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RENEASAS CSR REPORT 2007

20 Mar 2008 renewal

Renesas CSR activities in 2007

<p>▶ Introduction</p> <p>This provides an overall picture of the Renesas that strives to meet its corporate social responsibility (CSR).</p>	<p>▶ Renesas CSR</p> <p>This explains Renesas basic stance and ideas on CSR.</p>
<p>▶ Beyond Legal Requirements</p> <p>While of course adhering to laws, regulations and international rules, Renesas strives to conduct business based on high corporate ethics.</p>	<p>▶ Toward Respect for the Individual</p> <p>In addition to thinking of employee safety and health, Renesas wants to create a work environment that is easy to work in.</p>
<p>▶ Aiming for Environmental Friendliness</p> <p>These efforts range from creating products taking into consideration the environment to each employee working to preserve the environment.</p>	<p>▶ For a More Livable Society</p> <p>This gives information on Renesas contributions to the local community as a member of society.</p>
<p>▶ Stakeholder's comment</p> <p>This provides the valuable opinion of experts received by Renesas.</p>	

Editing policy and the items not included

Editorial Policy →**Introduction****Renesas CSR****Beyond Legal Requirements****Toward Respect for the Individual****Environmental Activity****For a More Livable Society****Stakeholders comment****Editorial Policy**

This Website was created and edited with reference to the Global Reporting Initiative (GRI) Guideline 2006 and the Environmental Reporting Guideline (2003 Ed.) by the Japanese Ministry of the Environment. We have emphasized readability and ease of understanding in this Website, in order to make Renesas' CSR initiatives understandable to all our stakeholders, including our customers, business partners, national and local government agencies, members of the communities in which our production sites are located, and the employees of the Renesas group.

We took special care to bring our report into compliance with the new GRI Guideline, which was revised 2007, to the greatest extent possible.

This Website reports our CSR activities in three fields: social, economic, and environmental. Regarding our environmental activities, we have also published "Renesas Technology Environmental Report 2007" in booklet form, which reports in greater detail with a focus on environmental activities.

Scope of this report

Renesas Technology Corp. and group companies

Period reported

April 1, 2006 to March 31, 2007 (Activities up to July 2007 are reported for some categories)

Scheduled publication of next report

September 2008

We will update it as per needed when there are achievements in other items.



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This provides an overall picture of the Renesas that strives to meet its corporate social responsibility (CSR).

CEO Message

Trust from customers and society is the foundation of Renesas brand.

Company Information

This provides a profile of Renesas Technology.

Business performance

This provides information on financial figures such as sales and profits over the past couple of years and the composition of The Renesas Group.

Relations with stakeholders

In order to gain mutual understanding with all stakeholders and to smoothly communicate with them.

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CEO MESSAGE

Creating the Renesas brand with the confidence of our customers and society

Satoru Ito: Chairman & CEO

The coming era of ubiquitous computing

Semiconductors are the underpinnings of the electronics world. As technology rapidly advances everyday, the era of ubiquitous computing is just around the corner. In addition to the convenience and innovation that technology brings, today's market and society require more than that - such as environmental friendliness and safety to bring the ubiquitous networking society to the next level.

We intend to stay a step ahead of these demands by offering better solutions and support systems, and establishing clear core competences. In doing so, we will continue to contribute to the creation of a more convenient society through the help of semiconductor technology.

The challenge is to adapt to change and maintain continuity

Corporate social responsibility (CSR) has become a critical requirement in business activities. CSR is also a vital foundation for shaping the company's brand. I personally believe that a commitment to CSR will improve our company's brand, and eventually lead to the growth of our company. To realize this, I am committed to setting an example in my daily duties as the leader of this company.

CSR and environmental conservation efforts are never complete. They require continual, gradual improvement, but the challenge is always present. One example is the RoHS Directive. Following the European version, a Chinese version has now been created. We anticipate more challenges, as our customers are becoming increasingly concerned about green procurement.

We are committed to responding to these challenges, and providing solutions as quickly as possible. I'm confident to say that we're striving to achieve our goals.

Developing human resources through self-esteem and respect for the individual

Supporting customers is the most basic principle for a company. Beyond customers, I believe our employees are the ones who build the Renesas brand. My goal is to make a company that motivates its employees, and gives them a first-hand feel of our esteem and respect for the individual. Employee satisfaction is linked directly to business growth, and leads to the satisfaction of our other stakeholders as well, such as our customers and material suppliers.

In addition to respecting individuals, we also focus on human-resource development that emphasizes CSR. All Renesas employees should understand the following two facts: our business is extremely influential to society; and contributing to society is a vital part of our business activities. We are committed to reinforcing this understanding as part of our employee education.

Requirements for being a trustworthy company

When Renesas was founded five years ago, we put forth the statement "We will continue to grow through trustworthy management" as one of the goals of our corporate philosophy. In order to gain the trust of society, a company must fulfill many responsibilities, but the most fundamental of them is compliance. In addition to corporate governance and a visible management style, I believe that a solid awareness of compliance is much needed in corporate management these days. It is by no means easy to earn the

continual trust of our customers and partners, but we remain committed to moving gradually in the right direction, with an emphasis on compliance.

Recognizing that CSR and environmental activities are the root and driving force of our business activities, we will continue to strive further to achieve excellence in our business practices.

Satoru Ito: Chairman & CEO



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Company Information

■ Name	Renesas Technology Corp.
■ Head Office	Nippon Bldg., 2-6-2, Ote-machi, Chiyoda-ku, Tokyo 100-0004, Japan
■ Paid-in capital	50 billion Yen (Hitachi, Ltd. 55% Mitsubishi Electric Corporation 45%)
■ Established	April 1, 2003
■ Business	Development, design, manufacture, sales and servicing of system LSIs, including microcomputers, logic and analog devices, discrete devices and memory products, including SRAM.
■ Annual Sales	952.6 billion yen in FY2006 (consolidated)
■ Employees	26,500 as of 2007/03 (consolidated)
■ Representative	Satoru Ito: Chairman & CEO / Katsuhiko Tsukamoto: President & COO
■ Group Companies	44 companies (Japan: 21, Overseas: 23)

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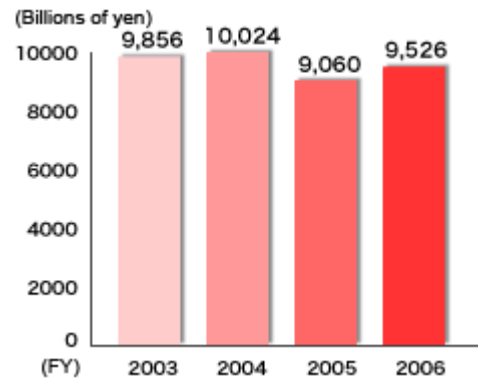
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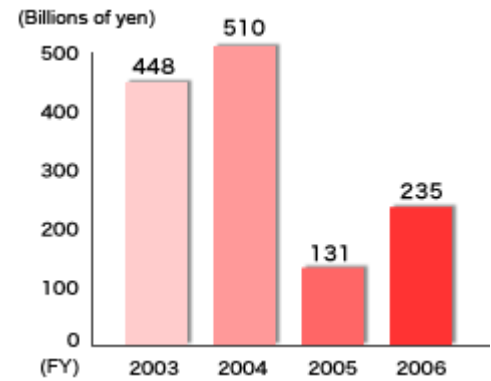
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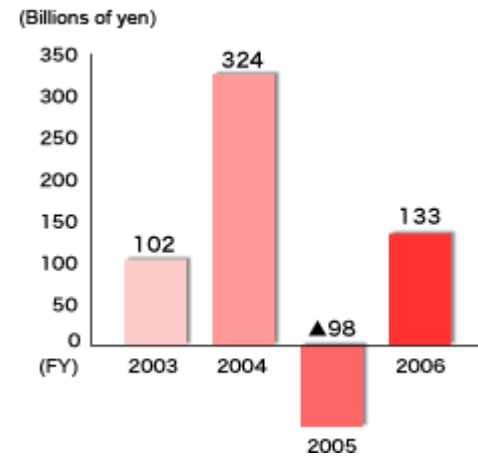
■ Annual Sales



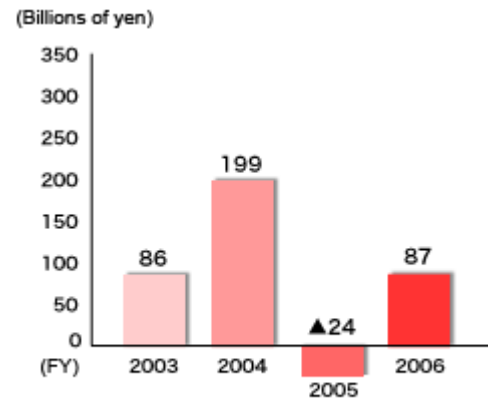
■ Operating Income



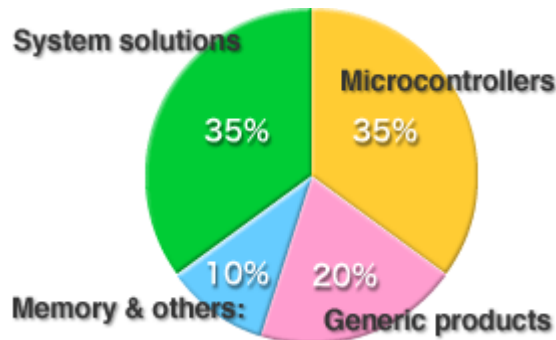
■ Income Before Tax



■ Net Income



■ Breakdown of sales by product category



About The Renesas Group

The Renesas Group is led by semiconductor manufacturer Renesas Technology Corp. The group's companies are divided into six categories: Sales, Design and Application Technologies, Business Corporation, Manufacturing, Engineering Services, and Information Systems Services.

■ Domestic Network

Renesas Technology Corp.

(Sales)

Renesas Technology Sales Co., Ltd.
Renesas Device Sales Co., Ltd.

(Design and Application Technologies)

Renesas Solutions Corp.
Renesas Design Corp.
Key Stream Corporation

(Manufacturing)

Renesas Northern Japan Semiconductor, Inc.
Hokkai Electronics Co., Ltd.
Haguro Electronics Co., Ltd.
Renesas Eastern Japan Semiconductor Inc.
Renesas High Components Inc.
Renesas High Qualities Inc.
Renesas Yanai Semiconductor Inc.
Renesas Naka Semiconductor Co., Ltd.
Renesas Nagano Semiconductor Corp.
Renesas Kyusyu Semiconductor Corp.

(Business Corporation)

Renesas SP Drivers Inc.

(Engineering Services)

Renesas Semiconductor Engineering Corp.
Renesas Takasaki Semiconductor Corp.
Renesas Kodaira Semiconductor Corp.
Renesas Quality Engineering Corp.

(Information Systems Services)

Renasentis Information Service

■ Global Network

(Administration Companies)

- China -
Renesas Technology (China) Co., Ltd.

(Sales Offices)

- Canada -
Renesas Technology Canada Limited
- China -
Renesas Technology (Shanghai) Co., Ltd.
Renesas Technology Hong Kong Ltd.
Renesas Technology Taiwan Co., Ltd.
- Europe -
Renesas Technology Europe Limited
Renesas Technology Europe GmbH
- Korea -
Renesas Technology Korea Co., Ltd.
- Malaysia -
Renesas Technology Malaysia Sdn. Bhd.
- Singapore -
Renesas Technology Singapore Pte. Ltd.
- U.S.A. -
Renesas Technology America, Inc.

(Design and Application Technologies Companies)

- China -
Renesas Semiconductor Design (Beijing) Co., Ltd.
Renesas System Solutions (Beijing) Co., Ltd.
Renesas System Solutions Hong Kong Ltd.
- France -
Renesas Design France S.A.S
- Malaysia -
Renesas Semiconductor Design (Malaysia) Sdn.Bhd.
- Vietnam -
Renesas Design Viet Nam Co., Ltd.

(Manufacturing Companies)

- China -
Renesas Semiconductor (Beijing) Co., Ltd.
Renesas Semiconductor (Suzhou) Co., Ltd.
- Germany -

Renesas Semiconductor Europe (Landshut) GmbH
- Malaysia -
Renesas Semiconductor (Malaysia) Sdn. Bhd.
Renesas Semiconductor Technology (Malaysia) Sdn. Bhd.
Renesas Semiconductor (Kedah) Sdn. Bhd.

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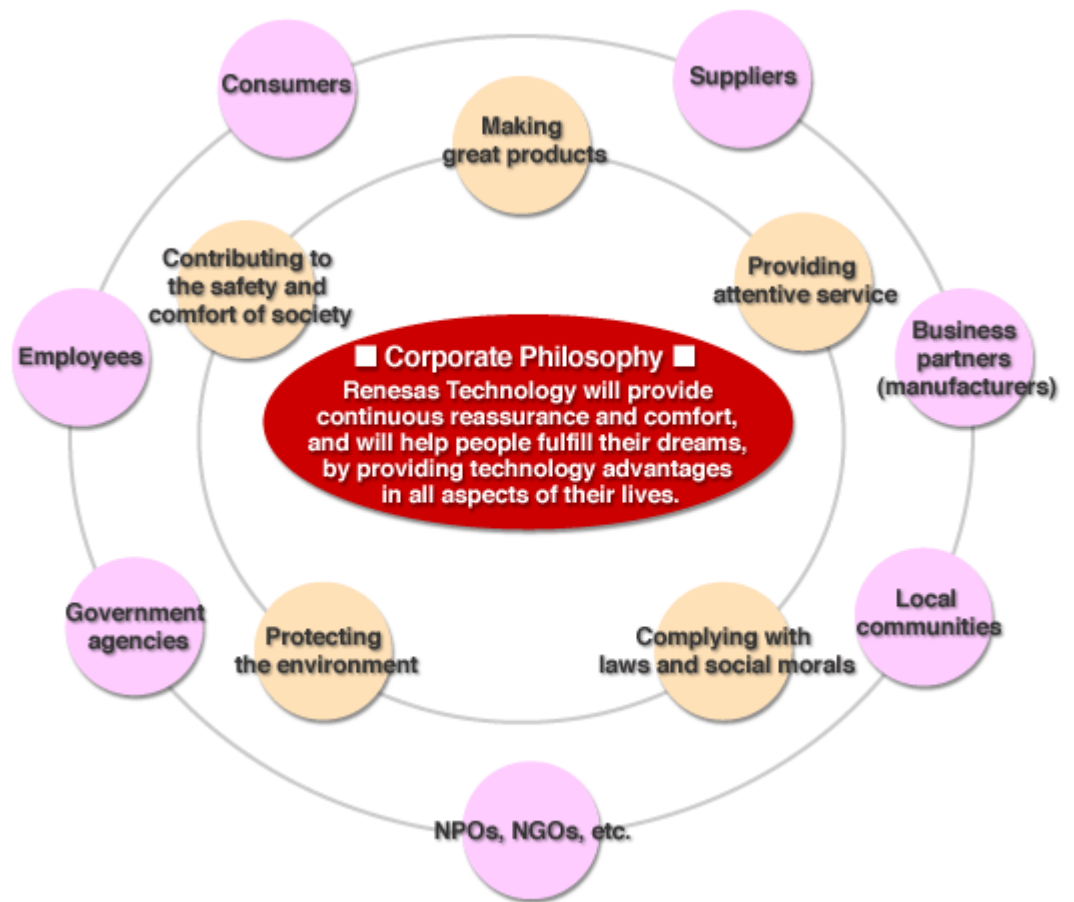
For a More Livable Society

Stakeholders comment

Relations with stakeholders

Our business activities are supported by a wide range of stakeholders. As a member of society, our top priority is communication with our stakeholders. We must respect diverse values, comply with laws and social mores, and strive actively to fulfill our duty to society. If we neglect any one of these, smooth communication with society will not be possible.

We are sincerely committed to contributing to a sustainable society, and continuing to win the confidence of society through mutual understanding and smooth communication with all of our stakeholders.



Corporate Vision

Aiming to provide the ubiquitous technology needed by a networked society.

We will offer intelligent microchip solutions to customers all over the world through our ongoing technological innovations.

As a leading microcomputer company

We will continue to offer superior microcomputers for a broad range of applications.

As a trustworthy company

We will continue to grow through trustworthy management.

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CSR Vision

Role of the CSR Charter and Corporate Ethics Program



Our Corporate Vision is the foundation of our corporate philosophy. The CSR Charter and Corporate Ethics Program define policies for actions and activities to achieve this vision.

■ Corporate Philosophy ■

Renesas Technology will provide continuous reassurance and comfort, and will help people fulfill their dreams, by providing technology advantages in all aspects of their lives.

■ Corporate Vision ■

- 1. Aiming to provide the ubiquitous technology needed by a networked society.**
We will offer intelligent microchip solutions to customers all over the world through our ongoing technological innovations.
- 2. As a leading microcomputer companys**
We will continue to offer superior microcomputers for a broad range of applications.
- 3. As a trustworthy company**
We will continue to grow through trustworthy management.

■ CSR Charter ■

Renesas Technology Corp., the member companies of The Renesas Group, and their employees pledge to steadfastly implement our Corporate Ethics Program and, with the wisdom and opportunities arising from the symbiosis between us and our stakeholders, including customers, partners such as suppliers, shareholders, and the local community, as the wellspring of our business, to contribute to the realization of peace of mind, comfort, and dreams, and to further the sustainable advancement of society, by supplying superior semiconductor products and sincere service.

<Beyond Compliance with Legal Requirements>

We will comply with the laws of the nations in which we operate and international rules, undertake our activities with a high sense of ethics and fairness as a corporate citizen and based on a philosophy of orderly competition, and work to develop our operations together with our partners.

<Toward Respect for the Individual>

In addition to respecting the abilities of individuals, we will work to build and maintain a workplace that is inspiring, safe, and a good working environment. We will also support the efforts of individuals to utilize their abilities to the fullest extent.

<Aiming for Environmental Friendliness>

We accept that assisting in the preservation, improvement, and revitalization of the environment is our responsibility as a global citizen, and we pledge to participate actively in environmental initiatives. In addition, we will endeavor to develop, manufacture, and sell environmentally friendly semiconductor products.

<For a More Livable Society>

We will respect the culture and customs of the local community and actively participate in the planning and implementation of activities that contribute to society.

■ Corporate Ethics Program ■

Renesas Technology Corp., the member companies of The Renesas Group, and their employees pledge to comply with all applicable laws of the countries in which we operate, to uphold a high sense of ethics, and always to act based on the viewpoints outlined below. Furthermore, top executives and management personnel pledge to lead by example, with this program as a basis, to endeavor to create a vibrant workplace in which company regulations are maintained in an appropriate manner, and to inspire the morale of the employees under their authority.

Fair Competition and Equitable Dealings

1. We will make a fair and orderly concept of competition the basis for our actions and carry out business transactions in an equitable manner.

Corporate Transparency

2. We will observe applicable laws and regulations, and disclose the circumstances of the company, in the form of corporate information, etc., in a timely and fair manner.

Environmental Initiatives

3. We will comply with environmental laws in all business operations and actions by employees.

Respect for Human Rights

4. We will respect the rights of individuals, not discriminate on the basis of factors such as race, nationality, religion, or gender, and never violate the human rights of persons through actions such as sexual harassment.

Preventing Transactions that Harm Society

5. We will never adopt an antisocial stance that threatens the order and safety of civil society, and never do business with organizations having such a stance.

Information Management

6. We will maintain proper respect for the value of management and technical information possessed by other companies and, based on a full awareness of the value of management and technical information possessed by our company, work to establish and scrupulously administer a strict management system for such information.

Export Management

7. We will comply with the export related trade laws of Japan and other countries.

Self-Awareness as a Member of a Corporate Family

8. We will maintain a strict distinction between the public and private realms with regard to the assets, time, information, etc., that we handle.

**Renesas CSR
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- Corporate Ethics Program
- CSR Vision
- Corporate Governance System for promotion of CSR
- Combating Risk
- Information Security Measures
- Corporate Quality Assurance
- Environmental activities through the supply chain

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RENESAS CSR REPORT 2007

This explains Renesas basic stance and ideas on CSR.

Renesas Corporate Philosophy

This recognizes and clearly states Renesas responsibilities within the society.

CSR Charter

This clearly states The Renesas Group's thoughts on how CSR should be met and various CSR topics.

Corporate Ethics Program

Employees in all The Renesas Group companies adhere to a high moral code, and there are established guidelines of conduct.

CSR Vision

This shows the position of the CSR Charter and the Corporate Ethics Program.

Corporate Governance

This provides an explanation of Renesas stance towards strengthening and conducting corporate governance.

System for promoting of CSR

There are various bodies such as committees and a secretariat so that each individual employee can effectively promote CSR activities, and this provides a description of these bodies.

Risk management

This explains the measures to prevent risks that could hinder Renesas business activities both within Japan and overseas and the appropriate response during emergencies.

Information security measures

Renesas is striving to strengthen its information management system in order to prevent information leaks.

Corporate Quality Assurance

Information is provided on efforts throughout The Renesas Group to ensure the quality of our products so that customers can use them with peace of mind.

Environmental activities through the supply chain

Renesas conducts appropriate procurement throughout the supply chain from the perspectives of contributing to society, protecting the environmental preservation, and satisfying its customers.

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Corporate Philosophy

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CSR Charter

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<For a More Livable Society>

We will respect the culture and customs of the local community and actively participate in the planning and implementation of activities that contribute to society.

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Corporate Ethics Program

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Corporate Transparency

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Information Management

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Export Management

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Self-Awareness as a Member of a Corporate Family

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CSR Vision

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Corporate Governance

Over the past few years, enhancing corporate governance has become increasingly vital for maximizing corporate value. Renesas considers that fulfilling its corporate social responsibilities is the most important condition for increasing its corporate value. We strive to enhance and manage our corporate governance in order to speed up decision making and carry out day-to-day operations in a fair and transparent manner, in accordance with our CSR Charter.

Board of Directors

The board of directors makes key operational decisions for the company, including setting management targets and strategies. Two of the board's 12 directors are outside directors. We also have eight managing officers separate from the board directors.

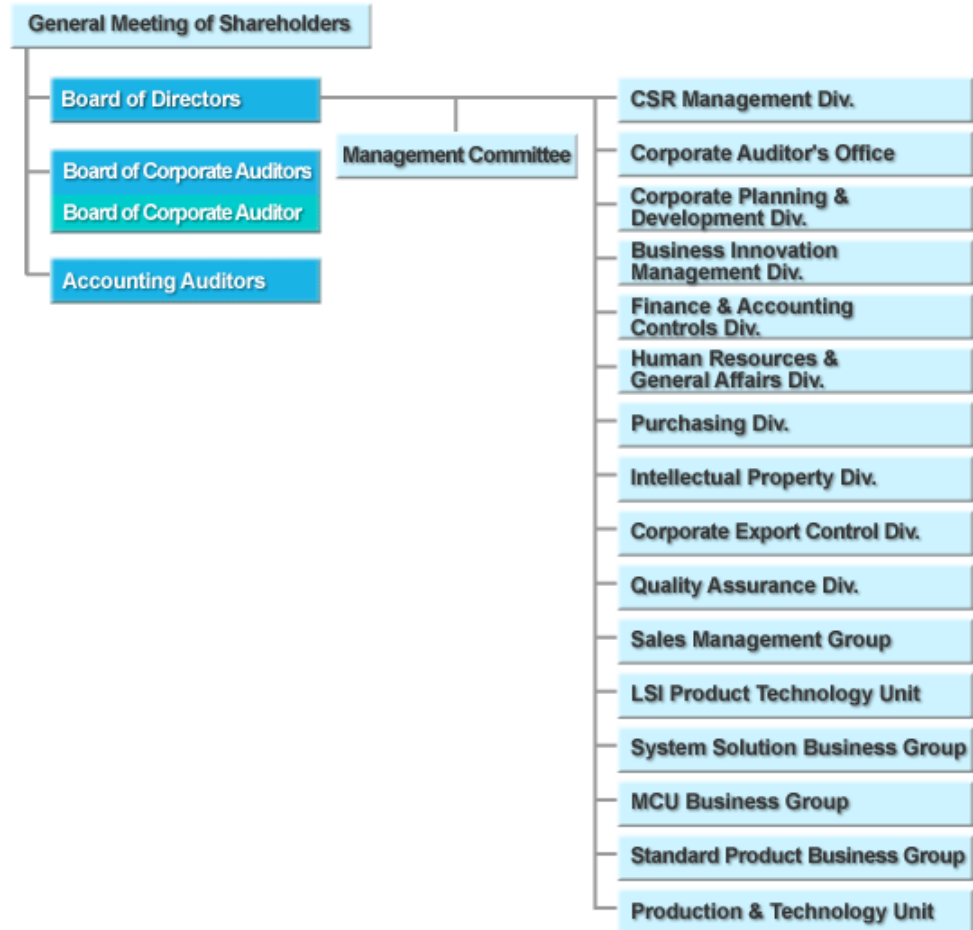
Board of Corporate Auditors

The board of auditors exercises oversight to ensure that Renesas' operations are in accordance with laws, regulations, and its articles of incorporation. The board receives reports on important matters relating to audits, discusses these matters, and makes decisions.


Beyond the minimum requirement by law that half of the board members are outside auditors, at Renesas' board, three out of four members are outside auditors so that its operation monitoring (auditing) function is enhanced.

Accounting Auditors

The accounts auditor audits whether our accounting statements and other accounting documents are prepared in accordance with the laws, regulations and our articles of incorporation.



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System for promotion of CSR

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System for promotion of CSR

Everyone in the company participates actively in CSR activities. Consequently, each employee plays a leading role in the advancement of CSR. We have created a CSR Committee, whose role is to increase the effectiveness of these activities. In turn, the CSR Center serves as the secretariat for the CSR Committee.



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Combating Risk

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Combating Risk

Companies face seven types of risk: accident/disaster, legal (litigation), financial, labor, political, economic, and social. The mission of our Risk Control Center is to prevent internal and external factors that would impede the business activities of the Renesas group, and develop appropriate emergency response, with a core philosophy of self defense and respect for human life. Renesas does business globally; evaluating all possible risks both in Japan and internationally, we have identified the following four points as key challenges.

- (1) Accidents and disasters (including earthquakes, volcanic eruptions, torrential rains, fires, explosions, lightning, and infectious diseases)
- (2) Political conflict (including terrorism, war, revolution, and civil war)
- (3) Crime (including abduction, hijacking, bombings, arson, and blackmail)
- (4) IT faults (including computer viruses and hacking)

Business Continuity Management (BCM) and Business Continuity Planning (BCP)

The introduction of BCM/BCP has become one of the social responsibilities of the corporation. Natural disasters, fires, and explosions don't just affect the stricken company: they have often greatly impacted the companies it does business with as well. Against this backdrop, our customers in both Japan and abroad have increasingly demanded that we introduce BCM/BCP; additionally, the Japanese cabinet, Ministry of Economy, Trade, and Industry (METI), and Small and Medium Enterprise Agency have published guidelines on their adoption.

Under these circumstances, The Renesas Group is moving forward with BCM and BCP based on the following policies, with our CSR Charter as the core philosophy.

■ BCM/BCP Policies ■

- (1) Identifying BCM/BCP as the linchpin of disaster prevention and crisis management, we will actively take necessary measures to prevent, avoid, and overcome the various risks facing the Renesas group, and fulfill our responsibility to continually offer products and services and conserve our management resources.
- (2) We will counter any risks that occur with top priority to the lives of everyone involved in the operation, including customers and employees. We will also prevent secondary accidents and disasters, and quickly recover our business.
- (3) We will periodically inspect and revise our BCM/BCP, and enhance and develop it through continual improvement.
- (4) We will strive to maintain and improve our codependent relationship with local communities in the development and implementation of BCM/BCP.
- (5) In order to sustain and develop our businesses, everyone from management to employees will continually raise their awareness of crisis management and practical disaster preparedness, and participate actively and autonomously, recognizing that the development and advancement of BCM/BCP is their responsibility and duty.

Overview of BCM/BCP at The Renesas Group

- (1) Increasing numbers of our customers both in Japan and abroad are inquiring about our response to a major earthquake. In part based on this, we have created an earthquake BCP, envisioning an earthquake of magnitude 6 (the value endorsed by the Japanese cabinet). The BCP is centered on safety measures, emergency readiness, measures to minimize damage, business continuity measures, and measures for swift recovery by each of our relevant divisions: production, sales, human resources, materials, IT, and design development.
- (2) We are applying the above BCP to develop new BCPs in response to such risks as natural disasters

other than earthquakes, SARS, and the like.

(3) We are operationally integrating and advancing the BCPs created by each company and division, building a BCM system that continually improves each BCP via a PDCA cycle.

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Information Security Measures

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Information Security Measures

The Renesas group is committed to enhancing our security-management regime in order to prevent information leaks. In fiscal 2006, we created the Central Information Security Committee at our headquarters, building a company-wide readiness. We also created an Information Security Center in our CSR division, and have begun operating the center. We first created an information security policy to serve as a Renesas group standard. At the same time as we created our security policy, we also revised our existing regulations and added new ones, creating a unified awareness of information security within the company.

We were among the first to analyze our own information-security risk. We have worked to find vulnerabilities, scrupulously assess them, and implement improvements based on these assessments.

Countering Human Error

In order to practice thorough information security, we encourage all employees to be aware of the need to protect confidential information, and implement a number of measures to prevent human error, including the use of IT support tools.

- (1) We have introduced encryption tools in order to prevent third parties from illegally accessing data in case a computer is lost or stolen.
 - ▶ The encryption tool also has a feature to log all data transferred via the computer. Thus, if there is ever a leak of information, it will be easy to identify the source of the leak by tracing the data-transfer log.
- (2) We have prohibited employees from using private computers or recording media for work.
 - ▶ PCs are loaned to employees by the company. Employees are given USB memory with the company logo for use as recording media.
- (3) We implement periodic self audits.
 - ▶ We periodically fill out a checklist to ensure that our information-security initiatives are actually functioning.

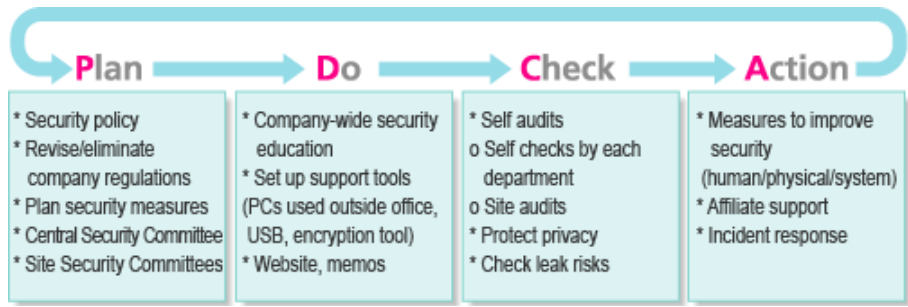
Employee Education

We educate our employees about information security at the company-wide level. In addition to new-employee training and other educational seminars for specific job types, we also provide e-Learning on information security using independently produced educational materials. We also produce educational videos for sites that cannot be served via seminars and the like, such as smaller retail stores and business partners. We are providing the same level of education available at smaller sites as at headquarters.

Information Security Organization



Information Security Operations




■ Privacy Protection Policy ■

Renesas Technology is a semiconductor manufacturer aiming to be a leader in the era of ubiquitous computing. We thus fully respect the personal information of our customers, trading partners, and officers and employees (including at-will employees, consultants, part-time employees, contract employees, and temporary employees), and are committed to establishing and thoroughly enforcing strict management of such information.

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Corporate Quality Assurance

At Renesas Technology Corp., we keep in mind our aim of being an enterprise that inspires trust. We consider continuing to provide products with quality such that customers feel secure in using them to be an important part of achieving this vision.

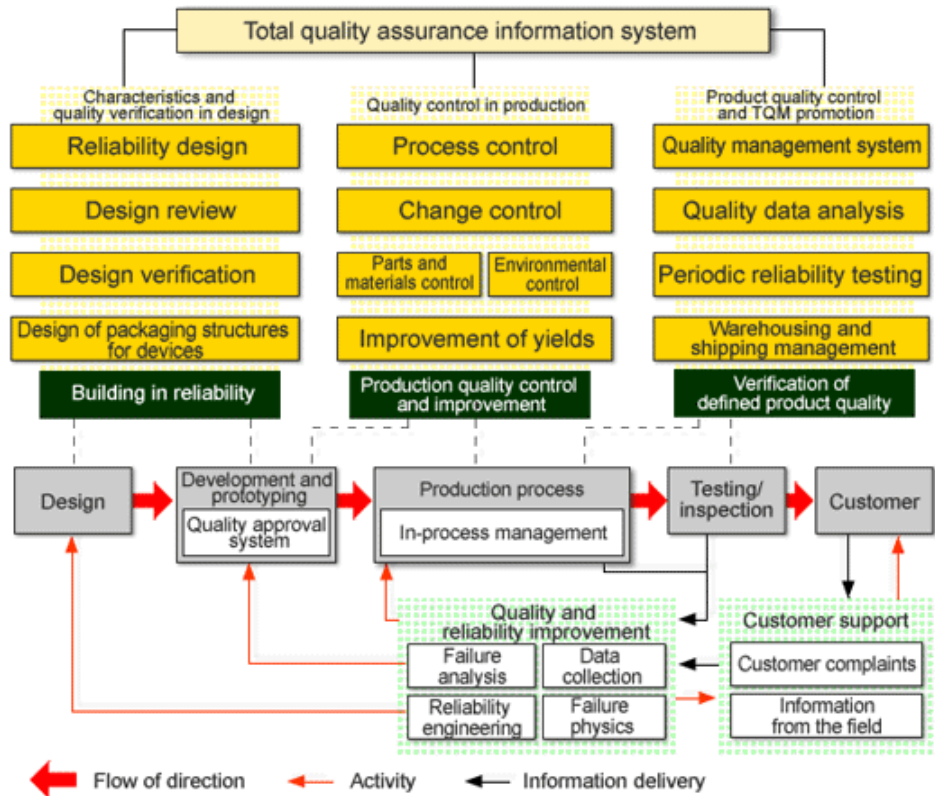
As quality assurance activities towards this goal, we have set the basic policy on quality given below for all employees and established a company-wide quality management system incorporating compliance with international standards such as ISO9001 and ISO/TS16949, so we are all working together to realize product quality that satisfies our customers.

■ Corporate Quality Policy ■

Our basic quality policy is to promote activities for continuous improvement of quality, based on full recognition that the impact of the semiconductor products on the society is spreading continuously.

1. Our first priority is to ensure customer satisfaction by offering quality products, support and services.
2. To conduct business ethically and responsibly.
3. To establish an efficient quality management system based on ISO9001 and ISO/TS16949, and to further improve on the effectiveness of the system.
4. Each Group/Division in the company issue its annual quality targets for key subjects listed below, and always reviews the status of quality performance, followed by a feedback into all related processes.
 - (1) To thoroughly implement built-in reliability into all development and design stages
 - (2) Creation of targets for minimum deviation of product quality and establishment of a system to detect abnormality as early as possible in the fabrication stage
 - (3) To aim for zero defect by thoroughly measuring output to prevent deliveries of defective products to our customers.
 - (4) An enhancement of employee' s ability and improvement of job performance.

■ Quality Assurance System



Publishing and distributing the Reliability Handbook

Partly in response to customer demand, in June 2006 we published a completely revised version of the Reliability Handbook in booklet and PDF file formats, and distributed it to our customers. The handbook summarizes everything from Renesas' approach to quality and our quality-assurance systems, to reliability technologies for building in quality from the development and design stage, and technologies for failure analysis.



Reliability Handbook (booklet edition)

The PDF version is also popular with customers, and has been downloaded from our Website numerous times. Go [here](#) for the download page.

Incorporating a dedicated subsidiary for quality assurance

In April 2007, we incorporated Renesas Quality Engineering Corp., an expert in quality assurance dedicated to testing the reliability of semiconductors and electronic products and the like, as a new quality assurance initiative. We are making quality assurance a specialization and outsourcing it in order to achieve more objective and reliable quality assessments.

■ Status of ISO 9001 and ISO/TS 16949 certification

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Renesas Northern Japan Semiconductor, Inc. Headquarters and production sites		
Renesas Eastern Japan Semiconductor, Inc. Headquarters and production sites		
Renesas High Qualities Inc.		
Renesas Naka Semiconductor Co., Ltd.		
Renesas Design Corp.		
Renesas Quality Engineering Corp.		
(The companies above obtained ISO 9001 certification while part of Hitachi Limited and Mitsubishi Electric)		
Renesas Kyushu Semiconductor Corp.	Nov. 1994	Mar. 2004
Renesas Yanai Semiconductor, Inc.	Jun. 1994	N/A
Renesas Nagano Semiconductor Corp.	N/A	Aug. 2005
Renesas High Components, Inc.	Dec. 1994	N/A
Renesas Technology Sales Co., Ltd.	Dec. 2006	Dec. 2006
Renesas Semiconductor (Beijing) Co., Ltd	Jun. 2001	May. 2006
Renesas Semiconductor (Suzhou) Co., Ltd	Dec. 1998	N/A
Renesas Semiconductor (Malaysia/PENANG) Sdn. Bhd.	Dec. 1993	N/A
Renesas Semiconductor (Malaysia/KEDAH) Sdn. Bhd.	Dec. 1993	N/A
Renesas Semiconductor Europe (Landshut) GmbH	Jan. 1993	Mar. 2007
Renesas Technology America Inc.	N/A	Dec. 2004
Renesas Technology Europe GmbH.	N/A	Dec. 2004

Quality Improvement Initiatives

Semiconductor products are growing more compact and higher functionality at an extremely rapid pace. In order to ensure particularly high levels of quality, reliability, and safety, we are actively committed to improving product quality from the stance that quality is the foundation of the business.

Specifically, our Quality Management Review Conference, which performs overall reviews, and our Quality Management Committee, which improves quality at the organizational and operational levels, evaluate quality at the company-wide level.

We also strive to improve overall quality by constantly advancing a quality-improvement cycle through such initiatives as design reviews for improving the quality of product designs, and process quality control, whose goal is to achieve the ultimate quality.

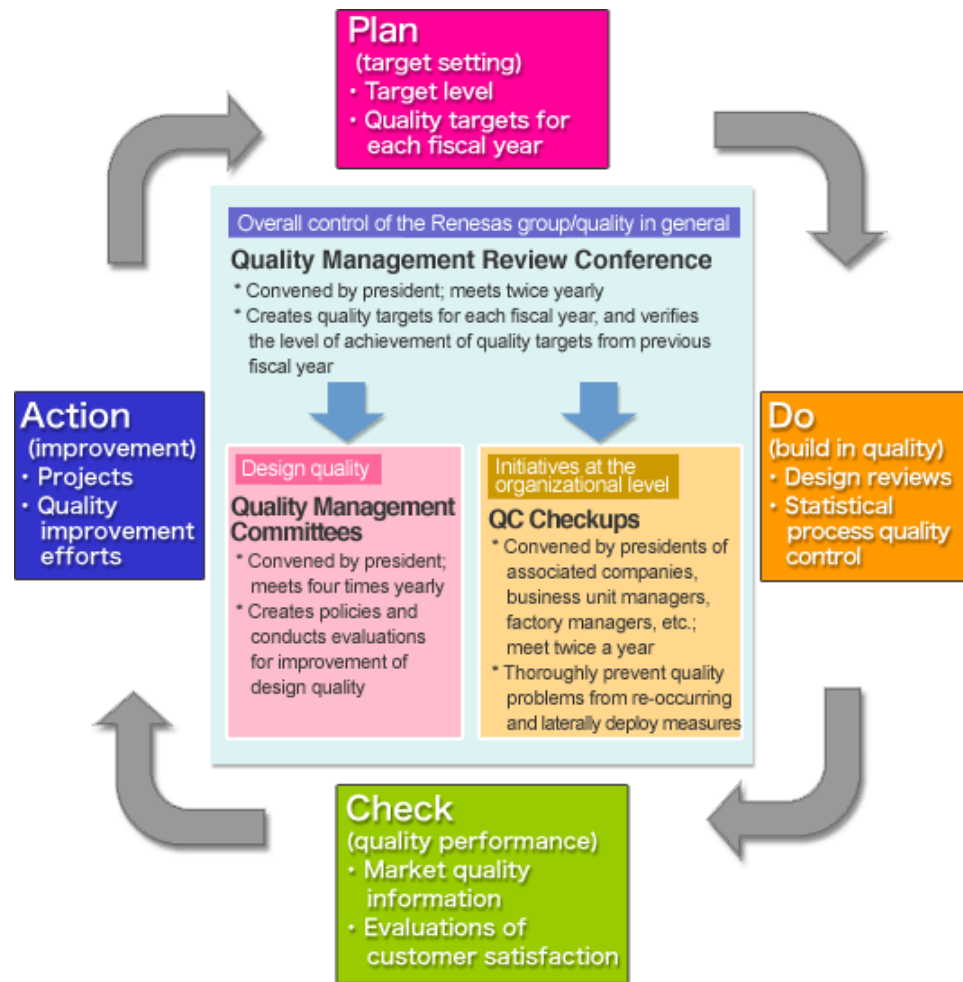
Initiatives to improve quality at overseas sites

Renesas has a large number of overseas production sites. Recognizing the great importance of improving quality control and quality at our overseas facilities, we operate a number of initiatives - especially employee education - while taking into account such factors as local law, working conditions, and lifestyles. Rather than perform design in Japan and production overseas, we have utilized our overseas sites for design as well. The improvement of design skills at our overseas sites is thus an important task as well.

Our specific initiatives in fiscal 2006 were as follows.

- (1) Improve design quality as well as production quality
- (2) Obtain corporate ISO 9001 and ISO/TS 16949 certification, including production, logistics, and sales
- (3) Create overseas QA centers to analyze customer complaints

■ Quality management system




Product Safety

At Renesas, we believe that in addition to quality assurance of finished semiconductor products, true product safety means building quality into semiconductors, and ensuring that the final products and systems carrying our semiconductors operate safely.

We strive to maintain constant close communication with our customers so that they can embed the semiconductors into their final products and systems that are appropriate for the operating and utilization environment, and envisioning the various possible additions.

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Environmental activities and green procurement through the supply chain

At Renesas, we conduct appropriate procurement through our supply chain, with the goals of contributing to society, conserving the environment, and satisfying our customers. Before starting concrete business dealings, we ensure that our business partner understands the concepts incorporated into our Basic Agreement, including our requirements regarding contribution to society and environmental conservation.

We also hold partner briefings session in order to give our suppliers an understanding of Renesas' procurement policies. Such briefings also give us opportunities to explain topical matters not included in our Basic Agreement.

We also hold periodic meetings for purchasing managers in order to ensure that each of our production sites thoroughly understands and practices the procurement standards and the like prescribed by headquarters.

Our approach to green procurement

When purchasing raw materials and the like to use in our products, we practice a green procurement policy, giving priority to the products of suppliers who are actively committed to environmental conservation, and to products with lower or lesser environmental impact that do not contain harmful chemical substances in the products.

In accordance with the demands of our customers' relating to green procurement, we practice green procurement with our direct suppliers as well as with their suppliers, going back to upper suppliers of the supply chain.

Support system for smaller suppliers

While most of our larger suppliers are able to meet our green-procurement requirements through self management, some of our smaller suppliers have difficulties to meet our expectations for environmental conservation through their own efforts. We periodically visit our smaller suppliers in order to provide support to such suppliers in two ways: by giving them "external stimulus," and by supporting their autonomous efforts. These visits by Renesas representatives are attempts to encourage suppliers to conform to green procurement externally at all times, as well as to raise their awareness of green procurement and get them to practice green procurement positively, rather than passively complying with our requirements.

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While of course adhering to law, regulations and international rules, Renesas strives to conduct business based on high corporate ethics.

Legal Compliance

The Renesas Group requires within its corporate rules adherence to all laws and regulations, works to cultivate respect for the law among its employees by conducting in-house employee education, and prevents and corrects illegal behavior through various efforts including internal audits.

Efforts related to export control management

The Renesas Group not only adheres to government-stipulated laws and regulations on export control management but also collects items that should be done voluntarily as a company, and conducts management that goes beyond laws and regulations.

Promoting activities to prevent business with anti-social forces

Preventing business with anti-social forces is clearly stated in the Corporate Ethics Program, and The Renesas Group actively works to prevent such business.

Internal controls and the Renesas Corporate Ethics Hotline

Renesas has established operating rules based on laws in force and has created and launched operation of a Renesas Corporate Ethics Hotline.

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Compliance

Renesas group positions legal compliance as the minimum requirement of CSR activities. Our CSR Charter declares that we will comply with the laws of the nations in which we operate, as well as international rules.

Each Renesas group company reaffirms in its company rules our obligation to comply with the applicable laws and regulations, and strives for prevention and correction of any non-compliance through in-house employee education and internal audits etc.

Group-wide Self-Assessment on Compliance

In 2006, we conducted self-assessment on compliance status throughout Renesas group companies, with the goal of identifying potential risks of violating laws and regulations, and our own company rules. Based on the results of this inspection, we reviewed our operation and other practices. We plan to continue to conduct this inspection in the future.

Compliance with Competition Law

Renesas has been enhancing employee training on competition laws in order to ensure strict and thorough compliance. In addition to the existing education programs focusing mainly on sales and management employees, we will provide such programs with all employees via our e-Learning system and other means for their further recognition and compliance with competition laws.

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Security export control initiatives

The semiconductor products and technologies of the Renesas group are used in all industrial fields. Today, semiconductor technologies are essential for telecommunications, safety management, and other fields; it is thus necessary to handle these technologies with care, so that they are not diverted to purposes that impede the maintenance of international peace and security.

The Renesas group strictly complies with (a) all national laws and regulations and (b) other applicable laws and regulations relating to security export control. We also have our own voluntary compliance program, which controls our transactions at a level exceeding that of the law.

Additionally, we provide education at the group level on the importance of security export control, so that all employees can respond appropriately to the world situation. We manage exports so that the appropriate status is maintained at all times, performing regular audits and making improvements as needed.

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Rejection of transaction with antisocial forces

Our Corporate Ethics Program states, "We will never adopt an antisocial stance that threatens the order and safety of civil society, and never do business with organizations having such a stance." The Renesas group is actively committed to rejecting transactions that harm society (transactions that are directly or indirectly related to so-called sokaiya racketeers or other entities similarly seeking illicit gain from a corporation). Specifically, we have created Self-check Committee at each of our sites and associated companies. The committees strive to prevent transactions that harm society, using self discipline to decide whether to accept or reject each transaction. We have also created a Central Self-check Committee, which oversees the group as a whole, deciding policy, raising awareness and providing guidance, and checking the status of operations of each production site and associated company.

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In 2006, the Companies Act of Japan went into effect. In response, Renesas board of directors, having checked the status of Renesas' internal control system, adopted a resolution on its basic principles of internal control. We have also started an initiative to ensure compliance with the Financial Instruments and Exchange Law (so-called "J-SOX" law), which requires necessary systems for ensuring the properness of financial information and the like.

Renesas Corporate Ethics Hotline

In April 2006, the Whistleblower Protection Act* came into effect. In accordance with this law, we created The Renesas Group Corporate Ethics Hotline Operating Regulations on January 10, 2006 - before the law went into effect - with reference to the intent of the law and our approach to corporate ethics based on our CSR Charter. At the same time, we created and began operating the Renesas Corporate Ethics Hotline, in order to serve as a point of contact for whistleblowers.

Actions at the organizational or individual level that violate or could violate ethical standards (accepted social standards), the law, or the company rules would cause great harm to the company, and by extension to people and property. Such actions also have a major impact on society, and could engender distrust in the company and the industry. All group companies are committed to utilizing the Renesas Corporate Ethics Hotline in order to prevent such actions, and swiftly and appropriately remedy any violations that may occur.

Although the Renesas Corporate Ethics Hotline was received a dozen or so times in fiscal 2006, none of these incidents involved legal violations.

* Whistleblower Protection Act: A law that protects workers from dismissal or other disadvantageous treatment on the basis of whistleblowing business operators' criminal acts.

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In addition to thinking of employee safety and health, Renesas wants to create a work environment that is easy to work in.

Focus on Human Development

This provides information on various items including the Group's thoughts on future human resources related efforts and the concept behind how employees are treated within the Group.

Development of Human Resources

This provides information on efforts by the Group to strengthen individual employees and make the organization more dynamic in order to develop employees that can respond to the changing times.

Diverse Workforce

In addition to continuing to employ the handicapped, Renesas is working to create an attractive workplace that is also easy for them to work in.

Raising Awareness of Human Rights

Renesas is aiming to create a work place that is easy for everyone to work in without being discriminated against and to respect the personality and human rights of all employees.

Occupational Safety and Health and Health Management

At Renesas, the health and safety of employees is protected and efforts are made daily to create a comfortable and motivating work environment, which is the core of corporate activities.

Support for Health, Welfare, and Next-generation Support

Information is provided on the employee benefit system, the goal of which is to improve each employee's safety and desire to work, and the support system of the next generation training, which helps employees balance work and family.

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Focus on Human Development

At Renesas, we identify the vitalization of human resources and organizations as a key element in our business foundation. We advance a variety of human-resource initiatives, with the aim of expanding in concentric circles from the individual, to the company, to society.

Our employees are a valuable asset of the company. We are committed to treating our employees fairly; we respect employee individuality and diversity, and provide a wide range of support to enable each employee to find a high level of motivation in his or her work. In 2005, we created the concept of a human-resource treatment system covering the entire Renesas group.

Approach to Future Human Resource Initiatives

1. Through their work, employees improve their skills and knowledge, and grow as professionals and members of society.
2. Improve the unity of the organization, and fully tap the hidden potential of each employee. Tie concrete results directly and indirectly to company growth.
3. Offer the value of the Renesas vision of peace of mind, comfort, and dreams broadly to a large segment of society through vibrant business activities.

Human Resources Treatment System Concept

1. Build the Renesas human resources treatment system based on the concept of role and performance orientation
2. Provide salaries and bonuses in accordance with role level and actions and results within that role
3. Base the system on results, but also emphasize actions rather than reflecting results alone
4. Create a unified system founded on the three pillars of treatment evaluation, skills development, and assignment, and aim to create a system of mutual links and loops

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Development of Human Resources

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Development of Human Resources

The growth and advancement of each of our employees are essential for the continued growth and development of our company, and to enable us to contribute broadly to society. Our Human Resource Development Committee, whose mission is to promote the development of human resources throughout the group, meets twice a year to create company-wide HR development policies, implement specific measures, apportion budgets, and the like. Each of our sites also has its own Human Resource Development Committee, which responds to HR development policies from headquarters by implementing measures at the workplace level.

In order to develop human resources who can adapt to changing times, we improve and revise our HR development policy each year, also reflecting employee feedback collected through our Employee Awareness Survey.

Initiatives to vitalize human resources and organizations

	Category	Initiative (although specific initiatives will differ by country and group, they will be rolled out with the same approach)
1	Individual improvement	Enhance and expand individualized plans for improving skills and capacity development
2		Enhance global capabilities (increase opportunities to learn international mindset, clarifying international work careers, improving care for employees working overseas, etc.)
3		Expanding educational programs at the site level (enhanced grade-specific training)
4		Create and expand educational curricula for affiliates and international subsidiaries
5		Increase hiring and expand recruiting with a focus on development and design engineers
6		Diversify workforce and enhance utilization of external resources (e.g. alliances and acceptance of loan employees)
7	Improving unity	Increase communication between senior/middle management and junior employees
8		Continue and improve quality of RISM training
9		Utilize management by objectives (MBO) system more effectively (communication tool)
10		Accelerate expansion of leadership training (e.g. coaching) to section-manager class
11		Roll out training program to improve communication skills of junior employees throughout the company
12	Treatment & others	Refine operation of raise and bonus system (e.g. strengthen messages)
13		Enhance award programs (build a system that enables more active, fine-grained, and timely employee recognition)
14		Strive for life-work balance
15		Conduct Employee Awareness Surveys

Renesas Company-wide Educational Curriculum

Grade-specific education

New employees	Leader to assistant manager	Section manager	General manager and above
New hire training	Training for new assistant managers	Selective section-manager training	Selective general-manager training
First-year review training	Training for senior assistant managers		
Report results of training		Training for new section managers	Leadership training

Job-specific training / Technical training

New employees	Leader to assistant manager	Section manager	General manager and above
Basic course	Specialized courses (about 70 classes)		
Patent training	Skill-check trials		

Job-specific training / Sales training

New employees	Leader to assistant manager	Section manager	General manager and above
Sales case study training			
Practical sales; skills; technical knowledge (about 80 courses)			

Job-specific training / Skills training

New employees	Leader to assistant manager	Section manager	General manager and above
New manager training	Production leader development training Renesas SET college In-house skills testing		

Globalization training

New employees	Leader to assistant manager	Section manager	General manager and above
	Overseas student exchange/OJT		
English presentation/negotiation training			
Selective Chinese-language training			
In-house English-language testing			

Business skills training

New employees	Leader to assistant manager	Section manager	General manager and above
	Study in Japan (full-time attendance of university/business school)		
	Logical presentation training		

Common education

New employees	Leader to assistant manager	Section manager	General manager and above
RISM training			
Management reading list			
Third-party education (technology, business skills, internationalization, etc.)			
CSR education			

Support for self-directed study

New employees	Leader to assistant manager	Section manager	General manager and above
Distance education			
Language training (English/Chinese)			

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Diverse Workforce

As of end-October 2007, Renesas' disabled employee ratio was 1.74%, which unfortunately is below the statutory employment ratio. In addition to continuing our efforts to hire persons with disabilities, we will advance initiatives to create a workplace that is attractive to and supportive of persons with disabilities, in order to contribute to a society as a company that enables everyone to harness their individual capabilities.

Creating a barrier-free environment

At our Kitaitami Office, the building roof serves as an employee break area. We have built elevator and ramp access to the roof, in order to make it easier for employees with physical handicaps to utilize this break area. We also have a policy to create an environment that is barrier free in a variety of aspects during future construction and renovation of buildings and facilities.



An elevator provides access to the roof at our Kitaitami Office

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Raising Awareness of Human Rights

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Raising Awareness of Human Rights

The resolution of human-rights issues is a national issue.

Corporations also have a great social responsibility to help resolve these issues. At Renesas, we respect the individuality and human rights of all employees, and we strive to create a discrimination-free workplace that is supportive of everyone. For this purpose, we have created a Human Rights Awareness Committee, and strive to increase awareness of human rights through training and other awareness-raising activities, in order to ensure that each employee understands the essence of this concept.

We also have a Company-wide Guideline for the Prevention of Sexual Harassment. We strive to prevent sexual harassment and actions that could be misconstrued, and we are committed to creating an environment that facilitates consultations about sexual harassment through the creation of a Sexual Harassment Support Center.

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Occupational Safety and Health and Health Management

We believe that protecting our employees' safety and health is a priority. At Renesas, we have an unflagging commitment to protecting our employees' safety and health and creating a comfortable and motivating working environment. These efforts are the foundation of our corporate activities.

Actual safety programs are controlled and managed at the site level, in accordance with our Disaster Preparedness, Safety and Health Mid-Term Plan and our annual policy, which are discussed and approved at our Company-wide Safety and Health Conference. Each site has an Occupational Safety and Health Committee chaired by the site manager. This committee leads checks of the occupational safety and health environment of each workplace. If areas for improvement are then reported, each site responds individually, and a report is sent to the Company-wide Safety and Health Conference. Verification is then performed, and more thorough safety implemented.

We are currently undergoing certification for a company-wide occupational health management system (OHMS) as part of our goal of achieving true safety. As of this writing, three of our seven target sites have obtained certification, and we expect to obtain certification for all seven sites by the end of fiscal 2007.

Mental healthcare

In today's stressful society, it is recognized that it is extremely important to maintain both physical and mental health. We implement mental-health measures at all sites, including at associated companies.

Our goal is to enable our employees to stay healthy, cheerful, and enjoy their work. At our Health Management Center, we have created a consultation environment that makes it easy for anyone to receive diagnoses and counseling from industrial physicians and contracted counselors. We also build plenty of time for mental-health training into our training programs.

Additionally, when employees are assigned to overseas posts, the different working environments make them susceptible to loss of mental balance. We therefore give employees mental-health checkups upon their return to Japan.

Renesas is obtaining OSMS certification as an indication of the suitability of our occupational safety and health management.

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Support for Health, Welfare, and Next-generation Support

Toward Respect for the Individual

- Focus on Human Development
- Development of Human Resources
- Diverse Workforce
- Raising Awareness of Human Rights
- Occupational Safety and Health and Health Management

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Support for Health, Welfare, and Next-generation Support

Our health and welfare program aims to provide peace of mind to each employee and improve their job satisfaction, accurately tracking changes in employee needs and lifestyles over time, based on a fundamental approach of ensuring a wide range of choices and fairness, appropriate payments by beneficiaries, and support for self-help efforts.

Our next-generation system supports a work-life balance. The system offers multiple programs available at each stage of the child-raising process, from pregnancy, to childbirth, to infant care, to schooling. The system also offers many different forms of support, including shortened working hours, short and long-term leave, and re-hiring after resignation. This gives our employees choices suited to their life and work.

This system includes a unique Renesas program: Support Leave, which enables employees to take leave for their spouse's fertility treatments, and their children's school ceremonies and other events. In addition to Support Leave, our Spouse Childbirth Leave Program helps our male employees to balance work with their families.

In the future, we will work to improve the utilization of these programs, actively encouraging employees to take advantage of them rather than simply making them available.

Health and welfare programs supporting work-life balance, and utilization rates

Program	Description	Utilization
Childbirth leave	generally up to 8 weeks	Used by 42 people in fiscal 2006
Childcare leave	generally until March 31 following first birthday	32 people began leave in fiscal 2006
Shorter working hours for childcare	working hours can be shortened to a minimum of 6 hours/day	36 new program users in fiscal 2006

The Support Leave Program

Employees can utilize the Support Leave program flexibly to meet a variety of leave needs, including treatment of an injury or illness, spouse fertility treatments, medical examinations, volunteering, and events relating to children's education, such as school ceremonies and classroom observations. We created this unique Renesas health and welfare program in August 2006 in order to provide a broad range of support to our employees, including enabling employees to independently manage their health and contribute to society, and balancing work with personal life.

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Environmental Activity**Renesas CSR activities****Renesas Philosophy**

Renesas Technology will provide continuous reassurance, comfort, and help people fulfill their dreams, by maintaining and promoting of environmental conservation through our whole business activities and employees' action.

Environmental Protection Action Guidelines

1. Through a concise understanding of how best to resolve environmental problems facing the world, we will work to make contributions to society through the development of highly reliable technologies and products that meet those needs.
2. We consider reducing the negative environmental impacts which products will have throughout its entire life cycle, from the R&D and design stages, through to production, logistics, use, and disposal.
3. In addition to observing international, national and local environmental regulations, we will develop our own standards where necessary to maintain environmental conservation.
4. In addition to working towards enhancing the environmental awareness of our employees, we will focus our activities on society at large, contributing to that society through environmental preservation activities carried out from a broad perspective.
5. When environmental problems arise as a result of our business activities, we will take appropriate steps to minimize the environmental impacts, and disclose accurate information about that immediately.

Lineup:**Environmental Report****Environmental Vision****Green Procurement****ISO14001 Certification**

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RENESAS CSR REPORT 2007

This gives information on Renesas contributions to the local community as a member of society.

Contribution as a semiconductor manufacturer

Renesas products and technology are used in various locations, including educational settings and at events, which many people appreciate.

Volunteer activities

Renesas has developed diverse volunteer activities, which included visiting nursing and welfare facilities, planting trees in order to project the environment, and conducting local clean-up activities.

Interaction with the local community

Renesas independently plans and sponsors local events and is active in interacting with the local community through sports events.

Environmental protection activities in Suzhou China

At Renesas Semiconductor (Suzhou, China), both employees and their families actively work to protect the environment.

Other activities

This provides information on contributions made in other areas by The Renesas Group.

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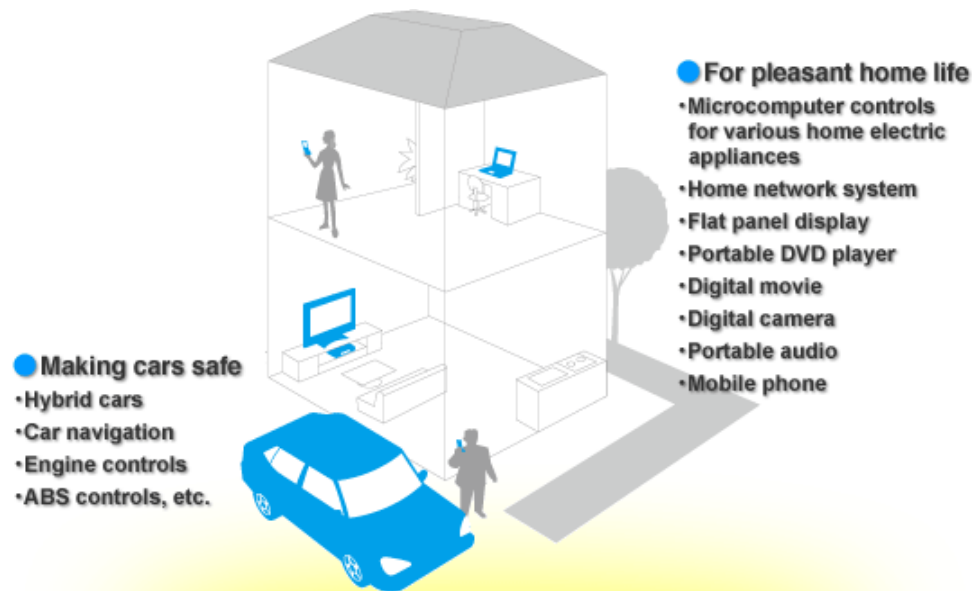
Contribution as a semiconductor manufacturer

Renesas supports the development of industry and an affluent society by providing semiconductors, peripheral products, and related services. Renesas is a top semiconductor manufacturer, which is evident by the company's various achievements, including having reached in February 2007 the milestone of having shipped an accumulated total of more than 1.0 billion units of its main product flash microcomputers. The company is active in a broad range of fields, including the civilian, industrial, and automobile ones.

As for CSR, Renesas first demands that employees adhere to the laws, regulations, and rules and give consideration to the company's common ideas. However, the company's efforts are not limited to CSR activities that typical companies could conduct, but demand contributions to society based on Renesas unique business. Therefore, the company searches daily for ways that it can contribute to society through its role as a semiconductor manufacturer.

In all areas of people's lives,.....

As Renesas corporate philosophy is "Renesas Technology will provide continuous reassurance and comfort, and will help people fulfill their dreams, by providing technology advantages in all aspects of their lives," the Group's products are used in everyone's daily life.



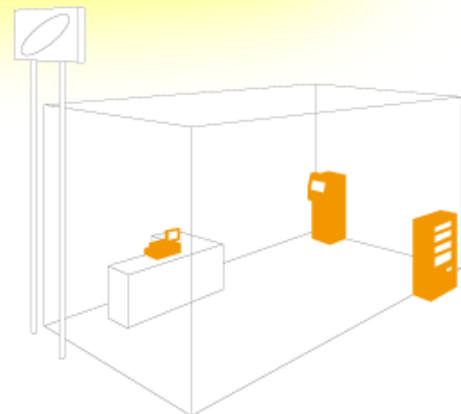
- Making cars safe
- Hybrid cars
- Car navigation
- Engine controls
- ABS controls, etc.

- For pleasant home life
- Microcomputer controls for various home electric appliances
- Home network system
- Flat panel display
- Portable DVD player
- Digital movie
- Digital camera
- Portable audio
- Mobile phone

Moving toward a ubiquitous society



- Making business more efficient
- Note PC
- Storage
- PDA
- CIS
- Multi-function printers



- Making towns easier to live in
- Vending machines/ticket machines
- ATM/CD
- POS terminals

Support for the Micom Car Rally

The Micom Car Rally is a nation-wide timed-race of microcomputer-controlled cars that run completely on their own having been programmed by participants. In addition to the sponsorship of The National Association of Principals of Technical Senior High Schools, numerous organizations provide support including the Ministry of Education, Culture, Sports, Science and Technology and the National High School PTA Association. As a cosponsor of the event, Renesas actively supports the competition, and this support includes providing both the microcomputers used in the competition and the technical advice.


Through this work, Renesas supports mental and human development through manufacturing.

Offering and supporting college courses

Renesas offers not only the Renesas Technology Advanced Analog Circuit Engineering course at Gunma University but also the Advanced Semiconductor Manufacturing Processes course at Ibaragi University, and in these ways, the company contributes to educating the next generation of engineers.

In addition to dispatching teachers when offering these courses, Renesas also provides other support including donations of test material.

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Volunteer activities

Volunteer activities include both contributing to local communities as a corporation and supporting volunteering by individual employees.

As a corporate citizen that is a member of the local community, Renesas conducts clean up activities targeting local parks, river beds, and the area around offices. In addition, Renesas, which has offices and group companies throughout Japan, does numerous types of volunteer work that is closely tied to the local community, which includes visiting nursing and welfare facilities, repairing wheelchairs, conducting clean-up activities, and maintaining cherry blossom trees at parks.

The Kochi office supported work to plant trees in order to preserve water resources and participated in the planting of trees on the upper part of the Monobe River in cooperation with both prefectural and local municipal public employees.



Donation of wheelchair through the collection of aluminum cans (Haguro Electronics, Co., Ltd.)



Participation in the Ozu-machi Environment Beautification Day (Renesas Kyushu Semiconductor Corp.)



Yonezawa Seiwa Group's Walking and Garbage pickup (Renesas Northern Japan Semiconductor Inc., Yonezawa Plant)



Grass cutting work sponsored by the Kumamoto-ken Kankyo Hozen Kyogikai (Kumamoto prefecture Environment Preservation Council) (Renesas Kyushu Semiconductor Corp.)

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Interactions with the local community

At Renesas, each office has traditionally taken part in various local community activities in their area. In recent years, Renesas not only supports local events, which includes taking part in the event, but also under the banner of Renesas Festival Throughout Japan, plans and hosts its own events, such as a Spring Festival, Summer Festival, and Softball Festival, which have been very popular among local residents.

One of Renesas characteristics is that the Group also emphasizes contributing to the local community through sports activities. In addition to supporting both softball clinics for local students and citizens conducted by Renesas Takasaki Women's Softball Team and basketball events conducted by the Kofu office's Kofu Queen Bees, the Group holds various other sporting events. Furthermore, Renesas helps promote local community sports by opening gymnasiums and grounds that the company possesses to the general community.



Taking part in Nebuta Festival (Renesas Northern Japan Semiconductor Inc. - Tsugaru factory)



Participation in the squid dance at the Hakodate Harbor Festival (Renesas Northern Japan Semiconductor Inc. - Hakodate Factory)



Participation in the Yakumo Float parade (Hokkai Electronics Co., Ltd.)



Large-pot stew at the Yonezawa Industry Festival (Renesas Northern Japan Semiconductor Inc. - Yonezawa Plant)

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At Renesas Semiconductor (Suzhou) Co., Ltd., employees and their families actively work to protect the environment.

In fiscal 2006, these activities included recycling work - separating waste and donating items such as books, clothes, and toys that employees no longer needed to NPOs. In addition, various possibilities of activities are being examined such as education activities in order to share a sense of the importance of the environment through events such as a photo contest. Renesas will conduct various activities in the future and wants to increase further awareness of environmental protection by employees and their families. A greater awareness of the environment by individuals and the sum of individual activities can have major effects.

Environmental education activities at Suzhou University

At Renesas Semiconductor (Suzhou) Co., Ltd., employees and their families actively work to protect the environment.

When renting the Suzhou University's gymnasium for in-house events including sports meets, the company used break times such as lunch time to distribute the company's own environmental pamphlet to employees, their families, and college students. These pamphlets provided explanations of environmental issues and the company's efforts. The company uses in-house events to explain items such as its stance toward environmental protection and thoughts on natural resource recycling and to provide both Renesas employees and the local community an opportunity to think about environmental issues.

Tree planting activities

Tree planting activities are held in both Suzhou and the Suzhou agricultural and forest area. The Suzhou agricultural and forest area is located on the shorefront of the humungous Taihu Lake, which is about three times the size of Japan's Lake Biwa. Under the supervision of professional tree planters, one hundred camphor trees were planted in fiscal 2006. These activities not only heighten awareness of the importance of the environment but also cultivate a feeling of the importance of each individual employee participating in and contributing to activities to combat global warming. Furthermore, it is expected that by expanding fields of activities outside the company, such as planting activities, Renesas Semiconductor Sozhou will lead to an understanding that the company is conducting business that stresses harmony with nature.



Tree planting activities in Suzhou

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The Renesas Group actively cooperates with charity fund raising for disasters such as earthquakes that have occurred either in Japan or other areas of the world.

In addition, the Musashi office provides part of its grounds to the city for use as a park and, as a measure to relieve congestion on neighboring roads, allows city buses to use the roundabout on the grounds. These are some of the examples of the various efforts that are helpful to local citizens.

■ The Renesas Group Local Community Contribution Activities for FY2006

Type	Details	No. of events
Event related	Renesas sponsoring events, co-sponsoring events with Hitachi Ltd. and Mitsubishi Electric Corp., dispatching personnel, making donations, and participating in running local festivals and exhibitions, etc.	63
Donations	Collecting money or donating used stamps and pre-paid cards.	42
Volunteering	Clean-up activities and visiting facilities such as hospitals and nursing homes.	60
Sports exchange	Possessing a company sports team, providing technical guidance by each specialized division, holding sport meets.	18
Facilities	Opening facilities such as gymnasiums, grounds, and tennis courts to the general public and accepting requests for tours of the plants.	16
Courses/teacher dispatch	Holding courses at Gunma University and Ibaragi University, dispatching teachers and testers to government sponsored events.	6
Traffic safety	Dispatching personnel to and participating in local traffic safety campaigns.	9
Other	Supporting activities by organizations outside the company, providing internships, cooperating with blood drives in each area, etc.	51

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RENEASAS CSR REPORT 2007

This provides the valuable opinion of experts received by Renesas.

Interview with Team Director Taeko Utsugi

Taeko Utsugi is not only the team director of Renesas softball team but has also led the All Japan team to two Olympics (Sydney and Athens) and has recorded many dazzling achievements. She discusses CSR from the perspective of an athlete and training within the corporation.

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Interview with Team Director Taeko Utsugi

**Communication that Goes Beyond
Words: A Vital Factor for Developing
Human Resources****Taeko Utsugi**

Team Director

Renesas Takasaki Women's Softball Team



Taeko Utsugi not only manages the talented Renesas Takasaki women's softball team, but she also led the Japanese Olympic team to silver and bronze medals at the Sidney and Athens Olympics. Moreover, Ms. Utsugi is also a corporate leadership-training instructor. We talked with her about developing human resources within Renesas. Her approach benefits from insights gained in her sports activities.

Please describe what happened when you first took over the Renesas (then Hitachi Takasaki) team as team director?

It was a tough time. This was the first time a woman had managed a company softball team. Company executives told me that the semiconductor business has ups and downs, so they wanted me to create a team that would cheer people up during difficult business times. That meant that I had to create a team that would earn the loyalty of Renesas employees - one that would encourage them to become real fans who would flock to the ballpark to cheer for us.

My management approach is based on the reality that sports activities are always, first and foremost, all about people. The players are the primary factor, and you can't develop a good team without putting yourself in other people's shoes. So I used that reality when I started making the rules that would apply to team members. I stressed things like ways to greet people, being on time, keeping neat and orderly, being considerate and attentive to others, and so on. When you say it, it seems obvious that such good behaviors should be practiced and enforced. Nevertheless, it's essential that people are encouraged to comply, and rules clarify key issues.

One reason that this is important is that I can tell everything about a player by their greetings - from their physical condition to their mental state. Greetings serve as the doorway to communication, and they allow you to get to know the player better.

It's true that I also urged my players to put themselves in the shoes of the fans who came to cheer them. The final score of a game is important, but it is not everything. I would ask them what our fans would think if they saw us playing without enthusiasm. Would our performance warrant wholehearted cheering? No - and it always should!

**Does this kind of approach also apply to human-resource development in the corporate setting?**

It's the same thing. Leaders should always be paying attention to their people when they're training. It's not

enough for a manager to understand on an intellectual level that communication with subordinates is important. The point is that that knowledge must be put into practice. You can't assume you've communicated with someone just because you talked about a subject.

When people lack confidence, they look down, or refuse to meet your eyes. This is something that everyone does. They can't look straight into the other person's eyes. On the other hand, if they are confident and interested, they'll naturally start leaning forward. They start looking straight into the other person's eyes. Leaders shouldn't ignore these unconscious attitudes, which are sometimes termed "body language." More than words, those are the kinds of things I watch for most carefully in my players.

As a team manager, I show confidence in my players and pay close attention to them - listening to what they say verbally, but also observing what their body language is telling me. I think that this is the true meaning of effective communication.

Lately, there has been an emphasis on respecting individuality and diversity. It seems like the old management style of strict discipline would be difficult now...

Of course it's important to respect individuality and diversity. But this isn't just a reflection of the times we live in or a topical management directive. Instead, it's a basic truth for encouraging successful human interactions. When you are talking about developing human resources in a company, it is critical to make basic rules for employees that cover things like greetings and then teach those rules very thoroughly, just as I have done with our softball team.

When it comes down to it, the best way to teach is to apply the basic, well-proven knowledge and techniques that educators use every day. For instance, you must recognize that in order for people to grow in their capabilities - whether they are employees or softball players, or others - each person must figure out for himself or herself what actions they should take. If you want to develop people, don't try to teach them all the answers. Offer guidance on problem solving methods that work, but urge them to analyze the problem and formulate their own solution.

Managers can talk themselves blue in the face, yet subordinates still won't learn until they discover what they can and cannot do - what their capabilities are - and especially what they can do better than anyone else. Employees and athletes who understand this grow enormously.

What's should a person being developed do to become more successful?

After they determine what they can do as well or better than anyone else, they should market that trait or ability to their boss. They also must have their own targets and goals. This is also important. One primary target of a softball player, for example, is to make it to the first string. But no more than 10 people, including the DP [designated player], can do that. If a person doesn't make it to the first string, does that mean that their targets and goals have been destroyed? No, they should revise them; make new ones, so that they always have something they can strive for. One goal might be to become the best at picking up bats after players get hits, for instance. It's a more modest goal, to be sure, but still a good and useful one that benefits the entire team.

I think that after a person figures out which activity or activities they can perform better than anyone else, they should strive to be the very best in your country at doing it - or even try to be the best in the world. That would be a fine goal. As they say, "Excellence is its own reward." And, in my experience, it is.

Let me change the subject to corporate social responsibility (CSR) and legal compliance. There is now an increasing call in our society for both. Doesn't this translate well into sportsmanship: obeying the rules, and playing fairly and squarely?

It's the same principle. In my opinion, the huge interest that the public has in CSR and legal compliance shows how great their expectations of companies are. As a result, within the corporation you must always know the rules and should never allow yourself to relax. When people get used to their environment - become comfortable with it - they tend to gradually let their guard down. For example, they start to take it for granted that people will do things for them. If the organization gets lazy and yet still has a measure of success, being lazy becomes taken for granted, too. Relaxing your guard in this way becomes a breeding ground for inefficiency and poor performance at best, or scandals at worst.

In sports, you must retain and constantly nourish the drive to win, the aim of being the best. Otherwise you become complacent and lose your competitive edge. The same is true in the corporate world. When you've got good results, everyone's your friend, but when losses occur or a scandal breaks, everyone starts to criticize. To avoid such situations, it's necessary to be unceasingly proactive in pursuing excellence. Management and employees must take actions in advance that prevent bad results. The entire company must squash complacency when things are good, and not let its guard down.

With regard to environmental initiatives and CSR activities, you can't get discouraged when things are tough and try to hide from problems. Instead, you've got to face the issues, tackle them head-on, and strive to win despite all obstacles - just as the Renesas women's softball team does on the playing field!

Thank you very much for taking the time to talk with us today.

Thank you.

A handwritten signature in black ink, appearing to be 'S. H. Lee', written vertically on the right side of the page.

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