

3. The EBARA Group operates in a spirit of free and fair competition.

ISO 26000
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Respect for the rule of law

Respect for international norms of behaviour

Fair operating practices

Compliance

Various compliance-related measures including a CSR Committee chaired by the president have been established to ensure total compliance based on the conduct of fair and ethical business.

 **EBARA Group Compliance System Chart**
<http://www.ebara.co.jp/en/csr/ethics.html>

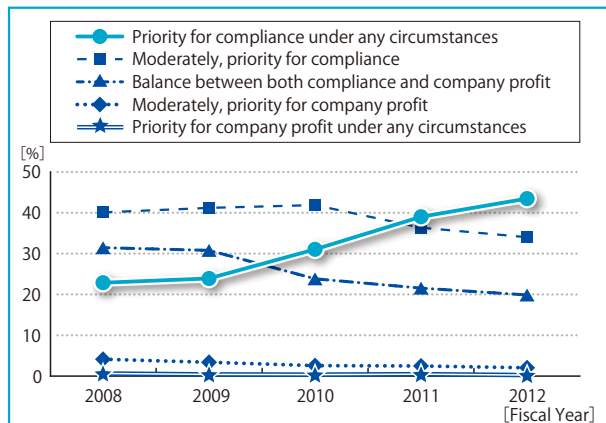
To prevent legal violations and maintain competitiveness and trust from society, a specialized division confirms the most recent laws relating to export operations, the construction business, procurement, and proper trading, disseminates the information throughout the Group, and continuously checks on the status of compliance in each business segment. In addition, the EBARA Group Code of Conduct was adopted and is practiced as standards for legal compliance as well as fair and ethical conduct by Group officers and employees.

 **EBARA Group Code of Conduct**
<http://www.ebara.co.jp/en/csr/code-of-conduct.html>

Continuously Raising Awareness of Compliance

To continuously raise awareness of compliance, we conduct repeated training and compliance awareness surveys. Levels of understanding of the training content and the results of the survey are incorporated into the training the following year, leading to higher awareness of compliance. The FY2012 compliance awareness survey revealed that overall awareness of the need to prioritize compliance is rising. Priority training is conducted in those organizations and group companies where awareness of compliance is low compared to the group as a whole to raise overall awareness.

Do you act with a priority on compliance at all times?



Whistle-blowing System

Four whistle-blowing desks were created to rapidly identify and address problem conduct. In addition to a compliance consultation hotline operated by an outside attorney, internal specialized departments and the corporate auditors also provide consultations. A compliance liaison system was also established to provide access to consultations near the workplace. All consultation desks are committed to protecting the privacy of employees who make reports to ensure that no detrimental treatment occurs. In FY2012, approximately 50 matters are reported and dealt with appropriately.

Anti-Corruption

To fulfill our obligations as a signatory company of the United Nations Global Compact and in response to the exposure of incidents involving bribery in the world, in FY2012 we reviewed our Anti-Corruption Programs and established the Basic Policy on Anti-Corruption.

In the basic policy, corruption is defined broadly as bribery, unfair competition, and dealing with anti-social forces. And the Anti-Corruption Program was adopted to prevent these corruptions.

Overview of the Anti-Corruption Program

1. Declaration by the Company's Top management.
2. Preparation of internal regulations
3. Familiarization and Education regarding Anti-Corruption
4. Establishment of consultation hotline
5. Implementation of internal audits
6. Creation of cooperative systems with external expert organization

To ensure compliance with the laws of the United States and other countries, the Anti-Corruption Program was established with advice and support from a law firm.

In FY2012, particular emphasis was placed on preventing bribery and measures to prevent bribery were restructuring. Of these, the declaration by the Company's Top management is distributed throughout the company and is posted on the EBARA Website.

 **Anti-Corruption Program**
<http://www.ebara.co.jp/en/csr/fair-practices/blocking-anti-social.html>

Review of Business Procedures

In accordance with the Basic Policy on Anti-Corruption, various internal operating procedures were reviewed and specific guidelines concerning client entertainment and other topics were established.

To prevent bribery by agencies with which the Company has entered into contract procedures with agencies and the content of contracts underwent review. Through these efforts, bribery was prevented by third parties including agencies.

3. The EBARA Group operates in a spirit of free and fair competition.

◇ Training Accommodating Occupational Position and Duty

Training sessions were held in FY2012 to support anti-corruption initiatives. The training sessions were conducted for each job position/title and provide necessary information to officers and employees. Training sessions for officers were conducted for all EBARA executive officer and higher level executives and for executive officers of domestic group companies. The training sessions for sales and marketing personnel explained internal procedures and provided comprehensive information on procedures for preventing corruption.

For all employees, the Company has prepared e-learning material which is explained by an outside attorney.



An executive training session

◇ Actions by Group Companies

Group companies in Japan adopt EBARA Group basic policies and establish anti-corruption programs same as EBARA and take necessary actions according to their individual business forms. In addition, overseas group companies implement other detailed actions in accordance with EBARA Group basic policies tailored to the circumstances in each country. In FY2013, we plan to take action with an emphasis on putting anti-corruption programs into practice at overseas group companies. Overseas group companies began conducting compliance training in cooperation with EBARA in FY2012 (page 12). The training topics include anti-corruption measures. This has resulted in a deeper understanding by overseas group company employees concerning compliance in their respective countries including examples of violations.

Fair Trading Practices

The EBARA Group adopted Procurement Policy and conducts trading in accordance with this policy.

Outline of the EBARA Group Procurement Policy

1. Provide fair and equitable opportunities
2. Economic rationality
3. Confidentiality
4. Mutual trust
5. Social responsibility
6. Green procurement

The Procurement Policy is posted on the EBARA Website.

 **EBARA Group Procurement Policy**
<http://www.ebara.co.jp/en/csr/fair-practices/procurement-policy/>

The EBARA Group CSR Procurement Guidelines include the following nine items:

1. Compliance
2. Consideration for human rights, health and safety
3. Environmental conservation
4. Ensuring proper quality, price, delivery and safety
5. Improvement of technical capabilities
6. Information disclosure
7. Information security
8. Protection of intellectual property
9. Dissociation from antisocial forces

We request our suppliers of materials, parts, and other goods to cooperate with us in regards to these nine items.

We opened an inquiry contact for CSR procurement-related inquiries . tyotatu-gyomu0@ebara.com

 **EBARA Group CSR Procurement Guidelines**
<http://www.ebara.co.jp/en/csr/fair-practices/procurement-policy/guidelines-02.pdf>

◇ Identifying Risks of Legal Violations relating to Trading

To ensure strict compliance with the Anti-Monopoly Act, Construction Business Act, and other laws and regulations, each division uses a tool known as a risk map to make proposals for identifying and reducing risks.

Future Measures Relating to the Supply Chain

The EBARA Group position fair and equitable procurement practices as an ongoing objective. In FY2013, we plan to conduct a survey on our suppliers with the aim of raising awareness of the CSR Procurement Guidelines and grasping the extent of their efforts towards CSR issues. We will analyze the survey results and if there are any areas that require improvement, we will ask suppliers to devise and implement appropriate measures.

We are also consolidating the Group internal procurement system to improve properness and efficiency of procurement operations.