

8. The EBARA Group creates secure, safe, and positive work environment.

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Basic Policies for Structure and Operation of Personnel System

EBARA's personnel system has been structured with emphasis on the following 5 points, to promote the growth and prosperity of both the company and its employees.

1. Upgrade systems to align the vectors of operational challenges and actions of each individual.
2. Re-think promotion by seniority and instead determine assessment and treatment according to role and performance.
3. Set up systems that heighten awareness of personal responsibility and develop autonomy.
4. While considering the individual circumstances of each company, set up systems to look at things from a comprehensive corporate-wide perspective.
5. Make the systems transparent and easy to understand.

◇ The Three Pillars of Personnel System

The three pillars of the personnel system that have been set up to create a work environment that maximizes on each individual's abilities are: Qualification, Evaluation, and Wage systems. Each of these systems have been set up to interactively link with the other two systems. Each system (Qualification, Evaluation, Wage) has been deployed group-wide, as we develop a sense of unity as EBARA Group.

We are also holding explanatory meetings for department heads to make sure each system is implemented appropriately.

Explanatory Meetings for Department Heads (Example)

- Explanatory Meetings for Managers in Line Organization
- Explanatory Meetings for Evaluators

At evaluation time, we conduct "self-reporting interviews" to help bosses and subordinates communicate. A self-reporting interview involves the exchange of ideas regarding future career plans, preferred work locations, etc. between a subordinate and his or her boss, and are used to develop human resources. These interviews are not necessarily limited to being conducted with a supervisor, so if an employees wishes to speak to the human resources department, the individual can set up such an interview directly with human resources department.

Communication between Labor and Management

At EBARA, based on union-shop, we convene work councils regularly or when necessary, as we work to maintain an appropriately professional relationship between the management and the labor union, and continue to build trust. While the work council is an important platform for the labor union to verify the integrity of the management, it is also a valuable opportunity for management to hear the voice of the employees. Every office and place of business engage in labor-management discussions, and some are even conducted at company levels.

At every company in the EBARA group, even companies that are not unionised, we emphasize the importance of engaging in the labor-management discussions, as we strive to improve working conditions and work environments. It is important to maintain communication between the management members and its

employee representatives at each company in EBARA group and between the management members of each company and those of the EBARA Group. We engage in discussions that are fruitful for both the labor-management relationship and for the growth of the entire EBARA Group.

VOICE

Our motto:
"Creating a
great working environment"

Toshikazu Furuuchi
Chairman
EBARA Joint Labor Union



Labor negotiations are not limited to wage and bonus that directly affect the domestic finances of union members, but also negotiations related to their daily life styles. For example, creating work conditions that allows an employee to both raise a family and work, and work environments that allow employees to continue working but also to provide nursing care for family members; a growing need in recent years. Such issues are vital from the perspective of law as well, and we are working to expand and newly implement systems to this end. We are also reconsidering the flex-time system from an operational efficiency perspective, and in cases where the availability of flex-time makes a big difference for the lifestyle of an union member, we are working on a system that allows the union to support such needs. When many employees find the company "a great place to work," it leads to higher motivation, which in turn contributes to the growth of the company. We will continue to conduct our activities in accordance with our motto: "Creating a great work environment."

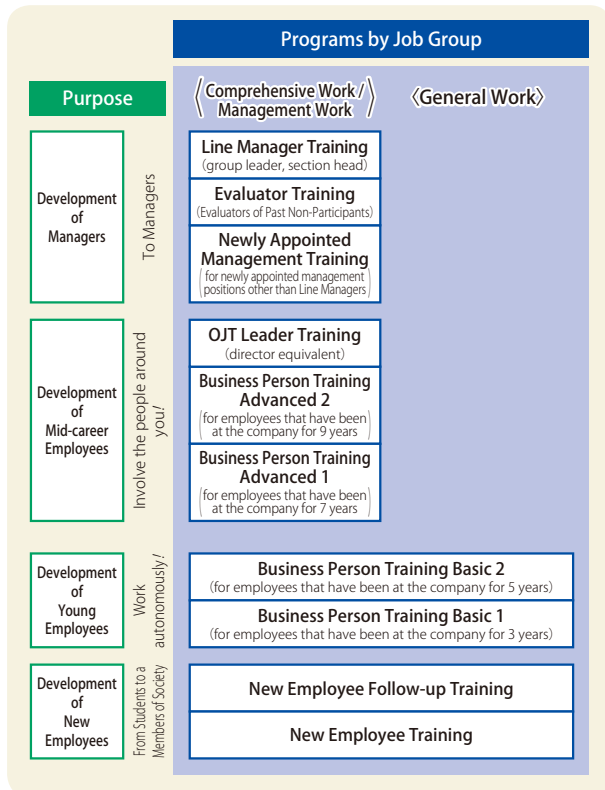
Human Resources Development of EBARA Group

In the 2012 fiscal year, we implemented a human resources development program called, "EBARA Group Training 2012," which involved ten of our companies in Japan, with the participation of 1,190 employees. Until recently the main purpose of such programs was to train young and mid-career employees, but from 2012 we introduced a "Management Learning Program" for line managers (LM). In the first year it was introduced, we had 135 line managers (LM) from the entire group participate in the program. We asked each participant to take the results from 360-degree feedbacks from bosses and subordinates and use them for self-reflection, then learn the principles of management, such as, "How do we develop independence in our subordinates?" The participants were then given time to devise action plans to start implementing the principles learnt from the very next day. The "EBARA Group Human Resource Development Committee," which is composed of committee members elected from EBARA and Group's six main companies, is held once a month to discuss

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the content of each training program. Stating in the 2013 fiscal year, we are planning to systematise the previously intermittent sessions of "General Staff Training" and "Job Skill Training" in to group-wide training. We would like to continue to enhance the human resources development programs over the entire group.

» EBARA Group Training 2012



Target companies
 EBR : EBARA Corporation
 ED : EBARA DENSAN LTD.
 EHB : Ebara Hamada Blower Co., Ltd.
 ERS : Ebara Refrigeration Equipment & Systems Co., Ltd.
 EETC : Elliott Ebara Turbomachinery Corporation
 EEP : Ebara Environmental Plant Co., Ltd.
 EFT : Ebara Field Tech. Corporation
 EA : Ebara Agency Co., Ltd.
 EMA : Ebara Material Corporation
 EMS : Ebara Meister Co., Ltd.

◇ Dialogue between Executives and New Employees

Since 2012, we have included a time of dialogue between executives and new employees, in EBARA's New Employee Training. The training is held twice a year, in June and December, and the purposes of the first training session in June are: ① Understand the corporate culture and diversity of EBARA; ② Think and actively voice your opinions; ③ Learn logical reasoning; ④ Learn communication skills. In the second session held in December, the purposes are: ① Understand the importance of "Having your own opinions" and "Voicing your opinion to others logically" and learn how to put that in action right away; ② Think about the future "Vision for EBARA" and "Vision for Self" on your own.

From the EBARA's Directors, Executive Officers, and Group Executive Officers, 21 executives participated in the training program in June, and 22 executives in December as guest

lecturers. 47 of the new employees who started in 2012 sat with one of the lecturers for a day, and actively exchanged opinions on topics presented by the lecturer. This was not only a learning exercise for the new employees, but also an opportunity for the executive to recognize again the importance of investing in personnel.



Executives and New Employees Dialogue



Improving the Training Facility

The Okusawa Hall, with its over 30 years of history as the employee clubhouse and training facility, stands in a quiet residential district in Tokyo, and is used as a peaceful environment to hold employee training sessions, and a place for employees to mingle after training. The facility had to be temporarily closed in 2011 for renovations and seismic reinforcement work on the aging structures, but was reopened in May 2012. As the "Base for Developing Human Resources for the Future of EBARA," we have upgraded the facility with training equipment to facilitate the training content pertaining to diversification and globalization. We have added more training rooms with small and big capacity to hold training sessions for smaller or larger groups. Also, to accommodate for the diversity of employees, elevators, ramps, and multi-purpose toilets have been added for better wheelchair access. The entire building is barrier-free, creating a space for various personalities to interact and cultivate skills.



Outside of Okusawa Hall



Okusawa Hall, Sakura Training Venue

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Recruiting and Developing Global Human Resources

◇ Recruiting International Personnel

We predict that in the near future, many employees will be involved in global businesses. Therefore, in order to decrease the “Gap in Awareness between Overseas and Domestic Bases,” we are working on the globalization of our domestic bases. As part of that effort, we are focusing our energies on recruiting international employees that bring diverse perspectives. When recruiting new 2013 graduates, many international students participated in the company information session. We ended up hiring a total of 19 internationals: 8 engineers from China and India, 4 American university students, and 7 exchange students from Korea, China, and Uzbekistan. For the new international hires, we had a “Pre-employment Internship,” to help the international hires get used to the culture and life in Japan quickly, and to have them get a feel for the workplace atmosphere and get some work experience so that they could start their working lives in a foreign country without anxiety. We have great expectations for our international employees as key persons in our global businesses, and as contributors to globalizing the domestic bases.



Pre-employment Internship

Human Resource System that Supports Global Business Expansion

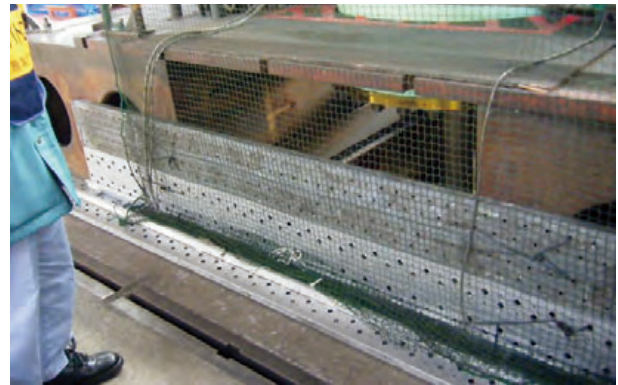
The importance of overseas enterprises has continued to grow for EBARA Group, with the overseas sales ratio and overseas employee ratio about to reach 50%. To accommodate this business environment, in April 2011, we set up a specialized organization for global human resources, and started promoting effective utilization measures of personnel who were flexible regarding overseas or domestic work locations. We provide a wide range of support for the globalization of business. We also started a “Global Human Resources Training Program” for the purpose of developing personnel that will be able to support the continuous growth of global business for the future. This program is for employees hired in Japan, who have been working in the company for less than 10 years. In 2011, a total of 9 employees relocated to work in China, Thailand, Italy, and Singapore, and in 2012, 11 employees relocated to work in China, America, Vietnam, Indonesia, Bahrain, Brazil, and Korea.

We plan to continue in dispatching more employees, to create an environment where over half the employees hired in Japan will get some overseas experience before their 10th year of working at the company.

Industrial Health and Safety

In April 2012, we set in place the “EBARA Industrial Safety Liaison Committee” with the heads of industrial safety section of Futtsu, Fujisawa, Kumamoto, Sodegaura, Suzuka, and Tochigi plants as the constituent members. The system was set up to quickly relay a variety of information pertaining to industrial safety to the entire company, instead of by plants.

In 2013, we began the mutual safety patrol within the plants with the “Site Priority System.” We are working to raise the level of industrial safety throughout all of EBARA Group by noting the bad points, to not only improve them, but to extract “superior” solutions and spread it to other plants.



Safety Patrol

Under here is an approximately 6m deep pit. The safety patrol checking to see if the fall prevention measures are being properly implemented (Tightly enclosed with safety nets around the openings + scaffold planks, and paying attention to prevention of dropping small equipment).

» Occurrence of Occupational Accidents* in Key Group Companies

Occupational accident status	FY	EBR**	ED	EHB	ERS	EETC	EEP	EFT	EA
Total number of employees	2012	4,109	205	154	758	359	2,032	209	158
Frequency (%)	2009	1.06	0.00	4.30	0.00	0.00	0.75	0.00	11.82
	2010	0.00	0.00	13.80	0.00	0.00	1.12	0.00	3.14
	2011	0.38	2.53	4.60	0.00	0.00	0.79	0.00	6.52
	2012	0.24	2.42	11.40	4.53	5.32	0.89	0.00	3.25
Number of occurrences of occupational accidents	2009	24	0	3	0	2	33	0	4
	2010	10	0	3	0	4	25	0	1
	2011	10	1	1	0	8	31	0	2
	2012	20	1	5	7	4	34	0	1

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* Including minor accidents that are not serious enough to cause industrial accidents.
 ** Indicates values from two subsidiary companies combined for 2012.

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Mental Health (Mental Health Provisions)

We are striving to strengthen our mental health provisions so that employees can maintain a healthy mentality and work enthusiastically everyday. For the purpose of early response/early treatment, we have set up a specialized Mental Health Consultation Service, and made it so that an employee can get a clinical examination from a mental health doctor (Neuropsychiatric) at the Head Office in Haneda. We are also continuously holding training sessions for employees at each workplace as part of the mental health provisions. In 2011, for the purpose of 'line care', we held training workshops for learning about the kind of language and behavior appropriate for a boss to have, at the domestic branch offices for line managers at each Group company. A total of 902 people attended these sessions. In 2012, for the purpose of 'self-care', we held workshops at all the domestic branch offices for every employee group-wide, to learn from a doctor about how to recognize signs of mental health issues such as depression in oneself, and how to take preventative measures. A total of 2,555 employees attended these sessions. As continual education is important for mental health provisions, we will continue to improve our countermeasures.



Mental Health Workshop

Life Improvement Program for Promoting and Maintaining Health

For the purpose of decreasing the number of abnormal findings during regular health check-ups and prevent/improve lifestyle-related diseases, we have an ongoing walking program called "Walk Well". We lend out pedometers to the program participants, and each participant records the number of steps taken each day on to a dedicated website, so that the participants can check on each others' daily distances. Aside from individual participation, there are workplace and voluntary groups that participate as a team, and serves as one of the ways to initiate communication among employees. This program, which started in 2009, went from 400 to 500 participants, with the numbers growing each year. By 2012, over 740 employees were participating in this program. The regular health check-up — conducted at the end of the 8-month program — measures health data such as body weight, blood pressure, and blood-sugar levels. We give out awards to participants who have

shown improvements in their health data to encourage such activities. We believe that concrete results such as, "I lost 10 kg!" and "I no longer have abnormal findings!" are not only a source of joy for the employees themselves, but also leads to improvement of working power, which in turn is an asset to the company. We will continue to support efforts that help employees maintain their health as they work.

System to Support Life After Retirement

We have introduced "Defined Benefit Pension (DB)" and "Defined Contribution Pension (DC)" systems for the purposes of creating stability for life in post-retirement years, and the maintenance of retirement benefits. EBARA's retirement system is structured so that the benefits can be paid out as lump-sum, DB, DC, or advance payment. For DC and advance payments, employees may choose one or the other option, according to the employee's lifestyle or life plan. Furthermore, in order to accommodate the various needs of employees, our system is set up so that employees have several options for how the benefits are to be paid out after retirement. Whether they are on the DB system or DC system, employees are able to choose a pension benefit payment plan or a lump-sum payment. In 2012, for the purpose of securing the payments of retirement package/retirement pension in the future, we launched a "EBARA Group Pension Committee." In order to heighten the preservation of pension assets that will become benefit funds from the retirement package/retirement pension, EBARA is operating and funding externally. The EBARA Group Pension Committee checks on policy decisions and operational status of these funding activities, to make sure the operation and management of pension assets are handled appropriately.

» Structure of the EBARA Group Pension Committee

