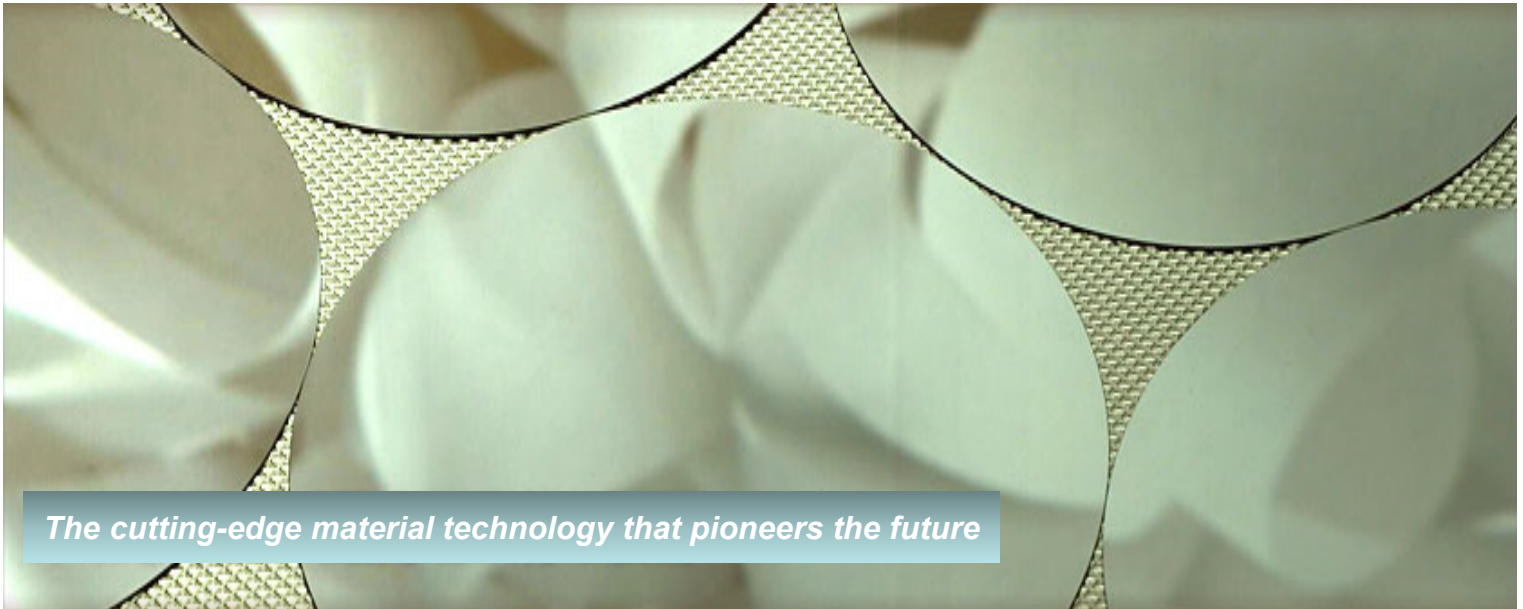


2015 CSR Report



The cutting-edge material technology that pioneers the future



GlobalWafers Japan

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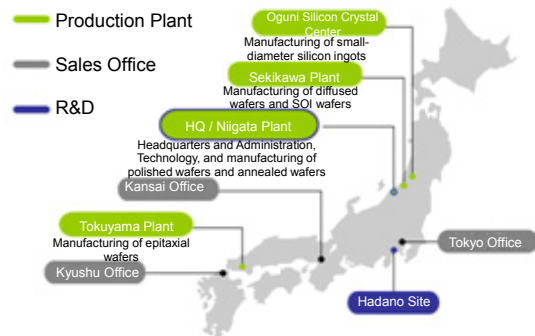
Editorial policy

This CSR Report has been prepared for the purpose of communicating our CSR (Corporate Social Responsibility) initiatives in our business activities via the aspects of the economy, society, people, and environment so that they can be easily understood by our customers, shareholders, employees, and the regional community.

Scope

GlobalWafers Japan Co., Ltd.

- **Headquarters / Niigata Plant**
6-861-5 Seiro-machi Higashiko, Kitakanbaragun, Niigata Prefecture
- **Tokuyama Plant**
2-1-32 Eguchi, Shunan, Yamaguchi Prefecture
- **Sekikawa Plant**
278 Tatsutashin, Sekikawa, Iwafune District, Niigata Prefecture
- **Oguni Silicon Crystal Center**
378 Ogunimachi, Oguni, Nishiokitama District, Yamagata Prefecture



Subject period

The activity results for the subject period of FY2015 (January 1–December 31, 2015) and some for the other period are included in this Report.





Our history dates back to 1977 when the silicon wafer business was transferred to us from Toshiba Corporation. For nearly 40 years since then, we have been working on manufacturing products based on the policy of providing “the quality and services in accordance with the customers’ needs.” This has enabled us to provide a bright future to people around the world via the silicon wafer business, which forms the basis for the semiconductor industry.

In 2012, we became an affiliated company of Sino-American Silicon Products Inc. (located in Taiwan), which has enabled us to benefit from synergies with the group’s companies in Taiwan, the U.S., and China, and we expect this tie-up to ensure our future development.

Our surrounding environment is constantly facing major changes both domestically and internationally, such as political instability, fluctuating raw material prices, and the increasing number of natural disasters in recent years, additionally to the foreign exchange rate trends.

Given these challenges that may have a significant impact on our business management environment, we need to ensure the stability and sustainability of our business.

To this end, we are positioning CSR as the most important task that we need to work on to strengthen our management capabilities. Therefore, in GlobalWafers Japan, all relevant persons maintain and operate the compliance structure to ensure compliance with the company’s Internal Control Basic Policy and the Code of Conduct, as well as its information management structure, risk management structure, BCP (Business Continuity Plan), and internal audit structure by adhering to top management policy to achieve the company’s overall objectives.

We hope to further promote our CSR activities with the acknowledgement that businesses are members of society, and thus we can make much contribution not only to the people in the local community but also throughout the world.

Takashi Araki
President & Representative Director

Corporate Philosophy

To become a world-class advanced semiconductor materials manufacturer to serve our stakeholders including customers, employees, shareholders, and a harmonious society with our excellent products and continuous technology development.

Management Policy

1. Customer Satisfaction

Contribute to our customers by providing solutions with products and services that respond to our customers' requirements.

2. Faithful Corporate Activities

Comply with global and domestic laws and regulations, correspond to all stakeholders faithfully and equally and contribute to protecting the global environment.

3. High Level of Professionalism

Improve capabilities and creativity of our employees to encourage a high level of expertise and professionalism.

4. Excellent Teamwork

Foster open corporate culture, strengthen collaborative activities among employees at different organizations, and work on challenging tasks with excellent teamwork.

5. Sustainable Growth

Aim for everlasting growth through consistent innovation in technology development, business strategies, and management.

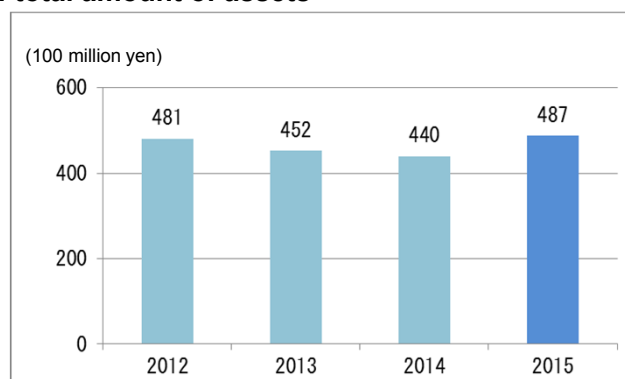
Company overview

Trade name:	GlobalWafers Japan Co., Ltd.
Headquarters:	6-861-5 Seiro-machi Higashiko, Kitakanbara-gun, Niigata Prefecture
Established on:	June 18, 1991
Representatives:	Doris Hsu, Chairperson & CEO Takashi Araki, President & Representative Director

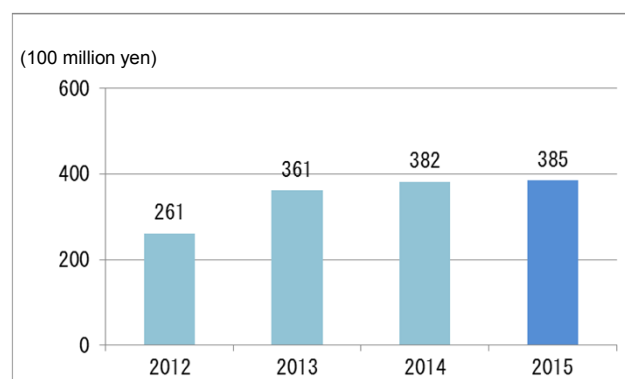
Capital: 6.9 billion yen
Total amount of assets: 48.7 billion yen
Annual sales amount: 38.5 billion yen

Note: The total amount of assets, sales amount, and the number of employees are as at the end of December, 2015.

● **Transition of total amount of assets**

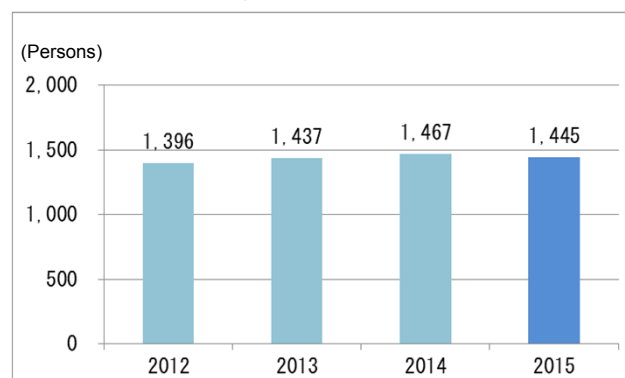


● **Transition of sales amount**



*The fiscal year up until FY2011 had been from April until March in the following year, but the account closure month was changed from March to December starting from April 1, 2012 and, therefore, the figures for FY2012 are the total amount for the nine months between April–December.

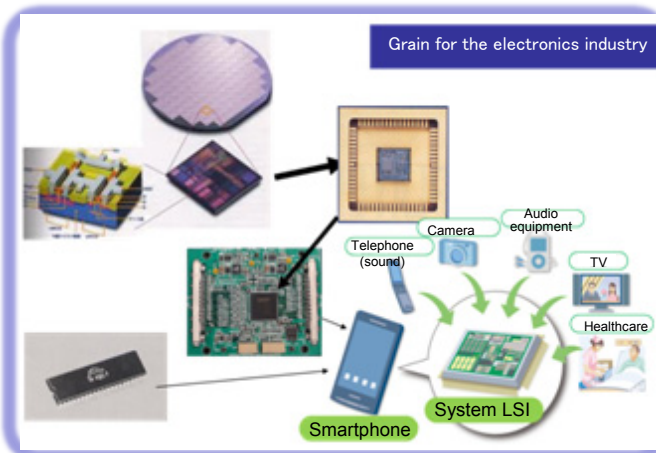
● **Transition of number of employees**



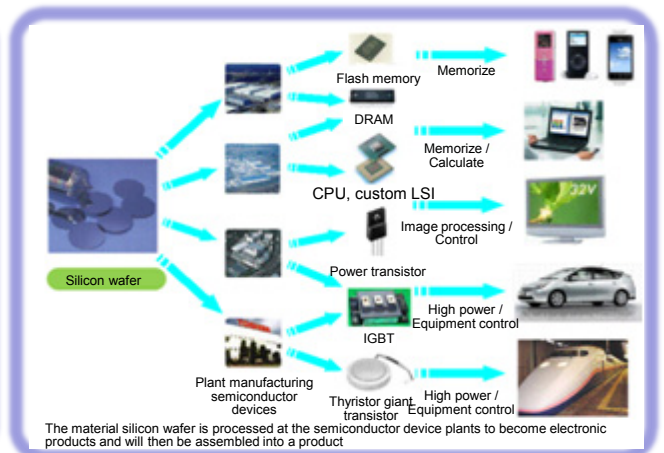
Introduction of our products

- We will gain customer satisfaction and trust by developing and providing products that are socially effective and safe.
 - (1) We will provide products and services of value, where customers can be satisfied with their quality, cost, and timing of delivery.
 - (2) We will respond to the requests of our customers in a sincere and appropriate manner and will provide accurate product information to ensure quality assurance.
 - (3) We will supply high value-added, cutting-edge products to the market by ensuring continuous technology development, and therefore contribute to the development of a sustainable society.
 - (4) We will execute the business that we are responsible for in a fair and sincere manner based on self-awareness. We will provide products and services of value and to the satisfaction of our customers, thereby fulfilling our responsibilities as a professional company, and we will continuously work on self-improvement for better business quality.

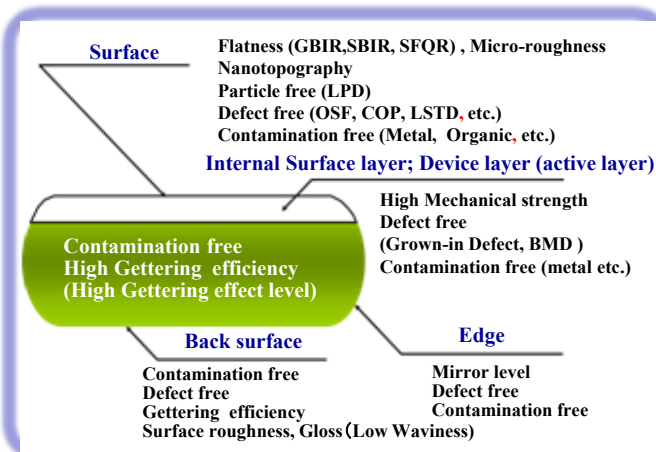
● Usage of silicon



● Silicon wafer that supports the social foundation



● The features required for the silicon substrates to be used in cutting-edge semiconductor devices



The image of scale for the unevenness of the silicon wafer - When compared with the ground at Tokyo Dome -



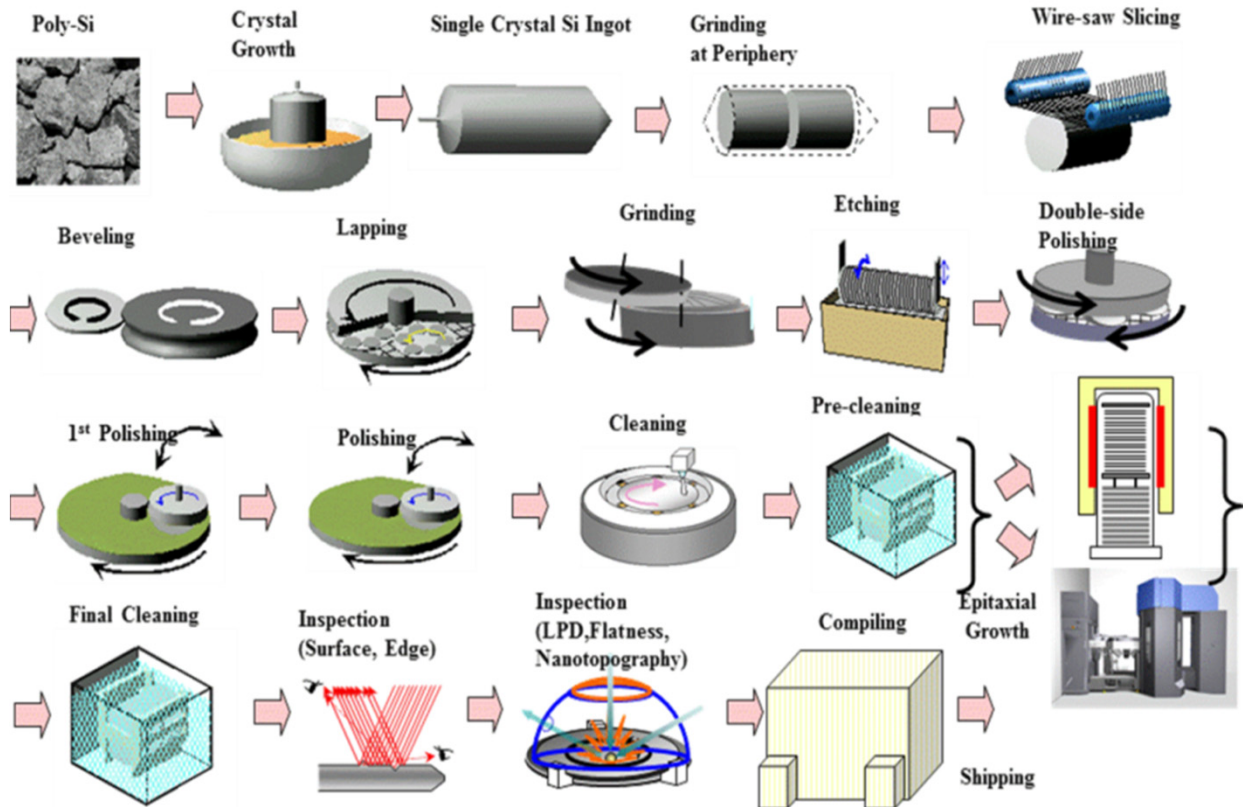
When the diameter of the wafer is expanded to the size equivalent with Tokyo Dome (300 mm □ 300 m), the unevenness on the wafer will be as small as 0.1 mm or less.

Trash and dust control at the silicon wafer manufacturing sites □ Clean room (class 100)



Introduction of our products

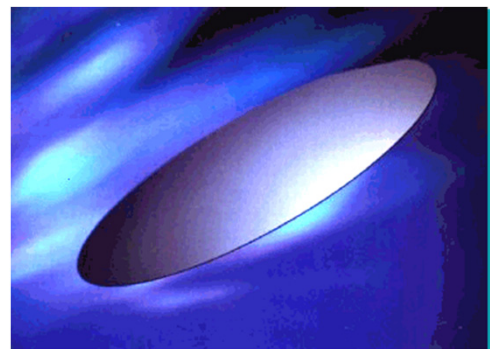
● Representative manufacturing method of 300-mm silicon wafer



Engineered wafer ECAS® Wafer

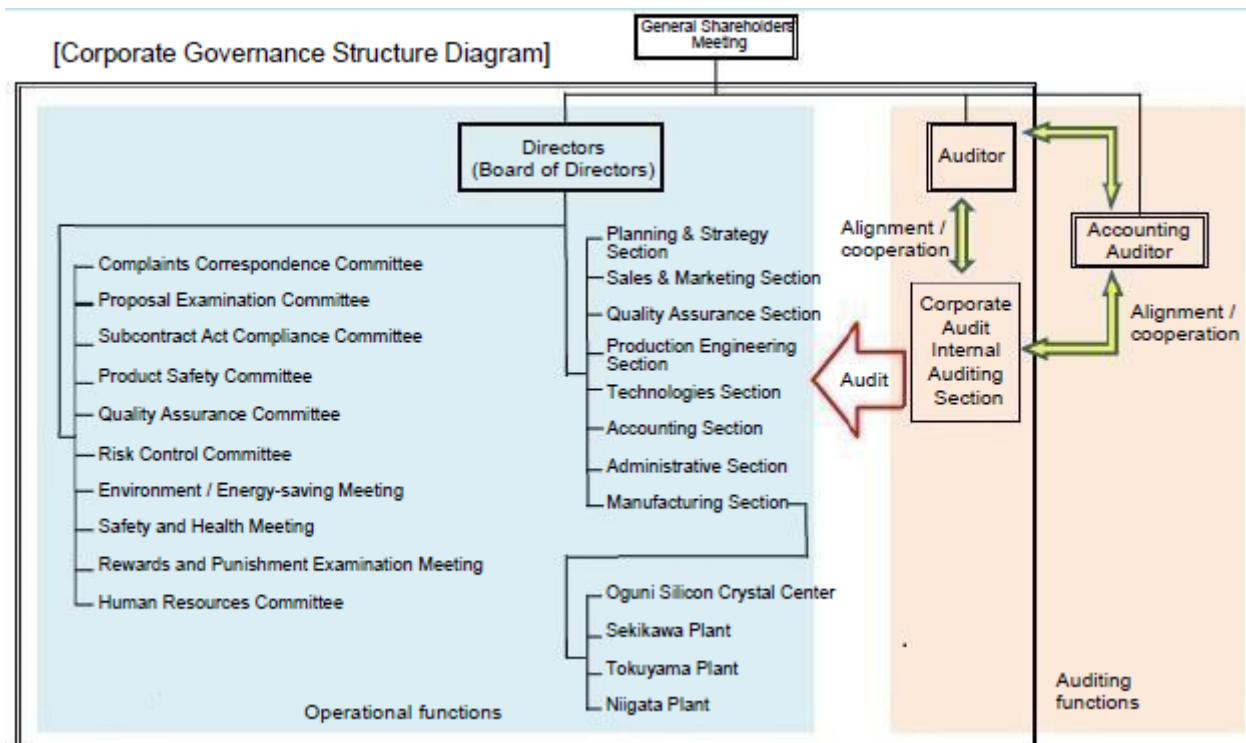
ECAS® Wafer is a silicon wafer product developed to be used in advanced semiconductor devices whose half pitches are 65 nm or beyond. The product was developed due to the innovation of the crystallization and heat treatment process techniques, and it can be customized for the customer's devices. The development of the processing technique has also improved its flatness.

*ECAS® Wafer
(Engineered Customizable Application Specific)



Basic internal control policy / Compliance

- Our basic internal control policy and compliance structure
We will act in compliance with the laws and contracts, and will conduct adequate transactions under conditions of fair and free competition.
- (1) We will communicate with all our customers in a fair and just manner and conduct transactions under appropriate conditions.
 - (2) We will comply with The Antimonopoly Act, the Unfair Competition Prevention Act, and the Subcontract Act, etc. We will conduct transactions by following sound business practices and social standards, and will not provide or receive any profit that is inappropriate from a legal or social standard perspective.
 - (3) We will comply with the Patent Act, the Copyright Act, and other law and internal regulations regarding intellectual properties when working on obtaining, protecting, and utilizing our intellectual properties, and we will value the legitimate intellectual property rights of third parties.
 - (4) We will comply with the laws regarding export control for the countries and regions in which we operate our businesses, and will not engage in any transaction of goods or technologies that may have an impact on the maintenance of international peace and safety standards. Additionally, we will make sure no conflict mineral is used.
 - (5) We will make sure that not only GlobalWafers Japan but also those within our supply chain are not engaged with any antisocial force or groups that would threaten the order and safety of the civil society.
 - (6) We will maintain sound and proper relationships with politicians, political organizations, and administrative organizations.

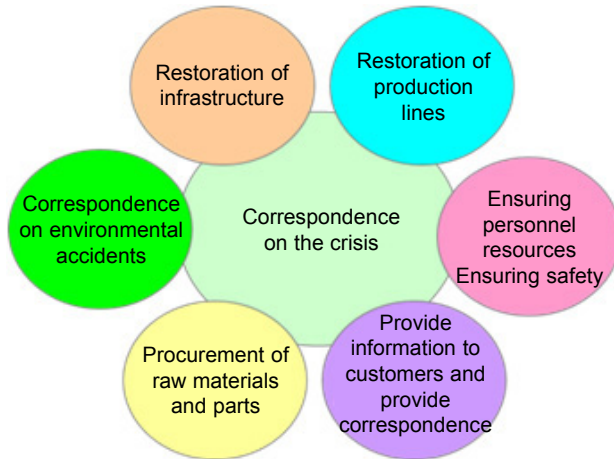


- GlobalWafers Japan acknowledges that the responsibilities of its Board of Directors and management are to adopt the basic internal control policy at the Board of Directors level and to firmly maintain and operate the internal control system.
The purpose of this is to
 - (1) ensure business efficiency and results (profitability, performances, and asset maintenance),
 - (2) ensure the reliability of financial reports,
 - (3) submit reasonable grounds for guaranteeing compliance to laws.
 In order to make internal control even more effective, audits are implemented by auditors, accounting auditors, and the Corporate Audit.

● GlobalWafers Japan will appropriately protect and control company information, etc., and will also implement suitable communication and information disclosure practices to gain accurate understanding and reliance from all stakeholders.

- (1) We will handle trade secrets and personal information, etc. of GlobalWafers Japan and other third parties in an adequate manner, and will take appropriate measures to prevent such information from being disclosed, leaked, used, or tampered with in an inappropriate manner.
- (2) While under employment with or upon resignation from GlobalWafers Japan, no employee or company member will collect, disclose, leak, or use any trade secret or personal information of the company or of any other third party.
- (3) We will disclose our company information such as our management policy, business contents, financial reports, and the current situations in a fair manner based on objective facts, and we will obtain accurate understanding and reliance from our customers, shareholders, clients, and regional community.
- (4) We will not engage in any insider trading activities, such as selling and purchasing securities, based on non-disclosed company information.

BCP (Business Continuity Plan)



● BCP (Business Continuity Plan)

GlobalWafers Japan is working on preparing itself for various assumed risks in terms of business continuity crises and has determined the organizational structure, roles and responsibilities, and procedures for mitigating any damages to its customers, clients, employees, regional community, and all relevant persons within the Business Continuity Plan.

● Chart of assumed business continuity crises

Business premise	HQ / Niigata Plant	Tokuyama Plant	Sekikawa Plant	Oguni Silicon Crystal Center	Hadano Site	Tokyo Office	Kansai Office	Kyushu Office
Location	Niigata Pref.	Yamaguchi Pref.	Niigata Pref.	Yamagata Pref.	Kanagawa Pref.	Tokyo	Osaka	Fukuoka Pref.
Earthquake	○	○	○	○	○	○	○	○
Tsunami	○	○	-	-	-	○	○	○
Flood	○	○	○	○	○	○	○	○
Snow damage	○	-	○	○	-	-	-	-
Fire	○	○	○	○	○	○	○	○
Mass infection	○	○	○	○	○	○	○	○
Terrorism	○	○	○	○	○	○	○	○

● Providing information to customers

In the occurrence of any large-scale natural disaster, etc. that may impact the supply of products to our customers or that may concern them due to the media coverage, etc., the Sales & Marketing section will collaborate with the subject manufacturing site and immediately communicate with our customers about matters such as the disaster occurrence status, damage status, and the impact on product delivery.

Additionally, in order to prepare for a scenario where our sales site is stricken by a disaster, the production management sections within each plant will take on the role of customer contact for emergency cases.

● Ensuring personnel resources / ensuring safety

We will place the highest priority on ensuring the safety of all relevant persons, based on the prerequisite of valuing human lives. We will develop a communication structure for the emergency support team, as well as an alignment / cooperation structure between each plant in order to ensure that personnel can enable its restoration.

● Materials procurement activities (raw materials, parts)

We will promote procurement from multiple vendors, and as for the raw materials / parts that cannot be procured this way, we will utilize our stock raw materials / parts where we determine our stock levels based on delivery timings, etc. Should any disaster, such as an earthquake, occur, we will make sure to confirm any potential impact from the vendor's side. Additionally, we are conducting surveys on the vendors' BCP structure establishment status on a regular basis to ensure a strong supply chain.

● Correspondence on environmental accidents

In compliance with the Environmental Accident Correspondence Regulations, we will work on minimizing the occurrence of environmental accidents, and will produce reports for the regional residents and align with various administrative organizations in order to minimize the impact on the regional environment.

● Restoration of infrastructure

Each plant will have in place the minimum required power source by utilizing emergency power generators to ensure safety, especially at the Niigata and Tokuyama plants, where a supply structure that is resilient against natural disasters is being established together with each supplier. Additionally, a hotline between the suppliers is being developed to ensure that the required infrastructure is put in place when necessary.

● Ensuring transportation routes

We have established a structure that ensures multiple transportation measures between our customers and each of our plants.

Domestic transportation : Ensuring multiple transportation routes

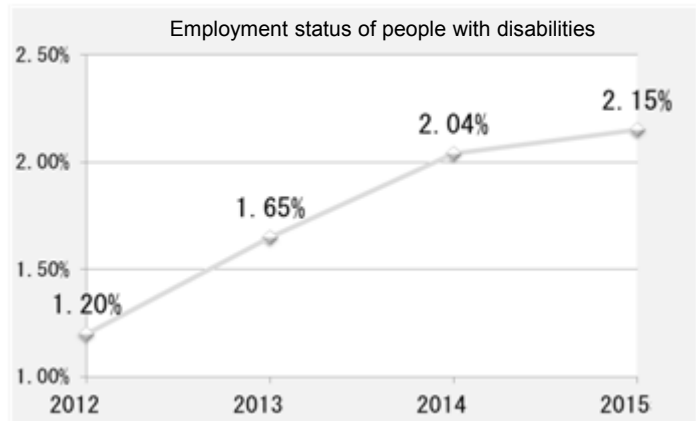
International transportation : Developed a transportation structure where several airports are being used (including the customs procedure)

Respecting human rights and developing a conducive work environment

- Respecting human rights and developing a conducive work environment. We will respect the human rights, personality, and diversity of our employees, and develop a safe work environment in which employees would feel comfortable working.
 - (1) We will respect fundamental human rights and the individual's sense of value, personality, and privacy. We will safeguard against any violence, abusive language, harassment, or any discrimination on the basis of race, religion, gender, nationality, or physical ability/disability, etc., and will nurture an open corporate culture.
 - (2) We will provide appropriate wages and manage the working hours appropriately, making sure to abolish any practices of forced labor, child labor, inhumane treatment, or violation of human rights, not only within GlobalWafers Japan but also within our entire supply chain.
 - (3) We will establish a comfortable work environment where the health and safety of employees and other relevant personnel are taken into consideration, to prevent any industrial accident or occupational disease, and develop emergency countermeasures against natural disasters, etc.

- Promoting the employment of people with disabilities

Among our business management issues, we have placed the highest priority on improving our rate of employment of people with disabilities, and thanks to the cooperation provided by the Labor Bureau, the Employment Security Office, and the local region, we have been able to maintain our status of exceeding the statutory employment rate since 2014.



Additionally, we will proactively work on employing people with mental disabilities as well.

● Industrial safety and health activities

2015 Company-wide priority matters for safety and health activities

1. Initiative to aim for zero labor accidents

- 1) Ensuring KY (Kiken Yochi) – danger prediction
 - (1) KY checks immediately before work execution
 - (2) Implement regular KYTs
- 2) Elimination of the unstable state and unsafe actions
 - (1) Identify failures in facilities and equipment, and ensure safety measures
 - (2) Follow safety and health rules
- 3) Implementation of risk assessment and mitigation
 - (1) Assess risks at times of changing processes or when implementing safety measures
 - (2) Assess risks including those for non-regular work
 - (3) Immediate improvement of level III and IV
 - (4) Introduce risk assessment for chemical substances

4) Continuous implementation of education

- (1) Implementing safety sensory education in a planned manner
- (2) Provide education to elderly persons and ensure safety measures

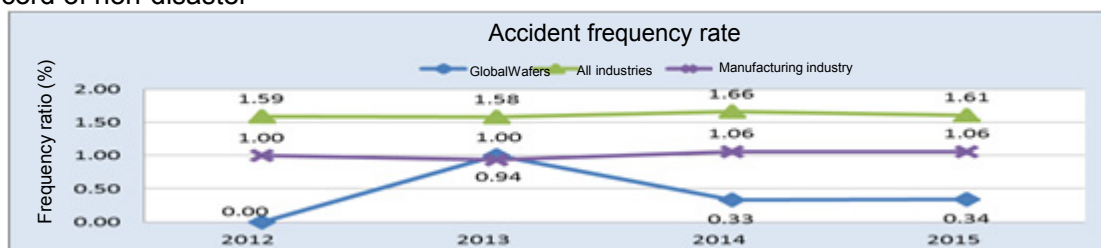
2. Initiatives for maintaining and improving health

- 1) Preventing lifestyle diseases from becoming serious
 - (1) Continuous provisioning of guidance from industrial physicians and education by public health nurses
- 2) Preventing health impairment due to excessive amount of labor or excessively stressful statuses
 - (1) Reinforcement of labor management for employees working long hours, and providing guidance via interviews
 - (2) Make preparations to support mandatory stress checks

As for safety and health activities, we have established and are promoting a system based on OSHMS (Operational Safety and Health Management System). Every year, we would review our activities for the previous year to determine company-wide priority matters for safety and health activities.

We also implement safety and health audits at each plant once a year to improve their safety and health levels. As for mental health prevention measures, we have established a counseling system to promote an environment where employees can easily gain access to any counseling services.

● Record of non-disaster



Data source: The results for all industries and for the manufacturing industry has been sourced from "2015 Survey on Industrial Accidents by the Ministry of Health, Labour and Welfare" (subject period: April – March)

*GlobalWafers' data collection period is January–December

●Disaster prevention drills

In preparation for the occurrence of fire disasters or major earthquakes, we implement general disaster prevention drills every year to make prompt and appropriate emergency responses, and to minimize damage.

Headquarters / Niigata Plant: General disaster prevention drill



Headquarters / Niigata Plant: General disaster prevention drill



Tokuyama Plant: General disaster prevention drill



Sekikawa Plant: General disaster prevention drill



Tokyo Office: General disaster prevention drill



Oguni Silicon Crystal Center: General disaster prevention drill



Environmental report

- For the purpose of protecting the irreplaceable global environment and of handing over it in a sound state, we will act environment conservation activities in a sincere manner.

●Environmental Policy

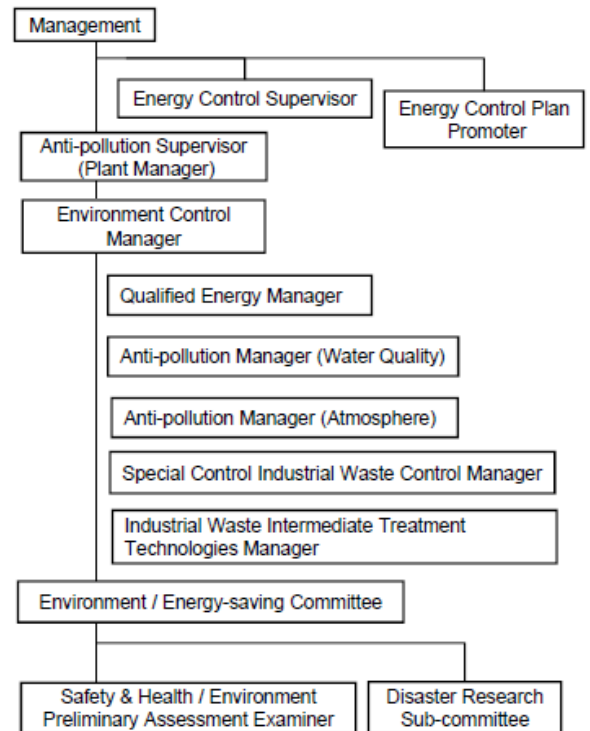
Slogan

“As a semiconductor materials manufacturer with cutting-edge technologies, we will continuously promote our initiatives for environmental conservation via manufacturing products at a global scale, and therefore exercise our social responsibilities so that we can contribute toward realizing a sustainable society.”

1. We will position our initiatives for environmental conservation as one of our focus issues for our business operations.
2. We will comply with environment-related laws, other requirements we have agreed upon, and other self-management standards.
3. As for the environmental aspects relevant to our business activities, we will implement improvements in a continuous manner to prevent any environmental contamination.
4. We will set environmental purposes and targets to roll out our environmental policy. To help prevent global warming, we will work on reducing our CO2 emissions, amount of industrial waste, and the usage of restricted chemical substances.
5. We will work on maintaining and preserving the soundness of the natural environment and its biological diversity.
6. We will promote green procurement and will make efforts to purchase raw materials with less environmental load.
7. We will contribute to society by developing and providing superior environmental technologies and environment-friendly products, via cooperation and alignment with the local region and society, and through environmental conservation activities.
8. This environmental policy will be documented and fully communicated to all employees including those with the relevant companies within the premises and other partner companies, etc. This policy will be maintained by each organization without fail and will be openly disclosed to the public.

- The structure for promoting environmental control and anti-pollution measures

GlobalWafers Japan acknowledges that environmental conservation is one of its management issues, and has a structure for promoting environmental control established for the purpose of effectively implementing continuous improvement activities and the PDCA cycle in order to ensure environmental conservation.



●Focus themes

GlobalWafers Japan sets its environmental policy as “reduction of CO2 emissions, industrial waste, and the usage of restricted chemical substances in order to prevent global warming.” It places this policy for environmental conservation as one of its focus issues for business management, and will continuously implement these initiatives.

Focus themes	
Reduction of CO ₂ emissions	To achieve “reducing 1% or more of energy consumption unit for the annual average” as stipulated by the Act on the Rational Use of Energy, we will reduce CO2 emissions by implementing energy-saving activities in compliance with the mid- to long-term plan submitted to the METI.
Reduction of industrial waste	We will suppress the generation of waste that occurs in our business activities, promote its recycling and the reduction of the final disposal amount.
Reduction of the usage of restricted chemical substances	We will reduce the amount of substances subject to PRTR with significant environmental impact levels.

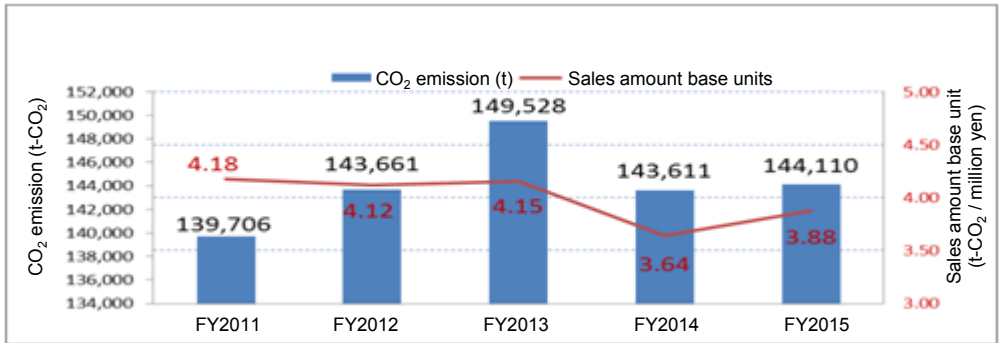
● Material balance

Data collected: Apr. 2015–Mar.2016

Input		Output	
Electric energy:	246,704,526kwh	Product:	Silicon wafer
Town gas:	2,849,676Nm ³	CO ₂ emission:	144,110t-CO ₂
Heavy oil:	465,542kl	Displacement:	4,246,545m ³
Industrial water:	5,236,861m ³	Industrial waste amount:	6,624,348kg
Water supply:	40,456m ³		
Chemical substance: Hydrofluoric acid, sulfuric acid, hydrochloric acid, and hydrogen peroxide, etc.		The measured data for emission to atmosphere and the displacement measured data results were all below the statutory level	

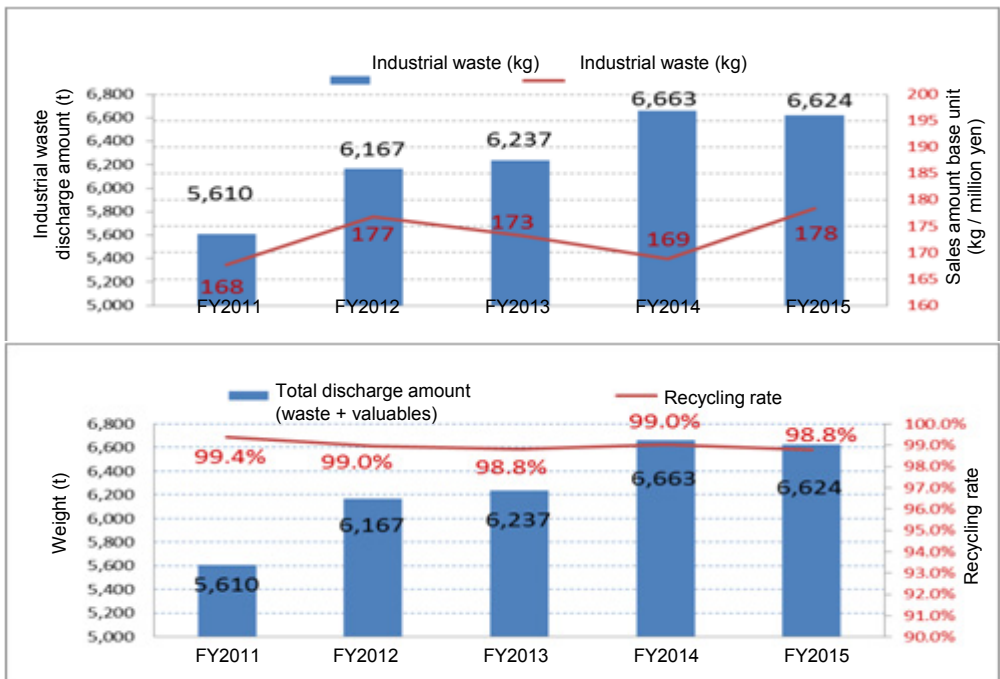
● Promotion of energy-saving

To continuously reduce CO₂ emissions, the plants implement energy-saving initiatives such as improving productivity and introducing energy-saving machineries.

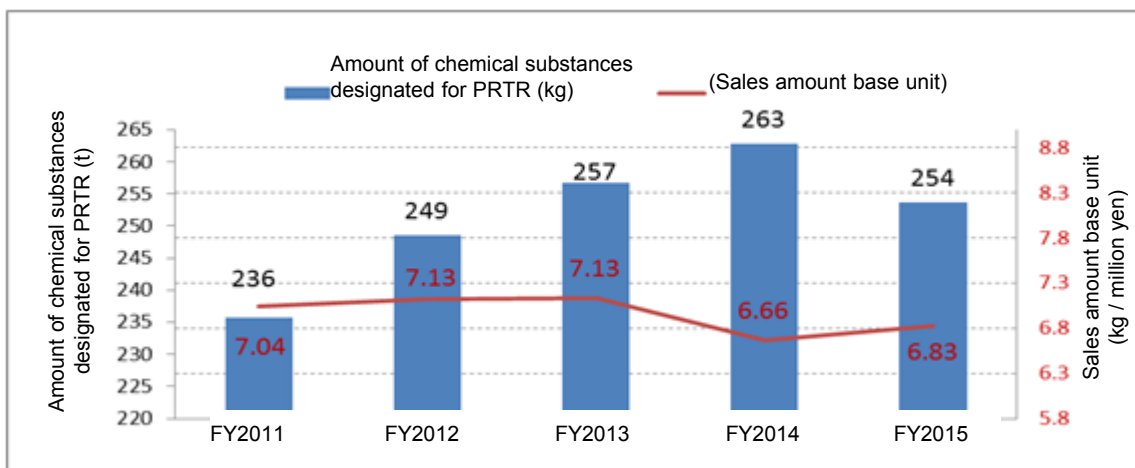


● Promotion of waste generation suppression

In order to establish a sustainable recycling society, we are working on improving our production efficiency, utilizing resources effectively, and recycling resources by ensuring the thorough sorting of waste, therefore, making an effort to reduce its amount.



- Promotion of suppressing the usage of chemical substances (substances subject to PRTR)
In order to reduce the environmental risks generated from the use of toxic chemical substances and therefore leading to the contamination of the natural environment and to health damage, we are working on reducing and eventually abolishing the usage of these substances, by moving to using substitute products.



Target: Substances subject to PRTR (Pollutant Release and Transfer Register)

PRTR (Pollutant Release and Transfer Register) is a system to acknowledge, calculate, and disclose data about how much various toxic chemical substances were discharged, where they originated from and how much were delivered to out-of-business premises by being included with industrial waste.

(kg)

Fiscal year	Amount handled	Amount discharged					Transferred amount		
		Total	Diffused to atmosphere	Discharged water	Discharged soil	Landfill disposal within business premise	Total	Discharged to sewerage	Discharged as waste
FY2011	235,660	2,834	1,954	880	0	0	3,910	310	3,600
FY2012	248,581	2,609	2,039	570	0	0	3,583	330	3,253
FY2013	256,694	2,613	2,133	480	0	0	3,420	328	3,092
FY2014	262,875	2,760	2,260	500	0	0	4,595	314	4,281
FY2015	253,607	2,917	2,327	590	0	0	6,019	323	5,696

Certified as a “Seiro Eco-Office” by the local government (Seiro-machi)—the Headquarters / Niigata Plant



GlobalWafers Japan was interviewed on June 15 for an article scheduled to be published in the PR paper in August regarding the energy-saving activities implemented by four companies certified as Eco-Office companies by Seiro-machi, which includes GlobalWafers Japan. During the interview, we introduced our energy-saving activities and efforts including peak-cut, peak-shift, and making proposals for energy saving by utilizing the electricity visualization system (demand monitoring), and the idea contest, etc.

●Protecting the environment together with the regional community—Introduction of the activities

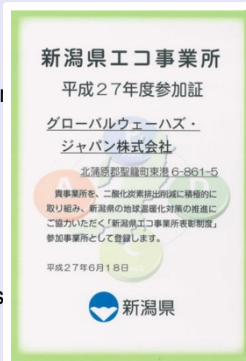
Participating in regional volunteer activities – Tokuyama Plant



As part of its monthly environmental events, on June 15, the Tokuyama plant implemented cleaning activities along Tonda River which is located in front of the plant. This resulted in much less trash left within the area, which is a vast improvement although we cannot say that there is completely no trash. We will continue with this activity in the future, to help the regional community feel comfortable when they pass by the plant

We are participating in Niigata Prefecture's Eco Office System—the Headquarters / Niigata Plant

This system is provided by the Niigata Prefecture for the purpose of promoting CO2 reduction. It invites business sites implementing efforts for reducing CO2 to make applications, and discloses the activity results of the participating registered business sites on the Prefecture's website.



Visiting lecture on industrial wastes provided by Niigata Prefecture—the Headquarters / Niigata Plant

With the cooperation of the Waste Measures Section, Daily Life and Environment Dept. of the Niigata Prefectural Government, we attended a visiting lecture on industrial waste which explained the obligations stipulated within the Waste Management and Public Cleansing Act for businesses that emit industrial waste such as GlobalWafers Japan. The lecture also provided information regarding revisions and amendments to the laws, the importance of legal compliance, and of making efforts to deal with environmental issues.



Clean-up operation—the Headquarters / Niigata Plant



As part of the Seiro-machi Environment Clean-up Activity, members of the HQ and Niigata Plant implemented the Clean-up Operation within as well as outside the premises where there were many empty cans and cigarette trashes. We would like to continuously implement Clean-up Operations as part of the activities of the Headquarters and Niigata Plant.



Contributing to the regional community / society

- We will implement social contribution activities as a good corporate citizen and will exercise our responsibilities as a member of the regional society. For the purpose of developing the younger generation who will take on crucial roles in the future, we have established an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children, and are actively implementing the plan at each business premise in cooperation with the regional communities.

Nagaoka Technical High School visiting GlobalWafers



Niigata Technical High School visiting GlobalWafers



Sekikawa Plant: Workplace experience



The Headquarters / Niigata Plant: Internships



Oguni Silicon Crystal Center: Workplace experience



Sekikawa Plant: Internships





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Website: <http://www.sas-globalwafers.co.jp/>
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