

## ULVAC Group CSR

The following objectives are the core of the ULVAC Group's CSR:  
 Fulfilling our responsibilities to all our stakeholders; and  
 Contributing to society by researching and developing cutting-edge technologies.

### Corporate Philosophy

ULVAC Group companies cooperate to contribute  
 to the evolution of industries and science  
 by using vacuum technologies and the peripheral technologies all-inclusively.

### Responsibilities to stakeholders

|  |   |   |
|--|---|---|
|  | <b>Customers and suppliers</b><br>ULVAC regards customer relationships as imperative, and is continuing efforts to enhance quality and safety.  | <ul style="list-style-type: none"> <li>▶ Greater Customer Satisfaction and Quality – P.19</li> <li>▶ Fair and Impartial Business Dealings — P.21</li> </ul>   |
|  | <b>Shareholders and investors</b><br>ULVAC strives to disclose corporate activities and financial information promptly to communicate closely with shareholders and investors.                          | <ul style="list-style-type: none"> <li>▶ Expanding the Scope of IR Activities — P.23</li> <li>▶ Business Report for the 104th Term — P.25</li> </ul>  |
|  | <b>Employees</b><br>ULVAC offers various measures for establishing a comfortable and secure working environment where employees can take a variety of approaches to work.                               | <ul style="list-style-type: none"> <li>▶ Creating a Comfortable Work Environment – P.27</li> <li>▶ Respecting Workforce Diversity — P.29</li> <li>▶ Systems for Product Safety and Occupational Safety and Health — P.31</li> </ul> |
|  | <b>Global environment</b><br>ULVAC regards the conservation of the environment as one of the core issues for humankind, and always takes the environment into consideration in its business activities. | <ul style="list-style-type: none"> <li>▶ Environmental Initiatives of the ULVAC Group — P.33</li> <li>▶ Environmental Management System — P.34</li> <li>▶ Environmental Performance — P.39</li> </ul>                               |
|  | <b>Local communities</b><br>ULVAC tries to carry out social contribution activities that are embedded in the customs and culture of each country and region.  | <ul style="list-style-type: none"> <li>▶ Corporate Citizenship Activities at Domestic Sites- P.41</li> <li>▶ Social Contribution Activities in Global Community- P.43</li> </ul>  |

## Corporate Governance

The ULVAC Group regards corporate governance to be one of the most important issues for business operations. We believe that compliance with laws and regulations leads to the improved performance of corporate responsibilities, and furthermore to the enhancement of corporate value.

### ULVAC's management structure

#### Establishing the foundations for greater corporate value

ULVAC regards fairness, neutrality and transparency as vital for business operations. Accordingly, our 18-member Board of Directors includes two external directors, and the five-member Board of Corporate Auditors includes three external corporate auditors. The Board of Directors meets as required to maintain momentum, in addition to the regular monthly meetings. The corporate auditors have established close ties with the Internal Auditing Office and also with external independent auditors, while maintaining the necessary objectivity for closely overseeing the business structure. ULVAC's business structure has been configured to allow prompt management decision making, while maintaining sufficient monitoring functions.

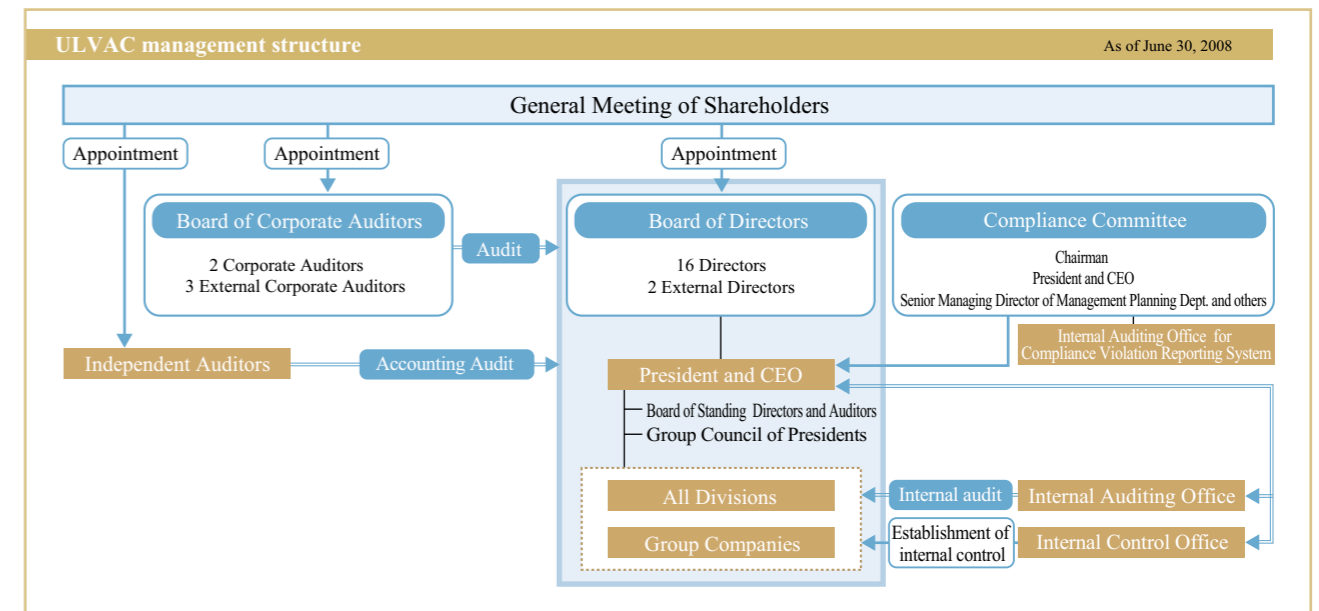
#### Operational structure

ULVAC has established a Board of Standing Directors and Auditors to supplement the Board of Directors, to

enable prudent examination of key business matters when conducting operations. Meetings of the Board of Standing Directors and Auditors are held twice a month on a regular basis, and additional ad-hoc meetings are held as required, enabling prompt management decision-making. The corporate auditors participate in all important company meetings including those of the Board of Standing Directors and Auditors, so that they can impartially express their opinions and conduct monitoring activities.

#### Company-wide measures

ULVAC has established a Corporate Code of Conduct that sets out the code of conduct required of each employee, and distributed its booklet to each employee. ULVAC has established the Compliance Violation Reporting System, which is available for all employees, and the Compliance Committee that deals promptly with matters reported. Through taking these comprehensive actions ULVAC has practiced its commitment to corporate governance.



# Compliance

To introduce systems for full compliance with laws and regulations, the ULVAC Group has systematically established Compliance Regulations and related rules. The regulations stipulate matters related to the Compliance Committee and the Compliance Violation Reporting System, and activities are continuously implemented to cement a spirit of compliance across the company.

## Establishment of a Corporate Code of Conduct

### Cultivating a spirit of compliance in each employee

ULVAC has established a Corporate Code of Conduct consisting of 18 items that describe the behavioral standards expected of employees. A booklet outlining the Code of Conduct is distributed to each employee with the explanation of contents. This serves as guide of each employee's spirit of corporate compliance.

### Corporate Code of Conduct

- |  |  |
|--|--|
| 1. Excellent Products, Services, and Safety                                    | 10. Assurance of Safe and Healthy Work Environment |
| 2. Sound Corporate Association with Business Partners and Affiliated Companies | 11. Compliance with Laws or Ordinances             |
| 3. Promotion of Maintenance of Fair and Free Competition                       | 12. Insulation from Antisocial Forces              |
| 4. Protection of Intellectual Property Rights                                  | 13. Disclosure of Information                      |
| 5. Corporate Secrets   | 14. Global Environmental Protection                |
| 6. Client Information  | 15. Local Contribution                             |
| 7. Respect for Employee's Personality and Individuality                        | 16. Overseas Business Activities                   |
| 8. Respect for Privacy   | 17. Thorough Implementation of Corporate Ethics    |
| 9. Respect for Human Rights and Nondiscriminatory Treatment                    | 18. Pronouncements by Individuals                  |

serve as members of the Compliance Committee to ensure prudent examination while assuring the fairness of internal investigations. Each member is required to maintain strict confidentiality, and operate the system so that reporters and investigators are not treated detrimentally. Numerous interviews are held for internal investigations, both with internal and external persons, and attorneys also attend in cases where expertise is required.

### Dealing with acts of violation

If, as the result of an investigation, the Compliance Committee finds that laws and internal regulations are being violated, action is quickly taken to put a stop to the act causing the violation. Penalties are imposed on those involved in the violation, and stringent penalties may be imposed in the case of serious violations after examination by the Disciplinary Committee. In addition to investigating individual cases, the fundamental causes that brought about the violation are also studied to formulate measures for preventing recurrence.

## Compliance with laws and regulations via the Compliance Violation Reporting System

### Prevention of risk expansion through requirement for strict confidentiality

ULVAC has developed a Compliance Violation Reporting System to minimize the effects of any violations of laws and regulations. The contact point for the Compliance Violation Reporting System is the Internal Auditing Office that serves as the secretariat of the Compliance Committee, the internal compliance investigation division. To facilitate the use of the Compliance Violation Reporting System, the independence of the Office's activities is ensured, and anonymous information is accepted. Moreover, the President and general managers of each department

## Active global development

### Yoshihiro Tsunemi

Senior Managing Director and General Manager of the Management Planning Department

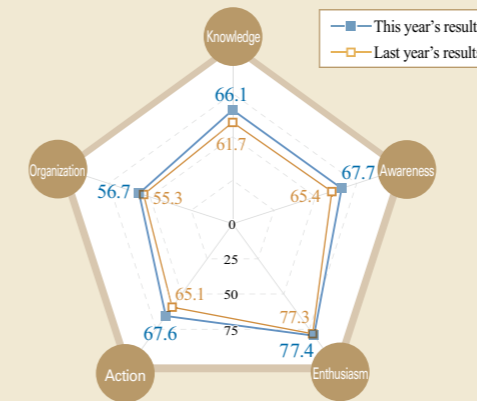
ULVAC established the Compliance Committee in 2003, and operates in accordance with the Corporate Code of Conduct. We recognize that the Corporate Code of Conduct does not exist solely to ensure compliance with laws and regulations, but also to achieve the basic business policies of ULVAC through the awareness and actions of each employee.

We will continue our commitment to education so that the spirit of the Corporate Code of Conduct is more widely adopted by each employee. In addition to developing ethical and compliance systems within domestic Group companies, we will also establish these systems at local subsidiaries overseas, with consideration given to the customs and culture of each country and region.

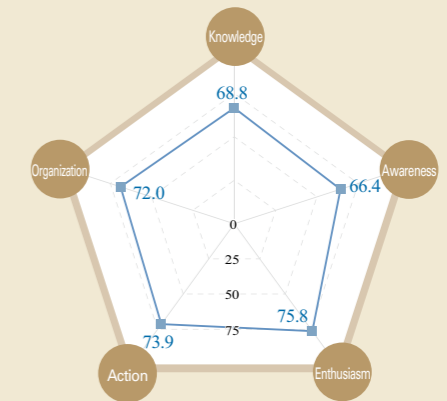
## Results of opinion poll

As part of its preparation of the CSR Report, the ULVAC Group conducted a survey on CSR including the major overseas sites in the scope of the survey. A total of 331 individuals were surveyed (206 from domestic sites and 125 from overseas sites). We will use the survey results to proceed with our CSR activities more actively.

### Domestic (by category)



### Overseas (by category)



Survey on opinions regarding CSR  
(25 questions in 5 categories)

- Knowledge ..... Do you possess basic knowledge related to CSR?
- Awareness ..... Are you aware of CSR while conducting your daily business?
- Enthusiasm ..... Can you implement CSR activities when faced with an issue?
- Action ..... Have you actually conducted CSR activities?
- Organization ..... How do you feel about ULVAC's CSR?

The score by category was the highest for 'Enthusiasm' with an average score of 77.4 points for respondents from domestic companies, followed by Awareness, Action, Knowledge and Organization, in that order. The results showed a similar tendency to the previous year.

The highest average score for both domestic and overseas respondents was recorded in response to the statement 'When a claim is received or you make an error in your work, you report it promptly' (87.4 points for domestic and 86.6 points for overseas respondents). One of the business policies of ULVAC is an 'open and dynamic organization.' We see it as essential to create an environment where employees can challenge new tasks without being afraid of making mistakes. The survey result indicates that our corporate culture has taken hold. In fact, employees share issues related to claims and errors to themselves, and resolve the situation across the organization as a whole, which results in the development of new expertise.

The second-highest average score was seen for domestic respondents in response to the statement 'Negative information about the company (scandals and accidents) should be made public promptly' (86.0 points). On the other hand, the score was 64.4 points among overseas respondents, clearly indicating that there is a significant gap in awareness. The ULVAC Group has expanded its overseas business rapidly in the past few years. The Company has sought to strengthen internal control to accommodate the diverse nationalities and employment modes of employees. Through the survey, we confirmed that education addressing the climate and culture of each country and region is required to strengthen ties between the Group companies.

The average score was low in response to the statement 'Participated enthusiastically in social contribution and regional volunteer activities' (second-lowest among domestic respondents at 44.9 points, and third-lowest among overseas respondents at 57.8 points). To improve awareness of such activities, we need to search for new kinds of social contribution activities that provide opportunities for communication between employees, their families and regional communities.

## Risk Management

The ULVAC Group has developed an organization that facilitates prompt and appropriate action against increasingly complex and diverse risk factors, through a process of identification, classification, analysis and evaluation. By linking the risk management system to strategic business administration, we seek to achieve even greater corporate value.

### Creating a risk management system

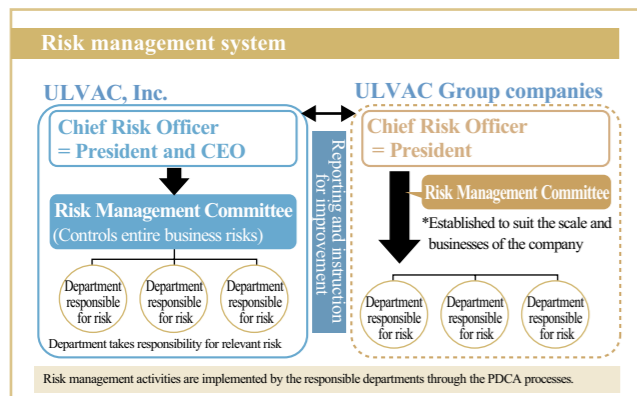
#### Establishing rules common across Group companies, and strengthening the system for dealing with diverse risks

The ULVAC Group believes that expanding the risk management system is a critical business task, and it is continually looking at how best to operate the system. We have established the ULVAC Risk Management Policy to implement rules common across all Group companies. As a result, information on risks is conveyed promptly to related departments and also to the President, to enable flexible and timely action. A system has been established whereby the President of each Group company assumes the position of Chief Risk Officer, and conveys risk information to the President of ULVAC.

### ULVAC risk management system

#### Establishing a Risk Management Committee for continuous system development

ULVAC has classified a wide range of risks, and has set up departments responsible for each of them. Each division functions as an information center that works with related departments to identify and evaluate all specific risks, and then collects information to deal appropriately with the situation, while



detecting any issues that arise. For risk information deemed to be important in the evaluation process, we continually collect information to enable prompt responses to emergencies. A Risk Management Committee, chaired by the President, has also been established to verify the risk management system. As the supervising organization for risk management, the Committee meets twice a year to set out basic policies and improve the management and operational situation.

#### Creating an internal control system

ULVAC has built an internal control system for the entire Group, so that the governing organization will also comply with legal requirements. ULVAC works closely with each Group company to develop and improve the administrative systems of Group companies, including their regulations and organizations.



Study meeting on internal control

### Preparing a business continuity plan (BCP)

#### Developing a BCP through a process of ongoing revision

ULVAC is creating a production system that protects customers from the fallout of major disasters.

ULVAC has five major domestic production sites and more than five facilities overseas, principally in Asia, and is taking steps to ensure that the global sites supplement each other in times of emergency. In addition, the server for the core IT system has been installed at a secure data center, which is located separately from the production sites. The contract with the data center provides for indemnities protecting against downturn, just one initiative to minimize any suspension of business in the event of disaster.

### Establishing an Information Security Committee

#### Consistently sound and secure business activities

ULVAC recognizes that the unauthorized disclosure of the diverse information it handles would damage its credibility with customers and business partners, and result in a loss of confidence in the community. With this in mind, we have established the Information Security Committee, consisting of representatives from all ULVAC departments. The Committee reports every six months and provides comprehensive instructions to share improvements among all Committee members.

### Comprehensive information management

#### Bolstering information security

ULVAC handles a diverse array of information. We have classified information types and charged a department with the responsibility of ensuring that specific instructions and measures are provided. This classification has enabled swift reminders in the course of daily business and rapid responses to emergencies.

### Developing IT initiatives

#### Improving information literacy among employees

##### Preventing unauthorized information disclosure

To protect mobile company PCs, ULVAC has put in place protections against information leaks associated with theft, loss or visibility, by setting hard disc passwords and providing privacy filters against prying eyes. To avoid information leaks associated with the use of Winny and other file sharing software, we prohibit employees from using personal PCs for work, comprehensively manage anti-virus software, and monitor other software installed on our PCs.

We also provide introductory training to all employees on the use of PCs. In addition, all employees are mandated to receive information security education once a year, starting in 2008. These measures enable continuous information security maintenance and improvement.

### Basic policies for protecting intellectual property

The ULVAC Group maintains a basic policy of respecting the intellectual property rights of third parties, as well as protecting the

results of research and development with intellectual property rights, and utilizing them effectively throughout the Group.

#### Respecting third-party intellectual property rights

When selling our products, ULVAC has a firm policy of only offering products that customers can use in the knowledge that intellectual property rights are respected. If any intellectual property issues arise regarding a product, we will take responsibility for resolving them. To properly execute this policy, we have established the Patent Risk Management Regulation. The Regulation aims to prevent patent infringement issues from arising, and to deal promptly with any intellectual property right issues that do occur. It also clearly sets out the management method and system for intellectual property risks (role and scope of responsibilities of personnel). ULVAC has established patent investigation groups for the technologies and products it owns (143 teams as of June 2008), to regularly survey and monitor third-party intellectual property rights.

#### Encouraging patent applications

The Employee Invention, Design and Creation Management Regulation clarifies the internal procedures for any invention created by an employee and any payment made as consideration for that invention. Given the diverse forms of employment, the Regulation is revised continuously to encourage invention and creativity among all employees involved in research and development. Patent seminars are also offered to younger-generation employees every October, as part of our efforts to encourage patent applications.

#### Managing patents and sharing intellectual property information

The ULVAC Group has established an Intellectual Property Rights Management Regulation, which aims to expand ULVAC Group businesses by leveraging the intellectual property owned by Group companies.

The Intellectual Property & Licensing Division meanwhile serves as the secretariat for semiannual ULVAC Group Patent Management Committee meetings. The meetings enable discussion and sharing of the results of investigations into third-party intellectual property rights, the status of patent applications by Group companies, issues related to intellectual property management and other matters.