Top left]

Oyamazaki No. 2 Elementary School pupils learn flower-planting adding color to a sports meet. The Kyoto Works assisted in creating this experience. (Article on p. 30.)

[Bottom left]

Participants in the Maxell Cup Table Tennis Tournament sponsored by Wuxi Hitachi Maxell (China). (Article on p. 31.)

[Bottom center]

Free Chopin concert on Chopin's death anniversary, staged by Hitachi Maxell as official sponsor of the Chopin Competition. (Article on p. 32.)

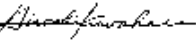
The photos at top center and on the right are evocative images.

Message from Top Management

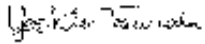
Becoming a vigorous, vibrant corporation
serving sustainable development
of society



Hiroshi Kuwahara
Chairman of the Board
Hitachi Maxell Ltd.



Yoshito Tsunoda
President and
Chief Executive Officer
Hitachi Maxell Ltd.



A corporation that society trusts

The Maxell Group believes that in order to be respected and trusted by the community it must establish clearly through dialog with the community what it must fulfill as a company, and put that soundly into practice while at the same time enhancing its corporate value. To that end the Maxell Group takes CSR (Corporate Social Responsibility) to be a linchpin of its management in carrying out its business activities. Besides numerous strange weather and natural disaster incidents of recent years, there have recently occurred, one after the other, affairs that have made people reflect about corporate social responsibility. Even as the debate on building sustainable societies proceeds, it is as though the soundness of sustainability is being gradually lost in actual ecosystems and human societies. What is now required of all corporate people is the humility to engage in thorough self-reflection and the public-spiritedness to offer solutions for the many and various problems of society. Each and every one of us in the Maxell Group will keep "basics and rightness" in mind at all times in our daily work, while seeking to obtain the "sympathy and trust" of the community, and furthermore will be publishing the results of that work to the community in the form of CSR information.

Social responsibility as a global brand

"Maxell" is a global brand that procures resources and energy from, and supplies products to, all parts of the world. At the same time we are aware that our social responsibility is commensurately large, being global in scale. For a corporation it is a natural duty to abide by laws, regulations and ethics. While meeting the expectations and demands of our stakeholders of all kinds, wherever in the world we may be, we hope to expand our main business earnestly and powerfully, and moreover to grasp all opportunities to render communities and ecosystems healthy, going beyond legal and regulatory prescriptions as we engage in CSR activities to contribute to the development of a sustainable society.

CSR is by no means a new concept for us - in fact it is an extension of the spirit in which the Maxell Group was founded, as expressed by "harmony and cooperation",

"working with heart and soul", and "being of service to society". We will actively engage in environmental and CSR management on the global scale.

Collaboration with the community

Among the most important tasks for corporate management are endeavors for social contribution activities, including environmental concern and volunteer work at regional and global levels.

In order to deepen mutual understanding with the community and work in step with it, we have been carrying out a wide diversity of activities, among which are clean-ups, environmental education, opening facilities to the public, participation in local events, hosting study tours, cultural projects, and support for education. We will be continuing with such activities in the future, taking care to disclose information concerning them as appropriate via the Internet and printed publications as we emphasize dialog with the community.

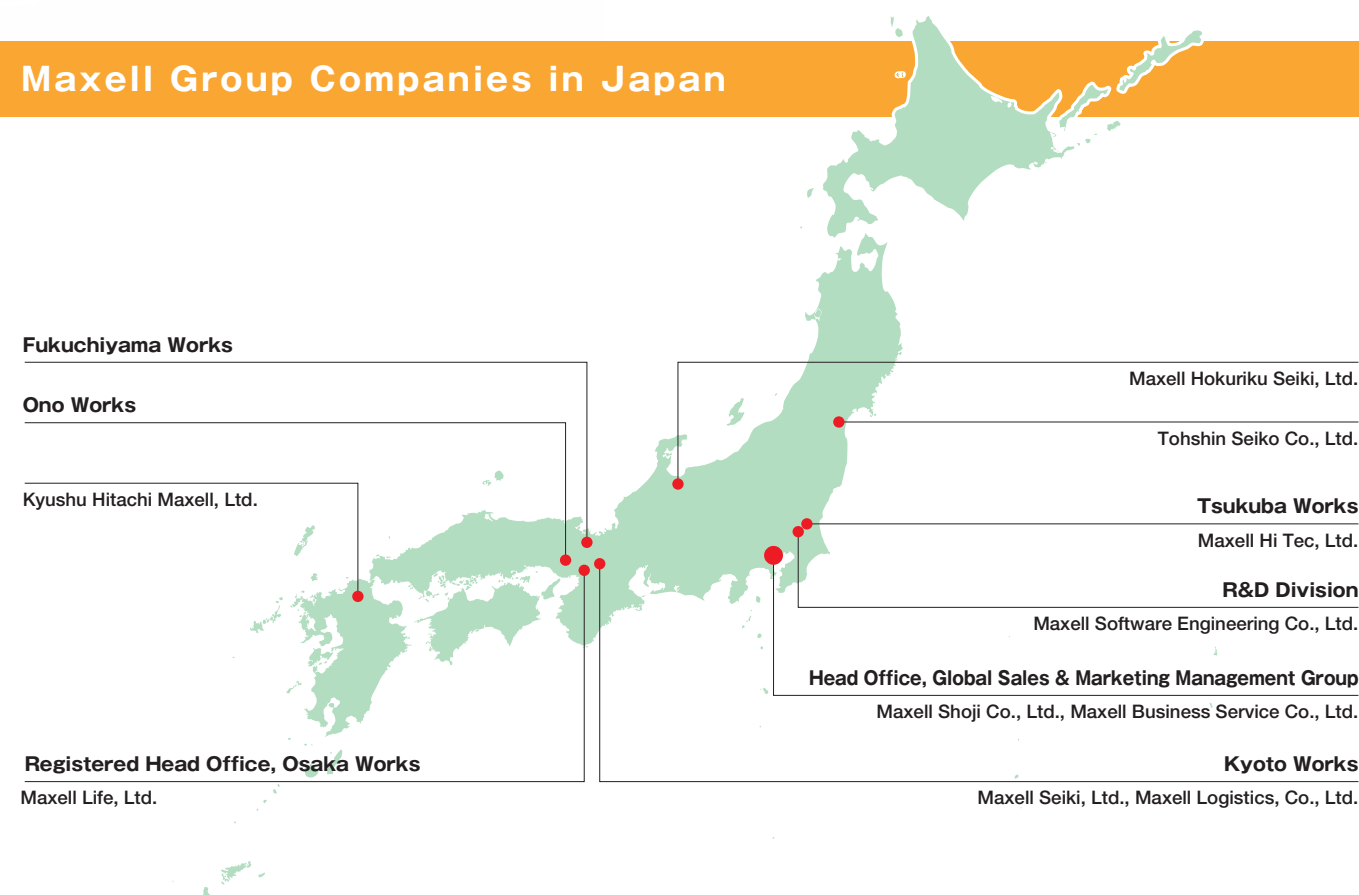
Transformation for growth

With our new medium-term business strategy featuring "Transformation for growth" as our vision, we hope to build Maxell into a vigorous and vibrant corporation. To that end we will be pouring our energies into new expansion of our mainstay business so as to invigorate our operations, and moreover intend to concentrate investments in setting up, launching and strengthening new business, in ways such as expanding our area of competence to include the fields of medical information and automobile safety, etc.

Thus, by strengthening our main business so as to make use of the Maxell Group's beneficial synergistic effects, we will be rendering ourselves into a vigorous, vibrant corporation that contributes to the sustainable development of society.

We hope this report will provide an understanding of the Maxell Group's endeavors with regard to CSR. Readers are cordially invited to express their candid views on the report's content.

Maxell Group Companies in Japan



Maxell Group Companies outside Japan



Corporate Profile

Corporate name: Hitachi Maxell, Ltd.

Head Office: 2-18-2 Iidabashi, Chiyoda-ku, Tokyo 102-8521, Japan

Established: September 1960

Paid-in capital: ¥12,203 million (as of March 31, 2006)

Consolidated net sales: ¥204.1 billion (for the year ended March 31, 2006)

Number of employees (consolidated): 4,528 (as of March 31, 2006)

[Information Storage Media Division]

Computer tapes, broadcasting video-tapes, DVDs, CDs, MO disks, floppy disks, digital pens, IC cards, RFID systems, optical components, functional materials

[Audio-Video Tape Division]

Mini discs, audio tapes, video tapes

[Battery and Electric Appliance Division]

Lithium ion batteries, coin-type lithium secondary batteries, dry batteries, silver oxide batteries, lithium primary batteries, small electrical appliances, electric casting/precision parts, metal/synthetic resin molds, glossy paper, labels and cards for printers

EUROPE

35.77 billion yen
Consolidated net sales

ASIA

29.37 billion yen

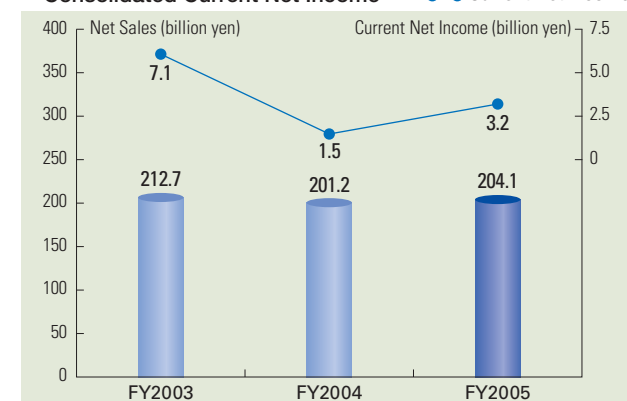
JAPAN

73.88 billion yen

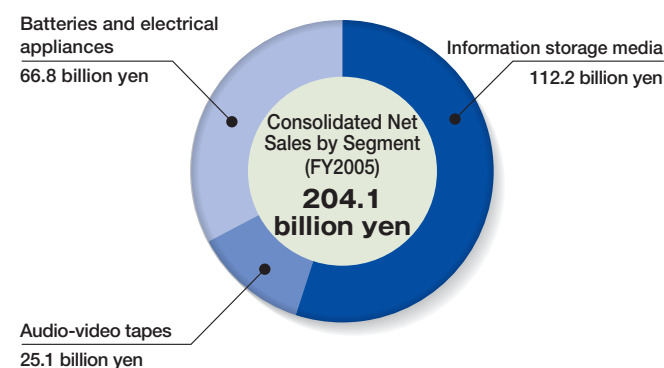
AMERICA

65.12 billion yen

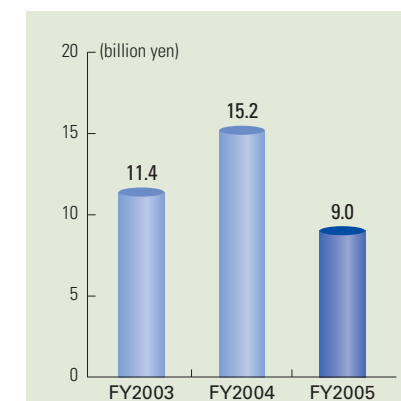
Consolidated Net sales / Consolidated Current Net Income



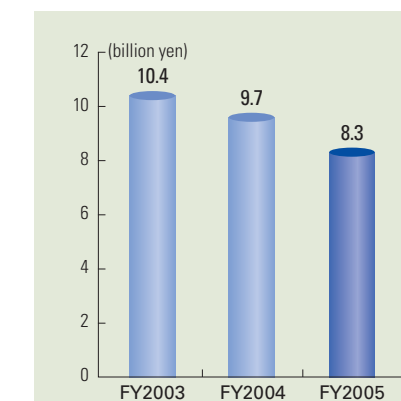
Consolidated Net Sales by Segment (FY2005)



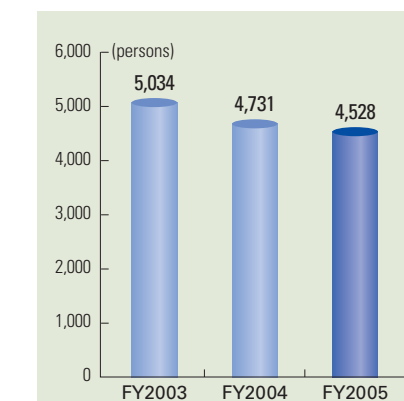
Consolidated Capital Expenditures



Consolidated R&D Costs



Number of Employees (consolidated)



CSR Basic Policy

Basic Approaches of the Maxell Group's CSR Activities

The role played by corporations in maintaining the society that permits us carefree and affluent lives is a large one and extends over a multiplicity of spheres. Vital issues in order to carry on our business activities are the pursuit of appropriate profit, together with providing reassurance to our diverse stakeholders (interested parties) in areas such as law abidance, respect for human rights, environmental protection and symbiosis with local regions, by means of which we contribute to the community. CSR is not a new concept for us. Rather, it is an extension of the principles upon which the Maxell Group was founded - "harmony and cooperation, working with heart and soul, and being of service to society". Our basic philosophy is to contribute to the

community by developing outstanding technologies and products. As a member of the community we are committed to honest and transparent corporate activities, and have striven for the realization of a truly affluent society as a conscientious corporate citizen by acting in harmony with the environment and making proactive social contributions. In 1983 we framed the Hitachi Maxell Group Corporate Behavior Standards in order to set forth clearly the missions and roles that we should fulfill. Further, to promote CSR activities with renewed awareness, in April 2005 we framed our CSR Activity Policy, which urge our employees to practical action for CSR.

Hitachi Maxell Group Code of Conduct

1. We will comply with the laws and regulations of the countries in which we operate and observe corporate ethics. We will respect the human rights and dignity of the individual. Each member will endeavor to improve their own skills and competence by advising each other and working in a spirit of harmony, cooperation and consensus. We will enhance solidarity within the company, the Maxell Group and the Hitachi Group and aspire to the promotion of mutual understanding and friendly relations with countries around the world.
2. We will strive to accurately identify new needs of the international community, to develop yet more advanced and reliable technology and products to satisfy those needs, and to offer our customers genuine service.
3. We will demonstrate a "pioneering spirit" and will work to consolidate the Group's status as a world leader in technology through investigation, research and development activities.
4. We will continue to enhance our expertise by seeking knowledge from a wide variety of sources, strive constantly for self-improvement, and adhere to the appropriate law and corporate ethics.
5. We will at all times base our actions on the principles of fair and orderly competition.
6. We recognize and respect the value of business and technical information of others, as well as our own, and will implement stringent controls to avoid improper disclosure of, or infringement upon such information.
7. We recognize that working in harmony with the environment is a key management issue. We will comply with international environmental standards and will take positive action to protect the environment.
8. We are conscious that we are members of society and will take the initiative in contributing to the good of society.
9. We will ensure compliance with trade-related laws and regulations in order to contribute to the maintenance of international peace and security.
10. Maxell senior management will take the lead in putting this Code of Conduct into practice and will encourage employees in the pursuit of their work. In order to enhance the motivation and self-esteem of employees, they will provide effective management and guidance, maintain necessary workplace discipline and foster a vital workplace climate.

Established June 1983

CSR Policy of the Hitachi Maxell Group

1. **Commitment to Corporate Social Responsibility (CSR)**
The Hitachi Maxell Group including all its executives and employees, recognizes CSR as a vital part of corporate activity and is therefore committed to a course of social responsibility in accordance with this CSR policy for the sustainable development of society and business.
2. **Contribution to Society through our Business**
The Hitachi Maxell Group will contribute to the building of a prosperous and vibrant society by providing safe, high-quality products and services through business activities based on its excellent research, technology and product development.
3. **Disclosure of Information and Stakeholder Engagement**
The Hitachi Maxell Group will disclose information openly and transparently in order to maintain and develop a relationship of trust with its various stakeholders, and act responsibly towards them through various means of communication.
4. **Corporate Ethics and Human Rights**
The Hitachi Maxell Group will undertake its business based on the principles of fairness and sincerity, act with the utmost respect for human rights and pursue a high sense of corporate ethics in the global business market which encompasses diverse culture, morals, ethics and legal systems.
5. **Environmental Conservation**
The Hitachi Maxell Group will strive to minimize environmental effects and utilize resources towards the development of a sustainable society that is in harmony with the environment.
6. **Corporate Citizenship Activities**
The Hitachi Maxell Group will promote social contribution activities as a good corporate citizen in order to realize a better society.
7. **Working Environment**
The Hitachi Maxell Group will make every effort to create a pleasant and motivating working environment for all its employees and to fully support those employees who desire self-fulfillment and self-development through their work.
8. **Responsible Partnership with Business Partners**
The Hitachi Maxell Group will make every effort to promote fair and sound business practices among our business partners by fostering a common awareness of social responsibility.

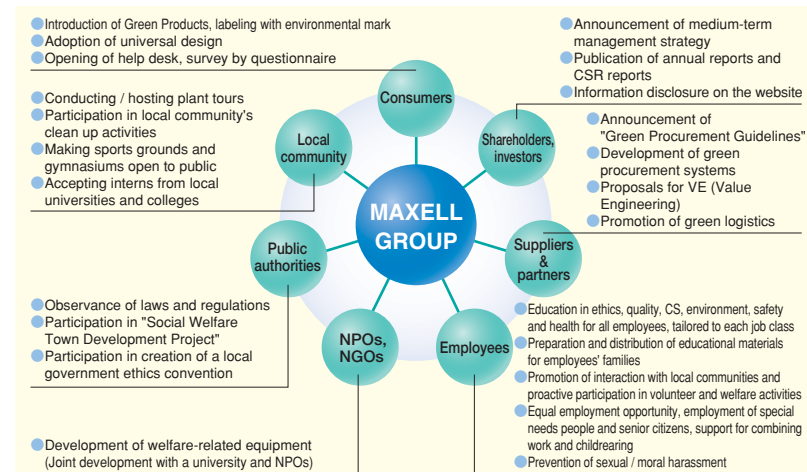
Established April 2005

Relationship with Stakeholders

Maxell Group's Relationship with Stakeholders

In terms not only of economics, but of environmental and social considerations also, relationships with our numerous stakeholders are important for achieving a "sustainable society". Based on extensive cooperation, assistance and collaboration with various stakeholders, Maxell Group seeks to contribute to the society through the development of superior proprietary technologies and products and to become a "good global citizen" and "good corporate citizen" acting in harmony with the environment and making proactive social contribution activities. To improve communications with our stakeholders and extensively keep them informed of our activities, we continue to increase and improve the occasions and tools of communications such as websites, CSR reports and plant tours.

Maxell Group's Relations with Stakeholders



Corporate Governance

Building Systems Befitting Governance

In June 2003 Hitachi Maxell, Ltd. made the transition to a "company-with-committees, etc." under the Japanese Commercial Code (subsequently becoming a "company-with-committees" in May 2006). This rendered clear the separation of oversight functions from execution of business operations,

speeded up decision-making, and brought about an enhancement of auditing functions. In the future we will be working to effect further strengthening of our business foundations so as to raise our corporate value.

Information Disclosure and Communication

In our PR activities we use appropriate methods to make timely disclosures of information relating to various measures, policies and outcomes arising from our business activities, thereby ensuring that our management is healthily transparent. Further,

we are obliged to submit to the stock exchange descriptions of our internal systems for timely disclosure. Hence, the Maxell Group's systems too are made public.

Rigorous Compliance Management

The Maxell Group is aware that abidance by laws and regulations, together with rigorous compliance management through the establishment of corporate ethics, are indispensable elements for raising corporate value in the execution of business

Extracts from the Hitachi Maxell Group Ethical Guidelines

1. We will develop and supply socially useful products, software and services, giving due consideration to safety.
2. We will engage in fair, transparent and free competition, and will maintain sound and ethical relations with government and administrative bodies.
3. We will communicate with society at large, including shareholders, and will disclose corporate information in a fair and positive manner. We will also maintain stringent and appropriate controls of internal information that includes personal information.
4. We recognize that action on environmental problems is an essential precondition of continued business success, and we will proactively protect and support the global environment.
5. As a good "corporate citizen", we will actively engage in philanthropic activities.
6. It is our policy to provide employees with workplace conditions which are safe and comfortable, and respect the character and especially the human rights of the individual. We will not discriminate against job applicants and employees in any aspect of recruitment, employment and promotion, on grounds of race, religion, color, country of origin, age, gender, handicap, or any other grounds that have no bearing on business interests.

7. We will reject all contact with organizations involved in activities in violation of the law or in violation of accepted standards of responsible social behavior.
8. We will respect the culture and customs of each country and region and ensure that our management practices will also benefit localities where we conduct business.
9. In the course of our work, we will not provide entertainment or make gifts of which the value exceeds social norms, and will not accept such entertainment or gifts.
10. Senior management recognizes its duty to put the spirit of these Ethical Guidelines into practice and to set an example to others. Internal systems to ensure awareness and observance of the Ethical Guidelines and foster a sense of morality will be established. If a situation arises in which the Ethical Guidelines are infringed, senior management will be directly involved in resolving the problem, identifying its causes and implementing measures to prevent its reoccurrence. Senior management will also ensure that the matter is disclosed to the public without delay and in an appropriate manner and, having clearly identified powers and responsibilities, will deal strictly with those involved, including any members of senior management.

Established March 1998

[Ensuring Fair and Free Competition]

In the interest of proactively preventing any violation of the Antimonopoly Law, in January 2006 a revised edition of the Antimonopoly Law Handbook (Hitachi Group) was distributed to employees, who are urged to adhere rigorously to its content.



Handbook distributed to employees

[Protection of Personal Information]

Under the auspices of the Personal Information Protection Committee set up in fiscal 2004, we have put in place a control system to deal with personal information protection, rigorous control for which became obligatory by law in April 2005. To strengthen prevention of information leaks, in February 2006 managerial employees at the general manager level were issued with a Personal Information Leakage Prevention Manual that urges vigilance and rigor in this regard. In addition we are considering acquisition of a "Privacy Mark" that is administered under a private system and incorporates requirements even more stringent than those of the Act on the Protection of Personal Information.

Internal Control System and Risk Management Regime

We have put in place a system whereby major management decisions are carefully deliberated at the Management Conference, etc so that the tasks of executive officers are implemented properly and efficiently. Smooth implementation of internal control is ensured via accounts audits by chartered accountants, internal audits by the Internal Auditing Office and overall monitoring by the Audit Committee.

From fiscal 2005 to 2006 we set up a new Internal Control Promotion Committee so as to effect further strengthening of the system. Additionally, the Maxell Compliance Helpline is installed and running to assist individual employees in cleansing themselves of dishonesty and eliminating the masking of impropriety.

CSR Management

The basic policies of the Maxell Group as a whole concerning CSR were systematically compiled and formulated as the CSR Policy of Hitachi Maxell Group in April 2005. Proceeding with

further setup adjustment and systematization in each field, we will strive to have all executives and employees share this policy and put it proactively into practice in their daily work.

Management Setups and Systems for each CSR Activity Field



Ethics Abidance and Risk Management

In order to ensure rigorous compliance with laws, regulations and ethics and to manage various kinds of risks incident to its business, the Maxell Group has put in place notification systems that comprise both top-down and bottom-up notification routes, primarily via the Internal Control Promotion Committee, which controls such matters as a whole, and also including other related committees and the route of gathering information from employees. Further, in fiscal 2005 we obtained external assistance to conduct an organizational health checkup covering all employees, in order to analyze the productivity and efficiency of our organization. Our management members will be working to exploit Maxell's strengths as revealed by the checkup, and to resolve the weaknesses, while our employees will be reflecting the checkup results in improvements and reviews of their work operations.

Quality Control

"OCHIBO HIROI" the gleaning is a quality control endeavor that is practiced throughout the Hitachi Group, and throughout the Maxell Group also periodic assemblies are held where presentations are made on cases of gleaning. We are proceeding proactively with measures to enhance quality control in such ways as designating Businessplaces to be Managed with Emphasis on QF (Quality First), running quality control systems with ISO 9001 certification, and being the first in the industry to acquire the new JIS marks requiring examination of products themselves in addition to plants.



The "gleaning" spirit

Improvement of Customer Satisfaction

We strive from day to day to raise levels of satisfaction among our customers by providing safe and good-quality products and services and by reflecting customers' opinions in our manufacturing. With edificational activities using CS (Customer Satisfaction) enhancement posters and other means, with the call center system we have put in place to enable customers to consult us on a casual basis, and with education of relevant personnel, we are contriving to raise our customer response levels.

Consideration for the Environment

We are moving ahead with rigorously systematic endeavors in this regard, principally through running the Maxell Group's supervising type PDCA system, and also including construction of a "Manufacturing System for Environmental CSR" which is designed for rigorous control of harmful substances (also an endeavor throughout the Hitachi Group), and a Green Procurement System that incorporates promotion of environmental consideration among suppliers and business partners.

Health and Safety

Our previous efforts to enhance the health and safety of our employees have been put on a systematic footing through the activities of the Health and Safety Committee, and we are proceeding with introduction of an occupational safety and health management system (OSHMS) of the kind encouraged by the Ministry of Health, Labour and Welfare.

Enhancement of Workplace Environments

In this area we are promoting utilization of the various welfare programs that are already available, together with employment of people with special needs and senior citizens. At the same time we are expanding our consultation services for sexual / moral harassment, as well as moving ahead with constructing and operating new systems such as for support for working parents.

Environmental Management: A Task for the Entire Maxell Group

Environmental Protection Action Guidelines (Global Environmental Charter)

These Guidelines set forth guidance for tackling environmental problems relating to the Group's business activities, in accordance with the Hitachi Maxell Group Code of Conduct.

Action Guidelines

1. Recognizing that problems affecting the global environment are serious matters for all humankind, harmony with the environment will be a top management priority throughout the Company.
2. Officers and sections in charge of responding to environmental problems will promote environmental preservation activities by establishing a structure to promote such activities, enacting regulations relating to the environment, setting environmental impact reduction targets and taking other related measures. Moreover, environmental audits will be used to confirm the efficacy of activities and measures to ensure constant improvement.
3. The Company will strive to gain an understanding of how best to respond to the various global environmental problems and make contributions to society through the conscientious development of highly reliable technologies and products.
4. The Company will give due consideration to reducing the impact that products have on the environment throughout their entire life cycles, from the R&D and design stages through manufacturing, logistics, use and final disposal.
5. The Company will investigate and examine the effects of its business operations on the environment and seek to introduce new technologies and materials with superior characteristics that contribute to the goals of environmental preservation, energy conservation and resource conservation.
6. In addition to observing international, national and local regulations concerning the environment, the Company will develop its own standards where necessary to improve its contribution to environmental preservation.
7. The Company will give full consideration to the effects activities outside Japan and export products have on local environments and implement measures in response to the wishes of the respective local communities.
8. In addition to working to enhance the environmental awareness of its employees, the Company will expand the focus of such activities to include society at large and contribute to the communities of which Maxell is a part with environmental preservation activities originating from a broad perspective.
9. In the event that an environmental problem arises as a result of the Company's business activities, the Company will take appropriate steps to minimize such impact.

Established June 1996

Environmental Management System

Outline of Maxell Group Environmental Management System (EMS)

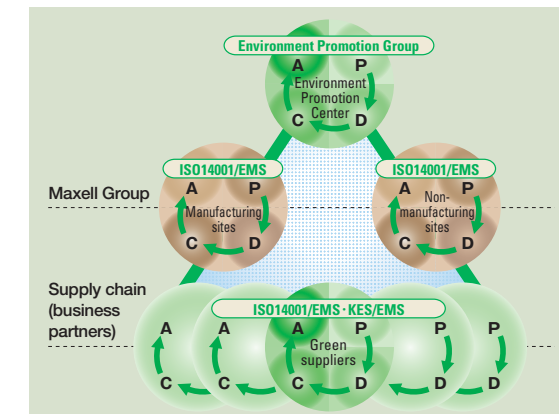
At each manufacturing site of Maxell Group, a site Environment Group is responsible for implementing the PDCA cycle at the site through internal audit within the site and mutual audits with other sites.

Also, we encourage our supplier affiliated companies and business partners to introduce environmental management systems conforming to ISO 14001 or similar, with the view to reinforcing EMS activities throughout the entire supply chain.

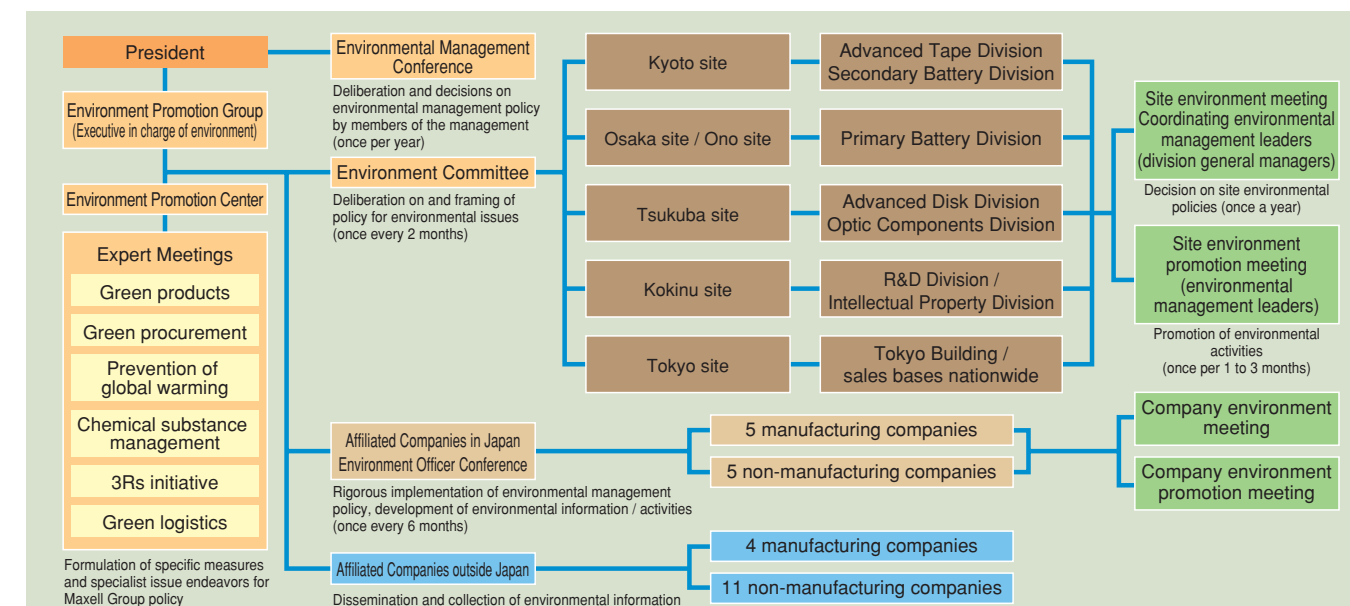
In order to promote a systematic approach for the entire Group, the Environment Promotion Center at Head Office has established a group supervising-type PDCA system for promoting control of the EMSs in the various sites. It plans and implements internal audit for each site and manages the operational status of ISO 14001 EMSs.

Since the site PDCA and the group supervising type PDCA interlink well with each other, environmental activities are carried out smoothly as regards both product and production aspects.

Maxell Group Supervising Type PDCA System



Environment Promotion System



Striving to reduce environmental burdens over the entire life cycle of products

Hitachi Maxell Group CSR Report 2006

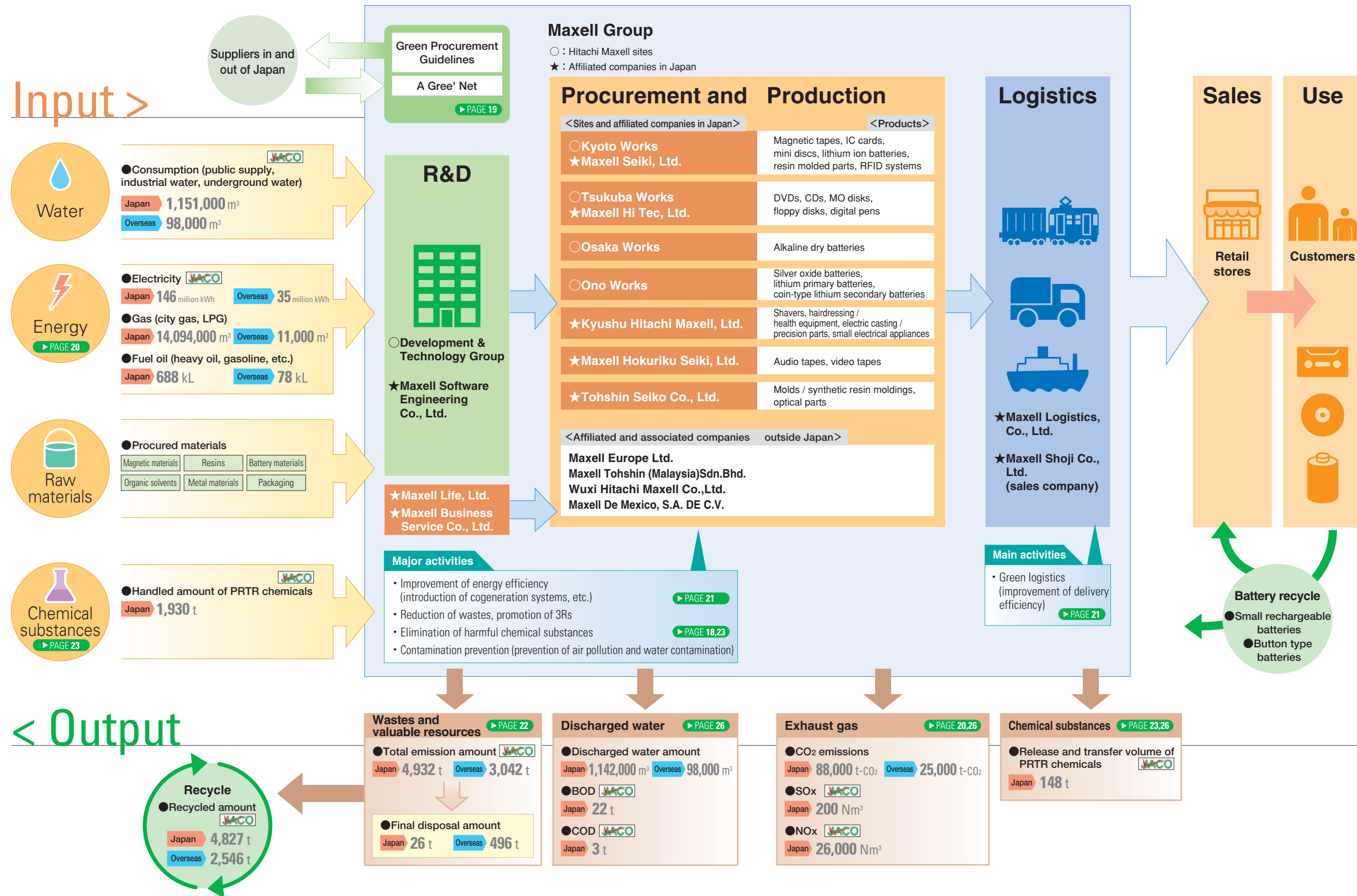
Environmental Report

Involvement with the Environment

Maxell Group's Involvement with the Environment in 2005

Maxell Groups uses raw materials and parts including magnetic materials, resins, organic solvents, manganese dioxide and other electrode materials, pressed metal parts, plastic molded parts, as well as energy and water to provide customers with useful products. However, we must admit that we are impacting the global environment by emitting CO₂, industrial wastes, wastewater, waste gases and chemical substances.

Aiming to become a company of sustainable growth, we make sure that we understand the entire life cycle of our products from the input of their raw materials and parts and energy through their use and disposal, and endeavor to eliminate harmful substances, improve energy efficiency, reduce wastes, promote proper management of chemical substances, prevent contamination and ultimately reduce the global environmental burdens.



Battery Recycling

Small rechargeable batteries such as lithium ion batteries, nickel-hydrogen batteries contain rare metals such as cobalt and nickel. With the enactment of the Law for Promotion of Effective Utilization of Resources in 2001, collection and recycling of such batteries was made obligatory. We carry out such collection and recycling in collaboration with local governments and stores that cooperate in recycling, and in particularly close collaboration with JBRC, a limited liability intermediate corporation. Also, some button type batteries contain silver and other precious metals. Consumers are encouraged to cooperate in recycling these batteries by dropping them in the recollection box installed in retail stores.

Recycling symbols for small rechargeable batteries



Green Logistics

To reduce the CO₂ generated by our logistics departments, we are implementing a modal shift from our traditional truck transportation to rail and vessels, which impose fewer burdens on the environment. In addition we are improving loading efficiency through revision of the forms of our packaging, and seeking to reduce the actual number of transport runs through joint deliveries with other companies in our fields.

PRTR Substances

Stands for Pollutant Release and Transfer Register.

Chemical substances potentially harmful to human health or ecosystem whose release volume to the environment and transfer in the form of wastes must be registered and reported to the authorities. In the case of Hitachi Maxell Ltd., toluene and manganese mainly apply.

Continuous environmental promotion activities with clear targets set for the entire Group

Hitachi Maxell Group CSR Report 2006

Environmental Report

Environmental Targets and Results

2005 Environmental Targets and Results

As a member of the Hitachi Group we have formulated an environmental action plan in order to realize environmental management, pursuant to the Hitachi EcoValue Plan 2010*1 (vision for the environment), and are conducting activities in accordance with such. The activities consist of conducting self-evaluation under the GREEN21*2 assessment system, which is used in common by the members

of the Hitachi Group, and continuously implementing the PDCA cycle.

In fiscal 2005 we largely attained our target values, including a 17% reduction in CO₂ emissions from the fiscal 1990 level and further success in our zero waste emission endeavors.

Category	Hitachi EcoValue Plan 2010		Maxell Group 2005 Environmental Action Plan				Reference
	Item	By Fiscal 2010 "Corporation That Creates Environmental Value"	Issue to be Addressed	Fiscal 2005 targets	Results	Self-evaluation	
Environmental Management (Ecological Mind and Management)	Promotion of environmental management	Improvement in the group synergistic effects of global environmental management	Environmental action plan	Formulation and promotion of action plans in line with Maxell Group Environmental Action Plan (Business Groups and associated companies)	Formulation of action plans, and promotion of activities linked to ISO 14001 environmental management system	◆◆◆	P10 P12
			Acquisition of environmental ISO certification	Acquisition of certification by overseas sales companies	Acquisition by 4 overseas sales companies completed	◆	
			Global environmental management	Participation of overseas bases in Hitachi's environmental network	Participation by bases in Europe, China and Malaysia	◆◆◆	
	Enhancement of self-evaluation system	GREEN21 ver. 3 continuation and expansion	GREEN21 ver2	Improved Green Point (GP) acquisition (in Japan) Minimum of 640 GP (Perfect score: 800 GP)	Hitachi Maxell score: 667 GP Score of Maxell Group in Japan: 653 GP	◆◆◆	P12
	Entrenchment of environmental accounting	Continuous implementation by efficient environmental burden reduction	Environmental accounting	Formulation of environmental investment medium-term plan	Formulation of investment plans up to fiscal 2010	◆◆◆	P13
	Environmental education and awareness raising	Establishment of the eco lifestyle	Environmental education	Full attendance of participants to Ecological mind (e-learning) program	92% course attendance rate among persons newly targeted for e-learning	◆◆	P14
				Preparation and distribution of educational materials to all employees and their families	Educational materials for families distributed September 2005	◆◆◆	P15
Environmental Consideration in Products (Eco Products)	Expansion of green products	Expansion of green products (100% applicability) Increase in global warming prevention factor*3 50% or more. Increase in resource factor*4 70% or more (compared to fiscal 2000 level).	Green products	Green products to constitute 75% of sales	81% of sales	◆◆◆	P16
			Introduction and improvement of product environmental efficiency	9% increase in global warming prevention factor, 12% increase in resource factor (compared to fiscal 2000 levels)	Digital pens (DP-201): global warming prevention factor increased 70%, resource factor increased 40%	◆◆◆	P17
				Continued prohibition on use of foamed polystyrene and PVC (as a packaging material)	Prohibition continued	◆◆◆	—
	Promotion of green procurement	Green product development jointly with suppliers	Promotion of green procurement and purchasing	Promotion of web registration (Agree' Net) of composition of procured materials	95% of major materials registered	◆◆◆	P19
	Promotion of management of chemical substances contained in products	Rigorous control of environmental risk substances for all products	Total elimination of lead, cadmium, mercury, hexavalent chromium, PBB, PBDE	Investigation on Maxell-prohibited substances in procured materials	Investigation completed (investigation to continue for new materials)	◆◆◆	
				Increase in ratio of green suppliers: 80%	Green supplier percentage 94%	◆◆◆	P18 P19 P23
	Reduction of environmental burdens arising from transportation	Reduction in CO ₂ emissions during product transportation by 10% or more (compared to fiscal 2000 level)	Reduction of environmental burdens during product transportation (except within own premises)	Total elimination of 6 substances from products and procured items in Japan	Total elimination completed	◆◆◆	P21
Environmental Consideration in Manufacturing Process (Eco Factory)	Global warming prevention	Reduction in CO ₂ emissions in Japan by 7% (compared to fiscal 1990 level)	Energy conservation and conversion	3% reduction in CO ₂ emissions (compared to fiscal 1990 levels)	17% reduction	◆◆◆	P20
		Reduction in unit CO ₂ requirement for real output in Japan by 25% (compared to fiscal 1990 level)		20% reduction in unit CO ₂ requirement for real output (compared to fiscal 1990 level)	35% reduction	◆◆◆	
	Waste reduction	Reduction in amounts of waste generated	Promotion of 3Rs	Improvement of substance utilization ratio (establishment of material flow model)	Implemented via minidisks (MDs)	◆◆◆	P18
		Promotion of manufacturing that aids resource recycling		20% reduction in total waste emissions (compared to fiscal 2000 level)	28% reduction	◆◆◆	P22
	Chemical substance management	Reduction in amounts permanently disposed of		Continuation of zero emission endeavors	Continued at all sites and affiliated manufacturing companies in Japan	◆◆◆	
		Reduction in amount permanently disposed of to 70% or less (compared to fiscal 1998 level)		Total elimination of Hitachi "prohibited substances"	Prohibition on use continued	◆◆◆	P23
		Total elimination of "prohibited substances" (fiscal 2005) and scheduled reduction of "substances subject to reduction"	Extension of chemical substances management and emission reduction	30% reduction in emissions of Hitachi "substances subject to reduction" and "site designated substances" (compared to fiscal 2000 levels)	77% reduction (13% reduction from fiscal 2004 level)	◆◆◆	
			PCB management	Thoroughly managed storage (quantities, leakage, etc.) of PCB-containing electric equipment	Twice-yearly inspections of storage locations completed	◆◆◆	P24
			VOC (Volatile Organic Compound) reduction	Identification and reduction of equipment that emits VOCs to atmosphere	Identification implemented, 38% reduction from fiscal 2004 level effected	◆◆◆	
			Prohibition of chlorofluorocarbon use	Continued prohibition on use of CFCs HFCs, HCFCs and volatile organic chlorine compounds	Prohibition on use continued	◆◆◆	
Together with the Community (Working with the Stakeholders)	Environmental communication	Enhancement of information disclosure with aim of working together	Information disclosure and communication	Communication with stakeholders (customers, public authorities, shareholders, business partners and the general public)	PR activities on environment points by press announcements, information transmission through environmental reports, Internet, exhibition, etc.	◆◆◆	P27 P32
	Global citizen activities	Realization of sustainable communities through expanded collaboration with localities and NGOs	Efforts to social contribution activities through	planning of volunteer activities and active participation of employees in local community volunteer activities	Efforts to participate in clean-ups, greentification, and opening of company facilities to the public	◆◆◆	
Sustainable Business Model*6	Expansion of operations that contribute to sustainable communities		Positive promotion of R&D on environment	business themes	R&D on fuel cells, etc.	◆◆◆	—

■ For the basic unit of CO₂ emissions, the values published by the Economy, Trade and Industry Ministry's Industrial Structure Council is adopted. (0.421 t-CO₂/MWh for fiscal 1990, 0.36 t-CO₂/MWh for fiscal 2004 and 2005).

[Evaluation criteria] ◆◆◆: Target achieved ◆◆: More than 90% of target achieved ◆: Less than 90% of target achieved

*1: Hitachi EcoValue Plan 2010

The road map for implementation of the Hitachi Group's environmental vision indicating a medium-term plan for environmental promotion extending up to 2010.

*2: GREEN21

Hitachi Group's self-evaluation system to evaluate its environmental activities and identify the challenges for continuous improvement.

*3: Global warming prevention factor

Index of the degree by which a product's global warming prevention effect has improved. It expresses a product's "value" and the volume of global warming gas emitted over the product's life cycle as a percentage of those of a standard product.

*4: Resource factor

Index of the degree by which a product's resource utilization ratio has improved. It expresses the volume of resources used to make a product, and the volume of resources discarded, as a percentage of those of a standard product.

*5: Zero emission

Initiative to bring the amount of waste generated infinitely close to zero. Within Maxell Group, zero emission refers to the condition in which the final disposal amount is below 5 tons per year and its ratio to total discharge is below 1%.

*6: Sustainable Business Model

Business model for building a sustainable society through products and services, incorporating global warming prevention and resource recycling in business operations.

Eco-Management

Environmental Activity Assessment GREEN21 ver.2

Self-Evaluation by GREEN21 ver.2

Since fiscal 1998, Hitachi Group has adopted the GREEN21 evaluation system to make continuous improvements of environmental activities and upgrade the activity levels. Since fiscal 2002, a new version "GREEN21 ver. 2" with target values for fiscal 2005 had been introduced for further activity upgrading. Being in line with the system established by the long-term environment plan "Hitachi EcoValue Plan 2010", the GREEN21 ver. 2 provides for self-evaluation of annual performances against assessment standards for 8 categories for the purpose of understanding the degree of achievement and continuous EMS improvement. In this way, issues to be dealt with in each category are identified, which in turn are reflected in the promotion of subsequent environmental activities in a balanced manner. Each of the 8 categories has a full score of 100 points and so the performance is evaluated against the grand total of 800 points. One point is called 1 GP (green point). In fiscal 2006 we are moving on to GREEN21 ver.3, which sets new standards for even further upgrades of the activities.

Fiscal 2005 Evaluation Results <Maxell Group in Japan>

In fiscal 2005 the Maxell Group in Japan achieved its 640 GP overall assessment target for the final year of ver.2 by scoring 653 GP. In the breakdown by category, the scores for risk management, ecological mind and resource recycling greatly exceeded the target category average of 80 GP, but there was considerable room for improvement as regards global warming prevention, which was affected by an increase in CO₂ emissions resulting from stepped-up DVD production at the Tsukuba Works, and sustainable business model, where environment related operations should score high. These will be tasks for the future.

Actual Results of Overall Evaluation

Fiscal year	2002	2003	2004	2005	2005 (target)
GP	375	467	552	653	640

GREEN21 Evaluation Items

	Category	Major evaluation items
1	Environmental management	Environmental management, action plan, environmental accounting
2	Risk management	Compliance with laws and regulations, setting of voluntary standards
3	Ecological mind	Employees education, awareness raising
4	Eco products	Assessment of products and services, green procurement, logistics
5	Prevention of global warming	Site-level energy conservation
6	Recycling of resource	Waste reduction, chemical substance management
7	Working with stakeholders	Information disclosure, communication, community activities
8	Sustainable business model	Systems, planning, product recycling, environment restoration activities

Targets and Evaluation Results of GREEN21 ver. 2



FY 2006 Activity Objectives

- In fiscal 2006, we will aim for overall evaluation 770 GP through ver.3.
- We will extend GREEN21 ver.3 overseas.
- We will actively promote establishing a sustainable business model.

State of ISO 14001 Certification Acquisition

The Maxell Group began acquiring ISO 14001 certifications in fiscal 1997 and by fiscal 2003 had completed acquisition of certification for all its manufacturing sites in Japan and overseas and for its Research Centers, Head Office, Sales Departments and other non-manufacturing sites in Japan. In fiscal 2004 we embarked on activities to acquire the certification for our overseas sales companies also, and by fiscal 2005 they had all acquired it except for 6 European sales companies. Those 6 companies are due to acquire the certification during fiscal 2006, thereby completing global certification acquisition. In fiscal 2006 we are embarking on integrated certification for the Maxell Group, aiming for global-level integration by fiscal 2010.

Acquisition State of ISO 14001 Certification

	Year of acquisition	Acquiring sites
In Japan	FY 1997 - 1999	All Maxell Group manufacturing sites
	FY 1999 - 2003	Research Centers, Head Office, Sales Departments
Overseas	FY 1999 - 2002	All Maxell Group manufacturing sites
	FY 2004 - 2005	Main sales bases
	FY 2005 - 2006	All sales companies (projected)

Environmental Accounting

Maxell Group quantitatively measures environmental activity related costs out of all the costs required for business operations as well as the effects of such costs, and uses them as the basis for its business activities. Together with the material flow cost

accounting system that is based on the "manufacturing system that accommodates environmental CSR", environmental accounting will be further developed as a decision-making tool for environmental management by improving the evaluation method.

Situation in Fiscal 2005

Maxell's environmental accounting covers Maxell Group companies in Japan and uses calculation methods based on the Ministry of the Environment's Environmental Accounting Guidebook 2005. Costs in fiscal 2005 increased 41% over the previous year because of the disposal cost of land-filled objects found at the Osaka Works (on-site costs) and the stepped-up research and development expenditures

	FY2003	FY2004	FY2005	Major items
Business area cost	1,183	1,583	2,319	Cost for reducing environmental burdens at sites, maintenance costs and depreciation of equipment for environmental burden reduction
Upstream/downstream cost	87	47	105	Costs for collection, renewing and recycling of shipped products, containers and packages
Administration cost	494	500	460	Labor costs for environmental management, operation and maintenance costs of environmental management system, greenification cost, etc.
R&D cost	380	482	825	R&D and design expenditures for green products
Social activities cost	5	29	13	PR and advertising costs for environmental activities
Environmental remediation/other cost	0	0	0	Environment restoration costs, contributions, surcharges
Total cost	2,149	2,641	3,723	—

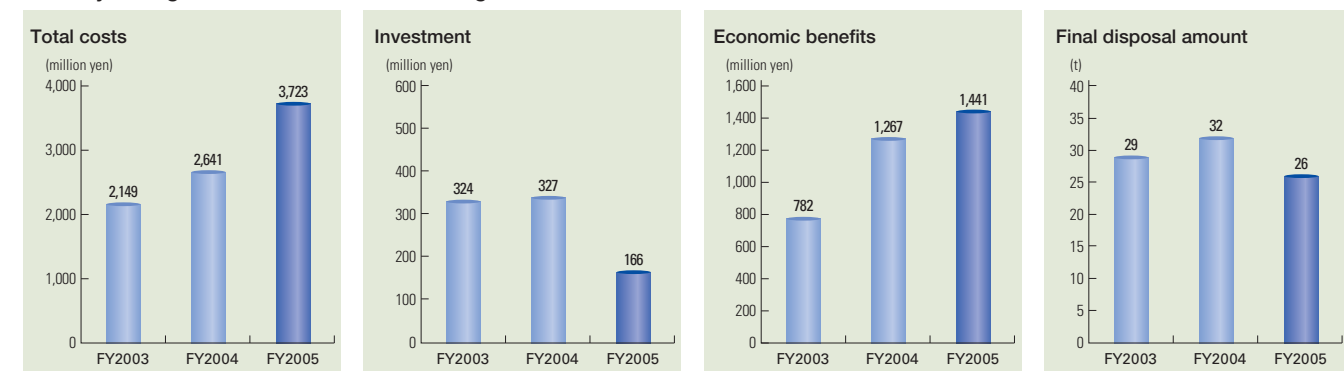
● Upstream/downstream cost: Costs for reducing environmental burdens before and after production and shipment, expenditures made for green procurement and recovering products back to resources.
● The 2005 Environmental Report contained a transcription error in the fiscal 2004 up/downstream costs, namely 54 instead of 47. The correct value is restored above.

Environmental Conservation Benefit (Physical Unit)

	FY2003	FY2004	FY2005	Major items
Power purchased (million kWh/year)	130.67	149.94	146.03	Efficient operation efficiency of gas cogeneration
Fuel oil consumed (kL/year)	875	775	688	Reduction of heavy oil A by optimization of clean room operation conditions
Fuel gas consumed (million m ³ /year)	15.06	14.38	14.09	Efficient operation efficiency of gas cogeneration
Total wastes generated (t/year)	6,024	5,723	4,932	Improvements in yield through "100% yield challenge activities"
Final disposal wastes (t/year)	29	32	26	Zero emission accomplished by promotion of recycling

Fuel oil: gasoline, kerosene, diesel oil, heavy oil A Fuel gas: city gas, LPG Figures aggregated over the environmental accounting aggregation range, including past fiscal year.

Yearly Change of Environmental Accounting Items



Environmental Audit

Environmental Internal Audit

We conduct internal audits to verify that our environmental management system conforms to the requirements of the ISO 14001 standard requirements, is properly implemented, and functions effectively for continuous environmental improvement. To ensure objectivity and fairness of the auditing process, the audits are carried out according to mutual audit plans formulated by the Environment Promotion Center at Head Office. The internal audits of the site targeted for auditing are conducted by qualified auditors selected from the personnel of other sites. The affiliated companies conducted self-audits up until fiscal 2004, but in fiscal 2005 they too introduced mutual audits and have thereby enhanced auditing objectivity. In fiscal 2005 all internal audits, including those of the affiliated companies, were conducted against ISO 14001: 2004. In the various site a total of 52 items requiring improvement were identified, and attention to these led to improvements in the system. No cases of nonconformance to the standard's requirements were found.

●FY 2005 Internal Audit Results

Site audited	Month of audit	Chief auditor's site	Items requiring improvement	Items commended
Kyoto site (Kyoto Works)	October 2005	Tsukuba site	2	6
Tsukuba site (Tsukuba Works)	October 2005	Osaka/Ono site	4	3
Osaka/Ono site (Osaka/Ono Works)	September 2005	Kyoto site	9	—
Tokyo site (Head Office, National Marketing)	September 2005	Osaka/Ono site	15	3
Kokinu site (R&D Division)	January 2006	Tsukuba site	4	—
Kyu-Ma site (Kyushu Maxell)	January 2006	Kyoto site	4	—
Maku-Hoku site (Maxell Hokuriku)	January 2006	Osaka/Ono site	6	4
Tohshin site (Tohshin Seiko)	January 2006	Tokyo site	8	4

FY 2006 Activity Objectives

- We will embark on global certification integrating all sites in Japan and overseas.
- We will increase activities based on environmental action plans at the overseas manufacturing sites.

Ecological Mind

Environmental Education

Environmental Education to Employees

Environmental education to employees is given under site-specific EMS annual programs in accordance with carefully-planned schedules with consideration to the employee's job positions and competencies. As general education, these courses also make use of the ecological mind education that is one of the components of the e-learning (internet education using PCs) used in common by Hitachi Group companies.



Website of ecological mind education

General Education and Education Tailored to Each Job Class

At the Maxell Group ISO 14001 certified sites around the world, environmental education is implemented continuously under education plans formulated on the basis of each site's EMS. The education tailored to each job class includes environmental education for Hitachi Maxell's executives. At the management conference held in February 2005 a presentation concerning the current state of and issues for the Maxell Group's environmental promotion activities deepened the executives' understanding regarding engagement with the environment.



Environmental education at overseas sales companies



Environmental education for executives

Specialized Education for Internal Auditors

As preparation for conducting the internal environmental audits according to ISO 14001: 2004, educators from the Japan Audit and Certification Organization for Environment and Quality were invited to give lectures. A lecture for internal auditors in the Kanto area was held at Tsukuba Works on July 5 and another for those in the Kansai area at Osaka Works on July 25. Internal auditors who were unable to attend those lectures underwent similar training at external institutions, so that all were prepared for internal audit according to the revised 2004 edition.



Specialized education for internal environmental auditors

Environmental Education to Employee's Families and Local Primary Schools

Maxell Group offers education regarding environmental issues to employees' families so that they can take eco-friendly actions in their home life. Each year since fiscal 2003 we have issued an environmental education pamphlet titled the Environmental Action Notebook. Primary schools in employees' neighborhoods asked to be included in deliveries of the pamphlet, and now use it as a part of their environmental education. We also post it on the Maxell website for public viewing. We plan to keep preparing environmental education brochures on an on-going basis.



Environmental education pamphlet for employee's families "Hitachi Maxell Environmental Action Notebook No.3" (URL: http://www.maxell.co.jp/jpn/eco/e_report.html)

FY 2006 Activity Objectives

- We will promote ecological mind education, including overseas.
- We will continue distribution of education materials to all employees and their families.

Chronology of Environmental Promotion Initiatives

September 1972	● Public Pollution Office established	February 2001	● Green products with environmental marks launched
April 1977	● Environmental Management Regulations instituted	February 2001	● Environmental Award (in-house reward system) introduced
November 1991	● Environmental Committee installed	March 2001	● Zero waste emission achieved at Tsukuba Works
June 1994	● Use of CFCs in production processes discontinued	May 2001	● Acquisition of ISO 14001 certification completed by all consolidated affiliated manufacturing companies
February 1996	● Environment Promotion Center established at the headquarters	March 2002	● Zero emission achieved by all Maxell manufacturing sites
	● Environment Promotion Office established at each site	October 2002	● Cogeneration system begins operation at Kyoto Works
June 1996	● Environmental Preservation Action Guidelines (Global Environmental Charter) established	November 2003	● Maxell Tokyo Building (Head Office, Global Sales & Marketing Management Group) received ISO 14001 certification
March 1997	● Mutual environmental audit system implemented	December 2003	● Control Standards for Handling Chemical Substances (for products, first edition) issued
December 1997	● Use of organochlorine solvents discontinued	March 2005	● Two sales companies outside Japan (U.S. and Hong Kong) acquired ISO 14001 certification in March
February 1998	● All Maxell manufacturing sites certified with ISO 14001	March 2005	● Zero emission achieved at all Maxell manufacturing sites in Japan
September 1998	● Green Procurement Guidelines established	March 2005	● Six harmful substances eliminated from RoHS-applicable products
November 1998	● Use of in-house incinerators discontinued	April 2005	● CSR Management Group set up at Corporate Head Office
December 1998	● Use of polystyrene foam packaging discontinued	March 2006	● Four overseas companies (in UK, Chinese Taiwan, Shanghai and Singapore) acquire ISO 14001 certification by end of March
March 1999	● Use of PVC packaging discontinued		
June 1999	● R&D Division became the first nonmanufacturing site to be ISO 14001 certified		
July 1996	● Environmental Report 1999 issued		
March 2000	● Environmental accounting introduced		

Pause a moment for our..... Environmental Mini Quiz

This quiz is featured in our environmental education pamphlet. It's quite simple so give it a try!

Q1	Which of the following gases has the greatest greenhouse effect?	A. Carbon dioxide (generated by consumption of energy) B. CFC substitutes (used in air conditioners and similar) C. Dinitrogen monoxide (generated by burning petroleum and coal, and by nitrogen fertilizers)
Q2	Which of the following is the correct action to take to stop CFCs in air conditioners and similar from being released into the atmosphere?	A. When air conditioners or refrigerators break down, just put them outside without doing anything else to them. B. Put CFC into car air conditioners when they don't work well, even though it is banned. C. When disposing of air conditioners, refrigerators or cars, etc., have them disposed of by a firm that specializes in recollection or processing of such items, or by a designated facility.
Q3	Which is the correct order of priority for solving garbage problems?	A. Recycling→Reusing→Reducing B. Reusing→Reducing→Recycling C. Reducing→Reusing→Recycling

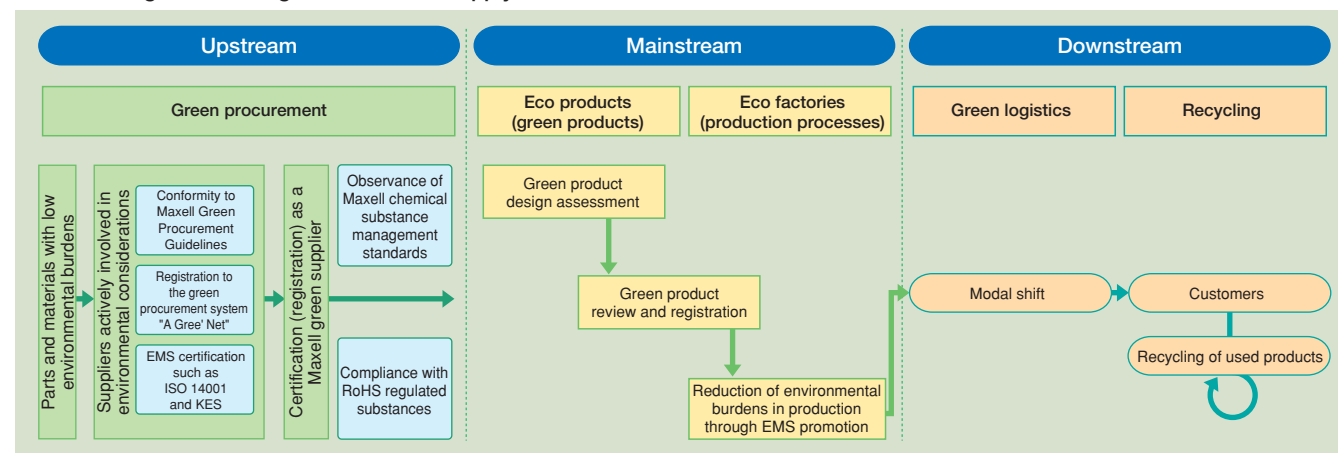
Eco Products

Environmental Considerations throughout the Product Supply Chain

In the upstream sections of the product supply chain we promote green procurement utilizing the "A Gree' Net" system". In the product design and manufacturing that constitutes the mainstream we implement "green product design assessment". And in the downstream sections we

have expanded the scope of green shipment. Thus, we have put systems to enhance environmental consideration in place along the whole length of the supply chain. In this way we promote lessening of environmental burdens throughout the product life cycle.

●Eco-Management throughout the Entire Supply Chain

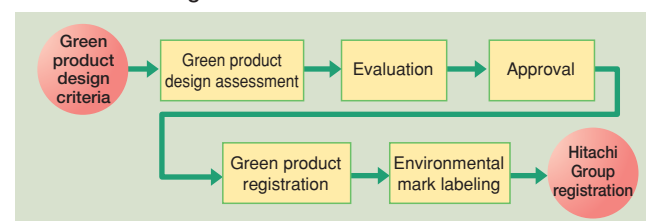


Green Product Design

■ What are Green Products?

Our products are subjected to a "green product assessment" based on the evaluation criteria for their environmental burdens at each stage of their life cycle (materials, production, distribution, use, recovery, decomposition, proper disposal). Products that satisfy the set standards are registered as green products and identified by environmental marks. These registration standards are based on the common standards of Hitachi Group, added with certain Maxell-original evaluation criteria. With respect to the eight items chosen in view of product characteristics, the degree of environmental considerations under each item is judged against the full score of five points in each item.

●Review and Registration Procedures of Green Products



●Eight Items of Green Product Design Criteria

01 Weight/volume reduction	05 Environmental conservation
02 Durability of repeated use	06 Energy conservation
03 Recyclability	07 Information availability
04 Decomposability and disposal easiness	08 Packaging material

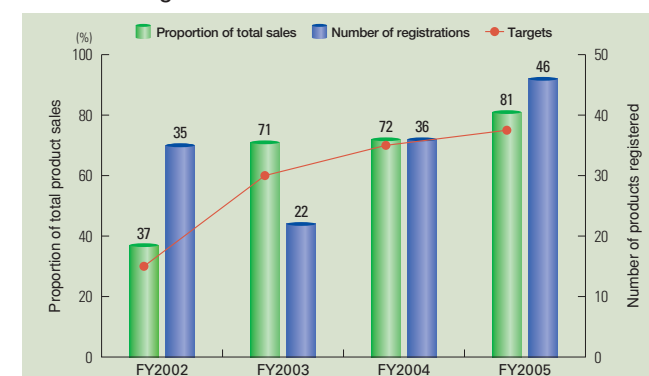
●Environmental mark*1



■ Expansion of Green Products

As of fiscal 2005, green products amounted to 149 products and accounted for 81% of our total sales (the proportion of the green product sales to the applicable product sales). We aim to raise that figure to 100% by 2010. 46 green products were developed in fiscal 2005. Green products are given the "eco" marking and information about them is made available to users in catalogs and on websites.

●Trend in Registration of Green Products



*1: Environmental mark

Indication by a mark to show that the product or service reduces the environmental burdens. Hitachi Group performs reviews of its products on the basis of Green Product Design Assessment Guidelines and those products that received evaluation points above or equal to the standard are registered as green products. An environmental mark is attached to those products in order to be identifiable by consumers.

■ Eco Efficiency

To further prevention of global warming and effective utilization of resources, the Maxell Group has introduced "eco efficiency" to serve as an indicator of how much the value of a product has been increased while its environmental burdens and resource consumption have been suppressed. This involves expressing as numerical values the "extent to which global warming been

prevented" (warming prevention factor) and the "extent to which resources have been effectively utilized" (resource factor) with respect to a product over its life cycle. The degree of increase in value is then derived by comparing the numerical values obtained against a past product that serves as a standard.

[Definition of Eco Efficiency]

$$\text{Global warming prevention efficiency} = \frac{\text{Product life} \times \text{Product function}}{\text{Amount of greenhouse gas emitted over life cycle}}$$

$$\text{Resource efficiency} = \frac{\text{Product life} \times \text{Product function}}{\Sigma \text{Value coefficient of resource in question} \times (\text{quantity of resource newly used during life cycle} + \text{quantity of resource disposed of})}$$

[Definition of factors]

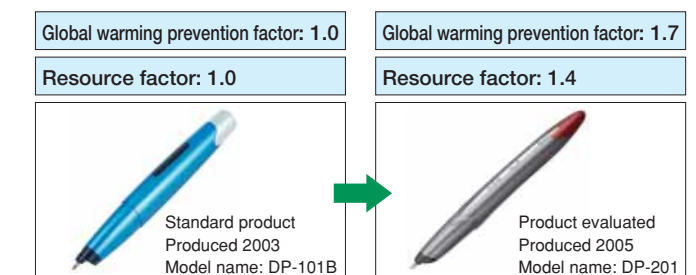
$$\text{Global warming prevention factor} = \frac{\text{Global warming prevention efficiency of product evaluated}}{\text{Global warming prevention efficiency of standard product}}$$

$$\text{Resource factor} = \frac{\text{Resource efficiency of product evaluated}}{\text{Resource efficiency of standard product}}$$

■ Results of eco efficiency calculations (Factor X) [Product name: Digital pen]

A digital pen is an interface device that converts analog data written on special paper into digital data. It can be used in a wide variety of applications.

Our digital pens were designed so that their circuits became lead-free in compliance with the RoHS directive. The pens have also become more compact and lightweight, and consequently the quantity of plastic materials used is reduced.



■ Introducing Some Green Products

[Computer Tape]

By adopting new magnetic materials with even finer particles than before, we have developed a high-energy, low-noise magnetic tape. It has high capacity (300 GB) approximately double what such products had 2 years ago, along with dimensions slightly larger than cassette tape, enabling it to store document information amounting to 75 million sheets of A4 paper. Moreover, use of recycled paper for its instruction manual, etc., makes for effective utilization of energy and resources.



Super DLT tape II data cartridge

[8 cm DVD-R for DVD Video Camera]

We have done away with the round holder and the plastic tray that housed it. The plastic case is now slimline, down from 11 to just 7.5 mm thick, yielding a reduction of approximately 30% in the overall quantity of plastic used. At the same time the index has been made smaller and the label eliminated, for a reduction of approximately 70% in the quantity of paper used. The surface where the label was is hyper-white and permits printing by an inkjet printer right up to the inner periphery, so that users can print self-taken images onto the disk.



DVD-R HG (inkjet printer compatible)

[Negative Ion Dryer]

The HD-N1220 negative ion dryer shows its consideration for the environment in low power consumption achieved through use of far-infrared rays of a particular wavelength that heighten its drying effect, and in the use of 45% recycled material for the polycarbonate resin of its transparent case.



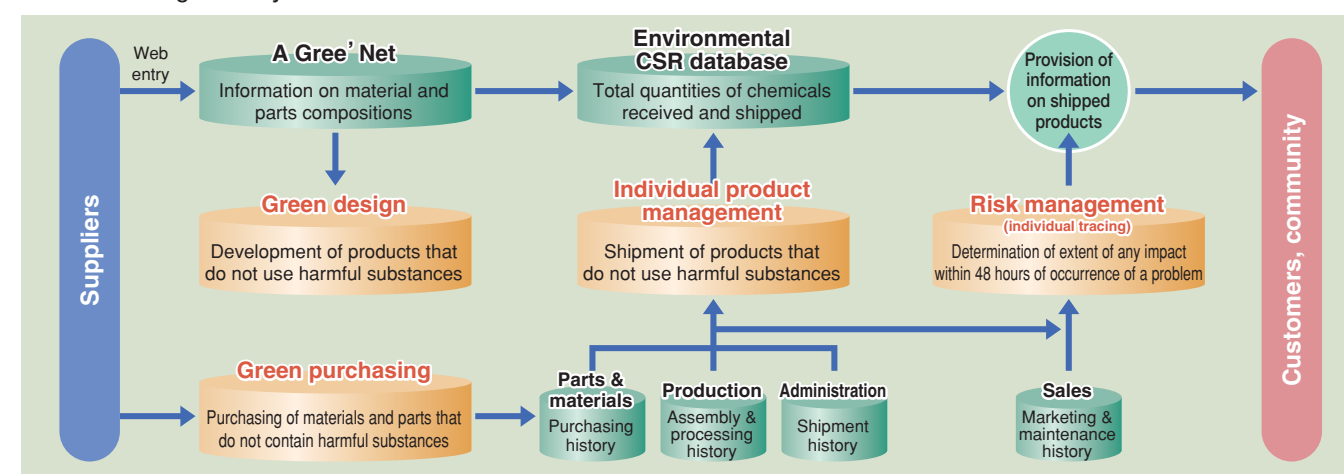
HD-N1220

Promoting a "Manufacturing System for Environmental CSR"

Since 2005 the Maxell Group has joined forces with the Hitachi Group in deploying activities for "Manufacturing that accommodates environmental CSR" so as to respond to global environmental regulation and achieve rigorous management of chemical substances contained in products. We have put in place a system of unified management for chemical substances contained in products, which takes as its basis information from the "A Gree' Net" on the compositions of

chemical substances contained in purchased materials and parts, and which ensures that (1) no harmful substances are input to production (green procurement); (2) no products containing harmful substances are developed (green design); (3) no products containing harmful substances are shipped (individual product management); and (4) should a problem arise, the affected products are identified within 24 hours and the extent of any impact is determined within 48 hours (risk management).

●Unified Management System for Chemical Substances Contained in Products

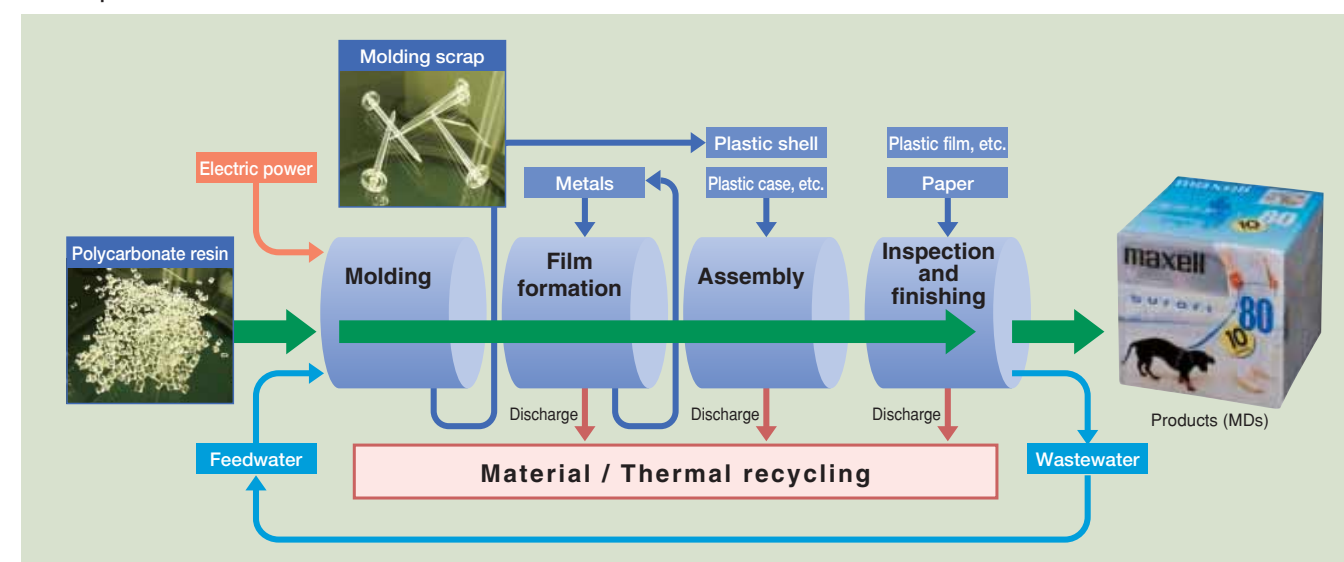


■ Example of Material Flow

Maxell Group believes that the most important kind of environmental consideration is to ensure that all the material that is input to production is turned into products. Material flow refers to movements of objects (materials) and is a method whereby the quantities of materials input to each production process and the quantities of products and wastes resulting from each process are determined in detail and used as a basis for minimizing the losses in each process. The Kyoto Works conducted a material flow analysis of their production of minidisks (MDs) which revealed where losses were occurring and

in what quantities. Measures were then taken to remedy the losses where possible, while for those losses that were unavoidable for process reasons, steps were taken to recycle the materials in question or utilize them for other parts, resulting in a 66% reduction in the volume of process waste compared to before the analysis. The waste material saved in this way undergoes material recycling for reuse as raw material in some other application, or thermal recycling to recover its thermal energy as fuel.

●Example of Material Flow: Minidisks

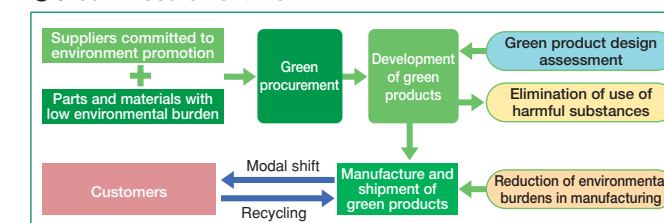


Green Procurement

■ Concept of Green Procurement

"Green procurement" refers to procuring products and services that impose smaller environmental burdens than others from suppliers who engage actively in environmental promotion activities. Through our promotion of green procurement we deliver products that are considerate to the environment to our customers. Our aims in so doing are protection of the global environment and formation of a sustainable society.

●Green Procurement Flow



■ Green Procurement Guidelines

In order to promote green procurement it is important to carry out environmental burden reducing activities along the whole supply chain. Accordingly we have published the Hitachi Group Green Procurement Guidelines so as to have all suppliers understand the concept of the Hitachi Group's green procurement. In addition we have created and put into use a set of management standards concerning handling of those chemical substances that the Maxell Group requires to be managed.

The Hitachi Group Green Procurement Guidelines are online at:
<http://greenweb.hitachi.co.jp/pdf/green.pdf>

Control Standards for Handling Chemical Substances in Products, Parts and Materials are online at:
http://www.maxell.co.jp/jpn/dbps_data/template/_user/_SITE/_localhost/_res/htdocs/eco/activity/_res/pdf/051201.pdf



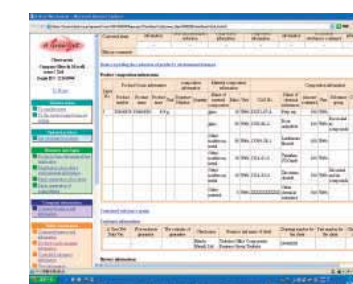
Green Procurement Guidelines

■ Green Procurement System "A Gree' Net"

To promote green procurement along the whole length of the supply chain, we have introduced the "A Gree' Net" green procurement system which makes use of the internet common to Hitachi Group members.

"A Gree' Net" permits registration of large quantities of information on the environment, including the state of suppliers' engagement in environmental promotion activities, chemical substances contained in the parts and materials they deliver, and data on environmental burdens.

Via linkage with design support, materials procurement and other systems, such information is utilized for development of green products, expansion of green procurement, and related purposes.



"A Gree' Net" registration screen

■ Status of Fiscal 2005 Green Procurement Activities

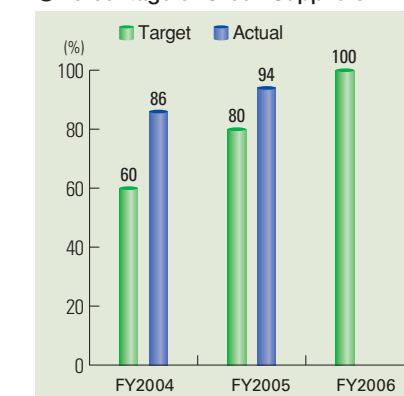
① Environmental promotion activities on the part of suppliers

To encourage environmental promotion activities on the part of suppliers, all suppliers of our purchased materials and parts were requested to acquire ISO 14001 or other EMS certification. The proportion of green suppliers (those with EMS certification) among the major suppliers who together account for 90% of the total value of Hitachi Maxell's purchase transactions reached 94%, meeting the target for fiscal 2005 (80%).

② Reduction of environmental burdens imposed by procured goods

Suppliers were required to submit chemical substance composition data and certificates of absence of prohibited substances concerning all materials and parts that they deliver to the Maxell Group. In addition, surveys of the presence of harmful chemical substances were conducted using "A Gree' Net". Hitachi Maxell's survey covering such substances in the major parts and materials was more or less completed in March 2006.

●Percentage of Green Suppliers



FY 2006
Activity
Objectives

- We will increase the green supplier ratio so that it reaches 100% in fiscal 2006.
- We will strive to expand green procurement and green purchasing.

Eco Factories

Prevention of Global Warming

With regard to CO₂ emission, which is a major cause of global warming, Maxell Group in Japan has set the target to reduce CO₂ generated from energy use by 7% by fiscal 2010 in comparison to the fiscal 1990 level.

As in previous years, in fiscal 2005 we were able to meet our targets by implementing energy conservation activities for both tangibles

Changes in CO₂ Emissions

[In Japan]

Fiscal 2005 CO₂ emissions by the Maxell Group in Japan was 88,045 tons, which is down 17% compared to the fiscal 1990 level and down 2% compared to the previous fiscal year.

As the coefficient for calculating CO₂ equivalents of electric power, we had traditionally employed a value derived via linear interpolation from the fiscal 2010 projected value published by the Federation of Electric Power Companies of Japan. But in fiscal 2004 we decided to use the projected value of 0.36 t-CO₂/MWh announced by the Industrial Structure Council of the Ministry of Economy, Trade and Industry, and simultaneously switched to 0.421 t-CO₂/MWh as the value for fiscal 1990. In addition, the scope of the emission calculations was revised in line with the Hitachi Group Emission Calculation Standards.*3

[Overseas]

Reducing CO₂ emissions at overseas sites is another important task for our global warming prevention. In fiscal 2005 the common coefficient for calculating CO₂ equivalents of electric power was replaced with individual coefficients for each country*4, so as to determine reduction effects in accordance with actual local circumstances. Fiscal 2005 CO₂ emissions by the Maxell Group overseas were 24,567 tons, which is down 12% compared to the previous fiscal year. This was due to promotion of energy conservation activities, which primarily focused on electric power, an example being the introduction of inverter equipment at Wuxi Hitachi Maxell (China).

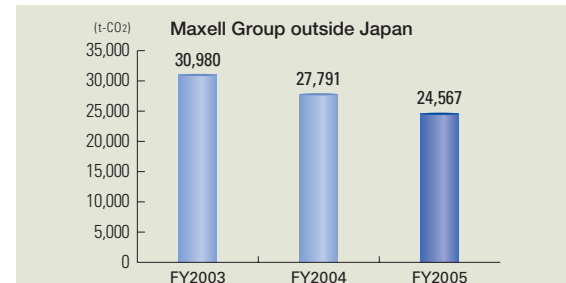
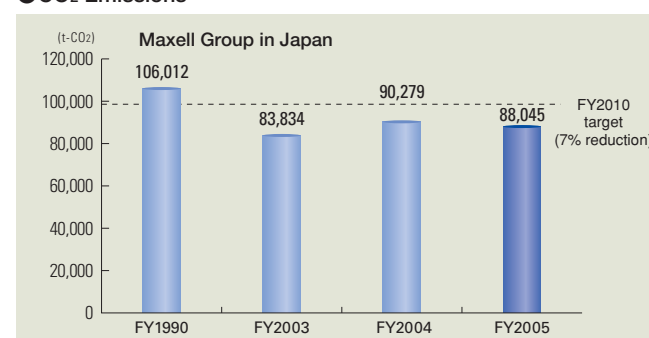
Reduction of CO₂ emission per unit production

As the management index for CO₂ emission per unit production, we have adopted the "unit CO₂ requirement for real output"*6, which uses unit production linked to the consumer price index, in line with the recommendations of the Four Electrical & Electronics Organizations*5. As a result of implementing numerous CO₂ emission reduction measures including investments in energy conservation, the Maxell Group in Japan's fiscal 2005 CO₂ emission per unit production was 0.425 tons of CO₂ per million yen, representing a reduction of 35% compared to the fiscal 1990 level.

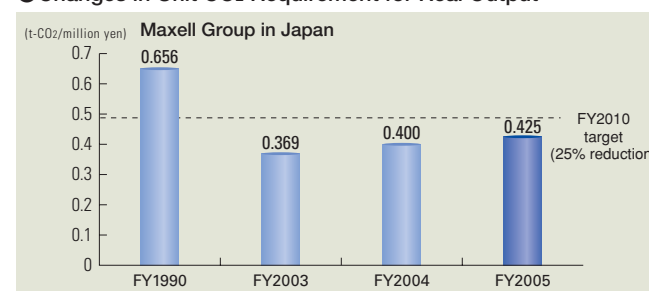
and intangibles, including introduction of energy-conserving equipment making use of NEDO*1, and participation in the "Team Minus 6%"*2 movement via deployment of a "cool biz" drive.

As for greenhouse gases other than CO₂, the Maxell Group does not use any (except CFC and its substitutes for refrigeration purposes).

CO₂ Emissions



Changes in Unit CO₂ Requirement for Real Output



*1: Making use of NEDO

A system of public fund utilization for next-generation R&D, run by the New Energy and Industrial Technology Development Organization (an independent administrative agency).

*2: Team Minus 6%

National movement for global warming prevention, in which all companies of the Maxell Group in Japan participate. It involves energy conservation measures including "cool biz", "warm biz", "black illumination" and water sprinkling campaigns.

*3: Revision of scope of calculations

The scope of calculations for the reference year (fiscal 1990) CO₂ emissions was expanded to include Maxell Hi Tec (3,051 tons of CO₂), Ono Works (3,687 tons of CO₂) and non-manufacturing sites (1,660 tons of CO₂).

*4: Individual coefficients for calculating CO₂ equivalents of electric power at overseas sites (unit: t-CO₂/MWh)

UK 0.550, Malaysia 0.489, China 1.008, Mexico 0.739.
Source: Japan Electrical Manufacturers' Association, Report on Survey to Estimate Unit CO₂ Emissions for Power Generation in Various Countries, ver.2

*5: Four Electrical & Electronics Organizations

Refers to: Japan Electrical Manufacturers' Association, Japan Electronics and Information Technology Industries Association, Japan Business Machine and Information System Industries Association, and Communications and Information Network Association of Japan.

*6: Real output

(Real output) = (Nominal output) / (Bank of Japan's domestic corporate goods price index for electrical manufacturers)

Examples of Efforts to Reduce CO₂ Emissions

Introduction of Regenerative Deodorizing Furnace and Optimized Combined Operation of Gas Cogeneration Systems

The organic solvent gas emitted in our manufacturing of magnetic tape is combusted and deodorized to recover its thermal energy. Formerly we used city gas for combustion but under a NEDO authorized project we have introduced a regenerative deodorizing furnace that can combust the solvent gas directly without using city gas.

Furthermore, to raise the efficiency of energy utilization by our cogeneration we introduced three gas engine type generation systems in addition to a single gas turbine type system. Automatic control was implemented to integrate all of the systems, including the regenerative deodorizing furnace, into a whole, and their operation was optimized to match the required quantities of electricity and steam. The result was a reduction of 4,275 tons in the fiscal 2005 emissions of CO₂.

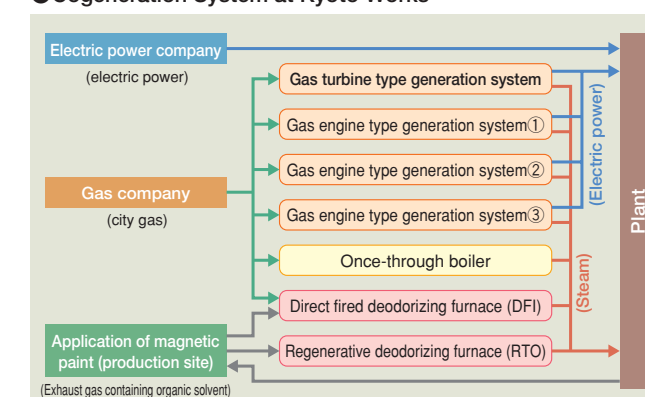
Thermal insulation paint

We have switched to the use of paint with high thermal insulation for repainting of roofs and outer wall surfaces during structural upgrades of buildings, in order to render the buildings energy-conserving.

Energy conservation for compressors

To lower the power consumption of our compressors we have introduced inverter circuits and multi-unit control systems which regulate the compressors' operation to match the volume of compressed air required. In addition we have found ways to eliminate pressure loss, such as reducing the source air pressure, locating and repairing tubing leaks, and lowering the input air temperature, thus raising the efficiency of the compressors' operation.

Cogeneration System at Kyoto Works



Roofs with thermal insulation painting at Tsukuba Works



Auto-controlled compressors at Ono Works

Green Logistics

Promotion of Modal Shift

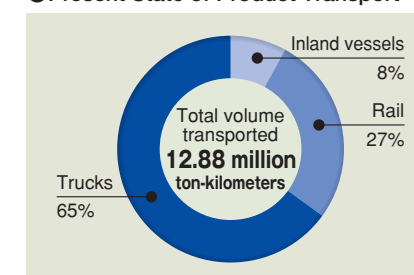
Under a revision to the Energy Conservation Law on 1 April 2006, owners of freight goods are obliged to make efforts to conserve energy in the interest of reducing CO₂ emissions by the transport sector.

As the volume of Hitachi Maxell goods transported in fiscal 2005 was 12.88 million ton-kilometers (weight x distance transported), the company is not expected to fall under the category of specified goods owners, that is, those whose goods are transported in quantities

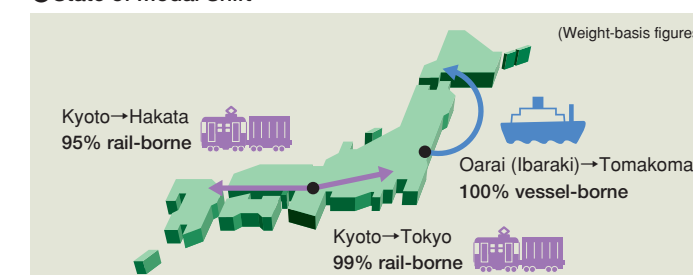
amounting to 30 million ton-kilometers or more annually.

As a voluntary endeavor to reduce our CO₂ emissions we have been moving ahead with a modal shift to utilization of rail and vessels. As a result the proportion of modally-shifted transport in our total transport volume (the "modal shift percentage") reached 35% in fiscal 2005. Compared to the case where all of our transport was by truck, this represents a reduction of 669 tons of CO₂ per year (30%).*7

Present State of Product Transport



State of Modal Shift



FY 2006 Activity Objectives

- We will continue our efforts for 7% reduction of CO₂ emissions in Japan (compared to fiscal 1990 level).
- We will reduce CO₂ emission per unit production by 25% (compared to fiscal 1990 level).

*7: Calculation of CO₂ emissions during transport

These values were calculated using the Fiscal 2002 Unit CO₂ Emissions of Each Freight Transport Means published by the Land, Infrastructure and Transport Ministry in 2004, namely: 173 for ordinary commercial trucks, 22 for rail, 38 for inland vessels (unit: g-CO₂/ton-kilometer).

Effective Utilization of Resources and Proper Disposal of Wastes

In line with the policy to vigorously promote 3Rs (reduce, reuse, recycle), we have worked hard toward achieving the target of 20% reduction in the total discharge of wastes and valuable resources from the fiscal 2000 level by fiscal 2005. In the final

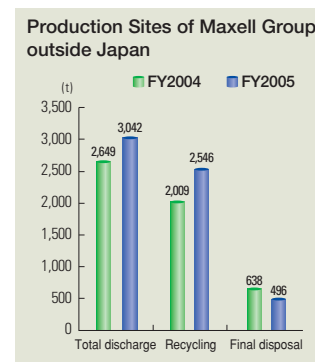
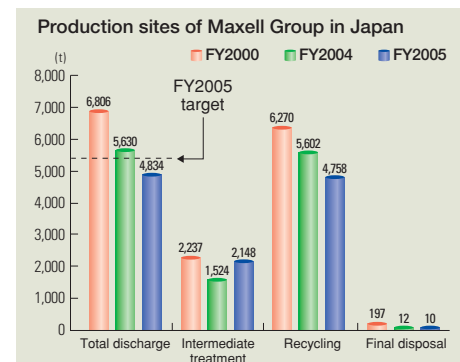
year, fiscal 2005, total emissions cleared the target by a large margin and a definite reduction was also achieved in the volume of waste permanently disposed of.

Reduction of Total Discharge and Final Disposal (Landfill)

In fiscal 2005, the production sites of the Maxell Group in Japan reduced the total discharge of wastes and valuable resources by 14% over the previous fiscal year and by 29% over fiscal 2000. Tsukuba Works since fiscal 2000 and Kyoto, Osaka and Ono Works since fiscal 2001 have continued to achieve zero emission.

In fiscal 2004, all production sites of the Maxell Group in Japan attained waste zero emission and they repeated the achievement in fiscal 2005.

Waste Situation



Promotion of Proper Disposal

To ensure proper disposal of wastes, it is necessary to verify via documentation or on-site investigation that waste disposal operators have carried out disposal properly. Until recently each of our sites used a checklist of its own devising to investigate disposal operators and verify the transport operators, intermediate treatment operators and permanent disposal sites. But since inadequacies in the checklists could have large impacts on risk management for the wastes, we now employ a unified checklist that was prepared on the basis of deliberations by the 3R Promotion Expert Meeting.



Unified checklist for whole Group

Examples of Reduce, Reuse, Recycle in action

[Adoption of Plastic Pallets]

Tsukuba Works formerly used wooden pallets as sparingly as possible since it handles products that are highly susceptible to adverse effects of dust and dirt. But in fiscal 2005, it switched to pallets made from recycled plastic for most of the pallets it uses for product shipments inside Japan. Should any plastic pallets break, they can be recycled into new ones.



Plastic pallet

[DVD Molding Scrap Materials Recycled into MO Shells]

Tsukuba Works produces MO shells (the cover cases that protect the disks) using some of the scrap materials in the mold sprue that is generated during molding of its DVDs. Recycled material accounts for approximately 52% of the material used for the MO shells.



Scrap materials in the mold sprue



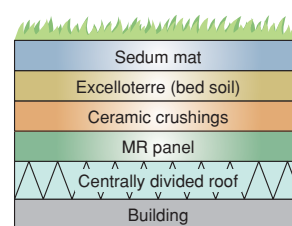
MO shells

[Rooftop Greening with MR Panels]

Jointly with a collaborating company, Maxell Hokuriku Seiki has commercialized "MR panels" made by heating and molding scrap materials that are generated in its plant. Lightweight, thermally-insulating, permeable and sound-absorbent, the "MR panels" are used as tatami flooring materials, as waterproof substrate material for rooftops, and in related applications. Recently they have also been employed as permeable draining plates in thin-type greening systems for folded-plate roofs. Employing "MR panels" enables systems that are lightweight and impose no burden on buildings. Thus these products can contribute to energy conservation and reduction of cooling and heating costs in urban areas.



Example of rooftop greening



Structural diagram of rooftop greening

FY 2006
Activity
Objectives

- We will achieve 22% reduction in total emissions of wastes and valuable resources by Maxell Group in Japan (compared to fiscal 2000 level).
- We will continue to achieve zero waste emission at Maxell Group production sites in Japan.

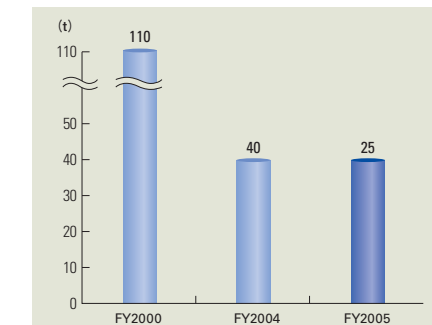
Proper Management of Chemical Substances

Targets and Records of Chemical Substance Reduction

Laws and regulations designate particular chemical substances as harmful. To deal with these we have provided "Standards for Controlling Chemical Substances Included in Products" within Environmental CSR-Compliant Monozukuri Standards. The design, manufacturing, purchasing and other relevant departments within the sites, as well as our relevant business partners, cooperate to conduct appropriate management of such substances in accordance with such standards.

The 134 substances prohibited by the Hitachi Group have already been totally eliminated. For substances subject to reduction, we set a target of a 30% reduction in total emissions by fiscal 2005 (compared to the fiscal 2000 level). Our efforts in pursuit of that goal resulted in a reduction of 77% thanks to combustion of volatile organic compounds such as toluene in the deodorizing furnace.

Release of Chemical Substances



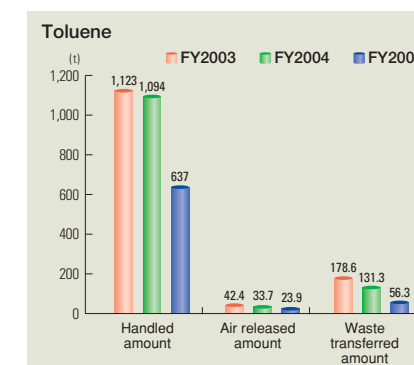
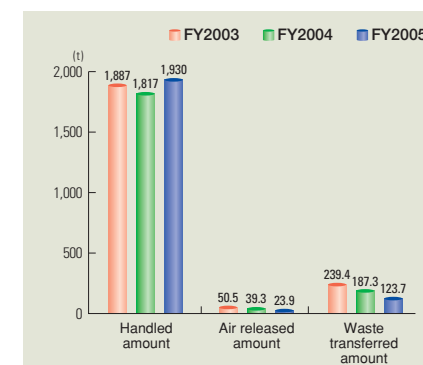
Management of PRTR Substances

Maxell Group manages the amounts of the chemical substances targeted by the PRTR Law that it releases, transfers and handles. Two substances accounted for 83% of the total volume of substances requiring notification to the PRTR that we handled in fiscal 2005, namely the toluene used in production of magnetic tape, and the manganese and its compounds used as battery materials. Compared to fiscal 2004, the amounts released into the atmosphere

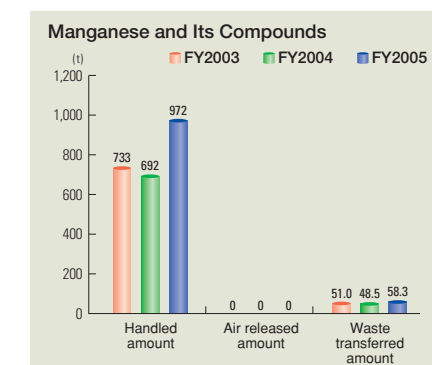
were reduced by approximately 40% and the amounts transferred in the form of wastes by approximately 35%. Particularly active efforts were devoted to reducing the volume of toluene (a volatile organic compound (VOC)) into the atmosphere, resulting in a reduction of approximately 30% from the previous year.

We do not release any of these chemical substances into soil or public waters.

Handled, Released and Transferred Amounts of PRTR Substances (Maxell Group in Japan)



Main PRTR Chemical Substances



Responses to the RoHS Directive

On 1 July 2006 the EU's (European Union's) RoHS Directive (Restrictions of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment) will take effect. Maxell Group has aggressively promoted elimination of the six RoHS harmful chemicals (lead, cadmium, mercury, hexavalent chromium and the two bromine-based fire retardants PBB and PBDE). For example we adopted lead-free and hexavalent chromium-free parts in all technological development within the Group, and prevailed on our suppliers to do the same in theirs. As a result we eliminated use of the six harmful substances from products subject to RoHS by the end of March 2005. We are now proceeding with elimination of these substances from our products in and out of Japan that are not subject to RoHS, and aim to achieve this by the end of June 2006.

Course of our Response to the RoHS Directive

2003	February 2003	RoHS Directive promulgated
	December 2003	RoHS Directive Response Project inaugurated
2004	January 2004~	Survey of chemical substances contained in products
2005	March 2005	Six harmful substances eliminated from products subject to RoHS Directive
2006	March 2006	Six harmful substances eliminated from products in Japan not subject to RoHS Directive
	June 2006	Six harmful substances eliminated from products overseas not subject to RoHS Directive (projected)
	July 2006	RoHS Directive takes effect

Groundwater Protection and Pollution Prevention

Initiatives to Reduce Pumped Quantity of Groundwater

Computer tape, VHS video tape, recording DVDs and other recording media that account for the majority of Maxell Group's business require a large quantity of water during their manufacturing processes. Recognizing that water conservation is a major challenge in attaining a sustainable society, Kyoto Works, Tsukuba Works, Kyushu Hitachi Maxell and Maxell Hokuriku Seiki have installed water circulation facilities to promote repeated use of groundwater in an effort to conserve the natural resource.

Action Regarding Asbestos

Over the months of July and August 2005 we conducted an investigation, grounded in "openness", "sincerity" and "appropriateness", into health hazards due to asbestos, products containing asbestos, and asbestos in our building structures and equipment. The investigation found no health hazards due to asbestos either in or out of the company. Likewise concerning products it was found that although in the past asbestos had been used in some hair dryers (1966 - 1979) and hot curlers (1977

Although the production volume's direct dependence on the water input volume makes it difficult to adopt drastic conservation measures, in fiscal 2005 these sites achieved a reduction of 28% in water consumption compared to the previous fiscal year. Kyoto Works, which uses a particularly large quantity of water, has organized the "Water Resource Efficient Utilization Study Conference" to promote further conservation measures such as recirculation of production equipment cooling water.

- 1988), there was no use of asbestos in any current products. Sprayed asbestos was found at three places in our building structures. This was remedied by removing the sprayed asbestos or by sealing it off with enclosures, the work being completed by March 2006. As regards action for non-dispersing asbestos in slates and plastic tiles, etc., the asbestos content situation will be determined when structures are demolished in the future, and appropriate disposal will be carried out as necessary.

Clean-Up of Buried Industrial Wastes (Osaka Works)

In March 2006, we completed a clean-up project to remove and properly dispose of the dry batteries and other industrial wastes that were buried within the premises of Osaka Works in the early years of the company foundation (Phase I: from September 2004 to April 2005; Phase II (completed): September 2005 to March 2006 (completed)).

Quantity of waste properly disposed of 9,038 tons

Quantity of soil properly disposed of 2,445 tons

Our thanks for the patience of those in the neighborhood who were inconvenienced.



Air Pollution, Water Contamination Prevention, Odor Prevention, Noise and Vibration Prevention

With respect to effluent gas from boilers and the like, plant discharged water odor, noise and vibration, Maxell Group has established and complies with voluntary standards that are more stringent than those stipulated in laws and ordinances. In fiscal 2005, our voluntary analyses of our wastewater revealed that BOD and total nitrogen were slightly over the voluntary standard levels, but corrective action was taken that remedied these. No violations of laws or ordinances were found.

Complaints and Accident Prevention

There were no complaints or accidents relating to the environment at any of Maxell Group's Works, research centers or member companies in fiscal 2005. Nor were there any law or ordinance violations concerning the seven typical pollution issues, or any operations that were subjected to administrative direction.

Strict Management of PCB Wastes

In accordance with applicable laws, Maxell Group strictly controls the storage and management of previously used transformer, electric condensers and fluorescent lamp stabilizers that contain PCB.

Kyoto Works has 1 such transformer, 16 such condensers and 470 kg of such stabilizers, Osaka Works 12 condensers and 1,355 kg of stabilizers, and Maxell Seiki 25 kg of stabilizers. All receive periodical inspection and no abnormalities in storage conditions have been found.

In March 2006 Hitachi Maxell carried out early registration of the equipment in question with Japan Environmental Safety Corporation (JESCO), so as to have it properly disposed of at JESCO's Osaka Works.



PCB items storage status

FY 2006
Activity
Objectives

- We will make efforts for still further reduction of volatile organic compounds (VOCs).
- We will take preventive measures for odor, noise and vibration and other environment-related accidents.

Working to Reduce Environmental Burdens

Environmental Data

Maxell Group in Japan

Energy Consumption

Item	Units	FY	Kyoto Works ^{*1}	Tsukuba Works ^{*2}	Osaka Works	Ono Works	Kyushu Hitachi Maxell	Maxell Hokuriku Seiki	Tohshin Seiko	Group total
Power	MWh/yr	2005	42,571	58,524	8,641	14,879	6,707	3,016	7,400	141,738
		2004	48,939	58,234	8,300	13,129	6,274	3,740	6,839	145,455
		2003	44,971	45,125	8,530	12,126	7,157	3,792	4,516	126,217
Gasoline	kL/yr	2005	0	16	16	0	10	8	13	63
		2004	0	14	17	0	12	7	14	64
		2003	0	3	20	0	12	12	8	55
Kerosene and diesel oil	kL/yr	2005	0	3	0	0	62	17	7	89
		2004	0	5	0	0	71	11	8	95
		2003	0	2	1	0	74	12	8	97
Heavy oil A	kL/yr	2005	0	462	0	0	43	0	4	509
		2004	0	556	0	0	32	0	3	591
		2003	0	604	0	0	110	0	9	723
LPG	t/yr	2005	0	8	0	1	1	11	3	24
		2004	0	8	0	0	1	26	2	37
		2003	0	7	0	0	1	7	0	15
City gas	1,000 m ³ /yr	2005	13,881	0	157	0	0	0	0	14,038
		2004	14,147	0	159	0	0	0	0	14,306
		2003	14,858	0	147	0	0	0	0	15,005

Figures calculated using the methods prescribed in the Energy Management Procedures of each site.

Wastes and Valuable Resources

Item	Units	FY	Kyoto Works ^{*1}	Tsukuba Works ^{*2}	Osaka Works	Ono Works	Kyushu Hitachi Maxell	Maxell Hokuriku Seiki	Tohshin Seiko	Group total
Total discharge	t/yr	2005	1,828	1,293	847	163	266	261	176	4,834
		2004	2,356	1,452	861	131	256	413	161	5,630
		2003	3,072	904	1,031	160	291	324	148	5,930
Recycled amount before intermediate treatment	t/yr	2005	825	1,000	596	41	53	139	34	2,688
		2004	1,992	1,170	672	31	46	174	20	4,105
		2003	2,664	697	708	40	52	197	0	4,358
Intermediate treatment	t/yr	2005	1,004	293	252	122	213	122	142	2,148
		2004	364	281	189	100	210	239	141	1,524
		2003	408	207	323	120	238	126	148	1,570
Recycled amount after intermediate treatment	t/yr	2005	1,000	254	251	116	212	117	120	2,070
		2004	359	275	187	98	209	229	140	1,497
		2003	406	201	322	119	236	110	146	1,540
Final disposal	t/yr	2005	3.4	0.6	1.0	0.8	1.1	1.7	1.3	9.9
		2004	3.5	0.7	1.1	0.9	1.1	3.8	1.1	12.2
		2003	1.7	0.6	1.2	1.3	3.1	4.4	2.6	14.9
Final disposal ratio	%	2005	0.2	0.1	0.1	0.5	0.4	0.7	0.7	0.2
		2004	0.1	0.0	0.1	0.7	0.4	0.9	0.7	0.2
		2003	0.1	0.1	0.1	0.8	1.1	1.4	1.8	0.3

Figures calculated using the methods prescribed in the Waste Management Procedures of each site.

Intake Water Consumption

Item	Units	FY	Kyoto Works ^{*1}	Tsukuba Works ^{*2}	Osaka Works	Ono Works	Kyushu Hitachi Maxell	Maxell Hokuriku Seiki	Tohshin Seiko	Group total
Water supply	1,000 m ³ /yr	2005	76	18	18	25	64	4	11	216
		2004	87	18	19	16	55	3	9	207
		2003	138	14	20	21	46	3	13	255
Industrial water	1,000 m ³ /yr	2005	45	234	5	0	0	0	0	284
		2004	48	253	6	0	0	0	0	307
		2003	45	242	6	0	0	0	0	293
Groundwater	1,000 m ³ /yr	2005	538	12	0	0	6	84	0	640
		2004	798	12	0	0	9	76	0	895
		2003	704	6	0	0	8	74	0	792
Total	1,000 m ³ /yr	2005	659	264	23	25	70	88	11	1,140
		2004	933	283	25	16	64	79	9	1,409
		2003	887	262	26	21	54	77	13	1,340

Figures calculated using the methods prescribed in the Intake Water Consumption Management Procedures of each site.

*1 Kyoto Works: includes Fukuchiyama Works, Maxell Seiki and Maxell Logistics *2 Tsukuba Works: includes Maxell Hi Tec

■ Maxell Group in Japan

● Discharged Water

Item	Units	FY	Kyoto Works ^{*1}	Tsukuba Works ^{*2}	Osaka Works	Ono Works	Kyushu Hitachi Maxell	Maxell Hokuriku Seiki	Tohshin Seiko	Group total
Discharged water to public water area	1,000 m ³ /yr	2005	0	13	0	0	70	73	11	167
		2004	0	15	0	1	63	68	9	156
		2003	0	7	0	1	54	67	13	142
Discharged water to sewerage	1,000 m ³ /yr	2005	659	251	23	25	0	6	0	964
		2004	932	269	25	15	0	5	0	1,246
		2003	886	255	26	20	0	2	0	1,189
Soil infiltration, etc.	1,000 m ³ /yr	2005	0	0	0	0	0	0	0	0
		2004	0	0	0	0	0	0	0	0
		2003	0	0	0	0	0	0	0	0
Total	1,000 m ³ /yr	2005	659	264	23	25	70	79	11	1,131
		2004	932	283	25	16	63	73	9	1,402
		2003	886	262	26	21	54	69	13	1,331

Figures are the intake water values apportioned according to drainage infrastructure circumstances.

● Harmful Substances Released into the Air (NOx, SOx)

Item	Units	FY	Kyoto Works ^{*1}	Tsukuba Works ^{*2}	Osaka Works	Ono Works	Kyushu Hitachi Maxell	Maxell Hokuriku Seiki	Tohshin Seiko	Group total
NOx	1,000 Nm ³ /yr	2005	24.6	1.1	—	—	—	—	—	25.7
		2004	18.2	1.0	—	—	—	—	—	19.2
SOx	1,000 Nm ³ /yr	2005	0	0.2	—	—	—	—	—	0.2
		2004	0.3	0.3	—	—	—	—	—	0.6

Figures calculated from facilities' annual exhaust volumes and running times, and from concentrations at periodic analyses.

● PRTR

Works	Substance	Discharged amount (air)		Discharged amount (public water)		Discharged amount (soil)		Transferred amount (waste)		Transferred amount (sewerage)		Handled amount	
		FY2004	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004	FY2005
Kyoto Works ^{*1}	Toluene	24.0	14.3	0	0	0	0	130.0	56.3	0	0	1,085.2	627.2
	Cobalt and cobalt compounds	0	0	0	0	0	0	0.4	7.8	0	0	5.0	309.3
	Chromium and trivalent chromium compounds	0	0	0	0	0	0	0.1	0.4	0	0	2.5	1.3
Tsukuba Works ^{*2}	Toluene	1.1	0	0	0	0	0	1.1	0	0	0	2.2	0.1
	Ethyl cellosolve	2.9	0	0	0	0	0	3.6	0	0	0	6.5	0
Osaka Works	Toluene	2.7	3.6	0	0	0	0	0	0	0	0	2.7	3.6
	Manganese and its compounds	0	0	0	0	0	0	26.0	29.0	0	0	550.0	798.1
Ono Works	Toluene	5.9	6.0	0	0	0	0	0.2	0	0	0	6.1	6.0
	Manganese and its compounds	0	0	0	0	0	0	22.5	29.3	0	0	142.4	174.0
Kyushu Hitachi Maxell	Ethylbenzene	0.6	0	0	0	0	0	0.6	0	0	0	1.2	0
	Xylene	0.7	0	0	0	0	0	0.6	0	0	0	1.3	0
	Acetic acid 2-ethoxyethyl	1.4	0	0	0	0	0	1.2	0	0	0	2.7	0
	Nickel	0	0	0	0	0	0	0	0	0	0	8.4	9.9
	Nickel compounds	0	0	0	0	0	0	1.0	0.9	0	0	1.0	0.9
Group total		39.3	23.9	0	0	0	0	187.3	123.7	0	0	1,817.2	1,930.4

Figures calculated on the basis of amounts of PRTR-containing materials purchased and proportions contained therein, and from distribution coefficients from each process.

■ Overseas Manufacturing Companies

Company	FY	Energy consumption				Wastes and valuable resources			Water consumption
		Power MWh/yr	Gasoline kL/yr	Heavy oil kL/yr	LPG t/yr	Total discharge t/yr	Recycled amount t/yr	Final disposal t/yr	Water supply 1,000 m ³ /yr
Maxell Europe Ltd. <Telford Plant>	2005	8,562	0	0	9	618	499	119	3.4
	2004	10,340	0	0	7	663	521	142	7.0
Maxell Toshin (Malasia) Sdn.Bhd.	2005	12,089	0	0	3	385	345	40	25.7
	2004	12,327	0	0	3	475	334	139	25.3
Wuxi Hitachi Maxell Co.,Ltd.	2005	11,875	23	52	0	322	87	235	63.0
	2004	14,116	23	42	0	285	25	260	68.6
Maxell de Mexico,S.A. DE C.V.	2005	2,317	3	0	9	1,717	1,615	102	5.5
	2004	2,233	0	0	0	1,226	1,129	97	4.1
Overseas Group total	2005	34,843	26	52	21	3,042	2,546	496	98
	2004	39,016	23	42	10	2,649	2,009	638	105

Figures collected from overseas plants by means of definitions in the languages used in the countries in question.

*1 Kyoto Works: includes Fukuchiyama Works, Maxell Seiki and Maxell Logistics *2 Tsukuba Works: includes Maxell Hi Tec

Social Report

Together With Customers

■ CS (Customer Satisfaction) Promotional-Educational Activities and CS Enhancement Activities

In-company activities to enhance CS involve displaying posters featuring specially designed CS enhancement characters. During the CS campaign season (July to September), keyholders using the character designs are distributed to all employees so as to nurture the sense of gratitude and affinity toward customers.



CS educational activity



CS educational poster

■ CS Products

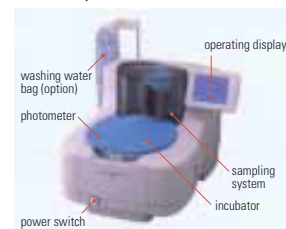
Products that have been improved in response to customers' complaints or wishes are assigned the status of CS products at the Maxell Group. In fiscal 2005 we brought nine CS products to completion, some of which were made public at shows.



CS product show



Example of CS product



Example of a medical care product:
Clinical chemistry automated analyzer

■ Call Center System

Maxell Group fields inquiries from customers via telephone, the Internet, mail, fax and various other media, as well as through a dedicated Customer Service Center. We have made a database of queries and complaints received from customers, together with the contents and responses, actions taken, and results of related investigations. This database constitutes information shared throughout the company and is utilized as a tool for quality improvement activities. In fiscal 2005 the number of queries reached a monthly average of approximately 3,000 items, all of which received responses fulfilling our motto "Speedy, Sincere, and Reassuring". Among inquiries concerning usage of products, in recent years there has been an appreciable rise in interest concerning universal design.

■ Universal Design and Medical Care Products

Having utilized the fruits of long research to set up the Medical & Healthcare Appliances Department in June 2005, Kyushu Hitachi Maxell now engages in developing and commercializing medical and care related equipment. In the medical field it has developed in collaboration with clinical technologists and medical institutions a clinical chemistry automated analyzer that is low-price and compact enough for use in small-size clinics and gives speedy and high-accuracy performance. Production began in January 2006 and the analyzer is proving popular. In the care field, the bed sore prevention mat that the company developed in collaboration with a specialist NPO helps patients to move on their own and - as we hear - has put some on the path to convalescence. In future the company will be generating more ideas for novel forms of medical care and engaging in development of more fine, heartwarming products that see things from the viewpoint of those who use them.

Rigorous Quality Control

■ Response to New JIS Mark System

In October 2005 a new system of JIS mark certification was inaugurated pursuant to the June 2004 revision of the Industrial Standardization Law. In December 2005 Hitachi Maxell became, with its alkaline dry batteries, the first in the electrical and electronic equipment industry to acquire certification under the new system,

which requires exacting examination of the performance and quality of products themselves in addition to examination of plants. This was also the second such certification to be acquired in industry as a whole. We will strive to hone our technological skills even further and raise our quality control to even higher levels in the future.

■ Efforts for Mutual Education and Level Raising Throughout the Group

[Gleaning]

At Maxell Group we hold a type of case presentation meeting that is known as "gleaning". At these annual meetings, cases of quality lapses that inconvenienced customers are presented alongside salient instances of quality improvement, causes are tracked down, and recurrence prevention measures and successful methods are discussed, for reflection in future quality improvement activities.

■ On-site Inspections of Overseas Business Partners

The Maxell Group has stepped up its quality control of the raw materials it procures from overseas. We visit the sites of the overseas suppliers who are the sources of our raw material

[Management System with Emphasis on QF (Quality First)]

The Maxell Group sets unified quality targets that are applied at the level of the individual sites (Works), in an effort to effect continuous quality improvement. Further, it has established a management system with emphasis on QF, under which improvement activities are implemented in a focused manner at the applicable sites and cases of efficacious improvement are spread horizontally among sites, so as to bring about raising of levels of quality control and efficiency throughout the Group.

imports, verify that they are adhering to work procedures, and give them guidance on quality concerning the goods supplied, so as to fully include them in our rigorous system of quality control.

Together with Employees

Ensuring Equality of Employment

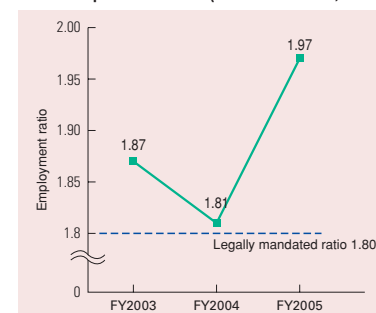
[Employment of the people with special needs and senior citizens]

Maxell Group seeks to achieve fair and equitable treatment of all employees without discrimination based on factors unrelated to business performance. The employment ratio of people with special needs at Hitachi Maxell was 1.97% (as of the end of fiscal 2005), which was above the legally mandated ratio of 1.80%.

Maxell Hokuriku Seiki, Ltd. received an accommodation as an outstanding company with an employment ratio of people with special needs of 4.43%, at the fiscal 2005 Toyama City Outstanding Employer of People with Special Needs Awards Ceremony held at Toyama City Hall in November 2005.

In addition, Hitachi Maxell is implementing activities to promote the employment of senior citizens. We are promoting the development of employment rules for senior citizens according to the revisions in the Law for the Stabilization of Employment of Senior Citizens enforced in April 2006, and introduced in April a system that allows employees to be hired again after they have reached the mandatory retirement age.

●Trends in Employment Ratio of People with Special Needs (Hitachi Maxell, Ltd.)



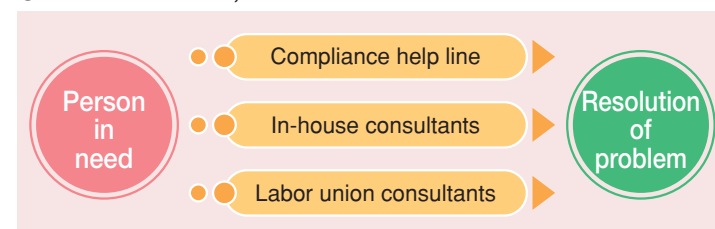
Improving the Workplace

[Prevention of Sexual Harassment and Moral Harassment]

Sexual harassment and moral harassment are problems that not only do harm to the victim's human dignity and prevent full performance of his/her potential, but also damage order and discipline in the workplace and negatively impact the company's social reputation.

A help line has been set up internally at Hitachi Maxell to respond to any problems. In addition, consultants are available in each office to provide prompt and efficient responses. The training of these consultants includes both knowledge and practical techniques, so that their capabilities are on a high level. A similar type of system has been set up in the labor union. Thus we provide multiple contacts of consultation for employees.

●Sexual Harassment, Moral Harassment Consultation Process



[Encouragement for Maternity Leave, Support for Working Parents]

Based on the Law for Measures to Support the Development of the Next Generation that went into effect in July 2003, businesses that employ 301 or more workers must establish practical and objective plans for supporting working parents by the end of March 2005. Hitachi Maxell has long held as its motto to provide equal employment opportunities for men and women, and we have developed an internal system that supports working parents. However, beginning in fiscal 2005 moving forward with a newly created plan of action. We have set up specific numerical targets, such as a 2% increase in the rate of women who take maternity leave in the two years until March 2007, to promote a better understanding of the plan.

●List of Systems related to the Support of Working Parents

Life stage	System	Life stage	System
Enter company	Other leave	Birth	Leave before/after childbirth
Marriage	Special leave		Special leave
	Leave for pregnant mothers to visit hospital	Child rearing	Leave of absence to raise child
	Relaxed working hours for pregnant mothers		Child rearing time
	Maternity leave		Reduced working hours
	Leave for pregnant mothers with complicated pregnancies	Child rearing, Care	Restriction on after-hours work
Pregnancy	Other procedures for ailments		Restriction on late night working hours
	Regulations for pregnant mothers and new mothers to work after-hours and on non-work days	Care	Family care leave
	Transfer of pregnant mothers to light duties		Abolition of restriction on half-day paid holiday system
	Restrictions on assignment of pregnant mothers and new mothers to hazardous duties	Care	Childcare leave of absence system
			Reduced working hours

Activation of the Workplace

[In-House Reward System]

The Maxell Group introduced an in-house reward system in 1961, to evaluate levels of contribution to the company and society. A variety of awards are available for a wide range of activities, with 67 presented in fiscal 2005. (38 persons and 1 organization received President Awards, and 244 persons received Division General Manager Awards.) Awards are also given for activities that contribute to society, such as activities that promote communication with local communities. In fiscal 2005, the Contribution to Society Award (a Division General Manager Award) was given to an employee that had continued to participate in the voluntary "Clean Up Roads on the Way to Work" activity during his daily commute. We are extremely happy that voluntary activities such as this that contribute to society are created in-house, and will continue to encourage them in the future.



President award recipients and company executives

Promoting Occupational Health and Safety

The Maxell Group in Japan is promoting activities for basic items regarding the management and control of occupational health and safety throughout the entire group, according to "the Hitachi Maxell Group Occupational Health and Safety Basic Policy". In fiscal 2006, we will develop a policy to obtain certification for the occupational health and safety management system in order to achieve zero danger.

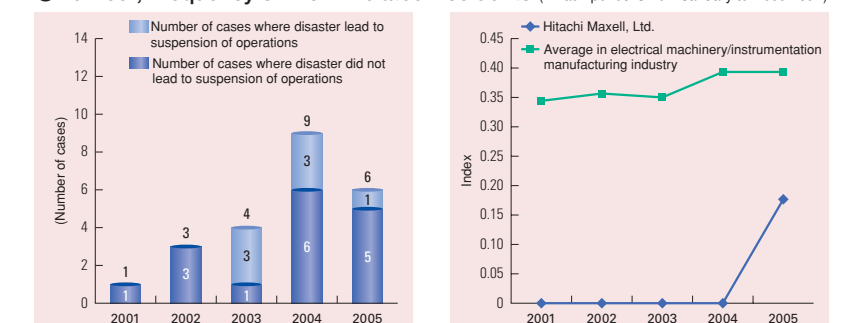
●Standard Hitachi Maxell Group Occupational Health and Safety Policy

Cognizant that employee health and safety are inseparable from business activity, we make it our standard policy to secure pleasant and safe working environments.

At the Maxell Group in Japan, the Occupational Health and Safety Management Policy is posted every fiscal year in every site. In addition, activities such as measures to ensure the safety of existing equipment and the implementation of "KYT" (the Japanese abbreviation for risk prediction training) are implemented to reduce the number and frequency of work-related accidents.

Although the number of work-related accidents dropped in 2005 from the previous calendar year, strict management is still required. We will continue to improve safety and health management with a goal of no work-related accidents occurring in the following year.

●Number, Frequency of Work-Related Accidents (* Each period is from January to December.)



System to Promote Occupational Health and Safety

The Maxell Group in Japan promotes activities throughout the group, under the control of the Head Office, and in conjunction with the activities implemented by the Health and Safety Committees at each Works. A variety of activities have been systematically developed over the years, and preparations for the implementation of the Occupational Safety and Health

Management System (OSHMS) promoted by the Ministry of Health, Labor, and Welfare are being carried out throughout the Maxell Group. A kick-off for introduction was implemented in October 2004, and we are aiming for certification at all manufacturing sites in the group in fiscal 2006.

Promotion of Traffic Safety

[Traffic KYT Activities]

Traffic KYT activities focusing primarily on business offices and enlightenment through lectures and bulletin boards were implemented in conjunction with national traffic safety campaigns and regional "traffic safety weeks" in September of fiscal 2005, to strengthen traffic safety measures for cars in business / occupational use.



Traffic KYT Training

Implementation of First Aid Training

First aid training was held in August of fiscal 2005 at the Technology Management Group to teach life-saving techniques to use on victims of accidents or disaster. Training included fundamental information, CPR techniques, and the use of automated external defibrillators.

The Technology Management Group has a goal of training all staff by fiscal 2010.



First aid training

Together with Local Communities and Society

A corporation is a member as well as a citizen of society. Maxell Group is actively engaged in interacting with local communities at each of its sites. We will continue to strengthen our ties with local communities.

Activities at Individual Works in Japan

[Planting Flowers Together]

As a result of our activities in Oyamazaki-cho, where clipped branches and fallen leaves from our Kyoto Works were effectively used to make compost (plant compost), we began participating in the "Abundant Flower Campaign" organized by the Oyamazaki-cho Promotion Association. In addition, from fiscal 2003, we began expanding the area of participation to include local elementary and junior high schools (Oyamazaki Elementary School, Oyamazaki No. 2 Elementary School, Oyamazaki Junior High School), and teaching the children how to plant and cultivate flowers. The children worked hard to care for the flowers, and used them for decoration at sports meet, school graduation ceremonies, school entrance ceremonies, and to decorate the town of Oyamazaki. The

Kyoto Works is offering its support along with teachers, the municipal government, and members of the Promotion Association to continue expanding the use of flowers throughout the community.



Planting by the first graders at Oyamazaki No. 2 Elementary School



Thanks messages and pressed flowers from the pupils

[Teaching Elementary Students about Environmental issues]

At the Kyoto Works, we gave lectures to three classes of 6th grade students from Oyamazaki Elementary School about the environment. We selected topics that the students were interested in from the environmental projects in which Maxell is involved, and explained the importance of protecting the global environment. We introduced specific projects such as the improvement of environmental facilities related to the reduction of CO₂ emissions, the review of methods of transporting products, and measures implemented during everyday life. We also taught them why it is necessary to breakdown and separate waste material in order to recycle them, emphasized activities they can perform at school and at home, and explained that we should use our limited natural resources carefully.



Teaching about the natural environment at the Kyoto Works

[Traffic Safety Campaigns in Industrial Parks]

The Health and Safety Committee at the Ono Works created maps of hazardous traffic areas on the roads around the industrial park, and shared them with the park's business. The Committee works with the local community to maintain traffic safety around the region by raising awareness in the park and providing the maps to the local Yashiro police office upon request.



Map of hazardous areas on nearby roads

[Participation in Evacuation Training after Disaster in Chiyoda-ku]

If a quake with a degree of magnitude 7 occurs in Tokyo, it is estimated that more than 600,000 people in Chiyoda-ku will have difficulty in returning home. On 17 January, the Maxell Tokyo Building cooperated with Chiyoda-ku in training implemented to see how to have those people return home as safely and quickly as possible out of the area from Tokyo Station to Fujimi and Iidabashi Station. Maxell Tokyo Building, near Kita-no-Maruk Park which served as a temporary assembly location, displayed panels on disaster prevention and distributed batteries for free. 15 people from the Maxell Tokyo Building participated in the evacuation training, including 2 as event staff.



Flier used in Chiyoda-ku



Panel display

[Coexistence with Local Communities]

The Tsukuba Works performs cleaning activities along roads around the Works and at nearby Harayama Park and Hanashima Park, in order to promote the beautification of the local environment. These activities were performed four times in fiscal 2005 by a total of 320 participants who collected approximately 200 kg of trash. In order for high school students to experience manufacturing, the Works accepted student apprentices from Ishige High School and Sowa Technical High School. In fiscal 2005, 4 students went through exercises of 6 days.

The Works makes its gymnasium available to school soccer clubs and adult sports clubs free of charge.



Soccer club practice

[Cooperating in Invigorating the Local Community]

As a powerful company in its region, Kyushu Hitachi Maxell, Ltd. is handling the important posts of several affiliate organizations, such as the chairmanship of labor standards associations. The site served as a member on the Town Development Promotion Committee for invigorating the old Hojo-machi, and performed four activities a year with the theme of working with the children who will be responsible for the next generation. In addition, a staff member from the site also cooperated as a member of the committee to create draft bills of an ethics agreement with the old Hojo-machi.

[2006 Polytec Vision Manufacturing Award]

Maxell Hokuriku Seiki Ltd. received the Manufacturing Award for the promotion of the use of recycled and waste material in audio cassette parts and cases, and MO disks. This was announced in February 2006 at "Polytec Vision in Uotsu" sponsored by the Hokuriku Polytechnic College having the backing of Toyama Prefecture. In this event, our member in charge of design announced the case studies, and the award was presented by the Toyama Prefecture Polytechnic Promotion Council. This award will serve to encourage us to strive even harder in the future to manufacture superior products.



Award recipients at the announcement: Ms. Takimoto is 3rd from the left.

Activities at Overseas Sites

[Educational Support]

Maxell Europe created and continues to support the Maxell Education Trust for projects performed by local schools. The local schools to be supported were selected through an application process screened by panel members, and authorized by a board of directors selected by the trust. The panel and board of directors are made up of persons involved in local educational organizations, such as the Department of Education, and executives at Maxell Europe. Support for this program began in June 1990, resulting in total financial assistance of 184,910 pounds (approximately 37 million yen) through March 2005.



Support for the lighting and sound equipment project

[Sponsorship of Maxell Cup Table Tennis Tournament]

Table tennis is one of the most popular sports in China. Wuxi Hitachi Maxell Ltd. has sponsored an annual Maxell Cup Table Tennis Tournament with the cooperation of the Wuxi municipal government and the new district government since 2000, as an activity to contribute to the development of the local community. The 2005 tournament was held successfully from 6 - 7 June, with about 250 participants.



Maxell Cup Table Tennis Tournament

[Environmental Activities Week at Malaysia Plant]

Environmental activities were carried out during the fiscal 2005 Environmental Activities Week (September 19-24) at Maxell Tohshin (Malaysia) Sdn.Bhd in Malaysia. We performed planting campaigns and recycling activities, while thinking about the environment with the local community.



Support for planting campaigns at elementary schools

Involvement in Politics and Social Welfare

Involvement in Politics

The Maxell Group has no particular direction regarding governmental activities and contributions. We simply act as the primary axis as a member of the Nippon Keidanren, which plays

a leading role and exerts a strong influence upon the economic trends in Japan. Also, as a member of the Hitachi Group, we strive to maintain balance and a neutral point of view.

Support for Accommodations for Children with Intractable Disease and Their Families

Hitachi Maxell offers annual support for organizations that provide affordable accommodations for the growing number of pediatric patient with intractable cancer who come to Tokyo from far away for treatment. In Europe and the United States, these

types of facilities exist near large pediatric hospitals, to provide assistance to the children and their families. But Japan is slightly behind in its response. Accordingly we contribute to such a organization as a form of approval for their policy.

Contributing to Society as the Hitachi Group

Hitachi Maxell provides financial support and assistance to the following 5 organizations to perform activities that contribute to society.

Primary contributions

Organization contributed to	Purpose
The Odaira Memorial Hitachi Educational Promotion Foundation	Established in memory of Namihei Odaira, founder of Hitachi, Ltd.; contributes to the promotion of education
The Hitachi Environment Foundation	Promotes the correct awareness and understanding of the environment, through comprehensive study and research activities regarding increasingly complex environmental concerns
The Kurata Memorial Hitachi Science and Technology Foundation	Promotes science and technology in Japan
The Hitachi Mirai Foundation	Prevents juvenile crime and delinquency so as to assist healthy growth and build a wholesome society
The Hitachi Foundation	Supports projects that aim to develop education and local societies, toward the resolution of inequalities and problems that arise from social systems

Support for Areas and People in the Southern Areas of the United States Devastated by Hurricanes

Maxell Corporation of America contributed 5,000 dollars to aid the people devastated by hurricanes in the southern areas of the United States, as well as for the recovery of the devastated areas. In addition, the Hitachi Foundation established by the Hitachi

Group donated an additional 5,000 dollars. We would like to express our sympathies to all of the victims, and our wishes for the earliest possible recovery of the areas affected.

Communication

The Maxell Group strives to interact and maintain relationship with society through communication, in order to fulfill its responsibility as a member of society and a corporate citizen.

Chopin Competition

The 15th International Frederick Chopin Piano Competition, convened in Warsaw once every five years and considered the world's most prestigious piano competition, was held from September to October 2005. As a manufacturer of recording media such as audiocassettes, CDs, and DVDs, Maxell demonstrated support of the spirit of this event which pursues the performances of the highest possible quality by once again officially sponsoring the competition.

World-famous pianists such as Ashkenazy, Pollini, and Argerich have been discovered at this competition which gives the winner the attention of the entire world overnight. Young musicians with great ambitions gather from around the world for this competition, creating an air of Chopin Competition URL <http://www.maxell.co.jp/chopin/>

excitement in the philharmonic hall. Rafal Blechacz (Poland) was selected as the winner from 257 preliminary competitionants, with a wonderful and inspirational performance. During the competition, on 17 October (Chopin's death anniversary) Maxell hosted a concert free-of-charge in the large hall on the 3rd floor of the Ostrogskich Castle, where the Chopin Museum is located. We trust that all attending enjoyed the event.



The stage at the final competition

Media Post 2005 Contest for Presentation of Learning Outcome by Elementary and Junior High School Students

The purpose of Media Post is to encourage activities of free expression by allowing children to use IT. The entries are works (or unpublished works) by elementary and junior high school students in Japan that represent the outcomes of integrated learning. The contest was hosted by the Media Post Planning Committee, with the backing of Ministry of Education, Culture, Sports, Science, and Technology and supported by Maxell.

Selections were made from submissions from schools from all around Japan and by the secretariats' commendation.

The winners of the 10th the Minister Award were 5th graders from Sendai City Kitarokubancho Elementary School who worked on the "Umeda River Project" to preserve the environment of the local Umeda River, and the Broadcasting Club of Setouchi City Osafune Junior High School with their barrier-free themed "Sensitive Minds".

Secretariats from Maxell visited these two schools to present them with testimonials and laptop computers as supplementary prizes.

We will continue to support learning at schools in the future.

Kids Wonder Library (Contest Results Page) URL <http://maxell-kids.com/contest/>



Winners of the Minister Award (elementary school division)



Paper announcing the results

Presentation of Activities in the Mobility Management Program

The purpose of "mobility management" is to encourage voluntary change in personal mobility, to a direction that is favorable to both individuals and society. This project is promoted by the Ministry of Land, Infrastructure, and Transport and Osaka Prefecture, and is receiving attention as a new way of achieving a society that is friendly to the environment.

In fiscal 2005, 58 people at our Osaka Works participated in the office commuting management program developed by the Kinki Transport Bureau of the Ministry of Land, Infrastructure, and Transport and Osaka Prefecture. This resulted in an 8% reduction in automobile use, and a 21% reduction in CO₂ emissions. These results were reported during a symposium as an example activity, and the event was published on the Osaka Prefecture website and covered by the Asahi Shimbun Newspaper and other media. In an international seminar held a few days later, a representative from Maxell participated as a panelist and introduced Maxell's environmental activities.



International seminar on mobility management

Employee Membership in the "Goodwill Club"

The Goodwill Club is a volunteer organization with the purpose of treating people with goodwill, extending a helping hand to those in need, and creating a brighter world with a society that is easy to live in.

"I can't do anything by myself, but maybe there is some way I can help out." "By myself I can only do so much, but if a large group of people work together we might be able to organize a greater effort."

This club is made up of people who fell this way. 180 Maxell employees have joined on their own initiative, to support a small movement of goodwill. 164,000 yen were raised during 2005 year-end fundraising activities performed primarily by the Goodwill Club.

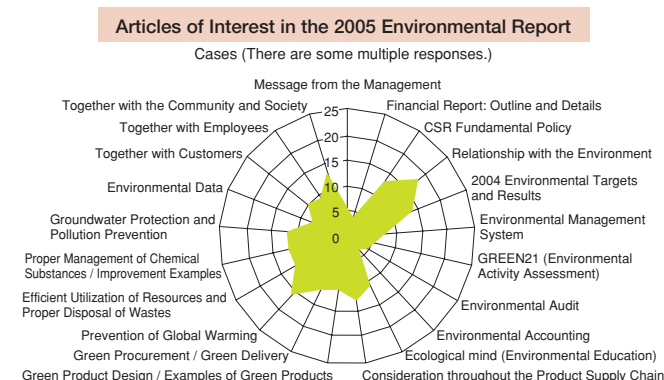
Goodwill Club URL <http://www2.himdx.net/sinsetu-kai/>

Results of the 2005 Environmental Report Questionnaire

We received 43 responses to our questionnaire regarding the 2005 Environmental Report published last fiscal year. Primary respondents included people involved with environmental work at companies (11 respondents), clients (9 respondents), and university researchers and students (6 respondents). We would like to express our gratitude for their cooperation, and our desire to use their opinions as references in the improvement of reporting contents.

The articles that the respondents to the questionnaire showed the most interest in were "Involvement with the Environment" (42%), "Preventing Global Warming" (37%), "Goals and Results for FY2004 Environmental Activities" (33%), and "Coexisting with Local Communities and Society" (30%). The environmental performance for many of these items was also introduced in the report.

We received encouragement and comments such as "Easy to understand" from many respondents, but also received comments indicating that the font used was too thin, so we revised the character style for the 2006 CSR Report.





Third party verification report regarding the
"Hitachi Maxell Group Corporate Social Responsibility Report 2006"
 June 20th, 2006

To: Hitachi Maxell, Ltd.
Dr. Yoshito Tsunoda, President & CEO

Japan Audit and Certification Organization
 for Environment and Quality
Nobuhisa Itoh, President & CEO
N. Itoh

Hitachi Maxell, Ltd. (hereinafter referred to as Maxell) has prepared the "Hitachi Maxell Group Corporate Social Responsibility Report 2006" (hereinafter referred to as the report) on its own responsibility, and has requested Japan Audit and Certification Organization for Environment and Quality (hereinafter referred to as JACO) to implement independent third-party verification, based on JACO's verification criteria, in accordance with a mutually agreed upon procedure.

[Conclusion]

Qualitative items, Environmental performance data and Environmental Accounting data comply with JACO's verification criteria.

[Purpose of Verification]

The purpose of verification is to verify the following regarding Maxell's activity performance of fiscal year 2005, and to improve reliability of the report.

- 1) Completeness and validity of contents of the report;
- 2) Reliability of environment performance data (hereinafter referred to as the data) in processes including the data occurrence, measurement, calculation, evaluation and reporting to the upper organization (division).

[Scope of Verification]

Classification	Items verified	Sites verified
Qualitative items	Environmental management principle, policy, organizations subject to verification, etc.	Environment Promotion Center
Quantitative items	Environmental performance data**	Environment Promotion Center, Tsukuba Works, Kyoto Works and Osaka Works
Environmental Accounting**	Power consumption, discharges of wastes and valuable resources; industrial water consumption, discharges of toxic substances, discharges of PRTR chemical substances and transferred amount	Environment Promotion Center
	Environmental conservation costs, investment costs, etc.	Environment Promotion Center

** JACO has been added to the verified data

*JACO referred to the Ministry of Environment's "Law Concerning the Promotion of Business Activities with Environmental Consideration by Specified Corporations, etc. by Facilitating Access to Environmental Information, and Other Measures" and "Environmental Accounting Guidelines 2005".