

Compliance

To introduce systems for full compliance with laws and regulations, the ULVAC Group has systematically established Compliance Regulations and related rules. In accordance with these regulations and rules, the ULVAC Group has also established operational procedures for the Compliance Committee and the Compliance Violation Reporting System and has been working to cement a spirit of compliance across the company.

Establishment of a Corporate Code of Conduct

ULVAC has established a Corporate Code of Conduct consisting of 18 items that describe the behavioral standards expected of employees. After describing the details, we give employees a booklet that describes the content of this code. The booklet helps employees to act in compliance with the law as a representative of our business.

Compliance with Laws and Regulations via the Whistleblowing System

ULVAC has developed a Whistleblowing System to minimize the effects of any violations of laws and regulations. The contact point for the Whistleblowing 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 Whistleblowing System, the independence of the office's activities is ensured, and anonymous information is accepted. Moreover, the President and general managers of each department 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 to operate the system so that reporters and investigators are not treated detrimentally. In this manger, internal investigations are carefully conducted. Numerous interviews are held with both internal and external parties, and attorneys attend any cases requiring their expertise.

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 adequate penalties are imposed in the case of serious violations after examination by the Disciplinary Committee. In addition, the fundamental causes that brought about the violation are also studied to formulate effective measures for preventing recurrence.

Responding to the Results of the Employee CSR Awareness Survey

At ULVAC, we set targets for our stakeholder initiatives each year, and promote CSR activities. In the fiscal 2014, we revamped the CSR employee awareness survey, with the aim of moving away from a focus on improvements in the CSR awareness of employees to providing information about specific goals and activities to employees, who are also stakeholders, and deepening their understanding, while also listening to our employees and increasing the quality of each of our initiatives (the PDCA cycle).

From March 16 to April 10, 2014, we administered the survey to 1,259 employees and received 642 responses (a response rate of 51.0%).

This was the first time we had included the new items in the survey, so we are using this as a baseline for feedback regarding each

activity, and we are working towards increased quality in our future CSR activities.

Also, the 5 items regarding which our employees expressed the highest expectations are as follows. We will invest even more energy in our initiatives in the future.

Top 5 items with highest expectations (percentage of employees expressing expectation)

- Creating a safe workplace: **67.5%**
- Providing safety and security to customers: **65.8%**
- Supplying the quality consistency of the ULVAC brand: **61.7%**
- Promoting the development of products to reduce environmental impact: **61.3%**
- Reducing risk to employees' health: **60.8%**

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

The ULVAC Group believes that expanding the risk management system is a critical business task. Thus, we have established the ULVAC Risk Management Policy to ensure that there are common rules across the ULVAC Group. The President of each group company assumes the position of Chief Risk Officer and shares risk information with related departments.

Important information is promptly conveyed from the President of each group company to the President of ULVAC, Inc.

Risk Management System

ULVAC has classified a wide range of risks, and has set up departments responsible for each of them. Each department functions as an information center that works with related departments to identify and evaluate all specific risks. In addition, the responsible departments constantly collect risk information, respond appropriately to risks and detect issues. 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 and comprised of the departments responsible for the risks, 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 operation.

■ Risk Management System

