

# EBARA Group's CSR Report 2009

## Third-party comments



**Koji Shimada Ph.D.**  
Professor, Faculty of Economics  
Ritsumeikan University

Professor Shimada specializes in environmental system analysis and environmental policy evaluation. He is expanding research, education, and social contribution activities to help solve environmental and regional issues through defining people's and corporations' preferences and mechanisms of action.

This report, which is the second issue of the CSR Report, was released in a very tough economic climate. While the EBARA Group is not immune to the severe conditions as shown by changes in their operating income and net income (page 7), I could see they took a very strong attitude toward the difficulties with all employees working together from the President's Message (page 4): "Without making profits, a company will be unable to exist, and thus will fail to achieve the purpose of contributing to society." I also feel strong empathy with the management philosophy that the CSR activities must be rooted in the core business as an industrial machinery manufacturer.

In 2007, the Organization for Economic Co-operation and Development (OECD) announced the results of an investigation into the relationship between environmental performance and economic performance, targeting companies around the world (4,144 business establishments in 7 countries, of which 1,467 business establishments were in Japan). The report has revealed an interesting relationship where a group of companies that are effectively reducing environmental burden have a better economic performance and that whether or not the policy of the head office has disseminated to the production field has a significant impact on environmental performance. Recent studies have shown that a similar relationship applies in some aspects (e.g. appointment of women to higher positions) when the target is extended from the environment to CSR. Conducting CSR activities with a mind to a virtuous cycle with the economic performance of the core business based on an understanding of the front line is extremely important from the viewpoint of ensuring sustainability of activities.

In the CSR Report 2009, many pages are devoted to the description of the EBARA Group's policy, system and attitude toward CSR and efforts made for various stakeholders, which indicate the development of CSR-related organizations and systems and active approaches to the dissemination of CSR through liaison meetings and training sessions.

It is no exaggeration to say that corporate governance, internal control and risk management, compliance

and response to information security and systems in consideration of communities, society, customers, suppliers, shareholders, investors and employees are mostly in place. In workplaces, on the other hand, I often encounter questions such as: "Meetings and formalities have increased to meet various social demands and the pressure of work has also increased but is the actual effect worth the effort?" To overcome such a feeling of entrapment, what is desirable is a follow-up of the results of CSR-related systems put in place and other efforts in as visible a way as possible. There may be many categories for which quantification is more difficult than the environment category but setting outcome indicators in the respective category to develop a PDCA cycle will be necessary in the future.

For example, systems in relation to a good balance between work and life are in the process of development (page 37) but are they actually being put to use?

The next point to mention is the EBARA Group's environmental aspects. While there are a number of activities whose 2010 targets have been unachieved (page 40), the results of the efforts can be acknowledged as manifestation of a reduction of emissions. For example, the environmental accounting for 2008 (page 45) shows that EBARA has invested 400 million yen in the coating of a plant building roof with heat insulating paint and replacing lighting facilities as the global environment conservation cost, and the CO<sub>2</sub> emissions resulting from air conditioning and lighting have been reduced by 20 to 35 percent, which is worthy of special mention. I look forward to future enhancement of environmental measures including the major CO<sub>2</sub> measures that should accompany plant relocation.

Lastly, the fact that the number of external comments received on the CSR Report 2008 was only 13 (page 2) gives me the impression that the Report could be put to better use in terms of its role as a communication tool. It may be necessary to plan opportunities for internal and external opinion exchanges regarding the CSR Report (stakeholder dialogs) and make efforts to invite opinions, rather than just waiting for responses to questionnaires.