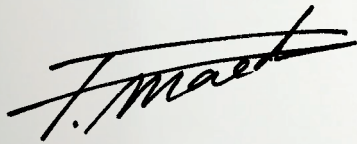


# EBARA Group CSR Report



2017

# Contributing to society through business and connecting that to growth



**Toichi Maeda**

President,  
Representative Executive Officer  
EBARA CORPORATION



### A look-back at “E-Plan 2016,” our medium-term management plan

The 2016 fiscal year (FY) was the final year of E-Plan 2016. E-Plan 2016 was positioned as a clear turning point from the stage of reinforcing the management foundation of the EBARA Group, to a stage of growth, and we focused on measures for swiftly achieving change and accelerating growth. As a result, the Environmental Plants Business and Precision Machinery Business continued to show robust results in both net sales and operating income. However, the Fluid Systems and Machinery Business was unable to achieve its planned targets in part due to internal factors such as delays in the progress of measures indicated in E-Plan 2016, as well as external factors, including postponement of orders from customers,

setbacks in investment decisions, sluggish demand due to a slowdown in Chinese economic growth and a prolonged deflationary economic trend in Japan. For more detail regarding E-Plan 2016 results and the new medium-term management, “E-Plan 2019,” please view our 2017 Integrated Report.

### Results regarding priority CSR issues and future endeavors

The CSR Committee, which determines CSR activity policies for the EBARA Group, formulated the CSR Action Plan for Executive Officers to outline priority action issues for FY 2016. This report provides information regarding the actions taken and outcomes achieved in FY 2016 based on that plan. The entire EBARA Group has made steady progress in enhancing

internal reporting systems with the objectives of permeating corporate ethics and preventing corruption. Future challenges for the Group include reducing overall working hours through work-style innovation, setting environmental targets that include overseas Group companies, and promoting environmental management.

Moreover, we will continue to contribute to society and the environment through our products and services. We have also included communicating our vision and targets for continual growth and their results to stakeholders in an easy-to-understand manner as a key issue from FY 2017 onwards.

## Aiming to contribute to society and the environment as well as foster corporate growth

E-Plan 2019 was adopted for fiscal years 2017 to 2019. To achieve our goal of being a manufacturer of industrial machinery that grows and develops its business on a global basis at an early stage, E-Plan 2019 sets a target of dramatically improving profitability in all businesses and positions this period as a time for "unlimited challenge toward growth." We believe we will achieve the targets within this plan by proactively making contributions to society and the environment. In FY 2017, we will establish structures to integrate the formulation of our CSR activities, basic management policies, and business plans to foster contributions to society and the environment as well as our growth as a company.

The EBARA Group continues to support the United Nations Global Compact. I hope to advance activities related to achieving the Sustainable Development Goals (SDGs) as an important element of management. It is the objective of the EBARA Group to fulfill our stakeholders' expectations while firmly looking towards the future. We will continue striving to provide products and solutions that can address social and environmental issues.

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## About This Report

### 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." This report covers the activities and results undertaken through the CSR Action Plan for Executive Officers, indicating our priority CSR action topics for FY 2016, in the following areas: development of workplaces and human resources that support group growth, environmental initiatives, and becoming a company trusted by society. Readers can gain a deeper understanding of the EBARA Group by reading this CSR Report in conjunction with the Integrated Report, the EBARA website, and other materials published by the company.

**Prepared by the Corporate Strategy Planning Section,  
EBARA Corporation**

**Issue date:** September 29, 2017

**Period:** April 1, 2016 to March 31, 2017

**Scope:** EBARA Group

**Previous issue date:** November 1, 2016

**Next planned issue date:** May 2018

### Company name designations:

"EBARA" signifies EBARA CORPORATION only.

"EBARA Group" signifies EBARA, its subsidiaries, and its affiliated companies.

### Related Information:

#### ▼EBARA Group Integrated Report

<http://www.ebara.co.jp/en/about/ir/library/annual-report/index.html>

#### ▼EBARA Group CSR Information

<http://www.ebara.co.jp/en/about/csr/index.html>

#### ▼EBARA Group CSR Data

<http://www.ebara.co.jp/en/about/csr/ethics/report/index.html>

#### ▼Privacy Policy

<http://www.ebara.co.jp/en/site/privacy-policy/index.htm>

#### ▼Comments and Inquiries

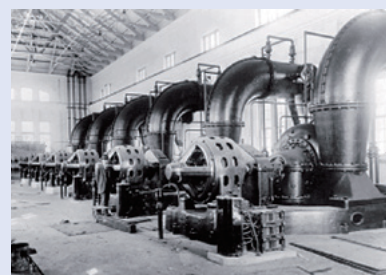
<https://www.ebara.co.jp/en/contact/csr/report/index.php>

# EBARA Group's CSR Initiatives

## EBARA's Unchanging Spirit of Passion and Dedication

Passion and dedication was the motto of EBARA founder Issey Hatakeyama and is the starting point of our vision for the EBARA Group. In EBARA's early days, this spirit also served as a driving force behind the bold challenges undertaken in unknown areas. The efforts made by each employee to perform their own work duties with passion and dedication and the provision of innovative products and services that contribute to society have supported the EBARA Group throughout its more than 100-year history.

This spirit will continue to be a key element of EBARA's development over the next 100 years, contributing to the creation of a safe, secure, and comfortable society.



Inokuchi-type Pump

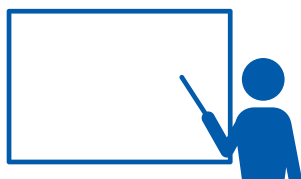


*“Do not simply perform the work that has been assigned to you, but act with your own creative and innovative enthusiasm and carry out your work with passion and dedication. Genuine passion and dedication in any dealings with others will always be recognized and valued.”*

Founder **Issey Hatakeyama**



## The EBARA Way shared throughout the Group



The EBARA Group conducts continuous training so that all domestic and overseas officers and employees can understand the EBARA Way and act in accordance with the EBARA Group Code of Conduct.

	Annual CSR Training	EBARA Way Training for Overseas Subsidiaries	CSR Training for Overseas Subsidiaries
Targets of training	All domestic officers and employees	Overseas Group Executives and Managers	All overseas group employees
Implementation period	FY 2016	FY 2014–2016	FY 2015–2019
Participants	<b>9,336</b> officers and employees <sup>*1</sup>	<b>1,776</b> executives and managers <sup>*2</sup>	<b>2,435</b> employees
FY 2016 Contents	<ul style="list-style-type: none"> <li>EBARA Group CSR topics</li> <li>Workplace CSR topics</li> <li>Workplace human rights: harassment</li> <li>The significance of promoting diversity</li> <li>Stress checks</li> </ul>	<ul style="list-style-type: none"> <li>The EBARA Way</li> <li>Compliance</li> <li>Anti-corruption</li> <li>EBARA Group Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>The EBARA Way</li> <li>The Three Elements of the Ebara Way</li> <li>Human rights issues in the workplace</li> <li>Anti-corruption</li> <li>Security trade control</li> <li>Information security</li> </ul>
Features	Conducted through e-learning. For employees who work at sites that do not have access to PCs on a daily basis, we conducted on-site group trainings.	EBARA dispatched instructors to overseas Group companies to conduct group workshops that raise the awareness of participants regarding the connection between the EBARA Way and their own work.	Programs have been developed in nine languages and are being rolled out in each region so that all employees will have undergone training by the end of FY 2019.

<sup>\*1</sup> Including seconded and other employees.

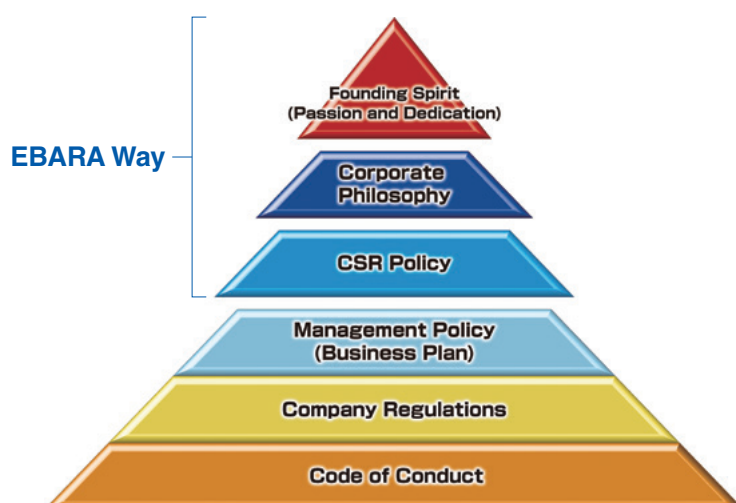
<sup>\*2</sup> Cumulative total as of March 31, 2017.



## EBARA Group Business Ethics Framework

In November 2012, the EBARA Group celebrated its 100th anniversary and established a business ethics framework indicating our Group-wide values, mission, and social responsibilities (referred to collectively as the EBARA Way) as a roadmap to guide us for the next 100 years. We establish management policies tailored

to changing opportunities and risks and each officer and employee acts in accordance with company regulations and the Group Code of Conduct, contributing to the betterment of society through EBARA Group technologies, products, and services.



### Corporate Philosophy

"We contribute to society through high quality technologies and services relating to water, air and the environment."

### CSR Policy

1. Ethics; We conduct our business with a strong sense of ethics.
2. Trust; We foster trust with our valued stakeholders.

### Related information

Full text of the CSR Policy, Management Policy and the Code of Conduct  
 ▶ [http://www.ebara.co.jp/en/about/csr/ethics/corporate\\_ethics/index.html](http://www.ebara.co.jp/en/about/csr/ethics/corporate_ethics/index.html)

## Support for international initiatives

### Continued support of the UN Global Compact

We signed the United Nations Global Compact and support the 10 principles in the following four areas: human rights, labor, environment, and anti-corruption. EBARA is a member of the United Nations Global Compact Network Japan, and carries out activities in collaboration with various companies and organizations for the development of a sustainable society.



### Four areas of the United Nations Global Compact and related pages of this report

Four areas of the United Nations Global Compact	Report Content
Human rights	Becoming a Company Trusted by Society ▶ pp. 17–19
Labor	Development of Workplaces and Human Resources that Support Group Growth ▶ pp. 7–12
Environment	Environmental Initiatives ▶ pp. 13–16
Anti-corruption	Becoming a Company Trusted by Society ▶ pp. 17–19

### SDGs\* and the EBARA Group

We believe that the Sustainable Development Goals (SDGs) contain targets that can be opportunities for the EBARA Group, and we are investigating concrete actions for achieving them.

### SUSTAINABLE DEVELOPMENT GOALS

世界を変えるための17の目標



\* Seventeen goals and 169 targets set by the United Nations in September 2015 to address social issues.

# CSR Implementation Structures and Priority Topics

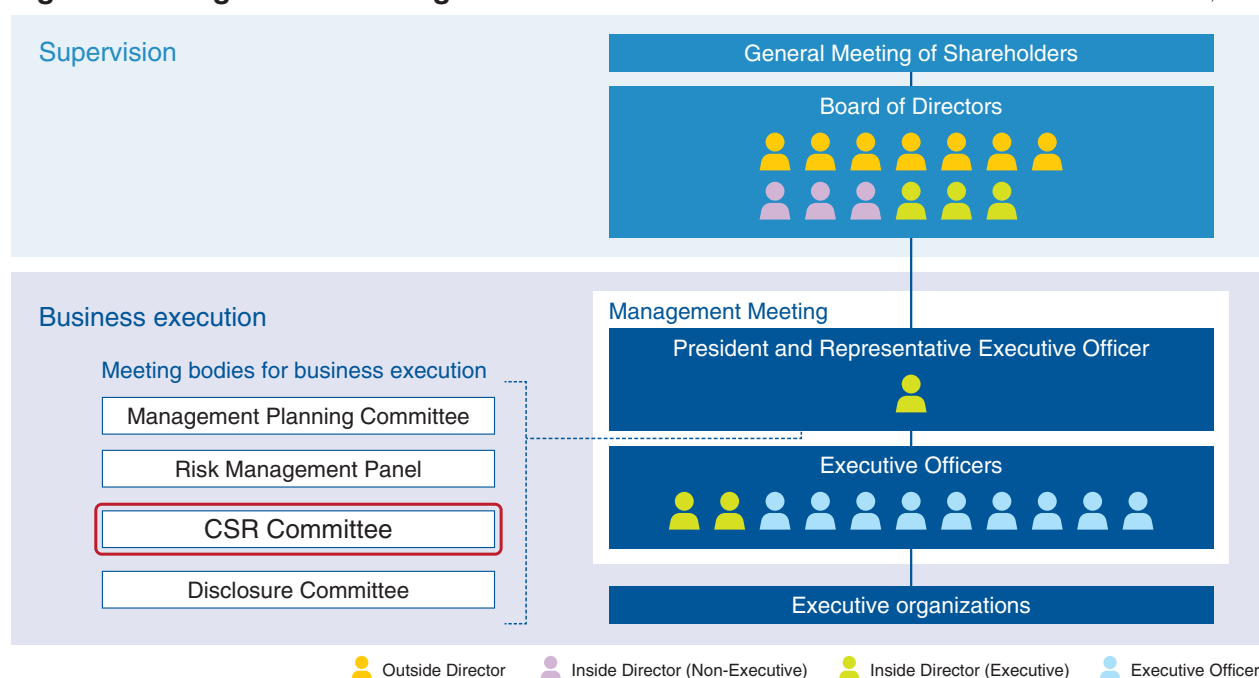
## CSR implementation structure

The CSR Committee was established as a deliberative body to set policy on CSR measures for and to confirm the status of compliance in the EBARA Group. The committee membership is made up of the president, who serves as chairman, all executive officers, and outside attorneys, and meets four times annually. Outside directors also attend committee meetings to offer their objective opinions. In FY 2016, it was decided that we will integrate CSR initiatives with the formulation of fundamental management objectives and medium-term management plans. Respectively, CSR implementation functions were assigned to the Corporate Strategy Planning Division in FY 2017. We will increase our efforts to ensure that CSR measures carried out through the provision of products and services and CSR measures that support business, such as compliance and risk management, are implemented symbiotically.

CSR training for executives of the Group has been carried out every year since FY 2005 to promote CSR management. Training topics in FY 2016 were the promotion of diversity and risk management.

**Figure Showing the Positioning of the CSR Committee**

As of June 23, 2017



## CSR Action Plan for Executive Officers

The CSR Committee sets priority action topics relating to society, the environment, and compliance each year and works to continuously improve the EBARA Group's CSR measures. At the end of the year, executive officers conduct evaluations regarding the degree of achievement of those priority action topics. The results of the evaluations are reported to the Board of Directors, which provides opinions on measures for the following fiscal year.

## Development process of the FY 2016 CSR Action Plan

The FY 2016 action plan was formulated based on the self-evaluation results of the FY 2015 CSR Action Plan for Executive Officers. When formulating the plan, the CSR Committee took into consideration the opinions of outside directors and the outside attorneys who manage the external compliance consultation hotlines as well as Basic Principles 2 and 3 of the Corporate Governance Code.



**Related information**

Outline and details regarding EBARA's Corporate Governance

► <http://www.ebara.co.jp/en/about/ir/Governance/governance/index.html>

## FY 2016 CSR Action Plan for Executive Officers Results

Goals of CSR Activities during E-Plan 2016* <sup>1</sup>	FY 2016 CSR Action Plan for Executive Officers	Performance* <sup>2</sup>	Related Pages
I. Build the foundations of long-term growth strategies by creating stimulating workplaces where human rights and diversity are respected above all else.	<ul style="list-style-type: none"> <li>Continuously carry out human resource development, appropriate human resource evaluations, and assignment of the right personnel to the right positions.</li> <li>Carry out policies on improving working methods and establish and implement specific plans in each division.</li> <li>Expand the scope of the career management program and implement.</li> </ul>		<p>Development of Workplaces and Human Resources that Support Group Growth ▶ Pages 7–12</p> <p>Becoming a Company Trusted by Society (Respect for Human Rights) ▶ Page 19</p>
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"> <li>Follow up on the status of implementation of action plans at each company with respect to the Risk Management Guidelines*<sup>3</sup> deployed at overseas Group companies.</li> <li>Invite the representatives of Group companies in Japan to participate in the CSR Committee and strengthen governance.</li> <li>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.</li> </ul>		<p>Becoming a Company Trusted by Society ▶ Pages 17–19</p>
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"> <li>Continue education on the EBARA Way at EBARA and subsidiaries in Japan through e-learning.</li> <li>Establish e-learning programs at overseas subsidiaries.</li> <li>Conduct training in stages at companies that have not yet conducted an EBARA Way training course.</li> <li>Have each Executive Officer issue a message on the practice of CSR to subordinates in their divisions.</li> </ul>		<p>EBARA Group's CSR Initiatives ▶ Pages 3–4</p>
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"> <li>Have each organization establish a Business Continuity Management (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.</li> </ul>		<p>Becoming a Company Trusted by Society ▶ Pages 17–19</p>
V. Prevent and correct environmental pollution arising from business activities at EBARA Group offices, plants, and other business sites	<ul style="list-style-type: none"> <li>Take measures to achieve the FY 2020 Environmental Targets in Japan.</li> <li>Investigate the status of environmental management at overseas Group companies and carry out improvement plans according to risk levels to prevent pollution.</li> </ul>		<p>Environmental Initiatives ▶ Pages 13–16</p>
VI. Proactively disclose information to stakeholders to fulfill our duties regarding accountability and increase trust in the Group.	<ul style="list-style-type: none"> <li>Disseminate information that will continuously raise corporate value to internal and external stakeholders.</li> </ul>		<p>Communication with stakeholders ▶ Page 20</p>
VII. Minimize risks that will impede the healthy existence and development of the corporate group.	<ul style="list-style-type: none"> <li>Continue operational risk management by the Risk Management Panel.</li> </ul>		<p>Becoming a Company Trusted by Society ▶ Pages 17–19</p>
VIII. Take voluntary and preventive measures to prevent corruption throughout the Group.	<ul style="list-style-type: none"> <li>Continue implementation of corruption prevention programs.</li> </ul>		<p>Becoming a Company Trusted by Society ▶ Pages 17–19</p>

\*1 E-Plan 2016:  
Medium-term management plan  
for FY 2014 to FY 2016

\*2 Performance:  
The average of evaluations by each executive  
officer on a four-point scale.

\*3 Risk Management Guidelines:  
See page 13.



# Development of Workplaces and Human Resources that Support Group Growth

## Background

The EBARA headquarters is located in Japan, where the population is aging and considerable attention is being focused on achieving compatibility between work and the provision of nursing care to family members. Securing diverse human resources and creating work environments where each employee can achieve an optimal balance between work and life and fully exercise their individual capabilities will be essential for the EBARA Group to continue growing in the global market.

With regard to personnel systems, it will be necessary to establish a corporate culture of competition and taking on challenges by establishing organizations adapted to the global market.

## CSR Action Plan Measures

The EBARA Group is establishing long-term growth strategies based on respect for diversity and the creation of stimulating work environments as a priority topic. This effort is being undertaken in accordance with the following human resource management topics: promoting the active performance of global talent, developing work environments where employees can enhance and fully invest their work skills, promoting diversity, and introducing a compensation system befitting employee skills and performance. In FY 2016, we fully implemented a career management program, in addition to achieving results in other areas, such as an increase in the percentage of female managers.

## Main Measures and Results in FY 2016

Measures	Results
Carry out human resource development, appropriate human resource evaluations, and assignment to the right positions	<ul style="list-style-type: none"> <li>• The percentage of management positions filled by women reached 5.2% in April 2017, surpassing the target of 5.0%.</li> <li>• During the term of E-Plan 2016, accepted 36 seconded employees from overseas Group companies at domestic Group companies and assigned 144 employees from domestic Group companies to overseas sites.</li> </ul>
Carry out policies for the revitalization of working culture and establish and implement specific plans in each division	<ul style="list-style-type: none"> <li>• Completed the design of programs for the development of a corporate culture of competition and taking on challenge.</li> <li>• Implemented measures for revitalization of the working culture at eight sites in Japan under the initiative of female employees.</li> <li>• Introduced various measures to reduce long working hours.</li> </ul>
Expand the scope of the career management program and implement	<ul style="list-style-type: none"> <li>• Full-scale implementation of career management program (577 participants)</li> </ul>



## A Look Back by the Executive Officer Responsible for Human Resources

### Developing a corporate culture of competition and taking on challenges to achieve business expansion in the first half of the 21st century

Hisashi Iijima

Executive Officer

Division Executive, Human Resources, Legal & General Affairs Division



As we carry out E-Plan 2019, we will maintain an awareness that Japan is a part of the global market. In FY 2016, we completed the design of a role-and-rank based personnel system that enables skilled employees in each country around the world to play important roles in the execution of business regardless of age, gender, nationality, or other personal attributes and fairly evaluates their work performance. We will begin introducing this system at EBARA and key domestic Group companies in FY 2017.

In addition, we will create organizations that can swiftly carry out business operations adapted to global competition by making organizations flatter and larger. From FY 2017, the career management program will enter its third year. We plan to expand it even further so that Group companies and their human resource divisions participate proactively in employee career development and we can develop environments where employees can expand their skills.

In addition, we will create work environments where human rights and diversity are respected based on the CSR Policy and all 16,300 EBARA Group employees located around the world can develop their expertise and achieve their full potential.

## FY 2016 DATA HIGHLIGHTS



Total number of employees  
seconded from overseas to Japan  
during the term of E-Plan 2016

**36** employees



Total number of employees  
assigned from Japan to overseas sites  
during the term of E-Plan 2016

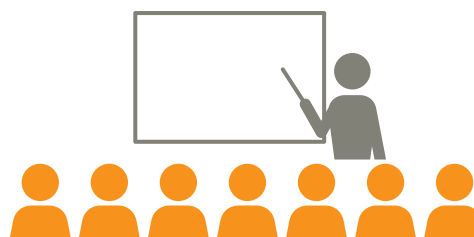
**144** employees



Percentage of female managers

**5.2%**

as of April 2017 (EBARA Unconsolidated)  
(2020 Target: More than 7%)



Number of Career Management  
program participants  
(EBARA Unconsolidated)

FY 2015

**85**  
employees

FY 2016

**577**  
employees

### WEB Related information

Basic Policy on Respecting Human Rights ▶ [http://www.ebara.co.jp/en/about/csr/social/human\\_rights/1209153\\_3116.html](http://www.ebara.co.jp/en/about/csr/social/human_rights/1209153_3116.html)

EBARA's Vision for Human Resources and Development ▶ <http://www.ebara.co.jp/en/about/csr/social/environment/index.html>

Policies for Personnel Affairs and Human Resource Development ▶ <http://www.ebara.co.jp/en/about/csr/social/environment/index.html>

# Human Resource Development

 **Related information**  
Human Resource Development  
Programs / Related Data  
▶ [http://www.ebara.co.jp/en/about/csr/  
social/environment/index.html](http://www.ebara.co.jp/en/about/csr/social/environment/index.html)

In conjunction with global market expansion, Group companies are collaborating and cooperating across different countries and regions. It is in this environment that the EBARA Group is promoting interaction between human resources of domestic and overseas Group companies.

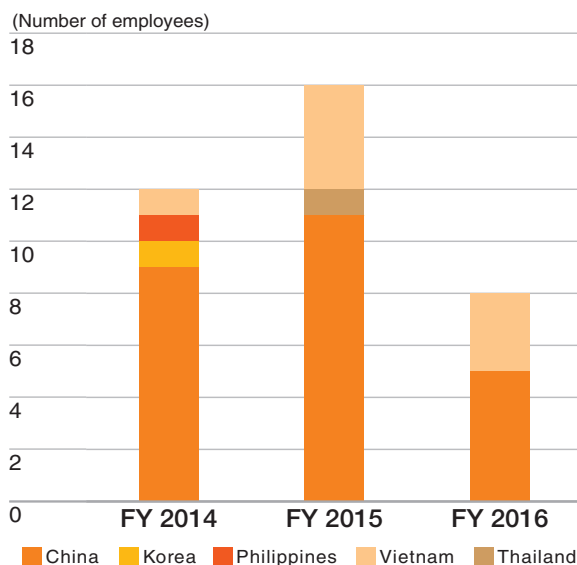
## Field work in Japan by overseas employees

In the past, overseas business was typically conducted by dispatching employees from Japan to overseas sites. Today, as production systems have become established overseas and due to an increasing need for strong collaborative structures between Japan and overseas sites, it is becoming more common for employees to be seconded from overseas Group companies to EBARA Corporation in Japan. We are working to develop and improve various types of human resource infrastructure, including determination of working conditions when hiring and transferring personnel and developing work environments.

Secondment periods range from several months to around two years. These arrangements play an important role not only in personnel learning work practices and techniques, but also in establishing pipelines for strong collaboration with employees at EBARA Corporation and Group companies in Japan.

During the three years from FY 2014 to FY 2016, EBARA Corporation and Group companies in Japan accepted 36 seconded employees from five countries (China, South Korea, Thailand, the Philippines, and Vietnam).

## Number of employees seconded to Japan from overseas during the term of E-Plan 2016 (by country)



## VOICE

### Observations by an employee seconded from an overseas Group company

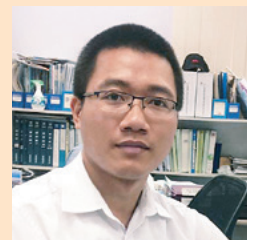
I was seconded from Ebara Vietnam Pump Company (EVPC), as a technical engineer project manager to acquire knowledge regarding EBARA technologies and know-how. I am currently involved in major EVPC projects, and I provide support for those projects from Japan while making pump system proposals.

I struggled to adapt to Japanese customs and foods for the first three months, but now I am enjoying my life in Japan. My work in Japan is not an extension of my work at EVPC, but rather, I have been assigned to a new project (with a scale of approximately 100 million yen). As a result, I have been able to learn about overall project management and gain new pump design skills. I am quite satisfied with the work environment in Japan.

When I return to EVPC, I hope to make use of the techniques and work skills that I gained in Japan as a project manager. I want to contribute to EVPC's growth while being involved in the management of major projects.

### Phan Tien Thanh

Pump System Engineering Section  
Application Engineering Department  
System Business Division  
EBARA



# Promoting Diversity and Revitalizing Working Culture



Related information

Diversity Declaration / Related Data

▶ [http://www.ebara.co.jp/en/about/csr/social/human\\_rights/1209152\\_3116.html](http://www.ebara.co.jp/en/about/csr/social/human_rights/1209152_3116.html)

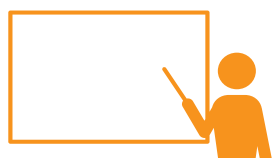
Based on the belief that the promotion of diversity and revitalization of the working culture are both necessary to achieve our objectives, we are undertaking various measures including: the reform of awareness and culture, development of systems and environments, and the reform of business and visualization of operations.

## Management Training to promote diversity

We conducted training for EBARA section and branch managers to gain a deeper understanding of the need for empowering women in the workplace and to share knowledge regarding diversity management. The training included instruction on the social background against which women work in Japan and differences in the working styles of men and women, as well as discussion among the participants. The participants indicated that through the training they realized allocating work duties based on gender makes it more difficult for women to work and that women's attitudes regarding work are different from those of men. A post-training survey revealed that 40% of the participants had made efforts to improve communication with subordinates. Based on this, we believe that these efforts have resulted in an increase in awareness regarding the empowerment of female employees.

Going forward, EBARA will address the issue of encouraging worksite management tailored to the individual circumstances of each employee as we seek to achieve a better balance between work and the provision of childcare or elder care by employees, and to encourage diverse working styles through the introduction of telecommuting and other programs.

## Number of Participants in Diversity Training



FY 2016 Training:

**177**  
persons



Diversity management training

## VOICE

### Observations by a training participant

This training taught me that what is required of management in regards to promoting diversity is to accept diverse individuals and seek to draw out the maximum capabilities of each employee in order to achieve organizational results, and that "diversity" is not limited to only the promotion of women, but also applies to administrative staff, career-track personnel, veteran employees, and foreign employees. Based on the results of a survey regarding the awareness of female employees which was disclosed during the training, I learned that there is a considerable gap between the ideas of supervisors and the awareness of their subordinates. I realized that the first thing I needed to do was to change my own awareness. The Engineering Department is made up of employees with a range of employment experience and we have a history of exchanging seconded employees with overseas sites. I believe that this is why we have successfully created an atmosphere where work with growth potential can be assigned and employees find it easy to consult with supervisors. Going forward, I will conduct management from the perspective of overall optimization so that all employees can see their work from various perspectives and gain experience through internal job rotations and overseas work assignments.

### Hiroyuki Kubota

General manager,  
Engineering Department  
Custom Pump Division  
EBARA



## Creating flexible work formats

With the aim of helping employees achieve balance between their work and the provision of childcare or elder care, we conducted a trial of telecommuting as a means of developing systems and environments in order to promote diversity and revitalize the working culture.

During the trial, 15 employees worked from home one or two days per week. Employees that had previously reduced their working hours in order to provide child care or elder care were able to put in full hours on the days that they worked from home and confirmed that such a program can be expected to lead to employee growth through work while enhancing the home lives of employees. Based on these results, we decided to formally introduce a telecommuting program starting in April 2017.

# Creating a Corporate Culture of Competition and Challenge



## Related information

Data on use of work-life balance support systems

▶ <http://www.ebara.co.jp/en/about/csr/social/environment/index.html#anc1206453>

We are revising personnel systems (shifting to role-and-rank based systems) to larger and flatter organizations where individuals with diverse backgrounds can maximize their individual capabilities and characteristics and even employees with little experience can take on the challenges of significant roles based on their abilities and ambitions. By doing so, we will create a corporate culture of competition and challenge.

## Expanding the Career Management Program

We implemented the Career Management Program with the goal of changing the tendency of employees to simply perform their assigned work in their assigned division to a culture of taking on challenges in order to achieve results. Under this program, employees indicate their career ambitions to the company and supervisors, and the company works with each employee to achieve those career ambitions. The program was conducted on a trial basis at the Futtsu District in FY 2015 and put into full-scale operation starting in FY 2016; the program now covers 577 employees of the Fluid Machinery & Systems Company. One element of the program is requiring employees to think about their own careers, communicate with their supervisors, and based on that implement plans for employee assignment and training.

The program was expanded to cover employees in corporate divisions in FY 2017 and will be further expanded in the future to cover all employees.

## VOICE

### Comments from a Career Management Program participant

I wanted to experience work that has a direct impact on product delivery times and production processes. To do this, under the Career Management Program, I shifted from standard pump parts management work to process control work. As a result of this change, I gained an understanding of the overall workflow, including production status and production quantities on a daily basis, and I am now able to issue production instructions to the assembly lines. I learned how to make appropriate decisions with an awareness of the timing of delivery to customers. Currently, I am focusing on firefighting pumps and working to achieve 100% on-time delivery of standard pumps, a goal for the plant as a whole. The program has not only enabled me to experience new work, but was also a good opportunity to consider the types of work and issues that I want to take on in the future.

### Akihiro Saito

Production Control Section 1  
Standard Pump  
Business Division  
EBARA



## Flow of Career Management Program

### Stage 1

#### Learn and think about own career

- Understand self
- Understand the work environment

#### Through:

- Career design training
- Provision of information

### Stage 2

#### Career Communication

- Think about desired career
- Interview with HR staff
- Specify in a concrete career plan

#### Through:

- Career interviews with HR staff
- Preparation of a career plan

### Stage 3

#### Carry out career plan

- Coordinate with company needs
- Specify concrete paths and goals
- Work toward personal growth

#### Through:

- Determining a career policy
- Formulating a development plan
- Providing feedback to employee
- Putting it into practice



A career interview with HR staff during Stage 2





# Creating Safe and Secure Workplaces



## Related information

EBARA Group Safety and Health Policy / Health and Safety Data

▶ <http://www.ebara.co.jp/en/about/csr/social/environment/index.html>

In FY 2016, we established a company-wide administration to undertake occupational safety measures and began establishing a Group-wide occupational safety management system and formulating uniform safety standards and regulations. Starting in FY 2017, we will identify potential risks while incorporating third-party knowledge including analysis of the circumstances of occurrence of past occupational accidents, take measures to prevent reoccurrence of similar accidents, and conduct group-wide safety training with the aim of completely eliminating occupational accidents.

With regard to employee health, we will make use of organizational analyses based on stress checks and take measures to maintain and improve health such as conducting physical fitness tests and diet checks so that each employee can perform their work with vitality.

## Formulation of Group-wide Occupational Safety Policy

Based on our commitment to sustain safe workplaces and strive for stimulating work environments as specified in the EBARA Group CSR Policy, a Health and Safety Policy was established effective October 1, 2016. The policy declares to employees that Group-wide measures will be undertaken to prioritize health and safety, establish and operate health and safety management systems, raise awareness of health and safety, and comply with laws and regulations. It aims to create and maintain workplace environments that place the highest priority on health and safety including maintaining a good work-life balance and supporting mental health.

## Labor-Management dialogue and conferences on Health and Safety

EBARA established the Central Health and Safety Committee, made up of each district manager and EBARA labor union officers, to discuss health and safety issues and determine health and safety management policy.

Previously, health and safety plans were formulated by each district, but as a part of the development of a Group-wide occupational health and safety management system, a decision was made in FY 2016 for the Central Health and Safety Committee to deliberate on and set Group-wide, uniform priority topics for application at each district.

Health and safety plans are implemented by each district, and the Central Health and Safety Committee periodically checks on progress.

## EBARA recognized for excellence in Health and Safety Management Practices

EBARA was selected as a company with excellent health and safety management practices under the Certified Health & Productivity Management Organization Recognition Program conducted by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. The program recognizes large enterprises with outstanding health management practices and creates a list of the top 500 companies (the White 500 List). We believe that employee health is fundamental to the company and implement policies to maintain and promote employee health such as ensuring that 100% of employees undergo annual checkups and implementing a variety of lifestyle improvement programs. These programs have been highly evaluated.

We will continue to promote health management by sustaining safe workplaces and striving to create stimulating work environments.



2017

健康経営優良法人

Health and productivity

ホワイト500



# Environmental Initiatives

## Background

Global climate change and loss of biodiversity are advancing, and we are losing the stable global environment that underpins our lives and economies. The EBARA Group takes ongoing measures to prevent environmental pollution and decrease the burden that our business activities exert on the environment. We strive to contribute to solving social issues in the areas of water, air, and the environment and to the development of a recycling-oriented society. We believe that continuous improvement of environmental management at the Group is the foundation of these efforts.

## CSR Action Plan Measures

The EBARA Group's FY 2020 Environmental Targets were established as medium- to long-term goals covering the period up to FY 2020. In FY 2016, we undertook measures with emphasis on complying with ISO 14001:2015 and integrating the EBARA environmental management systems in operation at each district in Japan (i.e., multi-site certification). Overseas, measures focused on comprehensively preventing environmental pollution caused by the business activities of Group companies.

## Main Measures and Results in FY 2016

Measures	Results
Take action towards achieving the EBARA Group's FY 2020 Environmental Targets in Japan	<ul style="list-style-type: none"> <li>Shifted to ISO 14001:2015 and unified the certification of each EBARA district (i.e., multi-site certification).</li> <li>Marketed three new types of pumps with the industry's highest levels of efficiency and superior running costs.</li> <li>Increased the efficiency and raised the quality of second-party audits of domestic districts and Group companies by conducting them at the same time as occupational safety patrols.</li> </ul>
Promote environmental management and conduct environmental/safety compliance audits at overseas Group companies	<ul style="list-style-type: none"> <li>Integrated the environmental topics of the Risk Management Guidelines*<sup>1</sup> with the Internal Control Guidelines.*<sup>2</sup></li> <li>Conducted environmental and safety compliance audits of two subsidiaries in Brazil and confirmed that waste material and wastewater are properly managed.</li> </ul>

\*1 Risk Management Guidelines (RMGL): Guidelines under which overseas Group companies perform self-evaluations of their risk management levels regarding 12 areas including the environment, anti-corruption, occupational safety, and human rights and formulate development plans for the period until the end of FY 2019 with the aim of raising risk management levels across the group.

\*2 Internal Control Guidelines (ICGL): Guidelines for self-inspections at each EBARA Group company in order to proactively create, implement, and improve internal controls.

## A Look Back by the Executive Officer Responsible for Environmental Control

### Creating products that contribute to preservation of the global environment with minimal manufacturing footprint

Nobuharu Noji

Managing Executive Officer  
Chairman, Environment Control Committee



Environmental pollution, including atmospheric pollution, water contamination, and soil contamination, is becoming increasingly serious in many countries and regions around the world, and numerous environmental laws and regulations are being revised, requiring more rigorous operations. The EBARA Group reliably operates environmental management systems at all of its production sites and takes comprehensive measures in strict compliance with environmental laws to prevent environmental pollution. We continuously review production processes and work to reduce our manufacturing footprint. EBARA Group products are characterized by long lifecycles and a significant environmental burden during the usage stage rather than the manufacturing stage. To address these issues, we are expanding our line-up of products that contribute to preserving the global environment including products with high energy performance and long-life products with low maintenance needs.

In FY 2016, we unified the environmental management systems established in each district. This makes it possible to continuously and efficiently improve our environmental management systems. We are also working to reduce the environmental burden of our products and services by marketing pumps with the industry's highest levels of efficiency, extending the lives of existing facilities, and taking measures to reduce greenhouse gas emissions.

We will continue to undertake business activities with consideration for the environment and contribute to solving social issues through optimal products and services in the water, air, and environmental fields.

## FY 2016 DATA HIGHLIGHTS (Domestic consolidated subsidiaries\*<sup>1</sup>)



Water consumption

**623,000m<sup>3</sup>**

(2020 Target: 517,000m<sup>3</sup>)



CO<sub>2</sub> emissions

**39,000tons**

(2020 Target: Continue to reduce)



Waste material recycling rate  
and landfill disposal rate

Material  
recycling rate

**99%**

(2020 Target: At least 95% / Less than 3%)

Landfill  
disposal rate

**0.9%**



Emissions of chemical substances

Substances controlled  
by PRTR Law\*<sup>2</sup>

**51tons**

(2020 Target: Continue to reduce / Less than 56.3 tons)

VOC\*<sup>3</sup>  
(eight substances)

**48tons**

### Related information

EBARA Environmental Policy ▶ <http://www.ebara.co.jp/en/about/csr/environment/vision/index.html>

Environmental Management Structure ▶ <http://www.ebara.co.jp/en/about/csr/environment/management/index.html>

EBARA Group's FY 2020 Environmental Targets and FY 2016 Results ▶ [http://www.ebara.co.jp/en/about/csr/environment/targets\\_data/index.html](http://www.ebara.co.jp/en/about/csr/environment/targets_data/index.html)

Environmental performance data ▶ [http://www.ebara.co.jp/en/about/csr/environment/targets\\_data/index.html](http://www.ebara.co.jp/en/about/csr/environment/targets_data/index.html)

\*1 Not including E-Square Co., Ltd. which engages in the electric power supply business.

\*2 PRTR Law: Pollutant Release and Transfer Register Law.

\*3 VOC: Volatile Organic Compounds.

# Achieving the EBARA Group's FY 2020 Environmental Targets

Measures relating to environmental management efforts undertaken in FY 2016 in order to achieve the EBARA Group's FY 2020 Environmental Targets included shifting to ISO 14001:2015 and unifying the certifications acquired by each district (acquisition of multi-site certification).

## Integration of environmental management systems

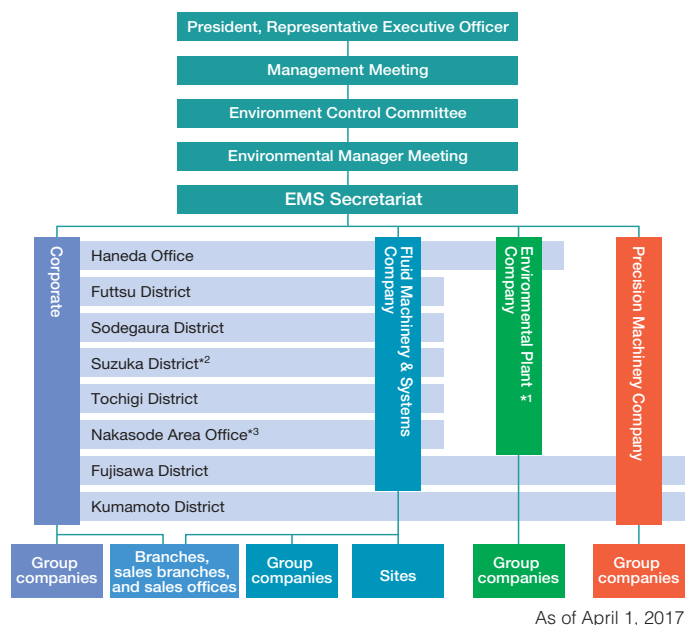
We decided to integrate our environmental management systems (EMSs) with business processes and business strategies and shifted to ISO 14001:2015 and reinforced EMSs as they relate to products, production processes, and management issues to accomplish that.

Previously, each EBARA district formulated and operated EMSs with a focus on managing the risks of environmental pollution, but due to disparities among districts in management document structures and the levels of experience of the personnel performing environment management operations, it was not possible to achieve uniformity of quality among the systems. While working to make the transition to ISO

14001:2015, we included measures for integration with other systems and worked to integrate the multiple-site certifications into one EBARA certification.

Correspondingly, we standardized the environmental policies and manuals that serve as the foundations for business activities and established uniform regulations, which are secondary documents that reflect regulatory requirements. We also standardized internal audit and other methods as means of confirming the status of actions and took other measures to reinforce EBARA's environmental governance. In the future, the EBARA Group will undertake integrated environmental management measures at overseas Group companies as well.

## FY 2017 Environmental Management Structure and Scope of Application



### [Scope of EBARA's ISO 14001 Certification]

- Corporate (Haneda Office, Futttsu District, Fujisawa District, Sodegaura District, Kumamoto District, Tochigi District, Nakasode Area Office), Production Process Innovation Division, Production Engineering Department)
- Fluid Machinery & Systems Company
- Precision Machinery Company

Companies and offices indicated by notes 1 to 3 are excluded from EBARA's ISO 14001 certification for the reasons below.

\*1 The Environmental Plant Company is included in the EMS certification of Ebara Environmental Plant Co., Ltd.

\*2 The Suzuka District is included in the EMS certification of Ebara Fan & Blower Co., Ltd.

\*3 The Nakasode Office is included in the EMS certification of Ebara Metal Co., Ltd., with the exception of the Production Process Innovation Division and the Production Engineering Division.

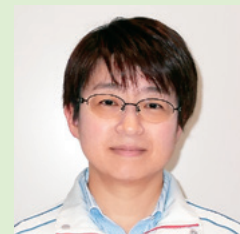
## VOICE

### Comments from an employee responsible for environmental matters

When ISO 14001:2015 was issued, we integrated the EMSs in operation at individual districts and offices (sites) into a single system covering all of EBARA, and I participated in a working group formed to carry out that integration. The group worked to oversee the EMS at each site and to create systems that can respond to the environmental impacts at those sites. We formulated a single Group-wide environmental policy and created manuals and regulations to ensure both measures to contribute to the environment through business activities and measures to prevent pollution at sites. We set environmental targets such as saving energy through improvements in work efficiency and reducing customer environmental impact by providing environmentally-conscious products, and made it possible to operate EMSs that take into account opportunities and risks. I hope to continue making improvements so that EMSs can contribute to management, which is the primary objective of ISO 14001:2015.

### Etsuko Takizawa

Environmental Management  
Promotion Section  
Internal Control and Risk  
Management Division  
EBARA





# Raising Environmental Awareness at Overseas Group Companies

Overseas sales account for 52.7% of the EBARA Group's consolidated net sales, and that percentage is rising every year. To achieve global growth, it is necessary that we conduct business activities in compliance with the environmental laws and regulations of each country and region where we do business, take measures to prevent environmental pollution, and raise the awareness of employees at each business site regarding continuous improvement of environmental management.

## Environmental surveys conducted at overseas sites

EBARA has been dispatching experts on environmental management and safety management from its risk management divisions to the production sites of overseas Group companies and conducting an environmental survey (known as the Environmental and Safety Compliance Audit) since FY 2014. Audits were conducted primarily in China and Southeast Asia until FY 2015. In FY 2016, surveys were conducted at two subsidiaries in Brazil. The survey results did not indicate any signs of environmental pollution, but identified minor problems such as air leaks from pressurized pipes and management of paint-based waste. Instructions were issued for improvements.

As of the end of March 2017, nine overseas Group companies had acquired ISO 14001 certification. These companies are using third-party maintenance and renewal certification screenings to understand and comply with legal requirements, obtain environmental performance data in line with the environmental aspects of business activities, and steadily improve their environmental performance.

## Environmental management procedures required at overseas sites added to Internal Control Guidelines (ICGL)

In FY 2016, environmental management procedures were added to the Internal Control Guidelines (ICGL), which are used as a self-inspection guide for the voluntary development, implementation, and improvement of internal controls by EBARA Group companies. The Group complies with environmental laws and regulations.

### ICGL Procedure

- 1 Understand legal requirements and assess compliance.
- 2 Perform internal audits of the compliance assessment results.
- 3 Management reviews the audit results.
- 4 Results are submitted to the EBARA Head Office.

## VOICE

### Comments from an employee responsible for the environment at an overseas site

The Environmental and Workplace Safety Audit covered EBARA INDÚSTRIAS MECÂNICAS E COMÉRCIO LTDA (EIMCO) and Thebe Bombas Hidráulicas S.A. (THEBE), a company recently acquired by EIMCO. Members of EBARA's Environmental Management Promotion Section came to Brazil in FY2016 and conducted an audit which included analyzing documents referring to laws in Brazil, as well as conducting an inspection of both facilities.

The Environment Department at EIMCO already follows the current legislation in Brazil, and has also implemented internal regulations in order to monitor and control the environmental impacts of our activities.

With the visit of EBARA's auditors, we were able to analyze some aspects of these activities with different visions and perceptions, that is, we were able to bring a new and challenging look aligned with EBARA's purposes, remembering that through this the greatest winner will be the environment!

After the visit, with a detailed vision of changes that should be made, we started to analyze the results and implement actions, for example: monitoring compressed air emissions through documentation and detailed inspections.

As the need to preserve natural resources has become a global concern; no country, no society, or individual has the right to escape from their responsibility to the environment. We thereby reiterate our involvement and commitment to the preservation of the environment in our activities in Brazil.

### Ricardo Pires

Quality System and  
Environment Coordinator  
EBARA INDÚSTRIAS  
MECÂNICAS E COMÉRCIO LTDA.



# Becoming a Company Trusted by Society

## Background

Global development of the EBARA Group's business requires reinforcement of Group governance and risk management. We have revised and rigorously enforced our regulations on Group administration to reinforce Group governance and established risk management structures at each company based on Group-wide targets including the Risk Management Guidelines (RMGL)\*<sup>1</sup> and the Internal Control Guidelines (ICGL)\*<sup>2</sup>. We apply these to Group companies to reinforce internal controls at each company. By applying and expanding these measures, we are continuously improving risk management structures.

## CSR Action Plan Measures

We took a variety of measures during FY 2016 including raising the levels of governance and internal controls at Group companies, raising awareness of compliance, continuously improving BCM activities, and implementing anti-corruption measures. We expanded the risk management items covered by the ICGL to include human rights, security trade control, the environment, and other areas and will take measures to reinforce Group internal controls even further.

We also administered a compliance questionnaire at EBARA and domestic Group companies to assess employee awareness of compliance and to identify issues.

## Main Measures and Results in FY 2016

Measures	Results
Continue follow-ups pursuant to the RMGL applied to overseas Group companies in FY 2015	<ul style="list-style-type: none"> <li>The rate of adoption of the RMGL at overseas companies, the target for which is full adoption by FY 2019, reached 95% in FY 2016.</li> <li>ICGL risk management items were expanded to include human rights, security trade control, the environment and other areas. Sites continually conducted self-inspections and made improvements.</li> </ul>
Wholly renew the content of the compliance questionnaire to analyze and improve awareness of compliance	<ul style="list-style-type: none"> <li>The compliance awareness questionnaire was outsourced and the results were compared with external benchmarks. An analysis of trends and risks on the company and division levels indicated that EBARA's performance is positioned favorably.</li> </ul>
Extend the coverage of overseas EBARA Group hotlines for strict implementation of anti-corruption and compliance	<ul style="list-style-type: none"> <li>Hotlines via law firms were established in China, Vietnam, and Indonesia.</li> </ul>
Continue managing risks through the Risk Management Panel* <sup>3</sup>	<ul style="list-style-type: none"> <li>Emergency contact reporting line was updated to be clearer and includes whole Group.</li> <li>The panel held four regular meetings and five additional meetings to deliberate on individual matters, for a total of nine meetings.</li> </ul>
Continue implementation of anti-corruption programs* <sup>4</sup>	<ul style="list-style-type: none"> <li>Continuous implementation of anti-corruption programs at target overseas subsidiaries (34 companies) was confirmed.</li> </ul>

\*<sup>1</sup> Risk Management Guidelines: Please refer to page 13. \*<sup>2</sup> Internal Control Guidelines: Please refer to page 13.

\*<sup>3</sup> Risk Management Panel: All executive officers are members of the panel, which oversees EBARA Group risk management. The panel conducts comprehensive deliberations and provides guidance and support for making improvements.

\*<sup>4</sup> Anti-Corruption Program: Risk management program implemented at EBARA and subsidiaries that require the formulation of (i) an anti-corruption declaration issued by company top representative, (ii) basic policies on anti-corruption, and (iii) rules on corruption prevention.

## A Look Back by the Executive Responsible for Risk Management

### Implementation of risk management measures that support global business

Toru Nakayama

Division Executive, Internal Control and Risk Management Division



During the three years of E-Plan 2016, we undertook measures across the Group to raise the levels of internal controls, raise awareness of compliance, and reinforce risk management structures as priority CSR topics for the development of global business.

In FY 2015, we established the Risk Management Guidelines (RMGL) on topics such as occupational safety, hazardous material control, security trade control, and environmental preservation, implemented them at 28 Group companies, confirmed the status of implementation at each company, requested the preparation of action plans for unaddressed items, and developed plans. On-site visits were made to major manufacturing subsidiaries to assess actual conditions and provide guidance on making improvements.

In order to reinforce Group internal control structures, we extended the Internal Control Guidelines (ICGL) to overseas subsidiaries in FY 2014, and internal control divisions support their implementation at each Group company. We included risk management items in the ICGL in stages, and the goal is for each company to conduct ongoing self-inspections and take independent measures for improvement.

We will continue working to spread and firmly establish at each Group company the risk management measures that we have implemented until now, reinforce business continuity management and information security measures, which have been lagging at overseas sites, and support the global development of each business.

## FY 2016 DATA HIGHLIGHTS



### Compliance questionnaire (Group companies in Japan)

Response rate

**95%**

Respondents

**8,666** persons



### Establishment of overseas EBARA Group Hotlines (Cumulative)

FY 2016

**China** **5** companies

FY 2015

**China**

**3** companies



**Vietnam**

**1** company

**Indonesia**

**1** company



### Risk Management Guidelines Target for FY 2019

**95%** Adopted



### Conducted Simulation Training

in preparation for  
emergency situations overseas

#### WEB Related information

EBARA's vision, basic policy, and structures for risk management ▶ [http://www.ebara.co.jp/en/about/csr/social/risk\\_management/index.html#anc1197618](http://www.ebara.co.jp/en/about/csr/social/risk_management/index.html#anc1197618)  
The EBARA Group Anti-Corruption Program ▶ <http://www.ebara.co.jp/en/about/csr/social/commitment/index.html>  
Procurement Policy and CSR Procurement Guidelines ▶ <http://www.ebara.co.jp/en/about/csr/social/commitment/index.html#anc1209003>  
Security trade control information ▶ <http://www.ebara.co.jp/en/about/csr/social/commitment/index.html#anc1209002>

# Respect for Human Rights

## Harassment countermeasures

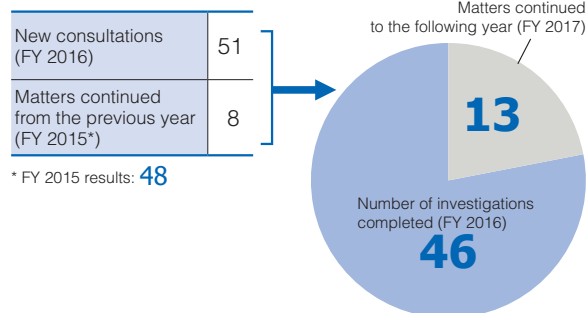
The results of the compliance questionnaire administered in FY 2015 confirmed that awareness of harassment is rising. The following measures were taken in FY 2016:

- Training was conducted throughout the domestic and overseas Group.
- Compliance liaisons\* participated in human rights educational programs at each workplace.
- Human rights educational content posted on the intranet was expanded.
- Employees were re-informed about consultation hotlines.

As a result of these measures, awareness and understanding of harassment improved, leading to an increase in the number of consultations to the hotline. Of a total of 51 consultations, 32 were regarding harassment issues.

\* Compliance Liaisons: Compliance liaison personnel serve as on-site consultants for compliance-related issues. They also take measures to promote employees' awareness of compliance. Around 80 personnel act in these roles around Japan.

## FY 2016 Compliance Consultation Hotline operational results



### 【 Compliance Consultation Hotline Policies 】

(1) Prevent incidents, (2) Discover incidents as early as possible, (3) Create good working environments, (4) Enhance abilities to voluntarily and internally address problems

### 【 Compliance Consultation Hotline Operations 】

All reported matters are investigated, quarterly reports are made to the CSR Committee, and improvements are made through implementation of the Plan-Do-Check-Action (PDCA) method.

# Corruption Prevention and Strict Compliance

## Overseas EBARA Group Hotline territories expanded

The scope of territories covered by EBARA Group hotlines was expanded as a part of the Group's efforts to reinforce anti-corruption programs at subsidiaries. In addition to internal whistle-blowing hotlines, we are installing hotlines that connect directly to EBARA headquarters at Group companies that conduct business in countries that are below the mid-range in the Transparency International Corruption Perceptions Index 2015. In conjunction with establishment of these hotlines, hotline briefings and anti-corruption training were conducted in Vietnam and Indonesia, where hotlines were installed in FY 2016, with 54 employees participating in Vietnam and 77 in Indonesia.

We intend to continuously extend the coverage of such programs even further in the future, beginning from Southeast Asia.

# Minimizing Risks that Impede Group Development

To respond promptly to the various emergency situations that could arise inside or outside the Group including large-scale disasters, major accidents, information leakage, harm from criminal conduct such as abductions and harm from serious improper conduct and scandals, a system was established so that if an emergency situation occurs, prompt reports can be made to the president from all Group companies via business division and corporate risk management divisions.

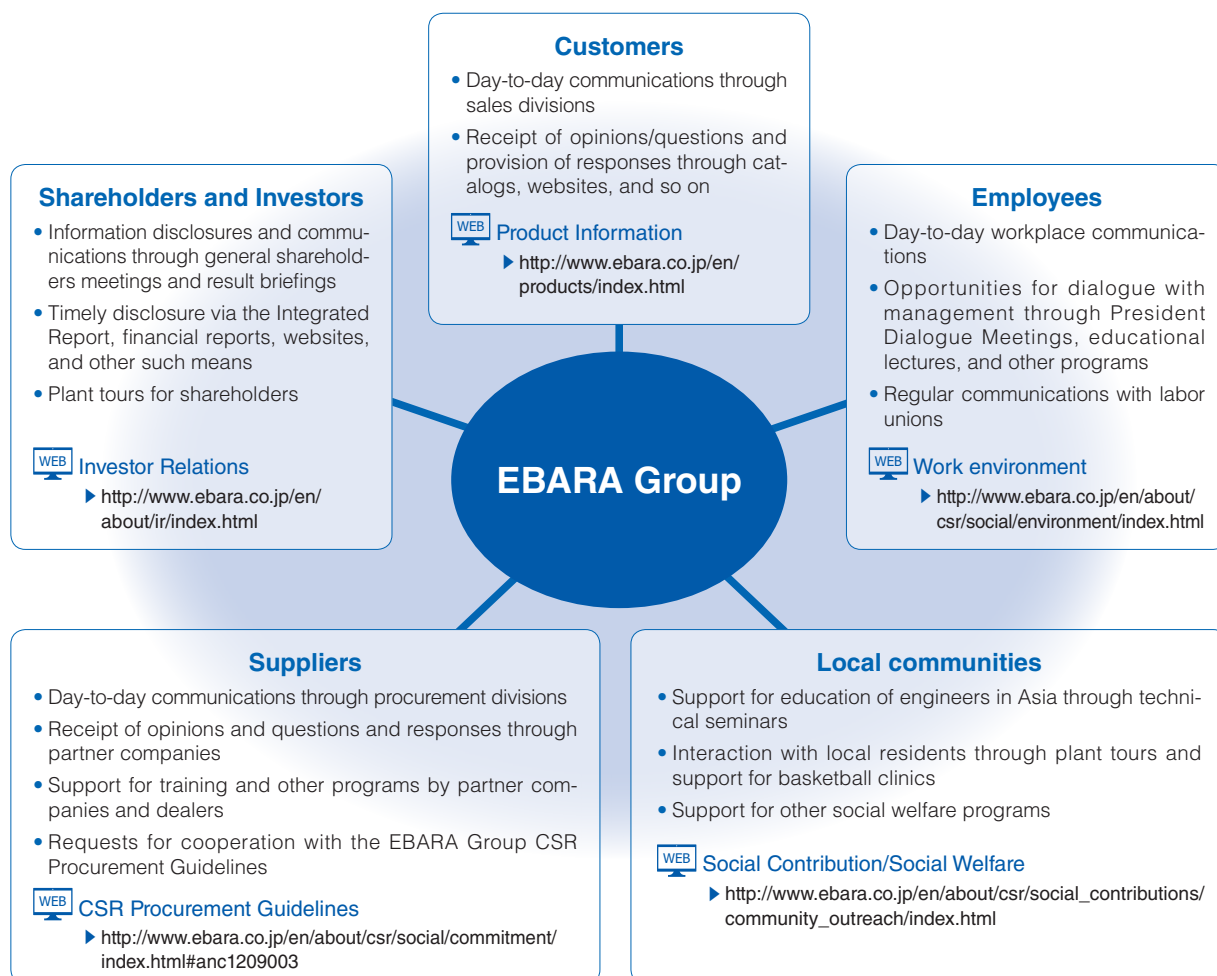
We established Crisis Management Rules, and in the event of a crisis, we will make efforts to minimize harm by establishing a crisis response structure pursuant to a decision of the president according to the type and scale of the emergency.





# EBARA Group and its Stakeholders

The EBARA Group CSR Policy positions the individuals and organizations with which it has important relationships as key stakeholders. The CSR Policy provides that the EBARA Group will build trusting relationships with stakeholders and will interact with customers, suppliers, shareholders, investors, and local communities with passion and dedication. We create a variety of opportunities for engagement to facilitate high-quality communications.

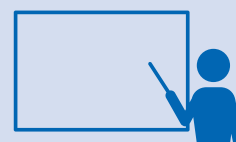


## IN FOCUS EBARA Hatakeyama Memorial Fund

EBARA established the EBARA Hatakeyama Memorial Fund in 1989 to conduct free technical seminars on the technologies and experience we have acquired through Group business to support the development of local communities, mainly in Southeast Asia. Since FY 2015, the fund has also donated EBARA pump units and pump cutaway models to respond to the needs of universities in developing regions.



A seminar on pumps in Vietnam



### FY 2016 Results

**7** seminars conducted in  
**4** countries  
**343** participants

## CSR Committee Advisor Comments

**Shione Kinoshita** Daiichi Fuyo Law Office Attorney

Member of the Dai-ichi Tokyo Bar Association.

Shione Kinoshita has been a CSR Committee Advisor for EBARA Corporation since April 2013. She 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.



The Message from the President at the beginning of the EBARA Group CSR Report 2017 declares that “contributing to society through business leads to growth by the company” and reports on a review of the E-Plan 2016 medium-term management plan, which recognizes that CSR measures are themselves business activities and play an important role in driving company growth. E-Plan 2019, which covers the period from FY 2017 to FY 2019, sets a target of comprehensively improving the profitability of all businesses while actively making contributions to society and the environment, and indicates that EBARA believes this target to be attainable.

In this way, CSR measures are a key part of the EBARA Group’s business activities, and the recognition that CSR measures are directly linked to raising corporate profit and corporate value is crucial and linked to EBARA’s ongoing commitment. It is not enough to think of CSR measures only as a means of returning corporate profit back to society; rather, CSR must be incorporated into business activities.

As an enterprise that engages in business around the world, the EBARA Group has entered into employment agreements with diverse employees and must at all times ensure safe and good labor conditions without disparity based on gender, nationality, or other personal attributes. The fact that EBARA was selected as a company with excellent health and safety management

practices in 2017 in the large company category (the “White 500”) is a testament to the results of those efforts and further improvements at Group companies are expected. Environmental initiatives are a part of the EBARA Group’s core business, and I feel it is clear that the EBARA Group does not simply carry out environmental policies but that the conduct of business by the EBARA Group contributes to solving environmental problems around the world.

The report also points out that the reinforcement of global governance and risk management is essential for ensuring the continued existence of the Group as a business enterprise. Even large firms that represent Japan on the world stage have faced existential crises because of gaps in their corporate governance. This is something that must never be permitted to occur, and the EBARA Group is working to raise the levels of internal controls, increase awareness of compliance, and reinforce risk management, including at overseas companies. Particular attention is being focused on measures to share the EBARA Way throughout the Group. I believe that this will lead to a sharing of roles performed in society by each individual in the EBARA Group, no matter where they are located and what roles they perform and will develop the fundamental capabilities that enable the EBARA Group to achieve significant results.

## Response to CSR Committee Advisor Comments

As pointed out by Ms. Kinoshita, we strongly recognize that CSR is being promoted within our business activities. We will continue to promote these activities in the future. For FY 2017, we are reviewing CSR activities from the perspective of ESG. Specifically, we plan to formulate policies and KPIs regarding priority issues for our company based on our company’s history and social trends and through identifying issues material to us from the perspective of our company and stakeholders, so as to maximize our impact realizing a sustainable society. Moving forward, we will manage our progress in dealing with critical issues based on the KPIs formulated to contribute toward resolving social and environmental issues through our Group’s businesses.

At the same time, we will be working globally to reduce the environmental burden of our production processes, ensure work safety, and strengthen risk management in preparation for disasters and crises.

**Osamu Eguchi**

General Manager, Corporate Strategy  
Planning & Governance Enhancement  
Department  
EBARA CORPORATION



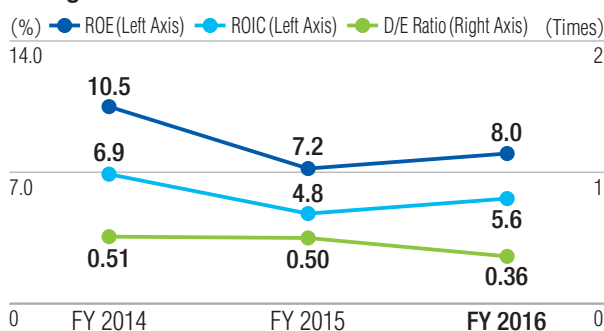
## Company Profile

<b>Corporate name</b>	EBARA CORPORATION
<b>Common name</b>	EBARA
<b>Securities Code</b>	6361 (Listed on the first section of the Tokyo Stock Exchange)
<b>Head office</b>	11-1, Haneda Asahi-cho, Ota-ku, Tokyo 144-8510, Japan
<b>Telephone</b>	+81-3-3743-6111 (switchboard)
<b>Date of foundation</b>	November 1912
<b>Date of establishment</b>	May 1920
<b>Paid-in capital</b>	78.7 billion yen (as of March 31, 2017)
<b>Number of employees</b>	16,317 (Consolidated, as of March 31, 2017) 4,014 (EBARA CORPORATION only, as of March 31, 2017)
<b>Net sales</b>	¥476.1 billion (Consolidated, as of March 31, 2017) ¥223.3 billion (EBARA CORPORATION only, as of March 31, 2017)
<b>EBARA Group</b>	Comprised of EBARA CORPORATION, 86 subsidiaries (56 consolidated), and 8 affiliate companies
<b>Main Products &amp; Services</b>	<p><b>Fluid Machinery &amp; Systems Company (Fluid Machinery &amp; Systems Business) :</b> Pumps, compressors, turbines, chillers, and fans</p> <p><b>Environmental Engineering Company (Environmental Plants Business):</b> Municipal solid waste incineration facilities, industrial waste incineration facilities, and water treatment facilities</p> <p><b>Precision Machinery Company (Precision Machinery Business):</b> Vacuum pumps, chemical mechanical polishing (CMP) systems, plating systems, and gas abatement systems</p>

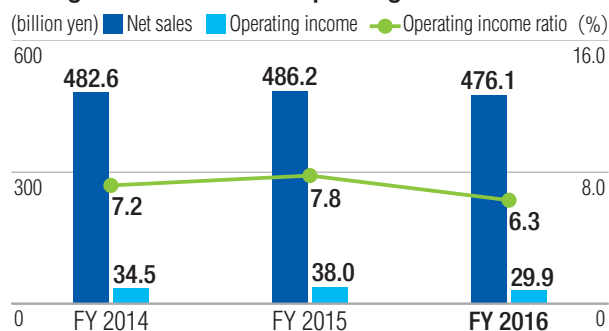
## Summary of Business Results (as of March 31, 2017; numbers are consolidated and include overseas companies)

### Key Management Indicators of the Medium-term Management Plan "E-Plan 2016"

#### Changes in ROIC and Other Indicators

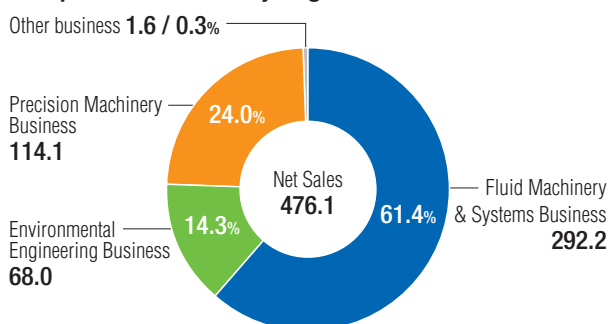


#### Changes in Net Sales and Operating Income Ratio

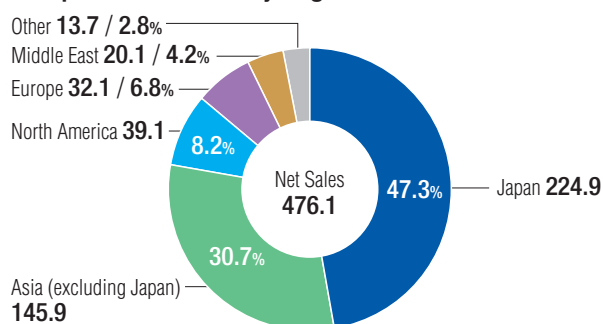


### Overview by Segment

#### Composition of Sales by Segment (billion yen)



#### Composition of Sales by Region (billion yen)



### Related information

Medium-term Management Plan ▶ <http://www.ebara.co.jp/en/about/ir/information/management/index.html>

Financial Data ▶ <http://www.ebara.co.jp/en/about/ir/earnings/financial-highlights/index.html>

# EBARA Group Business Overview



## Fluid Machinery & Systems Company

### ► Pumps Business

This business supplies a wide range of pumps. These include pump units and standard pumps used in office buildings, condominiums and other buildings, as well as high-pressure pumps and largescale pumps used in industrial facilities and social infrastructure, such as city water and sewerage, rainwater drainage and irrigation systems, power plants and oil- and gas-related plants.

### ► Compressors and Turbines Business

Compressors compress gas for transportation, and turbines harness steam energy through rotational force. These are then used in oil refineries and petrochemical plants that produce ethylene, a raw material for plastics and synthetic fibers.

### ► Chillers Business

Supplies chillers used for air conditioning systems in buildings and large commercial complexes, as well as cooling towers and related systems used to extract heat from cooling water (generated by heat-exchange facilities) and discharge it into the atmosphere.



## Environmental Engineering Company

### ► Environmental Plants Business

Leveraging its incineration and gasification technologies, EBARA is involved in all stages of environmental plant operations, particularly municipal solid waste treatment facilities, from design and construction to operational management and maintenance.

Note: EBARA's water treatment business is handled by Swing Corporation, an affiliated company established through a three-way partnership with Mitsubishi Corporation and JGC Corporation.

## Precision Machinery Company

### ► Precision Machinery Business

This business supplies dry vacuum pumps, which produce the clean vacuum conditions needed for manufacturing semiconductors, flat panel screens, LEDs and other items essential for the progress of today's information society. The precision machinery business also provides gas abatement systems for treating harmful gases and greenhouse gases, and chemical mechanical polishing (CMP) systems, which ensure that semiconductor wafers are perfectly flat at the nano-level. All of these products contribute to making a more convenient society.



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