

# EBARA Group

INTEGRATED REPORT **2024**



# Founding Spirit of 熱と誠 *Netsu to Makoto* (Passion and Dedication)

**Our mission is to contribute to society by providing products and services that support society, industry, and daily life.**  
**Our mission begins with the spirit of *Netsu to Makoto* (Passion and Dedication).**

Ebara Corporation was founded in 1912 by Issey Hatakeyama with the aim of spreading the use of the Inokuty-type volute pump. Applying the world-renowned volute pump research of Dr. Ariya Inokuty, Ebara sought to contribute to the modernization of Japan by producing the first domestically manufactured waterworks pumps, installing water infrastructure to prepare for natural disasters, and developing the first water purifiers for waterworks manufactured in Japan. Driven by the spirit of “*Netsu to Makoto*” (Passion and Dedication) to support the modernization of Japan and solve the problems facing society, Ebara has determined its mission is to contribute to society by providing products and services that support society, industry, and our daily lives. The spirit of “Passion and Dedication” that fuels our mission to contribute to society through our products and services remains alive in our employees today.

1912-

Development of the Ebara Group's Foundations

From its founding, the Ebara Group has sought to contribute to the modernization of Japan by producing the first domestically manufactured waterworks pumps, installing water infrastructure to prepare for natural disasters, and developing the first water purifiers for waterworks manufactured in Japan.

1945-

Ebara Technologies Responding to Social Demand

Ebara contributed to the stabilization of the lives of people in Japan after World War II by mass producing pumps for increasing food production and for farmland reclamation. In addition, we delivered the first domestically manufactured feed water pump for supercritical pressure power plants to help address power shortages. At the same time, the Group began exporting plant equipment and establishing overseas bases to lay the groundwork for its overseas expansion.

1980-

Ebara Technologies Permeating Society

Over this period, the Group succeeded in developing and realizing practical application of a gasification and ash melting furnace for use as a next-generation waste treatment facility capable of completely decomposing dioxins and recycling residue. In addition, technologies accumulated thus far were applied to the development of dry vacuum pumps, resulting in the start of the Precision Machinery business.

2000-

Creating a New Governance-Oriented Structure

Despite steady business expansion and global expansion, the Company had a management crisis caused by withdrawal from a business overseas and compliance-related scandals. In order to restructure the Company's management, a series of governance reforms were implemented beginning in 2002, laying the foundation for the strong governance system in place today.

→ P97 Increasing corporate value through robust oversight and business execution

2010-

Centennial Anniversary and Pursuit of Future Growth

The Group began investing in its global competitiveness, following its success in improving its financial base through the selection and concentration of businesses. These investments include strengthening corporate governance, implementing new human resource systems, bolstering our overseas service and support (S&S) bases, introducing automated assembly lines powered by the Internet of Things (IoT) and artificial intelligence (AI) technologies, and other environmental, social, and governance (ESG) management initiatives.

2020-

Continue to Contribute to Society and Become a Globally Excellent Company

Under the slogan of “Technology. Passion. Support Our Globe,” we are enhancing our corporate value by simultaneously improving social and environmental value. In 2023, we are accelerating our efforts to achieve our long-term vision by moving from a product-based structure to one based on new segments by target market.

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# Technology. Passion.

Fluid analysis & control

Corrosion resistance  
& structural strength

Vibration  
& acoustics

Engineering

System control

Surface control

**Building  
Service &  
Industrial  
Company**

»

**Energy  
Company**

»

**Infrastructure  
Company**

»

**Environmental  
Solutions  
Company**

»

**Precision  
Machinery  
Company**

»

**Water Supply Units**



Water supply units are a crucial element of the facilities of buildings, condominiums, factories, and other structures for realizing a stable supply of water for everyday use.

**Fans**



Fans move gas and are essential for circulating fresh air and ventilating spaces like buildings and condominiums.

**Chillers**



Our chillers supply cold water for use in the air-conditioning equipment of large-scale commercial facilities and factories to be utilized for cooling or heating entire structures. Other benefits of our chillers include reduced costs through optimization of cooling and heating equipment as well as lower energy consumption and CO<sub>2</sub> emissions.

**Boiler Feed Pumps**



Thermal power plants generate electricity through generators directly attached to turbines, which are rotated using high-pressure steam. Boiler feed pumps supply high-temperature water to boilers to create this high-pressure steam.

**Compressors and Steam Turbines**



Compressors play a central role in oil refineries and petrochemical plants by compressing the gases produced from crude oil and natural gas.

**Cryogenic Products**



Advanced technology and safety are crucial for pumps used in the transportation and storage of ultralow temperature liquefied natural gas (LNG), as well as for expanders used in the liquefaction process.

**Agricultural Pumps**



Essential equipment for transporting water in agricultural irrigation facilities, these pumps help provide a stable supply of water for agriculture.

**Water Drainage Pumps**



During incidences of heavy rains, rainwater is pumped to drain into rivers or the ocean to prevent flood damage to residential and agricultural areas.

**Fans**



Installed in tunnel ventilation equipment. By achieving highly precise ventilation control, these fans help appropriately maintain the air environments of tunnels while securing evacuation routes in the event of a tunnel fire.

**Waste Treatment Plants**



Ebara supports the entire process of waste treatment plant operation starting from design and construction to operation, management, and maintenance, providing stable, safe, and secure facilities to support daily hygiene.

**Biomass Power Generation Plants**



We offer construction, operation, and management services for biomass power generation plants that leverage the characteristics of internally circulating fluidized-bed boilers designed to use woody biomass as fuel and capable of achieving reliable combustion of a diverse range of fuel sources. Through these services, we are contributing to the popularization of renewable energy and the prevention of climate change.

**Dry Vacuum Pumps**



Used to create the vacuum environments needed in the semiconductor production process.

**Gas Abatement Systems**



Gas abatement systems prevent pollution by detoxifying the hazardous gases used in semiconductor manufacturing and other processes.

**CMP Systems**



CMP systems polish the surface of semiconductor wafers with nano-level precision using polishing solutions.

**Precision Chillers**



Used to control the temperature of semiconductor manufacturing equipment.

## Expanding Business Domains

Ebara was founded over 110 years ago. Over that time, the Group has developed a unique line of products by combining core technologies that originated with the Inokuty-type centrifugal pump. We use these capabilities to support social infrastructure around the world and provide safe, comfortable, and affluent lifestyles.

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# Support Our Globe.

## Ebara's Presence

The Ebara Group has achieved growth and established its global position by continuing to meet society's needs. With the spirit of "Passion and Dedication" and our mission to support the world, we will continue to grow.

## Top Global Share

### Cryogenic pumps and expanders

The primary role of cryogenic products is to transport ultralow-temperature liquefied natural gas (LNG) at LNG liquefaction plants, which require exceptional technological prowess. Ebara boasts a distinguished global delivery track record in this field and has earned a position as a recognized global leader.



## No.1

### Domestic Share Standard pumps and cooling towers

To date, Ebara's domestic factories have produced more than 19 million standard pumps. Through the widespread provision of pumps that address diverse needs, such as those pertaining to the supply of the water that is indispensable to our daily lives, we are supporting the development of industry and of comfortable living environments. We also supply equipment for air conditioning in buildings and public facilities and propose optimal solutions to customers through a system integrating everything from manufacturing to maintenance.



Waste treatment facilities we have been commissioned to operate and manage

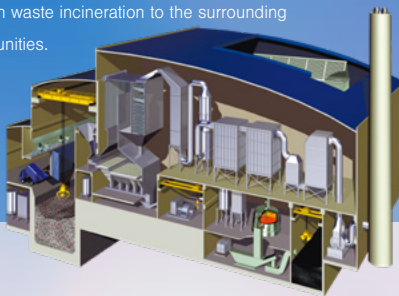
## More than 80

We have been commissioned to operate and manage more than 80 waste treatment facilities, and we are amassing operational and management know-how on a daily basis. Drawing on this expertise, the Remote Support Center checks the operational status of waste treatment facilities in real time and it provides technical assistance with operations and assistance with optimization.

Waste treatment facilities delivered worldwide

## More than 500

We have delivered more than 500 waste treatment facilities as a one-stop service for the design, construction, operation, and maintenance of waste treatment facilities. In addition, we contribute to the local production and consumption of energy by returning the power generated through waste incineration to the surrounding communities.



## More than 3,000 CMP systems shipped to date

We manufacture CMP systems, which are indispensable for the miniaturization and stacking of semiconductors. These systems are used to polish semiconductor wafers with nano-level precision, thereby helping meet the high-level demands of semiconductor manufacturing processes while supporting the evolution of semiconductors by accommodating constant technological progress.



Drainage pump stations in Japan where drainage pumps are utilized

## More than 1,000 sites

We deliver large drainage pumps to drainage pump stations throughout Japan. These pumps discharge rainwater from torrential downpours and typhoons into rivers and the sea, protecting urban areas from flooding. The importance of drainage pump stations has increased over the past few years due to the effects of increasingly extreme weather, and our drainage pumps are allowing people to live in safety and security.

## Top Global Share

### Compressors for downstream oil and gas plants



Our compressors are a central component of oil refineries and petrochemical plants and are used to compress the gases emitted during crude oil and natural gas production. We offer a wide lineup of compressors matched to various customer needs and processes.

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# Developing earning power by “facilitating lifestyles and industry” and via the Ebara Way

The Ebara Group has built trust with industry and the capital markets by honing its core technologies. E-Plan 2022 is our medium-term management plan that sought to reconstruct the foundations of growth. We achieved the goals of E-Plan 2022 one year ahead of schedule, and we are now moving forward with E-Plan 2025, which seeks to create value from customers' perspectives. With the passion and dedication that is typical of Ebara, we will engage in sincere dialogue with stakeholders and continue to take on the challenge of increasing corporate value.



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# Ebara Group Business Ethics Framework

## Founding Spirit of Passion and Dedication

Both employees and the Company shall strive for growth with passion and dedication to bring forth originality and ingenuity, rather than simply fulfilling the task at hand. When working with passion and dedication, there is nothing that cannot be communicated to others.

## Corporate Philosophy

We contribute to society through high-quality technologies and services relating to water, air, and the environment.

## CSR Policy

We seek to foster trust with our valued stakeholders by conducting our business with a strong sense of ethics.



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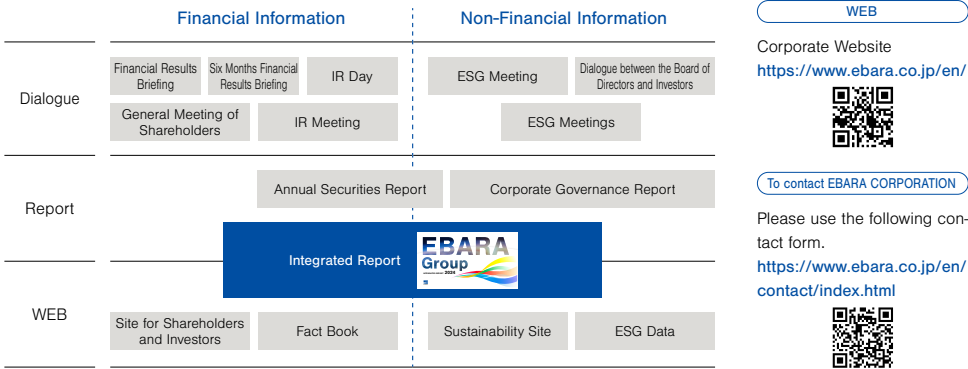
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Editorial Policy

The Ebara Group has issued this integrated report to provide stakeholders with financial and non-financial information about its medium- to long-term value creation activities. This report was created with reference to the International Financial Reporting Standards Foundation’s International Integrated Reporting Framework; the Ministry of Economy, Trade and Industry’s Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0; and the Global Reporting Initiative (GRI) Standards. A table detailing the referenced GRI Standards is available on the Company’s corporate website.

Overview of Disclosures by Communication Medium



Company References	“Ebara” and “the Company” refer to EBARA CORPORATION while “the Ebara Group,” “the Group,” or “we” refer to EBARA CORPORATION and its domestic and overseas subsidiaries and affiliates.
Target Readers	All stakeholders of the Ebara Group
Reporting Period	The fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023) Notice will be provided when it differs from the period covered.
Scope of Reporting	EBARA CORPORATION and its subsidiaries (of which 113 are consolidated), three affiliates, and one jointly controlled company that collectively comprise the Ebara Group (as of December 31, 2023). Notice will be provided when the scope of data collection differs from the above.
Japanese Publication Date	June 28, 2024

Cautionary Statement with Regard to Forward-Looking Statements

Certain of the statements made in this integrated report are forward-looking statements, which involve certain risks and uncertainties that could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which are valid only as of the date thereof. Ebara undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Stakeholder Engagement

In corporate management, creating value with diverse stakeholders, including customers, shareholders/investors, business partners, local communities, and employees, is important. We believe that a strong partnership with all stakeholders is essential for the sustainable growth of the Ebara Group. We will continue to work on creating new value by collaborating with and engaging in dialogue with our stakeholders.

Multi-stakeholder Policy <a href="https://www.ebara.co.jp/en/sustainability/think/information/stakeholders.html">https://www.ebara.co.jp/en/sustainability/think/information/stakeholders.html</a>		
Stakeholders	Engagement Venues	Outcomes
Customers	<ul style="list-style-type: none"><li>Daily communication through sales divisions</li><li>Information Provision via catalogs and websites</li><li>Responses to questions and feedback through call centers</li></ul>	<ul style="list-style-type: none"><li>Supply of products that match customers' needs through provision of finely tuned solutions</li><li>Contribution to the resolution of social issues through effective water resources usage and efficient energy use as customers utilize Ebara products</li></ul>
Shareholders and Investors	<ul style="list-style-type: none"><li>Information disclosure and communication through the General Meeting of Shareholders and financial results presentation meetings</li><li>Timely disclosure via integrated reports, financial reports, websites, and other venues</li><li>Factory tours, IR Days and ESG presentation meetings</li></ul>	<ul style="list-style-type: none"><li>Increased trust in management</li><li>Diligent communication of feedback to management for improving business activities</li></ul> <div>→ P118 IR Communication</div>
Business Partners	<ul style="list-style-type: none"><li>Daily communication with product component, material, and service suppliers through procurement divisions and requests for adherence to CSR Procurement Guidelines</li><li>Response to questions and input from partners</li><li>Support for training at partner locations</li></ul>	<ul style="list-style-type: none"><li>Superior product quality and safety</li><li>Competitive prices</li><li>Stable supply of products and services with reliable delivery periods</li><li>Enhanced collaborative value creation partnerships</li></ul>
Local Communities	<ul style="list-style-type: none"><li>Coordination with community members and local companies</li><li>Joint research with universities</li><li>Open innovation with local groups through EOL (EBARA Open Laboratory)</li></ul>	<ul style="list-style-type: none"><li>Strong relationships with residents of areas surrounding business sites</li><li>Development of technologies and higher-quality products and services</li><li>Wider pool of human resource candidates</li><li>Enhanced collaborative value creation partnerships</li></ul>
Employees	<ul style="list-style-type: none"><li>Opportunities for dialogue with management through President Dialogue Meetings, educational lectures, and other programs</li><li>Regular communications with labor unions</li></ul>	<ul style="list-style-type: none"><li>Corporate culture encouraging competition and embracing challenge</li><li>Improved employee motivation and performance</li><li>Workplace supporting employee physical and mental health</li></ul>

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# Technology. Passion. Support Our Globe.

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At the advent of modern Japan more than a century ago,

Ebara led the development of Japan's infrastructure and laid the foundation for its industry.

With the spirit and inquisitiveness of a university-launched venture,

we have repeatedly taken on challenges, failed, and overcome turbulent times

with our founding spirit of "passion and dedication."

We will continue to passionately assist the world with our technology

in order to be an excellent global company that solves global issues.

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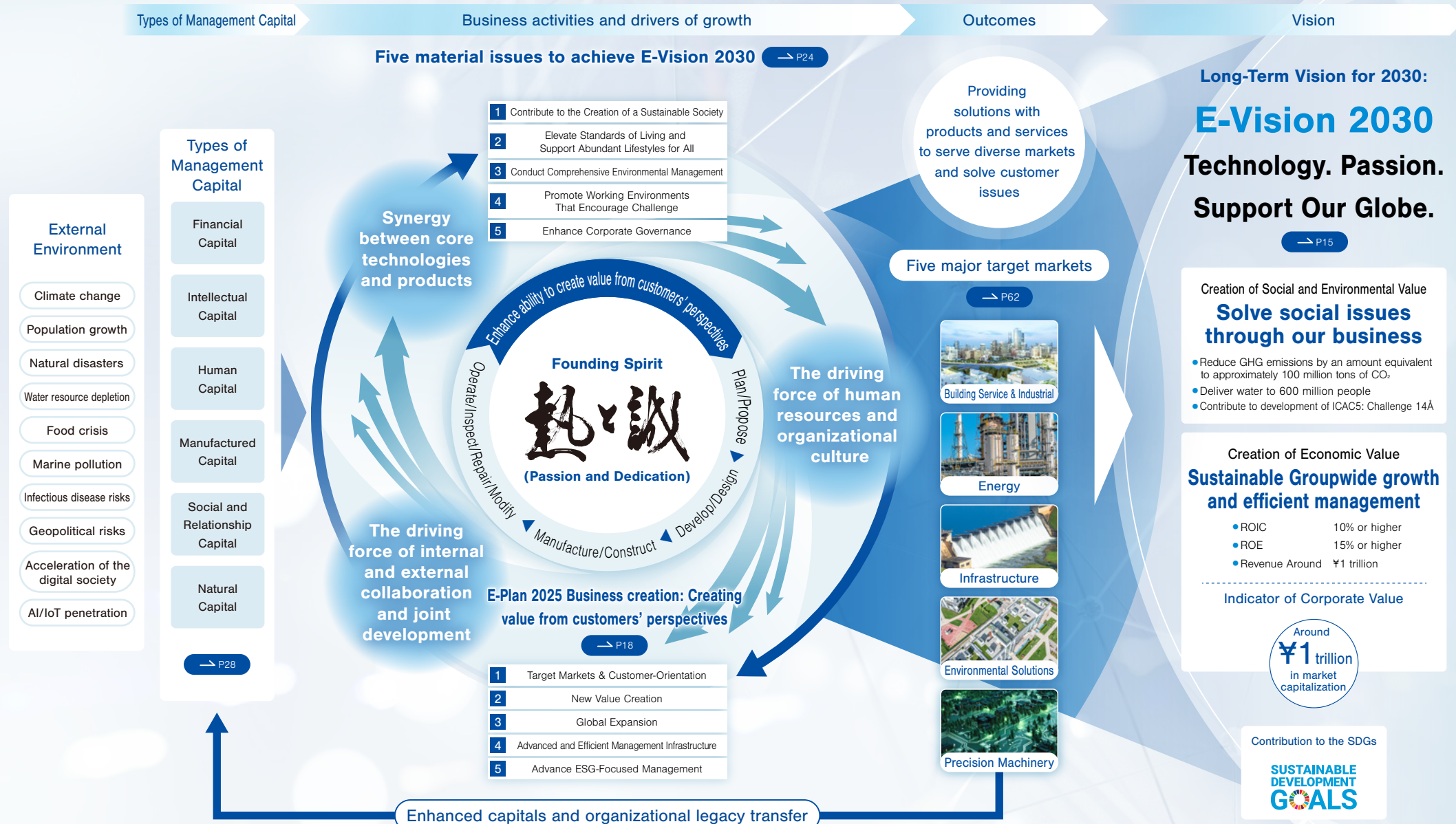
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# Our Value Creation Story



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## Message from the President

**Pursuing solutions to society's woes  
by integrating our strengths for  
"Technology. Passion. Support Our Globe."**



Masao Asami  
Director, President and  
Representative Executive Officer  
CEO & COO

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Message from the President

“Ebara’s DNA”  
Reaffirmed After Disaster

First, I would like to extend my deepest sympathies to everyone who was affected by the Noto Peninsula Earthquake at the beginning of the year.

In the city of Nanao, Ishikawa Prefecture, there is a waste treatment plant that was outsourced to the Ebara Group for operation. After the earthquake, we immediately set up a response headquarters to confirm the safety of our employees. Fortunately, we were able to confirm the safety of all of our employees, but we received some reports of damage to their or their family's homes. In our efforts to provide as much assistance as possible to the people in the affected areas, including employees, we offered the use of the waste treatment plant, which had suspended operations, as a temporary evacuation shelter. In addition, we sent supplies that the Company had prepared for times of disaster to the affected areas and dispatched employees to the area to



provide assistance.

The earthquake has reaffirmed for me Ebara's DNA of “doing what we can for the good of society and people.” Issey Hatakeyama, the founder of the Company, was aware of the risks Japan faces and donated eight pumps to prepare for disasters two years before the Great Kanto Earthquake. Those pumps fulfilled their purpose, and Tokyo's water supply was restored only one day after the earthquake. This sense of mission of supporting social infrastructure has been passed down through the generations, along with Hatakeyama's spirit of *Netsu to Makoto* (Passion and Dedication) and informed our responses to the Great East Japan Earthquake, the Kumamoto Earthquake, and the 1999 Taiwan Earthquake.

In the recent Noto Peninsula earthquake, many of our employees took the initiative to go to the affected areas to not only implement our Business Continuity Plan (BCP), such as restarting the operation of the waste treatment plant, but also to contribute to the recovery of the entire local community by securing water sources using submersible pumps, inspecting and repairing drainage facilities, and so on. I have regularly conveyed the message, “In times of need, let's do everything Ebara can do.” Witnessing the volunteer efforts of our employees, I was reassured to see that our founding spirit has taken firm root, and my determination to continue to pass on the spirit of the Company was renewed.

A Solid Business Indispensable to Society Leads  
to Record-high Profits

2023 was the first year of E-Plan 2025, the second medium-term management plan to realize E-Vision 2030. During this fiscal year, all segments posted increased profits and reached record highs.

**Our results, largely unaffected by social circumstances,  
are rooted in the resilience of our business,  
which delivers indispensable products and services to society and industry.**

In terms of the business environment, the situation has certainly not been favorable. There have been continuing uncertainties worldwide, including geopolitical risks such as the situation in Ukraine, and semiconductor demand, which had been booming for the past few years, has been on a decline. We also felt the same way during the COVID-19 pandemic, but I believe that the reason we have been able to maintain strong results without being swayed much by social conditions is because of the resilience of our business, which leverages our competitiveness in technology to provide products and services that are indispensable to society and industry.

In addition, the results of our measures to improve profitability are starting to yield results. For example, front-loading for projects and measures like selective order acceptance to focus on high added value projects that only Ebara can undertake, rather than projects that are difficult to differentiate from those of competitors. We have been successful in managing risks from the sales stage prior to bookings to the back-end process to prevent rework and delays in delivery, thereby achieving high profitability.

In fact, although orders for 2023, only increased slightly from the previous fiscal year, operating profit increased significantly. These results illustrate how these measures have steadily strengthened the earnings power of the Group.

While creating our forecasts, the Company takes into account risk factors, market conditions, and the overall business environment and tries to be as realistic as possible, including regarding investments necessary for future growth. However, in 2023 we recorded a significant upswing, especially in terms of profits. The fact that we were able to achieve this level of profitability after making the necessary investments is again due to the resilience of our business and the efforts of each and every employee to improve profitability.

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Message from the President

Identifying Society’s Woes and Solving Them with Proprietary Technologies as the Driving Force for Further Growth

For 2024, the second fiscal year of E-Plan 2025, we plan to maintain the high-level earnings achieved previously, while increasing growth investment compared to the previous year. Currently, we feel that we are about 40% of the way to achieving E-Vision 2030, but there is still much more to be done, and we believe that we have the potential for further growth.

The driving force behind this is the founding spirit of “doing what we can for the good of society and people,” as mentioned at the beginning of my message. Ebara Corporation was founded in 1912 much like a university-initiated venture by today’s standards, but the impetus behind starting the business in the first place was the question, “What is needed in society today?” At that time, there were no domestic pump manufacturers and reliance on European and U.S. manufacturers posed a major challenge in the development and improvement of social infrastructure. With the support of Dr. Ariya Inokuty, the founder’s mentor, Ebara began manufacturing domestically produced pumps, the first step on the path toward commercialization.

For more than 110 years since then, Ebara has been quick to identify society’s woes that have not yet become apparent. Our history of finding the problems hiding behind disadvantages, inconvenience, and dissatisfaction, and solving them by making full use of our advanced technological capabilities, led us to today’s diverse suite of business segments. Of course, we have not always succeeded, but we have taken a “let’s first give it a try” attitude, and even when we have failed, we have applied the lessons learned from that experience to pioneer new paths.

Semiconductor manufacturing equipment and devices, a pillar of the Precision Machinery Company, also began as a solution to problems at semiconductor manufacturing sites. In the 1980s, as the miniaturization of semiconductors progressed, there were instances when it was difficult to improve semiconductor yields. At that time, oil rotary pumps were used in manufacturing processes that required a vacuum environment. As we later learned, the oil from those oil rotary pumps was flowing back into the chamber where the wafers were being processed, and the oil particles were fracturing the circuitry of the semiconductors and reducing the yield. To address this, we used roots blower technology that had been developed in the Fluid Machinery & Systems business

to develop one of the world’s first oil-free dry vacuum pumps, resulting in an outstanding improvement in yield. On the other hand, we had to deal with hazardous exhaust gases from the wafer processing process. Prior to this, exhaust gas was absorbed by the oil in the oil rotary pumps, but now, with the dry vacuum pumps, all of the exhaust gas was being discharged, which places a heavy load on the processing pumps. To solve this problem, Ebara created an innovative solution called “Dry Revolution,” which combines dry vacuum pumps with gas abatement systems, using the gas abatement technology cultivated at the Environmental Engineering Company’s waste treatment plants. Together with CMP systems that Ebara developed utilizing its rotational and fluid control technologies, dry vacuum pumps and gas abatement systems continue today to support the semiconductor industry around the world and contribute to its growth.

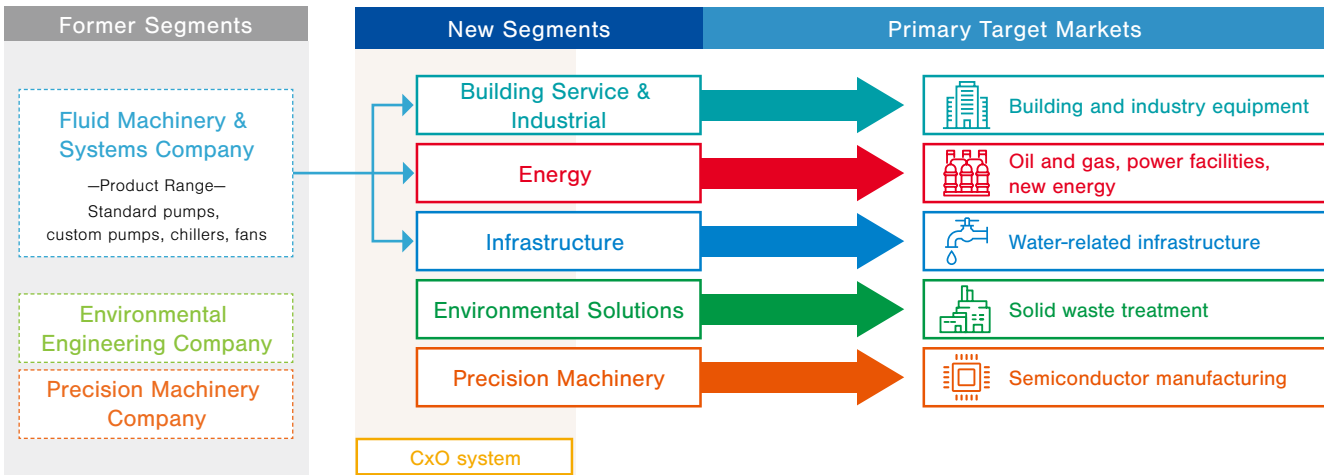
As indicated in the Strategic Table of Technological Capabilities, [→ P34](#) the Group’s core technologies include fluids and temperature control technologies as well as high-precision machining technologies, which support the Company’s contributions in diverse fields that support the foundations of society and industry. Combining and integrating these technologies, which are our strengths to create new solutions that help solve problems is the basis of Ebara’s growth strategy. In other words, “Strengths to Solutions.” Materiality as

stipulated in E-Vision 2030 and the outcome goals of “Safe and Reliable Living,” “Smarter Living,” and “Reduced GHG Emissions” are also based on what we have identified as the woes of modern society. Contributing to the resolution of these issues through our business activities should indeed serve as a guideline for growth.

Companywide Shift to Target Market-based Organizational Structure to Instill a Market-in Perspective

The theme of the ongoing medium-term management plan, E-Plan 2025, is “Business Creation: Creating value from customers’ perspectives” which was set in order to realize E-Vision 2030. Business creation mentioned here includes both existing businesses and potential new businesses, but in either case, the key is to ensure that ideas and actions are thoroughly customer-orientated. In line with this theme, we implemented a major change in January 2023, transitioning to a target market-based organizational structure. Until that point, our segment structure had been centered primarily on product fields, namely Fluid Machinery & Systems, Environmental Engineering, and Precision Machinery. However, we changed this to a market-specific structure, with five

Create an Organization and Structure to Strengthen Customer Responsiveness



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in-house companies, Building Service & Industrial, Energy, Infrastructure, Environmental Solutions, and Precision Machinery.

The objective was to change the organizational structure to one that earnestly addresses customers and accelerates the provision of solutions that understands their latent demands and challenges. To put it in simple terms, we expect those responsible for each business to think and act from customers' perspectives, asking "What problems are our customers facing in the target markets we serve?"

It has only been about a year since the change but, already we can see results everywhere. Previously, each sales manager of each product area conducted separate negotiations with each individual customer. However, by consolidating these negotiations with a single person responsible for each market, not only are negotiations more efficient, but the ability to understand issues and requests across product areas has improved the ability to propose improvements and solutions. From the customer's perspective, they no longer hear comments such as, "You'll have to talk to another department about that product." Instead, we are getting positive feedback that our response speed has increased and that our service has improved. Looking ahead, we can expect a

virtuous cycle that will deepen the relationship of trust with our customers even further, leading to business negotiations in other fields and new solution proposals.

Our customers have even begun recognizing our achievements in our new business fields, hydrogen, aerospace, marine, and biotechnology. [→ P79](#)  
Some have even made inquiries about other fields in which we might be able to provide support. We will continue to solve customer woes by providing solutions that leverage and combine Ebara's multiple strengths. We have always conducted our business with this "Strengths to Solutions" mindset, and the foundation of this approach has not changed even in our new businesses.

In regional strategies, for example, the collaboration of several in-house companies in the Middle East has created an awareness that the only way we can face the overall challenges of the region is by leveraging the comprehensive capabilities of Ebara, rather than selling products individually as was done in the past. In our management meetings, topics related to markets outside of Japan such as the Middle East, China, and Southeast Asia have become frequent topics of discussion, and we feel a sense of pride that we can make a contribution as a public institution outside of Japan as well.

Thinking and acting from customers' perspectives, asking "What problems are our customers facing in the target markets we serve?" is one step toward realizing E-Vision 2030.



At a visit to the Shikoku branch (April 2024)

Thorough Customer Perspective Boosts Employee Motivation and an Entrepreneurial Mindset

Our efforts to change to a target market-based structure and to ensure thorough customer-oriented approach has had a positive impact on the mindset of employees.

I feel that in the past, the Group tended to work perhaps too closed-mindedly on a technology-by-technology or product-by-product basis. When an employee joins the Company, they may think, "I want to be the hidden keystone of social infrastructure," but once they are assigned to a position, they tend to say, "I am responsible for manufacturing and that's it, so I don't know anything about the finished product." By changing to a target market-based structure, the personnel responsible for each product and process can focus not on the product or process they are responsible for but rather from the perspective of the target markets and customers they face and deal with them in a unified manner. I believe that sense of unity is very promising.

I think knowing how the technologies and products you have created are being used by what kind of customers, and how those results are contributing to society, will make the job much more interesting. For example, the smartphones that everyone carries use semiconductors that cannot be made without Ebara's CMP systems. Knowing such things will help employees understand the "social significance of working at Ebara" which should enhance their motivation and commitment to their work. This is why I, myself, actively disseminate information about the points of contact between Ebara and society so that all employees, including those in human resources, finance, and legal affairs, who do not see the faces of customers directly, can see things from customers' perspectives and act from the customer's point of view.

If the thinking of "How Ebara's technologies solve society's problems" continues to be instilled in each and every employee through these measures, we will be able to combine our strengths across the Ebara Group, beyond the boundaries of our businesses and products, and contribute to solving issues worldwide. I believe that creating such "Strengths to Solutions" value across a wide range of areas will lead to the conglomerate premium that we are aiming for.

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Improve Profitability Through Comprehensive ROIC Management

So far, I have talked about our growth strategy through the resolution of social issues, but what underpins these measures is one of our material issues, enhance corporate governance. Reflecting on the lack of supervisory function exposed in the 2000s, the Group promoted “defensive” governance reforms, such as inviting Independent Directors and shifting to a Company with a Nomination Committee, etc. structure, and has since been working to enhance “offensive” governance and improve profitability and efficiency through ROIC management and other measures.

In January 2024, Ebara was selected as the Grand Prize Company (Grand Award) in the Corporate Governance of the Year 2023 organized by the Japan Association of Corporate Directors in recognition of a series of such measures aimed at “Governance to Value.” [→ P97](#) In 2022, at the same awards, the Company received the METI Minister’s Award for Corporate Governance of the Year. We are the first Company to have received both awards. We felt a great sense of accomplishment receiving the Grand Award and were assessed as being “one of the few cases where governance is used both as a defensive measure to minimize risk and as an offensive measure to enhance earning power. Execution ability through hands-on involvement of management has yielded positive results.” We are determined to further increase corporate value.

As for ROIC management, we would like to not only set forth ROIC as a KPI and monitor it, but also to instill it as a tool for making each employee aware of profitability. To accomplish this, it is important for them to understand what the ROIC formula is and what can be done to increase the value, in light of the work they are responsible for. Therefore, we have been promoting visualization at each stage of the value chain and have started with “Production Innovation ROIC” in the production division and “Intellectual Property ROIC” in the intellectual property division. [→ P26](#) As this permeates throughout the Company, each and every person at Ebara can learn to monitor the status of ROIC and consider why decreases may occur. Say someone asks, “Oh, why did ROIC decrease?” another could respond, “Well, we increased inventory in preparation for raw material shortages,” allowing each person in the discussion to understand the issue in the same way and allow for deeper discussions.

We will also continue to focus on our “ExValue\*” cost planning measure that we launched in 2022. ExValuE is a more balanced approach to cost management than value engineering, which typically aims to keep costs down

We will relentlessly pursue growth and increase profitability to contribute to society and have Ebara’s value recognized.

by targeting everything. ExValuE, on the other hand, focuses on prioritizing resources to functions with recognized added value and reducing costs in areas without such added value. Evaluating the constant changing needs of the times, determining how those changes will play out and what value should be prioritized. We view ExValuE as a strategy to put us in the best position possible to tackle society’s woes.

Ebara has a sense of “As long as it’s for the good of the world and people, there is no need to be concerned about making a profit” in its history of aiming to make social contributions. However, this kind of thinking jeopardizes the continuation of the Company itself, which would make it impossible to contribute to society and industry through business. Under the slogan of “enhancing value from customers’ perspectives,” we intend to firmly balance business growth and social contributions by sharing awareness Companywide of the importance of this concept.

\* Abbreviation for Extreme Value. The capitalization of the letter E at the beginning and end of the project name represents Ebara’s desire to offer the ultimate value to customers throughout the product life cycle.

Continuing Dialogue with Shareholders and Investors to Deepen Mutual Understanding

We emphasize the importance of deepening mutual understanding through dialogue with our shareholders, investors, and other stakeholders. For this reason, I personally serve as the facilitator at financial results briefings and make it a point to answer questions in my own words. This attitude may be due to my background in sales, but it also stems from my nature of wanting to build as good a relationship as possible with every person I get to meet.

The Company is committed to ROIC management, however, we receive many questions about ROE in our dialogue with investors. In 2023, the Company added ROE as a key indicator in E-Vision 2030 and set numerical targets for ROE in E-Plan 2025. However, I would like to have a dialogue not only about the numbers themselves but also about their meaning. When we think about what the basis is for increasing ROE, what is still important is to continue to contribute to society and be recognized by society for our value by leveraging the strengths of the Group. I would like to convey that we will continue to make sincere growth



investments toward this goal, and I would like our stakeholders to understand this.

When I asked one shareholder why they would buy Ebara’s shares, they replied, “Because I value your high awareness of social issues and your technological capabilities that contribute to solving those issues.” I deeply appreciated their solid understanding of our competitiveness and strategies. I would like to continue to deepen mutual understanding with society through detailed communication so that we can have even more dialogue with shareholders and investors like this.

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# E-Vision 2030

In 2020, the Ebara Group formulated a 10-year long-term vision and the path towards that goal, E-Vision 2030, as its value creation story. Under the slogan of "Technology. Passion. Support Our Globe," we aim to become an excellent global company. Through our business, we will contribute to the resolution of social issues such as the SDGs while simultaneously increasing the social, environmental, and economic value we generate. We believe this will earn greater

corporate value and recognition as an excellent global company.

E-Vision 2030 sets out five material issues (Ebara's materiality) for the Group to address by 2030. By endeavoring to solve these problems through Ebara's business activities, we aim to achieve results that lead to improvements in social, environmental, and economic value.



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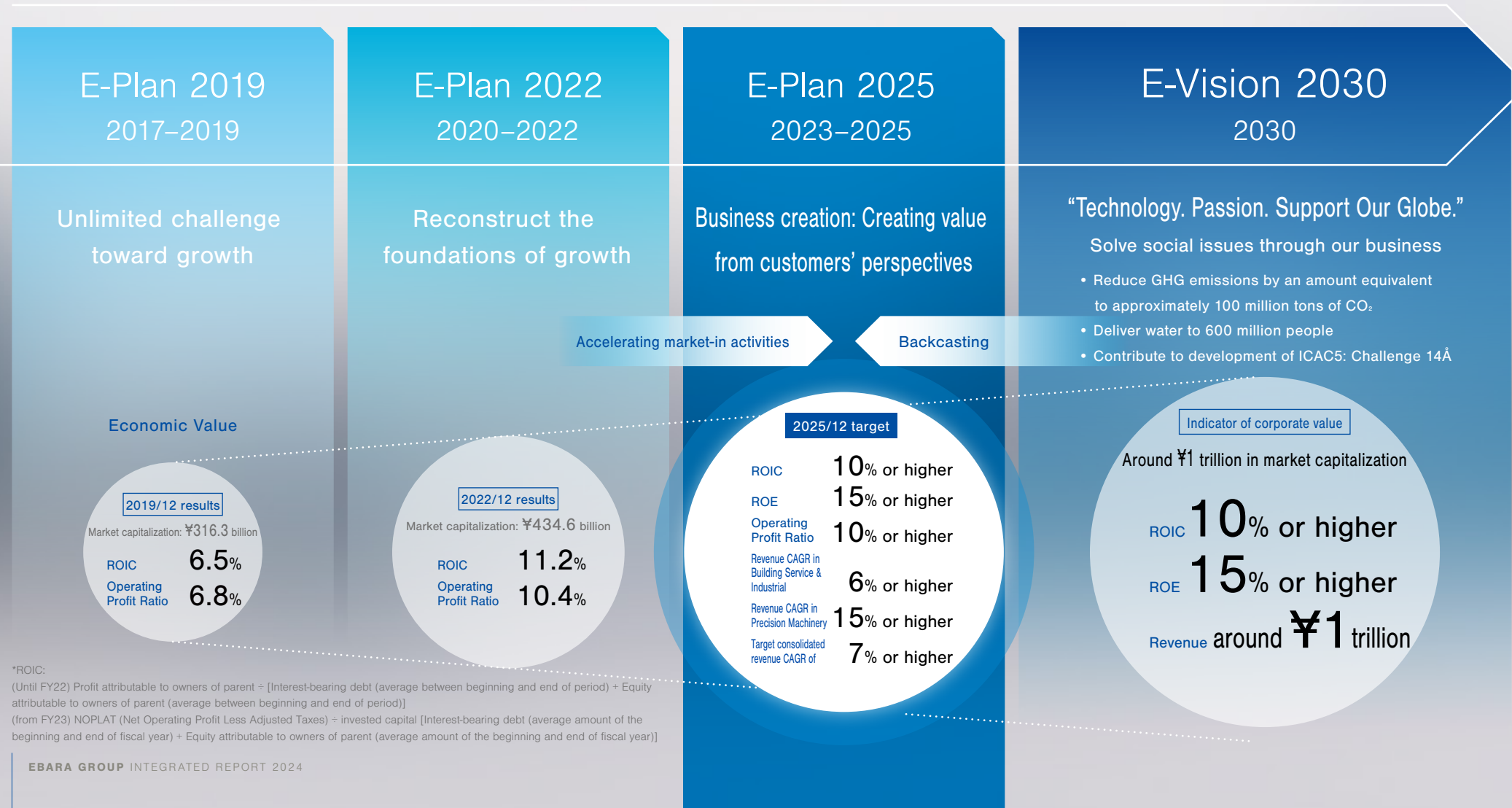
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# E-Vision 2030 Milestones

With an eye on our vision for 2030, we will enter a stage of further growth based on the results of E-Plan 2022.

In February 2023, we formulated a new medium-term management plan, E-Plan 2025, by backcasting the direction the Group should take as indicated in our long-term vision, E-Vision 2030. E-Plan 2025 covers the three-year period from 2023 to 2025. We intend to exceed the high levels of efficiency and profitability achieved in the previous medium-term management plan, E-Plan 2022, while addressing the issues identified in E-Plan 2022. We will achieve top-line growth primarily in the building services and industrial equipment market and the semiconductor manufacturing market.



\*ROIC:  
(Until FY22) Profit attributable to owners of parent ÷ [Interest-bearing debt (average between beginning and end of period) + Equity attributable to owners of parent (average between beginning and end of period)]  
(from FY23) NOPLAT (Net Operating Profit Less Adjusted Taxes) ÷ invested capital [Interest-bearing debt (average amount of the beginning and end of fiscal year) + Equity attributable to owners of parent (average amount of the beginning and end of fiscal year)]

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# E-Plan 2025

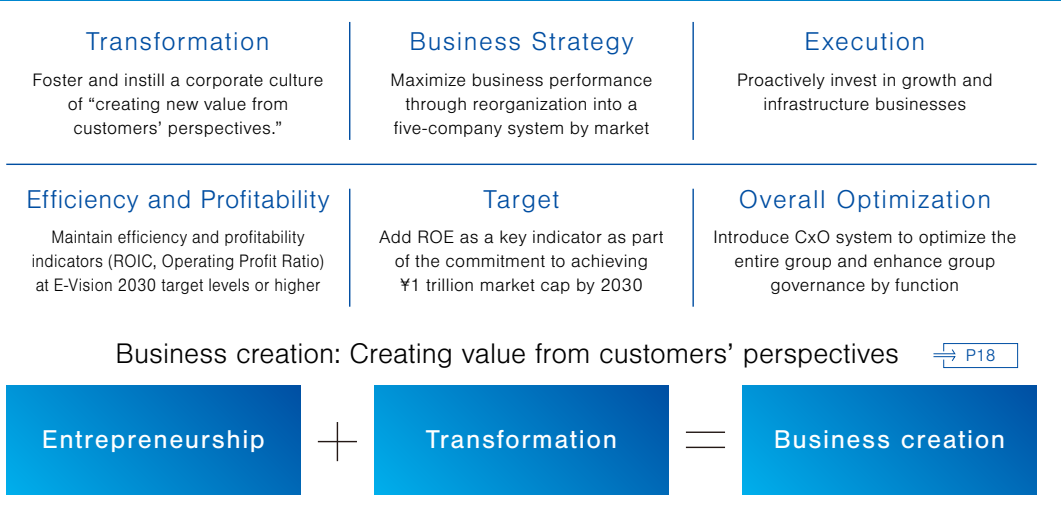
## Medium-Term Management Plan

# E-Plan 2025

## Six Approaches of E-Plan 2025

The goal of E-Plan 2025 is to reach a position where we can more reliably foresee the path to achieving our vision for 2030 by implementing the six items listed on the right. With respect to business growth, the CAGR for revenue during the period of E-Plan 2025 is set at 7%, which will be achieved mainly in the two businesses of Building Services and Industrial Equipment and Precision Machinery, which are poised to grow.

In addition, we will further strengthen our competitiveness in each of those businesses with the slogan of creating value from customers' perspectives.



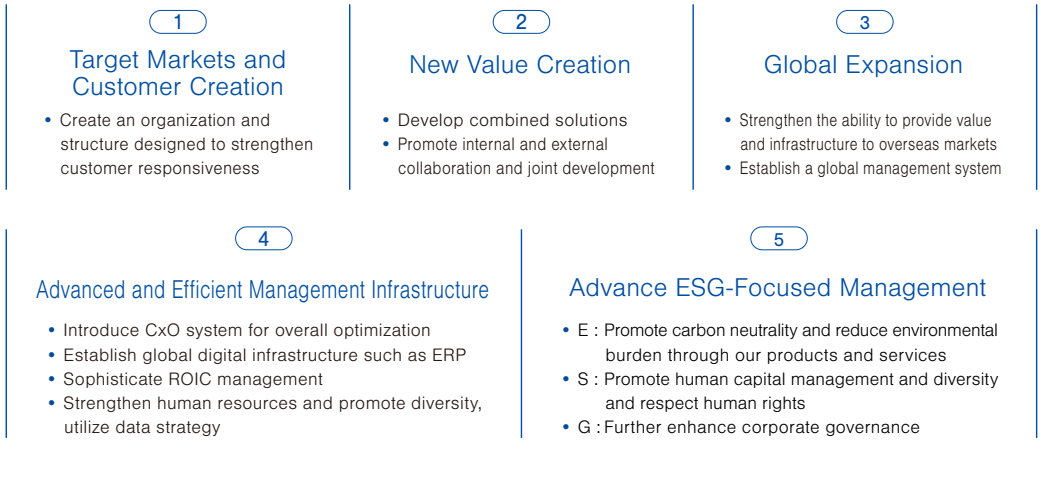
## Driving Transformation in Five Key Areas

Under E-Plan 2025, we have specified five priority areas consisting of three business strategies and two basic policies to promote changes that create economic value and social and environmental value. In order to facilitate ongoing business expansion and to properly allocate capital in investments for the future, we will engage in balanced investment and financing, positioning the three-year period as one in which we will make necessary investments while maintaining efficiency indicators at a high level.

Cash Allocation in E-Plan 2025 (Three-year Cumulative Total)

Item	Content	FY2023-2025 3-year cumulative
Growth investment	Growth investment based on business portfolio (Facilities for increased production, R&D, new businesses, M&A, etc.)	¥180.0-225.0 billion Of which, R&D expenses: ¥65 billion
Infrastructure investment	Strengthen bases that underpin sustainable growth (Maintenance and renewal facilities, human capital, IT such as ERP, business infrastructure, ESG areas)	¥50.0-80.0 billion
Shareholder returns	Dividend policy: Aim for a consolidated dividend payout ratio of 35% or higher Repurchase of treasury stock Implement flexibly at appropriate time, carefully considering the level of equity attributable to owners of the parent company	

## Business Strategy



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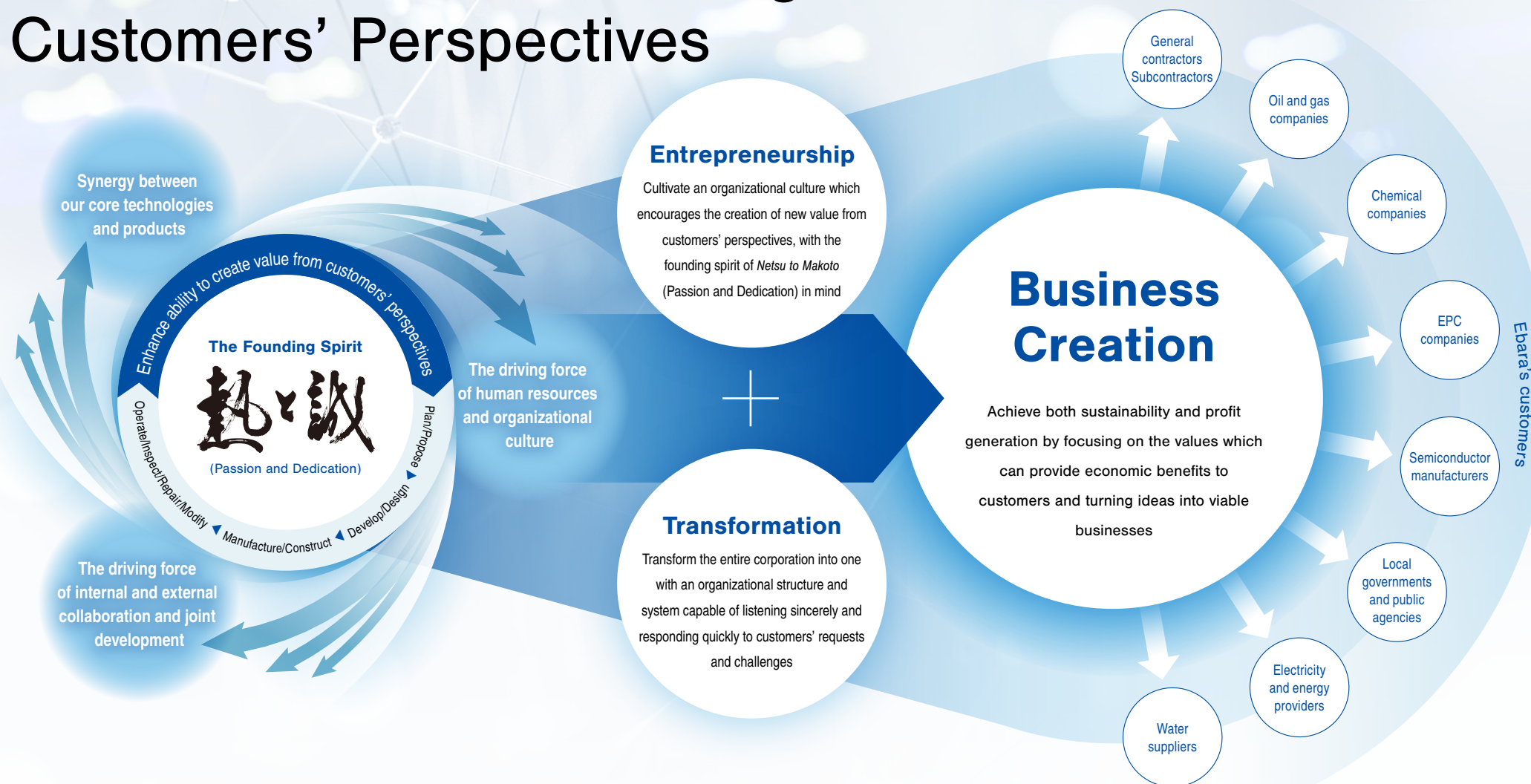
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# Business Creation: Creating Value from Customers' Perspectives



## Business Creation as Set Forth in E-Plan 2025

The slogan in E-Plan 2025 is "creating value from customers' perspectives—business creation." This means altering the entire company's organizational structure to sincerely address customer requests and issues, initiating a series of steps to create business, and continuously "creating business" and creating value as a result. We will foster a mindset of continuously taking on challenges, we will foster corporate reforms and a supportive organizational culture to instill that mindset, and we will seek to contribute to sustainable profit.

### Establishment of E-Start 2024, a program to facilitate entrepreneurship

The Group has established a new in-house program, called E-Start 2024, to facilitate the challenge of creating new business. The program seeks to increase corporate value by resolving social issues around the world. The E-Start 2020 program that was conducted in 2020 led to several projects, including our space business. [➡ P82](#)  
E-Start 2024 began accepting suggestions for ideas to turn into businesses in May 2024, and the final selection will take place in fall.

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E-Plan 2025 Financial Targets

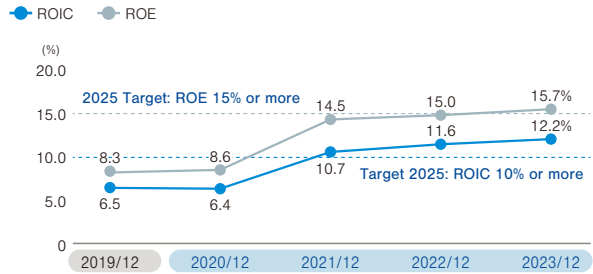
Financial Targets

Type	Item	FY2023 Results	FY2024 Plan	FY2025 Targets
Profitability	Operating profit ratio	11.3%	10.5%	10% or higher
	Operating profit ratio by in-house company			
	Building Service & Industrial Company	7.1%	7.2%	7% or higher
	Energy Company	13.4%	10.0%	12% or higher
	Infrastructure Company	9.2%	7.8%	6% or higher
	Environmental Solutions Company	9.7%	7.5%	7% or higher
Efficiency	Precision Machinery Company	15.5%	15.7%	17% or higher
	ROIC	12.2%	11.0%	10% or higher
Growth Potential	ROE	15.7%	14.2%	15% or higher
	Building Service & Industrial Company Revenue CAGR (FY2022–2025)	14.7%	9.0%	6% or higher
Soundness	Precision Machinery Company Revenue CAGR (FY2022–2025)	11.1%	9.2%	15% or higher
	Debt-to-equity ratio (times)	0.35	0.3–0.5 (management guideline)	

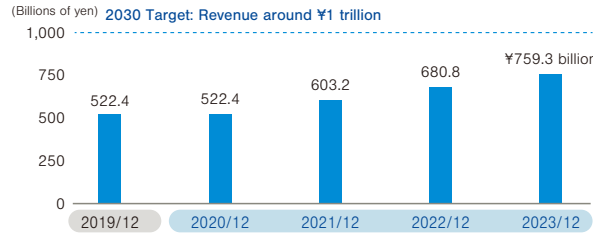
Effective from the fiscal year ended December 31, 2021, the Company has adopted IFRS in place of the previously used Japanese GAAP. The financial figures for the fiscal year ended December 31, 2020 are also presented in accordance with IFRS.

Financial Indicators

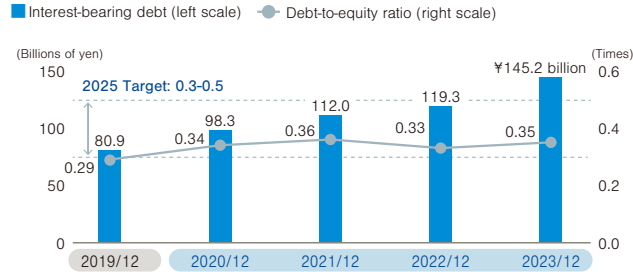
ROIC\*1 / ROE\*2



Net Sales / Revenue

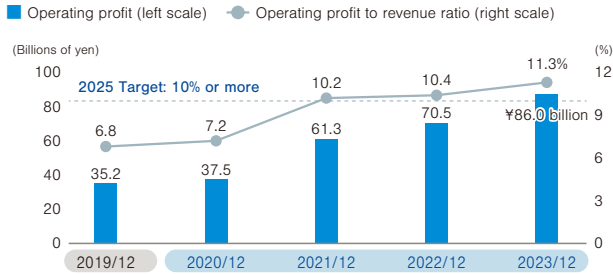


Interest-Bearing Debt / Debt-to-Equity Ratio

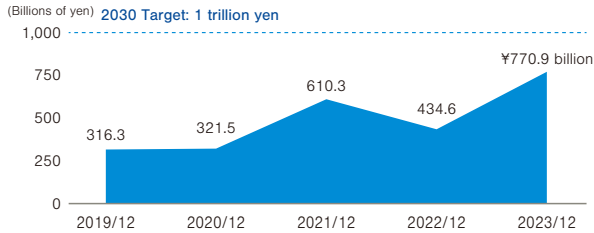


\*1. ROIC: IFRS: Profit attributable to owners of parent / [Interest-bearing debt (Average between beginning and end of period) + Equity attributable to owners of parent (Average between beginning and end of period)]  
JGAAP: Profit attributable to owners of parent / [Interest-bearing debt (Average between beginning and end of period) + Shareholders' equity (Average between beginning and end of period)]  
\*2. ROE : IFRS: Profit attributable to owners of parent / Shareholders' equity (Average between beginning and end of period)  
JGAAP: Profit attributable to owners of parent / Equity attributable to owners of parent (Average between beginning and end of period)  
\*3. The Company carried out a 5-for-1 stock split of the common stock of the Company with a record date of June 30, 2024. The share price and per-share information are based on a pre-split basis.

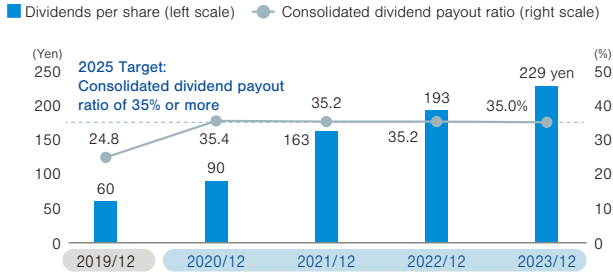
Operating Profit / Operating Profit to Revenue Ratio



Market Capitalization



Dividends per Share\*3 / Consolidated Dividend Payout Ratio







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E-Plan 2025 Non-Financial Targets

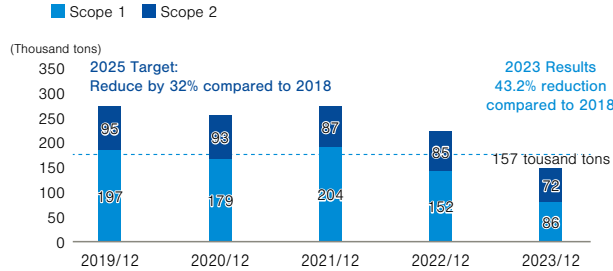
Non-Financial Targets

Type	Item	Targets
Environment	CDP score (climate change)	Maintain B or above
	Scope 1 and 2 GHG emissions	Reduce by 32% compared to 2018
	Scope 3/Avoided emissions/Others (As of June, 2024)	Establish a practical measurement method to reduce 100 million tons by 2030
Social	Further promote a culture of competition and pioneering spirit, and strive to create an environment where diverse employees can comfortably work and perform well * Global Engagement Survey Score	FY2025: 83 or higher FY2030: 86 or higher
	Aim for global mobility improvement * Percentage of non-Japanese employees in global key positions (GKP)	FY2025: 30% or higher FY2030: 50% or higher
	Resolve gender pay gap (1) Percentage of female employees in GKP (2) Percentage of female employees in management (EC*)	(1) FY2025: 8% or higher FY2030: 10% or higher (2) FY2025: 8% or higher
	Cultivate a company culture where employees can balance work and childcare regardless of gender * Percentage of male employees taking parental leave (EC*)	FY2025: 100% (Target set in November 2023)
	Promote inclusion of employees with special needs * Percentage of employees with special needs (EC*1 + 4 domestic Group companies)	FY2025: 2.6% or higher
	Implement necessary measures based on the results of human rights due diligence for suppliers	
	Enhance the performance of the Board of Directors and contributions to Governance to Value (G to V)	

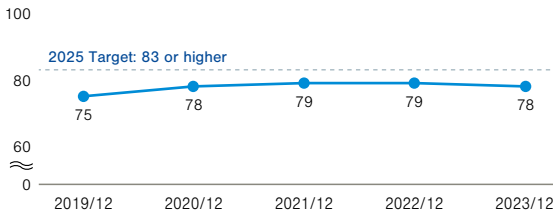
\*1. EC: Targets for EBARA CORPORATION (non-consolidated)

Non-Financial Indicators

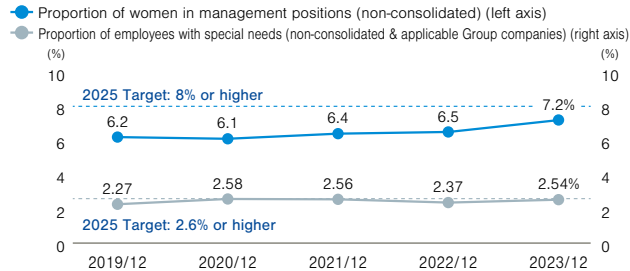
Scope 1 and 2 GHG Emissions\*2



Global Engagement Survey Score

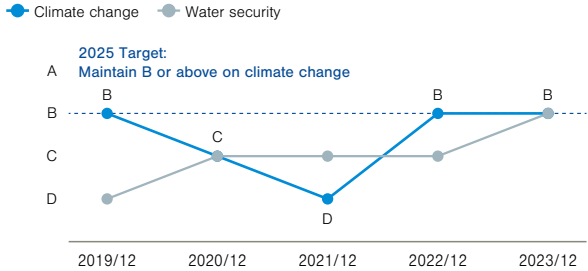


Proportion of Women in Management Positions / Proportion of Employees with Special Needs

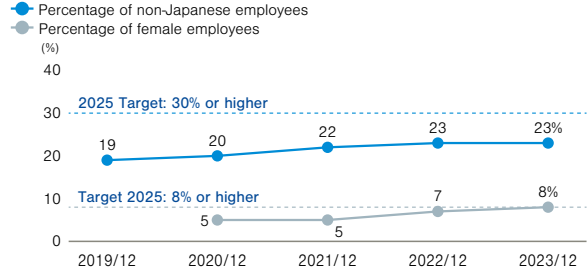


\*2. The scope of emissions data was adjusted to be in line with fiscal reporting and previously excluded Group companies have been added to the data back to 2018.

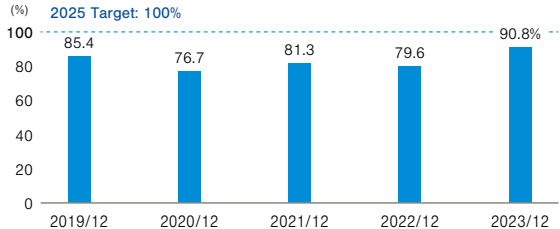
CDP Scores



Diversity in Global Key Positions



Percentage of Male Employees Taking Childcare Leave (non-consolidated)





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Five Priority Areas and Progress in E-Plan 2025

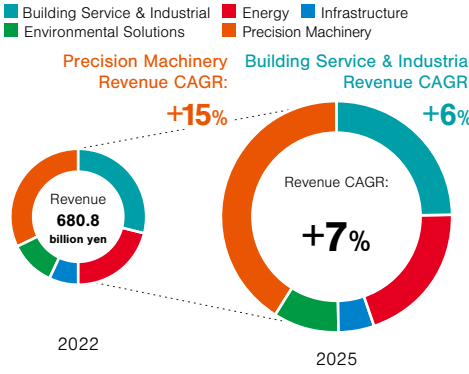
1 Target Markets and Customer Orientation

Create an organization and structure designed to strengthen customer responsiveness

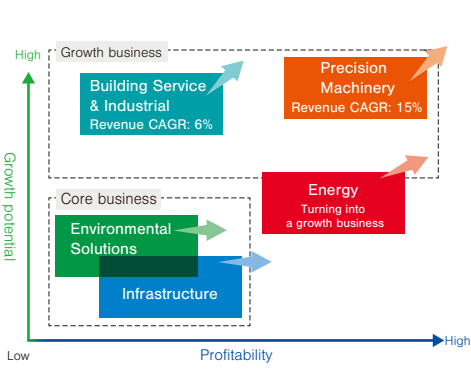
In January 2023, we transitioned from a product-based structure to a target market-based structure in order to better understand the markets and create value from a customer oriented perspective. To ensure that the business side can fully focus on value creation in target markets, we established new cross-departmental functionality through introducing the CxO system, aiming for Groupwide optimization and enhanced governance.

Positioning	Company	Value Creation by Target Market	FY23 Results Operating Profit Ratio	FY24 Plan Operating Profit Ratio	FY25 Target Operating Profit Ratio
Growth business	Building Service & Industrial	Provide comprehensive solutions with broad product coverage	7.1%	7.2%	7.0% or higher
	Precision Machinery	Build manufacturing processes that support miniaturization and sophistication of semiconductors, becoming a solution provider in the sub-fab area	15.5%	15.7%	17.0% or higher
Business turning into a growth business	Energy	Provide solutions that respond to changes in customers and society based on the mega-trends of decarbonization and next-generation energy	13.4%	10.0%	12.0% or higher
Core business (Secure stable revenue)	Infrastructure	While supporting social infrastructure, maintain a high market share mainly by strengthening product development capabilities in Japan and, explore growth markets in overseas markets	9.2%	7.8%	6.0% or higher
	Environmental Solutions	Provide technologies and services that respond decarbonization and resource recycling	9.7%	7.5%	7.0% or higher

Projected Revenue Composition in Final Year of E-Plan 2025



Portfolio Advancement Plan in E-Plan 2025



2 New Value Creation

Develop combined solutions

Promote internal and external collaboration and joint development

In our existing businesses, we will transition away from a conventional product-out approach to strengthen our market-in approach. We are striving to transform into a solution provider by offering complex solutions that utilize our competitive advantage of handling multiple products and services that address customer problems and requests.

We will utilize the Strategic Table of Technological Capabilities, which makes internal technologies, human resources, and core competencies into visual media as well as our human resource map to strengthen both internal and external collaboration, and understand social issues through customer-oriented marketing from customers' perspectives, thereby creating new value. [→ P34](#)



Examples of progress in 2023

Expanded orders in the LNG market

Verified results from years of work integrating compressors and cryogenic pumps

In 2023, the Energy Company won an order to supply cryogenic pumps, expanders, boil-off gas (BOG) compressors, and end flash gas (EFG) compressors for the Port Arthur LNG Phase 1 project in Jefferson County, Texas. The Energy Company was awarded the contract by Bechtel Energy Inc., and will perform the detailed engineering, procurement, construction, commissioning, startup, performance testing, and operator training activities for the Port Arthur LNG Phase 1 project. This order is a result of the integration of the compressor and cryogenic product businesses, and further synergies are expected from the integration of the compressor and custom pump businesses in the future.





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## Five Priority Areas and Progress in E-Plan 2025

### 3 Global Expansion

- Strengthen the ability to provide value and infrastructure to overseas markets
- Establish a global management system

We will enhance functions to support the global expansion for business units and strengthen our global business foundation.

Topics addressed	Progress and major results	Major efforts for the future
Sophisticate business operations	<ul style="list-style-type: none"><li>Transitioned to a target market-based organization. Organizational integration in the Building and Industrial Equipment segment and the Energy segment</li><li>Started construction of an equipment development building (Precision Machinery)</li></ul>	<ul style="list-style-type: none"><li>Introducing a regional department system (Building Services and Industrial Equipment) and promoting a function-based and region-based organizational structure (Energy)</li><li>Introducing an account system and creating a development system from an optimal global perspective (Precision Machinery)</li></ul>
Initiatives to strengthen S&S	<ul style="list-style-type: none"><li>Consolidated S&amp;S sites for compressors and turbines and established new sites</li><li>Developed and promoted the EBARA Maintenance Cloud (Building Services and Industrial Equipment)</li><li>Malaysian subsidiary started operation (Precision Machinery)</li></ul>	<ul style="list-style-type: none"><li>Rationalize and strengthen S&amp;S bases by integrating compressors, turbines and custom pumps</li><li>Develop new service menus integrating pumps, chillers, fans, etc.</li></ul>
Strengthen production processes and development capabilities	<ul style="list-style-type: none"><li>Started construction of a new building (K3) at Kumamoto Plant (Precision Machinery)</li><li>Promoted global optimization of compressor and turbine manufacturing processes (Energy)</li><li>Started construction of an equipment development building (Precision Machinery)</li></ul>	<ul style="list-style-type: none"><li>Reinforce resources and execute design and development DX to firmly implement developed products into society</li><li>Develop core technologies by utilizing Ebara Manufacturing Technology Advanced Center</li></ul>
Bolster global procurement and SCM	<ul style="list-style-type: none"><li>Spread centralized Group purchasing</li><li>Streamlined the purchasing process with SAP Ariba</li></ul>	<ul style="list-style-type: none"><li>Increase procurement capabilities from centralized and consolidated suppliers across divisions/departments</li><li>Establish multiple supply networks across the Group and with suppliers</li><li>Build a robust supply chain through networking and digitization of manufacturing and distribution bases</li></ul>
Promote R&D → P40	<ul style="list-style-type: none"><li>Created the Strategic Table of Technological Capabilities by target market</li><li>Developed and launched world first products for hydrogen</li></ul>	<ul style="list-style-type: none"><li>Utilize technology and talent globally through the visualization of our technologies, core competencies, and technical personnel (technology mapping)</li></ul>

### 4 Advanced and Efficient Management Infrastructure

- Introduce CxO system for overall optimization
- Establish global digital infrastructure such as ERP
- Sophisticate ROIC management
- Strengthen human resources and promote diversity, utilize data strategy

We will advance and improve the efficiency of our management infrastructure to optimize operations, and we have introduced the CxO system to optimize the entire Group and enhance Group governance.

Topics addressed	Progress and major results	Major efforts for the future
Establish global infrastructure foundations	<ul style="list-style-type: none"><li>Introduced ERP system at domestic and overseas Group companies and put it into operation</li><li>Introduced CxO system and established reporting lines</li></ul>	<ul style="list-style-type: none"><li>Implement Groupwide ERP system by 2025</li><li>Integrate global IT infrastructure and expand common systems</li><li>Standardize operations globally</li></ul>
Digital strategy to drive business model innovation → P44	<ul style="list-style-type: none"><li>Established the Data Management Office (DMO)</li><li>Launched a generative AI project</li></ul>	<ul style="list-style-type: none"><li>Data-driven management (data analysis and utilization of data in the areas of human resources, sales, and finance as a service)</li><li>Utilize digital twin/metaverse space</li></ul>
Sophisticate ROIC management → P30	<ul style="list-style-type: none"><li>Disclosed the WACC by target market and implemented and monitored measures to maximize the ROIC-WACC spread</li><li>Implemented Intellectual Property ROIC and Innovative Production ROIC</li></ul>	<ul style="list-style-type: none"><li>ROIC-WACC in new business units in line with the transition to organization by target market</li><li>Define optimal hurdle rates and valuation metrics to use for business assessment and growth support</li></ul>
Sophisticate "One Ebara HR" → P36	<ul style="list-style-type: none"><li>Conducted training for employees who are candidates for global leadership</li><li>Started implementation of a global mobility system</li></ul>	<ul style="list-style-type: none"><li>Establishment of Global Key Positions (GKPs) and improving global mobility</li><li>Optimize personnel allocation based on global talent database</li><li>Further promote diversity, equity and inclusion</li></ul>
Risk management → P48	<ul style="list-style-type: none"><li>Enhanced Group governance</li><li>Thoroughly trained management at Group companies and management candidates</li></ul>	<ul style="list-style-type: none"><li>Centralize and streamline Groupwide risk management functions</li><li>Conduct comprehensive environmental management (i.e., ISO 14001 certification for all Group companies with manufacturing and maintenance plants)</li></ul>



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Five Priority Areas and Progress in E-Plan 2025

5 Advance ESG-Focused Management

- **E: Carbon neutrality, contribute to society and environment through our products and services**
- **S: Human capital management, promote diversity, and respect human rights**
- **G: Further enhance corporate governance**

We will further advance ESG management to create a sustainable society. Environmentally, we will continue to reduce the environmental impact of our business activities and strive to provide products and services that reduce the impact of our customers' business activities, in order to achieve carbon neutrality by 2050. In the social dimension, we are enhancing human capital management and promoting diversity, equity, and inclusion (DE&I) throughout the Group. We also conduct due diligence on our employees and suppliers, and we have joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) as a way to respond to complaints and consultations from the Group's suppliers. In addition, we continuously review and improve our human rights activities through the Human Rights Committee. With regard to corporate governance, we have adopted the policy of Governance to Value, and the Board of Directors will help to resolve medium- and long-term issues and oversee the growth of the Ebara Group.

Topics addressed	Progress and major results	Major efforts for the future
<b>Environment</b> Carbon neutrality ➔ P52 Contribute to society and environment through our products and services ➔ P64	<ul style="list-style-type: none"><li>• Obtained third-party verification of GHG emissions in 2022 (Scope 1 and 2)</li><li>• Expanded the switch to green power (installed photovoltaic power-generating equipment at offices/business locations in Japan and procured power from renewable energy)</li><li>• Engaged in capital investment to contribute to efficient energy use</li><li>• Developed and started sales of a canned motor pump for liquid ammonia</li></ul>	<ul style="list-style-type: none"><li>• Obtaining SBTi certification</li><li>• Expanding the switch to green power (installing solar power-generating equipment at offices/business locations in Japan and overseas)</li><li>• Expanding sales of products that treat GHGs such as gas abatement systems</li><li>• Enhancing systems to supply and sell new pumps (ammonia pumps and injection pumps) to the decarbonization market</li></ul>
<b>Society</b> Human capital management Promote diversity ➔ P36 Respect human rights ➔ P57	<ul style="list-style-type: none"><li>• Expanded the map of technical human resources</li><li>• Instituted DE&amp;I</li><li>• Conducted diversity training for executive officers</li><li>• Conducted human rights due diligence of employees and suppliers, identified risks, and made improvements</li><li>• Became a member of external organization that redresses human rights grievances to respond to complaints and consultations from suppliers</li></ul>	<ul style="list-style-type: none"><li>• Compilation of data on and use of "technological and organizational capabilities"</li><li>• Enhancing the implementation of the Global Succession Plan</li><li>• Expanding training programs for global human resources</li><li>• Further publicizing the system for male employees to take childcare leave and DE&amp;I educational campaigns</li></ul>
<b>Governance</b> Further enhance corporate governance ➔ P86	<ul style="list-style-type: none"><li>• Enhanced discussions of sustainability</li></ul>	<ul style="list-style-type: none"><li>• Achieving G to V</li><li>• Promotion of the Succession Plan by the Board of Directors</li></ul>

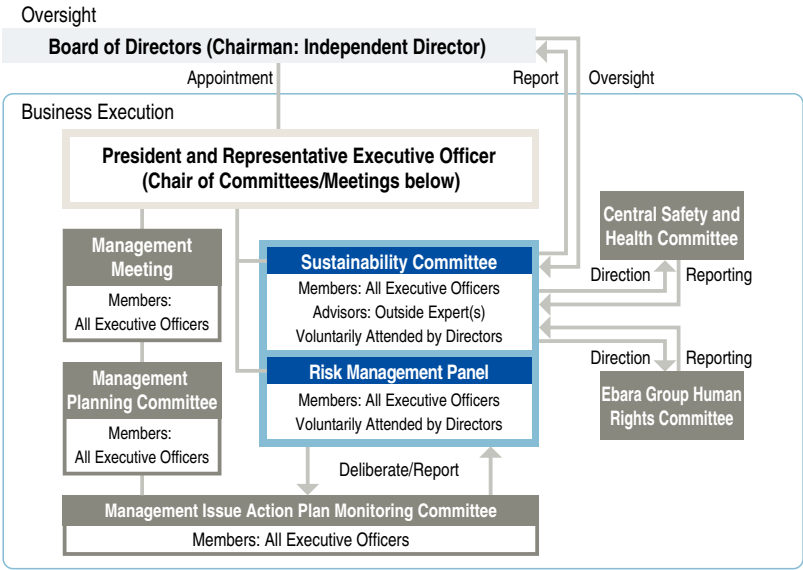
FOCUS Sustainability Promotion Framework

The core of the Group's governance framework related to sustainability is a "supervisory and business execution framework" led by the Board of Directors and the Sustainability Committee. ➔ P101

On the business execution side, the Sustainability Committee plays an important role in sustainable management. The committee is chaired by the President and Representative Executive Officer, and its agenda covers environmental, social, and governance issues. The Human Rights Committee determines the Group's human rights policies and actions, and the Central Safety and Health Committee determines the Group's policies on occupational safety and health and it monitors the status of occupational safety and health throughout the Group. Discussions held by the Human Rights Committee and the Central Safety and Health Committee are reported to and reviewed by the Sustainability Committee.

Risk management with regard to sustainability falls under the corporate governance system for the Company, and the Risk Management Panel, which deals with major risks the Group faces, also deals with risks related to sustainability. ➔ P48












The Board of Directors receives reports from the Sustainability Committee regarding the execution of matters under the Committee's purview, it reviews the details in those reports, and it provides comments and recommendations as necessary.





E-Vision 2030 and E-Plan 2025 Non-financial Goals, KPIs, and Targets

To resolve the five material issues laid out in E-Vision 2030, our long-term vision, we have set outcome goals, key performance indicators (KPIs) and targets for each department to achieve. We will continuously monitor these KPIs and go through the plan–do–check–act (PDCA) cycle to achieve our targets. Please find more in-depth information about initiatives and measures at the pages in the reference column.

Five Material Issues (Ebara's Materiality)	Related SDGs	2025 Outcome Goals	Responsibility	KPIs	2025/12 Targets	2023/12 Results
 <b>1</b> Contribute to the creation of a sustainable society	      	Reduce greenhouse gas (GHG) emissions	Building Service & Industrial	Unit sales of energy-saving, highly efficient products	15% increase compared to 2022	8% increase compared to 2022
			Energy	Development and sales promotion for new products (ammonia pumps, injection pumps, etc.) for the decarbonization market	Achieve 100% of commercialization and sales targets	Completed product launch
				Development of new compressors for the decarbonization market	Achieve 100% commercialization	Continued product development
			Infrastructure	Unit sales of products with low environmental impact	50	Continued product development
			Environmental Solutions	Number of new waste treatment facilities that generate thermal electricity from waste processing	3 facilities during the 3 years of E-Plan 2025	Cumulative total 1 project
			Precision Machinery	Amount of GHG emissions that can be reduced by gas abatement systems in semiconductor manufacturing processes that use GHGs	20% increase compared to 2022	5.6% increase compared to 2022
				Reduction of GHG emissions from dry vacuum pump manufacturing	10% reduction compared to 2022	5.1% increase compared to 2022
		Develop technologies that reduce CO <sub>2</sub> emissions and enable carbon resource circulation	Environmental Solutions	Development of practical applications of technology (ICFG®*) for reusing chemical raw materials derived from waste plastics (implementation in 2030)	Implementation of pilot testing	Completed design of a pilot test facility
			Building Service & Industrial	Unit sales of solar pumps	50% increase compared to 2022	20% decrease compared to 2022
		Deliver water to 500 million people		Building Service & Industrial	Unit sales in emerging countries	40% increase compared to 2022
Protect people's safe and secure lifestyles from disasters through stable operation of pump equipment	Infrastructure	Total drainage capacity of pumps delivered for disaster preparedness (drainage volume per second)	145 m³/s		Achieved 134% of 2023 target	
 <b>2</b> Elevate standards of living and support abundant lifestyles for all	 	Reduce water usage and discharge	Precision Machinery	Reduction of pure water use by CMP systems	30% reduction from 2022	Development in progress
		Develop foundational technologies for semiconductor miniaturization	Precision Machinery	Development of foundational technology for 14Å semiconductor manufacturing	100%	55%
		Implement technical tool development to improve product development throughput		Expansion of application scope of technical tools that eliminate rework in development	Expand to all five in-house companies	Trial application of functional simulations to the development of several pumps
		Propose new themes and strengthen strategic research policies	CTO	Formation of macro-level technology development strategies and action plans (APs) based on technological and social trends	Form medium- to long-term scenarios and corporate R&D strategies based on trends, and create APs for the next fiscal year	Using megatrends as a starting point, we examined social issues and solutions, and selected three topics that we should address. The selected topics are being fleshed out and APs are being implemented.
		Advance information analysis communication and proposal activities and integrate into regular operations		Number of analysis recommendations for intellectual and non-intellectual property information that contributes to management and business decisions, etc.	20 highly evaluated analysis recommendations per year	10 highly evaluated analysis recommendations were delivered
		Expand ERP project across the Group	CIO	Number of Group companies with ERP implemented	20 or more	Implemented at 4; in process at 6 others
		Strengthen information security and comply with NIST (US) and CIS		Rate of compliance with ISO 27001 categories at bases	100%	50%
				Number of items needing to be handled by CIS Controls (Total for IG1 and IG2)	100%	52%

\* ICFG is a trademark of Ebara Environmental Plant in Japan

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E-Vision 2030 and E-Plan 2025 Non-financial Goals, KPIs, and Targets

Five Material Issues (Ebara's Materiality)	Related SDGs	2025 Outcome Goals	Responsibility	KPIs	2025/12 Targets	2023/12 Results
 3 Conduct comprehensive environmental management	   	Carbon neutrality by 2050	CRO	CDP Evaluation (climate change)	Maintain B or above	B
		Reduce Scope 1 and 2 GHG emissions by 32% compared to 2018		Reduction of Scope 1 and 2 GHG emissions	32% reduction compared to 2018	43.2% reduction compared to 2018
		Scope 3/Avoided emissions/Others*1 (Across value chain) (2030 goal)		Reduction of Scope 3 GHG emissions	Establish a practical measurement method to reduce 100 million tons by 2030	Considering cooperation and collaboration with suppliers. A further increase in product efficiency to reduce Category 11 emissions, which account for the largest proportion of the total
		Continuously reduce water consumption rate (2030 goal)		Water consumption rate	Continuous reduction	Water use intensity of 0.134km³/¥100 million in 2023 Improvement from the previous year
		Maintain a recycling rate of 95% or more (2030 goal)		Recycling rate (domestic group)	Maintain rate of 95% or higher	97.1%
 4 Promote working environments that encourage challenge	  	Transform Ebara's culture into a competitive one that takes on challenges, creating an environment where diverse employees thrive in their work	CHRO	Global engagement survey score	83 or higher	78
		Improve global mobility		Proportion of non-Japanese employees in global key positions (GKP)	30% or higher	23%
		Eliminate wage gap between men and women		Proportion of women in GKPs	8% or higher	8%
		Foster a corporate culture that allows people to balance work and childcare regardless of gender		Proportion of female managers (non-consolidated)	8% or higher	7.2%
		Promote the success of employees with disabilities		Proportion of male employees taking childcare leave (non-consolidated)	100%	90.8%
 5 Enhance corporate governance		Implement necessary measures based on the results of human rights due diligence of suppliers	Operations Innovation Division*2	—	—	—
		Improve the effectiveness of the Board of Directors and contribute to G to V (Governance to Value)	Board of Directors	—	—	—

\*1. "Others" include the CO<sub>2</sub> equivalent amount of GHGs decomposed and treated by our products, etc.  
\*2. A division that works to optimize business processes, with one of its functions being to oversee procurement for the Group

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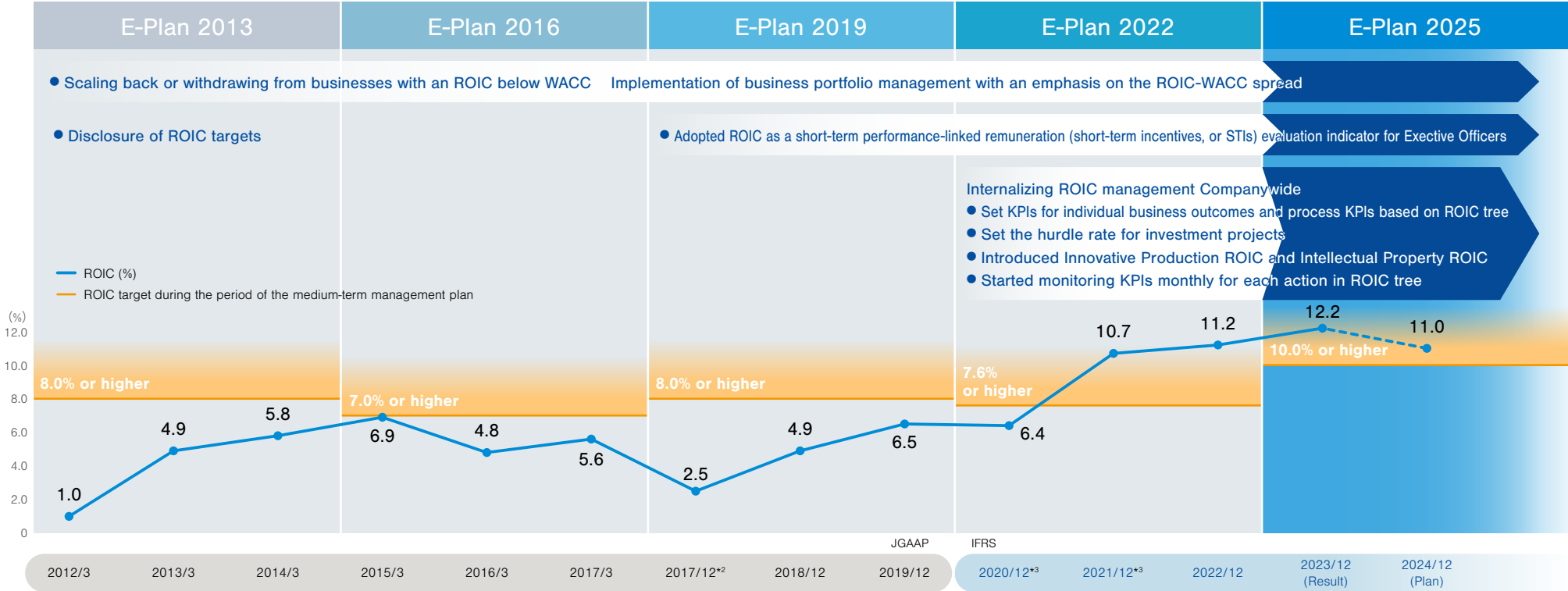
Internalization of ROIC Management

The Group considers return on invested capital (ROIC) to be the most important management indicator, along with return on equity (ROE). Since its introduction in the E-Plan 2013 medium-term management plan, we have been working to internalize the concept of ROIC, i.e., “considering the invested capital required and maximizing returns on that invested capital,” within the Company.

There are two important perspectives for ROIC management. The first is Companywide business portfolio management. Since around 2010, we have been scaling back or withdrawing from businesses with an ROIC below the WACC, and we have set ROIC targets for each business and implemented business portfolio management that emphasizes the ROIC-WACC spread for businesses with an ROIC above the WACC as well. The second perspective is improving the ROIC for each business. We are improving the ROIC by linking the various indicators in the ROIC tree to the performance goals of executives and department heads in each business, and ultimately the employees in charge, and we are incorporating those

indicators in specific action plans. The degree to which those goals are achieved is reflected in organizational and individual performance evaluations.

Currently, the concept of ROIC is applied to the framework for profit-generating functions as well as to organizations with special functions such as innovating production and enhancing intellectual property. There, efficiency indicators are calculated and evaluated with respect to the capital investment required to perform that function and the return resulting from the fulfillment of that function. As examples, Innovative Production ROIC and Intellectual Property ROIC have come to be used as management indicators in their respective departments as a result of the internalization of ROIC management throughout the Company. Efforts to improve ROIC are underway Companywide, and these efforts are steadily leading to an increase in corporate value.



\*1. ROIC:(IFRS) Profit attributable to owners of parent/(Interest-bearing debt (average between beginning and end of period) + Equity attributable to owners of parent (average between beginning and end of period)) (JGAAP) Profit attributable to owners of parent/(Interest-bearing debt (average of beginning and end of period) + Shareholders' equity (average of beginning and end of period)) As of 2023: Net operating profit less adjusted taxes (NOPLAT)/(Interest-bearing debt (average between beginning and end of period) +

Equity attributable to owners of parent (average between beginning and end of period)) \*2. Due to the change in the end of the fiscal year for EBARA Corporation and its consolidated subsidiaries, the fiscal year that ended December 31, 2017 was an irregular nine-month period. \*3. The IFRS have been adopted in place of the Japanese GAAP since 2021. The financial figures for 2020 are also presented in accordance with the IFRS.

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# Increasing Corporate Value

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We will enhance our organizational capabilities and maximize our corporate value by drawing on and multiplying our links between personnel and organizations and our technologies and know-how while enhancing the management capital of the Ebara Group.

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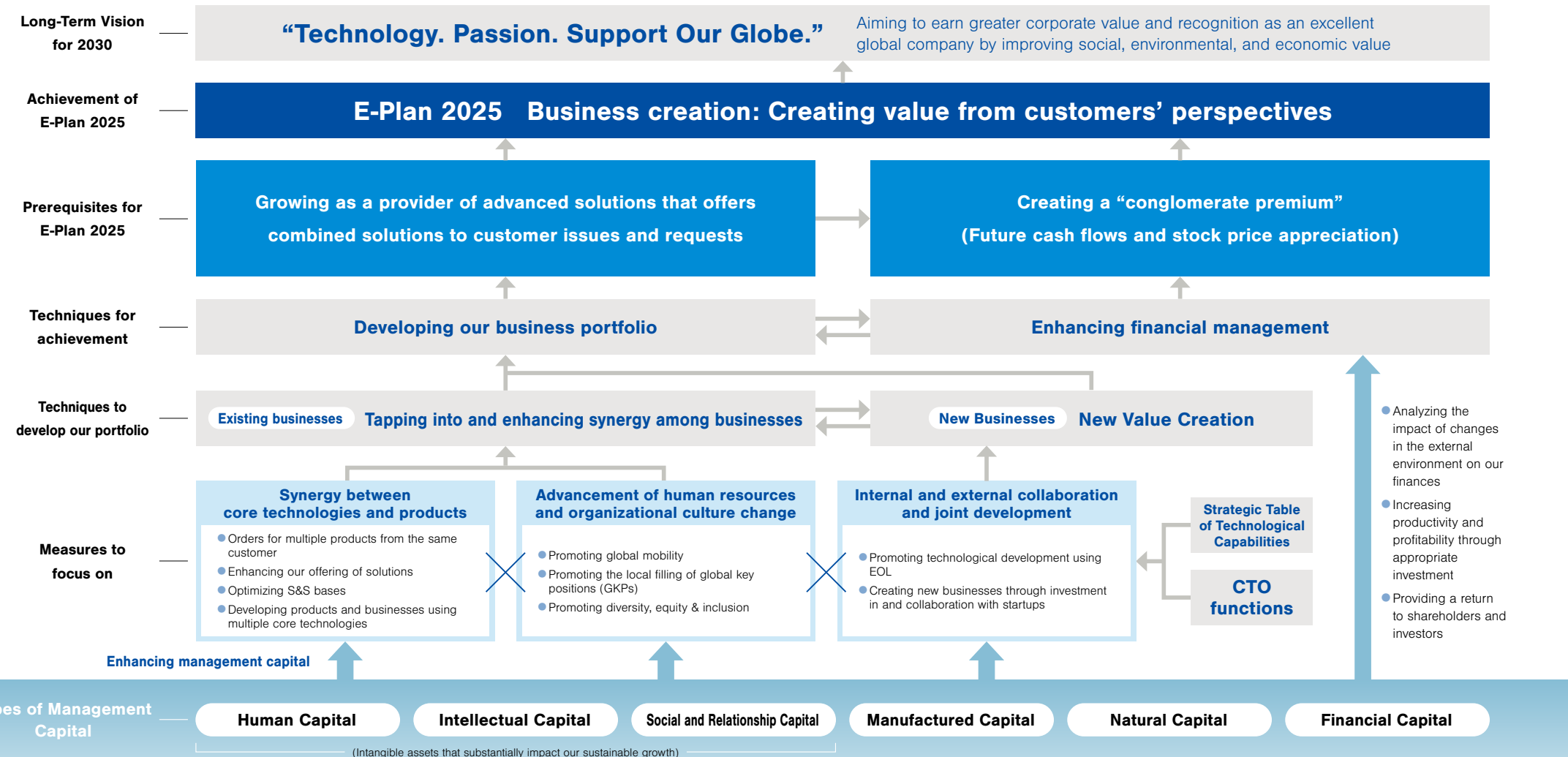
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# The Relationship between Our Vision for 2030 and Management Capital

## Utilizing management capital to create value

In order to become an excellent global company that balances social and environmental value with economic value, we must grow into a corporate Group that is highly desired by the market by providing advanced combined solutions that start with the customer. Our focus is on leveraging the synergy between our technologies and products, personnel and organizations, and through internal and external collaboration. By doing so, we will enhance each capital and utilize these strengths to overcome challenges.



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	Human Capital	Intellectual Capital	Social and Relationship Capital	Manufactured Capital	Natural Capital	Financial Capital
The Group's strengths and advantages in the use of capital	<ul style="list-style-type: none"> <li>•The founding spirit of "Passion and Dedication" is passed down to our employees</li> <li>•Human resources with the desire to support social infrastructure</li> <li>•Professional human resources with expertise and industry knowledge who are active on the global stage</li> </ul>	<ul style="list-style-type: none"> <li>•Rotating elements and fluid control technology</li> <li>•Fundamental technologies for materials, vibration control, structural strength, etc.</li> <li>•Know-how to adopt customers' perspectives and flesh out customer requests</li> <li>•Technology to integrate elemental technologies into a system</li> <li>•Intellectual property related to a wide range of technologies</li> </ul>	<ul style="list-style-type: none"> <li>•A track record of supplying highly reliable products for over a century and products in use around the world</li> <li>•Trust built by sincerely responding to faults and problems</li> <li>•A system for cooperation with external organizations through EOL</li> <li>•Industry leadership by taking the initiative and cooperating with industry and government agencies</li> </ul>	<ul style="list-style-type: none"> <li>•Global manufacturing and supply chain</li> <li>•Efficient production systems based on DX</li> </ul>	<ul style="list-style-type: none"> <li>•Reducing GHG emissions through our products</li> <li>•Product lines with reduced energy consumption in each segment</li> <li>•Production systems using renewable energy</li> <li>•Procuring low-CO<sub>2</sub> electricity and expanding use of green power</li> </ul>	<ul style="list-style-type: none"> <li>•Strong financial base amassed through improving profitability of existing businesses</li> </ul>
Key Issues in Promoting Business	<ul style="list-style-type: none"> <li>•Global Key Positions have not been adequately filled locally</li> <li>•Numerical improvement in the Global Engagement Survey Score has plateaued</li> </ul>	<ul style="list-style-type: none"> <li>•Improving the efficiency of intellectual property activities through use of IP ROIC</li> <li>•A more sophisticated Strategic Table of Technological Capabilities and its use</li> </ul>	<ul style="list-style-type: none"> <li>•Providing products and services that solve customer issues</li> <li>•Implementing human rights DD in the supply chain</li> <li>•Creating a system for collaboration with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>•Enhanced production and service &amp; support (S&amp;S) systems to meet demand</li> <li>•Promoting DX and GX of production processes</li> <li>•Increasing the efficiency of our global production system</li> </ul>	<ul style="list-style-type: none"> <li>•Reducing Scope 1, 2, and 3 GHG emissions</li> <li>•Promoting material recycling using our technology</li> </ul>	<ul style="list-style-type: none"> <li>•Cash allocation strategy to maximize future EPS</li> </ul>
Future Challenges	<ul style="list-style-type: none"> <li>•Capitalizing on human resources through global mobility</li> <li>•Promoting diversity, equity, and inclusion</li> <li>•Increasing employee engagement</li> </ul>	<ul style="list-style-type: none"> <li>•Nurturing fundamental technologies further and promoting product development through open innovation</li> <li>•Maximizing the use of intellectual property through IP ROIC</li> <li>•Drafting a Succession Plan using the Strategic Table of Technological Capabilities and enhancing cooperation with external organizations</li> </ul>	<ul style="list-style-type: none"> <li>•Bringing new products to market through internal and external collaboration and cooperation</li> <li>•Becoming a solutions provider</li> </ul>	<ul style="list-style-type: none"> <li>•Increasing production and S&amp;S capabilities, particularly in the precision machinery segment</li> <li>•Promoting products with reduced energy consumption</li> <li>•Expanding the introduction of clean energy</li> <li>•Improving production efficiency through DX and automation</li> </ul>	<ul style="list-style-type: none"> <li>•Establishing material recycling technology using ICFG®*</li> <li>•Reducing GHG emissions using gas abatement systems</li> </ul> <p>* ICFG® is a registered trademark of Ebara Environmental Plant in Japan.</p>	<ul style="list-style-type: none"> <li>•Implementing balanced investment to maximize the ROIC-WACC spread</li> </ul>
Inputs 2023/12	<p>Employees: 19,629</p> <p>Of these, at overseas consolidated subsidiaries: 10,928</p> <p>Training investment per employee (non-consolidated): ¥30,179</p>	<p>Research and development expenses: ¥18.2 billion</p>	<p>Cumulative start-ups funded: 4 companies</p> <p>Social contribution expenditures: ¥792 million</p>	<p>Domestic manufacturing bases: 5</p> <p>Overseas manufacturing bases: 20</p>	<p>Electricity usage: 182,043 MWh</p> <p>Water consumption: 1,085 km³</p>	<p>Total equity: ¥421.5 billion</p> <p>Interest-bearing debt: ¥145.2 billion</p> <p>Credit rating: R&amp;I Issuer Rating A</p> <p>Growth investment: ¥39.8 billion</p> <p>Infrastructure investment: ¥20.6 billion</p>
Outcomes 2023/12 results	<p>Female employees: 16.4%</p> <p>Female managers (Ebara): 7.2%</p> <p>Foreign employees (Ebara and domestic Group companies): 1.4%</p> <p>Percentage of non-Japanese employees in global key positions: 23%</p> <p>Global Engagement Survey Score: 78</p>	<p>Number of patent applications (annual):</p> <p>Domestic: 271</p> <p>Overseas: 434</p>	<p>Worldwide annual standard pump production (Building Service &amp; Industrial): Over 1.3 million units</p> <p>Custom pumps for oil &amp; gas, chemical, and fertilizer markets (Energy): Over 54,000 units</p> <p>Pumps installed at domestic drainage pumping stations (Infrastructure): Over 1,000 locations</p> <p>Cumulative global deliveries of municipal solid waste treatment facilities (Environmental Solutions): Over 500 locations</p> <p>Chemical mechanical polishing (CMP) systems: 3,000 units shipped</p> <p>Dry vacuum pumps: 200,000 units shipped</p>	<p>Scope 1 &amp; 2 GHG emissions: 157,000 tons</p> <p>Water discharge: 662 km³</p> <p>Total waste discharge: 19,459 tons</p> <p>Material recycling rate: 97.1%</p>	<p>Revenue: ¥759.3 billion</p> <p>Operating profit: ¥86.0 billion</p> <p>ROIC: 12.2% ROE: 15.7%</p> <p>Total dividends: ¥21.1 billion</p> <p>Dividend payout ratio: 35.0%</p> <p>Operating cash flow: ¥70.0 billion</p> <p>Free cash flow: ¥34.3 billion</p> <p>TSR: +177.9% (10 years)</p> <p>+10.8% (annual)</p>	
Closely related material issues	<div> <div>4</div> <div>Promote working environments that encourage challenge</div> </div> <div> <div>5</div> <div>Enhance corporate governance</div> </div>	<div> <div>1</div> <div>Contribute to the creation of a sustainable society</div> </div> <div> <div>2</div> <div>Elevate standards of living and support abundant lifestyles for all</div> </div> <div> <div>4</div> <div>Promote working environments that encourage challenge</div> </div>	<div> <div>1</div> <div>Contribute to the creation of a sustainable society</div> </div> <div> <div>2</div> <div>Elevate standards of living and support abundant lifestyles for all</div> </div> <div> <div>3</div> <div>Conduct comprehensive environmental management</div> </div> <div> <div>5</div> <div>Enhance corporate governance</div> </div>	<div> <div>1</div> <div>Contribute to the creation of a sustainable society</div> </div> <div> <div>3</div> <div>Conduct comprehensive environmental management</div> </div>	<div> <div>2</div> <div>Elevate standards of living and support abundant lifestyles for all</div> </div> <div> <div>5</div> <div>Enhance corporate governance</div> </div>	

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Maximizing Shareholder Value:  
Harmonizing Necessary Capital  
Investments with Sustaining  
Profit Levels

Shugo Hosoda  
Executive Officer, CFO



Reflecting on 2023

We achieved record results through mutual complementary businesses.  
This year, we realized the strengths of Ebara's business portfolio.

In 2023 we were able to surpass the record highs met in the previous fiscal year, and we consider that to be a sign of our strengths and worthy of recognition. It was a year in which the positive aspects of being a conglomerate with multiple business segments were evident in our performance. In recent years, the Precision Machinery Company has been a growth driver for us, supported by the expansion of the semiconductor market. However, during 2023, this market was in a period of adjustment, resulting in relatively sluggish growth. In this environment, we consider it significant that other segments, such as Energy and Building Service & Industrial, led the Group to achieve record results once again.

Financial Performance (Billions of yen)	E-Plan 2025			
	2022 Results	2023 Results	2024 Plan	2025 Targets
Orders	815.2	820.5	834.0	-
Revenue	680.8	759.3	827.0	CAGR*2 of 7% or higher
Operating profit (OP)	70.5	86.0	87.0	-
OP to revenue ratio	10.4%	11.3%	10.5%	10% or higher
Profit attributable to owners of parent	50.4	60.2	60.8	-
ROIC*1	11.6%	12.2%	11.0%	10% or higher
ROE	15.0%	15.7%	14.2%	15% or higher
EPS (yen)	548.61	653.64	658.56	-
Dividends per Share (yen)	193	229	230	-

\*1. ROIC: NOPLAT (Net Operating Profit Less Adjusted Taxes) ÷ Invested capital [Interest-bearing debt (average amount of the beginning and end of fiscal year) + Equity attributable to owners of parent (average amount of the beginning and end of fiscal year)]

\*2. From 2022 to 2025

(Note) The Company carried out a 5-for-1 stock split of the common stock of the Company with a record date of June 30, 2024. The per-share information is based on a pre-split basis.

In the short term, “stable results through risk diversification” is a strength thanks to our multiple businesses, but it is not our only advantage in the medium- to long-term. The Group's unique core technologies, such as fluid control, have met the needs of the market and customers in each segment and have been refined in each market. The Company also has a history of obtaining feedback and enhancing the core technologies themselves. We believe that this virtuous cycle, in which these strengths are applied to other businesses and become a new source of competitiveness, has led to sustainable growth Groupwide. We believe that our strength lies in the synergies that we are able to achieve because these different businesses operate within the same group, based on common core technologies and facing diverse markets such as the semiconductor market, infrastructure market, and energy market. As the Executive Officer responsible for investor relations, I aim to thoroughly communicate this “conglomerate premium” through investor presentations such as “EBARA IR Day,” and other opportunities, to ensure that it is appropriately recognized by the stock market.

Virtuous cycle of core technology enhancement and business synergies → P63



Outlook for 2024

Amid continuing uncertainty, we aim to maintain profit level while strategically implementing plans for increased revenue and profit, and investing for growth

We recognize that uncertainty will continue in the business environment in 2024. Amid the protracted situation in Ukraine and continued global inflation, geopolitical risks, such as the tightening of semiconductor export regulations due to tensions between the U.S. and China, have further increased, and the Group continues to monitor the impact on the Group's target markets. In the semiconductor market, while customers are making progress in normalizing product inventories and recovering fab utilization rates, they have not yet fully resumed investment in increased production and the adjustment phase continues. In light of this environment, our 2024 results forecast assumes orders of ¥834.0 billion, up ¥13.4 billion year on year, revenue of ¥827.0 billion, up ¥67.6 billion year on year, and operating profit of ¥87.0 billion, up ¥1.0 billion year on year. As a result, operating profit ratio, ROIC, and ROE are forecast to be 10.5%, 11.0%, and 14.2%, respectively. Furthermore, the annual dividend per share is planned to be ¥230 (on a pre-stock split basis).

In terms of operating profit, we forecast that the contribution from the Precision Machinery Company will be higher than the previous year due to the expected recovery in the semiconductor market in the second half of the year, which will offset the decline in the Energy Company assumed after the temporary surge in special service and support demand following the end of the COVID-19 pandemic stabilizes. Meanwhile, we will make capital expenditures designed to increase production capacity in the Precision Machinery and Energy Companies, as well as Groupwide investments in human resources and enhancement of our management infrastructure, with the aim of expanding our business foundation. We also plan to aggressively invest in research and development for the new energy market and other areas. Against this background, while we assume that our operating profit ratio will be slightly lower than in the previous fiscal year, we will

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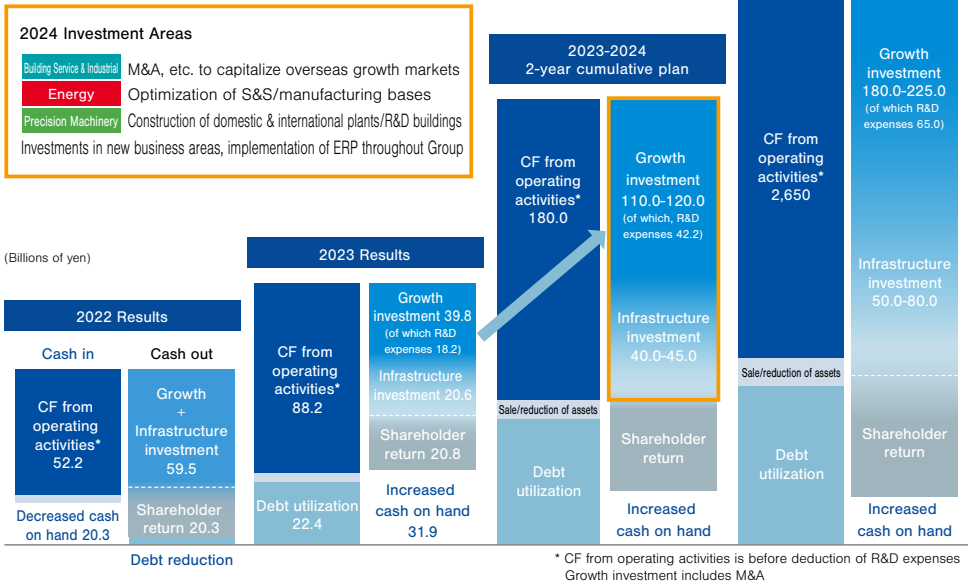
continue to aim to maintain a profit level in excess of 10%.

In E-Plan 2025, we plan to maintain high levels of profitability and efficiency indicators, even though we assume that they will not improve significantly during the period and may temporarily decline. We assume this as we plan to significantly increase both our growth and infrastructure investments in preparation to realize our future “vision.” In 2023, the first year of the plan, although there were a few investment projects whose cash-out timing was shifted to the next fiscal year, we positively assess that we were able to implement most of the investments as planned and maintain a relatively high level of profitability and efficiency indicators during the fiscal year. The direction of the strategy will remain the same in 2024, the second year of the medium-term management plan.

Compared to the past two medium-term management plan periods, we plan to steadily expand the cumulative cash allocation for the E-Plan 2025 period, while also effectively utilizing interest-bearing debt, and aggressively making growth investments and infrastructure investments to achieve our long-term vision. At this point in time, at the end of the first year of the plan, we have made steady progress.

E-Plan 2025 Cash Allocation

- Steady progress in first year of E-Plan 2025 (3-year plan)
- Continue aggressive investment in FY24, especially in growth
- In 2024, we will especially accelerate investment in Precision Machinery Company, looking toward future market expansion
- Keep balance between capital efficiency investments and stable shareholder return

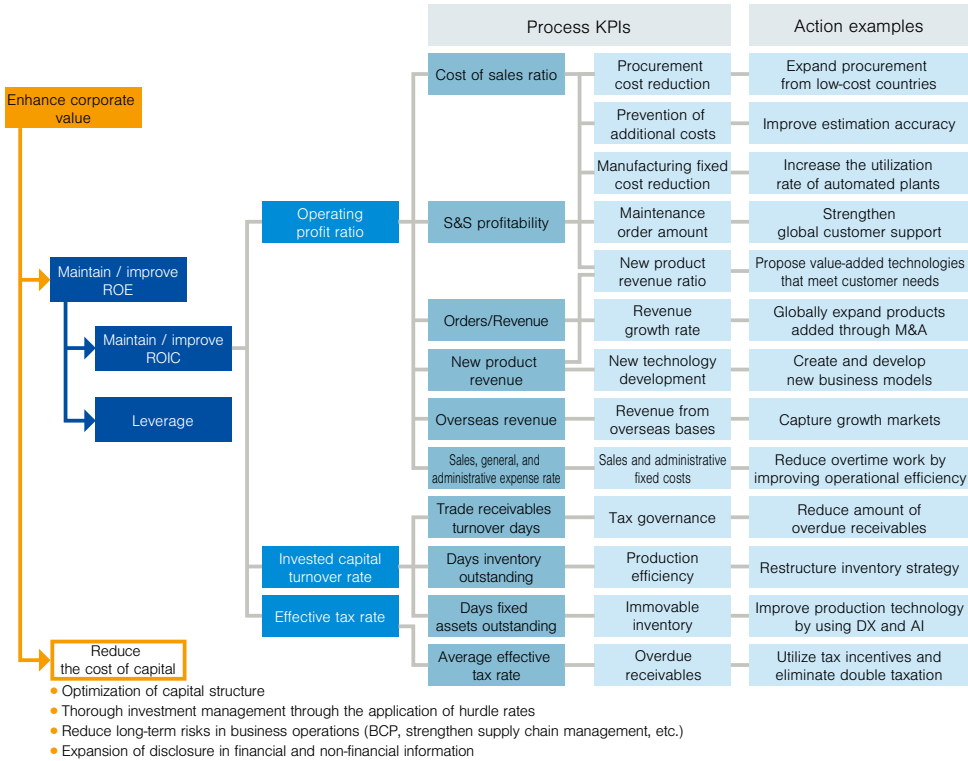


From Deepening to True Value of ROIC Management

We will promote awareness of the importance of capital efficiency using ROIC as a common language, while also taking into consideration the reduction of WACC to maximize the ROIC-WACC spread

E-Plan 2025 sets forth the further deepening of “ROIC management,” which emphasizes ROIC, to achieve sustainable corporate growth and efficient management. To promote this, we are working to improve capital efficiency Groupwide by creating an “ROIC tree” that breaks down and visualizes the components of ROIC, not only for monthly management of KPIs in each organization, but also for linking them to the mission, operational processes, and actions of each organization, and evaluating them as well.

ROIC Tree



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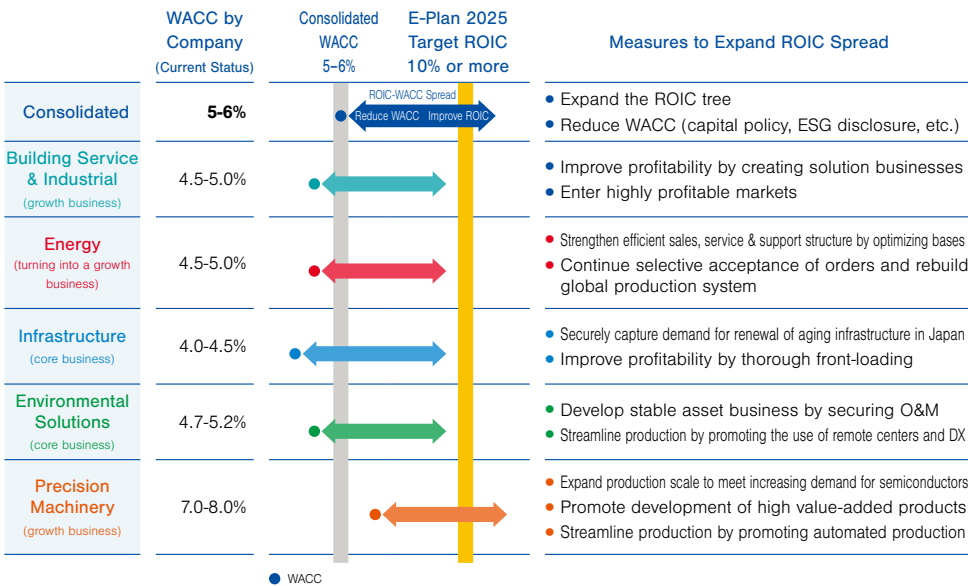
Message from the CFO

As mentioned in the President's message, we feel that spreading awareness of ROIC within the Company will lead to a change in culture. ➡P14 Recently, there has been a growing awareness that in addition to the qualitative factorization using the ROIC Tree, we should quantitatively identify the invested capital and the return for each organization and quantitatively evaluate the performance of the organization from the perspective of capital efficiency as much as possible. For ROIC by in-house company, which is used as an internal management indicator, we are currently working to enhance the accuracy of the management, particularly with regard to the denominator (invested capital), and to develop and improve the indicator so that it can be disclosed separately as a reliable indicator in the future.

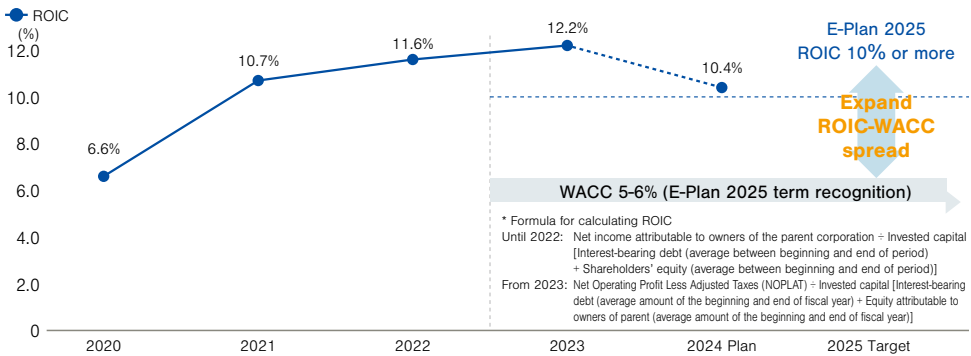
Maximizing the ROIC-WACC spread is the heart of ROIC management, and to achieve this, attention must be paid to WACC reduction measures together with ROIC improvement. In addition to optimizing the capital structure, including the effective use of interest-bearing debt, we will strive to reduce long-term risks through the enhancement of ESG-related measures, etc. In addition, by disclosing financial and non-financial information and further enhancing IR activities, we aim to provide timely and relevant information that contributes to investment decisions, thereby increasing transparency and minimizing risk from the investor's perspective, and facilitating reduction of the WACC.

Maximize the ROIC to WACC Spread

■ We aim to sustainably increase corporate value by maintaining and improving ROIC above the WACC and by implementing business strategies and capital policies that lead to an increase in the ROIC-WACC spread.



Changes in ROIC\*



Maximizing Shareholder Value

We will deepen engagement with the stock market and maximize shareholder profits, focusing on total shareholder return over the medium- to long-term

In E-Plan 2025, we set a target for shareholder return of a consolidated dividend payout ratio of 35% or more, with a policy of linking dividends to the results of the relevant fiscal year. Under this policy, we will maintain our income gains as a base while improving capital gains by achieving medium- to long-term growth, and through these two efforts, we will expand our total shareholder return (TSR).

In terms of capital gains, the basic policy is to make solid investments to achieve medium- to long-term earnings per share (EPS) growth. As for the purchase of treasury shares, we will make comparisons with other investment targets from the perspective of maximizing EPS growth over the medium- to long-term, and will flexibly implement the purchases when deemed necessary, taking into consideration the level of cash on hand, shareholders' equity, and stock price, as well as other factors. At the same time, we will improve our price earnings ratio (PER) and maximize total capital gains by raising the stock market's confidence in us through IR activities and advancing ESG-focused management.

From the standpoint of financial soundness, as of December 31, 2023, our debt-to-equity ratio was 0.35, and although it is on an upward trend, it is within the bounds of our E-Plan 2025 financial health management guideline (D/E = 0.3 to 0.5). We will continue to pursue an optimal leverage level, taking into account the impact of the expansion of business scale on Groupwide sales, based on the premise of maintaining an A credit rating from R&I.

Recently, a number of our financial results have exceeded market consensus immediately prior to disclosure. As CFO, it is undesirable to offer surprises, whether negative or positive, to the market. I would like to contribute to forming a reasonable market consensus through deeper engagement with the stock market, as well as improve the accuracy of our forecasts.

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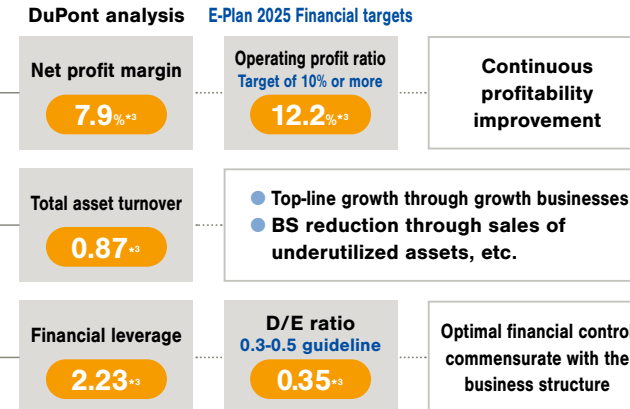
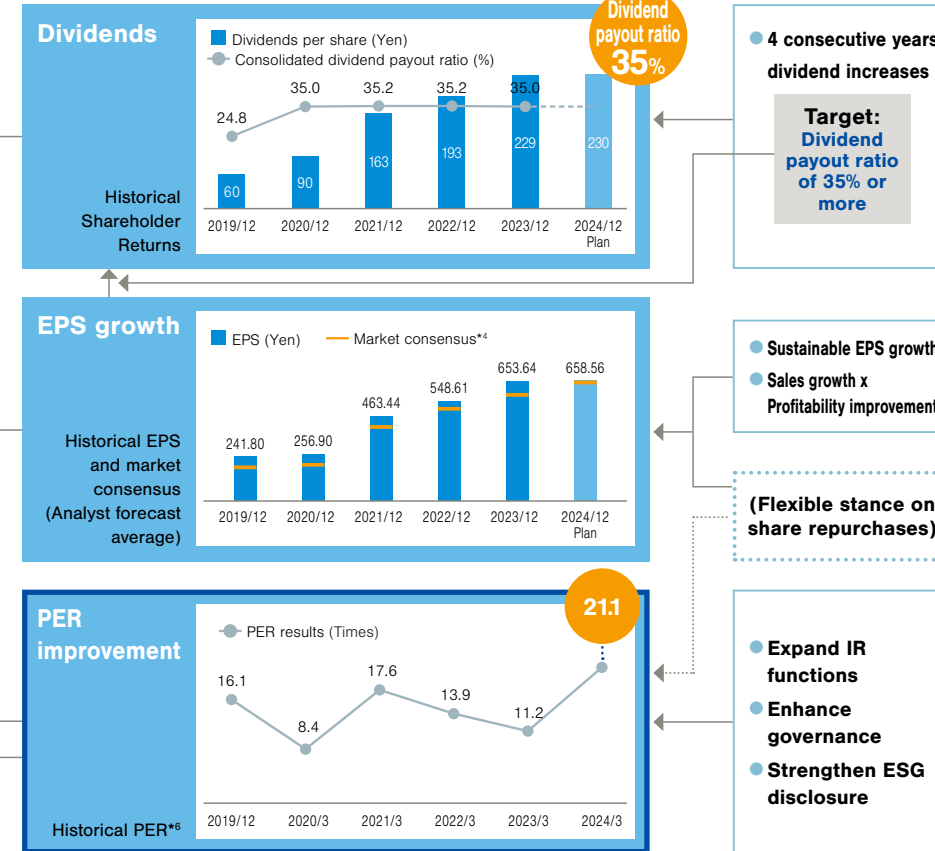
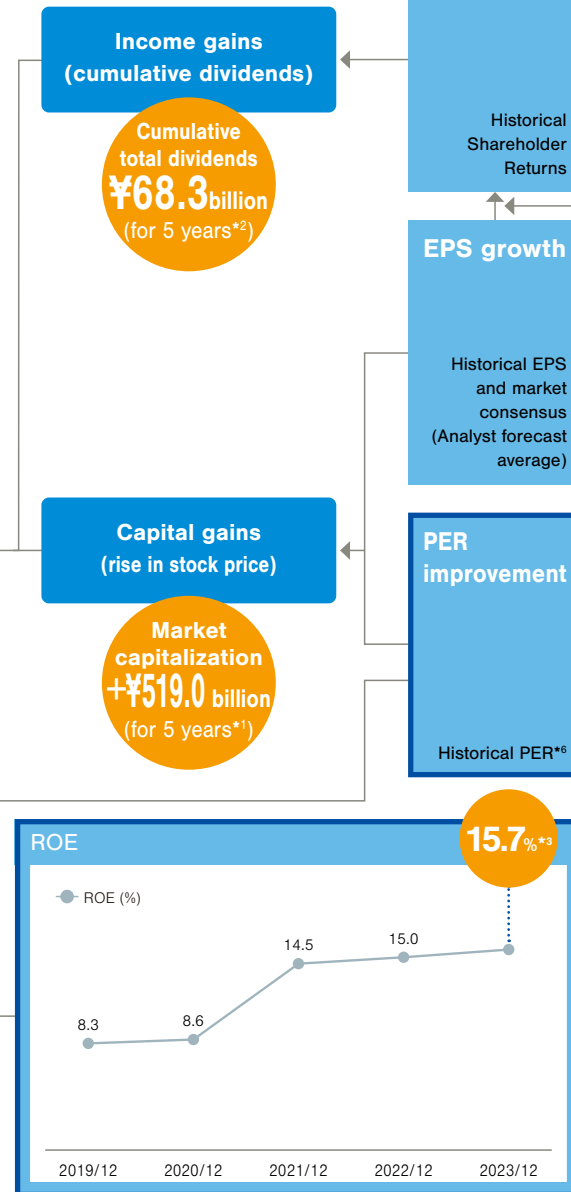
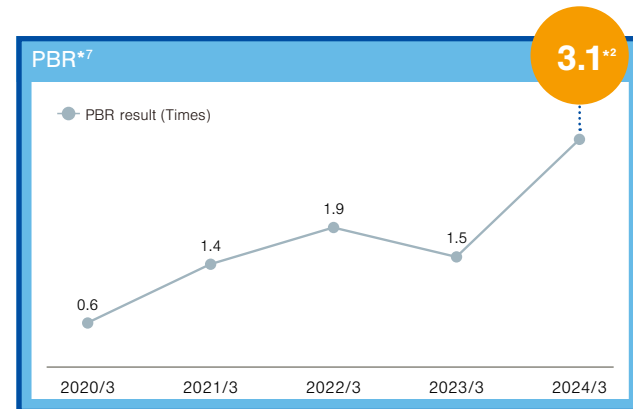
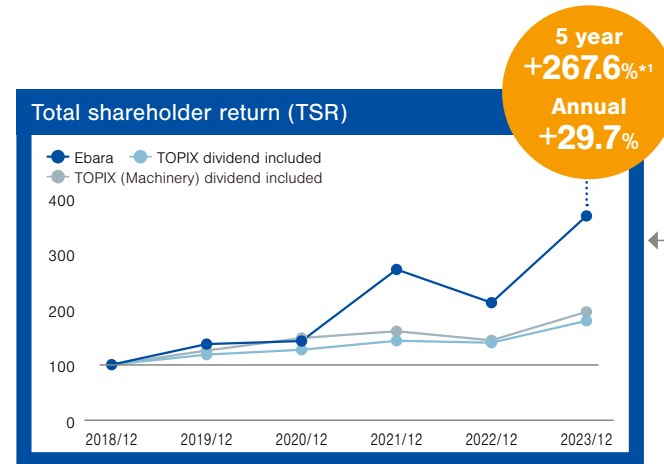




## Message from the CFO

### TSR Logic Tree

The Company places importance on total shareholder return (TSR) as an indicator for increasing shareholder value. We are promoting the improvement of TSR along with ROE, an important efficiency target in E-Plan 2025, by breaking down each influencing factor and linking it to individual measures. We will aim to improve ROE and maximize medium- to long-term TSR, while keeping P/B ratio levels in mind.



\*1. Five years from 2018 to 2023 \*2. As of March 31, 2024 \*3. 2023 results \*4. Market consensus is as of the time of announcement of each financial closing period, 2024 consensus is as of March 31, 2024 \*5. Total cash dividends from retained earnings for 2019 through 2023

\*6. Example of PER results calculation formula: Share price as of March 31, 2024 ÷ Actual EPS in 2023 (disclosed in February 2024) \*7. Example of PBR results calculation formula: Share price as of March 31, 2024 ÷ Actual BPS in 2023 (disclosed in February 2024)

(Note) The Company carried out a 5-for-1 stock split of the common stock of the Company with a record date of June 30, 2024. The share price and per-share information are based on a pre-split basis.

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Special  
Feature

# The Ebara Group's Strategic Table of Technological Capabilities

## Ebara's Technological Capabilities & Organizational Capabilities that Facilitate Sustainability

The Ebara Group has revised the Group's Strategic Table of Technological Capabilities as technology surveys of Group companies have progressed. In the 2024 edition, technologies particular to certain businesses are arranged in the upper row, and technologies that span every business are arranged in the lower row as "common basic technologies." Ds (data science), a new technology, was included in the common basic technologies since it has been widely incorporated into each business.

The Strategic Table of Technological Capabilities uses symbols to represent the major technologies that make the Ebara Group's products and services possible. We are also considering how to construct data linking the technology represented by each symbol and the human resources specializing in that technology and how to visually depict the data. The visually depicted data represent the organization's research and development capabilities, continuity, and the technological foundation that enables it to take on the challenge of new technologies. Thus, the name for the construction of these data and their visual depiction was changed from the Technical Talent Map to the Technological and Organizational Capabilities Map. In order to further flesh out our technological and human resource strategies, we will continue to promote the compilation of data on and use of "technological capabilities & organizational capabilities."

### Meaning and Technology Indicated by Symbols

**Mt**  
Material

Environmental Solutions Company:  
Technologies related to the selection of optimal materials, evaluation and diagnosis, and the development of new materials in the high-temperature corrosive environment unique to waste incinerators and biomass boilers

**Mt**  
Material

Common basic technologies: Basic and applied technologies related to corrosion protection, sliding and wear, and structural strength of metallic materials

The Ebara Group acquires and forms its unique material technologies by conducting research and development on materials that adapt to special environments (high temperature, corrosion, sliding, fluid, etc.) in which Ebara products are used in combination with its fluid technologies and vibration technologies.

Infrastructure Company		Energy Company		Building Service & Industrial Company			Precision Machinery Company						Environmental Solutions Company		
Common basic technologies	Ma Maintenance	Ms Monitoring System												In Incinerator	Py Pyrolysis & Gasification
	Cm Construction Management	Ei Electrical Instrumentation	Rc Refrigerating Compressor		Fm Fans Manufacturing	Hi Heat Integrated System								Bl Boiler	Eg Exhaust Gas Treatment
	Pj Project Management	Pu Pump System	Cr Cryogenic Engineering	St Seal Technology	Mm Motor Manufacturing	Rc Refrigerating Compressor	So Systems Operation	Tg Timing Gear	Po Polish	Vt Vacuum Technology	Pl Electro Plating	Ce Clean Environment	Mh Material Handling	Fr Fluidized-bed Reactor	
	Pr Planning & Proposal	Pt Power Transmission Device	Ch Chemistry	Sm Sliding Materials	Mw Motor Under Water	Fi Fans Industrial design	Pu Pump System	MI Magnetic Levitation	Cl Cleaning	Ep End Point Detector	Oz Ozonized Water	Eg Exhaust Gas Treatment	Md Measurement & Diagnosis	Ca Chemical Analysis	
	Qa Quality Assurance	Ft Fluid Transients	Mt Material	Am Additive Manufacturing	Ea Electro-magnetic Analysis	Sm Sliding Materials	Es Embedded Software	Mo Motor Control	Mc Machining	Tr Throughput	Eb Electron Beam	Pz Plasma	Mt Material	Na Numerical Analysis	
	Sd Structural Design	Fd Fluid Machine Design	De Digital Engineering	Mn Motion Control	Ds Data Science	Ca Chemical Analysis	We Welding	Ts Thermal Spray	Am Additive Manufacturing	Re Reverse Engineering	Nd Non Destructive Testing	Rb Robot	Pm Presentational Maintenance	Xr Extended Reality	
	Mt Material	Fl Fluid	Na Numerical Analysis	Bt Bearing Technology	Va Vibration & Acoustics	Ch Chemistry	Ht Heat Technology	Cs Casting	Mc Machining	Pw Press Working	As Assembly	Ps Production System	Ie Industrial Engineering		

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Special Feature: The Ebara Group's Strategic Table of Technological Capabilities Ebara's Technological Capabilities & Organizational Capabilities that Facilitate Sustainability

Using Data for the Technological and Organizational Capabilities Map

We have begun to use data on the technologies in the Strategic Table of Technological Capabilities and the human resources that possess those capabilities.

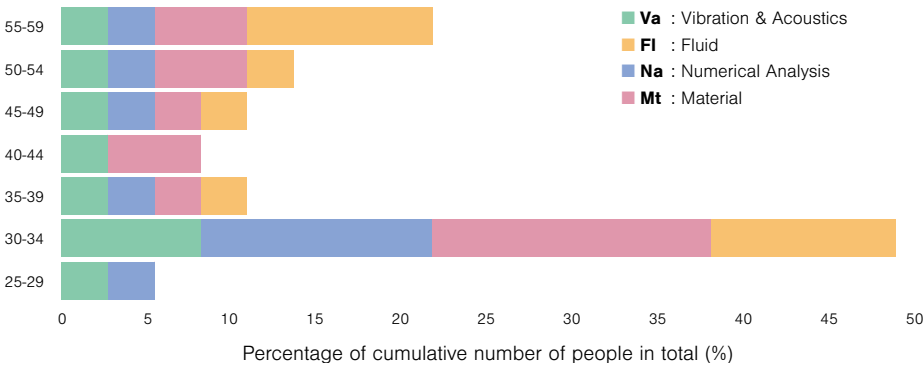
A Strategy to Pass Down Technology and Develop Human Resources

The Ebara Group, which has been in business for 112 years, possesses a variety of technologies. We are currently attempting to visually depict the passing down of technology using symbols from the Strategic Table of Technological Capabilities.

The figure below shows several of the core technologies that are characteristic of a rotating machinery manufacturer, i.e., Va (vibration and acoustic), Mt (material), Na (numerical analysis), and FI (fluid). Also shown are the percentage of human resources in R&D organizations who possess those capabilities by age group.

As a result of the hiring of younger engineers, approximately 13% of the current R&D personnel is in their 20s and 41% is under 35 years of age. As training of these young engineers continues to progress, we can confirm that fundamental core technologies essential to a rotating machinery manufacturer are being effectively transmitted.

Capabilities of R&D personnel by age group

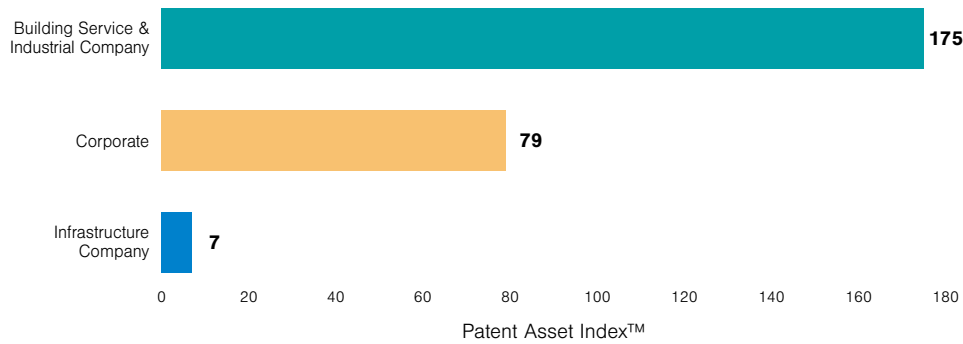


Assessment of Technological Capabilities

The Group is taking on the challenge of using indices to evaluate patents, such as the Patent Asset Index™\*1 in PatentSight®\*2, for each technology symbol in the Strategic Table of Technological Capabilities. The Group is also taking on the challenge of visually depicting the data obtained. As an example, the figure below shows the evaluation of patents filed by engineers with knowledge of Pu (pump systems) in our former Fluid Machinery & Systems Business. The patents were reorganized by the new in-house company system, organized by target markets, in 2023. This evaluation revealed that the patent scores of the Building Service & Industrial Company, which files a comparatively large number of international patent applications, tend to be higher than those of the Infrastructure Company, which files more domestic patent applications. Having thus tied core technologies and human resources together, it became clear that each organization's technological capabilities could be visually depicted as competitiveness and value in terms of the symbols in the Strategic Table of Technological Capabilities based on patents.

\*1. An index calculated based on the number of patent citations, country of application, etc. \*2. A patent evaluation tool provided by LexisNexis

Evaluation of patents filed by personnel with “Pu: Pump system” capabilities by organization



Human resources and organizations working on the Technological and Organizational Capabilities Map

Personnel began working on the question of whether the organization's technological capabilities could be depicted visually. Those personnel have now been joined by young employees and employees with diverse backgrounds and careers, and the current effort is being promoted through organizational collaboration among the CTO Office, intellectual property, human resources, and marketing.

Personnel Promoting the Effort



(From left to right) Jumpei Fujikata, Hirokuni Hiyama  
(Front row, from left) Ayumu Matsumoto, Epsha Rana, Tomokazu Ebina  
(Back row, from left) Rei Nabeshima, Tomoko Tatsuzawa, Kasumi Terada, Koichi Shibata, Naoko Unagami

HR Team



(Front row, from left) Megumi Watanabe, Yosuke Tsutsui  
(Back row, from left) Tessai Shiraishi, Kenta Tsukakoshi, Yusuke Nakamura, Takumi Fukunaga

IP Team



(From left to right) Yuta Mitsuki, Fumitoshi Nishiura, Hideki Takayanagi

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Human Resources Strategy

Message from  
Chief Human Resource Officer

Yoji Sato  
Executive Officer, CHRO

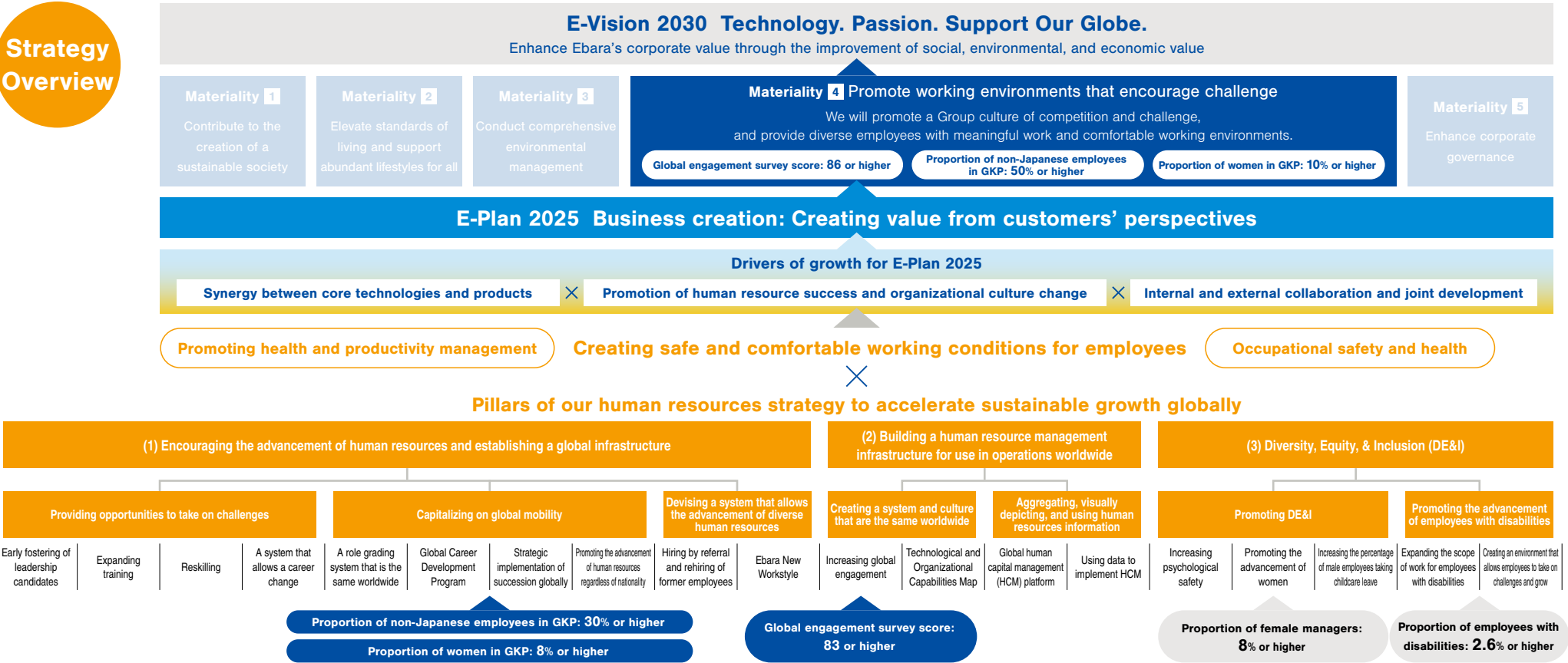


Fostering human resources and organizations that embody passion and dedication and that can continue to take on challenges globally

We seek to create a corporate culture of competition and challenges through One Ebara HR, which is intended to create an environment where people from anywhere in the world or any walk of life can thrive. We want diverse human resources, regardless of gender, nationality, etc., to be able to do fulfilling work for the Ebara Group under comfortable working conditions. We will further explore and adopt new personnel systems and working patterns suited to Ebara, without being bound by a Japan-specific approach. Through these efforts, we will further increase diversity, equity, and inclusion and enhance our system for finding, fostering, and encouraging human resources who can take on the competition and challenges even in

an increasingly challenging and globally competitive environment. Since the introduction of the CxO system, we have also closely shared information at monthly meetings and we have enhanced global cooperation in terms of organizational functions. An example is the Strategic Table of Technological Capabilities, which we are working on with the CTO. The table identifies the technologies and human resources that we have, helping to ascertain our human resources requirements and to create a training process to help pass on technology. These are the efforts we are engaged in to sustainably develop our business.

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Human Resources Strategy

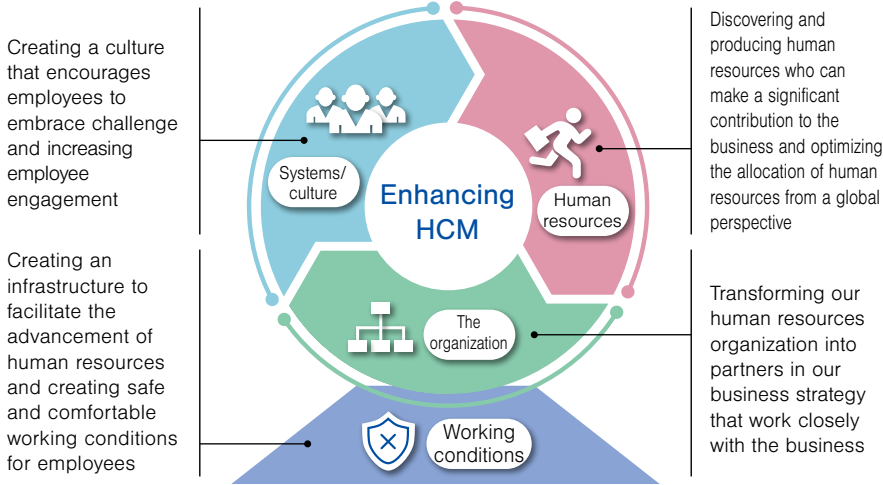
Governance

Enhancing HCM and promoting a global human resources strategy (One Ebara HR)

One Ebara HR is our global human resources strategy as set forth in E-Plan 2025. To enhance HCM and further implement One Ebara HR, the Ebara Group will implement measures in the four categories of human resources, systems/culture, the organization, and working conditions. Six KPIs are cited in E-Plan 2025: the Engagement Survey score, the percentage of non-Japanese in global key positions (GKPs), the percentage of women in GKPs, the percentage of women in managerial positions, the percentage of male employees taking childcare leave, and the percentage of employees with disabilities. To achieve targets for these KPIs, we have specified 14 process KPIs for efforts to be undertaken by the Human Resources Department, and we monitor them on a monthly basis. In 2023, we also established the CHRO Office, we created a system to rapidly share and implement human resources policies globally, and we communicated effectively.

Personnel Affairs and Human Resource Development Policy

The Ebara Group's basic policy on human resources and human resource development is "acquiring diverse talents from around the world with a spirit of challenge and creativity, maximizing their abilities through appropriate competition and challenges in a comfortable work environment, fairly evaluating them, and aiming to foster a corporate culture in which each employee can be fulfilled and grow."



Strategy

1 Promoting the advancement of human resources and establishing a global infrastructure

Early fostering of leadership candidates

We have implemented a leadership training program for management development. The program seeks to: 1) teach participants the wisdom (knowledge, ability to think, creativity, and mindset) to serve as future business leaders and 2) encourage participants to lay out a vision for the business, in their own words, from an overarching perspective and to be committed to transforming the business.

Efforts to assist with career development (personal career assessment)

In an era where people live for 100 years, we are assisting with the personal career development of each employee as working patterns change with the times. We offer career design workshops that combine career training and career consulting and interviews for employees in their 30s, 40s, and 50s in order to expand their career and life options through insight and learning from others and to enable them to live and work as they see fit. We also created a career design manual that allows employees to think about their careers at anytime and anywhere.

Introduction of UdeMy Business to assist with self-learning and to cultivate learning habits

In order to create a corporate culture of competition and challenges in the long-term vision E-Vision 2030 as set forth in 2020, we introduced the e-learning platform UdeMy Business in September 2023. The program is open to anyone who wants to learn for personal growth and skill development, and we are cultivating a learning environment and learning habits that capitalize on each employee's individual traits and diversity.

Number of participants in the UdeMy Business program

1,057 in total  
(as of March 2024)

Expansion of the Global Career Development Program

In E-Vision 2030, the Group set the goal of becoming an excellent global company by 2030, and the Group is further accelerating the global expansion of its business. In line with this, we have increased the number of companies accepting participants in the Global Career Development Program (GCDP) since 2022 and we have expanded participation from employees in Japan to every employee of the Ebara Group. We have established a system for young employees of Ebara Group companies around the world to participate in this two-year program.

We also promote human resource development through business experience overseas

Number of participants in the GCDP

25  
(FY2024)

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Human Resources Strategy

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by actively sending Japanese employees overseas, receiving non-Japanese employees in Japan, or by sending employees from one region of the world to another. In addition, we are recruiting the next generation of potential global leaders for the future from among employees of all Ebara Group companies, including those outside of Japan, and we are conducting a training program to foster new leaders who will lead the Company globally. With an eye toward further global expansion in the future, we will focus on conducting human resource development programs that are not restricted by nationality.



2

Building a human resource management infrastructure for use in operations worldwide

Increasing global engagement

We have been conducting a global engagement survey of all employees to determine what employees think about the Group and their work since 2019. The score in 2023 decreased 1 point from the score in 2022. The score is improving domestically, but the score overseas has decreased somewhat due to the expanded scope. We will improve the score by quantitatively analyzing the true causes of fluctuations in engagement, providing feedback to each organization, and enhancing monitoring of the PDCA process for improvement.



Promoting health management

We have formulated the Ebara Group Health and Productivity Management Declaration, and are conducting health management with the goal of creating a workplace environment where employees can thrive in their work with good physical and mental health. We recognize that employee health is one of Ebara's most important management resources, so we are aiming to improve our

employees' health literacy and improve absenteeism and presenteeism,\* and we have set KPIs and implemented measures to improve issues through the PDCA cycle. These efforts have been well received, and Ebara was selected as a White 500 company under the Ministry of Economy, Trade and Industry's Certified Health & Productivity Management Outstanding Organizations Recognition Program 2024 in the large enterprise category. Going forward, we will collaborate further with domestic Group companies and aim for the entire Group to be recognized as a Health & Productivity Management Outstanding Organization.

\* Absenteeism: being absent from work due to health issues  
Presenteeism: reduced productivity due to health issues



Enhancing personnel management with the Technological and Organizational Capabilities Map

Like the periodic table of elements, the Strategic Table of Technological Capabilities visually depicts our technologies. The table was compiled as a companywide project in 2022, and it is a necessary and indispensable document for formulating technological strategies. The table is intended to ascertain and share Ebara's current technological and organizational capabilities by visually depicting Ebara's technologies and the human resources in the organization that possess those skills. In the future, we will define expertise in areas other than Ebara's specific technologies as part of the Technological and Organizational Capabilities Map, and we will engage in similar efforts overseas. By associating the table with the human resources database (which includes work history, educational background, and qualifications), we are enhancing personnel management Groupwide and we are promoting internal cooperation to accelerate the creation of business value by specialized human resources with certain capabilities (skills).

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DX of human resources and use of data analysis  
Global restructuring of HCM and human resource data infrastructure

Integrating human resources data held independently in each country into a single database (an HCM system) will enable more efficient and rapid analysis of human resource data and its use in personnel management. In order to

achieve One Ebara HR, we are globally restructuring our HCM and human resource data infrastructure.

Using data for global HCM

Correctly understanding the diverse needs of employees, taking optimal actions, and implementing the PDCA cycle are essential to improving engagement. We see the integration and use of disparate data as a challenge. We are promoting the use of data from the perspectives of both building a data architecture and offering insights from data scientists, and we are using both to formulate human resources strategies. In the future, we will expand this effort globally. By facilitating the devising of KPIs and implementing a cycle to measure their effectiveness, we will create a corporate culture in which all human resources can continue to thrive at work, irrespective of borders.

3

Diversity, equity, and inclusion

Promoting diversity, equity and inclusion

As the culmination of our efforts to promote diversity thus far, we have incorporated the concepts of equity and inclusion, and established a Diversity, Equity, and Inclusion Department as of September 2023. Based on the results of a companywide diversity survey, we also conducted diversity training for executives in 2022 and 2023. In 2024, we will roll out this training as e-learning for the entire company, including Group companies, and we will promote an understanding of diversity in the workplace and cultivate a culture of psychological safety.

Promotion of the advancement of women and the taking of childcare leave by men

We signed the Women's Empowerment Principles (WEPs) in 2022 and continue to promote the advancement of women as a co-chair of the WEPs Subcommittee of Global Compact Network Japan. In addition to encouraging male employees to take childcare



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Human Resources Strategy

Strategy

leave, we are creating working conditions where employees can work comfortably throughout their life and changing circumstances.

LGBTQ+ efforts

The rainbow-colored logo was created as a symbol to encourage respect for gender and sexual orientation diversity and the creation of working conditions that allow every employee to work as they see fit. We also endorsed Business for Marriage Equality, which promotes marriage equality (legalization of same-sex marriage) in Japan. We will continue to create comfortable working conditions for LGBTQ+ employees.



Promoting the active participation of employees with disabilities

The Ebara Group wants all Group employees, regardless of disability status, to work together and continue to provide value to the world. In response to increases in legally mandated hiring quotas and changes in the external environment, we have centralized the management of employment of persons with disabilities in the Group and we are promoting the employment of persons with disabilities throughout the Group. Our goal is for persons with disabilities to account for 2.6% or more of the employees at Ebara, our special subsidiaries, and our group affiliates by 2025. As of June 1, 2023, persons with disabilities accounted for 2.54% of our employees. We are also considering devising a grand design to improve the quality of employment so that employees with disabilities are highly engaged and active.

Risk Management

Risk management of industrial accidents

The Occupational Safety and Health Promotion Department was established under the Human Resources Division to further improve occupational health and safety management both at domestic business locations and also on a global Groupwide basis. KPIs related to industrial accidents have been stipulated and disseminated to Group companies with production sites, including those overseas, and the top management at those Group companies is required to set levels of achievement of these KPIs as performance evaluation targets. The newly established Occupational Safety and Health Promotion Department will evaluate results regarding industrial accidents and disseminate them. The department will also examine measures to reduce industrial accidents, which will then be implemented by all Group companies, in order to create a company without industrial accidents. We will ascertain the status of industrial accidents in a timely manner while working with the human resources and safety departments of each company, and we will create a system to constantly gather the latest information.

Metrics and Targets

Related Materiality	2025 Outcome Goals	KPIs	2025/12 Targets	2023/12 Results	Results / Future efforts
<div>4</div>	Transform Ebara's culture into a competitive one that takes on challenges, creating an environment where diverse employees thrive in their work	Global engagement survey score	83 or higher	78	The domestic score improved in 2023, but scores overseas were slightly lower. We will quantitatively analyze the true causes of fluctuations in engagement, provide feedback to each organization, and enhance the monitoring of the PDCA process for improvement.
	Improve global mobility	Proportion of non-Japanese employees in GKP	30% or higher	23%	Enhancing the implementation of the Global Succession Plan and further obtaining and fostering human resources for GKPs from diverse perspectives, regardless of gender, nationality, age, or length of service. Promoting the expansion of the E-LEAD program (to develop the next generation of global leaders) and the expansion of the GCDP.
	Eliminate wage gap between men and women	Proportion of women in GKP	8% or higher	8%	Enhancing DE&I efforts and assisting with personal career development through personal career assessment. Also, improving the system to allow employees who want to learn and take on challenges to change careers in order to promote the advancement of diverse human resources and focusing on early selection and training of leadership candidates.
	Foster a corporate culture that allows people to balance work and childcare regardless of gender	Rate of men taking childcare leave (non-consolidated)	100%	90.8%	Working to raise awareness of the system so that more employees take leave, conducting educational campaigns from the perspective of DE&I, flexibly implementing the system, and creating a culture that encourages employees to take childcare leave.
	Promote the success of employees with disabilities	Proportion of employees with disabilities (non-consolidated plus 4 domestic Group companies)	2.6% or higher	2.54%	Centralize the Ebara Group's management of employees with disabilities and promote the employment and business of people with disabilities across the Group; expanding the scope of work for employees with disabilities for career development and expand opportunities for them to play an active role in business.

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R&D and Intellectual Property Strategy

Message from  
Chief Technology Officer

Norihisa Miyoshi  
Executive Officer, CTO



Contributing to sustainable business growth by ascertaining the results of technological development

EBARA has extensive knowledge of technologies related to pumps, as it is the business EBARA was founded on, and exceptional planarization technologies for semiconductor manufacturing. As the business environment continues to be volatile, predicting customer needs will remain a particularly difficult challenge. To enable us to respond quickly to these changes, we need to continue to ascertain and catalogue the technologies our personnel possess and develop talented individuals that can manage our technologies using Intellectual Property (IP) ROIC, or other similar tools.

We aim to use IP ROIC to measure the efficiency of investment in IP activities, and we are currently verifying that our chosen indicators are indeed connected to improvement of operations. IP investment happens upfront, but results take time to appear, meaning that a multi-year moving average is necessary to evaluate investment adequately, and indicators of that investment need to be constantly reviewed. While sincerely addressing customer requests and issues, we will also tackle generative AI, and other disruptive technologies and identify scenarios for medium- to long-term technological development.

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R&D and Intellectual Property Strategy

Governance

Accelerate collaboration with management and business through the CTO Office

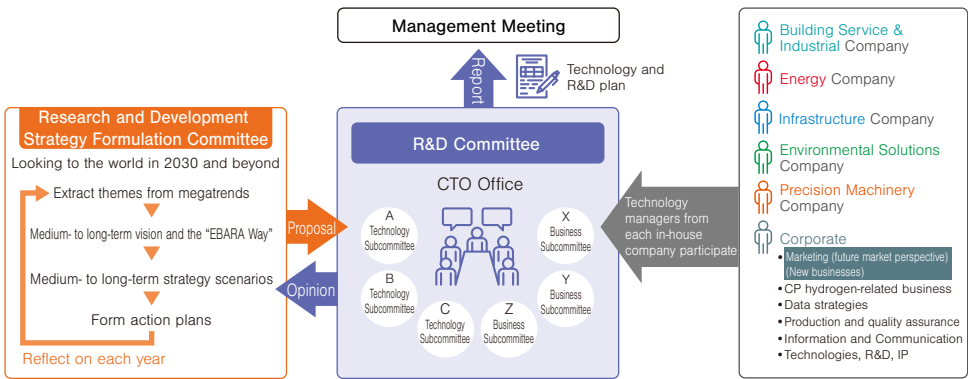
We introduced a target market-based business structure in 2023. Although the target markets are different, the Group has many shared technologies that can support the business. In that same year, we also established the CTO Office to manage and combine these in-house technologies to create new value for the EBARA Group.

The CTO Office includes members from the marketing division as well as those responsible for technologies from each in-house company. By sharing, discussing, and understanding each other's technologies, as well as the changing market and social conditions, these members mutually inspire each other and actively explore new business opportunities.

Previously, R&D themes were chosen through individual discussions between each in-house company and the R&D division, but this approach tended to lead to a more narrow, short-term perspective. To address this, we established the Research and Development Strategy Formulation Committee and we have created and implemented a system to examine topics for medium- to long-term R&D.

The Research and Development Strategy Formulation Committee devises strategies to develop technologies over the medium- to long-term and formulates action plans. These plans are then reviewed by the CTO Office, which is membered by people from various perspectives, including those of technology managers representing each in-house company, and managers and experts from divisions such as marketing, production engineering, and R&D, and the action plans are refined using their unique perspectives.

Technology and R&D Planning and Decision-making Process



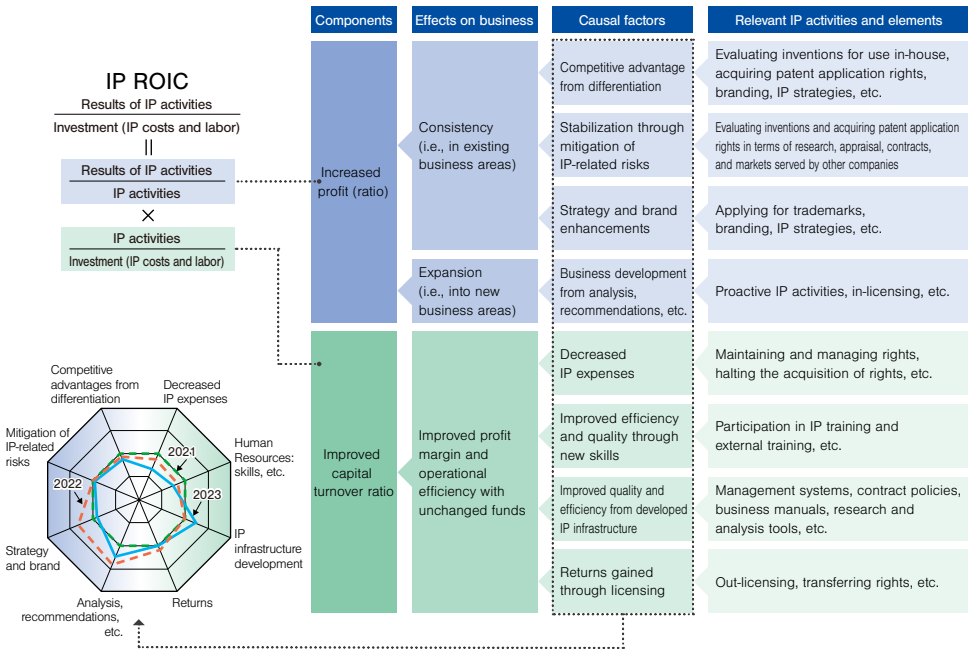
Monitoring results using Intellectual Property ROIC

We are promoting the use of IP ROIC to monitor the efficiency of IP activities. We used the IP ROIC Tree to evaluate the relationship between IP activities and increased profits and improved capital turnover ratio, and we have quantified the results of IP activities by causal factor.

The radar chart below shows single-year results from 2021–2023. Regarding increased business profits in 2023, the results of activities related to Strategy and Brand have decreased and we are currently planning improvements. With regard to improving the capital turnover ratio, we have made progress in IP infrastructure development, but items related to Human Resources and Decreased IP Expenses have declined, and discussions on how to improve these items are underway. That said, many of the results of IP activities are evident over time, and we believe that discussions need to be based on evaluations that consider time delays in multi-year activities and results, in addition to single-year evaluations.

In addition to monitoring IP activities in this manner and improving them so that they contribute more to business, we will continue to improve IP ROIC as an indicator.

IP ROIC and Quantification of Activities



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R&D and Intellectual Property Strategy

Strategy

1 Contributing to business growth through technology and R&D

There are many common technologies that facilitate the Group's business activities in each target market. In order to acquire and amass these common fundamental technologies, we have created a research roadmap for major technological areas, and we update it as needed. We facilitate business growth by implementing research topics in accordance with the roadmap and by providing fundamental technologies necessary for business in a timely manner.

We have accumulated over 110 years of technology and product expertise. However, this knowledge and expertise has largely accumulated in veteran employees. The loss of knowledge due to the decrease in the number of veteran employees from retirement, etc. has indeed had an impact on the smoothness of product development. Therefore, to eliminate backtracking in product development and to increase development throughput, we began building a development platform. We intend for the platform to make the implicit know-how of veteran engineers explicit, and for it to have navigation features to make clear the matters that should be considered from the upstream design phase, eventually allowing young engineers to produce the same output as veterans. In concert, young engineers will learn about various technical tools to aid product development (functional simulations, technical consultation using generative AI,

failure mode and effects analysis, etc.) Those tools will first be used to develop pumps, and then their scope of use will be gradually expanded.

Based on our IP landscape, we will support R&D and mainly new business development through proposals and proactive IP activities, and primarily for existing businesses, support the creation of product- and business-specific IP strategies.

2 Searching for and fostering new business

Established in 2023, the Research and Development Strategy Formulation Committee spearheads the devising of scenarios for strategies to develop technologies from a medium- to long-term perspective beyond 2030. The Committee selects specific topics to address after evaluating issues and solutions to global megatrends, such as global warming/climate change and demographic changes from a market-driven perspective. When selecting topics, the Committee will consult with the CTO Office, fully consider market compatibility and technical scalability, and then formulate action plans. When implementing an action plan, the Committee will also effectively use human resources by utilizing the Strategic Table of Technological Capabilities and it will promote the training and augmentation of necessary human resources.

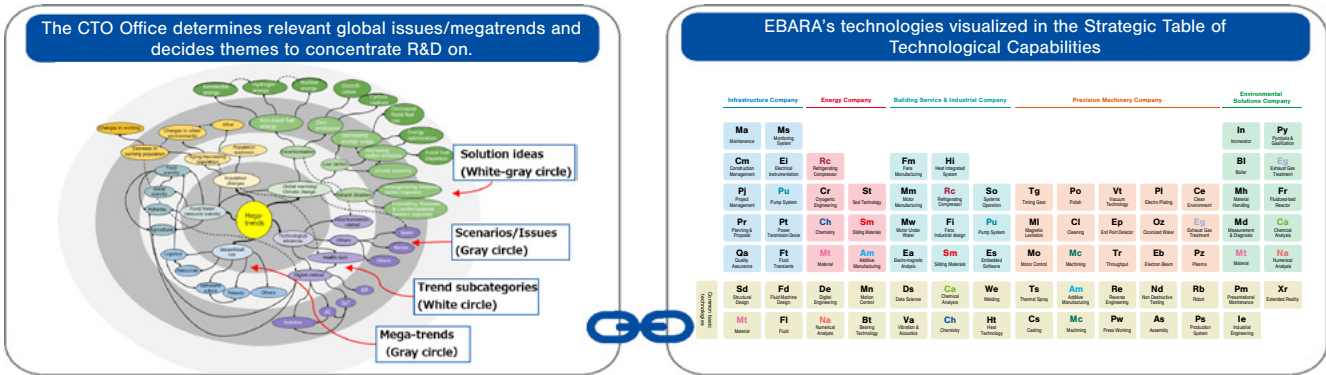
3 Enhancing research infrastructure

In order to continue effective R&D, we must not only look at issues customers are currently facing but also issues they are likely to face in the future, and we also need insight into ways and means necessary to resolve those issues. To solve a given social issue, we must examine it from various perspectives and on different time scales, and we must also be mindful of the second-order effects of a given solution. We must then determine what is needed to solve the issue and what we can and cannot do at the current time. We must steadily promote what we can do, and we must encourage the acquisition of skills and technologies from external sources and collaborate with external organizations to compensate for what we cannot do.

To that end, we must have human resources who truly understand the importance of the approaches mentioned earlier. If an employee only has experience working in one department, his or her perspective will inevitably narrow, no matter how talented he or she is. And if he or she has not collaborated with an outside organization, he or she will be unaware of the importance of such cooperation.

We recognize that the most important thing we can do to enhance our research infrastructure is to understand and share these approaches as an organization and to create a system to steadily produce human resources that hold those capabilities. As part of this effort, we will promote Systematic Rotation of Human Resources and work to increase opportunities to collaborate with external organizations even more.

We will also identify the perspectives, skills, and technologies that we are lacking by creating and implementing our Technological and Organizational Capabilities Map that links the Strategic Table of Technological Capabilities with Human Resources and Organizational Elements and by qualitatively and quantitatively ascertaining the technical human resources we possess. We will then work across the organization to supplement and acquire the necessary perspectives, skills, and technologies.



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R&D and Intellectual Property Strategy

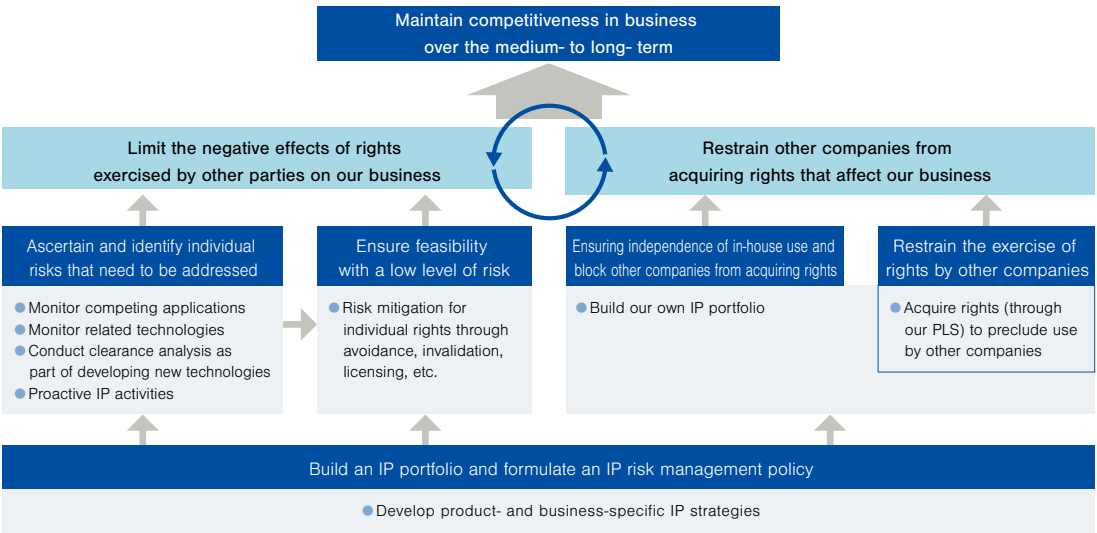
Risk Management

Risk management to maintain competitiveness

When managing IP risks, we believe that limiting the negative effects of rights exercised by other parties on our business is particularly important. Since it is essential to identify risks as early as possible and deal with them at a stage where the impact on our business is minimal, we monitor our competitors' patent applications and those of other companies for specific technologies. Furthermore, when developing new technologies, we conduct clearance analysis to identify individual risks that need to be addressed as early as possible. As part of proactive IP activities, we also make sure to identify individual risks that need to be addressed during the development of new businesses or when searching for potential business partners by monitoring player trends. We mitigate these risks through avoidance, invalidation, and licensing.

In addition, we also believe that restraining other parties from acquiring rights that may affect our company is important, and we try to restrain the risk-laden rights of other parties by creating an IP portfolio of technologies we are using and peripheral technologies. Moreover, we are acquiring rights to deter competitors from exercising their IP rights through our pre-litigation strategy (PLS), which involves acquiring patent application rights that might be used by our competitors.

We also compile and update our policies as part of our IP strategy to ensure that risk responses based on clearance analyses and the creation of our IP portfolio are appropriately implemented while reflecting the state of our business and our policies.



Metrics and Targets

Related Materiality	2025 Outcome Goals	KPIs	2025/12 Targets	2023/12 Results	Results / Future efforts
 	Implement technical tool development to improve product development throughput	Expansion of application scope of technical tools that eliminate rework in development	Expand to all five in-house companies	Conducted functional simulation trials in the development of dry vacuum pumps, compact magnetic levitation pumps, and Model C* pumps.	Build a development platform (that includes functional simulations, incorporating explicit knowledge, etc.) to eliminate backtracking in development, learn about various technical tools, and successively increase the scope of their use.
	Propose new themes and strengthen strategic research policies	Formulation of macro-level technology development strategies and action plans (APs) based on technological and social trends	Form medium- to long-term scenarios and corporate R&D strategies based on trends, and create APs for the next fiscal year	Using megatrends as a starting point, we examined social issues and solutions, and selected three topics that we should address. The selected topics are being fleshed out and APs are being implemented.	(1) Involve diverse human resources in revising overall trends and scenarios that reflect the results of our activities in 2023 (2) Review critical scenarios (3) Reconsider areas of R&D/technology strategies (4) Flesh out R&D topics and implement APs in areas identified in 2023
	Advance information analysis communication and proposal activities and integrate into regular operations	Number of analysis recommendations for IP/non-IP information that contributes to management and business decisions, etc.	20 highly evaluated analysis recommendations per year	Ten highly evaluated analysis recommendations were delivered.	Increase the number of people who understand the needs of each company and make analysis recommendations, beyond just those in new business development and EOL (Corporate divisions), and increase the number of human resources that work with company-side IP personnel.

\* Model C is an EBARA model number

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DX Strategy

Message from  
Chief Information Officer

Hiroyuki Kowase  
Executive Officer, CIO



Facilitating the achievement of management strategies through visual depiction of information and improved productivity via DX

In order to further develop into a global industrial equipment manufacturer that is growing sustainably, the EBARA Group is transforming its services and business models through the use of data and digital technologies and accelerating the advancement of existing businesses and forays into new areas. Issues that were previously difficult to ascertain can now be depicted visually via digital transformation (DX). We are facilitating the implementation of the five priority efforts as set forth in E-Plan 2025 by taking appropriate actions to solve those issues in a timely manner.

Management itself will continue to be directly involved in each DX project. Management, operational departments, and IT departments will work together to promote DX. The Project for Groupwide Introduction of ERP is positioned as the basis for future management reforms, and management, operational departments, and IT departments will steadily advance that project for 2025. In addition, we will keep up with the latest technological trends, such as generative AI, and implement necessary measures.

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Strategy  
Overview

E-Vision 2030 Technology. Passion. Support Our Globe.

E-Plan 2025 Business creation: Creating value from customers' perspectives

Entrepreneurship

Taking on the challenge of creating value starting with the customer

Transformation

An organizational structure that quickly responds to customer issues

Business creation

Achieving sustainability and generating profits while being committed to providing value to the customer

Existing businesses

Tapping into and enhancing synergy among businesses

New Businesses

New Value Creation

Improving the accuracy of financial management

Drivers of growth for E-Plan 2025

Synergy between core technologies and products

Internal and external collaboration and joint development

Promotion of human resource success and organizational culture change

Offensive DX

Using generative AI and AI analysis of images to increase operational efficiency and to create new value

Materials informatics (materials development solutions)

Using multi-objective optimization techniques

Using digital twins & digital triplets to revolutionize design and production

3D digital manufacturing and 3D parametric automated design

Promoting production automation & developing smart factories

Industrial applications of XR

Using data for human capital management

Creating added value by promoting the IoT and data mining

IP landscape (analyzing information on intellectual property and using it in management strategies)

DX using AI

DX using 3D digital and XR (virtual and augmented reality) technologies

DX using data

DX strategies for global integrated management

Defensive DX

Visualization of global management information

Implement PDCA cycle at the global management level

Centralized management information and increased transparency

Groupwide easy KPI comparison

Standardization of global Group operations

Utilize the right people in the right place

Rapid adoption of best practices Groupwide

Easy migration to shared service centers and BPO

Flexible, versatile, and scalable information systems

Easily implement external best practice

Fast response to rapid changes in business and M&A

Significant cost reduction in development and operation of new structures



DX Strategy

Governance

Promoting digital transformation through the three-way integration of the management, business, and IT divisions

With the start of the CxO system in 2023, the CIO has been at the forefront of enhancing our IT governance globally. Based on our management strategy, we will devise a consistent IT strategy and architecture for the entire Ebara Group, we will optimize IT investment and costs, and we will promote smooth management of IT organizations for the entire Group.

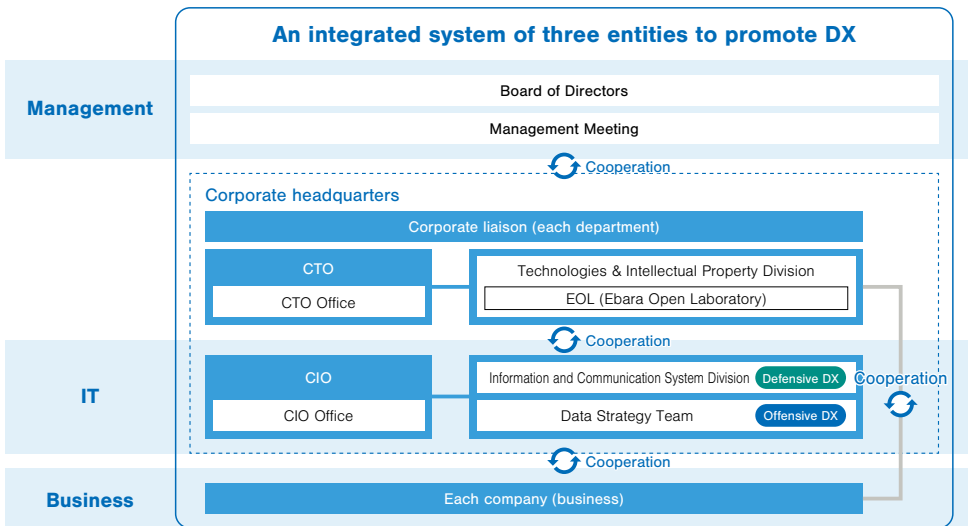
1. Consistent IT strategies

We will devise an IT strategy and policy for the entire Ebara Group and align the IT strategies of each business segment and group company with the Group's IT strategy and policy.
2. Optimizing IT management processes

We will optimize the management processes related to IT for the Ebara Group and assist with the smooth management of IT organizations for the entire Group.
3. Implementation of IT governance

We will optimize the Ebara Group's systems, human resources, budgets, and measures related to IT and its IT architecture, and we will promote the effective and efficient activities of IT organizations.
4. Cooperation among IT organizations

We will increase cooperation among IT organizations within the Ebara Group and further facilitate communication between IT departments at each company.



Strategy - Offensive DX

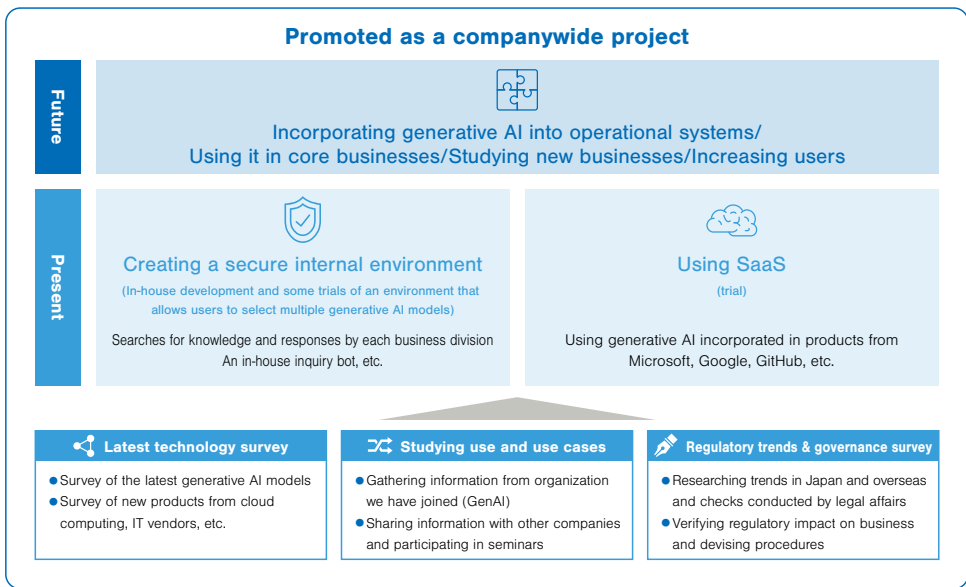
Using the latest technology and various types of data to improve operational efficiency and create new value

Using generative AI

In 2023, we launched a generative AI project, which will use generative AI as a major strategy for offensive DX. The project is led by the Data Strategy Team and involves the Information and Communication System Division and EOL (the areas of technology, technological development, and intellectual property). The project was subsequently expanded to every business division and departments at the head office. By January 2024, we have planned, developed, and promoted the project across the company.

A secure environment has been created to search and query a large volume of data and knowledge accumulated in-house over the years using multiple generative AI models, and individual business divisions began trial use of that environment in February 2024. We plan to use it in our core business operations in the future while incorporating new technologies as needed and keeping a close eye on regulatory trends in different countries. Use of unstructured data was difficult in the past, but the use of generative AI will enable us to promote data-driven management. We will also begin trials of the generative AI functionality provided by Microsoft, Google, and GitHub (source code management) to improve operational efficiency.

Ebara became a member of Generative AI Japan, a general incorporated association that was established on January 9, 2024. We will use new technologies while extensively sharing information with other companies and industries.



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DX Strategy

Strategy - Offensive DX

Promoting DX development in manufacturing

We are promoting DX-related activities that are not bound by the culture of different companies. Specifically, we are assisting each in-house company in terms of a DX in the area of manufacturing. As a hub connecting large systems such as PLM (product lifecycle management), we are promoting agile DX, and we are rapidly and steadily building a knowledge base for manufacturing sites. In order to consolidate all in-house knowledge in those systems and to help “make Ebara stronger with data,” we are advancing technology in-house by constantly introducing the latest technology in system development, and we are driving faster system development in-house.

Using data for global human capital management

The integration and use of disparate data was an issue when attempting to correctly ascertain the diverse needs of our employees and to implement optimal measures through the PDCA cycle. The Data Strategy Team is promoting the use of data both to develop a data infrastructure to formulate human resource strategies and to offer insights from data scientists. In the future, we will expand this initiative globally and facilitate the devising of KPIs and the implementation of a cycle to measure their effectiveness, thus creating a corporate culture in which all human resources can continue to thrive at work, irrespective of borders.

Groupwide ERP Roadmap

●Construction of a digital platform

As a pilot project, a platform was introduced at several Group companies as planned, and the platform for Ebara and Group companies in Japan and overseas is now being built.

1. Build and expand data foundation

Build a digital platform

We will restructure core systems, construct a next-generation digital platform, and promote operational reforms accordingly.

Expansion and sophistication of the digital domain

We will use cloud solutions to expand the scope of digitalized business and further advance our business.

●Transitioning to data-driven management

Ultimately, we intend to enable the detailed analysis of data through centralized management of management data on a global basis by deploying ERP throughout the entire company, and we intend to manage KPIs throughout the Group and to optimize management decision-making.

2. Secure and nurture human resources and organization

Building data utilization human resources and organizational structure

We will reform our organizational structure and develop human resources for DX. We will implement our DX strategy across the Group.

3. Realize integrated global management

Optimize management decision making through data utilization

We will analyze and manage data on a digital platform and implement more advanced data-driven management backed by data.

Strategy - Defensive DX

Building an information infrastructure for integrated global management

Enhancing the area of CRM

With our transition to a target market-specific organization, we are creating a system primarily in the area of customer relationship management (CRM) Salesforce®, which we have long used, will be positioned as an order receiving system for the entire company to achieve centralized management of sales information. In addition, we intend to visually depict all management information, which is not possible with CRM alone. We will do this using BI tools and linking them to all of our ERP data. CRM will not only compile sales information prior to receipt but also promote the use of that information in after-sales, compile the results of product introduction, the status of customer support, and improve the customer experience by visually depicting information.

Promoting DX to put the right human resources in the right places

The Ebara Group is working to increase corporate value using data-driven human capital management and cutting-edge human resources technology in Ebara’s global human resource management. We are proceeding with global expansion based on SAP® SuccessFactors®, which was introduced in 2019 as a global HCM (human capital management) platform, and we are promoting

management of human resources information, human resource evaluations, succession management, and management of training. In addition, we are planning an appropriate workforce and controlling budgets in a timely manner through Anaplan®, which was introduced in 2023. Moreover, we intend to conduct simulations of future workforce planning through the management of various performance data.

Promoting DX that is directly linked to improved operational efficiency

In order to quickly review operational processes in response to marked technological innovations of the recent past, we have been introducing systems that are directly linked to improved operational efficiency as a de facto standard, such as expense reimbursement systems and purchasing systems. In 2021, SAP Concur® was introduced to Group companies domestically, starting with the commencement of operations at Ebara. We have automatically linked usage data through corporate cards, transportation IC cards, and taxi apps to optimize companywide business processes and facilitate cashless payments. In addition, the introduction of digital adoption tools allows users to understand operational procedures for complicated systems, improving the user experience and increasing operational efficiency.

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DX Strategy

Risk Management

Strengthen Cybersecurity

There was a cybersecurity incident at a Group company in March 2021. As cybersecurity threats become more commonplace, this incident reinforced that there was an urgent need to standardize and raise our security levels. Going forward, to earn credibility in the market, we need to comply with globally recognized international standards and frameworks. We started working in 2022 to comply with ISO 27001, an international information security standard, and CIS Controls\*1. To strengthen our security governance as is required of global companies, we decided to invite employees from overseas companies to build a system that complies with Global CSIRT standards\*2, and work to continuously apply and improve the system.

Regarding ISO 27001, we largely completed the necessary preparations for ISMS operation by the end of 2023, and we intend to establish a PDCA cycle for operation in the future. Regarding CIS Controls, we started implementing all of the IG1 items and some of the IG2 items by the end of 2022. While continuing to implement these items, we will include additional items and increase our implementation of CIS Controls by the end of 2025.

\*1. Devised by the CIS, a US nonprofit organization specializing in cybersecurity, this is a framework encompassing the cybersecurity measures that companies should implement.

\*2. Global Computer Security Incident Response Team

Metrics and Targets

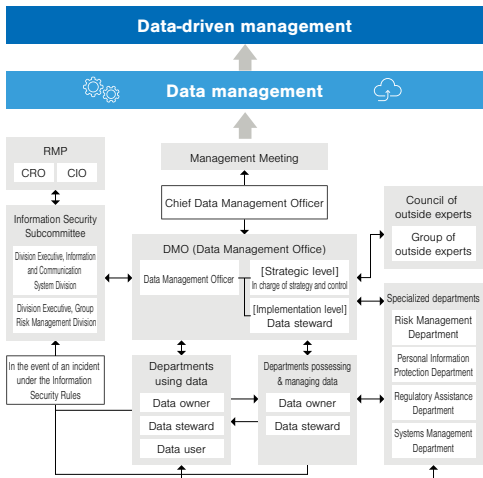
Related Materiality	2025 Outcome Goals	KPIs	2025/12 Targets	2023/12 Results	Results / Future efforts
1	Expand ERP project across the Group	Number of Group companies with ERP implemented	20 or more	Implemented at 4; in progress at 6	Implement SAP at Group companies
2	Strengthen information security and comply with NIST (US) and CIS	Rate of compliance with ISO 27001 categories at bases	100%	50%	Become compliant with ISO 27001 (Establishing a cycle for operation of an ISMS)
4		Number of items needing to be handled by CIS Controls(Total for IG1&IG2)	100%	52%	Become compliant with CIS Controls Monitoring operational status

CLOSE-UP

The Data Management Office (DMO), facilitating data-driven management

-Aiding data management in each department and facilitating data management throughout the organization-

Rapid digitalization and technological advances are generating vast amounts of data, the effective use of which is increasingly essential. As a proactive approach in light of these societal trends, the Ebara Group formulated the Data Management Rules, which are rules for use of data, and it established a Data Management Office (DMO) as an entity to promote those rules. The DMO will aid each department in their data management activities and promote Groupwide data management, thus helping to achieve the data-driven management of the Ebara Group.



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Risk Management

Message from  
Chief Risk Officer

Toru Nakayama  
Executive Officer, CRO



Substantively responding to more diverse and complex risks across the Group

Under the CxO system, the Risk Officer (RO) at corporate headquarters and in each company will work together to share risk incidents throughout the Group and provide prompt and appropriate instructions on countermeasures while also cooperating with business divisions to view risks as new business opportunities. Over the past few years, the business environment has rapidly changed due to changes in economic and security conditions caused by international instability and the emergence of generative AI, necessitating a more attuned response to these changes than ever before. To that end, we will continue to create a risk management system that will proactively respond to risks that are

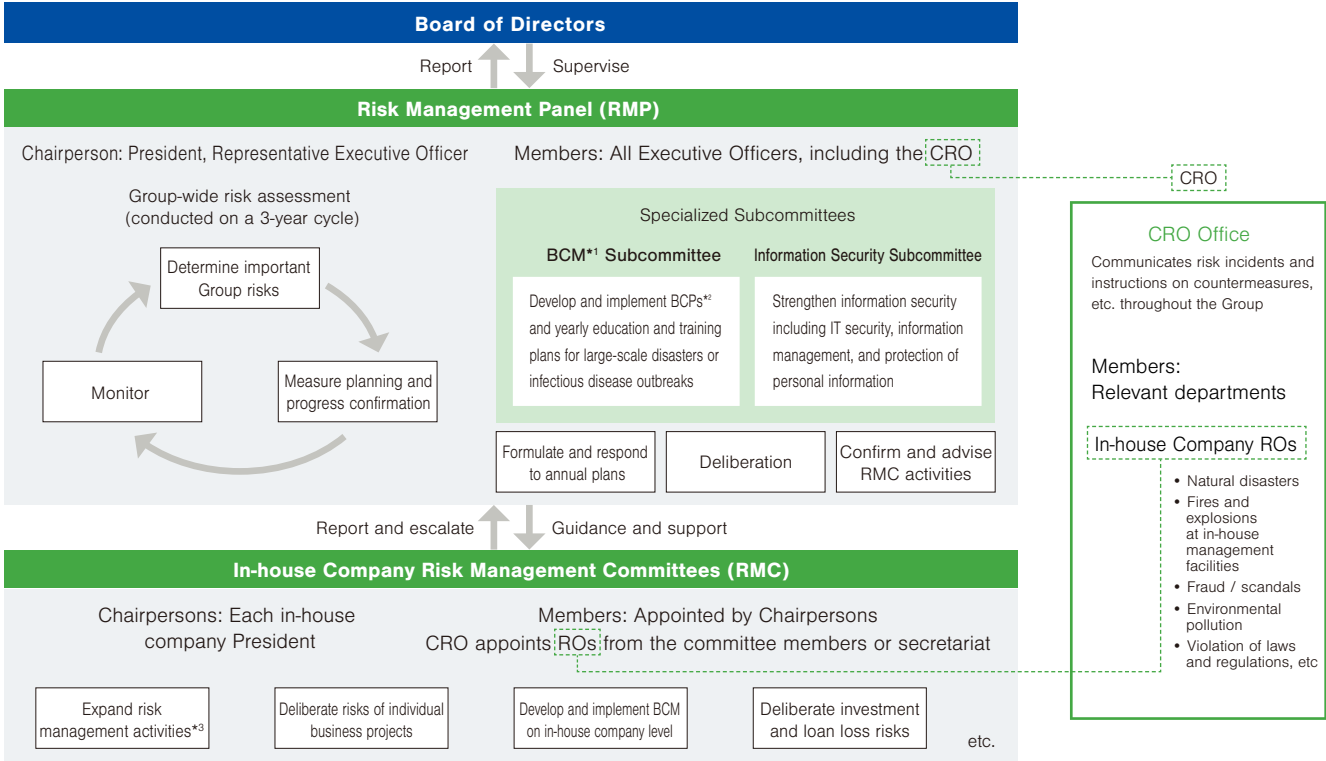
already evident and to risks that may arise in the future.  
In 1921, fearing a possible water supply crisis due to the limited water supply in Tokyo at the time, our founder donated pumps to the city. Those pumps eventually played an active role in the recovery of the Great Kanto Earthquake two years later. There is much to be learned from our founder who took proactive measures against emergent risks that paid off. We will improve the quality of risk management for the EBARA Group as a whole by having every employee reaffirm their awareness of the EBARA Way and the Code of Conduct and by heightening each employee's awareness of risk.

Basic  
Approach and  
Risk Response  
System

The EBARA Group systematically identifies and assesses risks that may arise from its business operations and implements measures to minimize negative impacts that may impact the ongoing survival and development of the Group. We are shifting from a system that focused on responding ad-hoc to individual risks that emerge in the course of business to a more systematic approach that emphasizes continuous implementation of system improvements parallel to enacting risk control measures. We have also established the CRO Office, which includes the CRO and ROs from each in-house company, thereby creating an overarching risk-response system that transcends traditional business silos.

The CxO system that was introduced in E-Plan 2025 has helped to clarify the division of roles and scope of responsibilities for management and the conducting of business, thus enabling us to provide further assistance to business divisions in terms of risk. Information on risks is reported mainly to the CxO in charge, so sharing information between CxOs is important. We have specified indices with which to identify potential incidents and whether information on those incidents needs to be shared so that necessary information on risks can be shared among CxOs. Moreover, we have been enhancing risk management training for managers and auditors of Group companies since 2023, and we are focusing on encouraging communication with personnel on-site and enhancing cooperation more than ever before.

Risk Management Framework



\*1. Business Continuity Management  
\*2. Business Continuity Plans  
\*3. Including subsidiaries under the umbrella of in-house companies

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Risk Management

Main Risk Countermeasures

Risk identification process

Every three years, we conduct a Groupwide assessment of the risks surrounding the EBARA Group. The RMP takes on discussions regarding Groupwide risks, as necessary.

A Groupwide risk assessment identifies potential risks and it analyzes and evaluates the risk response system based on surveys and interviews with business and department managers. The risk assessment also analyzes the likelihood of a risk occurring for the Group, its impact, and the residual risk after countermeasures and it identifies major risks for the Group. Subsequently, we have clarified the departments responsible for dealing with risks and we are taking action.

In the event of an urgent situation, we have taken measures to promptly allow for the creation of a task force headed by the President, Representative Executive Officer, so the entire Group can promptly report, communicate, and make decisions to address the situation.

Major initiatives

The following situations are some of the major risks for the Group that were identified by the Groupwide risk assessment. Led by the CRO Office, the entire Group is responding to these situations.

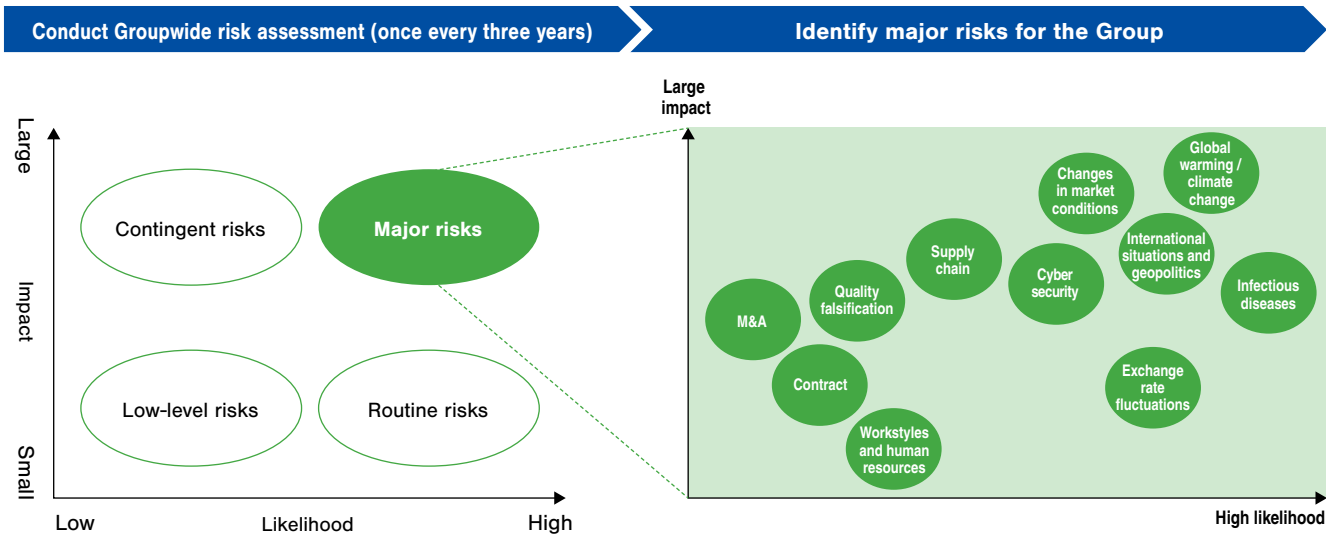
Business Continuity

We are enhancing cooperation with Group companies in each country and we are creating a global business continuity system. Natural disasters such as heavy rains, floods, and typhoons have caused extensive damage in the recent past. In response to these disasters, we have worked to reduce damage by implementing physical measures such as sandbags particularly at our main domestic sites and Group companies. We are also simultaneously working to raise awareness for disaster preparation and mitigation by distributing disaster preparation guides to every employee and putting disaster response posters up at sites. We are taking measures to prepare for volcanic eruptions, including Mt. Fuji.

With regard to the business continuity plans that are being prepared mainly by business divisions, we will take geopolitical risks into consideration and we will further enhance our global business continuity system.

Risk Map (assessment conducted in 2022)\*

\* When COVID-19 was classified as a Class II Infectious Disease



Personal Information Protection

In response to the tightening of regulations on personal information in various countries, we are enhancing our global protection system for the entire Group by formulating a Group privacy policy and rules. We are also addressing the cross-border transfer of personal information in contracts among Group companies and we are complying with the laws and regulations of individual countries such as China. In order to accelerate global management using data such as a human resources database, we will strengthen information security and the protection of personal information and reduce risks associated with the global use of personal data.

Global Insurance

In order to enhance risk management globally, we introduced a system to manage insurance throughout the Group in 2022. We have developed a Groupwide risk approach to natural disasters and contract risks. Major Group companies uniformly take out insurance for property, liability, and logistics, and we are transferring risks throughout the Group. We will continuously review the matters and eligibility in our global insurance and conduct efficient, effective risk management.

Geopolitical Risks

In accordance with circumstances, we flexibly respond to geopolitical risks, such as economic and security trends in the United States of America and China and the conflict between Russia and Ukraine, by holding meetings of relevant departments as necessary.

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Compliance

Basic Approach

The EBARA Group strives to act as a good corporate citizen that earns the trust of stakeholders. For this reason, the “EBARA Way” and the EBARA Group Code of Conduct are shared among all employees to form a common identity and set of values. With this as the foundation, it is our basic policy to practice legal compliance along with faithful adherence to internal rules, social norms, and common sense and to act with good intentions and integrity. Our company policies, rules, and regulations relating to risk management, which are based on the principle of spreading compliance awareness, guide us in creating systems for detecting risks and preventing their realization and in establishing comfortable and open workplace environments.

**REFERENCE    EBARA Group Code of Conduct**  
<https://www.ebara.co.jp/en/sustainability/think/information/ebara-identity.html>

**REFERENCE    Compliance System**  
<https://www.ebara.co.jp/en/sustainability/governance/information/compliance.html>

Key Strategic Items and Progress

To ensure thorough compliance, the Company has established an external reporting hotline for overseas Group companies, has enhanced the EBARA Group Code of Conduct training, has expanded the Ebara Group compliance liaison meetings both in and out of Japan, and is strengthening the compliance liaison committee system.

Priority Strategies	Principal Measures	Progress
Establish frameworks and implement measures for ensuring compliance in the Group	Implement Anti-Corruption Program across the Group	<ul style="list-style-type: none"><li>Reviewed internal regulations and verified the latest legal developments in each country</li><li>Provided training to individuals who should be aware of the risks of corruption (planning and administration departments, sales departments, procurement departments, etc.) and rolled out a series of e-learning programs</li></ul>
	Establish overseas Ebara Group hotlines	<ul style="list-style-type: none"><li>Expanded application of whistleblowing hotlines to overseas Group companies lacking external consultation venues (2023: Total 22 companies) Mainland China: 10 companies Vietnam: 1 company Indonesia: 2 companies Thailand: 2 companies Philippines: 1 company Brazil: 1 company Colombia: 1 company Singapore: 1 company Mexico: 1 company Turkey: 2 companies</li></ul>
	Entrench compliance awareness throughout the Group	<ul style="list-style-type: none"><li>Held Ebara Group Compliance Liaison Meetings twice a year for domestic Group companies and Group companies on Mainland China and once a year for Group companies in Thailand, Vietnam, South Korea, Taiwan, and the UAE, spread in-house rules throughout the organization, and improved the dissemination and sharing of information among Group companies</li><li>Conducted training on the Ebara Way and the Code of Conduct for all employees, (Rate of participation in training at domestic Group companies: 97.1% for the Ebara Way and 98.9% for the Code of Conduct. / Rate of participation in training at Group companies overseas: 99.3% for the Ebara Way and 97.5% for the Code of Conduct)</li></ul>
Implement ongoing initiatives for improving the capability of Group companies to independently manage and improve compliance and risk mitigation activities	Prevent and quickly detect and address improper activities through swift response to consultations	<ul style="list-style-type: none"><li>93 consultations and 84 cases were investigated in 2023 (of these, 32 cases were carried over to 2024)</li><li>Provided training and education to divisions and in-house companies deemed high-risk due to an increasing number of consultations</li></ul>
	Enhance compliance liaison member system to provide familiar workplace consultation venues	<ul style="list-style-type: none"><li>Trained 118 compliance liaison members (59 at EBARA CORPORATION, 59 at domestic Group companies)</li><li>Strengthened collaboration with compliance liaison committee members</li><li>1. Collaborated on in handling consultation cases received through the consultation hotline</li><li>2. Provided various types of support such as consultation services to promote the resolution of consultation cases mainly by compliance liaison committee members</li></ul>
Foster comfortable workplace environments founded on respect for human rights and diversity	Promote respect for human rights and diversity in workplaces through activities of specialized divisions and compliance liaison members	<ul style="list-style-type: none"><li>Formulate the EBARA Group Human Rights Policy and continued operating under the EBARA Group Human Rights Committee and made improvements to activities</li><li>Posted human rights-related educational content on Company intranet (regarding Human Rights Week, requests for human rights slogans, educational materials, etc.)</li><li>Continued to participate in Global Compact Network Japan, and other external organizations</li></ul>

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Compliance

Priority Strategies and Progress

Strengthening the compliance consultation system across the Group

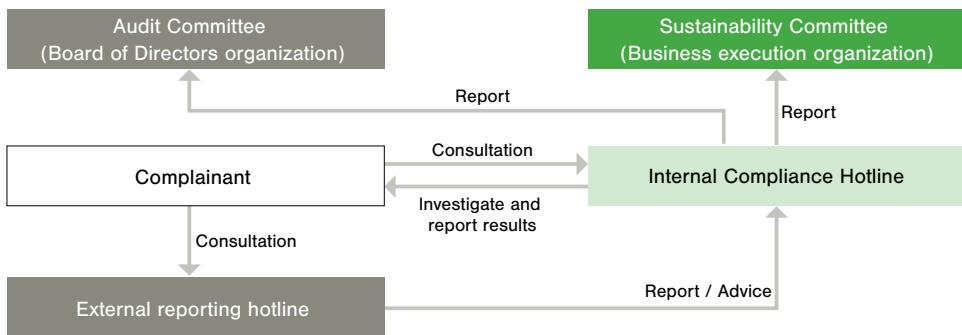
In Japan, compliance consultation hotlines have been installed at Group companies, and consultations are addressed by the site at which the consultation is received (the Company or Group company). The Company and Group companies with more than 300 employees have established a whistleblower reporting system in compliance with the revised Whistleblower Protection Act. Other Group companies will also develop whistleblower reporting systems in compliance with the revised Whistleblower Protection Act, taking into consideration relevant circumstances.

In order to further enhance the compliance consultation system, we are currently preparing to start a global hotline for use by all Group companies.

Compliance Consultation Hotline Policies

- 1 Prevent improper activity from occurring
- 2 Quickly detect improper activity that may have occurred
- 3 Create comfortable workplace environments
- 4 Foster internal capabilities for resolving issues
- 5 Ensure confidentiality and protect those who consult

Domestic Compliance Consultation Flowchart



Consultations are accepted widely, from directors, employees and their families, temporary employees working in the Group, business partners, and others. After consultations are received, investigations are performed by internal compliance departments, and the appropriate response is taken based on these investigations. Matters pertaining to the operation of consultation hotlines are reported to the Audit Committee and the Sustainability Committee, which receives Director participation, on an annual basis to facilitate appropriate oversight.

Going forward, the Group will continue its efforts to track risk information as promptly as possible and to prevent the occurrence or spread of damages. Particularly, we will focus on internally correcting potential legal violations.

Domestic compliance reporting hotline status

There were 93 consultations in 2023. The consultations that were handled and those that still needed to be handled from the previous fiscal year resulted in a total of 84 consultations. 52 of these consultations (27 regarding harassment, 12 regarding working conditions and workplace problems, 6 regarding inappropriate behavior, 6 regarding fraud and violations, and 1 miscellaneous consultation) were handled, and 32 still required investigation. Several of the consultations can be handled by entities other than the consultation counter, so this fiscal year members of the Compliance Liaison Committee will be tapped to provide close consultation.

Expansion of overseas Ebara Group Hotlines

The Overseas Ebara Group Hotlines are operational at 22 applicable Group companies at the end of 2023. Preparations are currently underway to start a global hotline that can be used by the entire global Group.

Globalization of the compliance liaison meetings

Through collaboration between the Company and overseas Group companies, we hold compliance liaison meetings to ensure thorough compliance and establishment of a system to handle compliance issues as a Group. In 2023, we held compliance liaison meetings at 10 Group companies in Mainland China and six Group companies in Southeast Asia, South Korea, Taiwan, and the UAE. These meetings covered a broad range of topics regarding the compliance activities of different Group companies, including anti-corruption efforts, protection of personal information, security trade controls, and environmental issues. Participants included representatives from corporate departments and the in-house companies in charge of Group companies, and a wide range of compliance information was shared. A compliance liaison meeting that will include more companies is planned for 2024.

Preventing corruption

We operate the Anti-Corruption Program globally across the Group and are continuing to expand its scope. We will review the global anti-corruption program, referring to corruption risk indicators and other issues, in order to make updates that keep the activities fresh and relevant. At the same time, we will review our Code of Conduct and update it with the latest anti-corruption laws and regulations in each country. In 2023, we conducted training face-to-face and as e-learning for domestic Group companies, and we will successively expand the pool of potential participants.

REFERENCE Ebara Group Anti-Corruption

<https://www.ebara.co.jp/en/sustainability/governance/information/anti-corruption.html>

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# Protecting Water, Air, and the Environment

- Climate Change Initiatives
- Environmental Management

## Carbon Neutrality by 2050

The Ebara Group is aiming to realize both a sustainable society and sustainable growth of the Group and achieve carbon neutrality by 2050 by reducing GHG emissions across the value chain.

### Targets for 2030

- 1 Scope 1 and 2 GHG emissions  
Reduce by 55% compared to FY2018
- 2 Scope 3/Avoided emissions/Others\*  
Reduce by 100 million tons of CO<sub>2</sub> equivalent

2050  
Achieve carbon neutrality

As of June, 2024

\* "Others" includes the CO<sub>2</sub> equivalent of GHGs decomposed and processed by our products

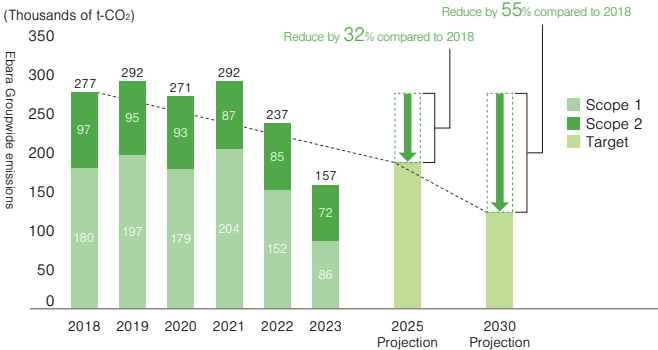
## Climate Change Initiatives

### Basic Policy of E-Plan 2025: Advance ESG-Focused Management <E: Environment> Non-Financial Indicators

As a milestone for Ebara's targets for 2030, the medium-term management plan E-Plan 2025, formulated in February 2023, sets our targets for 2025 and we are working to achieve them through the implementation of various initiatives.

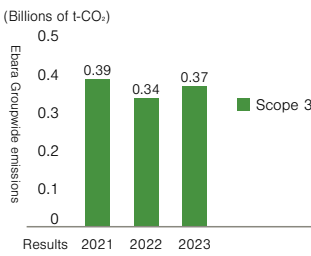
Metrics and Targets for 2025	Initiative Status
Reduce Scope 1 and 2 GHG emissions by 32% compared to 2018 levels	<ul style="list-style-type: none"><li>● Increasing procurement and use of low-CO<sub>2</sub> electricity</li><li>● Promoting energy conservation and production innovation in business activities, shifting away from fossil fuels by converting to electricity</li><li>● Considering the introduction of internal carbon pricing</li></ul>
Establish a practical measurement method to reduce 100 million tons of CO <sub>2</sub> equivalent by 2030	<ul style="list-style-type: none"><li>● Considering methods of collaboration with suppliers</li><li>● Making products even more efficient as category 11 constitutes the bulk of our emissions</li></ul>
Maintain a CDP (climate change) score of B or above	<ul style="list-style-type: none"><li>● Acquired B score for 2 consecutive years</li><li>● Began implementing third-party verification (Scope 1 &amp; 2)</li><li>● Focusing on advancing supplier engagement</li></ul>

### Scope 1 and 2 GHG Emissions\*1, \*2, \*3



\*1. The scope of emissions data was adjusted to be in-line with fiscal reporting and previously excluded Group companies have been added to the data back to 2018.  
\*2. Emissions were revised back to 2018 due to addition of companies from M&As.  
\*3. After the aforementioned revision of emissions, the target remains a 55% reduction by 2030 in comparison to the base year of 2018.

### Scope 3 GHG Emissions\*4, \*5



\*4. Emissions for 2021 have been revised due to a change in the method of calculating Category 11 emissions from a sales basis to a units sold basis  
\*5. Emissions for 2023 are preliminary figures

### Expanding Green Energy

To reduce CO<sub>2</sub> emissions, the Ebara Group has introduced low-CO<sub>2</sub> electricity at its major locations in Japan. In addition, we are adding solar power-generating equipment to our facilities in Japan and overseas. At the Fujisawa District, 1.6-MW solar power-generating equipment was installed on the roof of the plant building that was completed in 2020 and that equipment has been in operation since November 2023. In addition, we also procure CO<sub>2</sub>-free electricity through an off-site PPA model.

### Third-Party Verification Obtained

In accordance with ISO 14064-3, we obtained verification of the Ebara Group's GHG emissions in 2022 (prior to the adjustment of the scope of emissions conducted in June 2024), including Scope 1 and Scope 2 emissions of energy-derived CO<sub>2</sub> and HFC\*. This has allowed us to enhance the accuracy and reliability of the date we provide to our stakeholders.



\*Hydrofluorocarbons are gases with particularly high global warming potential.

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Climate-related Disclosure

The Ebara Group has cited “making advances in ESG-focused management” as an important part of its vision for 2030, and as an essential part of our efforts to address climate change. We analyzed climate-related risks and opportunities based on the TCFD’s recommendations, which we endorsed and signed in 2019, and we reflected the results of our analyses of scenarios in our E-Plan 2025 (2023-2025) medium-term management plan. The TCFD framework was incorporated into IFRS® Sustainability Disclosure Standard S2 Climate-related Disclosures (“IFRS® S2”) in 2024, so we have updated the 2024 information based on the IFRS® S2 disclosure standard. Prior to March 2023, climate-related scenarios involving the Group’s operations were analyzed by its main target markets, namely the building services and industrial equipment market, the oil and gas market, the water-related infrastructure market, the solid waste treatment market, and the semiconductor manufacturing market. → P54

REFERENCE Climate-related Disclosure (TCFD Recommendations)  
<https://www.ebara.co.jp/en/sustainability/think/information/tcfd.html>

Governance

The Board of Directors deliberated on the setting of non-financial targets, including initiatives to address climate-related risks and opportunities, and non-financial KPIs for management’s medium-term action plan to address management issues based on the basic policy formulated in E-Plan 2025, the three-year medium-term management plan for the period from 2023 to 2025. In order to ensure the implementation and oversight of those targets and KPIs, the Board of Directors monitors changes in individual indicators, examines the state of their achievement, issues with them, and future action plans, and supports management’s initiatives by providing advice as necessary. → P101

In November, the Company held an ESG Meeting for institutional investors and media representatives, and the Board of Directors explained climate-related initiatives.

REFERENCE Climate Change Governance  
<https://www.ebara.co.jp/en/sustainability/think/information/tcfd.html#gov>  
REFERENCE Corporate Governance  
<https://www.ebara.co.jp/en/ir/governance/index.html>  
REFERENCE Compensation for Directors and Executive Officers  
<https://www.ebara.co.jp/en/ir/governance/information/Policy-on-Compensation.html>

Risk Management

The president of each in-house company reports the progress and results of various measures for the important risks and opportunities identified through the climate-related scenario analyses to the Management Issue Action Plan Monitoring Committee, which is chaired by the President and Representative Executive Officer. The overall progress of non-financial metrics and targets, including those related to climate, is communicated to the Sustainability Committee and reviewed.

The Sustainability Committee reports this information and the content of their review to the Board of Directors. The Group regularly conducts risk assessments, including assessments specifically concerning climate-related risks.

REFERENCE TCFD Risk Management  
[https://www.ebara.co.jp/en/sustainability/think/information/tcfd.html#sus2023\\_1](https://www.ebara.co.jp/en/sustainability/think/information/tcfd.html#sus2023_1)  
REFERENCE Risk Management  
<https://www.ebara.co.jp/en/sustainability/governance/information/risk-management.html>

Metrics and Targets

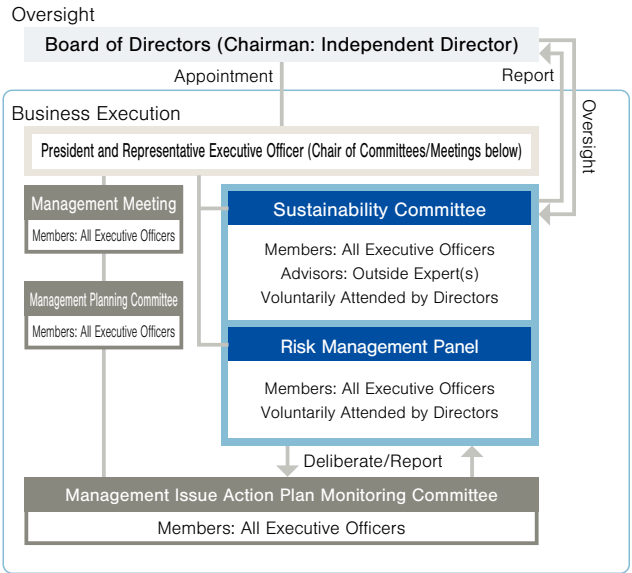
In December 2022, we published “Carbon Neutrality Efforts by the Ebara Group,” as a dedicated page on the Company’s website. Each in-house company and subsidiary, down to the department level, has incorporated targets and measures for carbon neutrality into their action plans for E-Plan 2025.

One of the outcome goals of E-Vision 2030, “to reduce GHG emissions by 100 million tons CO<sub>2</sub> equivalent by 2030,” is being reviewed in accordance with the Guidance on Avoided Emissions issued by the WBCSD in March 2023.

Regarding the climate-related strategies of each company in light of the results of analyses of climate-related scenarios, each company confirmed the progress of action plans related to non-financial management issues, including metrics and targets, and the Sustainability Committee confirmed the progress of similar actions plans throughout the Company.

REFERENCE Metrics and Targets  
<https://www.ebara.co.jp/en/sustainability/think/information/tcfd.html#goal>

Climate-related Governance Structure



Status of Climate Governance in 2023

Board of Directors Agenda Items	
Feb.	● E-Vision 2030 was revised, and E-Plan 2025 was formulated and announced
Apr.	● Identified sustainability agenda issues for future board discussion ● Formulated an action plan for medium-term management issues and specified KPIs for 2023
Jun.	● Disclosed climate-related information in accordance with TCFD recommendations
Sept.	● Status of and issues with E-Plan 2025
Oct.	● Status of the Group’s efforts towards carbon neutrality ● Status of and issues with E-Plan 2025
(Note) Reports on non-financial information are submitted monthly by Executive Officers.	
Sustainability Committee	
Met in March, June, September, and December. (Reported deliberations to the Board of Directors the following month) A climate-related agenda was set for every meeting.	
Main items	● Shared progress toward carbon neutrality ● Shared analyses of climate-related scenarios ● Deliberated Scope 1-3 GHG emission reduction efforts ● Considered internal carbon pricing, etc.

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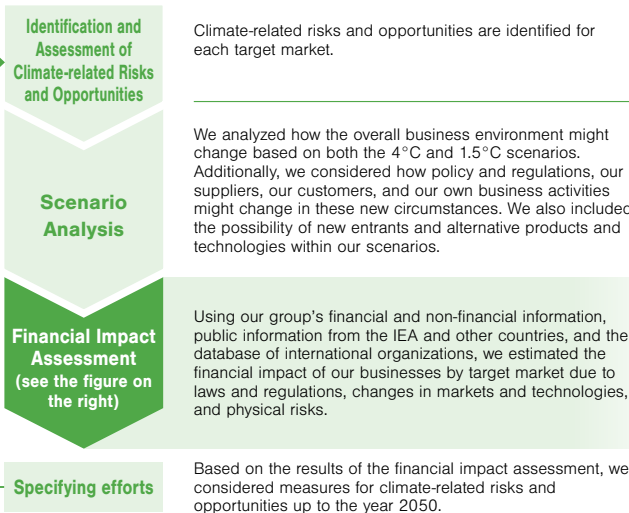


Protecting Water, Air, and the Environment

Climate Change Initiatives

Strategy

The following process is used to analyze the impact of climate change on the Group's business in each target market. Climate-related strategies for businesses in the building services and industrial equipment market, the oil and gas market, the water-related infrastructure market, the solid waste treatment market, and the semiconductor manufacturing market are formulated at the behest of the company president and are reflected in the medium-term management plan. The plan's progress is checked by each company at the Management Issue Action Plan Monitoring Committee, and progress across the entire company is checked by the Sustainability Committee. The details of discussions taking place at meetings of the Sustainability Committee are reported to and reviewed by the Board of Directors.



REFERENCE Financial Impact and Response Measures  
[https://www.ebara.co.jp/en/sustainability/think/information/tcf.html#sus2023\\_3](https://www.ebara.co.jp/en/sustainability/think/information/tcf.html#sus2023_3)

Future Challenges

Progress with respect to climate-related indicators and targets will be discussed by the Sustainability Committee. We will also enhance the disclosure of non-financial indicators, including climate-related indicators, in light of IFRS® S2.

Results of Analysis

Scenario analyses were conducted with the predicted 2050 operating profits of each business without taking any climate-related measures as "100." We then calculated potential operating profit based on whether countermeasures were implemented or not under the circumstances of the risks and opportunities identified.

- ✓ Operating profit was projected to improve in all target markets regardless of temperature scenario, so long as countermeasures are implemented
- ✓ The transition from oil & gas to next generation energy such as hydrogen represents significant opportunity



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Protecting Water, Air, and the Environment

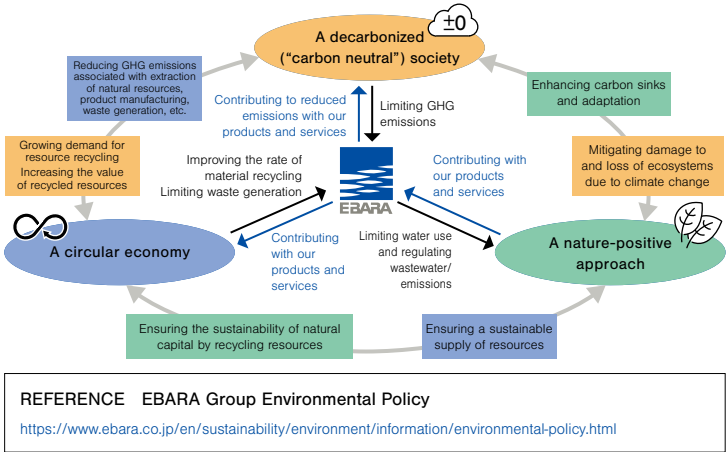
Environmental Management

Environmental Policy

Recent global environmental issues are wide-ranging, including climate change as well as resource depletion and loss of biodiversity. In addition to decarbonization, a sustainable society also requires a circular economy and a nature-positive approach. These three elements are interrelated and have some considerable negative and positive impacts on the Group's businesses. In light of these changing circumstances, we reviewed our environmental policy, first disclosed in July 2019.

In addition to identifying issues and approaches in the Group's long-term management vision, E-Vision 2030, and medium-term management plan, E-Plan 2025, that review considered recent global attitudes toward environmental issues such as a decarbonized society, a recycling-oriented society, and a society in harmony with nature. The review also attempted to clearly specify environmental protection, compliance obligations, and continual improvement of the EMS as required by ISO 14001.

Our Relationship to Environmental Issues

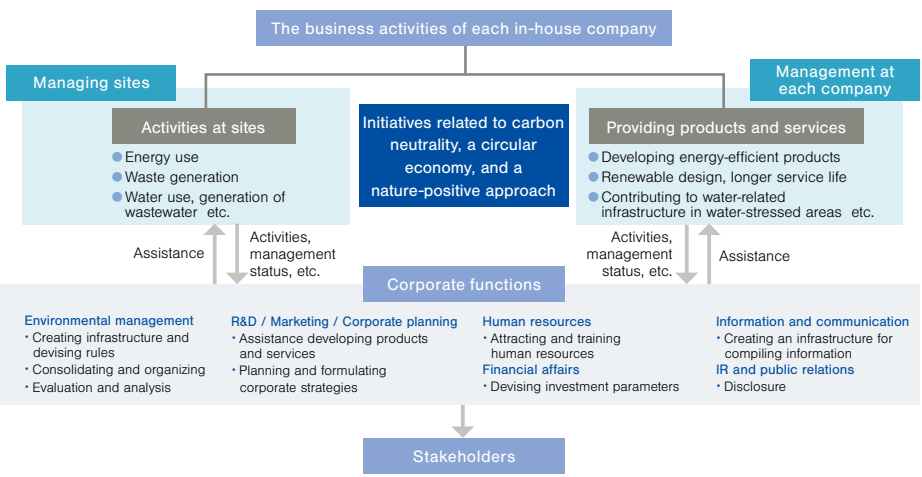


Our Vision for Environmental Management

Reflecting on the accidental release of dioxin that occurred at the Fujisawa Plant in March 2000, the Group has environmentally managed its sites with a focus on preventing environmental accidents from occurring. Mindful of the environmental issues set forth in our environmental policy, the Group needs to manage the impacts of its products and services on the places where they are used in addition to environmentally managing its sites.

The in-house companies will work to achieve the 2030 Environmental Targets, comply with laws and regulations, and prevent environmental accidents at their sites. They will also work to identify the environmental impact of their products and services and implement measures to reduce that impact. Corporate headquarters will support these efforts and disclose their results to stakeholders.

Environmental Management Framework



Acquisition of ISO 14001 Certification

As a part of our efforts to tackle the material issue of comprehensive environmental management identified in E-Vision 2030, we are working to obtain ISO 14001 certification for Group companies with manufacturing and maintenance plants. As of May 2023, 8 domestic and 25 overseas Group companies have received ISO 14001 certification. We plan to acquire ISO 14001 certification at all Group companies with manufacturing and maintenance plants by 2025. In addition, for new companies joining the Ebara Group, we will confirm their current environmental management, and we will create and implement plans to obtain ISO 14001 certification for companies that do not currently possess it.

Certified as an Eco-First Company

In April 2024, we were certified as an "Eco-First Company" under the Ministry of the Environment's "Eco-First System" to promote corporate environmental efforts.

The Eco-First System was started in 2008. Under it, companies pledge to the Minister of the Environment that they will engage in environmental conservation, and the Minister certifies that such companies are engaged in "advanced, unique, and industry-leading business activities."

We have declared an "Eco-First Pledge" that outlines our commitment to conserve water use in our business activities and reduce wastewater in order to contribute to the creation of a decarbonized, recycling-oriented society, that operates in a circular economy and in harmony with nature, as cited in the Ebara Group's Environmental Policy.



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Protecting Water, Air, and the Environment

Environmental Management

2030 Environmental Targets

We have formulated the Ebara Group 2030 Environmental Targets to enable the Group to conduct manufacturing in a way that gives maximum consideration to reducing environmental impact, and these targets establish our vision for the environment for the year 2030.

2030 Performance Targets	2023/12 Results	2023/12 Achievements	Future Initiatives
Reduce Scope 1 and 2 GHG emissions by 55% from FY2018 levels	157,000 t emitted Down 43.2% from FY2018*1	Energy-efficient operation of facilities, expanded procurement of low-CO <sub>2</sub> electricity, introduction of solar power generation equipment	<ul style="list-style-type: none"><li>Upgrades of facilities with high energy consumption, such as industrial furnaces and transforming equipment</li><li>Electrification of fuels and expanded procurement of power from renewable energy</li><li>Expanding installation of solar power generation equipment</li><li>Utilization of carbon pricing</li></ul>
Continuously lower water consumption rate	Improved from previous year with revenue per unit of production at 0.134 km <sup>3</sup>	Water reuse in ultrapure water production, use of rainwater, identification of points of leakage and countermeasures based on water consumption monitoring results	<ul style="list-style-type: none"><li>Implementation of measures for industrial water recycling and against water leakage</li><li>Promotion of water conservation by updating water usage equipment and revising water usage processes</li></ul>
Maintain a waste recycling rate of 95% or more domestically	Achieved 97.1% in Japan, exceeding the target	<ul style="list-style-type: none"><li>Promoted visualization of the amount of reusable waste through thorough waste separation</li><li>Investigated the status of waste plastic amounts</li><li>Revised waste management indicators</li></ul>	<ul style="list-style-type: none"><li>Improvement of the recycling rate by thoroughly separating waste and reviewing waste processing contractors</li><li>Confirmation of the effectiveness of waste management indicators</li></ul>

\*1. We adjusted the scope of our data to be in line with our fiscal reporting and have newly included previously excluded Group companies in our data back to 2018.

Water Risks

We face the risk of operations being affected by water resource shortages stemming from climate change. Therefore, we must use water efficiently, and we must understand what water usage is appropriate for business activities.

AQUEDUCT 4.0 is a tool made available by the World Resources Institute that provides global maps and information indicating water risks around the world.

We used that tool to identify sites in water-stressed areas. We found that eight of our bases are located in

high-risk areas, and their water intake was 219 km<sup>3</sup>, accounting for 21% of the Company's total water intake. Going forward, we will examine the local water supply and drainage management at bases located in such high-risk areas, seek to understand the risks associated with water intake and discharge systems, and then implement measures to reduce risks.

REFERENCE Water Risk Level Survey Results (FY2023)  
<https://www.ebara.com/en/sustainability/environment/information/environmental-management.html#water>

Complying with the Plastic Resource Circulation Act

In Japan, the Plastic Resource Circulation Act began being enforced in April 2022, and Ebara conducted a survey of its actual plastic waste accordingly. Our main types of waste plastic are those from packaging materials used in logistics, cushioning materials, resins used in product manufacturing, packing scraps, and other consumer goods and stationery used in our offices. The amount of waste plastic discharged by Ebara as a whole in 2022 was approximately 547 tons, classifying us as a business emitting a large volume of waste. To reduce

emissions and increase recycling resources, we will organize the flow of waste, including waste plastic, and engage in the following activities.

- Shift from waste matter to waste with value
- Discharge waste that can be recycled at disposal contractors
- Confirm the quantities of each item in the flow of waste and establish management indicators

Conservation of Biodiversity and Natural Capital

Understanding the link between our business and natural capital, in forms such as biodiversity and water resources, is an important topic for our Group. We are considering a phased approach to evaluating our business locations and value chains based on the recommended LEAP approach in order to disclose the degree to which our business activities depend on and impact natural capital in line with the framework of the Task Force on Nature-related Financial Disclosures (TNFD).

With regard to biodiversity, we have drafted and implemented the Ebara Group Biodiversity Guidelines. We have registered as a reforestation partner in Kanagawa Prefecture to train and apprise our employees of natural capital, and we participate in forest conservation efforts such as forest thinning and grass cutting.



Forest conservation efforts

Ebara Group Biodiversity Guidelines

Ebara Group believes that the conservation of biodiversity is one of our social responsibilities and have implemented the following guidelines.

- We consider the conservation of biodiversity an important management issue and make an effort toward conservation.
- We promote employee awareness of the importance of biodiversity conservation through opportunities such as environmental education and experiencing nature.
- We seek to gain a better insight into the relationship between corporate activities and biodiversity and reflect this insight in the Group's drive to conserve biodiversity.
- We contribute to the conservation of biodiversity through corporate activities that are guided by the principles of resource conservation, energy conservation and biodiversity-aware outsourcing.

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# Upholding Global Responsibilities

- Ebara Group Human Rights Policy
- Supply Chain Management
- Production Management
- Quality Management

## Ebara Group Human Rights Policy

The Ebara Group respects human rights and the diversity of stakeholders as stipulated in the Ebara Group CSR Policy. We have declared our support for and are a signatory of the United Nations Global Compact, and we observe the principles of the International Bill of Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights.

REFERENCE   Ebara Group Human Rights Policy  
<https://www.ebara.co.jp/en/sustainability/social/information/respect.html>

## Ebara Group Human Rights Policy

### Human Rights Management System

We have established the Ebara Group Human Rights Committee to continuously improve our human rights management system in accordance with our human rights policy. The committee operates with the recognition that respecting the human rights of stakeholders involved in our business activities is fundamental. In 2023, the Ebara Group Human Rights Committee met in February and August. The Ebara Group Human Rights Committee reported its activities to the Board of Directors at the Sustainability Committee meeting held in December.

### Human Rights Grievance Mechanisms

At domestic Group companies, the compliance consultation hotlines accept and handle complaints, including those related to human rights. Hotlines have also been installed at 22 Group companies outside of Japan, and we are currently in the process of installing them for all Group companies. Consultations from outside the company are accepted at the inquiry counter listed on our website. When complaints or consultations regarding human rights are received, they are overseen by the Compliance Consultation Hotline, which responds to them by coordinating with related departments as necessary. Moreover, we joined the

### Ebara Group Human Rights Committee Framework



Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) in April 2024 as a way to respond to complaints and consultations from the Group's suppliers.

### Future Challenges

The Human Rights Committee will improve the effectiveness of human rights management while considering information obtained from conversations with external experts as well as international standards and guidance.

### Initiatives and Progress from 2020 to 2023

External Dialogues	The Ebara Group Human Rights Committee conducts dialogue with external human rights experts to expand the scope of awareness around human rights issues and improve the Group's human rights management.	
	<ul style="list-style-type: none"><li>• 2023 Dialogue with a journalist specializing in human rights and IT .</li><li>• 2022 Dialogue with experts who have knowledge around issues related to foreign technical trainees and foreign workers.</li><li>• 2021 Dialogue with NPOs that support water supplies in developing countries.</li><li>• 2020 Dialogue with institutional investors about their perspectives on human rights.</li></ul>	
Improving Human Rights Due Diligence (DD)	The Ebara Group Human Rights Committee believes it is crucial to the healthy business operations of the Group that its employees and suppliers act with respect for human rights, and therefore, conduct human rights due diligence.	
	Human rights due diligence with employees	Human rights due diligence with suppliers
	Through the annual global engagement survey (GES) conducted by the Human Resources Department targeting all employees, we monitor approximately 60 organizations in 38 countries and regions, with particular focus on the common human rights issues across the Group such as workplace fairness and equity, discrimination, and occupational safety and health. The Ebara Group Human Rights Committee instructs companies who have low engagement scores to formulate human rights action plans, and then those companies implement measures for improvement. The results of these activities are then evaluated based on the scores from the next year's GES. Four organizations with low survey scores in 2022 implemented action plans, and one organization achieved higher scores in 2023. The three organizations that did not meet the criteria are continuing to implement improvement measures. We will continue to conduct human rights DD with employees.	In order to ensure that our suppliers understand and implement our CSR Procurement Guidelines, including the human rights provisions, the Procurement Department conducted a CSR procurement survey of the Group's primary suppliers and found that there were generally no problems. To increase understanding of corporate social responsibility both internally and externally, we also explain to internal and external entities that laws, regulations, and attitudes differ in each country and that human rights are the responsibility of every organization doing business, and continue to educate until respect for human rights is instilled.

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Upholding Global Responsibilities

Supply Chain Management

Basic Approach to Procurement

In accordance with the Ebara Group Business Ethics Framework, we work to foster trust with our suppliers, and engage in fair and equitable transactions, in line with our procurement policy. We request suppliers comply with our CSR Procurement Guidelines.

In addition, we announced our “Declaration of Partnership Building” in 2022. We endorse the activities of the Council on Promoting Partnership Building for Cultivating the Future, whose members include the Chairman of Nippon Keidanren, the President of the Japan Chamber of Commerce and Industry, the President of the Japanese Trade Union Confederation, and relevant ministers (Cabinet Office, Ministry of Economy, Trade and Industry, Ministry of Health, Labor and Welfare, Ministry of Agriculture, Forestry and Fisheries, and Ministry of Land, Infrastructure, Transport and Tourism).

REFERENCE Supply Chain Management  
<https://www.ebara.co.jp/en/sustainability/social/information/supply-chain.html>



Procurement Policy

Provide fair and equitable opportunities

We provide fair and equitable opportunities to all suppliers. To begin a business relationship with a supplier, we conduct a technological and commercial assessment using our proprietary certification system, consistent with ISO 9001. Upon completion of the certification, we enter into a basic agreement or basic work agreement and then proceed with the individual deal.

Information security

We do not disclose to third parties any confidential information that we have acquired through our business dealings with suppliers without obtaining their approval.

Social trust

In our pursuit of a sustainable society, we promote responsible procurement, while paying close attention to compliance with Japanese and overseas laws, human rights, safety of products and services, quality guarantees, occupational health and safety, the environment, and corporate ethics.

Economic rationality in selecting suppliers

When selecting suppliers, we comprehensively assess the quality of materials, reliability, delivery time, price, technological development capability, proposal capability, actions taken towards the environment, and financial soundness of the supplier.

Mutual trust

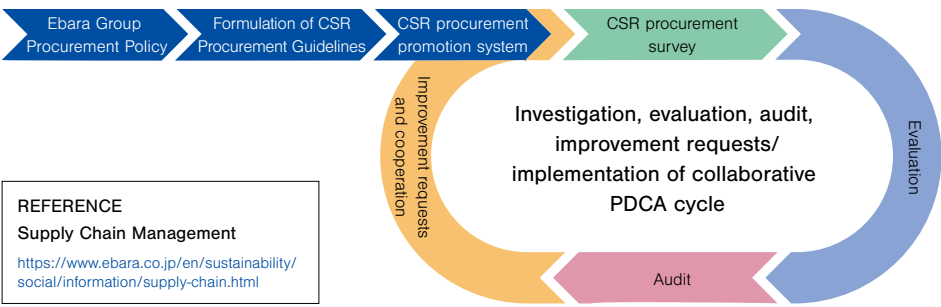
We aim for mutual growth, and for building a relationship of trust and partnership with suppliers. All of the procurement section members are aware that they must maintain a good working relationship that fosters cooperation and creativity and promotes smooth and effective operational functionality with the internal and external sections concerned.

Collaborative Value Creation with Suppliers

Human Rights Due Diligence for Suppliers

In conducting human rights due diligence, we communicate about the activities conducted by suppliers—our important partners—the challenges they face and consider how the Ebara Group should address them. To this end, we conduct CSR procurement surveys for our major domestic and overseas business partners that include human rights questions.

We conduct detailed interviews, including on-site visits, with suppliers that are considered to have a high potential for risk, and ask them to deepen their understanding of the Ebara Group’s procurement policies. We will continuously monitor risks hidden in the supply chain and promote appropriate procurement while reaffirming the importance of CSR procurement and human rights due diligence with our partners.



REFERENCE Supply Chain Management  
<https://www.ebara.co.jp/en/sustainability/social/information/supply-chain.html>

CSR Procurement Questionnaire

The Ebara Group periodically conducts a CSR procurement questionnaire to confirm the status of our valued business partners’ CSR activities. We surveyed Tier 1 global suppliers in 2022 and by the end of 2023 have received responses from 1,301. The survey found that there were generally no problems. The results of the survey are disseminated throughout the Company, and we are working to reduce risk by directly talking to and visiting business partners who need to make improvements.

Years	Number of Supplier Responses	Scope
2022-2023	Domestic: 852 Overseas: 449 Total: 1,301	Domestic/Overseas

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Upholding Global Responsibilities

Production Management

EBARA's Basic Policy on Efforts to Innovate Production: The Starting Point of Efforts

The Group's basic policy on efforts to innovate production is to optimize manufacturing processes via a scientific approach and to create an organizational culture that continuously innovates productivity. The scientific approach is innovating operational processes based on a thorough analysis using industrial engineering techniques. With a 50% shorter lead time, 50% less inventory, and double the productivity as a major common goal, we intend to address the issue of drastic changes, to minimize cost, inventory, and lead time to meet customer requirements, and to create the industry's most efficient production system.

A History of Our Efforts to Innovate Production

The Group's efforts to innovate production began in 2008 with the Precision Machinery Company. In 2011, those efforts were expanded to production sites in Japan, and in 2012 they were expanded to production sites overseas. Those efforts have now been expanded Groupwide. We continue to hold conferences on innovative production as a forum for reporting on the results of those efforts and to verify efforts through factory inspections, and we also conduct voluntary training for human resource development.



Four Indicators for Evaluation of Production Management

In the areas of production and quality assurance in the value chain, we set both quantitative and qualitative targets and we monitor efforts. In both areas, we collect and analyze data on the status of improvements, we visually identify issues, and we endeavor to share and disseminate information to frontline personnel.

	Quantitative targets (short-term targets)	Qualitative targets (structural improvements)
	Management indicator PL/BS	Production management technology
Innovative production efforts	Innovative Production ROIC	EGM*1 Survey
Quality assurance efforts	Quality assurance COQ*2	EGQ*3 Survey

\*1. EGM: Ebara Global Manufacturing \*2. COQ: Cost of Quality \*3. EGQ: Ebara Global Quality

Innovative Production ROIC, an Indicator for Quantitative Evaluation

In addition to the monetary effects of efforts to innovate production, we have defined the Innovative Production ROIC as an indicator for quantitative evaluation that we use worldwide. We evaluate the contribution to return on invested capital (ROIC), which is our most important management indicator, as the Innovative Production ROIC Improvement Effect.

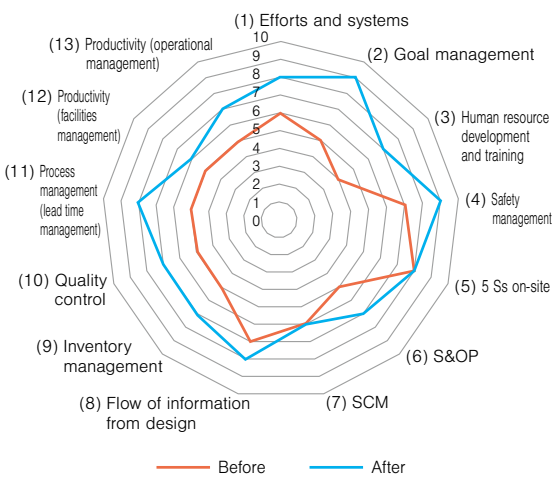
Definition of Innovative Production ROIC

$$\text{Innovative Production ROIC} = \frac{\text{After-tax operating profit ratio}}{\text{Fixed asset turnover in days} + \text{Working asset turnover in days}}$$

$$\text{Innovative Production ROIC Improvement Effect (\%)} = \text{Innovative Production ROIC after improvement} - \text{Innovative Production ROIC before improvement}$$

The EGM Survey, an Indicator for Qualitative Evaluation

In order to achieve our vision for innovative production, we use the EGM Survey, which is a qualitative evaluation, to gauge the degree to which business efforts are achieved, and we evaluate the level of production efforts on a 10-point scale. In the EGM Survey, target levels are set for each business, actions required to close the gap with current conditions are addressed, and the degree to which targets are achieved is monitored annually.



- EGM Survey Items Evaluated**
- (1) Efforts and systems
  - (2) Goal management
  - (3) Human resource development and training
  - (4) Safety management
  - (5) 5 Ss on-site
  - (6) S&OP (manufacturing and sales collaboration)
  - (7) SCM (procurement, logistics, suppliers)
  - (8) Flow of information from design (BOM and design work)
  - (9) Inventory management
  - (10) Quality control
  - (11) Process management (lead time management)
  - (12) Productivity (facilities management)
  - (13) Productivity (operational management)

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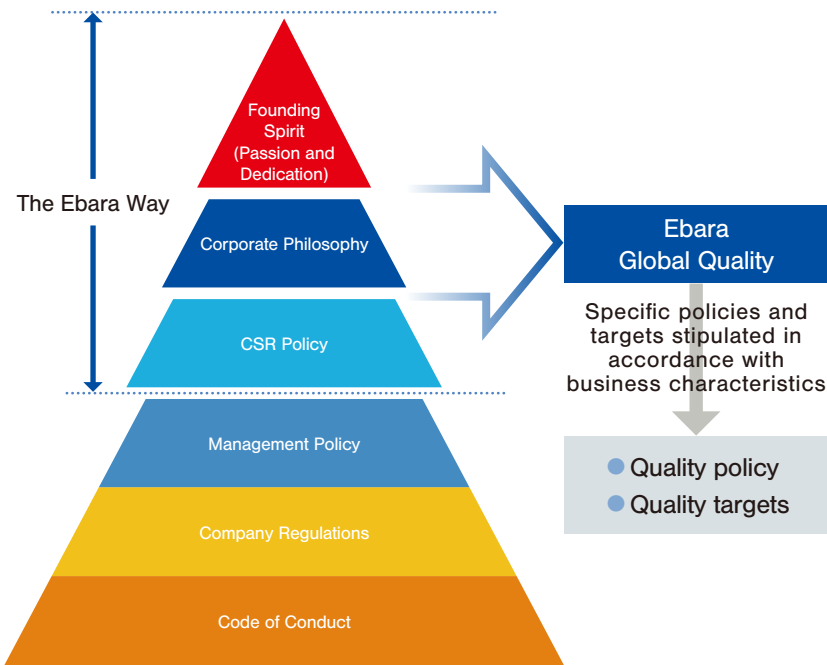
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Ebara Global Quality

Based on the Ebara Way, we have formulated Ebara Global Quality (EGQ), the Ebara Group's basic policy on quality, and we are engaged in efforts to firmly establish "reliability" in our products and services.



Quality Management System

We are creating a quality management system based on Ebara Global Quality. In each area of business, we obtain ISO 9001 (quality management system) certification, which is necessary to achieving our quality policy and quality targets.

ISO 9001 Certification (As of December 31, 2023)

Region where the business is located	Percentage attained
JAPAN	100%
OVERSEAS	100%

Ebara Group's Basic Policy on Quality

In order to firmly establish reliability as Ebara's basis for achieving the vision in E-Vision 2030, we have stipulated the Ebara Group's basic policy on quality, known as Ebara Global Quality, based on the Ebara Way.

Ebara Global Quality expresses the desire of the Ebara Group as a whole to continue contributing to society more broadly through our business. Ebara Global Quality is based on refining our technologies with passion and providing reliable products and services with dedication.

Items being implemented

Senior management in each area of business will specify a quality policy, i.e., specific policies to achieve our stated goals based on Ebara Global Quality, and it will transform that policy into quality targets in documents such as the medium-term management plan.

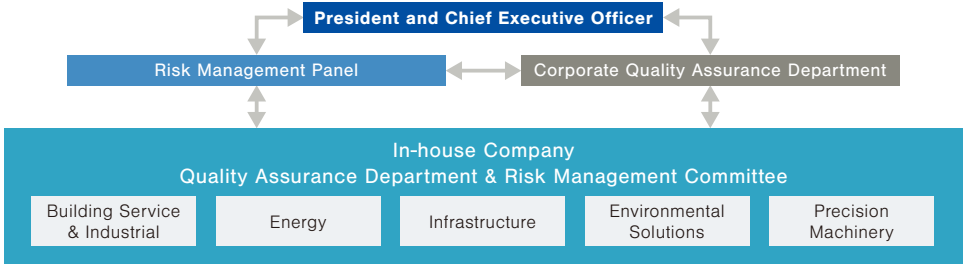
Implementation efforts

- We will accurately ascertain the demands and expectations of society and customers.
- We will comply with the legal and regulatory requirements of each country and region.
- We will evaluate and verify products in the planning, development, and design stages to ensure that they can be used safely.
- We will mutually improve quality through partnerships with suppliers.
- We will create and maintain a consistent quality management system from planning and development to services, and we will operate and continuously improve this system through cooperation among all departments.
- We will continuously foster human resources to maintain and improve quality.

Ebara Global Quality Declaration

To help create a sustainable society and to elevate standards of living and support abundant lifestyles for all, we will deliver safe, reassuring, and optimal solutions that exceed expectations and we will build trust with our customers by providing quality products and services with the slogan of Technology. Passion. Support our Globe.

The Ebara Group's Quality Assurance System



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Continuous Ebara Global Quality Improvement Efforts

To achieve Ebara Global Quality (EGQ), we are promoting EGQ Efforts, which are Groupwide quality assurance efforts. EGQ efforts will specify quantitative and qualitative targets to achieve our vision of quality assurance, and our policy will be to promote efforts in terms of both.

We have introduced Cost of Quality (COQ) as a quantitative target, and we are evaluating the results of our quality assurance efforts in relation to our business performance. We have, as a qualitative target, systematized a framework for evaluation and improvement through the EGQ Survey to raise the level of quality assurance based on EGQ and to thus increase corporate value. We are also evaluating the extent to which EGQ has been achieved based on the results of the EGQ Survey.

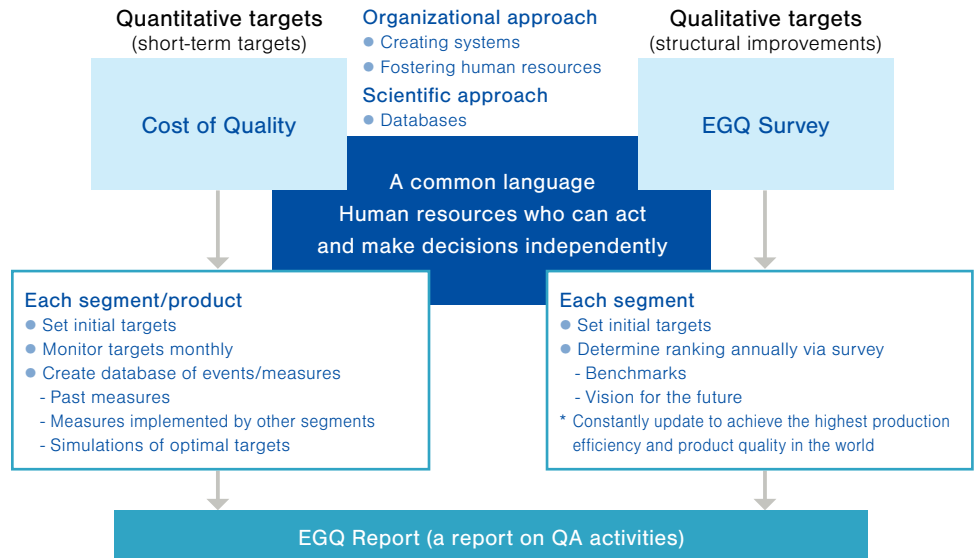
Fostering Human Resources for Quality Assurance

We have begun offering training programs on quality to all employees, from new employees to senior management, offered based on seniority. We are fostering human resources who can use a common language regarding quality and who can act independently via organizational and scientific approaches, and we are providing opportunities to build a career in quality assurance.

Program to Foster EGQ Human Resources

Types of knowledge required for quality assurance												
Broad category		Quality management system				Quality assurance techniques						
Levels & career routes	Course level	Senior management	Training for senior management									
		Advanced	EGQ Survey auditor		Assistant auditor	QC Certification, Level 1			Human error, Advanced	Advanced failure studies	DR reviewers	
		Intermediate	EGQ Survey, Intermediate	Use of COQ	Internal auditor training	QC Certification, Level 2	Practical Application of the Five Whys analysis	Instruction in process ownership	Human error, Intermediate		Use of DRBFM (including FMEA)	
		Introductory	EGQ Survey, Introductory	Overview of the Cost of Quality (COQ)	Understanding ISO 9001 requirements	QC Certification, Level 3	Basics of the Five Whys analysis	Introductory process ownership	Human error, Introductory	Introductory failure studies	Introduction to DR	Commentary on standard DR guidelines
		New employees	Basic quality policy EGQ									
			Quality basics Introduction to ISOs				QC Certification, Level 4					
Pre-assignment training/ quality basics												

Quality Assurance Assessment Framework



CLOSE-UP

EGQ Report, A Regular Report on QA Activities

The EGQ Report is published monthly and intended to visually depict the status of EGQ efforts (targets and progress) in each business, to widely disseminate information on quality assurance efforts to the entire Ebara Group, and to link those efforts to an awareness of improvements and innovation.



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## Section 3

# Creating Value from Customers' Perspectives

- Ebara's Business -

The Ebara Group has been refining its technologies for over 110 years, and it has garnered the close trust of industry and customers as a “public institution.”

In January 2023, the Company changed from a traditional product-based organization to a target market-based organization that focuses on customers' perspectives.

We intend to continue creating value by enhancing our market-oriented approach and by altering the entire company's organizational structure to sincerely address customer requests and issues.

On to the wider world, the next generation, and the future of our planet...

With an even broader perspective, we will deliver Ebara's value to unexplored areas as well.

### Section 3 Creating Value from Customers' Perspectives - Ebara's Business -

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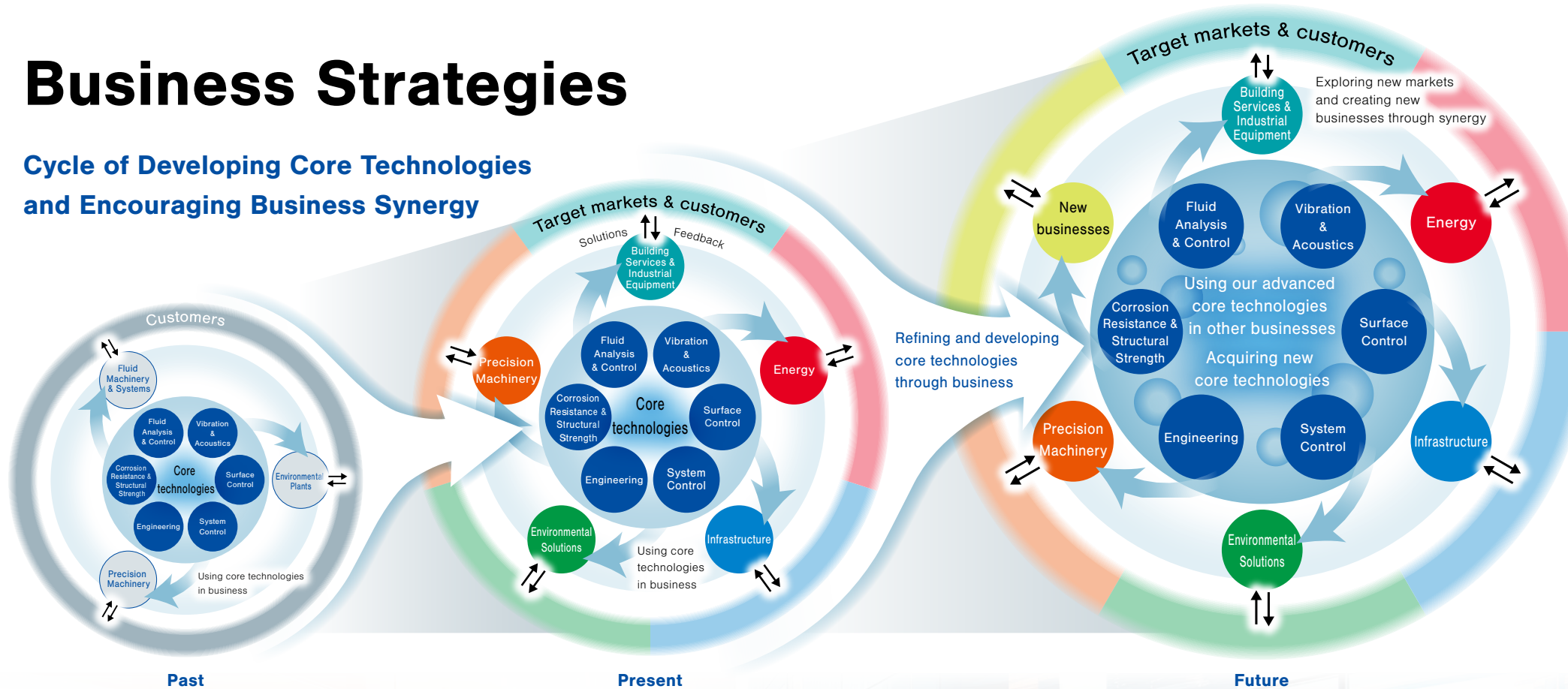
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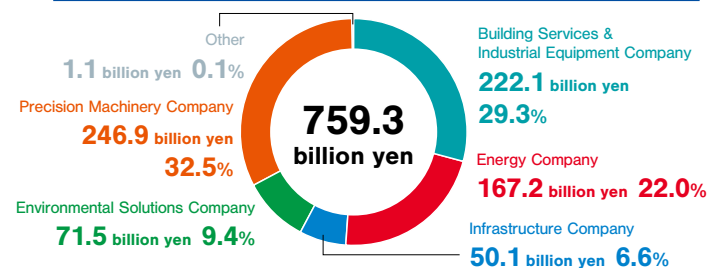
# Business Strategies

## Cycle of Developing Core Technologies and Encouraging Business Synergy

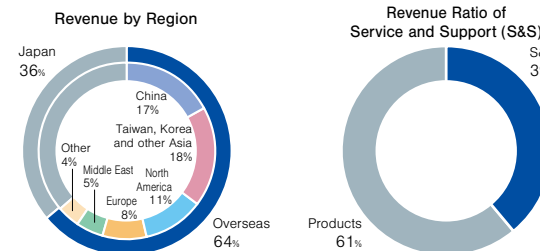


One of the Ebara Group's distinctive strengths is its comprehensive ability to provide solutions required by the times with products and services created using core technologies that have been refined over time and to further develop core technologies and create new businesses based on feedback from customers in target markets. We will continue to seek to provide higher value-added solutions using our core technologies, and we will provide the world with value that only the Ebara Group can offer while further developing our core technologies and acquiring new core technologies.

### 2023 Consolidated Revenue by In-house Company



### Consolidated Results



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Business Strategies

Building Service & Industrial Company

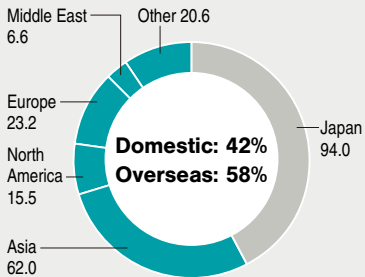
Business Vision (E-Vision 2030)

We will aim to be a solution service provider that solves water supply and thermal energy issues in the building and industrial equipment markets.

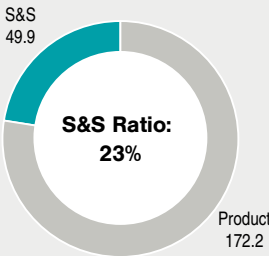
Company Information

Main Target Markets	<div><div>• Building equipment</div><div>• Industrial equipment</div></div>
Main Products	<div><div>• Standard pumps</div><div>• Fans</div><div>• Chillers</div><div>• Cooling towers</div></div>
Market Share and Main Achievements	<div><div>• Standard pumps: #1 domestic share</div><div>• Cooling towers: #1 domestic share</div></div> <div>Note: Ebara survey</div>
Competitors	<div><div>• Standard pumps: Grundfos, Xylem, Kawamoto Pump Mfg., Tsurumi Manufacturing, etc.</div><div>• Chillers/Cooling towers: Carrier (chillers), YORK (chillers), Kuken Industries (cooling towers), etc.</div></div>

Revenue by Region (Billions of yen)



S&S Revenue Ratio (Billions of yen)

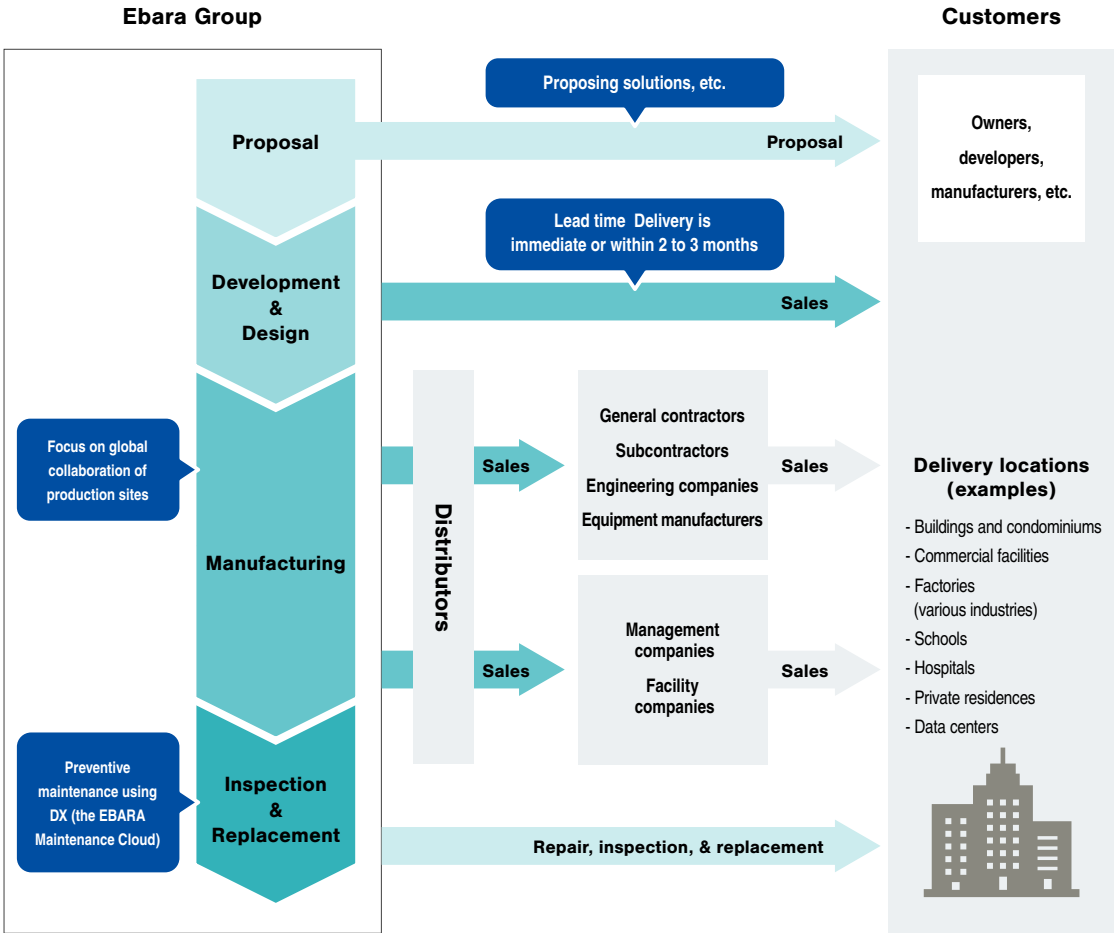


Note: The above graph displays actual figures for the fiscal year ended December 31, 2023.



Company Characteristics and Business Flow

- Sell through construction companies, facility installation companies, and distributors/partners
- Relatively short lead time
- Focus on providing integrated hardware & software solutions using DX



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Building Service & Industrial Company

We will drive the Group’s growth by creating new solutions with our outstanding product lineup and global collaboration.

The key issues for E-Plan 2025 are the expansion of our solutions business and entry into the growing foreign and industrial equipment markets. 2023, which was the first year of the plan, was a year in which we were able to see how our products were being used and our customers' needs and issues amidst solid global demand.

We will continue to promote organizational and functional integration based on target markets, improve our ability to propose total solutions spanning products, and create new business models. We will specifically focus on improving products and services that greatly help to solve customer issues, such as the EBARA Maintenance Cloud, developing products with inverters that help to reduce energy consumption, and developing products and identifying customers to garner demand in high-value-added areas such as semiconductors, pharmaceuticals, and functional chemicals. To that end, we will enhance collaboration within the Group, improve our production efficiency and development capabilities, and improve our sales capabilities based on proposals, including the global roll out of products from the companies we acquired. In addition, we will acquire and train human resources with expertise in digital technology and AI and actively cooperate and form business alliances with other companies to further accelerate our business growth.



Shu Nagata

Executive Officer  
President, Building Service &  
Industrial Company

Market Environment

Opportunities

- Increase in water demand attributable to population and economic growth in emerging countries
- Increase in collective housing and buildings due to population concentration in cities
- Increase in demand for irrigation and drainage equipment due to climate change
- Increase in demand due to growth in advanced industries such as semiconductors
- New opportunities arising from industrial structure changes occurring in conjunction with decarbonization and progress in 5G, IoT, and other technologies

Threats

- Intensification of price competition stemming from domestic market contraction
- Increased competition due to maturity of technologies and improvement of technological capabilities of emerging manufacturers
- Supply chain disruptions due to geopolitical risks

Our Strengths

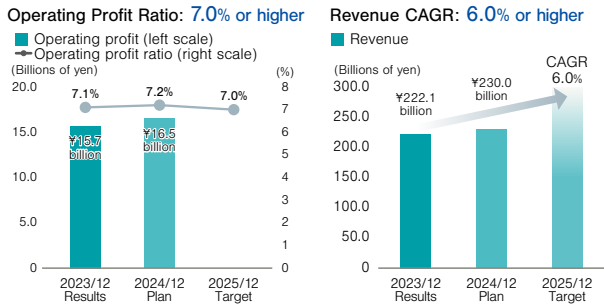
- Fluid, numerical analysis, material, analytical, and other fundamental technologies
- Capability for developing highly efficient, high-quality, and highly reliable products
- Diverse global employee base and network
- Strong presence in Japan and Asia
- Broad product lineup

Basic Strategies of E-Plan 2025

- 1 Strengthen solution business
- 2 Capture (overseas) growth markets
- 3 Rebuild global business infrastructure

We aim to grow our business further by providing new solutions combining pumps, chillers, and services from customers' perspectives in the building and industrial equipment markets. We will also continue to upgrade and streamline tasks and business management through DX.

Financial Targets and Results



Non-financial Goals, KPIs, and Targets

Related Materiality	2025 Outcome Goals	KPIs	2025/12 Targets	2023/12 Results	Measures and Future Initiatives
 1 Contribute to the creation of a sustainable society	Reduce GHG emissions	Unit sales of energy-saving, highly efficient products	15% increase compared to 2022	8% increase compared to 2022	Launch and expand sales of products that reduce GHG emissions
	Deliver water to 500 million people	Unit sales of solar pumps	50% increase compared to 2022	20% decrease compared to 2022	- Expand product lineup - Focus on sales in South America and Africa
		Unit sales in emerging countries	40% increase compared to 2022	1% increase compared to 2022	- Launch and expand sales of products that meet the differing needs of each region - Establish bases in Africa, South America, etc.

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Building Service & Industrial Company

2023 Results and Future Challenges

Basic Strategies 1

Strengthen solution business

Results

- Sales of products with reduced energy consumption and a low environmental impact, such as water supply units, remained strong.
- Integrated several remote monitoring systems for individual products, and completed a system that allows them all to be monitored using the EBARA Maintenance Cloud.
- Expanded contact with the market by improving proposals to customers that are equipment manufacturers.

Future Challenges

- Accelerating functional integration of pumps, cooling towers, and blowers.
- Enhancing our lineup of products with reduced energy consumption and a low environmental impact, such as pumps with inverters and water supply units.
- Improving and adding value to the EBARA Maintenance Cloud service.

Basic Strategies 2

Capture (overseas) growth markets

Results

- Sales to industrial customers in China remained strong.
- Established a new branch in Sweden. Identified new customers in Mexico and Africa, where we established subsidiaries under the previous medium-term plan.
- Acquired the immersion pump business of the German company SKF.

Future Challenges

- Accelerating expansion of our lineup of products for the industrial equipment market (e.g., chillers for the semiconductor market) and development of sales channels.
- Using Group companies to globally market products from the companies we acquired.

Basic Strategies 3

Rebuild global business infrastructure

Results

- Focused on resuming parts procurement following the COVID-19 pandemic and ensuring a consistent supply of products.
- Enhanced collaboration among production sites and created a system that facilitates working together to improve production, reduce losses, and optimize inventory levels.

Future Challenges

- Enhancing collaboration between domestic and overseas production sites and promoting steps to increase profits.
- Managing accounts receivable and inventory at appropriate levels and seeking to expand sales while maintaining an appropriate balance.

Value Creation

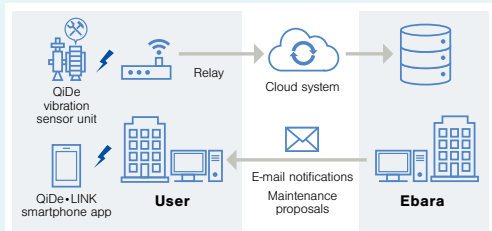


EBARA Maintenance Cloud

Facilitating DX at the customer's site through integrated hardware and software

With the declining birthrate and aging working population, issues such as labor shortages and rising labor costs have become apparent. Reduced labor and lower costs are needed in facilities management. Launched in 2022, the EBARA Maintenance Cloud is a remote monitoring service that helps to solve these issues. Wireless sensors are installed on pumps, blowers, and cooling towers, regardless of whether they were manufactured by us or other companies, and their operational data is remotely monitored in real time in the cloud.

An easy-to-use app allows users to manage and analyze accumulated data in the cloud via easily operated, inexpensive, and compact sensors we developed. By rapidly detecting signs of abnormalities or faults and notifying the user, this system reduces the inspection time and labor costs and it minimizes opportunity losses due to sudden faults. In addition, we have completed the development of a feature to incorporate operational data from chillers and water supply units. In the future, we will provide solutions for highly efficient facility operation by comprehensively analyzing accumulated data from various facilities while making full use of the fluid machinery and systems technology we have developed, thus helping to decarbonize our customers' operations.



Interview

Connecting with customers and the market through "pumps that link users to Ebara"

We engage in marketing, development, and expansion of sales while always being mindful of "What is the customer's true problem?" and "Will the product, service, or technology benefit the customer and us?" The concept behind this approach is "pumps that link users to Ebara." With distribution channels in the past, determining how the equipment we delivered was being used by our customers was difficult, but now we can provide a sense of security because "Ebara is looking out for you."

This is achieved by directly connecting us to users through sensors and the cloud. Our products operate efficiently without stopping and they help to optimize resources on-site. We want to instill this impression of our brand and continue to be in a position where customers naturally call on us when upgrading.



Bunshi Ono

Smart Solution Section,  
Sales Strategy Promotion Department,  
Domestic Business Division



Yasumasa Yamada

Solution System Development Section,  
Domestic Business Development Department,  
Development Division

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Business Strategies

Energy Company

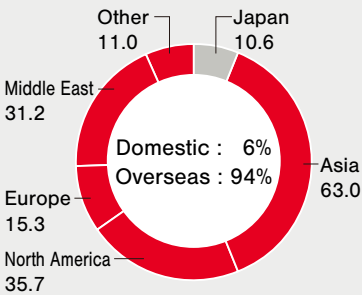
Business Vision (E-Vision 2030)

Be the best solution provider in the energy sector by providing premier equipment and service, while actively leading sustainability efforts worldwide.

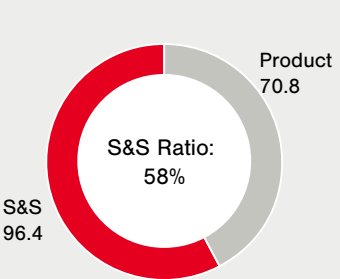
Company Information

Main Target Markets	• Oil & Gas • Petrochemicals • Refining • Power Generation • Fertilizer • New Energy
Main Products	• Compressors and Turbines • Custom pumps • Cryogenic Pumps • Expanders
Market Share and Main Achievements	• Top global share in Cryogenic Pumps & Expanders for LNG plants • Top global share in Oil & Gas plant (downstream) compressors • Pumps for fertilizer plants: Top share worldwide Note: EBARA survey
Production Bases	• Japan: Sodegaura Plant, Futtsu Plant • Overseas: Elliott Company (US), Elliott Ebara Turbomachinery India (India), EBARA GREAT PUMPS CO. (China), EBARA MACHINERY ZIBO CO. (China)
Competitors	• Japan: Nikkiso, Mitsubishi Heavy Industries Compressor • Overseas: Baker Hughes (US), Flowserve (US), KSB (Germany), Siemens Energy (Germany), Sulzer (Switzerland)

Revenue by Region (Billions of yen)



S&S Revenue Ratio (Billions of yen)

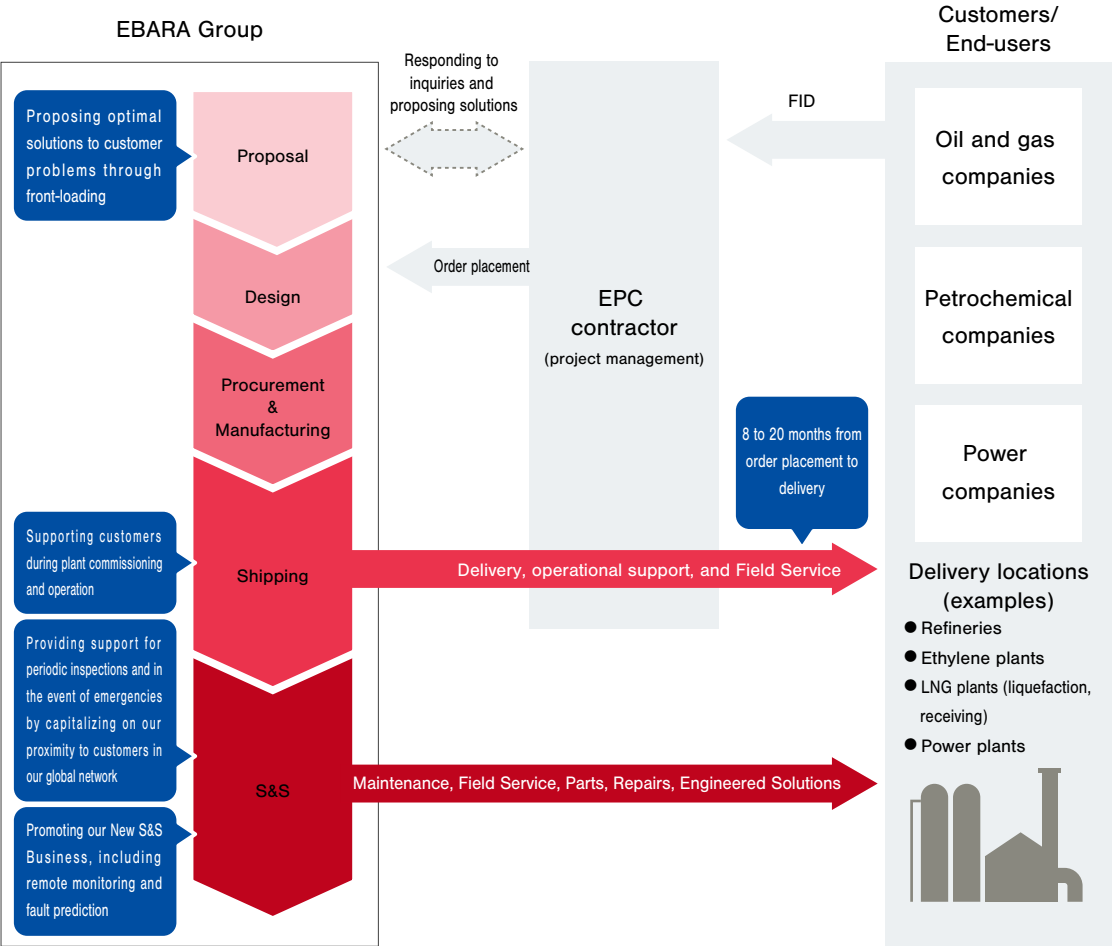


Note: The above graph displays actual figures for the fiscal year ending December 31, 2023.



Company Characteristics and Business Flow

- After the end user makes a final investment decision (FID), the project is awarded through an engineering, procurement and construction (EPC) contractor (talks may take place directly with the end user)
- A wide range of support, from delivery of equipment, assistance with operation, inspections and maintenance after the start of operations, and modifications to increase capacity



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Business Strategies

Energy Company

Combining the Group’s strengths, we will create new value required by the market for next-generation energy.

The business environment in the energy market is undergoing a period of major change. As that happens, our Energy Company is providing the best solutions to address changes in society and customers in the energy field to create value starting with the customer in its main target markets of oil & gas, power, and next-generation energy.

In 2023, the Company continued to integrate its existing Custom Pump business with its Compressor & Turbine business. The Company demonstrated its combined strength of a solid global business foundation and a broad product lineup, and it met customers’ needs. In addition to promoting automated design and manufacturing via DX and use of AI, we are also working to further improve the profitability of existing businesses by restructuring our global production system and implementing structural reforms to take advantage of the characteristics of each site from the perspective of the customer and the market and by optimizing business locations by establishing new service sites or consolidating existing sites.

In the area of sustainability, we are steadily creating new business models such as remote monitoring and fault prediction in addition to developing products for ammonia, CCUS\*, and hydrogen and expanding our product lineup in response to the energy transition.

We will create new value required in the next-generation energy market and lead the building of a sustainable society as the “best solution provider.”

\*CCUS: Carbon capture, utilization, and storage

Takanobu Miyaki

Executive Officer  
President,  
Energy Company



Market Environment

Opportunities

- Increased demand for LNG in the short- to medium-term
- Increased demand for fossil fuels in line with population growth in emerging countries
- Growth in renewable and new energy markets such as CCUS, hydrogen, geothermal, and ammonia
- New S&S demand due to lack of personnel, aging population, and aging equipment at customer facilities and plants

Threats

- Uncertainty in the oil and gas market due to geopolitical risks
- Possibility of the oil and gas market shrinking over the medium- to long-term
- Increased costs for procurement and manufacturing due to geopolitical risks
- Intensifying price competition due to maturation of technology and improved technological capabilities of competitors

Our Strengths

- Abundant track record and cultivated trust for use in important equipment such as compressors for LNG and ethylene, turbines, custom pumps
- Close proximity to end users; EPC; and process licensors
- Providing comprehensive, quality services and support
- Excellent high-speed rotating machinery technology, verylow-temperature technology, materials technology, and production technology
- A strong global network through the integration of our custom pumps business and compressors & turbines business

Basic Strategies of E-Plan 2025

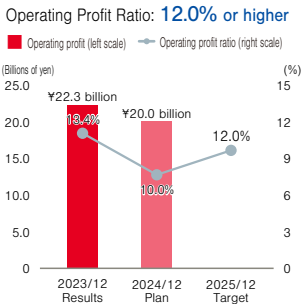
- Establish new business models in the areas of sustainability and services to lead the shift to renewable energy and contribute to decarbonization
- Make structural reforms to further improve profitability in existing business areas
- Integrate Compressors & Turbines and Custom Pumps to deliver new value to customers and markets

In light of the megatrends of decarbonization and next-generation energy, we are promoting solutions that respond to changes in customers and society. We intend to provide solutions that highlight our strengths as a result of integrating compressors/turbines and custom pumps, and we intend for our business to “become a new growth business” that addresses changes in customers and society. In addition to further improving the profitability of our existing businesses, we are also working to create new business models in the areas of sustainability and services.

Non-Financial Goals, KPIs, and Targets

Related Materiality	2025 Outcome Goals	KPIs	2025/12 Targets	2023/12 Results	Measures and Future Initiatives
 1 Contribute to the creation of a sustainable society	Reduce GHG emissions	Development and sales promotion of new pumps (ammonia pumps, injection pumps, etc.) for the decarbonization market	Achieve 100% of commercialization and sales targets	Completed product launch	Introduce products that reduce GHG emissions to the market and expand sales
		Development of new compressors for the decarbonization market	Achieve 100% commercialization	Continued product development	Promote R&D including resources

Financial Targets and Results



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2023 Results and Future Challenges

Basic Strategies 1

Establish new business models in the areas of sustainability and services to lead the shift to renewable energy and contribute to decarbonization

Results

- Established a specialized department to develop business in the area of sustainability and to build medium- to long-term relationships with customers.
- Launched canned motor pumps for liquid ammonia, which is expected to be used as a carbon-free fuel. Developed new compressor models for CCUS and hydrogen.
- Received a compressor order for the first sustainable aviation fuel (SAF) project in Thailand.
- Our New S&S Business began delivering the Gemini compressor monitoring system to customers.

Future Challenges

- Actively investing in R&D in new markets and focusing on developing products for decarbonization and developing our New S&S Business.

Basic Strategies 2

Make structural reforms to further improve profitability in existing business areas

Results

- Steadily improved productivity through automation and modernization of production facilities at the US plant.
- Accelerated site selection and consolidation to improve the profitability of the S&S business. We closed unprofitable locations, but we expanded our flagship service center in the US and we finished construction of new service locations in Southeast Asia.

Future Challenges

- From the perspective of the customer and the market, we intend to restructure and optimize the global engineering and production system by taking advantage of the characteristics of each site in the US, Japan, China, and India.
- Further improving the profitability of existing businesses by promoting more efficient design and the automation of manufacturing via DX and use of AI.

Basic Strategies 3

Integrate Compressors & Turbines and Custom Pumps to deliver new value to customers and markets

Results

- In January 2024, Elliott Group Holdings, a business management company under the Energy Company, changed its name to Ebara Elliott Energy Holdings, Inc. Rebranded as EBARA Elliott Energy, embodying the integration of conventional Compressors & Turbines with Custom Pumps.

Future Challenges

- Planning and implementing specific actions to maximize the utilization of each of the Energy Company's sites (manufacturing and service locations).
- Further creating a combined synergy (maximizing added value and minimizing costs)

Value Creation



Developing a canned motor pump for liquid ammonia

Helping to create a decarbonized society through the ammonia supply chain



Amidst the global trend toward decarbonization, studies are underway, particularly in Japan, to use ammonia as an effective fuel to combat global warming since it emits no CO<sub>2</sub> when burned. Ammonia is garnering attention as an energy carrier to transport hydrogen, but its toxicity and odor mean that leaks need to be prevented when it is handled. In 2023, we completed the development of a canned motor pump with a new structure that does not leak the handled liquid, and we are focusing on closing orders.

The construction of ammonia fuel terminals, power generation plants using ammonia, and ammonia-fired thermal power plants, which help to reduce CO<sub>2</sub>, is expected to increase in the future, and demand for leak-free pumps is expected to grow accordingly. Through these products, we will contribute to the overall supply chain of "making," "transporting," and "using" ammonia. [→ P81](#)

Interview

Creating new markets to "Support our globe" in the future

The ammonia fuel market itself is in its formative stages, and determining target customers for our products was difficult. However, the marketing and product development departments worked together to glean the true opinions of customers and other stakeholders as much as possible and to reflect them in our products. In addition, we actually met with customers face to face to discuss the products, and we endeavored to create products that they truly wanted. Our products are but

one part of a long supply chain, but they are an essential one. We want to create the decarbonized society of the future by properly putting all of those pieces together. Our raison d'être is "Technology. Passion. Support our Globe." and we will continue to provide the best products from the perspectives of our customers and the market.



Masahito Suzuki

Marketing Section, Sustainable Products  
Research & Development Department,  
Ebara Elliott Turbomachinery Corporation



Hiroto Hashimoto

R&D Section, Sustainable Products  
Research & Development Department,  
Ebara Elliott Turbomachinery Corporation

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Business Strategies

Infrastructure Company

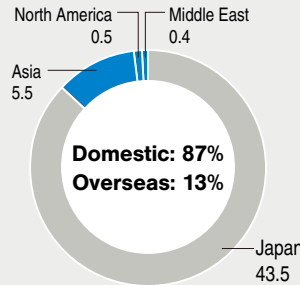
Business Vision (E-Vision 2030)

In the areas of water, air, and the environment, we are striving to make social and industrial infrastructure more efficient and resilient by innovating our products and services, and to realize a sustainable society where people around the world can live comfortable and abundant lifestyles.

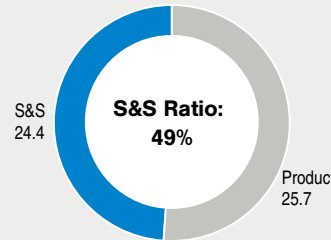
Company Information

Main Target Markets	<div>• Water infrastructure</div>
Main Products	<div>• Custom pumps • Fans</div>
Market Share and Main Achievements	<div>• #1 domestic share in pumps for drainage pumping stations</div> <div>• Ebara pumps installed at more than 1,000 drainage pumping stations in Japan</div> <div>Note: Ebara survey</div>
Production Bases	<div>• EBARA CORPORATION, Futtsu Plant</div> <div>• Ebara Vietnam Pump Company Limited: Hai Duong Plant (Vietnam)</div> <div>• EBARA DENSAN: Yamaguchi Plant</div>
Competitors	<div>• Japan: Kubota Corporation, DMW Corporation, Torishima Pump Mfg. Co., Hitachi Industrial Products, among others</div> <div>• Overseas: Flowserve (US), KSB (Germany), Sulzer (Switzerland)</div>

Revenue by Region (Billions of yen)



S&S Revenue Ratio (Billions of yen)

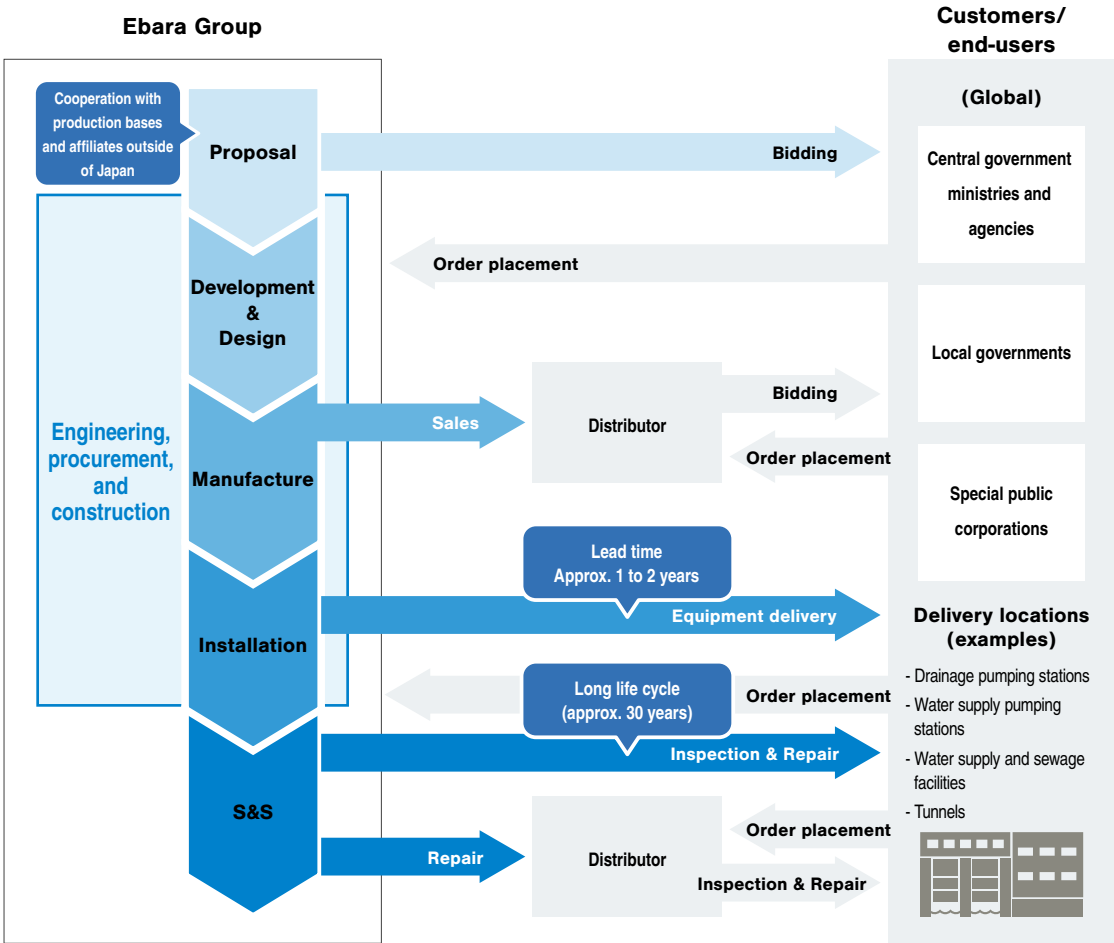


Note: The above graph displays actual figures for the fiscal year ended December 31, 2023.



Company Characteristics and Business Flow (Domestic)

- Provide integrated support, from construction to inspection and repair, for infrastructure facilities such as drainage pumping stations, water supply and sewage facilities, and tunnels
- Relatively long product life cycle



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Infrastructure Company

We will continue to provide peace of mind and safety and contribute to a sustainable society.

The Infrastructure Company is the business Ebara was founded on, and it is directly involved in tackling social issues. As such, we are mindful of how we can provide solutions to global crises such as climate change and water scarcity.

A stable revenue base for the Group, the Infrastructure Company will steadily ensure profitability while maintaining a large share of the domestic market amidst increasing demand for reconstruction and maintenance of infrastructure. In order to rapidly implement these approaches, we will promote the digital transformation (DX) of production management and improve productivity. We have established a Business Innovation Promotion Department and are using the IoT to improve proposals for construction and maintenance management techniques. In addition, we will also spread production innovations to our sites in Asia, and China and Vietnam in particular, we will increase our competitiveness, and we will expand the scale of our business globally while ensuring profitability.

In addition, we value passing on Ebara's DNA to the next generation by focusing on the training of on-site engineers (qualified personnel) and human resources specializing in DX, and we are increasing our collaboration with stakeholders on a global level by accepting trainees from overseas and through partnerships with distributors.

With passion and dedication, we will sincerely face society and work to create a better future.



Teruyuki Ota  
Executive Officer  
President,  
Infrastructure Company

Market Environment

Opportunities

- Increased demand for reconstruction and maintenance of aging social infrastructure in Japan
- Increased infrastructure investment in conjunction with rising water demand attributable to population growth and urbanization in East and Southeast Asia
- Accelerated infrastructure investment in North America
- Increased demand for disaster prevention and mitigation equipment for water-related disasters due to extreme weather

Threats

- Changes in the competitive environment in the domestic market
- Intensifying price competition in overseas markets
- Supply chain disruption due to world affairs

Our Strengths

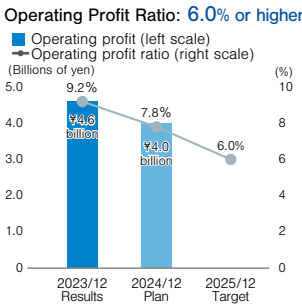
- Extensive delivery track record (#1 share in Japanese public infrastructure pumps)
- One of Japan's leading service networks (Ebara bases and distributor network)
- Experience in construction and delivery of large-scale projects in Japan and overseas
- Large pump factory and testing facilities with world-class production technology

Basic Strategies of E-Plan 2025

- 1 Expand market share in the domestic pump market
- 2 Deepen overseas pump market and secure profit
- 3 Improve productivity in and outside of Japan

In Japan, we seek to increase our share of the steady infrastructure market and increase revenue through enhanced product development capabilities to solve social issues and improvements in productivity. Outside of Japan, we identify growth markets and create new value using pumps, related equipment, and engineering technologies.

Financial Targets and Results



Non-financial Goals, KPIs, and Targets

Related Materiality	2025 Outcome Goals	KPIs	2025/12 Targets	2023/12 Results	Measures and Future Initiatives
 1 Contribute to the creation of a sustainable society	Protect people's safe and secure lives from disasters through stable operation of pump equipment	Total drainage capacity of pumps delivered in the disaster prevention field (drainage volume per second)	145m³/s	Achieved 134% of target	- Expand share of pumps delivered in the domestic disaster prevention field - Deliver pumps in the overseas disaster prevention field using engineering technologies cultivated in Japan
	Reduce GHG emissions	Unit sales of products with low environmental impact	50	Continued product development	Develop and market high-efficiency pumps to reduce environmental impact and contribute to customer profits

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Infrastructure Company

2023 Results and Future Challenges

Basic Strategies 1

Expand market share in the domestic pump market

Results

- Expanded our receipt of orders by continuing to focus on efforts such as comprehensively evaluated projects\* and enhancing our distributors.
- Promoted in-house qualifications and mid-career hiring to increase the number of qualified on-site engineers.

\* A form of bidding in which the successful bidder is determined by comprehensively evaluating price and factors other than price (e.g., quality).

Future Challenges

- Being actively involved in basin flood control led by the national government.
- Accelerating the search for new businesses by promoting product development from a market-driven perspective and aggressively promoting DX by newly established divisions.

Basic Strategies 2

Deepen overseas pump market and secure profit

Results

- Increased efforts to win projects in North America and the Middle East, which are markets where Ebara's (head office) technological advantage can be demonstrated.
- Established a system of support from headquarters to improve system technology mainly for affiliates in Southeast Asia.

Future Challenges

- Enhancing our foray into markets outside of Japan in cooperation with affiliates.

Basic Strategies 3

Improve productivity in and outside of Japan

Results

- Improved profitability through synergy among our divisions and other in-house companies to reduce procurement and other costs.
- Mindful of profit and loss at the Futsu Plant on a non-consolidated basis, we worked to improve the product manufacturing cost ratio and to expand S&S business, and we increased profits.

Future Challenges

- Raising awareness of cost planning based on the ExValuE\* project and expanding business while increasing profits.
- Promoting the restructuring of production lines and the DX of design and operational processes.

\* This project is to promote a shift to pursuing maximizing customer value and profits for Ebara starting in the product planning stage (functional improvements, reduced costs, and timely market launches) in order to provide more value to our customers, as set forth in E-Vision 2030.

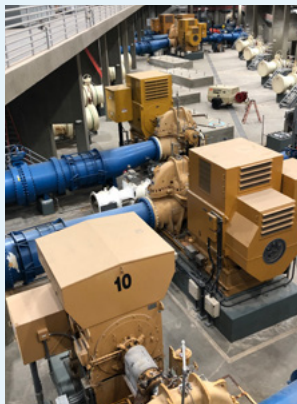
Value Creation



Ebara Receives Order for Water Pumps for Las Vegas, Nevada

Helping to develop local infrastructure through global collaboration

The Southern Nevada Water Authority (SNWA) is the local government agency responsible for supplying water to and managing the water resources of the Greater Las Vegas Valley, supplying domestic water to more than two million people. To help meet the community's water needs, increase operational flexibility, and bolster the reliability of the water system, SNWA implemented a Major Construction and Capital plan in 2020 to develop infrastructure over the next 10 years. As part of the plan, a project to add a total of eight additional double-suction single-stage centrifugal pumps to two pumping stations in the area started in 2024. A joint team from Ebara and its US subsidiary received the order. The Group has delivered many large water pumps to the SNWA in the past, and they have received high marks. Ebara will continue to work together with the SNWA to develop future infrastructure for the region, in addition to promoting collaboration between the Head Office and Group companies worldwide to produce better results.



Interview

Delivering Ebara's reliable pumps around the world for the future

The sales team from the head office, the factory, and the Group company involved in the project worked diligently as a team to draft a proposal that would fully satisfy the customer in terms of technology and price. Ebara's reliable pumps have a proven track record, and we are very aware that the work of the past is connected to our present, and the work of the present will bring forth the future. With that ideal in mind and with passion and dedication, Ebara was able to secure the order with the customer in Nevada. Being able to contribute to the water infrastructure of an economically important city like Las Vegas, where approximately 70% of Nevada's population is concentrated, is highly significant for Ebara. We will continue to work closely with partners around the globe to contribute to local water infrastructure, not only with pumps for water supply but also with desalination plants and other projects.

Jie You

Global Sales Department, System Business Division

Nanae Nagamine

Ebara Pumps Americas Corporation

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Business Strategies

Environmental Solutions Company

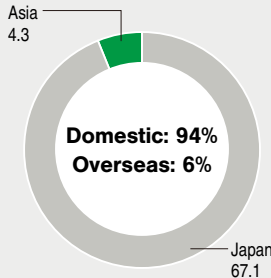
Business Vision (E-Vision 2030)

Expand business to become a resource circulation solutions provider with operations centered on waste treatment plant construction and operation that provides integrated EPC services primarily to local government.

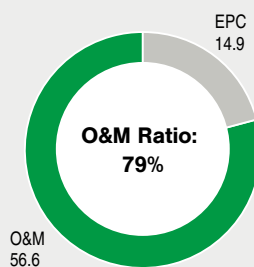
Company Information

Main Target Markets	• Solid waste treatment
Main Products	• Municipal waste incineration plants • Industrial waste incineration plants
Market Share and Main Achievements	• Over 500 domestic and overseas waste treatment facilities delivered cumulatively • Over 80 waste treatment plants under contracted operation & maintenance cumulatively
Production Bases	EBARA QINGDAO (China): Design, manufacture and sales of incinerators, waste heat boilers, sludge dryers, auxiliary equipment, gas treatment facilities, etc.
Competitors	Hitachi Zosen (Japan), JFE Engineering (Japan), Takuma (Japan), Nippon Steel Engineering (Japan)

Revenue by Region (Billions of yen)



O&M Revenue Ratio (Billions of yen)



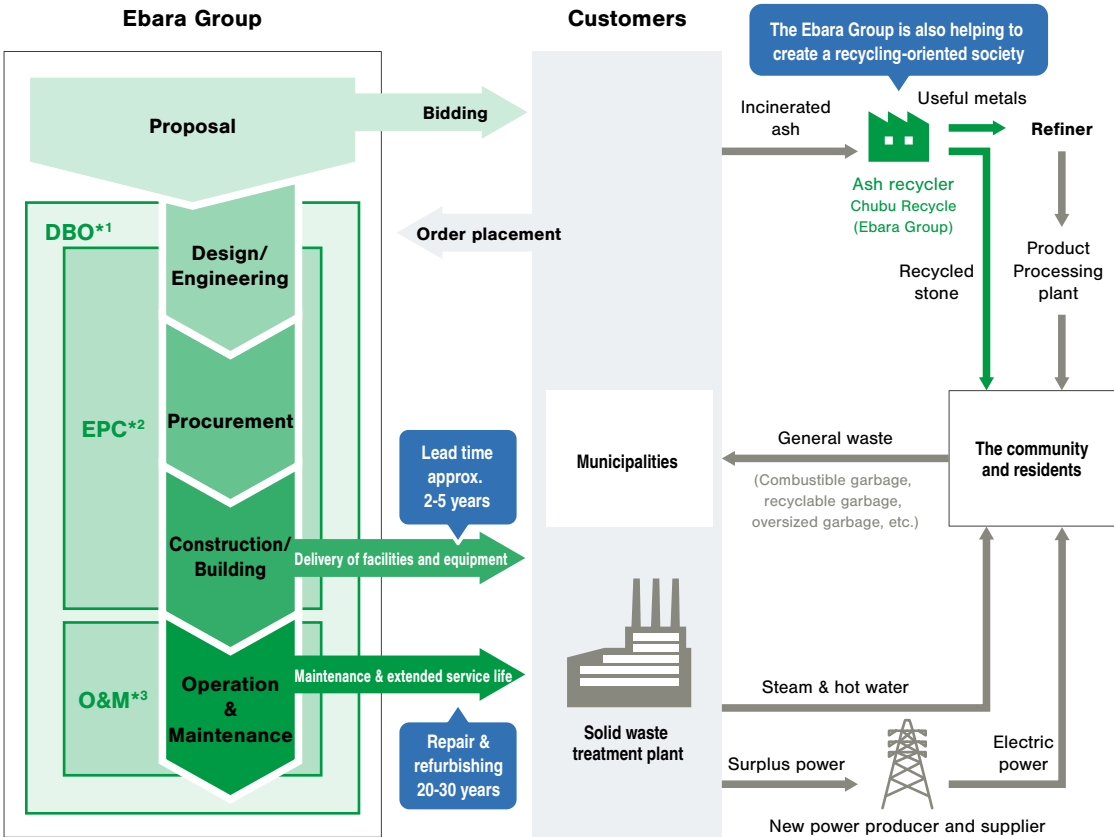
Note: The above graph displays actual figures for the fiscal year ended December 31, 2023.



Company Characteristics and Business Flow

- Three business models: DBO\*<sup>1</sup>, EPC\*<sup>2</sup>, and O&M\*<sup>3</sup>
- DBO and O&M involve repair and refurbishing for 20 to 30 years
- Creating a mechanism to achieve a circular economy, including local production and local consumption of electricity through power generated by incinerating waste and reuse of metals from incinerator ash
- The Ebara Group also plays a part in the recycling of incinerator ash (Chubu Recycle).

\*1. DBO: An approach whereby the government (e.g., a public entity) procures financing and owns a facility while contracting a private operator to design, build, and operate the facility  
\*2. EPC: Engineering, procurement, and construction of a facility  
\*3. O&M: Services to operate and maintain a facility



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Environmental Solutions Company

The Environmental Solutions Company will strengthen the basis for trust in it with its core business and grow into a recycling solution provider.

The slogan for the Environmental Solutions Company is “Change the thinking on disposal. Change the future.” The Environmental Solutions Company is focused on becoming a recycling solution provider. Its core business is the construction and operation of solid waste treatment plants, and it is also involved in chemical and waste recycling. In order to achieve that vision, the earnings base for its core business has to be strengthened first. Assuming a labor shortage in the future, the Environmental Solutions Company will improve the quality and increase the value of asset management by proactively introducing AI/ICT and accelerating automation. The market is expected to shrink due to the progress of recycling and a decreasing population. In that market, we will strive to continue consistently receiving orders and ensure the volume of assets by focusing on preparatory efforts in the basic concept stage of projects and by further enhancing its ability to accurately discern customer needs and make proposals.

Recycling, decarbonization, and adoption of a nature-positive approach have become global issues. Over the past few years, society as a whole, including individuals, companies, and municipalities, has united to accelerate various efforts to address those issues. Our mission is to take the lead in helping to create a world where people can live in comfort with nature.

Hideki Yamada

Executive Officer  
President, Environmental  
Solutions Company

Market Environment

Opportunities

- Reconstruction and upgrade demand from aging waste treatment plants
- Increased outsourcing of plant operation to the private sector
- Increased demand for renewable energy
- Need for waste plastic processing (enforcement of the Act on Promotion of Resource Circulation for Plastics)
- Trends to improve chemical recycling rate of waste plastic

Threats

- Consolidation of waste treatment plants in response to domestic population decrease
- Workforce contraction
- Intensification of price competition

Our Strengths


- Integrated system for providing services ranging from engineering and construction to O&M
- Track record of constructing more than 500 plants in Japan and overseas utilizing a wide range of incinerator technologies
- O&M expertise founded on industry-leading operation contracting track record
- Cutting-edge plant operation initiatives employing AI and ICT
- Gasification technologies related to chemical recycling

Basic Strategies of E-Plan 2025

- 1 Bolster the foundation of our core business
- 2 Strengthen initiatives as a solution provider based on Life Cycle Assessment (LCA) by appropriately grasping changes in the market, such as decarbonization and resource recycling

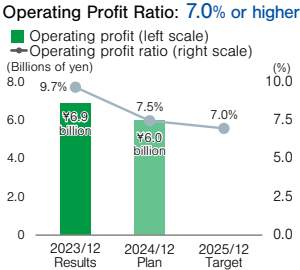
The Environmental Solutions Company is striving to improve price competitiveness of new DBO projects and prevent additional EPC costs while working to further strengthen the revenue base for O&M projects. We are also strengthening relations with communities and municipalities and enhancing our forays into the market as a provider of decarbonization and recycling solutions revolving around LCA.

Non-financial Goals, KPIs, and Targets

Related Materiality	2025 Outcome Goals	KPIs	2025/12 Targets	2023/12 Results	Measures and Future Initiatives
 1 Contribute to the creation of a sustainable society	Reduce GHG emissions	Number of new waste treatment facilities that generate thermal electricity from waste processing	3 facilities during the 3 years of E-Plan 2025	Cumulative total 1 project	- Construct waste treatment facilities that generate thermal electricity from waste processing - Introduce high-efficiency power generation equipment to further reduce GHG emissions
	Develop technologies that reduce CO <sub>2</sub> emissions and enable carbon resource circulation	Development of practical applications of technology (ICFG**) for reusing chemical raw materials derived from waste plastics (implementation in 2030)	Implementation of pilot testing	Completed design of a pilot test facility	Constructed a pilot testing facility and conducted tests in order to improve the yield and quality of the technology for converting waste plastic into oil and to materialize a scheme with partner companies for the practical application of chemical recycling

\* ICFG® is a registered trademark of Ebara Environmental Plant in Japan

Financial Targets and Results



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# Environmental Solutions Company

## 2023 Results and Future Challenges

### Basic Strategies 1

#### Bolster the foundation of our core business

Results

- Extended service life, maintenance, and long-term comprehensive sales in O&M increased and contributed to profits.
- The profitability of the company's electricity sales business improved as a result of a review of new power production and supply contracts.

Future Challenges

- In order to enhance the company's ability to propose EPCs for public sector demand, the company has positioned proposals to contribute to local communities and generate power and reduce CO<sub>2</sub> as its most important efforts, and it will focus on proposing value-added solutions to achieve optimal facilities management while ascertaining the status of projects over the long term.
- Proposing hardware and software solutions to detect fires caused by lithium-ion batteries in garbage and to prevent the spread of fire, thus enhancing fire prevention at customer facilities.


### Basic Strategies 2

#### Strengthen initiatives as a solution provider based on Life Cycle Assessment (LCA) by appropriately grasping changes in the market, such as decarbonization and resource recycling

- In order to respond to changes on the path to a circular economy and decarbonized society after 2030, the company is developing chemical recycling technology using internally circulating fluidized-bed gasification (ICFG®\*). The company will start construction of a pilot test facility in 2024, and it intends to operate a commercial facility by 2030.
- The company intends to respond to the declining workforce in the operation of maintenance and management facilities by actively investing in automation and reduced labor requirements and it intends to reduce occupational accidents by reducing hazardous work.
- To combat global warming, the company intends to proactively propose carbon-neutral projects to extend service life in order to create a sustainable society.

\* ICFG® is a registered trademark of Ebara Environmental Plant in Japan.

Value Creation




### Construction of the Tachikawa City Clean Center

(Official name: Project for the Construction and Operation of a New Waste Incineration Plant in the City of Tachikawa)

Looking after the safety of the community and the environment with technology

Ebara Environmental Plant received an order for a new project, a waste incineration plant, from the city of Tachikawa, Tokyo in 2019, and construction of the Tachikawa City Clean Center (TACHIMNey) was completed in 2023. The company will operate the plant for 20 years and 1 month.

We sought to create a facility that is environmentally friendly, safe, and efficient and that will function as a regional disaster prevention site in the event of a large-scale disaster. Steps have been taken to reduce the facility's environmental impact on its surroundings, and stringent voluntary emissions standards have been set. The surplus heat produced during waste treatment will be used by high-temperature and high-pressure boilers and highly efficient turbines to generate electricity. In addition, the facility is equipped and structured to be able to operate even in the event of a large-scale disaster by ensuring that it is highly water- and earthquake-resistant. The facility will contribute to the sustainable development of the community through stable operation as a disaster prevention site.




Interview

### Seeking to be a beloved facility that is close to the community

This Clean Center will provide a variety of added value by creating a sanitary environment, reducing CO<sub>2</sub> emissions by generating power from waste incineration, and by having the ability to teach local children about the environment. The project team worked together to construct the facility in the hopes that it will be a long-beloved facility in the community.

Incorporating numerous requests to improve the facility from both inside and outside the company in the design was a very difficult job, but it was also very rewarding, and the team was thrilled to receive words of appreciation from the customer upon completion. The Clean Center will strive to contribute to the local community through operations over the long term and serve as a symbol of recycling.



**Masamitsu Sase**  
Ebara Environmental Plant

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Business Strategies

Precision Machinery Company

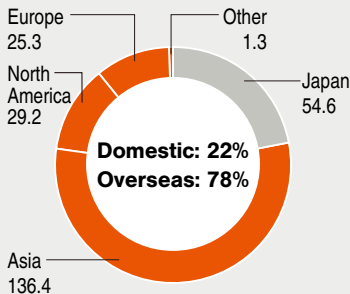
Business Vision (E-Vision 2030)

Contribute to the development of society through partnerships and distinctive technologies centered on the semiconductor field while helping create a more enriched world through endeavors in new fields.

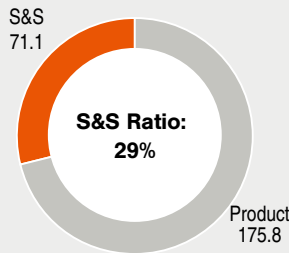
Company Information

Main Target Markets	• Semiconductor manufacturing
Main Products	• Dry vacuum pumps • CMP systems • Gas abatement systems
Market Share and Main Achievements	• #2 global share in CMP systems • #2 global share in dry vacuum pumps
Production Bases	Fujisawa Plant, Kumamoto Plant
Competitors	• Dry vacuum pumps: Atlas Copco (Edwards Vacuum) (UK), Kashiwama Industries (Japan) • CMP systems: Applied Materials (US)

Revenue by Region (Billions of yen)



S&S Revenue Ratio (Billions of yen)

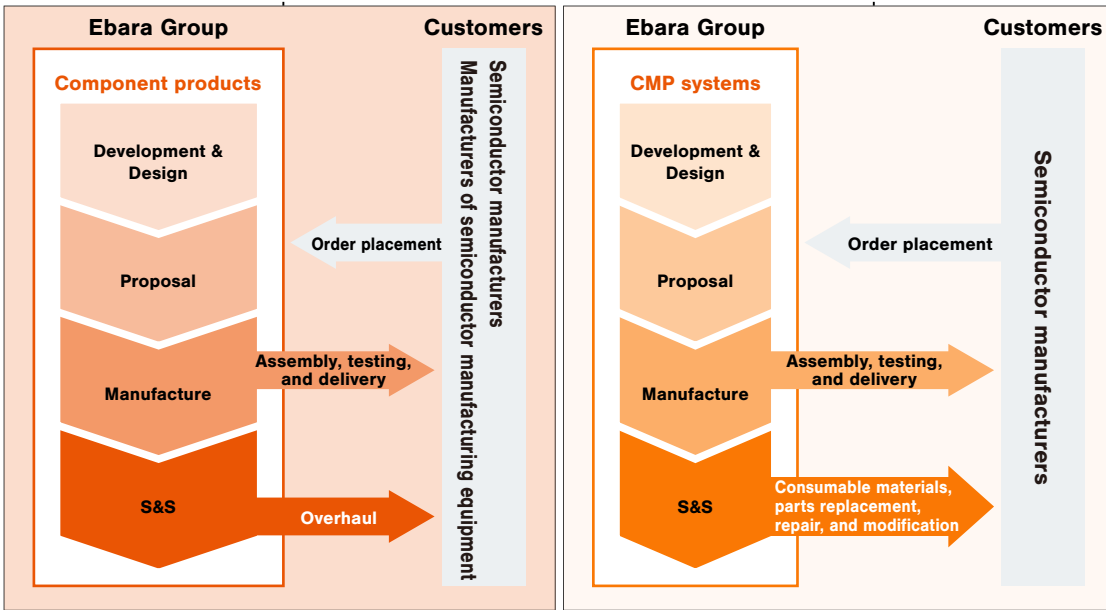
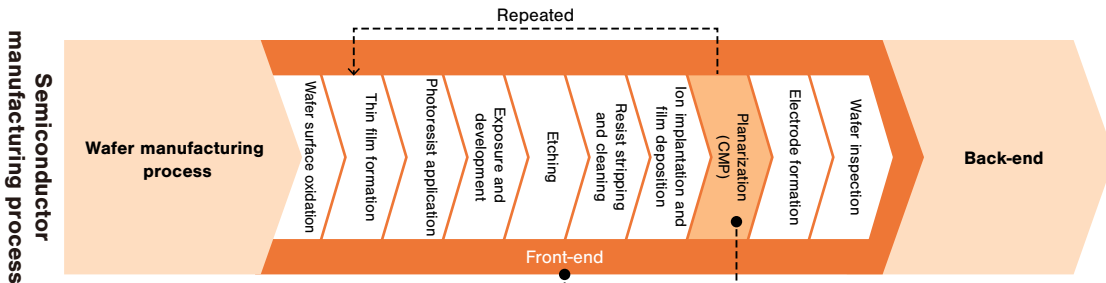
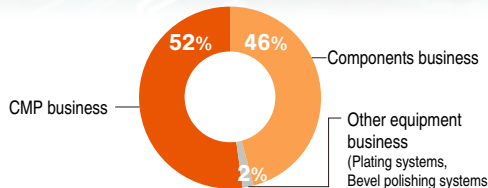


Note: The above graph displays actual figures for the fiscal year ended December 31, 2023.

Company Characteristics and Business Flow

- Component products such as dry vacuum pumps and gas abatement systems used in the entire front-end process of semiconductor manufacturing are supplied to semiconductor manufacturers and manufacturers of semiconductor production equipment
- Chemical mechanical polishing (CMP) systems used in the planarization process (a front-end process) are delivered to semiconductor manufacturers

Proportion of Revenue by Business



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Precision Machinery Company

We lead the advancement of the semiconductor industry with the world’s highest level of technology and support.

As a result of the expanded use of digital technology for ICAC5\*, DX, and GX, semiconductors have become an essential technology for industry and society as well as an important technology in terms of security. In addition, the structure of semiconductor devices is predicted to rapidly advance with further miniaturization and adoption of a three-dimensional architecture. We believe that our mission is to shape the advancement of semiconductor manufacturing processes along with our customers. We have been working on R&D themes from a medium- to long-term perspective and enhancing the structure of our business with an eye toward market growth.

As the semiconductor device manufacturing process transitions from using nanometers (nm) to angstroms (Å) as the standard unit (1Å = 0.1 nm), our Equipment Business is intensifying its R&D efforts, including through joint development projects with customers and academic institutions. A new R&D building that is currently under construction will be completed next year, and we will work on developing even more new products and next-generation processes, contributing to the advancement of the angstrom generation of semiconductors.

The Component Business will focus on providing products and solutions that meet the needs of our customers, such as taking up less space, reduced power consumption, and reduced CO<sub>2</sub> emissions, with optimal exhaust systems combining dry vacuum pumps and gas abatement systems in the sub-fab. We will also increase our production capacity globally.

We will help to advance the semiconductor industry by providing our customers with the world’s highest level of technology and support, and we will do our utmost to contribute to a future where dreams come true.

\* An acronym for the IoT, the cloud, AI, self-driving cars, and 5G



Isao Nambu  
Executive Officer,  
Co-COO, Equipment  
Business & Sales &  
Management Strategy,  
Precision Machinery  
Company

Seichi Tsuyuki  
Executive Officer,  
Co-COO, Component  
Business & Advanced  
Technology,  
Precision Machinery  
Company

Market Environment

Opportunities

- Increased demand for semiconductors due to the spread of the IoT, AI, and self-driving cars, the diversification of working patterns using cloud computing and communications, the spread of DX and the Metaverse, and expanded investment in green transformation
- International strategic management of semiconductor resources and attendant active investment in the area of semiconductors in China, Europe, the US, and other regions
- Demand for new equipment due to the creation of new semiconductor manufacturing techniques as a result of the advancement of (highly integrated) semiconductors

Threats

- A wave of capital investment due to fluctuations in semiconductor demand
- Changes in market trends due to geopolitical risks and their impact on production systems and customer support
- Rising energy costs leading to price increases
- Stricter environmental regulations on PFAS and other substances and their impact on semiconductor manufacturing
- Attracting human resources in a rapidly expanding semiconductor market

Our Strengths

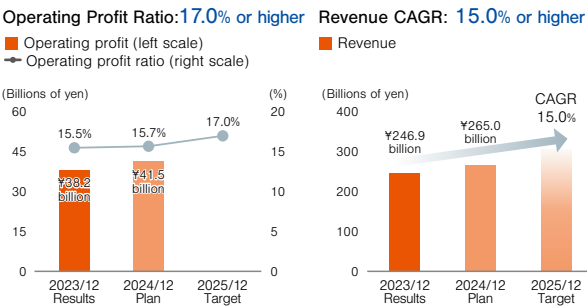
- Rotating machinery, fluid equipment, machine control systems, gas decomposition and abatement, and energy conservation technologies
- Advanced production technology capabilities such as automated production with robots
- Bases positioned near customers worldwide
- Flexible, high-quality customer support capabilities
- Amassing and passing on technology by retaining human resources
- Sending highly skilled personnel around the world

Basic Strategies of E-Plan 2025

- Strengthen product and solution development capabilities
- Increase production capacity
- Reconstruct global business infrastructure to accommodate expansion of business scale

We intend to move away from a product-oriented model of providing products and services to a model of providing new value that only Ebara can offer, starting with the customer’s problems. In addition, we will rapidly strengthen our structures in anticipation of our customers’ production expansion and global development, and support the rapid growth of the semiconductor market to drive our own business expansion.

Financial Targets and Results



Non-Financial Goals, KPIs, and Targets

Related Materiality	2025 Outcome Goals	KPIs	2025/12 Targets	2023/12 Results	Measures and Future Initiatives
1 2	Reduce GHG emissions	Amount of GHG emissions that can be reduced by gas abatement systems in semiconductor manufacturing processes that use GHGs	20% increase from 2022	5.6% increase compared to 2022	Developing gas abatement systems that do not use fossil fuels
		Reduction of GHG emissions from dry vacuum pump manufacturing	10% reduction from 2022	5.1% increase compared to 2022	Reducing environmental impact through a lighter weight
	Reduce water usage and discharge	Reduction of pure water use by CMP systems	30% reduction from 2022	Development in progress	Developing cleaning methods that consume less pure water
	Develop foundational technologies for semiconductor miniaturization	Development of foundational technology for 14Å semiconductor manufacturing	100%	55%	Promoting the development of constituent technologies for CMP to support technology for the manufacture of the 14Å generation of semiconductors

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Precision Machinery Company

2023 Results and Future Challenges

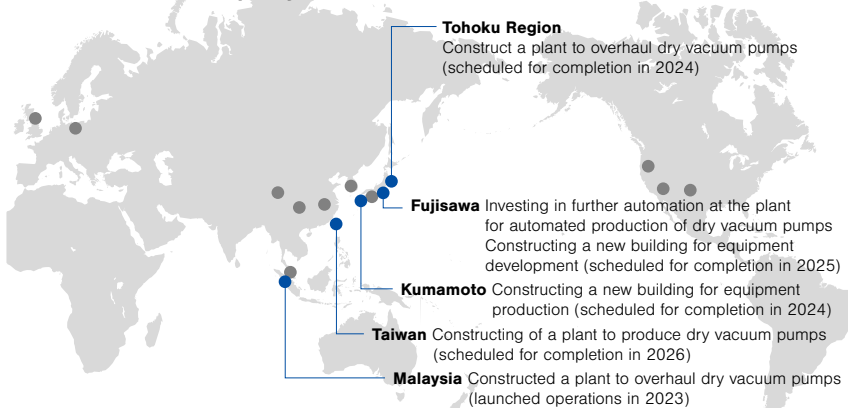
Results

- The semiconductor market is in an adjustment phase, but we achieved record revenue and operating profit.
- We are promoting the following investments to enhance production, procurement, and support systems:
  - Established a new site in Malaysia, including a plant for the overhaul of dry vacuum pumps.
  - Began construction of a plant for the overhaul of dry vacuum pumps in Tohoku region.
  - Decided to build a second plant to produce dry vacuum pumps in Taiwan.
  - Began construction of a new building for equipment production in the Kumamoto Plant.
  - Began construction of a new building for equipment development in the Fujisawa Plant.

Future Challenges

- Accelerating investment in expanded production and acquisition of human resources for future growth.
- Enhancing the development structure for new solutions.
- Further enhancing our globally consolidated system and improving the management infrastructure by introducing ERP at sites in Japan and overseas.

Increase Production Capacity



Topic

Contributing to Advanced Semiconductors

Along with our partners, we are developing constituent technologies for CMP and process solutions to support technology for the manufacture of the 14Å generation of semiconductors. By overcoming many challenges, such as responding to the introduction of new materials as semiconductors advance and requirements for new levels of planarization performance, and improving performance with respect to defects (scratches, dust, corrosion, etc.), we have enabled the creation of semiconductors with more integrated capabilities. We will work to further innovate technology in order to lead the way in semiconductor miniaturization, layering, and integration.

Value Creation



A vacuum exhaust system for EUV lithography equipment  
Advances in state-of-the-art microfabrication technology and reduced environmental impact



The use of EUV lithography equipment for circuit patterning in semiconductor manufacturing processes is expanding as miniaturization advances. EUV lithography is a technology in which extreme ultraviolet (EUV) light produced by a light source is reflected by lenses and is delivered to a photomask with a circuit pattern on it, where it is transferred onto the wafer like an outline. A vacuum has to be created inside the equipment to ensure that EUV light is not absorbed.

This process uses a large volume of hydrogen. We have developed a product that provides both a vacuum and gas abatement at high levels, and it is being used by major semiconductor manufacturers. As lithography equipment has advanced, the volume of hydrogen used has increased and gas abatement systems have increased in size. However, we have developed a new gas abatement system that consumes less power while reducing the footprint compared to our conventional systems.

Interview

Supporting our customers with gas abatement technology and combined strength

Reducing the footprint and energy consumption in our customers' factories is a significant challenge, one that becomes even more crucial with the reliance on EUV lithography equipment for advanced semiconductor manufacturing processes. As a provider of total solutions in gas abatement, we leverage our technological expertise and combined strengths to support EUV lithography while minimizing its environmental impact. In order to make the system even more environmentally friendly in the future, we are working to develop products that reuse hydrogen.

Technological advances in semiconductor manufacturing are what make an affluent lifestyle possible. These advances are occurring at an ever-increasing pace. By collaborating with and engaging in dialogue with our engineers and sales staff in Japan and overseas, we hope to make our customers' development roadmaps a reality and propose solutions that anticipate future needs.

**Yu Segawa**  
System Development Section, Vacuum Product Engineering Department, Component Division



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New Businesses

New Value Creation

We will actively engage in internal and external collaboration and joint development, promote the visual depiction of the Ebara Group's technologies and human resources, and steadily work to develop our business while forming business alliances with other companies.

**Ebara's human resources and technologies**

Map of Technological and Organizational Capabilities

Strategic Table of Technological Capabilities

→ P35

Internal and external collaboration

Products, technologies, and solutions owned by other companies

<ul style="list-style-type: none"><li>Energy transition</li><li>Recycle plastic waste as a resource</li></ul>	Hydrogen	<ul style="list-style-type: none"><li>Liquid hydrogen transportation, turquoise hydrogen</li><li>Construction of hydrogen supply chain</li><li>Chemical recycling</li><li>Re-source waste plastics to petroleum and chemical feedstock</li></ul>
<ul style="list-style-type: none"><li>Increasing demand for commercial rockets</li></ul>	Aerospace	<ul style="list-style-type: none"><li>Rocket/aircraft engine fuel feeding pumps</li><li>Support the growth of the commercial rocket market and hydrogen aircraft market for satellite applications</li></ul>
<ul style="list-style-type: none"><li>Increased demand for marine resources</li><li>Seawater pollution</li><li>Biodiversity</li></ul>	Marine	<ul style="list-style-type: none"><li>Land-based aquaculture</li></ul>
<ul style="list-style-type: none"><li>Development of biotechnology</li></ul>	Bio	<ul style="list-style-type: none"><li>Structural protein materials</li><li>Regenerative medicine</li><li>Cultured cell meat</li></ul>
<ul style="list-style-type: none"><li>Global warming</li></ul>	GX*	<ul style="list-style-type: none"><li>Next-generation energy</li></ul>
<ul style="list-style-type: none"><li>Water shortage</li><li>Food shortage</li></ul>	Life	<ul style="list-style-type: none"><li>Water supply</li><li>Smart farms</li></ul>

\* GX: Green Transformation

Hydrogen

Creating a unique hydrogen business to “make, transport, and use” hydrogen to achieve carbon neutrality by 2050

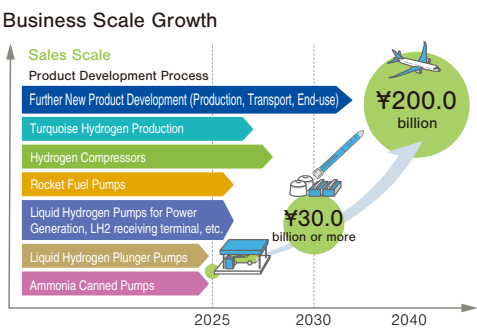
Many countries around the world have issued declarations on achieving carbon neutrality, resulting in an irreversible move toward decarbonization. In Japan, revision of the Basic Energy Plan and promotion of the National Strategy for a Green Transformation are accelerating toward the target for 2030 and net zero by 2050. Moves toward decarbonization are gaining momentum in many parts of the world, including about 50 trillion yen in national support in the US and about 140 trillion yen in public and private investment in Europe.

In the areas of making, transporting and using hydrogen, global demand for resources like hydrogen is expected to increase more than five-fold by 2050. Technologies are being developed and businesses are being created to contribute to various areas, including mobility, power generation, and industry. The Ebara Group is striving to implement technologies related to clean hydrogen in every area of “mak[ing], transport[ing], and us[ing]” hydrogen in order to help create a hydrogen energy-based society for the future.

In terms of “mak[ing]” hydrogen, we are developing and marketing hydrogen produced by gasifying waste plastics and other forms of waste and turquoise hydrogen that is produced by separating hydrogen and carbon from methane. In terms of “transport[ing]” hydrogen, we are developing and marketing liquid hydrogen pumps and leak-free liquid ammonia pumps that are essential for large-scale supply chains as well as cryogenic hydrogen gas blowers and hydrogen compressors. We are developing total products for both land-based and marine transport applications to ensure that supply chains are uninterrupted.

In terms of “us[ing]” hydrogen, we are working on products in wide-ranging parts of the hydrogen market such as power generation, industry, mobility, and the construction industry. These products include systems to boost and supply liquid hydrogen to hydrogen fueling stations, hydrogen-powered absorption chillers, and fuel supply pumps for hydrogen-powered aircraft in the future.

We are creating the society of the future and trailblazing new roles for Ebara to take on.



	Helpful	Harmful
Internal origin	<p><b>Strengths</b></p> <ul style="list-style-type: none"><li>World-class core technologies such as compressors and cryogenic pumps</li><li>Synergies with our five in-house companies</li><li>Sales network in Japan and around the world</li><li>Companywide momentum for fostering new businesses</li></ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"><li>Lack of human resources who can take on the challenge of new businesses</li></ul>
External origin	<p><b>Opportunities</b></p> <ul style="list-style-type: none"><li>Japan: Revision of the Basic Energy Plan and implementation of the Act to Promote GX</li><li>US: 50 trillion yen in support via the Inflation Reduction Act (IRA)</li><li>Europe: The EU's Green Deal Industrial Plan (issued in February 2023)</li><li>Promoting the system to subsidize commercial hydrogen and ammonia supply chains to create a market for clean hydrogen</li><li>Determination of subsidies to different countries to encourage the spread of hydrogen energy</li></ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"><li>Global conflict that leads to slowed decarbonization momentum</li><li>Delayed development of hydrogen-related technology</li></ul>

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Ebara's Contribution to Hydrogen Supply Chain

Transport

Connecting the global hydrogen supply chain with liquid hydrogen pumps

Once liquid hydrogen that has been brought to Japan by sea is stored in domestic storage tanks, a booster pump is required to dispense it from the tanks to supply hydrogen gas turbines or to transfer it to hydrogen gas consumers nearby. Based on our strengths in high-pressure centrifugal pumps and cryogenic technology, we developed the world's first pump to supply liquid hydrogen as fuel in 2022, and it is ready for market launch.



Liquid hydrogen pumps

End Use

Development of liquid hydrogen plunger pumps to help spread large-scale hydrogen fueling stations for commercial vehicles

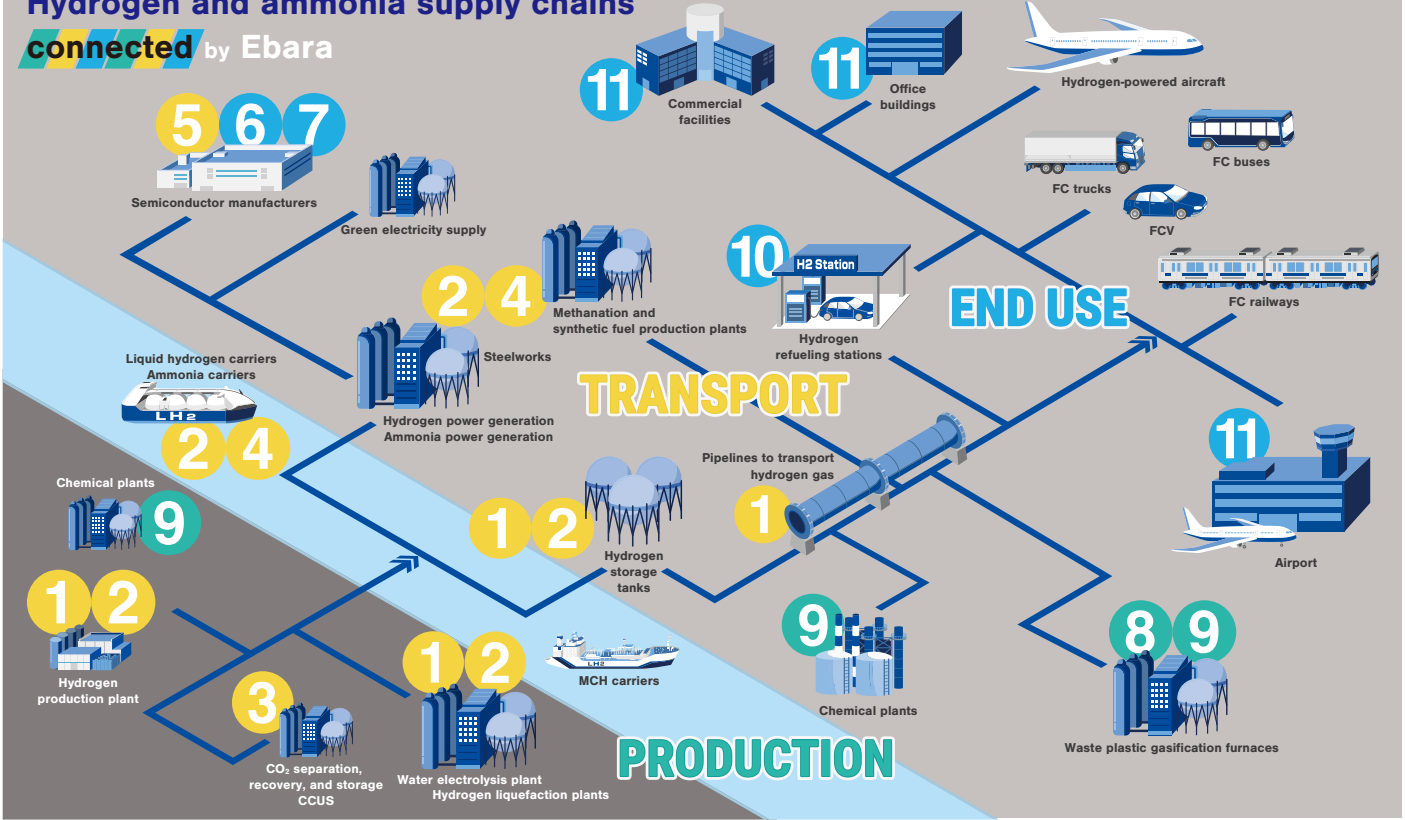
Filling commercial vehicles such as buses and trucks at large-scale hydrogen fueling stations requires faster filling to compensate for larger onboard tanks. In 2024, we are conducting tests with actual liquid hydrogen to evaluate pump performance. The development and commercial production of liquid hydrogen plunger pumps to continuously operate fueling stations and to reduce boil-off gas (BOG\*) generation will help to reduce the future operating costs of hydrogen fueling stations.

\* Gas vaporized by natural heat transfer from outside the storage tank



Liquid hydrogen plunger pump

Hydrogen and ammonia supply chains  
connected by Ebara



Hydrogen gas compressor and return gas blower (RGB)



1

Liquid hydrogen transport



2

Large-scale CO2 transport and compression



3

Ammonia transport



4

Pumps for semiconductor manufacturing



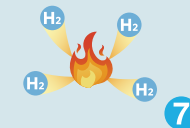
5

Gas abatement through use of hydrogen as fuel



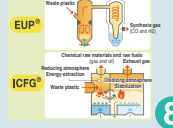
6

Technology for the high-speed flow of hydrogen as fuel



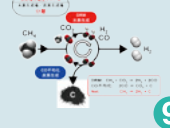
7

Hydrogen production from waste



8

Turquoise hydrogen production



9

Pumps for hydrogen refueling stations



In development

10

Hydrogen gas driven absorption chiller / heater



11



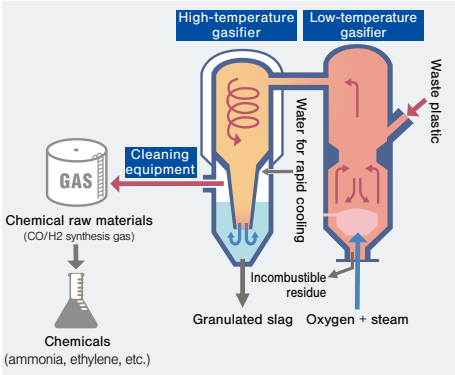
Ebara's Contribution to Hydrogen Supply Chain

Production

Ebara's chemical recycling technology enables hydrogen production from waste

Synthesis gas obtained via the EUP®\* (hydrogen gas from waste plastic) is utilized as a raw material for ammonia production. Ammonia has conventionally been produced from fossil fuels such as naphtha, LNG, and coal, but we are instead utilizing hydrogen derived from waste plastic to help reduce fossil fuel use.

\* This is a chemical recycling technology that gasifies high-calorie waste such as plastic at a high temperature and pressure, and we are the world's only company with a long track record of commercially operating a chemical recycling facility. EUP® is a registered trademark of UBE Corporation and Ebara Environmental Plant.



Conceptual diagram of the EUP®

End Use

Developed the world's first absorption chiller/heater powered by hydrogen (a hydrogen-powered absorption chiller/heater)

Conventional absorption chillers/heaters are powered with town gas or kerosene, but the product we developed in 2023 is powered with hydrogen, which enables fuel combustion without emitting CO<sub>2</sub>. Compared to conventional fuels, hydrogen can reduce CO<sub>2</sub> emissions by 95% compared to kerosene and 94% compared to town gas on an annual basis. The chiller/heater also has the ability to "use" hydrogen by directly burning it instead of converting it into power or electricity. In 2024, we will use hydrogen gas to verify the operation of heating and air conditioning using hydrogen at facilities in Japan. Evaluating quality and performance during long-term operation with an actual load will enable us to further improve the reliability of our products and contribute to the "use" of hydrogen.

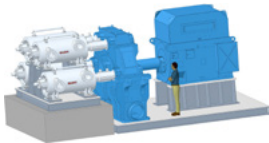


Hydrogen-powered absorption chiller/heater  
View of the exterior of the RHDH\* model  
\* Refers to the Ebara model number

Transport

Providing solutions that contribute to a society using new energy sources by transporting and boosting hydrogen gas

Two to four compressors can be individually operated and stopped, the operator can switch between operation in series or in parallel, and each compressor can be operated at various speeds. This approach also ensures against the risk of oil contamination even in applications that involve the handling of highly pure hydrogen. These compressors are suitable for hydrogen compression as well as for applications such as energy storage, processing, petroleum refining, and petrochemical production.



Flex-Op® hydrogen compressor  
\*Flex-Op™ is a trademark of Elliott Company in the US

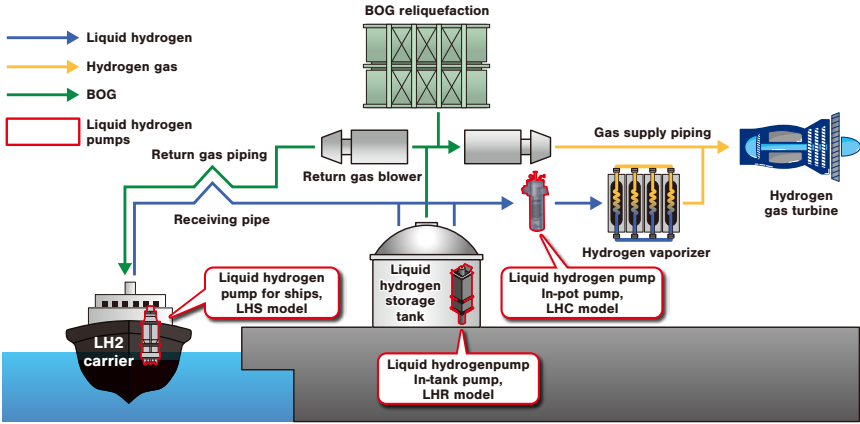
Technological Progress in the Area of Hydrogen Carriers (Liquid Hydrogen and Liquid Ammonia)

Demand for liquid hydrogen and liquid ammonia applications will continue to grow in order to reduce greenhouse gas (CO<sub>2</sub>) emissions from thermal power plants. The Group intends to advance transfer technology in the areas of liquid hydrogen and liquid ammonia by drawing on its expertise in rotating machinery technology that it has developed over many years. Thus, the Group will help to construct the infrastructure for a hydrogen-based society in the future.

(Note) The following image is an example of the use of our rotating machinery technology with hydrogen.

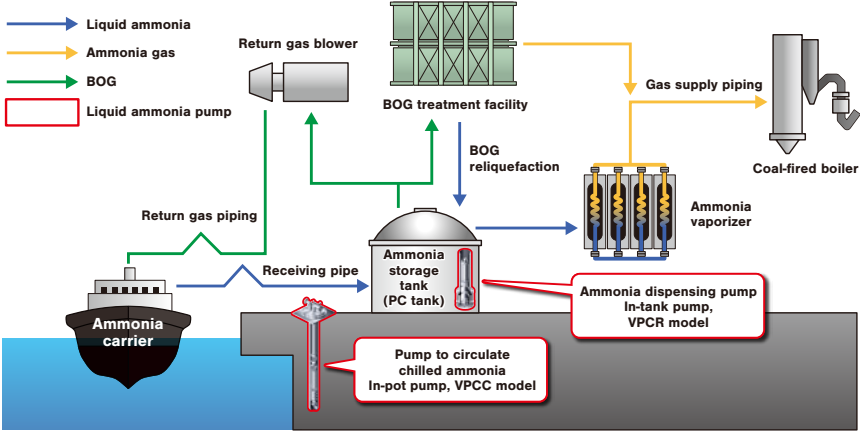
Transport

Pump for liquid hydrogen Flow chart for receiving, storing, and dispensing liquid hydrogen



Transport

Pump for liquid ammonia Flow chart for receiving, storing, and dispensing liquid ammonia



→ P69 Energy Company

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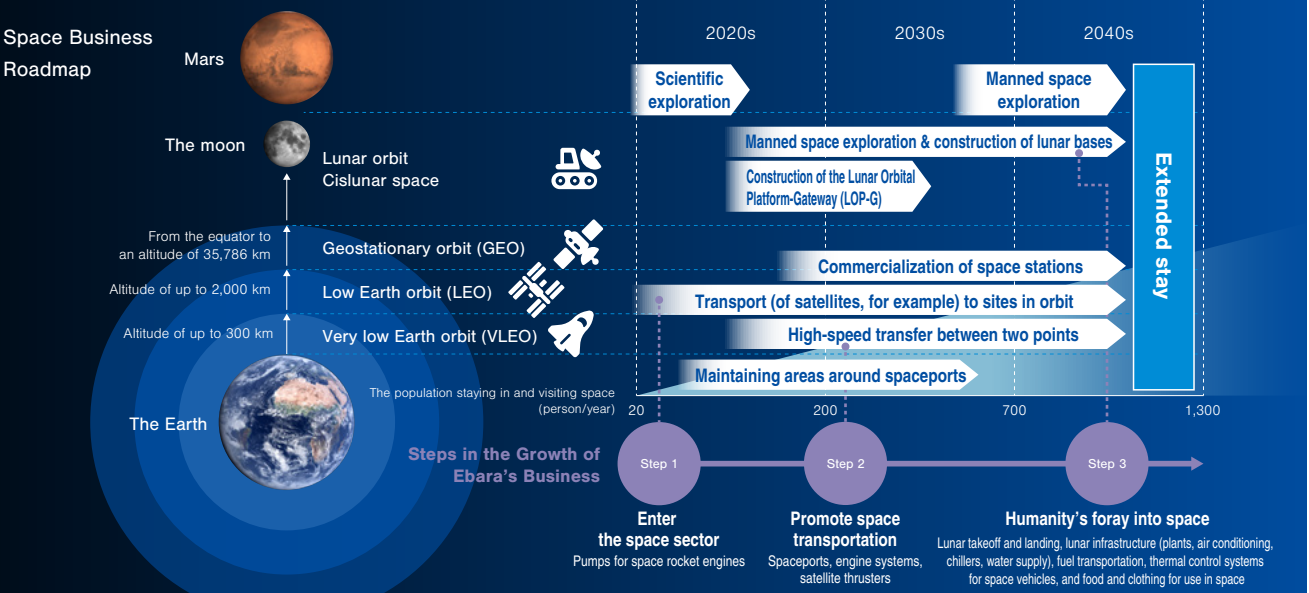
Aerospace

Creating technologies that provide new value and providing essential assistance for human activities in space

Since mankind's first foray into space, that unique environment has been capitalized on in a wide range of fields, including science, medicine, logistics, fisheries, agriculture, and communications. Over the past few years, the use of space by ground-based industries has accelerated, starting with the placement of a constellation\* of small satellites in low Earth orbit, and the ways in which space is used have begun to evolve.

We believe that the Ebara Group can contribute to scientific advances and to global environmental conservation through developing for the next frontier of humanity, space exploration. However, lack of means of transport is a bottleneck to market expansion. Thus, we will first help to devise a means of transport that is inexpensive and highly flexible, increasing the limited number of gateways to space. To lower the cost of means of transport, we will draw on our rotating machinery technology that we have amassed for more than a century and our experience since the early 2000s in providing technical support to improve turbo pumps for rocket engines.

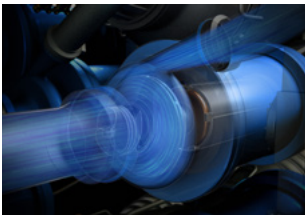
\* A system in which multiple satellites are linked and operated together



Progress in 2023

1 Development of an Electric Pump for Space Rocket Engines

The pump we are developing for a space rocket engine is an electric pump that uses an electric motor to boost the pressure of liquid methane and liquid oxygen. It has been designed according to specifications for a two-stage rocket system with a maximum payload of 100 kg.



Electric engine pump concept

In 2023, we manufactured a tester for a pump for liquid methane according to those design specifications. After checking its assembly, we conducted a water test in a test facility at our Fujisawa Plant in December 2023, and we confirmed that it performed satisfactorily. In 2024, we are preparing for a liquid nitrogen test at the Japan Aerospace Exploration Agency's (JAXA) Kakuda Space Center. Testing is expected to be completed in the fall of 2024.

2 Joint Research with JAXA to Study the Feasibility of Electrically Operating Turbo Pumps for Rocket Engines

Since the 2000s, we have used our rotating machinery technology to assist JAXA in developing turbo pumps for rocket engines. Since 2018, we have provided technical cooperation in relation to studying the feasibility of electric pumps for rocket engines, and we are developing and testing electric pumps for practical use.

In March 2023, a performance test of a tester manufactured through joint research was conducted at a test site at the JAXA Kakuda Space Center using liquid nitrogen, which stood in for fuel, as the working fluid. We confirmed that the electric pump reached the target speed of rotation and that the rotational speed control, which is unique to electric pumps, was operating normally.



Electric pump tester (at JAXA Kakuda Space Center)

3 Our Research Proposal for JAXA's Space Exploration Innovation Hub was Tentatively Accepted

In February 2023, JAXA's Space Exploration Innovation Hub issued a call for research proposals, and our research topic of "Electric centrifugal pumps that can pressurize highly corrosive fluids without external leakage" was accepted. This is a joint research project with JAXA and Mitsubishi Heavy Industries to develop a canned motor pump for high-speed rotation. The research was initially scheduled to take place until the end of March 2024, but it has been extended to September 2024 as a result of additional aspects to study.

Future Actions

Our Group has been developing products and engaging in business in line with the vision of creating technologies that provide new value and providing essential assistance for human activities in space. In response to the growing space market, we will continue our efforts in 2024.

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Marine

Land-based Aquaculture

Providing a one-stop shop for “Production, Cultivation, and Delivery” as are required to engage in land-based aquaculture on an industrial basis

We are leading land-based aquaculture on an industrial basis by providing services with the entire value chain in mind, from the manufacture of aquaculture facilities to breeding assistance and the supply of feed and seed and the creation of sales systems. By producing high value-added land-farmed fish with a thorough commitment to taste and quality, we will help to solve issues in the fisheries industry.

Progress in 2023

1 Started Land-based Aquaculture of Whiteleg Shrimp for a Verification Test on a Commercial Scale



We are currently conducting trial breeding of whiteleg shrimp using a recirculating aquaculture system (RAS) that involves technologies such as fluid and thermal control. Plans are to begin a verification test on a commercial scale at a large aquaculture farm in Japan by the end of 2024. We are focusing on marketing activities, including the creation of a Japanese dish called Ebi Okowa (shrimp steamed sticky rice) using the white leg shrimp, which we then sold to a major department store's buyers' club.

2 Accelerated Partnerships

In the field of smart aquaculture (aquaculture environmental management using ICT), we are working to use our fluid and heat technologies to create recirculating land-based aquaculture systems and to devise services. By maximizing the value we provide in combination with the technologies of our business partners, we aim to create a world where people can continue to eat delicious fish in a sustainable manner.

Future Actions

- Advancing commercial production technologies through automated breeding systems using AI
- Collaborating with companies in various areas to provide a one-stop shop

Bio

Solutions for Cellular Agriculture

Helping to create a sustainable society by using fluid and thermal control technologies to develop culturing systems to meet customer needs

The field of cellular agriculture, which includes cultured meat, is garnering attention as a food technology to solve the food crisis caused by the increasing population of the world and climate change. In addition, structural proteins produced by fermentation are expected to be used as a new material that does not depend on conventional petroleum products. Both involve culturing, which is a process requiring the control of fluids such as culture medium containing nutrients and gasses such as oxygen and carbon dioxide as well as the control of temperature. Ebara's engineering expertise, developed since the company's founding, will help to create highly efficient and quality culturing.

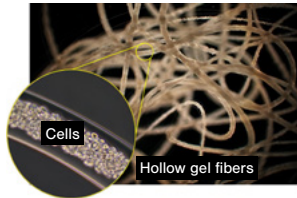
Progress in 2023

1 Started Joint Research with IntegriCulture

IntegriCulture Inc. is a startup that is developing cell culture technology. Its proprietary culture technology, the CulNet® System, can produce large volumes of culture medium for use in cell proliferation at a low cost. This technology is expected to be used in a wide range of applications, including cultured meat. In June 2023, we started joint research to supply a large volume of culture medium and to reduce its cost. We are working to expand the scale of and refine this technology using our fluid control technology and equipment design know-how.

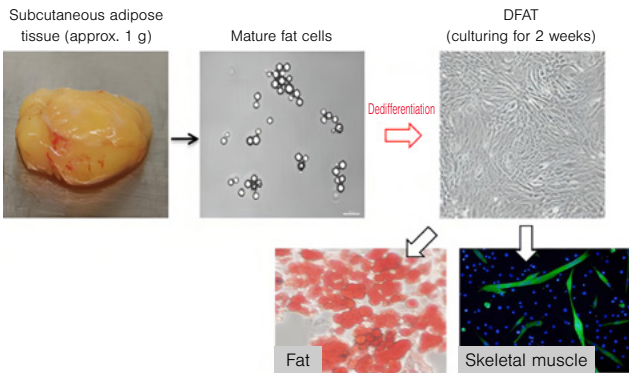
3 Accelerated Joint R&D with CellFiber

CellFiber Co.,Ltd. is a startup that is developing cell mass production technology. The company has technology to mass culture quality cells at a high density using a special cell encapsulation technology known as CellFiber™. In 2021, we began joint R&D of a cell encapsulation system, and we are working to improve the production volume and achieve consistent quality by combining the system with an automated culture system.



2 Started Joint Research with Nihon University

In June 2023, we began joint research on dedifferentiated adipose tissue (DFAT) cells with Nihon University. DFAT is a technology that can use discarded adipose tissue to produce cells such as muscle for use as the raw materials for cultured meat. We will create seed cells suitable for cultured meat and achieve mass culture and a lower cost.



Future Actions

- Creating manufacturing systems and exploring sales channels for each technology
- Enhancing collaboration with partners and accelerating technological exchanges
- Focusing on recruiting biotech human resources

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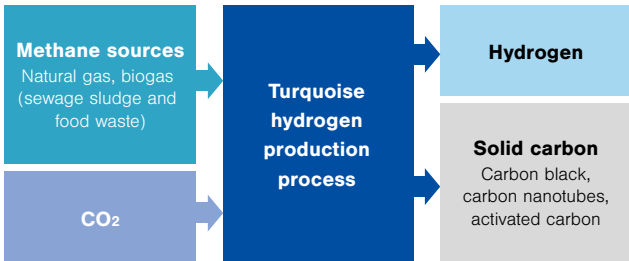


Green Transformation (GX)

Next-generation Energy

Establishing a process to produce turquoise hydrogen from methane and achieving efficient CCUS

We are promoting the development of a hydrogen and carbon production system utilizing reaction field separation (turquoise hydrogen production technology). This technology is contributing to efficient carbon capture, utilization, and storage (CCUS) by using a cyclical process to convert a hydrocarbon with high global warming potential (methane) into solid carbon for effective use. This process continuously carries out methane dry reforming, hydrogen separation, and carbon capture enabling hydrogen production without generating carbon dioxide.



Progress in 2023

1 NEDO Decided to Continue Research on Development of Innovative Hydrogen Production & Utilization Technologies

We have been conducting R&D on this topic since 2021. In May 2023, the decision was made to continue the research as a NEDO project in collaboration with the National Institute for Materials Science (NIMS), Kochi University of Technology, and Tokyo Institute of Technology ("Hydrogen production from methane via gas circulation and carbon dioxide recovery"). Through this project, we aim to implement these processes in society while seeking out new collaborative partnerships.

Future Actions

- Developing catalysts and circulation processes and expanding the scale of those processes
- Starting verification and feasibility studies with companies and local governments

Life

Water Supply

Ebara's specific contribution to society by delivering water to Africa, where population growth is accelerating

Water shortages are a global problem due to population growth and climate change. We are working to develop a business model for sustainable water supply that meets the needs of different countries.

Progress in 2023

1 Development of Water Supply Business in Africa

In 2021, the Ebara Group entered into a sponsorship agreement to support the drinking water supply business in Kenya through WaterKiosk®, developed by Boreal Light, a German start-up. We are providing safe, clean drinking water to communities such as schools by installing water purification units that use Ebara Group pumps. And in 2022, we established a site in Kenya. We are working to expand our business in Africa and to assist with agricultural development by improving irrigation. We will continue to collaborate with partners and promote business development in order to help solve the issue of a consistent water supply throughout Africa.



Future Actions

- Allocating investments and resources to regions with growth potential in order to create a business that will provide a consistent water supply to 600 million people.
- Expanding partnerships with research institutions, local partners, contracted farmers, etc.

Smart Farms

Creating secondary industries from primary industries at innovative plant factories

We are working to mitigate climate change risks, food shortages caused by population growth, and solve challenges faced by farmers by repurposing our existing technologies for use in new areas and working with external partners.

Progress in 2023

1 Invested in Oishii Farm Corporation

In August 2023, we invested in Oishii Farm Corporation. Oishii Farm is an American venture company that is working on a plant factory that combines Japanese agricultural techniques and technology. Strawberries are considered to be the most technically difficult crop to grow. Using natural pollination by bees, Oishii Farm has succeeded in consistently producing strawberries for the first time ever in a completely closed plant factory that is automated and that uses less labor. By appropriately controlling factors such as water, CO<sub>2</sub>, temperature, light, and nutrition to suit the plants being grown, Oishii Farm is delivering quality produce to consumers year-round while optimizing the use of renewable energy, conserving water, and eliminating the use of pesticides.



Future Actions

- Combining Oishii Farm's expertise in operating plant factories and Ebara's strengths in water circulation, air conditioning, reduced energy consumption, and heat management technologies and manufacturing capabilities
- Seeking to create and expand secondary industries from primary industries (indoor plant factories that are less susceptible to the surrounding environment)

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Section 4

# Governance to Value

- Ebara's Governance -

We intend to achieve “Governance to Value” by developing our corporate governance and linking it to tangible results.

This represents the commitment of the Board of Directors, which is responsible for the bulk of Governance to Value efforts, to sincerely attempt to improve its own performance.

In order to continue to be a corporate group as demanded by society and our stakeholders, we are constantly reforming our governance.

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**Governance to Value**  
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Activities of the Nomination Committee

Q. What are your thoughts on the appropriateness of the succession plan and tenure of the President and Representative Executive Officer?

**Oeda** The succession plan covers six years of activity which is a significant amount of time, but I think some would argue that even more time should be spent. Prior to our training program for future management candidates, we conduct necessary education and training for high-level management, such as division executives and general managers, as appropriate. Once they are selected through this program, we spend another six years training them, which we believe is a sufficient period of time.

Regarding the tenure of the President and Representative Executive Officer, there are some who would argue that if you are one of the best presidents in decades, stepping down after six years would be a waste. Regardless, we have considered the advantages and disadvantages from a long-term and multifaceted perspective, and we have determined that basically a maximum tenure of six years is appropriate and carries less risk.

Q. What criteria have you specified for reappointing or not reappointing the president?

**Oeda** The rules regarding the reappointment or non-reappointment of the president have been clearly defined for some time. In specific terms, the rules stipulate the maximum term of office and that the Nomination Committee will not recommend reappointment to the Board of Directors “if the consolidated business results for a single fiscal year have not reached

Please find material covering the conversation on our website.  
(Japanese language only)  
[https://www.ebara.co.jp/corporate/newsroom/release/ir/detail/\\_icsFiles/afieldfile/2024/04/15/20240410\\_siryou.pdf](https://www.ebara.co.jp/corporate/newsroom/release/ir/detail/_icsFiles/afieldfile/2024/04/15/20240410_siryou.pdf)

Board Chairman and Compensation Committee Chairperson

Conversation with Stakeholders

The following is based on “Ebara’s Corporate Governance Evolving to a New Phase: Governance to Value,” a small meeting with institutional investors held online on April 10, 2024 (sponsored by Mizuho Securities Co., Ltd.), and it includes questions from analysts and investors and answers from Hiroshi Oeda, Chairman of the Board and Mie Fujimoto, Chairperson of the Compensation Committee.

Hiroshi Oeda

Independent Director  
Chairman of the Board of Directors  
Member of the Nomination Committee

Mie Fujimoto

Independent Director  
Chairperson of the Compensation Committee



a certain level for three consecutive years, unless there is a specific reason to do so.”

Q. Regarding new Independent Directors, what process is in place to search for and select candidates and for intake and training to understand the Company?

**Oeda** I will start by explaining the current situation. Seven of the ten Directors are Independent Directors, and the Board Chairman and all three Committee Chairpersons are Independent Directors. We value their individual stances of passion and commitment to their work and their ability to make swift decisions. With regard to candidates for the next president, the term limit for the president is fixed, so selecting personnel who can help to increase the value of the Company is important, and this is an issue of utmost priority for the Nomination Committee.

We conduct broad searches for candidates for Independent Directors by contracting with specialized recruiting firms as well as through personal introductions by members of the Nomination Committee and other Directors. The process is to first create a long list of candidates that the Nomination Committee will select from through evaluations and discussions from a variety of perspectives.

Once appointed, a new Director will first complete an orientation program, which includes necessary lectures. In addition, workshops in various forms are conducted regularly, including tours and inspections of individual sites, such as factories, and discussions with external lecturers.

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Conversation with Stakeholders

Activities of the Compensation Committee

Q. How would you rate the time spent on the Compensation Committee and the quality of its deliberations?

**Fujimoto** Please see the graph that indicates the length of Compensation Committee meetings for 2023 (14 meetings lasting a total of 850 minutes). There are differences depending on the agenda items, but we covered the items that needed to be discussed at length, and we feel that an appropriate amount of time was spent.

Q. You have incorporated CDP and GES as ESG indicators in your compensation evaluation of Executive Officers. What are your thoughts on the appropriateness of the indicators and weighting?

**Fujimoto** We have included ESG indicators since 2022. The committee

discussed “What should be used as indicators?” and “How should they be weighted?” while considering the opinions of experts and case studies of other companies.

The reason for adopting CDP as an environmental indicator is that it is also a non-financial target of E-Plan 2025, and it is intended to heighten awareness companywide. In the future, we will consider changing the indicators to ones that are more specifically linked to certain businesses, such as reductions in greenhouse gas emissions for each business.

We adopted the global engagement survey as a social indicator because we believe that employee engagement is the most comprehensive indicator, so we are seeking degrees of improvement rather than absolute levels. By determining bonuses and compensation based on the degree of improvement in each business, we hope to motivate the board and executives to think in more depth about what their business is lacking and what they can do to alleviate that situation.

An evaluation weighting of 10% was determined when the indicator was

introduced to balance it with other indicators, but we will continue to consider this weighting in the future.

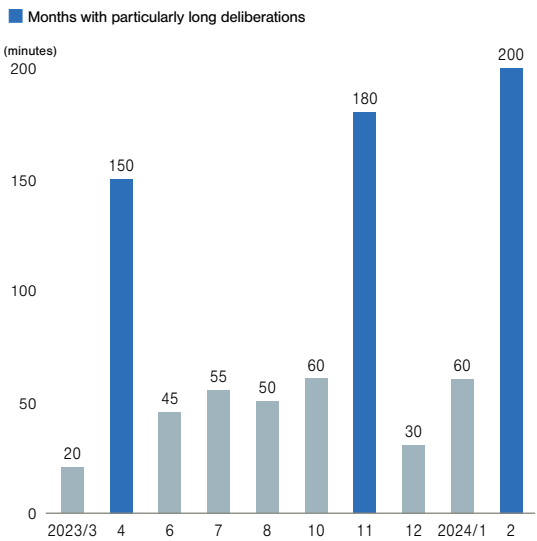
Q. How is compensation for Independent Directors determined? And what is your view on incentives?

**Fujimoto** Compensation for Independent Directors consists of basic compensation and stock compensation. Stock compensation is referred to as “restricted stock compensation (RS),” which is not linked to performance, and it is provided at a ratio of 0.3 with the basic compensation serving as one. We benchmark the basic compensation against manufacturers of the same size to ensure that it is at an appropriate level on an annual basis. Stock compensation is also a fixed percentage, and we believe that it is set appropriately rather than being an unwarranted benefit.

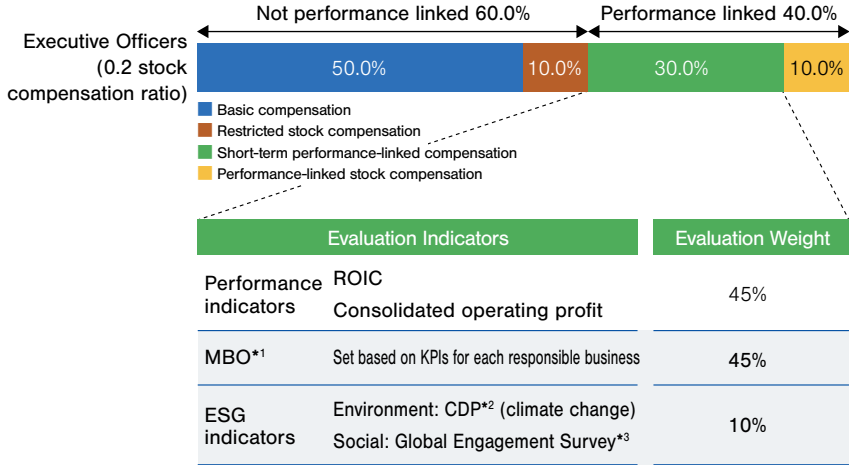
With regard to incentives, Independent Directors are in a position to oversee business execution, so determining their compensation in a way that is directly

Main Items Discussed and the Length of Deliberations by the Compensation Committee ➡ P99

Compensation Committee Agenda	
Mar. 2023	● Confirmation of the Compensation Committee's annual schedule
Apr.	● Long-term incentives & stock remuneration provided in 2022 ● Verification and confirmation of targets set for Executive Officers for 2023
Jun.	● Compensation for executives residing outside of Japan (Excluding seconded personnel)
Jul.	● Consideration of future ESG indicators
Sept.	● 2023 Global Engagement Survey
Oct.	● Compensation for Executive Officers residing overseas (excluding posted personnel)
Nov.	● Disclosure of Director and Executive Officer compensation (including information provided by outside experts)
Dec.	● Confirmation of benchmarks for levels of compensation for Directors and Executive Officers
Jan. 2024	● Consideration of the wording used in disclosure materials and Notice of General Meetings of Shareholders
Feb.	● Determination of performance evaluations for Executive Officers for 2023 ● Determination of the short-term performance-linked remuneration for individual Executive Officers



Breakdown of Director and Executive Officer Compensation ➡ P106



\*1. MBO: Management by Objectives is a management approach in which individuals are evaluated based on the level of achievement of and progress in reaching set goals.  
\*2. CDP: An ESG rating agency that evaluates strategies to address climate change, efforts to reduce GHG emissions, and others.  
\*3. GES: A global engagement survey that has been conducted for EBARA Group employees worldwide since 2019. The GES surveys the current status of employee engagement at each business organization in order to achieve the Group's medium- to long-term vision.

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linked to annual performance is not common nor is it highly appropriate. We believe that long-term stock compensation, i.e., RS, allows directors to have the same perspective as shareholders, so we have determined that the current system is appropriate.

**Oeda** I agree and feel that performance-based incentives are not in line with the role of Independent Directors. Stock compensation is important in aligning director and shareholder perspectives, and I view it positively.

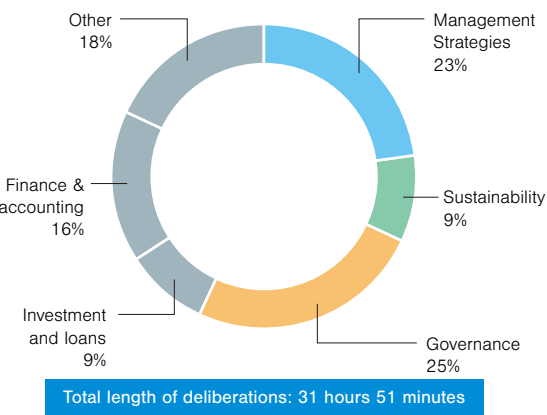
Cooperation between the Nomination Committee and the Compensation Committee

**Q. How important is cooperation between the Nomination Committee and the Compensation Committee, and what specific approaches have you adopted?**

**Oeda** The Nomination Committee and the Compensation Committee operate independently of each other, but they are always mindful of the importance of cooperation. Each committee ascertains and understands the activities of the other committee through reports by the chairpersons of the committees at Board of Directors meetings. This promotes cooperation between the committees.

Length of Deliberations at Board

Meetings by Agenda (2023) ➡ P99



Operation of the Board of Directors

**Q. What topics are discussed at board meetings? Please cite any examples that reflect insights you have gained from conversations with capital markets.**

**Oeda** 2023 was the first year of E-Plan 2025, so we covered many topics related to that in addition to others.

A future topic we are focusing on is the drafting and finalization of the next medium-term management plan. The plan that will start in 2026 will be discussed over the course of 2025. Before this, the Board of Directors would also like to start discussing the long-term vision starting this year.

In addition, we have been regularly discussing sustainability, but we would like to further deepen the discussion by adding new “defensive” topics to the agenda, such as safety, quality, and compliance.

Insights gained from conversations with capital markets have clearly informed both our discussion topics and the operations of the Board of Directors. For example, we were asked about the extensive number of discussion items and whether there was enough time for sufficient deliberation. There was some truth in the question, so we reviewed our reporting methods and criteria. First, we changed the reporting method so that items not requiring explanation during the meeting could proceed directly to a consolidated question session. Additionally, we raised the monetary threshold that requires reporting to the board, regarding capital investments and other matters. These actions significantly reduced the number of reports on individual operational matters, allowing us to dedicate more time to thorough deliberation.

**Q. What are each of your opinions and thoughts on the future direction of the Company as mentioned in the 2023 evaluations of the board’s effectiveness?**

**Oeda** In the Evaluation of the Effectiveness of the Board of Directors FY2023 that was announced on February 14, 2024, we reported our continued commitment to “enhancing discussion of our management vision from a long-term perspective” and “discussing sustainability in greater depth.”

A question that arose during evaluation of the board’s effectiveness was, “We have been promoting efforts related to ESG and sustainability, but is there still room for improvement in terms of their relationship to actual returns, such as the profitability of the business and the sustainability of the

Company?” We will discuss this in the future as we consider the long-term vision and the next medium-term management plan in order to focus more on specific links to Ebara’s business.

With regard to sustainability, a new Diversity, Equity, and Inclusion (DE&I) Department was established in September 2023. Management is being prompted to bring the perspective of DE&I more to the forefront, both inside and outside of the Company, while continuing with existing efforts. The Board of Directors will thoroughly deliberate these efforts while supporting business execution.

**Fujimoto** Our track record for meeting targets regarding the advancement of women and foreign personnel has not been great and remains a challenge. The establishment of the DE&I Department is intended to solve this problem. The goals set by, and the efforts of that department are explained and reported at board meetings, and progress is monitored and discussed. Independent Directors have offered their opinions to the department and we fully back them.

**Q. What agenda item are the two of you particularly focused on right now? And what is your opinion on the changing composition of the Company’s business portfolio?**

**Oeda** As I touched on earlier, management has been actively working on issues such as safety, quality, and compliance, but the Board of Directors realized that we should be more closely involved, and we have been systematically taking up these items this term.

As you pointed out with regard to Ebara’s business portfolio, the performance of the Precision Machinery Segment has grown substantially, and I think there is concern that Ebara may become overly dependent on the revenue of that one segment. In reality, however, other segments are growing at a comparable level or are expected to grow in the future. The Energy Segment is an example. We have been implementing structural reforms globally, such as by integrating the Compressors & Turbines and Custom Pumps Businesses to capitalize on the newly adopted target market-based business structure. In the Building Service & Industrial Company, M&As are underway overseas, and profitability is increasing in addition to sales. Segments other than Precision Machinery are growing, so currently we are not worried about the composition of the portfolio.

**Fujimoto** To start with the agenda items, personally, I would like to deliberate on DE&I, which I mentioned earlier, in greater depth.

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With regard to Ebara's business portfolio, some may argue that since the market environment differs for each business, the compensation scheme should also be different for each business. In Ebara's case, a system is in place where each executive officer can flexibly set targets for the business he or she is overseeing, through key performance indicators (KPIs) or management by objectives (MBOs), and each executive officer is evaluated accordingly to how well those targets are met. As long as this systematic process continues, we do not foresee any major problems.

In Conclusion

I appreciate the opportunity as Chairman of the Board of Directors to speak directly with investors again this year, as I did last year. This year, Ms. Fujimoto, Chairperson of the Compensation Committee, also attended the meeting. We received a wide range of questions about the Compensation Committee and the Nomination Committee as well as deliberations by the Board of Directors, the succession of the president and directors, and the evaluation of the Board's effectiveness. We are truly grateful for the interest shown by the attendees.

We believe that the Board of Directors is constantly moving toward "G to V (Governance to Value)." Fortunately, our recent performance and stock price have been favorable, and we feel that our "G to V" efforts have yielded a certain level of results. As the saying goes, however, "where there is light, there must be shadow," and I am determined to keep a tight rein on my own management of the Board of Directors.

I believe that the Board of Directors, in addition to executive officers and IR staff, should deepen direct dialogue with institutional investors, on a variety of topics, and I would like to increase the number of opportunities for information sessions and other events.

Hiroshi Oeda

Independent Director  
Chairman of the Board of Directors  
Member of the Nomination Committee



This was my first time to participate in a small meeting as Chairperson of the Compensation Committee, and it was a good opportunity to discuss the role and composition of the Compensation Committee, its deliberations, and the structure of compensation with investors. The questions and comments from attendees on the issues considered by the Board of Directors and the activities of the Compensation Committee were quite illuminating. I was also sobered by the heightened interest in the role of Independent Directors and the high expectations for them. We believe that such dialogue is a good opportunity to gain a better understanding of our policies and initiatives regarding compensation and to see things from the eyes of investors.

The role of the Compensation Committee is to properly devise and implement a compensation system to help turn our management philosophy into reality. The Compensation Committee will continue to review and discuss specific indicators for evaluation to be used in the next medium-term management plan while taking into account the perspectives of investors, and the committee will encourage steady progress to achieve the targets set forth by management.

Mie Fujimoto

Independent Director  
Chairperson of the Compensation Committee



TOPIC

Board Chairman Oeda Speaks at the ICGN-NBIM Company and Investor Engagement Meeting

On October 2, 2023, Mr. Oeda, Chairman of the Board of Directors, spoke at an event co-hosted by the International Corporate Governance Network (ICGN), Norges Bank Investment Management (NBIM), and the Japan Business Federation. He described the evolution of Ebara's efforts to enhance governance, how the board of director's effectiveness is evaluated, and the status of sustainability governance by the Nomination Committee, the Compensation Committee, and the Audit Committee.

In a panel discussion with institutional investors that followed his talk, the role of the board of directors in supporting appropriate risk-taking both offensively and defensively and the creation of a highly transparent nomination system by Independent Directors were discussed. In addition, Mr. Oeda and other attendees shared their perceptions of the need for directors, executives, and investor relations to come together and focus on increasing engagement with institutional investors outside of Japan.

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Directors (As of March 27, 2024)



Hisae Kitayama ●  
Chairperson of the  
Audit Committee

Junko Nishiyama ●  
Member of the  
Audit Committee

Teiji Koge ●  
Lead Independent Director,  
Chairperson of the  
Nomination Committee  
(Back row)

Akihiko Nagamine  
Member of the  
Audit Committee  
(Back row)

Toichi Maeda  
Member of the  
Nomination Committee

Hiroshi Oeda ●  
Chairman of the  
Board of Directors,  
Member of the  
Nomination Committee

Takuya Shimamura ●  
Member of the  
Compensation Committee  
(Back row)

Masao Asami  
President and Representative  
Executive Officer, CEO & COO  
and President,  
Precision Machinery Company

Tsuyoshi Numagami ●  
Member of the  
Compensation Committee  
(Back row)

Mie Fujimoto ●  
Chairperson of the  
Compensation Committee

● Independent Director

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Biographies of Directors (As of March 27, 2024)

Toichi Maeda

Director,  
Member of  
the Nomination Committee

Number of shares held: 38,519



- Apr. 1981 Joined the Company
- Apr. 2007 Executive Officer
- Apr. 2010 Managing Executive Officer
- Apr. 2011 Head of Business Unit, Custom Pump Business Unit, Fluid Machinery & Systems Company
- Jun. 2011 Director
- Apr. 2012 President, Fluid Machinery & Systems Company
- Apr. 2013 President and Representative Director
- Jun. 2015 President and Representative Executive Officer
- Mar. 2019 Director, Chairman of the Company (to present)  
Member of the Nomination Committee (to present)
- Mar. 2024 Outside Director, KITZ Corporation (to present)

Junko Nishiyama

Independent Director,  
Member of the Audit Committee

Number of shares held: 2,733



- Apr. 1979 Joined Lion Fat & Oil Co., Ltd. (currently Lion Corporation)
- Mar. 2006 Director, Finished Product Department, Purchasing Headquarters, Lion Corporation
- Mar. 2007 Director, Finished Product Purchasing, Production Coordinating Department No. 2, Production Headquarters, Lion Corporation
- Jan. 2009 Director, Packaging Engineering Research Laboratories, Research & Development, Headquarters, Lion Corporation
- Jan. 2014 Director, CSR Promotion Department, Lion Corporation
- Mar. 2015 Audit & Supervisory Board Member, Lion Corporation
- Mar. 2019 Advisor, Lion Corporation Director  
Director of EBARA CORPORATION (to present)  
Member of the Audit Committee of EBARA CORPORATION
- Jun. 2019 Outside Director, JACCS CO., LTD.
- Jun. 2020 Outside Auditor, TODA CORPORATION (to present)
- Mar. 2021 Member of the Compensation Committee of EBARA CORPORATION
- Mar. 2024 Member of the Audit Committee of EBARA CORPORATION (to present)

Masao Asami

Director,  
President and Representative Executive  
Officer, CEO & COO and President,  
Precision Machinery Company

Number of shares held: 50,499



- 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
- Jun. 2015 Managing Executive Officer
- Apr. 2016 President, Precision Machinery Company
- Mar. 2019 Director (to present)  
President and Representative Executive Officer (to present)
- Jan. 2023 CEO & COO (to present)
- Jan. 2024 President, Precision Machinery Company (to present)

Mie Fujimoto

Independent Director,  
Chairperson of the  
Compensation Committee

Number of shares held: 2,433



- Apr. 1993 Registered as an attorney at Law (to present)  
Joined New Tokyo Sogoh Law Office
- Jun. 2009 Outside Corporate Auditor, Kuraray Co., Ltd.
- Apr. 2015 Joined TMI Associates (to present)
- Jun. 2015 Outside Audit & Supervisory Board Member, SEIKAGAKU CORPORATION
- Jun. 2016 Outside Audit & Supervisory Board Member, Tokyo Broadcasting System Holdings, Inc. (Outside Audit & Supervisory Board Member, Tokyo Broadcasting System Television, Inc.) (to present)
- Mar. 2019 Outside Director, Kuraray Co., Ltd
- Mar. 2020 Director of EBARA CORPORATION (to present)  
Member of the Compensation Committee of EBARA CORPORATION
- Mar. 2022 Chairperson of the Compensation Committee of EBARA CORPORATION (to present)

Hiroshi Oeda

Independent Director,  
Chairman of the Board of Directors,  
Member of the  
Nomination Committee

Number of shares held: 3,033



- Apr. 1980 Joined Nisshin Flour Milling Inc. (currently Nisshin Seifun Group Inc.)
- Jun. 2009 Director, Nisshin Seifun Group Inc.
- Apr. 2011 Director and President, Nisshin Seifun Group Inc.
- Apr. 2015 Member of Management Council, Hitotsubashi University
- Apr. 2017 Director and Executive Advisor, Nisshin Seifun Group Inc.
- Jun. 2017 Corporate Special Advisor, Nisshin Seifun Group Inc. (to present)  
President, Seifun Kaikan Inc.
- Mar. 2018 Director of EBARA CORPORATION (to present)  
Member of the Nomination Committee of EBARA CORPORATION
- Jun. 2018 Outside Director, SEKISUI CHEMICAL CO., LTD. (to present)
- Mar. 2019 Chairperson of the Nomination Committee of EBARA CORPORATION
- Jun. 2019 President, Hitotsubashi University Koenkai (to present)
- Mar. 2020 Lead Independent Director of EBARA CORPORATION
- Dec. 2020 Vice-chairperson, Japanese National Commission for UNESCO
- Mar. 2022 Chairman of the Board of Directors of EBARA CORPORATION (to present)  
Member of the Nomination Committee of EBARA CORPORATION (to present)
- Jun. 2023 Outside Director, JAPAN POST HOLDINGS Co., Ltd. (to present)

(Note) The Company carried out a 5-for-1 stock split of the common stock of the Company with a record date of June 30, 2024.  
The number of shares held is the number of shares before the stock split.

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Biographies of Directors (As of March 27, 2024)

Hisae Kitayama

Independent Director,  
Chairperson of the Audit Committee

Number of shares held: 1,933



Oct. 1982 Joined Asahi Accounting Company (Currently KPMG AZSA LLC)  
Mar. 1986 Registered as Certified Public Accountant  
May. 1999 Partner, Asahi Accounting Company (Currently KPMG AZSA LLC)  
Jul. 2013 Managing Executive Director, KPMG AZSA LLC  
Jun. 2019 Chairman, Kinki Chapter of Japanese Institute of Certified Public Accountants  
Jul. 2019 Deputy Chairman, Japanese Institute of Certified Public Accountants  
Senior Executive Director, KPMG AZSA LLC  
Jun. 2020 Outside Director, Tsubakimoto Chain Co. (to present)  
Jul. 2020 Representative, Kitayama Public Accounting Office (to present)  
Mar. 2021 Director of EBARA CORPORATION (to present)  
Member of the Audit Committee of EBARA CORPORATION  
Apr. 2021 Specially Appointed Professor, Graduate School of UNIVERSITY OF HYOGO (to present)  
Jun. 2022 Outside Audit & Supervisory Board Member, Daicel Corporation (to present)  
Mar. 2023 Chairperson of the Audit Committee of EBARA CORPORATION (to present)

Teiji Koge

Independent Director  
Lead Independent Director,  
Chairperson of the Nomination  
Committee

Number of shares held: 614



Apr. 1976 Joined SEKISUI CHEMICAL CO., LTD  
Jun. 2005 Director, SEKISUI CHEMICAL CO., LTD  
President of Nagoya Sekisui Heim Co., Ltd.  
Oct. 2005 Director, Head of President's Office of Housing Company, SEKISUI CHEMICAL CO., LTD.  
Feb. 2008 Director, President of Housing Company, SEKISUI CHEMICAL CO., LTD.  
Apr. 2008 Director, Managing Executive Officer, President of Housing Company, SEKISUI CHEMICAL CO., LTD.  
Apr. 2009 Director, Senior Managing Executive Officer, President of Housing Company, SEKISUI CHEMICAL CO., LTD.  
Mar. 2014 Director, Senior Managing Executive Officer, and Head of CSR Department  
and Corporate Communications Department, SEKISUI CHEMICAL CO., LTD.  
Mar. 2015 President and Representative Director, and Chief Executive Officer, SEKISUI CHEMICAL CO., LTD.  
Mar. 2020 Chairman of the Board and Representative Director, SEKISUI CHEMICAL CO., LTD.  
Jun. 2022 Director and Chairperson, SEKISUI CHEMICAL CO., LTD. (to present)  
Mar. 2023 Director of EBARA CORPORATION (to present)  
Member of the Nomination Committee of EBARA CORPORATION  
Mar. 2024 Lead Independent Director of EBARA CORPORATION (to present)  
Chairperson of the Nomination Committee of EBARA CORPORATION (to present)

Akihiko Nagamine

Director,  
Member of the Audit Committee

Number of shares held: 18,110



Apr. 1982 Joined EBARA DENSAN LTD.  
Jun. 2006 Director, EBARA DENSAN LTD.  
Jul. 2010 Joined the Company as General Manager, Investment and Affiliates  
Supervision Department, Finance & Corporate Accounting Division  
Apr. 2014 Division Executive, Finance & Accounting Division  
Apr. 2015 Executive Officer  
Jun. 2015 Executive Officer  
Responsible for Finance & Accounting, Group Management,  
and Internal Control  
Mar. 2021 Director (to present)  
Member of the Audit Committee (to present)

Tsuyoshi Numagami

Independent Director  
Member of the Compensation  
Committee

Number of shares held: 614



Apr. 2000 Professor, Graduate School of Commerce and Management, HITOTSUBASHI UNIVERSITY  
Jan. 2011 Dean of Graduate School, Graduate School of Commerce  
and Management, HITOTSUBASHI UNIVERSITY  
Dec. 2014 Board Member and Executive Vice President, HITOTSUBASHI UNIVERSITY  
Apr. 2018 Professor, Graduate School of Business Administration, HITOTSUBASHI UNIVERSITY  
Jun. 2018 Outside Audit & Supervisory Board Member, JFE Holdings, Inc. (to present)  
Apr. 2021 Professor, Tokyo Tech Academy of Energy and Informatics, Tokyo Institute of Technology  
Jun. 2022 Outside Director, Tokyo Century Corporation (to present)  
Mar. 2023 Director of EBARA CORPORATION (to present)  
Member of the Audit Committee of EBARA CORPORATION  
Apr. 2023 Professor Emeritus, Hitotsubashi University (to present)  
Professor, Institute for Business and Finance, Waseda University (to present)  
Mar. 2024 Member of the Compensation Committee of EBARA CORPORATION (to present)

Takuya Shimamura

Independent Director,  
Member of the  
Compensation Committee

Number of shares held: 1,213



Apr. 1980 Joined Asahi Glass Co., Ltd. (currently AGC Inc.)  
Jan. 2009 Executive Officer and GM of Planning & Coordination Office,  
Chemicals Company, AGC Inc.  
Jan. 2010 Executive Officer and President of Chemicals Company, AGC Inc.  
Jan. 2013 Senior Executive Officer and President of Electronics Company, AGC Inc.  
Jan. 2015 President & CEO, AGC Inc.  
Mar. 2015 Representative Director and President & CEO, AGC Inc.  
Jan. 2021 Chairman & Representative Director, AGC Inc.  
Mar. 2021 Director and Chairman, AGC Inc. (to present)  
Mar. 2022 Director of EBARA CORPORATION (to present)  
Member of the Compensation Committee of EBARA CORPORATION  
(to present)  
Jun. 2022 Outside Audit & Supervisory Board Member, JFE Holdings, Inc. (to present)

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Roles and Composition of the Board of Directors

Ebara has adopted the Company with a Nomination Committee, etc. structure to ensure clear separation of oversight and business execution, and we believe that the Board of Directors adequately serves as a monitoring board. Furthermore, we will realize continuous improvement of corporate value entrusted to us by our shareholders through the implementation of efficient, effective corporate governance.

The Board of Directors recognizes the following three points as its main roles and responsibilities and considers the perspectives of all stakeholders:

- ◆ Facilitating appropriate risk-taking both offensively and defensively to continuously increase corporate value
- ◆ Determining the major direction for items such as corporate strategy and ESG-focused management from a medium- to long-term perspective
- ◆ Providing highly effective oversight of business execution from an independent, objective standpoint

REFERENCE

The Group has established and explains its basic approach to corporate governance in the Corporate Governance Basic Policy.

[https://www.ebara.co.jp/en/ir/governance/information/\\_icsFiles/afieldfile/2024/07/23/EBARACorporateGovernanceBasicPolicy20240611\\_1.pdf](https://www.ebara.co.jp/en/ir/governance/information/_icsFiles/afieldfile/2024/07/23/EBARACorporateGovernanceBasicPolicy20240611_1.pdf)

Corporate Governance System at a Glance (As of March 27, 2024)

Format	Company with a Nomination Committee, etc.
Chairman of Board of Directors	Independent Director
Number of Directors	10
Of whom are Independent Directors	7
Number of Independent Directors*	7
Term of Directors	1 year

\* Independent Directors as designated under the Tokyo Stock Exchange (TSE) listing rules.

Composition of Three Committees (As of March 27, 2024)

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

Composition of the Board of Directors



Hiroshi Oeda  
Independent Director,  
Chairman of the Board of  
Directors

Reasons for electing the Chairman

Because he has a wealth of insight and experience as an executive at listed companies, he is well versed in global business, and he has extensive experience as an independent director at other listed companies. We want him to draw on his experience and to lead the operation of the Board of Directors as Chairman, including setting the agenda and evaluating the Board's effectiveness.

Evaluation of the Board Chairman

Conducted December 2023 (once a year)

Number of meetings held in 2023

14

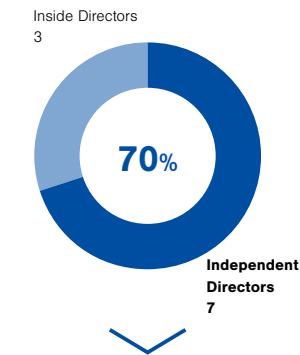
Average duration of meetings

3 hours

Composition of the  
Board of Directors

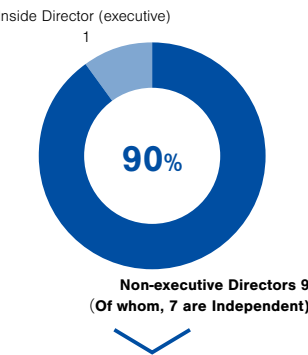


Ratio of Independent Directors



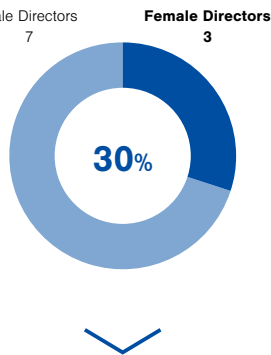
Ensuring independence and objectivity

Ratio of Non-Executive Directors



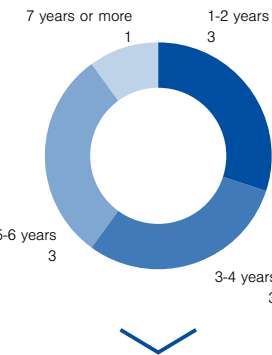
Enhancing oversight

Ratio of Female Directors



Promoting gender and tenure diversity

Ratio of Directors' Length of Service



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Roles and Composition of the Board of Directors

(As of March 27, 2024)

Overview of the Board of Directors																
Name		Classification Committee positions	Length of service	Attendance in FY2023 (Meetings attended / Total meetings)				Areas in which Directors (Non-Executive Directors) are expected to contribute*1								
				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	Technology R&D and innovation	The environment	Social	Internal control and corporate governance
Toichi Maeda	Director, Member of the Nomination Committee	Non-Executive Nomination Committee	12 years 9 months	14/14	17/17											
Masao Asami	Director, President and Representative Executive Officer		5 years	14/14				—	—	—	—	—	—	—	—	—
Hiroshi Oeda	Independent Director, Chairman of the Board of Directors, Member of the Nomination Committee	Outside Independent Nomination Committee	6 years	14/14	17/17											
Junko Nishiyama	Independent Director, Member of the Audit Committee	Outside Independent Audit Committee	5 years	14/14		14/14										
Mie Fujimoto	Independent Director, Chairperson of the Compensation Committee	Outside Independent Compensation Committee	4 years	14/14		14/14										
Hisae Kitayama	Independent Director, Chairperson of the Audit Committee	Outside Independent Audit Committee	3 years	14/14			23/23									
Akihiko Nagamine	Director, Member of the Audit Committee	Non-Executive Audit Committee	3 years	14/14			23/23									
Takuya Shimamura	Independent Director, Member of the Compensation Committee	Outside Independent Compensation Committee	2 years	14/14		14/14										
Teiji Koge	Independent Director, Lead Independent Director, Chairperson of the Nomination Committee	Outside Independent Nomination Committee	1 year	10/10*2	12/12*2											
Tsuyoshi Numagami	Independent Director, Member of the Compensation Committee	Outside Independent Compensation Committee	1 year	10/10*2			15/15*2									

Outside Non-Executive Outside Director  
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

\*1. The above table does not represent all of the areas in which Directors possess expertise.  
\*2. Teiji Koge and Tsuyoshi Numagami were newly elected and appointed as Directors at the 158th Ordinary General Meeting of Shareholders held on March 29, 2023, therefore their attendance at the Board of Directors meetings and each Committee meetings held after the date of the election are shown.

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Roles and 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 with directors of sufficient knowledge and experience inside and outside the Company in areas related to business management. In order to ensure this, the Company's Corporate Governance Basic Policy clearly defines the roles and qualifications required of directors by attribute and position. Moreover, the Company defines the following areas it considers important from the perspective of corporate management, and it requires individual directors to have sufficient knowledge and experience in several specified areas: legal affairs and risk management, personnel and human resource development, finance, accounting, and capital policy, auditing, corporate management and management strategy, technology R&D and innovation, the environment, social, and internal control and governance.

The Nomination Committee selects candidates for the Board of Directors after confirming that they have met the

Company's qualification requirements, and have knowledge and experience in several of the areas mentioned above. The composition of the Board of Directors elected for 2023, remains highly independent and diverse, with seven of the 10 directors being Independent Directors, three of whom are women.

REFERENCE

Notice of the 159th Ordinary General Meeting of Shareholders, pages 6-21

Reasons for the selection of individual Directors can be found in the proposal for the election of Directors contained in the Notice of the 159th Ordinary General Meeting of Shareholders

[https://www.Ebara.co.jp/en/ir/stock/shareholdersmeeting/\\_\\_\\_icsFiles/afieldfile/2024/03/08/E6361\\_159\\_1.pdf](https://www.Ebara.co.jp/en/ir/stock/shareholdersmeeting/___icsFiles/afieldfile/2024/03/08/E6361_159_1.pdf)

Roles, Qualifications and Competencies Required for Directors

	Roles	Qualifications and Competencies
Directors	<ul style="list-style-type: none"><li>- Strive to make the best efforts at deliberations at the Board of Directors meetings and monitor business execution, so that the Board of Directors is able to fulfill its role as a monitoring board to show the general direction of the business such as corporate strategies, etc., create an environment that enables appropriate risk-taking in business execution, and conduct highly effective oversight of business execution from an independent and objective standpoint</li><li>- Make wise decisions with broad insight and logical thinking based on his/her expertise in specific fields, while taking into account opinions of other Directors and information from inside and outside the Company</li><li>- Express not only approval or disapproval on issues, but also present new issues for growth of the Company during deliberations</li></ul>	<ul style="list-style-type: none"><li>- Has outstanding personality, high ethical standards, a spirit of exploration, and a spirit of independence</li><li>- Has demonstrated outstanding results, because of his/her excellent knowledge in corporate management, experience in decision-making from a responsible position or demonstrating professional skills</li><li>- Has or is willing to acquire the latest information on industries and/or peripheral/relevant areas that are related to the strategic direction and/or medium- to long-term issues of the Company</li><li>- Has insight and logical-thinking ability to make judgments by referring to the opinions of other Directors and new information from inside and outside the Company, rather than solely relying on his/her own past experience and knowledge</li><li>- Committed to the governance reform of the Company and motivated to develop himself/herself by contributing to the process of its evolution</li></ul>
Chairperson of the Board of Directors	<ul style="list-style-type: none"><li>1) Conduct the following to facilitate agenda setting for the Board of Directors meetings, and effective decision-making and problem-solving deliberations<ul style="list-style-type: none"><li>- Set the agenda for the Board of Directors meetings and prepare the annual agenda schedule</li><li>- Strive to understand issues related to the business execution, for example, by sitting with important meetings such as Management Meetings, etc.</li><li>- Make decisions on the policy for handling unknown risks, and take the lead in internal discussions in the event of scandals, etc.</li></ul></li><li>2) Conduct the following to facilitate smooth operation of the Board of Directors and promote specific business execution<ul style="list-style-type: none"><li>- Facilitate active discussion to determine the Group's overall strategic direction, and play an active role in the business development</li><li>- Lead deliberation to ensure that Board of Directors operates with an effective decision-making process and to encourage adequate challenges in business execution</li><li>- Ensure that the Board of Directors receives accurate, timely, and clear information</li><li>- Lead the follow-up of matters resolved by the Board of Directors to supervise effective implementation by Executive Officers</li><li>- Properly communicate with the Board of Directors' Secretariat and establish a support system required for smooth operations of the Board of Directors</li></ul></li><li>3) Demonstrate leadership in implementing the PDCA cycle of the Board of Directors including leading the evaluation of effectiveness of the Board of Directors as a whole, each Committee and Director, and take the initiative in improving governance at all times</li><li>4) Demonstrate leadership in disseminating information to the stock market and necessary information gathering</li></ul>	<ul style="list-style-type: none"><li>- Lead the Board of Directors in a fair, objective and self-restrained manner</li><li>- Fully realize his/her responsibility and demonstrate leadership as the chief of the highest decision-making body of the Company</li><li>- Interested in the Company's business execution and management personnel, and is willing to deepen the understanding of the same by having dialogues with the execution side</li></ul>

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Roles and Composition of the Board of Directors

Roles, Qualifications and Competencies Required for Directors		
	Roles	Qualifications and Competencies
Lead Independent Director	<ul style="list-style-type: none"><li>- Hold Executive Sessions for Independent Directors to improve the quality of the Board of Directors meetings by promoting their understanding of issues by selecting proper agenda items and organizing discussion points</li><li>- Establish and supervise appropriate training programs for the Independent Directors, including newly appointed Independent Directors, by identifying the needs of each Independent Director, such as deepening understanding of specific issues</li></ul>	<ul style="list-style-type: none"><li>- Lead the Independent Directors in a fair, objective and self-restrained manner and earn trust from stakeholders</li><li>- Has broad insight and is able to develop appropriate improvement measures for Independent Directors to fulfill their roles</li></ul>
Independent Directors	<ul style="list-style-type: none"><li>- Enhance the quality of deliberations at the Board of Directors meetings by providing opinions and recommendations for problem-solving thinking from an objective and diverse perspective</li><li>- At the Independent Directors' Meetings*, strive to determine the true nature of the issue by actively making efforts to understand the Company and its business as its background</li><li>- Assume the duties as a member of the Nomination Committee, Audit Committee and/or Compensation Committee</li><li>- Participate in the Board of Directors meetings and other meeting structures on management, independently from the Executive Officers, when deemed necessary, and provide supervision and advice on the Company's operations by expressing his/her views and other means</li><li>- Will serve as a member of an investigatory committee and participate in evaluation and/or determination in the event that an evaluation and/or determination independent of the Executive Officers is required.</li><li>- Will supervise and verify key management initiatives, management results, and the performance of Executive Officers as needed in light of the management strategy and plan determined by the Board of Directors and will provide candid comments and recommendations on the appropriateness of entrusting management to the current executive officers from an objective standpoint.</li><li>- Provide candid opinions and recommendations from the standpoint of shareholders and other stakeholders</li></ul> <p>* Independent Directors' Meeting: A meeting body that solely consists of Independent Directors. Held a few days prior to the Board of Directors meeting</p>	<p>Independent Directors are expected to have superior knowledge and experience in one or more of the following domains</p> <ul style="list-style-type: none"><li>- Has experience serving in a responsible position in corporate management and demonstrated leadership in corporate transformation</li><li>- Has demonstrated leadership in implementing and enhancing ESG-focused management</li><li>- Has demonstrated leadership in personnel and human resource development, and reform of corporate culture</li><li>- Has intimate knowledge of solving issues related to finance, accounting and/or capital policy</li><li>- Has intimate knowledge of auditing</li><li>- Has intimate knowledge of legal affairs, internal control, and governance reforms</li><li>- Has intimate knowledge of technical development and R&amp;D</li><li>- Has intimate knowledge of global environment</li><li>- Has knowledge of a company's issues as a social entity, such as respect for human rights and diversity, health and working conditions, and supply chain management</li><li>- Has intimate knowledge of areas which are anticipated to rapidly evolve in the future, such as digitization and AI technology</li></ul>
Non-Executive Inside Directors	<ul style="list-style-type: none"><li>- Express opinions from an objective perspective based on his/her prior experience of business execution</li><li>- Monitor the status of business execution as appropriate, and provide appropriate supervision for execution of important matters</li><li>- Complement the expected role of an Independent Director</li><li>- Serve as the primary liaison between Independent Directors and Executive Officers, as needed</li><li>- Serve a necessary role to deepen the understanding of issues related to business execution and the organization among the Independent Directors</li></ul> <p><b>Chairman of the Company</b></p> <ul style="list-style-type: none"><li>- Demonstrate leadership in the process required for the change and make recommendations to the Board of Directors in coordination with the Chairperson of the Board of Directors</li><li>- In case an Independent Director serves as the Chairperson of the Board of Directors, assist the Chairperson and function as a good advisor as required</li><li>- Serve the roles required in the Group's external activities as required</li></ul>	<ul style="list-style-type: none"><li>- Has the same qualifications and competencies required of Independent Directors</li><li>- Has broad knowledge of business execution of the Company and is capable of supervising and supporting business execution through proper communication</li></ul>

**REFERENCE Corporate Governance Basic Policy (P12-19)**  
Chapter 6 discloses and explains the roles and responsibilities of Directors.  
[https://www.ebara.co.jp/en/ir/governance/information/\\_icsFiles/afieldfile/2024/07/23/EBARACorporateGovernanceBasicPolicy20240611\\_1.pdf](https://www.ebara.co.jp/en/ir/governance/information/_icsFiles/afieldfile/2024/07/23/EBARACorporateGovernanceBasicPolicy20240611_1.pdf)

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Corporate Governance

# Increasing corporate value through oversight and business execution

Since inviting its first two Independent Directors in 2008, the Company has accelerated its governance reforms based on the “policy of clearly separating management oversight and business execution.” In 2015, the Company adopted the organizational form of a Company with Nomination Committee, etc. Since then, we have continued to reduce the number of Directors who also serve as executives. We currently have a highly transparent structure with ten Directors, seven of whom are Independent Directors, and only one Executive Director, the President. Our governance reforms are in Phase V. We are implementing

“Governance to Value” with the Board of Directors’ contribution to increased corporate value and producing results firmly in mind. These governance reforms and management’s ability to implement them have yielded results for over a decade, leading to the attainment of a market capitalization of 1 trillion yen (a goal of E-Vision 2030) in 2023. Going forward, the Board of Directors and the executive team will continue to work together to further enhance governance and improve performance, thereby helping to increase corporate value.



Changes in our corporate governance structure are also posted on our website. <https://www.ebara.co.jp/en/ir/governance/information/Basic-Policy-and-Framework.html>  
(Note) The Company conducted a 5-for-1 stock split of common stock on July 1, 2024. Share prices are those before the stock split.

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## Corporate Governance of the Year 2023 “Grand Prize” Winner

Organized by: Japan Association of Corporate Directors  
Sponsors: Financial Services Agency, Ministry of Economy, Trade, and Industry (METI), Ministry of Justice, Tokyo Metropolitan Government, Tokyo Stock Exchange/Japan Exchange Group

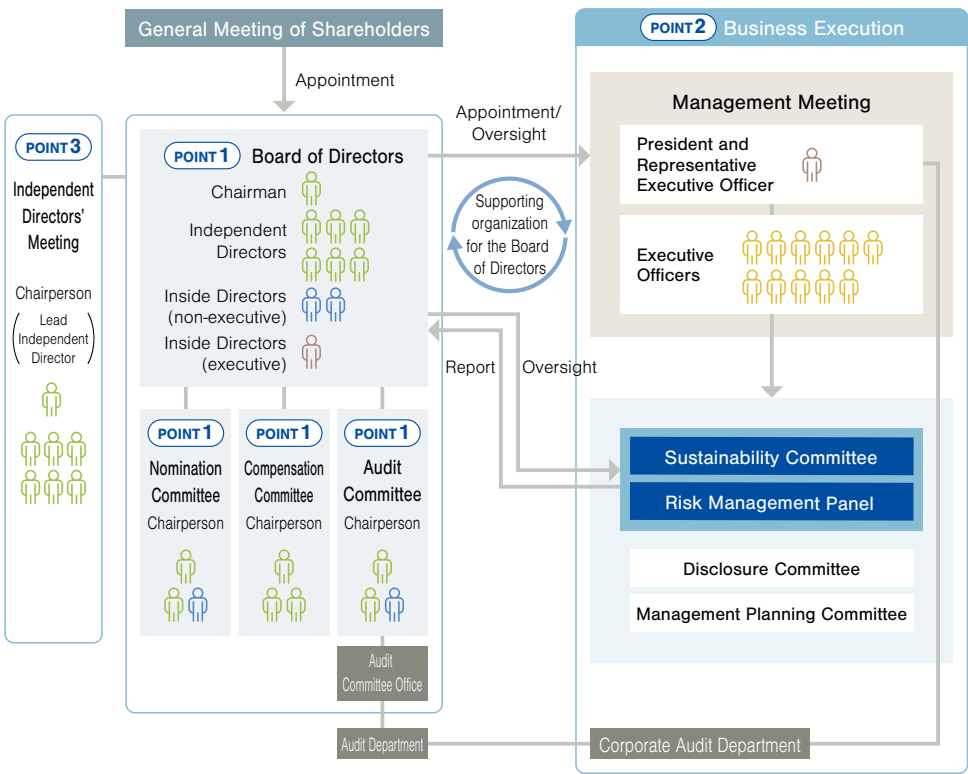
This award has been given since 2015 as part of the Government's growth strategy to encourage companies to use corporate governance to achieve sound growth over the medium- to long-term. The award recognizes the results yielded by the Company's transition from “defensive” to “offensive” governance, the process of that transition, and management's ability to implement it. The Company received a METI Minister's Award in 2022, making it the first company in history to receive both awards.

Corporate Governance

Basic Views on Corporate Governance

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

Corporate Governance Framework (As of March 27, 2024)



Independent Directors Inside Directors (non-executive) Inside Directors (executive) Executive Officers

Main Points of the Corporate Governance Framework

POINT 1 Enhancing oversight and ensuring transparency

By having Independent Directors play an important role and by having a Board of Directors consisting mainly of non-executive Directors (including Independent Directors), we have enhanced management oversight from an independent and objective standpoint, and we have ensured transparency. Ebara adopted the organizational form of a "Company with a Nomination Committee, etc." in 2015. Under the current structure, the Chairman of the Board of Directors and the Chairs of the Nomination Committee, the Compensation Committee, and the Audit Committee are Independent Directors. A majority of Directors and individual committee members are Independent Directors.

POINT 2 Expanding business execution authority and increasing competitiveness

By clearly separating the roles and responsibilities of oversight and business execution and by delegating extensive business execution authority to executives, we are promoting agile management and creating an environment that supports appropriate risk-taking in order to increase competitiveness.

POINT 3 Holding of Independent Directors' Meetings

A body consisting solely of Independent Directors has been constituted and meet monthly a few days prior to Board of Directors meetings. At these meetings, Executive Officers provide preliminary explanations of proposals and other matters related to business execution and agenda items for the coming Board meetings, and the Independent Directors hold free discussions to better identify and understand the necessary agenda items. The explanations and discussions had in the Independent Directors' Meetings facilitate more in-depth deliberations at Board meetings.



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Major Initiatives for the Board of Directors in 2023

2023 was the first year of the E-Plan 2025 medium-term management plan. That year, the Board of Directors allocated the necessary time and discussed monitoring and following up on the status of Ebara's long-term vision and medium-term management plan and examining the effects of and issues with the transition to a target market-based organization from various perspectives.

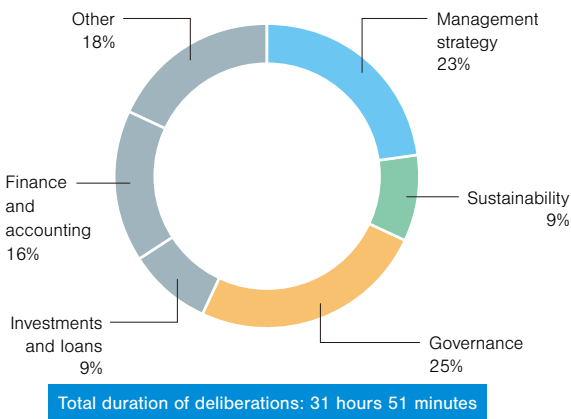
The Board encouraged executives to steadily implement those actions and to respond to important issues. In order to “advance ESG-focused management” as set forth in the management strategy of our long-term vision, we systematically examined and discussed issues related to sustainability and the status of ESG management and efforts to promote it. In specific terms, the

topics covered included human resource development, diversity, equity, and inclusion (DE&I), human rights due diligence (DD) in the supply chain, carbon neutrality, and disclosure based on TCFD recommendations.

→ P101

Monitoring and following up on the status of Ebara's long-term vision and medium-term management plan (2023)

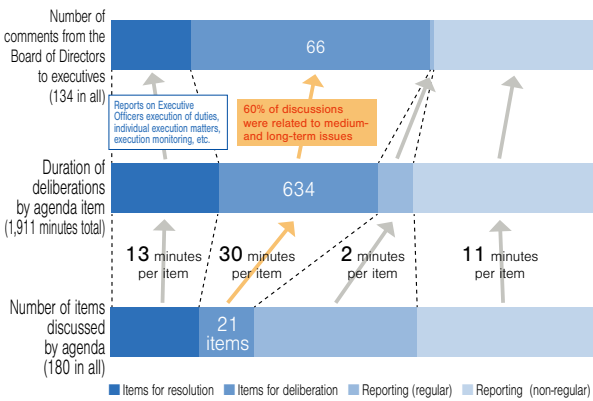
Duration of Board deliberations by agenda item



Status of major deliberations by the Board of Directors

Feb.	● Management strategy	Approved a resolution to revise E-Vision 2030 and formulate E-Plan 2025
Apr.	● Management strategy	Discussed a medium-term action plan to address management issues and KPIs for 2023
	● Sustainability	Discussed sustainability issues that the Board of Directors needed to discuss (1)
Jun.	● Management strategy	Discussed companywide marketing activities and the status of and issues with new businesses (1)
Jul.	● Management strategy	Discussed the status of and issues with R&D and intellectual property strategies in E-Plan 2025
	● Sustainability	Discussed the status of and issues with the advancement of human resources
Aug.	● Governance	Discussed the status of and issues with initiatives to enhance Group governance
Sept.	● Management strategy	Discussed the status of E-Plan 2025 and issues by company (1)
	● Governance	Discussed the effectiveness of and issues with the CxO system introduced in 2023
Oct.	● Management strategy	Discussed the status of E-Plan 2025 and issues by company (2)
	● Sustainability	Discussed sustainability issues that the Board of Directors needed to discuss (2)
Nov.	● Management strategy	Discussed the status of E-Plan 2025 and issues by company (3)
	● Management strategy	Discussed marketing activities company-wide and the status of and issues with new businesses (2)
Dec.	● Sustainability	Discussed the status of initiatives to address human resource issues and future actions
	● Governance	Deliberations on the evaluation of the effectiveness of the Board of Directors (1)

Annual duration of deliberations by agenda item and number of comments from the Board of Directors to executives



- There were 180 agenda items for 2023, the annual duration of deliberations was 1,911 minutes, and there were 134 comments from the Board of Directors to executives. These numbers were on par with those in the previous year.
- Items for deliberation accounted for the longest average deliberation duration among agenda items, mostly focused on medium- to long-term issues.
- Comments from the Board of Directors to executives were mostly regarding items for deliberation, the majority of which concerned medium- to long-term issues.

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Corporate Governance

Evaluation of the Effectiveness of the Board of Directors

Since the adoption of the organizational form of a Company with Nomination Committee, etc. in 2015, the Board of Directors, as well as the Nomination, Compensation, and Audit Committees, have been conducting annual evaluations of effectiveness and disclosing the results. The purpose of these evaluations is to verify how the Board of Directors contributes to effective corporate governance as well as to identify issues and make improvements. The improvement status of issues identified in the previous year is verified through the annual evaluation. Based on this verification, the next issues are identified, and the PDCA cycle is implemented to ensure continuous governance reform.

Fiscal 2023 Evaluation of Effectiveness

1. Analysis and Assessment Process

A questionnaire was created for each Director. In order to directly confirm the thoughts of each Director based on his or her responses, the Chairman of the Board of Directors, who serves as an Independent Director, conducted individual interviews with all of the Directors, and individual Directors evaluated themselves and their peers. The Board of Directors analyzed the responses to the questionnaire and individual interviews. Based on those findings, the Board discussed its own effectiveness at its December 2023 and January 2024 meetings. The Board also confirmed those evaluations and future actions. In addition, all Directors except the Chairman of the Board of Directors evaluated the Chairman.

2. Questionnaires and Individual Interviews

Questionnaires are used to identify overarching trends pertaining to important matters concerning the effectiveness of the Board of Directors and the committees, while more in-depth evaluations of particularly important matters are performed through individual interviews.

Major Questionnaire Items

- Roles and functions of the Board of Directors
- Size and composition of the Board of Directors
- Status of operation of the Board of Directors
- Composition and roles of the three committees
- Status of operation of the three committees
- Relationships with investors and shareholders

3. Summary of the Results of Analysis and Evaluation

Each Director gave high marks to the Board of Directors and its committees in their current state, confirming that they are appropriately fulfilling their roles and responsibilities, that they are operating appropriately by adequately discussing items based on an appropriate agenda and agenda management, and that they are addressing the items that were cited as issues last year. In addition, individual Directors evaluated themselves and their peers based on the roles, qualities, and capabilities of Directors as stipulated in EBARA's Corporate Governance Basic Policy. We confirmed that each Director is appropriately fulfilling his or her responsibilities and contributing to Board deliberations. A summary of the peer evaluations is shared with the Nomination Committee, which refers to those evaluations when selecting candidates for the Board of Directors.

4. Action to Be Taken

- The Board of Directors identified the following items to be discussed on an ongoing basis at Board and committee meetings to further enhance the effectiveness of the Board of Directors, in addition to continuing reforms that have already been implemented.
- The Board will organize ideas and policies on important issues (human resources and human capital, progress of globalization, appropriate capital allocation, verification of our business portfolio, establishment of the Ebara brand, etc.) in light of the status of the E-Plan 2025 medium-term management plan and changes in the internal and external environment, and discuss management vision from a long-term perspective.
  - The Board will deepen discussions about key sustainability issues from the perspective of how to specifically link profitability, long-term sustainability, and increased corporate value to ESG management.
    - Human rights due diligence in the supply chain
    - Promoting diversity, equity, & inclusion (DE&I)
    - Carbon neutrality
    - Responding to internal and external requirements to disclose sustainability-related information
  - Periodic review of committee structure and activities

Training for Directors

Training Policy for Directors

Training will be provided to Directors. That training will give them a better understanding of the Ebara Group, help them identify the latest trends in industries and/or peripheral/relevant areas that are related to the strategic direction and/or medium- to long-term issues of the Group, and enhance their knowledge. Newly appointed Independent Directors are given the opportunity, before and after their appointment, to gain knowledge and expertise in areas such as finance, legal affairs, and corporate governance that they need to fulfill their responsibilities as Directors. We intend to enhance training for Directors, even after they have assumed the post, by providing them with opportunities to better understand the Ebara Group's business through visits to business sites and lectures from outside experts, to better understand key topics addressed by the Board of Directors, and to better understand issues identified in the evaluation of the Board's effectiveness.

Fiscal 2023 Site Visit and Training Results

- March 2023: Orientation for new Directors
- July 2023: On-site visits to major domestic bases (Futtsu Plant, Sodegaura Plant)
- October 2023: On-site visits to major domestic bases (Kumamoto Plant)

On-site visit to the Futtsu Plant



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Corporate Governance Sustainability Governance

The Board of Directors recognizes that advancing sustainability management with a focus on environmental, social, and governance issues, is a key management issue to increase social and environmental value. Not only is it a key management issue for long-term sustainability, it is also essential in solving social issues, such as the SDGs, through business activities. At the same time, through the practice of ROIC management and earnest portfolio management, Ebara aims to enhance economic value. The Board of Directors will formulate basic management policies with the long-term business environment in mind and oversee their ongoing implementation so that the Group can sustainably generate resources for growth and further value creation by putting them into practice.

We have stipulated this concept in EBARA's Corporate Governance Basic Policy. In order to promote and implement it, the Sustainability Committee has been established as an executive committee to deliberate on policies and actions that support the business, to determine key performance indicators (KPIs) and targets, and to confirm their achievement. Directors attend Sustainability Committee meetings to ascertain the status of management's sustainability initiatives and provide advice, while the Board of Directors discusses the deliberations of the Sustainability Committee and provides feedback as necessary to specify and promote actions. The Board of Directors regularly examines the Group's sustainability initiatives and provides comments and recommendations as necessary. [→ P23](#)

Promoting Sustainability and Evaluating the Board's Effectiveness

In 2021, the evaluation of the effectiveness of the Board determined that several actions must be taken to elevate the Board's efforts on sustainability. This included having the Board select companies from around the world that are well regarded for their sustainability-oriented management and compare them to the Company. The next step would be to identify important sustainability issues that the Board should discuss, gleaned from those comparisons, and hold discussions to specify and promote action to address those issues. The following year (2022), the Board of Directors began an effort to regularly place important sustainability issues on its agenda.

More opportunities to discuss sustainability at Board meetings and enhanced monitoring have also helped to encourage efforts by management. During the annual evaluation of the Board's effectiveness, the Board conducts a self-review, it identifies issues, and it seeks to address them. This has continuously improved the effectiveness of the Board's action on sustainability.

Status of efforts related to sustainability



**Committees supporting sustainability in addition to the Board of Directors**

E-Plan 2025, the medium-term management plan announced in February 2023, intends to further advance corporate governance. The Nomination Committee, the Compensation Committee, and the Audit Committee are set to play an important role in overseeing sustainability, along with the Board of Directors. Committees are encouraging the steady conduct of business. As examples, the Nomination Committee is training management personnel, the Compensation Committee is adopting ESG indicators to evaluate executive compensation, and the Audit Committee is monitoring and verifying ESG management.

**More in-depth dialogue between the Board of Directors and stakeholders**

At the same time, E-Plan 2025 also emphasizes dialogue between the Board of Directors and stakeholders. The Board of Directors will examine the insights gained from dialogue with stakeholders and link them to discussions and oversight of sustainability issues, thereby helping to increase corporate value.

```
graph TD
    Board[Board of Directors] -- "Improving effectiveness" --> Board
    Board <--> |Dialogue| Stakeholders[Stakeholders (shareholders and investors)]
    Board -- "Support/Supervision" --> Executives[Executives]
    Board --- Committees[Nomination Committee, Compensation Committee, Audit Committee]
```

**Business Execution**

**Management Meeting**

**Sustainability Committee**

- Share sustainability issues and set policies to address them
- Check and review progress of ESG KPIs

Date	Number of Attending Independent Directors
March 2023	6/7
June	4/8
September	7/8
December	7/8

**Risk Management Panel**

**Board of Directors**

January 2023 ● Sustainability Committee Report

April ● Confirm the status of Ebara's **ESG-focused management** and discuss sustainability-related issues that need addressing in the future

● Sustainability Committee Report

June ● Discussion on the 2023 **climate-related** disclosure based on TCFD recommendations

July ● Discussion on **promotion of human resources**

October ● Review and discussion of the Group's **Carbon Neutrality** Initiatives

● Sustainability Committee Report

December ● Status of initiatives to address human resource issues and future actions

January 2024 ● Sustainability Committee report

**Nomination Committee** **Compensation Committee** **Audit Committee**

*Oversight* *Report*

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Corporate Governance

Nomination Committee



Reason for appointment of chairperson	He has a wealth of experience and considerable insight as a corporate executive, and he is also well-versed in corporate governance and ESG management. He has been chosen to draw on that vast experience and knowledge and to display leadership in selecting management personnel and fostering management candidates as the Chairperson of the Nomination Committee.
Meetings in 2023	17
Average duration of meetings	Approx. 2 hours

Teiji Kouge  
Lead Independent Director, Chairperson of the Nomination Committee



Role of the Nomination Committee

In addition to formulating policies for appointment and dismissal of the President and Representative Executive Officer and succession plans, the main role of the Nomination Committee is deciding on proposals to be submitted to the General Meeting of Shareholders concerning the appointment or dismissal of Directors, the President and Representative Executive Officer, Executive Officers, Directors with special titles, the Chairman of the Board of Directors and the Non-Executive Inside Directors who assist the Chairman. In addition, the committee makes recommendations to the Board of Directors concerning the appointment and dismissal of Chairs and members of the Nomination, Compensation, and Audit committees.

Succession Plan for the President and Representative Executive Officer

The establishment and implementation of the succession plan for the President and Representative Executive Officer is one of the most important tasks for the Nomination Committee. The Company's succession plan has two major characteristics. The first characteristic is that this plan is formulated by the Nomination Committee, of which the current President is not a member. The second characteristic is that, when selecting the next President, the Nomination Committee coordinates with the executive team to systematically cultivate candidates and select the successor over an extended period of time. The Nomination Committee is composed of three Non-Executive Directors, including two Independent Directors and the Chairman of the Company. This membership ensures the objective selection of ideal candidates. The Company has a policy stating that excessively long terms should be avoided for members of senior management and that individuals in these positions should be changed periodically. The upper limit for the term of the President is six years. The current President, who was appointed in March 2019, was selected through a process of cultivating, evaluating, and narrowing down candidates that began three years prior.

Message from the Committee Chairperson

We are committed to building a management team to help continuously increase Ebara's value to society and corporate value.

Based on the six-year succession plan for the President and Representative Executive Officer that began in 2019, the Nomination Committee is systematically proceeding with the cultivation of candidates and the selection of successors. During this process, we are broadly building the next management team while selecting the next President.

The medium-term management plan, E-Plan 2025, calls for "Governance to Value (G to V)," and in addition to the Board of Directors, every committee will strive to play an important role in overseeing sustainability. To achieve E-Vision 2030 and E-Plan 2025, the Nomination Committee will promptly discern changes in the business environment to continuously increase Ebara's value to society and corporate value. The Committee will strive to foster management personnel who will take on the challenge of accomplishing that mission with passion and dedication.

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Corporate Governance

Nomination Committee

Cultivation and Selection Process

The Nomination Committee has formulated a six-year succession plan for selecting the next President. Training on the cultivation and selection process for this plan commenced in 2019.

Ebara's succession plan begins with searching for candidates with the potential to fill the position of President in the future. A development program is then conducted to instill in candidates the basic skills expected of executives. This future manager development program includes discussions with managers from Japan and from overseas, coaching from external specialists on introspective thinking, and other provisions designed to cultivate the sense of commitment required of an executive while improving the viability of candidates. During this process, the individuals that will be advanced to the next step are chosen.

The next step of the plan is to have candidates address specific business issues via the management issue resolution program. Candidates who proceed to this stage are placed in positions that take them out of the area in which they have experience or have previously been responsible for through means such as transfer to another division. They are then expected to work to address actual management issues while experiencing various new aspects of business.

The candidates to be submitted for final consideration are selected from among the individuals that have excelled at this step. Candidates for final consideration receive coaching on the mindset and thought processes necessary of the President from a professional executive coach and are expected to apply what they learn accordingly. Candidates are evaluated during the coaching process, and the results of these evaluations are reported to the Nomination Committee.

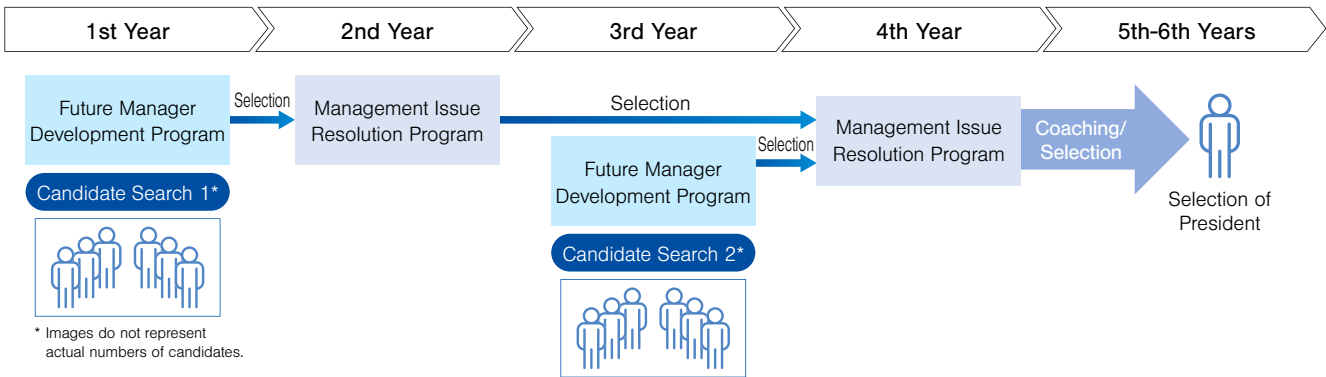
The qualities required in the President include perseverance and passion in addition to other qualities expected of executives. Additional requirements are also defined based on the management circumstances at a given time. The final decision of who will become the next President is made by the Nomination Committee based on the degree to which the required qualities are possessed as well as on qualities such as flexibility and growth potential as decided based on the extent to which the candidate grew before and after receiving coaching.

2023 was the fifth year of the six-year succession plan for the President, and in addition to providing coaching and assessments, the Committee held plenty of discussions about our training programs.

Revision of Corporate Governance Basic Policy and Clarification of Roles

In 2021, Ebara revised its Corporate Governance Basic Policy to clarify the roles and qualification requirements for Directors, including those by classification and position. [→ P95-96](#) This is an extremely important guideline for the future activities of the Board of Directors, committees, and individual Directors. The Nomination Committee will select candidates who meet the requirements and will contribute to improving the effectiveness of the Board of Directors. The recommendations the Nomination Committee makes to the Board of Directors will draw on the results of the evaluation of the Board as a whole, each committee, and the effectiveness of each Director, as well as the evaluation of the Chairman of the Board of Directors, with the aim of further improving the effectiveness of the Board of Directors as a whole.

Six-Year Cultivation and Selection Process



\* Images do not represent actual numbers of candidates.

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Compensation Committee



Reason for appointment of chairperson	As an attorney, she is well versed in corporate legal affairs with a focus on labor-related laws and regulations, and brings experience as an outside director at a listed company. As chairperson of the Compensation Committee, she will provide leadership in reviewing the compensation system and the level of compensation for the Company's Directors and Executive Officers based on her abundant experience, deep insight, and expertise.
Meetings in 2023	14
Average duration of meetings	Approx. 1 hour and 30 minutes

Mie Fujimoto  
Independent Director, Chairperson of the Compensation Committee



Role of the Compensation Committee

The Compensation Committee decides on policies and amounts of compensation for individual Directors and Executive Officers, in addition to making recommendations to the Board of Directors concerning officer compensation systems at affiliates and other companies.

Setting Goals for and Evaluating Executive Officers

The Compensation Committee drafts the Compensation Policy and it determines the amount of basic compensation, short-term performance-linked compensation, restricted stock compensation, and performance-linked stock compensation for individual Directors and Executive Officers based on that policy.

Setting goals and determining the evaluations of Executive Officers, which is the basis for short-term performance-linked compensation, is an important item that we deliberate on at length each year. First, each Executive Officer's goals for the current year are set in April. Goals are set and the criteria for their achievement are specified by management in accordance with the performance evaluation manual created by the Compensation Committee. The Compensation Committee receives an explanation of each Executive Officer's goals and the criteria for their achievement from the Representative Executive Officer, and it clarifies any ambiguities and it confirms that the goals and criteria are appropriate.

In February of the following year, evaluations are explained by the Representative Executive Officer. After discussion, final evaluations are made. Members of the Compensation Committee receive information on the conduct of operations by Executive Officers through an explanation of agenda items and question-and-answer sessions at meetings of the Board of Directors and Independent Directors' Meetings. Based on this information, members of the Compensation Committee determine the Executive Officers' evaluations and compensation, taking into consideration their efforts throughout the year.

Message from the Committee Chairperson

We will help to achieve the goals of E-Plan 2025 by setting appropriate goals and performance-linked compensation.

In order to ensure that Director and Executive Officer Compensation is in line with management policies, the compensation system and its implementation need to be constantly reviewed in accordance with changes in the Company itself, such as expanded operations and global expansion, as well as changes in the environment the Company faces. This year, the Compensation Committee would like to review the benchmarks used to determine compensation levels and further consider ESG indicators.

We are currently making steady progress toward achieving E-Plan 2025. The Compensation Committee will continue to help achieve goals by setting appropriate goals and determining performance-linked compensation that highly motivates Directors and Executive Officers to achieve their goals.

We also believe that increasing transparency in our policy on and process for determining compensation is important to obtaining the understanding of shareholders and in ensuring the appropriateness of compensation. We will disseminate information through various media, including this report.

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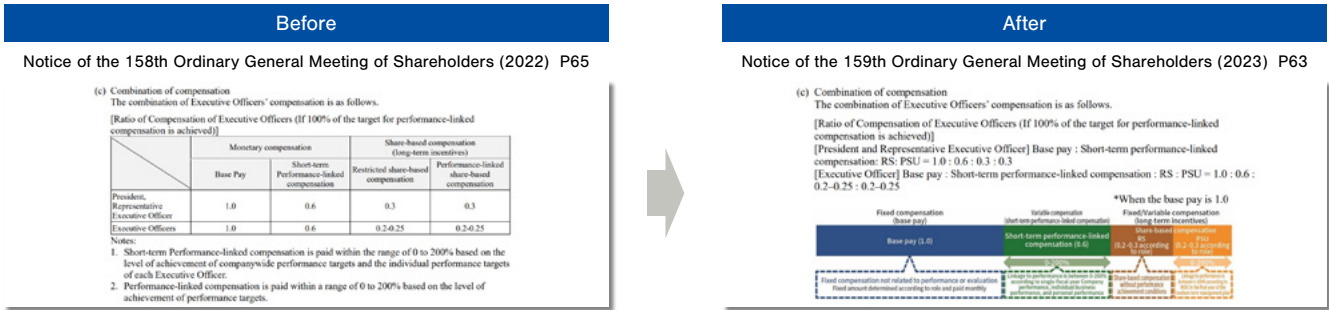
Compensation Committee

Items Discussed in 2023

In 2023, we discussed ESG indicators that were introduced in 2022 as indicators with which to determine short-term performance-linked compensation, and we also considered how compensation should be paid to executives residing outside of Japan. We consented to continuing those discussions in 2024.

In addition, we looked into changes in laws related to the disclosure of Director and Executive Officer Compensation as well as recent aspects of disclosure, and we revised the wording in this year's business report to make it easier for readers to understand by, for example, including charts and tables.

Review of (some aspects of) disclosure relating to compensation in business reports



Total Amounts of Compensation for Directors and Executive Officers

Position	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)							
		Basic compensation		Short-term performance-linked compensation		Restricted stock compensation		Performance-linked stock compensation	
		Number of persons to be paid	Amount	Number of persons to be paid	Amount	Number of persons to be paid	Amount	Number of persons to be paid	Amount
Directors of the Board (excluding Independent Directors)	132	2	100	—	—	2	30	1	1
Independent Directors	141	9	114	—	—	9	27	—	—
Executive Officers	1,010	17	384	14	258	17	93	17	274
Total	1,285	28	599	14	258	28	151	18	276

- Notes:
- Compensation shown is the amount of compensation paid to Directors and Executive Officers in office as of December 31, 2023, for the term of office of each Director and Executive Officer for the fiscal year ended December 31, 2023, and compensation paid to the Non-Executive Director who retired at the conclusion of the 158th Ordinary General Meeting of Shareholders held on March 29, 2023, and the three Executive Officers, who retired at the conclusion of the meeting of the Board of Directors held on the same day, according to their term of office, which began January 2023 and ended upon resignation.
  - Compensation paid to the President and Representative Executive Officer, who concurrently serves as a Director, is included in the Executive Officers compensation column.
  - The amount of compensation paid to Executive Officers includes ¥131 million (basic compensation ¥62 million, short-term performance-linked compensation ¥40 million, performance-linked stock compensation of ¥21 million) in compensation paid by subsidiaries to Executive Officers that serve concurrently as officers at subsidiaries.
  - Executive Officers' short-term performance-linked compensation is determined based on Companywide or business performance, as well as individual goals, and the degree of achievement of these goals is evaluated and discussed by the Compensation Committee.
  - Short-term performance-linked compensation depicts the total amount of short-term performance linked compensation paid in March 2024 to Executive Officers in office as of December 31, 2022, for the fiscal year ended December 31, 2023.
  - Restricted stock compensation shown combines the amount of restricted stock compensation granted in the fiscal year ended December 31, 2021, and the amount of which was recorded as expenses during the fiscal year ended December 31, 2022.
  - Performance-linked stock compensation represents the total amount of performance-linked stock compensation to be paid in May 2026 that is expected to be expensed in the current fiscal year. Calculation of the amount for the current fiscal year is based on the most recent share price of the Company and the projected consolidated return on invested capital (ROIC) in the management plan for the fiscal year ending December 31, 2025, which is the final year of the E-Plan 2025 medium-term management plan. It also includes the difference between that amount and the amount recorded in the previous fiscal year.
  - In addition to the above, 35 million yen was recorded as an expense for the current fiscal year. This amount was for performance-linked stock compensation under the E-Plan 2022 medium-term management plan, and it was given to six executive officers who retired prior to the end of December 2022.

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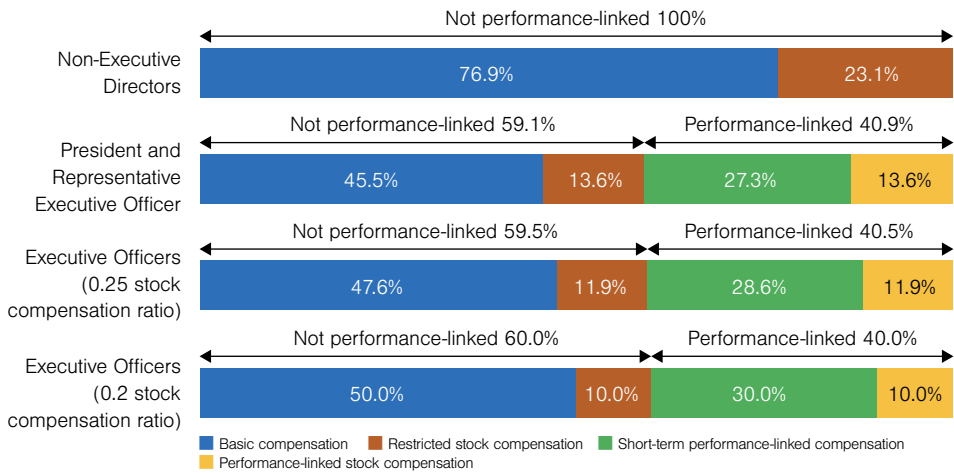
Compensation Committee

Amounts of Compensation for Directors and Executive Officers Receiving Compensation Exceeding ¥100 Million

Name	Total Compensation (Millions of yen)	Total compensation by type (Millions of yen)			
		Basic compensation	Short-term performance- linked compensation	Restricted stock compensation	Performance linked stock compensation
President and Representative Executive Officer Masao Asami	168	54	37	16	61

Notes:  
1. Short-term performance-linked compensation depicts the total amount of short-term performance-linked compensation paid in March 2024 for the fiscal year ended December 31, 2023.  
2. Restricted stock compensation shown combines the amount of restricted stock compensation granted in the fiscal year ended December 31, 2021, and the amount of which was recorded as expenses during the fiscal year ended December 31, 2022.  
3. Performance-linked stock compensation represents the total amount of performance-linked stock compensation to be paid in May 2026 that is expected to be expensed in the current fiscal year. Calculation of the amount for the current fiscal year is based on the most recent share price of the Company and the forecast of consolidated return on invested capital (ROIC) in the management plan for the fiscal year ending December 31, 2025, which is the final year of the E-Plan 2025 medium-term management plan. It also includes the difference between that amount and the amount recorded in the previous fiscal year.

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



Type of Compensation

Type of compensation	Monetary compensation		Stock compensation	
	Basic compensation	Short-term performance-linked compensation	Restricted stock compensation	Performance-linked stock compensation
Overview	Basic compensation based on role	Paid in accordance with companywide (business) performance and achievement of objectives by the individual (MBO)*1	Shares with restrictions on transfer for a certain period of time are granted each year and those restrictions are lifted upon retirement	Shares are granted every three years depending on the extent to which the goals of the medium-term management plan have been achieved
Indicators		Performance indicators (45%)		
		Consolidated return on invested capital (ROIC)		
		Consolidated operating income		
	—	MBO (45%)	—	ROIC (Fiscal year ending December 31, 2025)
		Set based on KPIs for each business overseen		
		ESG indicators (10%)		
		“E” (Environment): CDP (climate change)*2		
		“S” (Social): Global Engagement Survey*3		

\*1. Management by objectives is a management approach in which directors and executive officers are evaluated based on their individual level of achievement of and progress in reaching set goals  
\*2. An ESG rating agency that evaluates strategies to address climate change and efforts to reduce GHG emissions, among others  
\*3. A global engagement survey conducted for employees worldwide since 2019 regarding engagement at their companies and workplaces

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Audit Committee



Reason for appointment of chairperson	She is a certified public accountant with abundant insight and expertise in corporate accounting and auditing, diverse audit experience at audit corporations, as well as experience serving as an outside director at a listed company. As chairperson of the Audit Committee, she reflects this experience to the management supervision of the Company and the Group, and demonstrates her leadership in the activities of the Audit Committee.
Meetings in 2023	23
Average duration of meetings	Approx. 3 hours

Hisae Kitayama  
Independent Director, Chairperson of the Audit Committee

Message from the Committee Chairperson

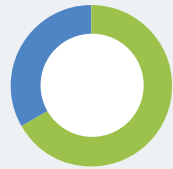
Promoting legal, proper and efficient business operations through the enhancement of a three-pillar audit system

The Audit Committee monitors the appropriateness of accounting operations and procedures, such as improving the accuracy of management accounting, appropriate budget control by business, and evaluation of goodwill. It also ascertains the status of E-Plan 2025 at the five companies, and it establishes group-wide governance, which includes subsidiaries overseas and small offices. In addition, the Committee emphasizes the link between ESG management and increased corporate value by promoting the linking of sustainability and business and by monitoring and verifying the status of business processes related to the accurate collection, analysis, and disclosure of non-financial information.

Ebara is committed to conducting monitored audits, and we believe that a system needs to be created for a three-pillar audit system (internal audits, audit committee's audits, and accounting audits) by enhancing collaboration among the Audit Committee, the Independent Auditor, and the Internal Audit Division. We will continue to monitor and verify that operations are conducted legally, properly, and efficiently by enhancing the three-pillar audit system.

Composition of Audit Committee

Committee Chairperson (Independent Director)



● Independent Directors  
● Inside Director

Role of the Audit Committee

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 Audit Committee endeavors to monitor Executive Officers and verify whether they execute their duties in a sound, fair, appropriate, and efficient manner in accordance with basic policies for management and medium- and long-term management plans established by the Board of Directors, such as the E-Vision 2030 long-term vision and the E-Plan 2025 medium-term management plan. The role of the Audit Committee is to report the status and results of audits to the Board of Directors and to provide advice or recommendations to the Executive Officers as necessary.

Systems Supporting the Audit Committee

We are striving to create an audit system that focuses on monitoring to increase the independence of the Audit Committee from business execution, and ensure the effectiveness of Groupwide auditing. In concrete terms, the Audit Committee is chaired by an Independent Director, and the committee members consist of two outside members and one inside full-time member to ensure independence. To ensure effective auditing, the following organizations are under the control of the Audit Committee.

- (1) The Audit Committee Office has been established under the control of the Audit Committee, and five full-time staff members are responsible for operating the Audit Committee, planning audit policies and plans, communicating and coordinating with the Independent Auditor, and assisting the Audit Committee members in conducting audits and observing on-site inspections.
- (2) The Audit Department was established under the Audit Committee in order to strengthen on-site inspection organizations under the Audit Committee and to strengthen collaboration with the Internal Audit Division. The head of the Internal Audit Division and its members are concurrently serving in the Audit Department (12 members).
- (3) To ensure closer cooperation between the Audit Committee and the auditors of Group companies, four full-time auditors of major subsidiaries and affiliates (Elliott Ebara Turbomachinery Corporation, Ebara Environmental Plant Co. Ltd., EBARA FIELD TECH. CORPORATION and Swing Corporation) are concurrently serving the Company's Audit Committee Office.
- (4) Due to the importance of monitoring and supervising the internal control of the Ebara Group, comprising the Company and its subsidiaries, decisions on candidates for auditors of affiliated companies are made only after obtaining the consent of the Audit Committee.

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Audit Committee

Enhancement of the three-pillar audit system

Coordination with and Evaluation of the Independent Auditor

- Throughout the course of collaboration with the Independent Auditor, the Audit Committee confirms that the Independent Auditor maintains independence and conducts appropriate audits, and receives reports as needed from the Independent Auditor on the execution of duties and the results. Furthermore, the Audit Committee conducts efficient audits by holding meetings with the Independent Auditor regularly and as needed for the mutual exchange of information and opinions.
- If the Independent Auditor holds that office for 10 consecutive years (denoted here as a “reappointed Independent Auditor”), regardless of its annual evaluation, the Audit Committee will conduct a bidding process to select candidates for the next year’s auditor. The bidding process shall not preclude a reappointed Independent Auditor from participating in the bidding process, even if that reappointed Independent Auditor will remain in office for an additional five consecutive years. However, the maximum period for which an Independent Auditor may serve consecutively is 20 years. The fiscal year ending December 31, 2024 is the second fiscal year that Deloitte Touche Tohmatsu LLC has been appointed as our Independent Auditor.

Coordination with Internal Audit Division

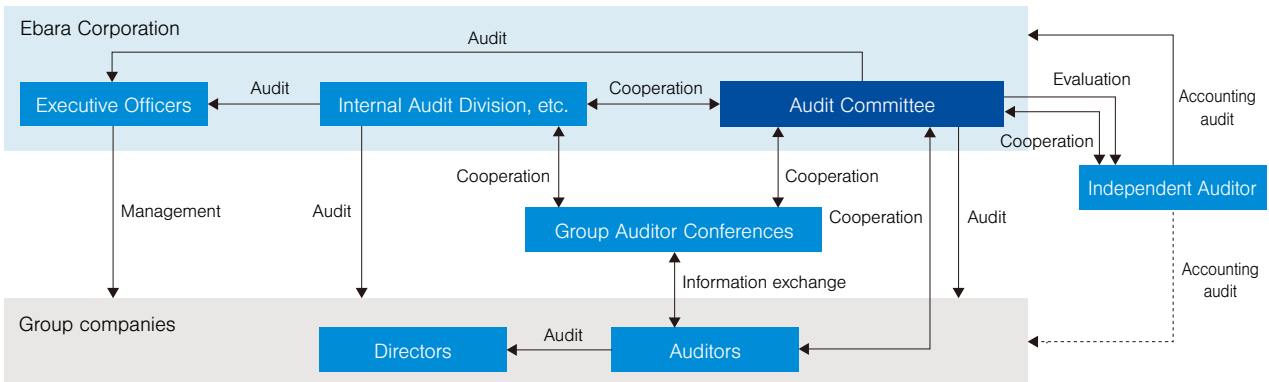
The Audit Committee coordinates with the Internal Audit Division and divisions responsible for internal control, risk management, and compliance as well as with the auditors of Group companies.

- Information is exchanged on a regular and as-needed basis, including the exchange of opinions on the internal audit plan formulated by the Internal Audit Division, and advice is provided to the executive departments as necessary.
- Information is exchanged with the internal control, risk management and compliance division on a regular and as-needed basis, and advice is provided to the executive departments as necessary.
- Group Auditor Conferences are held twice a year and attended by the auditors of affiliated companies. Other attendees include Audit Committee members, the Internal Audit Division, as well as the heads of the internal control, risk management, compliance (CRO), and finance and accounting divisions (CFO) who meet to share necessary information and receive business reports from the auditors of subsidiaries.

Status of Activities of the Audit Committee

Discussions with Members of Executive Management	Members of the Audit Committee hold regular and as-necessary meetings with the President and Representative Executive Officer, Company Presidents, other Executive Officers, and general managers to exchange information and opinions on the progress of management plans, risk management, and other matters.
Attendance at Important Meetings	Members of the Audit Committee attend meetings of the Management Meeting, the Sustainability Committee, the Risk Management Panel, and other important meetings to improve the effectiveness and efficiency of audits and maintain an accurate and up-to-date understanding of relevant information. Advice is also provided to the executive team as necessary.
On-Site Audits	On-site audits (including witnessing internal audits by executive departments and audits by independent auditors) are performed at domestic and overseas offices, operating sites, and subsidiaries to confirm that internal control systems are functioning effectively at the Company and across the Group. For the fiscal year that ended December 31, 2023, we focused on conducting audits on-site while also using remote auditing techniques that we utilized during the COVID-19 pandemic, such as web conferencing and joint audits with local external experts, and we actively conducted on-site audits and had audits witnessed by the Independent Auditor.
Major Areas Assessed by the Audit Committee in the Fiscal Year Ended December 31, 2023	<ul style="list-style-type: none"><li>Audit of the execution of duties and legal compliance system of Executive Officers and others</li><li>Audits of the design and operation of the Group’s internal controls in relation to the Companies Act and the Financial Instruments and Exchange Act</li><li>Collaborating with the Independent Auditor and the Internal Audit Division and creating a three-pillar audit system (internal audits, audit committee’s audits, and accounting audits)</li><li>Establishment of operations related to applying International Financial Reporting Standards (IFRS) and confirmation of appropriateness of accounting treatment for other material accounting matters</li><li>The status of the governance system for the conduct of operations under the five-company system by target market and the status of E-Plan 2025, our medium-term management plan</li><li>The status and implementation of governance and internal controls at subsidiaries, including small offices overseas and companies that were part of M&amp;A, and the status and implementation of reporting lines between parent companies and subsidiaries and between business divisions and corporate headquarters, including new cross-departmental functionality (the CxO system)</li><li>Inspecting the creation and operation of internal whistle-blowing hotlines and ensuring the effectiveness of responses to reported incidents</li></ul>

Ebara Group Auditing Organizational Diagram



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\* Indicates *shikkou-yaku*, a Japanese legal term which refers to executive officers who are appointed by the Board of Directors to execute company policy and strategy. The role and legal title of such executive officers are described in the Companies Act of Japan, and as such they bear fiduciary duties to the Company.

Masao Asami

President, Representative  
Executive Officer, CEO & COO  
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  
Jun. 2015 Managing Executive Officer of the Company  
Apr. 2016 President, Precision Machinery Company  
Mar. 2019 Director (to present)  
President, Representative Executive Officer (to present)  
Jan. 2023 CEO & COO (to present)  
Jan. 2024 President, Precision Machinery Company (to present)

Shu Nagata

Executive Officer,  
President, Building Service &  
Industrial Company



Apr. 1990 Joined the Company  
Oct. 2008 Managing Director of Ebara Pumps Europe S.p.A  
Apr. 2017 General Manager, Global Sales and Marketing Department, Standard Pump Business Division, Fluid Machinery & Systems Company  
Mar. 2018 Executive Officer\* (to present)  
Division Executive, Corporate Strategic Planning Division  
Mar. 2019 Division Executive, Human Resources Division  
Jan. 2020 Division Executive, Corporate Strategic Planning and Human Resources Division  
Mar. 2022 President, Fluid Machinery & Systems Company Responsible for Chillers Business, Fluid Machinery & Systems Company  
Jan. 2023 President, Building Service & Industrial Company (to present)

Takanobu Miyaki

Executive Officer,  
President, Energy Company,  
CEO, Elliott Company, Chairman and  
CEO, Ebara Elliott Energy Holdings, Inc.



Apr. 1996 Joined the Company  
Mar. 2020 Vice President, Elliott Group Holdings, Inc.  
Vice President, Elliott Company  
Mar. 2021 Director, Elliott Group Holdings, Inc.  
Mar. 2022 Director and CEO, Elliott Group Holdings, Inc.  
CEO, Elliott Company (to present)  
Executive Officer\* (to present)  
Responsible for Compressors and Turbines Business, Fluid Machinery & Systems Company  
Jan. 2023 President, Energy Company (to present)  
Chairman, EBARA GREAT PUMPS CO., LTD. (to present)  
Chairman and CEO, Elliott Group Holdings, Inc.  
Jan. 2024 Chairman and CEO, Ebara Elliott Energy Holdings, Inc. (to present)

Teruyuki Ota

Executive Officer,  
President, Infrastructure Company



Apr. 1994 Joined the Company  
Apr. 2017 General Manager, Recruiting and HR Development Department, Human Resources, Legal and General Affairs Division  
Apr. 2021 General Manager, Infrastructure Sales Department, System Business Division, Fluid Machinery Systems Company of the Company  
Mar. 2022 Executive Officer (to present)  
Division Executive, System Business Division, Fluid Machinery & Systems Company  
Jan. 2023 President, Infrastructure Company (to present)

Hideki Yamada

Executive Officer,  
President, Environmental Solutions  
Company, President and Representative  
Director of Ebara Environmental Plant  
Co., Ltd. Director, Swing Corporation



Apr. 1985 Joined the Company  
Apr. 2008 General Manager, Global Sourcing Department, Custom Pump Business Division, Fluid Machinery & Systems Company  
Apr. 2011 General Manager, Procurement Control Department, Custom Pump Business Division, Fluid Machinery & Systems Company  
Apr. 2013 Executive Officer  
Apr. 2015 Deputy Division Executive, China and East Asia Department, Strategy and Technology Management Division, Fluid Machinery & Systems Company, Chairman, EBARA GREAT PUMPS CO., LTD.  
Apr. 2016 Division Executive, China and East Asia Department, Strategy and Technology Management Division, Fluid Machinery & Systems Company  
Jan. 2019 Division Executive, Industrial Pump Division, Fluid Machinery & Systems Company  
Oct. 2019 Managing Executive Officer  
Division Executive, Custom Pump Division, Fluid Machinery & Systems Company  
Jan. 2020 Chairman, EBARA MACHINERY ZIBO CO., LTD.  
Mar. 2020 Executive Officer\* (to present)  
Jan. 2023 President, Environmental Solutions Company (to present)  
President and Representative Director, Ebara Environmental Plant Co., Ltd. (to present)  
Director, Swing Corporation (to present)

Isao Nambu

Executive Officer,  
Co-COO, Equipment Business & Sales  
& Management Strategy,  
Precision Machinery Company



Apr. 1997 Joined the Company  
Jan. 2020 Division Executive, Marketing Division  
Jan. 2022 Division Executive, Equipment Division, Precision Machinery Company  
Mar. 2022 Executive Officer\* (to present)  
Jan. 2023 Division Executive, Equipment Division, Precision Machinery Company (to present)

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\* Indicates *shikkou-yaku*, a Japanese legal term which refers to executive officers who are appointed by the Board of Directors to execute company policy and strategy. The role and legal title of such executive officers are described in the Companies Act of Japan, and as such they bear fiduciary duties to the Company.

Seiichi Tsuyuki

Executive Officer,  
Co-COO, Component Business &  
Advanced Technology,  
Precision Machinery Company



Apr. 1992 Joined the Company  
Jan. 2022 Division Executive, Components Division,  
Precision Machinery Company  
Mar. 2022 Executive Officer\* (to present)  
Jan. 2023 Division Executive, Components Division,  
Precision Machinery Company (to present)  
Jan. 2024 Division Executive, China Business Division, Precision  
Machinery Company

Shugo Hosoda

Executive Officer,  
CFO  
Chairman,  
EBARA (CHINA) CO., LTD.



Oct. 1993 Joined the Company  
Apr. 2015 Division Executive, Governance Promotion Department  
Apr. 2016 Deputy Vice President, Elliott Group Holdings, Inc.  
Deputy Vice President, Elliott Company  
Jan. 2018 Vice President, Elliott Group Holdings, Inc.  
Vice President, Elliott Company  
Mar. 2021 Executive Officer\* (to present)  
Division Executive, Finance & Accounting Division  
Mar. 2022 Division Executive, Corporate Strategic Planning, Finance &  
Accounting Division  
Jan. 2023 Division Executive, Corporate Strategic Planning, Finance &  
Accounting Division & CFO  
Aug. 2023 Chairman, EBARA (CHINA) CO., LTD. (to present)  
Jan. 2024 CFO (to present)

Yoji Sato

Executive Officer,  
CHRO



Apr. 1987 Joined the Company  
Apr. 2011 Division Executive, Planning Division, Ebara Environmental Plant  
Co., Ltd.  
Apr. 2012 General Manager, EBARA QINGDAO CO., LTD.  
Apr. 2017 Division Executive, Sales Division, Ebara Environmental Plant Co., Ltd.  
Jan. 2019 Director, Ebara Environmental Plant Co., Ltd.  
Mar. 2022 Executive Officer\* (to present)  
Division Executive, Human Resources Division  
Jan. 2023 Division Executive, Human Resources Division & CHRO  
Jan. 2024 CHRO (to present)  
Division Executive, Human Resources Division (to present)

Toru Nakayama

Executive Officer,  
CRO



Apr. 1984 Joined the Ministry of International Trade and Industry (currently  
Ministry of Economy, Trade and Industry)  
Apr. 2012 Deputy Director General for Commerce and Information Policy  
Bureau, METI  
Jul. 2013 Director-General, Trade Control Department, Trade and Economic  
Cooperation Bureau  
Sep. 2014 Joined the Company  
Jan. 2018 Division Executive, Internal Control and Risk Management Division  
Mar. 2018 Executive Officer\* (to present)  
Division Executive, Legal, Internal Control, Risk Management and  
General Affairs Division  
Jan. 2023 Division Executive, Legal, Internal Control, Risk Management and  
General Affairs Division & CRO  
Jan. 2024 CRO (to present)

Hiroyuki Kowase

Executive Officer,  
CIO



Apr. 2014 Executive Officer and CIO General Manager, IT Promotion  
Headquarters, LIXIL Corporation  
Dec. 2015 Senior Managing Executive Officer and CIO General Manager,  
Information Systems Headquarters, LIXIL Corporation  
Jul. 2018 Deputy Chief Global Information Technology Officer, Department Director,  
ICT Strategy & Platform Department, Shiseido Company, Limited  
Dec. 2018 Joined the Company  
Apr. 2019 Division Executive, Information & Communication System Division  
Mar. 2020 Executive Officer\* (to present)  
Jan. 2023 Division Executive, Information & Communication System Division &  
CIO  
Jan. 2024 CIO (to present)  
Division Executive, Information & Communication System Division  
(to present)

Norihisa Miyoshi

Executive Officer,  
CTO



Apr. 1987 Joined the Company  
Apr. 2016 Division Executive, Basic Technology Division, Ebara Environmental  
Plant Co., Ltd.  
Jan. 2019 Division Executive, Engineering Division, Ebara Environmental Plant  
Co., Ltd.  
Jan. 2022 President and Representative Director of Ebara Environmental Plant  
Co., Ltd.  
Jan. 2023 Division Executive, Technologies, R&D & Intellectual Property Division  
Mar. 2023 Executive Officer\* (to present)  
Division Executive, Technologies, R&D & Intellectual Property  
Division & CTO  
Jan. 2024 CTO (to present)  
Division Executive, Technologies & Intellectual Property Division  
(to present)

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10-Year Financial Summary

Note: When two items are in the blue column, the left-hand side is the JGAAP term and the right-hand side is the IFRS term.  
(Millions of yen)

	JGAAP							IFRS			
	2015/3	2016/3	2017/3	2017/12*1	2018/12	2019/12	2020/12	2020/12	2021/12	2022/12	2023/12
Financial Results:											
Orders	¥487,553	¥491,280	¥ 477,956	¥ 413,569	¥ 575,576	¥ 552,225	¥ 511,921	¥ 511,221	¥ 771,483	¥ 815,218	¥ 820,598
Net sales/Revenue	482,699	486,235	476,104	381,993	509,175	522,424	523,727	522,478	603,213	680,870	759,328
Operating income/Operating profit	34,567	38,011	29,995	18,115	32,482	35,298	37,879	37,566	61,372	70,572	86,025
Operating income to sales ratio/Operating profit to revenue ratio (%)	7.2	7.8	6.3	4.7	6.4	6.8	7.2	7.2	10.2	10.4	11.3
Profit attributable to owners of parent	23,580	17,254	20,587	9,531	18,262	23,349	24,473	24,236	43,616	50,488	60,283
Profit attributable to owners of parent on sales ratio (%)	4.9	3.5	4.3	2.5	3.6	4.5	4.7	4.6	7.2	7.4	7.9
Capital expenditures	15,846	15,729	22,675	12,386	19,364	34,369	32,295	35,047	22,758	27,597	40,699
Depreciation and amortization	13,038	11,610	13,739	11,923	15,266	15,132	15,963	19,872	21,435	24,067	26,590
R&D expenses	6,754	7,632	8,758	7,218	10,698	11,530	12,514	12,507	13,575	15,264	18,281
Financial Position, Cash Flows*2:											
Total assets*2, *3	¥570,392	¥579,860	¥ 588,457	¥ 612,919	¥ 591,592	¥ 595,239	¥ 621,578	¥ 644,711	¥ 719,736	¥ 828,049	¥ 913,900
Total net assets/Total equity	247,553	250,444	277,509	284,788	286,778	291,827	304,470	296,877	321,655	369,725	421,572
Shareholders' equity/Equity attributable to owners of parent*2,*4	239,058	241,016	271,356	277,955	279,640	283,651	296,232	289,564	312,310	359,966	409,875
Interest-bearing debt*2	121,500	120,126	96,531	114,592	79,137	80,986	76,143	98,350	112,046	119,333	145,249
Retained earnings*2	91,815	102,446	117,883	121,321	135,715	141,675	156,486	136,629	171,720	184,995	224,267
Cash flows from operating activities	11,296	21,528	33,816	44,157	34,610	26,720	64,234	68,848	72,858	37,070	70,012
Cash flows from investing activities	(15,894)	(14,344)	(18,563)	(7,906)	(15,927)	(24,077)	(29,071)	(29,200)	(31,361)	(38,324)	(35,625)
Cash flows from financing activities	(7,044)	(9,655)	(15,102)	11,296	(46,412)	(20,188)	(9,628)	(14,389)	(29,489)	(23,749)	(4,658)
Free cash flow	(4,597)	7,184	15,252	36,250	18,682	2,643	35,163	39,647	41,497	(1,254)	34,387
Cash and cash equivalents at end of period	95,604	91,185	90,683	139,102	110,556	93,351	120,544	120,544	136,488	116,137	148,059

\*1. At the 152nd Ordinary General Meeting of Shareholders held on June 23, 2017, it was resolved to change the Company's settlement date from March 31 to December 31. As a result, 2017/12 represents an irregular nine-month period aggregating performance from April 1 to December 31, 2017, for EBARA CORPORATION and consolidated subsidiaries that previously had a settlement date of March 31, and from January 1 to December 31, 2017, for consolidated subsidiaries that previously had a settlement date of December 31.

\*2. Effective January 1, 2019, the Company adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, revised on February 16, 2018). Accordingly, figures for the fiscal year ended December 31, 2018, have been restated to reflect the adoption of this standard.

\*3. The provisional accounting treatment concerning business combinations implemented in the fiscal year ended March 31, 2016, was finalized in the fiscal year ended March 31, 2017, and the finalized details of the provisional accounting treatment have been reflected in total assets for the fiscal year ended March 31, 2016.

\*4. Shareholders' equity: Total net assets – (Subscription rights to shares + Non-controlling interests)

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(Millions of yen)

	JGAAP						IFRS				
	2015/3	2016/3	2017/3	2017/12*1	2018/12	2019/12	2020/12	2020/12	2021/12	2022/12	2023/12
Stock Information*5,*6:											
Number of issued shares (1,000 shares)	465,644	466,044	101,736	101,783	101,957	95,129	95,391	95,391	95,513	92,086	92,349
Cash dividends (yen)	¥ 12.00	¥ 12.00	¥ 36.00	¥ 45.00	¥ 60.00	¥ 60.00	¥ 90.00	¥ 90.00	¥ 163.00	¥ 193.00	¥ 229.00
Dividend yield (%)	2.4	2.6	1.7	1.0	2.4	1.8	2.7	2.7	2.5	4.1	2.7
Total return ratio (%)*7	23.6	32.3	28.1	48.0	33.3	24.8	35.0	35.4	35.2	35.2	35.0
Share buybacks	—	—	4	—	4,999	14,999	—	—	19,999	—	—
Total return ratio (%)	23.6	32.3	28.4	48.0	60.5	88.8	35.0	35.0	80.5	35.2	35.0
Earnings per share (EPS)/ Basic earnings per share (yen)*8	¥ 50.77	¥ 37.12	¥ 213.71	¥ 93.84	¥ 179.94	¥ 241.79	¥ 256.85	¥ 254.36	¥ 463.44	¥ 548.61	¥ 653.64
Book value per share (BPS)/ Equity attributable to owners of parent per share (yen)*8	514.38	518.16	2,672.19	2,735.94	2,795.72	2,981.91	3,106.10	3,036.19	3,395.50	3,910.07	4,439.60
Financial Indicators:											
Return on invested capital (ROIC) (%)*9	6.9	4.8	5.6	2.5	4.9	6.5	6.6	6.4	10.7	11.2	12.2
Return on equity (ROE) (%)*10	10.5	7.2	8.0	3.5	6.6	8.3	8.4	8.6	14.5	15.0	15.7
Debt-to-equity ratio (times)	0.51	0.50	0.36	0.41	0.28	0.29	0.26	0.34	0.36	0.33	0.35
Equity ratio/Equity attributable to owners of the parent (%)	41.9	41.6	46.1	45.3	47.3	47.7	47.7	44.9	43.4	43.5	44.8
Overseas sales ratio/Overseas revenue ratio (%)	53.6	52.2	52.7	60.1	55.0	55.3	55.0	54.8	59.0	62.7	64.3
Number of employees (persons)	16,030	16,270	16,317	16,219	16,556	17,080	17,480		18,372	19,095	19,629
Days sales outstanding (Days)	158	162	158	126	131	134	138	139	132	135	126
Days inventory outstanding (Days)	60	66	74	78	87	84	71	71	73	97	96
Day accounts payable turnover (Days)	83	87	92	86	90	84	90	90	90	93	73
Days cash conversion cycle (Days)	135	141	140	118	128	134	119	120	115	139	149

\*1. At the 152nd Ordinary General Meeting of Shareholders held on June 23, 2017, it was resolved to change the Company's settlement date from March 31 to December 31. As a result, 2017/12 represents an irregular nine-month period aggregating performance from April 1 to December 31, 2017, for EBARA CORPORATION and consolidated subsidiaries that previously had a settlement date of March 31, and from January 1 to December 31, 2017, for consolidated subsidiaries that previously had a settlement date of December 31.

\*5. EBARA CORPORATION conducted a consolidation of common shares at a rate of one share for every five shares with an effective date of October 1, 2016.

\*6. The Company carried out a 5-for-1 stock split of the common stock of the Company with a record date of June 30, 2024. The share price and per-share information are based on a pre-split basis.

\*7. When the annual dividend of ¥36 for the fiscal year ended March 31, 2017 (including an interim dividend of ¥6), is converted after the consolidation of shares, it is equivalent to ¥60 per share, consisting of an interim dividend of ¥30 and a year-end dividend of ¥30. Accordingly, the total return ratio is calculated based on an annual dividend of ¥60 per share.

\*8. EPS is based on the average number of shares outstanding (excluding treasury stock) during the fiscal year. BPS is calculated using the number of shares outstanding (excluding treasury stock) as of the end of the fiscal year.

\*9. ROIC: IFRS: Profit attributable to owners of parent / [Interest-bearing debt (Average between beginning and end of period) + Equity attributable to owners of parent (Average between beginning and end of period)]  
JGAAP: Profit attributable to owners of parent / [Interest-bearing debt (Average between beginning and end of period) + Shareholders' equity (Average between beginning and end of period)]

\*10. ROE: IFRS: Profit attributable to owners of parent / Shareholders' equity (Average between beginning and end of period)  
JGAAP: Profit attributable to owners of parent / Equity attributable to owners of parent (Average between beginning and end of period)

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Six-Year ESG Data

REFERENCE ESG Data <https://www.ebara.co.jp/en/sustainability/data/information/esg.html>

Environment

	Data Coverage*1, 2, 3	2018/12	2019/12	2020/12	2021/12	2022/12	2023/12
Electricity consumption (MWh)*4	Ebara Group	193,461	206,113	214,036	219,432	218,058	219,996
Proportion of renewable energy used (%)*4	Ebara Group	—	—	1.5	2.0	2.1	20.4
GHG emissions (Scope 1, 2) (thousand tons)*4	Ebara Group	277	292	271	292	237	157
Water consumption (km³)	Ebara Group	992	1,053	1,153	1,088	1,085	1,020
Total waste (t)	Ebara Group	19,854	18,901	17,975	17,608	18,351	19,459
Material recycling rate (%)	EBARA CORPORATION and domestic Group	96.7	97.9	97.5	97.1	97.5	97.1
Landfill disposal rate (%)	Ebara Group	2.8	1.7	1.9	2.6	2.1	2.3
NOx emissions (t)	Ebara Group	16	9	18	16	18	20
SOx emissions (t)	Ebara Group	0.5	0.3	0.7	0.6	0.5	1.5

Governance

Number of Directors	EBARA CORPORATION	13	11	10	10	10	11
Proportion of Independent Directors (%)	EBARA CORPORATION	54	63	70	70	70	72.7
Proportion of female Directors (%)	EBARA CORPORATION	7	9	20	30	30	27.3
Proportion of Independent Directors on the Nomination Committee (%)	EBARA CORPORATION	66.7	66.7	66.7	66.7	66.7	75
Proportion of Independent Directors on the Compensation Committee (%)	EBARA CORPORATION	100	100	100	100	100	100
Proportion of Independent Directors on the Audit Committee (%)	EBARA CORPORATION	60.0	60.0	75.0	66.7	66.7	66.7
Number of compliance consultations to hotlines (reports of suspected ethical/legal wrongdoing, possible human rights violations, etc.)	EBARA CORPORATION and domestic consolidated companies (excluding affiliates not accounted for by the equity method)	42	49	44	38	39	93
Number of compliance consultations to Ebara Group Hotlines (accepts reports of suspected ethical/legal wrongdoing, possible human rights violations, etc.)	22 overseas groups with hotlines in place	—	0	1	0	2	0

\*1. Ebara Group: Total figures for EBARA CORPORATION, domestic Group, and overseas Group.

\*2. Domestic Group: Companies numbers 2 to 4 and 6 to 8 in the ISO 14001 registration status details, as well as Ebara Byron Jackson Co., Ltd. and Ebara Shohnan Sports Center Inc.

\*3. Overseas Group: Data for sites with large environmental impacts, such as manufacturing

\*4. The scope of emissions data was adjusted to be in-line with fiscal reporting and previously excluded Group companies have been added to the data back to 2018.

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Six-Year ESG Data

REFERENCE ESG Data <https://www.ebara.co.jp/en/sustainability/data/information/esg.html>

Society	Data Coverage*1, 2, 3	2018/12	2019/12	2020/12	2021/12	2022/12	2023/12
Number of employees	Ebara Group	16,556	17,080	17,480	18,372	19,095	19,629
Number of Overseas employees	Overseas consolidated subsidiaries	8,678	9,148	9,404	10,332	10,769	10,928
Proportion of overseas employees (%)	Overseas consolidated subsidiaries	52	54	54	56	56	56
Proportion of female employees (%)	Ebara Group	16.4	16.5	16.3	15.6	16.2	16.4
Proportion of women in managerial positions (%)	Ebara Group	4.7	5.4	8.8	9.5	9.5	7.2
Proportion of non-Japanese employees (%)	EBARA CORPORATION	2.7	2.7	2.1	2.5	2.7	3.2
Proportion of employees with special needs (%)	EBARA CORPORATION and applicable Group companies	2.45	2.27	2.58	2.56	2.37	2.54
Proportion of locally hired staff in key positions outside of Japan (%)	Overseas consolidated subsidiaries	—	19	20	22	23	23
Proportion of locally hired female staff in key positions outside of Japan (%)	Overseas consolidated subsidiaries	—	—	5	5	7	8
Number of New hires (including new graduate & mid-career)	EBARA CORPORATION	198	218	189	239	373	481
Proportion of female new graduate hires (%)	EBARA CORPORATION	17.5	14.4	25.6	18.0	16.5	13.1
Proportion of non-Japanese new graduate hires (%)	EBARA CORPORATION	12.3	11.7	15.4	4.5	17.5	6.6
Proportion of female mid-career hires (%)	EBARA CORPORATION	13.1	10.3	13.9	14.1	13.8	21.2
Proportion of non-Japanese mid-career hires (%)	EBARA CORPORATION	1.1	0.9	6.9	6.3	5.1	6.7
Average years of service	EBARA CORPORATION, average for men and women	17.3	17.7	16.8	17.0	16.0	15.8
Global Engagement Survey Score (%)	Ebara Group	—	75	78	79	79	78
Paid holiday usage rate (%)	EBARA CORPORATION	72.60	81.35	70.70	75.85	80.95	85.09
Childcare leave acquisition rate for men (%)	EBARA CORPORATION	72.2	85.4	76.7	81.3	79.6	90.8
Proportion of employees that participated in a HRD program (%)	EBARA CORPORATION	80.5	72.1	70.5	64.8	60.6	71.1
Average cost per participant (\$)	EBARA CORPORATION	497.95	415.18	221.42	363.17	228.86	220.04
Average time spent in training per employee (days)	EBARA CORPORATION	1.5	1.6	0.9	1.1	0.8	0.9
Total recordable incident rate (TRIR) (%)	EBARA CORPORATION and domestic consolidated companies	3.69	3.53	3.13	3.09	2.62	2.84

\*1. Ebara Group: Total figures for EBARA CORPORATION, domestic Group, and overseas Group.

\*2. Domestic Group: Major domestic consolidated subsidiaries (approx. 97% of all domestic employees, excluding affiliates not accounted for by the equity method). Does not include data for EBARA CORPORATION.

\*3. Overseas Group: Major overseas consolidated subsidiaries (approx. 99% of all overseas employees, excluding affiliates not accounted for by the equity method). Some data may have a higher or lower coverage ratio due to exclusion of some companies for incomplete data entry.

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Corporate Profile / Stock Information (As of December 31, 2023)

Corporate Profile

Company Name:	EBARA CORPORATION
Foundation:	November 1912
Head Office:	11-1, Haneda Asahi-cho, Ota-ku, Tokyo 144-8510, Japan
Phone:	+ 81-3-3743-6111
URL:	https://www.ebara.co.jp/en/
Paid-in Capital:	¥80,489 million
Number of Employees (Consolidated):	19,629

Stock Information

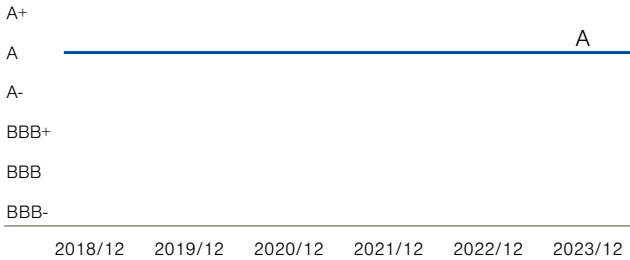
Securities Code:	6361 (Japan)
Number of Shares Issued:	92,349,082 (Common shares)*
Number of Shareholders:	23,819
Stock Listing:	Tokyo Stock Exchange Prime
Number of Shares Trading Unit:	100
Transfer Agent and Registrar:	Sumitomo Mitsui Trust Bank, Limited, 1-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan
Accounting Auditor:	Ernst & Young ShinNihon LLC
Major Indices:	Nikkei Stock Average (Nikkei 225), JPX-Nikkei400, TOPIX

\* The Company carried out a 5-for-1 stock split of the common stock of the Company with a record date of June 30, 2024. The share price and per-share information are based on a pre-split basis.

Credit Rating

R&I Issuer Rating:	A (as of December 2023)
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Changes in Credit Rating

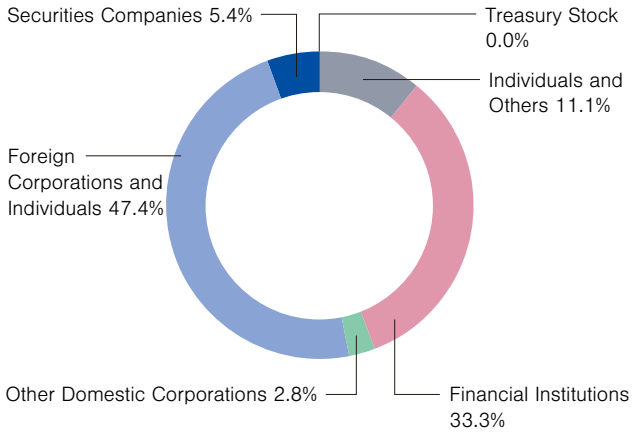


Major Shareholder

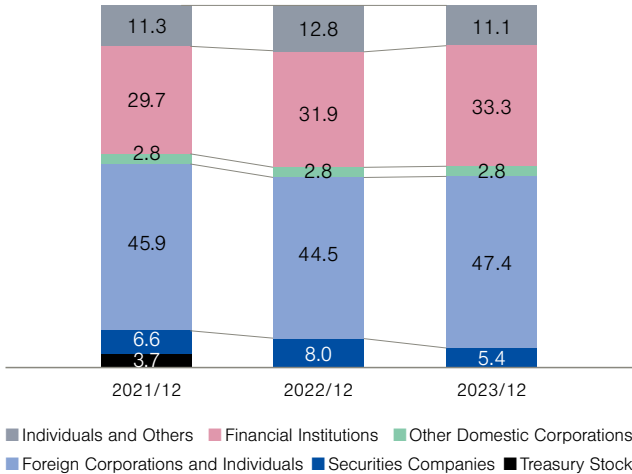
Shareholders' name	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	18.5
ICHIGO TRUST PTE. LTD.	10.7
Custody Bank of Japan, Ltd. (Trust Account)	7.8
BNYM AS AGT/CLTS NON TREATY JASDEC	3.3
JP MORGAN CHASE BANK 385781	1.7
SMBC Nikko Securities Inc.	1.5
SSBTC CLIENT OMNIBUS ACCOUNT	1.4
STATE STREET BANK WEST CLIENT - TREATY 505234	1.2
Nippon Life Insurance Company	1.1
THE EBARA HATAKEYAMA MEMORIAL FOUNDATION	1.1

Note: Treasury stock has been eliminated from the total number of shares issued in calculating the shareholding ratio.

Composition of Shareholders



Changes in Shareholder Distribution (Holding Ratio) (%)



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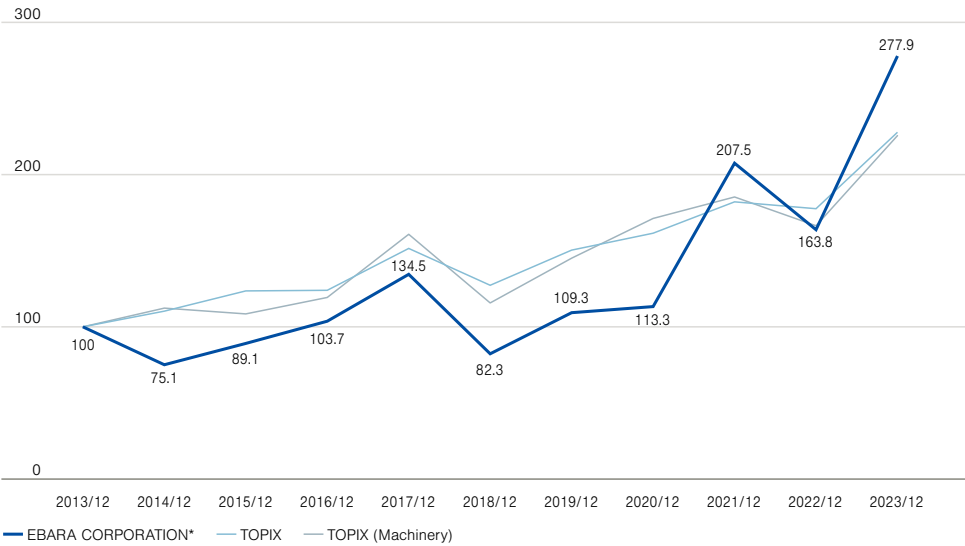
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Corporate Profile / Stock Information

10-Year Total Shareholder Return Data



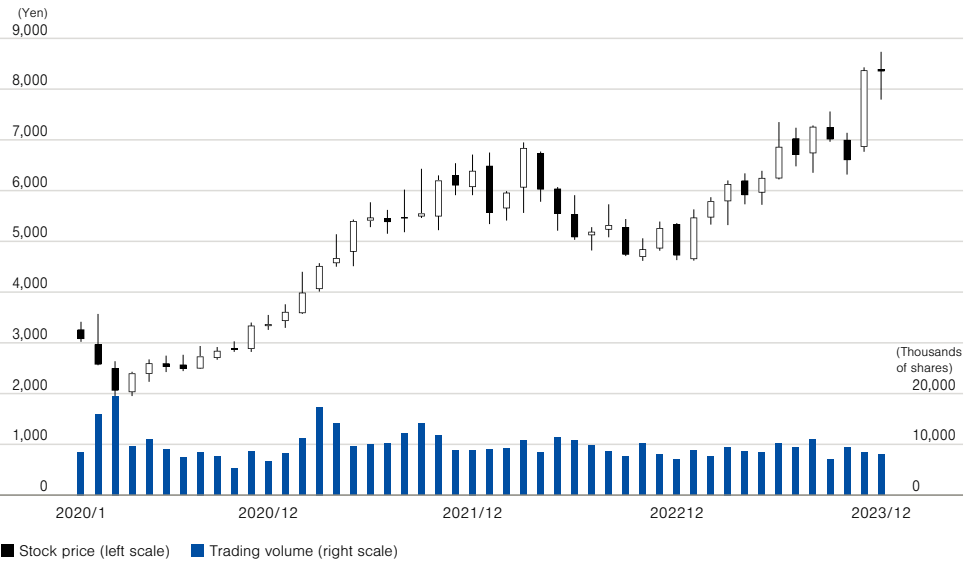
Note: The above graph displays total shareholder return reflecting dividends and stock price gains for investments commenced on December 31, 2013, over the period ending with December 31, 2023. For investment performance accounting for dividends and stock price gains from EBARA CORPORATION, investment amount on December 31, 2013, is indexed to 100. For indexes displayed for comparison (TOPIX dividends and TOPIX (Machinery), projected dividend data is used and the same indexing method is employed.

\* Figures have been restated to reflect a consolidation of common shares at a rate of one share for every five shares conducted with an effective date of October 1, 2016

10-Year Total Shareholder Return Data

Stock / Index	1 year		3 years		5 years		10 years	
	Cumulative total	Annual	Cumulative total	Annual	Cumulative total	Annual	Cumulative total	Annual
EBARA CORPORATION	+81.7%	+81.7%	+165.1%	+38.4%	+267.6%	+29.7%	+177.9%	+10.8%
TOPIX	+28.3%	+28.3%	+41.1%	+12.1%	+78.9%	+12.3%	+127.8%	+8.6%
TOPIX (Machinery)	+35.6%	+35.6%	+31.8%	+9.6%	+95.0%	+14.3%	+125.6%	+8.5%

Stock Price and Trading Volume



	2020/12	2021/12	2022/12	2023/12
Stock price at end of fiscal year (Yen)	3,370	6,390	4,720	8,348
High	3,570	6,710	6,950	8,735
Low	1,715	3,295	4,615	4,620
Trading volume (millions of shares)	117	136	110	105

Stock-Related Data

	2020/12 IFRS	2021/12 IFRS	2022/12 IFRS	2023/12 IFRS
Price-earnings ratio (times)	13.25	13.79	8.60	12.77
Price-to-book ratio (times)	1.11	1.88	1.21	1.88
Number of issued shares (thousands of shares)	95,391	95,513	92,086	92,349
Market capitalization at end of fiscal year (billions of yen)	321.5	610.3	434.6	770.9

\* The Company carried out a 5-for-1 stock split of the common stock of the Company with a record date of June 30, 2024. The share price and per-share information are based on a pre-split basis.

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External Evaluations

External Recognition Based on ESG Factors

Ebara has been selected for multiple ESG indices in Japan and overseas by various ESG rating agencies.

As of 2023, EBARA received an MSCI ESG Rating of AAA



CCC	B	BB	BBB	A	AA	AAA
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THE USE BY EBARA CORPORATION OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF EBARA CORPORATION BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

2023 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

2023 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

Note: The inclusion of EBARA CORPORATION in any MSCI index, and the use of MSCI logos, trademarks, service marks, or index names herein do not constitute a sponsorship, endorsement, or promotion of EBARA CORPORATION by MSCI or any of its affiliates. The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.



FTSE4Good



FTSE Blossom  
Japan



FTSE Blossom  
Japan Sector  
Relative Index



2024



Sompo Sustainability Index

NIKKEI  
Smart Work

★★★★ 2024

Certified as 3.5 stars in the 7th Nikkei  
Smart Work Management Survey



Certified as 3.5 Stars in the Fifth  
Nikkei SDGs Management Survey



Selected for the iSTOXX MUTB Japan Platinum  
Career 150 Index



Recognition and Awards



Corporate Governance  
of The Year

Grand Prize Company for  
Corporate Governance of the Year  
2023 from the Japan Association  
of Corporate Directors

Awarded fourth place in the 2023  
JCGIndex Survey from the Japan  
Corporate Governance Research Institute



Awarded Rank 3 in the  
"Eruboshi" certification  
mark program

President Asami was awarded the  
Outstanding Leadership Award in  
Corporate Communications from the 38th  
Corporate Communications Awards (2022)



2024  
健康経営優良法人  
Health and productivity  
ホワイト500

Certified as a 2024 Certified Health & Productivity  
Management Outstanding Organization (White 500)  
in the large enterprise category



SPORTS  
YELL  
COMPANY  
2024

Certified as a "Sports Yell  
Company 2024" by the Japan  
Sports Agency

Participation in Initiatives



Human Capital Management Consortium

Human  
Capital  
Management

人的資本経営コンソーシアム



GX League



Semiconductor  
Climate Consortium  
FOUNDING MEMBER

In support of

WOMEN'S  
EMPOWERMENT  
PRINCIPLES

Established by UN Women and the  
UN Global Compact Office

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IR Communication

Dialogue with Shareholders and Other Investors

Since 2015, we have published an integrated report to encourage further understanding of and to share our corporate value through dialogue with our stakeholders. Through the Ebara Group Integrated Report 2024, we intend to communicate to our shareholders, investors, and other readers our strengths and uniqueness, how we will grow to achieve our vision for 2030, what sort of economic value and social and environmental value we will create, and how we will become a corporate group as further demanded by society. We hope our readers can gain an even deeper understanding of the Ebara Group.

To that end, we have reorganized and repositioned some content that was previously disclosed within the context of our value creation story. First, we have revised the wording of our value creation story so that it is easier to understand, and we have explained how the three driving forces of synergy between core technologies and products, human resources and organizational culture, and internal and external collaboration and joint development are the sources of our capacity to create value. In addition, we attempted to visually depict the mechanism of creating a conglomerate premium. Our core technologies are refined and developed by providing solutions to our customers and receiving feedback from them, and those technologies are refined to improve existing business and create new businesses. We operate in multiple markets, so we can widely deliver value through the synergistic effects of those businesses. This is a distinctive strength of the Ebara Group.

Our report also focuses on efforts that integrate financial and non-financial aspects, such as ROIC management of innovative production and intellectual property. You will also find extensive information on how the Board of Directors is monitoring those efforts and dialogues they have had with the stock market.

As the Executive Officer in charge of the publication of this report, I hereby state that the processes for its preparation were properly conducted and that the statements contained within are accurate. We aim to use this report to enhance Ebara's corporate value by implementing the dialogue and opinions of our stakeholders into our management.



Shugo Hosoda

Responsible for the Publication of the Integrated Report, Executive Officer, CFO

IR/SR Activities in 2023

Scope	Activities	Type	Times held
Analysts & institutional investors	Direct dialogue through briefings and individual meetings	Individual IR interviews	321
		Conferences and interviews sponsored by securities companies	36
		Financial results briefings	4
		Management meetings	3
		IR Days	2
		ESG briefing	1
Individual shareholders & individual investors	Direct explanations of business performance trends and business strategies by the head of the Public Relations Department, the Division Executive of the Finance and Accounting Division, or Company Executives	Briefings for individual investors sponsored by securities companies	2
		Briefings for individual shareholders	1

External Evaluations of IR activities



Received the 2023 Best IR Award from and recognized as a Greatest IR Improvement Premium Company by the Japan Investor Relations Association



Daiwa Investor Relations  
Received a Commendation Award as part of the 2023 Internet IR Awards and a Commendation Award in the Sustainability category from Daiwa Investor Relations

A Company with Significant Improvements in Disclosure as part of the 28th (FY2022) Award for Excellence in Corporate Disclosure from the Securities Analysts Association of Japan



Awarded the Silver Prize, Ranked 2nd in Industry in the Gomez IR Site Ranking 2023

Our website was selected as an AAA Website in the All Markets Ranking of the 2023 All Japanese Listed Companies' Website Ranking by Nikko Investor Relations

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**Head Office**

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URL: <https://www.ebara.co.jp/en/>