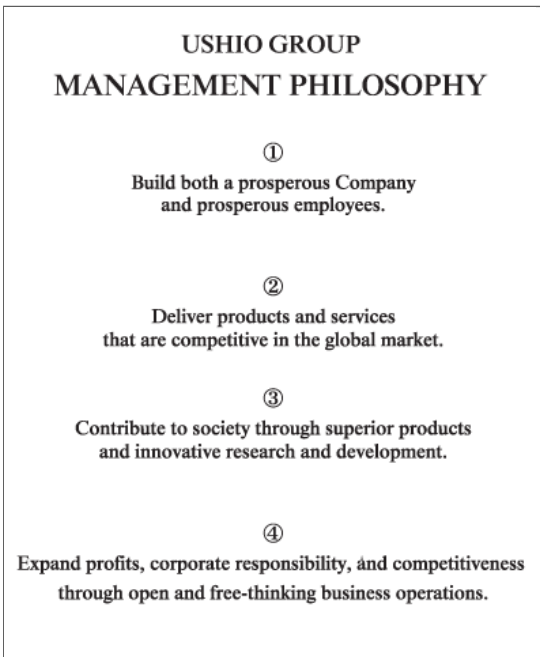


# SUSTAINABILITY

## Fundamental Concept

The USHIO Group’s management philosophy, which underpins all its employees’ activities, is following its revision, and the philosophy retained the spirit of the Basic Policy formulated when the company was first founded, whilst also reflecting the new social concerns that had emerged with a new era. Thus, the requirement to fulfill our corporate social responsibility became a core tenet.



## 10 Action Guidelines

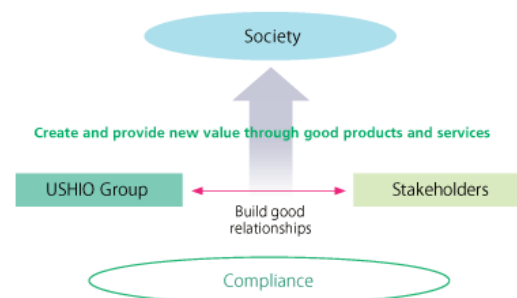
The 10 Action Guidelines listed below presents guidelines that shape the goals and behavior of every USHIO employee to translate Group’s vision into concrete action.

1. We shall aim to be a company that accepts diverse individual qualities and values and where people work together and pursue self-learning and self-improvement.
2. We shall strive for the company’s sustainable growth through our innovative, proactive and prompt management.
3. We shall respect the basic human rights of all individuals and endeavor to create a bright, safe and pleasant working environment.
4. We shall provide high-quality, safe products and services at appropriate prices and carry out fair and equitable business transactions.
5. We shall work to earn the understanding and trust of society.
6. We shall comply with laws and regulations and carry out fair business activities in accordance with socially accepted practices.
7. We shall fulfill our duties to the best of our abilities in conformity with internal regulations and standards.
8. We shall promote environmental protection and the efficient use of resources.
9. We shall carry out proactive public relations activities while respecting the value of information and intellectual property rights of third parties.
10. We shall contribute to the development of respective regions where we conduct business as a member of the international community.

## Approach to Corporate Social Responsibility (CSR)

We consider it natural that a corporate citizen should observe compliance practices, contribute to society, and take steps to protect the environment. These are the foundations of all corporate activity.

In addition, a corporation should build good relationships with its various stakeholders and advance by creating and offering new value to contribute to society. This is the kind of corporation that USHIO is working to become.



## Major Activities

### Formulation of a CSR Action Plan

USHIO has created a CSR Action Plan (Policy) and taken steps to reinforce its CSR initiatives. Through dialogue with stakeholders, we have identified relationships between various social issues and our core businesses. To emphasize carrying out initiatives in line with our business strategy, we have set out basic principles in our Action Plan, which we incorporate into the strategies of each division and department.

### USHIO CSR Action Plan (Policy)

Five Pillars	Issues	Fiscal 2015 Action Plans
<p><b>Governance</b> Establish a compliance system that encompasses international standards in global corporate activities, work to publicize CSR-related information and establish stakeholder communication, and strengthen and enhance the governance framework</p>	<ul style="list-style-type: none"> <li>Promulgation throughout the Company</li> <li>Internal control*</li> <li>Global measures</li> <li>Formulation of BCP</li> <li>Compliance and ethics</li> <li>Strengthen information security</li> <li>Fair and impartial business activities</li> <li>Protecting property rights</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of risk management</li> <li>Take steps to promote observance of laws and regulations</li> <li>Strengthen information security</li> <li>Protect and make strategic use of intellectual property rights</li> <li>Formulate a business continuity plan (BCP)</li> </ul>
<p><b>People</b> Consider workplace environments, human rights, and diversity of values in hiring and using human resources</p>	<ul style="list-style-type: none"> <li>Human rights</li> <li>Promotion of diversity</li> <li>Promotion of work-life balance</li> <li>Health and safety</li> <li>Human resource development</li> </ul>	<ul style="list-style-type: none"> <li>Promote formulation and implementation of human resource development plans based on a long-term perspective</li> <li>Promote diversity (development and utilization of local human resources, development and utilization without regard to gender or race)</li> <li>Total work hour reduction to promote work-life balance</li> <li>Promote health and safety measures</li> <li>Conduct human rights education (avoid contributing to human rights issues, conduct due diligence)</li> </ul>
<p><b>Quality</b> Initiatives to meet the needs of customers, shareholders, and business partners based on observance of market rules and regulations</p>	<ul style="list-style-type: none"> <li>CSR procurement</li> <li>Quality</li> <li>Creation of solutions to meet new social needs</li> </ul>	<ul style="list-style-type: none"> <li>Increase customer satisfaction through quality improvement</li> <li>Strengthen supply chain (promote green procurement and CSR procurement)</li> <li>Promote business in emerging countries based on social priorities and needs, pioneer new applications and develop new products</li> <li>Product safety assessment</li> </ul>
<p><b>Environment</b> Engage in corporate activities to protect the environment. Strive to meet both environmental and business needs, including addressing global environmental problems affecting biotopes</p>	<ul style="list-style-type: none"> <li>Expanding sales of environmentally conscious products</li> <li>Global warming countermeasures</li> <li>Chemical substance management</li> <li>Resource conservation — Biodiversity preservation</li> </ul>	<p>Targets and Proposals Based on Phase Four of the Environmental Action Plan</p> <ul style="list-style-type: none"> <li>Implement initiatives to conserve energy and resources</li> <li>In product development, use substitute technologies and gather information in anticipation of environmental regulation trends</li> <li>In product development, use designs that reduce the number of components and the amount of labor in manufacturing</li> <li>Use environmentally responsible products when selecting components and materials</li> <li>Construct systems that support efficient operations</li> <li>Strengthen chemical substance management</li> </ul>
<p><b>Society</b> Engage widely with society at all levels from local to international, cooperating and coordinating with other groups in contributing to education, culture, welfare, development and other aspects of society</p>	<ul style="list-style-type: none"> <li>Social contribution activities</li> </ul>	<ul style="list-style-type: none"> <li>Increase corporate value by proactively contributing to society <ul style="list-style-type: none"> <li>Implement community interaction and volunteer activities</li> <li>Promote business that contributes to social issues through links with NPOs and NGOs</li> </ul> </li> <li>Promote business in emerging countries</li> </ul>

## Supporting the United Nations Global Compact's Ten Principles

USHIO has declared its support for the United Nations Global Compact's Ten principles concerning human rights, labor standards, the environment and anti-corruption. We have joined the local UN network supporting the compact, Global Compact Japan Network, and are working to promote all facets of CSR among the many other participating companies and NGOs. To this end, we have taken an active role in sectional activities for sharing information on necessary specific measures, and enhancing the activities of each company.



### United Nations Global Compact's Ten Principles

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**Human Rights** Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.

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**Labor Standards** Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  
Principle 4: the elimination of all forms of forced and compulsory labor;  
Principle 5: the effective abolition of child labor; and  
Principle 6: the elimination of discrimination in respect of employment and occupation.

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**Environment** Principle 7: Businesses should support a precautionary approach to environmental challenges;  
Principle 8: undertake initiatives to promote greater environmental responsibility; and  
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

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**Anti-Corruption** Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

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Details of the USHIO Group's CSR initiatives can be found on the company's website at:

<http://www.ushio.co.jp/en/csr/>

Sustainability report 2015 (PDF) update schedule:

Japanese version: End of October

English version: End of November