

# 思考展開

Social and  
Environmental  
Report  
**2008**

The “思考展開”  
Shi Kou Ten Kai”  
Approach:  
Maximizing  
Earnings from  
Peripheral  
Applications

# Corporate Profile

**Company Name :** DAINIPPON SCREEN MFG. CO., LTD.

**Head Office :** Tenjinkita-machi 1-1, Teranouchi-agaru 4-chome, Horikawa-dori, Kamigyo-ku, Kyoto 602-8585, Japan

**Established :** October 11, 1943

**Representative Directors :** Akira Ishida, Chairman and CEO  
Masahiro Hashimoto, President and COO

**Consolidated Net Sales :** 279.8 billion yen (As of March 31, 2008)

**Non-consolidated Net Sales :** 225.1 billion yen (As of March 31, 2008)

**Capitalization :** 54.0 billion yen (As of March 31, 2008)

**Number of Employees (consolidated) :** 5,041 (As of March 31, 2008)

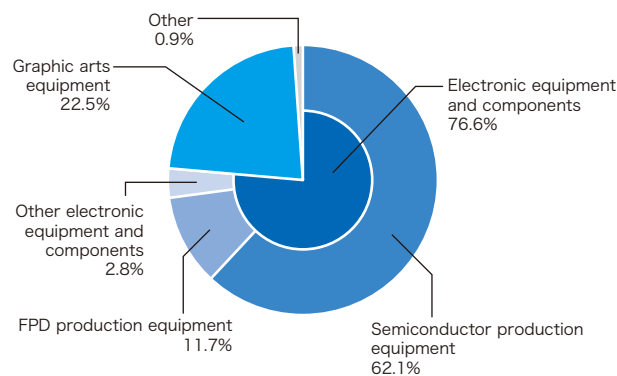
**Number of Employees (non-consolidated) :** 2,268 (As of March 31, 2008)

**Number of Consolidated Subsidiaries (companies) :** 46  
(22 domestic, 24 overseas)

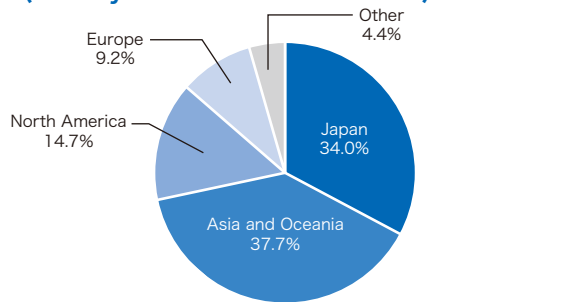


Head Office

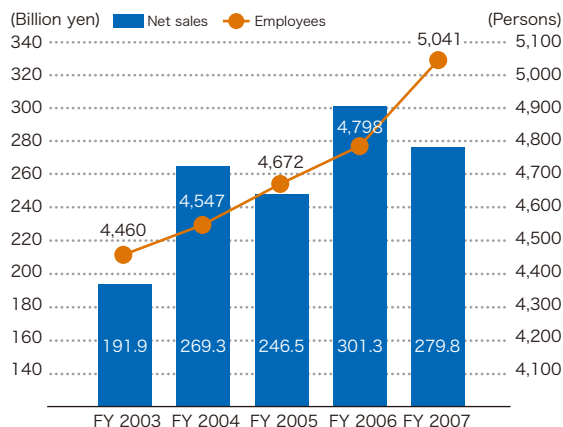
## Consolidated net sales by business segment (fiscal year ended March 2008)



## Consolidated net sales by region (fiscal year ended March 2008)



## Changes in net sales and number of employees (consolidated)



## Major Product Lines

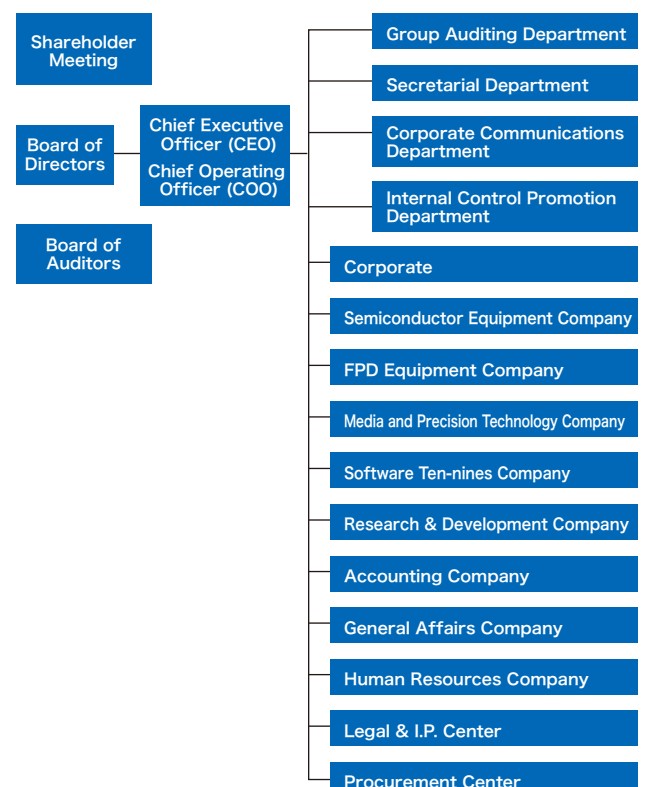
### Equipment and Components for the Electronics Industry

- Semiconductor production equipment (Batch wafer cleaning systems, single wafer cleaning systems, coater/developers, annealing systems, and surface inspection/measurement systems)
- FPD production equipment (Coater/developers, etchers, strippers, exposure systems, and surface inspection systems)
- PCB production equipment (AOI systems, visual inspection systems, imaging/exposure systems, and automatic measuring devices)

### Equipment for the Graphic Arts Industry

- Computer-to-Plate (CTP) (Plate recorders), digital printing equipments, other printing and prepress-related equipments, and digital fonts

## Organization Chart (As of April 1, 2008)



## About This Report

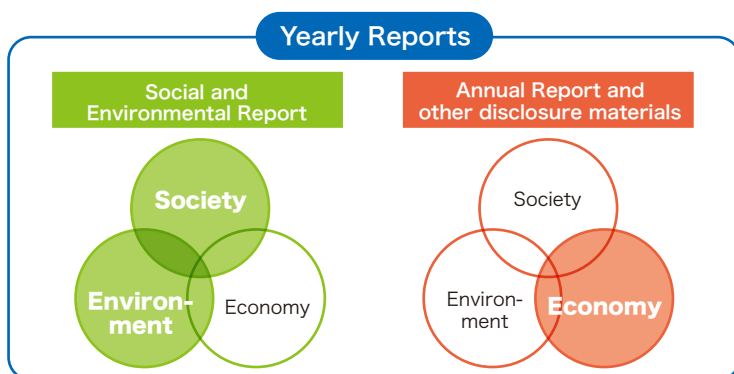
This report is focused on the issues of greatest importance to our stakeholders and on the important social responsibilities of the Screen Group. The feature articles contained herein describe initiatives we have implemented in order to meet our stakeholders' expectations: "Supporting the development of electronic business" (Hikone Plant upgrade), "Social and environmental initiatives requested of the company" (Stakeholders' discussion), and "Environmental initiatives of MTMC, our Chinese affiliate" (Reports by international affiliates).

In addition to reporting on time-series data and target setting, we are working to create pages targeting sustainable improvements. Furthermore, in an effort to expand the scope of the information we provide, we have made a wide range of information available for download from our website. This information includes PDF versions of this and previous reports as well as supplementary information and detailed data not included in this report.

**URL** <http://www.screen.co.jp/environmentE>

## Relation to other Group reports

This report describes our corporate activities and environmental conservation initiatives in terms of our corporate social responsibility (CSR), particularly with regard to the environment and society in general. In addition, we also issue an Annual Report detailing our sales activities and financial statements. We use these yearly reports to disclose information regarding the Screen Group to our stakeholders.



## Objective

We issue this report with the aims of fulfilling our responsibilities to disclose information and provide explanation, and aiding communication with our stakeholders. Furthermore, we use this report to enhance our disclosure and introduce future corporate initiatives with the goal of implementing continual improvements as a sustainable company.

## Time period covered

Fiscal year 2007 (April 1, 2007 through March 31, 2008)  
(Some data contained herein extends beyond this period.)

## Companies and business units covered

In principle, this report refers to Dainippon Screen Mfg. Co., Ltd. and the Screen Group companies located within and outside Japan. Environmental impact data and environmental accounting data have been compiled from each domestic sites and Group companies where environmental management systems have been implemented.

## Applicable guidelines

"Sustainability Reporting Guidelines, Version 3.0", Global Reporting Initiative (GRI)  
"Environmental Reporting Guidelines FY 2007 Version", Ministry of the Environment  
"Environmental Accounting Guidelines 2005", Ministry of the Environment

Note: The GRI guideline reference tables can be viewed at the following link:

**URL** <http://www.screen.co.jp/environmentE/gri.html>

## Release dates

June 2008 (Next: June 2009 (planned), Previous: June 2007)

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## Social Report

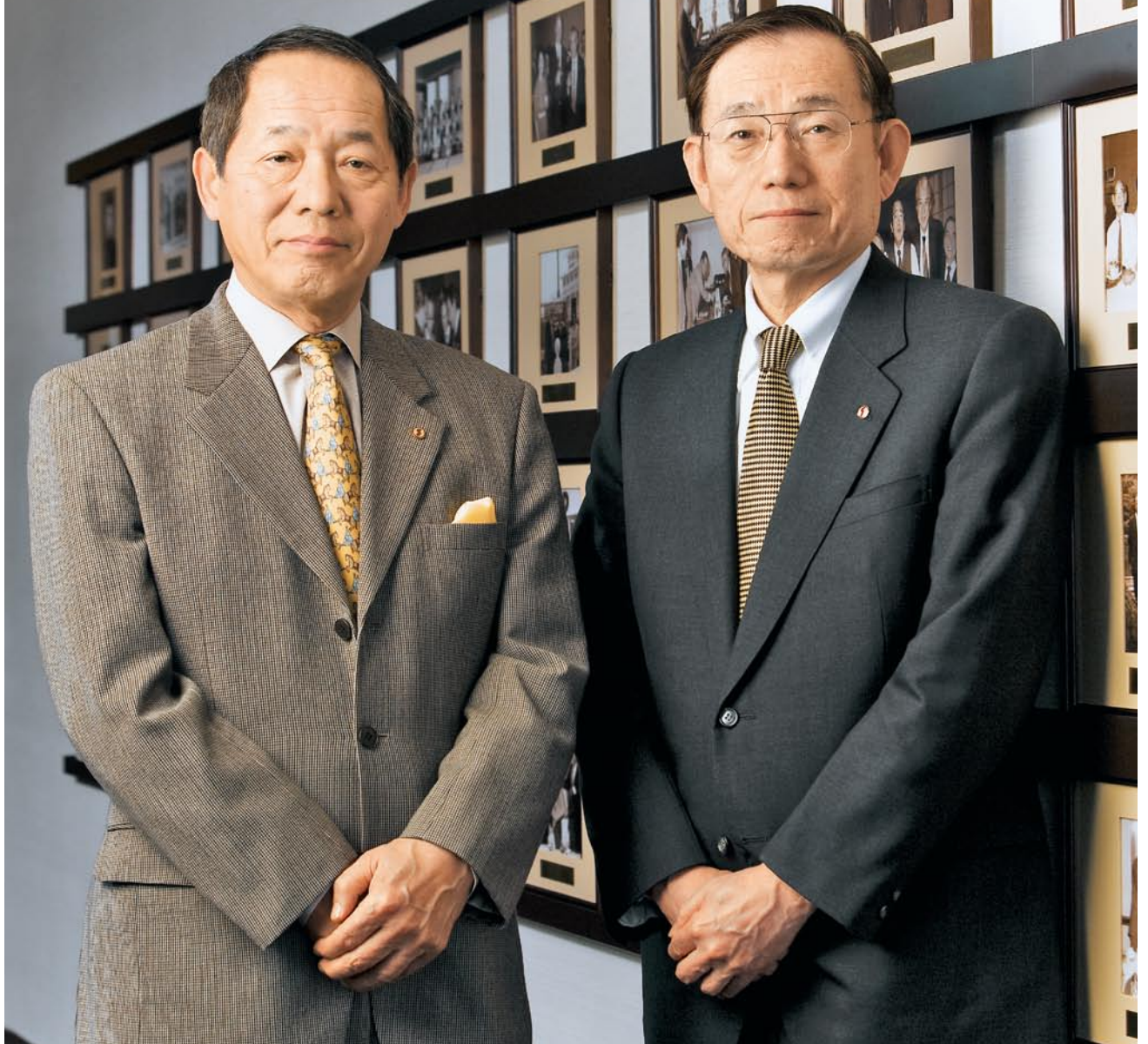
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# Building the Foundation for Growth: Facing challenges while managing risk



CEO Akira Ishida (left) and COO Masahiro Hashimoto (right)

## Enhancing the value of our brand

Dainippon Screen's four business segments provide a wide range of innovative products, many of which have captured the leading share in domestic or international markets. Although the Screen brand has earned something of a name for itself in industrial markets, it is not yet well recognized among the general public. We have therefore identified one of our main challenges as improving recognition of both our corporate and commercial brands. A company's brand represents its standing as an entity worthy of trust; to the customer it also represents an implicit promise that they will always receive products and services of consistent quality. Once a corporation has firmly established its brand, customers will be motivated to continue purchasing its products. We must establish a corporate brand that is capable of meeting the expectations of our stakeholders. Once this is achieved, we can expect to spark greater interest among students seeking

employment as well as members of the public seeking companies in which to invest.

This year marks the 140th anniversary of Ishida Kyokuzan Printing Works, the predecessor of our company. It also marks the 65th anniversary of Dainippon Screen Mfg. Co., Ltd., which was created as the independent glass screen research division within the former company. Looking back on our history, we are compelled to acknowledge with deep appreciation our stakeholders' long-term support of Dainippon Screen and the Screen Group. Today, we must revisit the philosophy of "「思考展開」 Shi Kou Ten Kai" (Thinking, Consideration, Development, Opening: Maximizing Earnings from Peripheral Applications) that we have applied to everything from glass screens, printing and prepress-related equipment, semiconductor production equipment, flat panel display production equipment, and CRT

shadow masks for color TVs and other electronic components, and renew our focus on further growth. The history of Dainippon Screen reflects our single-minded focus on developing new technologies. Our dedication to excellence has led to a product lineup that enjoys such an outstanding market share today.

In order to justify the deep trust our customers have placed in us, we must comprehensively enhance our competitiveness in terms of service as well as cost, quality, technical innovation, and pace of development. In fiscal 2006, our Hikone Plant, our largest production site, constructed "Fab. FC-2" and "CS-1", two new facilities for semiconductor production equipment and FPD production equipment, respectively. In fiscal 2007, the Hikone Plant established the Process Technology Center with the goal of enhancing our competitiveness by providing semiconductor production equipment of unequalled quality and performance. As a result, we are confident that we can meet and even exceed customer expectations by improving Quality, Cost, Delivery date, and Environmental aspects, the principal factors in our production processes. Moreover, in April of this year, we integrated two companies involved in printing and prepress-related equipment and PCB production equipment. This initiative enables us to pursue technology and marketing synergies that will enhance our business performance.

## Committed to environmental conservation and meeting our corporate social responsibilities

Stable business performance is the critical prerequisite to any consideration of environmental conservation and corporate social responsibility. We must continue to strengthen our corporate foundation as well as our corporate brand. Toward this end, it is essential that we implement green production processes and raise employee awareness of the need for environmental conservation.

In fiscal 2008—the year in which we are to begin achieving the targets of the Kyoto Protocol—the Screen Group will take steps to optimize all production processes in order to minimize consumption of water and chemicals, resource inputs, and waste production. The critical factor is the environmental performance that our products exhibit when in use at our customers' sites; consequently, we hold high expectations for our new Process Technology Center.

Meanwhile, in meeting our responsibilities to society, we have identified two important management themes—corporate governance and compliance policies. Specifically, we established our Internal Control Promotion Department in fiscal 2006 in order to document our principal business operations and prepare a compliance system as well as a risk management system. This initiative is intended to ensure sound and transparent management. However, we believe that these measures alone will not be sufficient to fulfill our corporate social responsibility. To increase our corporate value, we intend to change our corporate constitution so that we can stabilize our performance in the face of shifting market conditions while maintaining employment stability. We believe that our greatest social responsibilities are to pay our taxes for the benefit of society, return profits to shareholders and investors, satisfy our customers, ensure stable growth opportunities to suppliers, and reward our employees appropriately.

## A company in which stakeholders can entrust their dreams

Since the days of glass screen production, Dainippon Screen has coped with unstable demand cycles by diversifying our operations through an approach we called "Kame no Kou Keiei" (tortoise shell management). Today, we are implementing medium-term and long-term plans intended to create new business by expanding our potential in several sectors. One of these sectors is Print-on-Demand (POD) in the printing field, our original business. POD provides the printing industry with a new solution capable of revolutionizing the conventional approach to printing; specifically, instead of pursuing the mass transmission of a broad swath of information printed on large quantities of paper, it applies "one-to-one marketing" to meet diversifying needs. We expect that POD will attract attention for its benefits in terms of resource conservation, particularly its reduction of paper consumption.

Furthermore, we intend to expand the market for our inkjet technologies by entering the market for industrial electronic components, such as printing of automotive interior panels, as well as printing on paper. In addition, in the FPD production equipment segment, we will promote the development of organic EL display applications and robotic applications. By applying our image-processing technologies to the full, we will help to promote the progress of industry, society, and culture in keeping with our philosophy of "Shi Kou Ten Kai".

In short, we intend to meet persistent challenges with enthusiasm through our devotion to technology, without fear of new business risk. As an R&D-focused company committed to the above philosophy, Dainippon Screen will continue to develop the innovations for which we are renowned. We look forward to the support of our stakeholders as we pursue this policy while sharing our vision for the future.

June 2008

**Akira Ishida,**  
Chairman and CEO  
Dainippon Screen Mfg. Co., Ltd.

**Masahiro Hashimoto,**  
President and COO  
Dainippon Screen Mfg. Co., Ltd.

# Management Guidelines

Through the years, we've incorporated our management philosophy as part of our DNA.

## Management Philosophy: the “「思考展開」 Shi Kou Ten Kai” (Thinking, Consideration, Development, Opening: maximizing earnings from peripheral applications)

### Enacted 1946

Established as an R&D-focused company, Dainippon Screen has adopted this philosophy as a guide to business development. This phrase expresses our commitment to the challenge of developing new businesses, while monitoring emerging trends, considering how to apply our technologies and products, and examining what is lacking.

## Business Philosophy: Three Beliefs

### Enacted 1995

Sets forth the ideals and basic strategies needed for the company's sustained existence and prosperity into the future. Distributed as guidelines to all Group employees to create a dynamic corporate identity.

### Sharing the future

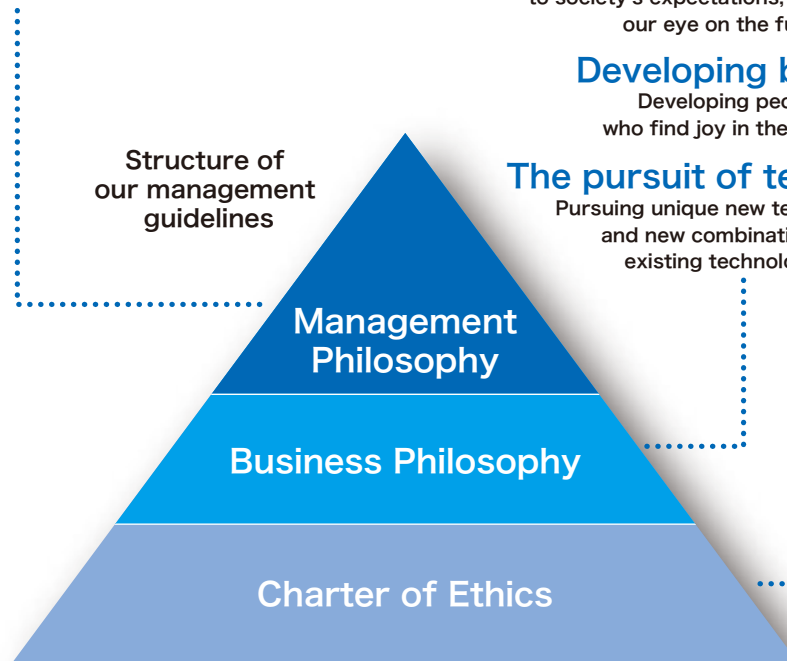
Earning society's trust and living up to society's expectations, while keeping our eye on the future

### Developing better

Developing people who find joy in their work

### The pursuit of technology

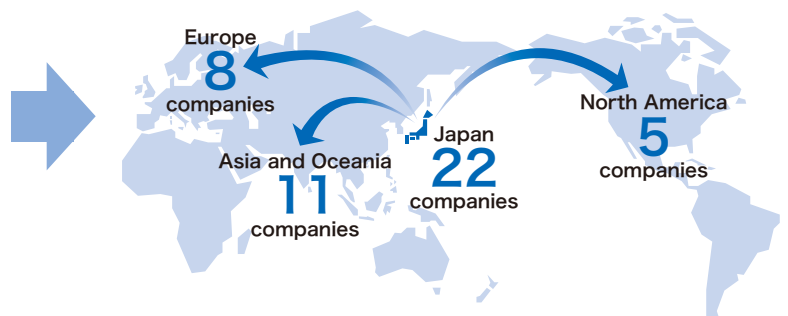
Pursuing unique new technologies and new combinations of existing technologies



## What is the “「思考展開」 Shi Kou Ten Kai”?

Our philosophy of the “「思考展開」Shi Kou Ten Kai” (Thinking, Consideration, Development, Opening: maximizing earnings from peripheral applications) was proposed by the late, former company chairman, Tokujiro Ishida, founder of the company during his term as our second president, and father of our current chairman, Akira Ishida. This phrase expresses our management philosophy, which helped us develop from our core technology of glass screening photolithographic technology to precision inking technology, photosensitive agent application technology, etching technology, optical system technology, and other photolithographic technology, and then to a comprehensive manufacturer of printing equipment.

The spirit of our philosophy now extends worldwide.





## Charter of Ethics: Eight Standards

### Enacted 2002

Sets forth the universal standards for compliance and implementation by all Group companies, employees and directors in the execution of corporate activities.

#### 1. Abiding by laws and ordinances

To abide by all relevant laws and ordinances in each country where the Screen Group operates and expand the activities of the Group in a sound and equitable fashion.

#### 2. Contributing to society

To contribute to society by putting into practice the ideals of our Corporate Philosophy, especially by providing products and services of outstanding environmental awareness and safety. By contributing to the development of industry, we will work to return our profits to society and thus contribute to its improvement in the widest sense.

#### 3. Respecting human dignity

To respect the fundamental human rights of each person and repudiate discriminatory or disadvantageous treatment of any kind within the company based on position, job type, age, gender, place of birth, ancestry, nationality, races, disability, religion, or marital status.

#### 4. Pursuing the advancement of technology with environmental awareness and responsibility

To pursue the advancement of technology while ensuring full environmental awareness and responsibility, helping to create a world in which all people can live in harmony with nature and share an affluent future.

#### 5. Ensuring employee health and safety

To recognize that the fundamental resource of any business activities is its people and strive to create secure, comfortable, healthy workplaces in which all employees can work safely.

#### 6. Maintaining openness and accountability

To strive for best practice in corporate accountability and communication with the wider community, ensuring thorough administrative transparency with integrity and openness.

#### 7. Ensuring proper use and protection of company assets

To ensure the proper use and protection of company assets including all tangible assets, patents, copyrights, documentation, and all forms of confidential information obtained in the course of professional engagement.

#### 8. Making a commitment to integrity and ethical business practices

To make a resolute commitment to thorough integrity by refusing to engage in, or in any way be involved with, any form of unethical business practice, and refuse any solicitation or intimidation to partake in unethical business practices.

## Committed to Respecting Our Stakeholders

<p>Adopting internal rules to respect the position of our stakeholders</p>	<p>The Charter of Ethics as set forth in the Shared Charter of Ethics of the Screen Group prescribes standards with respect to stakeholders, including "Abiding by laws and ordinances", "Contributing to society", "Respecting human dignity", "Pursuing the advancement of technology with environmental awareness and responsibility", "Ensuring employee health and safety", "Maintaining openness and accountability", "Ensuring proper use and protection of company assets", and "Making a commitment to integrity and ethical business practices".</p>
<p>Implementing environmental conservation and CSR initiatives</p>	<p>Head office, Tokyo office, and Plants in other area have attained certification of registration with the ISO 14001, ISO 9001 and OHSAS 18001 standards. We also issue an annual "Social and Environmental Report" in order to disclose information on our social and environmental initiatives.</p>
<p>Establishing a policy for disclosing information to stakeholders</p>	<p>"Dainippon Screen shall disclose accurate and timely information—with the exception of confidential sales information and other confidential information that is subject to confidentiality agreements—in an appropriate method according to relevant laws and ordinances as requested by shareholders, investors, suppliers, and local communities." (Excerpted from the Shared Charter of Ethics of the Screen Group)</p>

Excerpted from the "Corporate Governance Report" filed with the Tokyo Stock Exchange in April 2008.

# Introducing Our Operations

## Contributing to the Future of Electronic Devices

### Outlook for the Electronics Business Segment

Having incorporated the management philosophy of “「思考展開」Shi Kou Ten Kai”, Dainippon Screen has also adopted the management policy of “Innovation for the Future” as developed by our chairman, Akira Ishida. According to this philosophy and policy, our Strategic Business Development Department oversees the operations of the entire Group, and has the role of indicating the direction that the Group will move in from a macroscopic perspective.

When we consider the current market from a marketing viewpoint, we can see that consumers are focused on the key elements of comfort, safety and low price. Their demand for better products has spurred the progress of science and technology; as a result, consumer demand has become more sophisticated. However, the pursuit of material affluence has harmed the global environment. In response to this problem, many are now beginning to seek environment-friendly lifestyles. Our Strategic Business Development Department, having analyzed this social trend, is now investigating which fields of business would be most effective for the Screen Group to enter.

#### A promising outlook for our existing business

Following an overview of three business segments of the Screen Group, our semiconductor segment has already completed a technology roadmap targeting the enhancement of existing technologies according to the processes specified. However, this field also holds room to adopt innovations for the future.

In the flat panel display segment, prospects are promising to supply equipment for organic EL displays, which are expected to supplant LCD panels, and this equipment is already in the prototyping stage. The Screen Group also possesses technologies applicable to solar cells, which are expected to function as a next-generation energy source. Since all of humanity will be required to reduce CO<sub>2</sub> emissions, this field is expected to become

a significant and growing market.

In the printing segment, the Screen Group's inkjet technology is promising dramatic change. The Print-on-Demand (POD) system, for example, enables just-in-time printing; printing the amount of product needed, when it is needed, thus eliminating the need to maintain print stock. It also solves printing process issues related to waste and inefficiency.

#### Realizing our vision for new fields of business such as robotics

Robotic applications represent one example of the potential offered by new fields that extend beyond our conventional businesses. The equipment produced by the Screen Group incorporates some robots. By refining and integrating our robotic technology with new technologies, we can develop robots applicable to medical treatment, medical care, and various other fields.

Developing new businesses requires cooperation with our Research & Development Company, which is always engaged in development of state-of-the-art technologies. This entity promotes the integration of technologies developed by business ventures, universities, and research institutes with the mass production expertise of Screen Group. This combination enables us to seek out methods of commercialization.

Meanwhile, our Strategic Business Development Department develops roadmaps for new businesses and plays a role in making the resources of Screen Group externally accessible.



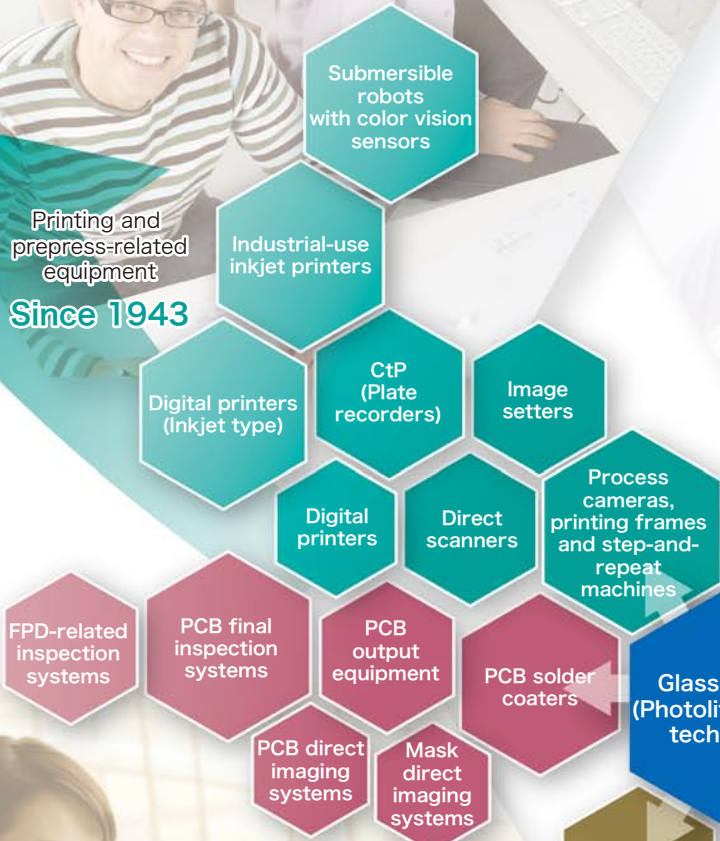
**Ichiro Takada**  
General Manager of the Corporate Strategic  
Business Development Department

Photo: Shi Kou Ten Kai Hall in our corporate headquarters  
Named after the Japanese characters for our corporate philosophy, this hall expresses the Dainippon Screen's philosophy in concrete form. It contains exhibits that display the innovative technologies Dainippon Screen has developed throughout its history.



# Product development reflecting the "tortoise shell" approach

Printing and prepress-related equipment  
**Since 1943**

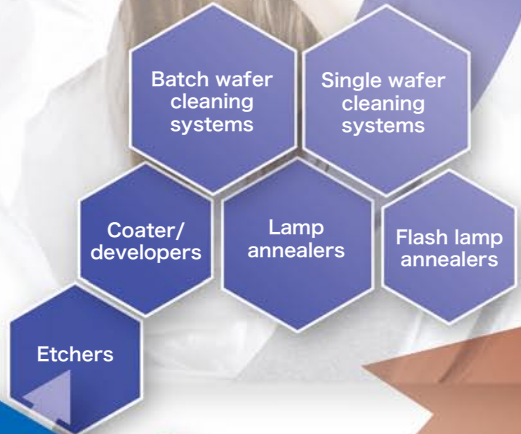


PCB production equipment  
**Since 1970**

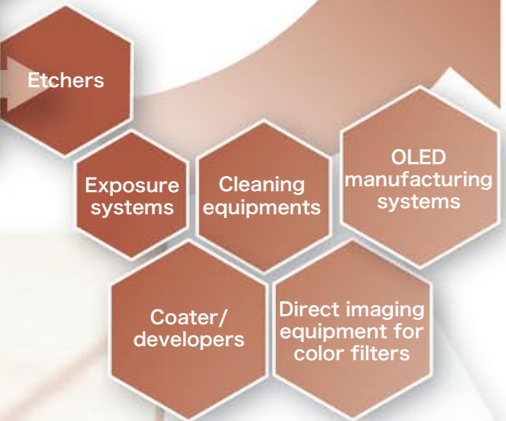


CRT masks for color TVs  
**1963-2005**

Semiconductor production equipment  
**Since 1975**



FPD production equipment  
**Since 1976**



## Facing the challenges of the future

Corporate Activities Report

Social Report

Environmental Management Report

# Feature Article 1

## Hikone Plant upgrade

# Supporting the development of electronic business



**Soichi Nadahara**  
Corporate Officer  
Vice President of Semiconductor Equipment Company

## Meeting customer expectations with the Process Technology Center

The Process Technology Center was opened in April 2008 as a development base for the Semiconductor Equipment Company. Fab FC-2, our new production facility, was completed and launched full-scale operation in fiscal 2006. The construction of a new development base on the adjacent site has enabled the Company to share information and challenges. The result is a system for offering customers products of even higher quality. With the installation of a state-of-the-art clean room, the plant can accommodate next-generation standards for 32-nanometer and 22-nanometer semiconductors.

### Pursuing leading-edge development in a modern development environment

The Company has identified the following four themes for operation of the Center:

- (1) Strengthening process development
- (2) Improving customer support
- (3) Improving the quality and reliability of our equipment
- (4) Enhancing communication skills

In the current semiconductor market, customer demand is becoming polarized between increased miniaturization and reduced cost. Achieving further miniaturization requires more advanced cleaning processes.

To accommodate this polarized market, we require a development environment that ensures closer communication with our customers. The Process Technology Center maintains a development process system and demonstration process system that accelerate development with improved process evaluation technology and equipment diagnosis technology. It also provides an environment that enables customers to verify product performance.



Research & development and quality evaluation

### Introduction of safe and eco-friendly equipment

By bringing together the engineers involved in the development of semiconductor equipment who had previously been scattered throughout the Yasu Plant and several other plants, the Process Technology Center serves as a base for development focused on the environment and the safety of engineers. The Center has implemented an environmental initiative by introducing a power generation system using solar cell panels. This innovation is expected to achieve energy saving of 13,548 kWh per year, which represents 5.12 tons of CO<sub>2</sub>. In the interests of safety, the Center has adopted an automatic chemical supply system that uses pipes to replace the conventional method that required engineers to carry chemicals themselves, thus enabling centralized control via monitors. Thanks to these installations, engineers can devote their energies to development tasks.



Solar cell panels visible on the exterior of the Process Technology Center

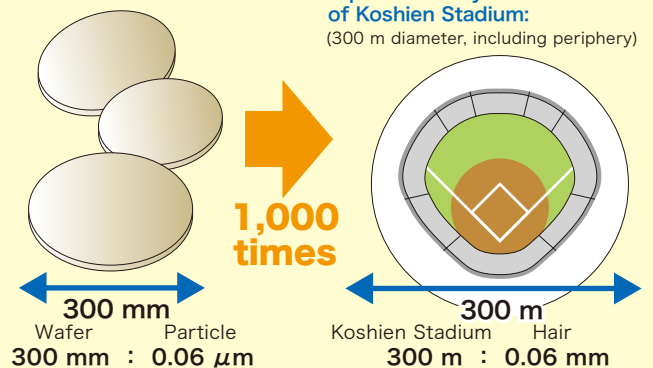
### Cleaning capacity of Dainippon Screen's cleaning equipment

Securely removes 0.06  $\mu\text{m}$  particles of dust on a 300-mm wafer.

300-mm silicon wafer

If the same area is represented by the area of Koshien Stadium:

(300 m diameter, including periphery)



Note: Environmental performance data for the Hikone Plant is available at the following website:

**URL** <http://www.screen.co.jp/environmentE/performance.html>



## Providing employees and affiliated companies with a comfortable work environment

The Hikone Plant embarked on a new phase of its history in April 2008 following the opening of the Process Technology Center. Two new facilities, Fab FC-2 for semiconductor production equipment and CS-1 for FPD production equipment were completed in November 2006. With the opening of these facilities and the subsequent integration of the development division, the number of employees at the Hikone Plant was increased to 2,500, including employees of affiliated companies. The Hikone Plant reviewed employee welfare programs as well as the onsite environment as part of a project to rearrange the plant. Because of capacity limitations of the plant grounds, the plant secured a site measuring approximately 142,000 square meters (roughly 3.6 times the area of Koshien Stadium); this enabled the Hikone Plant to be upgraded as a production and development base with green areas desirable to the local community.

### Improving employee welfare and fostering communication

Our Recreation Center serves as our core facility for employee welfare. The first floor of this Center features a large hall with seating capacity for 600. The second floor houses the all-electric employee cafeteria.

The building supports the daily health of employees by providing a convenience store, outlets of various distributors, a gym, and a health care room.

In addition, Shi Kou Ten Kai Hall—"Kyokuzan no Umi: Lake of Kyokuzan" (photo right) is featured on the first floor.

Visitors to this hall in the Hikone Plant can easily learn about this plant and the history of Dainippon



**Mitsuo Ueda**  
Deputy Plant Manager  
Hikone Plant

Screen's technologies through the exhibits of panels and products. This Center clearly provides needed employee welfare functions and is expected to greatly improve internal and external communication through various training seminars in the large hall and through the dissemination of information to stakeholders in Shi Kou Ten Kai Hall.



Recreation Center



Employee cafeteria



Shi Kou Ten Kai Hall—"Kyokuzan no Umi: Lake of Kyokuzan"

### Comments

#### Continual upgrading of facilities to become the top-rated eco-friendly plant

Because this plant once produced CRT shadow masks, most of the equipment was quite large. Following a shift in production to equipment for the electronics industry, the larger equipment—such as boilers and wastewater treatment facilities—has gradually been replaced with compact and highly efficient equipment. The all-electric employee cafeteria has reduced operating costs, thus ensuring adequate profitability and significant energy savings. This also contributes to a reduction in CO<sub>2</sub> emissions of roughly 50 tons annually.



**Mitsushige Oshita**  
Gerant Co., Ltd.  
Facility management  
company  
Screen Group

### Comments

#### Creating a cafeteria that supports employee well-being

We focus on developing daily menus that please your employees. We also develop menus not only to serve diets, but also to promote healthful eating. Your company also takes steps to reduce its environmental load by using biodegradable plastic trays and the like. We dispose of garbage and leftovers generated by the cafeteria in a responsible manner, after obtaining certificates of disposal.



**Makoto Ogata**  
EL Suehiro Food Service Co.  
Cafeteria management company



## Feature Article 2

### Stakeholders' discussion

# Social and environmental initiatives requested of the company



With the goal of promoting cooperation and symbiosis with local communities, the Screen Group intends to communicate proactively with all stakeholders to engender trust and confidence. We invited members of the Kyoto CSR Forum, which was established to systemize and disseminate the corporate social responsibilities issued from Kyoto, to exchange opinions about the social and environmental initiative requested of us.

### Promoting process-focused CSR

**Rokutan (Chairman):** What do you consider “corporate social initiatives” to be?

**Fujino:** I think that CSR and social initiatives should be considered as separate. Depending on management conditions, it is possible that social initiatives could become difficult to continue implementing. However, CSR should never be discontinued, even if economic conditions worsen.

**Imamura:** I’m now seeking a job. My impression is that those companies that emphasize social initiatives are powerful. I think that many students wish to enter such companies.

**Okano:** Our company has established a corporate philosophy of “contributing to society through science and technology”. The concept is that the company should contribute to society through its business operations. Your catchphrase “Synchronize!”\* is an important key to the significance of the company’s relationship with society.

**Nakamura:** I think that a company should focus on profitability and employment, and that manufacturing good products contributes to industrial development. This is the starting point that leads to social initiatives.

**Shimamoto:** The meaning of “social initiative” is not limited to philanthropy. It has both narrow and wide meanings, and the latter includes economic aspects such as products, services, and costs. From now on, the process of earning profits will come into question. Working environment, and the impact on the natural environment, as well as compliance and governance, are important factors. The CSR approach that we have adopted is to be a “good company” that incorporates such processes.

### Promoting initiatives in cooperation with local communities

**Chairman:** What do you think of the CSR initiatives of the Screen Group?

**Fujino:** Although your company has conducted various initiatives, the CSR initiatives of the Screen Group are not well known to the public. It is better that CSR initiatives be focused on specific points. Also, it is preferable that CSR initiatives be promoted in cooperation with local communities or NPOs and not conducted by the company alone.

**Okano:** Our company presents environmental lectures in primary schools and junior high schools. This is our effort to disseminate the expertise that we have accumulated in environmental management. This presents a good opportunity to inform our stakeholders about our initiatives.

**Imamura:** We have a good impression of those companies that present lectures to students. In this sense, it is important that students have some relationship with companies other than simply job-hunting.

**Shimamoto:** We feel that your company has implemented environmental initiatives in a proactive manner. To solve social issues, I think it is better that you inform the public clearly about your fundamental approach, for example, by applying the management philosophy of “Shi Kou Ten Kai”.

**Chairman:** What initiatives do you intend to promote?

**Ando:** In terms of employment, the ratio of employees with disabilities to all employees has fallen below the legal requirement. We are addressing ways of meeting our corporate social

\* “Synchronize! Imagination with Harmony” is the catchphrase of Dainippon Screen. It symbolizes the fundamental approach of a company promoting the development of a society for the new age.

## Members of the Kyoto CSR Forum



**Seichiro Shimamoto**  
Professor,  
Faculty of Human Studies  
Department of Social Design Studies  
Kyoto Bunkyo University

**Masahiro Fujino**  
Chief Coordinator  
Kyoto NPO Center

**Masamichi Okano**  
Assistant Manager,  
Global Environmental  
Management Department  
Shimadzu Corporation

**Mariko Imamura**  
Senior, Policy Studies Major  
Doshisha University

## Members of Dainippon Screen



**Hiroaki Nakamura**  
President,  
General Affairs Company

**Mitsuhiro Ogawa**  
Deputy Manager,  
General Affairs &  
EHS Strategy Department

**Makoto Sawada**  
General Manager,  
Strategy & Environmental  
Department,  
General Affairs Company

**Kimito Ando**  
President,  
Human Resources  
Company

**Masamichi Rokutan**  
(Chairman)  
General Manager,  
Corporate Communications  
Department

responsibility in this regard.

**Ogawa:** Since our company is involved in the visual information industry\*, we wish to contribute to people with a visual handicap. First, we held a study meeting and invited visually handicapped people.

**Sawada:** In our business, it is important that we continue to reduce CO2 emissions by implementing modal shifts and developing eco-friendly products. Also, I think that making a company whose employees work diligently will fulfill its CSR. In addition, we intend to contribute to local communities through our commitment to forest conservation initiatives.

**Nakamura:** We intend to offer our image processing technologies to cooperate in the digital storage of Kyoto's cultural assets. We hope that our sincere initiatives become more widely known so that society takes an interest in our company.

the CSR initiatives.

**Shimamoto:** I consider the fundamental strategy contained in the management philosophy of "Shi Kou Ten Kai" to represent the key to the CSR approach. It is also necessary to shift our management targets to those that encompass CSR in addition to sales targets. I think it is important to determine how to establish a governance system. I have high expectations in this regard.

## Enhanced information disclosure

**Chairman:** I would like to ask your opinion of our "Social and Environmental Report".

**Imamura:** I am interested in the workplace environment from a student's perspective. I would hope the company would present more detailed information on the employee retention rate. I would like the company to communicate more actively with students.

**Okano:** As with our company, it is also important to consider how widely the content of reports is disseminated inside the company. Employees are also important stakeholders.

**Fujino:** Implementing CSR depends on how seriously the management wishes to fulfill its CSR and how eager the employees are to implement it. It is important that all employees be involved in

### The Kyoto CSR Forum

The Kyoto CSR Study Forum is a group of individuals who participate in free discussions and research on Kyoto-oriented CSR. It comprises companies whose headquarters are located in Kyoto as well as NPOs, NGOs, students, and administrative organizations. This group was established as the result of a proposal by Prof. Seichiro Shimamoto of Kyoto Bunkyo University.

### Follow-up to the discussion

We intend to promote our CSR initiatives more effectively by referring to the opinions presented to us in order to attract greater interest in our company that extends beyond the environmental aspect. In this way, we aim to become a better company. We thank all participants for their contributions.

### Plans for future initiatives

- Promoting employment of persons with disabilities
- Contributing to persons with visually disabilities
- Commitment to forest conservation initiatives
- Promoting communication between students and companies

\* Visual information industry: The industry that is involved in visual information, covering everything from printing to the mask products for color television CRTs and LC production equipment.



# Feature Article 3

Reports by International Affiliates

## Environmental initiatives of MTMC, our Chinese affiliate



**Yasuhiro Shiraishi**  
President & COO  
Dainippon Screen MT (Hangzhou) Co., Ltd.



MTMC office building

### A production base contributing to our international strategy in the printing and prepress-related equipment and IT-related businesses

Dainippon Screen MT (Hangzhou) Co., Ltd. (MTMC) was established in Hangzhou in September 2003 with the mission of developing the Chinese market. This company produces CtP\* equipment for the Media and Precision Technology Company in China. MTMC started production in October 2004 and had shipped a total of 1,000 units as of February 2008. By procuring material in China and utilizing that country's low-cost infrastructure, MTMC has succeeded in reducing costs. MTMC is now planning to take advantage of its price competitiveness by producing products targeting the new markets of Brazil, Russia, India, and China.

Dainippon Screen has built a global network by establishing Group companies in Asia, Europe, North America, and Oceania. Most of these international companies are sales and maintenance/service companies; however, MTMC is one of our international manufacturers. Therefore, MTMC's major management challenges are to promote localization in material procurement and human resource development and to determine how to imbue local employees with Dainippon Screen's management philosophy. Through the environmental conservation initiatives of MTMC, we are introducing a change in awareness among local employees.

\* CtP (Computer to Plate):  
A printing technology and printing machinery that fully digitize the printing process, making possible direct printing to plates without the need for an intermediate process using print-ready film.

In China, environmental issues have grown to a level of severity that surpasses that of other countries. In the past decade, China has benefited from a substantial growth rate of 10% on average. While the country has developed into a global factory, it now accounts for 12% of global CO<sub>2</sub> emissions.

Having given this issue serious consideration, the Chinese government adopted a policy of enhanced environmental conservation at the 3rd Conference of the 10th National People's Congress (2004). In short, it intends to develop a recycling economy that reduces energy consumption and increases recycling efficiency for greater use of waste products.

Since MTMC was established, we have intended to make the company a showcase for our environmental conservation initiatives in China, focusing on this background as a Japanese company that has actively implemented environmental conservation initiatives. Toward this end, MTMC has first endeavored to popularize the CtP system as an eco-friendly product that eliminates the need for film in the intermediate process.

MTMC acquired certification of ISO 9001 registration in February 2006, and introduced the PT-R4300 mass production system the following year. MTMC then assembled a team to promote acquisition of certification of ISO 14001 registration. In November 2007, after a 10-month effort, MTMC succeeded in acquiring certification of ISO 14001 registration. During this period, all certification processes were carried out mainly by local employees. I think this is a very significant achievement.



The EMS/QMS promotion team of young employees



## Changing employee awareness through environmental initiatives

Since MTMC has many young employees, we have taken steps to train them so that they can gain an accurate understanding of the major points and objectives of environmental conservation and the certification of ISO 14001 registration as substantial environmental initiatives. First, we started sorting garbage by type. However, we often found different types of garbage mixed in the garbage sorting containers, despite the indications on the containers. In China, garbage sorting is not yet a common practice; therefore, we explained the meaning of garbage sorting to our employees first in order to provide them with a thorough background to the need for this step.

Employee awareness changed remarkably after the acquisition of certification. Packing materials that were included in components from Japan are now reused as returnable boxes in China. We also reuse cushioning materials, such as bubble wrap, for packages whenever possible. Although this is a minor matter, all our employees have their own cups. While vending machines are provided in the cafeteria, waste cans and waste bottles are difficult to recycle in China. Therefore, the only solution to reducing the environmental impact of such waste is to have employees provide their own cups. China today lacks an adequate infrastructure to support recycling initiatives. Large packing materials are accepted by recycling companies, but copy paper, discarded bottles, and discarded cans are not accepted by any company. It may take more time until beverage manufacturers offer waste recycling services.



CtP equipment production area at MTMC

## Aiming to become China's top-rated eco-conscious company

MTMC is currently working toward two targets.

The first target is to increase the recycling rate for packing materials received in component shipments. In China, product transport is a process fraught with difficulty. Therefore, the burden presented by packing materials cannot be ignored. We promote 100% recycling of these materials, while receiving components supplied from Dainippon Screen Japan, and the cooperation of Chinese domestic suppliers.

The second target is to reduce our power cost to a maximum of 0.35% of sales. In China, the ratio of thermal power generation is still high, and the CO<sub>2</sub> emission coefficient is higher than that of developed countries. Notably, power consumption in summer is double the annual average; therefore, we are taking steps to reduce CO<sub>2</sub> emissions while monitoring our environmental performance data.

In addition to these initiatives, MTMC is promoting Dainippon Screen's corporate philosophy at each worksite and production field by displaying posters in Chinese so that employees can see the corporate philosophy daily. In addition, MTMC holds a company-wide morning assembly at the beginning of each month where local employees report on their own environmental initiatives. Thus, we are taking steps to ensure that the entire company is imbued with our corporate stance and environmental consciousness.

### Dainippon Screen MT (Hangzhou) is accredited as an Advanced Technology Enterprise by Zhejiang Province, China

#### Recently, Zhejiang Province certified MTMC as a Foreign Investment Advanced Technology Enterprise.

MTMC currently produces CtP equipment (PlateRite Niagara and other products) mainly for the emerging economies of Brazil, Russia, India, and China. MTMC is promoting initiatives related to quality and environmental improvements, including acquisition of certification of ISO 9001 and ISO 14001 registration.

MTMC has earned high praise for its honest approach to entering the Chinese market and for its excellent proprietary technologies. As a result, MTMC has been certified as a Foreign Investment Advanced Technology Enterprise.



Regular EMS/QMS promotion meeting

Note: MTMC environmental performance data is available at the following link:

**URL** <http://www.screen.co.jp/environmentE/performance.html>

# Corporate Governance

**Q: How do you ensure transparent corporate management?**

**A: We have established a corporate governance system that strengthens and improves our management foundation.**

## Basic corporate governance philosophy

The Screen Group is working to enhance corporate governance in aiming for transparent management, financial health and efficiency in order to comprehensively ensure profits for all stakeholders. Moreover, the Screen Group is implementing a consolidated medium-term three-year business plan, Vision2008 (from April 2006-March 2009), with promotion of CSR Management as a core strategy that emphasizes "Strengthened Corporate Governance", "An Enhanced Internal Control Function" and "Enhanced Environmental and Safety Management" as important management issues that need to be addressed.

## Outline of corporate governance structure

As the ultimate decision-making body for the Dainippon Screen, the Board of Directors decides on and approves important corporate management matters and supervises the status of the operational implementation of matters. The Board meets regularly once a month and meet at any other time that it is deemed necessary. To maintain the objectivity of management execution, the Board has selected outside directors since 2000. (At present, three of the eight directors are outside directors.) In April 1999, Dainippon Screen introduced a corporate officer system in an effort to improve management efficiency and enhance operational implementation through more rapid decision-making and transfer of authority. Furthermore, in April 2002, Dainippon Screen adopted an internal company system, and established a Management Committee comprising directors and corporate officers as the executive authority for top management.

Dainippon Screen has also adopted an auditor system. The Board of Auditors, which comprises four auditors of whom two are outside auditors, conducts audits for legal compliance and appropriateness. Specifically, it focuses on directors' operational implementation, attendance at the Board of Directors and other important meetings, inspection of documents on major decisions, and audits of individual sites and companies of the Group.

In addition, we have established the Group Auditing

Department for internal audits. This department conducts audits on the business operations of the entire Group—including domestic and international Group companies—and proposes operational improvements. After the audits are conducted, the results are immediately reported to the representative directors.

## Development of the internal control system

In keeping with our corporate philosophy, Dainippon Screen ensures compliance with all laws, ordinances, and social norms in Japan and other countries and maintains a high awareness of ethical standards in its business operations. In May 2006, the board of directors, in compliance with company policy, decided to establish an internal control system. According to this decision, Dainippon Screen established an organization to promote the implementation of an internal control system. This system conducts mainly the following initiatives:

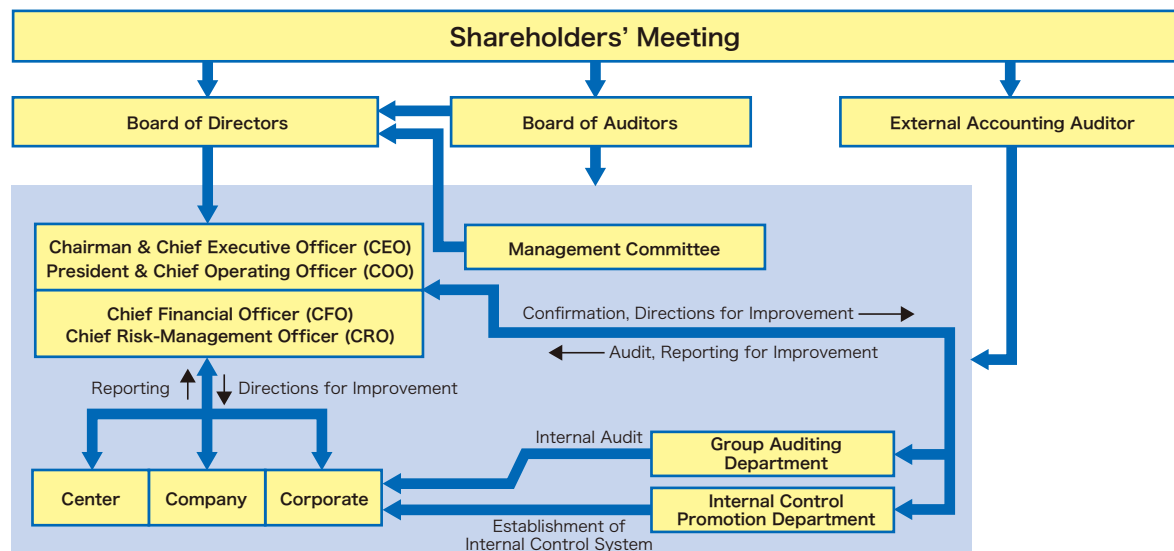
1. Notification of significance and specific operations of internal controls
2. Documentation of principal business operations of individual organizations and Group companies
3. Implementation of a compliance system
4. Implementation of a risk management system
5. Implementation of a system to ensure the reliability of financial reporting

## Control promotion system

Dainippon Screen has established an Internal Controls Committee (chaired by the president and COO) to undertake risk management, discussion, decision-making, and progress checks of policies and to prepare plans for internal controls for the entire Group.

Furthermore, in order to promote corporate governance, Dainippon Screen has instituted a control system for ensuring timely disclosure, disaster risk management, environmental and social initiatives, compliance, and security of corporate information. This approach enables us to respond rapidly to deal with critical issues as they arise.

### Outline of the Dainippon Screen Group's Corporate Governance Structure



Note: Dainippon Screen submits its "Corporate Governance Report" to the Tokyo Stock Exchange. The latest report is available at the following link:

**URL** <http://www.tse.or.jp/english/>

# Compliance

**Q:** What initiatives have you implemented to help your directors and employees maintain a high awareness of ethical standards?

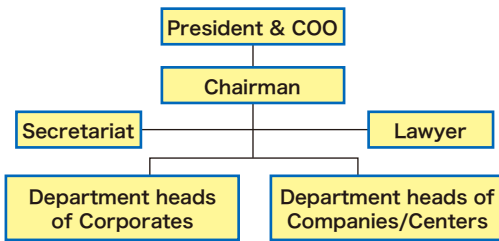
**A:** We have launched a Compliance Committee to deal with any compliance issues that may arise related to our day-to-day business operations and to promote more refined initiatives.

## Basic compliance philosophy

The Compliance Committee was established to ensure that directors and employees comply with relevant laws, ordinances and articles of incorporation in execution of their business operations. This committee promotes fair, transparent corporate management through thorough dissemination of the content of the Charter of Ethics and by reviewing the internal reporting system.

## Organization and promotion system

The Compliance Committee, under direct supervision of the president & COO, is chaired by the executive in charge of compliance affairs. The committee members are the department heads of each Corporate and the heads of each Company and Center in charge of management.



## Major initiatives of the Compliance Committee

In fiscal 2007, the Compliance Committee implemented systematic improvements to the compliance system (including a review of the Corporate Ethics Help Line, an internal reporting system) and preparations of internal regulations to comply with enforcement of new laws and legal amendments (prevention of insider trading, protection of whistleblowers, and the like). In fiscal 2008, this committee will strengthen controls on security trading and promote international compliance initiatives.

## Corporate Ethics Help Line

We established a Corporate Ethics Help Line to solicit internal reports by telephone, fax, and e-mail. It is intended for the use of executives, employees, and temporary staff of Group companies in Japan and employees of our affiliates. In fiscal 2007, a contact office (law office) was established outside the company to solicit internal reports. In addition, we introduced a reporting system on our secure dedicated website. To prompt the use of these reporting methods, we have distributed posters and portable cards for our Corporate Ethics Help Line campaign to publicize our expanded contact capacity.



## Rules and compliance issues

In August 2007, we established our philosophy of compliance initiatives and adopted a catchphrase that makes people more aware of compliance initiatives.

### Philosophy of compliance initiatives

As a corporate citizen, we must comply with relevant laws, ordinances, and regulations while aiming to adopt independent initiatives based on a strong ethical awareness, thus, we intend to "Maintain a Clean Screen" through fair and just management in order to share the future with our stakeholders.

### Catchphrase

"Maintain a Clean Screen"

## Education and training

We hold seminars by job category during the period when promotions are handed out, for example. Moreover, we are promoting an "e-learning" continuing education initiative on PCs so that employees gain a deeper understanding of compliance. In fiscal 2007, we held a Sexual Harassment/Bullying Prevention Seminar for executives, employees, temporary staff of domestic Group companies, and employees of our affiliates. In addition, we prepared and distributed a handbook to clarify the meaning of risk management. In fiscal 2008, we will continue to ensure that all employees have a thorough understanding of compliance issues.



Handbook



Seminar in progress

### Comments of a person in charge

During the seminar, we explained the importance of enhancing awareness of human rights and reform of the corporate constitution, in addition to providing a basic definition of sexual harassment and power harassment (abuse of managerial power). We intend to promote compliance education and training in various ways in the future.

**Hanako Iwamoto**  
Corporate Legal Department

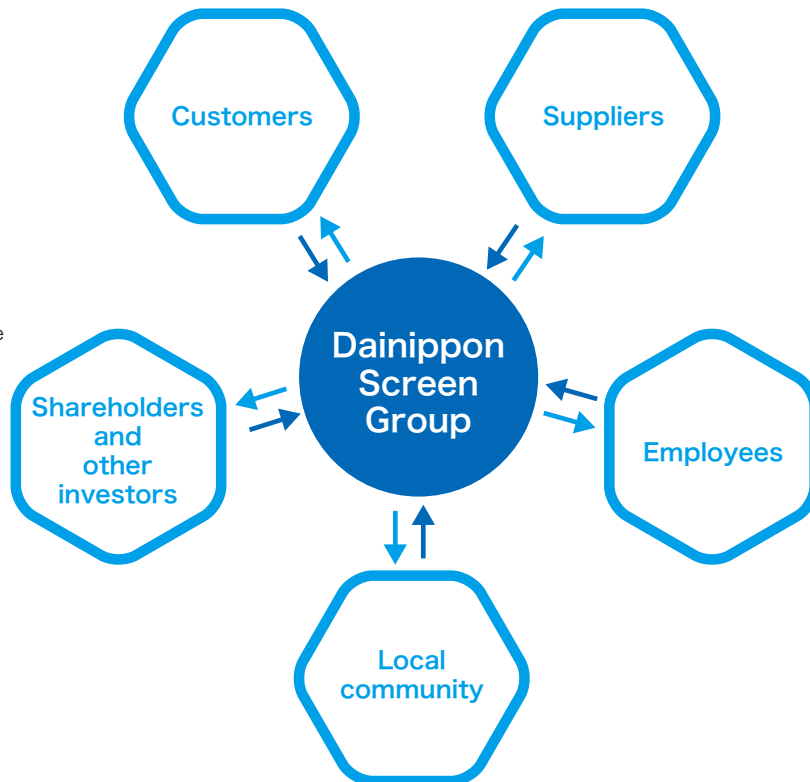


# Relationship with Our Stakeholders

In order to share a sustainable future with our stakeholders, we believe it necessary that the economic value created by our business operations be appropriately distributed to stakeholders. This report focuses on the economic influence of our business operations.

## Dainippon Screen Stakeholders

The major stakeholders that we must consider of greatest importance are our customers; shareholders and investors; suppliers; employees; and local communities. Dainippon Screen understands that pursuit of maximum profits for stakeholders is our corporate responsibility for the benefit of society.



## Customers

### Meeting demand and improving customer satisfaction

We sell semiconductor production equipment, FPD production equipment, graphic arts equipment, and other products to our customers, the electronics and printing industries. Today, we supply our products to customers worldwide; our international sales ratio now exceeds 60%. Our semiconductor production equipment and FPD production equipment for the electronics industry, and our CtP systems for printing industry, command the leading share of world markets. We are aware that our business operations support innovations in related industries worldwide; we therefore strive to reliably meet customer demand as part of this supply chain.

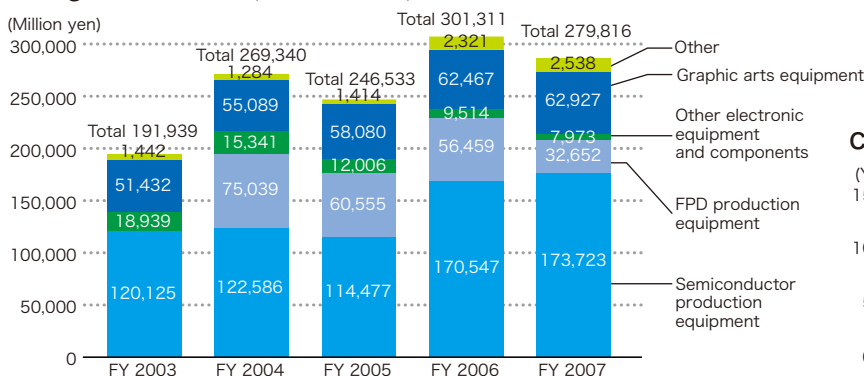
## Shareholders and other investors

### Efforts to return profits to shareholders

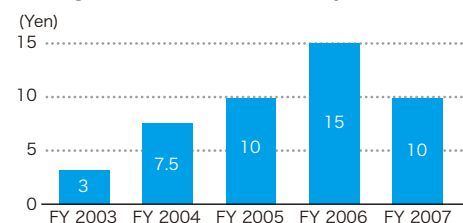
We have a total of 16,844 shareholders who hold 253,974,000 shares. As for our major shareholders, financial institutions hold 40.69%, foreign corporations (and individuals) hold 22.56%, domestic corporations hold 10.41%, individuals & others hold 18.61%, treasury shares accounts for 6.52%, and others hold 1.21%. As for profit returned to shareholders, we have adopted a policy of maintaining stable dividends with a comprehensive understanding of our management environment and profitability, while ensuring adequate internal reserves to maintain growth in business and profit.

For the fiscal year ended March 31, 2007 (fiscal 2006), the dividend per share was ¥15. For the fiscal year ended March 31, 2008 (fiscal 2007), the dividend per share is estimated at ¥10.

### Changes in net sales (consolidated)



### Changes in annual dividend per share





## Suppliers

### Fair and just procurement

Our major domestic suppliers total about 250 companies, with our international suppliers totaling about 30 companies in 12 countries. We are developing a fair and just approach to procurement with domestic and international suppliers in compliance with agreements and relevant laws and ordinances. Thus, we have established relationships to achieve mutual prosperity based on trust. Also, together with our suppliers, we are actively promoting green procurement and other environmental conservation initiatives.

## Employees

### Employee retention and growth in employment

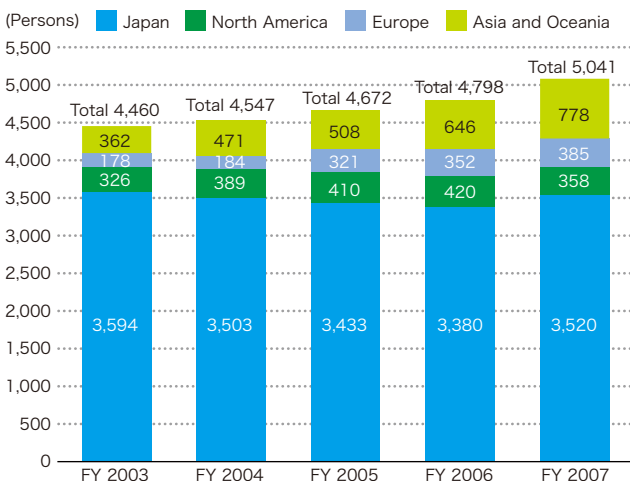
We employ about 5,000 people. Our domestic development and production bases are in 17 locations, while our sales and maintenance/service bases are located at 37 sites. We also have 24 international affiliates that employ at least 1,500. Thus, we are actively promoting local employment.

## Local communities

### Continuous tax payments

First, we believe that the company must earn profits through corporate initiatives and pay the required taxes in order to fulfill its corporate social responsibility. Toward this end, Dainippon Screen has adopted a policy of implementing a stable profit-earning system. The total amount of corporate tax that we appropriated for the fiscal year ended March 31, 2008, was ¥4,280 million.

### Changes in number of employees by area



### A commitment to environmental conservation

Dainippon Screen has acquired certification of registration with ISO 14001, the international standard for environmental management systems, for all its domestic production bases and major maintenance/service bases. Of the 29 sites that are subject to registration, a total of 11 sites (both domestic and international) have been registered.

# Customer Relations

**Q: What initiatives are you implementing to improve quality and reliability?**  
**A: We have established a system that conforms to ISO international standards in order to improve customer satisfaction.**

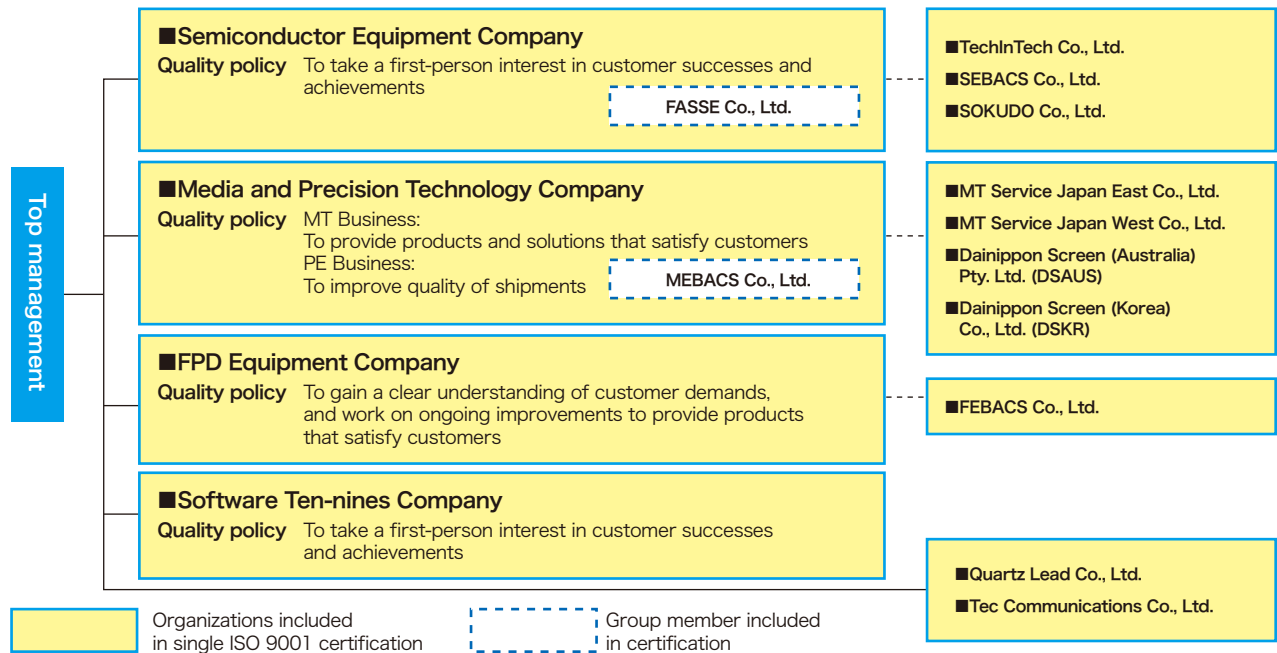
## Quality policy

### Implementing a quality policy for each business

"A shared future" is one of the objectives set forth in the Screen Group's corporate philosophy. With the goal of earning the trust and meeting the expectations of society while keeping an eye on the future, we are pursuing a high level of customer satisfaction and trust as one of our top priorities. In pursuing this goal, all

Screen Group companies both inside and outside Japan have been promoting acquisition of registration certification\* for ISO 9001, the international standard for quality management systems ("QMS") since 1996.

### Quality management system



Note: For details of the progress of our ISO certification, refer to the following link:

**URL** <http://www.screen.co.jp/environmentE/iso.html>

## Examples of quality improvement initiatives

### Company-wide adoption of ISO systems

The FPD Equipment Company recognizes QMS activities as being fundamental to earning the trust of the Screen Group and its Companies, and it is striving to improve the effectiveness of its operations. In fiscal 2007, its plant-focused activities were expanded to include the sales division, resulting in a strengthened infrastructure for all company-wide initiatives.

### Initiatives to expand our quality management system

With the goal of expanding the ISO system, the FPD Equipment Company has revised and created new quality manuals and regulations, and commenced full implementation in October 2007. Following internal audits and management reviews, the system passed the renewal/expansion examination and the entire FPD Equipment Company obtained its registration certificate in March 2008. The expanded divisions are being upgraded in order to more effectively operate the required PDCA (Plan, Do, Check, Act) cycle so that the system fully permeates the Company.

### Legal compliance, securing safety and quality improvement

As one of our priority issues, we established a quality policy of development, design, production and sales of products that meet customer requirements and legal/control requirements; moreover, we conform to all technical standards related to product quality such as performance, safety and reliability. The key operational issues of the FPD Equipment Company related to operations, products, and services are legal compliance, securing safety, and quality improvement.

### Comments of a person in charge



**Repeated evaluation and correction of customer satisfaction levels has resulted in improved products and services.**

**Kenji Toyomura**  
 Production Administration Department  
 FPD Equipment Company



**Q: How have you arranged your product supply system to cope with an earthquake or other disaster?**

**A: We have taken steps to ensure stable product supply and services even in a disaster.**

## Examples of business continuity initiatives

The Semiconductor Equipment Company is adopting Business Continuity Management (BCM) in order to ensure a stable supply of products and services even in a case of natural disaster, accident, or malfunction.

### Field Training for Business Continuity Management

In fiscal 2007, we conducted field-training drills that assumed two types of accidents or disasters. In April, the Yasu Plant shut down the power supply to its communications system, simulating a fire in the IT server equipment that brought down the main system. In November, the Hikone Plant suspended operation by turning off the power supply to the plant, simulating the occurrence of an earthquake with a seismic intensity of "6-upper" (magnitude 7.5). In field training, we monitored the emergency liaison and safety confirmation system in order to examine and verify nine items, such as egress from the clean room, safety confirmation, production adjustment in the event of an emergency, restoration of IT backup data, and so on. As a result of these initiatives, the BCM achievement ratio increased from 70% (in FY 2006) to 90% (in FY 2007). (See chart at right)

During 2007, Japan was struck by the Mie Middle-Area Earthquake, Niigata Chuetsu Offshore Earthquake, and Kanagawa West-Area Earthquake. As a result of the BCM system, we were able to apply our field training to customer site inspections through our liaison networks in each region.



Egress drill from the clean room

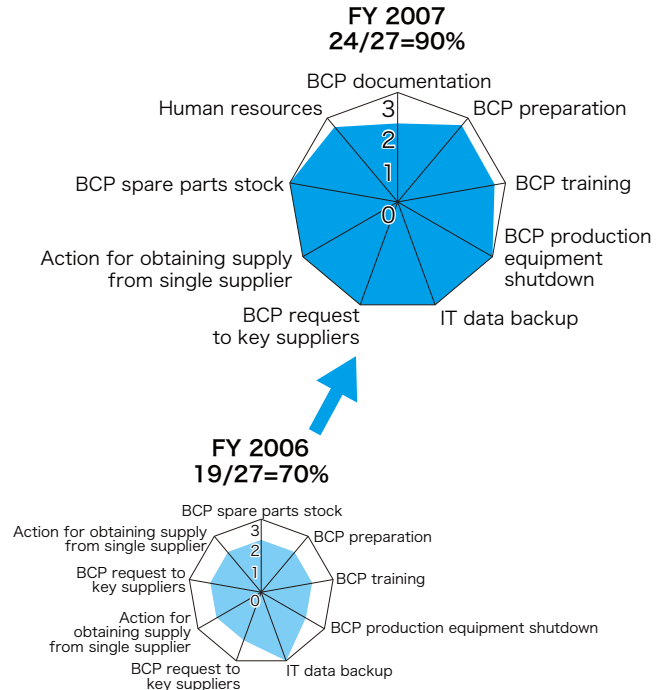
### Level 3 rating achieved under CMMI, an international index for software development

Software Ten-nines Company has achieved a Level 3 rating under Capability Maturity Model Integration (CMMI) Ver. 1.2\* for evaluating and judging software development capacity. This company has implemented quality improvement initiatives for in-house products such as semiconductor production equipment. In July 2007, this company introduced process improvements aiming for a CMMI Level 3 rating in order to demonstrate its improvements in the software development process. Having introduced an internal development management system and systematic process-dependent improvement initiatives, it was certified as having attained a CMMI rating of Level 3.



\* CMMI Ver. 1.2 (Capability Maturity Model Integration): Integrated/enhanced process maturity improvement models for software development of Carnegie Mellon University, U.S.A.

### Trends in achievement of business continuity management



### Developing BCM among key suppliers

In fiscal 2007, 33 suppliers had adopted BCM, an addition of six suppliers to the 27 who had adopted BCM as of fiscal 2006. For suppliers who serve our semiconductor business, we have continued to promote BCM to ensure a stable supply of parts. We believe this will result in stable supply of products to our customers.

### Initiatives targeting IT and production equipment

Following our second field training drill conducted in 2007, we increased the data backup frequency from the conventional weekly cycle to a daily cycle. This ensures we can restore the system more quickly in the case of an accident or disaster. As a countermeasure for our production equipment in preparation for an accident or disaster, we have selected substitute production methods, such as shifting to another production site, and have instituted environmental preparations for this purpose. We intend to continue our BCM initiatives in the future by adapting our BCM initiatives to ISO international standards and by attempting further improvements to each system in order to meet customer expectations.

### Comments of a person in charge



Customers have high expectations that business continuity management will meet their needs in the future. We intend to develop these initiatives in order to meet customer requirements.

**Hiroyuki Kan**  
Global Quality Department  
Semiconductor Equipment Company

# Customer Relations

**Q: What kind of product information do you provide to customers to improve reliability?**  
**A: We offer product information focused on meeting customer needs.**

## Examples of our product information

The Media and Precision Technology Company ("MP Company") is striving to improve the quality of its products, services, and operations. In its approach to quality management, it takes into consideration the opinions and requests submitted by customers in a questionnaire. As many customers have specifically requested the timely provision of product information, the MP Company is promptly delivering information on its website under the heading of "Media Technology" in order to help its customers maintain a stable production environment that accommodates a constantly changing business environment.

**URL** [http://www.screen.co.jp/ga\\_dtp/en/download/](http://www.screen.co.jp/ga_dtp/en/download/)

### Ensuring effective use of our products

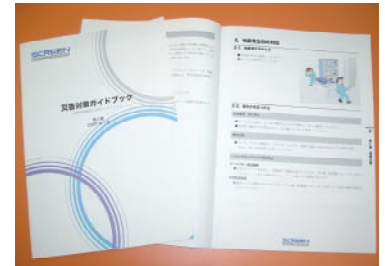
We provide information on product functions, examples of product introductions for existing users, and solutions that ensure effective use of our products. Moreover, through our "Web Guide to Accurate Output", we deliver technical information on operation with the Front DTP application to ensure the creation of accurate output on the first attempt. It also contributes to efficient operation of "Trueflow", our workflow RIP product.

### Minimizing risk in the production environment

The MP Company is committed to maintaining an inventory of service parts for 7 years after a product has been discontinued. Moreover, it will even supply the parts for as long as possible after the 7 years, although circumstances might make this impossible. Therefore, we provide customers with advance notice of the time limit on availability of service parts for discontinued products so that the customers could plan appropriately.

In order to protect customer equipment from disasters, we have

distributed a "Disaster Readiness Guidebook" containing readiness measures and items to inspect when restoring equipment after a disaster. When a disaster occurs, we employ our proprietary Initial-Response Support System in order to promptly provide information on damage investigations and restoration support operations. We also provide information on responding to software infections from computer viruses. In this way, we are supporting our customers by helping to ensure a more secure production environment.



"Disaster Readiness Guidebook"

### Comments of a person in charge



**I like to provide customers with a wide range of useful product information.**

**Michiko Tokumasu**  
Business Development Department  
Media and Precision Technology Company

## Contributions to customers and the industry

### Offering environmental solutions for existing semiconductor manufacturing plants

In cooperation with Toshiba Corporation ("Toshiba"), Dainippon Screen has jointly developed equipment for removing approximately 75% of the isopropyl alcohol (IPA)—a volatile organic compound (VOC) that contributes to air pollution—that vaporizes into the atmosphere from wafer cleaning system during the semiconductor production line cleaning process. Toshiba provided the basic technologies while Dainippon Screen designed the equipment for integration with cleaning equipment. Conventionally, IPA is removed with external decontamination equipment located off the production line. With this new equipment, however, total emissions can be reduced by efficiently removing IPA with existing wafer cleaning system simply through modification of the gas/liquid separation box.



Dainippon Screen's FC-3100 semiconductor production equipment with integrated IPA removal equipment jointly developed with Toshiba

### Contributing to the Asian semiconductor industry Earning high praise from our customers

Against the backdrop of several years of steady growth in the Asian digital consumer electronics market, the scale of semiconductor production has been rapidly expanding in Taiwan, China, Singapore, and other Asian economies. The Semiconductor Equipment Company was awarded several commendations for its overall contribution to quality and service as a supplier, winning the admiration of several customers, among them some of the world's leading semiconductor foundries\*.



Presentation ceremony where we received a commendation from our customer

\* Semiconductor foundry: A company specializing in the consigned manufacture of semiconductors. Typically, semiconductor design companies with no manufacturing facilities provide their own design data to these foundries.

# Relationship with Suppliers

**Q: What measures do you take to maintain close relationships with your suppliers?**  
**A: By ensuring equitable and rational decision-making on all occasions, we are taking steps to justify the trust our in-house workers and suppliers have placed in us.**

## Policies

### Open and fair procurement: Fair and impartial procurement activities

Our supplier evaluation and selection activities are based on a philosophy of enabling free competition among all domestic and international suppliers in an open and fair manner. We evaluate a wide range of suppliers, to select outstanding candidates with the optimum quality, cost, delivery time, technological capability and environmental awareness. We are always eager to accept proposals from new suppliers, regardless of company size or whether they have done business with us before.

### Partnerships: Creating mutual prosperity from mutual trust

Close ties to suppliers are indispensable to building relationships of trust. We work to create mutual growth through sound transactions rooted in mutual trust.

### Global orientation: Internationally-minded procurement

Our business activities spanning the globe are matched by a dynamic approach to sourcing the optimum materials from all over the world.

### Green procurement: Environmental preservation work

As an active step toward environmental preservation, we work with business partners to improve our green procurement activities.

## Case histories

### Organizing our policy announcement meeting

We hold an annual policy announcement meeting that attracts about 250 of our main suppliers to explain business conditions as well as the policies of each operating company for the current fiscal period. Following this meeting, we hold a convivial get-together in which we develop stronger partnerships and establish relationships to support reciprocal development. We commended those suppliers who have submitted Value Engineering (VE)\* proposals and have thereby achieved excellent results.



Policy announcement meeting held in June 2007



Masahiro Hashimoto, COO, (left) with an award-winning supplier

\* VE (Value Engineering):

A systematic method of improving the "value" of goods and services through an examination of function. "Value" is defined as the relation between function and cost.

### Best Partner Awards

Dainippon Screen's Best Partner Awards recognize those suppliers that have made significant contributions to growth in each of our business areas.



The award-winning suppliers pose with our COO, Masahiro Hashimoto, and the presidents of our companies.

### General Supplier Evaluation System

Our purchasing departments launched a company-wide General Supplier Evaluation System in fiscal 2006. This system assesses our main suppliers on their results from the previous year. The comprehensive evaluation of uniform criteria for all our companies—spanning management, the environment, quality, delivery time, and helpfulness—presents a quantitative picture of the transactions between our suppliers and us. This serves to clarify the order process.

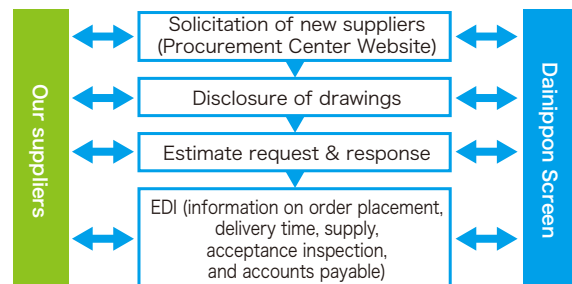
### Electronic procurement

With the arrival of the broadband era, speed and open transactions are now needed when procuring raw materials. Dainippon Screen was one of the first wave of companies to create an online electronic procurement environment, and we now have several online procurement systems, including our Procurement Center Web Site, Drawing Disclosure System, Estimate Request and Response System, and Ordering EDI\* System. By increasing the efficiency of bidirectional business transactions between the Company and its suppliers, these systems have proven to be useful tools that facilitate global trade.

\* EDI (electronic data interchange) system:

A system for electronic exchanges of information on trading transactions between companies using a standardized format.

### Overview of electronic procurement



### Winner of the Environment Award of the Logistics Grand Prize

In order to further reduce the CO<sub>2</sub> output attributable to physical distribution, we have established a physical distribution network using ferries focused on the Kyushu Area and instituted a maritime modal shift\* in April 2007. Transup Japan Co., Ltd., a member of the Screen Group, has been in charge of this operation. This venture became the focus of attention in newspapers, on television, and in other media for integrating manufacturing, logistics, and shipping. This highly praised approach was awarded the Environment Award of the Logistics Grand Prize for fiscal 2007 from the Japan Institute of Logistics Systems in the field of logistics for industrial instruments, marking the first time the award had been presented to a company in Kyoto.



\* Modal shift:

Conversion from arterial freight transport with conventional transport trucks to more energy-efficient marine or railway transport that enables the aggregation of mass transport.



# Relations with Shareholders and Other Investors

**Q: What is the focus of your IR initiatives?**

**A: We emphasize interactive communication based on a foundation of timely and fair disclosure.**

## Policies

We are working to improve communication with our shareholders and other investors according to our Charter of Ethics, which stipulates, "To strive for best practice in corporate accountability and communication with the wider community, ensuring thorough administrative transparency with integrity and openness." Specifically, we are striving to promote interactive communication in the processes through which we disclose, in an appropriate and equitable manner, our management vision and financial circumstances, which are indispensable to our shareholders, while our shareholders provide us with feedback.

## A focus on interactive communication

### IR initiatives for the benefit of shareholders and other investors

Our IR initiatives utilize interactive communication for the benefit of shareholders and other investors. We have proactively introduced their feedback in management committees in order to give due consideration to their questions and observations.

### Initiatives for domestic and foreign institutional investors

For domestic institutional investors, we provide quarterly earnings briefings, an annual technology seminar, seminars at exhibitions related to our business, and factory tours. Our top executives visit individual investors in separate meetings following the release of financial statements.

For foreign institutional investors, our top executives hold meetings during conferences organized by securities companies, and exhibitions, and visit these investors at their home bases in Europe, Asia, and North America.



FY 2006 earnings briefing



Booth tour at the IGAS2007 exhibition for the printing industry

### Initiatives for individual investors

For individual investors, we provide factory tours and presentations at exhibitions organized by enterprises specializing in IR initiatives. Above all, we enhanced our initiatives in Tokyo, also in Kyoto, Shiga, and other areas where our businesses are located. Furthermore, to improve communication, we provided the first opportunity for informal discussions between our shareholders and executives, including the CEO and COO, following our regular annual meeting of shareholders. We intend to continue expanding opportunities for communication with individual shareholders and other investors.



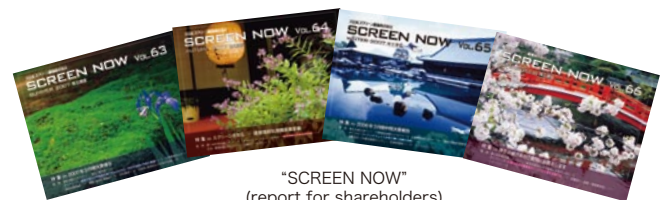
Nikkei IR Fair 2007

### A wealth of communication tools

To increase the public's awareness of Dainippon Screen, we provide a range of communication tools, such as our annual report, annual investors guides for foreign and domestic institutional investors, and our quarterly shareholder publication "SCREEN NOW".



"Annual Report 2007"  
(English-language and Japanese-language editions)  
"Investors' Guide 2007"



"SCREEN NOW"  
(report for shareholders)

### FY 2007 IR initiatives

Investor Events	Number of Annual Events
Earnings briefings	4
Technology seminars	2
International IR initiatives	5
Factory tours and events for institutional investors	3
Exhibitions and briefings for individual investors	9
Small meetings and one to one meetings	About 200

## An emphasis on timely and fair disclosure of information

### An enriched website

We have been working to enrich and improve the provision of IR information through our website in order to ensure timely and fair disclosure of information to shareholders and other investors with whom we ordinarily have little opportunity to communicate. For example, at the time of an earnings briefing or announcement of other material information, we provide prompt, same-day disclosure on our website as well as videos of earnings briefings in order to improve timeliness and fairness. Moreover, we provide an "IR E-mail Alerts" service through which we deliver IR information and various other reports. In fiscal 2007, we initiated production of an English version of this mail delivery service that has enabled us to establish a framework of more active disclosure to investors worldwide.



IR information page



Video download page

**URL** <http://www.screen.co.jp/ir/en/index.html>

### Evaluation of an external organization

Daiwa Investor Relations Co., Ltd. named Dainippon Screen to its list of companies who maintained an excellent IR website in 2008. We intend to live up to this recognition by continuing to emphasize timely and fair disclosure.



### Comments of a person in charge



**Our priorities are to disclose information and create communication tools for the benefit of shareholders and other investors. We focus on the prompt disclosure and on enriching the content of our IR website so that the information our investors require is readily accessible.**

**Ai Ooka**  
Corporate Investor Relations Department

### Making good use of investor observations in our IR initiatives

We emphasize interactive communication. For this reason, we respond promptly to views and questions submitted to our website by shareholders and other investors. One response to such observations is that we have provided new information on our IR page regarding questions and answers in the earnings briefing for institutional investors and analysts in fiscal 2007. This information attracted much interest and prompted individual investors to visit our website. In each quarterly issue of "SCREEN NOW", we request that our shareholders fill out a questionnaire; the COO then responds to these questions in a subsequent edition. Clearly, this is a good example of our proactive approach to interactive communication.



## Dainippon Screen added to SRI stock index

In recent years, there has been growing interest in socially responsible investment (SRI\*) trusts, which include CSR (corporate social responsibility) among their criteria for making investment selections. Dainippon Screen was added to the FTSE4-Good Index, a UK SRI stock index in FY 2004.



FTSE4Good

\* Investment trust that undertakes a comprehensive assessment of a company not only from a financial perspective, but also from social and ethical viewpoints. Recently, more and more investment trusts have been employing distinctive criteria, such as those focused on environmental initiatives and those targeting companies that provide women with stress-free work conditions by offering childcare services and the like.

# Employee Relations

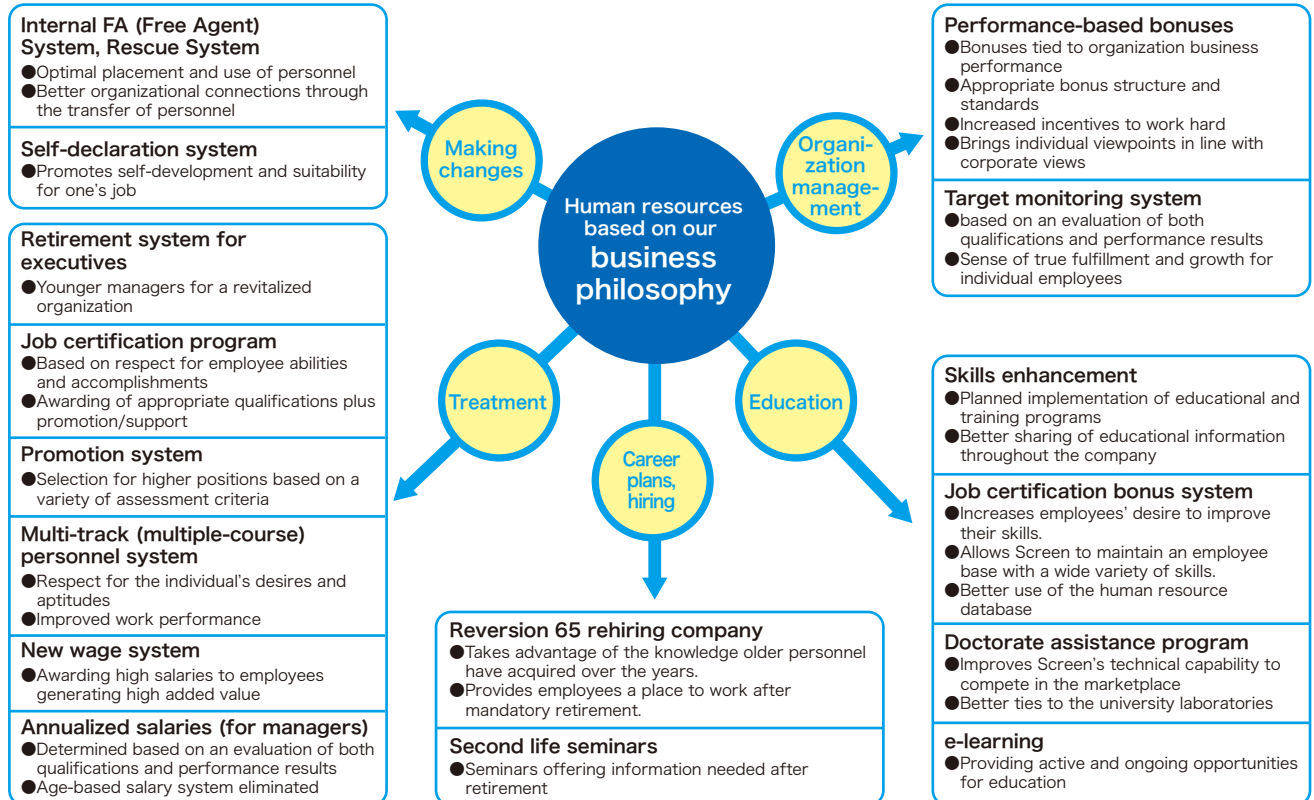
Q. What measures are taken to boost employee job satisfaction and improve employee health and safety?

A. We seek to implement a diverse employment and workplace environment while providing the conditions through which employees can maintain their physical and mental health.

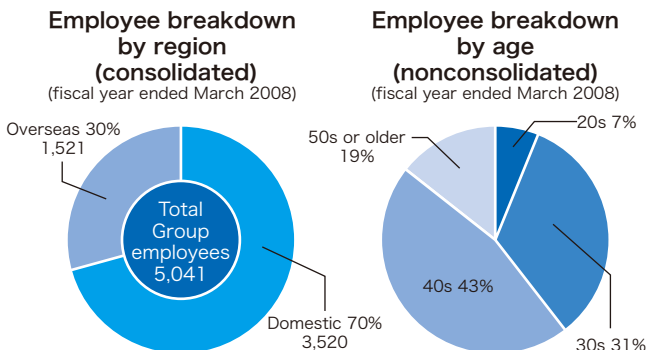
## Policies

Dainippon Screen's personnel policy is driven by two major ideas: (1) switching from seniority-based promotions to ability- and performance-driven promotions, and (2) valuing employee opinions and aptitudes. These ideas have been behind several personnel systems and measures we have started.

### Personnel strategy and implementation



## Employee breakdown, support for creating diverse employment opportunities



### Hiring initiatives

The Company supplements its yearly hiring of new graduates with hiring of mid-career employees whenever needed. In FY 2007, we hired 81 new graduates and 49 mid-career employees. In FY 2008, we hired 80 new graduates and expect to hire 20 mid-career employees. We hold hiring briefings throughout Japan to provide employment opportunities to as many job-seekers as possible. We offer internal company education programs to ensure impartial hiring and comply with the Equal Employment Opportunity Law.

### Female employees

The company is an equal-opportunity employer, and the number of female employees hired for career positions has generally been rising over the past few years. Our female employees continue to prove themselves in many types of jobs in the technical, sales, and planning departments.

### Total number of female employees during the past 3 years

	FY 2005	FY 2006	FY 2007
Career positions	33	44	57
Clerical positions	129	122	116
Contracted employees	3	3	2
<b>Total</b>	<b>165</b>	<b>169</b>	<b>175</b>

### Employees with disabilities

We have been working steadily to ensure our work environment remains compatible with the needs of all employees and have started providing sign language interpreters for promotion examinations and for major internal briefings. While our ratio of employees with disabilities is currently below the legal guideline, we have instituted ongoing efforts to raise this number to at least the compliance level.



## Support for diversifying work styles and lifestyles

The Group has several diversity initiatives to support today's diversifying work styles and lifestyles.

### Career transition assistance

In May 2005, we established Miyako LinkRing Co., Ltd., a temporary staffing agency, in order to register and hire outside workers. As part of our effort to help train future generations, the company also registers and hires ex-employees of our group companies who can offer themselves for work during specified hours. In fiscal 2007, the company hired and placed one registrant. Moreover, it has registered and hired more employees from a broader range of the public besides our group companies alone. It provides expanded opportunities for members of the generation that has completed its childraising responsibilities and wishes to return to work. Notably, it provides favorable job conditions, allowing such individuals to work, for example, for a short period or for just three or four days a week. In fiscal 2007, the company registered a total of 74 temporary staff and placed 29. The number of working staff has increased from 33 at beginning of the fiscal year to 48 by fiscal year-end.

### Reemployment system

Prior to the revision of legislation (Japan's Law Concerning Stabilization of Employment of Older Persons), we established Reversion 65 Co., Ltd., a staffing company that rehires our retired employees and dispatches them to suitable workplaces. The number of employees hired by the company increased to 69 as of March 31, 2008, and is expected to exceed 180 by March 31, 2010. In responding to requests submitted to the company, growing demand from experienced employees for worthwhile work and life conditions, and the desire to make a greater contribution to the company and society, we are assisting both our workers and company at large. We are achieving this through our efforts to develop the Second Life Seminar Program and diversify our employment system, for example, by offering numerous short-term jobs that accommodate a variety of lifestyles.

### Helping to train future generations and provide health advice

We have implemented the following measures to train the next generation and provide health advice.

#### 1. Helping to develop the next generation

- In order to increase the number of male employees using the child-care leave system, we provided information in our newsletter from male employees who have taken part in the system.
- We have introduced a support system that enables employees who take childcare leave to return to work with greater ease. The system is focused on exchanges of information between employees and workplaces as well as the use of e-learning programs.

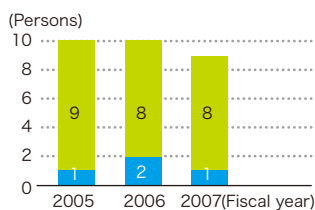
#### 2. Measures to ensure a healthy work-life balance

- We individually interview all employees who are involved in certain life circumstances in order to help them lead a healthy and energetic life and maintain proper harmony between work and home.

### A reduced work-hour system to accommodate childcare and family care

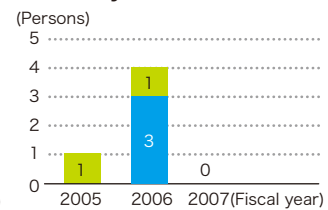
We have extended the period during which employees are allowed to obtain the benefit of reduced work-hours for childcare until the end of March in the year in which the child completes the third grade of primary school. So far, four male employees have taken paternal childcare leave since the first male employee did so in August of 2001; some have also obtained the benefit of reduced work-hours for childcare. We remain committed to easing the conditions under which employees can take part in these systems, while achieving better results.

#### Number of employees on childcare leave



(Year leave started) ■ Men ■ Women

#### Number of employees on family care leave



Note: Childcare leave is taken by all female employees for childbirth, so the rate of childcare leave takers among these female employees is 100%.

### Time-management training campaign

In targeting one measure through which employees can maintain a healthy work-life balance, we have adopted a slogan for our poster campaign for supporting healthy lifestyles. This poster raises employee awareness of the need to set aside ten hours for private life on weekdays including a minimum of six hours of sleep. We have undertaken this awareness-raising campaign by distributing the posters to every office of our company and to group companies throughout Japan. Needless to say, we have avoided all issues related to child labor, forced labor, and obligatory labor tied to a position.



## Human resources

### The internal free agent (FA) system

To become a "free agent," an employee need only apply directly to Human Resources Company, selecting the department in which they wish to work from a list that is available to him or her in advance. The applicant, the head of the desired department, and an HR representative meet to discuss the transfer, and upon final approval, the applicant is granted free agent status. Free agent approvals are granted once a year, and feedback from transferred free agents is gathered to improve the system. Over the six years the system has been in place, 50 free agents have been transferred. We intend to further improve the system in the years ahead.

### In-house internship program

As part of our human resource development effort, an employee can be dispatched to another in-house division in an internship position through which the intern attends to the business of that division. This program is intended to allow an intern to gain experience in a broader range of business operations than is typically encountered in his or her own division. The term of an internship is two to 12 months, after which he or she must return to the home division. One employee took part in this program in fiscal 2007, the initial year of this program.

# Employee Relations

## Workplace safety initiatives

The number of industrial and workplace accidents has tended to decrease year by year since the introduction of the Occupational Health and Safety Management System (OHSMS) in 2001, but fiscal 2005 saw an increase in this number. Having given this issue serious consideration, we have developed accident eradication campaigns named Safety 66 (in fiscal 2006) and Safety 67 (in fiscal 2007).

As a result, the number of industrial and workplace accidents (including those in Group companies and in-house partner companies that have acquired the OHSMS certification) totaled 48 cases, including seven cases from six Group companies that acquired enhanced certification in fiscal 2007. In fiscal 2007, the total number of occupational accidents resulting in four or more days of lost work was three, which represents a decrease from fiscal 2006. Thus, we were able to reverse the trend toward accidents of increasing severity. We are realizing a certain benefit from our initiatives to strengthen safety education, prepare an accident case study manual, provide training in safety evaluations and safety inspections, implement a new handling qualification system for heavy objects, and launch an occupational accident eradication campaign.

While we will eventually discontinue this safety campaign, we will maintain a constant effort to reduce industrial and workplace accidents. In fiscal 2008, we shall continue to enhance our safety initiatives by introducing our "excellent plant commendation system"; promote occupational safety and sanitation training; promote safety evaluation/guidance and preventive measures; and comply with the OHSAS18001:2007 standard.

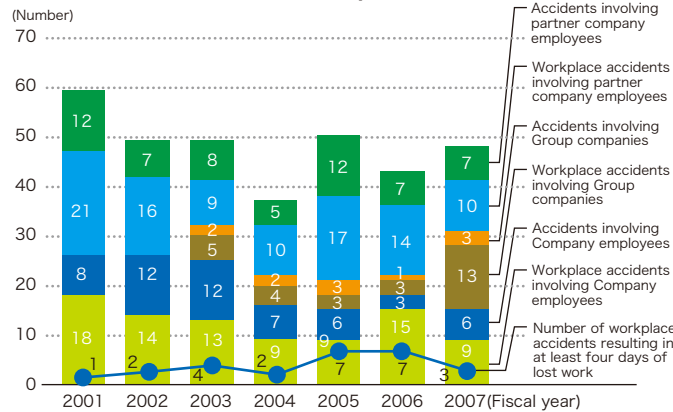


Occupational safety training

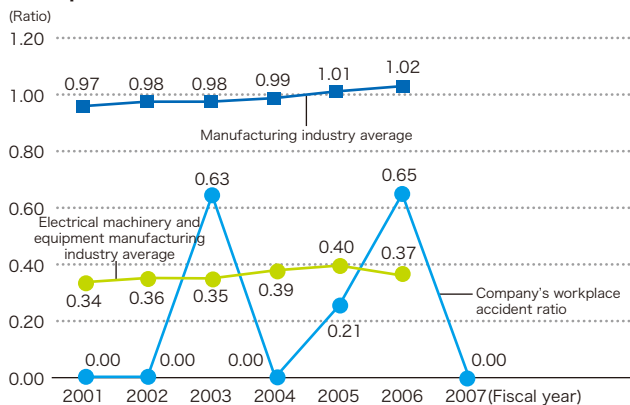


Poster for the occupational accident eradication campaign

### Number of industrial and workplace accidents



### Workplace accident ratio



Workplace accident ratio:  
 $(\text{Number of casualties} \div \text{Total number of working hours}) \times 1,000,000$   
 Note: Figures do not include accidents involving Group employees or partner company employees.

## Managing and improving employee health for a vibrant workforce

To ensure proper sanitation management, we began holding periodic Sanitation Manager Meetings this fiscal year with the aim of enhancing communication between sanitation managers of individual sites, improving management capabilities, and strengthening sanitation management initiatives. We also prepared guidelines for the installation of automated external defibrillators (AEDs) prior to the installation of AEDs at each plant. As for our mental health initiatives in the workplace, we hold a Safety and Sanitation Committee and launched a mental health education program using an e-learning system. Moreover, we improved the in-house health consultation system with public health nurses and industrial doctors to support improved employee health care. Regarding inspection of the work environment, we conducted a survey on the health and vigor of the workplace and fed back the results of the research to each workplace in order to increase the vigor of the organization. This year, we are conducting a walking campaign as one measure to promote daily physical training and prevent weight gain from metabolic syndrome.

Employee health care and health management contribute to employee wellbeing while energizing the company. Thus, we remain committed to maintaining these initiatives in the future.



First-aid training in cardiopulmonary resuscitation



AED installation

# Local Community Relations

**Q: How are you implementing your social initiatives?**

**A: We aim for a broad contribution to society, including industrial development and returning profits to society, through implementation of our Charter of Ethics.**

## Policies

### Implementing our philosophy of “contributing to society” as outlined in our Charter of Ethics

We aim to make a broad contribution to society—including support of industrial development and returning profits to society—by considering the environment and safety when offering our excellent products and services.

By adopting innovations, Dainippon Screen has developed products mainly in the visual information industry. Through our Kyoto-based business operations, we target social initiatives that are unique to Dainippon Screen.

## Examples of our initiatives

### Contributing to industrial development

#### Awarded the Chairman’s prize by the Japan Machinery Federation for excellence in the development of superior energy-saving machinery

The Model LA-3000-F wafer annealing system developed and commercialized by the Semiconductor Equipment Company was awarded the 28th Chairman’s prize by the Japan Machinery Federation for excellence in the development of superior energy-saving machinery. To meet the environmental targets defined by the Kyoto Protocol in 1997, we succeeded in solving a problem with wafer annealing system. As a result, the improved system consumes only one-third the power of conventional system, resulting in 782-ton reduction in CO<sub>2</sub> emissions. This achievement has earned high praise within the industry.



Award ceremony in February 2008

### Promoting industrial safety standards for flat panel displays

Through an initiative of the Technology Standard Committee, we are promoting standardization together with external organizations.

With the recent trend toward larger flat panel displays, safety considerations have moved to the forefront in flat panel production plants. Dainippon Screen has been an active participant in the industry’s standardization initiative\* in order to strongly promote adoption of safety standards for FPD production equipment.

\* The flat panel display safety standards workshop of the Semiconductor Equipment and Materials International (SEMI)

### Developing the next generation of talented employees

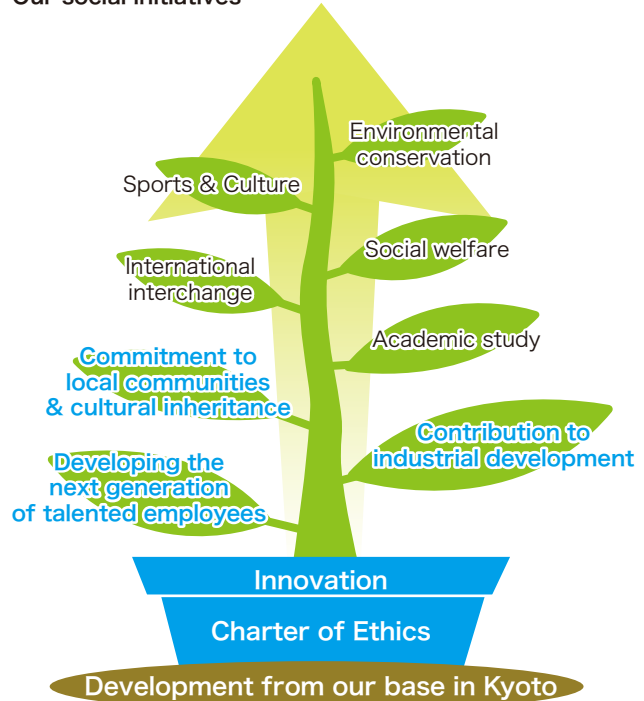
#### 3rd Screen Scholarship System introduced

We have introduced a scholarship system based on the Chinese Student Scholarship Recommendation Agreement with Ritsumeikan University. Under this agreement, we are offering scholarships to outstanding Chinese students recommended by Ritsumeikan University. This scholarship system was launched in 2004 as the Japan’s first such cooperative initiative between industry and academia.



Fiscal 2007 scholarship recipients learn about Dainippon Screen’s history and business operations

### Our social initiatives



### Local primary school students enjoy company field tour

Each plant of Dainippon Screen hosts tours from members of the local community, mainly primary school and junior high school students. Every year, White Canvas Rakusai, which was started at the Rakusai Site two years ago, offers many exchange programs. In September 2007, 70 fifth-grade students from the 3rd Suzaku Primary School visited the site. They had the same lunch as our employees and went on tours that included two experiments and demonstrations in the site. These were followed by a lecture on environmental conservation.



White Canvas Rakusai hosts a student tour

### State-of-the-art robotic technology exhibited to high school students in Kyoto

In December 2007, we hosted a special event to introduce state-of-the-art robotic technology to high school students in Kyoto-city at the headquarters of Dainippon Screen. Intended for the general public, this event was based on the Shi Kou Ten Kai Forum we hold as a regular in-house event. With the cooperation of Tohoku University, we demonstrated six humanoid robots in drumming and dance performances. To combat a lack of interest in science among today’s young people, we invited Kyoto City high school students in order to inspire an interest in science and technology for the future. About 80 students attended this event.



Demonstration of a humanoid robot



# Local Community Relations

## Commitment to local communities & our cultural inheritance

### Construction of the “Screen Station” railway station is intended to enhance convenience in the local area and help reduce CO<sub>2</sub> emissions

To cope with the increasing number of employees commuting to the Hikone Plant as a result of the integration of the production base, a new railway station—“Screen Station”—was built within the Hikone Plant grounds on the Ohmi Railway Taga Line. The station entered service on March 15, 2008. This railway station is intended to enhance employee convenience and dissuade employees from commuting by car. It contributes to a 720-metric-ton reduction in CO<sub>2</sub> emissions per year. Open to the public, the station also reduces traffic on surrounding roads.



Illustration of Screen Station on the Ohmi Railway Line

### Annual cleanup of the Ota River

Every year, the Hikone Plant and residents of Takamiya-cho undertake a cleanup of the banks of the Ota River, into which the plant discharges wastewater. This cleanup is held every year in July. This year, 109 people, including 19 local volunteers, participated in the cleanup.



Cleaning the banks of the Ota River

## Preserving our cultural inheritance by using our imaging technology to digitize cultural assets



**Teruo Fujii**  
Business Planning Department  
Business Development Unit  
Research & Development  
Company

We visited several art museums in order to promote sales of the full-color large flat scanner we have developed. As a result, we have become involved in the digital archiving business in order to preserve cultural assets in the form of digital images. The purpose of this business is to archive accurate data on impermanent cultural assets for future generations through digitization. This business is promoted by the Kyoto International Culture Foundation, with whom we have been collaborating since 2004. Since this

large scanner can be disassembled for transportation, it can digitize images of items that cannot be removed from fixed locations, such as national treasures and important cultural properties. Scanned images have less distortion than those captured with a still camera; moreover, they reproduce original colors with great accuracy. Digital

imaging technology can be applied to advanced research and is useful for creating exact reproductions and restoring originals. This is possible because pigments used at the time the work was created can be analyzed in the digital images without damaging the original materials. As one of our major initiatives, we lent one of our scanners to the Kyoto International Culture Foundation for one year. The foundation was able to create a digital archive of the cultural assets stored at about 20 shrines and temples in and around Kyoto, including an image of “Momo-take-zu” (an important cultural property drawn by Kano Sanraku) in the possession of Daikakuji Temple and the ornament of the Yamaboko float for the Gion Festival (an important tangible folk cultural property) in the possession of the Hashibenkei Yama Preservation Association. In November 2004, we presented our color scanner to the world-renowned Louvre Museum in France, thus contributing to the digital archive of the artwork of France. To ensure the precious cultural heritage handed down by our ancestors is preserved for posterity, we must ensure they are recorded. Dainippon Screen intends to contribute to society through continued efforts to create a digital archive for the future.



Ornament on the Yamaboko float for the Gion Festival (an important tangible folk cultural property) in the possession of the Hashibenkei Yama Preservation Association

# Promoting Environmental Management

Fiscal 2007 is the third year of Phase II of Eco Value 21, our four-year medium-term environmental plan. In accordance with this plan, we are actively reducing CO<sub>2</sub> emissions, conserving resources, reducing waste, and promoting environmentally-friendly products. The Environmental Management Report presents the progress of our environmental conservation initiatives under this plan.



**Kazuya Noguri**  
Managing Director  
EHS Executive

## Policies

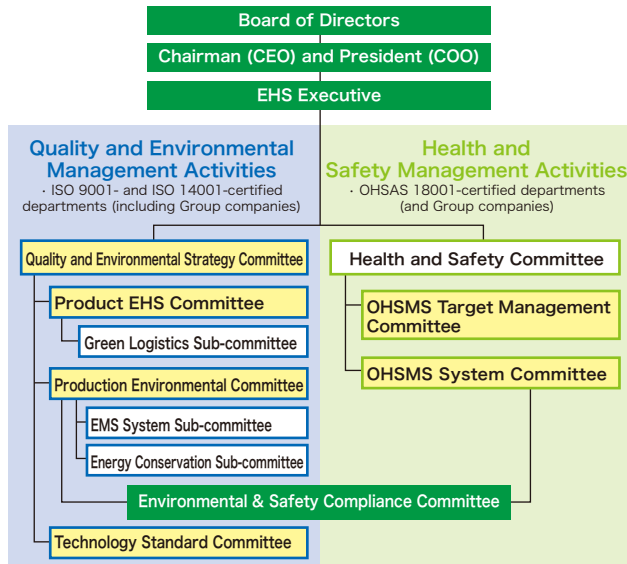
To meet stakeholder requests, we will practice environmental management by adding an economic perspective to our environmental initiatives.



Environmental Policies	Health & Safety Policies
The Dainippon Screen Group, through the pursuit of technology for the creation of an environment that is friendly to both people and the Earth, is contributing to the realization of a society where both nature and the people of the world can share an abundant future.	The Dainippon Screen Group will define and implement the policies below as it works to improve labor health and safety activities. These policies are implemented in the belief that "Since people are the foundation of business activities, the Group will strive to create safe, healthy and worry-free workplaces, and produce better products and technologies to contribute to society and fulfill our corporate social responsibility."

## EHS management system

We are promoting business activities related to quality, the environment, health, and safety under supervision of the EHS executive.



## EHS education

We are rearranging our education system for EHS (environment, health and safety) by job function. In fiscal 2007, participants in the product designer course visited the Matsushita Eco Technology Center and Fujitsu Peripherals Limited Recycle Center to study examples of advanced recycling. The Semiconductor Equipment Company launched the Safety Training Center (STC) in fiscal 2008 in order to strengthen the education system.



Product designer course  
(Visit to the Matsushita Eco Technology Center)

### Education system

Education Program	Environment	Health and Safety
Basic courses	New employee course	New employee course
	New section chief course	New section chief course
	All employees	All employees
Management courses	System-related course	System-related course
	Internal auditor course	Internal auditor course
	Environmental impact assessor course	Risk assessor course
Courses by job function		Product risk assessor course
	Product designer course	Worker course
	Purchaser course	Specific worker course
	Environmental facility operator course	Supervisor course
	Plant facilities manager course	
	Waste manager course	

## Legal compliance on complaints and reports

We conduct activities in compliance with environmental laws and ordinances.

In fiscal 2007, electromagnetic interference caused by construction of the Process Technology Center in the Hikone Plant and light reflected from the parking lot of the Kuze Plant disturbed neighborhood residents. To resolve these issues, we provided specific countermeasures, including installation of a common antenna and changes to the orientation of parked vehicles.



# Promoting Environmental Management

## Our fiscal 2007 targets were largely achieved

We largely achieved the fiscal 2007 targets of Phase II of Eco Value 21, our four-year medium-term environmental plan targeting the period fiscal 2005 to fiscal 2008. At the Hikone Plant, however, the environmental impact of electricity consumption increased by 20% year-on-year because of plant rearrangement.

In fiscal 2008, we established the New Environmental/CSR Medium-Term Plan (beginning fiscal 2009) and reviewed the Voluntary Action Plan on the Environment of Nippon Keidanren (Japan Federation of Economic Organizations) with the goal of further promoting environmental management within the Screen Group.

## Environmental management targets and performance

Category	Key measure	FY 2007 target	FY 2007 result
Resource conservation	Reducing greenhouse gas (CO <sub>2</sub> ) emissions	Minimum 8% reduction in CO <sub>2</sub> emissions per unit of production resulting from energy consumption (Compared with fiscal 2000)	CO <sub>2</sub> emissions per unit of production in fiscal 2007: 21.9 tons/¥100 million, down 6% from fiscal 2000
		Ratio of energy-efficient cars to all cars owned by the Group: 70%	Ratio of energy-efficient cars: 84% (143 energy-efficient cars out of 171 cars in total)
		Minimum 2% reduction in CO <sub>2</sub> emissions per unit sales resulting from fuel consumption for product transport (Compared with fiscal 2005)	CO <sub>2</sub> emissions per unit sales in fiscal 2007: 0.448 tons/¥100 million, down 23% from fiscal 2005
	Conserving resources, reducing waste	Maintaining zero waste emissions Ratio of simple waste disposal (incineration, landfill, etc.) to total waste: Maximum 2%	Ratio of simple waste disposal to total waste: 0.8%
		Minimum 6% reduction in waste volume per unit of production (Compared with fiscal 2000)	Waste volume per unit of production in fiscal 2007: 0.728 tons/¥100 million, down 33% from fiscal 2000
		Maintaining a 98% green purchasing ratio for office equipment	Green purchasing ratio: 99.2%
Product stewardship	Promoting environmentally-friendly products	Minimum 7% reduction in energy consumption for product development based on performance standards by product category (Compared with fiscal 2000)	56% reduction (average) based on performance standards for 12 target products
		Minimum 60% green procurement ratio for components of company-specified products	Green procurement ratio for specified 54 products: 77%
		Sales ratio of green products to total sales: Minimum 20%	Sales ratio of 40 certified green products to total sales: 45%
	Creating a greener supply chain	Complete elimination of lead solder from new products	Among four new target products, one product could not be made completely free of lead solder.
		Promotion of company-wide unified supplier evaluation for product-related suppliers (commercially available products, processed products)	An overall evaluation was conducted according to the company-wide unified supplier evaluation standard.
		Promotion of environmental initiatives of facility-related suppliers (facility manufacturers, contractors, etc.)	Environmental initiatives were promoted to facility-related suppliers according to the results of an investigation on the green procurement standard for environmental conservation.
Community service	Contributing to the region and society	Each plant shall implement two or more continuous services and contribution initiatives for the local community and society at large.	Each plant implemented social contribution initiatives (cleanup of surrounding area and river banks, participation in events of local communities, etc.)
Workplace health and safety	Reducing workplace and industrial accidents at customer sites	Continuation of the Safety 67 accident eradication campaign to reduce industrial and workplace accidents	Total number of accidents increased by five from fiscal 2006; however, number of industrial and workplace accidents resulting in at least four lost days decreased by four from fiscal 2006, representing a partial success.
		50% reduction in industrial and workplace accidents at customer sites (Compared with previous year)	10 accidents occurred (representing a decrease of one from the previous year) Among Group companies that had acquired OHSAS 18001 certification in 2007, three accidents occurred.
	Creating pleasant working environments and improving organization energy levels	Prevention of physical health disorders caused by overwork and promotion of physical health	According to the industrial doctors' interview for long-term workers, target employees were selected and underwent interviews. To promote health enhancement initiatives, two walking campaigns were conducted (in October and March) on a Group-wide basis.
		Investigation of the workplace environment according to guidelines issued by the Ministry of Health, Labour and Welfare to achieve gradual improvements	A comfortable workplace index was prepared and implemented in the common areas of four plants.
Other	Implementing environmental and safety performance evaluation system	Firm establishment of environmental and safety performance evaluations	Environmental and safety indexes were incorporated and continuously implemented in the performance-based reward system.
	Expanding quality, Environmental and Occupational health and safety management systems to Group companies	Establishment of a quality management system covering production, sales, and management divisions and extension of the management system to production groups	A quality management system covering production, sales, and management divisions was implemented. 10 domestic companies of the Group acquired certifications for QMS (two companies), EMS (two companies) and OHSMS (six companies). International affiliates acquired certifications of QMS (one company) and EMS (one company).

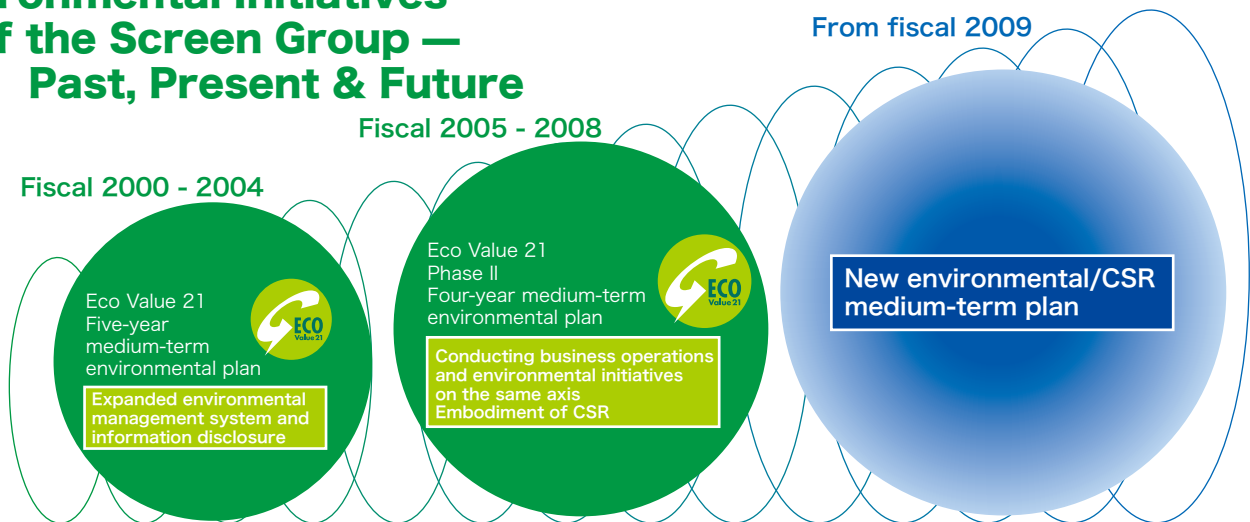
\*1 For details, refer to the following link: [URL http://www.screen.co.jp/environmentE/performance.html](http://www.screen.co.jp/environmentE/performance.html)

\*2 For details, refer to the following link: [URL http://www.screen.co.jp/environmentE/products.html](http://www.screen.co.jp/environmentE/products.html)

\*3 For details, refer to the following link: [URL http://www.screen.co.jp/environmentE/iso.html](http://www.screen.co.jp/environmentE/iso.html)



# Environmental Initiatives of the Screen Group — Past, Present & Future



Evaluation	See page:	Final year targets for Phase II of Eco Value 21 in FY 2008	FY 2010 target
	Website*1	Minimum 11% reduction in CO <sub>2</sub> emissions per unit of production resulting from energy consumption (Compared with fiscal 2000)	Minimum 18% reduction in CO <sub>2</sub> emissions per unit of production resulting from energy consumption (Compared with fiscal 2000)
		Ratio of energy-efficient cars to all cars owned by the Group: Minimum 80%	Ratio of energy-efficient cars to all cars owned by the Group: 100%
	P38	Minimum 3% reduction in CO <sub>2</sub> emissions per unit sales resulting from fuel consumption for product transport (Compared with fiscal 2005)	Minimum 5% reduction in CO <sub>2</sub> emissions per unit sales resulting from fuel consumption for product transport (Compared with fiscal 2005)
	Website*1	Maintaining zero waste emissions Ratio of simple waste disposal (incineration, landfill, etc.) to total waste: Maximum 2%	Waste recycling ratio: 100%
		Minimum 9% reduction in waste volume per unit of production (Compared with fiscal 2000)	Minimum 15% reduction in waste volume per unit of production (Compared with fiscal 2000)
	—	Targeting a 100% green purchasing ratio for office equipment	Maintaining 100% green purchasing ratio for office equipment
	P36	Minimum 8% reduction in energy consumption for product development based on performance standards by product category (Compared with fiscal 2000)	
	P37 Website*2	Minimum 90% green procurement ratio for components of company-specified products	
	P35	Sales ratio of green products to total sales: Minimum 30%	Sales ratio of green products to total sales: Minimum 50%
	P37	Continuous implementation	
	P23	Continuous implementation	
		Continuous implementation	
	P29 P30	Continuous implementation	
	P28	Continuous promotion of accident eradication initiatives, aiming for steady progress in accident eradication Continuous implementation of the excellent plant commendation system to develop and activate safety and sanitation initiatives	
		50% reduction in industrial and workplace accidents at customer sites (Compared with previous year)	
	P28	Adequate provision of mental health measures	
		Investigation of the workplace environment according to guidelines issued by the Ministry of Health, Labour and Welfare to achieve improvements	
	—	Review and continuous implementation	
	P20 Website*3	Continuous implementation	

For details of our environmental accounting, refer to the following link:  
**URL** <http://www.screen.co.jp/environmentE/accounting.html>

Evaluation standard  
 ○: Achieved △: Partially achieved (50% or more) X: Not achieved (less than 50%)

Corporate Activities Report

Social Report

Environmental Management Report

# Environment and Safety Initiatives for Products

## CSR from the leaders of the global FPD production equipment market

### Increasing market share through honing our technology and building trust

The FPD Equipment Company supplies production equipment (coater/developer and other products) to various flat panel manufacturers and has succeeded in capturing the largest share of the world market with its key products.

Liquid crystal display products have spread rapidly worldwide thanks to their space-saving designs, high-definition display capabilities, and energy efficiency. Moreover, technical innovations have made possible the production of large glass substrates, resulting in ever-larger production equipment. Consequently, in November 2006, the FPD Equipment Company completed the new CS-1 production facility in the Hikone Plant. The system in this plant is capable of producing large glass substrates to meet growing demand. Furthermore, to meet the needs of international customers, the Company constructed an on-site assembly system and promotes a global service/maintenance network in order to improve product reliability, reduce costs, and strictly observe delivery schedules, both domestic and international.



**Yoshinari Yaoi**  
Corporate Senior Executive Officer  
President of FPD Equipment Company

### World-leading environmentally-friendly technology

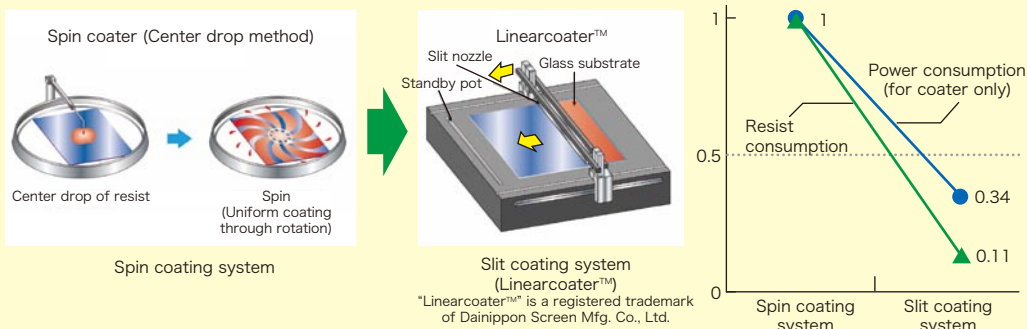
LCD panels are more energy efficient than CRTs. On the other hand, they require much more energy during the production process. We have focused on improving equipment technologies in order to overcome this disadvantage. One result of this effort is the development of the resist\*1 coating method. By replacing the conventional spin coating method, which applies resist while rotating a substrate, with the slit coating method, which provides a sliding slit nozzle, the Company has reduced the power consumption of the coater by two thirds; moreover, consumption of resist has been reduced by up to 90%. Furthermore, with substrate inclination transfer technology, the Company can reduce the volume of chemical output by 75% and deionized water consumption by 30% to 50%. The new CS-1 production plant also contributes to environmental conservation through its use of a deionized water collection & recycling system. Most of the supply equipment is shipped directly from a partner company to which we have consigned production. This has resulted in a reduction in packing materials and less fuel consumed in transport. Clearly, we are succeeding at reducing environmental impacts.

### A commitment to safety measures

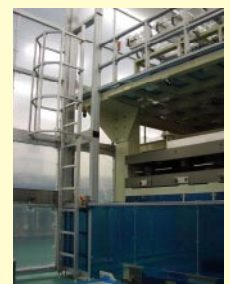
Since 2000, there has been a rapid shift toward larger FPD production equipment. The maximum size of the FPD production equipment manufactured by Dainippon Screen is 56 meters long by 15 meters wide by 5 meters high. Accordingly, the hazards related to delivery of heavy objects and work at elevated heights have been increasing and higher safety measures are required as a result. The effect of employee safety training—at affiliates as well—is contributing to early equipment startup, which has earned the Company high praise from customers and commended by several companies.

In February 2008, SEMI\*2 issued the industry's first safety guideline (SEMI S26) related to FPD production equipment. Dainippon Screen participated in the preparation of this guideline and played a leadership role. Thus, we are making efforts to meet safety requirements through the design and production of our products.

### Development of the energy-saving and resource conservation Coater/Developers



### Examples of safety design measures



Installation of a fence for work performed at elevated heights

\*1 Resist: A photosensitive liquid applied to the surface of a glass substrate.

\*2 SEMI(Semiconductor Equipment and Materials International):

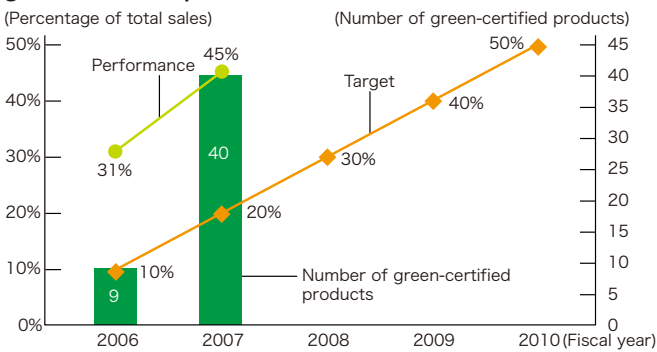
An international industry group of companies that provide equipment, materials, and services for the production of semiconductors, displays, nano-scale structures, MEMS, and related technologies.

## Targets attained for reducing environmental impacts of products

We initiated the certification of green products (environmentally-friendly products) in fiscal 2006. In fiscal 2007, we applied the certification to 31 products. Although we had established the target of exceeding a ratio of green products to total sales of 20 percent, we actually achieved 45 percent, greatly surpassing our objective.

We will continue to promote environmentally benign products toward the fiscal 2010 target ratio for green products to total sales of at least 50 percent.

### Percentage of total sales and number of green-certified products



### Green Products (environmentally-friendly products)

We compare each new product with the standard product and accord a "Green Product" certification to those products that meet the criteria by demonstrating an improvement score exceeding 10 points. The following table shows the details of the assessment for the certification. The greater the number of improvements achieved for a specific item, the higher the value accorded for that item.

Assessment Item	Assessment Details
Energy saving	Processing power requirement, standby power requirement, alternative energy, and worker-hours required for assembly
Resource conservation	Miniaturization, weight saving and resource conservation of products, reduction of consumables, and extended service life
Reuse or recycling	Material integration, use of reworked materials, recycling of resources, material declaration, disassembly and separation, ease of sorting, ease of disposal, and ease of collection and transport
Safety and chemical substance management	Harmfulness, toxicity, explosibility, implosion property, and danger
Information availability	Information on hazardous chemical substances, efficient energy use, and availability of processed information

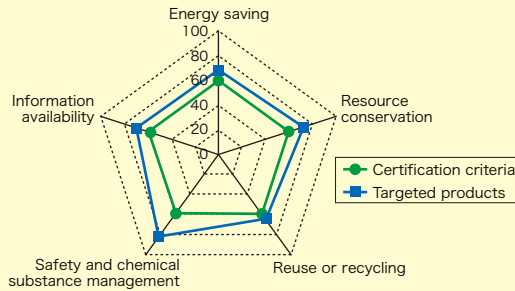
### Major Green Products\*1

Thirty-one products were certified as Green Products in fiscal 2007. Some leading examples are highlighted below.

#### Thermal CtP Recorder PT-R8800ZX



The PT-R8800ZX is equipped with a 1,024-channel exposure head developed through the application of the latest GLV™ (Grating Light Valve) technology. Mounted in a Thermal CtP Recorder capable of outputting 50 B1-size plates per hour, this high-end model delivers the highest exposure speed in its class. After installation, parts replacement according to a customer-specific rate of operation eliminates the need to purchase a replacement system, ensuring improved productivity. In line with Screen's policy, the PT-R8800ZX conforms to Europe's RoHS Directive\*2.

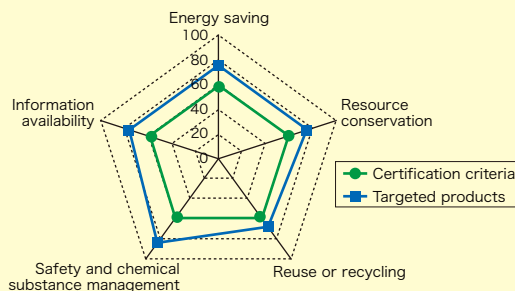


**Hideki Matsuura**  
Development Leader  
Media and Precision  
Technology Company

#### Automatic optical Inspection System PI-8300



The PI-8300 is an all-in-one automatic optical inspection system for detecting pattern defects in PCBs. With improved detection power thanks to a new imaging system, faster internal processing, accelerated access thanks to a latest CPU, and optimized operating speed, the PI-8300 is 10% faster than its predecessor, the PI-8200. It also features a 63% reduction in performance-based power consumption over the year 2000 model.



**Tadashi Fukao**  
Development Leader  
Media and Precision  
Technology Company

\*1 For a list of green products, refer to the following website: [URL http://www.screen.co.jp/environmentE/products.html](http://www.screen.co.jp/environmentE/products.html)

\*2 RoHS directive: A European directive which aims to control the use of certain hazardous substances in the production of new Electrical and Electronic Equipment (EEE). This directive came into force on July 1, 2006.



# Environment and Safety Initiatives for Products

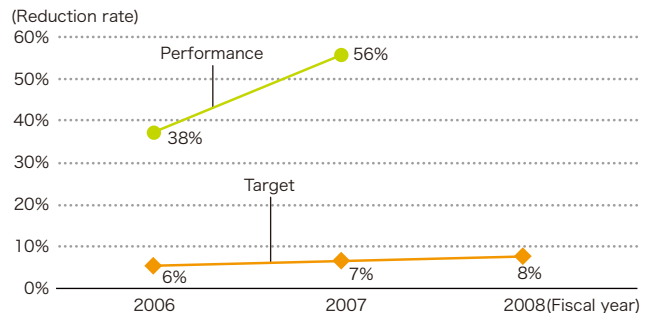
## Target attained for reducing energy consumption of products

Our target for fiscal 2007 was a performance-based energy consumption reduction of at least 7% relative to the fiscal 2000 value for each product series developed. The targeted products achieved an average reduction of 56%, surpassing our target.

### Specific initiatives

- Higher speed and precision at the same power consumption
- Lighter drive components
- Selection of devices with low power consumption
- Faster conveyor equipment for improved throughput

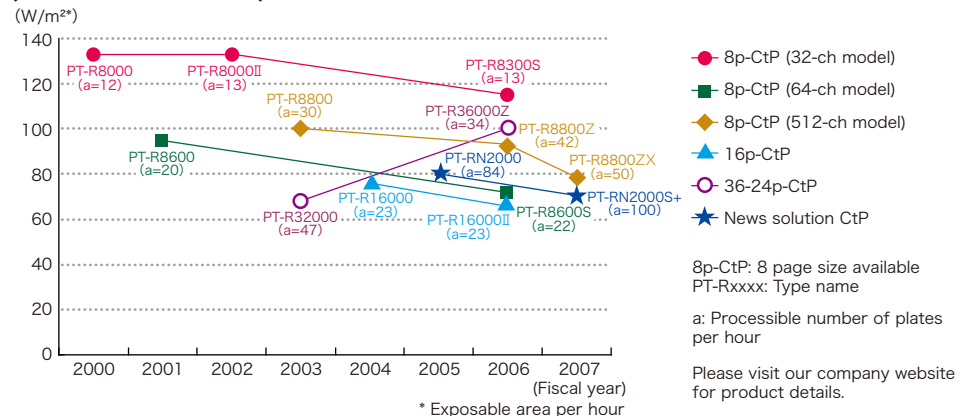
### Reduction rate for power consumption (Performance criteria rate)



### Implementation of LCA

We have implemented life cycle assessments (LCA) in order to quantitatively analyze the environmental impact throughout the product life cycle, considering the processes of resource extraction, product manufacture, distribution, usage, and disposition. In the case of Thermal CtP Recorder (Plate recorder), at least 90% of CO<sub>2</sub> emissions were detected at the usage stage. Our technical innovations allow us to contribute substantially to energy saving during product use by our customers.

### Comparison of maximum power consumption of CtP products (Performance criteria)



## Energy saving roadmap for semiconductor production equipment

For semiconductor manufacturing plant, energy saving is a key issue; expectations and requests for production equipment are increasing at an unprecedented rate. Semiconductor Equipment and Materials International (SEMI) has formulated the SEMI S23<sup>\*1</sup> guideline for the energy saving of semiconductor production equipment. It is striving to make this guideline available to the entire industry.

The basic approach of SEMI S23 is the calculation of the total

energy consumption by converting the annual consumption of utilities such as electricity, deionized water, and exhaust used by the equipment into equivalent energy units (i.e. kWh). With priorities assessed for each of utilities, the total amount of energy consumed is then reduced. In fiscal 2007, we drew up a new energy saving roadmap in line with SEMI S23, measuring energy consumed for batch-type and single-type wafer cleaning system, our major products. In future, we will apply this to other products as well.

## Energy saving roadmap for cleaning equipment (300 mm) (Reset in 2007, complying with ITRS<sup>\*2</sup>, SEMI S23)

Year of commercial production	2005	2006	2007	2008	2009	2010	2011	2012	2013
DRAM half pitch (nm)	80	70	65	57	50	45	40	36	32
MPU/ASIC gate length (nm)	90	78	68	59	52	45	40	36	32
<b>Energy consumption</b>									
Relative values per wafer pass with the 2005 value indexed as 1 (consumption of utilities converted to equivalent energy)									
The numbers in parentheses are relative values of power consumption per wafer pass with the 1999 (200 mm) value indexed as 1.									
Batch wafer cleaning system	1 (0.6)	0.99	0.97				0.86		
Single wafer cleaning system	1 (0.39)	0.98	0.95	0.90			0.82		
<b>Utility energy consumption</b>									
Relative values with the energy consumption value for 2005 indexed as 1 (equivalent energy conversion based on SEMI S23)									
Batch wafer cleaning system	Electricity	0.23				0.22			
	Ultrapure water	0.33		0.32			0.26		
	Cooling water				0.05				
	Dry air		0.17				0.16		
	Nitrogen gas					0.01			
Single wafer cleaning system	Exhaust		0.15				0.10		
	Electricity	0.10				0.09			
	Ultrapure water	0.19		0.18	0.17		0.10		
	Cooling water					0.03			
	Dry air	0.29		0.28				0.27	
Single wafer cleaning system	Nitrogen gas	0.27		0.26				0.21	
	Exhaust		0.10					0.09	

\*1 SEMI S23: A guide to the conservation of energy, utilities, and materials consumed by semiconductor production equipment

\*2 ITRS (International Technology Roadmap for Semiconductors): A report summarizing discussions held between representatives from five economic regions: the U.S.A., Japan, Europe, South Korea, and Taiwan.

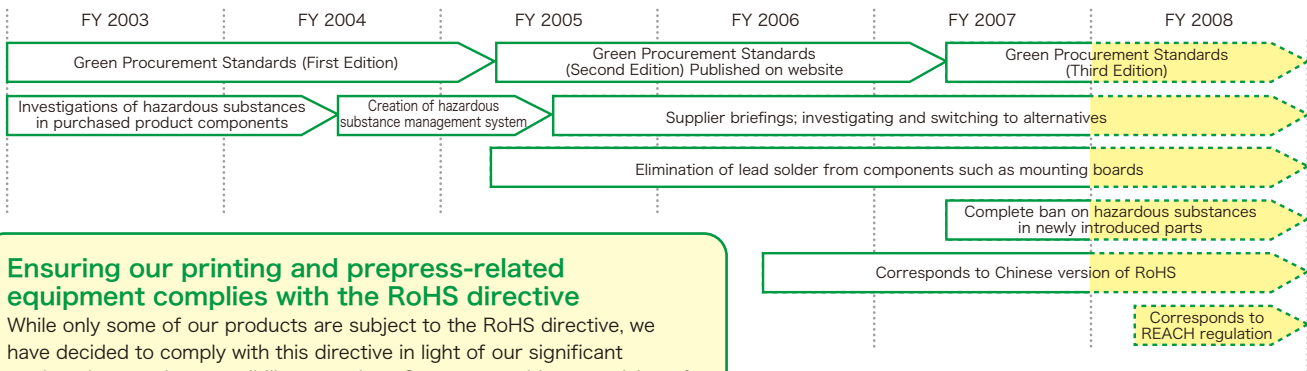
## Dealing with the chemical substances present in our products

Environmental restrictions that ban or otherwise limit the use of specific hazardous substances in Europe, North America, and Asia (China and South Korea) are increasing. In response to this trend, we are taking steps to implement environmentally benign design and green procurement.

### Current measures

The REACH regulation\* is a new restriction on chemical substances that entered into force in Europe on June 1, 2007. The ink used in our printing and prepress-related equipment will comply with the pre-registration of the REACH regulation as well as notification procedures in relevant countries.

### Work on eliminating hazardous substances in products



### Ensuring our printing and prepress-related equipment complies with the RoHS directive

While only some of our products are subject to the RoHS directive, we have decided to comply with this directive in light of our significant market share and responsibility to society. Concurrent with our revision of green procurement Standards for the Screen Group of companies, we adopted the RoHS directive ahead of schedule and have been undertaking reliability assessments in collaboration with mounting board manufacturers. As a result, we can now state that most of our products comply with the directive.

## Resource conservation

### Product upgrading

In order to provide the optimum work environment to meet customer needs by working to ensure future productivity growth, we retrofitted our Model PT-R8800E/S/Z with exclusive parts that enable these products to be upgraded to Model PT-R8800ZX, which has demonstrated industry-leading productivity. This modification also helps to minimize the wastefulness inherent in equipment obsolescence while facilitating a smoother transition to CtP with our diverse product line.

### Reducing environmental impact through the transition to the CtP process

The printing process consumes large quantities of materials, particularly film, which is made from petroleum. This situation requires that we take steps to reduce the quantities consumed. The CtP process, which has supplanted the conventional printing process, has earned high praise for reducing the environmental impact of printing. Considering that our CtP product group has captured the largest share of this world market at approximately 30%, including OEM products, we have clearly contributed to an enormously positive improvement in the environmental impact of the printing industry.

## Facilitating product disposal

### Improving product disposal through simplified disassembly

In addressing product disposal, we have taken steps to improve the sorting efficiency of all materials we discard so that they can be recycled easily. For our printing and prepress-related equipment, we have replaced fastening parts in order to simplify removal of cable harnesses, which are a composite assembly made of copper and plastic, from steel machine frames in an effort to facilitate disassembly. Going forward, we intend to develop products through quality assessments and testing at the time of introduction.

**PT-R4100 electrical assembly**

**Before design improvement:** Removal of 37 clamps took 9 minutes 35 seconds. Clamps were located in various positions: four on the middle shelf, twelve at the lower back, ten on the outside, and eleven near the terminal block.

**After design improvement:** Removal of 37 clamps took 3 minutes 9 seconds. A release button was used, resulting in a 67% reduction in time and no tools required.

\* REACH regulation: Regulation of the European Parliament and of the Council concerning the Registration, Evaluation, Authorization, and Restriction of Chemicals. This regulation came into force on June 2007.

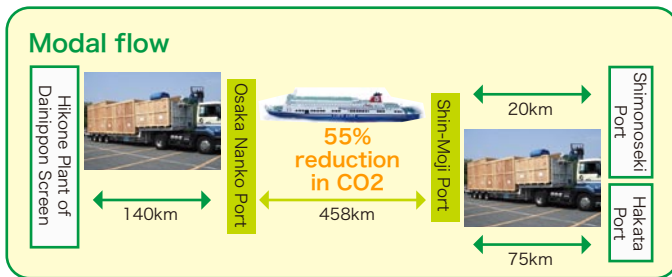
# Environment and Safety Initiatives for Products

## Achieving the target for reducing CO<sub>2</sub> emissions from logistics operations

In order to reduce CO<sub>2</sub> emissions generated from product transport, Dainippon Screen adopted the fiscal 2007 target of reducing CO<sub>2</sub> emissions generated per unit of sales by at least 2% (relative to the fiscal 2005 value). We succeeded in achieving an actual reduction of some 23% for this target.

### Modal shift to marine transport

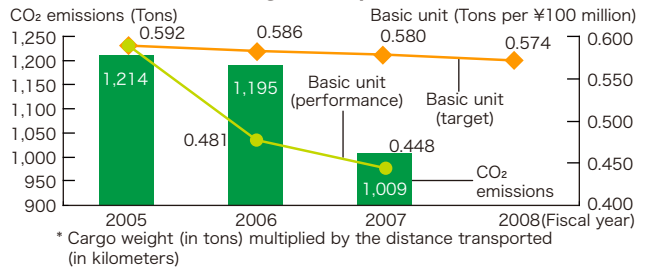
In the transportation sector for oversized equipment, we have established a framework of marine transport by ferry between Osaka Nanko Port and Shin-Moji Port for shipments destined for the Kyushu area. This innovation has enabled us to reduce CO<sub>2</sub> emissions resulting from truck transport, solve the issue of traffic regulation for the land transport of oversized equipment, and secure a time-efficient means of transport. We are planning to further develop the modal shift approach to product transport and are considering introducing this approach in areas other than Kyushu in the future.



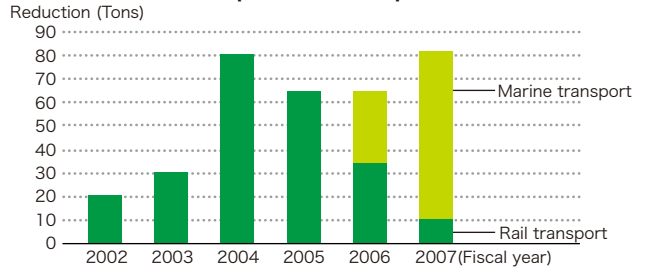
### Modal shift to rail transport

We have long used rail transport when shipping to the Kanto region.

### CO<sub>2</sub> emissions from logistics operations



### Reduction in CO<sub>2</sub> emissions resulting from modal shift in product transport



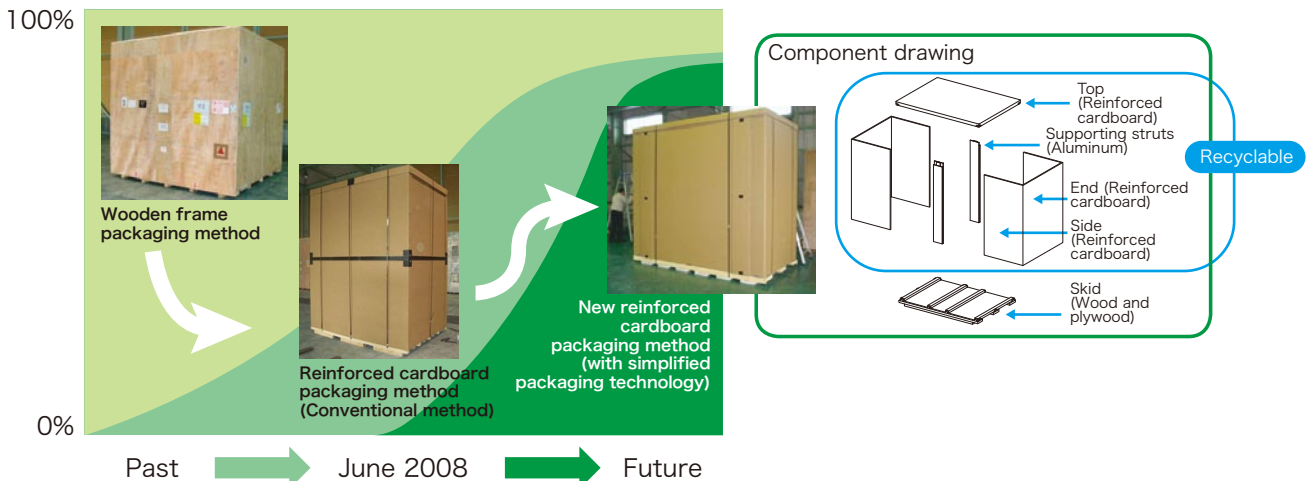
## Initiatives to reduce the weight of product packaging

### Changeover to simplified packaging technology with innovative reinforced cardboard

In April 2008, Dainippon Screen adopted industry-leading simplified packaging technology for the transport of large products, an innovation developed by Transup Japan Co., Ltd., a member of the Screen Group. With this change, all packaging components except for skids are constructed of reinforced cardboard and aluminum instead of wood and plywood. This switch has made it possible to introduce lighter packaging materials in a larger variety of sizes.

The fit-in structure eliminates the need for specialized tools or additional materials such as nails and bolts; moreover, it significantly reduces the work time required to assemble and break down the packaging. The use of wood and plywood, usually destined for disposal, has been reduced by as much as 70%, while the new package components can be reused after unpacking, reducing the amount of waste material generated.

### Development of an innovative packaging method





## Having read the Screen Group Social and Environmental Report 2008—The “「思考展開」Shi Kou Ten Kai” Approach: Maximizing Earnings from Peripheral Applications—

### Demonstrating the strong commitment of the management

The most impressive aspect to the report is the comprehensive message from top management. While most such messages tend to be purely ornamental, the message in this report does not merely identify the circumstances currently surrounding Dainippon Screen and the issues confronting the company; it also illustrates the meaning and orientation of the environmental conservation initiatives and the corporate social responsibility (CSR) initiatives of corporate management. Above all, it is noteworthy that the company placed its focus on environmental conservation and social responsibility in the context of its corporate brand.

### Addressing environmental issues through business operations

In the report for the current fiscal year, the data emphasizing environmental initiatives through business operations is consistent with the content of the message from management, which seeks to enhance the value of the corporate brand. The features titled “Hikone Plant upgrade” and “Environmental initiatives of MTMC, our Chinese affiliate” reflect the company’s philosophy regarding safety and the environment in their activities at their core business sites. As for environmental performance, it is emphasized that environmental issues are addressed through business operations, while disclosure of information has been focused on products this year. This positive stance toward disclosure should be very effective at making more people aware of Dainippon Screen.

### Continued development of an environmental strategy

In order to enhance the value of a corporate brand in the environmental realm, an environmental strategy is a must. From what I can see of Phase II of Eco Value 21, the environmental conservation initiatives of Dainippon Screen have been on track. However, the company must specify the meaning or orientation of this kind of medium-term project in its corporate strategy. As Dainippon Screen emphasizes the improved environmental aspects of its products, the orientation of business development in the environmental realm should be spelled out. Your target ratio of green products to total sales should be used for that purpose as well. From your current report, I learned that the company website provides information on resource conservation. Innovation in

production processes that consider the environment is no less important to the environmental aspects of business operation than products with environmental advantages, so I expect great developments in this area.

### A social report that holds stakeholders in high regard

Dainippon Screen’s social report has been compiled with a central focus on stakeholders. It discloses thorough and detailed information. I would like to suggest for the future that Dainippon Screen apply the Plan-Do-Check-Act (PDCA) cycle to its social initiatives and establish certain goals based on this approach. At the beginning, no systematic method is necessary. By first drawing up a “plan” based on a qualitative outline of the objective, and later “checking” it out, such a process will, I think, enable the company to clarify issues confronting it and determine how to “act” in the future.

**Katsuhiko Kokubu**  
Professor, Graduate School of  
Business Administration  
Kobe University



Profile: Graduate of Graduate School, Faculty of Business, Osaka City University. Assumed present post in 2001. Ph.D. in Business Administration. Majored in Environmental Management/Accounting and CSR Management. A commissioned member of the Environmental Report Guideline Revision Investigative Commission of the Ministry of the Environment. Assumed the post of Chairman of the Material Flow Cost Accounting (MFCA) Development and Promotion Project Committee designated by the Ministry of Economy, Trade and Industry. Author of “Environmental Management/Accounting” published by Yuhikaku Publishing Co., Ltd.

## Response to third-party comments

We believe that the practice and application of our management guidelines presented on page six will assist us in fulfilling our corporate social responsibility. This approach is in line with our management principle of “Shi Kou Ten Kai”, which has been the subtitle of these reports for the past two years. In the message from management, the issues confronting our company are presented in order to respond to the expectations of stakeholders on the basis of our implementation of management guidelines. We have focused the entire report completely on our management

guideline and business operations, including the economic impact of important issues, to ensure they are well understood. The two suggestions presented—pursuing innovation in production processes that considers the environment and establishing certain goals for social initiatives—represent our major challenges. We will consider these suggestions carefully and will work to disclose information to our stakeholders in more clearly understandable terms.

**Kazuya Noguri**  
Managing Director  
Dainippon Screen Mfg. Co., Ltd.

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at the URL below.

**URL** <http://www.screen.co.jp/top/contactE.htm>



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