

Quality Assurance and Product Safety

The ULVAC Group is engaging in initiatives worldwide to meet customer expectations for high-level, safe ULVAC quality through total quality management (TQM).

ULVAC Group Quality Policy

- Improve quality & reduce costs and L/T (lead time) to half
- Maximize profits and customer satisfaction

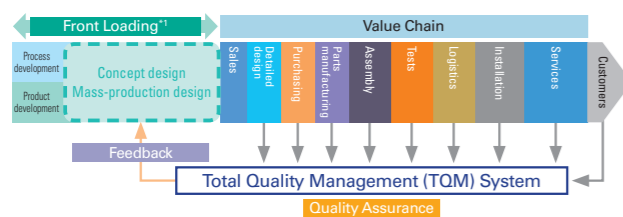
Quality Assurance System

38 ULVAC Group companies are ISO9001: 2015 certified. The Global Quality Assurance Committee led by the president of ULVAC, Inc. spearheads a Group-wide effort to align quality policies and are addressing quality issues and deploying improvements globally.

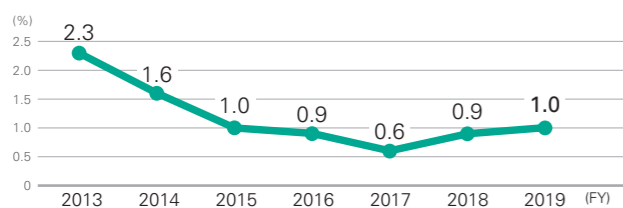


Quality management is promoted by way of thorough analysis of defects that occurred at a process within the process, implementation of recurrence prevention measures, feedback of findings, implementation of preventive measures, and process standardization activities.

ULVAC's Total Quality Management



Year-on-year comparison of costs related to nonconformity after delivery (non-consolidated)



The ratio of costs related to nonconformity after delivery to net sales deteriorated in FY 2019 because a defect

was found in the reliability evaluation process for development of a certain product. We will analyze the causes, implement measures to prevent recurrence, and share this throughout the Group to achieve total quality management.

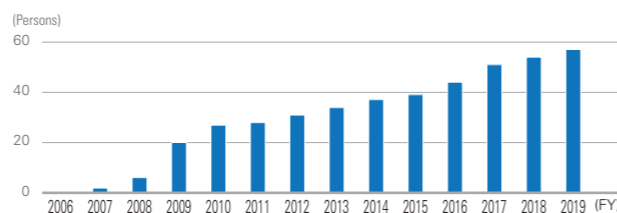
Quality Management Education

In order to raise employees' awareness concerning quality at ULVAC, educational materials on quality management for new employees and for employees engaged in engineering, design, and quality assurance are registered on the ULVAC Academy Portal² so that they can be accessed remotely. In FY 2019, educational materials offered by external instructors (Grade 3 level of JSA's QC KENTEI (Quality Management and Quality Control Examination)) became newly available. Moreover, in order to develop human resources capable of advocating ULVAC's quality philosophy, we are preparing to design and establish ULVAC's unique quality qualifications and skill enhancement education.

Product Safety Activities

To deliver safe and secure ULVAC brand products to markets around the world, qualified safety assessors³ play a leading role in product safety assessments and continuously engage in activities to verify the required safety and quality at the drawing release and product shipment phases. In line with expansion of production in Asia, in order to establish an independent verification system at overseas production bases, we are promoting not only periodic information exchange but also group-based education in each area and exchanges of personnel. Non-Japanese quality safety assessors at overseas sites have started to play active roles. ULVAC is promoting product safety activities throughout the Group, which will lead to greater customer satisfaction.

Number of qualified safety assessors at ULVAC



¹ "Front Loading" ordinarily refers to arranging or planning so that a large portion of work occurs in the initial phase. At ULVAC, it is an activity to create quality by identifying issues as soon as possible.
² ULVAC's e-learning system. See P.46 for details.
³ Safety Assessor (SA) Qualification is a qualification scheme based on third-party certification of machine safety knowledge and competence under international safety standards.

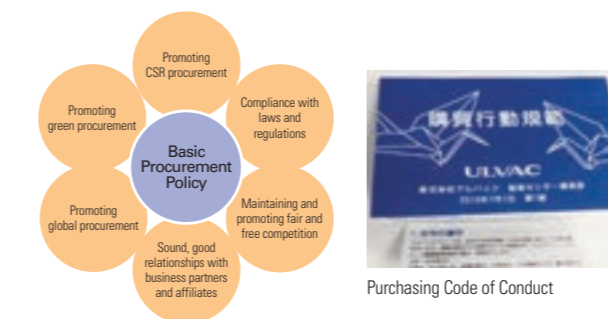
Procurement

Suppliers are important partners of ULVAC for manufacturing. ULVAC is working with them to enhance efficiency of the entire supply chain (from design, procurement, manufacturing, and sales, through to customer support), always being conscious of the environment and society.

Procurement Policy

ULVAC, Inc. has established, observes, and promotes the Basic Procurement Policy. ULVAC is also promoting CSR procurement in cooperation with its business partners in accordance with the "Requests to our business partners," which is based on the RBA¹ Code of Conduct. In July 2019, we conducted a questionnaire survey targeting our major business partners in terms of the amount of transactions. As a result, no serious problems, such as child labor, forced labor, inhumane treatment, fraud or bribery, were detected at any of the business partners. In FY 2020, in view of the RBA Code of Conduct and the questionnaire survey results, we will upgrade the management system by reviewing the items concerning "assessment materials" for registration of new business partners and renewals in an effort to enhance CSR procurement.

Moreover, in order to maintain sound, good relationships with business partners, ULVAC established the Purchasing Code of Conduct, a set of principles emphasizing compliance for employees engaged in procurement, in July 2019. In-house education is provided every year for employees engaged in ULVAC, Inc.'s procurement and that of Group companies in Japan involved in production of ULVAC products.



Communication with Business Partners

ULVAC, Inc. has been holding operations briefing meetings once a year as a forum for ULVAC management to directly explain to business partners the business environment and prospects and supplier meetings three times a year for the person in charge to communicate production plans in a timely manner. In view of the COVID-19 pandemic, we have cancelled these meetings and launched a membership-based website in September 2020. In addition to the provision of information at the meetings, we intend to enrich the content of this website to promote sharing of information and collaboration with our business partners.

Policy on Conflict Minerals

Conflict minerals are minerals that are sourced from conflict-affected and high-risk areas (CAHRAs) and whose extraction and sale directly or indirectly serve as sources of funding for armed groups or are root causes of serious human rights abuses and poor working conditions. The policy of ULVAC, Inc. is not to purchase or use 3TGs² and cobalt raw materials derived from conflict minerals.

ULVAC manufactures and sells sputtering targets and various tantalum wrought products in the materials business. We conduct due diligence in accordance with the guidance of OECD and RMI³ through conflict minerals surveys covering raw materials suppliers in order to ensure transparency of transactions. In FY 2019, no procured items that use 3TGs or cobalt derived from conflict minerals were detected.

Revision to the Green Procurement Standards

ULVAC revised the Green Procurement Standards in August 2020 and began use of the chemSHERPA⁴ declarable substance list provided by the Joint Article Management Promotion (JAMP) consortium. In order to ensure the effectiveness of this practice, suppliers are requested to 1) implement ongoing environmental improvement through the introduction of an environmental management system and other means and 2) build a system for controlling chemical substances contained in products.

Integrated procurement system

ULVAC is improving procedures, systems and structures for procurement to realize global procurement at the parts level. Although we had been sourcing many key parts in Japan, we conducted benchmarking of suppliers worldwide and identified specific issues in logistics and trade. As it is necessary to ensure confidentiality, completeness, and availability of purchasing data on a system supporting global procurement, we have launched an integrated system for parts registration and for registration and evaluation of suppliers and begun standardization of management procedures.

¹ Responsible Business Alliance. CSR promotion group focused on the electronics industry in global supply chains
² Tantalum, tin, tungsten, and gold
³ Responsible Minerals Initiative. An organization that inspects smelters and refiners handling 3TGs to certify that they are not using conflict minerals
⁴ Scheme for enabling sharing of information on chemical substances contained in products throughout the supply chain