



To be of Value to Society

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### ■ Report Contents

#### Scope:

Reports on the activity goals, systems, results, accounting data and other information, centering on recent activities but including comparisons with past and future targets.

#### Period:

Fiscal 2005 (12-month period from April 1, 2005 to March 31, 2006) including some policies and targets that will start in fiscal 2006 or later

#### Readership:

All stakeholders

#### Reference Guideline:

GRI (Global Reporting Initiative) Sustainability Reporting Guidelines 2002 and Environmental Reporting Guidelines 2003 issued by the Ministry of the Environment

#### Issue Date:

June 23, 2006

#### Posted:

DISCO Web site at  
<http://www.disco.co.jp/eg/corporate/report/index.html>

## Message from the President

# Aiming to be a Socially Trusted DISCO

In our mature, contemporary society, the social responsibility of corporations is increasingly important. DISCO aims to be a company with corporate activities that please its stakeholders and are welcomed by society. While striving to improve the quality of our corporate culture under the original DISCO Values—our corporate philosophy—DISCO is committed to the realization of ideal stakeholder-oriented management.

In fiscal 2005, the year ended March 31, 2006, DISCO added ethics-related guidelines to DISCO Values system. The new ethics guidelines clarify specific criteria for business conduct and strengthen our internal system. Also in fiscal 2005, we made a full-fledged commitment to realize the DISCO Vision by 2010. We have seen many employees put forth extra effort to help achieve the targets set forth in the DISCO Vision. The progress toward the quantitative targets that DISCO has set for 2010 will be tracked through annual goals each fiscal year.

Looking ahead, we intend to further nurture human resources, which can powerfully promote activities to fulfill our vision and improve our teamwork-based organizational strength. We will also focus on avoiding the sometimes negative aspects of corporate culture such as an atmosphere in which employees' voices are suppressed.

To be a socially trusted corporation, DISCO intends to improve the overall quality of its corporate activities around the nucleus of DISCO Values to exert its CSR (corporate social responsibility).

June 2006

**Hitoshi Mizorogi**

President and Representative Director/& COO



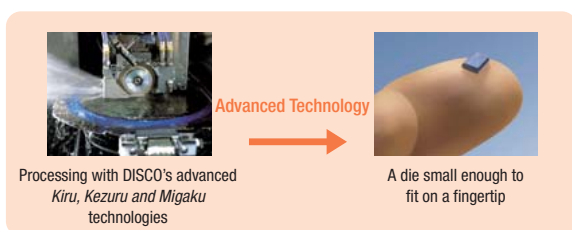
## Supporting People's Comfort with Advanced Technologies

Portable music players are a recent hit product. Today, one can listen to approximately 1,000 songs on a palm-sized player, whereas we used to listen to a fraction of that number of songs via cassette or MD.

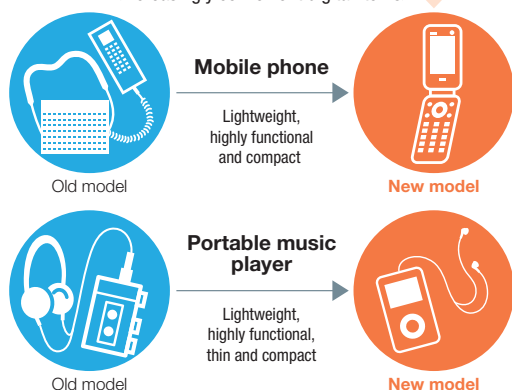
Mobile phones, which initially were bulky shoulder-held models, have become so compact that they can be carried in a pocket. Higher functionality including an internal camera and payment capabilities has been added.

DISCO has specialized in the *Kiru* (cutting), *Kezuru* (grinding) and *Migaku* (polishing) technologies since its foundation. At DISCO, we develop and manufacture precision processing equipment and the complementary tooling, which are used to manufacture the semiconductors and electronic parts that are the core components of the aforementioned digital equipment.

DISCO wishes to be an indispensable entity that supports human happiness and prosperous, comfortable living through its contribution to the sophistication of the manufacturing processes for semiconductor and electronic parts. Our mission of using unapproachable science to enhance comfortable living with familiar products through advanced *Kiru*, *Kezuru* and *Migaku* technologies encompasses this strong corporate desire.



<Increasingly convenient digital items>



### ■Company Overview

Trade Name	DISCO Corporation
Founded	May 5, 1937
Incorporated	March 2, 1940
Head Office	13-11 Omori-Kita 2-chome, Ota-ku, Tokyo
President & COO	Hitoshi Mizorogi
Capital	¥13,412 million (as of March 31, 2006)
Total Number of Shares Issued	33,562,718 (as of March 31, 2006)
Listing Exchange	First Section of the Tokyo Stock Exchange
Employees	1,259 persons (as of March 31, 2006)
Consolidated Sales	¥68,885 million (as of March 31, 2006)
URL	<a href="http://www.disco.co.jp">http://www.disco.co.jp</a>

### ■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. Manufacture and sale of precision processing tooling
6. Lease of new precision processing tooling and sale of secondhand precision processing equipment
7. Chargeable precision processing service

# Business Continuity Plan (BCP)

DISCO is establishing a contingency system to minimize the impact and ensure the operations of our precision processing equipment and tooling in case of a natural disaster such as an earthquake or other calamity. In particular, we are currently prioritizing large-scale earthquake preparedness to become a corporation immune to disasters in accordance with the BCP.

## BCP Policies

Our production plants and head office are located in Japan, which is a country that experiences frequent earthquakes. We are preparing to cope with the uncertain menace of severe earthquakes.

Our BCP priorities aim to maintain a minimal level of products and services to ensure current production output levels for our respective customers. Although our immediate preparations are for earthquakes, we intend to prepare plans for other disasters subsequently.

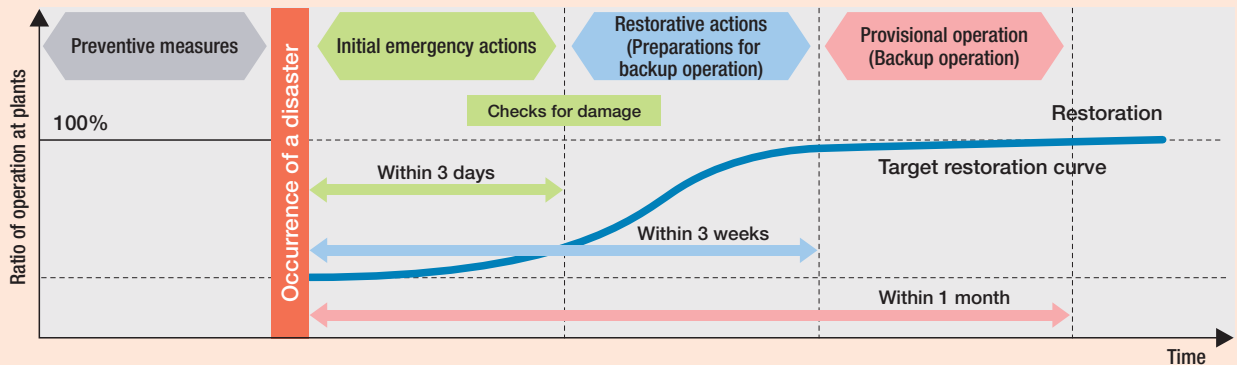
### BCP Priorities

- Securing the physical safety of employees
- Supporting and helping our neighboring local communities
- Maintaining the supply of abrasive products
- Maintaining the repair service for precision processing equipment and the supply of repair parts

### Target Restoration Period

- To recover routine operational functions within one month after the occurrence of a disaster

### Concept of DISCO's BCP



## Earthquake-Proof Production Bases

DISCO has two geographically separated production plants (at Kure and Kuwahata) for the production of precision processing tooling, which is indispensable for manufacturing semiconductors and electronic parts. In case either plant is damaged by a disaster such as an earthquake, the other plant would substitute for the damaged production capacity to the extent possible. A new building at the Kure Plant, which is scheduled to be completed in December 2007, will adopt a seismic isolation design to upgrade its earthquake-proof level.

During fiscal 2005, we took concentrated measures under the

BCP set forth in our management policy. For example, staff in charge at the respective relevant departments submitted innovative ideas based on the story described in the original earthquake-themed novel *The Day when DISCO Quaked*. As a consequence, 198 improvements to mitigate damages and ensure speedy restoration were addressed in the action plan. This type of brainstorming helps to make every field employee address his/her individual disaster-related problems and raise the sensibility to damage, which is an important step toward realizing a disaster-proof corporate structure.



The precision processing tooling building at the Kure Plant



Nets to prevent inventory from falling off of shelves in case of an earthquake

## 》》》 Emphasizing Drills

DISCO respects drill-focused activities from its basic belief that one cannot act deliberately when a situation calls for instant reaction, and one cannot act while looking at the disaster response procedure.

At the Head Office/R&D Center, the Kure Plant, the Kuwahata Plant and the Nagatani Plant, disaster preparedness drills simulating a disaster are periodically conducted and problems identified during the drills are immediately addressed in subsequent procedures. Initial action drills, emergency commuting drills and first-aid drills are periodically conducted for the disaster countermeasure personnel, who are in charge of initiating responses.

Meanwhile, the opportunities to experience an artificial earthquake and employ fire extinguishers are given every year to all employees in cooperation with nearby fire stations to raise their disaster awareness.



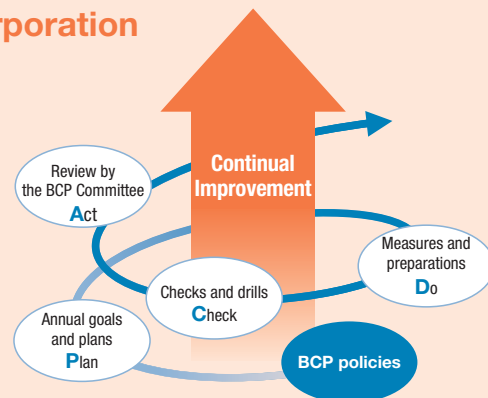
Drill simulating a disaster

## 》》》 Aiming To Become a Disaster-Proof Corporation

We can never say that our measures to prepare for earthquakes are perfect, however, we can continuously try to improve our preparedness.

DISCO has several internal organizations to help improve BCP. The central organ is the Business Continuity Plan Committee, which consists of corporate officers. DISCO has introduced the PDCA Cycle, a concept widely used in quality management systems, to ensure the execution of improvements.

To that end, DISCO is committed to continual improvement through its Business Continuity Guidelines, which were released in 2005 by the Cabinet Office, Government of Japan. These self-evaluation indices help move DISCO closer to being a “Disaster-Proof Corporation” that enables its customers to use its products with peace of mind.



### BCP Committee

Chairperson: President and CEO

Members : Executive Director, General Manager of the Corporate Strategy Division  
Executive Director, PS Company President  
Director, Hiroshima Works Director  
Director, General Manager of the Corporate Support Division

### BCP Working Group

Four persons

### TOPICS

#### DISCO's BCP Image

[Earthquake-themed novel]

### *The Day when DISCO Quaked*

This original, near-future fictional novel was written to provide DISCO employees with actual imagery of how they should prepare and act in the emergency conditions following a major earthquake. The story, which vividly describes various possible events on such a day, is told in 30,000 words over 50 pages.



### Writer's Voice

**Riki Hayasaki**

CS Promotion Group  
Operation Department



The novel was serialized weekly over four weeks. The first week, I felt excited writing it. In the second week, I got absorbed in the writing. By the third week, I was feeling pressed by the deadline and it was agony the final week to complete the story. Nevertheless, I felt happy and encouraged when I got such feedback as “Who really wrote it?” and “Is it true the Company outsourced the job to a ghostwriter?” This was my first novel, and it was a precious experience for me as I felt like a professional writer.

# DISCO Values

DISCO formulated DISCO Values as a management nucleus and a system of corporate philosophies to be relied on for all business activities. DISCO will raise its exchange of values with its stakeholders for future corporate growth.

## System of DISCO Values

DISCO Values were formulated in 1997 as a result of a project that was initiated in December 1995 by the top management with the intent of creating a more dynamic corporate culture. DISCO Values respond to the question "Why does DISCO exist?" and systematically summarize the Company's original values. At the same time, they provide for future perspectives on how DISCO should be and what DISCO should do to promote future development while respecting its accumulated traditions.

DISCO annually verifies DISCO Values and modifies them as required to keep the content optimally relevant.

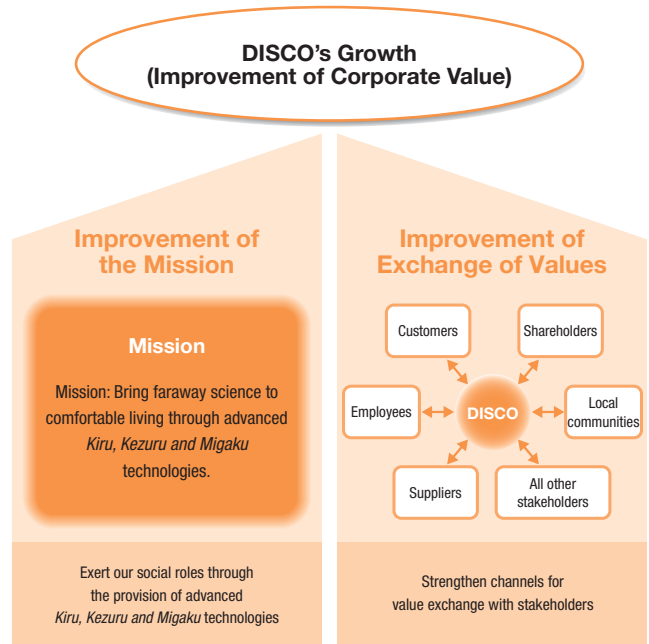
In fiscal 2005, we added "Ethical Guidelines" to the existing "Behavior Identity" in the Lower Value. The Ethical Guidelines clearly define a set of "DO NOT" guidelines in the ethics field with regard to corporate management, business activities and the words and behavior of employees. The DISCO Identity has become clearer by defining the "DO NOT" items, in addition to the previous "Should Be/Do" prospects.

## Corporate Growth at DISCO

DISCO considers basic ideas in its future-oriented business activities in the form of a Management Model. In this model, DISCO's growth is fulfilled not by quantitative scale expansion, that is, a rise in net sales or an increase in the number of offices and employees, but rather by the achievement of the Mission, in other words, by raising the exchange of values with stakeholders.

Based on the idea of exchange of values, whereby corporations are a social system for value exchange among a variety of people, DISCO considers its corporate growth as a company to be in raising this exchange of values with stakeholders and accordingly promotes stakeholder-oriented management.

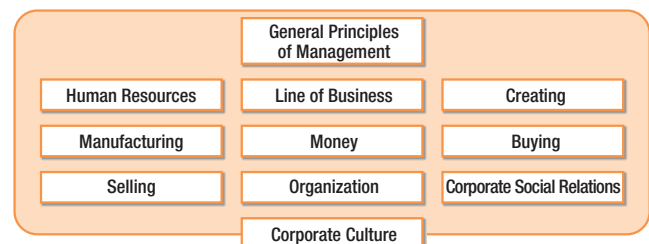
### Definition of Growth



### System of DISCO Values

DISCO Values		
Highest Values	Reason for Existence (Grounding for Values) (Highest Values)	Addresses the role a company plays in society, what the existence of DISCO means to society and in what ways working at DISCO is meaningful.
Upper Values	Basic Ideals (Ideal Direction of the Company)	Reveals DISCO's social mission, its targets as a company, and the distinctive style of its company activities and corporate culture.
	Management Ideals (Basic Approach of Management)	Clarifies basic principles of management and basic policies to be valued in management.
Middle Values	Management Guidelines (Forms and Principles for Actual Business Administration)	Illuminates DISCO's set of values in 203 guidelines in 11 categories that include general principles of management, human resources, selling, manufacturing, buying and corporate social relations. Used as the basis to determine what concepts to apply when formulating or improving business processes or activities and how to behave and make decisions in the management and administration of the company (see the diagram at right).
Lower Values	Behavior Identity (Guidelines for the Actions of DISCO Employees) Ethical Guidelines	Defines guidelines for actions that each and every DISCO employee should continually strive to take.
	DISCO's Product Identity (Nature of DISCO Products)	Expresses the most basic concepts for DISCO products. Forms the basis for distinctively DISCO product development.

### Management Guidelines



# Vision and Policies for 2010

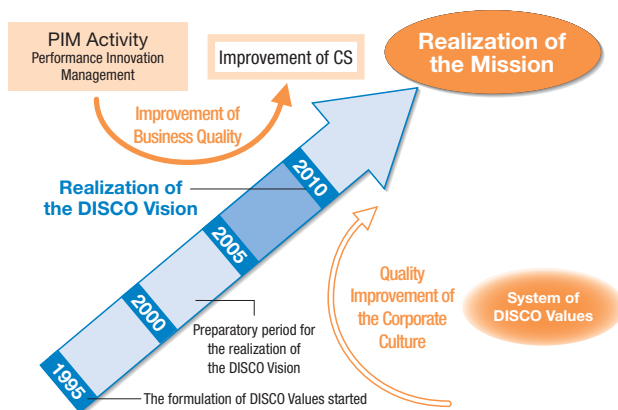
DISCO's business activities are conducted everyday toward the perpetual goal of realizing the Mission. As a specific guidepost to its realization, the ideals for DISCO to achieve by 2010 are integrated into the DISCO Vision.

## DISCO Vision

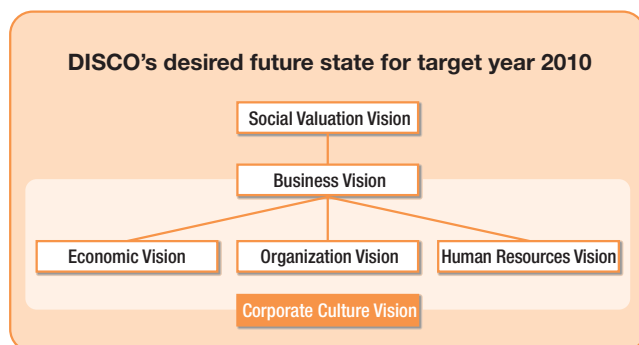
The DISCO Vision qualitatively depicts the way DISCO should be by 2010 in a manner that cannot be grasped by earnings targets alone but in terms of six aspects that form DISCO's business activities. The ideal images in the six facets are closely correlated with each other. For example, to achieve the Business Image, the Economic Image as a financial foundation must surely be achieved, and the Economic Image can only be realized if the human resources as depicted in the Human Resources Image are in place. In the 10 years since the formulation of DISCO Values, we have prepared for the realization of the Vision through anchoring activities.

In fiscal 2005, we made preparations for the full-fledged implementation of these policies: The state of the actual realization of each image was summarized in representative indicators (tracking indices) by image, and specific annual targets were decided as Milestones. The tracking indices above included the results of the Customer Satisfaction Survey, the Supplier Satisfaction Survey and the Employee Satisfaction Survey, which are engineered to specifically grasp the state of quality improvement of our corporate activities.

### DISCO's Management Structure



### DISCO Vision



## PIM

PIM activity, which is fully deployed at DISCO establishments nationwide including overseas bases, plays an important role in the realization of the Vision for 2010.

PIM is a management method to markedly raise organizational performance by improving staff's management capability. Job-related indices are quantified as target values, and variances against the target values are fed back to relevant sections/persons in short cycles while restricting the variances as much as possible.

"Kizuki"\* at the organizational level is emphasized in the PIM, and promoting visualization is a typical feature. At the worksite, therefore, we often see graphs showing the achievement status of targets pasted on display boards.

Since its implementation in July 2003, PIM has been steadily anchored as a standard management method among employees. It has become common practice for every employee to engage in his/her own duties and use PIM while being aware of the target values according to the tier and organizational function.

To further spread and improve the implementation of PIM, DISCO started a "PIM Master" campaign in April 2006 to upgrade the knowledge and practice levels of employees by authenticating the level exam on mastering PIM.

\*Kizuki: realization, moment of discovery, point of awareness, that moment that the mental light-bulb turns on.



Visualization process as part of the PIM activity

### PIM Implementation Milestones

Month	Project Name	Participating Departments/Sections
2003	July	●PI Project Overseas Technical Support Department, Sales Department, Engineering R&D Department (Engineering Group, Grinder Engineering Group)
		●GO & UP 25 Project Service Department (Kanto Service Center, Kansai Service Center, Customer Engineer Planning Group, Support Group)
2004	January	●GO & UP 25 Project II Service Department (Tohoku Service Center, Kyushu Service Center, 870 Service Center)
		●MI Project Application R&D Department, Engineering R&D Department (Diamond Engineering Group, Diamond Development Group, Diamond Marketing Section)
2005	June	●PIL Project Fourteen employees (from the Sales Engineering, Business Administration, Overseas Sales, Sales, Quality Assurance, Precision Processing and Product Training departments) participated.
	July	●PIM Project Corporate Strategy Division, Corporate Support Division, Engineering R&D Department (Support Group, R&D Group, Grinder R&D Group, Laser Systems Group, Intellectual Property Group)
2006	January	●Hiroshima PIM Project Hiroshima Works, Precision Equipment Manufacturing Department, Precision Diamond Manufacturing Department, Purchasing Department
	July	●Global PIM 1 Overseas Sales Department, Overseas Technical Support Department DISCO HI-TEC AMERICA, INC.
	April	●Global PIM 2 DISCO TECHNOLOGY (SHANGHAI) CO., LTD.
	April	Authentication of PIM Master started
	July (planned)	●Global PIM 3 DISCO HI-TEC (SINGAPORE) PTE LTD

# DISCO Values-Based Organizational Management

DISCO considers it extremely important to nurture a good corporate culture in its corporate management. DISCO therefore has established DISCO Values as the axis of its corporate management.

## Anchoring of DISCO Values

A corporate culture is unseen, and it can, not only encourage or hinder employees in exercising their abilities, but also have a direct or indirect impact on the abilities they can exercise. The corporate culture is indispensable to allowing management to fully leverage its management resources (i.e., personnel, goods and money).

DISCO therefore focuses on the anchoring of DISCO Values to help DISCO improve the quality of its corporate culture. To that end, apart from the training for newly hired employees, we hold Value Study Meetings at each department or section to help employees implement DISCO Values in their routine operations and self-examine our corporate activities. Moreover, we regularly conduct other kinds of anchoring activities for a better understanding of DISCO Values. Such activities include a concentrated training program according to the participants' level of understanding, a task activity to report the results discussed among 4–5 members to the top management and an off-site group discussion called "Sherpa" for dedicated anchoring promoters.

## Corporate Governance

DISCO's system of corporate governance adopts corporate auditors. Corporate management requires a social (supervisory) function, a significance (purpose) function, a growth (strategy) function and a realization (execution) function. At DISCO, outside corporate auditors assume the social (supervisory) function. We have a small number of directors (eight authorized, with only seven serving since June 23, 2006) to facilitate agile decision-making. In addition, we are making continuous efforts with the DISCO Future Project (DFP), a project aimed at improving our corporate culture, one of the principal jobs of management.

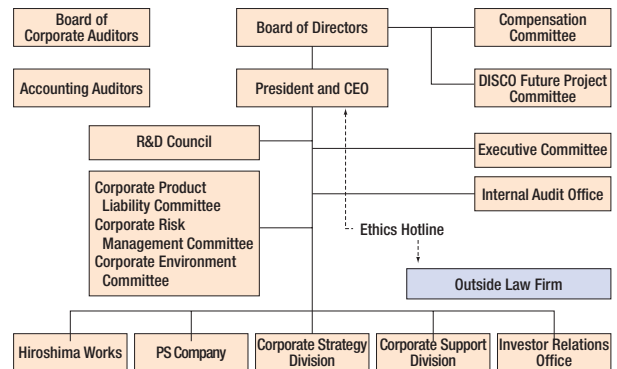
Ensuring that individuals with a thoroughgoing knowledge of DISCO's identity and management functions, from upstream to downstream, are involved in management, facilitates the functioning of transparent governance.

As a part of the DFP project, DISCO's top management has been engaged since March 2003 in comprehensive discussion on the form that DISCO's ethics should take. The ethical guidelines that resulted from these discussions have been gradually anchored since May 2005. We plan to further raise awareness of compliance-related issues through these guidelines.

### Themes for Discussions at the Task Activity

1st meeting	Study about actions required of DISCO employees
10th meeting	Study about how to enjoy our jobs
17th meeting	Study about how to learn lessons from precedents, or to reject precedents
20th meeting	Study about how to praise the initiator who has a good idea at meetings
24th meeting	Study about how to make encouraging/discouraging remarks

### Scheme of Corporate Governance Structure



## TOPICS

### DISCO Values Also Extending to Overseas Branches

In December 2005, foreign leaders at the overseas branches of the DISCO Group met at the Third Overseas Sherpa Program held in Japan. This program's primary objective is to help them understand our corporate values, especially DISCO Values, and the DISCO Vision. The program has been held annually since fiscal 2003.

The participants, who were divided into two groups of 15 persons each, had training and group discussions in Tokyo and Hiroshima. During the tight and busy 10-day schedule, they visited Kyoto, where they participated in a seminar and group

discussions on ethics, plus they had a chance to deepen their understanding of Japanese culture.

Some of the comments of the participants who completed the program were "It was a very meaningful experience" and "I would like to improve myself for DISCO while deepening cooperation with Japanese members." DISCO hopes that these leaders will spread DISCO Values at each branch so they can share our values.



Panel discussion at the Overseas Sherpa Program

## Ethics System

DISCO endeavors to reinforce its ethics system to make DISCO the "best it can be" on the understanding that ethics addresses the proposition of how we can be at our best.

DISCO has formulated Ethical Guidelines, which are vested in DISCO Values as a core ethical system. The Guidelines stipulate specific norms in an ethical field to avoid matters that infringe on or contradict with what DISCO pursues.

The Guidelines consist of 31 items such as "Legal Compliance," "How to Handle Personal Information," "Ensuring Fairness in the Selection of Business Partners" and "Refusing Anti-Social Organizations." Based on the Guidelines, several counseling contacts are established for members who are unable to make decisions on an ethical subject and special contacts are established to report/allege any unethical action or behavior.

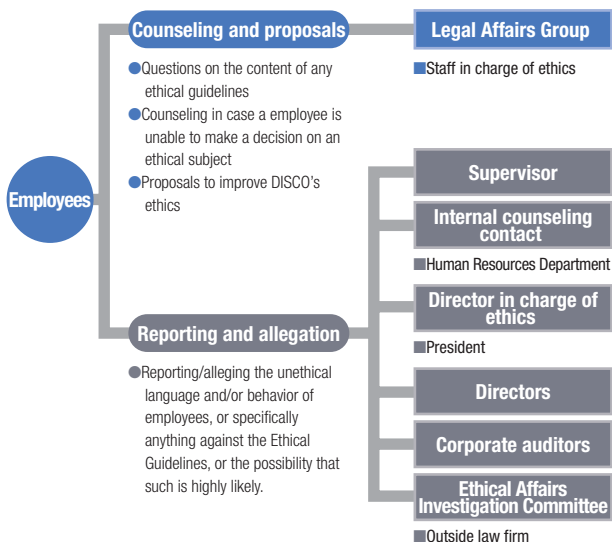
In May 2005, team-based meetings, as well as ethics-related tests taken by all employees, started with the aim of enhancing the knowledge and understanding of the Ethical Guidelines.

In fiscal 2006, we will raise the "Steady Anchoring of Ethics Sense among DISCO Members" as a management guideline to promote further understanding of the Ethical Guidelines to the level of the routine actions of members.

### Purpose of DISCO's Ethics System

- (1) Prevent in advance any unethical language and/or behavior of employees, specifically anything against the Ethical Guidelines, from occurring;
- (2) In case an unethical incident occurs, take appropriate action as soon as possible to minimize the negative impact; and
- (3) Ask the members for proposals to make DISCO "the best it can be" and implement good proposals.

### ■ Ethical Support System for Employees



## Risk Management

The Management Guidelines in DISCO Values prescribe that "Risk management is, by nature, for protecting stakeholders. DISCO engages in thoroughgoing risk management." To ensure the sustainable growth of a corporation, reinforced risk management is essential. DISCO, therefore, established a Company wide Risk Management Committee and a dedicated risk management promotion section within the Management Planning Department.

In fiscal 2005, DISCO focused on the BCP (Business Continuity Plan) to fulfill its responsibility as a manufacturer for continued supply in view of a disaster risk such as an earthquake (see pages 3-4).

We also carried out a companywide risk assessment for various risks other than accidents and disasters in an effort to enhance risk management, to establish sound and stable management foundations (see page 15 for the risk assessment regarding safety and health).

## Active Investor Relation (IR) Activities

DISCO endeavors to upgrade its IR activities to receive good understanding and strong trust among shareholders and investors under the basic principle of disclosing precise and fair information at the appropriate time. To this end, the IR Office accepts about 300 individual interviews requested from shareholders and investors per year. In addition to explaining our operating performance and business environment, we hold results briefings twice a year (May and November) and distribute the results in the IR corner of our Web site. The Web site also offers other useful material for shareholders and investors.

In fiscal 2005, we held a technical briefing in November and a plant tour in February. At the plant tour, many securities analysts and financial institutions visited the Hiroshima Works to deepen their understanding about our products and manufacturing workshops. The event was highly acclaimed. DISCO revised the Interim-Term Business Report for the 67th fiscal term (issued in December) with easy-to-see content.

DISCO was selected as a qualified company in the FTSE4 Good Index Series, an SRI index (Socially Responsible Investment Index) of the FTSE (Financial Times Stock Exchange) Group, a leading worldwide stock and bond rating firm.



"FTSE4 Good" certificate

# Partnerships with Customers and Suppliers

DISCO is committed to being an organization that is trusted by customers as a provider of the highest-quality products, technologies and services. Suppliers are important business partners, and we engage in activities to establish relationships of trust with them.

## Customer Satisfaction (CS) Activities and Organization

DISCO believes that the efforts of each employee and a systematic improvement structure based on objective data are essential factors for enhancing Customer Satisfaction (CS).

To improve employees' awareness of CS, management periodically disseminates related messages and provides CS seminars for new employees. To further improve CS activities, we established a systematic structure with the CS Committee, which is directly connected to management, as its core and the CS Coordination Group as a specialized department.

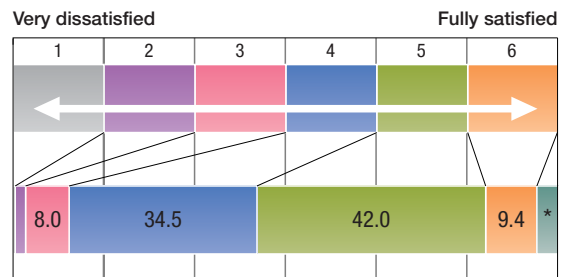
The CS Committee, which is chaired by the PS Company president, who is head of the operating department, consists of 13 members who are directors or major department heads, and meets periodically. The Committee reviews improvement measures in response to the results of the Customer Satisfaction Survey, evaluates the status of ongoing improvements and further develops improvement activities. The CS Committee meetings are open to all employees, and the discussions are active at every meeting.

## Customer Satisfaction Survey

We have conducted the Customer Satisfaction Survey annually since 1999. The survey asks our customers throughout the world to assess the Company's products and service. The following is an excerpt of the fiscal 2005 survey results, and we will use these results to develop our improvement activities for fiscal 2006.

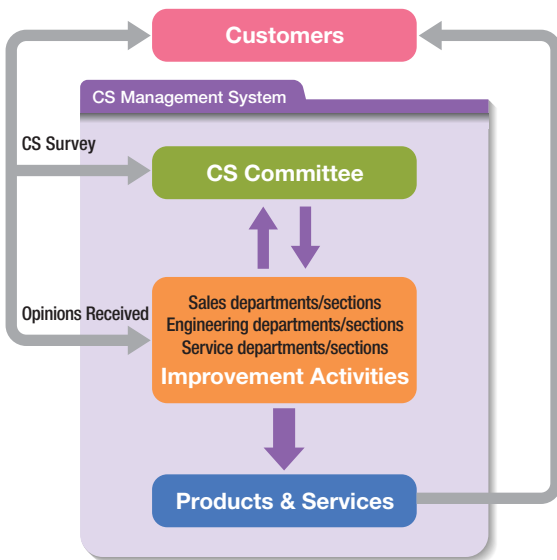
### Overall Customer Satisfaction Results for Fiscal 2005

Average 4.51 (Full score: 6)



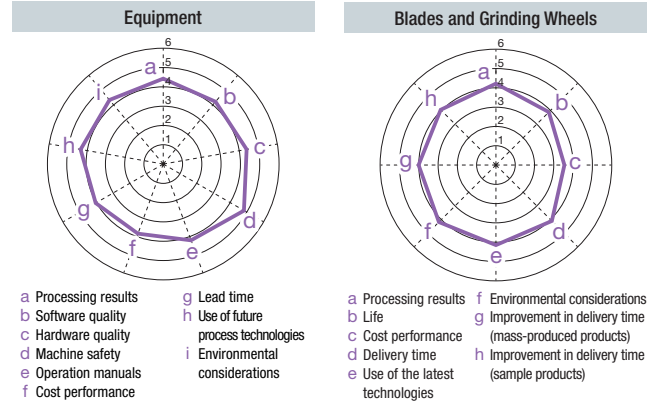
\* Don't know

### CS Management System

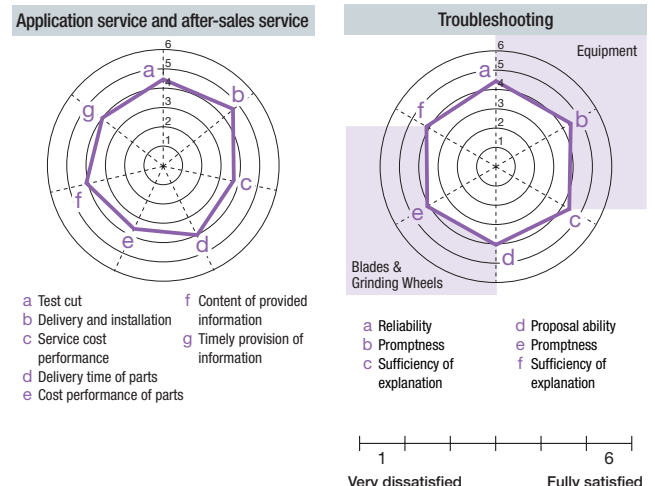


Discussion at the CS Committee

### Product-Related Satisfaction



### Service-Related Satisfaction



1 6  
Very dissatisfied Fully satisfied

## Development of Improvement Activities

DISCO actively engages in improvement activities by fully using the results of the Customer Satisfaction Survey. Of our many improvement activities, two such examples are presented.

### ●Zero-Defective Product Activities using the PIM (Performance Innovation Management) Method

Using the PIM management method\*, we have engaged in activities that pursue a stable quality level for precision processing tools at manufacturing sites since January 2005. This initiative aims at “zero defects,” that is, producing products with no defects. All manufacturing staff participate and, through the initiative, we have produced steady results and contribute to a continuing supply of good products for our customers.

\* PIM emphasizes ordinary activities that pursue an objective, and the organizational realization of problems that arise from the target values. DISCO promotes the program with an aim to dramatically improve overall organizational performance by improving management capabilities. (Refer to page 6 for details)

### ●Website Ordering System for Precision Processing Consumables and Order-Processing Center

For easier and speedy ordering of our precision processing consumables, we launched the Web Site Ordering System using the Internet. Customers can place orders and check the delivery date online. We will fully utilize this system.

We also altered the in-house process that follows the order receipt and established an Order-Receipt Center, which is annexed to the manufacturing plant for precision processing tools. The new process enables customers to order directly, without sales staff serving as an intermediary, so as to expedite and ensure secure product supply.

## CS Policy in Fiscal 2006

We have conducted the Customer Satisfaction Survey for five years, and the survey results show gradual improvement. However, we do not yet live up to customers' expectations on many points. In response, at the CS Committee we established a CS Policy, which indicates important issues to address in fiscal 2006.

We will strive to improve Customer Satisfaction by strengthening our preparedness to address precision processing tool-related troubles, supplying customers with sufficient information related to products and technologies and providing customers with substantial satisfaction through strengthened synergy among the Company's Service, Engineering and Sales departments.

## Partnerships with Suppliers

DISCO calls all transaction partners involved in purchasing activities “suppliers” and considers all suppliers to be equal partners in helping us to achieve our mission. DISCO Values regulate DISCO's purchasing activities, stating that all suppliers should be treated with respect, information should be shared equally among suppliers, selection should take place fairly and payments should be made appropriately.

To maintain favorable partnerships with suppliers, DISCO considers all employees who interact with suppliers to be buyers, not just the Purchasing Department. To ensure their understanding, they sign the Buyer's Oath\* and affix their seal thereon each year.

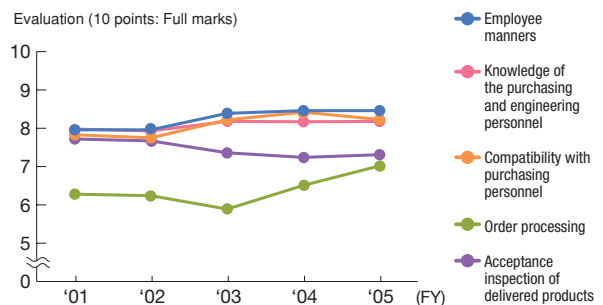
\* The Buyer's Oath is a promise to conduct fair and transparent purchasing activities. This means to not accept any gifts and to strongly refuse all offers of after-hours wining and dining. It also means that even the strictest of negotiations should end in an amiable and relaxed atmosphere.

## Supplier Satisfaction Survey

Since 2001, we have conducted an annual Supplier Satisfaction Survey. We have received many opinions from suppliers on the attitude of DISCO's purchasing representatives and engineers as well as details on placing orders and the payment system.

The survey started five years ago. In the past two years, the scores have stabilized, the feedback on employees has been strong and suppliers' evaluations are high.

### ■Results of the Supplier Satisfaction Survey



## Improvement from the Results of the Survey

Based on the results of the Supplier Satisfaction Survey, the Purchasing Department has been developing improvement activities such as lectures on manners for employees, lessons in specialized knowledge and the promotion of the Web-based EDI (electronic data interchange) to improve order details.

# Relationships with Employees

A company is an organization that must fulfill its social role with people as its foundation. DISCO considers its employees to be a company asset, and therefore the personnel department is called the Human Resources Department. We are committed to making DISCO not just a place to work but also a place where we gain greater meaning by sharing a set of values and aligning our aspirations with one another.

## Employment Conditions and a Variety of Human Resources

To address the economic fluctuations of the so-called Silicon Cycle, DISCO actively recruits a flexible workforce such as contract employees, temporary workers dispatched from agencies and outsourced employees. We are also focused on creating a solid personnel system by hiring regular long-term employees who believe in our corporate culture and can push forward our technological prowess.

At Hiroshima Works we are running a trial employment program\* geared toward long-term employment in order to expand our hiring of people with disabilities while putting emphasis on individual aptitudes.

As DISCO's machinery and equipment are operated at semiconductor plants in more than 40 countries, many local staff are hired at our overseas affiliates apart from the temporary transferees dispatched from DISCO in Japan. They support customers worldwide while respecting the local customs and cultures of the respective countries and regions.

\* The trial employment program involves hiring special workers referred to us by public employment security agencies on a trial basis over a short period of time (three months, in principle). During that period the compatibility between the company and the worker is assessed and if both parties agree the worker is officially hired.

### Number of Physically Challenged Workers [Disco Corporation (Japan) only]

	Average Number of Monthly Employed Workers (Persons)	Employment Rate (%)
FY2002	30.5	1.92
FY2003	35.2	2.03
FY2004	33.7	1.86

### Number of Employees (Persons) by Country at Overseas Affiliates (As of March 31, 2006)

Country	Number of Employees* (Persons)
United States	64
Germany	43
France	5
United Kingdom	5
Morocco	1
China	87
Singapore	51
Malaysia	23
Thailand	9
Total	288

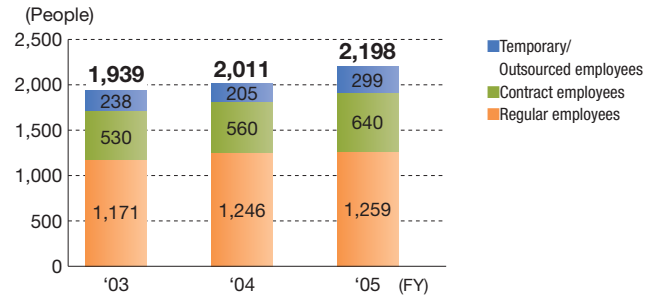
\* Excluding employees who are not directly hired by the respective affiliates

## Employee Satisfaction Survey

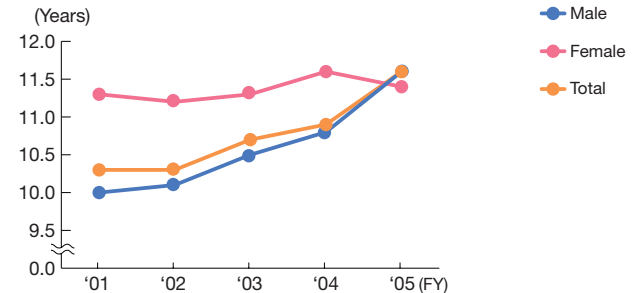
DISCO has conducted the Employee Satisfaction Survey since fiscal 2003 to clarify and better understand future problems in improving exchange of values with employees. Based on the reported results of the survey, the ES Committee, which comprises managerial staff, discusses and determines issues for management to tackle for company-wide improvement.

In fiscal 2005, DISCO committed to the "Zero Discrimination and Harassment!" campaign. Survey questions referred to the following: "I have experienced no discrimination due to sex, age, nationality, human race, religion and so on," "There is no sexual harassment in our department/section" and "There is no power harassment or position-related troubles imposed by supervisors." A reply of "That is neither true nor false" to these questions was counted as responding true, that is, as a potential indication that there may be a problem. Employees

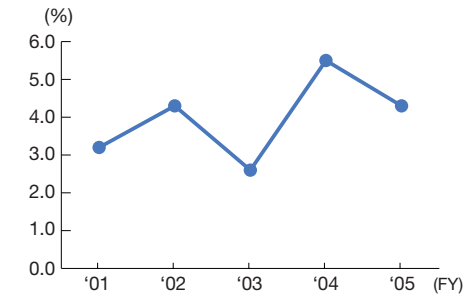
### Number of Employees by Employment Category [DISCO Corporation (Japan) only]



### Average Years of Employment [DISCO Corporation (Japan) only]



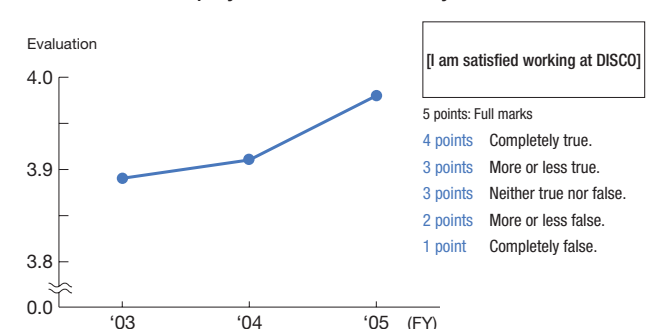
### Job Turnover Rate [DISCO Corporation (Japan) only]



learned about and discussed the survey results at their respective worksite units.

The survey results were reported to the department heads to assist with their worksite management.

### Results of the Employee Satisfaction Survey



[I am satisfied working at DISCO]

- 5 points: Full marks
- 4 points: Completely true.
- 3 points: More or less true.
- 3 points: Neither true nor false.
- 2 points: More or less false.
- 1 point: Completely false.

## Approach to Learning and Development

Based on DISCO Values and our Basic Policy on Capacity Development, we provide learning opportunities for employees to engage in ongoing business development. Our learning program is not limited to group classes and training programs, but rather promotes proficiency development in cooperation with each department, with an emphasis on specific practices that can be applied to actual work. In addition, through development and support systems that consider the talents and career aspirations of each individual, DISCO strives both for growth as a company and to engender self-actualization in the individuals that provide the support for this growth.

In 2005, training for leaders and managers was conducted at the Hiroshima Works because the number of line leaders was increased there. In recognition of their expected roles as leaders and managers, the members took part in training sessions on leadership and the sharing of knowledge and practical skills. In fiscal 2006, DISCO intends to provide diverse dedicated training, including such topics as personnel

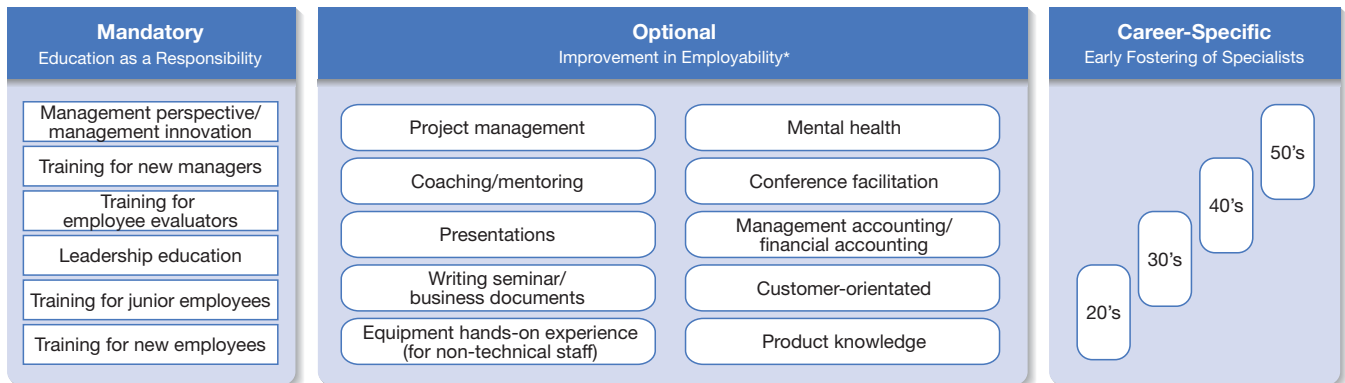
administration practices and improving managerial capability, not only for those who have already received the manager training but also for manager candidates.

Furthermore, we started English conversation classes as part of our new after-hour activities at the Tokyo Head Office and the Hiroshima Works. Apart from the employees who need English in their functional duties, many employees participated to polish their practical communication skills in English (54 students at the Tokyo Head Office and 66 at the Hiroshima Works).



English conversation class

### ■Educational Programs



Note: In addition to the above-listed seminars, active participation in seminars outside the company is encouraged. As part of the DISCO Self-Development Support Program, we introduce employees to correspondence courses and distance learning programs and provide financial assistance for such activities.

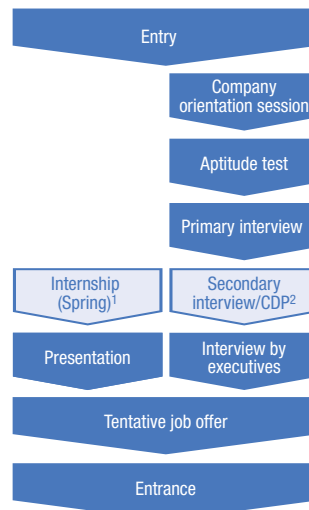
\* "Employability" is the capability to be employed and to continue to be employed.

## Process for Recruiting New Employees

Given that management wants DISCO employees to work in an environment where they can feel at ease, internships are available at DISCO twice per year. In August and September, we run a job experience internship program, and in the spring (February and March)<sup>1</sup>, we conduct an internship program that leads to employment at DISCO and prevents mismatches. The job experience program gives participants a sense for what it is like to work in a company and helps them to think about the types of jobs they might really want by experiencing them at DISCO. The program allows participants to experience actual work in a department of their choosing for the purpose of reducing mismatches between prospective employees and their prospective jobs.

In addition, at the time of screening for entrance into the Company, students are allowed to interview employees as part of the Career Discovery Program (CDP)<sup>2</sup> to collect their own customized information. With these measures, it is possible for younger employees to demonstrate their ability after entering the Company without feeling as if they are mismatched for their job.

### ■Flow of Hiring New Graduates and the Screening Process



Follow-up meeting after the internship is completed.

Notes:

- The Internship (Spring)<sup>1</sup> allows participants to engage in practical job experience and learn the worksite atmosphere at DISCO.
- CDP allows students to wander freely around the Company and talk one-on-one to employees working in occupations in which they are interested.

## Child-Rearing Assistance Program

DISCO introduced a new assistance program in April 2005 for employees wishing to continue working after having children to make it possible to balance a job and child-rearing commitments. The program is not merely a fringe benefit; rather, it is a personnel system that enables employees with different values and facing different conditions to continue to work while maintaining exchange of values with the Company. The number of female contract employees using the benefit increased during fiscal 2005, and even several male employees utilized the system benefit.

In December 2005, the "Reemployment Register" system was started anew, in which pre-registered employees who were forced to retire due to child-rearing or nursing care may be preferentially recruited when they wish to return to work.

### User Voices of the Fiscal 2005 Child-Rearing Assistance Program

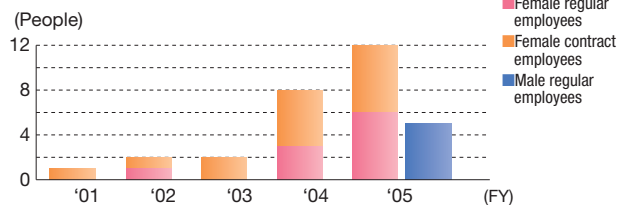


"The short-term work system was necessary for me to have communications with my children and deposit them at a childcare center. Without the system, I might not have been able to regain my job after my childcare leave." (A female employee)

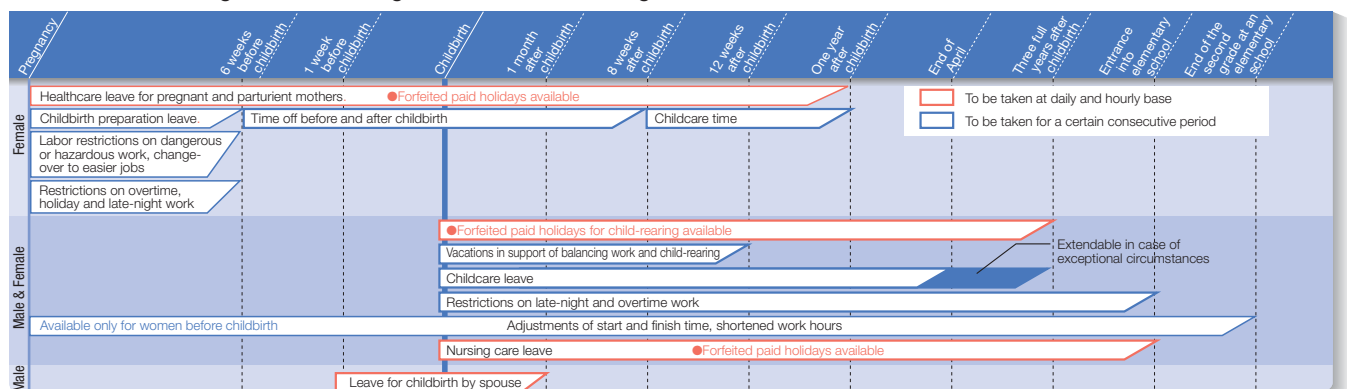
"I wanted to take the childcare leave and my supervisor recommended that I take it. The mutual reliance with my wife and my awareness of child-rearing has increased significantly." (A male employee)



### Transition of Number of Employees Who Have Taken Childcare Leave



### List of Assistance Programs for Balancing of Work and Child-Rearing



- Notes: 1. Forfeited paid holidays: Paid holidays that were forfeited because they were not used during the specified period by the employee for annual paid holidays. This can be used only for specific purposes (e.g., volunteer activity and self-development programs, other than child-rearing).  
 2. Childbirth preparation leave: Available only for regular and particular contract employees  
 3. Use of forfeited paid holidays for child-rearing: Available separately with ordinary childcare leave.  
 4. Vacations in support of balancing work and child-rearing: Only available for regular employees

## Reemployment System

DISCO has reemployed many employees of retirement age. In view of the declining birthrate and the aging population of Japanese society, we have reviewed our reemployment system with an emphasis on how DISCO can proactively use experienced retirees.

As a result, DISCO will introduce a new reemployment program in fiscal 2006 to engage retirees up to age 65 if they meet certain requirements (e.g., desire, physical strength and aptitude).

### List of Ages at Which Employment for the Aged is Secured under the Law Concerning the Stabilization of Employment of Older Persons

Period	Statutory age	At DISCO
April 1, 2006, to March 31, 2007	62 years old	65 years old
April 1, 2007, to March 31, 2010	63 years old	
April 1, 2010, to March 31, 2013	64 years old	
April 1, 2013, and later	65 years old	

\* As for the above statutory ages, it was determined that the age limit for the continuous employment system shall be gradually raised to 65 years old by April 1, 2013, in accordance with the schedule to raise the age for the start of pension scheme payments (fixed amount portion).

### TOPICS

#### DISCO Open Office

DISCO annually holds an "Open Office" based on the idea that it would be interesting for family members to see the Company and its business activities. Starting the previous year, 143 individuals in 61 families have now participated in the programs, such as an interview with top management and fun games for children. The invigorating messages by children at the worksite were a great encouragement to participating

employees. Many commented that they reconfirmed value exchanges with the Company through the visitation tours.

The Open Office event was a resounding success, eliciting a warm and joyful atmosphere throughout the DISCO offices and offering an enjoyable time not only for participating families but also for other employees, as well as the customers and suppliers who visited at that time.



# Approach to Health and Safety

DISCO devotes companywide efforts to improving the health and safety of employees to ensure a workplace environment where employees can work safely and with peace of mind.

## Taking Root as Part of the Corporate Culture

To assist our three-year plan regarding Health and Safety in taking root as part of the corporate culture, in fiscal 2005 we conducted a Health and Safety Study Meeting, in which employees discussed actions to be taken by every individual, as well as risk assessment to find, evaluate and reduce unsafe sources in each department.

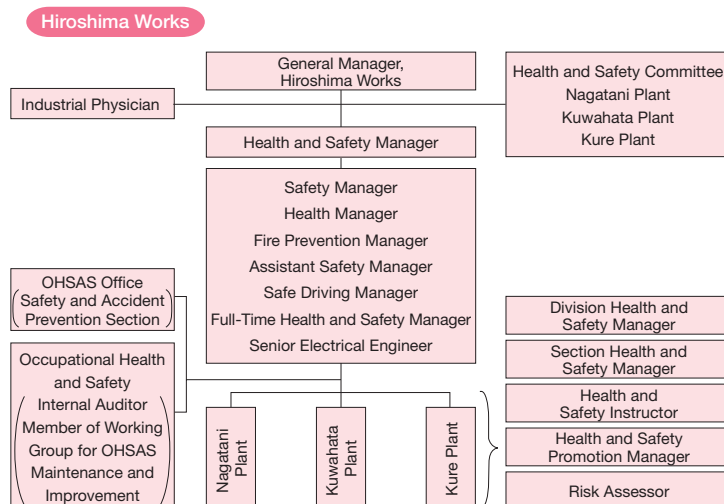
In fiscal 2006, the final year of the plan, we aim to achieve a state whereby every employee has a strong sense of health and safety and is capable of taking action as necessary.

### Three-Year Plan Regarding Health and Safety

FY2004	Raise employee awareness and create a culture of health and safety through leadership that is recognized by everyone
FY2005	Integrate into operations the job discipline needed to foster a culture of health and safety and strengthen organizational capabilities (e.g., organizations, systems, processes)
FY2006	Develop the necessary skills and capabilities for a sustainable culture of health and safety

Early 2007: Health and safety take root as part of the corporate culture

### Organizational Structure



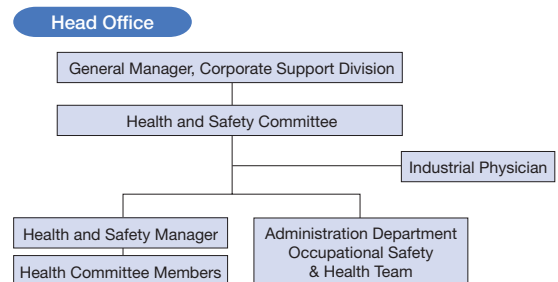
## Principles of Health and Safety

We formulated our Principles of Health and Safety in fiscal 2004 as a basis for helping DISCO employees to judge their own health and safety.

### Principles of Health and Safety

The principles clarify employee actions and the direction of organization-level activities to prevent accidents and disasters before they occur and to maintain health.

1. Health and safety are among our top priorities.
2. Protection of health and safety concerns not only our employees but also all people involved with our products and services.
3. From "zero accidents" to "zero risk."
4. We must, naturally, comply with all laws and regulations; but we aim to go beyond that level.
5. Health and safety outside working hours are also important.
6. We should always be conscious of health and safety.
7. Any deficiency in health and safety is to be immediately corrected.
8. Even in case of emergencies, we try our best to avoid all risks in order to accomplish our mission.
9. When you sense any danger, you should immediately stop your work and wait until you are totally satisfied about the health and safety conditions to re-start your work.
10. When you are in a new situation, sufficient study and full preparation are needed.



\* Health and safety activities are being developed with a priority on the Hiroshima Works, which has plants with production lines. Currently, activities are being promoted on a business site basis.

### Promotional Organizations and Their Roles

Area Covered	Organization	Roles	Responsible Person	Secretariat
Hiroshima Works	General Manager, Hiroshima Works	1) Preparation and revision of occupational health and safety policies. Notification and awareness raising for stakeholders, and public disclosure. 2) Approval for occupational health and safety targets. 3) Appointment of a Health and Safety Manager.	Director (General Manager, Hiroshima Works)	—
	Health and Safety Manager	Promote and maintain occupational health and safety management activities	Manager, Safety and Facilities Department	Safety and Facilities Department
Head Office	General Manager, Corporate Support Division	1) Approval for measures required at buildings and worksites for the prevention of risks and health problems. 2) Overall supervision of health and safety measures.	Director (General Manager, Corporate Support Division)	—
	Health and Safety Committee	1) Deliberation on measures to prevent health problems. 2) Deliberation on measures aimed to maintain and improve health. 3) Deliberation on the causes of workplace accidents and measures to prevent them.	Director (General Manager, Corporate Support Division)	Administration Department Occupational Safety & Health Team

## Commitment to “Zero Accidents”

With a goal of zero accidents of any kind, DISCO continues to carry out diverse activities including risk assessment on a continuing basis.

### ●Risk Assessment

Risk assessment is the overall process of evaluating the seriousness of unsafe sources at the worksite and determining whether they are tolerable. DISCO started the activity in fiscal 2003 at the Hiroshima Works and extended it in fiscal 2005 to the Head Office, followed by domestic and overseas production bases under the same rules and methods.

We have pointed out approximately 10,000 unsafe conditions domestically and 800 overseas as of March 31, 2006, that have been subject to our risk assessment procedure.

### ●KYT (“Risk Prediction” Training)

To prevent workplace accidents, especially at manufacturing sites, we have strengthened accident prediction training and workplace monitoring on a routine basis. The unsafe sources resulting from the training process are addressed for improvement in the risk assessment procedure.



View of KYT exercise

### ●Implementation of Lock-Out and Tag-Out

When machinery and equipment on the production line are maintained, a set of lock-out and tag-out procedures must be taken. The lock-out refers to absolute locking to prevent any power supply during the maintenance operation. The tag-out refers to indicating with a caution tag the lock-out state for the nearby workers. They are both mandatory to prevent any accident during maintenance and to raise safety awareness not only for operators and mechanics but also for all the surrounding employees.



Lock-out devices and a tag-out

## Global Safety and Health Activities

At each overseas affiliate, it is requested that a health and safety system be established and maintained in accordance with the corporate management system, in the same way as in Japan. It is therefore important to have regular and effective meetings of the Health and Safety Committee, while troubleshooting and preventing the recurrence of accidents. Moreover, we must establish organizations for sharing groupwide information within the DISCO Group by having the capability to eliminate unsafe sources and secure safety through the periodic reporting of problems and circumstances related to safety and health.

During fiscal 2005, the General Manager and other staff went abroad twice to the respective overseas affiliates for a safety audit and a check of organizational functions.

## Safety Education and Training for Engineers

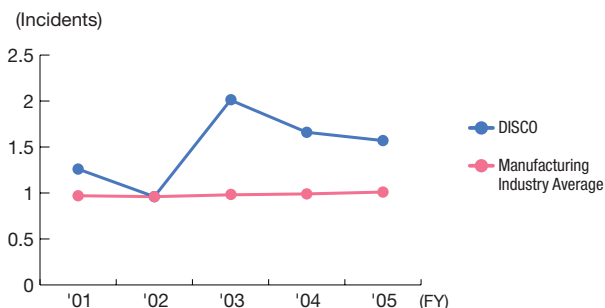
Engineers are dispatched to meet customers only after having acquired basic knowledge on safety and the capacity to analyze and avoid risks. After passing the designated training course, qualified engineers must complete the standard safety education adopted by the semiconductor equipment industry before going into the field.

We strive for accident-free engineers and sound corporate activities through the realization of zero accidents by eliminating and reducing unsafe sources through our safety education.

## Future Safety-Related Tasks

Given the aforementioned safety commitment, the rate of lost work time at DISCO’s production sites per year is a little more than one day. We aim to achieve zero accidents by enhancing the awareness of every employee to safe actions.

### ■Rate of Lost Work-Time Accidents



\* In the “Preventing Occupational Hazards (P.14)” section of the previous year’s Report, an erroneous description was found due to a miscalculation. “... and this has resulted in substantial improvement in our rate of accidents causing lost work time, which improved from 0.56 in 2003 to 0.27 in 2004” should have read “Although our rate of accidents caused by lost work time decreased from 2.01 in 2003 to 1.66 in 2004, it was higher than the Manufacturing Industry Average figure.” We apologize for the error and correct the information as above.

## Medical Treatment Room Established with Full-Time Public Health Nurses

Lifestyle-related diseases such as diabetes, high blood pressure, hyperlipemia, apoplexy and heart disease are serious social problems, not limited to the personal and family levels. In August 2005, DISCO established a medical treatment room inside the Head Office/R&D Center, with the purpose of supporting employees' health promotion by giving appropriate instructions to those who have been diagnosed for continued observation as a result of their medical check. Public health nurses (PHNs) work there on a full-time basis.

A medical treatment room was opened at the Hiroshima Works in April 2006, and public health nurses are regularly scheduled there.



As industrial PHNs, we would like to encourage every employee to take an interest in his or her own health and endeavor to maintain good health. (Kanako Kunihiro (left), a full-time PHN at the Hiroshima Works, and Junko Yamagishi (right), a full-time PHN at the Head Office)

## Reinforced Health Diagnosis

DISCO has extended and upgraded medical and insurance services, including increases in the annual number of regular medical checks and the number of items checked, since establishing the DISCO Health Insurance Society in April 2005.

Given the decreasing age of lifestyle-related disease patients, DISCO enables all employees to receive regular medical checkups for the legally determined essential diagnosis items for those more than 40 years old. In addition, employees are allowed to have X-ray examinations of the upper gastrointestinal tract, a pap smear and colon cancer screening with a focus on early-stage detection of lifestyle-related diseases.

Since fiscal 2005, a dental checkup has also been available as part of our health enhancement campaign.

## Countermeasures against Long Working Hours

The revised Occupational Health and Safety Law stipulates that interviews and guidance by physicians are mandatory if a worker with long work hours applies for such a measure. DISCO takes various measures to prevent health issues of employees if their monthly overtime exceeds 100 hours.

## Mental Health Measures

As part of its mental health-related support activities, DISCO offers consulting by experts consisting of internal and external dedicated staff, and offers seminars regarding mental healthcare for employees and management executives.

### Four Types of Care and DISCO's Commitment to Mental Health Issues

Self-care	Mental health seminar for all employees
Line care	Mental health seminar for managerial staff
Professional care taken by industrial health staff at offices	Individual consulting contacts via channels of industrial counselors, PHNs and CDAs
Care through external resources	Telephone counseling (Hokendojinsha Inc.)

CDA: Career Development Advisor

## Smoking-Related Program

In fiscal 2005 and 2006, DISCO has organized the "Smoking Cessation Seminar" to help employees who desire to stop smoking. The smoking cessation program will be continued in the pursuit of a sounder and more comfortable jobsite.

### TOPICS

#### A Fitness Gymnasium Established

To help employees increase health, prevent lifestyle-related diseases and refresh their bodies and minds, we established a fitness gymnasium inside the Head Office/R&D Center. Planning and construction started in fiscal 2005, and the gymnasium opened in April 2006. Employees can use the facility, and tailor menus such as aerobic exercise and muscle training to their specific needs.



# Harmony with the Environment

In view of its social responsibilities as a corporation, DISCO Corporation is determined to address environmental problems as a management issue. In 2005, we revised the Environmental Charter as the core of our related activities and the Environmental Vision, which specifies objectives to be achieved by 2010. Based on these guidelines, we devote our efforts to activities to expand the scope of acquisition of ISO 14001 certification at domestic operational bases, as well as to green procurement.

## Message

### Committed to Being a Leader in Environmental Management

Economic growth supported by mass production and heavy consumption is over. People now look at companies not only from the viewpoint of financial value but also relative to the specific initiatives they take to address corporate ethics and environmental issues. Furthermore, people's lifestyles are increasingly diversified and a trend toward spiritual enrichment is seen. Economic success alone is no longer satisfactory.

Since formulating the Environmental Charter on January 1, 1997, DISCO Corporation has been committed to a sustainable business that is appropriate for a member of a recycling-based society to ensure the future happiness and survival of humanity.

This philosophy has led to actual results, such as our acquisition of ISO 14001 certification at the Hiroshima Works, the achievement of zero waste output and the startup of disassembling and recycling businesses for end-of-life equipment.

In 2005, we emphasized a zero-defect approach in an effort to achieve a decrease in our defective product ratio and the development of or shifting to environmentally conscious products through green procurement. We also started companywide measures to expand the scope of acquisition of ISO 14001 certification to all of our domestic operational bases to realize our Environmental Vision. We believe such measures will become the foundation for the development of sustainable businesses that contribute to a recycling-based society.

DISCO Corporation attributes its existence to its customers, shareholders, employees, community residents, suppliers and other stakeholders. To meet their expectations, we will continue efforts to optimize our exchange of values with stakeholders.

**Hideyuki Sekiya**  
Director, Environmental Management Officer



## Environmental Charter

DISCO revised its Environmental Charter as of January 1, 2006. We will integrate the revised Charter with our ISO 14001 Environmental Policy, thereby making it the top priority governing our environmental management system.

### 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 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 in and out of the company.

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

**Hitoshi Mizorogi**  
President and COO

## Environmental Vision

The Environmental Vision was intended to clarify concrete objectives to be achieved by fiscal 2010 and to provide an indicator for the development of related activities.

In 2005, we prepared to expand the scope of acquisition of ISO 14001 certification at the Head Office and our domestic bases, and the Hiroshima Works achieved Zero Waste Level 2\*, a target zero emission level, for the second consecutive year.

### Environmental Vision

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

\* Definitions of zero waste levels

Zero Waste Level 1: Industrial waste burned or sent to a landfill without recycling or reuse was **not over** than 3% of the total such discharge.

Zero Waste Level 2: Industrial waste and general waste from administrative processes (excluding general garbage) burned or sent to a landfill without recycling or reuse was **not over** than 3% of the total such discharge.

Zero Waste Level 3: Industrial waste and general waste from administrative processes burned or sent to a landfill without recycling or reuse was **not over** than 3% of the total such discharge.

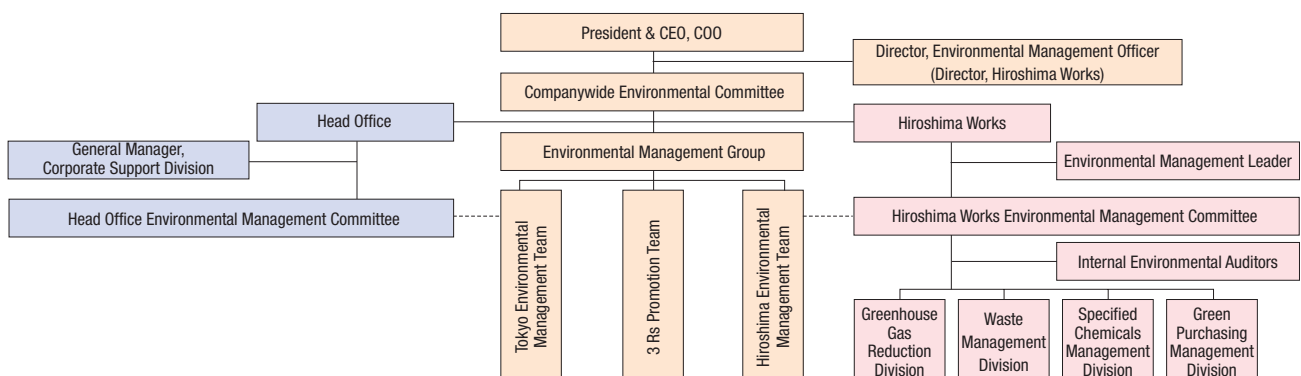
### Roadmap to Fiscal 2010 (As of May 2006)

Item	2004	2005	2006	2007	2008	2009	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		Acquire 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		1% reduction from FY1990 Reduce 6% by FY2012 (5 years later)	2% reduction from FY1990	3% reduction from FY1990
Achieve zero emission (Zero Waste Levels)	Zero Waste Level 2 achieved at the Hiroshima Works		Challenge to achieve Zero Waste Level 3 at the Head Office and the Hiroshima Works				
Establish and manage the Life Cycle Assessment (LCA) system	Establish written LCA procedures and conduct trial runs	Assess energy consumption at the stage of use of major products and LCA evaluation		Reflect the results in the Green Product Guidelines			
Green procurement and environmental consideration for products	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		Give feedback to R&D and design groups	Reflect the assessment results in the Green Product Guidelines		

## Structure and Roles of the Organization

The environmental organization of DISCO Corporation is headed by the Companywide Environmental Committee and operates in the following system under the supervision of the Environmental Management Group.

### Companywide Environmental Promotion Organization



# Environmental Consideration Reflected in Products

DISCO established its Green Product Guidelines to facilitate the supply of environmentally friendly products. The Guidelines provide indicators for the design and development of products with less environmental burden throughout their life cycle. In 2005, the Engineering and Purchasing Departments actively promoted green procurement.

## Promotion of Green Procurement

Today, environment-related laws and regulations have become more and more stringent worldwide. Increasingly, customers throughout the world are requesting us to survey our status of acquisition of ISO 14001 certification and submit information on the percentages of hazardous chemicals in our products. To address such demand, DISCO offers not only high-quality, low-cost and quickly delivered, but also environmentally friendly products.

In addition to our implementation of LCA at the stage of using precision processing equipment as well as energy-saving design, we have been actively promoting green purchasing since 2004 to address environmental concerns from the stage of procurement of raw materials and components.

### ●Outline of Green Procurement by DISCO Corporation

The Green Product Guidelines formulated in March 2004 include a provision related to the consideration of environmental preservation at the time of design and development. The provision is intended to avoid the use of hazardous chemicals of end-of-life products that adversely affect global environment and human health.

Based on the List of Restricted-Use Substances that we determined in 2003, we conducted tests for the presence of hazardous chemicals contained in the raw materials, parts and units of our products and are promoting restrictions on the use of such chemicals. The list covers 15 substances in conformance with Level A of the guidelines put out by the Japan Green Procurement Survey Standardization Initiative (JGPSSI), a program established primarily by electrical and electronics equipment manufacturers. These 15 substances include the six substances that are subject to the RoHS Directive\* and their use is restricted.

The cooperation of suppliers who offer raw materials, parts and subassemblies is essential for green procurement. We therefore hold meetings to convey our basic stance on purchasing to suppliers and exchange information with them through our Engineering and Purchasing departments to gain their understanding.

\* The EU Directive on Restriction of Hazardous Substances

### ●Alliance between the Engineering Department and Suppliers

An alliance between our Engineering Department and suppliers is the key to reinforcing green procurement. Especially for precision processing equipment products that incorporate many components and involve many technologies, we established the GP (Green Product) Project, which is being driven mainly by engineers and buyers. In the GP Project, we conduct tests for hazardous chemicals, negotiations with suppliers, reviews of alternative components or technologies, evaluations of trial products, reviews of the management system and carry out active exchanges of opinion.



A GP Project meeting

## VOICE

### Better Products Made of Better Parts

*The role of the GP Project is to decide and evolve methods and measures to design and develop environmentally friendly products in alliance with suppliers. Suppliers are critical business partners. We had a difficult time addressing inspections of the restricted-use substances used in our products because those products are precision mechatronics made of a large number of various types of components including custom-made parts and the manufacturers of those parts are so diverse.*

*The most important thing in green procurement is mutual trust with the suppliers who help us. We believe they will understand our intention if we enthusiastically communicate to them how we are voluntarily engaging in environmental issues and our desire to make products with a reduced environmental burden. Green procurement is not just a current fad but is here to stay. We intend to use good parts to offer good products.*

#### Tomotaka Murakami

GP Project Leader  
Leader, the Buyer Team,  
Engineering Development  
Department



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

Through a program launched in October 2003, we buy end-of-life equipment manufactured and sold by DISCO, and then either recycle (or reuse) or dispose of it appropriately.

In 2005, we collected about 4,500 kg (9,912 lb) of end-of-life equipment. However, we decided to postpone the disassembling and recycling to the following year to avoid a conflict with the peak period of the Hiroshima Works, which is the base for the collection of end-of-life products.

The disassembling and recycling of those collected products will start when the facilities become available.

# Our Activities in 2005

In 2005, we carried out initiatives that emphasized coexistence with communities and the achievement of a sustainable society.

## Measures to Expand the Scope of Acquisition of ISO 14001 Certification

DISCO is preparing for ISO 14001 certification at all of our domestic operations in 2006. Currently, we are conducting an internal environmental audit for all divisions and departments to check if the environmental management system is working well. Necessary education is given to some operations to facilitate better understanding of the environmental management system.



Internal environmental auditing

## Kure Eco-Festa 2005

As a community contribution activity, the Hiroshima Works participated in the Kure Eco-Festa 2005, which was held on October 1st and 2nd. This interactive environmental event has been held annually since 2003 by the Kure Citizens' Environmental Association to provide environmental education to the community.

This year was the first time that DISCO participated in this event, where we exhibited panels to introduce our environmental activities at the Hiroshima Works such as zero-emission measures and wastewater treatment facilities, and demonstrated how to reduce the volume of polystyrene foam using special equipment. With the cooperation of recycling companies, we exhibited recycled plastic pellet and floor materials, and other recycled products. The demonstration of how to reduce polystyrene foam and the exhibition of recycled plastic products were especially popular, and visitors enjoyed an unusual experience.



Exhibit at Kure Eco-Festa 2005

## Evaluation of Environmental Consideration in the Architectural Design of the Head Office/R&D Center

The Bureau of Environment of the Tokyo Metropolitan Government enforces the Mandatory Submission Rule of the Building Environmental Planning Form, which obligates those who newly build or expand buildings – the total floor area of which exceeds 10,000 square meters – to submit applications to show their environmental considerations and specific measures taken for those at the times of both construction planning and completion. Through the release of results from these environmental measures, environmental concerns reflected in such buildings are disclosed to the general public.

DISCO's Head Office/R&D Center, which was completed in 2004, is highly evaluated for its energy-saving system, water circulation, greening and reduction of thermal loads of the building. Specifically, the use of Low-E Glass\*1 for better thermal insulation and sunshine shielding of windows, and BEMS\*2 for the schedule and quantity control of power source equipment is highly evaluated.

Notes:

\*1. Low-E (Low-Emissivity) Glass: Metal-coated glass featuring low heat transmission. The glass itself is regular float glass, but the metal film coating reduces emissivity. Used as a material to double-insulate glass, the Low-E Glass further enhances insulation and leads to summertime sun shielding, thereby alleviating both air-conditioning and heating loads and enhancing energy saving.

\*2. BEMS (Building and Energy Management System): Control system that automates and integrates the monitoring and control of energy saving over entire energy facilities.



Head Office/R&D Center

## Introduction of STYROS-AQA-

Polystyrene foam discharged from our plants had been treated with solvent to reduce the volume for lower transportation burden. In 2005, the Hiroshima Works introduced STYROS-AQA-, thereby shifting to solvent-free machine compression and reducing polystyrene foam volume by friction heat after crushing. This shift reduced the cost for the solvent and allowed the treated polystyrene foam to be sold as a recycled product.



STYROS-AQA-

## Interaction with Society

DISCO considers the entity of a corporation as “a social system that helps substantiate human happiness” and is consciously striving for a better relationship with society. We also think highly of, and engage in the execution of, our corporate social responsibilities.

### Basic Policy

DISCO is aware that the influence of corporate entities on society is substantial and that there are many opportunities for us to contribute to society. We regard being a good and sincere corporate citizen as the basis of establishing a relationship with society. Embracing such an understanding, we actively engage in social contribution activities.

In 2005, we formulated specific policies for such social contribution activities: 1) participation in community activities and donations to communities; 2) donations to, support for and joint development with universities and research institutes; and 3) contributions to the victims of disasters. Based on these policies, we intend to develop continuous and consistent contribution activities.

### Practice Good Manners in Communities

DISCO has prohibited employees from pedestrian smoking since 2001, which is an example of its activities to promote a sincere attitude toward society.

In 2005, we actively engaged in companywide and yearlong activities with a policy of practicing good manners in the community. We objectively self-reviewed our manners in public places such as while walking, driving, using railroad stations and restaurants, and, furthermore, implemented beautification activities and practiced greetings with those in the community. During the year, all employees devoted themselves to discussions about the community and manners, as well as activities for improvement. Cleanup activities around the Company are regular occurrences. The practice of good manners is a natural extension of those activities. We intend to promote continuous efforts to nurture a desirable corporate culture.



Cleanup activities in the Company's vicinity

### Neighbors Satisfaction Survey

Large, socially influential companies should understand the community's needs and reflect that knowledge in their activities. For this purpose, in 2005, the Head Office/R&D Center and the Hiroshima Works conducted the Neighbors Satisfaction Survey. The Head Office/R&D Center, still new since its completion in 2004, gauged neighbors' recognition of our company, explained our businesses, and heard opinions and requests from neighbors. The Hiroshima Works, with long-term interactions with neighbors, conducted questionnaires to find out people's expectations of us, and their opinions on our environmental impact and the behavior of our employees.

Regarding the Head Office/R&D Center, we received some requests that reflect people's interest in the Company. Some sought a company tour program, and a local junior high school requested that we provide work experience opportunities. The Hiroshima Works received positive opinions reflecting a deep understanding and appreciation of our sincere and long-term social contribution activities.

With continuing surveys of this kind and recognition of neighbors' opinions and requests, DISCO is committed to continuing to engage in initiatives as a good corporate citizen whose existence is welcomed by society.

#### Neighbors Satisfaction Survey at Hiroshima Works

Item	Answer (%)	Examples	
Activities you expect us to do	Plant tours	39.3	–
	Participation in community events	9.8	Traffic safety PR activities and neighborhood cleanup activities, etc.
	Volunteer activities	6.5	Neighborhood cleanup activities, indoor soccer league, etc.
	Dispatched lectures	18.0	Lectures about semiconductors (industry), environmental measures and <i>monozukuri</i> (manufacturing of high-value products), etc.
	No answer	26.4	–
	Total	100.0	–
Overall opinions about DISCO employees' behavior	Excellent	46.5	
	Good	14.0	
	Fair	11.6	
	Not good	0.0	
	Bad	0.0	
	Cannot evaluate	9.3	
	No answer	18.6	
	Total	100.0	

## Community Contribution at the Hiroshima Works

To contribute to local communities, the Hiroshima Works conducts plant tours and interactive classes and its employees engage in volunteer activities.

### ●Plant Tours

The Hiroshima Works annually conducts plant tours by inviting more than 10 groups of students from elementary, middle and high schools and universities, as well as people from NPO or other nonprofit organizations. In 2003, it started interactive classes for students.

#### Voice of a Plant Tour Guide

The Plant Tours have already become familiar among people in the community. Some participants say, with surprise, "The plant is much quieter and tidier than I expected. I cannot believe this plant handles mass production." This is the result of our efforts to improve our worksite. I feel proud of us while guiding the tour. (Koji Miyakubi, Administration Section, Hiroshima Administration Department, Hiroshima Works)

### ●Beautification Activities

Our beautification activities started in fiscal 2004, and in October 2005 we implemented a one-day volunteer activity in Kure Boat Pier Park. DISCO employees also plan and conduct their own activities to promote local environmental preservation.



Blessed with good weather, we perspired a lot and it was so refreshing.

## Fundraising for Victims of Natural Disasters and Matching Gifts

As a member of society, DISCO intends to contribute to victims of natural disasters within the range of amounts and methods endorsed by stakeholders.

In 2005, we raised funds for and sent donations to sufferers in need of help due to natural disasters such as the Sumatra earthquake, Hurricane Katrina in the United States and the north Pakistan earthquake. In addition, DISCO Corporation contributed a matching gift to an amount collected by its employees through such fundraising activities.



Letter of Appreciation from the Ministry of Health, Labour and Welfare

## Participation in a Self-Protection Fire Extinguishing Method Event and Holding a Disaster Prevention Event

To improve our disaster preparedness, we conducted some activities with the support of the Fire Department, which also offers related training opportunities and serves as a place for mutual interaction.

### ●Participation in the Self-Protection Fire Extinguishing Method Event

To reinforce the self-protection fire extinguishing capabilities of the Company, we participated in the Self-Protection Fire Extinguishing Method Event held by the Omori Fire Department in September 2005. Business institutions located in the area participated in this event, which was supervised by the Omori Fire Department, and each company competed in the area of fire extinguishing skills nurtured through daily training. In 2005, DISCO participated as a company for the first time and won the divisional first prize thanks to the guidance of the Omori Fire Department staff. The opportunity also enhanced our interaction with 30 companies in that area, which was meaningful.

What we learned and experienced through our activities related to such an event was also incorporated into our Fiscal 2005 and 2006 Disaster Preparedness Drill Plans, and we are strengthening our employees' disaster preparedness activities. We will further strive to become a well-prepared and sturdy company that functions effectively, especially in the event of an emergency.



DISCO self-protection firefighting team and the Omori Fire Department staff

### ●Disaster Prevention Experience Event

Since fiscal 2004, the Head Office/R&D Center has held the Disaster Prevention Experience Event as an opportunity to experience a simulated earthquake and a fire, thereby giving us some idea as to the real hazard and fear of a disaster, and nurturing the awareness of the need for disaster prevention.

In 2005, we implemented the simulated experience of an earthquake and a fire as well as fire extinguishing drills with the support of the Omori Fire Department, which had also helped us the previous year. Partly because we had given advance information about the event to new employees of neighboring companies as well as to people in the community, there was a turnout of more than 100 partici-



pants including employees from 10 neighboring companies and people from the community.

Intensity 7 earthquake drills in the earthquake simulation vehicle

## Input Data (Compiled from April 2005 to March 2006)

### ■ Total Energy Input (MJ)

Total Energy Input	315,201,797
Electricity	226,336,276
LPG	58,516,883
City gas	22,776,798
LNG	806,875
Gasoline	5,912,980
Diesel	851,985

Data covers domestic and overseas affiliates.

### ■ Water Input (m<sup>3</sup>)

Water Input	303,931
Supply water	204,070
Recycled water	99,861

Data covers domestic and overseas affiliates.

### ■ Green Purchasing

Amount of green products purchased	3,770 thousand yen
Number of green products purchased	1,754

Data covers domestic affiliates.

## Output Data (Compiled from April 2005 to March 2006)

### ■ Total Waste Output (t)

Total Waste Output	1,173
Recycled volume	1,049
Burned or landfill disposal volume	124

Data covers the Head Office and Hiroshima Works.

### ■ Greenhouse Gas Emissions (t-CO<sub>2</sub>)

Greenhouse Gas Emissions	20,714
From energy use	16,827
From HCFC, SF6	3,353
From burning vehicle fuel	533

Data covers domestic and overseas affiliates.

### ■ Usage and Emissions of Ozone-Depleting Substances (t; CFC-11 basis)

Usage volume	0.6
Emissions volume	0.2

Data covers domestic affiliates.

### ■ Water Quality Measurement Results (mg/l)

Item	Prescribed Levels (Sewage Law)	Head Office	Kure Plant	Kuwabata Plant	Nagatani Plant
pH	5-9	7.5	8.9	7.7	7.5
BOD	600	Undetected	430	13	18
Suspended particles	600	Undetected	95	68	40
n-Hexane extracts	5	1.4	4	1	0.6
Iodine consumption	220	Undetected	—	—	—
Cadmium	0.1	—	Undetected	Undetected	—
Cyan	1	—	Undetected	Undetected	—
Lead	0.1	Undetected	Undetected	0.032	Undetected
Chromium	2	—	Undetected	Undetected	—
Hexavalent chromium	0.5	—	Undetected	v	—
Arsenic	0.1	—	—	—	—
Mercury	0.005	—	—	—	—
Polychlorinated biphenyl	0.003	—	—	—	—
Trichloroethylene	0.3	—	—	—	—
Tetrachloroethylene	0.1	—	—	—	—
Carbon tetrachloride	0.02	—	—	—	—
Benzene	0.1	—	—	—	—
Phenol	5	—	—	—	—
Copper	3	Undetected	0.069	0.02	Undetected
Zinc	5	0.13	0.5	0.71	Undetected
Dissolved iron	10	—	Undetected	Undetected	—
Dissolved manganese	10	—	Undetected	Undetected	—
Fluorine compounds	15	Undetected	3.2	2.2	Undetected
Boron	230	—	39	14	0.11
Total nitrogen	240	2.9	—	—	—

\*Unmeasured items are indicated with a dash. Figures are the maximum values recorded for the year.

### ■ Noise and Vibration Measurement Results (dB)

Undetected	Item	Prescribed Levels	Kure Plant	Kuwabata Plant	Nagatani Plant
Noise	Head Office: Morning 55/Afternoon 60/Evening 55/Night 50 Kure/Kuwabata Plants: Morning: Afternoon 70/Night 60 Nagatani Plants: Morning: Evening 50/Afternoon 55/Night 45	55/58/55/53* *Measures under study	68/66* *Measures under study	54/50	49/48/44
Vibration	Head Office: Afternoon 65/Night 60 Kure/Kuwabata Plants: Afternoon 65/Night 60 Nagatani Plants: Afternoon 60/Night 55	35/31	—	34/33	—

\*Figures are the maximum values recorded while measuring.

# Chemical Substance Management (Compiled from April 2005 to March 2006)

## ■Hiroshima Works PRTR Reporting

(Kg/year)

Designated Chemical Substance		Soluble Zinc Compounds	1,1-Dichloro-1-Fluoroethane	Nickel	Boron and Boron Compounds	Nickel Compounds
Number		1	132	231	304	232
Type		Type 1				Type 1 Special
Amount Handled		1,546	1,746	2,518	1,856	15,424
Amount discharged	A. Discharged to atmosphere	0	1,746	0	0	0
	B. Discharged to public waters	0	0	0	0	0
	C. Discharged to facility soil (other than D)	0	0	0	0	0
	D. Disposed at facility landfill	0	0	0	0	0
Amount transferred	A. Transferred to sewage system	18	0	28	776	173
	B. Transferred outside facility (other than A) Amount transferred	15	0	7	0	45

## ■Reporting Pursuant to Tokyo Environmental Regulations

(kg/year)

Appropriately Managed Chemical Substance	Nickel	Sulfuric Acid	
Number	42	57	
Intended use	Plating	Acid treatment	
Usage	390	290	
Manufactured amount	0	0	
Shipped as product	10	0	
Discharged in environment	0	0	
	Atmosphere	0	0
	Public waters	0	0
	Other	0	0
Transferred outside facility	380	290	
	Waste	370	290
	Wastewater (sewage)	10	0

## Environmental Activities Thus Far

January 1997	DISCO Environmental Charter announced.	August	Designation of Nationwide Recycler of Designated Industrial Refuse acquired.
February	Environmental Management Section established at Hiroshima Works.	October	Wastewater treatment system installed at the Kure Plant.
April	Environmental Management Committee established at Hiroshima Works. Activities for reducing environmental impact initiated.	January 2004	Environmental Management Section (Hiroshima Works), Corporate Environment and Safety Department (Head Office), and 3Rs Promotion Team (Head Office) put under supervision of the Companywide Environmental Management Group.
May	Environmental management policy formulated at Hiroshima Works.	February	Award received from the chief of the Kanto Bureau of Economy, Trade and Industry for activities to rationalize electricity usage at the Head Office.
July	Environment and Safety Office established at the Head Office.	October	Circulation system for silicon cutting wastewater and centralized monitoring system installed in conjunction with establishment of the Head Office/R&D Center.
December	Waste output measurement system (43 classifications) introduced at Hiroshima Works.	January 2005	Circulation system for silicon cutting wastewater installed at the Kure Plant.
February 1998	ISO 14001 certification acquired for environmental management system at Hiroshima Works (Kure Plant and Kuwabata Plant).	March	Zero waste output (Zero Waste Level 2) achieved at Hiroshima Works.
July 1999	Ice thermal storage air-conditioning system installed at Hiroshima Works.	March	Launched the SER (Social and Environmental Reports) Project.
August	Lifecycle Assessment Project initiated at the Head Office.	June	Launched the GP (Green Procurement) Project.
April 2000	Companywide Environmental Committee and Head Office Environmental Management Committee established.	June	Introduced a power consumption monitoring system at the Kure Plant.
July 2001	Circulation system for silicon cutting wastewater introduced at the Kuwabata Plant.	July	Introduced STYROS-AQA- polystyrene foam treatment equipment.
August	ISO 14001 certification updated for environmental management system at Hiroshima Works.	January 2006	Revised the DISCO Environmental Charter.
October	Wastewater treatment system installed at the Kuwabata Plant.		
July 2002	Environmental policy revised at Hiroshima Works.		
October	Recycling service started for selected used products.		
October	Environmental Report 2002 issued (first such report).		
March 2003	Participated in the ISO 14001 Promotion Committee organized by Hiroshima Eco-Forum.		

# Environmental Accounting

DISCO introduced environmental accounting in fiscal 2001. We have also worked to collect information and build a system of reporting or environmental accounting data. The following tables of environmental preservation costs and benefits are calculated in conformance with guidelines from the Ministry of the Environment.

## ■Environmental Preservation Costs

(Unit: ¥ thousand)

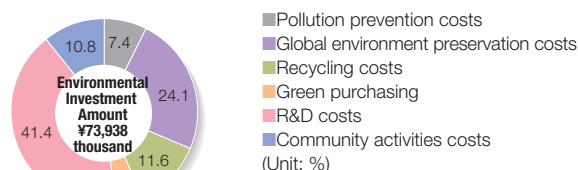
Total Category	Major Activities	Investment	Costs
(1) Environmental preservation costs for curbing environmental impact occurring in business spheres due to production and service activities (business costs)		31,810	135,877
1. Pollution prevention costs	<ul style="list-style-type: none"> <li>●Activities to prevent air and water pollution</li> <li>●Maintenance and inspection of facilities for preventing pollution</li> <li>●Measurement and analysis of air and water quality</li> </ul>	5,450	45,229
2. Global environment preservation costs	<ul style="list-style-type: none"> <li>●Prevention of ozone layer depletion</li> <li>●Energy conservation activities</li> </ul>	17,800	7,968
3. Recycling costs	<ul style="list-style-type: none"> <li>●Plant waste recycling</li> <li>●Activities to promote recycling</li> <li>●Introduction of waste treatment equipment</li> </ul>	8,560	82,680
(2) Costs for curbing environmental impact attending production and service activities at upstream and downstream stages (upstream/downstream costs)	<ul style="list-style-type: none"> <li>●Activities to promote and support recycling</li> <li>●Green purchasing</li> </ul>	3,512	8,368
(3) Environmental preservation costs for managerial activities (managerial costs)	<ul style="list-style-type: none"> <li>●Acquisition and maintenance of ISO 14000 certification</li> <li>●Implementation of environmental audits</li> <li>●Implementation of environmental education</li> </ul>	0	126,484
(4) Environmental preservation costs for research and development activities (R&D costs)	<ul style="list-style-type: none"> <li>●Development of environmentally conscious prototypes</li> </ul>	30,635	559,472
(5) Environmental preservation costs for community activities (community activities costs)	<ul style="list-style-type: none"> <li>●Nature preservation and greening</li> </ul>	7,981	19,228
(6) Costs for environmental damage (environmental damage costs)		0	0
<b>Total</b>		<b>73,938</b>	<b>849,429</b>

## ■Ratio of Environment-Related Investment

(Unit: ¥ thousand)

Category	Disco Total	Environment-Related	Ratio
Increase in capital investment	2,605,224	73,938	2.83%
Total labor costs	13,425,654	151,657	1.12%
Total costs	28,014,538	730,828	2.60%
Ratio of environmental costs to total net sales	55,668,477	730,828	1.31%

## ■Environmental Investment by Category



## (Calculation Methods for Environmental Preservation Costs)

- Scope: Head Office and Hiroshima Works
- Period: April 2005 to March 2006
- Composite costs combining environmental preservation and production objectives were calculated based on an environmental contribution ratio stipulated by DISCO (simplified method).
- Labor costs were calculated by adding the personnel costs for employees in environment-related departments and the hours dedicated in the company to environmental preservation activities multiplied by labor costs per hour. Green purchasing was limited to applicable items.
- Stated costs were calculated based on differences with non-green products.
- R&D costs were calculated by multiplying research and development on environmental issues by an environmental contribution ratio determined by DISCO.
- Other environmental preservation costs were stated in full.

## ■Benefits of Environmental Preservation Measures

Category of Activity	Item	Economic Benefit		Environmental Preservation Benefit				
		Activity	(¥ thousand)	Reduction in Environmental Impact		Generation of Environmental Impact		Reduction rate
Reduction	Electricity	Promotion of energy conservation	13,719	Total used (thousand kwh)	915	Total used (thousandkwh)	21,714	4.0%
	Water		72,415	Reduced (m <sup>3</sup> )	101,315	Total used (m <sup>3</sup> )	191,442	34.6%
	Gas		2,506	Reduced (m <sup>3</sup> )	55,525	Total used (m <sup>3</sup> )	1,117,421	4.7%
	Plating wastewater	Reduction of waste generation	29,568	Reduced (m <sup>3</sup> )	1182.7	Total discharged (m <sup>3</sup> )	80.6	93.6%
	Sludge		1,440	Reduced (t)	117.1	Total discharged (t)	0.0	100.0%
	Business-related CO <sub>2</sub>	Curbing of global warming	303	Reduced (t-CO <sub>2</sub> )	327	Discharged (t-CO <sub>2</sub> )	19,587	1.6%
Reuse	Cleaning agents	Reduction and reuse of waste	541	Reduced (KL)	1.6	Total discharged (KL)	1.6	50.0%
	Packaging			Savings through reuse				
Recycling	Metal debris	Gain on selling items of value	11,187	Recycled (t)	193	Total generated (t)	-	-
	Other items of value		944	Recycled (t)	34	Total generated (t)	-	-
	Other waste materials	Savings on disposal costs	3,125	Recycled (t)	595	Total generated (t)	92.8	-
Proper disposal	Industrial waste	Savings on disposal costs	0	-	-	Generated (t)	117.7	-
	Specially managed industrial waste		0	-	-	Generated (t)	4.7	-
<b>Total</b>			<b>135,890</b>	<b>Rate of environmental impact reduction in business spheres (%)</b>				

## (Calculation Methods for Benefits)

- Scope: Head Office and Hiroshima Works
- Period: April 2005 to March 2006
- Total benefit of environmental preservation calculated based only on items amenable to data compilation.
- Economic benefit calculated on concrete benefits capable of being ascertained.
- Deemed benefits of risk avoidance not stated.
- Environmental preservation benefits categorized in terms of reduction, reuse and recycling.
- Reduction rate calculated according to this formula: Reduction in environmental impact / (Reduction in environmental impact + Environmental impact) X 100
- The calculation period for benefits conforms to the depreciation period for facilities and equipment.

# Comparison with GRI Guidelines

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## Editor's Postscript

Thank you for reading this report.

What did you think of the report this year? Summarizing our activities to stakeholders through such a report not only enhances communication and understanding but also provides us with an opportunity to reflect on our activities, based on which we can better develop future activities.

There may be some content or activities that could be improved. However, we will continue self-review and improvement to become a company whose existence is welcomed by society.

## ■ Editorial Policy

*The Corporate Social Responsibility Report 2006* has been prepared as part of DISCO's intent to be a more socially trusted and valuable entity through its corporate activities. We have summarized our activities while making reference to a number of guidelines to raise the exchange of values with our stakeholders.

In terms of our editorial policy, we have tried to convey openly and sincerely our philosophy regarding our social responsibilities, activities that are currently under way and initiatives planned for the future, all in a realistic manner. We have endeavored to create a clear, easy-to-understand report from the perspective of stakeholders.

**Production Members of the CSR Report  
DISCO Corporation**

## **DISCO CORPORATION**

## **DISCO CORPORATION**

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