

DISCO

Corporation

Corporate

Social

Responsibility

Report

2009

DISCO considers corporate social responsibility to be, in essence, the practical application of DISCO Values, our corporate philosophy.

### What are DISCO Values?

DISCO Values constitute our corporate philosophy. They clarify the direction in which the company is to progress and the ideals to which it aspires and incorporate various standpoints, including specific goals and objectives, the basic approach of management and ethical guidelines. DISCO Values state our fundamental social mission—“Bringing science to comfortable living through advanced Kiru, Kezuru and Migaku technologies”—and stipulate behavior ideals for every employee, the spirit of which is captured by the phrase, “Always the best, Always fun.” A copy of DISCO Values is distributed to all employees in booklet form.

#### ■ System of DISCO Values



“Concern yourself with what is right, not who is right.” We intend DISCO Values to function as the basis for decision making in any situation. Discussion sessions and workshops for all employees are held on a regular basis in order to promote authentic understanding of the contents of the booklet and encourage the application of DISCO Values in day-to-day work activities.



The chairman discussing DISCO Values (upper left)



Relay style workshop (lower left)

Group discussion (lower right)



## DISCO Values and CSR

Corporate social responsibility is generally understood to involve harmonizing the interests of corporations with the interests of society based on contemporary needs, while considering the perspectives of all stakeholders. DISCO specifically aspires to a form of management that facilitates the sustainable development of both the company and society, economically, environmentally and socially. DISCO Values constitute our corporate philosophy and express our commitment to building good relationships with stakeholders while fulfilling our mission as a company. Our approach to CSR is identical to the conventional understanding of CSR.

In other words, DISCO Values encompass the general concept of CSR.

Putting these values into practice is the realization of DISCO CSR.

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### Editorial Policy

DISCO began publishing its "Environmental Report" in fiscal 2002 to help stakeholders better understand the company's basic philosophy and related activities. A social dimension was added to the report in fiscal 2005.

The report in 2009 introduces DISCO CSR activities following the format from 2008. We have striven to make the structure of the report as pleasant to read as possible, organizing its contents into a narrative format.

Information and detailed data that we were unable to fit into this published report are available on the CSR website.

 DISCO CSR Website  
<http://www.disco.co.jp/eg/csr/index.html>

### Report Specs

#### ■ Scope

DISCO's two business offices, three manufacturing plants and five operating sites in Japan  
 Five Japan and 13 overseas group companies

#### ■ Period Covered

Fiscal 2008 (April 1, 2008 to March 31, 2009), including some policies and targets initiated in fiscal 2009 or later

#### ■ Readership

All stakeholders

#### ■ Publication Date

June 2009

**Message from the President**



## Aiming for first-class corporate activities

In recent years, business conditions related to the economic and global environments, information infrastructure, and science and technology have been changing at dizzying rates. At the same time, the content and quality of the corporate activities expected of companies and the social responsibilities that companies are being called upon to fulfill are changing by the day. DISCO has established a set of values in the form of a document entitled “DISCO Values” intended for application throughout the organization. Our aim in so doing is to clarify the direction in which we need to advance as a corporation in the future under these rapidly changing conditions without being sidetracked by changes of a merely superficial nature.

There is a passage in “DISCO Values” that clarifies the corporate image to which DISCO is aiming as follows: “By achieving excellence in all of our corporate activities, our existence will be welcomed by our stakeholders and society.” DISCO is a corporation which aims for technology and services regarded as international standards and for “achieving excellence in all of our corporate activities”. As such, we must show strong determination to respond flexibly to changes in society and to raise every aspect of corporate activities to an appropriate level. We believe that if such corporate activities are implemented in accordance with “DISCO Values,” they will of their own accord result in the fulfillment of the corporate social responsibility (CSR) that is expected of DISCO.

Since 2003 DISCO has been introducing activities known as Performance Innovation Management (PIM). These activities involve the setting of target values on the basis of desired future state formulated individually by different units and for different types of work and then looking back in brief intervals to see whether these values have in fact been achieved. The aim of these reviews is to ensure that the organization as a whole is able to evolve through a process of self-awareness concerning matters such as how improvements can be made. In order to achieve a “excellence in corporate activities” alluded to in “DISCO Values,” it is indispensable that each individual employee should act to ensure that improvements can be made by reflecting on and learning from these activities. The evolution of the organization as a whole will be expedited if each individual reflects and acts. This acceleration of the evolutionary process will be linked to the achievement of “excellence in corporate activities” and will further enable DISCO to fulfill its corporate social responsibility.

It goes without saying that aiming to achieve “excellent” standards will have positive impact not only on the business front but also on the environmental and social levels. In fiscal 2008 we engaged in various endeavors aimed at reducing the burden that our activities place on the environment. These included the active use of accessory equipment using recycled cutting water from dicing saws and the introduction of a solar-powered electricity generation system for use at the new building occupied by the Head Office/R&D Center. As to the efforts we have been making on the social front, we have established an in-house daycare center which offers employees support in looking after their young children. We have also been focusing our efforts on how we can make a positive contribution to the local community. We have also created a system to ensure the safety of employees in the event of an accident or disaster occurring and to allow for the stable supply of products and services to customers (business continuity management, BCM). As far as BCM is concerned, we have been moving forward actively in this area, for instance by obtaining certification under the BS25999-2:2007 Business Continuity Management System (BCMS) Standard of the British Standards Institution.

DISCO intends from here on to continue making our own distinctive contribution to society by ensuring that all our corporate activities are truly excellent. We look forward to your continued support and cooperation in the future.

**Kazuma Sekiya**  
President and COO

## DISCO Products and Links to Society

Bringing Comfort  
to the World

**Kiru**  
**Kezuru**  
**Migaku**

Digital devices like cell phones and digital cameras have gotten so small in recent years they now fit in the palm of your hand, while their functionality and performance continue to improve. Use of IC cards and IC tags has also grown more widespread over the past few years. When riding public transit, when out shopping: they can be seen everywhere these days.

Technology for making the semiconductors and electronic components used in these end products small and thin is indispensable to making the products themselves compact, thin and highly functional.

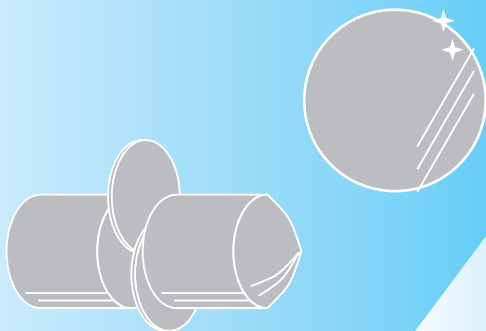
DISCO has continuously developed advanced *Kiru*, *Kezuru*, and *Migaku*\* technologies in an unbroken chain dating back to our founding. This section takes a look at these technologies and how they are connected to comfortable living from the perspective of the semiconductor manufacturing process, our current main area of business.

\* We express our core technologies in the Japanese words of *Kiru* = Cutting, *Kezuru* = Grinding, and *Migaku* = Polishing and are striving to have our technology become the global standard

### Semiconductor Manufacturing Process

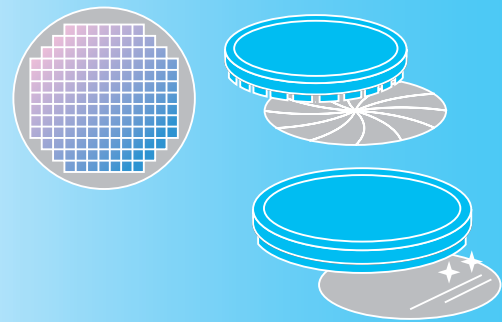
#### <Wafer manufacturing process>

Process for manufacturing silicon wafers, the substrate material used for semiconductors



#### <Semiconductor manufacturing front-end process>

Processes for making semiconductor die by forming circuits on the substrate wafer



#### DISCO

Grinders are used to thin wafers cut from silicon ingots. As semiconductors have become thinner and more highly functional, the precision of flatness in the thinning process has become important.



**Kezuru**

The backside of the wafer is ground (in a process called backgrinding) in order to thin it while protecting the circuit on the front side. End products like cell phones and computers have become even thinner thanks this process.



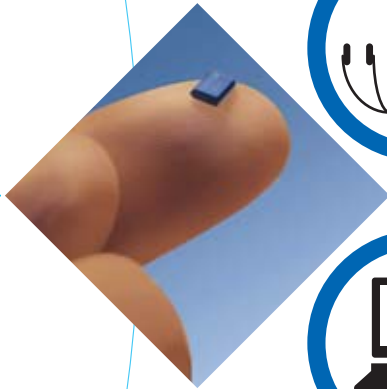
**Kezuru**

Damaged layers may be removed in order to improve the strength of the thinned wafers (stress relief). Responding to recent trends of thinner final products, demand for stress relief is increasing.



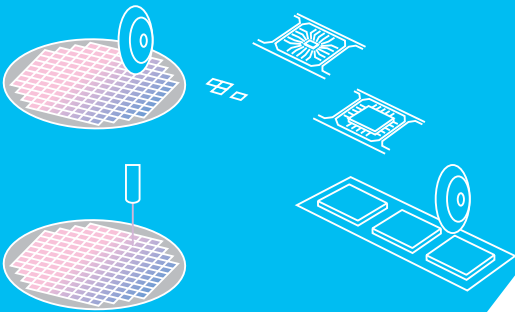
**Migaku**

Technologies for making the semiconductors contained in end products small and thin are indispensable to making the products themselves compact, thin and lightweight. Moreover, when semiconductors are small and thin, it makes it possible to pack more information into the same amount of space, which enables the end products to include greater functionality. DISCO's mission in society is to continue to help make the world a pleasant, comfortable place by pursuing advanced *Kiru*, *Kezuru* and *Migaku* technologies and making everyday products even more convenient.



### <Semiconductor manufacturing final assembly process>

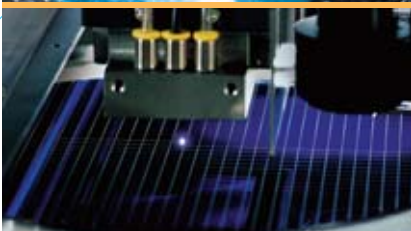
Processes for assembling semiconductor die. After being cut into individual die, the die are wired and encapsulated in resin.



Semiconductor die are cut from the thinned wafers in a process called dicing. In addition to conventional blade dicing, dicing technologies that use lasers have been increasingly utilized in recent years.



DISCO equipment is also used in the package singulation process after the die have been encapsulated in resin.



**Kiru**

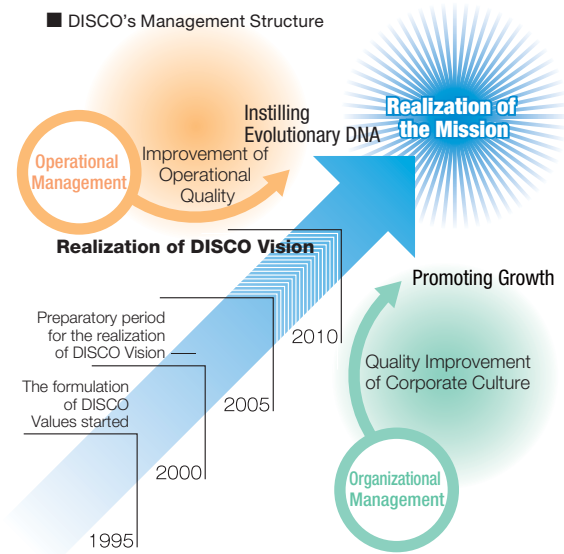
# Principle-Based Organizational Management

Corporate management at DISCO consists of operational management, which promotes efficient business activities, and organizational management, which involves constantly communicating and continuously improving a corporate culture and set of values in support of business management. DISCO is committed to operational management as a matter of course, but we also put significant effort into organizational management, starting with initiatives to promote our corporate philosophy.

## DISCO Vision

DISCO Vision sets forth a vision of the company DISCO aspires to become by the year 2010, which is to say it lays out goals for us to achieve by 2010. DISCO Vision paints a qualitative picture of DISCO's future without placing undue emphasis on numerical targets like sales figures and profit ratios. It is made up of six aspects: Business Vision, Economic Vision, Organization Vision, Human Resources Vision, Corporate Culture Vision and Social Valuation Vision. To achieve the goals for 2010, indicators have been created for each of these visions and progress is reconfirmed every year. The indicators incorporate the results of our Customer Satisfaction Survey, Supplier Satisfaction Survey and Employee Satisfaction Survey to help us clearly grasp the degree of qualitative improvement our corporate activities have achieved.

### DISCO's Management Structure



## Corporate Governance

Corporate management must have four functions: a societal (monitoring) function, a meaningful (purpose) function, a growth (strategy) function and a realization (execution) function. At DISCO, the societal (monitoring) function is handled by outside corporate auditors under a corporate auditor-based system of corporate governance. We have seven directors, a relatively small number, to ensure flexible, agile decision making on managerial matters. The Compensation Advisory Committee is in charge of remuneration

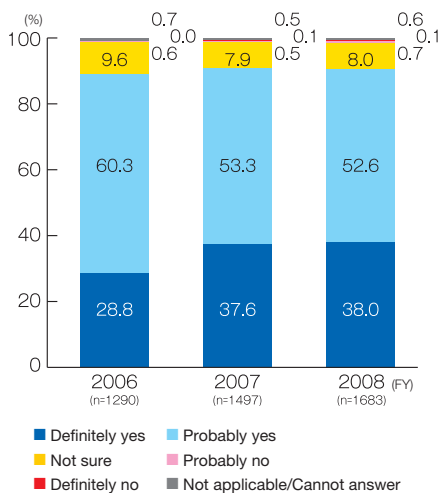
for directors and corporate auditors.

The Compensation Advisory Committee is made up of internal directors and former directors. The committee is guided by the first principle of our system of compensation, which stipulates that directors are to share profits with shareholders. Upholding this principle, the committee deliberates in a fair and impartial manner on remuneration for directors and corporate auditors and makes appropriate recommendations.

**WEB** Corporate Governance  
<http://www.disco.co.jp/eg/csr/management/governance.html>

### Results of the FY2007 Employee Satisfaction Survey

Question: Are my actions based on DISCO's ethical ideals?



## Corporate Ethics

DISCO's Code of Ethics has been established due to our strong desire not only to obey the law, but also to never become involved in matters considered to be unethical by society at large. In order to assess whether our approach to ethics has penetrated the mindset of each and every employee, we include questions about ethics in the Employee Satisfaction Survey that is administered each year.

Continuing from the previous year, the fiscal 2008 ES survey also maintained more than 90% of affirmative responses to ethics questions. But this is still not enough. We plan to continue to develop our corporate culture until every single employee answers "definitely yes" to such questions.

## Investor Relations Activities

At DISCO, we believe that exchange of value with shareholders and investors is accomplished by being an effective investment vehicle for capital. Through our investor relations activities, we work to provide accurate, straightforward information on DISCO's ever-changing corporate activities and create better lines of communication with shareholders and investors.

Two analyst briefings are held every year, one in May and the other in November. In addition, we issue a twice-yearly Business Report for shareholders and an Annual Report for institutional investors located overseas. In fiscal 2008, we held small meetings with executives, gave tours of our booth at SEMICON Japan, as well as renewed a portion of IR website.

**WEB** Corporate Ethics  
<http://www.disco.co.jp/eg/csr/management/ethics.html>

### Focus

#### ■ Building a Stable Supply System for Precision Processing Tools

DISCO's precision processing tools are consumed everyday at our customers' production plants. Their production operations would be affected if DISCO were to be damaged in an earthquake, disrupting the supply of these tools. In order to prevent this from happening, we have worked to build a system for ensuring the stable supply of consumable blades and wheels.

Ensuring the stable supply of these tools requires that production plants be reinforced to prevent their facilities from being damaged in an earthquake. This is why we adopted a seismic base isolation structure\* for the new building at the Kure Plant, where precision processing tooling is manufactured. We transferred dicing blade production lines over to the new building.

Other actions we are taking to prepare for emergencies include stockpiling raw materials for precision processing tooling, contracting additional suppliers, and building alternate production systems at other plants. In December 2008, we obtained "BS25999-2:2007", the British Standard for BCM.



Seismic base isolation structure of the new Kure Plant building, as seen from the basement parking lot



Seismic base isolation bearings

\* Seismic Base Isolation  
Seismic isolators such as laminated rubber or steel balls are placed between the building and its foundation to separate the building from the ground and prevent it from bearing the brunt of an earthquake.

#### ■ Withstanding Earthquakes

In fiscal 2008, the new building construction was completed at the Head Office/R&D Center that incorporates seismic base isolation. We also completed the earthquake-resistant new buildings at the Kuwabata Plant in Hiroshima Prefecture and the Chino Plant in Nagano Prefecture, which belongs to Daiichi Components, a DISCO Group company.

In addition, we are steadily transferring domestic offices with sales and service employees over to earthquake-resistant buildings. Thus, we began preparation for unexpected occurrences and concentrated on establishing a system able to continue operations and quickly recover in the event that an earthquake occurs.



Drawing of the new Kuwabata Plant building slated for completion in 2009

#### ■ Reinforcing the Computer System Backup

We are working on reinforcing a backup system for our computer system in order to prevent information from being lost in the event the main system is damaged. In fiscal 2008, a server room was set up in the new seismic base isolation building at the head office R&D center and the network system relocated there from the existing building (earthquake-resistance). A backup system was set up at the Kure Plant in Hiroshima and mechanisms were put into place for switching over in emergency situations. Data is continuously backed up between Tokyo and Hiroshima, so if a problem occurs at one site, we can quickly switchover to a functioning system at the other site.



This backup computer system will be used in emergency situations

# Raising Customer Satisfaction

DISCO propels to raise customer satisfaction through mechanisms that have been incorporated into management systems, and encourages each and every employee to act with a customer-oriented sensitivity.

## Improving Customer Satisfaction in Sales Activities

### Focus

#### ■ Utilizing One Month Feedback

A majority of DISCO's precision processing equipment is proportionally custom-built and delivered to the customer after per-shipment testing. This is done to ensure the equipment provides the processing results desired by the customer. After the equipment is delivered to the customer's production site, it must be checked to make sure it is providing satisfactory processing results, and if adjustments are needed, they must be made quickly. DISCO has launched a One Month Feedback system that addresses the characteristics of the equipment delivered to each customer.

Under the system, a questionnaire is sent to customers immediately after the precision processing equipment is delivered. The questionnaire asks about equipment usage, quality of support by sales staff or the distributor and other related matters.

The views and comments of customers who respond to the questionnaire are shared with relevant employees within the company, and, as necessary, a coordinated response is provided by Sales, Service and Engineering Departments and other divisions.

We also administer our annual Customer Satisfaction Survey in October, which provides us with the opportunity to learn and leverage overall customer assessments of the company.

#### The Valuable Views of Customers

◀ Takatoshi Kyo  
Domestic Sales Division, Sales Department

I make every effort to carefully consider the views and opinions of customers with regard to our sales activities.

We work together with the Engineering, Service and Application Departments to provide the best possible processing results to the complete satisfaction of customers. The frank views and opinions of customers received through the One Month Feedback system provides us with extremely valuable feedback on how to further raise customer satisfaction.

Not too long ago, we had a customer contact us through the One Month Feedback program about some trouble they were having. We teamed with the Engineering and Service Departments to immediately diagnose the cause, and the problem was resolved the next day.

I will continue to value One Month Feedback and utilize the system to further raise the quality of sales activities.



#### ■ Improving Customer Satisfaction at Overseas Affiliates

DISCO's overseas affiliates are also passionate about raising customer satisfaction. In fiscal 2008, overseas affiliates created specific plans and engaged in initiatives to raise customer satisfaction, just like sites in Japan. The plans and initiatives centered on our customer satisfaction policy,

"Providing customers with substantial satisfaction through strengthened synergy among the company's Service, Engineering and Sales Departments".

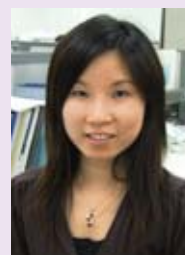
For fiscal 2009, customer satisfaction activities will be independent and tailored to the needs and characteristics of each region, aiming to achieve the DISCO Vision in 2010.

#### Committed to Rapidly Providing Information and Response

◀ Yat Sim, Miyabi  
Sales Department DISCO HI-TEC SINGAPORE

I believe that deepening our understanding of the technical map of customers with bases in Singapore is an extremely beneficial experience in that it enables DISCO to make strategic proposals in connection with technical development projects at bases other than those in Singapore. It is exciting just to be able to think about the sales, service and technical sectors coming together as one to respond to the needs of customers in connection with advanced technology. I am very happy and proud to be able to establish relationships with customers that contribute to our mutual benefit.

I hope to be able to achieve positive communication with customers in the future in order to build relationships of even higher quality.



## Raising Customer Satisfaction at the Training Center

### ■ Training Center Initiatives

The Training Center conducts operations and maintenance training for DISCO's precision processing equipment in order to help customers better understand and more effectively utilize the equipment.

The center features more than ten actual dicing saws and grinders. The center's instructors, who have undergone a training program and passed a skills test to teach at the center, give demonstrations on the equipment as a part of the training process. In order to provide

trainees as much opportunity as possible to actually use the equipment, a majority of class time consists of actual practice using the equipment in small groups.

The center offers a number of different training courses depending on the skill levels, needs and experience of the trainees. Effort is also made to improve customer satisfaction with respect to training, by improving the skill level of instructors and other initiatives.



Practical training room at the Head Office/R&D Center's Training Center

**WEB** Training Services  
<http://www.disco.co.jp/eg/support/training/index.html>

### ■ Surveying Participants to Make Improvements

We began conducting a questionnaire for course participants in fiscal 2003 in an effort to improve satisfaction levels with regard to our training services. Opinions and comments received via the questionnaire are used to make improvements to the program.

In fiscal 2008, continued from the previous year, drawing on the customer's responses of the 51 survey questions, we established a reception desk near the entrance to the Training Center and enhanced the tourist guide, transportation map and souvenir list for overseas

course participants by making them available in English, Chinese and Korean.

These activities were met with glowing comments from participants, who noted our conscientious service and how quickly we had made the improvements. Encouraged by such a positive response, our new goal is to not only satisfy everyone who comes to take the course but out-and-out impress them as well. Every staff member at the Training Center is working diligently to make it happen.

## Activities to Improve Customer Satisfaction in the Service Department

### ■ Sharing Information of Problems

The Service Department's customer engineers handle any mechanical issues involving DISCO's precision processing equipment that occur after the equipment has been installed. The Service Department is dedicated to improving the skills of customer engineers and sharing information on issues that occur.

Since fiscal 2007, we have been enhancing communication of equipment issues. One way in which communication was enhanced was by sharing information on equipment issues via cell phone email. When a particularly difficult

problem occurs, an email is sent out to every customer engineer and they go to work on finding a solution. In this way we worked to develop a system for sharing information instantly. Further, we are sharing the customer engineer trouble report within a team using the CE scheduling board.

By sharing information on the various equipment issues that occur, we hope to improve the speed and efficiency of service activities.



CE scheduling board at the Sendai Branch Office

**WEB** After-Sales Service  
<http://www.disco.co.jp/eg/support/aftersv/index.html>

### ■ Making Delivery Inspections More Efficient

When precision processing equipment is delivered to a customer's production site, a customer engineer goes along to inspect the equipment's operating status. Since 2007, we have been working to make these delivery inspections more efficient so that customers could use the equipment at their production sites as quickly as possible with total peace of mind.

Specifically, we increased the number of parts installed at our plant before delivery to the customer, which served to substantially reduce

the amount of work at the customer's production site. A simplified manual was also created with information on the equipment's basic operations, and a dedicated training team was established to improve and diversify the skills of our customer engineers.

These initiatives achieve efficiency while improving customer satisfaction, to include greatly shortening the amount of time, required to get the equipment up and running after it is delivered.



Customer engineers receiving training from dedicated instructors

# Making Products and Quality Management

In order to ensure that product quality, cost and delivery meet customer expectations, DISCO works on an ongoing basis to improve production processes and develop improvement activities under its quality management system.

## Making Products that Satisfy Our Customers

### Focus

#### ■ Improvement Activities in Manufacturing Processes

DISCO's production plants work to raise efficiency through various improvement activities in order to meet customer requirements related to delivery dates, quality, improvements and customization.

One example is the Precision Equipment Manufacturing Department's "One Valuable Step" program. The program involved workers wearing a pedometer to reassess their everyday tasks from an efficiency perspective.

They monitored the number of steps they took each day and worked to reduce them by shortening flow lines and setup procedures.

Thus, procedures are reviewed through Kizuki based on closeby goals of all employees using part of PIM (Performance Innovation Management) activities implemented company-wide. This improves organizational performance by repeatedly focusing in short cycles.

As a result of these and other improvements and setup innovations, preparation lead times for standard manual equipment were cut by as much as 70%.

We plan to continue these sorts of activities in order to further raise customer satisfaction.



An employee doing a job with a walkie-talkie



Working while wearing a pedometer

#### Initiating Improvement Activities

Hidehito Kawamoto  
Manufacturing Division, Precision  
Equipment Manufacturing Department

I had been worried about a lack of new ideas and innovations just at the time we were starting the "One Valuable Step" program. Around that time, one of our team members was at a holiday party and saw the waiters communicating with each other using walkie-talkies. This led him to propose we use two-way radios in our own work. His proposal ended up improving efficiency, which served to inspire the other team members and dramatically raise the pace of improvements. I think it is important that everyone participate in improvement activities and that we all work together in a spirit of friendly competition.



#### ■ Search System for Precision Processing Tool Inspection Sheets

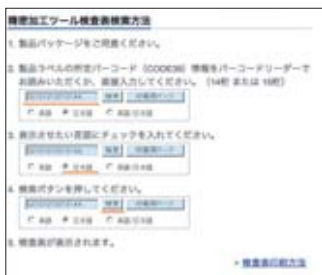
DISCO makes a web-based search system for inspection sheets available to customers in order to ensure precision processing tools are used with total peace of mind.

Inspection sheets for precision processing tools can be displayed in English or Japanese by entering the barcode printed on the tool's packaging into the system. The system currently covers our main dicing blade and grinding wheel

products, and we have plans to further expand the scope of searchable products.

Previously, inspection sheets were included with the product in paper form, so implementing this system has served to reduce paper volume.

We are also utilizing the system to provide information on quality and process status for each process used to make precision processing tooling.



WEB Inspection Sheet Search Page For Precision Processing Tools  
[http://www.disco.co.jp/eg/support/inspection\\_sheet/index.html](http://www.disco.co.jp/eg/support/inspection_sheet/index.html)

## Quality Management

### ■ Quality Policy and ISO 9001

DISCO's Quality Policy was formulated with the goal of delivering real satisfaction to customers, and we have steadily acquired ISO 9001 certification in order to faithfully achieve the goals of the policy. We have included not only divisions directly involved in products but also the administrative divisions that support them within the scope of organizations subject to quality

management system certification. Our goal is to provide even higher levels of satisfaction to customers by realizing high quality operations on an ongoing basis with the help and cooperation of every division.

Overseas affiliates have also acquired ISO 9001 certification and are working to make improvements on a sustained basis.

**WEB** ISO 9001 Certificates  
<http://www.disco.co.jp/eg/activity/quality/registration.html>

### ■ Communicating Machine Improvement Information

When information becomes available on improvements made to further stabilize the functioning of precision processing equipment, it is promptly communicated to customers.

We deliver disclosure sheets containing improvement information to customers who own the machine in question and also post the information on our website.

The site includes the Critical-Serious-Minor Defect Countermeasure, or CSMDC, which provides information on machinery defects in

order to facilitate stable machinery operation, as well as technical newsletters aimed to help customers better use the equipment.

Customers with a registered ID and password receive emails on improvements to DISCO machinery they own. Even customers that have not registered to receive the emails can view a list of machine improvement information issued in the past by entering the product's serial number and a PIN number.



**WEB** Machine Improvement Information  
 DISCO HOME > Customer Support > After-Sales Service > Machine Improvement Information

## Awards from Our Customers

In order to ensure all our products, applications and services are first-class, DISCO works to improve the systems that encompass all that we do and develop human resources capable of generating high added value. Customers appreciate our everyday efforts and service, and in 2008, we were honored with a number of awards from customers in Japan and overseas.

### ■ Awards from Customers in Fiscal 2008

Customer	Country	Awards	Reason for awards
SUMCO	Japan	SUPPLIER AWARD (Two consecutive years)	Contribution to SUMCO's production activities through the supply of exceptional products
Fujitsu Microelectronics	Japan	Certificate of appreciation	For handling rapid recovery operation after the Iwate and Miyagi earthquake.
Intel Corporation (China)	China	Certificate of commendation	Cooperation in the recovery from the Szechuan, China earthquake
Intel Corporation	U.S.	SCQI Award (Nine consecutive years)	Outstanding track record and quality in supplying products and services that contribute to Intel's success
Unisem (China)	China	Letter of appreciation	Rapidly responded to recalibrate all DISCO machine after the SzeChuan earthquake in China

## TOPICS

### Receiving the Intel Corporation SCQI Award for the Nine Consecutive Years

DISCO was honored by Intel Corporation in fiscal 2008 with the company's Supplier Continuous Quality Improvement award. The honor is given to companies that achieve an outstanding track record and level of quality in the supply of products and services that contribute to Intel's success. DISCO has now received the award for the ninth consecutive year. We received the award this year for our efforts in supplying high-precision dicing saws, polishers and grinders.



SCQI award trophy, received for the 9th consecutive year.

# Diversity and Opportunity

DISCO hires people who empathize with DISCO Values and who want to work with others to help realize the company's mission while utilizing their own unique strengths. Hiring decisions are made without regard to gender, age, nationality, race, religion or educational background.

## Focus

### Hiring People of Varied Nationalities

DISCO has proactively hired people of various nationalities in conjunction with the globalization of our business operations. We have given presentations about the corporation and held interviews for students in the U.S. and China since 2006. In China in particular, we gave separate presentations and held preliminary interviews at seven colleges in Shanghai with a view to reinforcing our ability to meet demand in the Chinese market, which has been growing at a rapid pace in recent years.



Shanghai Second Polytechnic University

A total of 572 students attended the presentations. We provided information on DISCO's business development in Japan and China, explained various job opportunities at the company, and communicated our values and mission. Interviews were also held. Four new employees started at the company in fiscal 2009 as a result of these recruiting activities.

Given the ongoing globalization of the market and the decreasing relevance of national boundaries, we plan to continue hiring people who desire to work and grow together, regardless of nationality.



Shanghai University



### Reemployment of 60-and-Over Employees (people)

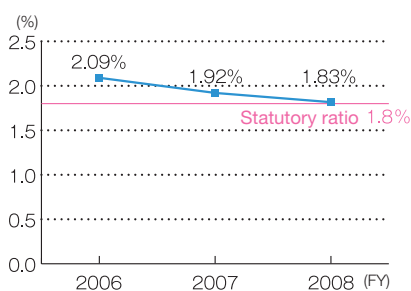
Fiscal Year	Retirees	Desiring reemployed	Reemployed
2006	18	15	11
2007	8	8	8
2008	16	10	9

### Providing Opportunities for Reemployment

DISCO established a formal reemployment system in fiscal 2006. This is for people who have passed the mandatory retirement age of 60, and who wish to continue working. It matches their individual preferences with specific job options.

In addition, life-planning seminars are held for employees when they turn 55 to give them an opportunity to think about post-retirement working arrangements and lifestyle choices. The reemployment system is steadily taking root. In fiscal 2008, nine were reemployed under the system.

### Hiring of People with Disabilities



### Hiring People with Disabilities

DISCO actively hires people with disabilities. In fiscal 2008 our employment rate for people with disabilities was 1.83%, above the statutory rate of 1.8%.

At Hiroshima Works, we are working to create conditions that make working as easy as possible for people with disabilities. When people with mental disabilities start at the company, a job coach system is utilized to help them adjust to their new jobs. In FY2008, the Association of Employment Development for Citizens, Hiroshima recognized one of our employees for his excellent work.



Hiroshima Prefecture Association of Employment Development for Citizens award ceremony

## Hiring New Graduates

Internships and the Career Discovery Program (CDP) are provided to students who do not yet have experience as working adults. Hiring takes place after the students get a real sense of DISCO as a company through short stints at various jobs and interviews with current

employees.

We believe that these types of programs play an important role in helping both sides understand one another's needs and in preventing hiring mismatches. DISCO hired 100 new graduates in fiscal 2008.

■ New Graduate Hires (people)

Fiscal Year	New graduates
2006	38
2007	84
2008	100

### ■ Internships

DISCO has two types of internships, a job experience program and a program that leads directly to employment. The job experience internship is held during the summer from August to September and provides students with opportunities to experience various jobs at DISCO.

This helps them find out what it is really like to work at a company and encourages them to think

about the types of jobs they would most like to do.

The direct employment internship is held during the spring from February to March. It allows potential new employees to participate in actual work they would be engaged in upon being hired. In fiscal 2008, 13 students took part in the summer internship and 4 in the spring program.

### ■ Career Discovery Program

The Career Discovery Program (CDP) takes place between the primary and second interviews in the hiring process for students wanting to work at DISCO. The students are allowed to collect information on their own by freely touring the company and talking with employees in departments they are interested in. The program provides them the opportunity to experience the company in a way that is not possible just by looking at information on our website or talking with the interviewer.

In fiscal 2008, 223 students participated in the CDP.

#### My Participation in the CDP

◀ Kaori Yokoyama  
Fiscal 2007 CDP Participant

During the CDP, I talked with a woman who had been an engineer at DISCO for three years. "What type of things do you do on a day-to-day basis? Have any of your co-workers been assigned overseas? Is it a woman-friendly workplace? In what ways, specifically?" I was able to ask about a lot of things that are hard to find out just by attending presentations.

I received informal offers from a number of companies, but I specifically envisioned myself being able to do what I wanted to do at DISCO, so that's the company I chose.



## Hiring Mid-Career Professionals

DISCO is committed to hiring mid-career professionals who will help realize our mission by utilizing their prior job experience. Mid-career hires make up a relatively large portion of the

DISCO workforce, around 40% of all employees (as of March 31, 2009). We hired 69 mid-career professionals in fiscal 2008.

■ Mid-Career Hires (people)

Fiscal Year	Mid-career professionals
2006	78
2007	123
2008	69

### TOPICS Providing in-house language training

We've created an environment in which employees are free to learn foreign languages so that they are able to act on the global stage. This is the context in which we began to provide in-house training in English from 2005.

In 2008 the content of this English-language training was divided into three separate classes—elementary, intermediate and advanced—and instructors with English as their native language have been introduced to provide instruction to students at the intermediate and advanced levels. Private one-to-one lessons are provided in some classes. Courses of study lasting up to six months and consisting of 24 lessons are provided in meeting rooms inside the company, with a portion of tuition fees being paid by the company. A total of 102 people took part in such language training in 2008.

Because there are many employees whose work involves them interacting with customers in the Chinese-speaking world, we also provide "Chinese greetings seminars" at which employees can learn how to greet customers in Chinese and about Chinese culture.



English-language training

## Supporting Families and Careers

We are committed to promoting work-life balance so that employees are able to demonstrate their abilities while balancing their jobs with their private lives. DISCO also has a variety of programs and conducts a variety of initiatives supporting employees to independently develop their careers for their own self-actualization.

\* "Kurumin" is the nickname for Japan's Ministry of Health, Labour and Welfare's certification logo. It was named after a swaddling cloth (called "Okurumi" in Japanese), which wraps a baby with tender care, which expresses our desire to provide warm, enveloping workplace- and corporate-wide support for child rearing.

WEB Child-Rearing Assistance Programs  
[http://www.disco.co.jp/eg/csr/work\\_env/balance.html](http://www.disco.co.jp/eg/csr/work_env/balance.html)

## Child-Rearing Assistance Programs

### Focus

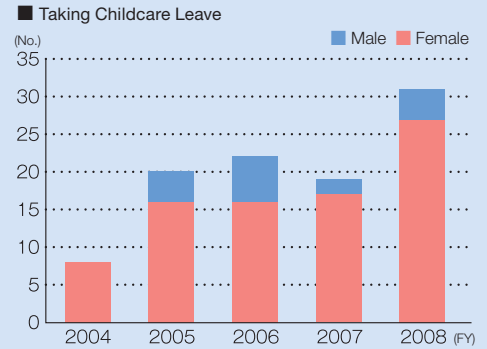
#### ■ Acquiring the "Kurumin"

DISCO instituted new Child-Rearing Assistance Programs in fiscal 2005 to enable employees to balance their work and family life and go about their jobs with greater peace of mind. The aim of the programs is to create an environment in which employees with different ways of thinking can work with confidence while balancing job and child-rearing commitments. DISCO has many female employees who work in a variety of capacities, so we consider it absolutely essential that we create conditions that allow employees to reconcile both job and child-rearing commitments.

In order for the programs to be fully utilized, there has to be an environment of mutual respect. Both the people utilizing the programs and the people who provide support for them must try their best to create a workplace environment that makes it relatively easy to take advantage of the programs.

Thanks to our initiatives in this area, the number of those taking childcare leave has increased since fiscal 2005, and in fiscal 2007, we acquired "Kurumin" Certification\*, a certification program for support of the next generation established by the Ministry of Health, Labour and Welfare. We earned the certification out of recognition for program enhancements we have made since fiscal 2005 and our good track record of employees actually utilizing the programs.

Looking ahead, we will work to make further improvements to the workplace to provide employees with flexible work options in line with their various lifestyles.



### VOICE

#### My experience as a househusband

Yasuhiro Miura  
 Dicer Engineering Department  
 Engineering R&D Division

When my wife gave birth to our second child, I took 15 days of childcare leave in order to look after our three-year-old son and take over the housework. I took the leave at a time when we were quite busy at work, but I was able to start my job as househusband with peace of mind thanks to support received from my managers and co-workers. It wasn't always easy doing the housework plus looking after my son with his boundless energy, but I'm really glad that I was able to help my wife during this time immediately after her delivery. My experience as a househusband also helped me reexamine my normal approach to work.

I want to increase the amount of time I spend with my family while remaining aware of the importance of work-life balance.



#### ■ Support for Employees Taking Childcare Leave

DISCO carries out a variety of initiatives to make it easy for employees to return to work after taking childcare leave. We have taken steps to ensure that taking childcare leave has no impact on raises or promotions during personnel evaluation.

Also, employees taking childcare leave can utilize our self-development support program just like any other employee and can borrow a notebook computer from the company if they want one.

What's more, they can meet with their supervisors as necessary or with outside specialists to discuss childcare issues.

#### ■ Support for Fertility Treatment

DISCO has expanded its definition of childcare support to extend the scope of child-rearing assistance measures, which had been limited to employees with children, to employees who want children but are having difficulty conceiving. This new program was instituted in fiscal 2007 and helps offset the cost of treatment in accordance with the criteria of the government's special subsidy program for fertility treatment. Assistance in the form of 100,000 yen (max.) is provided up to twice a year for up to a five-year period.

## Support for Independent Career Development

### ■ Switching Career Paths

DISCO believes that the responsibilities and goals expected of employees should be clear and that salaries should be allocated based on impartial assessments acceptable to the person involved in line with his or her abilities and experience. To make this a reality, the company clearly stipulates sets of qualifications and expected responsibilities. We have also established multiple occupational courses that reflect the diversity of expected job responsibilities and career plan.

Occupational courses are divided into,

managerial, technical, clerical and special. When an employee first enters the company, an occupational course is determined based on compatibility, but sometimes employees end up wanting to switch to a different occupational course at a later date to better reflect their career or life plans. Given this reality, we work to flexibly accommodate employees who wish to change their occupational courses in order to help ensure each and every employee derives motivation and meaning from their work.

### ■ Internal Recruiting and Free Agents

DISCO has an internal recruiting program and "free agent" program to promote autonomous career development, ensure the right people are placed in the right jobs and lend vitality to the organization.

In fiscal 2008, 6 employees utilized these

programs. We plan to enhance the programs with a view to including group companies and overseas affiliates, and we will continue to provide proactive support for the career plans of each and every employee.

## Commendation of Employees

DISCO has established an awards program to recognize the exceptional accomplishments of employees. The Mission Award is given for major contributions to the realization of DISCO's mission. The Value Exchange Award recognizes noteworthy achievement in raising value exchange with the company. Other awards are also given for various contributions to the

company. The scope of these awards has been expanded to include group companies and overseas affiliates, and we are increasingly, jointly honoring domestic and overseas employees.

We also have an Invention Contest that honors outstanding DISCO inventions.

An employees award ceremony is held every year in December at the company party in Tokyo.



Commendation of Employees ceremony

## Employee Satisfaction Survey

DISCO has administered its Employee Satisfaction Survey every year since fiscal 2003 in order to incorporate the views and feelings of employees into efforts to create even better working conditions. In fiscal 2008, some 2,700 employees, junior employees, part-timers and employees of overseas affiliates took the survey.

The response rate was 97.3%, and 81.4% of respondents gave a positive response to the question on overall satisfaction.

The Employee Satisfaction Committee, which is made up of members of management, discusses company-wide issues raised by the survey and works to make related improvements.

### ■ Results of Employee Satisfaction Survey (FY2008) Q. Do I feel contented working for the company? (%)

Definitely yes	37.1
Probably yes	44.3
Not sure	14.1
Probably no	2.5
Definitely no	1.1
Not applicable/Cannot answer	0.8

## Opening a daycare center inside the company

A daycare center has been opened inside the new building of the Head Office/R&D Center to facilitate the return to work of employees who have used childrearing leave or to enable them to continue working with full peace of mind.

This daycare is located on the second floor of the new building, which was completed in November 2008,

and it has been in use since April 2009.

Efforts are being made to create the best possible programs and conditions for use of this facility through education provided by the professional nursery staff supplied by Poppins Corporation Ltd., preparation of hand-made meals by expert nutritionists, and prioritized authorization for commuting with car by daycare users.



The daycare center

## Safe, Comfortable Workplaces

DISCO continually carries out initiatives to create safe, pleasant work environments and helps employees maintain or improve their mental and physical health. The ultimate goal of these initiatives is to ensure a workplace where all employees can work with complete peace of mind.

## Creating a Safe Workplace

Ensuring people's safety in the event of a disaster is DISCO's number-one priority. To this end we conduct disaster preparedness measures for physical facilities and equipment and in less tangible areas like individual conduct and information dissemination. Through these measures we hope to create conditions that inspire a sense of security in employees as they go about their day-to-day jobs.

### Focus

#### ■ The "Earthquake! What Can We Do?" Project

Would you be able to think on the spur of the moment and protect yourself if an earthquake were to hit?

Protecting buildings and facilities against earthquakes is important, but protecting people's lives takes precedence over everything.

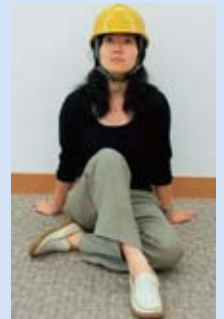
DISCO has been working to ensure that in the event of an earthquake every member of the company will take the necessary steps to protect themselves. In fiscal 2007, we launched the "Earthquake! What Can We Do?" Project and continue to conduct activities aimed at teaching employees what to do during an emergency evacuation.

For the project, we installed an emergency earthquake warning system that is faster than publicly available systems and thoroughly researched how to effectively use the few seconds from the time the alert sounds to the time the shaking begins in order to seek shelter in time.

At employee seminars, we discussed an earthquake-effective posture, which we worked out based on experiments using a simulator, and provided information on safe shelter areas selected on the basis of building characteristics. Based on these instructions, all employees repeatedly practiced earthquake drills. The Head Office/R&D Center held thirteen drills to date and, through these drills, we were able to reduce the time to reach safe areas from 46.5 seconds to 18.1 seconds. We plan to continue to raise employees' safety awareness through more such drills and exercises.



Employees run during an earthquake drill



The earthquake-effective posture developed by DISCO



Group activity by Production Section 3: Working to raise safety awareness by learning the structure of precision processing equipment

#### ■ Manufacturing Department's Group Activities

Group activities on safety and health (activities to make improvements through small groups) are actively conducted at Hiroshima Works, largely by the Manufacturing Department, and improvements are made to unsafe situations and behaviors that come to light through the discussions. In addition, Hiroshima Works trains employees to avoid danger during emergencies, clarifies standards for clothing and hairstyles that compromise safety, maps dangerous areas encountered while commuting and conducts a variety of other safety initiatives.

These activities help hone wisdom and spur lively debate, which leads in turn to individual and organizational progress.

#### ■ Safety Training for New Employees

DISCO conducts safety training for all new employees on why acting safely is so important and how to actually go about acting safely. New employees starting their first jobs as working adults and mid-career hires from other industries have differing understandings of safety, and so have differing understandings of safety training.

For this reason, different training courses are run for different types of new employees. We plan to continue teaching employees how to understand the concept of safety so that no employee ends up being involved in an accident.

## ■ Acquiring OHSAS 18001 Certification

DISCO conducts activities to acquire and maintain OHSAS 18001 certification in an effort to firmly integrate a safety management system into our corporate culture. In fiscal 2007, our main production plant, Hiroshima Works, underwent a renewal inspection for the first time since acquiring certification in 2004 and successfully renewed its status.

Overseas affiliates are also involved in the same initiative. In fiscal 2007, DISCO HITEC SINGAPORE (DHS) and DISCO HI-TEC Europe (DHE) both acquired this certification.

## ■ Committee-Led Improvement Activities

Health and safety committees have been established at the Head Office/R&D Center and business sites in Japan and overseas affiliates in order to develop workplaces that are comfortable and safe. The committees are involved in a variety of activities. At Hiroshima Works, health and safety committees meet every month at both the Kure and Kuwabata Plants.

Health and safety committee members patrol each worksite, note exceptional safety innovations and areas in need of improvement and report to the committee. Each committee also continues initiatives that were started in fiscal 2006, analyzing the results of health checkup and providing support for mental health.



DHS certification



DHE certification

**WEB** OHSAS 18001  
[http://www.disco.co.jp/eg/csr/work\\_env/ohsas.html](http://www.disco.co.jp/eg/csr/work_env/ohsas.html)



Health and safety committee on patrol at Hiroshima Works

## Employee Health and Well-being

### ■ Mini-lectures given by industrial physician

Mini-lectures given by an industrial physician are among the fruits of the activities of the Health Committee at the Head Office/R&D Center. These lectures are intended to improve the health of employees and to provide easily understandable explanations on a variety of illnesses and symptoms. These have been held once a month since 2008. Lectures on a variety of topics of immediate concern have been presented so far with titles such as “How to read health screening data,” “Stroke” and “Dry Eyes.” We intend in the future to continue presenting lectures on topics of interest to employees and to implement policies calculated to improve the health of employees.

### ■ Mental Health

DISCO is not only focused on physical health but also on employees’ mental well-being. As one way of dealing with this, monthly seminars are held with a physician specializing in psychosomatic medicine. Since fiscal 2007, the seminars continue to be held, focusing on improving self-care and “line care”<sup>\*</sup> abilities.

We also worked to provide support for employees returning to work after a leave of absence, offering access to regular consultations with psychosomatic physicians and occupational counselors.

### ■ DHA Wellness Seminars

One of DISCO HI-TEC AMERICA (DHA)’s goals since fiscal 2007 has been to raise employee awareness of health issues. As a part of this effort, the company invited instructors from its health club and held wellness seminars in order to raise health awareness. In fiscal 2008, with the purpose of actually moving the body, light exercising that centers on stretching has been implemented.



Wellness seminar held in February

### ■ Programs for Promoting Health and Well-being

DISCO provides facilities and programs that enable employees to train their bodies and minds in ways that are convenient for them. The fitness gym at the Head Office/R&D Center runs a variety of regular classes like yoga and boxercise so that employees can work out and have fun at the same time. There are also stretching classes for preventing shoulder stiffness and classes for strengthening stomach muscles. Many employees utilize these programs. We plan to add a variety of new programs and seminars such as metabolic training.



Our boxercise program, “Fight Club”

★ Line care: Initiatives to raise the overall health of the workplace at the department or team level; includes managers making efforts to recognize the signs of stress or overwork in their employees and respond promptly

## TOPICS Importance of Early Detection

≪ Katsuya Morishita  
 Psychosomatic Physician



Depression and other psychological disorders have skyrocketed in Japan over the last 10 years.

Depression is not a special illness; it is a disorder that can afflict anyone. Just as with physical illnesses, early detection is key.

If you see any signs of depression in yourself or those around you, as discussed in the seminars, you should talk with your manager or a specialist. If anything feels wrong, I encourage you to go see a counselor right away.

## Partnering with Suppliers

DISCO regards suppliers as essential partners in the realization of our mission and strives to build and maintain fair relationships in which both sides are on equal footing.

### Striving to increase the degree of satisfaction of suppliers

We carry out a supplier satisfaction survey once a year in order to build better partnerships with suppliers. With reference to the results of the surveys and to the opinions of suppliers gleaned in the course of routine work, we at DISCO are engaged in improvements aimed at increasing

levels of satisfaction.

We received many requests especially in connection with the placement of orders in the survey conducted in 2007. On the basis of these requests, we have carried out the following improvement activities in 2008.

Improvement activity	Content
Speeding up the issue of order documents	Activities involve decreasing the duration of estimates by promoting Web EDI (electronic invoicing) and increasing the efficiency of the ordering process. This system is currently being used by more than 90 percent of our suppliers, who are providing their full cooperation.
Feedback about the results of acceptance inspections	In order to strengthen communication with suppliers since 2007, inspectors have been providing suppliers with detailed explanations of the problem involved in cases where supplied items have failed to pass inspections.
Training of buyers	A communication seminar led by an outside lecturer was held in February 2008 for the benefit of buyers in the Kuwabata area. Training is also provided in connection with the skills and knowledge needed to carry out purchasing activities with a view to achieving further growth.
Strengthening cooperation inside the Purchasing Division	We have made organizational changes aimed at introducing greater smoothness and accuracy into how information is transferred between the main bases (Tokyo, Kuwabata, Kure regions). Since 2008 we have established a monthly opportunity for sharing information inside the Purchasing Division.

### VOICE

#### Through the activities of buyers

Shinichiro Nishikawa  
Purchasing Division



As well as improving buying skills, efforts are made to enhance communication with suppliers in order to build up firmer relationships of trust. Opportunities for pleasurable communication are created with the occasional insertion of jokes and banter.

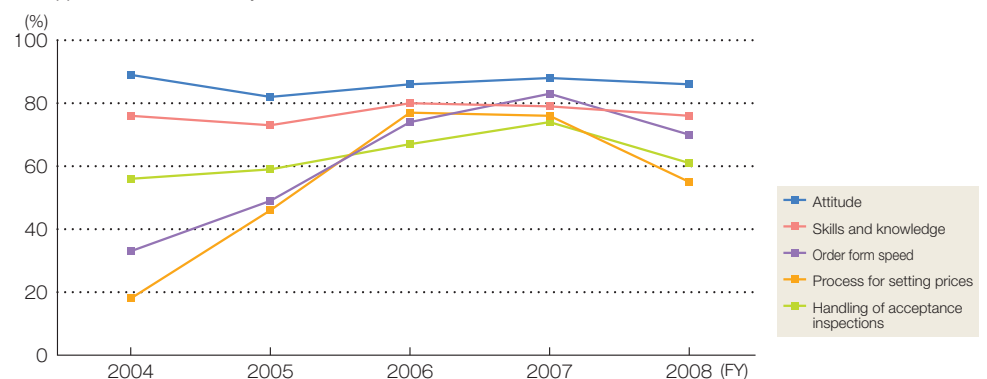
We intend to continue engaging in purchasing activities with the aim of improving the quality of our personal relationships.

### Supplier Satisfaction Survey Results for FY2008

In order to further value exchange with suppliers, we conducted the Supplier Satisfaction Survey in fiscal 2008 of about 320 companies. We received responses from 300 companies. Unfortunately, our overall satisfaction score

for fiscal 2008 decreased about 10 points compared to the previous fiscal year. Treating these results seriously we will make all out effort to improve in 2009.

■ Supplier Satisfaction Survey



## Contributing to Local Communities

DISCO believes that building a good relationship with society starts with good corporate citizenship within society. We work to maintain awareness of our relationship with society on a day-to-day basis and strive to maintain good relations with the general public.

**WEB** Local Community Contribution Activities  
<http://www.disco.co.jp/eg/csr/community/index.html>

## Focus

### ■ Teaching Life-saving Skills

DISCO encourages employees to acquire life-saving skills so that the company and community can react quickly if a disaster or accident causes injury or illness. In fiscal 2007, a DISCO employee enrolled in a local fire department course and acquired a teaching certificate. We opened up the classes to the local community because we want these life-saving skills to benefit local residents.

These initiatives help integrate us into local disaster prevention activities and provide a sense of security to local residents as a result of their getting to know us as a company. We intend to continue the initiatives into the future and will work to facilitate understanding and engage in disaster preparedness activities with even more community members.



Teaching life-saving skills



Providing an overview of DISCO to local residents

### Giving children the opportunity to visit the company

In the context of our efforts to contribute to the local community, in 2008 we invited children from primary and junior high schools to visit the company. By means of practical study using the internal components of portable game devices, visits to study equipment in the applications laboratory, and training involving actual contact with products, we are providing children the opportunity during their highly impressionable early years to come into direct contact with what it feels like to work in a company.



Children from Backers Terakoya visiting the company

### Giving local students the experience of working at overseas bases

Since March 2008 Disco Hi-Tec Singapore (DHS) has been taking in five students who have an interest in experiencing for themselves what it's like to work in a company. The students are being given the chance to experience at first hand the culture and technology of DISCO through a series of training activities involving the planning, execution and conclusion of experiments in connection with dicing.



Students work experience at DISCO

## Environmental Charter/Environmental Vision

# Environmental Activities

DISCO is working to reduce the environmental loads of its business activities in order to realize a sustainable society.

DISCO's Environmental Charter is the top priority document governing our environmental management system. An Environmental Vision has also been created in order to guide ongoing activities to reduce environmental loads. DISCO carries out environmental activities on this basis.

### Environmental Charter

#### Environmental Philosophy

We fully recognize that preservation of nature and the global ecosystem is vital for the happiness and survival of humanity into the future. We will therefore ensure that ample resources are available for creating a sustainable business that is appropriate for a member of a recycling-based society.

#### Basic Environmental Policy

In all business activities, not only do we observe applicable environmental regulations, but we also consider environmental impact, work for pollution prevention, define environmental objectives, targets and self-control criteria, and continuously improve our environmental activities

1. We will address energy conservation, resource saving and waste reduction through the 3Rs - Reduce, Reuse, Recycle.
2. We will endeavor to design our products to comply with the most stringent of laws and regulations from the countries where our products are used.
3. We will endeavor to provide products whose negative impact on the environment is kept to a minimum throughout their life cycles.
4. We will endeavor to reduce hazardous emissions in our development and manufacturing processes.
5. We will conduct continuing environmental education programs for our employees.
6. As a good corporate citizen, we will actively engage in community activities at the local level to help improve the environment.
7. We will openly share information concerning the environment in a timely manner.

#### Our Environmental Action Guideline

**Always eco-active** -At all times and in all places, concern for the environment will guide our actions.

The Environmental Charter of DISCO Corporation is published and available to those concerned both inside and outside the company.

Published: January 1, 1997; Revised: January 1, 2006

### Environmental Vision

### Environmental Vision

Incorporate an environmental perspective in every aspect of management by fiscal 2010

DISCO's Environmental Vision clarifies specific goals to be achieved by fiscal 2010 and guides the development of activities to meet them.

The Environmental Vision was drawn up in fiscal 2004, and activities have been conducted in line with our environmental roadmap. In order to further strengthen promotion of environmental activities, the roadmap was revised in April 2008.

#### Roadmap to Fiscal 2010

Item	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Acquire ISO 14001 certification for the entire DISCO Group		Expand the scope of acquisition of ISO 14001 certification to the Head Office and all domestic operational bases Acquired at DTS	Acquired at DHS and DHE	Acquired at DHA	Acquired at DHT	Complete ISO 14001 certification at all overseas affiliates	
Reduce greenhouse gas emissions	Propose and consider grasping the emission amount in Japan and overseas	Establish a computation method for emissions trading	Implement a simulation of emissions trading and promote energy saving		Reduce emissions on a yearly average of 6% lower than FY 1997 by FY 2012 (per consumption unit)		
Achieve zero emission* (Zero Waste levels)	Zero Waste Level 2 achieved at the Hiroshima Works		Zero Waste Level 3 achieved at the Head Office and Hiroshima Works	Zero Waste achieved at the Head Office and Hiroshima Works	Achieve Zero Waste at all DISCO Group manufacturing sites		
Development of environmental friendly products 1: Development of energy-saving products	Establish written Lifecycle Assessment (LCA) procedures and conduct trial runs		Assess energy consumption at the point of use of major products and LCA evaluation	Assess energy consumption at the point of use of newly developed products and LCA evaluation	Develop energy-saving products		
Development of environmental friendly products 2: Green procurement	Communicate requirements and provide necessary guidance to suppliers	Inspect and address restricted use substances	Offer environmentally friendly products				
Strengthen the disassembling and recycling businesses for end-of-life equipment	Review the applicable products and the handling of them	Reorganize and review the operational system			Examine the use of recycled materials		Use recycled materials

\* New Definition of zero emissions

Incinerated or landfill industrial and general waste from business activities should be zero (less than 1%).

## Focus

### ■ Solar Power at the Kuwabata Plant

We installed a solar power system at the Kuwabata Plant in December 2007 in order to help reduce the environmental impact of our business activities. The system is one of the largest in the Chugoku/Shikoku region.

The solar panels cover some 2,000 square meters and generate up to 200 kWh of power. They are expected to generate 292 MWh over the course of a year. The power generated is used by the Kuwabata Plant.

This solar power system was installed as part of the New Energy and Industrial Technology Development Organization (NEDO)'s fiscal 2007 field testing program for new solar power technologies.

Power generation and other related data are provided to NEDO and will be used as necessary data in future efforts to promote full-fledged popularization of solar power systems.

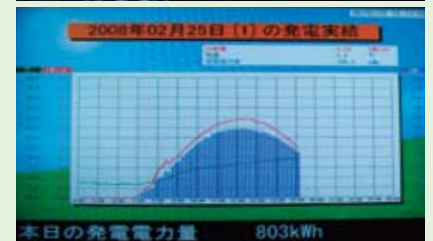
In fiscal 2008, the solar power system capable of generating 40 kWh was installed on the roof of Building B of the Head Office/R&D Center.



Solar power system



Solar panels



Monitor screen

### ■ ISO 14001 Certification at Overseas Affiliates

DISCO's environmental roadmap includes the goal of acquiring ISO 14001 certification for the DISCO Group as a whole, so we have worked to get both domestic sites and overseas affiliates certified.

In fiscal 2006, DISCO TECHNOLOGY SHANGHAI (DTS) became the first overseas affiliate to be certified. Three more affiliates acquired the certification in fiscal 2007, DISCO HI-TEC SINGAPORE (DHS), DISCO HI-TEC

AMERICA (DHA) and DISCO HI-TEC EUROPE (DHE).

In addition, in fiscal 2008, DISCO Group overseas branches and Technisco Suzhou acquired the certification, which gave a boost along DISCO's goal for realizing global environmental management.



Technisco Suzhou Certification

## TOPICS

### Tackling the Eco Test

Continuing on from last year, interested DISCO employees tackled the Eco Test, an environmental and social certification administered by the Tokyo Chamber of Commerce. This year, 35 DISCO employees were successfully certified as "Eco People."

◀ Masahiro Masumoto  
Environmental Management Office

#### <Perspective: Passing the Eco Test>

My personal motto is "Do whatever you can now." Based on this, I try to live my life in tune with the environment, even the small stuff. As I've learned and used a lot about the environment in my job, so I thought that taking the Eco Test would be a good opportunity to put my skills to the test. On the day of the test, I was extremely surprised at the wide range of ages of the people taking the exam. Many of the people there were representing their companies, which impressed upon me the fact that the private sector is taking an interest in environmental problems and devoting effort to solving them. I think now is the time when not only companies but also individuals must take an interest in environmental problems, learn about the present state of them and immediately take action. I plan to continue to study diligently, deepen my knowledge of the environment and strive to be an enlightened "Eco People"!



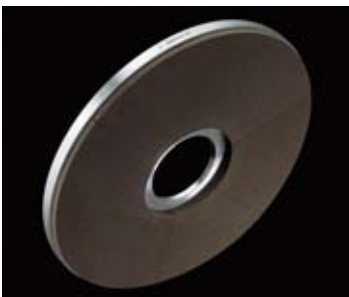
## Environmental Considerations in Products

DISCO designs and develops products with a view to reducing their lifecycle environmental loads guided by our Green Product Guidelines. We consider environmental factors in an integrated manner, from procurement to disposal, and work to improve energy efficiency and reduce or replace hazardous substances.

**WEB** Approach to Green Procurement  
<http://www.disco.co.jp/eg/csr/environment/green.html>

**WEB** Dry polishing wheel  
<http://www.disco.co.jp/eg/csr/environment/instance.html>

**WEB** Stress relief  
<http://www.disco.co.jp/eg/solution/library/strelief.html>



DP08 series can be used without chemicals

## Focus

### ■ Developing Our First Green Procured Products

Green procurement refers to placing priority on the purchase of raw materials and parts from suppliers that have minimal environmental impact.

We have worked to reduce or replace 15 hazardous substances based on the List of DISCO Restricted Substances we formulated in 2003. The list includes the six substances specified by the RoHS Directive\*.

Precision processing equipment fall outside the purview of the RoHS Directive, but we practice green procurement for these products, because doing so is one of our social responsibilities as a corporation.

We have carried out green procurement since July 2006 for critical processing point parts for all equipment models. Moreover, in fiscal 2007, we developed products containing 100% green procured parts.

### ● DAD322/DCS1440/1460 Release

The DAD322 dicing saw, and two accessory systems that clean the processed material, the DCS1440 and DCS1460, are DISCO's first fully green procured products.

We were able to accomplish this despite the products requiring many specially ordered items and technically complicated parts as a result of our diligent, long-term negotiations and evaluation with suppliers. We were able to make the products environmentally conscious while at the same time maintaining or improving their performance and features. We intend to build on this success and continue to develop further green procured products.

\* RoHS Directive (Restriction of the use of certain Hazardous Substances in electrical and electronic equipment)  
 The RoHS Directive is a directive issued by the European Union that restricts the use of certain hazardous substances in electrical and electronic equipment. It covers six substances: lead, mercury, cadmium, hexvalent chromium, polybrominated biphenyls and polybrominated diphenyl ethers. The directive went into force on July 1, 2006.



DISCO's first fully green procured products, the DAD322 and DCS1460

## Precision Blades and Wheels

### ■ Reinforcing Our Management System for Hazardous Substances

Since precision processing tooling comes into direct contact with materials belonging to the customer that undergo processing, more and more customers are asking us about hazardous substances in these consumables.

Most of the initial inquiries involved surveys of substances contained in products, but more recently, customers want to know about our management system for these substances used in the manufacturing process of the

consumables, and some have even requested audits of the process. We have been involved in green procurement for the past four years and have been working to reduce or replace substances during that time, but from fiscal 2007, we strengthened our management system for chemical substances by establishing a chemical monitoring system in the manufacturing process of our consumable blades and wheels.

### ■ Products: Dry Polishing Wheels

With electronic devices getting smaller and adding features at an increasing pace, technologies are needed that can produce even thinner, stronger wafers and IC die.

There are various stress relief methods designed to remove mechanical damage caused by backgrinding, but DISCO has developed a chemical-free dry polishing process that has a significantly lower environmental load than stress

relief methods that use a slurry.

Our DP08 series can also be used for the DBG (Dicing Before Grinding) process, as we've successfully expanded the potential applications of our low-environmental-load dry polishing wheels.

## Accessory Equipment

### ■ Recycling Cutting Fluid by Circulation

Our DWR1720 is a system for producing ultrapure water that can be recycled as cutting fluid. The ultrapure water is produced by filtering cutting fluid from a dicing saw, exposing it to ultraviolet radiation and then deionizing it.

Using this device together with a dicing saw enables cutting fluid, previously disposed, to be recycled at a rate of 100%. Before, it had to be disposed of as wastewater.

Formerly, large facilities were needed to turn waste cutting fluid into ultrapure water, but the DWR1720 is compact enough to fit alongside a dicing saw, so a recycling system for ultrapure water can be installed with minimal capital investment.

The device helps substantially reduce not only water usage, but also power consumption.



The DWR1720 recycles cutting fluid

## Precision Processing Equipment

### ■ Conducting Life Cycle Assessment\* (LCA)

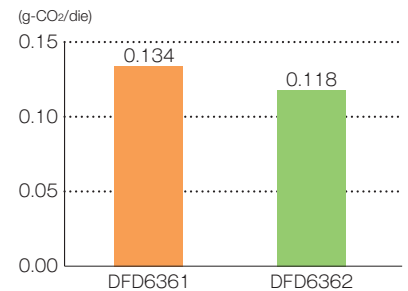
We have calculated that over 95% of the energy expenditure of precision processing equipment during its lifecycle takes place while the equipment is in use. We are therefore working to make the equipment more energy efficient by measuring its carbon dioxide emissions during use.

### ● Comparative LCA for the DFD6361 and DFD6362

The current model, the DFD6362, is the successor to the DFD6361. Comparing the previous model energy expenditure of both models in processing one 5 mm die, the DFD6362 reduces carbon dioxide emissions by 10% or more\*. The environmental efficiency of the DFD6362 was improved by its air saving design, making its electrical parts more energy efficient and accelerating work processes.

\*Values may vary based on individual conditions

### ■ CO<sub>2</sub> Emissions Per Die



\* Life Cycle Assessment  
Life Cycle Assessment, abbreviated LCA, is a method for quantitatively assessing the impact of a product on the environment throughout its entire lifecycle, from procurement of raw materials to manufacturing, transport, use and disposal.

**WEB** Life Cycle Assessment  
<http://www.disco.co.jp/eg/csr/environment/lca.html>

### ■ Disassembling and Recycling End-of-Life Equipment

In 2003, DISCO was designated by the Ministry of the Environment as a Nationwide Recycler of Designated Industrial Refuse and began the chargeable service for collecting, recycling, and/or appropriately disposing of equipment that has reached the end of its life. Due to a legal change in 2008, this was changed to Nationwide Recognition System

This service has disassembled approximately 2,593 kg of end-of-life equipment collected in fiscal 2008. We have achieved a recycling rate of 100%, when including both parts reuse and material recycling.

### ■ Fiscal 2008 Recycling Rate for End-of-Life Equipment

Weight collected (kg): 2,593

Category	Weight (kg)	Percent of total weight	Recycling/ Disposal Method
Parts collected	1.1	0.04%	Reused as parts
Ferrous metals	2,525.2	97.4%	Recycled
Non-ferrous metals	6.8	0.26%	
Substrate/cable	40.3	1.55%	
Glass/ceramics	4.8	0.19%	
Plastics	14.5	0.56%	

**WEB** End-of-life Product Recycling Initiative

## TOPICS In-House Environmental Seminar

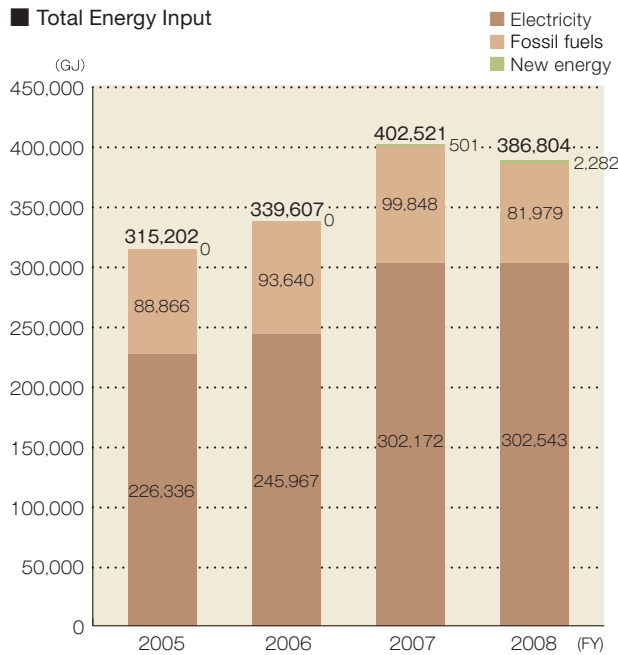
Inquiries from customers regarding hazardous substances contained in DISCO products have increased rapidly of late due in part to countries around the world tightening their regulations on these substances.

In response, we are holding in-house seminars for sales departments that frequently interact directly with customers. The seminar covered regulatory trends, the types of questions customers are asking, and the various initiatives DISCO is involved in. Some participants mentioned that they now understood the background behind questions from customers over the last few years, while others commented that they intended to try to understand the nature of customer requests and comply with them.

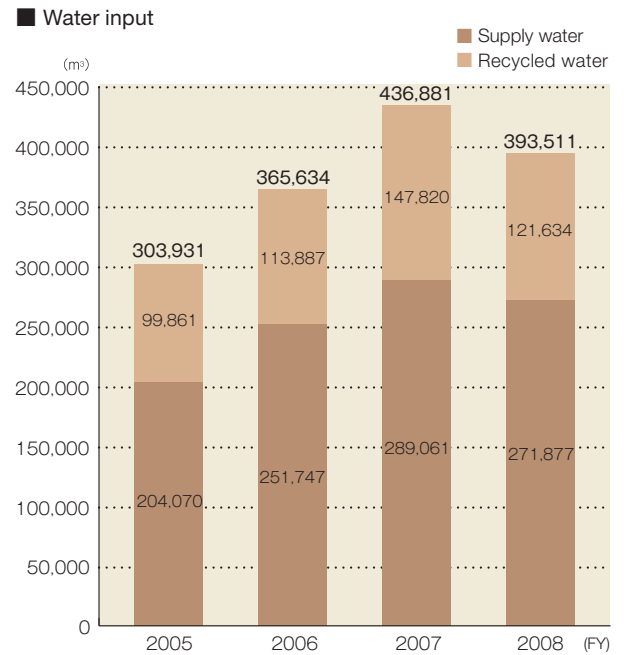


In-house seminar in progress

## Input Data

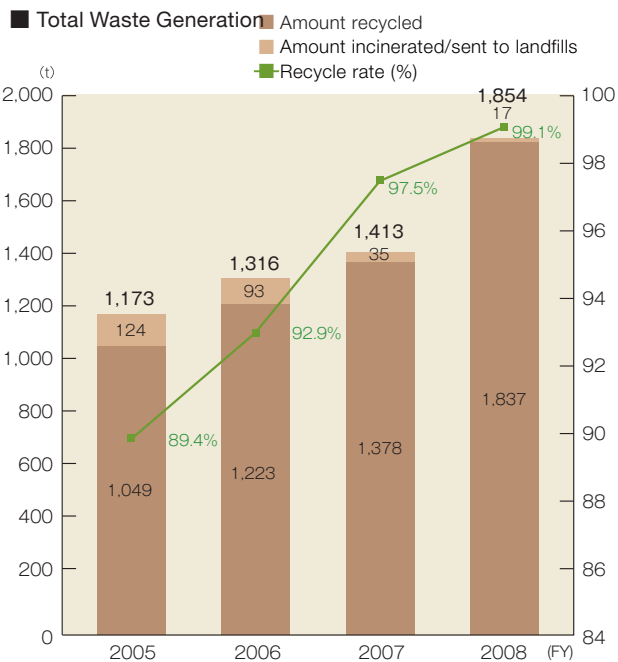


Data covers Japan sites and overseas affiliates.  
 \* Fossil fuels consist of LPG, city gas, LNG, gasoline and diesel.  
 \* New energy consists of solar power.



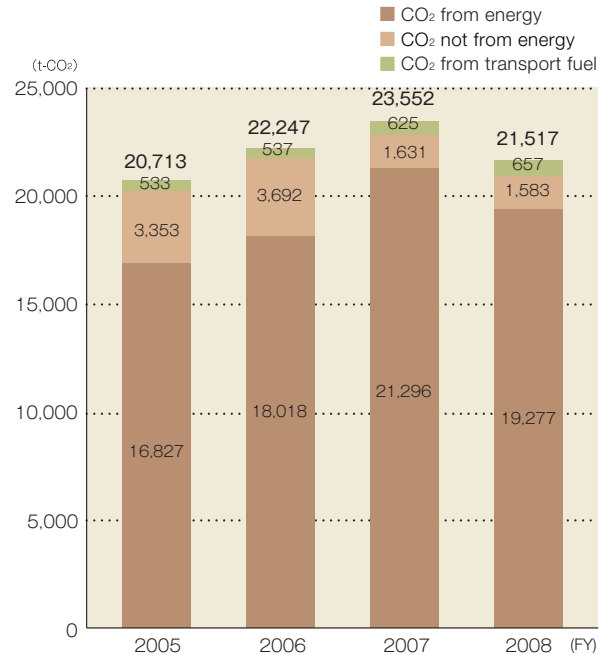
Data covers Japan sites and overseas affiliates.

## Output Data



Data covers Japan sites.  
 \* Recycling rate is recycled volume divided by total waste generation.  
 \* Waste generation compiled for domestic sites since fiscal 2007.

## Greenhouse Gas Emissions



Data covers Japan sites and overseas affiliates.  
 \* Energy-derived CO<sub>2</sub> consists of carbon dioxide emitted with the use of electricity and gas.  
 \* Non-energy-derived CO<sub>2</sub> consists of carbon dioxide emitted with the use of HFC and SF<sub>6</sub>.

Additional environmental data is available at our website.

<http://www.disco.co.jp/csr/data>

- Results of Environmental Activities
- Water Quality Measurements
- Chemical Substance Management
- Environmental Accounting

## Company Data

### Company Data

Trade Name: DISCO Corporation  
 Head Office: 13-11 Omori-Kita 2-chome, Ota-ku, Tokyo, Japan 143-8580  
 Founded: May 5, 1937  
 Incorporated: March 2, 1940  
 Capitalization: 14,517,469,520 yen (as of March 31, 2009)  
 Shares Issued: 34,004,418 (as of March 31, 2009)  
 Tokyo Stock Exchange, First Section  
 Securities Code: 6146

### Lines of Business

1. Manufacture and sale of precision processing equipment
2. Maintenance services for precision processing equipment
3. Training services for the operation and maintenance of precision processing equipment
4. Disassembly and recycling of precision processing equipment
5. Lease of new precision processing equipment and buying and selling of used equipment
6. Manufacture and sale of precision processing tooling (consumables)
7. Contract processing of precision parts

### Main Business Sites and Offices

- Head Office
- Manufacturing Plant
- Head office of overseas subsidiaries
- Branches and offices



#### <Asia>

- DISCO Corporation
- TECNISCO, LTD.
- DSD, LTD.
- DISCO ABRASIVE SYSTEMS K.K.
- DAIICHI COMPONENTS, LTD.
- DISCO HI-TEC (SINGAPORE) PTE LTD
- DISCO HI-TEC (THAILAND) CO., LTD.
- DISCO HI-TEC (MALAYSIA) SDN. BHD.
- DISCO TECHNOLOGY (SHANGHAI) CO., LTD.
- DISCO HI-TEC TAIWAN CO., LTD.

#### <North America>

- DISCO HI-TEC AMERICA, INC.

#### <Europe>

- DISCO HI-TEC EUROPE GmbH
- DISCO HI-TEC FRANCE SARL
- DISCO HI-TEC U.K. LTD.
- DISCO HI-TEC MOROCCO SARL

### Editor's Postscript

Thank you for reading through DISCO's CSR Report. For this year's edition, we revised the areas that have changed since the 2008 edition. Information that was not included here can be found on our website.

DISCO does not conduct its activities with the word "CSR" foremost in mind; rather, we believe that steadily and sincerely carrying out each day's tasks guided by our corporate philosophy will result in the company fulfilling its social responsibilities. We have expressed this conviction by highlighting, on the cover, the letters "C", "S" and "R" in DISCO Corporation.

We hope that this report will encourage further dialogue with stakeholders and further promote CSR activities.

# DISCO CORPORATION

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