

Commitment by Top Management

Contributing to Solving a Variety of Problems in the World through Semiconductor Manufacturing Technology

Semiconductors and FPDs Used in Everyday Products as Part of Our Lives

Early in May 2006, I visited the United States to participate as a panelist in the World Congress on Information Technology (WCIT) held in Austin, Texas. Representatives of the world's leading information technology (IT) companies, including software companies, PC manufacturers, and semiconductor manufacturers, attended the congress to discuss topics such as the social roles to be played by the IT industry in the future.

I was impressed with the vision that the world's leading IT companies have clearly shown for their IT business in Africa, the Middle and Near East, and Eastern Europe as well as in the BRICs*. In their vision, wireless networks, rather than wired networks, will become popular in those regions, because building wireless networks requires less cost and time. Also, by expanding IT networks all over the world, making it possible to access information wherever you are, even people living in remote areas will have access to IT for school education and medical diagnosis. The power of IT thus improves the quality of life.

In the 1980s, semiconductors were mainly used in general-purpose computers for industrial use. At the present, however, semiconductors are used in a variety of goods that are part of our daily life, including PCs, cell phones, game machines, automobiles, security systems for buildings, and home electrical appliances. I am very glad that semiconductor technology has contributed to society in such diverse ways, and at the same time I feel

a strong sense of responsibility for the further development of semiconductors as president of a company in the semiconductor industry.



Tetsuro Higashi
Chairman & CEO
Tokyo Electron Limited

A handwritten signature in black ink, which appears to read "T. Higashi".

Fulfilling Environmental and Social Responsibilities through Three Different Approaches

We have been implementing measures to reduce the environmental impact of our business operations and to provide more environment-conscious products. Recently, in the course of implementing these measures, it has become clear to us that we can fulfill our environmental and social responsibilities through three different approaches. First, we can help people change their lifestyles to more environment-friendly ones. Also, we can foster information sharing to contribute to society. For example, if real-time information sharing becomes possible by the use of semiconductor and FPD technology in the kinds of daily goods mentioned here, transportation distances will be decreased for both people and goods. Furthermore, this information sharing will be useful in education and medical care.

As I have already mentioned, the world is becoming more IT-oriented with an increasing use of semiconductors and FPDs. As a result, electricity consumption is surging on a global scale. In view of this, as the second approach, we can contribute to society by providing technology to reduce the amount of electricity consumed by semiconductors and FPDs. In the past, semiconductor and FPD manufacturers played a central role in the development of low-energy-consumption technologies. At present, however, they need to cooperate with semiconductor production equipment and materials manufacturers, who have been playing increasingly important roles in the technology used to produce semiconductors and FPDs.

Finally, as the third approach, we can contribute to the environment and society at large by manufacturing semiconductor and FPD production equipment that is more energy-saving, thereby supporting semiconductor and FPD manufacturers in manufacturing their products in a resource-saving manner. We are committed to taking these three approaches to fulfill our responsibilities.

Summarizing the Important Values Shared by Employees

In April 2006, we summarized the values shared across the Tokyo Electron Group as TEL Values. This is passing the corporate culture from generation to generation and ensuring that employees proactively respond to changes, keeping in mind how the Group has achieved today's growth.

I believe that "venture spirit" is the starting point for the Group's success today. Of course, it is not easy for the Group, which has now grown into a large entity, to overcome all the difficulties with a venture spirit. However, I expect every employee to contribute to opening up the new age, keeping TEL Values in their mind.

* The BRICs are Brazil, Russia, India, and China.

Taking Leadership in Our Industry in Efforts for the Environment and Safety

Our Unique Technological Abilities Enable Us to Propose Environment- and Safety-Conscious Products

In recent years, the Tokyo Electron Group has been gradually changing its way of business. In the past, we provided products that met customers' needs in response to their requests. Now, we are more active in proposing new products to customers, based on our unique R&D and product development plans.

In our environmental activities, we aim to contribute to a reduction in global energy consumption by promoting energy-saving semiconductor products. CO₂ emissions from the semiconductor industry are lower than the emissions from the iron and steel and chemical industries. Semiconductor products, however, are used in multiple industries, consuming electricity in substantial amounts. We therefore cooperate with semiconductor manufacturers to propose even more environment- and safety-conscious products, thereby fulfilling our responsibilities as a member of society.

For displays, in addition to flat panel displays (FPD) that are more energy-saving than cathode-ray tube (CRT) displays, organic electroluminescence (EL) displays have been developed, which consume even less electricity than FPDs. I believe we can contribute to a reduction in energy consumption through these products. Also, I think it important to show employees the direction of the business and corporate responsibilities we should fulfill in society. We plan to promote R&D activities including those for lower energy consumption and we have an R&D budget of 55 billion yen for the current term.

Producing More Energy-Saving Equipment and Reducing the Use of Regulated Chemical Substances

We clearly need to provide more energy-saving semiconductor and FPD production equipment. There are two ways to reduce the energy consumption of the equipment. The first method is to eliminate the waste of electricity in existing equipment by such measures as reducing the use of standby electricity. The second method is to drastically lower energy consumption through totally new technology, the R&D for which of course requires time and labor.

The market share of the Tokyo Electron Group's semiconductor production equipment has been rising. This means that we are having more influence over the world's semiconductor industry. Therefore, improvements in our products will have a spillover effect on the entire industry. We thus have major responsibilities in the industry.

We have long been implementing measures to reduce the use of regulated chemical substances contained in our equipment. We will further commit ourselves to reductions in line with the regulations implemented in Europe and other regions.

Leading the Industry in Improving Safety at Work

We are leading the industry in promoting safety at work as well. In FY 2006, we worked with SEMI*, which is a trade association, to formulate the industry's safety guidelines that outline the systems and rules to be followed by employees of different companies when they work together.

When our employees work at customers' factories, they are all committed to safety, something for which customers have expressed their gratitude. Some customers, evaluating our safety measures highly, have even asked us to instruct them on safety so that they may become role models for other companies.

We plan to expand our safety promotion activities that involve other companies. The Tokyo Electron Group has long been conducting environmental and safety activities and we have established the relevant departments. Based on this experience and expertise, we will continue to lead the industry in safety.

Recently, legislation has been implemented for internal control. However, I am afraid that employees will feel discouraged if their work becomes too regulated by laws and rules. It is important for us to build a flexible internal control system based on the minimum schemes and regulations required and take action based on a full understanding of how to manage the system. I will continue to devote myself to providing the necessary knowledge and information to employees and to improving their ethical standards.

* Semiconductor Equipment and Materials International (SEMI) is an international trade organization of semiconductor/FPD equipment and materials manufacturers.

Kiyoshi Sato
President & COO
Tokyo Electron Limited

