

Risk Management

Vision of What We Want to Become in the Fiscal Year Ending March 31, 2020

The EBARA Group aims to realize risk management that emphasizes risk foreseeing and prevention. We believe that to achieve this will require each employee to practice the Ebara Way, which is a fundamental part of our ethics system and establishes foundations that facilitate operations. Therefore, the EBARA Group ensures that all of its employees, including

employees at overseas Group companies, share the Ebara Way and the EBARA Group Code of Conduct as a common identity and set of values.

Moreover, all Group companies are establishing systems for risk foreseeing and prevention based on the Groupwide risk management guidelines.

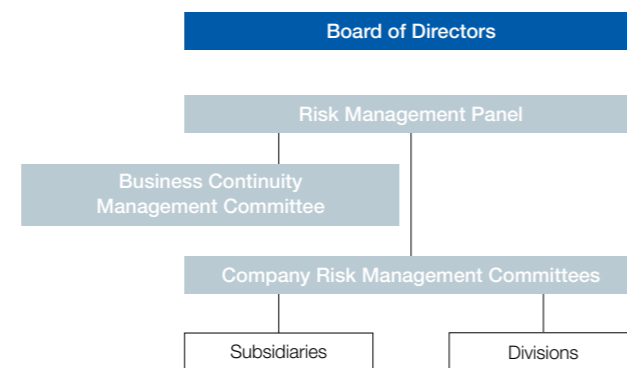
Basic Approach

The EBARA Group's risk management entails systemically analyzing and assessing risks that could impede the Group's sound, continuous development, taking countermeasures to mitigate such risks, and improving the activities constantly.

To oversee and discuss risk management and provide policies and support for improvements, we have established the Risk Management Panel. The President, Representative Executive Officer chairs the panel, which comprises all Executive Officers and convenes four times a year or as required. Also, the panel discusses individual business projects.

At each company, a risk management committee conducts risk management activities, including the preparation of countermeasures for individual sales project risks and loan and investment risks.

Risk Management System



Main Risks and Countermeasures

Risk category	Risk management
1. Risks associated with ordinary business activities 1) Compliance risks (1) Prohibition of cartels and bid-rigging (2) Prohibition of bribery* (3) Antisocial forces (4) Trade security management* (5) Compliance with Construction Business Act (6) Compliance with Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors*	Each subsidiary has established its Basic Policy on Anti-Corruption. In Japan, we have set up a specialized committee that spans our organization laterally and discusses policies, establishes regulations, and implements and manages policies and regulations through educational activities. A specialized corporate department conducts regular monitoring.
2) Risks associated with the reliability of financial reporting*	For consolidated companies, we have established an internal control system and conduct assessments based on the Financial Instruments and Exchange Act. We provide a guideline for internal controls for self-checks to all subsidiaries, which make continuous self-checks and improvements.
3) Sales project risks 4) Loan and investment risks	Risk management committees and the Risk Management Panel discuss specific risks and major projects.
5) Environmental risks*	We develop operations and conduct ISO audits based on ISO 14001 standards.
6) Other operational risks	We have established specialized committees for information security, quality assurance, and occupational safety. We prepare and implement policies for activities and action plans.
2. Crisis	We have established the Business Continuity Management Committee. Each division has a business continuity plan and conducts education and training. We are currently developing a contact system and preparing a manual for measures in response to emergencies overseas.

* For these risk categories, each overseas company is currently preparing plans for the establishment of measures equivalent to those in Japan.

Progress as of March 31, 2016

We conducted training on the Ebara Way at all major Group companies in Japan and overseas. We will prepare educational materials in multiple languages and continue education.

Also, 28 major overseas Group companies prepared risk management action plans, and reports were submitted to each company's board of directors. Each company is working to complete related development initiatives by 2019.

Compliance

Basic Policy

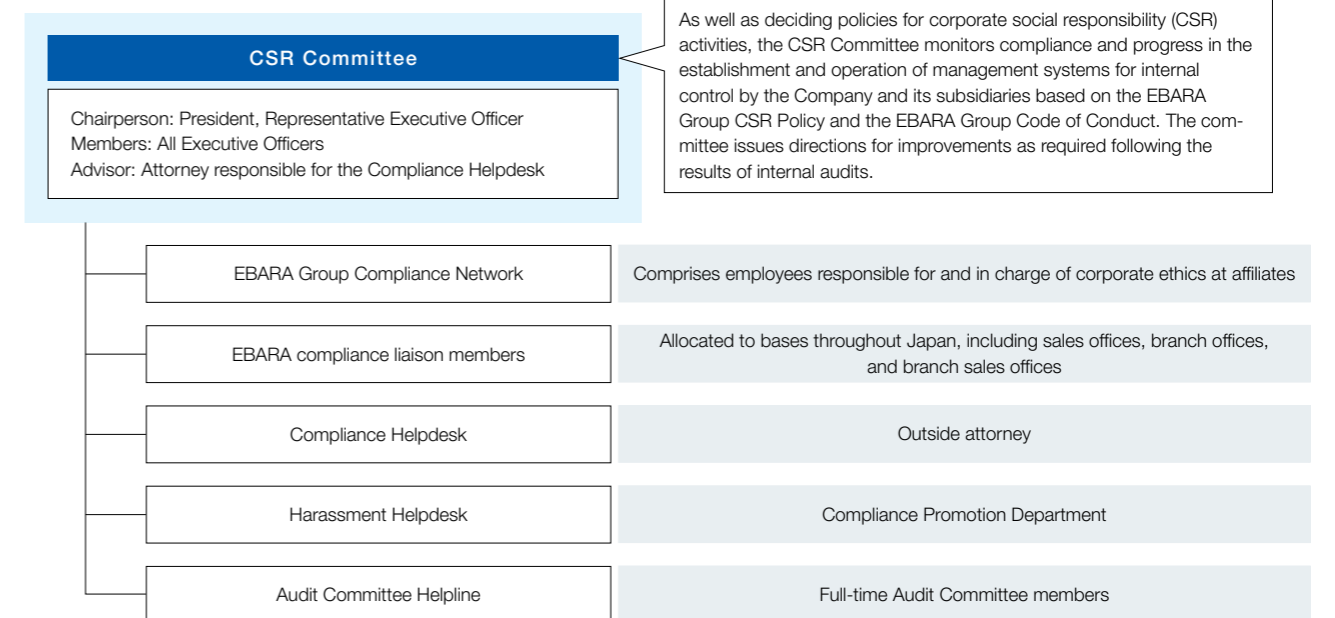
To remain a good corporate citizen that earns stakeholders' trust, the EBARA Group makes conscientious efforts to not only comply with statutory laws and regulations but also conform with in-house regulations and other rules, social norms, and common sense. In other words, our fundamental compliance policy is to conduct business activities in accordance with the EBARA Group CSR Policy, which calls on us to conduct business with a strong sense of ethics and foster relationships of trust with such valued stakeholders as customers, suppliers, shareholders, investors, local communities, and employees.

The EBARA Group Code of Conduct

The entire code is included on EBARA CORPORATION's website.

http://www.ebara.co.jp/en/about/csr/ethics/corporate_ethics/index.html

The EBARA Group's Compliance System



As well as deciding policies for corporate social responsibility (CSR) activities, the CSR Committee monitors compliance and progress in the establishment and operation of management systems for internal control by the Company and its subsidiaries based on the EBARA Group CSR Policy and the EBARA Group Code of Conduct. The committee issues directions for improvements as required following the results of internal audits.

Progress as of March 31, 2016

In accordance with the Basic Policy on Anti-Corruption, the EBARA Group is working to prohibit bribery, promote fair and free competition, and prohibit dealings with antisocial forces. Also, we have established wide-ranging systems for the provision of consultation about compliance violations. As well as

establishing an in-house helpdesk, at an attorney's office we have established an outside helpdesk that Group companies in Japan can use. Further, we are setting up an outside helpdesk that overseas Group companies can use. Currently, five Group companies in China have access to an outside helpdesk.