

Interactions with Suppliers

Procurement (supply chain management)

The ULVAC Group values communication with our suppliers, based on the following Basic Procurement Policy, in order to create a system for consistently providing products and services that satisfy the quality, price, and delivery schedule sought by customers. Based on solid relationships of trust, we build partnerships and contribute to the progress of society throughout the entirety of our supply chain.

The ULVAC Group Basic Procurement Policy

1. Compliance with laws and regulations

- The ULVAC Group conducts its corporate activities lawfully and in accordance with regulations, social norms, and public decency.
- We fully comply with the relevant laws and regulations.

2. Maintaining and promoting fair and free competition

- We maintain and promote fair, impartial, and free competition among our business partners regardless of the country in which they are located.
- We do not take advantage of our business partners by demanding unfair transactions.

3. Healthy and good relationships with business partners and affiliates

ULVAC enforces strict security measures with regard to individuals who share in or gain unfair enrichment in commercial transactions inside or beyond the Group. Our directors and employees carry out appropriate decision making and exercise moderation to avoid damaging the Group's reputation.

4. Advancing global procurement

- We optimize our components procurement from worldwide sources, while always keeping pace with our global business operation.
- Based on our international perspective, we cooperate with our business partners in different countries to procure superior components, technologies, and services.

5. Advancing green procurement

- ULVAC recognizes that protecting the global environment is one of the momentous challenges posed to all humankind. In all its business operations, we contribute the technologies that we have developed or will develop on behalf of environmental conservation for the development of an affluent society on a more livable Earth.
- We promote environmentally-conscious procurement by developing green procurement standards.

Active Communication

We exchange information with our suppliers 4 times per year in order to achieve a range of communication. Information is exchanged at "Kyoeikai" (supplier meetings) (3 times/year) and Operations Briefing Meetings (once/year).



At "Kyoeikai", we mainly allocate time to explaining our production plans and confirming future production load. At Operations Briefing Meetings, explanations of our business are given by the President of ULVAC, and the main purpose of these meetings is to facilitate an understanding of ULVAC's current state of affairs and future outlook. In addition, we present awards to suppliers that have greatly contributed to QCD and production technology.



Buyer Education

In order to enable conversation at the same table as our suppliers, we have begun rolling out buyer education, titled "Improving Cost Price Calculation Ability" and "Using Analysis Tools to Analyze Prices," at our overseas group companies.

In Fiscal 2015, introductory training was conducted at ULVAC KOREA, Ltd., ULVAC TAIWAN Inc., and ULVAC (SUZHOU), CO., LTD. Going forward, we will further develop education and promote the procurement activities that support manufacturing as a integrated ULVAC Group.

Voice of Supplier

We have a long-running relationship with ULVAC, and our dealings extend back around 50 years, to the time of the Yokohama Factory. ULVAC pursues thorough cost management, and by working with us and exerting influence on its departments, ULVAC has enabled us to implement value chain engineering proposals that we would not have been able to achieve on our own. Thanks to the fair and just transactions that are ULVAC's goals, we are able to engage in fair, just, and free competition as suppliers.

Shinji Kinno Section Chief
Atsugi Office, Kanto Co., Ltd.,



Interaction with Employees

Strengthening Human Resources Development (Achieving ideal form for each person)

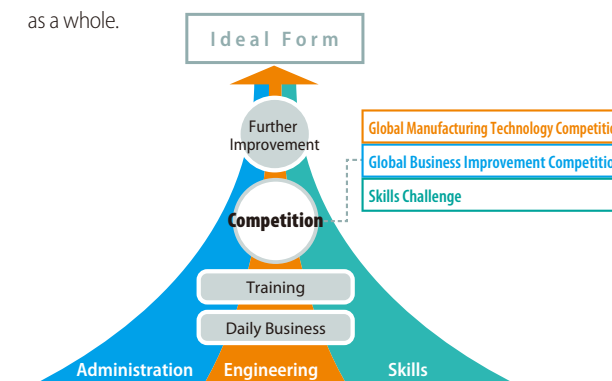
It is essential to enhance our MONODZUKURI, while also strengthening human resources development for the staff that supports them. In addition to the employee training conducted by the Personnel Department, we have established the Production Training Planning Center in the Advanced Manufacturing Division, and we are driving professional engineering training forward.

"ULVAC Academy" for Professional Production Related Training

We have set up the ULVAC Academy as an training institution, under the concept of "providing the necessary training materials for ULVAC's production to those who need them, and creating an environment to facilitate learning for the entire Group." We aim to increase the expertise of each person through manufacturing professional training, engineering and design training, etc., while also conducting instructor development and the passing down of engineering skills. We will set up portals, such as e-Learning, gather education resources and engineering materials there, and open these resources throughout the Group.

ULVAC Group Vitalization Program

Diversity (having human resources with different ways of thinking and from different cultures) stimulates and vitalizes organizations. We will conduct vitalization with the aim of achieving ideal form for each individual. We then aim to share the results throughout the Group and utilize them to achieve ideal form for individuals, departments, companies, and the group as a whole.



1.Global Manufacturing Technology Competition

Each group company*1 presented reports on the theme of "A reformation in MONODZUKURI with integrated ULVAC Group: Promoting "Front Loading" and improving our field capabilities." There were many different activities to address the issues facing the various companies, such as improving product



design and manufacturing processes, the "Front Loading" approach, improving work procedures and jigs at the manufacturing site, and ensuring safety. The measures presented also showed the success of cross-company cooperation. The discussions at the competition were an opportunity to open our minds through interaction.



Gold Medal

Michito Hirayama

No.1 Measurement Instruments Department
Components Division
ULVAC, Inc.



*1 13 companies from 6 countries participated in 15 themes.

2.Global Business Improvement Competition

Reports were given*2 on the results of activities being conducted while searching for opportunities to implement improvements in daily tasks, on the theme of "Creating new added value by implementing small improvements: Work improvements as an integrated group." This was a great opportunity for people in a wide range of fields, such as personnel, accounting, general administration, finance, sales, environment safety and health, IT, and design management to find out how each contributes to the group's management and operations. After the competition, some companies got together to hold study meetings for future reference, and although this is only the second time we have held this competition, we have seen it lead to group-wide initiatives.



Gold Medal

Lianhua Jin

Finance Department
ULVAC (CHINA) HOLDING Co., Ltd.



*2 13 companies from 6 countries participated in 18 themes.

3. Skills Challenge

The Skills Challenge is conducted for the purpose of promoting the sharing and handing down of skills, and fostering a renewed awareness of the importance of field skills for the operation of global manufacturing businesses. In it, people compete using the skills that they have developed in their workplaces, setting ever-higher goals for themselves. Representatives from each company*3 gathered in Japan to participate in the competition between young employees of manufacturing departments. Through competition, participants became aware of the issues they were facing, and showed us all how manufacturing, manufacturing engineering, and service improve the ULVAC brand, while using the experience to further hone their skills in the future.



*3 12 people from 11 companies in 6 countries participated.

Professional and Organizational Development

We are concentrating on increasing the abilities of each individual, while vitalizing organizations in order to build a value creation business model.

Furthermore, we aim to invest in organizations and personnel that enable the ULVAC Group as a whole to contribute to society from a global perspective.

Seeking an Organization that Ensures Rewarding Job Experiences

— Vitalize the Individuals and Organization of ULVAC

We understand that a system whereby employees who make great efforts are rewarded properly is the basis for vitalization of both people and organizations. We are proceeding with continuous review of each of our rules and systems using the keyword of “reasonableness.” At the

same time, we are aggressively conducting transfer of authority to create an environment where each employee can fulfill their responsibilities with passion and ambition as a full participant, with the desire to make ULVAC the best it can be and what it should be.

— Management of objectives and evaluation systems

We are constructing a system that values the flexible generation of ideas and open and the dynamic corporate culture that is essential to a development company. We are expressing our vision at each level and putting energy into the management and evaluation of goals using clear benchmarks, as well as implementing a system that more highly values boldly attempting to solve difficult issues and tackling tasks as a team, rather than merely focusing on results.

— Self-reporting system

We have a system for each person to develop their own career plans and share them with their superiors and the Company once per year. Rotations are conducted taking into account the wishes of the person concerned.

— Diverse education programs

Education plans are developed based on the ULVAC Basic Policy for Human Resource Development. We are actively pursuing targeted education, in addition to providing a range of programs to encourage individual growth, such as the level education system, various types of skill training, OJT, and support for self-development, so that all employees are able to actively engage with skills development.

In particular, as globalization has progressed in recent years, we have enhanced pre-transfer training for staff stationed overseas. Also, we have been promoting active participation by group companies in the level education system, which raises the overall skill level and provides opportunities to deepen communication.

— Hiring and utilization of human resources

We are increasing the hiring of new graduates in order to maintain an appropriate age composition of employees. Furthermore, employees who have reached the age of retirement can make use of our elderly employee scheme to contribute to the passing on of skills and knowhow.

— Future issues and initiatives

We are conscious of the fact that development of the next generation and rotation of personnel are essential for the achievement of further organizational vitalization. We will encourage diversity-conscious exchanges between personnel, including at domestic and overseas group companies, and work to achieve flexible organizational management, while giving consideration to the balance of specialists and generalists.



ULVAC Basic Policy for Human Resource Development

We are conscious that the most important resources for corporate vitality and competitiveness are the personnel and the organizations in which they work. We are conducting the following HR development, based on our corporate philosophy and basic management policy

1. Human resources who respect other individuals, trust each other and fulfill their responsibilities
2. Human resources who can see the true nature of each issue and create revolutionary technologies and projects with passion and tenacity
3. Human resources who are full of aspirations to improve themselves and take voluntary actions to achieve goals
4. Human resources who have a global perspective and aim to take leadership in exploring the world

Aiming to achieve a work-life balance

— Creating workplaces that are conducive to work

At ULVAC, we aim for employees to have both meaningful work and a fulfilling lifestyle.

In Fiscal 2015, we increased the maximum number of days of accumulated paid leave from 30 days to 40 days in order to create a system in which employees could feel more secure in their work.

■ Features of the system

- We grant annual paid leave from the date joining ULVAC
- We conduct spot leave promotion activities to enable all employees to take paid annual leave at least once every 6 months
- We are continuing our selective summer leave system
- We personnel management person in charge at each department and closely manage overtime worked
- We have implemented optional staggered work hours and flex time policies
- We have “no overtime” days

Furthermore, with regard to promoting diversity, in recent years, female employees have had a particularly high rate of taking parental leave and returning to their position. Although we have few female employees, in the Fiscal 2015, 2 of them took parental leave and 3 returned to work. This is a 100% rate of return.

Fiscal year	Commencement of parental leave	Return to work (conclusion of parental leave)
2015	2	3
2014	2	6
2013	7	2

Notable support systems

- Parental leave (may be extended up to a year and a half)
- System of shorter work hours for childcare
- Leave to nurse sick or injured child
- Family care leave

Voice of Employee

Takae Fujiwara

Sales Administration
Corporate Sales & Marketing Division I

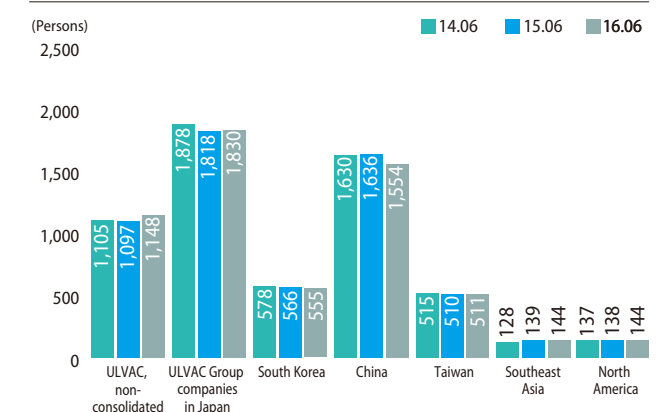


Obtaining parental leave

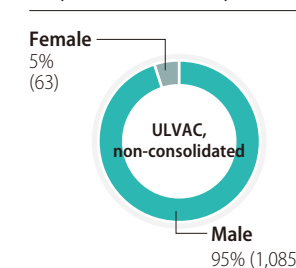
After taking maternity leave, I was also granted 1 year and 3 months of parental leave. I have now returned to the same workplace as before I took leave, and I make use of the system of shortening morning and afternoon working hours by one hour each. While I was on leave, my position was covered by my superiors and my colleagues. Even after returning to work, I am unable to work overtime because I have to pick my child up from preschool. However, I feel that my colleagues and superiors look after me generously, such as by following up on any work that remains after I leave.

HR data

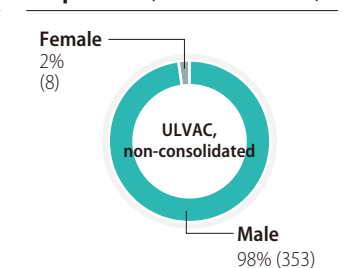
■ Number of employees of the ULVAC Group (by country)



■ Gender ratio in employees (non-consolidated)



■ Gender ratio in management positions (non-consolidated)



■ The number and percentage of disabled employees



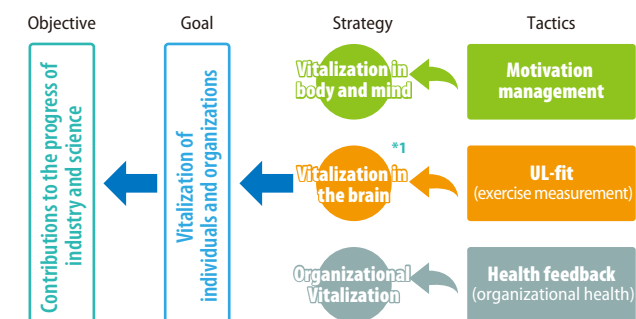
Supporting the MONODZUKURI of ULVAC by Promoting Employees' Health

With the vision of "Vitalizing the Individuals and Organization of ULVAC," the Health Promotion Office takes the initiative in promoting employees' health so that they can work to achieve the highest possible productivity, thereby supporting the MONODZUKURI operations of ULVAC.

Contributing to the Progress of Industry and Science with Vitalization in Body and Mind

In order to contribute to the progress of industry and science, ULVAC believes that it is not only important to prevent illness for employees, but to encourage vitalization in body and mind while working.

Health initiatives at ULVAC



Voluntary health initiatives

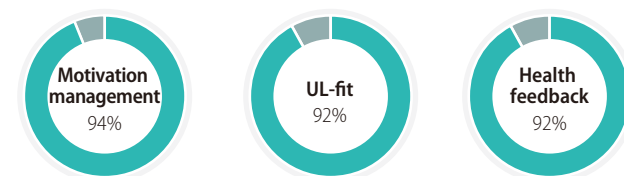
Since Fiscal 2012, ULVAC has conducted various types of health training. Employees attend on a voluntary basis, with a total of 1,313 participants in self-care training (for all employees) and 386 participants in line-care training (for management personnel).

Since Fiscal 2015, we have introduced motivation management to encourage vitalization in body and mind, and exercise measurement (UL-fit) to encourage vitalization in the brain. Participants have praised these programs.



After UL-fit
*1 Promoting vitalization by balancing the brain's neurotransmitters through regular exercise.

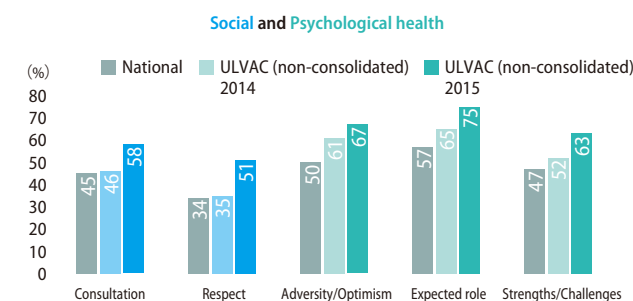
Employee satisfaction (ratio of respondents who indicated that they were satisfied on the post-training survey)



Organizational vitalization initiatives

At ULVAC, we collect responses to psychological and social questions, which are included in the interview items of health checks, at an organizational level, and use them as an indicator of organizational health, in order to vitalize organizations as well as individuals. The health promotion office provides the results as feedback to departments that request them, and management personnel from each division and department then use the results to engage in strategic workplace vitalization initiatives (Health feedback). As a result of these initiatives, organizational health improved in Fiscal 2015 over Fiscal 2014.

Organization health (ratio of respondents who indicated "good")



Occupational physician's comments

Participation in and understanding of health training at ULVAC has been gradually increasing, and as an occupational physician, I have felt the increased awareness of health from both management personnel and general employees. It has been particularly striking that not only Health Promotion Office, but management, Personnel department, Corporate Environment, Safety and Health department, General Administration department, and the health and safety managers of each department have cooperated to lay the groundwork to promote self-management of health by employees. Going forward, we would like to make efforts in a range of areas to integrate all group companies, in order for each employee to be able to engage in health promotion activities even more independently.

Occupational Safety and Health

The ULVAC Group positions "Safety first" as the fundamental principle of business operations. As such, we endeavor to secure safety in products and services used by our customers, as well as during work in our customers' factories, and ensure a lively working environment in which employees can work in good physical and mental health, by operating our Occupational Safety and Health Management System (OSHMS) with a focus on risk assessment.

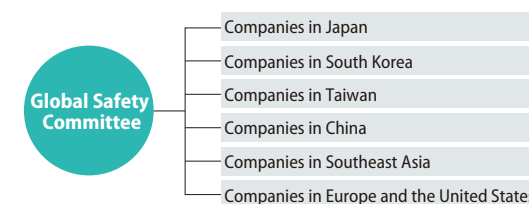
ULVAC's Safety and Health Initiatives

To ensure the safety and health of our customers and employees

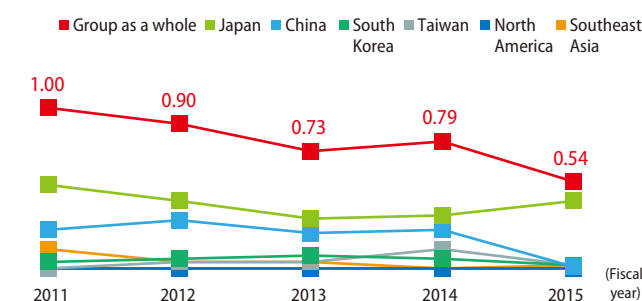
To ensure the safety and good health of its customers and employees, the ULVAC Group regularly holds meetings of the Global Safety Committee, which are joined by representatives from the Group companies to determine the Group policies on occupational safety and health and ensure that they are laterally spread, thereby promoting integrated safety and health efforts of ULVAC on a Group-wide basis. Each Group company operates the OSHMS system, which involves management review by the president or the director in charge of safety and health activities and risk assessment by each employee to ensure company-wide involvement in safety and health management efforts from the top management to field workers. We received an encouragement award in the Director General of the Kanagawa Labor Bureau's Health and Safety Awards, for an attitude and activities that attempt to eliminate work-related accidents as a integrated group.



ULVAC Group Safety Management System



Frequency ratio of occupational accidents throughout the ULVAC Group



This graph shows the rate of work-related accidents in the entire ULVAC Group for each fiscal year, indicating the value for Fiscal 2012 (as of June 2012) as 1.00. In Fiscal 2015 (as of June, 2016), the rate of work-related accidents decreased by 46% compared to Fiscal 2011.

Activity Case Study 1 ULVAC Service Safety Education

The ULVAC Group conducts health and safety training based on the SEMI (semiconductor equipment and materials international) standards for all workers who undertake on-site work, such as manufacturing and development, in order to ensure the safety of employees. Workers who have not yet received training are forbidden from engaging in on-site work.



ULVAC COATING CORPORATION :
High-pressure gas handling training



SHOWA SHINKU CO., LTD. :
on-site safety instruction

Activity Case Study 2 First Aid Course

Disasters and accidents that have occurred around the world, such as the Kumamoto Earthquake, have raised global awareness of the importance of local disaster prevention. The companies of the ULVAC Group not only undertake basic drills, such as ensuring safety, evacuation, and initial firefighting, but they conduct disaster drills, giving consideration to the location of each company and environment in which it operates. At the Chigasaki Plant, we are contributing to local disaster prevention measures, such as by concluding an agreement with the city to contribute to provide our premises to local residents as evacuation centers. In addition, we conducted basic life support (BLS) instructor training in order to ensure health and safety. In a single year, we trained 59 instructors, and we now have approximately 400 people capable of providing basic live support because of the instruction provided to colleagues by these instructors within their designated areas during disaster drills.

There has been great interest shown by group companies, including those located overseas, and the scope of these activities is ever increasing.



ULVAC SINGAPORE PTE LTD :
Fire drill



ULVAC, Inc. : Disaster drill
(All participants experienced using an AED)