

Compliance

To be a good corporate citizen trusted by stakeholders, the EBARA Group defines compliance as not only complying with laws and regulations but also practicing internal regulations and other rules and sincerely acting in accordance with social norms, common sense and good sense.

South Korea

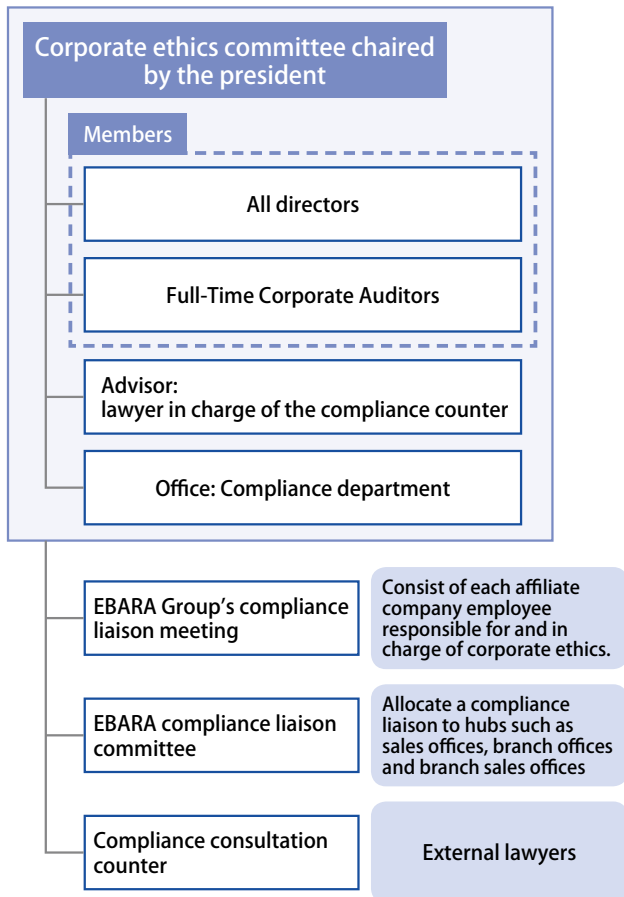


Lee Yeon Jung (age: 7)

Thorough implementation of compliance

We have systematically built the EBARA Group's compliance structure with the corporate ethics committee at the top. To ensure thorough implementation and deployment of various measures decided by the corporate ethics committee in the entire group, we set up the group compliance liaison meeting, consisting of affiliate companies in 2007. We have also introduced a compliance liaison system for the early identification of compliance risks in each workplace. In addition to this network, we have set up the compliance counter, which responds to individual issues, and exchange information to prevent misdeeds and recurrence of incidents by operating that counter. The compliance department is in charge of the office for both the system and the counter, and tries to consolidate information and activities.

EBARA Group's compliance system chart



Corporate ethics committee

The corporate ethics committee, which was established in May 2005, is designed to make compliance that conforms with the EBARA Group's Code of Conduct penetrate throughout the company and promote compliance management. The committee receives reports about issues related to the EBARA Group's corporate ethics and compliance. Then, the committee members share information, discuss issues and give necessary improvement instructions. If improvement instructions are given, the relevant department needs to respond to the issue and make a report by the next committee meeting. The committee holds four meetings a year in principle and the chairman calls an extraordinary meeting as needed. Starting with the corporate ethics committee meeting in September 2008, an overview of the meeting is posted on the intranet to communicate information including the result of internal audit on appropriate transactions showing proper performance and the effective functioning of internal reporting system (compliance counter and so on) leading to the reduction of compliance risks.

EBARA Group's compliance liaison meeting

The EBARA Group has formed the EBARA Group compliance meeting, aiming to promote compliance management in the entire group through the interaction of divisions in charge of corporate ethics of the EBARA Group's companies. The third meeting was held in February 2009 with the participation of all representatives and staff responsible for corporate ethics of domestic affiliate companies.



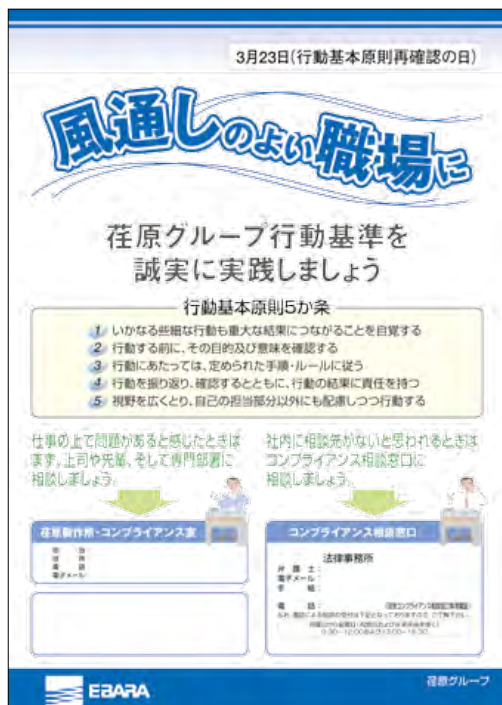
Group compliance meeting

Compliance liaison system

We introduced the compliance liaison*1 system in 2007 to create a corporate culture paying attention to compliance and enhance self-purification for compliance risks.

This system allocates liaison officers in the head office and hubs nationwide and offers a familiar consultation counter for problems relating to compliance that occur in the daily work. In the liaison officer training session held in January 2009, the President gave encouragement, saying that “considering the extremely high possibility of corporations and individuals infringing on laws and social norms in today’s world, the liaison officers should be the preachers of the internal reporting system to save the company from scandals.” In the future we will extend its activity to affiliate companies.

Compliance enlightening poster



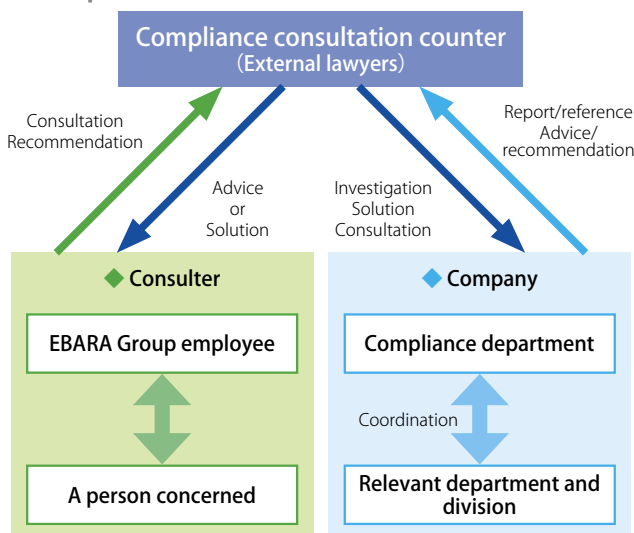
Compliance consultation counter

If organizations or individuals do illegal acts, it is necessary to recognize that fact as soon as possible, improve matters and promptly resolve the issue. If you suspect there may be something that deviates from compliance, you should talk to your boss in principle, but in some cases you may hesitate to talk about it inside the company for various reasons. The EBARA Group has set up a compliance consultation counter outside the company, and operates it while considering Whistleblower Protection Act (enforced in April 2006). The compliance consultation counter has put up a compliance enlightening poster in each workplace to thoroughly raise awareness about compliance.

When the counter receives a consultation, there are two ways of handling the situation: the problem is solved between the consuler and the counter; or the problem is solved among the consuler, the counter and the company. In the latter case, information which can identify the consuler is not provided to the company. This is a system to protect the privacy of the consuler.

As of late March 2009, the counter conducted about 180 consultations since it was launched in March 2003 and has appropriately responded to consultation requests.

Compliance consultation counter workflow



*1 [Liaison] "Liaison" in French, has the meaning of a bridge.



Le Ha Linh (age: 8)

Compliance awareness survey (questionnaire)

The EBARA Group has conducted a questionnaire once a year since 2004 to find out and assess how much employees recognize and practice compliance. The objectives are as follows:

- ◆ Determine the employees' level of understanding of compliance (including recognition of compliance consultation counter) and extract problems and challenges in practicing compliance.
- ◆ Assess validity and effectiveness of the compliance promotion activities through regular surveys and improve the activities based on the analytical results.
- ◆ Make people notice ethical behavior and improve their compliance mindset.

Between January and February 2009, the fifth questionnaire was conducted on approximately 13,000 people including the management and employees of the EBARA Group. The response rate is increasing every year and the company's approach to compliance practice is increasingly highly rated. What was characteristic of this questionnaire was that, among the questions, the number of affirmative answers to the question of whether "the top management is taking the initiative in practicing the Code of Conduct" has increased.

The questionnaire has a free comment column. In 2008, there were many comments on compliance awareness and harassment. We sort out and reflect them in our future compliance activities.

◆ Major comments in free comment column [Entire Group]

	Comment categories
1	Compliance awareness
2	Compliance education/training/enlightenment
3	Questionnaire
4	Sexual harassment/power harassment
5	Workplace
6	Antisocial forces
7	Boss/manager
8	Communication
9	Remuneration
10	Top management

Voice!

To be approachable for consultation

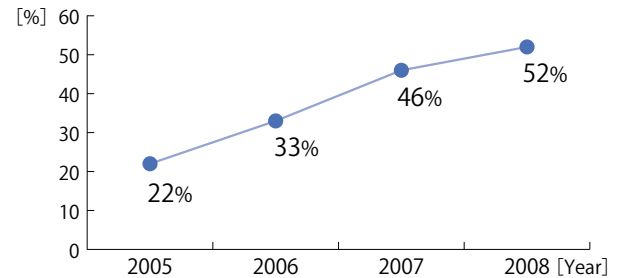
Masahiro Hatakeyama
Compliance liaison
EBARA



Violation of rules can pose serious risks in corporate management, which makes compliance all the more important. At EBARA, the compliance liaison system has been introduced as a function to extract initial risk information for the purpose of effective reduction of and prompt response to risks.

In addition to systems like this, it is important to raise the awareness of employees and those who are working together with us. I would like to fulfill the role of a compliance liaison to contribute to improved awareness of watching what is taking place in daily activities and serve as an approachable consultant.

◆ Response rate of the compliance questionnaire



◆ Do you think the top management (chairman, president, directors, executive officers, etc.) is taking the initiative in practicing the Code of Conduct?

Yes. Yes, more or less. Not much.
 No. Do not know. (Blank)

