

Creating a Comfortable Work Environment

It is crucial for the growth of our company that all employees enjoy their work while showing their individuality and maximizing their abilities. ULVAC believes the key lies in an open and dynamic organization. We offer a number of measures for organizational development and take a consistent approach to human resources for everyone from new recruits to board members.

Developing an open and dynamic organization

Corporate culture that facilitates the creation of new technologies

It is a historical fact that technological innovation takes place in open and dynamic organizations. With the belief that everyone is equal before the truth, ULVAC has developed an organization where even new recruits are free to generate ideas and speak out, regardless of title or hierarchy, to help create new technologies.

ULVAC human resources policies

Respecting a challenging attitude that is not afraid of making mistakes, with the seniority system and lifetime employment as the foundation

ULVAC's human resources policy is based on Japanese employment customs of the seniority system and lifetime employment, rather than the achievement-oriented system of the West. At ULVAC, where cutting-edge technologies are handled on a daily basis, failures occur significantly more often than successes. As an enterprise, we need to prevent employees from losing their desire to try new things through fear of making mistakes. When employees are confident that their salary will not be lowered or that they will not be fired even if they make a few mistakes, they can take risks when tackling major challenges in their work. Nevertheless, we also need to distinguish between what needs to be changed and what should be maintained, given the state of society. The ULVAC personnel system is not entirely based on seniority, and we have promoted capable people to important positions by selection, irrespective of their age. Rather than letting employees compete against each other internally through an achievement-oriented system, we believe that the power to beat our competitors comes from the teamwork that unifies the company.

Fair salary system

Established a simple and fair salary system

ULVAC has established a simple salary system that categorizes employees into three tiers, namely the executive, management and general workers (the generic term for all roles below management level), regardless of educational background, job category or gender. With a system based on seniority, combined with a policy that differentiates among employees by age, role and qualifications, all employees are offered equal opportunities to take tests for promotion, except those who are appointed as executives. Care has also been taken not to make salary differences too great each year during the personnel appraisal process, to avoid excessive internal competition.

Basic Policy for Employee Development

In recognition of the fact that the most important resources for the company's energy and competitiveness are its employees and the organization that harnesses their talents effectively, we seek to base employee development on our corporate philosophy and basic policy:

1. Employees capable of taking part in developing and making the most of an open and dynamic organization
2. Employees capable of working with fellow associates for creating the world's top-ranking technologies and expertise
3. Employees capable of thinking and acting on their own to achieve objectives

Developing outstanding employees

Assessing the capabilities of each employee to develop employees based on the education plan

Internal seminars

The Research and Development topics change every year. To remain flexible and stay ahead of the changing times, it is important for our employees to readily absorb knowledge that has not yet been published in textbooks.

ULVAC offers internal seminars to all employees, at which leaders in the field present lectures that would usually only be available to core development personnel. Senior management regularly participate in these lectures and often start discussions that many employees find stimulating.

Seminars for employees at each level of the hierarchy

Commencing with seminars for new recruits, employees participate in seminar camps at each of the following stages: in the second year of employment; when they have qualified for leadership positions; prior to being appointed as managers; and on being promoted to the role of manager or executive. These seminars are intended to provide opportunities for employees to gain skills related to the knowledge and ways of thinking required at each stage.

Executives and corporate advisors serve as lecturers at these seminars, rather than inviting outside lecturers. The seminars are unique as lecturers prepare and implement their own curriculum.



Training of new recruits
Disassembly and assembly of vacuum pumps



Training of new managers
Group discussion using a problem solving method

Strategy study meetings

Different topics are discussed at each strategy study meeting, with participation by the Chairman, President, other members of the Board and all related management personnel.

Participants discuss one topic in depth under the condition that they can leave their own circumstances on the side, they can forget their job titles, and they do not need to reach a conclusion. Participants attempt to resolve issues not only within vertically divided organizations but across the borders of divisions. Through this experience, they acquire strategic modes of thought that encompass multiple viewpoints.

Essential basic education

Even though ULVAC is a company that develops cutting-edge technologies, we need to ensure that we learn the basics before displaying our uniqueness.

Through the essential basic education, engineers acquire fundamental knowledge of the vacuum, which is the core of ULVAC technologies. Clerical and sales personnel learn all types of skills including accounting, finance and labor management, as they work in various divisions on a rotational basis.

The basic course is mandatory for younger employees, and a wide variety of employees are given the opportunity to participate, including those who wish to refresh their knowledge of basic matters and those wishing to learn about different lines of work.

Topics A Great Place to Work

ULVAC was ranked 10th in the 2008 Great Place to Work® (GPTW) list.

GPTW evaluates and determines the ranks of companies from the perspective of employees on five aspects: credibility, respect, fairness, pride and camaraderie. ULVAC employees rated the company highly, especially with regard to fairness.

The following are some of the aspects recognized by many of our employees:

- People can take risks without being afraid of making mistakes
- People are empowered to organize their work as they see fit
- People can speak up regardless of their age or number of years of service

These are some of the aspects recognized by many of our employees.



Respecting Workforce Diversity

ULVAC aims to develop a workplace where employees can work in a variety of styles with a sense of security and comfort. By establishing systems that suit different phases of life, we support our employees by boosting job satisfaction and helping them remain motivated.

A diverse range of employees

Employment of a diverse range of employees to prepare for the decline in the working age population

Japan is a rapidly aging society with a falling birthrate, and the decline in the working age population is becoming a major issue. At ULVAC, we employ a diverse workforce who all utilize their capabilities to the fullest, including women, people of foreign nationality, elderly people and disabled people.

Employing elderly people

In 1995, ULVAC established ULVAC Elder, Ltd. to re-employ retired personnel. Elderly people convey their knowledge of advanced technologies, skills and expertise, and take part in

enhancing the company's competitiveness by supporting younger and middle-tier employees. This has helped elderly people enjoy a renewed purpose in life as well as an income.

Employing disabled people

In FY2007 we formulated the Employment Plan for Disabled People, and began employing significant numbers of employees with disabilities. Although steady progress was made with regard to the plan for FY2007, we will continue to expand our employment of disabled workers.

We have also redesigned our internal facilities so that disabled people who join our Company are not inconvenienced in the workplace, in addition to offering counseling services. Instead of just trying to achieve numerical targets, we have developed an environment where it is easy for anyone to work.

Voice

Employees' voices

Taking parental leave

Mika Matsumoto Components Division

I am currently on parental leave to care for our second child. This is the second time I have taken parental leave, and I plan to remain on a leave until our child turns one, as I did last time.

It is very difficult to work while raising children. No matter how busy I am at work, I have to leave the office so I can pick up my children from the nursery in time. After I get home, all my time is taken up with caring for them. But I have learned to shift gears emotionally, and these days I feel less worried and stressed about work than I did before I had the children. I am grateful that I have been able to do the same work as before because of my colleagues' understanding and cooperation.

Because time is limited, I always think about the most important thing that needs to be done, and I work more efficiently as a result.



Motivated by the ties between China and Japan

Xiaoyu Ding, Components Division

In 2004, I came to Japan from China to learn about the source of its advanced technologies and the diligence of the people. I studied business administration in Japan, and came across ULVAC when I was searching for a company that advocates diverse values irrespective of nationality, and possesses unique technologies.

After joining ULVAC, I was assigned to a management division, where I work on controlling each manufacturing process so that products can be shipped for delivery as scheduled. A wide range of knowledge about vacuum technologies is required, and manufacturing processes can be influenced by the way in which instructions are given. The manufacturing of the products I am in charge of is outsourced. It has been difficult to convey information to the contract manufacturers, and there was a long period of trial and error. I was lucky to work with nice managers and senior employees, so I gradually gained confidence and now feel happy to take on important responsibilities even though I am a relatively new recruit.

I am hoping that sometime in the future I will become involved in doing business with China, and I will keep working hard while maintaining a positive attitude.



Providing mental health care

The Health Promotion Office has been established to support employees in terms of both physical and mental health

To ensure that the people working for ULVAC maintain both physical and mental health, we have introduced a health management system that also takes mental health care into account.

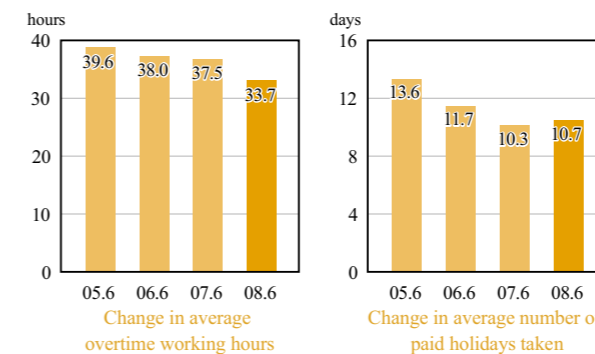
The Health Promotion Office has been established as a place for employees to come and discuss any physical or mental health problems they may have, and an occupational physician and nurse deal with them on an individual basis. We have also signed

up with an Employee Assistance Program (EAP) organization for consultation services provided outside of the company.

Those who are on a leave because of mental illness are supported through the Return to Work Support Program.

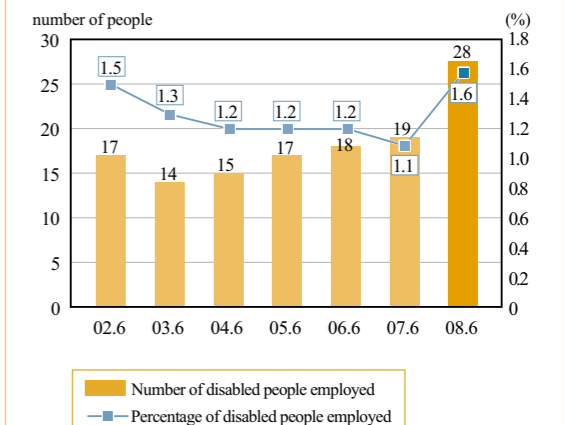
Specifically, the attending physician of the employee on leave, the occupational physician and occupational health staff member collaborate throughout the period of leave to keep tabs on their condition, and the occupational physician meets periodically with the employee who is on leave. After the employee returns to work, a follow-up period of at least a year is established for offering detailed support and care to prevent recurrence.

Overtime working hours/ paid holidays taken (ULVAC, Inc.)

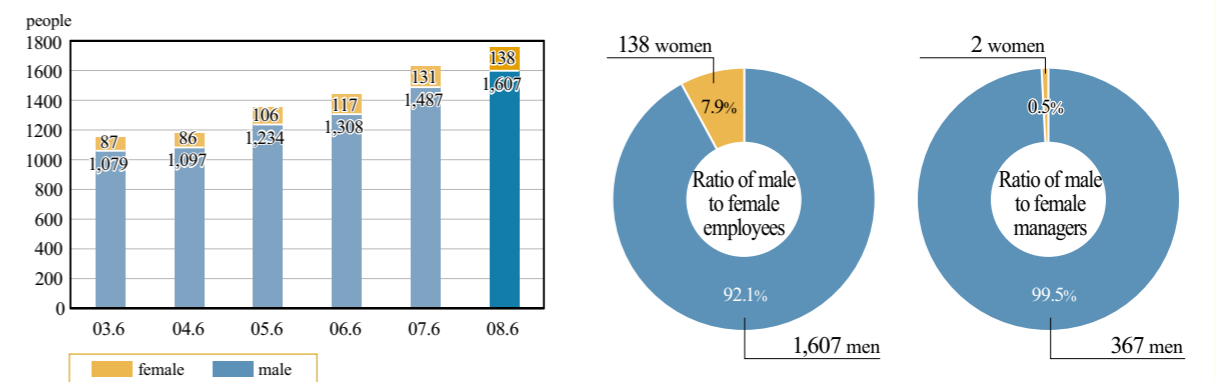


We have focused on reducing overtime and increasing the ratio of paid holidays taken, which has gradually resulted in a decline in total working hours.

Change in the number and percentage of disabled people employed (ULVAC, Inc.)



Change in number of employees (ULVAC, Inc.)



We began increasing the employment in the June 2006 term, based on the mid- to long-term plan. The ratio of male workers as a percentage of ULVAC's regular employees is high, because of the preponderance of engineering work is high.

Systems for Product Safety and Occupational Safety and Health

The ULVAC Group maintains 'Safety First' as a corporate philosophy for its business operations, and conducts operations with the aim of securing safety in both our work environment and in products and services for our customers. We have incorporated the idea of risk assessment to create the ideal environment.

Safety measures pursuant to the Product Safety System Provision

A committee for regular discussion and inspection

Pursuant to the Product Safety System Provision set out in ISO9001, the ULVAC Group endeavors to ensure the safety and health of all employees and customers who use ULVAC products and services. The Product Safety System Provision stipulates the establishment of a Global Safety Committee for discussion and inspection of employees' occupational safety, and a Global Product Safety Committee for discussion and inspection of product safety. These Committees meet quarterly and consist of the President of each ULVAC Group company and the following members from ULVAC: the President, the Chairman, the general managers of each division, the general managers of research and development division and the Corporate Safety & Health Department.

Basic Policy for ULVAC Occupational Safety and Health Management System

Pursuant to the Occupational Safety and Health Management System announced publicly by the Ministry of Labor, Health and Welfare, the ULVAC Group has established the Basic Policy for ULVAC Occupational Safety and Health Management System.

Basic Policy for ULVAC Occupational Safety and Health Management System

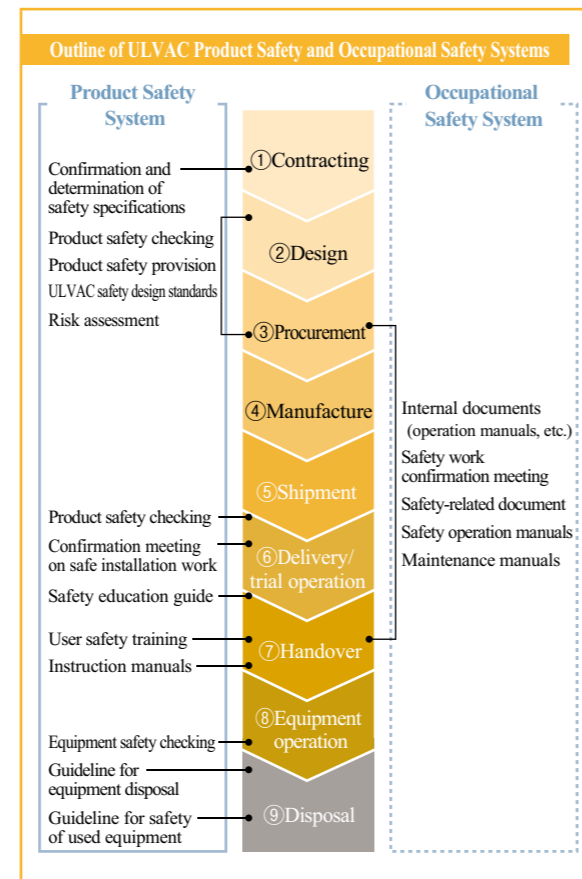
Pursuant to the creed 'Safety First' cited as the corporate philosophy, occupational safety and health management systems are introduced to secure the safety and health of our customers and all employees with the products and services of ULVAC, based on the slogan 'Cheer up, ULVAC!' The following activities are required to fulfill the basic policy:

1. Complying with applicable laws and regulations for occupational safety and health and executing safety and health activities in cooperation with all employees.
2. Complying with relevant standards of product safety, and executing Risk Assessment to provide users with safe products and services of ULVAC.
3. Offering Product Safety Education to our users as well as employees of cooperative companies, and educating ULVAC employees with Safety and Health Education.
4. Providing promotional activities by the Safety and Health Committee and overall promotional activities of ULVAC Group companies by the Global Safety Committee.

Product Safety and Occupational Safety Systems

Pursuing safe product manufacturing and creating a safe work environment in all manufacturing processes

The ULVAC Group has established 'Product Safety and Occupational Safety Systems' to match product lifecycles. These systems set out safety activities in various situations such as the following: product safety based on the 'ULVAC safety design standard' and 'Risk Assessment'; labor safety based on documents and through meetings confirming safe operations held for manufacturing processes; product handling safety by providing user safety training; and system auditing.



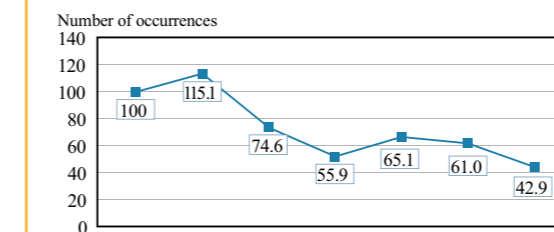
Product and labor accidents

Taking preventative measures against accidents and disasters

The number of product accidents has declined continuously since 2002, and the number of incidents as of June 2008 declined to about 40% compared to 2002. To prevent a recurrence of electrical wire and component burnouts, causes have been identified and evaluation tests conducted. Important information related to product safety is announced promptly to customers by distributing Customer Support Information.

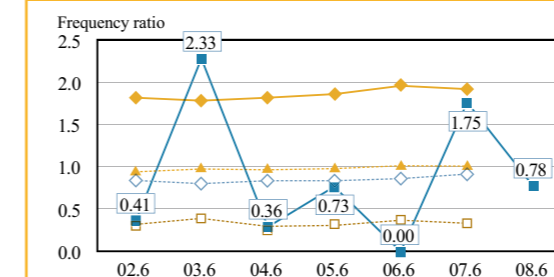
No serious labor accidents occurred in FY2007, and the number of accidents declined compared to the previous year. To prevent potential risks from surfacing in our plants, we will continue to take actions such as safety patrols by safety officers, call-out confirmation, revisions of high place operation manuals that accompany the growth in size of substantial equipment, and risk assessment when handling chemical substances.

Change in the number of product accidents (ULVAC, Inc.)



This graph shows the ratio of the number of product accidents to total sales (ULVAC, Inc.), taking the ratio for June 2002 term as the base at 100. The number of product accidents has been in a declining trend. The data for the June 2007 term has been corrected by adding the numbers reported in July 2007 and onwards.

Change in the number of labor accidents



Frequency ratio of labor accidents: The number of labor accidents per 1 million working hours
 $\frac{\text{Number of workers killed or injured in labor accidents (absent from work for one day or more; excludes those injured while commuting and those who are ill)}}{\text{Total working hours}} \times 1,000,000$

The CSR report 2007 only contained information about ULVAC Chigasaki Plant; however, the CSR report 2008 covers all ULVAC's sites and branches.

Safety education and training

Conducting specialized safety training for each product, and performing a range of training necessary for site work

The ULVAC Group conducts basic safety training once a year for all ULVAC employees and workers of cooperative companies. In addition, we offer comprehensive training as set out in the Labor Safety and Health Law, including specialized safety training for each product, service safety training necessary for site work, and safety trainer education. All new recruits participate in exercises to be aware of potential dangers at plant worksites through experiencing operations. Accidents involving new employees can be prevented through this experience.



Call-out confirmation



Training for wearing gas masks



Training for working in high places

Installing AED and Promoting Emergency Aid Training

All ULVAC's plants and major branches are equipped with AED, and emergency aid training is carried out to prepare for a medical crisis. An ULVAC employee serves as the President of the Emergency Aid Activities Promotion Association in Chigasaki to participate in the AED promotion activities.



Fire Drills using a Fire Ladder Truck



Fire drills are conducted at ULVAC every year. Considering the increase in the number of multistory buildings and factories, we have also conducted an evacuation drill with the help of the Chigasaki City Fire Department using a fire ladder truck, expecting that people may need to evacuate from the upper levels.