

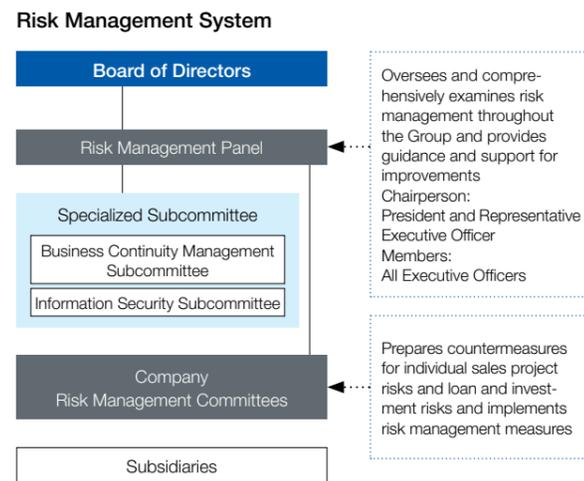
Risk Management

Basic Approach

The EBARA Group must reinforce its Group governance and risk management measures in order to support the global expansion of its business. To strengthen Group governance, we are revising our regulations for Group administration and ensuring these regulations are observed. In addition, we have established the Risk Management Guidelines,*1 which are meant to facilitate the development of risk management systems at Group companies based on shared targets, as well as the Internal Control Guidelines*2 aimed at enhancing internal controls. These and other frameworks are implemented at all Group companies. We will pursue ongoing improvements in our risk management system by utilizing and entrenching these frameworks.

*1. A guideline targeting improvements in risk management at overseas Group companies that was formulated by having each company conduct self-evaluations of their risk management level based on 12 areas, including the environment, anti-corruption, occupational safety, and human rights, and then establish a plan for the development of risk management systems to be implemented by the fiscal year ending December 31, 2019.

*2. Guidelines for self-inspections designed to help EBARA Group companies practice autonomy in establishing, implementing, and improving internal controls



Priority Strategies and Progress

EBARA endeavors to spread the risk management measures it has been implementing to Group companies and to entrench these measures at these companies. In addition, business continuity management and information security measures will be reinforced overseas, where such efforts have previously been lacking, to support the global development of the Group's businesses.

	Strategy	Progress
Reinforcement of governance at overseas subsidiaries and throughout the Group	Deploy the Internal Control Guidelines at Group companies	Supported implementation at Group companies and expanded guideline items
Prevention of risks and swift and effective response to risks that do materialize	Introduce Risk Management Guidelines at Group companies	Conducted follow-up monitoring of Group companies (status monitoring, improvement instructions)
	Continue risk management centered on Risk Management Panel	Held nine Risk Management Panel meetings (including four regular meetings and individual project meetings) and established emergency contact reporting line in Japan and overseas
	Reinforce business continuity management and information security measures at overseas Group companies	Established Business Continuity Management Subcommittee and Information Security Subcommittee

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 5) Environmental risks*	Risk management committees and the Risk Management Panel discuss specific risks and major projects. We develop operations and conduct ISO audits based on ISO 14001 standards.
6) Other operational risks	We have established specialized committees for quality assurance and occupational safety as well as the Information Security Subcommittee. We prepare and implement policies for activities and action plans.
2. Crisis	We have established the Business Continuity Management Subcommittee. Each division has a business continuity plan and conducts education and training. We have established a contact system and prepared 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.

Compliance

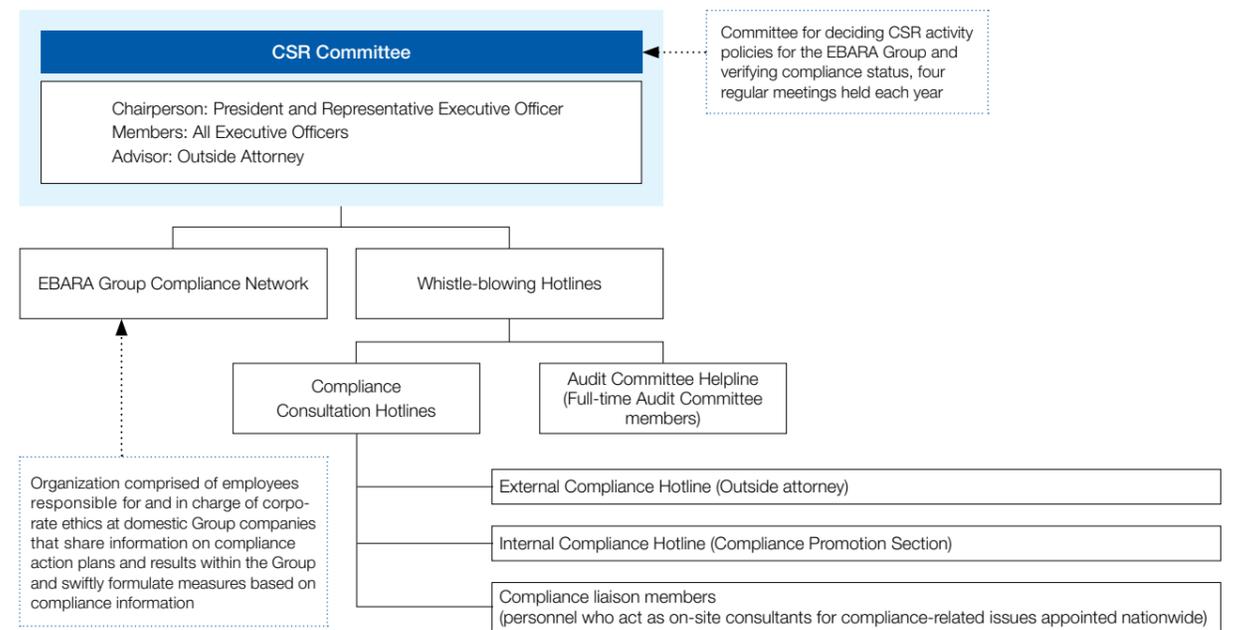
Basic Approach

We practice compliance based on 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. In addition to legal compliance, the Group makes conscientious efforts to conform to in-house regulations and other rules, social norms, and common sense in its business activities.

The Group is well aware of the fact that a scandal resulting from a failure to guarantee compliance would undoubtedly have a severe adverse impact on its management foundations. To ensure good compliance, we have established the CSR Committee, the EBARA Group Compliance Network, the compliance liaison system, and whistle-blowing hotlines.

Reference The entire text of the EBARA Group Code of Conduct is available on EBARA CORPORATION's website http://www.ebara.co.jp/en/about/csr/ethics/corporate_ethics/index.html

The EBARA Group's Compliance System



Priority Strategies and Progress

	Strategy	Progress
Thorough compliance and anti-corruption	Analyze and improve compliance awareness	Revised compliance surveys and confirmed good level of compliance awareness through comparison with external benchmarks and analysis of awareness levels and risks by company and division
	Extend the coverage of overseas EBARA Group hotlines	Established hotlines allowing for consultation with attorney's offices in five companies in China, one company in Vietnam, and one company in Indonesia and held hotline briefings and anti-corruption training
	Continue Anti-Corruption Program*	Reasserted commitment to Anti-Corruption Program and spread awareness through declarations by representatives of overseas Group companies and performed training based on basic policies on anti-corruption and rules on corruption prevention (training at Group companies and for individuals dispatched overseas)

* Risk management program implemented at the Company and its subsidiaries that require the formulation of (1) an anti-corruption declaration issued by a top company representative, (2) basic policies on anti-corruption, and (3) rules on corruption prevention