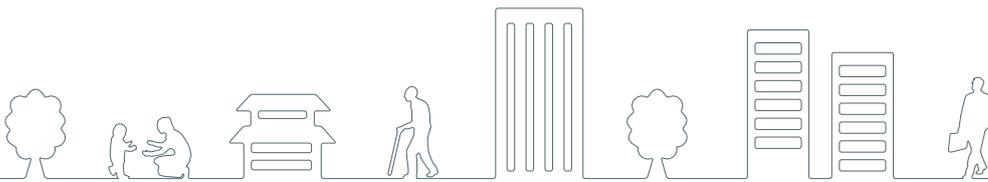
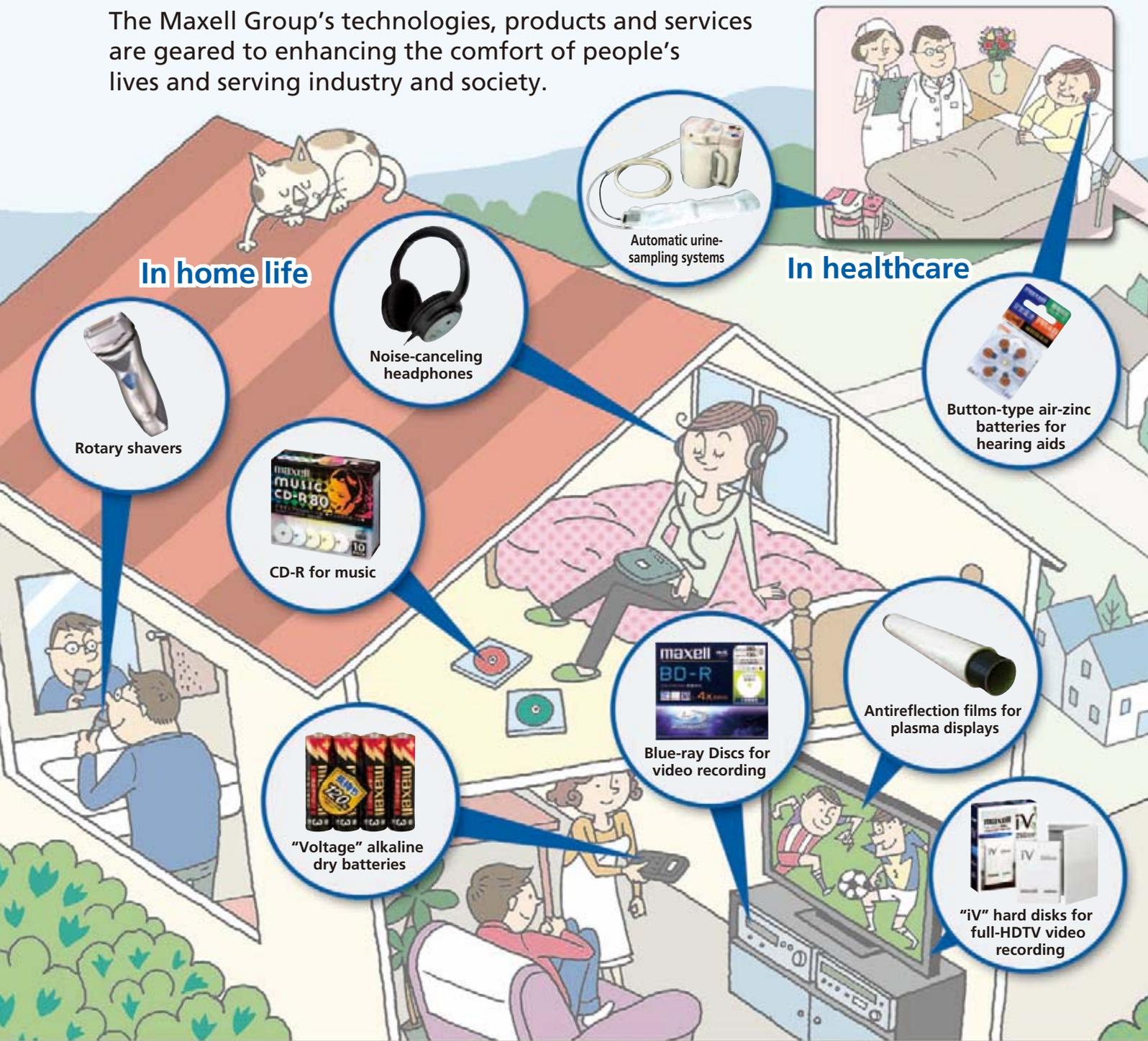


Hitachi Maxell Group CSR Report 2008



Things we will always hold dear:
Dreams, memories, people and the earth.

The Maxell Group's technologies, products and services are geared to enhancing the comfort of people's lives and serving industry and society.



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, 2008)
Consolidated net sales: ¥209.4 billion (for the year ended March 31, 2008)
Number of employees (consolidated): 4,881 (as of March 31, 2008)
Our Businesses
Information Storage Media
 Computer tapes, broadcasting videotapes, Blue-ray Discs, DVDs, CDs, audio tapes, video tapes
Batteries
 Lithium ion batteries, coin-type lithium secondary batteries, silver oxide batteries, lithium primary batteries, alkaline dry batteries
Data, Devices and Electric Appliances
 Optical components, functional materials, adhesive tape, RFID systems, IC cards, small electrical appliances, electroforming and precision parts, Metal molds, synthetic resin molded products

Operational Sites and Main Group Companies in Japan and Overseas

EUROPE

Net sales
36.62 billion yen

ASIA

Net sales
43.51 billion yen

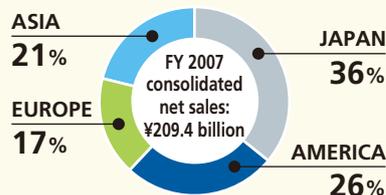
AMERICA

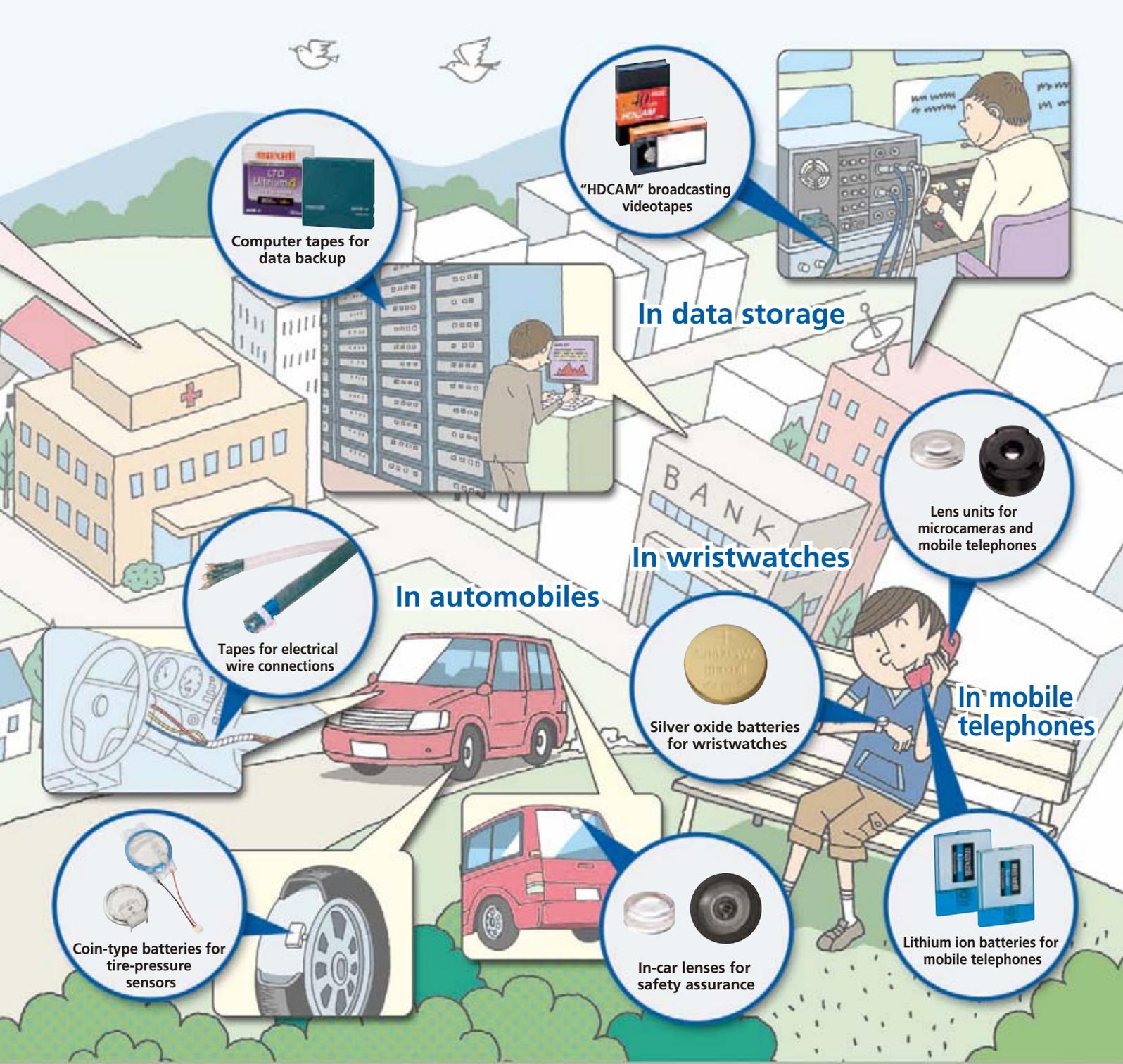
Net sales
54.77 billion yen

JAPAN

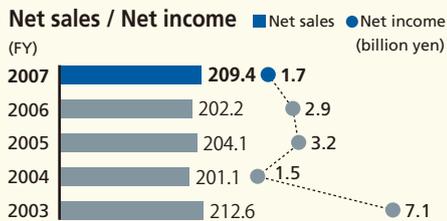
Net sales
74.46 billion yen

Breakdown of Sales by Region

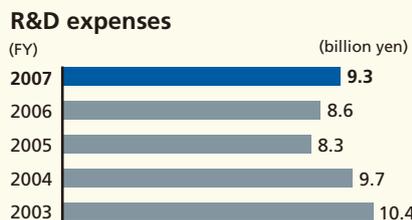
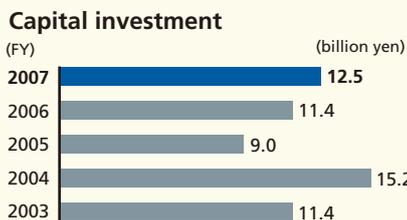
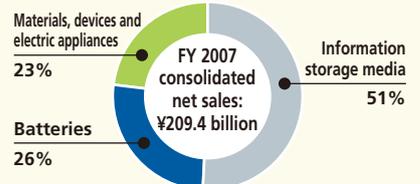




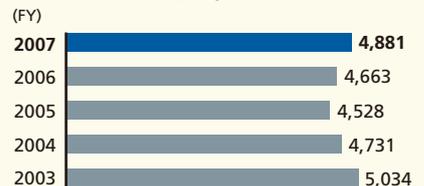
Financial Data (consolidated)



Sales by segment



Number of employees



C O N T E N T S

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5 CSR Activities and Management

7 Special Feature

**Possible Because It's Maxell
Social Contributions through our
Technologies, Products and Services**



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Editorial Policy

This report is published with the objective of communicating to stakeholders the Maxell Group's CSR activities from environmental, social and economic perspectives.

As with the previous year's report, for the preparation of the CSR Report 2008 we established a CSR Report Editorial Committee, made up of members responsible for conferring with various stakeholders. In particular, we have tried to make this year's report more easily understandable and intimate by including an array of opinions of employees and other related parties.

For in-depth information on environmental aspects of our activities, visit our website.



Editorial Committee

Scope of Companies Covered by this Report

The Hitachi Maxell Group comprises Hitachi Maxell, Ltd., and 25 companies in Japan and overseas. Coverage is by subject area.

HITACHI MAXELL GROUP IN JAPAN

Manufacturing: Hitachi Maxell, Ltd.; SLIONTEC Corporation; Kyushu Hitachi Maxell, Ltd.; Maxell Seiki, Ltd.; Maxell Hokuriku Seiki, Ltd.; Tohshin Seiko Co., Ltd.

Services: Maxell Shouji Co., Ltd.; Maxell Life, Ltd.; Maxell Business Service Co., Ltd.; Maxell Software Engineering Co., Ltd.; Maxell Logistics Co., Ltd.

HITACHI MAXELL GROUP OVERSEAS

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

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

Period Covered by this Report

The period covered by this report is April 1, 2007, to March 31, 2008. In some places, however, the report also refers to matters relating to fiscal 2008.

Regarding Verification by a Third Party

Environmental reporting is subject to third-party verification. In the interval between the completion of this report and its issue, there were no subsequent events worthy of special mention. Quantified items that underwent third-party verification are marked. 

Reference Guidelines

Environmental promotion laws, Ministry of the Environment Guide to Entries in Environmental Reports (December 2005), Global Reporting Initiative Sustainability Reporting Guidelines (2nd Edition, 3rd Edition)

Date of Issue

June 19, 2008 (Our next CSR report is scheduled to be issued in June 2009.)

Message from Top Management

Implementing CSR management for the sustainable development of society



Toward the sustainable development of society

The advance of globalization and an information-oriented society have bolstered the importance of corporate social responsibility (CSR). This approach spans rigorous legal and ethical compliance, enhanced product liability and social contributions. Moreover, in recent years growing emphasis has been placed on measures for environmental preservation for the sustainable development of society.

Under the banner of the globally renowned Maxell brand, the Maxell Group conducts CSR activities through the development of our proprietary technologies and products. In these endeavors, we aim to enrich society while maintaining a profound sense of our social responsibilities.

Review of fiscal 2007

During fiscal 2007, ended March 31, 2008, in accordance with the Hitachi Maxell Group Corporate Behavior Standards we assessed our results from fiscal 2006 and further promoted our CSR activities.

The Company focused its quality control and customer satisfaction activities on reviewing its product planning and manufacturing processes to raise quality and safety and on improving risk assessment. We also promoted development of CS products, which have been improved to reflect customer suggestions.

Maxell also pursued an array of social contribution activities. In Japan, these included continued regional educational support and a battery exchange campaign for portable security alarms for elementary school children. Overseas, we supported various cultural events, such as funding a musical education tour and hosting a university campus band contest.

Maxell's environmental activities featured a host of measures for global protection. In preparation for 2008 as the first year of greenhouse gas emission reductions stipulated under the Kyoto Protocol, we achieved the objectives of the Hitachi Maxell Group 2007 Environmental Action Plan, based on a roadmap for implementation of the Hitachi Group's vision for environmental promotion extending up to 2010. Moreover, we developed technologies for the practical application of small fuel cells, which are cited as a high-potential next-generation clean energy source.

Entering a stage of unprecedented growth

The Maxell Group's business environment currently features high raw material costs and falling product prices. To overcome the challenges of these severe conditions, we are aiming for a stage of intensified growth. We will achieve this growth by pursuing a long-term vision to "breakthrough to new horizons," which embraces emerging opportunities, spanning new products and technologies and different corporate forms. This is complemented by our medium-term mission of "change for growth." With three key business areas slated for high growth and profitability—batteries, optical parts and functional materials—we are aggressively employing management resources to accelerate reweighting of our business portfolio and establish a high-profitability business structure.

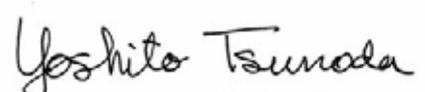
Aiming for quality management that considers CSR

In the future, the Maxell Group will continue in its sincere pursuit of CSR to gain the empathy and trust of its stakeholders, with each and every employee mindful of the watchwords "basics and rightness."

In November 2007, part of the broadcasting videotape sales operations of Hitachi Maxell, Ltd. and its subsidiary, Maxell Europe Ltd., were found to be in violation of European Union competition laws by the European Commission and a fine payment was imposed. We deeply regret this incident and apologize to stakeholders for any concerns and inconvenience it may have caused.

The Maxell Group's management basic policy stipulates its commitment to honest and transparent corporate activities. The Maxell Group's executives and employees are striving to further strengthen corporate ethics and compliance management. We hope this report provides an understanding of the Maxell Group's CSR endeavors. Readers are cordially invited to express their candid views on the report's content.

June 2008


Yoshito Tsunoda,
President and Chief Executive Officer

Fulfilling our social responsibilities through business activities

Maxell Group's Basic CSR Policy

To provide a systematic and continuous grounding for our CSR activities, we framed the Hitachi Maxell Group Corporate Behavior Standards in 1983, setting forth clearly our missions and roles. Furthermore, in April 2005 we established our CSR Activity Policy to promote practical actions by employees.

All the companies of the Hitachi Maxell Group work closely in a concerted effort to attain groupwide synergistic effects.

Hitachi Maxell Group Code of Corporate Conduct

1. We will always respect human rights. Members will endeavor to improve their own skills and competences 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 build cordial relationships of trust with our stakeholders.
2. We will strive accurately to 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 and business through investigation, research and development activities. We will accomplish this growth in harmony with society.
4. We will comply with all laws in Japan and overseas, in both public and private matters, including fairness in business transactions, competition, imports and exports, intellectual property rights, the environment, personal information protection and tax accounting, and will act in accordance with correct corporate ethics.
5. We are deeply conscious that we are members of society, and will strive for coexistence with our planet while contributing to the good of society.
6. We will respect the cultures, customs and history of the diverse countries and regions of the world in which we operate and work for the establishment of mutual understanding and harmonious relationships. Accordingly, we will conduct our activities as a global enterprise that is deeply rooted in regional communities.
7. We will gain society's trust in the Maxell brand and raise its value through high levels of product quality, reliability and services.
8. Hitachi Maxell Group senior management will take the lead in putting this Code of Conduct into practice and setting a model for their expectations. In accordance, they will provide appropriate management and guidance to enhance the smooth pursuit of work by employees, maintain necessary workplace discipline, and strive to boost morale through a brighter, safer and more comfortable workplace.

Established June 1983
Revised July 2007

Information Online

Maxell Group CSR Activity Policy

http://www.maxell.co.jp/jpn/csr/basic_decision/csr_plan.html

CSR Management

The Maxell Group's CSR activities are broadly classified into six categories: ethics abidance and risk management; quality control; improvement of customer satisfaction (CS); consideration for the environment; health and safety; and enhancement of workplace environments.

In accordance with the CSR Policy of the Maxell Group, established in fiscal 2005, we are promoting systemization and system improvements in each of these six categories of activities and urging all employees aggressively to promote CSR activities in their daily work.

Maxell Group's Relationship with Stakeholders and CSR Management Policy



- **Ethics, Risks**
Internal Control Committee, Compliance helpline, Setup for timely disclosure of information, Personal Information Protection Committee
- **Quality**
Thorough product safety, Accommodation of new JIS marks, OCHIBO HIROI (activities to prevent recurrence of product malfunctions), Business places to be managed with emphasis on Quality First (QF), ISO 9001
- **Workplace environments**
System for employment of people with special needs and senior citizens, System related to the support of working parents, In-house reward system, Compliance Helpline and Sexual Harassment Helpline consultation channels, Various personnel systems, Organizational health checks
- **Customer satisfaction (CS)**
CS promotion and education activities, Call center system, CS campaigns, CS lectures
- **Environment**
Expansion of Eco-Products, Manufacturing system for environmental CSR, ISO 14001, Green Procurement System ("A Gree' Net")
- **Safety and health**
OSHMS endeavors, Health and Safety Committee, Periodic health checkups, Mental health consultation services

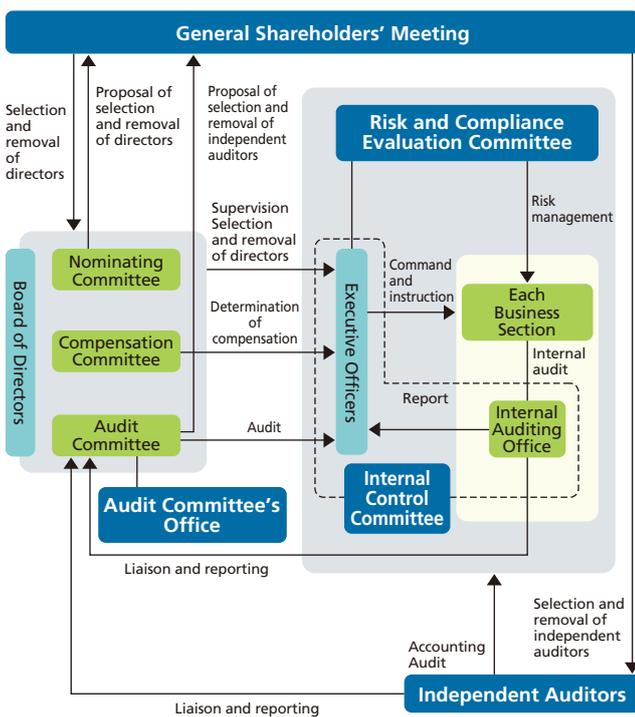
Corporate Governance

Building a Corporate Governance System

As part of its management basic policy, the Hitachi Maxell Group executes its management strategies from the standpoint of all its stakeholders and endeavors to raise corporate value.

Based on this policy, in June 2003 we made the transition to a “company-with-committees, etc.” to speed up management decision-making and execution of duties and to improve the implementation of our supervision system. This step rendered clear the separation of oversight functions from the execution of business operations and through the major delegation of authority to executive officers facilitated faster management decision-making. In addition, we improved the audit function through external directors, thus achieving highly transparent execution of management.

Overview of Corporate Governance Structure



Implementing a Companywide Cross-Sectoral Risk Control System

Based on companywide guidelines determined by the Hitachi Maxell Risk and Compliance Assessment Committee, the CSR Promotion Division has formulated an action plan.

During fiscal 2007, we carried out two crisis management simulation programs, involving executives and divisional managers, embracing processes from crisis occurrence through data collection and disclosure. Such training enhances basic knowledge and imparts useful expertise for practical applications.

Focus on Compliance Management

The Maxell Group prioritizes abiding by laws and regulations, together with rigorous compliance management through the establishment of corporate ethics, as indispensable elements for raising corporate value in the execution of business activities.

The Hitachi Maxell Group Code of Ethics, formulated in March 1998, summarizes this approach. Furthermore, we have introduced a Maxell Compliance Helpline System and implemented education and training programs to raise the compliance awareness of all employees.

We are promoting personal information protection throughout the Maxell Group through such measures as awarding a “Privacy Mark” to eligible divisions and affiliated companies involved in the handling of personal data.

The Fine Imposed by the European Commission

On November 11, 2007, part of the broadcasting videotape sales operations of Maxell Ltd. and its subsidiary, Maxell Europe Ltd., were found to be in violation of European Antimonopoly Law by the European Commission and a punitive fine of €14.4 million (¥2.3 billion) was imposed.

To prevent a recurrence of such an incident, we are conducting compliance training in each of the regions in which we operate and holding workshops covering International Trends in Antimonopoly Laws for overseas sales managers and divisional managers.

Internal Control System Structure

Hitachi Maxell has established an Internal Control Committee, which includes all executive officers, that aims for compliance in corporate ethics by all employees. Furthermore, we have established an Internal Control Report System that responds to Japan’s Companies Act and the Law on Sales of Financial Products.

Through this infrastructure, we conduct audits as supervision and validation for all departments from the standpoint of efficiency, rationality and compliance of business activities, with improvements reported and suggested to the chief executive officer and the Audit Committee.

Information Online

Code of Ethics

<http://www.maxell.co.jp/jpn/corporate/ethic.html>

Personal Information Protection Guidelines

<http://www.maxell.co.jp/jpn/privacy.html>

Possible Because It's Maxell Social Contributions through our Technologies, Products and Services

Since its establishment, Maxell has generated successive new products and technologies by refining its core competences. Our unprecedented products and advanced technologies facilitate social contributions that only we can make possible.



Expanded Applications for Batteries—Our Original Products

Cylindrical-Type Lithium Manganese Dioxide (CR) Batteries

Supporting home safety as fire alarms

Fire alarms must deliver failsafe performance when activated. Since 2006, their installation is legally required for newly constructed residences in Japan. Specially developed high-capacity batteries that meet the requirements of high-current-type fire alarms and can maintain reliability over 10 years have an important role in household disaster prevention.



Heat-Resistant Coin-Type Lithium Manganese Dioxide (CR) Batteries

Preventing traffic accidents by monitoring tire air pressure

Air-pressure sensors attached directly to car tire valves. Heat-resistant CR batteries can power sensors that display tire pressures permanently on the dashboard and provide hazard warnings. These batteries, which can function in up to 150°C and at accelerations of 2,000 g-forces, remain a reliable device for automobile safety for up to 10 years.



Lithium Ion Batteries

Contributing to miniaturization and better equipment performance through greater capacity

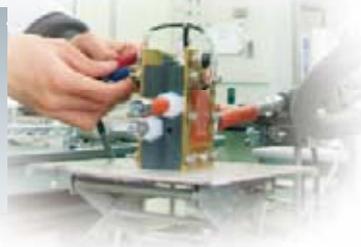
Lithium ion batteries were created from core technologies derived from our original battery products and coating techniques gleaned from magnetic tape production. During fiscal 2008, escalating capacities and the development of a diversified product lineup culminated in the launch of a new high-power lithium ion battery. We will continue to respond to the demands of expanded applications in the future.



Proton-Exchange Membrane Fuel Cells

A groundbreaking step through clean energy development

In November 2007, we developed a proton-exchange membrane fuel cell with a life that we have evaluated as approximately twice that of existing models. This overcomes one critical impediment to the practical application of fuel cells, which generate electrical power from hydrogen and oxygen. This breakthrough should contribute to the earlier realization of clean energy alternatives.



Cylindrical-Type CR Batteries
Yasunori Masaoka

Cylindrical-Type CR Group,
Design Department,
Primary Battery Division

We have developed reliable, long-life batteries with temperature characteristics suitable for applications in gas and water meters, in addition to fire alarms, which require a life of 10 years. We are working to push these technological advances to even higher reliability levels.



Heat-Resistant CR Batteries
Noriyuki Yabushita

Heat-Resistant CR Group,
Design Department,
Primary Battery Division

Heat-resistant CR batteries utilize the electrical characteristics of conventional CR batteries, while expanding their operational temperature range. This expansion has facilitated applications by a large number of automobile manufacturers in Japan and overseas. In the future, we aim to continue with the development of high-quality, high-reliability products.



Proton-Exchange Membrane Fuel Cells
Toshihiro Nakai

Fuel Cell Group,
Battery Development Center,
R&D Division

We began developing proton-exchange membrane fuel cells in 2005. Through trial and error, we finally settled on the currently adopted organic substance as a metal-ion trap for the dissolved platinum from the fuel cell electrodes. This enabled us to restrict the migration of platinum ions.



Promoting Automotive Safety

In-Car Lenses

Safety and smooth parking through excellent visibility

Our products are employed as ultrawide-angle in-car lens units (forward field angle of 190° and rear field angle of 130°) for forward and rear surveillance systems in many vehicles today. Their wide view and excellent visibility enhance safety and facilitate smooth parking.



Providing Value through Memory

Recording Media

To preserve the beauty of precious memories

Maxell memory products include Blue-ray disks, which offer high image quality and durable video storage. Although the differences in disk quality are not immediately apparent, our commitment to the manufacture of these products is evidenced in our products superior recording of the important moments and events that punctuate our daily lives.



Medical and Nursing Applications

Automatic Urine-Sampling Systems and Hybrid Air Mattresses to Prevent Bedsores

Improving quality of life for patients and lessening the burden for nurses

The Japanese are an increasingly aging society, with associated problems in geriatric healthcare and other care for the elderly. Kyushu Hitachi Maxell, Ltd., has developed such nursing-support products as automatic urine-sampling systems and hybrid air mattresses for the prevention of bedsores for patients with bowel control issues. These aids should prove invaluable in facilitating self-support for the elderly and in lessening the workload for nursing staff.

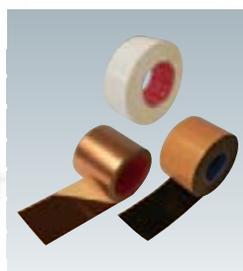


Comfortable and Healthy Lifestyles

Low-VOC Adhesive Tape

Realization of low-VOC adhesive tape that reduces environmental impacts and prevents damage to health

Volatile organic compounds (VOCs) are one cause of "sick house syndrome," whereby residents' health deteriorates as a result of their living environment. Recently, great emphasis has been put on reducing the environmental burden, particularly relating to existing homes and new construction and to the automobile industry. SLIONTEC Corporation, which joined the Maxell Group in September 2007, has introduced a specialized production line for low-VOC adhesive tapes, which should significantly contribute to resolution of these issues.



In-Car Lenses

Kazuya Kimoto

Imaging Products Department,
Optical Components Division

In-car lenses are slated for market expansion as collision prevention equipment. In the future, we will continue to contribute to society through the development of products that enhance visibility.



Recording Media

Masashi Adachi

Design Department,
Storage Media Division

To encourage customers to use our recording media products, we carry out product development while keeping in mind our objective of "preserving precious memories forever."

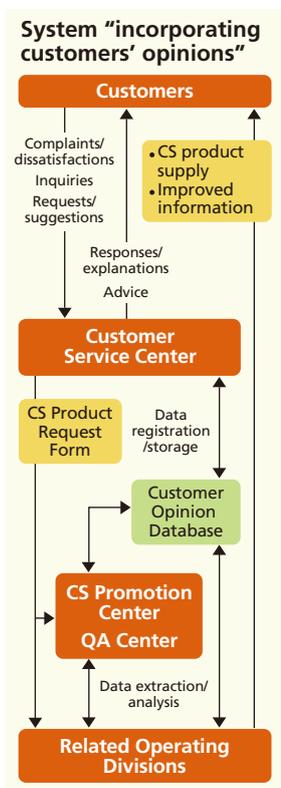


Automatic Urine-Sampling Systems Kiyoshi Kaeriyama

Medical Care Development Department,
Development Division,
Kyushu Hitachi Maxell, Ltd.

We will continue to employ our people-friendly universal design expertise, cultivated through creating home electric appliances, for the development of products that contribute to healthcare and nursing.

Pursuing Safer, Higher Quality Products and Services



Enhancing Customer Satisfaction

Incorporating Customer Opinions in Management—Passing the Benefits Back to Customers

One of the pillars of the Maxell Group's CSR activities is its support for customer satisfaction (CS). We create CS products and services by listening to customers' opinions, incorporating them in management strategies and passing the benefits back to customers.

Under the Quality Assurance Division, the CS Promotion Center is dedicated to furthering CS activities, the Customer Service Center serves as a point for consultation for customers and the QA Center controls overall Company quality assurance activities. These bodies collaborate with the operational divisions to build production processes geared to meet customers' needs and to promote quality products that customers can trust.

Incorporating Customers' Opinions in Customer Satisfaction

Customers' opinions gathered from the Customer Service Center and Company website are loaded on a database as part of a system we are implementing to ensure swift and sincere responses to all inquiries. The database also stores complaints, dissatisfactions, inquiries, requests, and suggestions, which are used as shared information by the related operating divisions for product improvement and business planning. Product requests and suggestions are entered on CS Product Request Forms and forwarded to related operating divisions as tools for the promotion of CS product development.

In the event of dissatisfaction, the results of our examination and analysis of the product in question are sent in writing to the customer with a questionnaire to monitor satisfaction toward our explanation and response.

Sample Questionnaire Survey Activities:
Frequent questions regarding DVDs
http://www.maxell.co.jp/jpn/consumer/rec_disc_dvd_minus_r/dvd_fa/faq/index.html

topics

Establishment of "Maxell Online" Internet Direct Sales Service

Atsuko Ezaki
Sales Promotion Department,
Consumer Sales Division

To raise customer satisfaction levels, customer opinions are used in the manufacture of products and evolution of the website, which is a highly satisfying aspect of the job. In the future, we will continue to incorporate customers' opinion into website modifications and thus boost customer satisfaction.

Hitachi Maxell has operated an Internet mail-order site since 2002. Accordingly, we have accumulated significant know-how and marketing data. On June 5, 2007, we boosted this channel through the establishment of "Maxell Online," an Internet direct-sales site for consumers in Japan.

The extensive lineup available from this manufacturer-outlet site extends beyond regular products to small-lot production items, products for overseas markets that are difficult to obtain in Japan, and business-to-business (B-to-B) trade goods. Offering simple, round-the-clock procurement, this new service aims to bolster convenience and expand choices for customers.

In the future, we will bolster communications with customers through various channels, including the Internet, to cultivate and satisfy their needs.



Maxell Online: <https://www.maxell-online.com/>

Gratitude Calls from Customers

The Customer Service Center receives various suggestions and requests from customers. Any inadequacies expressed are incorporated in customer response improvement activities.

Furthermore, our call centers also receive

messages of thanks from customers by telephone or letter. During fiscal 2007, these represented 5% of total customer communications. We are striving for swifter, more sincere responses to gain greater levels of satisfaction for customers.



Customer Service Center

Case Study

CS Products Incorporating Customer Opinions

The Maxell Group's CS Products are created by listening to customers' opinions and requests and incorporating them in its products. We continually promote creative endeavors targeting CS products. During fiscal 2007, in response to the frequently voiced request for clear labeling of media suitable for use with digital broadcasts, we released six easily identified CS products, including DVDs. These have been praised by customers for their convenience.

Clear Identification of DVDs for Digital Broadcasts

Demand for corresponding disk media has grown in step with the expansion of digital broadcasting.

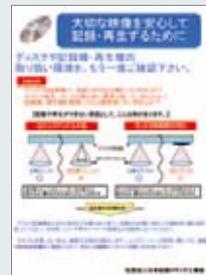
To help consumers avoid mistakes at the time of purchase, Hitachi Maxell is clearly labeling products in the center of the package with a logo corresponding to each digital broadcast type. This innovation has vastly simplified the identification of disks compatible with digital broadcast recording.



Preventing Problems Relating to DVDs

Results of our investigation and analysis of complaints and enquiries from customers regarding DVDs revealed that the cause of many problems lay with contamination, such as dust in the recorder or playback mechanism and fingerprints on the disk surface.

To ensure that customers can enjoy their favorite videos with peace of mind, we have brought out a set of simple precautions and observations to avoid problems. These can be found on the websites of the Japan Recording-Media Industries Association or of respective DVD sales companies. We also respond directly to customers expressing such concerns.



<http://www.jria.org/personal/pdf/info080130.pdf>

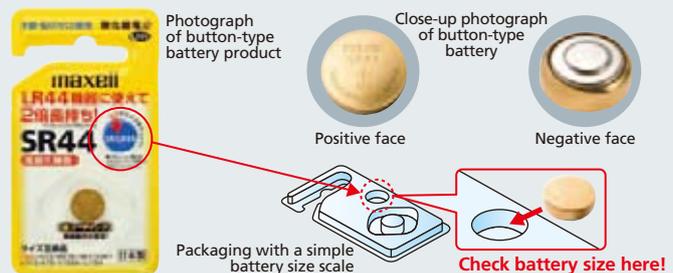
Universal Design—Ease of Use for All

The Maxell Group promotes universal design manufacturing activities, with a focus on ease of use by all customers. The Group takes three steps that support the realization of its universal design ideals: basic research, the promotion of product development, and publicity and training activities. In each of these steps, we are examining possible improvements to products and services.

Button-Type Batteries Featuring Simple Identification of Size and Polarity

Button-type batteries come in a multitude of variations in size and thickness, with further complications in determining which way to install them. To prevent customers from purchasing incorrect battery sizes, we have adopted new packaging using a simple scale for size confirmation.

Furthermore, proper installation is made virtually failsafe through a gold plating on the positive face.





"OCHIBO HIROI" (Product malfunction evaluation meetings)



Detailed explanations of products involved in accidents

Boosting Product Liability and Quality

Product Safety Voluntary Action Plan

To encourage employees to tackle product safety themselves, Hitachi Maxell established and promotes a Product Safety Voluntary Action Plan.

During fiscal 2007, we carried out educational activities across all operating divisions related to amendments to the Consumer Products Safety Law. Since 2000, we have implemented improvements to our Product Safety Risk Assessment safety tool, homing in our core lithium ion battery lines with reinforcements to safety measures. As part of our prevention measures for product malfunctions, we also conducted compliance diagnosis specific to the Consumer Products Safety Law for each operating division.

Bolstering Quality Control through "OCHIBO HIROI"

"OCHIBO HIROI" is a quality control initiative that spans the Hitachi Group, with the Maxell Group participating by hosting periodic evaluation meetings for the prevention of product malfunctions. These meetings highlight case studies of quality failures and claims in addition to outstanding quality improvements and act as a forum for the exchange of opinions that serves to foster awareness and raise consciousness of quality control issues.

During fiscal 2007, incidence of malfunctions emerging from case studies was classified into three key causes: first-time manufacture and new design, resumed manufacture after a significant off-line period and changes to specifications. We used this model to focus on the importance of design, manufacturing and quality control planning,

with raised awareness of the three causes in each these processes.

Aiming for Optimal Product Quality and Services

We operate the ongoing Maxell Top Quality Campaign with the objective of ensuring that customers receive optimal product quality and services, and we strive to further bolster quality management.

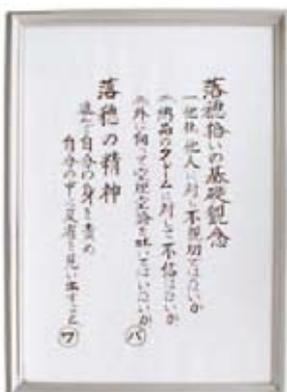
During fiscal 2007, with a target of maintaining our zero level for technical and legal specification violations, we worked for accurate labeling, the prevention of legal violations and zero malfunctions. The Quality Assurance Division conducted customer service enhancement courses and comprehensive quality and reliability courses for young and mid-level staff. A total of 42 employees participated in these programs. Many employees also took part in Hitachi Group's ethical training for engineers, targeting managerial staff, and an introduction to ethics for engineers, conducted via e-learning.

Product Recall and Fault Notification

If there is cause for concern that a product malfunction may threaten lives, cause injury or damage property, we release information immediately, making every effort to minimize disadvantages to customers. During fiscal 2007, seven notices of product faults were posted on the Company's website.

Regarding one incidence of mislabeling and malfunction leading to a product failure during fiscal 2006, the Technologies Ordinance Committee has taken preemptive preventative measures in promoting activities to eliminate labeling faults. We are also implementing ongoing improvements through in-process quality assurance activities to address built-in faults.

In January 2008, a paper production company incorrectly informed us of the ratio of its reused paper. Consequently, we announced an error in the labeling for some of the recycled paper ratios used in printer paper products and index cards, packaging and mounts accompanying products sold by Maxell. The affected products have since been checked and correctly labeled.



Information Online

Product Safety Voluntary Action Plan
http://www.maxell.co.jp/jpn/corporate/product_safety_action_plan.html

Creating a Comfortable Workplace for Everyone

t o p i c s

Awarded "Kurumin" Next-Generation Human Resource Cultivation Support Accreditation



Hitachi Maxell has a history of actively supporting the dual roles of working and child-raising. Initiatives have included introducing shorter working hours and flextime. We actively encourage employees to reap the benefits of such systems.

Based on the Next Generation Nurturing Support Measures Promotion Law*, we

formulated a general business voluntary action plan spanning two years from April 1, 2005. This plan included measures for raising the ratio of employees utilizing leave of absence for child-raising and encouraging the use of annual paid holidays. Following the evaluation of the results of these strategies, the Ministry of Health, Labor and Welfare's Osaka Labor Department deemed Hitachi Maxell a general business with compliant planning criteria and awarded the Company "Kurumin" Next-Generation Human Resource Cultivation Support Accreditation.

We will continue to build a workplace environment that features amenities for all employees through child-raising support and other initiatives and to provide ample assistance for staff members who are motivated to improve their capabilities.



Comments by system participants

- Using the system greatly assisted me in my child-raising.
- I'm delighted to hear that the department in charge is working to improve the system.
- Although the system is accepted companywide, I would like to see the shorter working hours options made easier to use.
- If there were a system to keep in touch with what is happening in the Company while on maternity leave, it would make the transition back to work smoother.

* A law enacted in Japan with the objective of fostering the next generation, who will support the society of the future, by improving the environment for childbirth and child-raising. Companies with a workforce of 301 or more are legally obliged to formulate specific plans to improve the workplace environment.

Basic Philosophy on Human Resources and Employment

The Maxell Group's human resources and employment activities are conducted with consideration for human rights, placing high importance on individuality and motivation. We believe this approach fosters an enthusiastic workforce, functioning as good corporate citizens and capable of success in the global arena.

Status of Employment (Hitachi Maxell, Ltd.)

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Employees	2,178	2,151	2,054	2,024	1,972
Average age	38.8	40.0	39.9	40.6	41.1
Average years of service	15.9	16.9	17.5	18.0	18.2

Creating a Workplace with Amenity

The Maxell Group aims to create a pleasant and motivating working environment for its diverse staff, where it is easy for employees to mobilize their individuality. We are improving workplace environments through such measures as the establishment of communication rooms.

Hitachi Maxell's activities, including the establishment of specific targets and verification of results, are based on a five-point action plan, spanning personnel/treatment, placement of human resources, education, health and safety management, and thorough compliance with laws and in-house regulations.

As we consider respect for human rights a priority issue, we have incorporated a code of punitive provisions for sexual harassment violations in the Company regulations. We believe that such moves clarify our rigorous corporate stance toward these issues.



Multipurpose communication room (Tokyo Head Office Building)



Multifunctional toilet (Head Office, administrative wing)



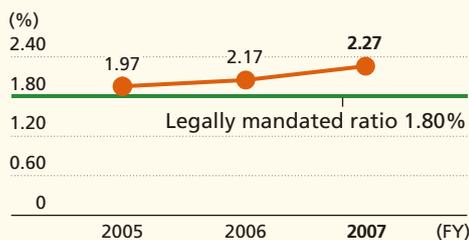
Elevator to the second floor with Braille guidance (Head Office, administrative wing)

Promoting Employment for People with Special Needs

The Maxell Group aims for fair and equal treatment of employees based on ability and performance, with no discrimination arising from special needs.

The employment ratio of people with special needs at Hitachi Maxell was 2.27% during fiscal 2007, continuing the upward trend from the previous fiscal year. As part of our endeavors to create a workplace that facilitates friendly working conditions for employees with special needs, the administrative wings of the Head Office went barrier-free during fiscal 2007.

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



Supporting Career Opportunities after Statutory Retirement

Hitachi Maxell has introduced a system for the re-employment of personnel who have reached the mandatory retirement age and for the employment of senior citizens. As of December 31, 2007, 21 senior citizens were working under this scheme.

We also host Career Selection Seminars as a life-planning support tool for those considering their future while approaching retirement age. During fiscal 2007, these events benefited 53 employees aged 57 to 58.

We aim to extend the target age range of these events in the future to anyone in their fifties.



Career Selection Seminars

Enhanced System for Leave of Absence for Child-Raising

Hitachi Maxell has introduced a system of leave of absence for child-raising, which covers over and above the legally stipulated term of benefit.

During fiscal 2007, we achieved our objectives of more than 87% of employees on maternity leave taking a leave of absence and one or more employees opting for paternity leave of absence for child-raising.

Commencing in January 2008, we introduced lunchtime discussion meetings for employees currently involved in raising children. These have resulted in plans to improve the child-raising support systems to make them more accessible to male employees.



Improving Systems to Support Employee Growth

Based on its educational platform, the Maxell Group is striving to maximize employee education, training and capabilities development. As a member of the Hitachi Group, we dispatch approximately 100 participants per year for specialist technological training at technical training centers and manufacturing technology training centers. We also conduct companywide training tailored to each job class, provide financial assistance for distant learning programs and take other steps as part of our support system for employees' self-development and growth.

Hitachi Maxell is operating a highly transparent evaluation system based entirely on employee performance and behavior. We introduced an Online Assessment Sheet in fiscal 2007, with evaluation results posted on the Internet. We also encourage meetings to discuss results between workers and their supervisors in an effort to enhance communications.



New employee training



KYT training

Building Better Labor / Management Relations

Hitachi Maxell constructs harmonious relations between labor and management by adopting the Hitachi Maxell Labor Union organization.

Such issues as management, working hours, employment for people with special needs, and health and safety are reported and deliberated at periodically convened labor-management consultations. Specifically, labor and management have agreed on the establishment of 14 health management days with the aim of promoting reductions in overtime work, with announcements on these days prompting employees to leave after their allotted work hours are complete.

Encouraging OSHMS Certification through Occupational Safety and Health

The Maxell Group in Japan is promoting health and safety activities, led by the directives of the Hitachi Maxell Group Occupational Health and Safety Basic Policy.

During fiscal 2007, we progressed with the construction of an Occupational Safety and Health Management System (OSHMS^{*1}), as advocated by the Ministry of Health, Labor and Welfare. In January 2007, the Ono Works gained OSHMS certification.

In recognition of the outstanding performance in its industrial safety activities, the Yao Works of Maxell Hokuriku Seiki, Ltd. received an official commendation from the prime minister in July 2007.



Commendation for contributions to safety from Japan's Prime Minister

Focus on KYT Activities and Safety Education to Reduce Work-Related Accidents to Zero

Based on the strategies and plans determined in the Hitachi Maxell Group Occupational

Health and Safety Policy, we are carrying out KYT activities and safety education and training at each operational site as part of our efforts to reduce work-related accidents.

During fiscal 2007, there were three cases of stoppages arising from work-related accidents, with six that did not lead to suspension of operations. We are strengthening activities that aim for zero risk through prevention of accidents that are a cause for alarm.

Number of Work-Related Accidents

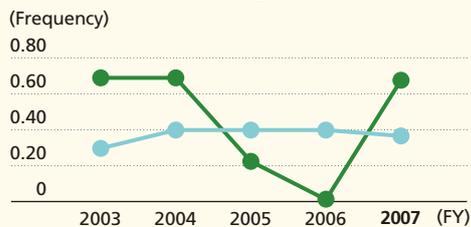
(Each period is from January to December.)

■ Cases where disaster lead to suspension of operations
 ■ Cases where disaster did not lead to suspension of operations
 (Number of cases)



Frequency of Work-Related Accidents ^{*2}

● Hitachi Maxell, Ltd.
 ● Average in electrical machinery/instrumentation manufacturing industry



Consideration for Employee Health

The Maxell Group, cognizant that employee health and safety are inseparable from business activity, strives to sustain and improve the mental and physical health of its employees.

During fiscal 2007, 100% of Hitachi Maxell's employees underwent periodic health checks. Moreover, from the standpoint of mental healthcare we are investing the introduction of EAP^{*3} at operational sites that do not have a registered psychiatrist.



Mental healthcare training

^{*1} Occupational Safety and Health Management Systems are certified by the Japan Industrial Safety and Health Association. These systems, which serve as a basis for health and safety management activities in Japan, are adopting a Plan/Do/Check/Action format based on requirements for risk assessment, system auditing, documentation and other measures that have met with success in the United States and Europe.

^{*2} Frequency rate: Death or injuries from work-related accidents per million hours worked.

^{*3} Employee Assistance Program: A workplace mental health service provided by external specialist organizations.

Information Online

System to Support the Dual Roles of Work and Child-Raising

http://www.maxell.co.jp/jpn/csr/employee/csr_surroundings.html

Reward System

http://www.maxell.co.jp/jpn/csr/employee/csr_surroundings.html

Education and Training Programs

http://www.maxell.co.jp/jpn/csr/employee/csr_nurture.html

Occupational Safety and Health

http://www.maxell.co.jp/jpn/csr/employee/csr_hygiene.html

Maxell Hokuriku Seiki, Ltd.

<http://www.maxell-hs.co.jp/>

Promoting Healthy and Fair Business Activities with Our Partners

t o p i c s

CSR Awareness-Sharing with Suppliers

Once a year, each Hitachi Maxell operating division holds a Business Policy Briefing Session. These events aim to foster relations of trust with our suppliers.

In June 2007, 206 representatives from 110



Business Policy Briefing Session

companies participated in Business Policy Briefing Sessions. At the presentations, divisional managers outlined their product strategy and business policy, and we made requests regarding the latest product developments, quality control, and environmental activities and other CSR issues. After the close of the sessions, we always carry out a survey by questionnaire and use the important opinions gleaned to improve the contents of future explanations of the Company's position.

We also hold annual forums for exchange of opinions with our suppliers. At the January 2008 forum, 421 participants from 245 companies were addressed directly by the president in an explanation of compliance policy.

Comments by Business Policy Briefing Session Participants

- I gained direct information on the business environment and future strategies for batteries and directions in product development. We want to work with our company's policies in alignment with Maxell's.
- User consciousness was astute, and we gained insight into the approach to consumer orientation.
- I really understood the in-depth explanations. In particular, I felt that I raised my comprehension on the crucial subjects of future business direction and response.
- I enhanced my understanding through the explanations, clarifying market-analysis-based numerical targets and trends in specifications.

Fair Transactions with Suppliers

Hitachi Maxell operates in accordance with the Hitachi Group's Guidelines for Procurement Activities in its procurement of materials, products, services, and information from external sources.

This directive stipulates "fair handling of all suppliers," "not disadvantaging suppliers through improper conduct" and "no acceptance of personal benefits from suppliers by Company representatives." These policies are stipulated in Company regulations, and steps are taken to thoroughly familiarize employees with their contents.

Hitachi Maxell holds divisional training sessions and seminars on an ongoing basis to ensure strict compliance with Japan's Subcontract Law.



Subcontract Law training session

Information Online

Hitachi Maxell's Guidelines for Procurement Activities

http://www.maxell.co.jp/jpn/dbps_data/_template/_user/_SITE/_localhost/_res/htdocs/material/purchase/_res/pdf/transaction_policy.pdf

CSR Policy of the Hitachi Maxell Group

http://www.maxell.co.jp/jpn/dbps_data/_template/_user/_SITE/_localhost/_res/htdocs/material/purchase/_res/pdf/csr_policy.pdf

Dialog with Sales Companies

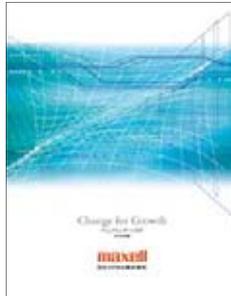
Hitachi Maxell, led by its sales executives, actively pursues dialog with sales companies and conducts information exchange on a broad range of business activities. Topics include sales negotiations with sales companies' executives and distribution system proposals, in addition to information on new products and participation by sales companies in employee study groups.

Prioritizing Timely and Thorough Information Disclosure and Dialog

Promoting Timely and Comprehensive Disclosure

During fiscal 2007, the Maxell Group continued aggressively to pursue IR activities, such as hosting earning results briefings for investors and analysts each quarter, business briefings on specific themes and investor visits.

We have also boosted our publications program, which includes the annual report and shareholder bulletins, with a newly produced fact book*¹. On the date of settlement, we post simultaneous press releases in Japanese and English on the Company's website as part of our bid to promote timely and comprehensive disclosure.



2007 Annual Report Prize at the Nikkei Annual Report Awards*²

SRI External Assessments

Hitachi Maxell verifies and assesses how the corporation is fulfilling its social responsibilities, in addition to evaluating financial condition and growth potential. We are favorably rated in external assessments for socially responsible investment (SRI) stock selection. During fiscal 2007, we maintained our rankings from the previous year as a target stock on the Morningstar SRI stock index and FTSE4 Good Global Index*³.

The Maxell Group will actively cooperate with SRI external assessment organizations by responding to their questionnaires and surveys and other measures. We strive to improve the whole Maxell Group by assimilating the requirements of SRI external assessment organizations.

*¹ A compilation of data needed for investment analysis, including various financial indicators and operational values.

*² An annual report evaluation contest held by Nikkei Shimbun Inc. Bureau of Advertising since 1998. Annual reports, which are published for investors, are judged and evaluated by investment brokerage company fund managers and securities analysts. In fiscal 2007, 108 companies vied for these awards.

*³ The world's representative SRI stock index, developed by FTSE International Limited of the U.K. Corporations meeting criteria for social responsibility are selected.

Information Online

Shareholder and Investor Information

<http://www.maxell.co.jp/jpn/ir/index.html>

Includes reports on business performance, financial indicators, various disclosure information, in addition to Maxell Group strategies and dividend policy.

t o p i c s

Nikkei IR Fair



Making the Most of Communications Opportunities

Hitachi Maxell grasps every opportunity for direct communications to raise its profile with a broad range of individual investors.

We participated in the Nikkei IR Fair for fiscal 2007, on August 31 and September 1, 2007. The Maxell booth featured video presentations and exhibits to showcase the Company's characteristics and major products. There were also information sessions delivered by a senior vice president and explanations of business activities by segment and growth strategies.

To facilitate participation by a greater number of shareholders, we schedule our Ordinary General Meeting of Shareholders for a date that avoids the peak shareholders' meeting of other companies. After the close of the Ordinary General Meeting of Shareholders, we conduct a shareholder social gathering to enhance understanding and promote friendly interaction between management and shareholders.

Chiaki Hara

Corporate Communication Group,
Legal & Corporate Communication
Division

Providing a Wealth of Information

A frequent comment from participants at the IR Fair has been that they would like us to host further information sessions. We will continue to improve disclosure and to expand and upgrade our IR website to make more data available to investors via the Internet.



Shareholder social gathering

Aiming to Realize a Mutually Supportive Society



Winners of the Minister of Education Award



<http://www.maxell-kids.com/mediapost/index.html>

Local Educational and Cultural Support Activities

Media Post 2007

The Media Post contest for elementary and junior high school students evaluates digital works created using personal computers, presented as the outcomes of learning or as activity logs. Hitachi Maxell has supported this program since its inception.

The 12th Media Post contest, held in fiscal 2007, featured a host of inventive entries using materials, games, Internet sites and video footage from pupils' lessons and club activities. The winners of the fiscal 2007 Minister Award from the Ministry of Education, Culture, Sports, Science and Technology was about the exploits of a child who is drawn by an interest in local traditional dancing.

Improvements to the Kids Wonder Library

In October 2000, Hitachi Maxell established the online Kids Wonder Library, which it operates to nurture creativity and sensibilities in an enjoyable atmosphere. This educational support website encourages study and information-gathering from online resources.

In July 2007, the site was revamped with expanded and improved contents.



<http://www.maxell-kids.com/>

topics

A Supporter of the KidZania Tokyo Theater

Miyuki Katamine

Advertising Group,
Global Sales Headquarters

Supporting Children's Dreams

KidZania Tokyo is a facility where kids can dream about their future while experiencing a work scenario. At the theater, this encompasses such callings as model, actor and magician. I want to continue with these activities, supporting the dreams of children, in the future.

Hitachi Maxell is participating as an official supporter of KidZania Tokyo in Koto-ku. Specifically, we are sponsoring the KidZania Tokyo Theater, the attraction's largest, highest-capacity facility, which allows children to take to the stage as participants in real magic and fashion shows and other events.

Since August 2007, we have given young participants DVDs recording their performances at the theater. We hope that kids will keep these souvenirs as a valuable reminder of their experience.



KidZania Tokyo



Internees on the job

Wish Upon a Star “Negaiboshi” at the Nihon Kagaku Mirai Building

Hitachi Maxell has installed a Negaiboshi Zone at Japan’s largest Planetarium in the Nihon Kagaku Mirai Building.

From July 21 to August 31, 2007, visitors can access the Negaiboshi IV website and post their thoughts and dreams online. Each aspiration will be light up a Negaiboshi star in the night sky.



Negaiboshi IV website: <http://www.negaiboshi.jp/>

Accepting Internees for Training Programs

The Ono Works received three high school students on an internship basis on August 3, 2007. This opportunity allows the students to learn about battery products and study production processes.

Five internees from local junior high schools visited the Kyoto Works on November 8–9, 2007. The participants gained hands-on experience of the challenges and realities of working in three of the factory’s departments.

In February 2007, Tohshin Seiko Co., Ltd., provided internships for three high school students. The internees were taken under the



Internees on the job

wing of graduates from their own school for such activities as manufacturing plastic lenses in a clean room.

Sponsorship for Fuji Rock Festival ‘07

Since 2000, Hitachi Maxell has supported this annual event, making the Fuji Rock Festival ‘07 the eighth in which the Company has participated.

During the festival, in addition to installing a Memorial Disk Studio, we provided such services a dry battery exchange, mobile telephone recharging and a Wish Upon a Star “Negaiboshi” attraction.



Fuji Rock Festival ‘07

Softball Workshop for Elementary and Junior High Students

We hosted a softball workshop at Ibaraki Higashi Junior High School in Osaka in December 2007.

Players from the Japan First League led approximately 120 pupils in basic techniques and fielding practice and in a pepper game and bunt batting drills. Despite the chilly weather, the participants enthusiastically listened to the advice from their veteran instructors.



Softball workshop



Elementary and Junior High School students with their Japan First League instructors



Japan First League softball players



Explanations about flower planting at Oyamazaki Elementary School

Promoting Environmental Protection and Beautification

Abundant Flower Campaign Activities

Our Kyoto Works has been a promoter of the Abundant Flower Campaign, organized by the Oyamazaki-cho Promotion Association, since 2001. Through this program, local government, regional bodies and citizens groups unite to decorate with flowers the façade of Yamazaki Station and other locations about town. Clipped branches and fallen leaves from the grounds of the Kyoto Works are used for compost, providing a dual opportunity for productive disposal of the factory's waste, while working hand in hand with the local Oyamazaki-cho community.



"Don't Commute Alone Day"

Cleanup Highlights for Fiscal 2007

- Cleanup activities at I-Garden South Street in the vicinity of the Head Office Building before work on the first Wednesday of each month
- Approximately 50kg of trash collected by the Osaka Works in cleanup activities at the Sanjo River
- Collection of 64 kg of trash by 69 participants from the Tsukuba Works, focusing on the neighborhood roadways and nearby Harayama Park



Sanjo River cleanup (Osaka Works)



Neighborhood cleanup (Tsukuba Works)

Car-Share Commuting: "Don't Commute Alone Day"

As a voluntary environmental activity, Maxell Hokuriku Seiki, Ltd., has designated one day a month as, "Don't Commute Alone Day" Since 2003, a large number of the company's staff, the vast majority of whom commute to work in their own cars, have participated in this scheme.

Cleanup Activities around Company Facilities

The operational sites of the Maxell Group take part in periodic cleaning activities around their sites to boost the beautification of the local environment.

Dialog with Local Regions

Battery Factory Tours for Elementary School Students

The Osaka Works conducted tours of its facilities for approximately 1,100 pupils during fiscal 2007. Factory tours have increased in Ibaraki City as a result of a feature on the Company's plant in *Our Ibaraki*, a social studies supplementary reader for third and fourth graders.



Tour of the Osaka Works for Elementary School Students

Dialog with Local Citizens and Administration

The Kawasaki Works of SLIONTEC Corporation created an opportunity to discuss the environment and other issues with local citizens and authorities.

During fiscal 2007, we invited eight members of the Kanagawa Environmental Counselors Association's Chemical Substance Committee for a factory tour and explanation of chemical substance management and environmental measures.



Environmental briefing session

Other Social Contribution Activities

Battery Exchange Campaign for Portable Security Alarms

Hitachi Maxell conducted a Battery Exchange Campaign for Portable Security Alarms for Elementary School Children from June 20 to December 20, 2007. Following successful events in fiscal 2005 and 2006, this year's campaign provided batteries to 45 elementary schools, stressing the importance of checking the battery power levels of portable security alarms to approximately 3,000 first-graders and their families.

Through such publicity campaigns, Hitachi Maxell aims to encourage periodic battery power level checks and battery exchanges, in the belief that portable security alarms are a useful tool in assuring the safety of children.



Flier publicizing portable security alarms

Contributing to Cultural Development and Legacy

Kyushu Hitachi Maxell, Ltd., has restored the Akarenga Memorial Building, which was built in 1904 based on the design of a German engineer. Period photographs depicting the flourishing mining industry have been on exhibition since fiscal 2003, with free admission to the public.

The Akarenga Memorial Building was assigned as a tangible cultural property in 1997. In November 2007, the Ministry of Economy, Trade and Industry selected the building as Modernized Industrial Asset in recognition of its importance as an historical building brought into the modern age through excellent renovation work.



Akarenga Memorial Building

Overseas Social Contributions

The John Lennon Bus in the United States

The John Lennon Educational Tour Bus is a New York-based non-profit mobile recording studio dedicated to providing students of all ages with free hands-on opportunities to make music and produce video projects. Over the course of a year, it tours the United States, allowing children in all regions access to professional-level music facilities.

Maxell Corporation of America provides the latest recording equipment for the mobile hi-tech studio that the bus carries on tour.



John Lennon Educational Tour Bus on tour around the United States

Clothing Donations and Table Tennis Tournaments for China

Wuxi Hitachi Maxell Co., Ltd., based in Wuxi, China, carries out an array of social contribution activities. During fiscal 2007, the company arranged donations of clothing for elementary schools in China's Yunnan Province. Further initiatives included hosting the Maxell Cup Table Tennis Contest in cooperation with the Wuxi City and New Area local authorities and conducting employee blood donation activities.



Supplying clothing to elementary schools

Renovation of Ruins in Cambodia

Hitachi Maxell and Maxell Asia (Singapore) Pte. Ltd. are supporting restoration works on the remains of a Buddhist statue in Angkor, Cambodia. Sophia University has used the Hitachi Group's three-dimensional image processing technologies to carry out the restoration. So far, two replica Buddhist statues have been already reproduced.

On November 2, 2007, a ceremony was held, attended by Cambodian King Norodom Sihanouk, to mark the opening of a museum to house relics. His Majesty was said to be deeply impressed with the Buddha reproductions created using Japanese technology. The reproduced Buddhist images are expected to be viewed by an anticipated one million visitors a year.



Maxell Cup Table Tennis Contest



Preah Norodom Sinhanouk Museum



Restored Buddhist images (housed in the museum)

A Malaysian Flag Built from Recycled Materials

As part of the celebrations to mark Malaysia's 50 years of independence, Maxell Tohshin (Malaysia) Sdn. Bhd. has created the national flag of Malaysia out of recycled materials derived from 600 floppy disks. The flag is being flown at the company's factory, and the gesture has gained broad coverage from the local press.



Malaysian flag made from recycled materials

Information Online

Maxell Hokuriku Seiki, Ltd.
<http://www.maxell-hs.co.jp/>

SLIONTEC Corporation
<http://www.sliontec.co.jp/>

Kyushu Hitachi Maxell, Ltd.
<http://www.e-kyuma.com/>



Chinese University Campus Band Contest in full swing



Winners of the 2007 contest

Second Chinese University Campus Band Contest

Since fiscal 2006, we have held the Chinese University Campus Band Contest as a contribution to the robust development of music in China.

Finalists from regional preliminary rounds battle it out in a national final. This year-long process ensures that the contest contributes to both the development of the Chinese music scene and an exchange between young people through the medium of music.

<http://www.maxell-music.com/>

Singapore Youth Soccer Team

Maxell Asia (Singapore) Pet. Ltd. provides support for a local youth soccer team. Hitachi Maxell is the main sponsor of the Young Lions

in the professional S-League in Singapore, and active players from this team offer instruction and inspiration for the younger players.

Other activities in this field include the Maxell Cup, an annual soccer tournament for youth teams from various countries that provides an invaluable opportunity for international exchange.



Singapore youth soccer team

Economic Distribution throughout Society

During fiscal 2007, Hitachi Maxell made total financial donations of ¥55 million, including

t o p i c s

Opening a Dialog with Stakeholders at the Kyoto Works



Masaru Takahashi

Environment Promotion Office, CSR Promotion Division

Taking Communications Seriously

In our CSR activities, we consider communications with stakeholders to be of the utmost importance. In the future, we aim to actively participate in regional activities and maintain disclosure of our corporate activities.

The Kyoto Works, which has been awarded Hitachi Group Super Eco-Factory certification, carried out a "Dialog with Stakeholders" event in August 2007. Two first-grade homeroom teachers from Oyamazaki Elementary School and two fourth-year students from Kyoto Prefectural University's Human Environmental Department were invited to participate in a discussion on the subject of the environment.

Kyoto Works
"Dialog with Stakeholders"
http://greenweb.hitachi.co.jp/ecostory/speco_factory/mx/index.html



"Dialog with Stakeholders"



t o p i c s

Prizes at the 2007 47th ACC CM Festival

A series of ads (“Always and Forever, Niitome Elementary School”) for Hitachi Maxell DVDs were judged the winner of the television category of the prestigious All Japan Radio and Television Commercial Confederation (ACC) commercial awards. The Company gained the Minister of Public Management, Home Affairs, Posts and Telecommunications Prize/ACC Grand Prize, in addition to a Journalist Prize.

The award-winning commercials feature the last three graduates from

Niitome Elementary School, an establishment with a 131-year history in Kagoshima that faces closure. It is a documentary record of their final seven schooldays, spent in an air of resignation, seeped in memories and colored by their bonds with and affection for their teacher.

In addition to providing high-quality recording media, we aim to continue to communicate the importance of recording per se in the future.



Time Capsule Project: Hitachi Maxell's award-winning television commercial from the 2007 47th ACC CM Festival, “Always and Forever, Niitome Elementary School”



educational scholarships. Principal recipients were the Odaira Memorial Hitachi Educational Promotion Foundation and the Hitachi Environment Foundation. We also participated in “Shinsetsukai” humanitarian activities to promote welfare contributions on a smaller scale.

During fiscal 2006, the economic value of relationships with respective stakeholders was as follows.

Stakeholder	Ratio A (%)	Ratio B (%)	Content
Business partners	79	—	Materials costs, transportation costs, advertising costs, etc.
Employees, etc.	11	51	Costs for employees and corporate officers
Shareholders	1	4	Shareholders' dividend
Financial institutions, etc.	1	4	Interest expenses, etc.
Public sector (government)	3	14	Corporate taxes, etc.
Private sector	1	6	Dividends from net income, excluding directors' bonuses
Other	4	21	Non-operating expenses, etc.
Total	100	100	

Ratio A is the relative share for each stakeholder type. Ratio B is the relative share calculated excluding business partners.

Involvement in Politics

In accordance with the guidelines of the Japan Economic Federation (Nippon Keidanren), with which Hitachi Maxell is affiliated, the Maxell Group has no particular bias toward any political parties or groups regarding governmental activities and contributions and strives to maintain a neutral stance.

Involvement in Industry Bodies

As a member of Nippon Keidanren, Hitachi Maxell reinforces its ties with other member corporations and contributes to the economic development of Japan and the world. In addition, we comply with the federation's Corporate Behavior Charter and Global Environmental Charter and contribute to building free, transparent and fair markets and promoting global environmental protection.

Information Online

2007 47th ACC CM Festival awards
<http://www.maxell.co.jp/jpn/news/2007/news070928.html>

Measures Stressing Harmony with Environment as a Top Management Priority

Environmental Protection Action Guidelines

The Maxell Group established the Environmental Protection Action Guidelines as a directive in all its activities for environmental preservation. These guidelines adhere to the Japan Federation of Economic Organizations' (Nippon Keidanren) Global

Environmental Charter, and stipulate measures for tackling environmental problems that arise in the Group's business activities in accordance with the Hitachi Maxell Group Code of Conduct.

Basic Environmental Policy

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 lifecycles, 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

Maxell Group Environmental Management System

Maxell Group operational sites and affiliated companies pursue environmental promotion activities based on individual ISO14001-certified environmental management systems (EMS).

From fiscal 2007, we are starting to implement a regionally integrated EMS structure to reinforce corporate governance and raise efficiency of environmental activities. The consolidation process should be completed in fiscal 2009.

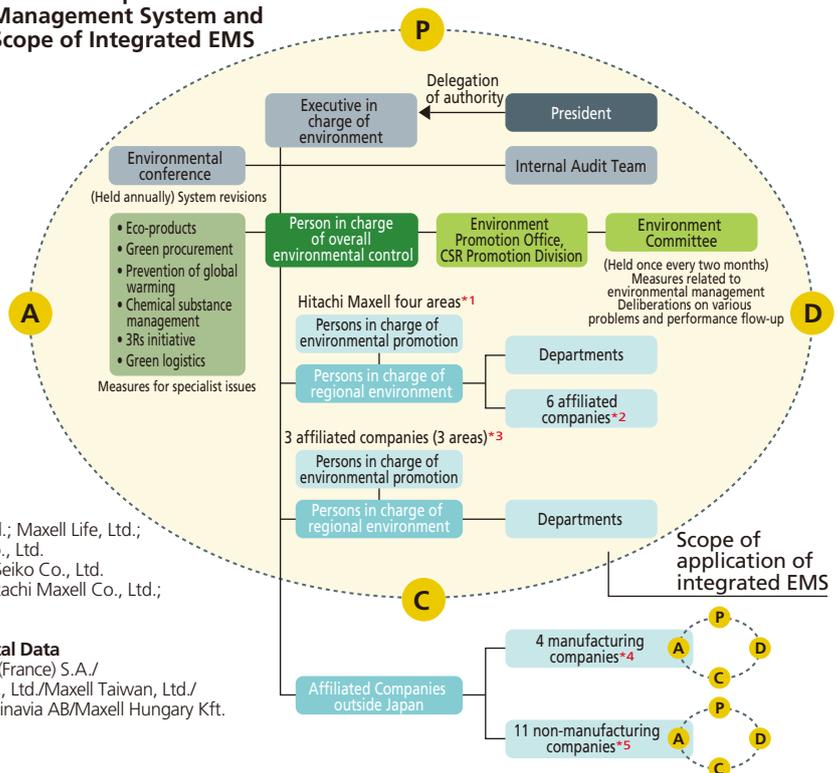
Scope of Environmental Data (SLIONTEC Corp., which was consolidated in September 2007, will be included from the next report.)

- *1 Tokyo Area, Kyoto Area, Tsukuba Area, Osaka/Ono Area
- *2 Maxell Seiki, Ltd.; Maxell Shouji Co., Ltd.; Maxell Logistics Co., Ltd.; Maxell Life, Ltd.; Maxell Software Engineering Co., Ltd.; Maxell Business Service Co., Ltd.
- *3 Kyushu Hitachi Maxell, Ltd.; Maxell Hokuriku Seiki, Ltd.; Tohshin Seiko Co., Ltd.
- *4 Maxell Europe Ltd.; Maxell Tohshin (Malaysia) Sdn. Bhd.; Wuxi Hitachi Maxell Co., Ltd.; Maxell De Mexico, S.A. DE C.V.

Affiliated Companies Not Included in the Scope of Environmental Data

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

Maxell Group Environmental Management System and Scope of Integrated EMS



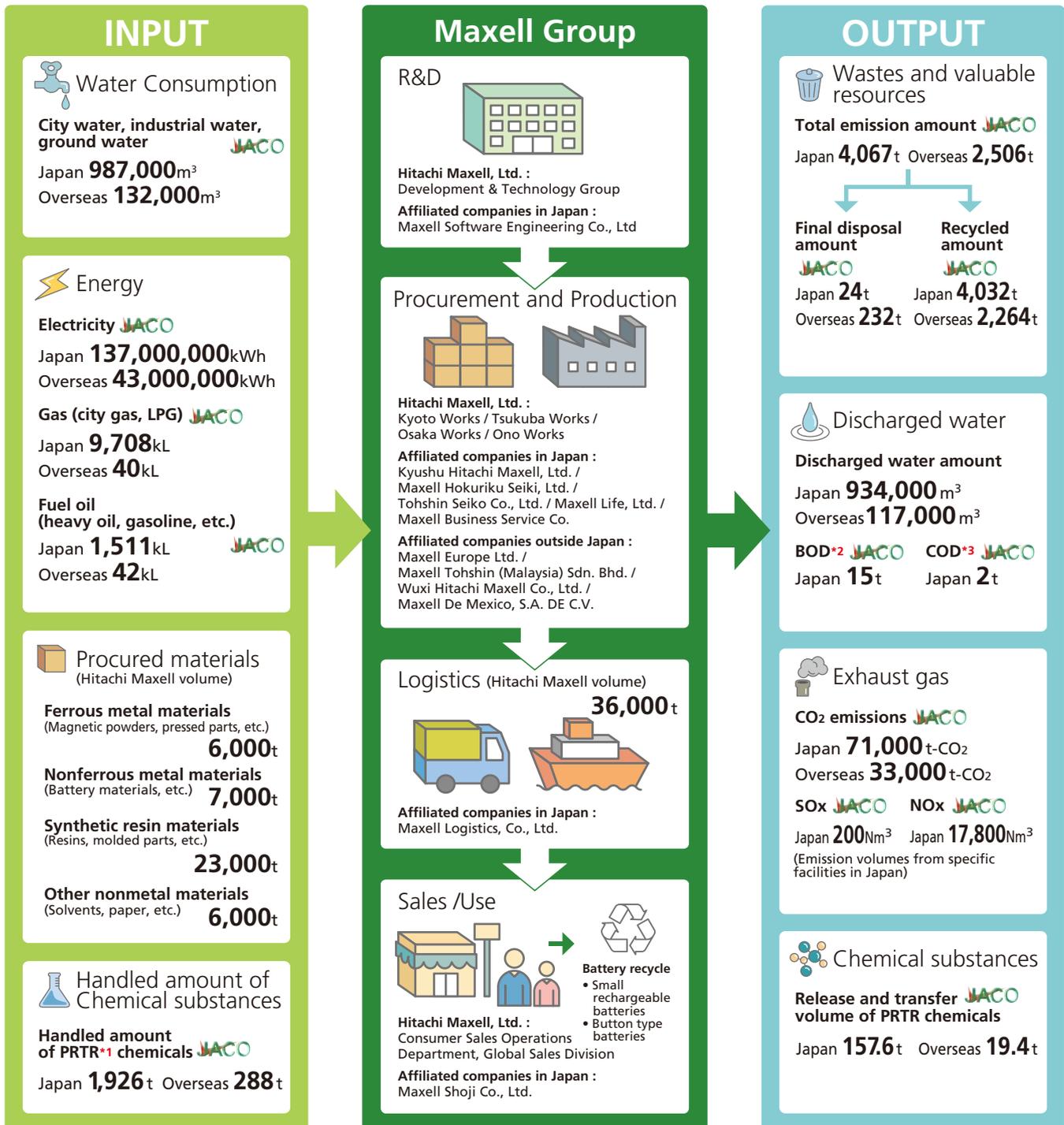
Creating Products with Lifecycles in Mind

The Maxell Group's Involvement with the Environment

The Maxell Group uses raw materials, including magnetic powders, pressed parts, battery materials, resins and molded parts, in addition to energy and water, to provide customers with useful products. However, its production processes impact the

global environment by emitting CO₂ and other exhaust gases, effluent water, chemical substances and other waste products.

In its drive for sustainable development as a corporation, the Maxell Group endeavors to reduce the environmental impact of its operations throughout the lifecycles of its products, from input of materials and energy to product use and disposal.



*1 Pollutant Release and Transfer Resister
*2 Biochemical Oxygen Demand
*3 Chemical Oxygen Demand

Working Steadily to Reduce Our Environmental Burden in Preparation for Fiscal 2010 Targets

Results of Fiscal 2007 Activities

The Maxell Group formulates a yearly environmental action plan based on the Hitachi EcoValue Plan 2015*1 as a directive for its ongoing activities.

Evaluation criteria Target achieved Target partially achieved

Category	Environmental Action Targets	Fiscal 2010 Targets	Fiscal 2007 Targets	Fiscal 2007 Results	Progress toward targets
Ecological Mind and Global Environmental Management					
Establishment of an environmental value creation corporation	Raised level of environmental activities (GP: green points)	GREEN21*2 1,280 GP (full score = 1,600 GP)	896 GP (Japan)	1,002GP	
			838 GP (Overseas)	854GP	
Construction of an Environmental Management System (EMS)	Construction and promotion of integrated EMS	Maxell Group EMS*3 accreditation (Japan)	Formulate and promote a specific integrated plan	Plan formulated	
Cultivation of Environmental Literacy	Promotion of Hitachi Groupwide education programs (environmental e-learning)	Attain 100% participation from target candidates	100% completion	100% completion	
Provision of Next-Generation Products and Services					
 Promotion of Eco-Products	Expansion of Eco-Products	Ratio of sales (application rate): 100%	85%	95%	
		Ratio of transactions (application rate): 50%	32%	56%	
		Ratio of sales of Super Eco Products: 10%	Register two new products	Two new products registered	
	Improved environmental efficiency of products (base level fiscal 2000 for each targeted product)	Global warming prevention factor*4: 50% increase	25% increase	579% increase	
		Resource factor*5: 70% increase	35% increase	627% increase	
	Improved environmental efficiency of products (base level fiscal 2000 for each targeted product)	20% improvement in recycled plastics usage	10% increase	45% increase	
10% reduction in packaging materials		5% reduction	12% reduction		
Reduction of hazardous substances used in products	REACH regulations: Complete primary registration of regulation substances by fiscal 2009 (100%/year or more, Substances of Very High Concern [SVHC]*6) *a Included on the list of substances of high concern	Determine and conduct preliminary registration for preliminary regulation substances	Survey conducted, with no regulation substances found		
Promotion of Environmental CSR Manufacturing	Chemical substance management implementation data enhancement	Establish a management system for REACH data	Conduct surveys for 25 Hitachi Group specified chemical substances (Japan, overseas)	Surveys conducted and ongoing	
Sustainable Business Model	Planned promotion of business models, etc., to reduce environmental burden for the next generation (Aggressive promotion of R&D on environmental business themes)		Development of fuel cells, etc.		
Works and offices with a high level of environmental consideration					
Global warming prevention	Reduction of CO2 emissions of energy sources	10% reduction in CO2 (Japan, compared with fiscal 1990)	7% reduction	33% reduction	
		35% reduction in CO2 emission per unit production (Japan, compared with fiscal 1990)	25% reduction	55% reduction	
		5% reduction in CO2 emission per unit production (Overseas, compared with fiscal 2003)	3% reduction	3% reduction	
	Reduction of energy during transportation	4% reduction in unit energy consumption during transportation (Japan, compared with fiscal 2006)	1% reduction	18% reduction	
Efficient Use of Resources	Reduction of waste generation	30% reduction (Japan, compared with fiscal 2000)	24% reduction	42% reduction	
		Continued achievement of zero waste emissions*6 (Japan)	Ongoing	Ongoing	
		20% reduction in final disposal amount to total discharge (Overseas, compared with fiscal 2005)	14% reduction	53% reduction	
	Promotion of resource recycling	10% increase in resources recycling*7 (Japan, compared with fiscal 2005)	4% increase	8% increase	
	Efficient use of water resources	2% reduction in water usage per person (Overseas, compared to fiscal 2005)	2% reduction	4% reduction	
Chemical substance management	Strict management of chemical substances and emissions reduction	30% reduction in atmospheric emissions of VOCs (Japan, compared with fiscal 2000)	25% reduction	23% reduction	
		10% reduction in atmospheric emissions of VOCs (Overseas, compared with fiscal 2005)	4% reduction	48% reduction	
Wastewater and water quality management at works	Application of symptomatic management through voluntary management standards; thorough accident prevention for wastewater treatment facilities		Implementation of symptomatic management		
	Compliance with the Soil Pollution Countermeasures Law: Implementation of voluntary surveys at affiliated companies (Voluntary soil surveys during changes to layout)		Implemented at nine sites, with no abnormalities detected		
PCB management	Thorough storage management (volumes, leakage, etc.) for electronic equipment containing PCB (transformers, electric condensers, etc.) and treatment based on a treatment plan		Advance registration completed, thorough storage management		
Environmental Cooperation with Stakeholders					
Environmental communication	Communication with stakeholders (Upgrade to Company website contents; applications for eco-products, etc.)			CSR Report issued, display of Eco Products, etc.	

*1 Hitachi EcoValue Plan 2015: The roadmap for implementation of the Hitachi Group's vision for environmental promotion extending to 2015.

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

*3 EMS: Environmental Management System

*4 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.

*5 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.

*6 Zero emission: Initiative to bring the amount of waste generated very close to zero. Within the 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%.

*7 The Hitachi Group's common calculation method to evaluate the proportion of waste effectively utilized by reuse, recycling, heat recovery or other means.

Reinforcing Eco-Management as a Unified Group

Environmental Activity Assessment GREEN21

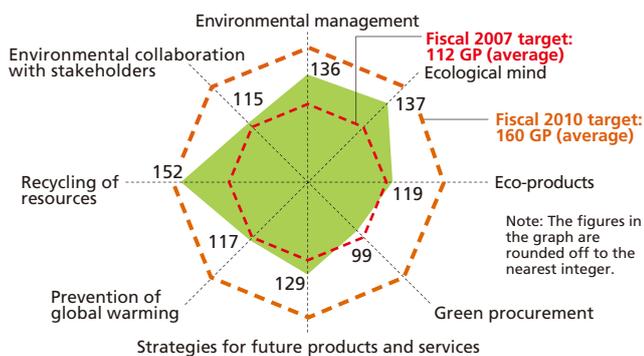
The Maxell Group has adopted the Hitachi Group's common evaluation system, GREEN21, as the benchmark for self-assessment of all its environmental protection activities.

During fiscal 2007, the Maxell Group in Japan attained 1,002 green points (GP) under this system, exceeding the total evaluation target of 896 GP. Overseas, we also scored beyond the target of 838 GP, posting 854 GP for the year.

GREEN21 Evaluation Items

Category	Major evaluation items
1 Environmental management	Action plan, environmental accounting, risk management
2 Ecological mind	Employee education
3 Eco-products	Eco-Design Management System, green products, Management of chemical substances contained in products
4 Green procurement	Green procurement, Green procurement
5 Strategies for future products and services	Business and product strategies, Sustainable business model, External advertising
6 Prevention of global warming	Site-level energy conservation, Environmentally-friendly logistics
7 Recycling of resource	Waste reduction, chemical substance management
8 Environmental collaboration with stakeholders	Information disclosure, Communications activities, global citizen activities

Targets and Evaluation Results of GREEN21 (Japan)



Environmental Internal Audit

In addition to third-party investigations, we conduct internal audits to verify that our environmental management system conforms to ISO14001 standard requirements, is properly implemented and is functioning effectively.

During fiscal 2007, a total of 41 items were identified for attention in the audit, all of which were corrected before the regular fixed screening took place.



Mutual environmental internal audit



Environmental education for new employees

Environmental Education

General Education and Education Tailored to Each Job Class

The Maxell Group in Japan systematically conducts environmental education based on regional implementation of ISO14001 systems. In addition, we target all employees with environmental e-learning programs. During fiscal 2007, of the 2,849 candidates eligible for these programs, 2,838 completed their courses.

Environmental Education for Employees' Families and Local Primary Schools

To promote eco-friendly activities easily accessible for employees' families in their home life, the Maxell Group in Japan has produced an environmental education pamphlet since fiscal 2003. This publication is distributed to employees and their families and to neighborhood elementary schools.

During fiscal 2007, we produced these pamphlets in cooperation with Hitachi, Ltd., and distributed them.



Environmental education pamphlet

Environmental Accounting

Environmental accounting covers the Maxell Group in Japan and uses calculation methods based on the Ministry of the Environment's Environmental Accounting Guidebook 2005.

During fiscal 2007, the groundwater protection project at the Osaka Works continued to bolster costs, which consequently edged up slightly from the previous year.

	(Millions of yen)		
	FY 2005	FY 2006	FY 2007
Costs	3,723	3,037	3,084
Investment	116	417	38
Economic Benefits	1,441	1,424	2,119

Reducing Environmental Impact over Product Lifecycles



Green Procurement Guidelines

*1 Suppliers accredited by the Maxell Group that operate an EMS with ISO14001, KES, Eco-Stage, or other such certification.

Criteria for Approval as Super Eco-Products

Satisfy either factor 10 or higher, be the top in the industry or an external evaluation and agree with business strategies

Criteria for Approval as Eco-Products

Satisfy two points or more of the five-point environmental assessment criteria for each evaluation item, with an average score of three points or more

Definitions of Environmental Efficiency

Global warming prevention efficiency =
Product life X Product function

Amount of greenhouse gas emitted over life cycle

Resource efficiency =

Product life X Product function

Σ Value coefficient of resource in question X
(quantity of resource newly used during life cycle +
quality of resource disposal in life cycle)

Definition of Factors

Global warming prevention factor =
Global warming prevention efficiency of product evaluated

Global warming prevention efficiency of reference product

Resource factor =

Resource efficiency of product evaluated

Resource efficiency of reference product

Upstream, Downstream—Environmental Consideration

Throughout the Supply Chain

The Maxell Group seeks to reduce environmental impact throughout its products' lifecycles.

Starting upstream in the supply chain, we employ the "A Gree' Net" database system of chemical substances to promote green procurement. Next, in product design we implement "eco-product design assessments." Moving further downstream, we enforce strict control of chemical substances using the "Unified Management System for Chemical Substances Contained in Products." Finally, as we continue downstream we promote modal shifts.

Management of Chemical Substances

Promoting a Manufacturing System for Environmental CSR

The Maxell Group has been conducting activities for a manufacturing system for environmental CSR since 2005 to reduce the environmental impact of products throughout their lifecycles.

In our parts procurement and shipment, we are assessing and managing the 25 chemical substances prohibited or stipulated as requiring management by the Hitachi Group in a drive to rid our products of noxious chemical substances.

During fiscal 2007, Hitachi Maxell carried out simulation training across all its operating divisions relating to chemical substances contained in products. These exercises confirmed the effectiveness of our chemical substances management.

Responses to REACH Regulations

On June 1, 2007, the European Union enacted a new chemical substance regulation, REACH (Registration, Evaluation, Authorization of Chemicals). This system targets chemical substances that any corporation within the European Union manufactures or imports in volumes above one tonne a year. At present, the Maxell Group does not handle any chemical substances that qualify for registration. We will continue to scrutinize our operations with these regulations in mind.

Furthermore, from June 2011 notification is required for carcinogenic and other substances of very high concern (SVHC) contained in an article to a concentration of more than 0.1% by weight. As this regulation encompasses a very large number of chemical substances, we are dealing with this within the framework of the Hitachi Group.

Green Procurement

Procurement from Green Suppliers

To reduce environmental impacts throughout the supply chain, the Maxell Group aggressively promotes the procurement of products and services from Green Suppliers.

Since fiscal 2006, Hitachi Maxell's materials and parts have all been procured from Green Suppliers. In the future, we will continue to emphasize partnerships with suppliers and environmental considerations in our procurement activities.

Eco-Products

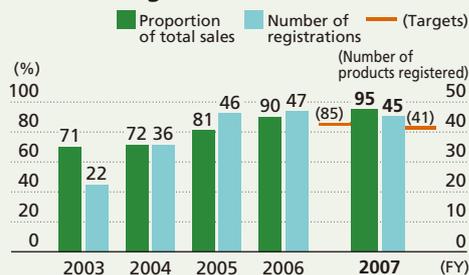
Eco-Products: 95% of Sales

We conduct a "eco-product assessment" based on the Hitachi Group's common evaluation standards, which are supplemented by Maxell-specific evaluation criteria to evaluate the environmental impacts of products. All products that clear these standards are designated as eco-products.

Of these eco-products, those that excel in environmental performance are further accredited as "super eco-products."

During fiscal 2007, the contribution of eco-products to net sales for Maxell Group's consumer products in Japan reached 95%. We are striving to achieve 100% for fiscal 2010.

Trends in Registration of Eco-Products



Eco-Products



LTO Ultrium4 Computer Tape

Super Eco-Products

Maxell's LTO Ultrium4 data cartridges employ new magnetic materials with greater microparticulation to realize twice the storage capacity of LTO Ultrium3 tapes, at 1.6 terabytes (compressed, 800 gigabytes uncompressed). This is a storage capacity equivalent to approximately 2,300 CDs (700 megabytes per CD), providing benefits in effective use of materials.

Furthermore, recycled paper is used for the index sheets and other supporting documentation.



Global warming prevention factor: 12.2 Resource factor: 9.9

* LTO, the LTO logo, Ultrium, and the Ultrium logo are trademarks of Hewlett-Packard, IBM and Quantum in the United States and other countries.



"Voltage" Alkaline Dry Batteries

Eco-Products

The "Voltage" alkaline dry battery provides longer-lasting triple power through "instant force," "large output" and "durable power." This triad of benefits enables improved performance and effective resource utilization.

Such harmful substances as mercury, lead and cadmium are not used in the batteries.

Moreover, packaging is environmentally considerate, using PET and other non-PVC materials and recycled paper.

Global warming prevention factor: 7.5

Resource factor: 7.6



BD-R LTH Type Blu-Ray Disks

Eco-Products

Hitachi Maxell has commercialized a BD-R LTH Type Blu-Ray Disk, compatible with new "low to high" recording methods. In addition to existing proven organic dye coating techniques, the new product features a high-precision stamper and enhanced disk substrate technologies to realize high-density, stable recording and playback characteristics.

Accordingly, BD-R LTH Type Blu-Ray Disks feature effective energy and resource utilization and reduced CO2 emissions per unit.

Global warming prevention factor: 11.4

Resource factor: 16.1



HD-N7700 Negative Ion Dryer

Eco-Products

The HD-N7700 dryer features 30% more negative ions, which lends luster to the hair, while higher airflow translates to shorter drying times. The result is a 7% decrease in energy consumption.

The plastic case of the dryer unit comprises approximately 60% recycled materials. Moreover, a 30% reduction in the volume of the carrying case cuts use of resources.

Global warming prevention factor: 1.8

Resource factor: 1.7



"iV" Hard Disks

Eco-Products

The iV hard disk M-VDRS 250GB facilitates straight recording of up to 50 hours* of full high-definition video footage.

The power consumption per gigabyte is low, the container size is compact and recycled paper is used for packaging, representing significant merits in terms of effective use of materials.

Global warming prevention factor: 3.9

Resource factor: 4.0



Cylindrical-Type Lithium Manganese Dioxide (CR) Batteries

Eco-Products

Cylindrical-Type CR batteries are used as power sources for security equipment and fire alarms because of their long-term reliability and excellent load characteristics. The battery casings are made of non-PVC materials, which reduces their environmental burden. Furthermore, CR batteries conform to RoHS directive standards.

Global warming prevention factor: 1.0

Resource factor: 1.1



* Digital high-definition broadcasts recorded in TSE mode using a Hitachi Wooo flat-panel TV with iVDR-compatible slot iV Pocket.

Manufacturing with Consideration for the Global Environment

topics

Eco Kyoto 21 Meister Certification for the Kyoto Works Kyoto Prefecture



Kazutoshi Tsujino
Kyoto Environmental Group,
CSR Promotion Division

We are striving to carry out environmental activities that validate our Meister factory certification status.

It is particularly fitting that Kyoto Prefecture is at the forefront of moves to adopt the Kyoto Protocol. Kyoto Prefecture is taking the initiative in global environmental preservation and the construction of a recycling-oriented society by awarding Eco Kyoto 21 accreditation to factories and other facilities within its jurisdiction with suitable track records in environmental protection and preservation.

Maxell's Kyoto Works were evaluated as having six years of continuous zero emissions as a result of thorough waste separation.



Waste separation

Eco Kyoto 21 certificate



The Kyoto Works

Eco-Factories

The Maxell Group aims for all its manufacturing sites to be Eco-Factories, with high levels of environmental awareness, measures for global warming prevention, waste reduction, and appropriate management of chemical substances.

During fiscal 2006, the Kyoto Works was accredited as a Hitachi Group Super Eco-Factory in recognition of its advanced levels of environmental consideration.

Global Warming Prevention

The Maxell Group in Japan has set a target of reducing CO₂ generated from energy use by 10% by fiscal 2010 compared with the fiscal 1990 level.

In Japan, we are introducing leading-edge energy-saving technologies and pursuing other measures such as a "Cool Biz" drive.

Overseas, we are promoting shifts to energy-saving facilities.

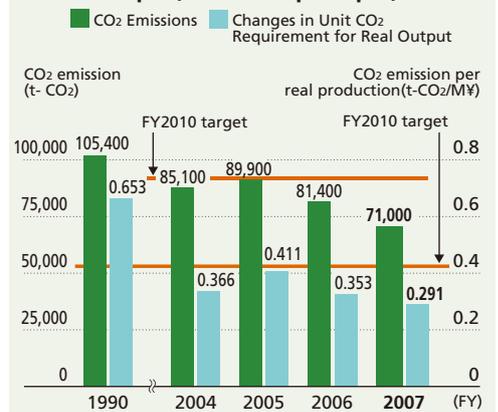
Fiscal 2007 Results for the Maxell Group in Japan

The Maxell Group in Japan emitted 71,015 tons of CO₂ in fiscal 2007, down 33% compared with the fiscal 1990 level and 13% lower than

the previous fiscal year. Furthermore, as the coefficient for calculating CO₂ equivalents of electric power, we used the conversion coefficient*1 of respective power companies announced by the Ministry of the Environment.

By fiscal 2010, we are aiming for a reduction of 35% in CO₂ emission per real production*2 compared with fiscal 1990 values. During fiscal 2007, real output per unit production reached 0.291 t-CO₂/M¥, down 56% from fiscal 1990.

CO₂ Emissions, Changes in Unit CO₂ Requirement for Real Output (Maxell Group in Japan)



Fiscal 1990 CO₂ emissions values have been revised to reflect the fiscal 2007 changes to the CO₂ emissions per real production figures issued by the Federation of Electric Power Companies of Japan.

*1 As the coefficient for calculating CO₂ equivalents of electric power, we used the average value of all power supplies—0.417 t-CO₂/MWh—for fiscal 1990. From fiscal 2004, we used the value published by the Federation of Electric Power Companies of Japan.

*2 (Real output) = (Nominal output) / (Bank of Japan's domestic corporate goods price index for electrical manufacturers), where the Bank of Japan's domestic corporate goods price index uses actual values.

Information Online

Eco-Site Data
http://www.maxell.co.jp/jpn/csr/ecofactory/csr_sitedeta/



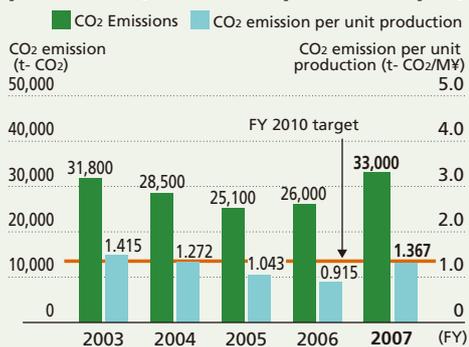
Air-treatment facilities at Tohshin Seiko

Fiscal 2007 Results for the Maxell Group Overseas

Fiscal 2007 CO₂ emissions by the Maxell Group overseas were 32,796 tons*³, up 3% compared with fiscal 2003 and up 26% from the previous fiscal year. CO₂ emission per unit production 1.367 tons of CO₂ per million yen, representing a reduction of 3% compared with the fiscal 2003 level.

The increase in CO₂ emissions was due to substantial expansion of production for lithium ion batteries at Wuxi Hitachi Maxell Co., Ltd. in China. Through the introduction of energy-saving equipment and other initiatives, we are working to reduce CO₂ emissions and improve CO₂ emission per unit production in the future.

CO₂ Emissions, CO₂ emission per unit production (Maxell Group outside Japan)



Bolstering Energy Efficiency

Tohshin Seiko Co., Ltd., is deploying the comprehensive services of Energy Service Companies (ESCOs) to implement power savings and upgrade overall energy efficiency.

During fiscal 2007, by introducing high-efficiency equipment with inverters, clean room air-treatment facilities, high-efficiency lighting equipment, and other devices, we reduced CO₂ emissions by 306 tons/year.

Green Logistics (modal shift)

As a result of endeavors to reduce the environmental impact of transportation operations, Hitachi Maxell reduced its volume of goods transported by 24% during fiscal 2007. This was primarily achieved by increasing the volume of imported goods and cutting the haulage distance through the promotion of Super ODM*⁴ at our Tsukuba Works.

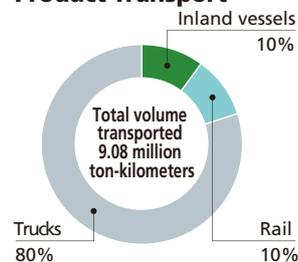
The proportion of modally shifted transport in our total transport volume (the "modal shift percentage") was 20% during the year. Compared with the case where all of our transport was by truck, this represents a reduction of 255 tons of CO₂ per year (16%).

*³ As the coefficient for calculating CO₂ equivalents of electric power for overseas sites (units: tons of CO₂ per million yen), we use the Japan Electrical Manufacturers' Association, Report on Survey to Estimate Unit CO₂ Emissions for Power Generation in Various Countries, Ver.3.

Information Online

Tohshin Seiko Co., Ltd.
<http://www.tohshinseiko.co.jp/>

Present State of Product Transport



*⁴ ODM is a new production consignment method based on original Maxell technologies. Control for all aspects of production lines and processes is transferred to commissioned contractors, which conduct manufacturing using Maxell quality control and production methods.

Contributing to the Hitachi Group's "Environmental Vision 2025," Striving to Curb 100 Million Tons of CO₂ Emissions

The Hitachi Group has formulated a long-term plan called Environmental Vision 2025 in a drive to promote environmental preservation and realize a sustainable society.

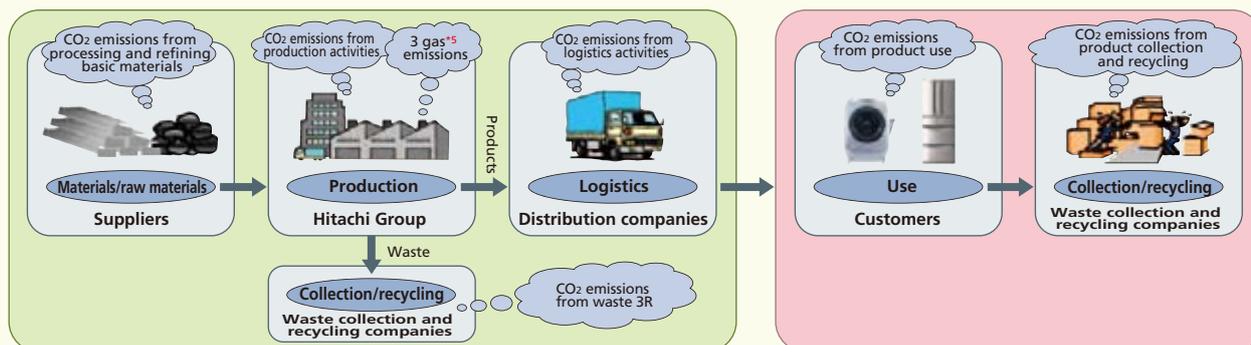
This plan, which aims for the reduction of societal environmental impact through an "emission neutral" status,

will contribute to a target of curbing 100 million tons of CO₂ emissions from Hitachi products by fiscal 2025.

The Hitachi Group, including every employee of the Maxell Group, is united in striving to expand eco-products and reduce the environmental impact of business activities.

The "emission neutral" concept

Direct environmental impact = Societal environmental impact reduction



*⁵ Greenhouse gasses from PFC, HFC, SF₆

Coverage of alkaline dry battery shipments



t o p i c s

Hitachi Maxell Featured on the Japanese Government's Internet TV



Isao Nakano
Business Planning Department,
Primary Battery Division

We implemented this modal shift in our product shipments in the hope that it would be a useful initiative for environmental protection.

In March 2007, Hitachi Maxell's alkaline dry batteries became the first among comparable products to acquire Eco-Rail Mark Product certification. This accreditation was gained in recognition of our global warming prevention countermeasures in logistics. As a result of this achievement, Hitachi Maxell's alkaline dry batteries were featured on Internet television broadcasts by the Cabinet Office Secretariat of the government of Japan.

A modal shift was implemented for alkaline dry batteries, optimizing rail shipments to and from production lines. Through such initiatives, the Osaka Works now transports 32% of its alkaline dry batteries by rail.



Eco-Rail Mark Products

In the future, we plan to reduce our volume of CO₂ emissions during distribution by transporting products by rail, as this mode generates approximately one-eighth the CO₂ emissions as transporting product by truck.

Information online until September 17, 2008:
<http://nettv.gov-online.go.jp/prg/prg1728.html>



The Eco Rail Mark system was established to reduce environmental impacts by promoting rail freight transportation by the Ministry of Land, Infrastructure and Transport and the Railway Freight Association. Criteria for certification stipulate that for land freight transportation of 500 kilometers or more, 15% or more of products are transported by rail for companies and 30% or more shipments by rail for products.

3R Promotion and Waste Reduction

Continued Achievement of Zero Emissions at All Production Sites

The Maxell Group vigorously promotes 3Rs (reduce, reuse, and recycle) by setting annual targets.

During fiscal 2007, we again attained zero emission status at all our production sites.

Promoting Reduction

We are striving to decrease the waste generated during production processes (improved yield, greater efficiency, and minimal losses).

Promoting Reuse

Whenever possible, trays and pallets are reused within production processes, and materials are supplied and handled in returnable containers.

Promoting Recycling

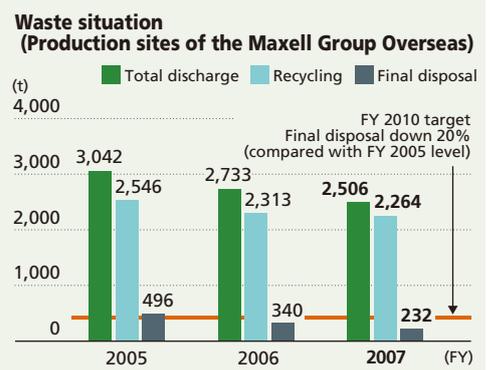
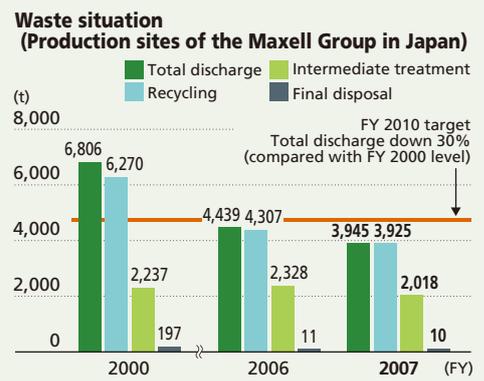
We are reinforcing our separation systems and recycling to facilitate effective utilization of waste. Recycled plastics are also used as materials in the manufacture of products.

Proper Disposal of Waste

To fulfill its responsibilities as producer of waste, the Maxell Group supervises proper disposal through regular on-site checks of disposal operators (waste collection operators,

intermediate treatment operators and final disposal sites).

During fiscal 2007, on-site checks were conducted at a total of 24 sites.



Proper Management of Chemical Substances

Management of PRTR Substances

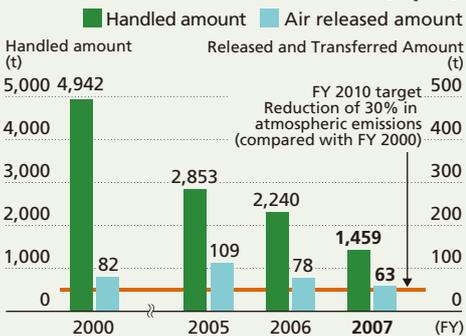
The Maxell Group properly manages the emission, transfer and amounts of chemical substances handled based on the Pollutant Release and Transfer Register (PRTR) Law.

During fiscal 2007, we handled 1,926 tons of PRTR substances, released 26.9 tons into the atmosphere and transferred 130.8 tons. We also impose controls over PRTR substances for our overseas factories. During the year, PRTR substances handled by these facilities totaled 288 tons, atmospheric emissions were 1.8 tons and the volume transferred was 17.6 tons.

VOC* Emission Reductions

Volatile organic compound (VOC) emission regulations have been in force since April 2006 in accordance with revisions to the Air Pollution Control Law. The Maxell Group in Japan has formulated a voluntary plan for targeted and non-targeted equipment and aims to cut VOC emissions 30% by FY 2010 from their FY 2000 levels.

VOC Volumes Handled and Emitted (Japan)



SLIONTEC Corporation uses organic solvents in production processes for its adhesive tapes. However, these solvents are recovered through adsorption-type VOC recovery equipment, which enables substantial control over atmospheric emissions and facilitates recycling.



SLIONTEC Corporation's VOC processing facilities (recovery equipment)

Groundwater Protection and Pollution Prevention

Publicizing and Observing Laws and Regulations

During FY 2007, there were no environment-related accidents, violations, fines, or complaints at any Maxell Group works, R&D divisions and affiliated companies.

Furthermore, we have established voluntary standards for the seven typical pollution issues (air pollution, water contamination, soil pollution, malodor, noise, vibration, and ground subsidence) and conduct periodic checks and measurements of their levels. No laws or ordinances were violated regarding these issues during the year and no operations were subjected to administrative direction.

Reduction in Amount of Pumped Groundwater

The Maxell Group derives more than half of the water used in its manufacturing processes from groundwater. Accordingly, we have installed water-circulation facilities at all of our operational sites to promote repeated use of groundwater in an effort to conserve this natural resource.

Soil and Groundwater Protection Measures at the Osaka Works

At the Osaka Works, levels of heavy metals in some parts of the grounds and VOCs in groundwater were detected that exceeded environmental standards. Groundwater observation wells sunk at the site's periphery confirmed this conclusion in 2006. To prevent VOCs from leaking outside the site, in January 2007 we installed submerged permeable reactive walls around the site perimeter. By April 2008, VOCs detected at peripheral groundwater observation wells had fallen to below the levels stipulated by environmental standards.

We also carried out appropriate actions to deal with the heavy metals, such as soil removal and paving over of cleared land.



Groundwater treatment facilities at the Osaka Works

* Volatile organic compounds (VOCs) include such organic solvents as toluene and methyl ethyl ketone.

Verification by a Third-Party



Third party verification report regarding the
"Hitachi Maxell Group Corporate Social Responsibility Report 2008"

May 21st, 2008

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 2008" (hereinafter referred to as the "report") on its own responsibility, and has requested the 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. During the verification, JACO tried to minimize verification risk by confirming and utilizing the effectiveness of the Environmental Management System (ISO 14001) at Maxell.

[Conclusion]

This was the third report verification by a third party for Maxell. As with last year and the year before last, we obtained data which represents the environmental impacts caused by Maxell, chiefly from descriptions related to the environment. In particular, considering that the Kyoto Protocol's first commitment period begins this year and that G8 Hokkaido Toyako Summit is held this year, we added CO₂ emission to the quantitative items as a key item, expanded the verification scope, and verified reliability and appropriateness by conducting on-site confirmation, interviews, etc.

No negative evidence was found during our verification process, therefore we concluded that Qualitative items, Environmental performance data and Environmental Accounting data comply with JACO's verification criteria.

[Purpose of Verification]

The purpose of the verification was to validate descriptions on FY2007 (descriptions in the FY2008 report) prepared by Maxell and the following items related to achievements, and to present verification results on the reliability of the report.

- 1) Confirmation of completeness and appropriateness of the report descriptions and compatibility with the report principle.
- 2) Reliability of environmental performance data (hereinafter referred to as the "data") in processes including the necessary data, measurement, calculation, evaluation and reporting to the upper organization (division).

[Scope of Verification]

The scope of the verification covered the following items related to the environmental report in the CSR report. (CSR items irrelevant to the environment were not verified.)

Classification	Items verified	Sites verified
Qualitative items	Message from top Management, Environmental management principle, policy, Organizations of verification, etc.	Environmental Promotion Division
Environmental performance data**	CO ₂ emissions, energy consumption, discharges of wastes and valuable resources, industrial water consumption, discharges of harmful substances, PRTR chemical substances (volume handled, volume released and volume transferred), Environmental compliance	Environmental Promotion Division, Kyoto Works, Maxell Hokuriku Seiki, Ltd.

** JACO has been added to the verified data

^{*} JACO conformed to the Ministry of the 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 referred to "Draft Environmental Report Preparation Standards", "Draft Environmental Report Verification Standards" and the "Ministry of the Environment Environmental Report Guidelines 2007".

Third-Party Opinion



Junko Edahiro

Co-Leader of
"Japan for Sustainability"
Eco-Journalist and Translator

The Maxell Group’s corporate social responsibility (CSR) report provides sound coverage of balanced environmental measures and reporting on social dimensions of the Group’s operations. Nevertheless, I have a number of observations that might make the report more effective.

Customer satisfaction is emphasized heavily in the Group’s five pillars of CSR, but I would also like to see implementation of social responsibility toward less high-profile stakeholders, such as people in local communities and future generations. It was reported that Hitachi Maxell

has been “...awarded...next-generation human resource cultivation support accreditation.” It is a shame that this is not substantiated with data regarding female employees or recruitment. Moreover, aspiring as it does to communicate “CSR activities from environmental, social and economic perspectives,” I feel that there could be greater disclosure of economic outlooks and measures.

To have reduced greenhouse gas emissions by 13% from the previous fiscal year is a substantial achievement. The report should give reasons for this improvement and indications of future progress. Transition to a low-carbon society is currently a major issue internationally and in Japan. I would have expected countermeasures for global warming to be highlighted and promoted. The Maxell Group posted some admirable results, such as 100% procurement from Green Suppliers and a ratio of 95% Eco-Products to net sales. Hopefully, the Group will raise these standards and broaden the scope of application through activities with even higher targets.

There is a need for an emphatic long-term vision in the report, including global warming. By including a PDCA mechanism in communications, a deeper dialog could be conducted with society while improving these methods.

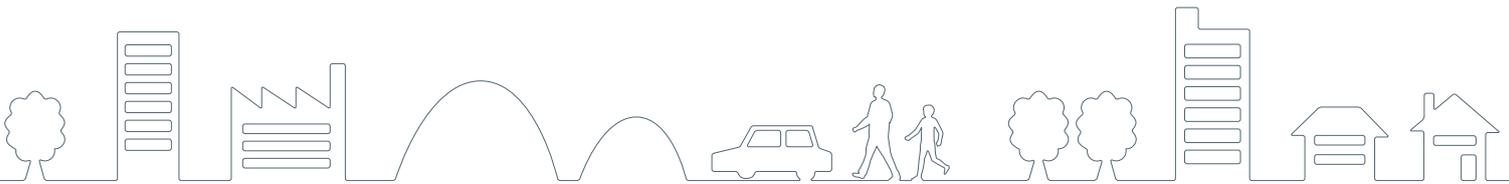
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*Only the extracted items are indicated.

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