

Corporate governance

To be a company reliable for stakeholders and recognized by society, EBARA considers it important to enhance corporate governance and continue to improve it.

Corporate governance structure

In EBARA, the board of directors makes important decisions and supervises business operations, while we have established a board of corporate auditors that supervises the directors' performance of their duties.

From the perspective of the transparency and objectivity of management, the board of directors elects 2 independent directors (of a total of 11 directors) with no special relationship interests with EBARA and the majority of the board of corporate auditors (3 out of 5) are outside auditors.

Independent directors enhance the appropriateness of our decision making from their objective standpoint through the board meetings, in addition to which they occupy a majority of the Nominations Committee and the Compensation Committee and are involved in ensuring appropriateness and transparency of the process of selecting directors and executive compensation determination.

To speed up the decision-making process regarding business and to streamline its operation, we introduced the executive officer system in 2002 and then shifted to an in-house company system in 2005.

Furthermore, to respond to important issues in drawing up the company-wide management policy and management strategy or policies related to management, we have set up the Management Meeting, and we have thorough deliberations in it. We try to effectively communicate decisions that are made through discussions at the board meeting throughout the Company using the Executive Officer Meeting.

Compliance action plan by board members

To make everyone fully aware of and committed to compliance, which is the EBARA Group's important policy, the board of directors has been drawing up a compliance action plan by board members since 2007, and implements systematic activities based on that plan throughout the year.

The activities carried out in 2008 include the communication of a message by the President and Representative Director to officers and employees of the EBARA Group to re-recognize the need to break off relations with any antisocial forces, implementation of measures to prevent bribery to foreign public officials and training given by the board of directors for directors and employees, especially those who are involved in public sales, concerning the prevention of scandals.

Group management

The EBARA Group respects each company's independence and autonomy and promotes linkage of management infrastructures that is indispensable for the Group's optimal management such as preparation of internal control, compliance training, risk management and environmental management. With respect to business operations, we put affiliate companies under the control of each company and try to enhance group management by comprehensively managing various management plans.

Outline of EBARA's Corporate Governance Framework

(As of July 1, 2009)

