



EBARA Group CSR Report 2016

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Editorial Policy of the EBARA Group CSR Report 2016

Purpose of Issuing the CSR Report

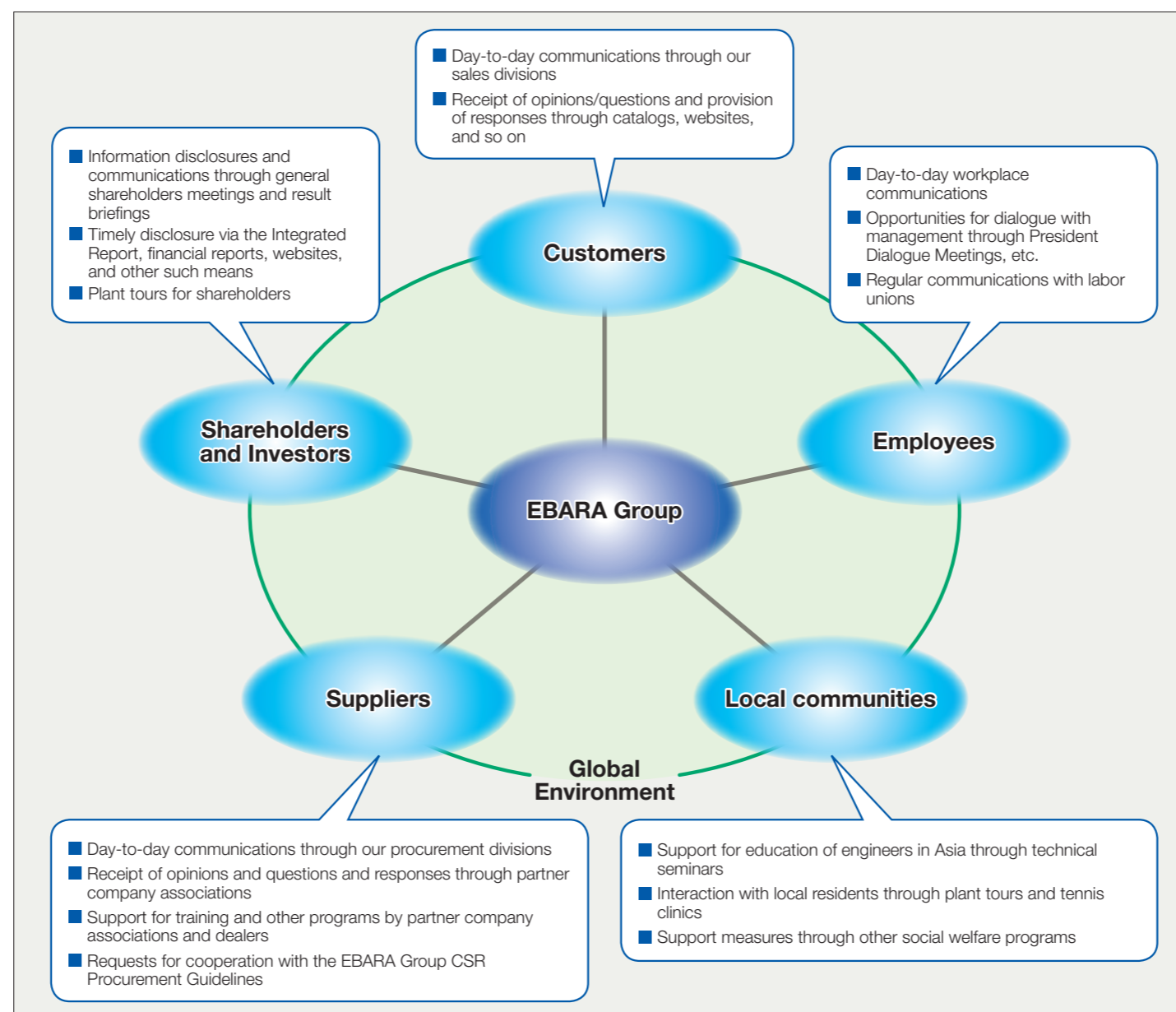
The EBARA Group states in our CSR Policy "We develop mutual understanding with stakeholders through transparent and fair disclosure." In line with this essential element of the CSR Policy, the EBARA Group has issued a CSR report since 2008 with the intention of conveying to Group stakeholders

information on risk management, environmental management, employee working environments, communications with local communities, and other topics. We believe that readers can gain a deeper understanding of the EBARA Group by reading this CSR Report in conjunction with the Integrated Report.

Key EBARA Group Stakeholders

The EBARA Group refers to the individuals and organizations with which it has important relationships as key stakeholders. We interact with customers, suppliers, shareholders, investors, and local communities with passion and dedication.

Engagement with Key Stakeholders



Issue date : November 1, 2016

Prepared by the EBARA Corporation
CSR Promotion Department

Period : April 1, 2015 to March 31, 2016

Scope : EBARA Group

Report content : Activities undertaken regarding risk management, environmental management, employee working environments, and local communities

Previous issue date : September 30, 2015

Next issue date : September 2017

Company Name : "EBARA" represents only EBARA CORPORATION.
Designations "EBARA Group" represents EBARA, its subsidiaries, and its affiliated companies.

Related Information

[EBARA Group Integrated Report
\(EBARA Group's value creation\) >>>](#) [Web](#)
[General Information >>>](#) [Web](#)
[CSR information >>>](#) [Web](#)
[Environmental Data >>>](#) [Web](#)
[Social Data >>>](#) [Web](#)

[Information relating to communications with
local communities >>>](#) [Web](#)

Privacy Policy

[Privacy Policy >>>](#) [Web](#)

Contact for Comments and Questions

[Corporate Social Responsibility >>>](#) [Web](#)

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Message from the President

Key CSR Issues: Risk Management Reinforcement & Working Culture Revitalization



Toichi Maeda
President, Representative Executive Officer,
EBARA CORPORATION

A handwritten signature in black ink, appearing to read 'T. Maeda'.

Before reporting on our CSR activities, we would like to extend our sympathies to those affected by the Kumamoto earthquake of 2016. We convey our condolences to the loved ones of those who lost their lives in the disaster. To all affected, we are hopeful for a full and fast recovery.

Operations at our fabrication plant for semiconductor manufacturing equipment and sales offices in the affected Kumamoto Prefecture were able to return to full operations in a relatively smooth and speedy manner because of our preparation and periodic training for disasters. To all those who worried on our behalf, we are sincerely grateful for your care and concern. Thank you.

We are determined to aid our customers so their business may continue uninterrupted in addition to lending support to local governments' to assist in the restoration and reconstruction of infrastructure in the affected areas. We are also providing a system to meet the local governments' need to process waste generated by the earthquake.

Further information about our response to the Kumamoto Earthquake is included later in this report.

A Look-back at the Second Year of our Medium-term Management Plan "E-Plan 2016"

The economic environment of FY 2015 included the continued slow-down of the Chinese economy and the modest recovery of the United States and Europe. In Japan, despite a moderate downward trend in public investment, there were signs of improvement in private capital investment. Amid these economic conditions, our orders received increased compared to the previous fiscal year (FY)*¹ and sales remained about the same. Our operating income also increased due to the strong performance of

the Precision Machinery Company. To read further about our financial performance, please read the Ebara Group Integrated Report 2016.

This report covers our progress on one objective of the three-part vision of the company we want to be by March 2020: "We will establish an environment that maximizes the capabilities of each employee, regardless of gender, nationality or other factors, and adopt a system that properly rewards the exercise of such capabilities." In addition, we cover topics relating to policy IV. of the Medium-term Management Plan "E-Plan 2016": "We aim to expand management infrastructure to support global business development."

Strengthening Risk Management as Infrastructure

As part of our long-term risk management, we are working to make sure all employees understand the Group's ethics and are able to determine the right way forward individually. We believe it is necessary to share our Group ethics among all employees in order to eliminate or mitigate risk, as a company and in the work of every employee.

Beginning in FY 2014 and continuing into FY 2015, we have nearly completed a round of trainings aimed at overseas subsidiary company management. The training explains our base identity, called the "Ebara Way," comprised of our founding spirit (passion and dedication), our social mission (corporate philosophy), and the guidelines for how we conduct our business activities (CSR Policy).

Our goal was to first increase the understanding and implementation of the Ebara Way among management and starting in FY 2016, we will continue to deepen the understanding of the Ebara Way among non-management employees.

Our medium-term management plan, E-Plan 2016, is positioned as our plan to realize the Ebara Way in society through our business activities. It is essential to the growth of the Ebara Group that all employees put the Ebara Way into action. Any activity that is contrary to the Ebara Way compromises our ability to fulfill our social mission. We aim to have all employees recognize this and to take responsibility for their actions and have pride in their work.

We developed the Risk Management Guidelines in FY 2015 with the purpose of improving the risk management level of each of our Group companies. Each overseas Group company completed a self-evaluation of their risk management levels regarding areas such as environmental risk, corruption, occupational health and safety, and others, 12 in total. They then created a plan to improve their risk levels by the end of March 2020. Additionally, to minimize day-to-day operational risks, we developed the Guideline for Internal Control and are continuing the development and improvement of our Internal Control processes. Each subsidiary will act on their risk management plans, which in turn will lead to the improvement of Group-wide risk management.

Working Culture Revitalization

Another key point of developing the management infrastructure we need to support global development is the revitalization of our working culture. This is related to the vision of the company we want to be by March 2020 which states, "We will establish an environment that maximizes the capabilities of each employee, regardless of gender, nationality or other factors, and adopt a system that properly rewards the exercise of such capabilities."

To begin, in FY 2015, we examined the current situation of the participation of women at EBARA Corporation, the parent company of the Group. We found that there is indeed

a deep-rooted culture and way of doing business that is based on a Japanese man's perspective. Therefore, in order to evolve into a working environment that maximizes employee potential by respecting gender and cultural differences, diverse lifestyles and life-stages, we have put an emphasis on revitalizing our working culture, through initiatives aimed at the "reform of awareness and culture," the "development of systems and environment," and the "reform of business and visualization of operations," as stated in our Diversity Declaration. Measures to further actualize the promises made in our CSR Policy, to respect human rights and diversity, and maintain safe and stimulating work environments, are being implemented in FY 2016. One indicator we have set to mark our progress is the ratio of women in management positions, setting a goal of more than 5% by April 2017.

In FY 2015 we introduced to some areas a career management program. We are working to expand this program so that each employee will have the opportunity to create a long-term vision for his or her career and utilize their abilities to realize that vision in a safe and stimulating environment.

Further, building on the occupational health and safety management that each district has developed based on their needs; we are embarking on the development of a Group-wide occupational health and safety system with standardized rules.

Continued Support of the UN Global Compact

We maintain our support of the United Nations Global Compact. The activities described above and in this report are related to the 4 areas of the UN Global Compact.

Our activities are also in line with the goals published as the Sustainable Development Goals (SDGs)*². Our fluid machinery business is helping craft solutions to societal problems such as the supply and purification of water, development of social infrastructure, and supply of energy with our businesses in pumps, chillers, turbines and compressors. Our environmental engineering business can contribute to resource circulation and a more hygienic society through its waste processing facilities. In addition, our precision machinery business is doing its part to support solving a variety of social issues through its contribution to the development of IT in terms of person-to-person communication, the efficiency of industry, and the accessibility of information.

CSR Action Plan for Executive Officers

In order to thoroughly respond to societal issues like those listed above while tackling internal challenges in FY 2015 we implemented our CSR Action Plan for Executive Officers. We positioned the CSR activities listed in this plan as our most material issues and checked our progress against these issues by reporting to the CSR Committee and implementing the recommendations of third-parties, including outside directors and third-party legal counsel. The action plan is a detailed, tangible plan that expands from the executive officers to the divisions they are responsible for, including group companies.

We aim to utilize the action plan to further define and specify performance indicators and clearer goals to appraise our business activities and contributions to the range of issues facing society. We in turn will continue to fulfill our social responsibilities and improve our corporate activities.

*¹ Fiscal Year: Unless specifically stated otherwise in this report, all information covers the fiscal year beginning April 1, 2015 ending March 31, 2016.

*² SDGs: The Sustainable Development Goals are a set of 17 goals with 169 targets adopted by 193 countries in September 2015.

About the EBARA Group

The EBARA Group consists of 92 companies in total: EBARA, 82 subsidiaries (including 54 consolidated companies) and 10 affiliate companies. The Fluid Machinery & Systems Company, the Environmental Engineering Company and the Precision Machinery Company operate their businesses globally based on an in-house company system.

Overview of the EBARA Group

(as of the end of March 2016)

- Corporate name EBARA CORPORATION
 - Common name EBARA
 - Date of foundation November 1912 (Inokuchi Type Machinery Office)
 - Date of establishment May 1920 (EBARA CORPORATION)
 - Paid-in capital 68.7 billion yen
 - Representative President, Representative Executive Officer, Toichi Maeda
 - Head office 11-1, Haneda Asahi-cho, Ota-ku, Tokyo, Japan
 - Composition EBARA, 82 subsidiaries (including 54 consolidated companies), and 10 affiliate companies, for a total of 92 companies
- Fluid Machinery & Systems Company**
Consolidated subsidiaries
Domestic 8 Overseas 34
Other subsidiaries and affiliates
Domestic 3 Overseas 15
- Environmental Engineering Company**
Consolidated subsidiaries
Domestic 1 Overseas 1
Other subsidiaries and affiliates
Domestic 14 Overseas 2
- Precision Machinery Company**
Consolidated subsidiaries
Domestic 1 Overseas 5
Other subsidiaries and affiliates
Domestic 0 Overseas 1
- Corporate**
Consolidated subsidiaries
Domestic 3 Overseas 1
Other subsidiaries and affiliates Domestic 3

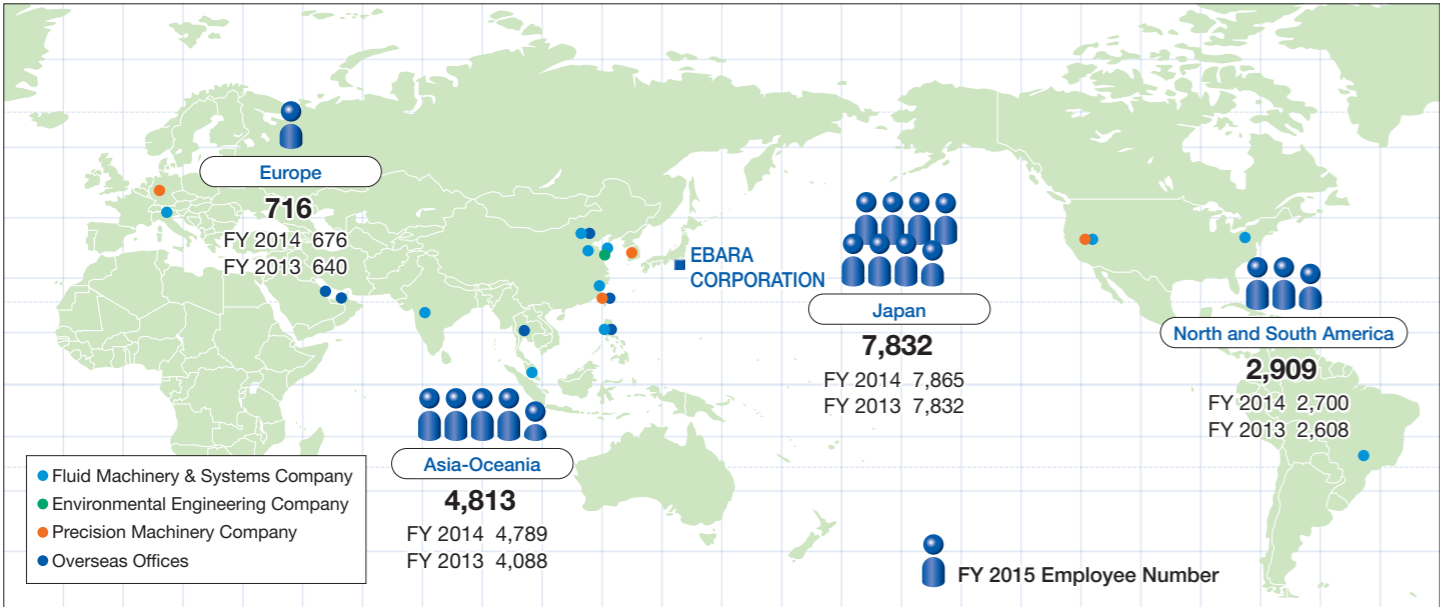
Outline of Business

EBARA, established in 1912, has grown to become one of the world's principal manufacturers of industrial machinery with fluid machinery and systems such as pumps and compressors. EBARA has expanded into the engineering business with incineration and gasification technology and water treatment technology at its core, and further into the precision machinery business handling semiconductor production equipment and other products. The EBARA Group is constantly thinking of what will be required in the future and is seeking to accurately grasp the current and future needs of its customers, while it continues to pursue the development of superior technologies and products. Going forward, the EBARA Group will continue contributing to society by providing solutions based on outstanding products, plants and high-quality services and support with the aim of achieving further development of the Group as a whole.

Key Products

- **Fluid Machinery & Systems Business**
(Fluid Machinery & Systems Company)
Pumps, compressors, turbines, chillers, and fans
- **Environmental Engineering Business**
(Environmental Engineering Company)
Municipal solid waste incineration facilities and industrial waste incineration facilities
- **Precision Machinery Business**
(Precision Machinery Company)
Vacuum pumps, chemical mechanical polishing (CMP) systems, plating systems, and gas abatement systems

Overview of EBARA Group and Composition of Employees by Region



(as of March 31, 2016 ; numbers are consolidated and include overseas companies)

Summary of Business Results

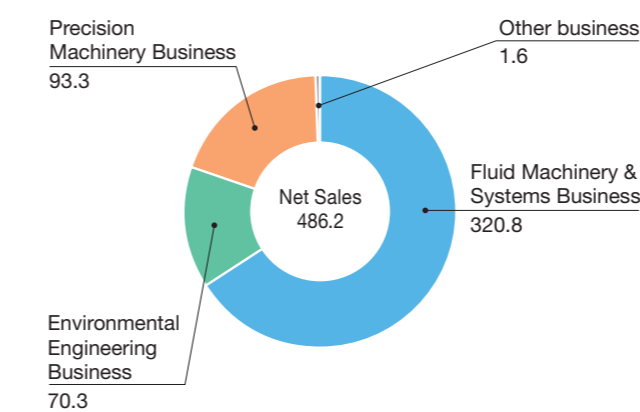
(as of the end of March 2016 ; numbers are consolidated and include overseas companies)

- Net sales 486.2 billion yen
- Operating income 38.0 billion yen
- Profit attributable to parent 17.2 billion yen
- Overseas sales 253.6 billion yen
- Employees 16,270

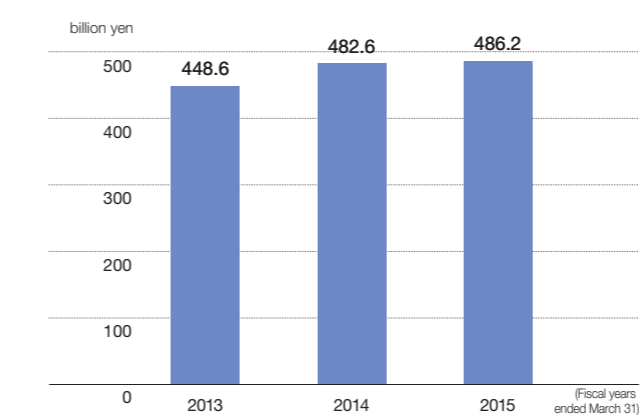
For details, see our website.
[Information for Shareholders and Investors >>>](#)

Composition of Sales by Segment

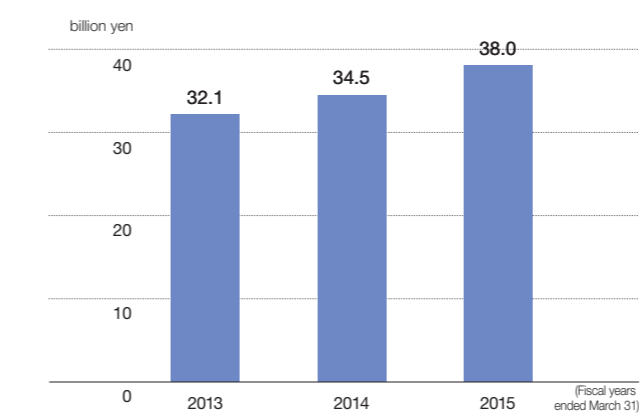
(billion yen)



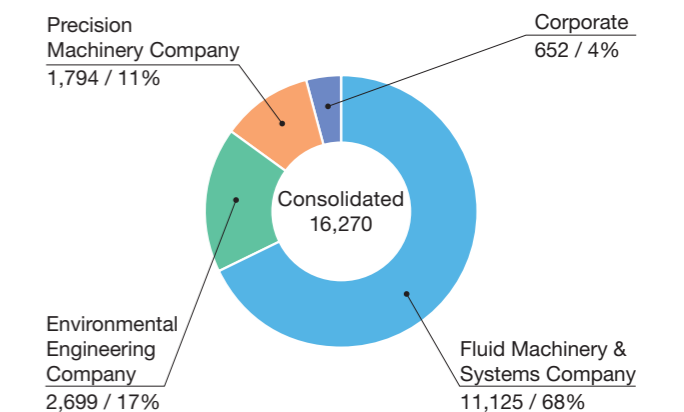
Net Sales



Operating Income

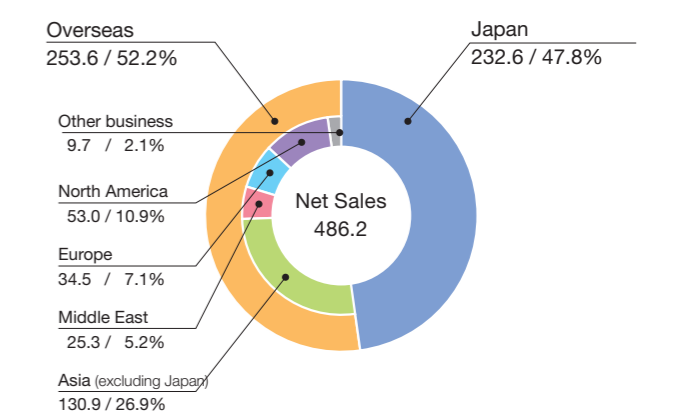


Composition of EBARA Group Employees

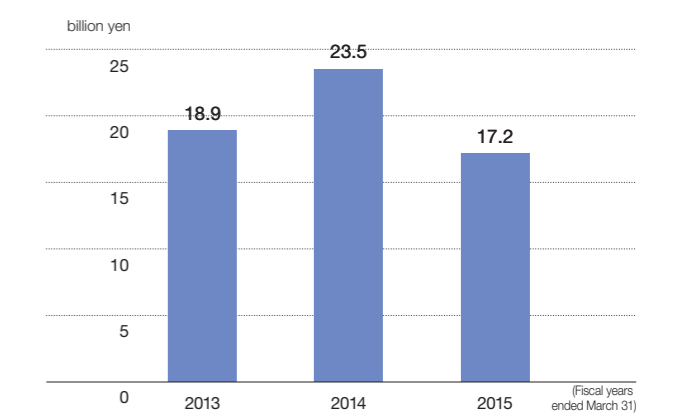


Composition of Sales by Region

(billion yen)



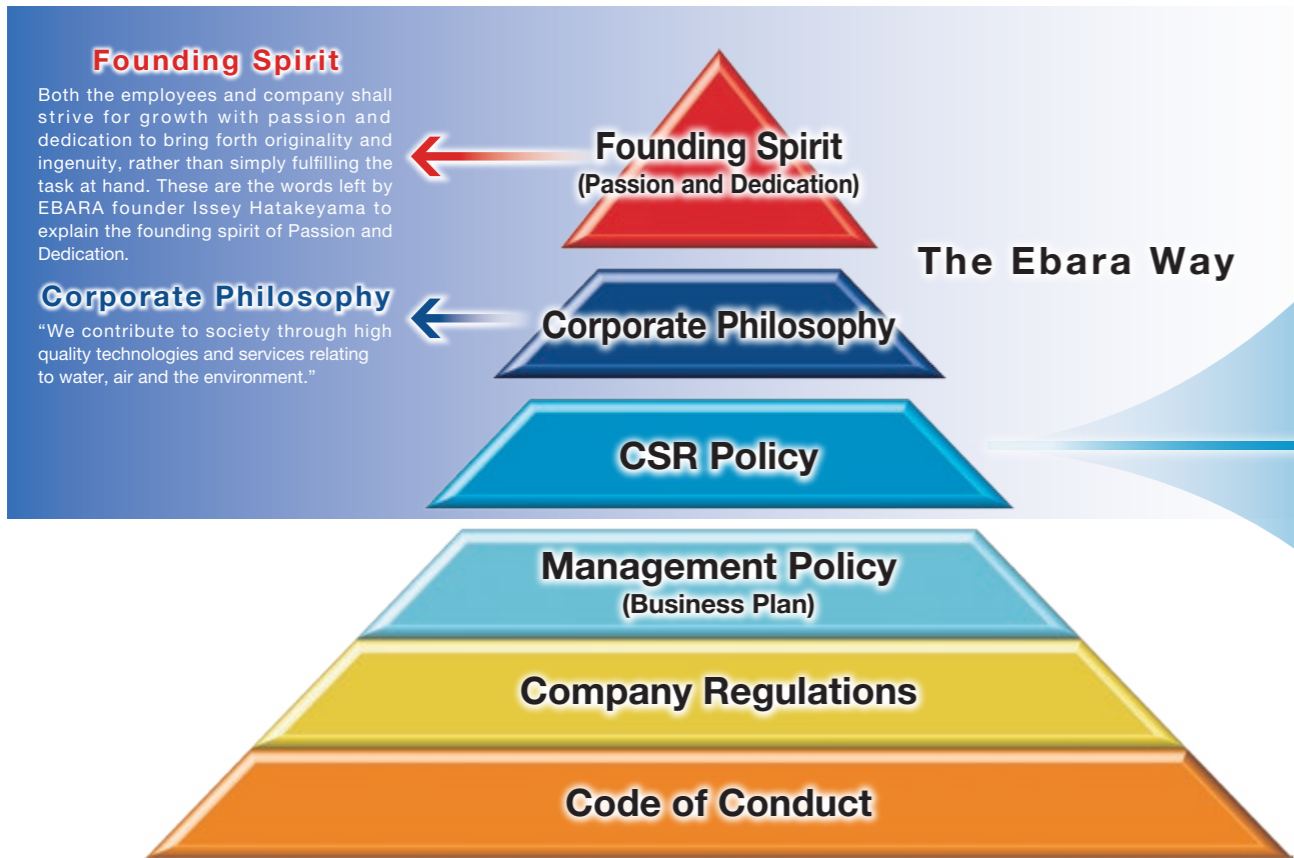
Net income attributable to parent



EBARA Group Business Ethics

EBARA Group Business Ethics Framework

We at the EBARA Group marked the 100th anniversary of our founding in November 2012. Looking ahead towards the next 100 years of our existence, we reaffirmed our commitments and responsibilities to society and took the opportunity to systemize our business ethics framework. The top three layers of the framework are what we call the Ebara Way, and indicates our values, mission, and social responsibilities of our business group-wide. To realize the Ebara Way in society we regularly establish management policies tailored to changing opportunities and risks. In addition, each officer and employee acts in accordance with established company regulations and our group-wide Code of Conduct, contributing to the betterment of our society through EBARA group technologies, products and services.



The Ebara Way

The Ebara Way comprises the three top components of the business ethics framework —the Founding Spirit, Corporate Philosophy, and CSR Policy— and characterizes the distinctive operating style of the company and its employees. The Ebara Way is an expression of the EBARA Group's identity. The Founding Spirit —passion and dedication— represents the values of the EBARA Group. Members of the EBARA Group always interact with stakeholders with passion and dedication. The Corporate Philosophy expresses the EBARA Group's mission, and the CSR Policy provides for carrying out all business activities with a strong sense of ethics while fostering relationships of trust with stakeholders. The EBARA Group CSR Policy incorporates global standards such as the United Nations Global Compact and ISO 26000.

Providing high-quality technologies and services relating to water, air, and the environment with passion and dedication in accordance with the CSR Policy is the Ebara Way.

Activities to Promote the Ebara Way

To continue the promotion of the Ebara Way throughout the Group, we conducted Ebara Way training courses at overseas Group companies in FY 2014 and FY 2015*1 (some planned trainings were extended into FY 2016).

The training was conducted for executives and managers to disseminate our shared identity, the Ebara Way, so that they can conduct management in accordance with our identity and continue expanding the understanding and implementation of the Ebara Way among general employees.



An Ebara Way training course for Ebara Pumps Malaysia Sdn. Bhd.

*1 Ebara Way Training: Training was conducted at 32 companies (4 in Europe, 11 in China and Taiwan, 11 in Southeast Asia, 4 in North and South America, 1 in the Middle East and 1 in Australia). 1,750 people underwent training.

The EBARA Group CSR Policy and Global Standards

EBARA Group CSR Policy	Four Areas of the United Nations Global Compact	ISO26000		Pages
		The Seven Key Principles	The Seven Core Subjects	
1. Ethics; We conduct our business with a strong sense of ethics.		Ethical behavior Respect for the rule of law Respect for international norms of behavior	Organizational governance	06
(1) Pride ; We take pride in our role supporting society, industry and life.				10
(2) Products and Services ; We satisfy customers with inventive products and services.			Consumer issues	Integrated Report
(3) Competition ; We practice our business based on free and fair competition.	Anti-corruption		Fair operating practices	10
(4) Environment ; We play our part in improving the global environment.	Environment		Environment	15-16
2. Trust; We foster trust with our valued stakeholders.				02
(5) Passion and Dedication ; We pursue all activities with passion and dedication.		Respect for stakeholder interests		02,05
(6) Human rights and Diversity ; We respect human rights and diversity above all else.	Human rights	Respect for human rights	Human rights	11, 13-14
(7) Disclosure ; We develop mutual understanding with stakeholders through transparent and fair disclosure.		Accountability Transparency		02
(8) Work Environment ; We sustain a safe workplace and strive for a stimulating work environment.	Labour		Labour practices	11-14
(9) Communication ; We utilize high-quality communication to be an industrial firm all stakeholders take pride in.			Community involvement and development	17

Management Policy / Company Regulations / Code of Conduct

Management Policy	A detailed expression of business objectives based on the Ebara Way. E-Plan 2016 >>>
Company Regulations	Clear guidelines defined in order to function as an organization. These include a determination of responsibilities and authority of each department and person in charge, and a stipulation of rules to be followed.
Code of Conduct	A codification of rules that each officer and employee must observe in their work. Full text of the EBARA Group Code of Conduct >>>

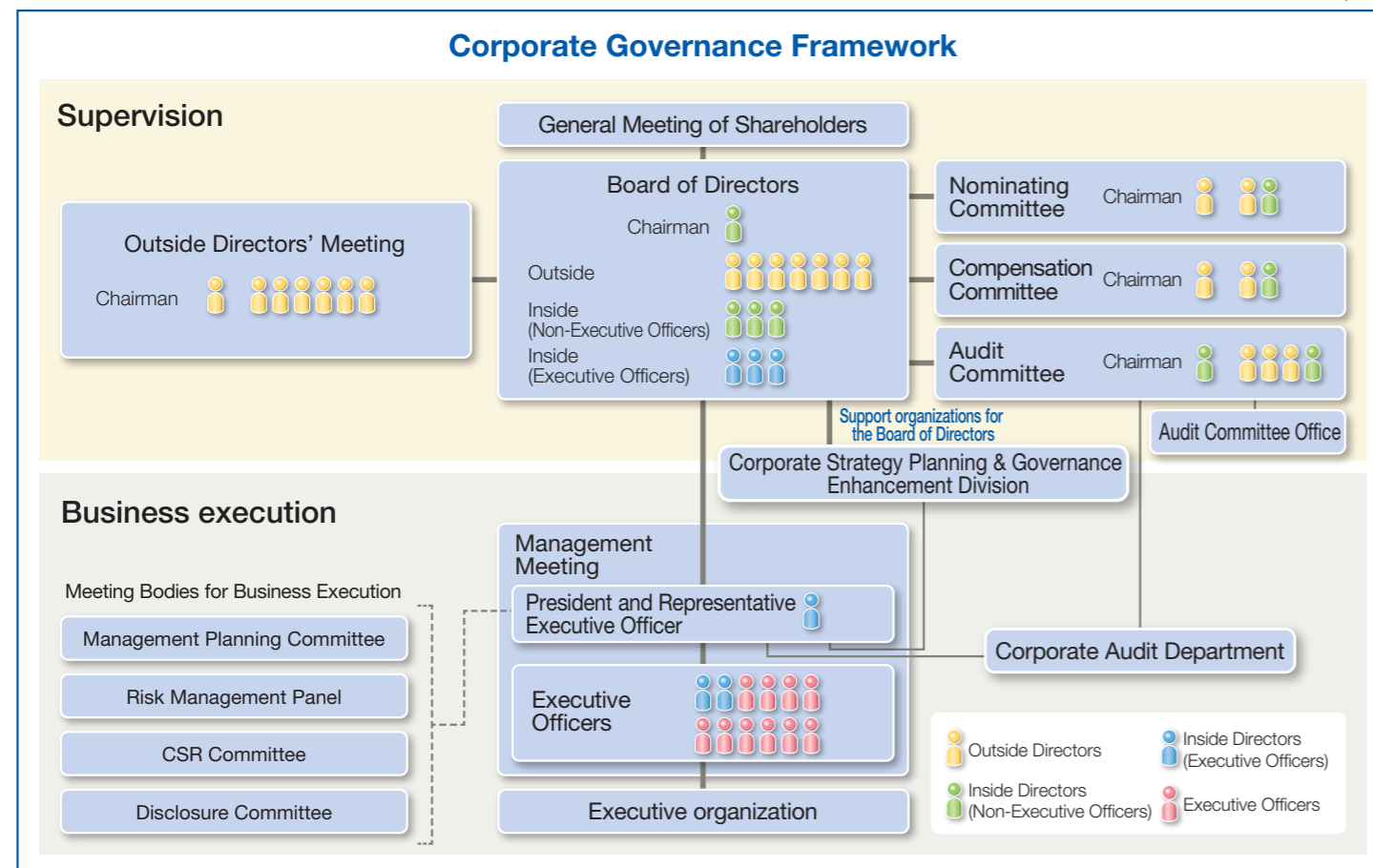
Corporate Governance

Corporate Governance Structure

The Ebara Way, which comprises the Founding Spirit of EBARA, its Corporate Philosophy, and EBARA Group CSR Policy, is an expression of the EBARA Group's identity and our shared values. Based on the Ebara Way, we have positioned raising corporate value through continuous business

development and providing returns to shareholders as management priorities. To achieve these objectives, we pursue optimal corporate governance at all times and make continuous improvements.

As of June 27, 2016



Description of Corporate Governance Structures		
Format	Company with Three Committees (Nominating, Compensation and Audit)	
Number of Directors	14	
	Non-Executive Directors (including Outside Directors)	11
	Number of Independent Outside Directors	7
	Number of Women	2
Attributes of committee membership	Outside Directors comprise a majority of each committee and do not serve on multiple committees	
Number of Executive Officers	13 (Including the President, Representative Executive Officer)	
	Number of Women	0
Incentive Policies for Directors and/or Executive Officers	Introduction of performance-linked compensation program Introduction of stock option program	

See the Integrated Report for more >>>

Medium-Term Management Plan E-Plan 2016

Vision for the EBARA Group

The E-Plan 2016 Medium-Term Management Plan sets a group-wide medium- to long-term target of ensuring our standing as a global top-tier manufacturer of industrial machinery through our business development.

Vision of what we want to become

- In pursuing business development on a global scale, establish a high profit-generating structure that maximizes our global presence.
- Solidify the position of all businesses in their respective business domains. In the pumps businesses, in particular, we will ensure the Company's position as one of the world's top three pump manufacturers upon establishing M&A as a viable management option.
- Establish an environment that maximizes the capabilities of each employee, regardless of gender, nationality, or other factors, and adopt a system that properly rewards the exercise of such capabilities.

(as of the end of March 2020)

Basic Group-wide Policies

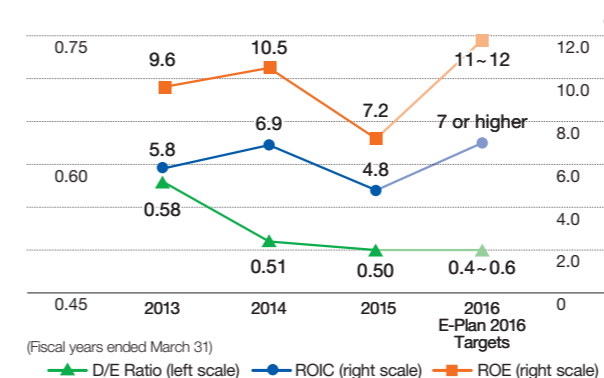
- Steadily capture the growth in global market into the Company's business
- Become a service provider that targets the entire lifecycle of the product / plant
- Continuously enhance our core competence (technological capabilities) as an industrial machinery manufacturer
- Enhance the management infrastructure that supports global business expansion

E-Plan 2016: Main Achievements in the Second Year (Group-wide Progress)

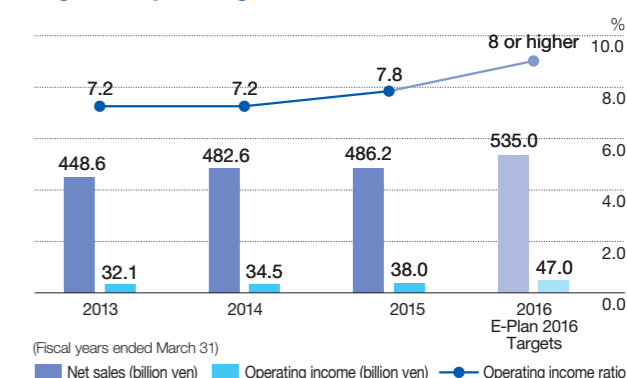
Key Management Indicators

The EBARA Group positions return on invested capital (ROIC) as a key management indicator. Our target is 7% or higher. To achieve this target while maintaining a balance between financial stability and the efficient utilization of capital, we set the D/E ratio, a measure of stability, and the return on equity (ROE), a measure of efficiency, as indicators that should be considered in management.

Changes in ROIC and other Indicators



Changes in Operating Income Ratio



E-Plan 2016 >>>

Priority CSR Topics

CSR Action Plan for Executive Officers

In conjunction with EBARA's transition to a company with three committees in FY 2015, the CSR Action Plan for Directors was changed to the CSR Action Plan for Executive Officers. This Action Plan specifies priority action topics relating to society, the environment, and governance each year with the aim of continuously improving the EBARA Group's CSR activities. The Action Plan is established by the CSR Committee, and deployed throughout the company under the authority of the Executive Officer Committee members.

Executive Officers conduct self-evaluations regarding their performance against set targets throughout the year and establish the next CSR Action Plan for the following fiscal year.

Development Process of the FY 2015 CSR Action Plan

The CSR Action Plan for Executive Officers is a set of basic group-wide policies covering the period until the end of FY 2016. This plan was implemented in order to **“establish an environment that maximizes the capabilities of each employee, regardless of gender, nationality, or other factors, and adopt a system that properly rewards the exercise of such capabilities.”** This is one of the group-wide objectives specified in the FY 2019 Vision of the E-Plan 2016 medium-term business plan, which aims to **“enhance the management infrastructure that supports global business expansion.”**

This action plan was established in FY 2014 by the CSR Committee, taking into consideration external opinions from Outside Directors and the outside attorneys who also manage our external compliance consultation hotlines. Basic Principles 2 and 3 of the Corporate Governance Code were also considered as key societal requirements.

FY 2015 CSR Action Plan for Executive Officers and Performance / FY 2016 CSR Action Plan for Executive Officers

◎ : The target was achieved in FY 2015.
△ : The target was not achieved in FY 2015.
○ : Maintenance and management to be continued.

Goals of CSR activities during the term of E-Plan 2016	FY 2015 CSR Action Plan for Executive Officers	FY 2015 Performance	FY 2016 CSR Action Plan for Executive Officers	Corresponding CSR Policy		Relevant Pages
I. Build the foundations of long-term growth strategies by creating stimulating workplaces where human rights and diversity are respected above all else.	Establish a strategic plan to promote the role of women in the workplace.	◎	<ul style="list-style-type: none">Continuously carry out human resource development, appropriate human resource evaluations, and assignment of the right personnel to the right positions.Carry out policies on improving working methods and establish and implement specific plans in each division.Expand the scope of the career management program and implement.	(6) Human rights and Diversity (8) Work Environment	; We respect human rights and diversity above all else. ; We sustain a safe workplace and strive for a stimulating work environment.	11-14
II. Enhance governance and internal controls by engaging in high-quality communications at EBARA and each EBARA Group company and reduce risks throughout the Group through the early identification of risk events.	<ul style="list-style-type: none">Conduct self-assessments to determine whether internal controls are functioning effectively.The CSR Committee will confirm the progress of CSR action topics and give instructions for improvements.Invite representatives from Group companies in Japan to participate in the CSR Committee and strengthen governance.Establish internal reporting systems at overseas Group companies.Raise the understanding of managers regarding our approach to CSR through direct dialogue between employees and managers and through dialogue with stakeholders at all opportunities.	○	<ul style="list-style-type: none">Follow up on the status of implementation of action plans at each company with respect to the Risk Management Guidelines deployed at overseas Group companies.Invite the representatives of Group companies in Japan to participate in the CSR Committee and strengthen governance.Progressively expand the EBARA Group Integrated Whistle-Blowing System. Provide guidance on internal reporting systems at newly established companies and on proper operation at companies that have already established systems.	(9) Communication	; We utilize high-quality communication to be an industrial firm all stakeholders take pride in.	08-09
III. Promote the Ebara Way and comprehensively practice the Corporate Philosophy and CSR Policy at Group companies to respond to customer needs with passion and dedication while raising awareness of compliance and preventing misconduct.	<ul style="list-style-type: none">Conduct education and training at Group companies in Japan and overseas to increase understanding of the Ebara Way.The Representative Executive Officer will issue messages regarding the practice of CSR in internal newsletters and on company foundation anniversaries, on the first day of the new fiscal year, on the day of reaffirmation of the Basic Principles for Action, and so on.Executive Officers will raise awareness of CSR within their divisions by disseminating information on CSR activities to employees under their authority.Conduct CSR training for managers and employees at Group companies in Japan.Confirm the status of compliance by employees.	◎	<ul style="list-style-type: none">Continue education on the Ebara Way at EBARA and subsidiaries in Japan through e-learning.Establish e-learning programs at overseas subsidiaries.Conduct training in stages at companies that have not yet conducted an Ebara Way training course.Have each Executive Officer issue a message on the practice of CSR to subordinates in their divisions.	(5) Passion and Dedication	; We pursue all activities with passion and dedication.	05,10
IV. As a corporate group that supports society, industry, and people, build the foundations necessary to enable the continuation of business and fulfillment of our social mission even during disasters and other crises.	<ul style="list-style-type: none">Reinforce Business Continuity Management System (BCMS).	○	<ul style="list-style-type: none">Have each organization establish a BCM annual plan and have the plans evaluated by the BCM Committee. Continue the activities conducted in FY 2015 and improve organizations. Carry out earthquake-proofing plans at plants and business sites.	(1) Pride	; We take pride in our role supporting society, industry and life.	08
V. Prevent and correct potential environmental pollution at EBARA Group offices, plants, and other business sites.	<ul style="list-style-type: none">Conduct environmental preservation activities and implement comprehensive management of hazardous materials and high-pressure gas at Group company business sites in Japan.Conduct environmental preservation activities at overseas Group company plant-related business sites.	○	<ul style="list-style-type: none">Undertake measures to achieve the FY 2020 environmental targets in Japan.Investigate the status of environmental management at overseas Group companies and carry out improvement plans according to risk levels to prevent pollution.	(4) Environment	; We play our part in improving the global environment.	10-16
VI. Proactively disclose information to stakeholders to fulfill our duties regarding accountability and increase trust in the Group.	Use various media including CSR reports, integrated reports, internal newsletters, intranets, Company websites, and so on to disseminate CSR-related information.	◎	Disseminate information that will continuously raise corporate value to internal and external stakeholders.	(7) Disclosure	; We develop mutual understanding with stakeholders through transparent and fair disclosure.	02
VII. Minimize risks that will impede the healthy existence and development of the corporate group.	<ul style="list-style-type: none">At overseas Group companies, achieve the Risk Management Guideline targets.Create regulations and infrastructure necessary for proper management of stakeholder personal information to address information security issues.	○	Continue managing risks through the Risk Management Panel.	(2) Products and Services	; We satisfy customers with inventive products and services.	08-09
VIII. Take voluntary and preventive measures to prevent corruption throughout the Group.	<ul style="list-style-type: none">Continue corruption prevention programs.	○	Continue implementation of corruption prevention programs.	(3) Competition	; We practice our business based on free and fair competition.	10

Risk Management

FY 2019 Vision

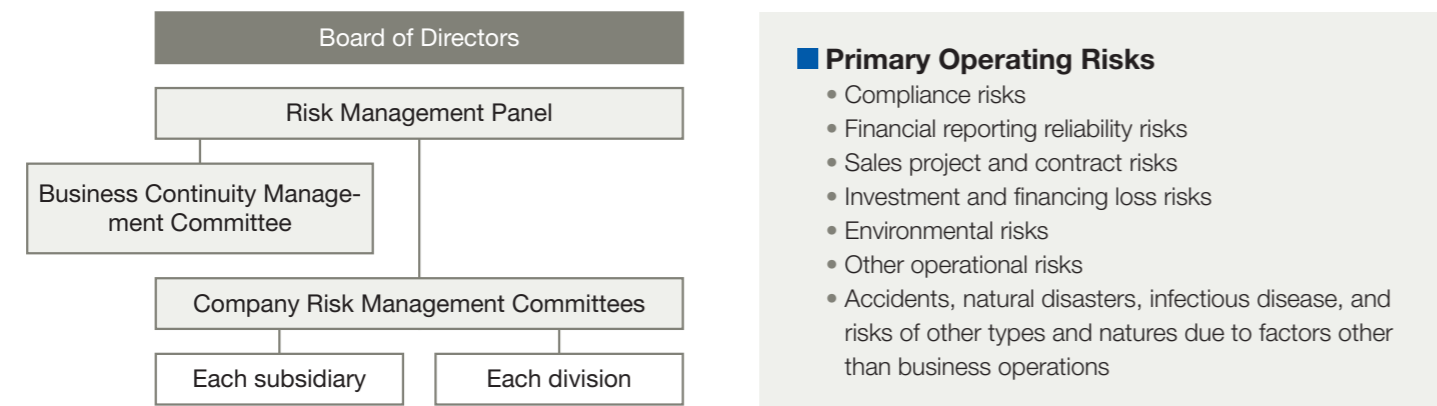
All EBARA Group employees, including employees at overseas Group companies, share the Ebara Way and the Code of Conduct as a common identity and set of values. In addition, each group company will have systems to foresee and prevent risks based on the group-wide Risk Management Guidelines.

Basic Policy on Risk Management

In order to mitigate all risks that could hinder the sound and continuous development of the EBARA Group, we plan to make a shift from existing activities that focus on individual identified risks to risk management that places priority on foreseeing and preventing risks. We believe that achieving this will require each employee to practice the Ebara Way, a key concept of the EBARA Group's business ethics framework that we view as a high priority measure, and to use it as a foundation for effective business operations.

See the Integrated Report for more >>> 

Risk Management System



Risk Management System	Objective	Structure
Risk Management Panel	Oversee risk management activities throughout the EBARA Group, engage in comprehensive consultations, provide instruction and support improvements	Members: All Executive Officers; Chairman: President, Representative Executive Officer Administrative office: Internal Control and Risk Management Division
Business Continuity Management Committee	Continue business during large-scale disasters	Members: All Executive Officers; Chairman: President, Representative Executive Officer Administrative office: Internal Control and Risk Management Division
Company Risk Management Committees	Respond to individual sales project and contract risks as well as investment and financing loss risks at Group companies, and implement risk management activities (including RMP decision matters)	Members: Personnel appointed by the company president Chairman: Company president

Establishing Risk Management Systems to Support the FY 2019 Vision

As a means of mitigating risks throughout the Group, EBARA conducted risk surveys at overseas Group companies with regard to occupational safety, hazardous substance management, trade security control, environmental preservation and others in FY 2014. Based on the results we adopted Group-Wide Risk Management Guidelines in FY 2015 and each group company developed an action plan and is moving forward to achieve appropriate risk management levels regarding the aforementioned items by FY 2019.

In addition, to further prepare for the expansion of overseas business, we are creating systems to respond to crises such as abductions and acts of terrorism.



Toru Nakayama
Division Executive, Internal Control
and Risk Management Division

FY 2015 Targets and Results

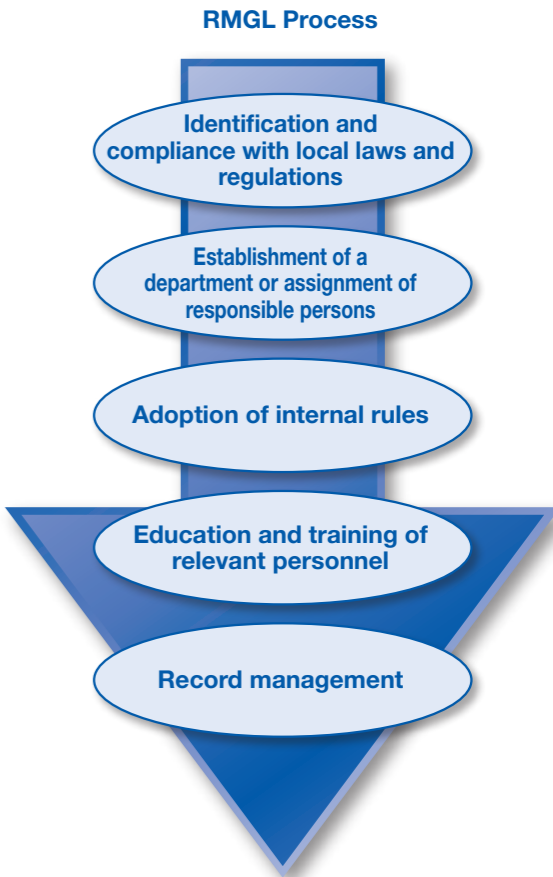
Priority Matter	Target	Results
Promote understanding and spread of corporate ethics	Enhance understanding of EBARA Group business ethics at Group companies in Japan and overseas.	<ul style="list-style-type: none">• Ebara Way training was conducted for 561 employees at 17 overseas subsidiaries, achieving a 99% comprehension level.• CSR training (e-learning) was conducted at domestic subsidiaries, achieving a 97% comprehension level and a 94% attendance rate.
Development of Risk Management Systems	Establish action plans based on the Risk Management Guidelines at overseas subsidiaries and take action to achieve risk management levels described in the Risk Management Guidelines.	Action plans were adopted at 28 overseas subsidiaries and reports made to each company's Board of Directors. Coordination with each company is underway.
Establish Business Continuity Management System (BCMS)	Enhance the suitability and effectiveness of the BCMS through the PDCA*1 cycle.	<ul style="list-style-type: none">• Based on the annual EBARA BCMS Plan, each business site, office, and Company established annual plans for each organization, conducted disaster response drills, and made various other preparations.• The BCM Committee evaluated the activities of each BCMS organization. These evaluations are used for continuous improvement.
Internal Control	Continue improvement measures concerning Group internal controls and enhance Group governance management systems.	The Guideline for Internal Controls*2 was used to conduct self-checks regarding status of internal controls and make improvements.
Information Security	Adopt plans for establishing global systems suitable for the E-Plan 2016 and implement suitable regulations for each Group company.	<ul style="list-style-type: none">• Revised EBARA's Information Security Basic Rules and related rules.• Established Information Security Guide, distributed it to Group companies to maintain and enhance information security.

Implementation of the Risk Management Guidelines

The Risk Management Guidelines (RMGL) were implemented at 28 overseas subsidiaries to reinforce risk management activities throughout the Group in areas such as occupational safety and health, hazardous substance management, security trade control, environmental preservation, and other topics, selected based on the CSR Policy. Each subsidiary adopted an action plan to achieve interim targets by FY 2016 and all items by FY 2019 and is working to improve risk management levels. Personnel from internal control and those with specialization in various fields visit worksites to survey on-site conditions and provide advice and support for improvement.

RMGL Items

Sections	Sub-sections
1 The Ebara Way	The Ebara Way EBARA Group Code of Conduct
2 Fair trade	Prohibition on trade through unfair competition Protection of vendors
3 Environment	Air pollution prevention Water pollution prevention Waste management
4 Security trade control	
5 Human rights	
6 Occupational Safety and Health	Employee safety Fire prevention Hazardous material management



*1 PDCA: A method of continuous improvement implemented through the system of Plan→Do→Check→Action.

*2 Guideline for Internal Controls: Guidelines for self-inspections at each EBARA Group company in order to proactively create, implement, and improve internal controls distributed to all subsidiaries in FY 2014.

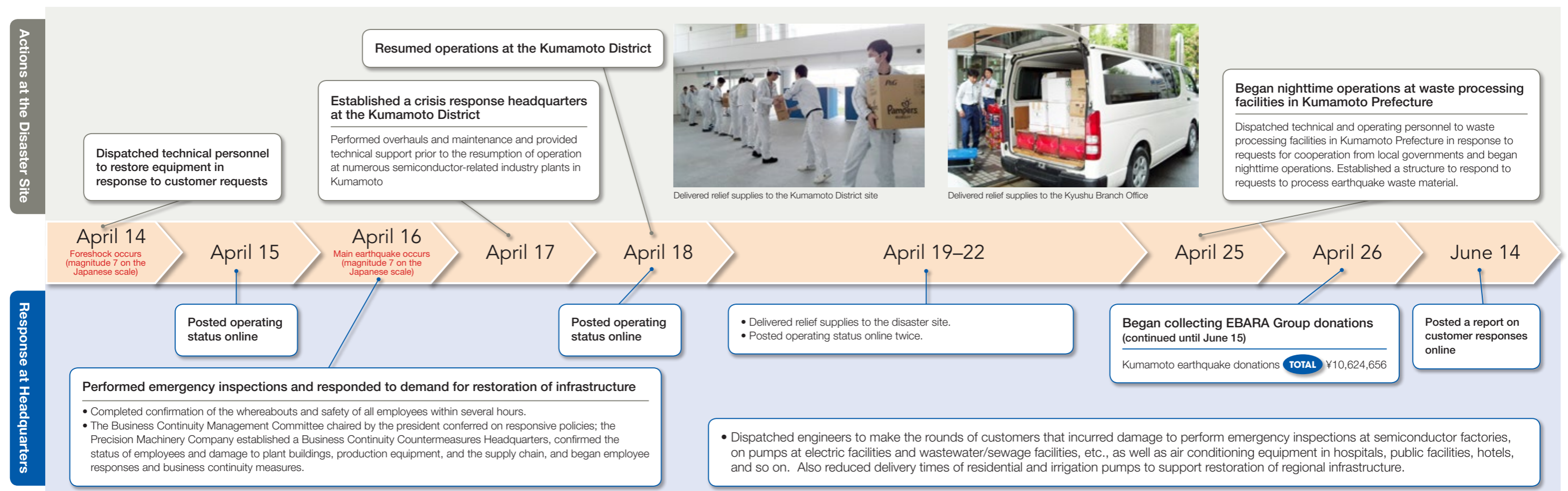
FY 2016 Issues and Targets

Priority Matter	FY 2016 Issues	FY 2016 Targets	FY 2016 Action Plan
Promote understanding and spread of corporate ethics	EBARA and subsidiaries in Japan: Implement measures to further human rights and diversity and promote communication. Overseas subsidiaries: Implement measures to promote the Ebara Way among employees beyond management.	EBARA and subsidiaries in Japan: Raise each employee's awareness of CSR issues in the workplace based on the results of the FY 2015 compliance survey and take action. Overseas subsidiaries: Create Ebara Way training programs in multiple languages.	EBARA and subsidiaries in Japan: Conduct internal training that contributes to the advancement of CSR issues. Overseas subsidiaries: Promote training programs in multiple languages for employees other than managers.
Enhancement of risk management	<ul style="list-style-type: none"> Continue support to realize RMGL items. Establish structures for performing daily self-check in order to sustain the systems established based on RMGL. 	Reorganize items developed under RMGL as daily self-check items and sustain those activities.	<ul style="list-style-type: none"> Identify matters that should be subject to ongoing daily self-checks from RMGL items and incorporate them into the Guideline for Internal Controls.
BCMS	Improve business continuity activities.	Establish effective business continuity systems and conduct drills to prepare for a large-scale disaster. By taking those and other measures, we can secure the safety of employees and their family members and can continue or recover business operations as quickly as possible.	<ul style="list-style-type: none"> Establish BCMS annual plans at EBARA and all sites in Japan based on evaluations by the BCM Committee from the previous year. Each business site, office, and Company will establish annual plans for each organization based on EBARA's BCMS annual plan, conduct disaster response drills, and make preparations and continuous improvements. Create systems to respond to overseas crises such as abductions and acts of terrorism and conduct simulation training at one overseas site as a model. Create emergency contacts systems at all overseas sites.
Internal control	Continuously implement activities to improve internal controls.	<ul style="list-style-type: none"> Develop and create internal control systems at subsidiaries newly subject to consolidation / companies that entered the Group through M&A and so on. Reinforce the internal control systems of subsidiaries that are growing in size. 	<ul style="list-style-type: none"> Have EBARA conduct Company-level control assessments of subsidiaries newly subject to consolidation and provide support on issues that require improvement. Establish the documentation of business processes and make assessments at companies whose business is expected to grow.
Information security	Enhancement of information security systems throughout the Group.	Ascertain the status of information management at overseas subsidiaries and take measures to improve IT environments.	Investigate IT environments at overseas subsidiaries and continue necessary responses.

[Further details on risk management >>>](#) 

Response to the 2016 Kumamoto Earthquake (From occurrence of the earthquake until the end of June 2016)

Thanks to the results of ongoing disaster response training, we were able to confirm the whereabouts and safety of employees quickly, deliver relief supplies, confirm the status of the supply chain, and continue production at the Kumamoto District site. Based on this experience, we will identify issues and take measures to continuously improve BCMS.



Compliance

Basic Policy

To gain the trust of stakeholders and be a good corporate citizen, the EBARA Group defines compliance not simply as observing laws and regulations, but also establishing good faith internal regulations and other rules, and acting in line with social norms and good sense. Our fundamental compliance policy is to conduct business activities in accordance with our CSR Policy which states that we conduct business with a strong sense of ethics and foster relationships of trust with our valued stakeholders (including customers, suppliers, shareholders, investors, local communities, and employees).

EBARA Group Code of Conduct

The Code of Conduct sets the standard for all EBARA Group officers and employees to exercise sound judgement, carry out their own work, and take responsibility for their actions with a strong sense of ethics and pride.

EBARA Group Code of Conduct >>> 

EBARA Group Code of Conduct			
Introduction	Provides that compliance is fundamental.		
Chapter 1: Our Mission and Pride	A set of standards for core operations of the EBARA Group.	1. Customer Orientation 2. Business Operations	3. Technology and Production 4. Procurement
Chapter 2: Our Commitment	Our promises to stakeholders.	1. Respect for Fundamental Human Rights 2. Corruption Prevention 3. Information Management and Disclosure 4. Management and Maintenance of Corporate Assets	5. Good Working Environments 6. Global Environment 7. Harmony with Local Communities and Society
Appendix: Five Basic Principles for Action	A statement of five principles employees must follow in addition to the Code of Conduct.	1. Realize that any action, no matter how trivial, can lead to serious consequences. 2. Confirm the objective and meaning of actions before carrying them out. 3. Follow fixed procedures and rules when carrying out actions. 4. Review actions, confirm them, and take responsibility for their results. 5. Adopt a wide perspective and consider areas outside one's own responsibility when carrying out actions.	

Compliance System

The EBARA Group Compliance Network, compliance liaisons, and the whistle-blowing hotlines are placed under the CSR Committee, which is chaired by the president.

EBARA Group's compliance system >>> 

Explanation of Organizations

As of April 2016

CSR Committee	The President and Representative Executive Officer serves as chairman of the committee, and all Executive Officers are members. An outside attorney serves as an advisor. The Committee deliberates on issues such as Group business ethics, compliance, corporate governance, internal controls, environmental preservation, and human rights and specifies corrective measures and improvements in order to maintain and develop good relations with stakeholders.
EBARA Group Compliance Network	Meetings are held for EBARA Group personnel in Japan who have responsibilities or work duties relating to corporate ethics to share compliance-related information within the Group.
Compliance Liaisons	Compliance liaison personnel serve as on-site consultants for compliance-related issues. Liaison personnel also conduct activities to raise employee awareness of compliance. (70 personnel in Japan)
Whistle-Blowing Hotlines	Whistle-blowing hotlines exist both inside and outside the company to promptly resolve any compliance issues. The Group also has an audit committee helpline in place.

Whistle-Blowing Hotlines

In Japan, each Group company has an internal whistle-blowing hotline, and there is an outside whistle-blowing hotline that can be contacted from all Group companies in Japan. Reports received by the outside whistle-blowing hotline are used to support investigations and other measures by EBARA, the parent company. Overseas, Group companies are taking measures to establish internal whistle-blowing hotlines. In addition, an outside whistle-blowing hotline was set up for three companies in China in FY 2015, and further outside whistle-blowing hotlines will be established in stages in different areas.

We are creating outside whistle-blowing hotlines that can support sound and autonomous operations in order to increase transparency throughout the Group, monitor reported matters, and when necessary, encourage overseas Group companies to review and reinforce internal whistle-blowing systems.

Priority Compliance Matters

Priority Matters	FY 2015 Measures and Results	FY 2016 Plans
Anti-corruption	Through FY 2015, 23 overseas subsidiaries had training on the EBARA Group Anti-Corruption Program, with 1,244 employees attending.	Training on the Ebara Group Anti-Corruption Program will be conducted at overseas subsidiaries that have not had the training by FY 2015. Training at other overseas subsidiaries will be appropriately planned and implemented.
Security trade control (STC)	<ul style="list-style-type: none">Conducted education with content on STC during CSR training.Conducted internal audits to confirm the status of compliance with internal rules on export controls (compliance program) and other matters. No legal violations were found.Supported overseas Group companies by providing model management points and rules as one item of the RMGL in order to promote the implementation of STC.	<ul style="list-style-type: none">To ensure compliance (zero violations) with the Foreign Exchange and Foreign Trade Act; we will continue to educate, train and raise awareness through other means. Transaction screening and internal audits will also be systematically implemented.Ongoing support will be provided to carry out STC-related action plans included in the RMGL.
Whistle-blowing hotlines	<ul style="list-style-type: none">When operating internal whistle-blowing hotlines, in addition to resolving reported matters, the causes of the reports were analyzed and feedback was provided for training based on the PDCA cycle. This led to improvements in the workplace environment.An outside whistle-blowing hotline was established for three overseas Group companies in China.	The status of operations at companies with whistle-blowing hotlines will be confirmed and hotlines will be established at overseas subsidiaries that do not yet have one as appropriate.
Hazardous substance management	<ul style="list-style-type: none">In accordance with the RMGL, overseas Group companies conducted self-inspections regarding fire prevention and hazardous material management. The companies formulated action plans and implemented measures.Hazardous material management and fire prevention plans were formulated and training was conducted at business sites in Japan in accordance with the Fire Service Act.	<ul style="list-style-type: none">Development will be continued at overseas Group companies. The head office will provide support as needed. Internal control self-inspection guidelines will be created in order to sustain activities.Fire prevention plans will be adopted and training will be conducted even at small-scale business sites in Japan to which the Fire Service Act does not apply.
Fair dealings and prohibition of unfair competition	<p>Compliance with the Antimonopoly Act: Monthly monitoring was conducted with regard to bidding on public works to confirm that there are no issues. In December, attorneys conducted Antimonopoly Act training sessions in the sales divisions of all relevant companies*1.</p> <p>Compliance with the Construction Business Act: Pursuant to revisions to the Construction Business Act Compliance Guidelines, occupational accident prevention measures are codified upon request for quotation.</p> <p>Compliance with the Subcontracting Proceeds Act: Press releases and other relevant information were shared at regular Procurement Operations Liaison Committee meetings.</p>	Compliance will be maintained and changes in the regulatory environment including amendments of laws will be monitored and responded to.

Practicing Fair and Open Competition

Outline of the EBARA Group Procurement Policy

EBARA Group companies will pursue mutual prosperity with suppliers by building a long term partnership through fair and equitable procurement activities.

Procurement Policy >>> 

Overview of the EBARA Group CSR Procurement Guidelines

The CSR Procurement Guidelines, published on EBARA's website, summarize matters concerning points of cooperation the Group seeks from suppliers.

EBARA Group CSR Procurement Guidelines >>> 
Conflict Minerals Policy >>> 

Annual CSR Training

Since FY 2009, the EBARA Group has been conducting CSR training for all employees in Japan. This training aims to ensure that employees understand and can carry out the Group's corporate social responsibilities, such as those relating to the environment, stakeholder needs, and risk mitigation. The content of this training is reviewed each fiscal year. After the training, we conduct follow-up tests and surveys of attendees to measure the level of understanding. This information is used to make improvements to the next year's training content. In FY 2015, the percentage of total correct answers across all topics in the follow-up tests was more than 97%.

FY 2015 Training Contents

1. The Ebara Way
2. The Three Elements of the Ebara Way
3. Promoting Diversity
4. Human Right Issues in the Workplace
5. Mental Health
6. Preventing Corruption
7. Business Continuity in the Event of a Disaster
8. Basics of Security Trade Control
9. Information Security

*1 All relevant companies: Group companies in Japan that bid on public works projects.

Human Rights

Basic Policy on Respecting Human Rights

Respect for the human rights and diversity of stakeholders is expressly provided for in the EBARA Group CSR Policy and is put into practice. By engaging in corporate activities with respect for human rights, we strive to gain the trust of stakeholders, build good relationships, and increase corporate value. Our approach to human rights is based on the International Labour Organization's standards.

FY 2015 Human Rights Education Measures and Results / FY 2016 Plans

Priority Matter	FY 2015 Measures and Results	FY 2016 Plans
Continuous implementation of CSR training	The CSR training conducted each year for all employees in Japan includes topics on human rights education.	<ul style="list-style-type: none">Continue human rights education as a CSR training topic in FY 2016.Training that includes human rights education will be held for all employees of overseas subsidiaries by FY 2019.
Response to harassment	<ul style="list-style-type: none">Conducted training for domestic Group companies. (4 companies; approx. 900 attendees)Compliance liaisons conducted training including training on harassment and other topics tailored to specific workplace needs. (16 sessions; approx. 500 attendees)	Based on questionnaire results, work in collaboration with Group companies and conduct training as needed to reduce harassment.
Items regarding respect for human rights in the RMGL	In accordance with the RMGL , policies were established on human rights issues such as working conditions and the prohibition of child and forced labor. Overseas Group companies performed self-inspections, formulated action plans, and implemented measures.	Establish internal rules at overseas subsidiaries and conduct training and education.

Compliance Questionnaire

A questionnaire on compliance awareness targeting all Group employees in Japan has been conducted since FY 2004 in order to promote awareness of compliance. The response rate is used as an indicator of the degree of interest in compliance, and employees are encouraged to respond. In FY 2015, the response rate exceeded 90%, and based on this result, we concluded that the target regarding compliance awareness has generally been met. In FY 2015, we conducted the questionnaire in order to identify specific compliance issues.

A rising trend of concern regarding harassment and violation of rules and regulations was observed. Responsive measures such as conducting training at organizations and companies where this trend was prominent will be considered and implemented. We will also utilize the PDCA cycle to make improvements in the workplace environment.

Training for Compliance Liaisons on Responding to Harassment Inquiries

One of the roles of compliance liaisons is to serve as accessible consultants and take inquiries from employees who have concerns regarding compliance violations. Compliance liaison training for compliance liaisons is conducted each year, trends regarding compliance violations both inside and outside the Group are identified, and workplace measures to prevent compliance violations are taken.

Many of the inquiries received by the compliance liaisons in the workplace are about harassment. Consequently, the FY 2015 compliance liaison training was designed to provide basic knowledge regarding harassment and consultation skills in response to requests from liaisons to learn specific methods of responding to harassment inquiries. Outside instructors used role playing to teach harassment response methods to 50 compliance liaisons. Comments from the liaisons included “I gained a deeper understanding of the current status and background of harassment” and “I realized the importance of being prepared to respond to inquiries as well as consideration for employees who make inquiries.”

Occupational Health and Safety

Basic Policy on Health and Safety

The Group established the EBARA Group Basic Policy on Health and Safety for realization of Ebara Group's CSR Policy (8) which is “we sustain a safe workplace and strive for a stimulating work environment.” Under the Basic Policy, the Group endeavors to maintain and to improve work places that place the highest priority on health and safety including maintaining a good work-life balance and supporting good mental health.

Health and Safety Systems

Health and safety management complies with the corporate operational organizations and is basically performed by management. We promote health and safety with support and guidance from managers specified by laws and regulations and those with technical expertise that plan, provide guidance, and support health and safety management.

The Central Health and Safety Committee deliberates and makes decisions on company-wide health and safety management policies, and these policies are carried out by establishment of Health and Safety Committees at each business site and Workplace Health and Safety Promotion Committees at each workplace.

Health and Safety Data

Main Group Companies in Japan

Industrial accident status	FY	EBR	ED	EHB	ERS	EETC	EEP	EFT	EA
Total number of employees	2015	4,022	219	155	562	459	2,173	199	145
Frequency rate	2012	0.2	2.4	11.4	4.5	5.3	0.9	0.0	3.3
	2013	0.4	5.0	3.7	3.0	1.3	1.1	0.0	8.1
	2014	0.1	2.4	3.6	0.7	5.6	0.5	0.0	8.1
	2015	0.4	4.8	0.9	0.8	4.5	1.1	0.0	8.1
	2012	20	1	5	7	4	34	0	1
Number of industrial accidents	2013	18	2	1	7	1	39	0	3
	2014	9	1	1	1	5	24	0	2
	2015	13	2	2	1	4	34	0	2

EBR: EBARA CORPORATION
EHB: Ebara Hamada Blower Co., Ltd. *1
EETC: Elliott Ebara Turbomachinery Corporation
EFT: EBARA FIELD TECH. CORPORATION
* The frequency rate is calculated based on the number of accidents that result in death or missed work.
* The number of industrial accidents includes industrial accidents that do not result in missed work.

ED: EBARA DENSA LTD.
ERS: Ebara Refrigeration Equipment & Systems Co., Ltd.
EEP: Ebara Environmental Plant Co., Ltd.
EA: EBARA AGENCY CO., LTD.

FY 2015 Health and Safety Measures and Results / FY 2016 Plans

Topic	FY 2015 Measures and Results	FY 2016 Plans
Health improvement/Lifestyle disease prevention Measures.	<ul style="list-style-type: none">A total of 1,490 employees participated in four programs—walking, smoking cessation, recording lunch, and exercise support—and measures were taken to promote good health and make improvement relating to lifestyle-related diseases.Traveling health support for employees posted overseas and accompanying family members were commenced and other measures were taken to understand and improve lifestyle environments and healthcare conditions at overseas sites.Healthy menu items were added to employee cafeterias to improve employee diets.	<ul style="list-style-type: none">Plan new programs in which even more employees can participate and reinforce health promotion and lifestyle-related disease prevention measures.Periodically and continuously conduct traveling health support at overseas sites, create opportunities for early detection of mental and physical health issues, and reinforce support for personnel assigned overseas and their accompanying family members.
Occupational health and safety inspection at overseas Group companies	<ul style="list-style-type: none">Development guidance on occupational safety issues was created in the RMGL and implemented at 28 overseas companies.Personnel from specialized divisions visited seven overseas subsidiaries to confirm conditions and provide development support.	Identify which of the 28 overseas subsidiaries have outstanding issues under the RMGL and continue to provide support while establishing systems for continuous operation and improvement by Group companies.

EBARA Receives Highest Health Management Rating from Development Bank of Japan

The Development Bank of Japan (DBJ) Health Management Rating is an evaluation of companies that undertake outstanding health measures for their employees. The DBJ has established the world's first financing with terms set according to the health management rating. EBARA received high scores for undertaking programs that promote good employee health in cooperation with a health insurance association. One such program was to improve lifestyles by providing support from

industrial physicians and industrial health personnel, addressing the following three issues: (1) implementation of periodic and continuous risk assessment and occupational health and safety management, (2) multifaceted analysis of health issues, and (3) lifestyle-related diseases.



Certificate

*1 Ebara Hamada Blower Co., Ltd. changed its corporate name to Ebara Fan & Blower Co., Ltd. in October 2016.

Human Resource Management

FY 2019 Vision

Our vision is to establish an environment that maximizes the capabilities of each employee, regardless of gender, nationality, or other factors, and adopt a system that properly rewards the exercise of such capabilities. Four key topics have been set for achieving this vision.

- Promoting the active performance of global talent
- Developing work environments where employees can enhance and fully invest their work skills
- Promoting diversity
- Introducing a system for compensation befitting employee’s skills and performances

Policies for Personnel Affairs and Human Resource Development

EBARA has established as its fundamental personnel and human resource development policy of recruiting and developing a diverse workforce from around the world that takes on challenges with creative innovation. EBARA also aims to establish a working environment that enables all employees to make the most of their individual skills. During the term of the Medium-Term Management Plan lasting until the end of FY 2016, we took the following measures to carry out this policy and the vision and worked to enhance personnel and human resource development programs from a group-wide and global perspective.

- (1) Hire talented people from countries and regions significant to business operations at the Group head office and develop the core human resources that will be necessary for business development in those regions. Also, introduce programs that specifically promote overseas work opportunities to younger workers in order to systematically provide opportunities to acquire fundamental skills as human resources responsible for global business development.
- (2) Establish a human resource rotation system that includes Group companies, in order to encourage systematic human resource interaction and collaboration within the Group and decide personnel assignment with an emphasis on their career paths.
- (3) Establish work environments that enable each employee to fully invest their skills into their work regardless of individual attributes such as sex, gender or nationality.
- (4) Establish and improve human resource systems (including appointment, evaluation, and compensation) that can be applied to all Group management while structuring programs to recruit and develop human resources to take on Group management positions.

Focusing on Personnel Programs and Human Resource Development to Support Business in the 21st Century.

In the final year of the Medium-Term Management Plan E-Plan 2016, we will maintain our awareness that Japan is a part of the global market. Based on this, we understand that the many human resources, who will take charge of business development in global markets, including Japan, are the most important management resource for creating new corporate value.

In Japan, we will expand the career management programs introduced on a trial basis in FY 2015 and begin rolling these programs out. This program serves as a personnel system for respecting employee diversity and enabling employees to function effectively. In order to create secure, safe, and positive work environments, we will also establish occupational safety policies common to all business sites and perform earthquake-proofing construction on all business site structures.

We will create work environments where all 16,000 EBARA Group employees located throughout the world can further develop their skills and potential, while respecting human rights and diversity based upon the CSR Policy.



Hisashi Iijima
Executive Officer
Division Executive, Human
Resources,
Legal & General Affairs Division

FY 2015 Measures and Results Regarding Enhancement of Human Resources / FY 2016 Plans

Topic	FY 2015 Measures and Results	FY 2016 Plans
Promoting the success of global human resources	<ul style="list-style-type: none">• Dispatched 17 young employees to key overseas business sites in nine countries (China, United States, Brazil, Vietnam, Philippines, Indonesia, Singapore, UAE, and Bahrain).• Accepted at EBARA 13 employees seconded from overseas local subsidiaries in China, Vietnam, and Thailand and promoted personnel exchanges.• Conducted advance training for employees including managers assigned to overseas sites.• Hired and nurtured international employees.	<ul style="list-style-type: none">• Continue dispatching young employees overseas and expand the program from primarily the Fluid Machinery & Systems Company to include Corporate.• Continue accepting employees seconded from overseas local subsidiaries.• Conduct career management programs for international employees as a means of a following up with those employees.
Promoting diversity	<ul style="list-style-type: none">• Conducted a survey on promoting the engagement of women and analyzed issues.• Launched measures addressing work style reforms.• Announced our Diversity Declaration.• Held training sessions for managers on promoting the employment of women.	<ul style="list-style-type: none">• Conduct training on diversity for senior managers.• Introduce a mentor program on a trial basis.• Promote working style reforms at sales offices in collaboration with production innovation campaigns.
Developing work environments where employees can enhance and fully invest their skills	<ul style="list-style-type: none">• Implemented a career management program that integrates business strategies with human resource development on a trial basis at the Futtsu District.• Prepared a manual with information on company and public support programs for employees who are working while also providing childcare or nursing care.• Introduced an employment program for rehiring former employees.	<ul style="list-style-type: none">• Expand the scope of the career management program and implement on a full scale.• Allow telecommuting on a trial basis to promote flexible work environments for employees who provide childcare or nursing care.
Performance-linked compensation programs	<ul style="list-style-type: none">• Expanded performance-linked bonuses to all employees and increased comprehensiveness.• Introduced an innovative challenging target to create a corporate atmosphere of challenging even higher targets.	<ul style="list-style-type: none">• In conjunction with the launch of the new medium-term business plan in FY 2017, we will examine optimal conditions that respond to globalization and diversity covering all aspects from organizational structures to HR systems.

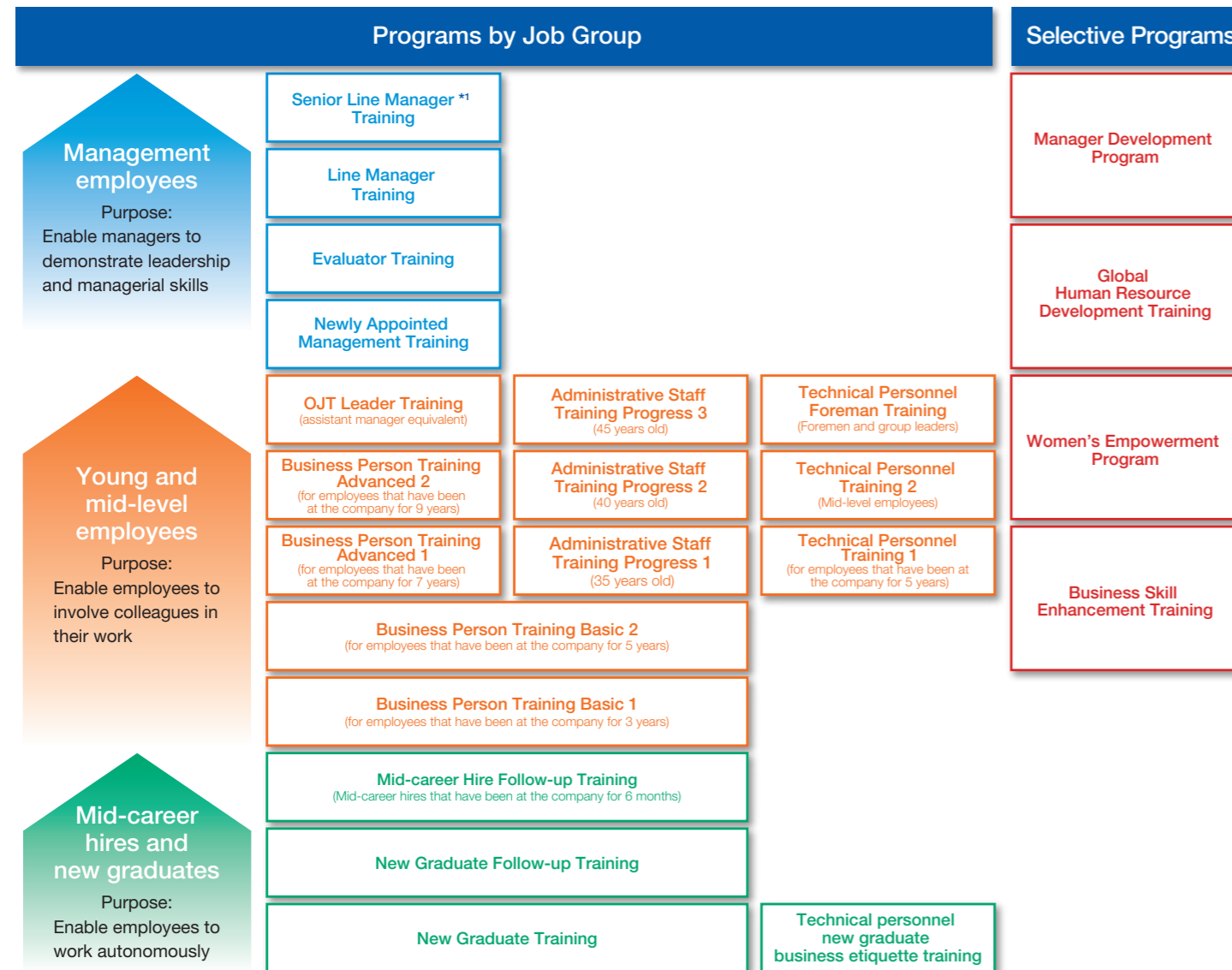
Promoting the Success of Global Human Resources

Human Resource Management

Overall Image of Domestic Group Training Programs

EBARA Group Training (programs by job group), launched in FY 2011, is reviewed by the Human Resource Development Committee and adjusted annually.

In FY 2015, the Women's Empowerment Program was initiated for women in the career-track transfer system as a part of EBARA's efforts to promote diversity.



Number of annual attendees in FY 2015: 4,470 (training course costs per person: approx. ¥32,000)
Annual training investment in FY 2015 (EBARA): ¥145.217 million (10% year-on-year increase)

Measures to Promote the Success of Global Human Resources

The Global Human Resources Training Program was launched in FY 2011 to cultivate young personnel who are capable of supporting continuous global business development by assigning them to overseas Group companies. As of FY 2015, more than 50 employees have been assigned overseas under this program. In FY 2015, 28 employees are working in China, Vietnam, Singapore, Brazil, Bahrain, UAE, and other countries. Program participants conduct results briefings when they return

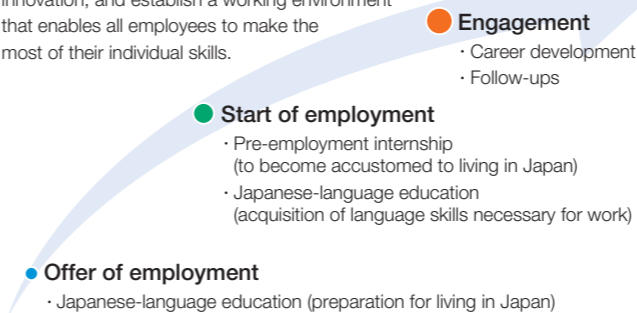
to Japan, and in February 2016, a briefing from 12 participants from the third cohort dispatched in FY 2014 was conducted. Each employee who completes the two-year program gives an individual presentation, giving company management an opportunity to see the results of the growth achieved through the participants' various experiences in environments different from those in Japan.

Employment of Foreign Nationals in Japan

EBARA has actively been hiring international employees at its head office since 2011. This is a core measure under the personnel and human resource development policy, which provides for "recruiting and developing a diverse workforce from around the world that takes on challenges with creative innovation."

International Employee Recruitment and Development

Recruit and develop a diverse workforce from around the world that takes on challenges with creative innovation, and establish a working environment that enables all employees to make the most of their individual skills.



«Purposes of Hiring International Employees»

- Globalize human resources (including the globalization of Japanese employees who work with international employees)
- Recruit outstanding personnel compared to Japanese hires (in terms of skills and motivation)
- Hire personnel from strategically-important regions (China, India, South Korea, Taiwan, and others)

Number of New Graduate Hires by Country

* Current employees (as of September 2016)

	China	South Korea	Taiwan	India	Other
2016	4	4	5	3	1
2015	6	6	7	5	
2014	6	4	4		1
2013	5	4		4	1
2012	5	2			
2011	2				

Other nationalities: FY 2013 and FY 2016 - Uzbekistan; FY 2014 - Vietnam

Interaction Between the Human Resources Division and Overseas Group Companies

EBARA encourages interaction between the Human Resources Division and overseas Group companies.

In May 2015, EBARA conducted exchanges of information with the human resource divisions of Ebara Machinery (China) Co., Ltd. and Ebara Machinery Zibo Co., Ltd. Issues regarding evaluation programs were raised at that time, and deeper discussions were conducted at Ebara Machinery (China) in November.

Global Human Resource Development at Overseas Group Companies

Ebara Machinery (China) Co., Ltd. (EMC), a Chinese subsidiary, conducted the First EMC Mid-level Manager Standard-Raising Training in October 2015. This training was intended to increase understanding of EBARA's history and the Ebara Way while enabling EMC mid-level managers to work in global business.

After the training, the participants made positive comments such as "I deepened my understanding of the Company's history and its vision for the future" and "I will dedicate myself to the EBARA Way and contribute toward the growth of the Ebara Group with passion and dedication for EMC."

The EBARA Recruiting & HR Development Department observed the training, using it as an opportunity to learn about the status of human resource development at overseas Group companies.



The First EMC Mid-level Manager Standard-Raising Training

*1 Line manager: A manager who oversees an organization.

Promoting Diversity

Policies for Promoting Diversity

Based on the belief that diversity in the workplace is essential for maintaining growth in global markets, the EBARA Group will establish work environments where each employee is able to fully invest his or her skills into work regardless of individual attributes such as sex or nationality. In Japan, the Group will discard the image that managers can only be Japanese men and promote the placement of international employees and women in management positions.

Diversity Declaration (January 2016)

- We create a corporate culture where every individual can utilize their talents and grow to their full potential.
- We respect different values and create a dynamic corporate culture that facilitates change while promoting business development and contributing to society.
- We aim to create working environments that celebrate diversity and lead to the evolution and innovation of our business processes.

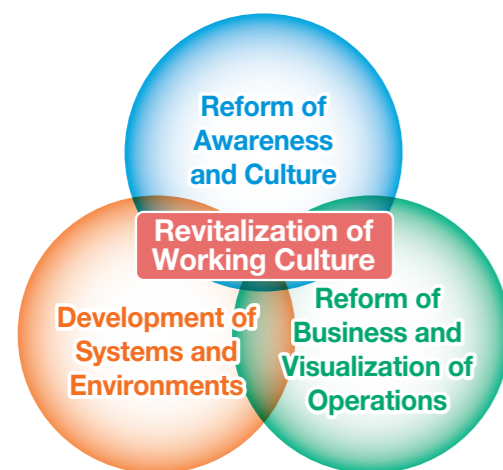
FY 2015 Measures and Results

1. Conducted surveys related to the status of women in the workplace and analyzed the results

In order to ascertain current conditions relating to the status of women, we interviewed employees, conducted a survey on awareness, and analyzed personnel data. The results indicated that systems, environments, and working styles are not keeping up with changes in employment conditions. We are aware that it is essential not only to empower women, but also to resolve issues affecting both men and women. With this in mind, we have determined that to promote diversity we must reform working styles.

2. Initiated measures to reform work styles

To resolve issues, we determined three areas of focus: the reformation of awareness and culture, the development of systems and environments, and the reformation of business and visualization of operations.



3. Announcement of Diversity Declaration

We announced our Diversity Declaration internally and externally as our guideline for promoting diversity in the future.

FY 2015 Topics

Management Training

We invited an outside instructor to give a lecture to EBARA executives and domestic Group executives on promoting the empowerment of women as a management strategy. The lecture was attended by 104 executives and senior managers. The instructor informed the participants that “promoting the empowerment of women requires both continuous employment and career development.” The participants actively posed questions and deepened their understanding.



Lecture on promoting the empowerment of women

FY 2016 Issues and Measures

Topic	FY 2016 Issues	FY 2016 Measures
Reform of Awareness and Culture	<ul style="list-style-type: none"> • Reform the awareness of managers • Disclose information on the status of women 	<ul style="list-style-type: none"> • Conduct diversity training for senior managers
Development of Systems and Environments	<ul style="list-style-type: none"> • Promote career and skill development for management and career-track personnel 	<ul style="list-style-type: none"> • Conduct a mentor program on a trial basis for female career-track personnel
Reform of Business and Visualization of Operations	<ul style="list-style-type: none"> • Increase productivity through the improvement of operational practices 	<ul style="list-style-type: none"> • Encourage reform of sales office working practices in collaboration with productivity innovation campaigns

Developing Work Environments

Developing work environments where employees can enhance and fully invest their skills

The Career Management Program was launched in FY 2015 at the Futtsu District based on the understanding that consideration of one's own career and efforts to develop one's career through self-improvement and a diverse range of work experiences leads to human resource development. Under the program, HR staff members interview individual employees on their career ambitions, compare positions in business divisions, and investigate and carry out the necessary personnel transfers.

As a result of these measures, more personnel transfers are conducted than in the past, and the effectiveness of the program has been confirmed in areas such as raising awareness of human resource development among line managers and reaffirming the need for rotations among divisions. Going forward, the scope of the program will be expanded and these measures will be implemented at numerous worksites.

Reform of Personnel Systems

Based on the Medium-Term Management Plan, which has steered the Group towards “growth”, we introduced innovative challenging targets under “Management by Objectives” (MBO^{*1}), a type of evaluation system. This system encourages each employee to proactively undertake challenges toward achieving

high goals in order to fulfill the management plan. By having employees tackle these lofty targets, we promote individual growth and achieve steady growth of the company and business.

Measures Supporting a Good Work-Life Balance

- EBARA prepared a user manual on systems that support employees who are working while providing nursing care for a family member. This manual informs employees about the fundamentals of the systems and encourages more serious consideration of the balance between work and nursing care. Employees are encouraged to consider contingency plans in advance, acquire accurate knowledge, discuss the issue with their families, and make preparations.
- A telecommuting system will be launched in FY 2017 as a part of EBARA's efforts to create highly flexible work environments that support a balance between work and family.

Telecommuting began on a trial basis for a limited number of employees in FY 2016.

- A system for rehiring former employees was introduced in January 2015 to support work-life balance. Under this system, employees who had to resign due to life events are able to return to work. At present, 11 former employees have registered for re-employment, and since the system was introduced, three employees have been rehired. We look forward to the employees who use this system actively using the knowledge and experience that they gained during their time away when they are rehired at EBARA.

[Details regarding the use of work-life balance support systems >>> !\[\]\(214c0f47c67205582c6987ca7f972ea3_img.jpg\)](#)

Dialogue with the Labor Union

EBARA operates under a closed-shop system and EBARA managers and labor union representatives hold regular (or as occasion demands) labor-management conferences to maintain and improve a relationship of trust with an appropriate level of tension. The labor-management conferences facilitate understanding of corporate management from the labor union's perspective as well as confirmation of the soundness of management and other matters. The conferences are important to the labor union and serve as a key forum for management to confirm the opinions and views of employees.

In FY 2015, labor agreements were substantially revised to modify company housing and dorm systems and expand the scope of application of rules on support for employees who are relocated without their families. As part of measures to promote

a good work-life balance, revisions also included an increase in the amount of paid vacation time that can be taken on an hourly basis, looser requirements for taking childcare leave, and an increase in the number of days of leave that may be taken to provide nursing care for family members.

In addition, labor and management cooperated to implement measures that encourage employees to take multiple consecutive vacation days as a means of encouraging employees to use more of their vacation time. The company actively supports employees in taking vacation time and is working to create environments that facilitate time off. Going forward, EBARA will continue its efforts to maintain good working conditions and environments while engaging in good-faith labor-management communications.

[Holiday acquisition status >>> !\[\]\(479b4271053ad242e4daa55d59e78dfb_img.jpg\)](#)

^{*1} **Management by Objectives**: a system which connects the objectives of the organization with each individual, aimed at the fulfillment of company-wide management plans.

Environmental Management

Vision for the EBARA Group

EBARA Group Environmental Vision

- 1.The EBARA Group is striving to create a society in which nature and technology are in harmony.
- 2.The EBARA Group endeavors to conserve the global environment through its technologies, products and services.

Environmental Management Policy

In an effort to protect the ambient environment, we are working towards decreasing the burden that our business activities exert on our natural environment and are continually working to eliminate pollution. Through our activities, we are developing technology and products that will contribute to the formation of a recycling-oriented society. Our total solutions*¹ are provided to all our valued customers in the hope of realizing that goal.

[The EBARA Group Environmental Policy >>>](#) 

Environmental Management Structure

The EBARA Group's Environmental Management Structure is headed by the Environment Control Committee. The Executive Officer with ultimate responsibility for environmental matters acts as chairman of this committee.

[Diagram of Environmental Management Structure >>>](#) 

The EBARA Group operates environmental management pursuant to ISO 14001. Twenty-three offices, business sites, and Group companies have acquired ISO14001 certification.

[Details of ISO 14001 registration status >>>](#) 

Improving Global Environmental Management

Implementation of Surveys on Compliance with Environmental and Safety Laws at Overseas Sites

To achieve further development of its global business, the EBARA Group is establishing new overseas business sites. However, problems such as atmospheric pollution, water contamination, and soil contamination are becoming increasingly serious in many countries and regions around the world, and numerous environmental laws and regulations are being revised, requiring more rigorous operations. As a result, there are concerns that the EBARA Group is facing heightened environmental risks overseas.

To support the implementation of risk management guidelines established for overseas sites, EBARA began confirming the status of compliance with environmental laws and regulations at each overseas site. EBARA conducted a survey of affiliated companies located in China in FY 2015. We will continue to conduct surveys of key overseas production sites and investigate and carry out necessary measures for preventing environmental pollution and reliably reducing environmental legal risks.

In addition, we began global implementation of the company-wide general environmental education that has been conducted at EBARA Group companies in Japan since 2002. By raising the environmental awareness of overseas EBARA Group employees, we will ensure compliance with environmental laws and regulations and further enhance the environmental performance of EBARA products.

In Japan, we also plan to unify the ISO 14001 certification obtained for each business site (i.e., obtain multi-site certification). By raising the efficiency of environmental management and providing the environmental management expertise gained in Japan to overseas sites, we seek to improve global environmental management even further.



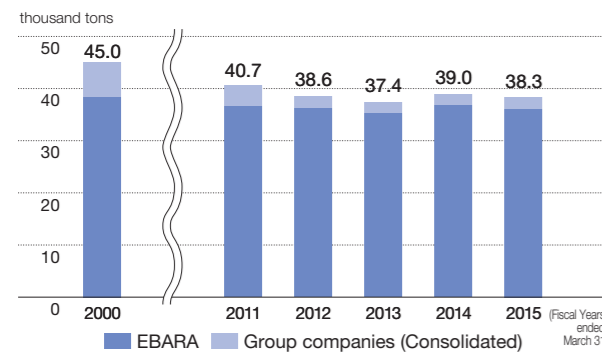
Nobuharu Noji
Managing Executive Officer
Chairman, Environment
Control Committee

*1 Total solutions: Problem-solving technologies or structures for solving problems that adopt not just approaches based on individual elemental technologies, but that integrate multiple processes devices, and materials.

EBARA Group Environmental Objectives (FY 2020) and FY 2015 Results

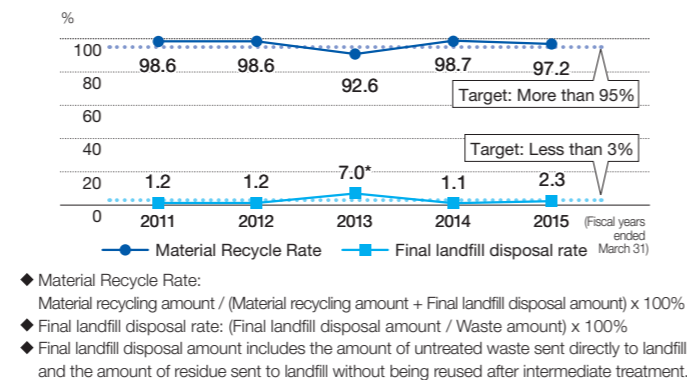
EBARA Group Environmental Objectives (FY 2020)	FY 2015 Results
1.Environmental Conservation Activities in Our Daily Business	
(1) Keep voluntary standard values for environmental laws and regulations such as water pollution prevention, air pollution prevention and the like.	Each office and business site worked on pollution prevention and achieved all quantitative standards.
(2) Continuously reduce the amount of waste output produced from each office and business site. Maintain a waste material recycling rate of 95% or higher. Maintain a final waste landfill rate of less than 3%. Completely comply with the legal terms stipulated in the Construction Waste Disposal Consignment Contract. Use the "Excellent Contractors Certification" system.	Material recycling rate of 97.2% achieved. Landfill disposal rate was 2.3%; target achieved. Disposal outsourcing agreements with reliable waste disposers were rigorously adhered to and use of the "Excellent Contractors Certification" system was encouraged.
(3) Continuously reduce CO ₂ emissions.	Reduced emissions by 1.9% from FY 2014.
(4) Reduce water usage by 30% from the FY 2000 level.	Increased usage by 13.6% from FY 2014. Reduced usage by 14.6% from FY 2000.
(5) Continuously reduce emissions of PRTR Law controlled substances. Reduce VOC emissions by 30% from the FY 2000 level.	Reduced PRTR substance emissions by 4% from FY 2014. Reduced VOC emissions by 39% from FY 2000.
(6) Identify and minimize environmental risk impact involved in R&D planning and in the planning, construction and operation of facilities at all offices and business sites.	Each office and business site worked on pollution prevention through environmental audits. No environmental pollution accidents caused by construction.
2. Contribution to Environmental Conservation in Business Activities	
(7) Set and implement policies and goals for achieving the industry's leading environmental performance per product.	Environmental considerations (reducing energy usage, miniaturization, reducing noise) were implemented with regard to many products and services in response to customer requests.
(8) Build a framework for managing information about chemical substances found in procured components and communicating information about the chemical substances found in finished products for customers.	An application service for collecting and managing information on chemical substances in procured products is currently in operation by the Precision Machinery Company.
(9) Reduce the environmental load throughout a products lifecycle through continuous reanalysis of technological standards of paints, material components, etc. from a life-cycle assessment standpoint. Establish and implement standards for topics of environmental concern in CSR procurement.	The Basic Guidelines on Safety and Environmental Design are in place to reduce the environmental impact of products. Use of asbestos in procured products, use of more than 4% lead in copper alloys, and use of hexavalent chromium and lead in paint are prohibited.
(10) Enhance the availability of products designed for use in the global warming prevention field. a. Dry vacuum pumps for solar cell manufacturing b. Desalination pumps and equipment c. Nuclear power plant pumps d. Energy-saving standard pumps driven by high-efficiency motors e. High-efficiency chillers f. Biomass utilization operations	The lineup of products that use the IE3 and IE4 premium motors was expanded. The lineup of products that achieve higher efficiency through rotation speed control was also expanded. The lineup of products with enhanced serviceability that allow for parts to be replaced through the inspection window without the need for complete disassembly of the pump was expanded. The resistance against corrosion caused by reaction byproducts and energy-saving performance of dry vacuum pumps for high-volume exhaust were improved.
3. Efforts for Environmental Management	
(11) Run the environmental management system across the EBARA Group and continuously apply revisions to standardize the system rules in operation. Link environmental management systems to other management systems such as systems of energy management, occupational safety and health, and quality management.	All EBARA offices and business sites maintained individual ISO 14001 certification. Work has begun to shift to the 2015 standards of ISO 14001 and to unify the certifications of each individual site. The shift to the 2015 standards and unification of certifications are planned for FY 2017.
(12) Thoroughly manage environmental risk through continuous implementation of second-party audits throughout major business sites of the EBARA Group in Japan and overseas.	Corporate environmental audits for 10 organizations in Japan were conducted and necessary improvements were completed. The environmental risks of each organization were assessed, and the results were made use of in environmental management.
(13) Establish an enhanced sense of ecology among all employees in the EBARA Group by promoting education concerning biodiversity, and environmental contribution activities.	An enhanced sense of ecology was established among employees by conducting environmental contribution activities that take biodiversity into consideration. As a Kanagawa Prefecture reforestation partner, EBARA is supporting the creation of water-source forests.
(14) Continuously disclose environmental information associated with business activities through the CSR Report, especially the enhancement of environmental assessment information on products. Continuously increase sales of environmental-label-certified products.	Issued the EBARA Group CSR Report 2015. Other measures are in the preparatory stage.
(15) Make contributions to society, such as environmental technology seminars, by utilizing technical knowledge developed through the EBARA Group's business activity and environmental activities.	The EBARA Hatakeyama Memorial Fund conducted technology seminars in Southeast Asia (Vietnam, Thailand, and Cambodia).

Environmental Management

Environmental Monitoring Data Additional Environmental data >>> Changes in CO₂ Emissions (Electric power and fuel-derived)

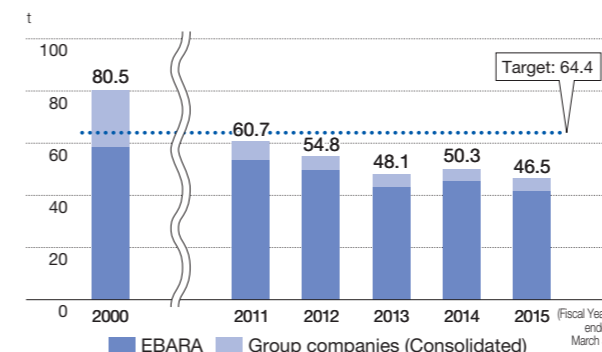
◆ Since we set our target back in FY 2000, We use an emission coefficient of 0.357 kg/kWh in compliance with the enforcement order regarding the Law Concerning the Promotion of Measures to Cope with Global Warming, which came into effect in 2000.

Changes in Material Recycling Rate and the Final Landfill Disposal Rate



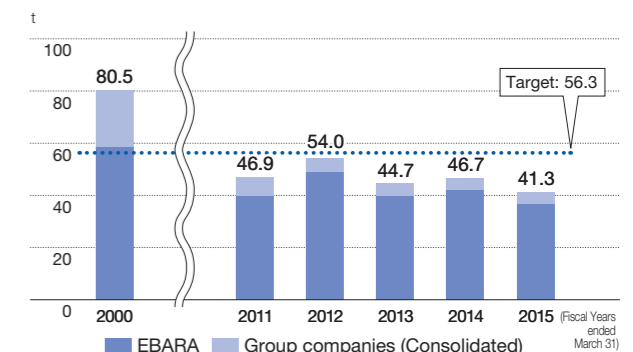
* Unrecyclable material uncovered during construction on some business sites resulted in a deterioration of the material recycling rate and the final landfill disposal rate.

Changes in Emissions of Substances Controlled by the PRTR Law



◆ PRTR Law: Pollutant Release and Transfer Register Law

Changes in VOC Emissions among Substances Controlled by the PRTR Law



◆ VOC: Volatile Organic Compounds

FY 2015 Main Results

Priority Matters	Targets	Results
Confirmation of legal compliance with environmental and safety laws at overseas business sites	<ul style="list-style-type: none">Support measures to promote the RMGLDetermine the status of legal compliance and identify risks	In conjunction with the increasing severity of atmospheric and other pollution problems, EBARA worked in collaboration with an auditing organization to survey the status of compliance with new laws and regulations in China by six Group companies*. A survey consisting of a two-day process was planned for each site. On the first day, the main activity was a site examination and on the second day, work focused on reviewing documents and conducting interviews with the environmental administrative personnel. The examination included checking the following as priority points to evaluate the existence of major environmental risks: 1. Environmental assessment reports: These reports include a determination of key environmental management items for the site and make up the basis for agreements with local governments. 2. Storage conditions of hazardous substances and waste material: As statutory storage standards are very strict, storage was found to be a high-risk priority. 3. Status of dust generation: Dust is generated in conjunction with welding and grinding work. It was determined that this is an important worksite confirmation item. The knowledge gained from the FY 2015 surveys will be used for future Group environmental management. * Companies subject to surveys: (1) EBARA DENSAN (KUNSHAN) CO., LTD. (EDKM) (2) Ebara Machinery (China) Co., Ltd. (EMC) Yantai (3) EBARA MACHINERY ZIBO CO., LTD. (EMZ) (4) EBARA GREAT PUMPS CO., LTD. (EGP) (5) YANTAI EBARA AIR CONDITIONING EQUIPMENT CO., LTD. (YEACE) (6) EBARA DENSAN (QINGDAO) TECHNOLOGY CO., LTD. (EDQ) In addition, EPPI (Philippines), EVPC (Vietnam), EPE (Italy), and SUMOTO (Italy) were subject to one-day site examinations to confirm the status of environmental management.
Increasing the efficiency of waste management operations at business sites	Reduce work load relating to waste disposal outsourcing	With the exception of work that requires decision or instruction from EBARA, waste management is outsourced. In addition, compliance checks of disposal agreements and manifests, coordination with disposal companies, on-site confirmation regarding disposal, and other administrative duties related to waste disposal are outsourced to specialist firms and as a result, we were able to reduce waste management work load, confirm that lawful disposal outsourcing agreements had been entered into, and perform reliable on-site confirmations of disposal companies.
Reduce waste-related risks and increase operational efficiency at domestic branches and sales offices.	<ul style="list-style-type: none">Compliance with statutory provisions in waste disposal outsourcing agreementsIncrease our abilities to check and ensure the capabilities of waste-disposal companies	EBARA began outsourcing administrative duties related to waste disposal at its offices centered on the Tokyo metropolitan region. EBARA has offices located throughout Japan, and it is necessary that we tie-up with a nationwide waste disposal-related administrative service provider that cooperates closely with disposal companies. By outsourcing services, we can reduce the work load related to coordinating with disposal companies, paying fees, managing manifests, and so on and reduce waste-related risks, allowing us to focus on sales and other core business activities.

FY 2016 Issues and Targets

Priority Matter	Issues	Targets
Multi-site ISO 14001 certification Shift to certification under the 2015 standards	<ul style="list-style-type: none">Respond to the revised ISO 14001:2015 standardsReview environmental management rules	<ul style="list-style-type: none">Put a management system compliant with the ISO 14001:2015 standards into operation, conduct internal audits (first-party audits), and prepare for full-scale implementation in FY 2017.When making the shift to the ISO 14001:2015 standards, promote unification of the certification of individual EBARA CORPORATION offices (multi-site certification) and establish a management system.
Promoting environmental management by overseas Group companies	<ul style="list-style-type: none">Prevent environmental pollution and comply with environmental laws and regulationsPrepare guidelines on hazardous substance management and energy-savingEncourage further environmental education	<ul style="list-style-type: none">Conduct compliance surveys relating to the environment and safety in collaboration with certification agencies at main production sites in China and Brazil.Provide in-company guidelines on hazardous substance management and energy-saving to overseas sites and promote risk management guidelines.Provide English and Chinese versions of the 2016 edition of environmental educational materials to overseas sites and raise the environmental awareness of all Group employees.
Reduce waste-related risks and improve operational efficiency at domestic branches and sales offices	<ul style="list-style-type: none">Reduce work load at branch and sales offices by outsourcing waste disposal administration duties	<ul style="list-style-type: none">Expand use of the waste disposal administration service providers introduced in the Tokyo Metropolitan region in 2015 to Hokkaido and the Chugoku and Chubu regions. (Introduce at all branch offices, branches, and sales offices by the first half of FY 2018.)

Expansion of Company-Wide General Environmental Education to Overseas Sites Begins

The company-wide general environmental education for all EBARA employees (including on-site employees of cooperating companies and employees of staffing agencies) that was launched following a dioxin release at the Fujisawa District site in March 2000 has been started at overseas sites. It is initially anticipated that the main participants in the training at overseas sites will be environmental management division employees, but repeated improvements of the educational content will be made to encourage broader participation.

Main Items of 2015 Education for Overseas Sites

- Lessons from the dioxin release incident and EBARA's promise
- EBARA's chemical management
- EBARA's global climate change countermeasures (energy-saving and proper management of CFCs)

Together with the Community

Basic Policy on Social Contribution Programs

The EBARA Group states in its corporate philosophy that we will contribute to society through our business activities, but we also contribute to the development of local communities and society through various types of community involvement.

We conduct these activities because we believe that communicating with local communities and society, contributing to solving local issues and the development of a better society are key roles of a business.

To take this thinking even further, we adopted our Social Contribution Policy positioned at the center of these activities.

Social Contribution Policy

The EBARA Group is committed to social contribution activities with the focus being on technical and educational assistance in business fields related to water, air, and the environment.

Main Activities

In accordance with the Social Contribution Policy, the EBARA Group carries out social contribution programs in the three areas described below. When conducting activities, we identify

changing issues and needs by communicating with supporting organizations and local residents and make improvements on a continuous basis.

(1) Focus Business Activities

Carrying out social contribution programs by making use of the technologies, know-how, and strengths gained through business activities.

(2) Foster Human Resources

Contributing to the development of future generations of human resources through a variety of programs in the sciences and technology, the environment, culture, and sports.

(3) Meet Social Needs

Understanding the issues facing local communities and society and carrying out social contribution programs tailored to their needs.

FY 2015 Aims and Results of Activities

Activities	Activity Aims	Activity Results
Focus business activities	The technology and expertise gained from more than a century of business activities is the strengths of the EBARA Group. We use these strengths to conduct social contribution programs that are representative of EBARA.	<ul style="list-style-type: none"> Technical Seminars sponsored by the EBARA Hatakeyama Memorial Fund: Seven courses conducted in four countries with 409 participants Pump donations: One water supply pump, two cutaway pump models, one flowmeter, and one set of accessories were donated to the Institute of Technology of Cambodia. Plant tours of the Fujisawa District site conducted 220 times with a total of 3,888 participants
Foster human resources	Contribute to the development of future generations of human resources through a variety of programs in the sciences and technology, the environment, culture, and sports.	<ul style="list-style-type: none"> Special support for the National Boys-and-Girls Creativity Challenge Contest: Number of participating teams—Preliminary round: 660; Final round: 60 Mirai Rikejo Monozukuri Café held: Participants—Junior and senior high school students: 73; Parents & guardians: 22 Support for basketball clinics conducted by the Haneda Vickies basketball team: 63 clinics held with 3,922 participants
Meet social needs	Accurately identify the issues facing local communities and society and carry out social contribution programs tailored to stakeholder needs.	<ul style="list-style-type: none"> Table for Two: Number of meals donated: 38,646 Disaster Area Reconstruction Support Market: Number of participating organizations: 10 Financial support of WWF programs: Amount donated: 5 million yen

Main Activities in FY 2015

EBARA Hatakeyama Memorial Fund

In 2015, the EBARA Hatakeyama Memorial Fund launched a program to donate EBARA pump units and pump cutaway models in response to statements from universities in developing regions that they needed the latest pumps for research and education but lacked sufficient budget.

[EBARA Hatakeyama Memorial Fund >>>](#) [Web](#)

Developing the Creativity of Youth

EBARA provided special support to the National Boys-and-Girls Creativity Challenge Contest held by the Japan Institute of Invention and Innovation. The contest is intended to convey to young people across Japan the fun of making things and the importance of teamwork, encourage the development of creativity and dynamism, and support the development of future science and technology human resources.

[Details of the event >>>](#) [Web](#)



National Boys-and-Girls Creativity Challenge Contest awards ceremony

Support for Women in Science and Engineering

EBARA and Kodansha Rikejo held the Mirai Rikejo Monozukuri Café, an event intended to inform junior and senior high school girls about women who are active in manufacturing. EBARA will continue to spread the message that manufacturing is not a field only for men, but one in which women can also be active, and will work to enhance the image of manufacturing worksites.

[Details of the event >>>](#) [Web](#)

Table For Two

EBARA launched Table For Two in FY 2015 at employee cafeterias at its head office and three plants as a social contribution program that employees can participate in. Under the program, 20 yen from each healthy meal purchased is donated to provide one meal to a child in a developing country. The program was introduced to simultaneously address the issue of metabolic syndrome in developed countries and food shortages in developing countries.

[Details of the program >>>](#) [Web](#)



Social contribution program in the company cafeteria

Great East Japan Earthquake Reconstruction Support Market

The Disaster Area Reconstruction Market and Craft Fair was held in response to a request from the Disaster Victim Support Coordination Project of the Reconstruction Agency. Specialty goods and crafts from the three Tohoku Prefectures were sold to provide support to industries in the affected regions.

[Details of the event >>>](#) [Web](#)



The Reconstruction Market and Craft Fair

FY 2016 Action Policies (Aims)

1. Further expand contributions that make use of business and plan and implement new social contribution programs.
2. Undertake human resource development programs in new fields.
3. Further promote social contribution programs that facilitate participation from employees.

CSR Committee Advisor Comments



Ms. Shione Kinoshita

Attorney
Daiichi Fuyo Law Office

Member of the Dai-ichi Tokyo Bar Association.
Has been a CSR Committee Advisor for EBARA CORPORATION since April 2013.
Provides wide-ranging support to the relationships between the company, employees and labor union and engages in activities based on the belief of raising the social value of businesses.

A feature of the EBARA Group CSR Report 2016 is the focus on activities intended to “establish an environment that maximizes the capabilities of each employee, regardless of gender, nationality, or other factors and adopt a system that properly rewards the exercise of such capabilities.” This is a part of the vision for FY 2019 and was reviewed by President Toichi Maeda in his message on the second year of the E-Plan 2016 medium-term management plan. The report also focuses on “expand(ing) the management infrastructure to support global business development,” a fundamental policy of the medium-term management plan that covers the period through the end of FY 2016.

As a result of this, compared to earlier reports, statements and information regarding human rights, occupational safety, human resource management, promoting the use of global human resources, encouraging diversity, and developing labor environments have been enhanced and awareness of problem areas in current employee work methods within the EBARA Group and reform policies for the future have been clarified. Diversity and reforming work methods are issues currently faced by all companies in Japan. The EBARA Group conducts business in many countries, and there should be a sense of wanting to assert that the Group is undertaking more advanced responses, but in his message, the president candidly recognizes a weakness in current conditions by stating, “We found that there is indeed a deep-rooted culture and way of doing business that is based on a Japanese man’s perspective.” President Maeda reaffirms his commitment to improving this situation.

It is highly significant and noteworthy that EBARA clearly

identifies the starting point for the PDCA process and discloses improvement targets based on a solid understanding of the roles that a CSR report plays in the disclosure of corporate results in the form of non-financial information.

With regard to the enhancement of management infrastructure, the report provides detailed information on FY 2015 targets and results concerning risk management, and with the passage of time, responses to the Kumamoto Earthquake, the most recent natural disaster risk, undertaken since April 2016 are being disclosed. From these disclosures, it is again made clear that the EBARA Group’s core businesses are the maintenance and restoration of social infrastructure and environmental responses. It is also clear that the Group is fulfilling its role in supporting modern Japan, which is frequently beset by earthquake, storm, and flood damage. The expansion of business that has this type of impact on society enhances trust in the Group by society as well as investors and other stakeholders, and further expansion of the EBARA Group’s management in the future is to be welcomed.

I believe that a commitment to CSR is the proper stance for companies and not something to be pursued through the accumulation of good deeds undertaken only when a company deviates from its business activities. I look forward to EBARA continuing to undertake CSR activities incorporated into its management plans and continuously reporting on the results.

Fulfilling our Social Responsibilities for Sustainable Growth

When preparing the CSR Report for 2016, we also reviewed our overall progress over the past two years towards the achievement of E-Plan 2016 and confirmed areas which need improvement.

We have reached a certain degree of progress in establishing “an environment that maximizes the capabilities of each employee, regardless of gender, nationality, or other factors,” a part of the vision for 2020 adopted for the entire group, but reforming the male-centric corporate culture that has become deeply rooted in Japanese industrial society is by no means easy, and it is necessary that we continue to encourage the revitalization of our working culture. Creating a workplace that respects and awards diversity affects not only our employees, it is also vital for the further growth of our business functions and for all levels of our business in order to continue responding to a growing range of social needs. One step towards the fulfillment of that vision is to expand implementation of programs thoroughly throughout the whole reach of the business.

In the process of “actively targeting growth markets and developing our global presence,” we adopted the Risk Management Guidelines and Guidelines for Internal Control and worked to maintain them so that overseas Group companies can more effectively manage the business risks and internal control risks that they face. These guidelines are key management infrastructure implemented so that each EBARA Group company can fulfill its social responsibilities throughout the world. We will work to enhance the quality of both guidelines while continuously expanding their implementation at new members of the EBARA Group.

In addition, EBARA adopted the CSR Action Plan for Executive Officers as a determination of the social responsibilities to be fulfilled by the EBARA Group, while contributing to society through high-quality technologies and services relating to water, air, and the environment, and is managing progress made. Information on this too is included in this report.

The EBARA Group’s mission is supporting society, industry, and people at all times. Cognizant that



Toru Nakayama

Division Executive, Internal
Control and Risk Management
Division

continuing business is a part of our social responsibilities, we have focused group-wide efforts on creating and implementing business continuity plans. We will carry out our social responsibilities when managing risks including anticipated natural disasters by utilizing the experience gained through our efforts to restore business following the Kumamoto Earthquake that occurred this past spring.

There is currently an international movement in the private sector to tackle global social issues while taking into consideration both business opportunities and risks using indicators such as the Sustainable Development Goals (SDGs). The EBARA Group will continue to undertake CSR activities from the perspective that fulfilling our social responsibilities and conducting business activities that meet future market needs will lead to sustainable growth.

The disclosure of information is an important aspect of the responsibilities that companies bear. The EBARA Group is committed to continuing highly-transparent disclosures of information through our CSR reports, integrated reports, website, and other means. It is my hope that this report will deepen understanding of the EBARA Group’s social undertakings.