

Board of Directors

(As of June 23, 2017)



Back row, from left

Shiro Kuniya ●
Chairperson of the Compensation Committee

Shozo Yamazaki ●
Member of the Audit Committee

Manabu Tsujimura
Senior Managing Executive Officer

Hajime Sawabe ●
Member of the Compensation Committee

Back row, from left

Tetsuji Fujimoto
Chairperson of the Audit Committee

Atsuo Ohi
Senior Managing Executive Officer

Masao Namiki ●
Member of the Audit Committee

Shusuke Tsumura
Member of the Audit Committee

Front row, from left

Nobuko Matsubara ●
Member of the Nomination Committee

Sakon Uda ●
Lead Independent Director
Chairperson of the Nomination Committee
Member of the Compensation Committee

Natsunosuke Yago
Director, Chairman
Chairman of the Board of Directors
Member of the Nomination Committee

Front row, from left

Toichi Maeda
President and Representative Executive Officer

Izumi Sato ●
Member of the Audit Committee

● Independent Director

Composition of the Board of Directors

To ensure the Board of Directors effectively fulfills its roles and responsibilities, the Company shall make up the Board of personnel with sufficient knowledge and experience inside and outside the Company in areas related to business management. Knowledge and experience important to the Company from the perspective of company management are defined as the areas

of "legal affairs and risk management," "personnel and human resource development," "finance, accounting, and capital policy," "auditing," "management of individual businesses (in the Company)," "corporate management and management strategy," "research and development," "the environment," "social," and "internal control and governance." In addition to having

appropriate knowledge in all of these areas, the Company appoints nominees for Director positions by specifying areas in which the Company particularly expects them to contribute.

The chart below details the areas in which the Company expects the Directors elected for the fiscal year ending December 31, 2017, to contribute based on these policies.

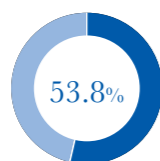
Reference Reasons for the selection of individual Directors can be found in the proposal for the election of Directors contained in the Notice of the 152nd Ordinary General Meeting of Shareholders.
http://www.ebara.co.jp/en/about/ir/stock/shareholdersmeeting/_icsFiles/afieldfile/2017/05/30/E6361_152_1_1.pdf

Corporate Governance System at a Glance (As of June 23, 2017)

Format	Company with Three Committees
Chairman of Board of Directors	Non-Executive Inside Director
Number of Directors	13
Of whom are Independent Directors	7
Number of Independent Directors	7
Term of Directors	1 year

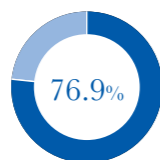
Ratio of Independent Directors to Total Directors

Independent Directors	7
Inside Directors	6



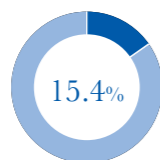
Ratio of Non-Executive Directors to Total Directors

Directors not concurrently serving as Executive Officers	10
Of whom are Independent Directors	7
Of whom are Inside Directors	3
Directors concurrently serving as Executive Officers	3



Ratio of Female Directors to Total Directors

Female Directors	2
Male Directors	11



Composition of Three Committees

	Nomination Committee	Compensation Committee	Audit Committee
Number of members	3	3	5
Of whom are Independent Directors	2	3	3
Of whom are Inside Directors	1	0	2
Chairperson	Independent	Independent	Inside

Overview of the Board of Directors (As of June 23, 2017)															
Name	Classification	Committee positions	Attendance at Board of Directors and committee meetings in the fiscal year ended March 31, 2017 (Meetings attended / Total meetings)				Areas in which Directors (Non-Executive Directors) are expected to contribute*								
			Board of Directors	Nomination Committee	Compensation Committee	Audit Committee	Legal affairs and risk management	Personnel and human resource development	Finance, accounting, and capital policy	Auditing	Corporate management and management strategy	Research and development	The environment	Social	Internal control and governance
Natsunosuke Yago	Non-Executive	Director, Chairman Chairman of the Board of Directors Member of the Nomination Committee	14/14	7/7											
Toichi Maeda		Director President and Representative Executive Officer	14/14				-	-	-	-	-	-	-	-	
Sakon Uda	Independent	Lead Independent Director Chairperson of the Nomination Committee Member of the Compensation Committee	14/14	7/7											
Masao Namiki	Independent	Independent Director Member of the Audit Committee	14/14			14/14			¥						
Shiro Kuniya	Independent	Independent Director Chairperson of the Compensation Committee	14/14		3/3										
Nobuko Matsubara	Independent	Independent Director Member of the Nomination Committee	14/14	7/7											
Hajime Sawabe	Independent	Independent Director Member of the Compensation Committee	12/14		3/3										
Shozo Yamazaki	Independent	Independent Director Member of the Audit Committee	13/14			14/14									
Izumi Sato	Independent	Independent Director Member of the Audit Committee	12/14			13/14									
Tetsuji Fujimoto	Non-Executive	Director Chairperson of the Audit Committee	14/14			14/14									
Manabu Tsujimura		Director Senior Managing Executive Officer	14/14												
Atsuo Ohi		Director Senior Managing Executive Officer	14/14												
Shusuke Tsumura	Non-Executive	Director Member of the Audit Committee	14/14			14/14									

Non-Executive Non-Executive Inside Director
Independent Independent Director with notification submitted to Tokyo Stock Exchange
Nomination Committee Member of the Nomination Committee
Compensation Committee Member of the Compensation Committee
Audit Committee Member of the Audit Committee
 * The above table does not represent all of the areas in which Directors possess expertise.

Brief Personal History of Directors

(As of June 23, 2017)

Natsunosuke Yago Director, Chairman, Chairman of the Board of Directors, Member of the Nomination Committee

Apr. 1977 Joined the Company
 June 2002 Executive Officer of the Company
 Apr. 2004 Group Executive, Precision Machinery Group of the Company
 June 2004 Director of the Company (to present)
 Apr. 2005 President, Precision Machinery Company of the Company
 Apr. 2006 Managing Executive Officer of the Company
 Apr. 2007 President and Representative Director of the Company
 Apr. 2013 Director, Chairman of the Company (to present)
 June 2015 Member of the Nomination Committee of the Company (to present)

Toichi Maeda Director, President and Representative Executive Officer

Apr. 1981 Joined the Company
 Apr. 2007 Executive Officer of the Company
 Apr. 2010 Managing Executive Officer of the Company
 Apr. 2011 Head of Business Unit, Custom Pump Business Unit, Fluid Machinery & Systems Company of the Company
 June 2011 Director of the Company (to present)
 Apr. 2012 President, Fluid Machinery & Systems Company of the Company
 Apr. 2013 President and Representative Director of the Company
 June 2015 President and Representative Executive Officer of the Company (to present)

Sakon Uda Lead Independent Director, Chairperson of the Nomination Committee, Member of the Compensation Committee

July 1989 Joined McKinsey & Company
 Feb. 2006 Executive Officer, Japan Post Holdings Co., Ltd.
 Oct. 2007 Senior Managing Executive Officer, Japan Post Holdings Co., Ltd. First Executive Officer, Japan Post Service Co., Ltd. (currently Japan Post Co., Ltd.)
 May 2010 Professor, Kenichi Ohmae Graduate School of Business (to present)
 July 2010 Executive Officer, Chief Operating Officer, The Tokyo Star Bank, Limited
 June 2011 Director of the Company (to present)
 Sep. 2012 Counselor, Nuclear Damage Liability Facilitation Fund (currently Nuclear Damage Compensation and Decommissioning Facilitation Corporation)
 Apr. 2014 Dean, Faculty of Business Administration Professor, Business Breakthrough University (to present)
 June 2014 Director, Business Breakthrough, Inc. (to present)
 June 2015 Director, Public Utility Fund Japan-North America Medical Exchange Foundation (to present)
 Chairperson of the Nomination Committee of the Company (to present)
 July 2015 Lead Independent Director of the Company (to present)
 Apr. 2016 Vice President, Business Breakthrough University (to present)
 Sep. 2016 Advisor to Tokyo Metropolitan Government (to present)
 Special advisor to the Tokyo Metropolitan Government Political Reform Headquarters (to present)
 June 2017 Member of the Compensation Committee of the Company (to present)

Masao Namiki Independent Director, Member of the Audit Committee

Apr. 1975 Joined Tokyo Shibaura Electric Co., Ltd. (currently TOSHIBA CORPORATION)
 June 2003 Executive Officer, Corporate Vice President, TOSHIBA CORPORATION
 June 2005 Executive Officer, Corporate Senior Vice President, TOSHIBA CORPORATION
 June 2007 Executive Officer, Corporate Executive Vice President, TOSHIBA CORPORATION
 June 2008 Director, Executive Officer, Corporate Executive Vice President, TOSHIBA CORPORATION
 June 2009 Director, Representative Executive Officer, Corporate Senior Executive Vice President, TOSHIBA CORPORATION
 June 2011 Senior Advisor, TOSHIBA CORPORATION
 June 2012 Director of the Company (to present)
 June 2015 Member of the Audit Committee of the Company (to present)

Shiro Kuniya Independent Director, Chairperson of the Compensation Committee

Apr. 1982 Registered as an attorney (to present)
 Joined Oh-ebashi Law Offices (currently Oh-ebashi Lpc & Partners)
 May 1987 Registered as an attorney at law, New York Bar Association (to present)
 June 1997 Outside Audit & Supervisory Board Member, Sunstar Inc.
 Aug. 2002 Managing Partner, Oh-ebashi Lpc & Partners (to present)
 June 2006 Outside Audit & Supervisory Board Member, NIDEC CORPORATION
 Mar. 2012 Outside Director, NEXON Co., Ltd. (to present)
 June 2012 Director of the Company (to present)
 June 2013 Outside Director, Sony Financial Holdings Inc. (to present)
 Outside Audit & Supervisory Board Member, Takeda Pharmaceutical Company Limited (to present)
 June 2015 Chairperson of the Compensation Committee of the Company (to present)
 June 2016 Outside Director (Chairperson of Audit and Supervisory Committee), Takeda Pharmaceutical Company Limited (to present)

Nobuko Matsubara Independent Director, Member of the Nomination Committee

Apr. 1964 Entered Ministry of Labor
 Mar. 1987 Director of International Labor Division, Ministry of Labor
 Oct. 1991 Director-General of Women's Bureau, Ministry of Labor
 July 1997 Administrative Vice Minister, Ministry of Labor
 Apr. 1999 Chairman, Japan Association for Employment of Persons with Disabilities (currently Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers)
 Sep. 2002 Ambassador Extraordinary and Plenipotentiary of Japan to Italy
 Nov. 2002 Ambassador Extraordinary and Plenipotentiary of Japan to Albania, to San Marino and to Malta
 Jan. 2006 Advisor, Incorporated Foundation of Japan Institute for Women's Empowerment & Diversity Management (currently Public Interest Incorporate Foundation of Japan Institute for Women's Empowerment & Diversity Management)
 June 2006 External Director, MITSUI & CO., LTD.
 July 2006 Chairman, Japan Institute for Women's Empowerment & Diversity Management
 June 2008 Outside Director, Daiwa Securities Group Inc. (to present)
 July 2012 Honorary Chairman, Japan Institute for Women's Empowerment & Diversity Management (to present)
 Nov. 2014 Chairman, Public Interest Incorporated Foundation Nihon FULLHAP
 June 2015 Director of the Company (to present)
 Member of the Nomination Committee of the Company (to present)
 Mar. 2017 Outside Director, Dentsu Inc. (to present)

Hajime Sawabe Independent Director, Member of the Compensation Committee

Apr. 1964 Joined Tokyo Denki Kagaku Kogyo K.K. (currently TDK Corporation)
 June 1996 Director, Executive Vice President of Recording Device Business, TDK Corporation
 June 1998 President & Representative Director, TDK Corporation
 June 2006 Chairman & Representative Director, TDK Corporation
 Mar. 2008 Outside Director, Asahi Glass Co., Ltd.
 June 2008 Outside Director, TEIJIN LIMITED
 Outside Director, Nomura Securities Co., Ltd.
 June 2009 Outside Director, Nomura Holdings, Inc.
 Mar. 2011 Outside Audit & Supervisory Board Member, Nikkei Inc. (to present)
 June 2011 Director, Chairman of the Board & Directors, TDK Corporation
 Oct. 2011 Councilor, Waseda University (to present)
 Apr. 2012 Executive Adviser, Japan Management Association (to present)
 June 2012 Executive Advisor, TDK Corporation (to present)
 July 2014 Vice President, Board of Trustees, Waseda University (to present)
 June 2015 Outside Director, Japan Display Inc.
 Director of the Company (to present)
 Member of the Compensation Committee of the Company (to present)

Shozo Yamazaki Independent Director, Member of the Audit Committee

Nov. 1970 Entered Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)
 Sep. 1974 Registered as a certified public accountant (to present)
 July 1991 Representative Partner, Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
 July 2010 Chairman and President, The Japanese Institute of Certified Public Accountants
 July 2013 Advisor, The Japanese Institute of Certified Public Accountants (to present)
 Apr. 2014 Professor, Tohoku University Accounting School (to present)
 Feb. 2015 Outside Audit & Supervisory Board Member, Tohoku University Venture Partners Co., Ltd. (to present)
 June 2015 Director of the Company (to present)
 Member of the Audit Committee of the Company (to present)
 Outside Audit & Supervisory Board Member, Regional Economy Vitalization Corporation of Japan (to present)

Izumi Sato Independent Director, Member of the Audit Committee

Apr. 1987 Registered as an attorney (to present)
 Joined Fukuda, Nakagawa & Yamakawa Law Office
 Jan. 1996 Established Izumi Sato Law Office (to present)
 Apr. 2002 Part-time Instructor, Nihon University Law School
 June 2002 Part-time Director, Japan Iron and Steel Recycling Institute (to present)
 Apr. 2014 Part-time Instructor, Keio University Law School (to present)
 June 2014 Councilor, Japan Automobile Recycling Promotion Center (to present)
 June 2015 Director of the Company (to present)
 Member of the Audit Committee of the Company (to present)
 Apr. 2016 Member of the Tokyo Pollution Review Board (to present)

Tetsuji Fujimoto Director, Chairperson of the Audit Committee

Apr. 1976 Joined the Company
 Apr. 2004 Executive Officer of the Company
 Division Executive, Financing & Corporate Accounting, Corporate Group of the Company
 June 2007 Director of the Company (to present)
 Apr. 2008 Managing Executive Officer of the Company
 Apr. 2011 Responsible for Group Management, Finance & Accounting and Internal Control of the Company
 Apr. 2012 President and Representative Director of EBARA Environmental Plant Co., Ltd.
 June 2012 Senior Managing Executive Officer of the Company
 Apr. 2013 President, Environmental Engineering Company of the Company
 June 2015 Chairperson of the Audit Committee of the Company (to present)

Manabu Tsujimura Director, Senior Managing Executive Officer

Apr. 1974 Joined the Company
 June 2002 Executive Officer of the Company
 Apr. 2007 Managing Executive Officer of the Company
 Apr. 2009 Division Executive, Technologies, Research & Development Division of the Company
 June 2009 Director of the Company (to present)
 Apr. 2011 President, Precision Machinery Company of the Company
 Responsible for Technologies, R&D and Intellectual Property of the Company (to present)
 Apr. 2013 Senior Managing Executive Officer of the Company
 June 2015 Senior Managing Executive Officer of the Company (to present)

Atsuo Ohi Director, Senior Managing Executive Officer

Apr. 1981 Joined the Company
 Apr. 2008 Executive Officer of the Company
 Oct. 2008 Division Executive, Corporate Strategy Planning Division of the Company
 Apr. 2010 Managing Executive Officer of the Company
 Apr. 2011 Head of Business Unit, Global Marketing & Sales Business Unit, Fluid Machinery & Systems Company of the Company
 Apr. 2012 Vice President, Fluid Machinery & Systems Company, Head of Business Unit, Global Pump Business Unit, Fluid Machinery & Systems Company of the Company
 June 2012 Director of the Company (to present)
 Apr. 2013 President, Fluid Machinery & Systems Company of the Company (to present)
 Apr. 2014 Senior Managing Executive Officer of the Company
 June 2015 Senior Managing Executive Officer of the Company (to present)

Shusuke Tsumura Director, Member of the Audit Committee

Apr. 1981 Joined the Company
 July 2009 General Manager, Finance & Accounting Department, Finance & Corporate Accounting Division of the Company
 Apr. 2012 General Manager, Group Management Department of the Company
 Apr. 2013 Deputy Division Executive, Finance & Accounting Division of the Company
 June 2014 Full-Time Audit & Supervisory Board Member of the Company
 June 2015 Director of the Company (to present)
 Member of the Audit Committee of the Company (to present)

Corporate Governance

The EBARA Group has established the “EBARA Way,” composed of its “Founding Spirit,” “Corporate Philosophy,” and the “EBARA Group CSR Policy” as the EBARA Group’s identity and set of values to be shared across the Group. Under the EBARA Way, EBARA upholds the enhancement of corporate value through sustainable business development and sharing the results with all stakeholders including shareholders as its most important management objectives. To achieve such objectives, we constantly seek the best possible corporate governance and strive toward its further enhancement.

The EBARA Group has also established the “EBARA Corporate Governance Basic Policy,” and will endeavor to ensure the implementation of the basic policy and to further enhance its corporate governance.

Reference EBARA Corporate Governance Basic Policy
http://www.ebara.co.jp/en/about/ir/Governance/governance/_icsFiles/afiedfile/2017/09/27/20170922basic_policy.pdf

Corporate Governance Basic Policy

The Company’s basic policies for corporate governance are as follows.

- Respect for shareholders’ rights and ensuring equality among shareholders**
The Company respects shareholders’ rights and fosters an environment for shareholders to effectively exercise their rights while ensuring equality among shareholders.
- Respect for the interest of stakeholders and appropriate cooperation with them**
The Company strives to appropriately cooperate with various stakeholders, including customers, business partners, employees, and local communities. The Company also strives to develop a corporate culture and climate in which such stakeholders’ rights and viewpoints are respected and business is effectively executed.
- Ensuring appropriate disclosure and transparency**
The Company strives to ensure management transparency through adequate disclosure of its corporate information.
- Clear separation between supervision and business execution in management**
The Company has established a governance system comprising mainly Non-Executive Directors, including Independent Directors who play important roles. The Company has adopted a “Company with Three Committees” system to ensure the clear separation between supervision and execution in management.
- Constructive dialogue with shareholders and other investors**
The Company engages in constructive dialogue with shareholders and investors on the basis of its IR Basic Policy, with a view to contributing to sustainable growth and the medium-to-long-term enhancement of corporate value.

Initiatives for Strengthening Corporate Governance

Transition to the Company with Three Committees System (June 2015~)
 EBARA has adopted the organization form of the “Company with Three Committees” with the Nomination Committee, the Compensation Committee, and the Audit Committee as statutory committees under the Board of Directors with the aim of facilitating the implementation of the aforementioned basic policies for corporate governance and strengthening corporate governance from the following perspectives.

Independence and Objectivity of Management Supervision
 With the Board of Directors consisting mainly of Independent Directors and Non-Executive Inside Directors, we intend to reinforce the management supervision function of the Board of Directors from the perspectives of independence and objectivity in order to enhance its transparency. In addition, the quality of business execution will be monitored from an objective perspective to provide oversight for improving this quality.

Expansion of Executive Authority and Enhancement of Flexibility and Competitiveness
 We intend to promote flexible and swift business management and establish an environment that will support the reinforcement of competitiveness and facilitate appropriate risk-taking in business execution by ensuring the clear division of roles and responsibilities between the Board of Directors and Executives and by delegating authority to Executives for an extensive range of business execution.

Establishment of Systems that are Up to Global Standards
 We intend to establish corporate governance systems that are clear and easy to understand with reference to global standards. As part of the evaluation of the Board of Directors conducted in the fiscal year ended March 31, 2016, we performed benchmark analysis with the cooperation of a third party organization, and it was found that the composition of the Company’s Board of Directors not only complied with all of the principles of Japan’s Corporate Governance Code, but also met almost all of the generally accepted international standards.

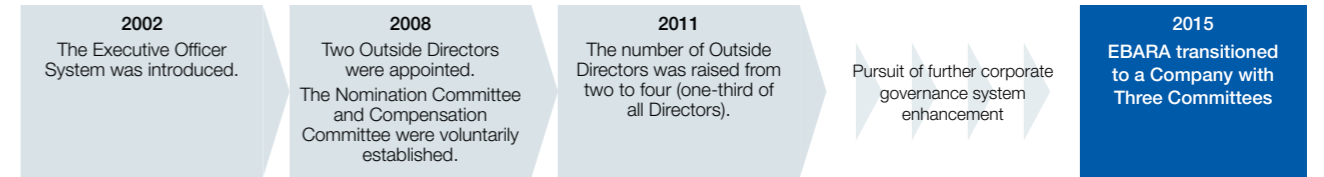
Adoption of All Principles of Japan’s Corporate Governance Code

The EBARA Group agrees with the intent of Japan’s Corporate Governance Code, which was established by the Tokyo Stock Exchange, and has adopted all of the principles therein. This fact is clearly indicated in the Company’s Corporate Governance Report, which also contains detailed information

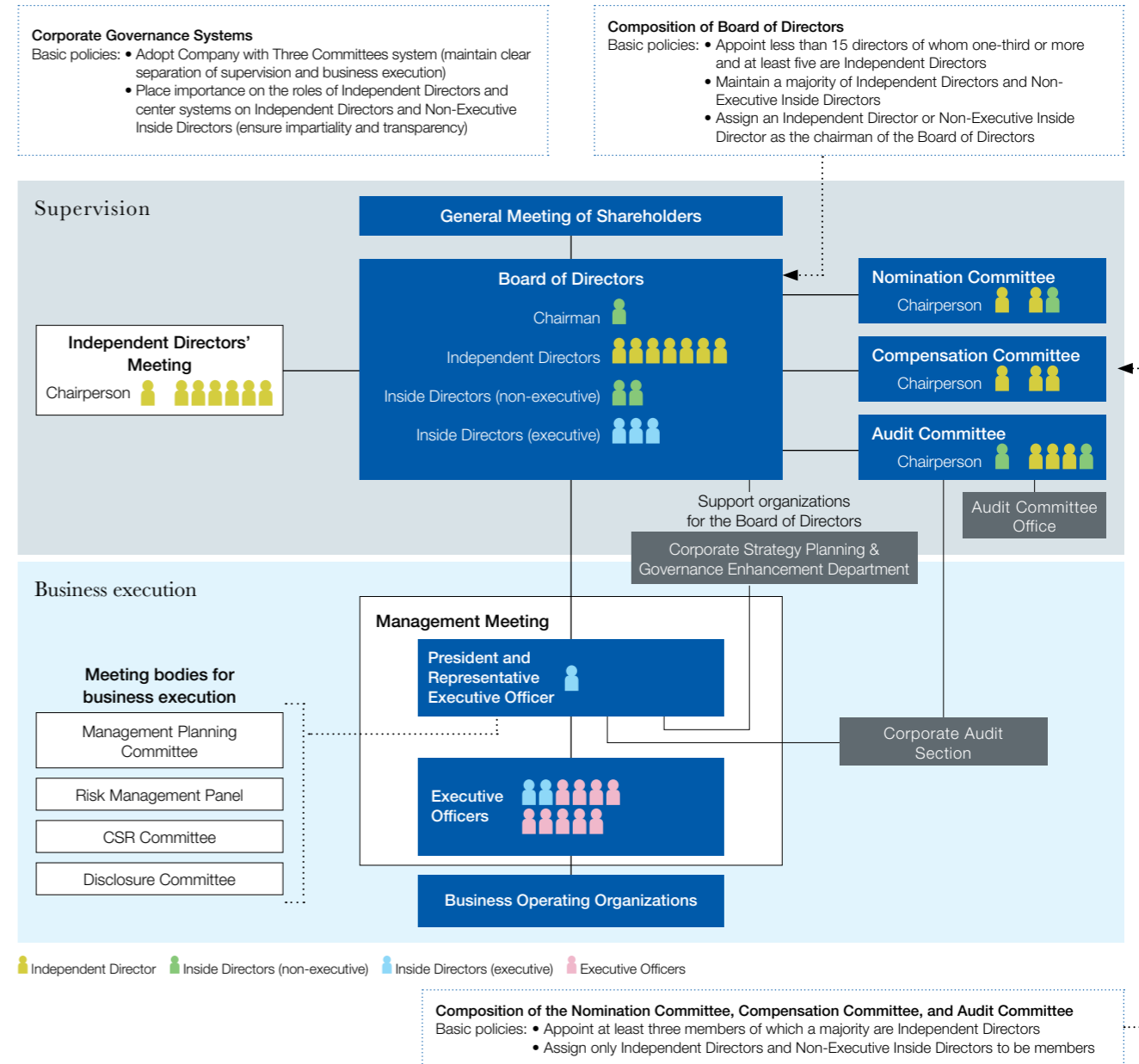
on all 11 principles for which the code requires disclosure as well as on initiatives related to all other principles and supplementary principles.

Reference Corporate Governance Report
http://www.ebara.co.jp/en/about/ir/Governance/governance/_icsFiles/afiedfile/2017/11/17/corporategovernance171117_1.pdf

Transformation of Corporate Governance System



Corporate Governance Systems (As of June 23, 2017)



Message from an Independent Director

Effectiveness Founded on Accurate Recognition and Shared Sense of Urgency



Sakon Uda
Lead Independent Director

In the fiscal year ended March 31, 2017, EBARA made steady progress out of recognition of the need to address the medium-to-long-term management issues identified in an evaluation of the Board of Directors conducted in the last fiscal year. Also, in this fiscal year, the E-Plan 2019 medium-term management plan was established. Accordingly, discussions in the Independent Directors' Meeting were focused on the medium-to-long-term strategies of each business. We also devoted a significant amount of time to discussions about Companywide measures, such as those pertaining to organizational and human resources system reforms.

In the fiscal year ending December 31, 2017, we will engage in even more in-depth discussions at meetings of the Nomination Committee, the Compensation Committee, and the Audit Committee. EBARA cannot weather the storms to come if its Board of Directors and the committees are not effective at performing their tasks. It is only when Independent Directors accurately recognize the challenges facing the Company and share a sense of urgency with the executive management team that the Board of Directors can truly boast effectiveness. The first year of E-Plan 2019 will also be an important time. I will therefore devote myself to ensuring that all discussions in the Board of Directors and the committees are fruitful so that EBARA can continue to grow.

Independent Directors

Role of Independent Directors

The Company recognizes that the role of Independent Directors is important to ensuring the Board of Directors can exercise an effective supervisory function. Accordingly, Independent Directors are expected to verify and assess as appropriate the business results of the Company and the performance of Executive Officers in consideration of the management strategies or management plans set out by the Board of Directors and determine and express opinions on whether it is appropriate to delegate management responsibilities to the incumbent Executive Officers from an independent perspective.

Specialties and Independence of Independent Directors

To effectively fulfill the role described above, Independent Directors must have adequate specialized knowledge in areas

important to company management and must also be able to contribute to discussions on the essence of management from a position that is completely independent from the execution of business in terms of both personal and economic interests. To ensure that Independent Directors possess these qualities, the Company appoints individuals who meet the criteria set out in the Independence Standards of Independent Directors of EBARA. Currently, all seven of the Company's Independent Directors are registered as independent directors with the Tokyo Stock Exchange.

Reference The Independence Standards of Independent Directors of EBARA can be found on page 30 of the Notice of the 152nd Ordinary General Meeting of Shareholders.
http://www.ebara.co.jp/en/about/ir/stock/shareholdersmeeting/_icsFiles/afiedfile/2017/05/30/E6361_152_1_1.pdf

Board of Directors

(Meetings in the fiscal year ended March 31, 2017: 14)

Role of Board of Directors

The Board of Directors is charged with three major responsibilities: indicating the directions for important corporate strategies, establishing frameworks to allow for appropriate risks to be taken in business execution, and providing highly effective oversight for business execution from an objective and independent standpoint. In addition, the Board of Directors is expected to exercise both leadership from the perspectives of defensive functions and growth-oriented functions. In terms of defensive functions, the Board will work to establish regulatory frameworks for preventing the occurrence of scandals and the materialization of other downside risks. From the perspective of growth-oriented functions, the Board will ensure that systems are in place to allow management to take bold action to prevent the loss of upside risk (such as business opportunities). In the fiscal year ended March 31, 2017, a sufficient amount of time was devoted to deeper discussion of medium-to-long-term issues including the following.

Major Issues Discussed by the Board of Directors in the Fiscal Year Ended March 31, 2017

- Establishment of annual management plan and key performance indicators for business segments
- Evaluation of the Board of Directors' Effectiveness
- Basic policies of the new medium-term management plan and progress reports
- Growth strategies (organic growth and M&A strategies)
- Organizational and human resources system reforms
- Investor relations activity reports
- Executive Officer CSR action plans

Evaluation of the Board of Directors' Effectiveness

The Company believes it is necessary to pursue the best possible corporate governance systems and strive for further enhancement at all times. Annual evaluations of the effectiveness of the Board of Directors are conducted to evaluate the

contributions it makes and the results are disclosed. The Company then works to resolve any issues that come to light.

Evaluation of the Board of Directors' Effectiveness in the Fiscal Year Ended March 31, 2017

1. Analysis and Evaluation Process

With the cooperation of a third-party organization, the Company had each Director complete a questionnaire and then held individual interviews with all of the Directors based on their responses to the questionnaire. Furthermore, the state of improvements made with regard to issues identified in the benchmark analysis* performed during the fiscal year ended March 31, 2016, was evaluated. Based on the results, the Board of Directors discussed its effectiveness at meetings held in May and June 2017 and confirmed the evaluation of its effectiveness and the future actions to be taken.

* Benchmark analysis performed in the fiscal year ended March 31, 2016, evaluating the Company's corporate governance systems in comparison to global standards and to three domestic companies and two U.S. companies that represent good examples

2. Summary of the Results of the Analysis and Evaluation

It was found that Directors' evaluations of the composition and status of operation of the Company's Board of Directors and Committees were generally high, indicating that they are being operated appropriately. Particular improvement in effectiveness was confirmed with regard to the following items.

- Sufficient time spent on medium-to-long-term issues to conduct deeper discussion when formulating the new medium-term management plan
- Progress made in improvements addressing issues recognized in the evaluation for the fiscal year ended March 31, 2016 (enhancement of discussion of medium-to-long-term issues and the communication of information to capital

markets and improvement of the efficiency of proceedings in meetings of the Board of Directors)

- High level of contribution to discussions by Independent Directors

Based on the above, the evaluation of the Board of Directors concluded that the Board of Directors is fully exercising its oversight functions and that greater effectiveness has been provided.

3. Action to Be Taken

The evaluation of the Board of Directors conducted in the fiscal year ended March 31, 2017, found that it is necessary to enhance discussions and deepen understanding regarding long-term issues that may influence the improvement of corporate value. In addition, we recognize the need to periodically review the status of the Board of Directors in order to ensure that its scale and composition are ideal given changes in the Company's business and operating environment. Based on this recognition, we have identified the following four areas in which ongoing action should be taken as an important aspect of ensuring the effectiveness of the Board of Directors oversight function.

- Enhancement of identification and discussion of long-term issues contributing to the improvement of corporate value
- Periodic reviews of the size and composition of the Board of Directors
- Enhancement of discussion on succession planning in the Nomination Committee
- Ongoing monitoring of the state of progress of the new medium-term management plan (E-Plan 2019)

Reference Overview of the Results of the FY2016 Evaluation about the Effectiveness of the Company's Board of Directors
http://www.ebara.co.jp/en/about/ir/Governance/governance/_icsFiles/afiedfile/2017/06/27/board_evaluation_FY2016_en_1.pdf

(Members: 3 (of whom 2 are Independent Directors and 1 is a Non-Executive Inside Director); Chairperson: Independent Director; Meetings in the fiscal year ended March 31, 2017: 7)

Nomination Committee

The Nomination Committee is mainly responsible for decisions on the proposals submitted to the General Meeting of Shareholders concerning the election and dismissal of Directors, recommendations to the Board of Directors concerning the election and dismissal of Executive Officers, and recommendations to the Board of Directors concerning the appointment and dismissal of Directors with special titles and Executive Officers with special titles. In addition, the Nomination Committee is also tasked with the formulation of plans for the succession of the President and Representative Executive Officer.

Plans for the Succession of the President and Representative Executive Officer

The Nomination Committee selects candidates for becoming the next President and Representative Executive Officer based on the Company's management strategies. Candidates are chosen from a broad age group, and the committee reviews qualifications of each candidate and identifies the skills and experience each candidate needs to acquire.

(Members: 3 (of whom 3 are Independent Directors); Chairperson: Independent Director; Meetings in the fiscal year ended March 31, 2017: 3)

Compensation Committee

The Compensation Committee decides on policies for individual compensation of Directors and Executive Officers along with the amounts of individual compensation for Directors and Executive Officers in addition to making recommendations to the Board of Directors concerning

officer compensation systems, including those of affiliates.

Information on the compensation systems developed based on the policies decided by the Compensation Committee can be found in the "Compensation Systems" section on page 49 of this report.

Audit Committee

(Members: 5 (of whom 3 are Independent Directors and 2 are Non-Executive Inside Directors); Chairperson: Non-Executive Inside Director; Meetings in the fiscal year ended March 31, 2017: 14)

The Audit Committee is responsible for conducting audits to assess whether or not Directors, Executive Officers, and employees of the Company and its subsidiaries are in compliance with legal obligations and internal regulations. In addition, the committee endeavors to monitor Executive Officers and verify whether they execute their duties in a sound, fair,

appropriate, and efficient manner in accordance with the basic policies for management and the medium- and long-term management plans, which are established by the Board of Directors. The Audit Committee pursues appropriate coordination with Independent Auditors and the Internal Audit Division in order to ensure effective and efficient auditing activities.

Independent Directors' Meetings

(Meetings in the fiscal year ended March 31, 2017: 13)

The Independent Directors' Meetings were established out of recognition of the need for meetings exclusively for Independent Directors based on consideration for the necessity of frameworks for supplying Independent Directors with sufficient

information and of sharing awareness of issues and building consensus. Through these meetings, Independent Directors are able to freely exchange information and foster shared recognition as required to perform their duties.

Executive Management System

Executive Officers are elected by a resolution of the Board of Directors. Executive Officers determine matters related to the execution of duties as delegated by the Board of Directors and perform such duties in line with the overall direction of management philosophy and strategies as decided by the Board of Directors. Although all 12 of the Executive Officers are currently Japanese men, the Company is considering the appointment of female Executive Officers and Executive

Officers of foreign nationality in the future from the standpoint of diversity. The Management Meeting, made up of all Executive Officers, is in place as a consultative body for facilitating decision making by the President and Representative Executive Officer. The execution of duties by Executive Officers is supervised by the Board of Directors and audited by the Audit Committee to ensure that such execution is performed in a sound, fair, appropriate, and efficient manner.

CSR Promotion System

Independent Directors and Non-Executive Inside Directors are encouraged by the Board of Directors to attend meetings of the CSR Committee as observers, at which they offer advice as necessary, in order to provide appropriate oversight for important matters related to CSR management. The CSR Committee reports on its deliberations to the Board of

Directors, and the Board of Directors has established a system enabling it to exhibit supervisory functions by accurately understanding the status of proceedings of this committee.

Reference Information on compliance initiatives can be found in the "Compliance" section on page 53 of this report.

Risk Management

Non-Executive Inside Directors are encouraged by the Board of Directors to attend meetings of the Risk Management Panel (RMP) as observers, at which they offer advice as necessary, in order to provide appropriate oversight for important matters related to risk management. The RMP reports on its deliberations to the Board of Directors, and the Board of Directors has

established a system enabling it to exhibit supervisory functions by accurately understanding the status of proceedings of this panel.

Reference Information on risk management initiatives can be found in the "Risk Management" section on page 52 of this report.

Internal Control System

The Group has set out the Basic Policy for Internal Control, and it strives to realize the system for ensuring appropriate operations approved by the Board of Directors.

Every year, Executive Officers perform self-evaluations on the development and operation status of internal controls, and the areas that should be improved are reflected in the next year's plan based on the results. In this fashion, the Company will continue making improvements. The results of these

self-evaluations by Executive Officers are reported to the Board of Directors, and the Board of Directors has established a system enabling it to exercise supervisory functions by accurately understanding these results.

Reference Information on the Basic Policy for Internal Control as well as the development and operation status of internal controls can be found in the Company's Corporate Governance Report. http://www.ebara.co.jp/en/about/ir/Governance/governance/_icsFiles/afildfile/2017/11/17/corporategovernance171117_1.pdf

Compensation Systems

Compensation of Directors

Compensation levels and the compensation system for Directors reflect the skills and experience of Directors as well as their roles in the Board of Directors and committees to encourage and supervise the execution of operations by the Executive Officers in line with the Company's management philosophy and strategies for the purpose of sustained growth of the Company and the medium-to-long-term enhancement of corporate value.

Compensation for Directors consists of basic compensation and share-based payment involving stock options enabling the evaluation of the medium-to-long-term enhancement of corporate value and is determined by the Compensation Committee. Furthermore, an additional allowance is paid to the Chairman of the Board of Directors, the Lead Independent Director, and the chairperson of each committee in consideration of the scope of their roles and responsibilities as well as the additional working hours required for executing their duties.

Compensation for Independent Directors, who are expected to fulfill their roles and responsibilities completely independent of the business execution of the Company, comprises basic compensation and share-based payment involving stock options that are not linked to performance.

The ratio of different types of compensation for Directors (basic compensation to annual bonus to long-term incentives) is as follows.

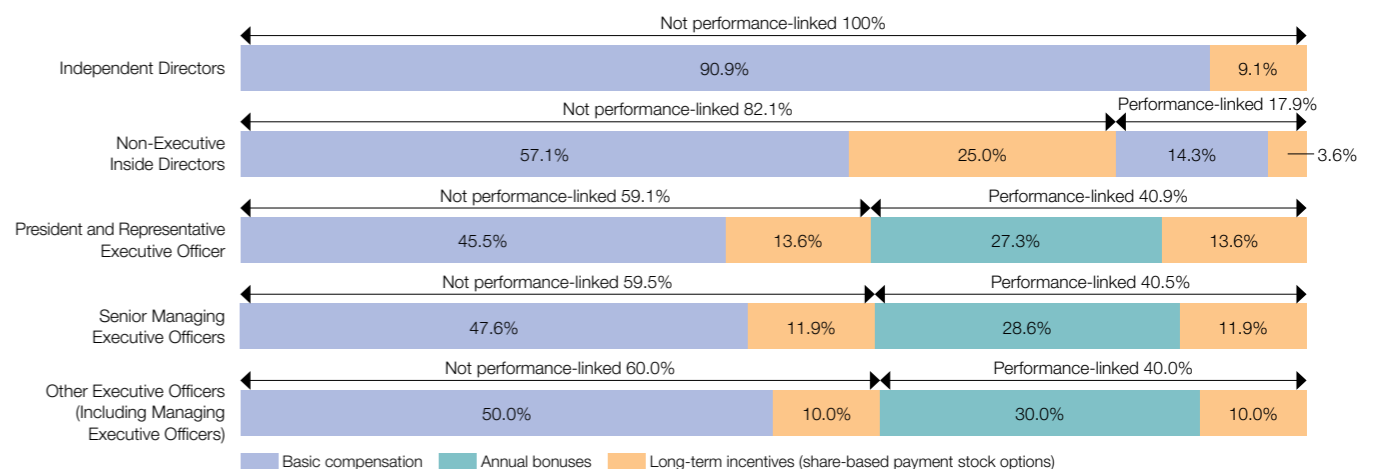
Compensation of Executive Officers

The compensation system for Executive Officers is linked to short-term and medium-to-long-term performance to encourage the execution of business in line with the management philosophy and management strategies and to provide strong motivation for the achievement of management targets. This system also provides an appropriate level of compensation when targets are met, for the purpose of sustained growth of the Company and the medium-to-long-term enhancement of corporate value.

The compensation for Executive Officers comprises basic compensation according to title, such as President and Representative Executive Officer or Senior Managing Executive Officer, a performance-linked annual bonus, and share-based compensation using stock options that are conditional on the achievement of performance targets set out in the medium-term management plan and is determined by the Compensation Committee. The share based compensation using stock options correlates the number of exercisable stock acquisition rights with consolidated return on invested capital (ROIC), which is set forth as a target performance indicator in the medium-term management plan. The compensation system for Executive Officers is designed to make the performance-linked portion larger than the portion of the basic compensation if numerical targets are achieved.

The ratio of different types of compensation is as follows. Long-term incentives shall be provided in the form of stock options that are conditional on the achievement of business performance objectives in order to increase the portion of compensation that is linked to performance in line with the weight of each Executive Officer's responsibility for that performance.

Composition of Compensation Paid to Directors and Executive Officers (If 100% of the target for performance-linked compensation is achieved)



Total Amounts of Compensation for Directors and Executive Officers (Fiscal Year Ended March 31, 2017)

Executive position	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)					
		Basic compensation		Bonuses		Stock options	
		Recipients	Amount	Recipients	Amount	Recipients	Amount
Directors of the Board (excluding Independent Directors)	244	4	152	—	—	4	91
Independent Directors	100	7	92	—	—	7	8
Executive Officers	620	15	313	13	150	15	156
Total	965	26	557	13	150	26	257

Notes: 1. Compensation paid to Directors for serving concurrently as Executive Officers is included in the Executive Officer compensation column.
2. The basic compensation (limited to performance-linked portion) of Non-Executive Inside Directors and bonuses of Executive Officers are calculated based on the performance of the EBARA Group, the performance of the relevant division, and an evaluation of the individual's performance in the fiscal year under review, and amounts are determined individually after deliberation in the Compensation Committee.
3. Basic compensation shown is the total amount of basic compensation paid to Directors and Executive Officers in office as of March 31, 2017, for the term of office of each Director and Executive Officer for the fiscal year ended March 31, 2017, and basic compensation paid to the two Executive Officers who retired at the conclusion of the meeting of the Board of Directors held on June 24, 2016, for their terms of office during the fiscal year ended March 31, 2017.
4. Bonuses shown are the total amount of bonuses paid to Executive Officers in office as of March 31, 2017, for the fiscal year ended March 31, 2017.
5. Stock options shown is the total amount of stock options granted to Directors and Executive Officers in office as of March 31, 2017, for the term of office of each Director and Executive Officer for the fiscal year ended March 31, 2017, and stock options granted to the two Executive Officers who retired at the conclusion of the meeting of the Board of Directors held on June 24, 2016, for their terms of office during the fiscal year ended March 31, 2017. Stock options are calculated at the fair value of subscription rights to shares and shown as the amount recorded as an expense in the fiscal year under review.

Dialogue with Shareholders and Other Investors

The EBARA Group recognizes the development of a long-term trusting relationship with shareholders and other investors as one of its most important management matters. The EBARA Group provides appropriate corporate information necessary for shareholders and other investors to make investment decisions and strives to further strengthen its trusting relationship with these stakeholders on a continuous basis by engaging in investor relations (IR) activities for enhancing its corporate value through constructive dialogue.

The Board of Directors practices appropriate oversight of the dialogue with shareholders and other investors, positioning it as an important management issue. To facilitate this

oversight, the Board of Directors receives quarterly reports on IR activities by the division responsible for these activities, and directors offer advice as necessary.

In regards to the EBARA Group IR structure, in principle, the IR Department (Investor Relations Section, Corporate Strategy Planning & Governance Enhancement Department), which is under the direct control of the President, performs all IR activities with the President and Representative Executive Officer as the Chief Executive. Furthermore, Directors (including Independent Directors), Executive Officers, and other members of top management have opportunities to hold dialogues directly with shareholders and investors as necessary.

IR Activities

IR Meetings	The Company regularly explains its performance and management strategies through daily meetings with domestic and overseas institutional investors as well as during visits to individual overseas institutional investors in Europe, the United States, and other locations. The Company also participates in domestic and overseas conferences organized by securities companies. In addition, it engages in discussions focused on environmental, social, and governance (ESG) information pertaining to the Company.
Regular Financial Results Presentation Meetings for Analysts and Institutional Investors	Presentation meetings are held after the release of the annual and six-month financial results, where the President and Representative Executive Officer and executives responsible for each business segment give presentations on the Company's business performance and management strategies. In addition, presentation meetings in the form of teleconferences are held after the release of the three-month and nine-month financial results.
IR Events	Several factory tours are held each year for private and institutional investors, and executives responsible for business segments give presentations on business activities, factories, and products. In addition, presentations on business activities for each business segment are held for analysts and institutional investors as appropriate. In the fiscal year ended March 31, 2017, a presentation meeting was held on the compressors and turbines business in September 2016 while another meeting was convened in March 2017 to explain the new E-Plan 2019 medium-term management plan.
Facilitation of Smooth Exercise of Voting Rights at General Meeting of Shareholders	In principle, convocation notices for the General Meeting of Shareholders are mailed around three weeks in advance. The convocation notices for the General Meeting of Shareholders for the fiscal year ended March 31, 2017, we mailed 21 days in advance, and these notices were uploaded on the Company's corporate website six days prior to their mailing. In order to facilitate the exercise of voting rights by overseas investors, English-language versions of convocation notices are prepared and uploaded on the Company's corporate website and on the Tokyo Stock Exchange's website together with their Japanese-language counterparts.

Executive Officers

(As of June 23, 2017)

Toichi Maeda* President and Representative Executive Officer

Manabu Tsujimura* Senior Managing Executive Officer,
Responsible for Technologies, R&D and Intellectual Property

Atsuo Ohi* Senior Managing Executive Officer,
President, Fluid Machinery & Systems Company

Nobuharu Noji Managing Executive Officer

Division Executive, Standard Pump Business Division, Fluid Machinery & Systems Company, Responsible for Chillers Business, Fluid Machinery & Systems Company

Apr. 1984 Joined the Company
Apr. 2006 Division Executive, Components Division, Precision Machinery Company
Apr. 2008 Executive Officer
Apr. 2011 Managing Executive Officer
Apr. 2013 Division Executive, Standard Pump Business Division, Operations of Technology and Production, Fluid Machinery & Systems Company
June 2013 Director
Apr. 2014 Head of Standard Pump Business Unit, Fluid Machinery & Systems Company
June 2015 Managing Executive Officer, Responsible for Chillers Business, Fluid Machinery & Systems Company (to present)
Apr. 2017 Division Executive, Standard Pump Business Unit, Fluid Machinery & Systems Company (to present)

Norio Kimura Managing Executive Officer

Division Executive, Custom Pump Division, Fluid Machinery & Systems Company

July 1990 Joined the Company
Apr. 2009 Executive Officer
Apr. 2011 Division Executive, New Business Drive Division, Precision Machinery Company
Apr. 2013 Division Executive, Components Division, Precision Machinery Company
Apr. 2014 Managing Executive Officer
June 2015 Managing Executive Officer (to present)
Apr. 2016 Head of Custom Pump Business Unit, Fluid Machinery & Systems Company
Apr. 2017 Division Executive, Custom Pump Division, Fluid Machinery & Systems Company (to present)

Masao Asami Managing Executive Officer

President, Precision Machinery Company

Apr. 1986 Joined the Company
Apr. 2010 Executive Officer
Apr. 2011 Division Executive, Sales and Marketing Division, Precision Machinery Company
Apr. 2014 Managing Executive Officer
June 2015 Managing Executive Officer (to present)
Apr. 2016 President, Precision Machinery Company (to present)

Akira Ichihara Managing Executive Officer

President, Environmental Engineering Company
President and Representative Director, EBARA Environmental Plant Co., Ltd.

Apr. 1977 Joined the Company
July 2007 Division Executive, Administration Division, Environmental Engineering Company
Apr. 2013 President and Representative Director, EBARA Environmental Plant Co., Ltd. (to present)
June 2015 Executive Officer
President, Environmental Engineering Company (to present)
Apr. 2016 Managing Executive Officer (to present)

Hisashi Iijima Executive Officer

Division Executive, Human Resources, Legal & General Affairs Division

Apr. 1976 Joined the Company
Apr. 2014 Executive Officer
Division Executive, Human Resources, Legal & Public Relations Division
Apr. 2015 Division Executive, Human Resources, Legal & General Affairs Division (to present)
June 2015 Executive Officer (to present)

Akihiko Nagamine Executive Officer

Division Executive, Finance & Accounting Division

Apr. 1982 Joined EBARA DENSAN LTD.
June 2006 Director of EBARA DENSAN LTD.
July 2010 Joined the Company
General Manager, Investment and Affiliates Supervision Department, Finance & Corporate Accounting Division
Apr. 2014 Division Executive, Finance & Accounting Division (to present)
Apr. 2015 Executive Officer
June 2015 Executive Officer (to present)
Responsible for Finance & Accounting, Group Management, and Internal Control

Toshiniko Miyashita Executive Officer

Responsible for Compressors and Turbines Business, Fluid Machinery & Systems Company

Apr. 1975 Joined the Company
Mar. 2011 President and Representative Director of Elliott Ebara Turbomachinery Corporation
Feb. 2014 Deputy COO of Elliott Group Holdings, Inc.
June 2015 Executive Officer (to present)
Responsible for Compressors and Turbines Business, Fluid Machinery & Systems Company
Apr. 2016 Deputy CEO of Elliott Group Holdings, Inc. (to present)

Seiji Katsuoka Executive Officer

Division Executive, CMP Division, Precision Machinery Company

Apr. 1994 Joined the Company
Apr. 2009 Executive Officer
Division Executive, Semiconductor Equipment Division, Precision Machinery Company
Apr. 2011 Division Executive, CMP Division, Precision Machinery Company (to present)
June 2016 Executive Officer (to present)

Akihiro Kida Executive Officer

Division Executive, System Business Division, Fluid Machinery & Systems Company

Apr. 1984 Joined the Company
Apr. 2011 Executive Officer
Deputy Head of Domestic Sales, Marketing & Service Business Unit, Fluid Machinery & Systems Company
June 2016 Executive Officer (to present)
Head of Domestic Sales, Marketing & Service Business Unit, Fluid Machinery & Systems Company
Apr. 2017 Division Executive, System Business Division, Fluid Machinery & Systems Company (to present)

* Director concurrently serving as an Executive Officer