

Interactions with Local Communities

ULVAC's Social Contribution Activities

We are promoting global social contribution activities rooted in local regions and cultures based on the ULVAC Group's Basic Policy for Social Contribution Activities.

The ULVAC Group has long been involved in a wide range of social contribution activities around the world. In 2013, We set out a basic policy and priority subjects for social contribution activities in order to the growing awareness of the importance of corporate social contributions.

In line with the policy, we will continue to contribute to regional and international communities by effectively using the technologies and human resources of the ULVAC Group to solve various social issues.

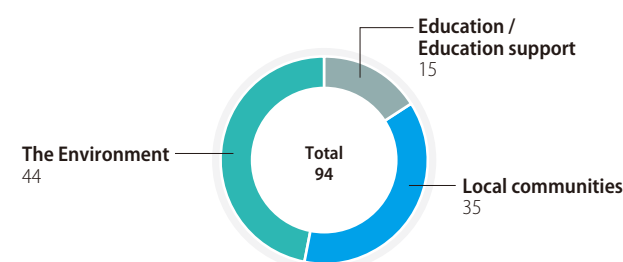
Basic Policy for Social Contribution Activities

Based on its corporate philosophy of contributing to the growth of industry and science with innovative, cutting-edge technologies, the ULVAC Group provides distinctive technological innovations globally and implements initiatives for solving various social problems by using ULVAC's technologies and human resources.

Priority subjects



Number of social contribution activities conducted by the ULVAC Group in Fiscal 2015



Beach Cleaning (coastal clean-up activity)



Tanbo (Rice Field) Project

Activity Case Study 1 Holding vacuum demonstration classes and factory tours (ULVAC, Inc.)

ULVAC, Inc., conduct vacuum demonstrations, mainly for local public institutions, such as elementary schools, and hold factory tours. In Fiscal 2015, 300 people participated in a tour of the Chigasaki Headquarters and Factory. Going forward, we will continue to work to conduct dialogue with local residents, while deepening their understanding of ULVAC, and to contribute to the development of the next generation and local communities through vacuum demonstrations and factory tours.



Vacuum demonstration class



Factory tour

Activity Case Study 2 Parking lot security for the Malaysian "Bon Odori" festivities (ULVAC MALAYSIA SDN. BHD.)

In July 2016, ULVAC MALAYSIA SDN. BHD. (UMY) participated in "Bon Odori" festivities held by the Japan Club of Kuala Lumpur, Malaysia, and supported by the Selangor State Government, by acting as volunteer parking lot security staff. 18 UMY staff members supported the world's largest "Bon Odori" event, which had 36,000 participants, through such activities as guarding the parking lot and directing traffic around the venue, together with other member companies of "Sansui-kai", which is a subcommittee of the Japanese Chamber of Trade and Industry, Malaysia. We are contributing to the "Bon Odori" festival, which links the cultures of Malaysia and Japan, while deepening our exchanges with the local community.



Activity Case Study 3 Volunteer activities to assist with germination of rice seedlings in local villages (Ulvac Korea Precision, Ltd.)

Ulvac Korea Precision, Ltd., provided volunteer staff to farmers who were short on labor in Pyeongtaek, Gyeonggi Province. These volunteers provided support for rice farming in the areas surrounding the company, from preparing seedling trays to laying sheets in the fields.



Corporate Governance

The ULVAC Group works to ensure thorough corporate governance in order to increase corporate value in the medium to long term, based on our corporate philosophy of "contributing to manufacturing and science through vacuum technology." From this perspective, we will respect the interests not only of shareholders, but also of business relations, local communities, employees, and other stakeholders that are involved with our business activities. We will also value competitive and efficient operation, while ensuring strict compliance with laws and corporate ethics.

ULVAC's Management Structure and Operational Structure

ULVAC values agile and swift business judgment and decision-making, from the perspective of responding rapidly to the business conditions in which we operate, etc. For that reason, we have adopted the management structure of a company with a board of corporate auditors.

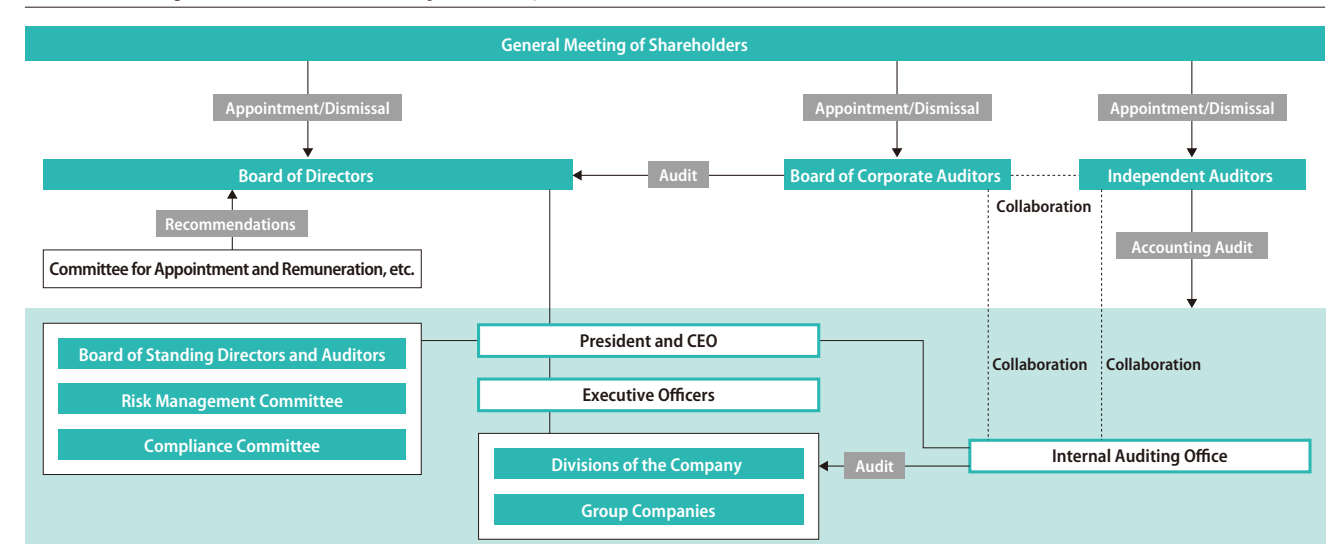
First, ULVAC has a Board of Directors, which is a decision-making body for important management issues. The Board holds regular meetings once each month, as well as ad-hoc meetings as necessary to ensure flexibility. The Board of Directors comprises 9 members, of whom 3 are external directors. 2 of the external directors are designated as independent external directors. Through this structure, ULVAC is not only able to make swift and efficient judgments concerning important management issues, but is also able to achieve fair, impartial, and highly transparent deliberation, as well as operational oversight. Next, with the introduction of an executive officer system, executive officers are engaged with executive functions, having been granted a certain

amount of responsibility and authority over their designated areas, based on delegation by the Board of Directors. Also, ULVAC has a Board of Standing Directors and Auditors, which comprises a total of 16 internal directors and executive officers. The Board of Standing Directors and Auditors holds regular meetings twice monthly, as well as ad-hoc meetings as necessary. Through this structure, we have achieved more flexible and swift business operations that are appropriate for a rapidly changing business environment, based on a clear expression of the responsibilities and authority of each executive officer.

In addition, ULVAC has a Board of Corporate Auditors, which performs auditing and oversight of management decision-making and business operations. The Board of Corporate Auditors comprises 4 members, of whom 2 are external auditors. 1 of the external auditors is designated as an independent external auditor. Furthermore, we ensure full auditing and supervisory functions through close links between corporate auditors and the Internal Auditing Division and independent auditors, whose independence is ensured, as well as through attendance and comments by corporate auditors at important meetings, such as meetings of the Board of Directors and the Board of Standing Directors and Auditors, and through regular meetings between the Internal Auditing Division and the President, etc. Through this structure, we have achieved rigorous, fair, impartial, and transparent auditing and supervisory functions, ensuring that each corporate auditor obtains sufficient information.

In addition, we have a Committee for Appointment and Remuneration, etc., for instances that require objective determination of important matters, such as the appointment and remuneration of directors and executive officers. The Committee for Appointment and Remuneration, etc., comprises 5 members, of which 3 are independent external directors or independent external auditors. Of the remaining 2 members, 1 is an external director. By having these kinds of advisory bodies for the Board of Directors, we are able to achieve fair, impartial, and highly transparent deliberations with regard to especially important management decisions, and increase the effectiveness of the Board of Directors.

ULVAC Management Structure (As of September 30, 2016)



Board of Directors and Auditors (End of September 2016)

Board of Directors



Hisaharu Obinata
President and Chief Executive Officer
Responsible for Internal Auditing Office



Akinori Bo
Director and
Executive Vice President
Supervisor of Head Office Divisions



Mitsuru Motoyoshi
Director and Senior Managing Executive Officer
Supervisor of Affiliated Business Department,
General Manager of
Global Business Strategy Headquarters



Setsuo Iwashita
Director and Senior Managing
Executive Officer
General Manager of Management
Planning Headquarters



Junki Fujiyama
Director and Senior Managing
Executive Officer
Supervisor of Corporate Sales &
Marketing, General Manager of
Corporate Sales and
Marketing Division 1



Hideyuki Odagi
Director and
Managing Executive Officer
Supervisor of Manufacturing,
General Manager of
Advanced Manufacturing Division



Akira Mihayashi
External Director
President of Nissay Credit
Guarantee Co., Ltd.



Norio Uchida
External Director
Outside Director of Nabtesco
Corporation



Dr. Kozo Ishida
External Director
Senior Advisor for HORIBA, Ltd.

Executive Officers



Masasuke Matsudai
Senior Managing Executive Officer
President of ULVAC TECHNO, Ltd.



Dr. Choong-Ryul Paik
Managing Executive Officer
Supervisor of Development



Hiroyuki Hirano
Executive Officer
Director of ULVAC Vacuum
Furnace (Shenyang) Co., Ltd.



Dr. Kazuya Saito
Executive Officer
General Manager of Research and
Development Planning
Department and Institute for Super
Materials



Akira Umeda
Executive Officer
General Manager of Business
Planning Administration
Department, Management
Planning Headquarters



Ryou Matsumoto
Executive Officer
General Manager of Affiliated
Business Department, Global
Business Strategy Headquarter



Youichi Oohinata
Executive Officer
General Manager of Industrial
Equipment Division



Kiyokazu Yanagisawa
Executive Officer
General Manager of
Components Division



Shigemitsu Sato
Executive Officer
General Manager of
FPD・PV Division



Yu Jer Tsai
Executive Officer
President of ULVAC TAIWAN INC.

Auditors



Seiichi Takahashi
Audit & Supervisory
Board Member



Makoto Ito
Audit & Supervisory
Board Member



Senshu Asada
External Audit & Supervisory
Board Member
Lawyer



Kazumi Ohtsuka
External Audit & Supervisory
Board Member

Compliance

ULVAC values compliance, and in addition to conducting awareness activities so that each person in the ULVAC Group acts with a spirit of compliance, we are establishing and operating a range of institutions and regulations to ensure more thorough compliance.

Establishment of a Corporate Code of Conduct

ULVAC has established a Corporate Code of Conduct comprising 18 items, conducted education, and distributed booklets to create a spirit of compliance, in order to ensure that the execution of the duties of officers and staff is compliant with the law and internal regulations, and fulfills our social responsibility as a corporation.



Compliance Education

ULVAC is working to create a spirit of compliance through awareness activities. As an element of this, we are conducting activities such as providing opportunities for regular and ad-hoc education and training.



Whistleblowing System

ULVAC has adopted a whistleblowing system. The system operates through the Internal Auditing Office, which is under the direct authority of the president and has guaranteed independence. The Internal Auditing Office also serves as the office for the Compliance Committee, and it is structured to give full consideration to confidentiality throughout the process of investigating the content of reports. This system does not prevent the person making the report from selecting other institutions or organizations within the Company as the destination for the report, and in those instances, the report will be handled as appropriate to the circumstances. Anonymous reports are also accepted, and the people making the reports are not treated unfavorably in any way.

After a whistleblower report has been received, the initial response is for the Compliance Committee to investigate the facts. This investigation is particularly mindful of fairness, and is conducted judiciously and thoroughly. If necessary, assistance may be sought from external experts, such as lawyers, and thorough interviews that are as wide-ranging as possible may be conducted and analyzed. Also, the president of the Company shall chair the Compliance Committee, and members of the Committee shall observe a strict duty of confidentiality when carrying out their duties.

Dealing with Acts of Violation

If it is deemed that a violation of laws or regulations has been committed based on the results of an investigation by the Compliance Committee, then the opinion of an external expert, such as a lawyer, may be sought as necessary, immediate shutdown or improvement measures will be implemented, and those who were involved with the violation will be dealt with after deliberation by the appropriate institution. In addition, the fundamental causes that brought about the violation are also studied to formulate effective measures for preventing recurrence.

Risk Management

The ULVAC Group considers that responding to increasingly complex and diverse risk factors leads to the creation of governance structures that contribute to the fulfillment of legal requirements and the creation of internal control structures, and by extension, the medium- to long-term improvement of corporate value. We are expanding systems that can respond appropriately to risk factors through identification, classification, analysis, and evaluation, and we are working to increase corporate value by reflecting them in our management strategy.

Risk Management System

ULVAC has established rules related to our risk management system as a risk management initiative. We classify a broad range of risks from a number of different perspectives, and establish risk control offices for each risk classification. Furthermore, the risk control offices identify more specific risks and respond to them. We work to ensure that especially important information for the operation of the risk management system is gathered efficiently in these risk control offices. In addition, in order to share and evaluate information concerning the operation of the risk management system on a company-wide basis, we have a Risk Management Committee, which is chaired by the President, and mainly comprises the various risk control offices. The Risk Management Committee holds regular twice-yearly meetings as an umbrella organization for risk management, and it determines company-wide basic policy, monitors the state of management and administration, and considers any improvements that can be made, etc. Furthermore, initiatives at ULVAC are implemented at ULVAC Group companies as appropriate for the scale and business type of the company in question.

Risk Management System

