

2017 CSR Report



GlobalWafers Japan
グローバルウェーハス・ジャパン株式会社



Contents

Contents

About this CSR Report P03

Message from the management P04

Corporate Philosophy/Management
Policy/Company overview P05

Economic efficiency report P06

Introduction of our products P07

Management

■ Basic internal control policy /
Compliance P09

■ Risk management and BCP
(Business Continuity Plan) P11

■ Quality control and product safety P14

■ Procurement P15

Environmental report

■ Environmental report P16

Report on social and humanity activities

■ Respecting human rights and developing
a conducive work environment P19

■ Contributing to the regional
community / society P22

Cover photo: Cherry tree forest in Tochidaira, Mt. Omine (Shibata City, Niigata), Source: Shibata City Tourism Association

"Tochidaira Cherry Forest," a forest zone of cherry trees growing wild in the Mt. Omine national forest, is a natural monument of country designation.

More than 40 kinds of cherry trees including *Prunus sargentii* (Oyama-zakura), *Cerasus apetala* (Okuchoji-zakura), *Prunus jamasakura* (Yama-zakura), and their variations, mixed with the forests of horse chestnut, beech, and Japanese oak, make a flower scene looking like snow widely from the hillside to the mountaintop.

"Mt. Omine, 399.5m above sea level, is located in the "Kushigata Mountain Range," which is said to be the smallest in Japan.

With the promenade leading to the observation deck and cherry hut, Mt. Omine is very popular as a hiking course from early spring to early fall.

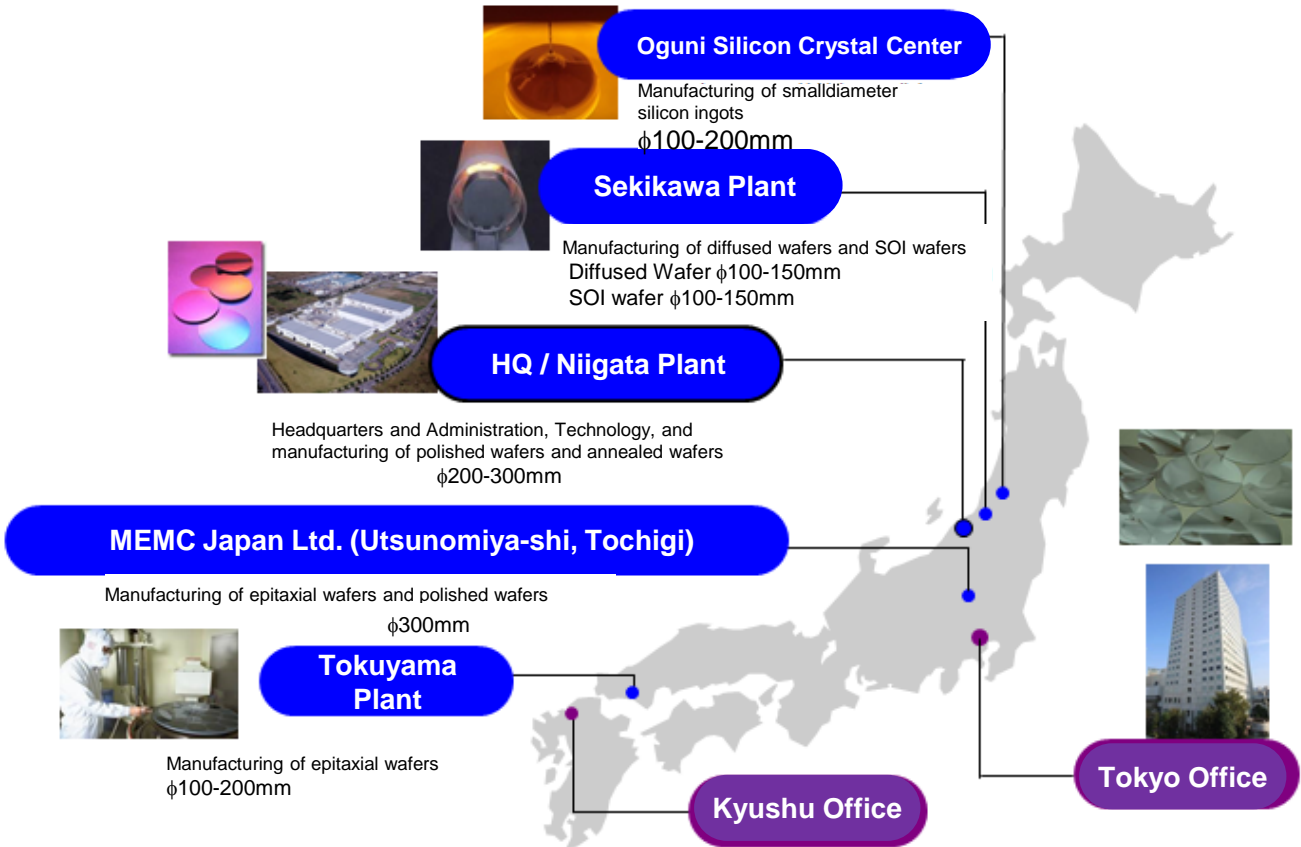
About this CSR Report

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.



MEMC Japan Ltd. is not included in this Report, except in some part.

Subject period

The activity results for the subject period of FY2017 (January 1–December 31, 2017) and some for the other period are included in this Report.

Message from the management



Takashi Araki
President & Representative Director

With a management creed of "contributing to customers, employees, shareholders, and society with outstanding products and constant technological innovation as a leading-edge semiconductor material manufacturer," GlobalWafers Japan has endeavored over the years for the self-improvement of employees and technical innovation so that we can contribute to the development of society through the silicon wafer products we provide. This is also the way GlobalWafers Japan's employees have carried out the roles assigned to each of them in a unified effort to "pursue customer satisfaction," the first subject of our management policy. In 2017, MEMC Japan Ltd. (Utsunomiya-shi, Tochigi) joined us as a new member and makes a new step forward as one of our seven silicon wafer manufacturing sites in Japan.

Silicon wafers, the main product we make at GlobalWafers Japan, are used in a very wide range of fields from our familiar products including smart phones, portable music players, digital cameras, PCs, household appliances to industrial machines that support social infrastructure including automobiles, railways, and elevators. GlobalWafers Japan's technologies support the reliability of semiconductor products used for such applications. We are fully aware of our great responsibility and strive to achieve an affluent society, protect the global environment, and realize a sustainable society by supplying products that can be used safely and securely by customers.

For this purpose, we should necessarily address various issues surrounding society and our entire business as well as manufacture excellent products. As an organization, GlobalWafers Japan has been implementing internal controls through the corporate governance system in order to ensure proper business operation and promote activities smoothly and efficiently. We also provide various education to every employee in accordance with the code of business conduct in order to ensure compliance. GlobalWafers Japan has also strengthened its BCP (Business Continuity Plan) aiming to disclose correct information quickly and resume business operations as promptly as possible in the event of a disaster or other emergent event.

We also aim to develop a fair and active work environment so that every employee can play their important roles. We will steadily implement the environmental conservation measures through daily improvement activities while making an active approach to contribution to local communities including participation in local events and frequent holding of plant visit event.

We will continue to make social contributions as a member of the communities that host our operations so that people around the world can lead an affluent life. With this report, we report our activities to you and review them for further development.

Corporate Philosophy/Management Policy/Company overview

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.

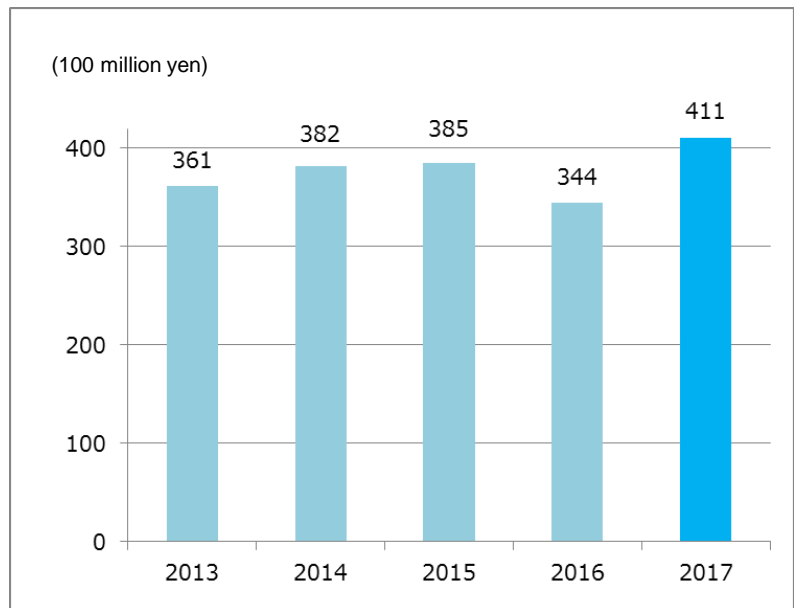
Company overview

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

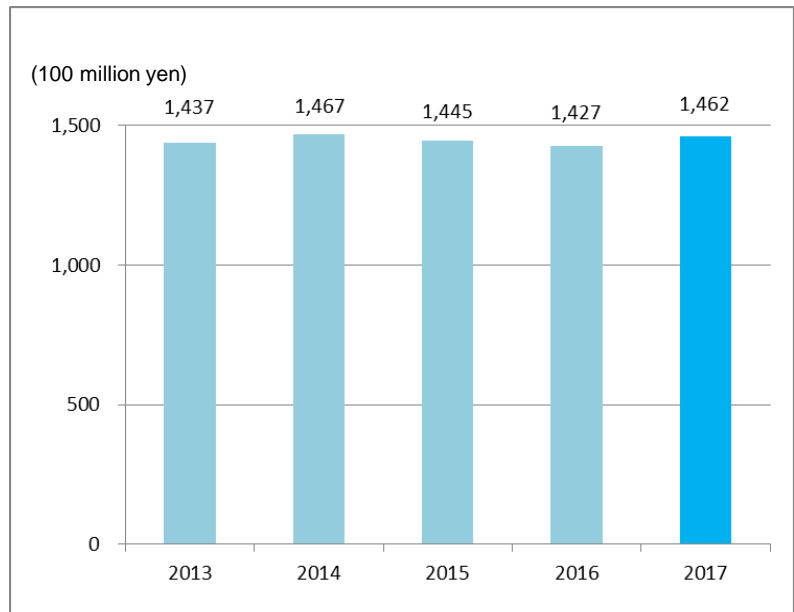
Economic efficiency report

Capital: 6.9 billion yen • The amount of capital, annual sales amount, and the number of employees are as at the end of December, 2017.
Annual sales amount : 41.1 billion yen
Number of employees: 1462

● Trend of annual sales



● Transition of sales amount



Introduction of our products

Alongside the rapid growth of the semiconductor industry, demand for silicon wafers, which are semiconductor substrate materials, has risen markedly. To meet user expectations for stable quality GlobalWafers Japan has been providing various wafers under an integrated production / quality control system that handles the single crystal pulling, surface treatment, cleaning, and packaging.

● Silicon wafer manufacturing process

The manufacturing process of silicon wafers roughly consists of a crystal development process and a wafer processing process.



● Technologies required for silicon wafers

In the semiconductor manufacturing process where silicon wafers are used, fine circuits are formed on a silicon wafer.

Now, the width of single circuit line is several tens of nanometers (nms), so irregularity control on the order of several tens of nanometers is required on the surface of the silicon wafers. Several tens of nanometers represents a size smaller than influenza virus (approx. 100 nm).

● Applications of silicon wafers

As a semiconductor substrate material, silicon wafers are used for digital appliances around us including household electric appliances, PCs, mobile phones, automobiles, and cameras. Silicon wafers are indispensable for the roles they play in these products -- memory, operation, communication, image sensing, electric power control, etc..



● Evaluation from customers

In 2017, we were awarded by HigashineShindengen Co., Ltd. and HHGrace for our technologies, quality, stable product supply, etc. We continue to strive for establishment of consistent relationship of trust with customers and improvement of technical capabilities.

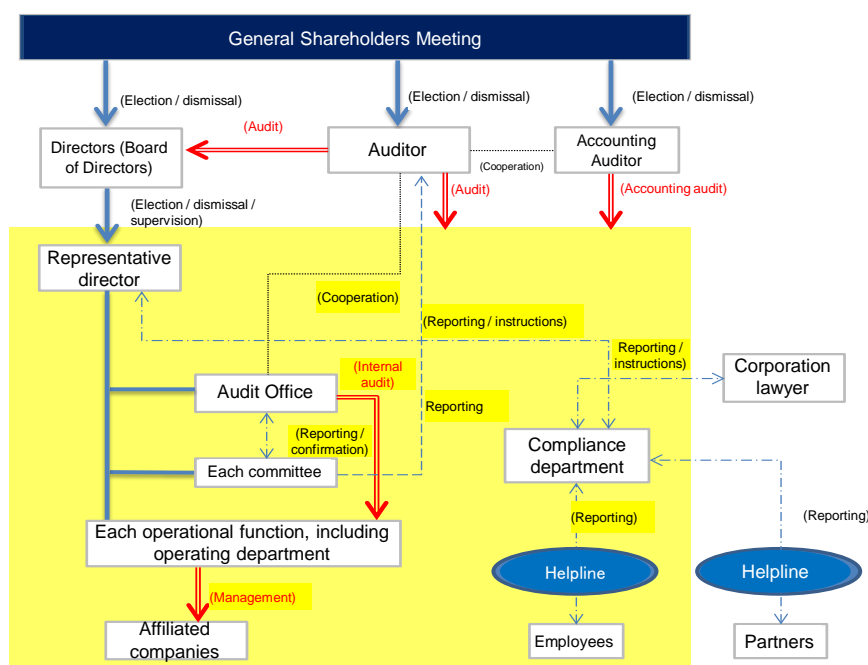
Basic internal control policy / Compliance

● Basic internal control policy / Compliance

GlobalWafers Japan will act in compliance with the laws and contracts, and will conduct adequate transactions under conditions of fair and free competition.

- (1) GlobalWafers Japan will communicate with all our customers in a fair and just manner and conduct transactions under appropriate conditions.
- (2) GlobalWafers Japan will comply with The Antimonopoly Act, the Unfair Competition Prevention Act, and the Subcontract Act, etc. GlobalWafers Japan 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) GlobalWafers Japan 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 GlobalWafers Japan will value the legitimate intellectual property rights of third parties.
- (4) GlobalWafers Japan will comply with the laws regarding export control for the countries and regions in which GlobalWafers Japan 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, GlobalWafers Japan will make sure no conflict mineral is used.
- (5) GlobalWafers Japan 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) GlobalWafers Japan will maintain sound and proper relationships with politicians, political organizations, and administrative organizations.

[Corporate Governance Structure Diagram]



● The basic internal control policy

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 system is to:

- (1) ensure business efficiency and results (profitability, performances, and asset maintenance);
- (2) ensure the reliability of financial reports, and;
- (3) submit reasonable grounds for ensuring compliance.

In order to make internal control even more effective, audits are implemented by auditors, accounting auditors, and the Corporate Audit.

● Sincere and ethical corporate activities

Our basic policy is to perform business activities sincerely and ethically in compliance with laws, regulations, and social norms of the countries and regions where we operate business.

● Handling of information

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) GlobalWafers Japan 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) GlobalWafers Japan 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 GlobalWafers Japan will obtain accurate understanding and reliance from our customers, shareholders, clients, and regional community.
- (4) GlobalWafers Japan will not engage in any insider trading activities, such as selling and purchasing securities, based on non-disclosed company information.

● Information security education

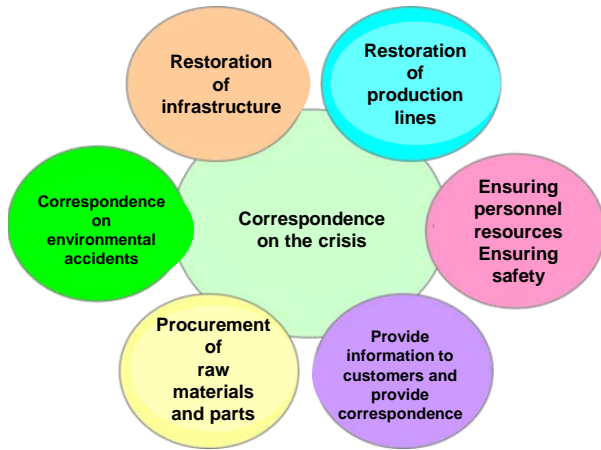
In order to secure the confidentiality, integrity, and availability of the information assets of GlobalWafers Japan and its affiliated companies, GlobalWafers Japan have organized matters that constitute the basis for handling information assets and are implementing information security education periodically.



● Export control

In order to avoid involvement in transactions that may threaten international peace and safety and to comply with related laws and regulations at home and abroad including the Foreign Exchange and Foreign Trade Law, GlobalWafers Japan has established export control rules and built an export control system that GlobalWafers Japan uses to determine the applicability to cargo export and service provision and examine transactions as an organization. We also conduct internal audits, hierarchical export control education, etc. to establish proper security export control across the company.

Risk management and BCP (Business Continuity Plan)



● BCP (Business Continuity Plan)

GlobalWafers Japan is working on preparing itself for various risks in terms of business continuity crises and has determined in its Business Continuity Plan the organizational structure, roles and responsibilities, and procedures for minimizing any damages to its stakeholders including regional community.

● Basic policy

Customers: Minimize the impact on the customer's production plans.

Employees: Secure the safety and employment of employees.

Business partners: Maintain and continue good business relationships with business partners.

GWC Group: Minimize mutual production loss and maximize group profit.

● Objective and scope of BCP

Objective:

BCP has defined the organizational structure, roles and responsibilities, and procedures for business continuity crises, and aims to minimize damages, in case of a crisis, to customers, business partners, GlobalWafers Japan, the GlobalWafers Japan Group, and employees.

Scope of application:

In the event that an interruption of GlobalWafers Japan's core business, an order to implement the BCP will be issued. A situation in which operation is interrupted for two weeks or more due to a natural disaster such as earthquake, fire, or wind/flood damage, accident, crime, conflict, or otherwise, is considered a business continuity crisis.

Disasters that could interrupt the continuation of core business are assumed for each location:

In the event of a major disaster (earthquake, fire, flood, terrorism), each plant will continue wafer operations to the extent possible without suspension or will restore normal operations in a short amount of time in the event of suspension, so as to stably provide products / services to customers and maintain their trust.

● Chart of assumed business continuity crises

Business premise	HQ / Niigata Plant	Tokuyama Plant	Sekikawa Plant	Oguni Silicon Crystal Center	MEMC Japan	Tokyo Office	Kyushu Office
Location	Niigata Pref.	Yamaguchi Pref.	Niigata Pref.	Yamagata Pref.	Tochigi Pref.	Tokyo	Fukuoka Pref.
Earthquake	○	○	○	○	○	○	○
Flood, Tsunami	○	○	-	-	○	○	○
Snow damage	○	-	○	○	-	-	-
Fire	○	○	○	○	○	○	○
Mass infection	○	○	○	○	○	○	○
Terrorism	○	○	○	○	○	○	○

● BCP response team

Team leader: President
 Sub-team leader: Manager, Planning & Strategy Office
 Team members: Factory managers, responsible department managers
 Executive office: Administration Group, Planning Group

● Roles of Response Team

- Collect and share information on risks.
- Prevent recurrence and respond to new risks.
- Transmit information to outside parties.
- Follow up on risk response.

● Content and timing of emergency contact with customers

In the event of a major natural disaster or other event that can affect the supply of products to customers or cause them to be concerned due to media reporting, the sales department, in cooperation with the affected manufacturing facility, will promptly report the relevant information to customers including the damage situation, effect on product delivery, etc.

The timing of reporting is in principle as follows.

	Elapsed time	Content of reporting
1st report	Within 24 hours	Damage suffered and rough estimate of impact on shipment under the worst case scenario.
2nd report	Within 48 hours	Shipment plan (outline). Damage to works in progress.
3rd report	Within 72 hours	Review of the shipment plan (in detail). Summary of the damage suffered.

● Survey on emergency response by main business partners

GlobalWafers Japan surveys how our main business partners address emergencies and ask them to establish, maintain and renew a BCP system. GlobalWafers Japan also strives to minimize the impact on production resulting from a shortage of production materials, auxiliary parts, etc. by promoting procurement from multiple business partners and securing an appropriate amount of stock.

Survey on the emergency contact information, plant locations, and supply chains of main business partners

- Procurement BCP vendor list

Survey on BCP response by main business partners

- Establishment of BCP system
- Initial action in case of emergency
- Response in case of emergency
- Risk identification
- Risk diversification
- Development of disaster prevention

- **Implementation of disaster prevention drills / BCP response drills**

GlobalWafers Japan implemented emergency response drills by assuming the occurrence of an earthquake and fire at Niigata Plant. Each plant has also implemented general disaster prevention drills assuming a case of emergency.



- **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**

GlobalWafers Japan will place the highest priority on ensuring the safety of all relevant persons, based on the prerequisite of valuing human lives. GlobalWafers Japan 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)**

GlobalWafers Japan is promoting procurement from multiple business partners and, for raw materials / parts that cannot be procured from multiple business partners, GlobalWafers Japan maintains sufficient stock levels based on delivery timing, etc. GlobalWafers Japan also surveys business partners about their BCP structure on a regular basis to ensure strong supply chains. Should an earthquake or any other disaster occur, GlobalWafers Japan confirms the impact the partners may have suffered.

- **Correspondence on environmental accidents**

In compliance with the Environmental Accident Correspondence Regulations, GlobalWafers Japan 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**

GlobalWafers Japan 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)

Quality control and product safety

● **Quality policy**

- GlobalWafers Japan's products form the basis of technologies for connecting the world.
- GlobalWafers Japan strives for continual improvement through corporate activities and pursues the maximum performance in quality, technology, and production.
- GlobalWafers Japan aims to provide products and services with complete quality to customers.

● **Code of Conduct for Quality**

- Meet customer requirements and applicable legal regulations.
- Contribute to the solution of customers' issues by providing product and services that meet their needs.
- Strive to be a long-term partner to be trusted by customers.
- Ensure that all employees endeavor to provide quality and services to be trusted by customers.
- Ensure quality from the viewpoint of customers from the design and development phase.
- Establish a reliable quality assurance system and work for continual improvement.

● **Commitment to customer satisfaction improvement**

GlobalWafers Japan regularly reviews various feedbacks received from customers and analyze customer satisfaction with regard to Q (quality), C (cost), D (delivery date) and S (service). Results of the analysis are shared by top management and related departments, which leads to continual improvement activities.

In addition, information obtained from communication with customers is handled with full attention to compliance.

● **Commitment to product safety**

GlobalWafers Japan continually maintains the control system that is required to ensure that no harmful substances are contained in products. The basic principles of control are to (i) obtain information on harmful substances contained in purchased materials, (ii) manufacture products using the materials, and (iii) provide information on the content in products to be sold. These principles are addressed across the entire supply chain. GlobalWafers Japan also appropriately respond to inquiries, if any, from customers or any other outside party about the control of chemical substances contained in products.

● Procurement policy

GlobalWafers Japan has established a code of conduct for procurement to develop procurement activity and endeavors to achieve social responsibility through procurement activity in order to meet the standards of RBA (Responsible Business Alliance). In compliance with the RBA standards consisting of the following five items, GlobalWafers Japan promotes fair and sound procurement activities through the whole supply chain.

1. Labor
2. Health and Safety
3. Environment
4. Management System
5. Ethics

Business partners are also requested to respect fundamental human rights and realize a safe working environment in their business activities.

● Code of conduct for procurement

- GlobalWafers Japan deals with all the business partners in a fair and impartial manner and transacts with them under proper conditions. Business partners are requested to cooperate with GlobalWafers Japan in proper quality, price, and delivery time, stable supply system, and continued supply in a contingency.
- GlobalWafers Japan complies with the Anti-Monopoly Act, Unfair Competition Prevention Act, Subcontract Act, etc. and follows sound business practice and generally accepted conventions in making business transactions and will not give / receive profits inappropriate in light of generally accepted conventions.
- GlobalWafers Japan ensures no use of minerals from conflict areas. Business partners are requested to cooperate in using minerals that are not involved in any conflict, etc. and dealt with lawfully.
- GlobalWafers Japan, including its supply chain, ensures the prohibition of relationships with any antisocial force or group that threaten the order or security of civil society.
- GlobalWafers Japan maintains sound and normal relationships with statesmen, political organizations, administrative organs, etc.
- GlobalWafers Japan complies with international standards, laws and ordinances, agreements, voluntary standards, etc. concerning environmental conservation and thereby contributes to the creation of sound social environment.
- GlobalWafers Japan strives for development of eco-friendly products and technologies, as well as for global warming prevention, reduction of effect on biodiversity, and formation of a recycling society by promoting management based on resource recycling and actively working for energy saving, resource saving, waste reduction, green procurement, etc.

Environmental report

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

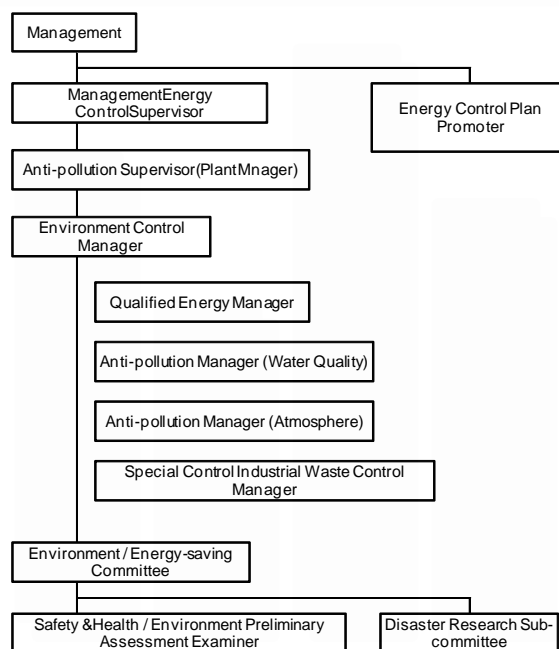
● Environmental Policy

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

1. GlobalWafers Japan will position our initiatives for environmental conservation as one of our focus issues for our business operations.
2. GlobalWafers Japan will comply with environment-related laws, other requirements GlobalWafers Japan have agreed upon, and other selfmanagement standards.
3. As for the environmental aspects relevant to our business activities, GlobalWafers Japan will implement improvements in a continuous manner to prevent any environmental contamination.
4. GlobalWafers Japan will set environmental purposes and targets to roll out our environmental policy. To help prevent global warming, GlobalWafers Japan will work on reducing our CO2 emissions, amount of industrial waste, and the usage of restricted chemical substances.
5. GlobalWafers Japan will work on maintaining and preserving the soundness of the natural environment and its biological diversity.
6. GlobalWafers Japan will promote green procurement and will make efforts to purchase raw materials with less environmental load.
7. GlobalWafers Japan will contribute to society by developing and providing superior environmental technologies and environmentfriendly 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.

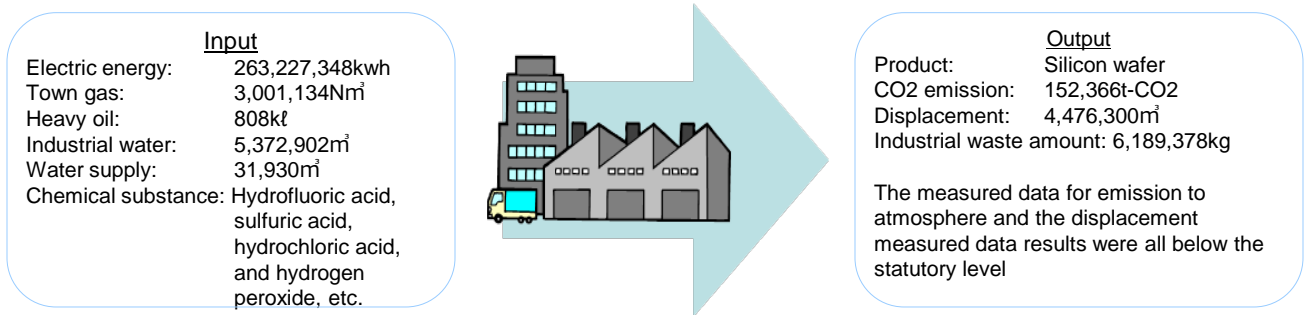


● Focus themes

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	Description
Reduction of CO2 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, GlobalWafers Japan 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	GlobalWafers Japan 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	GlobalWafers Japan will reduce the amount of substances subject to PRTR with significant environmental impact levels.

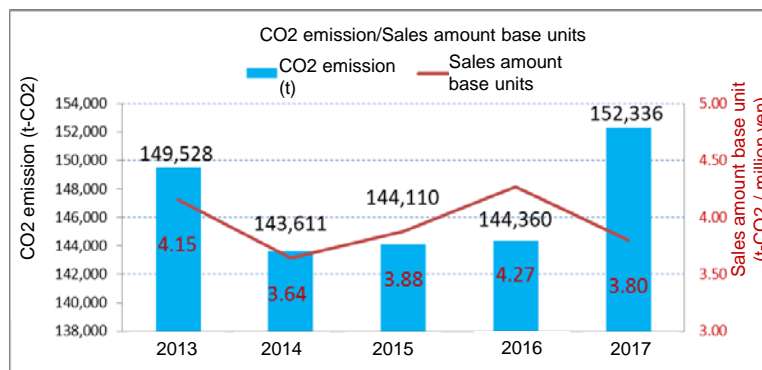
● Material balance



● Promotion of energy-saving

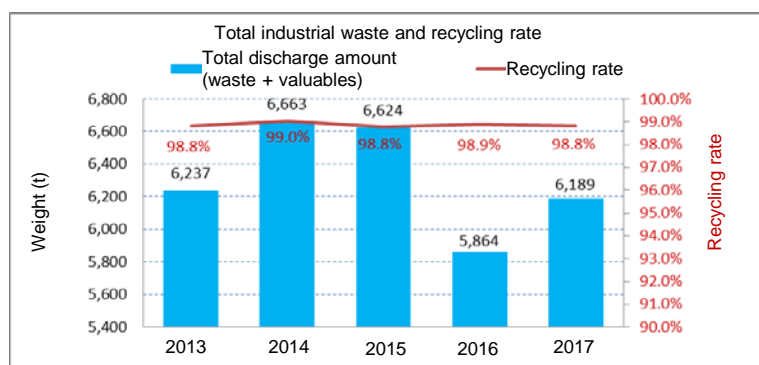
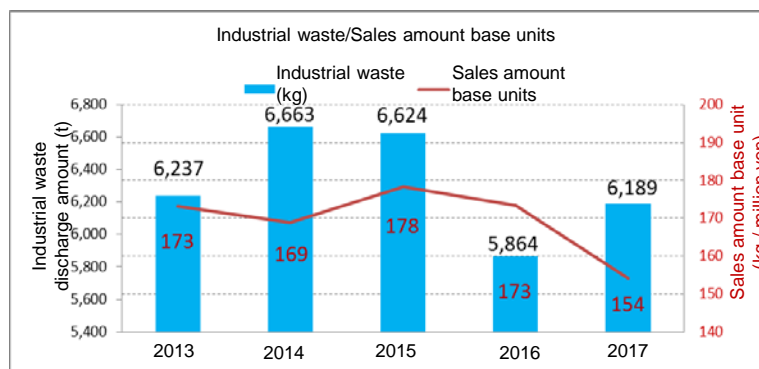
To continuously reduce CO2 emissions, the plants implement energy-saving initiatives such as improving productivity and introducing energy-saving machineries.

In the business operator classified evaluation system, which has been implemented by the Ministry of Economy, Trade and Industry under the Act concerning the Rational Use of Energy, GlobalWafers Japan has been continuously classified into Class S business operator as an excellent energy saving business operator since 2015, the initial year of the system.



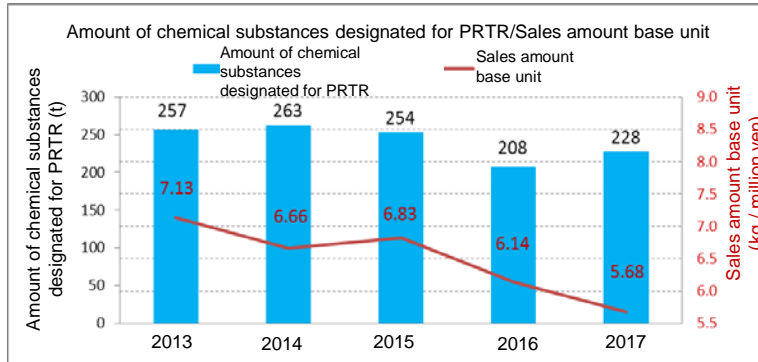
● Promotion of waste generation suppression

In order to establish a sustainable recycling society, GlobalWafers Japan 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, GlobalWafers Japan 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.

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

Participating in regional volunteer activities – Tokuyama Plant



The Tokuyama Plant participated in cleaning activities along the Tonda River, the Clear Stream Nishiki River Clean-up Campaign, the "Forestation Promotion Project to Protect Water" in the Shunan municipal forests, "Friendly Forest" (Susuma Hongo), etc.

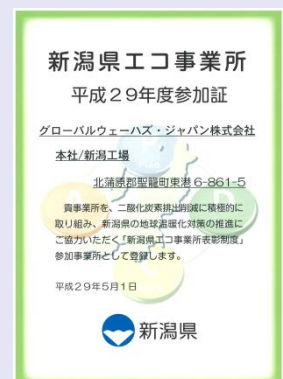
Clean-up operation—the Headquarters / Niigata Plant



As part of GlobalWafers Japan's philanthropy activities, each Plant participates in local clean-up operation. Headquarters /Niigata Plant joins the local green operation implemented by Seiro-machi twice every year to clean the area around the Plant.

GlobalWafers Japan 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.



Respecting human rights and developing a conducive work environment

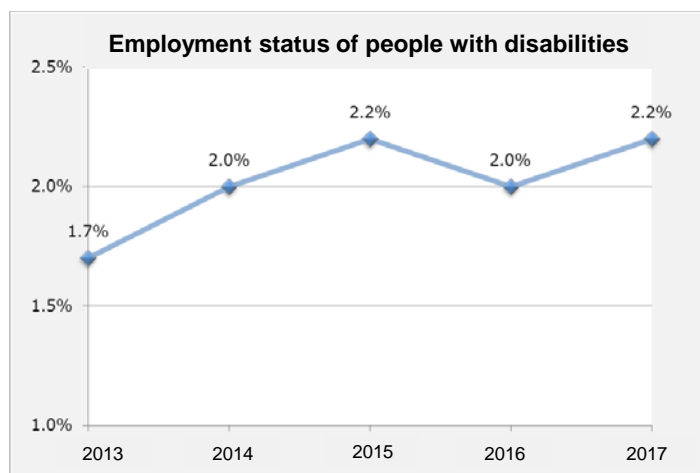
● Respecting human rights and developing a conducive work environment.

GlobalWafers Japan 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) GlobalWafers Japan will respect fundamental human rights and the individual's sense of value, personality, and privacy. GlobalWafers Japan 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) GlobalWafers Japan 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) GlobalWafers Japan 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.

● Respecting diversity

GlobalWafers Japan is striving for development of work environment where persons with disabilities can also demonstrate their ability and work with peace of mind. GlobalWafers Japan also actively supports women employees so that they can keep working while giving childbirth and raising children. In addition, 60-year old employees may continue to work taking the advantage of their abilities if so they request. GlobalWafers Japan considers the importance of providing work environment where various human resources can fully demonstrate their abilities.



The statutory rate for employment of handicapped people had been 2.0 % from April 2013 to March 2018 and has been 2.2 % in and after April 2018.

● Creating a better workplace

Striving for maintenance of the work environment considering health and safety without unjust discrimination or harassment as well as for prevention of occupational accidents and diseases, GlobalWafers Japan aims to create a better workplace for all employees by ensuring proper management of working hours and improvement of work-life balance.

● Commitment to mental health

In order to address the issue of occupational mental diseases, which have been increasing in recent years, we have optimized working hours (prevention of overwork) and opened a consultation room where an industrial counselor is stationed. GlobalWafers Japan also implement mental health education and promote the realization of a less stressful working environment in order to prevent various forms of harassments.

● **Industrial safety and health activities**

GlobalWafers Japan have established and are promoting a safety and health system based on OSHMS (Occupational Safety and Health Management System). Every year, GlobalWafers Japan review our activities of the previous year and determine company-wide priority matters for safety and health activities.

Every year, GlobalWafers Japan would review our activities for the previous year to determine company-wide priority matters for safety and health activities.

GlobalWafers Japan 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, GlobalWafers Japan have established a counseling system to promote an environment where employees can easily gain access to any counseling services.

2017 Company-wide priority matters for safety and health activities

1. Initiative to aim for zero labor accidents

“Never repeat similar accidents.” “Able to do reasonable things (observe the rules) as a matter of course.”

1) Be sure to observe “rules we decided” and “rules decided by others.”

Work with the positive concept of "Recognize the risk and observe the rules, not with the passive concept of "Do because it's a rule."

* Deepen the understanding by knowing the backgrounds / reasons for "rules we decided" and "rules decided by others."

<Elimination of five violations of rules>

- (i) Don't know the rule. (ii) Do not understand the rule. (iii) Not convinced of the rule.
- (ii) (iv) Others don't follow the rule. (v) No warning even if ignored.

2) Never do or have others do an unreasonable thing.

Know in advance the ability (skills, knowledge, physical strength) and health condition of oneself / team members and the functions and performance of machines and tools.

* Recognize the environment of workplace and if it is beyond the ability / function / performance, decide or direct (in the case of supervisor) the suspension of work.

3) Ensure safety check (KY) before work.

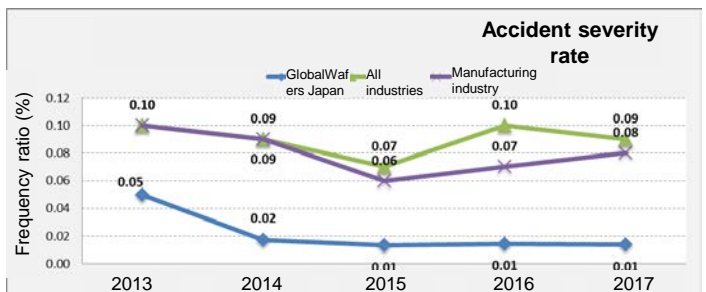
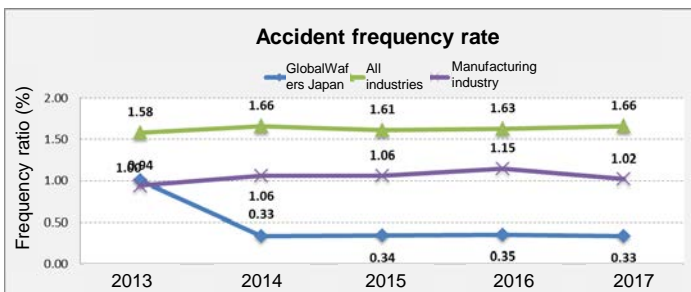
Recognize hazardous points correctly and have the awareness of self-defense.

2. Initiative for health enhancement / disease prevention

Prevention of health impairment by overwork or excessive stress

- 1) Strengthening labor management and interview with guidance for employees working long hours**
- 2) Work environment improvement using the stress check system and education about mental health and harassment.**

● **Record of non-disaster**



Source: "Outlook" for all industries and manufacturing industry, "2017 Survey on Industrial Accidents by the Ministry of Health, Labour and Welfare".

*GlobalWafers Japan' data collection period is January–December

● **Disaster prevention drills**

In preparation for the occurrence of fire disasters or major earthquakes, GlobalWafers Japan 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



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



Contributing to the regional community / society

GlobalWafers Japan implements social contribution activities as a good corporate citizen and endeavors to maintain a good relationship with regional communities by promoting communication with them. Particularly, for the purpose of developing the younger generation who will take on crucial roles in the future, GlobalWafers Japan has established an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children, and is actively implementing the plan at each business premise in cooperation with the regional communities.

● Communications with local schools

For a great growth of children and students in local community, GlobalWafers Japan periodically holds factory tour and workplace visit events to introduce its products and the overall semiconductor industry including products distressed therein. In addition, GlobalWafers Japan regularly accepts some students as internship.



Oguni Senior High School --- Internship students



Oguni Junior High School -- Workplace experience



Murakami Senior High School -- Workplace visit tour



Engineering Department of Niigata University --- Workplace visit

● Lectures in local universities

The GlobalWafers Japan holds lecture meetings in local universities as part of regional contribution activity. In 2017, lectures by top management and employees were held in Niigata and Yamagata Universities.



● Oguni Silicon Crystal Center participated in the Inari Shrine Annual Festival

Oguni Silicon Crystal Center has been participating in the Inari Shrine Annual Festival sponsored by CoorsTek, Inc. A lot of local children joined this year's Festival as usual. GlobalWafers Japan's team joined the ceremonial sumo tournament, a big attraction of the Festival.



● **Activities for traffic safety**

Since many employees of GlobalWafers Japan commute by car, each plant periodically holds safe driving seminars. The Tokuyama Plant held a traffic safety seminar in cooperation with the Shunan Police Station, and also conducts traffic safety patrols in accordance with a country-wide traffic safety campaign in autumn. Niigata Plant participates in a driving guidance event held by local driving schools. GlobalWafers Japan thus strives to strengthen traffic safety in the regions of its plants through the periodic employee education in traffic safety.



● **Response to media**

GlobalWafers Japan positively takes interviews by media for information disclosure. In 2017, we took an interview by "Science Women Future Creation Project" (Rikejo Cafe) and Industrial Device Newspaper. The article of Science Women Future Creation Project is posted on its website.

URL of the article: <https://rikejocafe.jp/blog/211>



Interview by "Science Women Future Creation Project" (Rikejo Cafe)

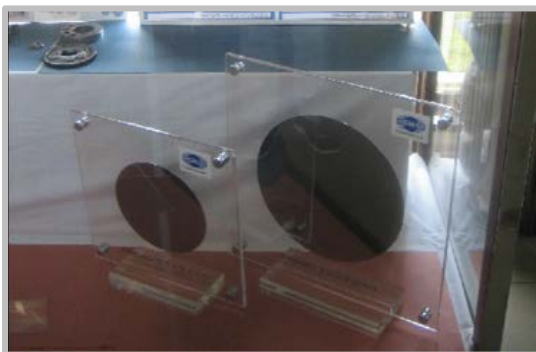
● **Blood donation activity**

GlobalWafers Japan holds a blood donation event by the Red Cross Blood Center several times a year. A total of several hundreds of employees participate every year.



● **Exhibition of products for lending**

GlobalWafers Japan exhibits actual products produced for lending to public institutions with disclosure of information about its products.



Silicon wafer
(Industrial Research Institute of Niigata Prefecture)



Silicon ingot
(Niigata Science Museum)



6-861-5, Seiro-machi Higashiko, Kitakanbara-gun,
Niigata, 957-0197
General Affairs
Tel: (Representative No.): 025-256-3200
Fax: 025-256-1148
Website: <http://www.sas-globalwafers.co.jp/>
2017 CSR Report, GlobalWafers Japan Co., Ltd.:
Issued in August 2018