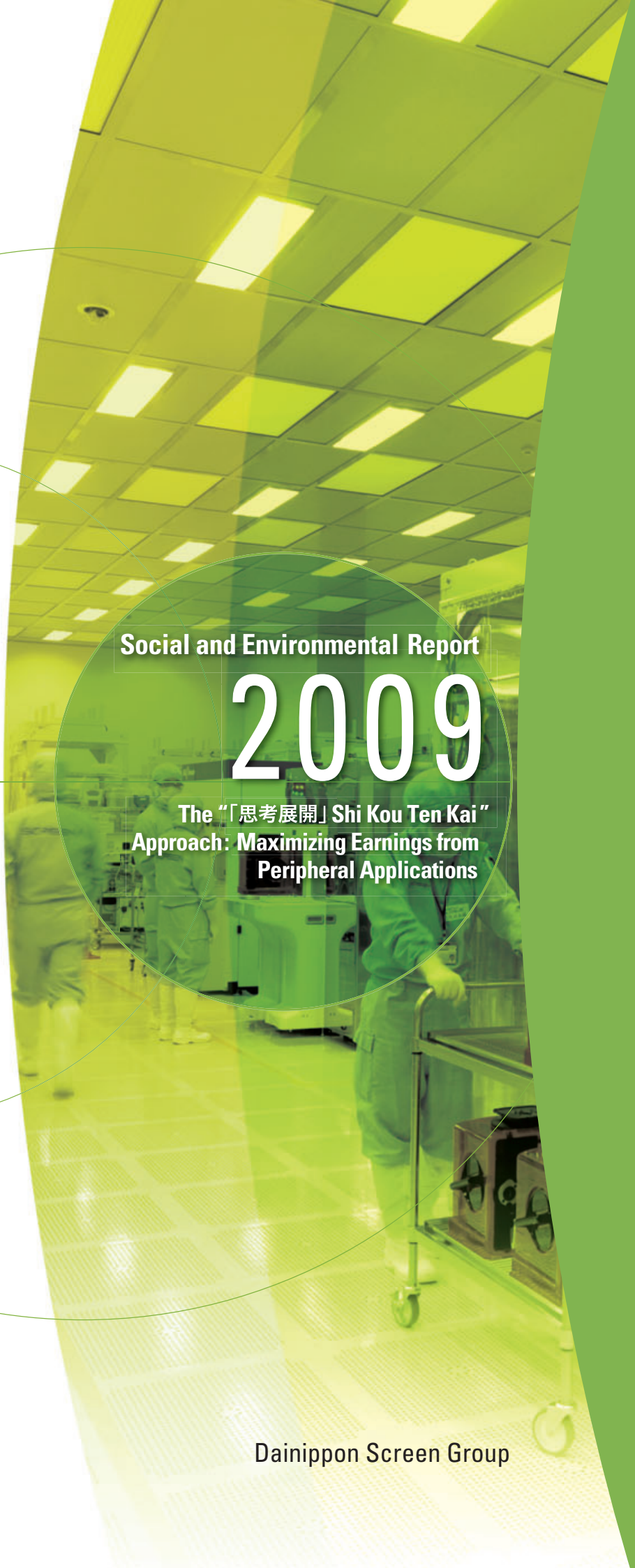
SCREEN

思考展開

Social and Environmental Report

2009

The "「思考展開」Shi Kou Ten Kai" Approach: Maximizing Earnings from Peripheral Applications



Dainippon Screen Group

Social and Environmental Report 2009

The "「思考展開」Shi Kou Ten Kai" Approach: Maximizing Earnings from Peripheral Applications

Contents

Time period covered
Fiscal year 2008 (April 1, 2008 through March 31, 2009)
(Some data contained herein extends beyond this period.)

Companies and business units covered
Dainippon Screen Mfg. Co., Ltd. and Screen Group companies
Note: Environmental impact data and environmental accounting data have been compiled from domestic sites and Group companies where environmental management systems have been implemented.

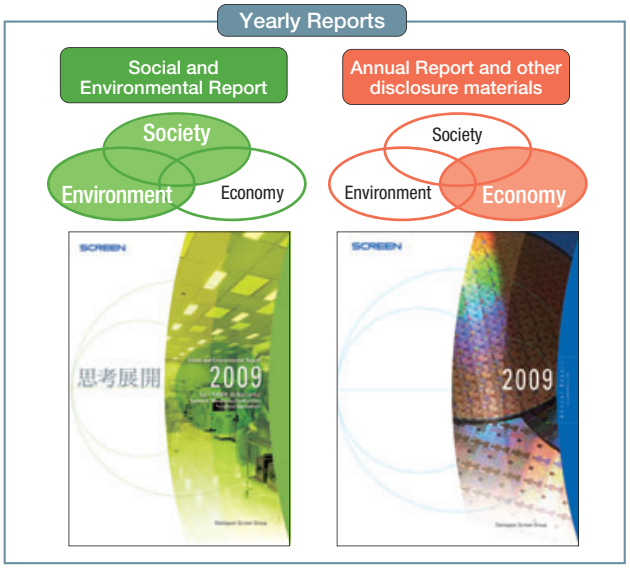
Applicable guidelines
"Sustainability Reporting Guidelines, Version 3.0", Global Reporting Initiative (GRI)
"Environmental Reporting Guidelines FY 2007 Version", Ministry of the Environment
"Environmental Accounting Guidelines 2005", Ministry of the Environment
Note: The GRI guideline reference tables can be viewed at the following link:
URL http://www.screen.co.jp/environmentE/gri.html

Release dates
August 2009 (Next: August 2010 (planned), Previous: June 2008)

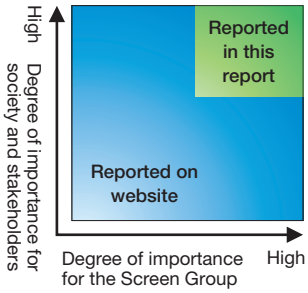
About this Report

Objectives and Editorial Policy

Of the yearly reports issued by the Screen Group to disclose information to stakeholders, this report provides details regarding social and environmental concerns from the perspective of corporate social responsibility (CSR). As a part of our CSR initiatives, this report is intended to fulfill our responsibilities to disclose information and provide explanation, aid communication with our stakeholders, and furthermore, to facilitate the continual improvement of corporate activities as a sustainable company.



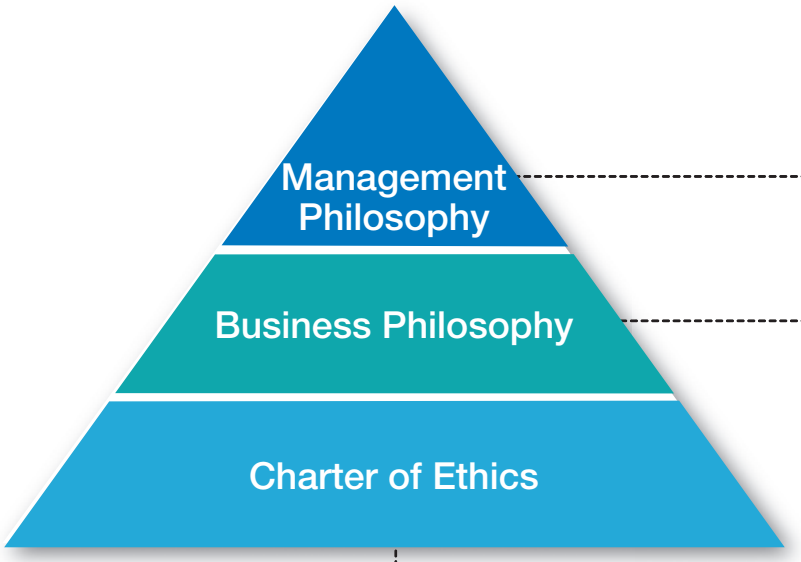
This report is focused on issues that are of importance to society and our stakeholders, and on priority matters that the Screen Group considers to be important social responsibilities. The feature articles introduce particularly important initiatives that have seen progress during fiscal 2008. In an effort to expand the scope of the information we provide, we have made supplementary information and detailed data related to this report available for download from our website.



Website for Social and Environmental Report 2009

URL http://www.screen.co.jp/environmentE

In addition, by reporting on time-series data and target setting, we are working to create a report that will contribute to sustainable improvements in our corporate social responsibility initiatives, and to provide a report that a greater number of stakeholders will find straightforward and easy to read.



"「思考展開」Shi Kou Ten Kai"

Three Beliefs

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

Developing better people
Developing people who find joy in their work

The pursuit of technology
Pursuing unique new technologies and new combinations of existing technologies

Eight Standards

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.

Management Philosophy: the "「思考展開」Shi Kou Ten Kai" (Thinking, Consideration, Development, Opening: maximizing earnings from peripheral applications) (Enacted 1964)

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, in response to the demands of our customers and society.

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 Screen Group employees on the occasion of our 50th anniversary to create a dynamic corporate identity.

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.

Message from Management

Overcoming hardships to look towards the challenges of the future

Akira Ishida
Chairman and CEO

Masahiro Hashimoto
President and COO

Photo: In the Shi Kou Ten Kai Hall.
The hall bears the name of our "「思考展開」Shi Kou Ten Kai" management philosophy, and showcases innovative technology from the company's history.

Meeting the challenges posed by the radical changes in the business environment

The waves of the global economic crisis stemming from the US financial crisis that swept across the business world like a tsunami and affected all sectors of industry across the world, will no doubt be fresh in the mind of all stakeholders. The crisis was felt in the semiconductor industry, our main field of business, as well as in the flat panel display and printing industries, causing our business environment to deteriorate faster than anyone had imagined and significantly affecting the Screen Group.

While the new fiscal year saw tentative signs of a halt to the economic downturn in the materials industry and other sectors of the world economy, the scale of our mainstay business—the semiconductor production equipment industry—has been further reduced, with predictions that it may shrink to half the size of its fiscal 2007 peak. With no significant reversal of the downturn on the horizon, we are faced with the urgent task of effecting a fundamental realignment of business priorities in order to make the transition from being a quantity-focused organization to a quality-focused organization. We will achieve this turnaround by creating systems commensurate with the scale of our operations and decisively reviewing all underperforming businesses without exception, as well as by accelerating the push towards the selection of business domains and concentration of business operations.

Defining Social Responsibility

The Screen Group views social responsibility as meaning a variety of factors that are underpinned by initiatives aimed at achieving compliance and environmental, health, and safety management. Specifically, these factors include paying taxes to society; providing dividends to shareholders and investors; providing customers with products and services that ensure satisfaction; providing suppliers with reliable business and expanding business; and maintaining employment and providing appropriate remuneration to employees.

The first prerequisite with regard to corporate social responsibility is to ensure stable business performance. However, as previously mentioned, the losses incurred as a result of the abrupt deterioration of the business environment in 2008 have meant that we have been unable to contribute to society through taxes or to provide returns to our shareholders to the extent that we would like to. Moreover, in order to accomplish the task of rebuilding the company, we have been forced to make the heartbreaking decision to implement wide-ranging personnel cutbacks by offering voluntary retirement to employees in all Group companies. With regard to voluntary retirement, we have taken what assistive measures we can, including providing additional payments and offering full support in cooperation with job placement agencies to help ex-employees find new jobs.

As these measures concern the basis of what we consider social responsibility to be, the Screen Group will pursue a variety of rebuilding initiatives, including organization-wide projects, as part of our aims to fundamentally reform our corporate constitution and structure.

Towards Future Growth

The Screen Group is widely recognized in the industrial world as an R&D-focused company, and our 65-year history and background in image-processing technology (photolithographic technology) have endowed us with unique technologies and know-how that other companies simply do not. Guided by the "「思考展開」 Shi Kou Kou Ten Kai" approach, our management philosophy that originates from photolithographic technology (which in turn has its beginnings in the production of glass screens for photographic reproduction of halftone plates), over the past sixty-five years, we have expanded our operations from printing and prepress-related equipment, to semiconductor production equipment, to flat panel display production equipment, and have firmly established ourselves in a range of industries.

We continue to look toward the future, fortifying existing businesses and creating new ones, creating value by blending our own proprietary technologies with other, new technologies, for example by pursuing the joint development of organic EL displays—touted as the next generation in displays—and new energy materials such as solar cell products. We intend to fulfill a variety of social responsibilities by first overcoming the current hardships facing us, and then by maintaining stable business performance to achieve future growth.

In terms of environmental conservation, in 2008 we developed a semiconductor wafer cleaning system that generates zero emissions of volatile organic compounds (VOCs) in the semiconductor manufacturing process. This new product has received high praise from customers as it makes significant contributions towards reducing the environmental impact of semiconductor manufacturers, for whom reducing VOC emissions is an urgent task.

We are pursuing ways to conserve resources and energy, for example, by offering Print-on-Demand (POD) systems that contribute towards lowering environmental impact by reducing ink and paper consumption in the printing industry, and by providing flat panel display production equipment capable of handling large glass substrates.

In terms of social initiatives, 2008 marked the beginning of new initiatives in addition to our regular undertakings. The first of these initiatives was participating in the Table For Two* (TFT) program at Head Office and the Hikone Plant. Under this program, when employees order a healthy meal option from a special TFT lunch menu, a donation equivalent to one cafeteria meal is made to a school in a developing country. The second initiative involved the full-scale start of efforts targeting employment for the disabled through the creation of a facility to provide work for the intellectually disabled.

By striving to make social contributions in areas incidental to corporate activities while directly fulfilling our social responsibilities through these activities, the Screen Group aims to be a corporation that all stakeholders can entrust their dreams to and feel justly proud of.

We take this opportunity to ask for the continued support of all stakeholders.

August 2009

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

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

* Table For Two (TFT): An organization that simultaneously addresses hunger in the developing world and lifestyle-related diseases in the developed world.

Supporting global manufacturing

Semiconductor Equipment Company

Semiconductor production equipment segment

Improving the manufacturing process with some of the industry's best cleaning, etching, and annealing technology

Semiconductors are indispensable in digital home appliances and computers. Dainippon Screen's cleaning, etching, and annealing technology supports the semiconductor manufacturing process and contributes to the global IT industry. Our semiconductor production equipment segment is a core business that accounts for approximately half of our total sales. In this business we are focused on achieving further miniaturization and reduced total cost of ownership including chemical solutions and materials used, two industry needs.

Single wafer cleaning equipment

Share: **60.3%**

Spin scrubbers

Share: **80.1%**

Batch-type cleaning equipment

Share: **57.4%**

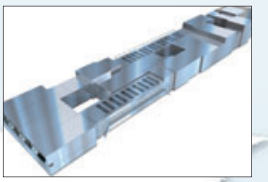
(Source: Gartner "Market share: Semiconductor Etch and Clean Process Equipment, Worldwide 2008", May 5, 2009 Based on 2008 global market sales)

FPD Equipment Company

Flat panel display production equipment segment

Support for a wide range of thin-screen displays from LCD TVs to cellular phones

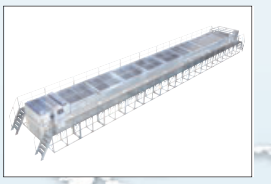
Global demand for liquid crystal displays is growing thanks to their energy efficiency and environmentally-friendly design. Dainippon Screen boasts the top share in the global market for LCD production equipment. We are striving to reduce the use of resources and energy in the production process to support environmentally-friendly displays.



Coater/developers

Share: **73.0%**

(Source: Display Search Share of global market Calendar years Unit base)



Wet etchers

Share: **29.0%**

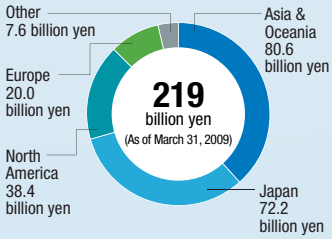
Wet strippers

Share: **51.0%**

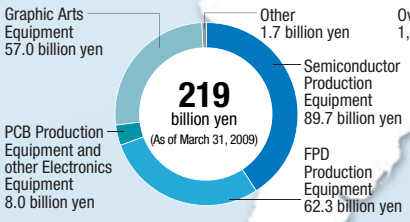
North America
6 companies

Europe
10 companies

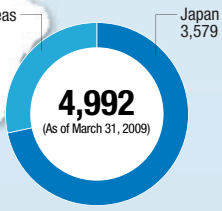
Domestic and Overseas Consolidated Net



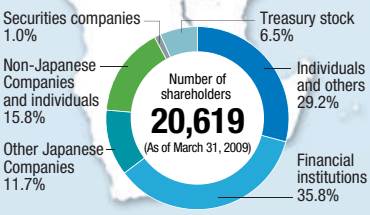
Composition of Consolidated Net Sales



Domestic and Overseas Consolidated Number of Employees



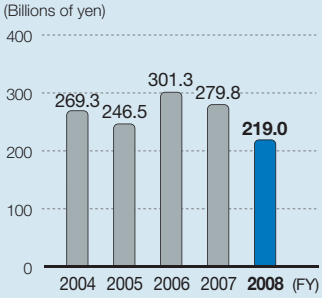
Breakdown by Type of Shareholder



* Based on register of shareholders.
* Including shares less than one unit.

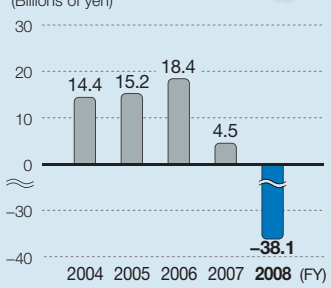
Net Sales

(Billions of yen)



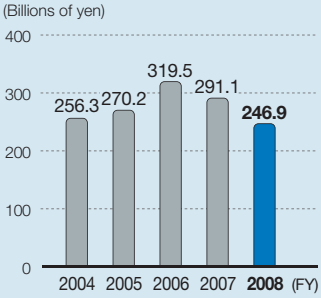
Net Income

(Billions of yen)



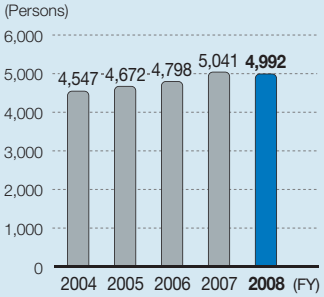
Total Assets

(Billions of yen)



Consolidated Number of Employees

(Persons)



* Figures in billions of yen have been rounded down.

The materiality of Dainippon Screen's CSR activities

Media and Precision Technology Company

Graphic arts equipment segment

Supporting the infrastructure industry of society and reducing the environmental impact associated with printing

The printing industry is the infrastructure of society. Printing technologies are Dainippon Screen's core technologies. As a leading company, we strive to deliver the improved environmental performance demanded by the industry. We achieve this by providing Print-on-Demand (POD) systems that enable small-lot printing through the utilization of inkjet technology and filmless Computer-to-Plate (CtP) systems, which create printing plates from digital data.

CtP systems

Share: **37.3**%

Print-on-Demand (POD) systems

PCB production equipment segment

Helping to achieve quality improvements in mobile devices

In recent years, the wide adoption of mobile devices has spurred advancements in printed circuit board (PCB) technology. Dainippon Screen's inspection and imaging technology help increase the reliability of PCB products, thereby helping to achieve quality improvements in mobile devices.

Automatic optical inspection systems for printed circuit boards

(Source: Dainippon Screen Share of global market Including OEM Calendar years Unit base)

Japan
21 companies

Asia & Oceania
10 companies

Domestic Screen Group companies (As of March 31, 2009)

TechInTech Co., Ltd. / SEBACS Co., Ltd. / Quartz Lead Co., Ltd. / FASSE Co., Ltd. / Scientific and Semiconductor Manufacturing Equipment Recycling Co., Ltd. / FEBACS Co., Ltd. / MEBACS Co., Ltd. / Media Technology Japan Co., Ltd. / MT Service Japan East Co., Ltd. / MT Service Japan West Co., Ltd. / S. Ten Nines Kyoto Co., Ltd. / S. Ten Nines Sapporo Co., Ltd. / Laser Solutions Co., Ltd. / First Lease Co., Ltd. / Tec Communications Co., Ltd. / DS Finance Co., Ltd. / INITOUT Japan Co., Ltd. / TRANSUP Japan Co., Ltd. / ReVersion 65 Co., Ltd. / Miyako Link Ring Co., Ltd. / GERANT Co., Ltd.

Overseas Screen Group companies (As of March 31, 2009)

North America D.S. North America Holdings, Inc. / DNS Electronics, LLC / Dainippon Screen Graphics (USA), LLC / S. Ten Nines California, LLC / D.S. Venture Investments International, Incorporated / Silicon Light Machines Corporation

Europe Dainippon Screen (U.K.) Ltd. / Inca Digital Printers Ltd. / Dainippon Screen (Deutschland) GmbH / Dainippon Screen Ireland Ltd. / Dainippon Screen Electronics France Sarl / Dainippon Screen Italy S.R.L. / Dainippon Screen Israel Ltd. / Dainippon Screen (Nederland) B.V.

Asia & Oceania Dainippon Screen Electronics (Shanghai) Co., Ltd. / Dainippon Screen (China) Ltd. / Screen Media Technology Ltd. / Dainippon Screen MT (Hangzhou) Co., Ltd. / Dainippon Screen (Korea) Co., Ltd. / Dainippon Screen Electronics (Taiwan) Co., Ltd. / DNS Feats (Taiwan) Co., Ltd. / Dainippon Screen (Taiwan) Co., Ltd. / Dainippon Screen Singapore Pte. Ltd. / Dainippon Screen (Australia) Pty. Ltd.

For our customers...

Our system guarantees reliable products

Under our quality policy, we implement initiatives in every process from development to production and after-sales service across every business segment. Aiming to improve customer satisfaction, we have established a contact office for inquiries and complaints. We have prepared a system to ensure that customers are happy through the dedicated pursuit of business continuity initiatives and information security.

Evaluation testing utilizing customer feedback

For our supplier...

We continue our business activities thanks to your cooperation

We have established four basic policies to create a production system in which we can work together with our suppliers and engage in procurement activities based on a relationship of mutual trust. As well as placing an emphasis on dialogue with suppliers through holding regular events, presenting awards, and implementing instructional visits to ensure quality, we are also rolling out education activities targeting compliance with the Subcontract Act across Screen Group companies.

Awards ceremony for outstanding suppliers

For our employees...

Providing a safe and comfortable workplace where all employees can develop their maximum potential

Dainippon Screen values the opinions and aptitudes of its employees, and creates workplaces that support today's diversifying work styles and lifestyles. Based on the provision of health and safety, Dainippon Screen also respects the intellectual property rights and human dignity of its employees. In fiscal 2008, in order to ensure employee diversity, we took on intellectual disabled employees.

Consultation with an occupational health physician

For our shareholders and investors...

Improving corporate value through bilateral communication

Our priorities are to disclose information for the benefit of shareholders and other investors both continually and proactively. This year we invited institutional investors to overseas exhibitions and Group companies, and additionally conducted a briefing regarding the impact of changes in the business environment on our operations. Moreover, as a new initiative for individual investors, we also took part in a joint briefing by with two other semiconductor production equipment manufacturers.

Joint briefing with other semiconductor production equipment manufacturers for individual investors

For local communities...

Contributing significantly to society by putting our Charter of Ethics into practice

Dainippon Screen continually promotes a variety of social initiatives including a digital archive project utilizing our business operations, a career design program for training the next generation of aspiring young talent, and local environmental conservation projects. Moreover, as new initiatives, we are participating in Table for Two (TFT), an international cooperation framework that simultaneously promotes measures against hunger in the developing world and lifestyle-related diseases in the developed world, and are conducting social welfare activities through our handbell club.

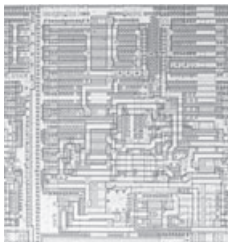
Field trip for high school students (Yasu Plant)

For global environment...

Achieving a sustainable society through environmental safety management

Dainippon Screen has established an environmental management system according to the international ISO 14001 certification, and is involved in initiatives to reduce environmental impact throughout the product lifecycle from procurement and production to distribution and disposal after customer use.

Chassis purpose-designed for modal shifts



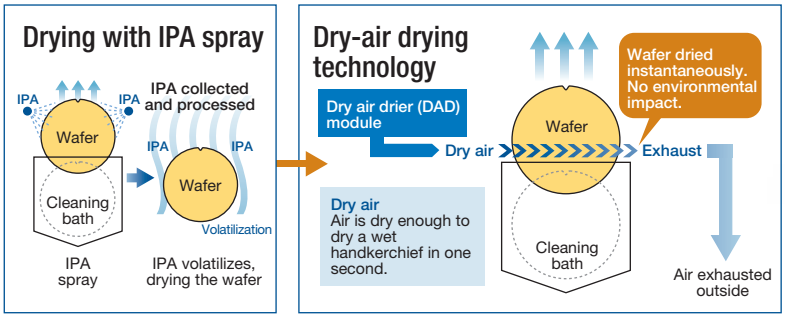
Increasingly complex circuit patterns

Drying wafers without any VOCs, using only air

The process in which circuit patterns are formed on wafers[*1], the substrates used in semiconductors, consists of repeated processes of film deposition, resist[*2] coating, etching, and resist stripping (removal). If even minute amounts of contaminants or particles remain on the wafer during the process, the circuit will be damaged, so wafers must be washed and dried many times. The equipment used to wash and dry wafers are wafer cleaning equipment known as wet stations.

Wet stations first clean wafers using deionized water and chemical solutions before pulling them up out of the cleaning bath and drying them. As part of this process, wafers are generally sprayed with isopropyl alcohol (IPA) before drying in order to remove watermarks formed when they are removed from the bath. However, IPA is a volatile organic compound (VOC) regulated by the Air Pollution Control Law and due to its highly volatile and easily dissipative nature, reducing IPA consumption presents a significant challenge to semiconductor manufacturers trying to reduce their environmental impact. Moreover, IPA is also highly flammable, requiring factories where it is used to have firewalls and sprinkler systems. On top of this, it also requires storage facilities, and facilities for collection and processing after use, which imposes a heavy burden on semiconductor manufacturers.

In light of these issues, Dainippon Screen investigated alternative methods to IPA spraying. We focused on dry-air drying technology that removes water from wafers using dry air only. We began developing a groundbreaking new technology that achieves zero VOC emissions and achieves results



Feature Article 1 **Reducing environmental impact in the semiconductor manufacturing process**

Developing a semiconductor wafer cleaning system with zero VOC emissions

New technology helps customers reduce usage of chemical substances

Dainippon Screen has developed a new semiconductor wafer cleaning system that uses absolutely no volatile organic compounds (VOCs)—substances that cause photochemical smog and are also thought to play a role in the destruction of the ozone layer. This new system contributes towards reducing the environmental impact of semiconductor manufacturers.

The challenge we were faced with was how to create a system that dried using only air.

Tomomi Iwata
Cleaning Process Technology Department 2
Process & Equipment Engineering Division
Semiconductor Equipment Company

Our motto is to develop simple systems, but developing a drying system that only uses air proved to be a major challenge. We were extremely pleased when we realized that we were definitely going to achieve our goal of replacing IPA with dry air. We will continue to develop new products in order to achieve our dream of releasing products with a low environmental impact.

Stakeholders' voices

Yuri Yonekura
Specialist
Process Engineering Group I
Manufacturing Engineering Department
Yokkaichi Operations
Semiconductor Company
TOSHIBA CORPORATION

The Toshiba Semiconductor Company is working together with Dainippon Screen to develop a low-cost, environmentally-friendly batch drier. While the wafer driers employed in conventional batch cleaning systems use isopropyl alcohol (IPA), the new wafer drier that we are currently evaluating uses dry air, making it the ultimate drier in terms of reducing volatile organic compounds (VOCs). Of the semiconductor device production processes, we are investigating the application of dry air in the cleaning and etching processes for wafers coated with resist film, as the conventional IPA drying method used in these processes involves the risk of resist film dissolving, making it difficult to apply.

equivalent to those provided by conventional methods using IPA.

*1 Wafer: A thin disc used in semiconductor circuit substrates that is typically made from a single crystal of extremely pure silicon. Multiple circuit patterns are laid out on the surface of the wafer, which undergoes exposure and etching processes before being cut into rectangular chips for commercial use.

*2 Resist: A photosensitive liquid material used when creating circuits.

Significant cost reductions and disaster prevention capabilities in addition to environmental conservation benefits

To develop this new technology, we conducted repetitive experiments spraying dry air to cleaned wafers.

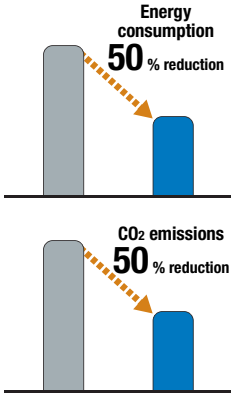
Wafers contain circuit patterns with wiring widths at the nanometer (a unit of measure equivalent to one billionth of a meter) level. With wiring widths being minimized so as to increase semiconductor capacity, it was necessary to consider air temperature, volume, and direction, and other factors in order to remove water adhered to extremely small or complexly shaped areas using only dry air.

In the early stages of development, we struggled to meet quality indicators for numbers of watermarks and particles, but the cause of our problems proved to be the angle of the air in relation to the wafer. We verified our findings over the course of a year to develop the first successful application of dry-air drying technology in a semiconductor wafer cleaning equipment. We decide to incorporate the new technology in our 300 mm wafer wet station. We continued a process of trial and error to commercialize the technology, and after quality indicators and defect ratios were proved to offer equivalent performance to that of IPA spraying, it was first released in December 2008 as a new function of the FC-3100.

Not only does the FC-3100 not emit any of the volatile organic compound IPA, it also features reduced energy consumption, which leads directly to reduced CO_2 emissions. These energy savings are achievable because the drying process takes only around half the time of IPA spraying. Furthermore, because it does not use IPA—a highly flammable substance that is difficult to handle—it performs excellently in terms of disaster prevention. This means that costs associated with IPA procurement, N_2 (nitrogen) and deionized water (which are used in the IPA cleaning process), fire prevention, IPA storage, IPA collection, and other factors can be eliminated to reduce total costs to as much as one-eighth.

As a manufacturer with the top share of the global wet station market, Dainippon Screen will contribute to reducing the environmental impact of semiconductor manufacturing by promoting the widespread adoption of the FC-3100, which achieves zero VOC emissions, and develop new products that improve upon technology it has developed.

Advantages of the FC-3100



- **Processing time halved**
- **Total costs reduced to 1/8**

* Certain calculation criteria are based on *SEMI S23 - Guide for Conservation of Energy, Utilities and Materials Used by Semiconductor Manufacturing Equipment,* an industry standard.

The semiconductor manufacturing process

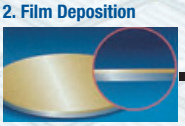
Wet Station

FC-3100

1. Cleaning

The wafers forming the base of the semiconductor are cleaned. Ultra-fine particles and all contaminants are removed.

2. Film Deposition

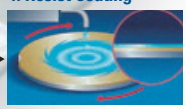


Thin film layers of silicon oxide, aluminum and other metals that will become the circuit materials are formed on the wafer.

3. Post-deposition Cleaning

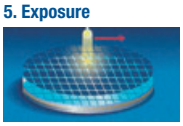
Minute particles adhering to the wafer are removed after the film deposition using deionized water or deionized water applied with ultrasonic waves.

4. Resist Coating



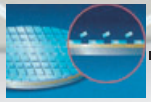
The wafer surface is coated with resist (a photosensitive chemical). A layer of resist is formed on the wafer.

5. Exposure



The circuit pattern is projected onto the wafer, and only the areas of the resist layer that are exposed to the light are changed, thereby transferring the pattern.

6. Development



Areas of the resist that were exposed to the light are dissolved using developer to reveal the thin film on the wafer surface.

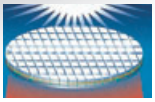
7. Etching

The exposed oxidized layer is dissolved using chemicals and removed. This forms the pattern.

8. Implantation of Impurities

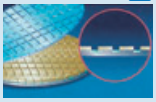
In order to give the wafer semiconducting properties, impurities, such as phosphor or boron ions, are implanted in the wafer.

9. Activation



Activation is performed by heating the substrate instantaneously using flash lamps. The tool is able to activate the doped ions without diffusion.

10. Resist Stripping



Using a wet station, the remaining resist is stripped off using a chemical solution, cleaned using deionized water, and then dried.

These processes are repeated until the circuit is formed.

11. Assembly

The wafer is separated into individual rectangular chips, the chips are connected to a metal frame called a lead frame and then enclosed in epoxy resin material.

Processes in which Dainippon Screen Wet Stations are used

Enhancing services offered to customers

Dainippon Screen constantly strives for technological innovation as it develops and manufactures high-performance, high-productivity semiconductor production equipment for semiconductor manufacturers.

To allow our customers to bring cutting-edge products to market as quickly as possible, we promptly deliver, install, and adjust equipment after purchase, and work to ensure that everything is up and running as soon as possible. Moreover, when performing maintenance work on installed equipment, we prevent malfunction by discovering errors at an early stage and promptly repairing malfunctioning areas to contribute to stable operation of semiconductor manufacturing lines and improve rates of operation.

We refer to the process of performing delivery, installation, adjustment, and maintenance work at a customer's worksite as field service. The technicians that carry out this work are called field service engineers (FSEs). FSEs are the hidden actors who work behind the scenes to support the customer at the worksite. Without them, the customers' equipment would be little more than dormant hunks of metal—such is the importance of the role they play.

In August 2008, in order to develop FSEs, we established the Global Training Center at the Yasu Plant in Shiga Prefecture. In addition to around 200 FSEs from domestic Group companies, the Center will be used to train around 400 FSEs from international affiliates, who would previously have

Breakdown of trainee numbers

Total: 2,356

Note: SEBACS implements its own unique standard education.

Feature Article 2 **Enhancing the service system throughout the entire supply chain**

The Global Training Center – Improving Engineers' Skills Worldwide

A center for developing field service engineers

Dainippon Screen has established a new training center for FSEs—the technicians who solve a variety of problems at semiconductor manufacturing worksites.

We are engaged in efforts to not only enhance the Group-wide service system, but also to improve skills of engineers from both affiliates and customers.

We aim to train engineers who provide excellent customer satisfaction

Isamu Yamamoto
General Manager, Global Training Center
Global Quality Control Division
Semiconductor Equipment Company

It requires around two years of graded training to train a high quality engineer. We are always considering ways to adapt our education system to ensure that our training program is effective, and that trainees can learn the skills that they will need to apply on the worksite at any time. Our aim is to train engineers who provide excellent customer satisfaction and who work quickly and accurately while always putting safety first.

Stakeholders' voices

Anthony Zen Kwok Ching
Single Wafer and Tracks Section
Dainippon Screen Singapore Pte. Ltd. (DSSP)

I took the course for basic maintenance of single wafer cleaning equipment and the trainers course for handling heavy objects. Both courses focused on practical details that has helped me to better understand customer requests and to ensure that my team works safely.
In the future it would be good to have trainers sent out from Japan and to have video-based training materials added to the menu.

Note: The above job titles are accurate as of July 2009. As part of the organizational changes implemented in August 2009, the Global Training Center was functionally integrated into the Global Quality Control Division's EHS Solution Department from where it continues to operate.

been trained in on-the-job-training programs. It will also be used to educate employees of group companies involved in the functional evaluation and inspection of manufacturing equipment and employees of non-Group affiliates. In addition, the Center will serve as a technical training facility to provide instruction regarding operation and maintenance methods to engineers from corporate customers who have purchased semiconductor production equipment.

The Global Training Center is more than a base for enhancing field service—it is also a mechanism for improving engineering skills throughout the entire supply chain.

Practical training focused on safety, technical skills, and knowledge

The Global Training Center has over twenty actual products, including state-of-the-art key products, and serves as a facility for both classroom-based learning and practical training aimed at improving on-site problem-solving ability. The three educational pillars of the Global Training Center are **safety training**, which teaches trainees how to safely perform basic operations and predict danger, and aims to achieve zero industrial accidents through hands-on accident prevention training; **technical skills training**, which gives trainees a detailed knowledge of a variety of equipment as well as imparting accurate and practical support skills; and **knowledge and behavioral training**, which ensures that rules are observed by providing trainees with an understanding of the knowledge and workplace etiquette that is indispensible on the semiconductor manufacturing worksite. To ensure that trainees can cope with a variety of production site situations, the Center provides over twenty training programs including maintenance and chemical solution handling on a product-by-product basis, industrial robot handling, clean room etiquette, and SEAJ* service safety education.

In fiscal 2008, the Center provided hands-on training and classroom-based learning to 2,356 trainees. In addition to providing training on new semiconductor wafer cleaning systems for overseas FSEs and customers, the Center also trained executives of the rank of deputy manager and above, including the president of the Semiconductor Equipment Company, in how to ensure labor safety. In the future, cross training, in which Center trainers and veteran engineers train each other, is also planned. Furthermore, in order to investigate the effectiveness of training and see whether or not trainees are applying what they have learned to the production site, trainees will be surveyed and the results will be reflected in future curriculums.

In fiscal 2009, we will prepare and implement an education plan aimed at systematically training and evaluating all FSEs worldwide, from new employees to veteran engineers. We also plan to develop trainers who will train local employees, especially in Asia where demand for semiconductors is forecast to grow.

Dainippon Screen will improve engineers' skills by conducting training suited to the product characteristics of each division and region both within Japan and overseas in all business segments, including its semiconductor manufacturing systems segment.

* SEAJ: Semiconductor Equipment Association of Japan. A nationwide organization consisting mainly of companies involved in semiconductors and flat panel display production equipment. SEAJ's activities include producing industry statistics, highlighting industry concerns, surveys related to new technology, and promoting standardization.

Example training courses

Standard education

- SEAJ recommended service safety education
- Industrial robot handling
- Chemical solutions handling
- Electrical safety tester qualification education
- Supervisory operator education
- Foreman education
- Parts basics
- Piping for type II semiconductor production equipment
- Basics of assembly/ disassembly
- Basic tool handling

Product skills training

- Basic training for customers
- Basic maintenance training – by product
- Basic training for regular robot maintenance
- Product operation education for engineers

Safety training

- Safety skills training predicting danger, working in high places, chemical mixing, lockout/tagout, and ladders

Global Training Center overview

Address:
Mikami 2426-1, Yasu, Shiga
520-2323 Japan

Total floor area: Approximately 3,400 m²

Main responsibilities:
General training of service engineers.
Customer training for semiconductor production equipment.

Social Report

Customer Relations

Our system guarantees reliable products

Quality Policy

Pooling knowledge to respond to customer trust

We constantly work to improve the reliability of our products and services in response to the trust our customers place in us. The Semiconductor Equipment Company has reevaluated its quality policy and is operating under a new policy that emphasizes total participation by all members of the organization.

Semiconductor Equipment Company
Quality policy: To pool the knowledge and dynamism of all employees in order to deliver products and services of the quality demanded by the customer.

FPD Equipment Company
Quality policy: To gain a clear understanding of customer demands, and work on ongoing improvements to provide products that satisfy customers.

Media and Precision Technology Company
Quality policy: To provide products and solutions that satisfy customers.

Business Continuity Initiatives

Promoting response measures for earthquakes and new strains of influenza

The Disaster Risk Committee is promoting response measures for large earthquakes or new strains of influenza.

The Semiconductor Equipment Company is continuing to expand Business Continuity Management (BCM), which has now been adopted by thirty-six suppliers. Moreover, as part of our environmental preparations to ensure substitute production methods, we are considering the acquisition of alternative production sites in the event of an emergency.

Efforts to Ensure Quality from the Development Process through to the Manufacturing Process in all Businesses

Problem-solving through a consistent quality assurance system

As all of our business segments rely heavily on the outsourcing of production, cooperation with suppliers and Group companies located within and outside Japan is an important factor towards ensuring quality. In order to strengthen cooperation between companies and establish a quality assurance system which integrates manufacturing and sales, we are reevaluating our management system.

In April 2008 our Graphic Arts Equipment and Electronic Equipment segments were merged to form the Media and Precision Technology Company. While both business segments have already obtained ISO 9001 certification, in order to create a more unified quality assurance system, their systems will be reintegrated and standardized during fiscal 2009 in order to obtain certification as the Media and Precision Technology Company.

Improving Customer Satisfaction

Contact liaison for customer inquiries and complaints established

We have established a liaison for customer requests and complaints. Information obtained from this liaison will be collected, analyzed, and shared between business segments, so that prompt response measures may be implemented.

We are also involved in undertakings to improve all aspects of customer satisfaction in terms of manufacturing, sales, and support. In fiscal 2008, the FPD Equipment Company received an award for best supplier from Korean and Taiwanese customers amongst other awards.

Information Security

Strict management of confidential sales information in Group companies

At Dainippon Screen, we manage confidential information regarding customers according to our regulations for the management of confidential sales information. The supervising executive is the director in charge of intellectual property, and an administrator is appointed in every department. The Committee for the Protection of Trade Secrets is a companywide administrative authority that ensures strict control through training and other initiatives.

Necessary departments and Group companies have already obtained ISO 27001, certification for information security management, and we are currently developing administrative regulations for Group companies.

Evaluation testing utilizing customer feedback

Topics from fiscal 2008

Using design reviews during product development and previous support experience to improve customer satisfaction

We participate in design reviews during product development and in evaluations before product release, to collect opinions so that everyone's ideas can be reflected in design and other areas. Furthermore, after product release, data regarding quality and problems is collected and analyzed based on delivery status reports and a problem database, so that corrective measures can be implemented immediately in the event that the same problem occurs multiple times.

Through these daily activities, we work to improve quality and customer satisfaction.

Shinichiro Takaoka
General Manager, Quality Promotion Department, Business Management Division, Media and Precision Technology Company

Social Report

Relationship with Suppliers

We operate in cooperation with our suppliers

Purchasing Policy

Procurement activities based on four basic policies

We conduct procurement activities based on four basic policies: open and fair, partnerships, global orientation, and green procurement.

Open and fair:	Fair and impartial procurement activities
Partnerships:	Creating mutual prosperity from mutual trust
Global orientation:	Internationally-minded procurement
Green procurement:	Environmental preservation work

We currently have nearly 1,000 suppliers related to product manufacturing. We have around 250 main domestic suppliers, and, thanks to our efforts to increase overseas procurement, have 50 overseas suppliers in 10 countries, a figure that continues to grow.

Dainippon Screen was one of the first companies to establish an electronic procurement system, which is contributing significantly to the globalization of procurement.

Compliance with the Subcontract Act

Group-wide training and correction

Dainippon Screen and approximately half of our Group suppliers are subject to the Subcontract Act. We periodically hold seminars concerning the Subcontract Act for personnel in charge of purchasing at Dainippon Screen and Group companies that conduct business with subcontractors.

In fiscal 2008, these seminars were held in September 2008 and January 2009. Aside from serving as an opportunity for employees to increase their legal knowledge, the seminars featured voluntary inspections aimed at gaining an understanding of the current state of business dealings. In addition to increasing the awareness of all personnel concerned regarding legal compliance and we also correct misunderstandings as necessary. No situations constituting violations of the Subcontract Act were recognized.

With market conditions worsening, to ensure that excessive demands are not placed on suppliers we will continually implement voluntary inspections and measures aimed at imparting legal knowledge as part of our efforts to promote compliance across the whole Group.

Dialogue with Suppliers

Excellent value engineering proposals from suppliers commended at policy announcement meeting

The fiscal 2008 round of our policy announcement meeting in which we communicate our policy to domestic suppliers was held on May 28, 2008. The meeting was attended by our major suppliers.

Dainippon Screen President Masahiro Hashimoto addressed the meeting, outlining his desire to create a resilient organization capable of responding to changes in the external environment. Following Mr. Hashimoto's address, individual business segment policies were announced, and the Chief Procurement Officer explained purchasing department policies with regard to cost improvement, the expansion of overseas procurement, the full-scale utilization of value engineering methods, and other issues. Suppliers were also requested to pursue environmental measures including strengthening green procurement and effecting a modal shift in transportation.

In accordance with our value engineering* proposal evaluation system, we selected four suppliers, and five outstanding value engineering proposals from amongst those submitted during fiscal 2007, and presented them with outstanding achievement awards for value engineering proposals.

* Value engineering: A systematic method of improving the value of goods and services by examining their function. Value is defined as the relation between function and cost.

Suppliers who received outstanding achievement awards for value engineering proposals

Yasunori Fujii
General Manager, Manufacturing Department, Product Control Division, Semiconductor Equipment Company

Topics from fiscal 2008

Improving product unit quality with instructional visits to suppliers

In the manufacturing process used to make semiconductor production equipment, certain product units are outsourced to suppliers for assembly. The production department has boosted efforts to ensure improvements by implementing instructional visits to assembling outsourcers, and conducting quality checks and analyzing problem trends.

In fiscal 2009, we plan to reinforce the Unit Production Section and enhance cooperation with our suppliers.

A supplier performs contracted assembly work

Social Report

Employee Relations

We aim to provide a safe and comfortable workplace where all employees can develop their maximum potential

Personnel Policy, Employment, and Treatment

Switching from seniority-based promotions to ability- and performance-driven promotions, and valuing employee opinions and aptitudes

These two major ideas have been behind several personnel systems and measures we have implemented, including a target management system, an in-house internship system, a financial rewards system for employees who obtain qualifications, and an in-house inter-departmental transfer system.

During fiscal 2009 we employed 62 new university graduates (88 over the entire Group). As part of our current efforts to rebuild the company, in order to optimize the scale of our operations, optimizing staff numbers is a critical task.

Ensuring Diversity

Promoting employment of the intellectually disabled

In order to open up employee opportunities for the disabled, we established a team to consider the employment of disabled people from July 2008. The new employees have been involved in digitalizing our product information in Parte*, a workshop at the Hikone Plant, from March 2009. Dainippon Screen intends to provide a comfortable workplace that is easy for the disabled to work at.

* Parte: Derived from “partio” the Esperanto word for “friend”, “cooperation”, or “support”.

Respect for Employees’ Rights

Securing employees’ intellectual property rights

Dainippon Screen regulations stipulate that employees will be appropriately compensated if an invention made by an employee is inherited by the company.

Engineers are provided with training in general patent knowledge, how to write invention applications, and how to research prior art materials, among other topics. Inventions are encouraged, as is the acquisition of patent rights.

Respecting Human Rights

Sexual harassment and abuse of authority are not tolerated

The Screen Group does not tolerate sexual harassment or abuse of authority, which are prohibited by our Shared Charter of Ethics.

As of 2007 all employees have been required to attend seminars regarding sexual harassment and abuse of authority. As part of our efforts to eliminate sexual harassment and abuse of authority, and to create a comfortable workplace for all employees regardless of gender, we provide both in-house and external hotlines.

There have been no problems related to child labor, forced labor, or obligatory labor.

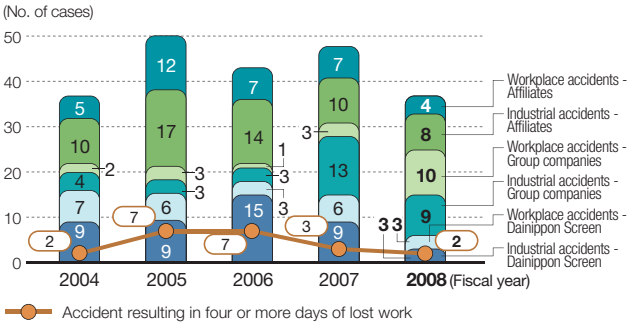
Occupational Health and Safety

Occupational health and safety management certification upgraded

In 2001, we obtained OHSAS 18001 certification, the international standard for occupational health and safety management systems. In 2008, we completed the work required to comply with the 2007 revision of this standard, focusing on the critical issues of safety education, safety evaluations, an awards system, and risk assessment.

In fiscal 2008, there were 20 workplace accidents, down from 32 the previous year, while the number of workplace accidents resulting in four or more days of lost work was 3, compared to 2 the previous year.

Number of industrial and workplace accidents



Consultation with an occupational health physician

Topics from fiscal 2008

Giving consideration to work-life balance and mental health in order to achieve better work styles

In order that employees can balance work with home life and lead healthy and active lives, we provided consultations with a qualified industrial counselor from the Human Resources Company for those employees who commute long distances or qualify for the reduced work-hour system to accommodate childcare and family care.

Furthermore, occupational health staff provide employee consultations as a mental health measure.

Shingo Shimizu
Health Group Leader
(Industrial Counselor)
Human Support Department
Human Resources Company

Social Report

Local Community Relations

Contributing significantly to the development of industry and society by providing top quality products and services

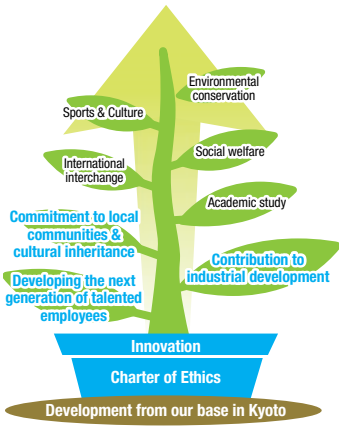
Basic Policy

Implementing the philosophy outlined in our Charter of Ethics

With innovation as our strength, Dainippon Screen has developed products mainly in the visual information industry*. By offering safe and environmentally-friendly products, we aim to reinvest in society and support the development of industry.

Through our Kyoto-based business operations, we target social initiatives that are unique to Dainippon Screen.

* 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.



Development of people-friendly products

In our Hiragino font series, which is used in PCs and portable music players, we have developed a new font designed especially for universal design. This new font is both beautiful and easy to read, and is intended to be more legible, faster to read, and readable for longer periods of time.

Corporate Social Initiatives

For our children, the future of our planet

In fiscal 2008, all Dainippon Screen plants hosted tours from elementary, and junior and senior high school students. The Yasu and Hikone Plants held educational programs to encourage interest in the semiconductor industry amongst high school students. We promoted the attractions of science and technology and the importance of the semiconductor industry through lectures on semiconductors and field trips to see semiconductor production equipment up close.

The Kumiyama Plant held a demonstration of printing equipment for junior high school students and implemented initiatives aimed at increasing understanding of environmentally-friendly products and down-to-earth environmental activities. Dainippon Screen will continue to support our children, the future of our planet.

Dainppon Screen cosponsored the "3rd High-tech University in Shiga", an educational program for high school students organized by SEMI. (High school students tour the clean room at the Hikone Plant)

Participation in the Table for Two program

Under the Table for Two (TFT) program, when employees order a healthy meal option from a special TFT lunch menu at Head Office or the Hikone Plant, a donation equivalent to one cafeteria meal is made to a school in a developing country.

The program is very popular amongst employees as they can help children in developing countries and stay healthy themselves.

Note: Visit the website below to learn more about TFT:

URL http://www.tablefor2.org/index.html

Dialogue with Local Communities

Handbell Club concert held

Dainippon Screen's Handbell Club held a concert at the Kyoto City Kita-sogo School for Special Education, a special needs school located nearby Head Office.

The concert was very well-received, and the children enjoyed trying out the handbells themselves and singing along with the members of the club.

Handbell concert

Heather Kendle
Director of Marketing
Inca Digital Printers Ltd.

Topics from fiscal 2008

Free printing service offered to students

Inca Digital Printers, Ltd., a Group company based in England, offered a printing service for art projects and exhibition posters for local schools and universities.

Inca Digital also hosts school field trips and provides lectures on ink jet printing technology, in addition to accepting apprentices.

Poster produced by Inca Digital's printing service

Environmental Report

Environmental Management

We are integrating our environmental management system to build a unified group-wide promotion system

Basic Policy and Promotion System

Integrating Group environmental philosophy and policies

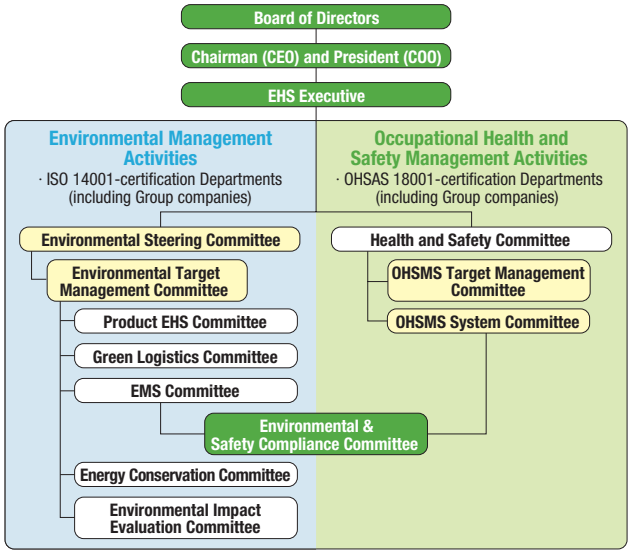
In recognition of Global Care*, the environment, health, and safety (EHS) policy of the electronics industry, Dainippon Screen is promoting EHS management, having positioned its comprehensive EHS framework as “green value”.

In line with the integration of the Group environmental management system and the unification of our environmental philosophy and environmental policies in fiscal 2009, we also reevaluated the promotion system of our environmental management system.

The Environmental Steering Committee will determine the Screen Group’s environmental policies and mid-term targets, while the Environmental Target Management Committee will manage progress with regard to annual targets and plans on a quarterly basis. The Environmental Target Management Committee will establish committees on an issue-by-issue basis and promote CO_2 reductions, environmentally-friendly product development, and similar issues.

* Global Care: An environment, health, and safety framework advocated by the international electronics industry group SEMI.

EHS management system



Basic policies related to EHS management

■ Environmental Philosophy and Environmental Policies

Environmental Philosophy

The Dainippon Screen Group will contribute to the realization of a society where both nature and the people of the world can share an abundant future by pursuing technology for the creation of an environment that is friendly to both people and the Earth.

Environmental Policies

1. The Screen Group will offer low-environmental-impact products through its business operations involving the development, manufacture, sale, servicing, and management of electronic equipment and components and graphic arts equipment.
2. The Screen Group will work to prevent environmental pollution by establishing voluntary standards of operation and by complying with applicable legal regulations and agreements made with stakeholders, based on an understanding of environmental issues.
3. The Screen Group will create and maintain an environmental management system, and, with the goals indicated below, regularly review this system and continually strive to improve its environmental impact.
   a. Resource conservation: Promote the prevention of global warming and the conservation of resources.
   b. Product stewardship: Design environmentally-friendly products and improve distribution processes.
   c. Community service: Improve environmental awareness amongst employees.
4. The Screen Group will raise awareness of environmental conservation initiatives amongst employees and other related parties through environmental education and promotional activities, and act with the awareness that environmental conservation initiatives are important management issues.
5. The Screen Group will publicize its environmental philosophy and environmental policies both within and outside the company.

■ Occupational Health and Safety Philosophy and Occupational Health and Safety Policies

Occupational Health and Safety Philosophy

The Dainippon Screen Group, acting in the belief that people are the foundation of business activities, will strive to create safe, healthy, and comfortable workplaces.

Occupational Health and Safety Policies

1. The Screen Group will work to improve occupational health and safety activities related to its business operations involving the development, manufacture, sale, servicing, and management of electronic equipment and components and graphic arts equipment.
2. The Screen Group will identify potential sources of danger, and prevent injury and illness by establishing voluntary standards of operation and by complying with applicable legal regulations and agreements made with stakeholders.
3. The Screen Group will create and maintain an occupational health and safety management system, and, with the goals indicated below, regularly review this system and continually strive to improve risks related to occupational health and safety.
   a. Eradicate workplace accidents.
   b. Reduce company vehicle accidents and accidents that occur while commuting.
   c. Create safe, healthy, and comfortable workplaces.
4. The Screen Group will raise awareness of occupational health and safety initiatives amongst employees and other related parties through occupational health and safety education and promotional activities, and act with the awareness that occupational health and safety initiatives are important management issues.
5. The Screen Group will publicize its occupational health and safety philosophy and occupational health and safety policies both within and outside the company.

URL http://www.screen.co.jp/environmentE/concept.html

Risk Management

Legal compliance and complaint handling

While there were no legal violations in fiscal 2008, there was one complaint from a property adjacent to a Dainippon Screen plant. The complainant claimed that agricultural produce was being affected by wind funneling between buildings at the Rakusai Site. A windbreak was planted to help combat this issue.

Environmental Education

Restructuring our education system

We have restructured our education system so as to provide education concerning environmental safety according to job function.

In fiscal 2008, as an environmental management course under the revamped system, we invited instructors from outside the company and held an Environment Month with commemorative lectures to provide a chance to consider the future of Screen Group measures to combat global warming.

Environmental Accounting

Capital investment in environmental conservation

Total expenditure on environmental conservation in fiscal 2008 was 3.1 billion yen, an equivalent amount to that spent in fiscal 2007.

With the upgrade of the Hikone Plant finished, our capital investment was only one-sixth that of fiscal 2007. These expenses were used to replace boilers and facilities for the reuse of phosphoric acid, the installation of an environmental data system, and other measures contributing to the improvement of environmental conservation.

Note: For more information on environmental accounting refer to the data available from the following website:

URL http://www.screen.co.jp/environmentE/accounting.html

Respecting Biodiversity

Helping wildlife in Lake Biwa

Our new wastewater treatment facilities built in 2006 are designed with the Shiga prefectural water quality regulations in mind in order to protect the wildlife that calls Lake Biwa home.

Moreover, we have begun joint research into robot technology in cooperation with Ritsumeikan University and are also pursuing initiatives to tackle environmental problems in Lake Biwa and other lakes, as well as ocean environmental problems caused by fouling on the bottom of ships.

Material Balance

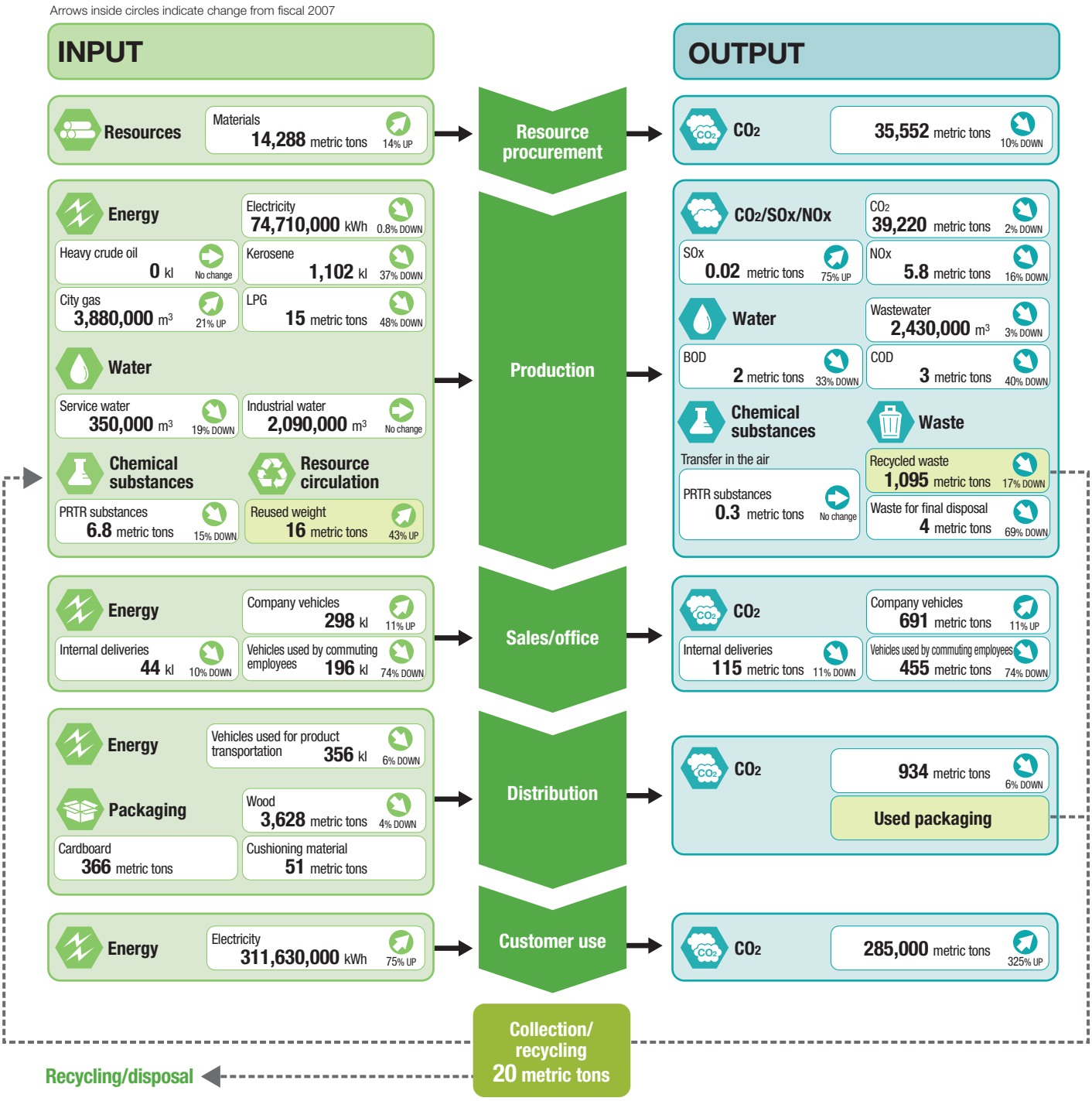
We know the environmental impact generated by our business activities

Material Balance

Overall environmental impact of business activities

Dainippon Screen collects data concerning materials, energy, greenhouse gases, waste, and other aspects of the environmental impact of its business activities, and calculates estimates based on actual measurements and materials used.

In fiscal 2008, CO_2 emissions due to employees commuting by car were 74% less than in fiscal 2007 thanks to the opening of Screen Station on the Ohmi Railway and other initiatives. However, CO_2 emissions attributable to product usage significantly increased due to the use of larger equipment.



Environmental Targets and Performance

New developments—from Eco Value 21 to Green Value 21

Performance during Fiscal 2008 and Targets for Fiscal 2009

Overview of performance during fiscal 2008

In fiscal 2008—the final year of Phase II of Eco Value 21, our four-year medium-term environmental plan targeting the period from fiscal 2005 to fiscal 2008—we were unable to achieve targets relating to the reduction of greenhouse gases produced by energy use, the reduction of packaging materials used in product transport, or the reduction of industrial and workplace accidents at customer sites.

The greenhouse gas reduction target was not achieved due to increased energy use accompanying the commencement of full-scale operations at the Process Technology Center, a development base for the Semiconductor Equipment Company that was built as part of the Hikone Plant upgrade.

Environmental Targets and Performance

Fiscal 2008

Category	Key measure	Target	Result
Resource conservation	Reducing greenhouse gas (CO_2) emissions	Minimum 11% reduction in CO_2 emissions per unit of production resulting from energy consumption (Compared with fiscal 2000)	CO_2 emissions per unit of production in fiscal 2008: 26.7 metric tons/100 million yen, up 14.6% from fiscal 2000
		Ratio of energy-efficient cars to all cars owned by the Group: Minimum 80%	Ratio of energy-efficient cars: 88% (145 energy-efficient cars out of 164 cars in total)
		Minimum 3% reduction in CO_2 emissions per unit sales resulting from fuel consumption for product transport (Compared with fiscal 2005)	CO_2 emissions per unit sales in fiscal 2008: 0.548 metric tons/100 million yen, down 7% 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: 0.4%
		Minimum 9% reduction in waste volume per unit of production (Compared with fiscal 2000)	Waste volume per unit of production in fiscal 2008: 0.75 metric tons/100 million yen, down 31% from fiscal 2000
		Targeting a 100% green purchasing ratio for office equipment	Green purchasing ratio: 99.7%
		5% reduction in weight of packing material per unit sales for product transport (Compared with fiscal 2007)*	Weight of packing material per unit sales in fiscal 2008: 2.34 metric tons/100 million yen, up 33% from fiscal 2007
Product stewardship	Promoting environmentally-friendly products	Minimum 8% reduction in energy consumption for product development based on performance standards by product category (Compared with fiscal 2000)	54% reduction (average) based on performance standards for 6 target products
		Minimum 90% green procurement ratio for components of company-specified products	Green procurement ratio for specified 56 products: 93%
		Sales ratio of green products to total sales: Minimum 30%	Sales ratio of 54 certified green products to total sales: 45%
		Complete elimination of lead solder from new products	Certain products could not be made completely free of lead solder.
	Creating a greener supply chain	Promotion of company-wide unified supplier evaluation for product-related suppliers (commercially available products, processed products)	Explanatory materials regarding the revised green procurement standards were sent to product-related suppliers and their cooperation was requested.
Community service	Contributing to the region and society	Each plant shall implement 2 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	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	Targets were successfully bettered, with the total number of accidents decreasing by eleven from fiscal 2007 to 37. Number of industrial and workplace accidents resulting in at least 4 lost days decreased by 1 from fiscal 2007 to 2. Implemented the excellent plant commendation system, and awarded 14 plants and others for achievement of zero accidents during fiscal 2008.
		50% reduction in industrial and workplace accidents at customer sites (Compared with fiscal 2007)	Ten accidents occurred (3 fewer than in fiscal 2007) while there was a decrease, a 50% reduction was not achieved. There were no accidents involving lost days.
	Creating pleasant working environments and improving organization energy levels	Adequate provision of mental health measures	E-learning training programs were implemented for all employees. Sanitation managers were provided with active-listening education.
		Investigation of the workplace environment according to guidelines issued by the Ministry of Health, Labour and Welfare to achieve improvements	Workplace environment surveys conducted in common areas in August and in offices in November.
Other	Implementing environmental and safety performance evaluation system	Reevaluation and continuous implementation of environmental and safety performance evaluation system	Assessment weightings were reevaluated for target departments, and Group performance and common indices were introduced for 3 departments.
	Expanding quality, environmental and occupational health and safety management systems to Group companies	Expansion of environmental management system to Group companies	Preparations were made for Group-wide integration and the new environmental management system including 5 Group companies was implemented from April 2009.

* New target from fiscal 2008.

Evaluation standard ✓: Achieved ✓*: Partially achieved (50% or more)
× : Not achieved (less than 50%)

Towards achieving Green Value 21

Currently, we have incorporated Green Value 21 as a framework encompassing safety and health into our environmental strategy, and will clarify our medium- to long-term achievement criteria, plans, and targets in the future. Based on Green Value 21, as environmental measures to help prevent global warming and comply with the revisions to the Act on the Rational Use of Energy and other laws, our policy is to enhance the promotion of green factories and to expand range of green products worldwide.

Dainippon Screen will promote environmental safety management that is even more considerate of the environment and people by developing Group-wide strategies that will be promoted by the whole Group in order to enhance safety measures to meet the increased operational risk associated with the growing size of next-generation semiconductor and LCD products, and to create secure, comfortable, and healthy workplaces.

	Evaluation	See page
	×	19
	✓	Topical edition
	✓	19
	✓	Data sheets
	✓	20
	✓	Data sheets
	×	20
	✓	19
	✓	Topical edition
	✓	Topical edition
	✓*	Topical edition
	✓	20
	✓	Topical edition
	✓	13
	×	—
	✓	Data sheets
	✓	Data sheets
	✓	—
	✓	15

Fiscal 2009

Category		Key issue	Target
Environmental conservation	Resource conservation	Promotion of green factories	Reduce emissions of greenhouse gases (CO_2) attributable to energy use by 5% compared to fiscal 2008.
			Find out the amount of external emissions and consider issues related to the reduction of these emissions.
		Development of green IT	Achieve a green purchasing ratio for new computer systems of at least 20%.
	Product stewardship	Expanding range of green products and ensuring product safety	Ensure that environmentally-friendly products account for at least 40% of sales.
			Reduce the environmental impact of our products at customer sites according to the roadmap.
			Implement safety measures based on product risk assessment according to the product risk reduction roadmap.
		Enhancing green logistics	Reduce the environmental impact of domestic product transport according to the roadmap.
			Find out the current situation and consider related issues pertaining to the reduction of waste associated with domestically-procured materials.
	Community service	Improving environmental awareness	Implement social initiatives targeting the environment.
			Carry out training under the companywide environmental education system.
Workplace health and safety		Enhance efforts to eradicate workplace accidents	Aiming to achieve zero workplace accidents resulting in four or more days of lost work, reduce the number of such accidents to 2 or less during fiscal 2009.
			Aiming to halve the occurrence of workplace and industrial accidents at customer sites, reduce the number of such accidents to 7 or less during fiscal 2009.
		Reducing company vehicle accidents and accidents that occur while commuting	Reduce the number of fatal traffic accidents to 5 or less.
		Creating secure, comfortable, and healthy workplaces (reducing number of days taken off due to mental health issues, reducing number of employees diagnosed with health problems)	Aiming to reduce workplace health risks, introduce stress management initiatives and implement surveys regarding stress.
			Understand the results of periodic health checks and establish methods to analyze these results in order to understand trends within the company and instruct employees.
Innovation		Streamlining and globalization of EHS management	Create an integrated Group-wide environmental management system.

Environmental Report

Preventing Global Warming

Striving to reduce CO_2 emissions caused by production, transport, and product usage

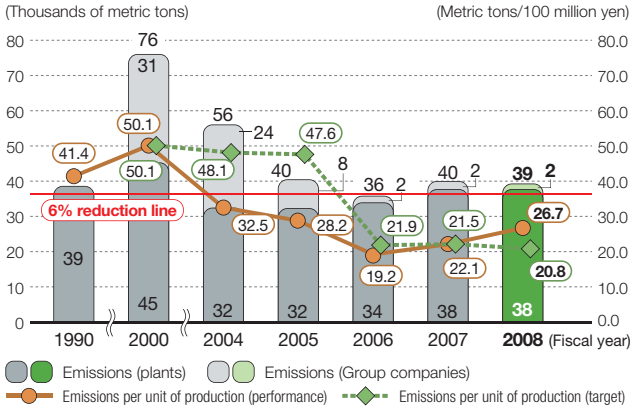
Reducing CO_2 Emissions

Focusing on replacing boilers and switching to alternative fuel sources

In fiscal 2008, we set ourselves the target of achieving a minimum 11% reduction compared with fiscal 2000 in CO_2 emissions per unit of production resulting from energy consumption. To achieve this target we have replaced boilers at the Taga Plant, switched boiler fuel to the municipal gas supply, and improved clean room efficiency, among other initiatives.

Increased energy consumption accompanying the commencement of full-scale operations at the Hikone Plant's Process Technology Center increased CO_2 emissions to 26.7 metric tons/100 million yen, a 14.6% rise. While we were unable to achieve our target for CO_2 emissions per unit of production, we were successful in reducing total emissions to 39,221 metric tons, a 2% reduction compared with fiscal 2007. In order to achieve our targets going forward, we will implement CO_2 reduction measures by means of capital investments made under our medium-term energy conservation plan after prioritizing these measures in terms of cost-benefit analysis and other factors.

CO_2 emissions

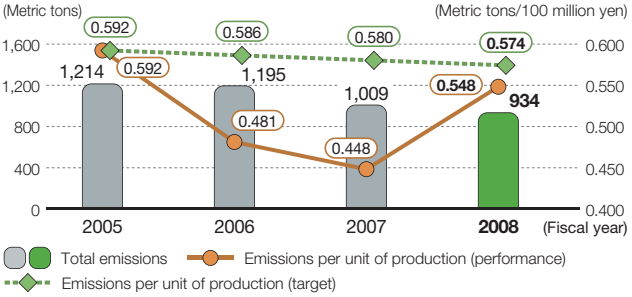


Reducing CO_2 Emissions from Logistics Operations

Modal shift to marine transport

Aiming to reduce CO_2 emissions, we have implemented a modal shift from trucks to maritime transport. Product shipments to the Kyushu area using coastal shipping services have more than doubled from fiscal 2007 to 262 units, and account for CO_2 reductions of 166 metric tons compared to truck transport. The use of purpose-designed trailers with improved load efficiency has reduced the number of trucks required.

CO_2 emissions from logistics operations



* Cargo weight (in tons) multiplied by the distance transported (in kilometers)

More energy-efficient products

Creation of a product energy-efficiency roadmap

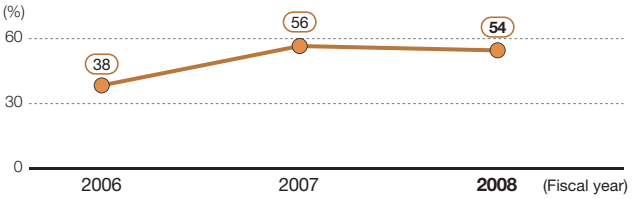
Over 90% of the CO_2 emitted over the course of the product lifecycle is released when the product is used. Reducing the product's energy consumption is therefore an important issue.

Dainippon Screen will measure energy consumption according to SEMI S23*1, a set of guidelines for the conservation of energy used by semiconductor production equipment, and other standards, and will implement energy reductions according to a roadmap based on the ITRS*2.

*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 made by representatives from five economic regions: the U.S.A., Japan, Europe, South Korea, and Taiwan.

Average power consumption reduction rate for applicable products (compared with fiscal 2000)



Presentation Meeting for Case Studies in Excellence in Energy Conservation

Topics from fiscal 2008

Formulation of medium-term energy saving plan and use of alternative fuel sources for boilers

We participated in the Energy Conservation Committee that was established in fiscal 2008 and established a three-year medium-term energy conservation plan. In addition to replacing boilers and switching to an alternative boiler fuel source at the Hikone Plant, we have also promoted energy conservation by replacing boilers and switching to the municipal gas supply at the Taga Plant in October 2008.

In September 2008, we announced the affects of these initiatives at the Presentation Meeting for Case Studies in Excellence in Energy Conservation in an address titled Efficiency improvements achieved by replacing boilers and energy conservation achieved by switching to an alternative fuel source at our Hikone Plant.

Mitsuhiko Hayamizu
Energy Conservation Committee Member
Gerant Co., Ltd.

Chemical Substance Management and Waste Reduction

Strengthening efforts aimed at reducing harmful substances and striving to use resources effectively

Preventing Air, Water, and Soil Pollution

Reducing environmental pollutants by switching to municipal gas supply

After replacing boilers and switching to an alternative fuel source at the Hikone Plant in December 2006, we replaced existing boilers in the Taga Plant in October 2008. We changed the energy supply for the new boilers from kerosene to the municipal gas supply, which emits little in the way of the environmental pollutants SOx (sulfuric oxides) or NOx (nitrogen oxides).

This reduced our emissions of SOx from 0.08 metric tons in fiscal 2007, to 0.02 metric tons. In contrast, NOx emissions increased from 5.0 metric tons in fiscal 2007 to 5.8 metric tons due to the addition of a new boiler at the Hikone Plant.

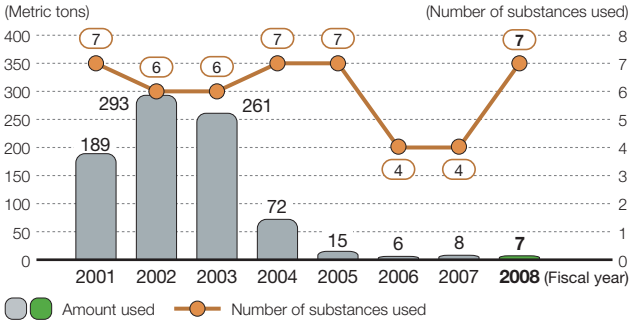
Chemical Substance Management

Appropriately managing and reducing PRTR substances

The number of chemical substances that must be registered under the Act on Confirmation, etc., of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (the so-called “PRTR Act”, which requires the registration of chemical substance emissions) increased by three from fiscal 2007, to give a current total of seven. However, the amount of these substances that Dainippon Screen used in fiscal 2008 decreased by approximately 1 metric ton to around 7 metric tons.

We will continue to manage these substances appropriately as stipulated by the law and strive to reduce amounts.

Consumption of PRTR substances



The European RoHS directive and REACH regulation

While only some of our products are subject to the RoHS directive*1, we have ensured that printing and prepress-related equipment comply with this directive in light of the significant social responsibility that our large market share in this area entails.

Furthermore, we have investigated whether or not our products contain chemical substances restricted under the REACH regulation*2, and have prepared substitutes and taken other appropriate measures. As part of our efforts to further reduce harmful chemical substances, we have revised our green procurement criteria, and asked our suppliers for further cooperation.

*1 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.

*2 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.

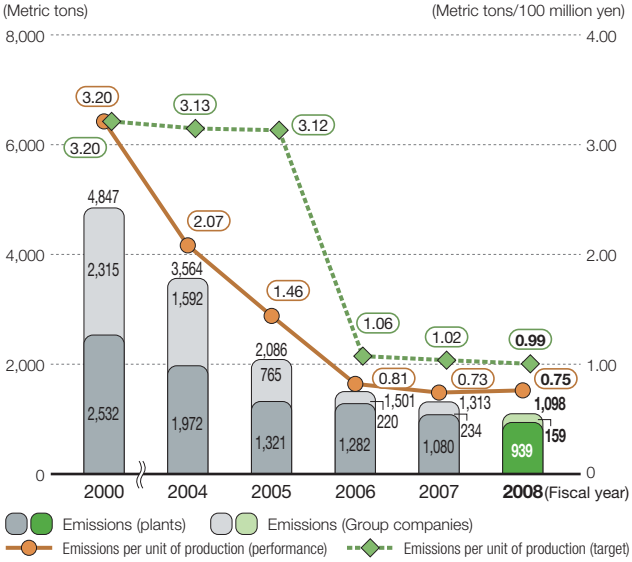
Conserving Resources and Recycling

Reducing waste

In fiscal 2008, by comprehensively sorting waste to extract valuable materials, developing relationships with new recyclers, and reducing the amount of resources used in the manufacturing process, we were able to reduce waste volume per unit of production by 31%, to 0.75 metric tons/100 million yen, thereby achieving our goal of reducing this figure by at least 9% compared with fiscal 2000.

We were also successful in reducing the total volume of waste by 215 metric tons, equivalent to 16% that of fiscal 2007. Moreover, we also achieved our target of lowering the ratio of simple waste disposal to total waste to 2% or below, achieving a figure of 0.4%. Beginning fiscal 2009, we will promote initiatives to reduce the volume of waste that includes valuable resources.

Volume of waste



Simplified packaging technology used to reduce the weight of product packaging

As of April 2008, Dainippon Screen has introduced a simplified packaging method that employs reinforced cardboard and a fit-in structure. The use of wood and plywood has been reduced by as much as 70%, and the weight of packaging material used for standard model semiconductor production equipment has been reduced by approximately 1.4 metric tons per unit.

As this simplified packaging method does not employ nails or bolts to fix packaging materials in place, packing materials are not damaged during disassembly, allowing them to be reused. Moreover, eliminating the need for specialized tools when assembling or disassembling the packaging has allowed significant time savings, with assembly time halved, and disassembly time reduced by as much as one-tenth to one-twentieth that required by the previous packaging method.

Disassembling packaging at a customer’s site

Dainippon Screen will pursue transparent management, financial health, and efficiency as it promotes CSR management

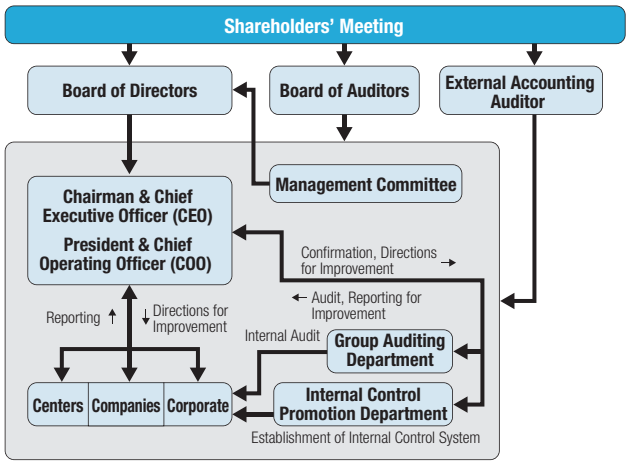
Corporate Governance

Basic philosophy and corporate governance structure

By enhancing corporate governance, the Screen Group is aiming for transparent management, financial health, and efficiency in order to comprehensively ensure profits for all stakeholders. Moreover, the Screen Group is promoting CSR management that emphasizes strengthened corporate governance, an enhanced internal control function, and enhanced environmental safety management as important management issues that need to be addressed.

As a company with a board of auditors, in order to maintain the objectivity of management, Dainippon Screen has appointed three outside directors to the Board of Directors, its operational decision-making body, as part of its corporate governance system. Furthermore, two outside auditors have been appointed to the Board of Auditors, which audits the operational implementation of the Board of Directors from the point of view of legal compliance and appropriateness to ensure transparent management, financial health, and efficiency.

Outline of Dainippon Screen's Corporate Governance Structure



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

URL http://www.tse.or.jp/english/

Compliance

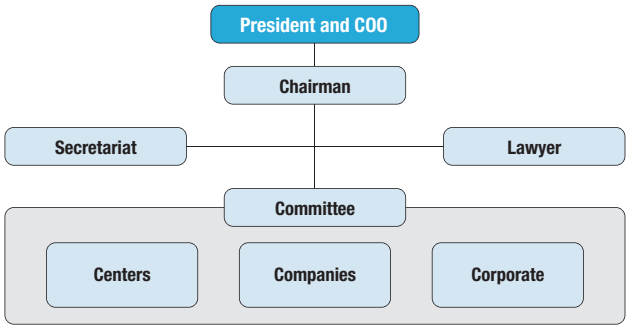
Basic philosophy and compliance promotion system

Dainippon Screen's Compliance Committee ensures the observance of laws and corporate ethics by making sure that all directors and employees are familiar with laws and our Charter of Ethics, and that they carry out their duties in an ethical manner. Moreover, the Committee also promotes compliance from the system and operational side, through the establishment of the Corporate Ethics Help Line, the provision of regulations and systems governing insider trading, and other initiatives.

The Compliance Committee is chaired by the executive in charge of compliance affairs. The committee members are Corporate department heads and the heads of each Company and Center in charge of management. The committee is operated with legal advice provided by a lawyer.

In fiscal 2008, to ensure security trade control, the Committee promoted overseas compliance initiatives by providing regulations for overseas Group companies and incorporating these as part of the section regarding legal compliance in the Shared Charter of Ethics of the Screen Group. Moreover, in Japan, in order to eliminate unethical business practices, we concluded a memorandum regarding such practices with our major suppliers.

Compliance system



Compliance training initiatives

In addition to holding seminars as part of workplace meetings, when promotions are given, and on other occasions, we implement e-learning training programs, in order to raise awareness with regard to compliance.

During fiscal 2008, we held seminars, which were attended by over 500 employees from Dainippon Screen and domestic Screen Group companies, on a variety of topics including appropriate contracting and temporary employment, the Subcontract Act, security trade control, and insider trading regulations.

Compliance training

Corporate Ethics Help Line

We have established a Corporate Ethics Help Line to solicit internal reports by telephone, fax, e-mail, outside contact office (law office) or dedicated website. It is intended for the use of executives, employees, and temporary staff of Dainippon Screen and Screen Group companies in Japan, and employees of our affiliates (for example, in-house partner companies). Appropriate response measures are taken in accordance with the nature of the matter reported.

Third Party Comments

In this Social and Environmental Report, we received comments from the Senior Director of Environment, Health, and Safety at SEMI (Semiconductor Equipment and Materials International), an international body that supports the continued development of industry worldwide through public policy, environment, health, and safety (EHS), human resources development and other fields in the electronics industry in which Dainippon Screen's major business segments are active.

This 2009 Social and Environmental Report clearly articulates the social and environmental concerns that the Screen Group considers to be important, and provides robust and clearly articulated data in support of their environmental, health and safety (EHS) initiatives and corporate social responsibility (CSR) accomplishments. It is evident to me that the Screen Group is dedicated to the principles of the SEMI Global Care initiative and has fully demonstrated their commitment to the five key principles of workplace health and safety, resource conservation, product stewardship, community service, and excellence.

The level of commitment by the executive leadership of the Screen Group towards achieving excellence in environmental performance is impressive. In my opinion, the exemplary results presented in this Social and Environmental Report are the direct reflection of continuous management support accompanied by clearly defined environmental management philosophy and policies. The accomplishments of the Screen Group in understanding and sharing the overall environmental impact of their business activities through material balance and data collection (carbon footprint) is an indication of a fully functioning EHS management system.

This report provides an excellent representation, through graphs and charts, of fiscal 2008 environmental targets and the actual performance level achieved. Of particular interest to me were the actions taken to address such important global environmental issues as reducing greenhouse gas emissions and the roadmap for creation of more energy efficient products. Additionally, the development of Green Value 21 environmental performance metrics for fiscal year 2009 include innovative and leading-edge performance goals related to the development of "green IT", the enhancement of "green logistics", and the reduction of company vehicle accidents and accidents that occur during commuting.

It is most impressive to me that the Screen Group maintained their focus and vigilance on environmental performance and CSR activities through the global economic crisis of the last year, even maintaining the level of expenditures on environmental conservation in fiscal 2008 to that spent in fiscal 2007. On behalf of the SEMI EHS Division and the SEMI Global Care initiative, congratulations to the Screen Group on an impressive year of environmental and CSR performance.

Arron Zude
Senior Director
Environment, Health and Safety
SEMI Global Headquarters

Editor's Postscript

In a first for the Screen Group, we have decided to make our Social and Environmental Report only available via the web. As stated in the Editorial Policy section on page 1, this report is focused on issues that are of importance to society and our stakeholders, and on priority matters that the Screen Group considers to be important social responsibilities. In order to provide stakeholders with a greater range of information, we have also made two additional documents available via the web: a Topical Edition, which provides supplementary information; and Data Sheets, which provide a variety of detailed performance data. It is our hope that these supplementary materials will act as a useful reference for all stakeholders.

The Screen Group will continue its efforts to achieve transparent management. We hope that this report serves as a brief introduction to our CSR initiatives.

We look forward to receiving your feedback.

General Affairs & EHS Strategy Department, Corporate

Corporate Profile (As of March 31, 2009)

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: 219 billion yen

Non-consolidated Net Sales: 171 billion yen

Capitalization: 54 billion yen

Number of Employees (consolidated): 4,992

Number of Employees (non-consolidated): 2,328

Number of Consolidated Subsidiaries (companies):
47 (21 domestic and 26 overseas)

Head Office

Organization Chart (As of March 31, 2009)

Published by:
General Affairs & EHS Strategy Department,
Corporate

Feedback or inquiries on this report:
General Affairs & EHS Strategy Department
Tel: +81-75-414-7044
Fax: +81-75-414-7043

For online inquiries, use the contact page of our Web site at the URL below:

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

Note concerning Forecasts, Plans, Targets, and other Forward-looking Statements

This report contains facts regarding the past and present state of Dainippon Screen Mfg. Co., Ltd., and its Group companies ('Dainippon Screen Group') as well as forward-looking statements including forecasts, plans, and targets. These forward-looking statements are suppositions or judgments based on information available at the time of writing and are subject to uncertainties. As such, there is a risk that the forecasts, plans, and targets described in this report may differ from the results of future business activities and future events. Readers should be aware that the Screen Group is not responsible for any such discrepancies.

DAINIPPON SCREEN MFG. CO., LTD.

GAE-010E 2009.08
TM (R0-0)