

Environmental Initiatives

We are aiming to achieve the 2030 Environmental Targets to realize business growth and contribute to decarbonization.



Toru Nakayama
Executive Officer
Division Executive, Legal, Internal Control, Risk Management and General Affairs Division
Chairman, Environmental Control Committee

One of the five material issues laid out for the EBARA Group to address in E-Vision 2030, our long-term vision, is conducting comprehensive environmental management, and CO₂ reduction is a key factor in our management strategy.

As part of these efforts, we have established the EBARA Group 2030 Environmental Targets. We have established environmental performance targets for CO₂, water, and resource recycling. We are also in the process of obtaining ISO 14001 certification for all of our domestic and overseas manufacturing and maintenance bases.

The movement towards decarbonization is accelerating, such as with the Japanese government's announcement of its 46% CO₂ emissions reduction goal. In order to achieve business growth and contribute to decarbonization, the Group will make widespread efforts to shift to low-carbon electricity procurement, upgrade facilities with high energy consumption, and introduce more renewable energy sources, especially solar power. Through these efforts, we are steadily working to decouple the scale of business activities from CO₂ emissions, aiming to reach our environmental targets.

In addition, E-Vision 2030 sets the goal of reducing CO₂ emissions generated from the use of our products by approximately 100 million tons in real terms. We will achieve this goal by developing more energy-efficient products and expanding sales of products that reduce greenhouse gases in semiconductor manufacturing, such as gas abatement systems, in addition to other measures. These measures will enable us to contribute to decarbonization through our business.

REFERENCE EBARA Group Environmental Policy
<https://ebara.co.jp/en/sustainability/environment/information/environmental-policy.html>

REFERENCE Environmental Management
<https://ebara.co.jp/en/sustainability/environment/information/environmental-management.html>

Results of 2020 Environmental Targets

The EBARA Group has been working to achieve the 2020 Environmental Targets over the ten-year period from 2010 to 2020. The 2020 Environmental Targets have 15 goals in three directions: environmental conservation activities in our daily business, contribution to environmental conservation in

business activities, and efforts for environmental management. We will continue these efforts in the future as the cornerstone for comprehensive environmental management as stated in our long-term vision, E-Vision 2030.

Summary of 2020 Environmental Target Performance

Main Targets	Result	Main Initiatives
1. Environmental conservation activities in our daily business		
1 Adherence to voluntary standards	○	Compliance with water quality standards such as more stringent prefectural standards
2 Waste recycling rate of 95% or more	○	Comprehensive understanding of waste risks, thorough waste separation and collection
3 Continuous reduction of CO ₂ emissions	△	Despite efforts to upgrade facilities and reduce CO ₂ emissions from purchased electricity, CO ₂ emissions in 2020 increased from the previous year due to increased business activities; however, CO ₂ emissions per unit of sale improved
4 Water usage reduction of 30% from FY2000 level	○	Preventive measures for water leakage, reuse of raw water in pure water production
5 VOC emissions reduction of 30% from FY2000 level	○	Adoption of low-VOC paints, change from solvent cleaning to steam cleaning, and adoption of powder coating
6 Identification and minimization of environmental risks	○	Conduct environmental audits (environmental risk assessment, compliance with laws and regulations, etc.) for all internal construction projects
2. Contribution to environmental conservation in business activities		
7 Improvement of products' environmental performance	○	Provision of products and services that contribute to product energy conservation and solutions to social issues
8 Management of chemical substances in products	○	Establishment of a method to manage material composition of procurement goods Management in the Precision Machinery Business compliant with chemSHERPA (scheme for communicating information on chemical substances in products)
9 Environmentally conscious procurement	○	Designation and application of the Green Procurement Guidelines
10 Provision of products designed for use in the global warming prevention field	○	Development of pumps for seawater desalination and high-efficiency chillers Expansion of biomass utilization operations
3. Efforts for environmental management		
11 Continuous improvement of the environmental management system	○	Unified certification for EBARA CORPORATION in 2017 Standardized quality management system, formats, etc.
12 Management of environmental risks through auditing	○	Conducted corporate environmental audits for domestic Group companies and on-site audits for overseas Group companies
13 Contribution to biodiversity	○	Conduct Companywide general environmental education and awareness-raising for all employees, and support the creation of headwater forests
14 Enhancement of environmental information disclosure	○	Disclosure of environmental information on products through the Ebara Engineering Review, etc.
15 Social contribution activities	○	Dissemination of EBARA's experience and technology through international technical courses

REFERENCE Detailed information is available on the EBARA website's Environmental Targets page.
<https://www.ebara.co.jp/en/sustainability/environment/information/environmental-goals.html>

2030 Environmental Targets

One of the five material issues laid out in E-Vision 2030 is conducting comprehensive environmental management. We will strive to minimize the environmental impact of our

business activities and reduce CO₂ emissions, including using as much renewable energy as possible, in order to achieve carbon neutrality.

2030 Performance Targets and Future Initiatives

2030 Performance Targets	Future Initiatives
1. Reduce CO ₂ , Scope 1 & 2 emissions by 26% from FY2018 levels	<ul style="list-style-type: none"> • Timely upgrades of facilities with high energy consumption, such as industrial furnaces and transforming equipment • Pursue electrification and low-carbon procurement of electricity • Installation of solar power generation equipment • Utilization of carbon pricing
2. Reduce CO ₂ emissions generated from the use of EBARA products by approximately 100 million tons (target based on expected sales in FY2030)	<ul style="list-style-type: none"> • Further improvement of energy conservation in products • Implementation of biomass-related power generation, improvement of power generation technology • Expansion in sales of gas abatement systems for semiconductor processing
3. Continuously lower water consumption rate	<ul style="list-style-type: none"> • Implementation of measures for industrial water recycling and against water leakage
4. Maintain a waste recycling rate of 95% or more	<ul style="list-style-type: none"> • Improvement of the recycling rate by thoroughly separating waste and revising waste processing contractors

Comprehensive Environmental Management at Overseas Group Companies

One part of comprehensive environmental management as laid out in E-Vision 2030 is obtaining ISO 14001 certification for overseas Group companies. As of January 2021, the number of Group companies that have obtained ISO 14001 certifications is eight*1 in Japan and 17 overseas. In the fiscal year ended December 31, 2020, Shanghai Ebara Precision Machinery and Ebara Engineering Singapore*2 obtained ISO 14001 certifications. We plan to complete ISO 14001 certification for all Group companies with manufacturing and maintenance plants by 2024.

By implementing the PDCA cycle based on the

environmental management system of each Group company, we will improve CO₂ emissions and other aspects of our environmental performance, and ensure compliance with environmental laws and regulations.

*1. EBARA CORPORATION obtained unified certification for all plants in 2017.
*2. Ebara Engineering Singapore is the first EBARA Group company to obtain integrated ISO 9001, ISO 14001, and ISO 45001 certifications.

Social Initiatives

The EBARA Group will strengthen its ties with society through the co-creation of value with its stakeholders.



Targets of E-Vision 2030 and Strategies of E-Plan 2022

Targets of E-Vision 2030

Address E-Vision 2030 Material Issues: 1. Contribute to the creation of a sustainable society, 2. Elevate standards of living and support abundant lifestyles for all, and 4. Promote working environments that encourage challenge

Strategies of E-Plan 2022

Strengthening of Social Ties in Pursuit of Ongoing Business Growth

The EBARA Group CSR Policy defines our commitment to foster trust with our valued stakeholders by conducting our business with a strong sense of ethics. This policy delineates a dedication to creating and delivering social value by creating value with stakeholders for society, industry, and everyday life and supplying safe, reliable products and services through our business activities. We also recognize the importance of contributions to community development, respect for human rights, and other ties with society in our business activities.

REFERENCE Stakeholder Engagement Overview <https://www.ebara.co.jp/en/sustainability/think/information/stakeholders.html>

Collaborative Value Creation Partnerships with Suppliers

Procurement Policy

The EBARA Group's Procurement Policy encourages partnerships with suppliers of products, materials, and services to pursue the mutual improvement of value through the creation of high-value products and services. In addition, we request that suppliers understand and adhere to the CSR Procurement Guidelines.

REFERENCE Procurement Policy & CSR Procurement Guidelines

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

frameworks for optimizing procurement systems on a global scale and formulating strategies to implement CSR procurement during the period of E-Plan 2022.

COVID-19 Pandemic Response Measures and Impacts

Seeking to fulfill its social responsibility as a provider of social and industrial infrastructure, the EBARA Group is committed to preventing the spread of COVID-19 with the health and safety of its stakeholders as its top priority. As part of our response to the pandemic, we set up a response headquarters to monitor the status of the entire Group on a weekly basis, and also to confirm the status of operations across the supply chain. Although operations were temporarily halted in certain countries based on government instructions, the impact on the supply chain overall has been minimal, and most EBARA Group business activities are continuing normally. We will continue to closely monitor the status of the supply chain and address concerns about delivery delays and business continuity risks.

Major Measures under E-Plan 2022

We will promote inter-business synergies through collaboration with the S&S divisions of multiple businesses as well as procurement divisions. Thus far, we have implemented various measures to this end, including the introduction of supplier certification systems, the reinforcement of internal systems, and the expansion of system tools, thereby strengthening Groupwide supply chain management. We will continue to advance our current initiatives, while also developing

Dialogue with Shareholders and Other Investors

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

REFERENCE IR Basic Policy <https://www.ebara.co.jp/en/ir/business/information/ir-basic-policy.html>

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 become a signatory of the United Nations Global Compact, and we observe the principles of the International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights.

EBARA Group Human Rights Policy

The EBARA Group Human Rights Policy has been established as our top commitment both internally and publicly. The EBARA Group Human Rights Policy puts forth three core policies along with corresponding action policies, and respects the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the United Nations' Guiding Principles on Business and Human Rights.

Core Policies

1. The EBARA Group respects human rights throughout all business activities.
 - a. We respect and support the United Nations International Bill of Human Rights, the Guiding Principles on Business and Human Rights, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.
 - b. We act in compliance with all local laws and regulations, and respect and support internationally recognized human rights for all stakeholders when conducting business activities anywhere in the world.
 - c. We expect all directors, officers, and employees of the Group, as well as stakeholders directly linked to the Group's business operations, products, or services, to respect internationally recognized human rights.
2. The EBARA Group conducts human rights due diligence.
 - d. We conduct a series of procedures to identify, prevent, detect, mitigate, and correct adverse human rights impacts linked to our business activities, products, or services.
3. The EBARA Group addresses and corrects any adverse human rights impacts of our business activities.
 - e. We implement mechanisms to enable early response to complaints and direct remediation.
 - f. We resolve complaints through dialogue with those affected.

REFERENCE EBARA Group Human Rights Policy

<https://www.ebara.co.jp/en/sustainability/social/information/respect.html>

EBARA Group Human Rights Committee

The EBARA Group Human Rights Committee has been established to drive ongoing improvements in human rights frameworks in accordance with the human rights policy. This committee is chaired by the Executive Officer in charge of the Corporate Strategic Planning Division and Human Resources Division while the Executive Officer in charge of the Legal, Internal Control, Risk Management and General Affairs Division serves as its vice chair. In 2020, regular committee meetings were held in February and August. The EBARA Group Human Rights Committee reported its activities at the Sustainability Committee and Board of Directors meetings held in December 2020.

Main Measures of E-Plan 2022 and 2020 Results

- Dialogue with Stakeholders

The chairperson of the EBARA Group Human Rights Committee engaged in dialogue with institutional investors under the theme of human rights and business activities. The institutional investors shared opinions about what they expect from companies in terms of human rights activities.
- Ongoing tracking of human rights risks using existing tools

EBARA Group Human Rights Committee members used human rights assessment check sheets to confirm their understanding of human rights issues under the jurisdiction of the committee.
- Implementation of human rights due diligence

We conducted human rights due diligence using a global engagement survey conducted by the Human Resources Department for domestic and overseas EBARA Group employees. This survey allowed us to identify the level of awareness about human rights held by our global employees.

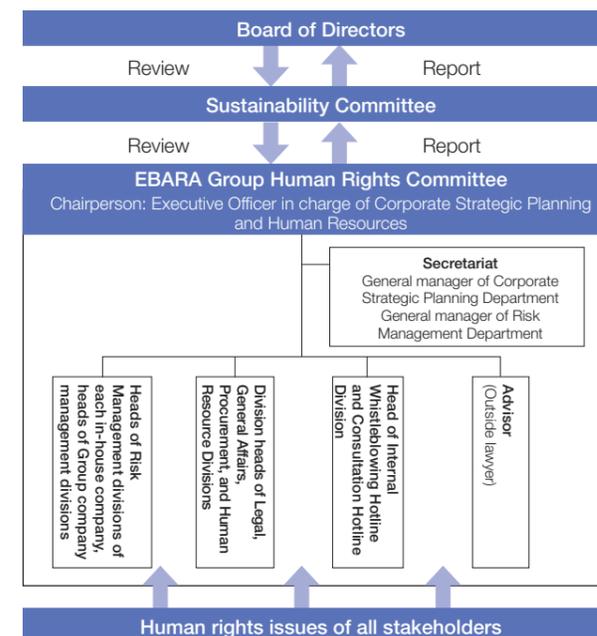
Human Rights Relief

The internal whistleblowing hotline enables employees to report and receive consultation on issues regarding human rights. Consultations from outside the Company are accepted through the inquiry page on the EBARA website and are handled by the relevant departments.

Future Challenges

Human rights due diligence for employees will continue to be conducted through global engagement surveys. In addition, through dialogue with institutional investors, the EBARA Group Human Rights Committee will deliberate on measures to respond to the challenge of addressing human rights issues within the supply chain.

Human Rights Management System



Three-way Discussion with the Chairman of the Board of Directors

More Than a Decade of Corporate Governance Reform and Further Enhancement of Corporate Value

For the EBARA Group, the pursuit of more effective corporate governance never ceases. To look ahead to the future and reflect on the EBARA Group's steady gains over more than a decade, Sakon Uda, Chairman of the Board of Directors, held a remote conference with Kerrie Waring, the CEO of the International Corporate Governance Network (ICGN), and Ian Burger, the Vice Chair of the ICGN Board of Governors.

Uda: I'd like to begin by recognizing Kerrie for her commitment to corporate governance reform in Japan. Thank you.

Waring: Thank you very much. I learned so much from the Japanese review of the Corporate Governance Code. Preparing for the FSA Council meetings each month made me think deeply about capital allocation, sustainability reporting, and so on. In fact, we are also currently reviewing ICGN's own Global Governance Principles. Reviewing the two Codes at the same time has been hugely beneficial in highlighting national and international priorities, enabling innovations to be shared, inspired by market-led practice and regulatory initiatives.

Burger: I am interested in this discussion from two perspectives. One, as the vice chair of the ICGN, where good governance is crucial to our purpose, we support and promote good governance across the world. My secondary interest is as an investor looking at EBARA as an investment target. We have a high level of focus on integrating ESG into our investment process and have done so for the 23 years I've been at Newton Investment Management. With our sustainable funds, there's heightened interest in ESG. My team has power of veto over the inclusion and exclusion of companies within our sustainable funds. And I'm pleased to say that EBARA passes our rather stringent test for sustainability and is a well-liked investment.

Corporate Governance Reform is not Just a Formality

Uda: At present, we are proceeding with corporate governance reforms in a manner consistent with ICGN's code and other global governance principles, but back in the 2000s, we were facing a crisis as a company. The sense of urgency that we felt at that time has propelled our ongoing evolution ever since. In other words, the executives share a sense of

urgency: if corporate governance is not done well, the company could perish.

The executive team and I share an overarching objective and have been moving forward with the common goal of raising the value of EBARA. In particular, I believe that the transition to a Company with Three Committees in 2015, and the establishment of the Nomination, Compensation, and Audit Committees as internal organizations of the Board, are not just a formality, but truly effective. I can testify that the transition to a Company with Three Committees is very meaningful.

Previously, when EBARA was a Company with a Board of Corporate Auditors, we had a Nomination Committee, which I was a member of. I also served as the chairperson of the Nomination Committee for 4 years after we transitioned to a Company with Three Committees in 2015. The differences are obvious. In a company with a Board of Corporate Auditors, the Nomination Committee only serves as an advisory body, and was not involved deeply in the selection process of President Maeda, who took office in 2013. In contrast, after we became a Company with Three Committees, the Nomination Committee was deeply involved in the process to select President Asami. It took about two and a half years. It was really clear to me that the requirements and responsibilities were completely different between the old and new systems.

There are two respects where the inclusion of an independent director's perspective is especially important to the selection process. Firstly, it helps orient the selection towards what kind of leader is needed for EBARA in the future. In other words, it's effective to have an outsider in the room discussing what kind of person is needed to steer EBARA moving forward, rather than focusing only on a particular candidate's past achievements.



Kerrie Waring

Kerrie Waring As the CEO of ICGN, a network led by investors responsible for assets of \$59 trillion based in over 45 countries, Kerrie leads ICGN's work to advance the highest standards of corporate governance and investor stewardship worldwide in pursuit of long-term value creation, contributing to sustainable economies, society, and environment. Over the past decade, she has developed strategies for ICGN to further propel global governance reform, leading to a rapid increase in ICGN members. Kerrie is also a member of the Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code.



Ian Burger

In addition to serving as a governor and the Vice Chair of ICGN, Ian Burger is Head of Responsible Investment at London-based Newton Investment Management, which has over £46 billion in assets under management as of March 31, 2021, and incorporates ESG elements such as corporate governance and broader stewardship throughout the investment process.



Sakon Uda

Serving as an independent director since 2011, Sakon Uda was the lead independent director and Nomination Committee chairperson since the transition to a Company with Three Committees, and he was named Chairman of the Board of Directors in 2019. He is an expert on corporate management strategy and has been involved in many companies and organizations, including Japan Post and Japan's Nuclear Damage Compensation and Decommissioning Facility Corporation. He has remained active in education and is currently Dean, Faculty of Business Administration, Business Breakthrough University, where he also serves as a board director.

The second point is that the person who is chosen need not pay undue attention to those who made the selection. In essence, Mr. Asami can do whatever he thinks he should, without fussing over the Nomination Committee members. This is fundamentally different from the traditional Japanese process where the president becomes the chairman, the chairman becomes the advisor, and so on... where your predecessor is always hovering nearby.

Since 2015, EBARA has been continuing its transformation. One of the catalysts has been the evaluation of board effectiveness. Although the Board serves a supervisory role, unless we do PDCA or self-evaluation and continually make changes and improvements, the Board won't function well or maintain the trust of our stakeholders. That's why we are working very hard on corporate governance reform. I would like to ask you both for your opinions on further reform for EBARA.

Waring: There is no doubt that EBARA not only is an excellent company in Japan, but also meets many global standards of corporate governance. The points you talked about—the effectiveness of the Nomination Committee, the importance of appointing individuals whilst bearing in mind succession planning, your long-term strategy—are really important. The effectiveness and independence of board committees are emphasized in the ICGN's Global Governance Principles.

We at ICGN always advocate that companies and investors alike have a mutual responsibility to preserve and enhance long-term corporate value, ultimately for the benefit of the economy and society as a whole. It is clear that the efforts of EBARA align with this sentiment.

Burger: From an investor's perspective, we integrate ESG into our fundamental investment decision-making process, and in this respect EBARA stands out in the Japanese market as a leader in corporate governance. That should not be

underestimated. It's something that we pay very close attention to. That gave us a significant level of comfort and enabled us to embark on our investment with EBARA back in 2018.

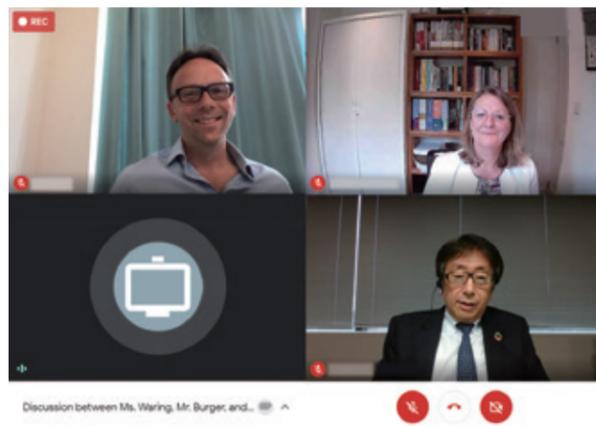
Now, Newton is a long-only active investment manager, and we want to build long-term relationships with the companies we invest in. We don't want to invest in a company for six months and then leave, so we do a lot of due diligence ahead of investing. After devoting time and resources to analysis, we found the corporate governance journey that EBARA has been on to be very satisfactory, and we like to see that evolving. We aren't complacent in that we've got it all right and perfect now. It has to evolve. It has to develop.

We see that EBARA has been making good strides and progress in sustainability, particularly in reporting of key numbers around environmental, social, and governance factors. That's becoming more and more of interest to more and more investors. The biggest area of growth at Newton is our sustainable funds, where there's a greater emphasis on the E, the S and the G. So we see EBARA moving down that route and using the UN Sustainable Development Goals. That's really very important.

Clarification of Roles and Importance of an Independent Director Serving as Chairman

Burger: If I get into the granularity on the corporate governance side of things, I'd be keen to understand a little bit more around two areas, recognizing the great position that EBARA sits in, not just in the Japanese market, but also in a wider global context where it rates very well. Firstly, what is the difference between the Chairman of the Company and the Chairman of the Board? How does that relationship work? Next, could you say more about gender diversity and

Three-way Discussion with the Chairman of the Board of Directors



Online meeting

international diversity on the Board, and how you're developing the pipeline that comes through the executive team and the management team below that?

Uda: To answer your first question, I will explain the difference between the Chairman of the Company and the Chairman of the Board, and I'll also explain the role of the President.

In 2019, I became Chairman of the Board. Before that, the Chairman of the Company also served as Chairman of the Board. The roles I play as Chairman of the Board include managing the Board and conducting evaluations of Board effectiveness, as well as considering and implementing Board reforms. All of these are my responsibility.

The Chairman of the Company, on the other hand, provides the support I need to fulfill my responsibilities as Chairman of the Board. Because I am an independent director, I'm not always as up-to-date on the latest developments. If I have any questions or problems, the Chairman of the Company provides advice and assistance to me.

Mr. Asami's role as President differs from that of the Chairman of the Company. As the only executive member of the Board, he is responsible for giving explanations to the Board as the highest-ranking executive officer. He also answers questions and exchanges opinions with the Board on behalf of the executive team. So I think there is clear separation between the executive management and the Board as a monitoring or oversight board.

I strongly believe in the importance of having an independent director as Chairman of the Board. This means that the agenda of the Board is determined from the independent perspective of an independent director. To do this, I myself must understand the issues up for deliberation. This means I have to participate in Management Meetings, the Risk Management Panel, the Sustainability Committee, and other executive committees, though I participate in these meetings as an observer. After Management Meetings, Chairman of the Company Maeda, President Asami and I meet to discuss whether the agenda for the Board meeting is appropriate, whether specific agenda

items should be for resolution, deliberation, or just reporting, who should be called in to brief the Board, the required meeting preparations, and the points that should be discussed.

This requires the Chairman of the Board to be committed to the agenda. As the Chairman, even if you're an independent director, you can't run away and say, "I wasn't aware of that" when there's a problem. I think this is a very important point.

Challenges of Diversity and Inclusion

Uda: As for diversity, there are still issues to be addressed. Regarding gender diversity in the Board, we have three female independent directors. In terms of nationality, we have Mr. Michael Lordi, an Executive Officer from the U.S. who participates in Management Meetings. He heads a large compressor and turbine operation (Elliott Group Holdings, Inc.), and he also briefs the Board on the status of business execution.

When we think about the future and matters like diversity and inclusion at EBARA, one of the things that EBARA must take to heart is that we still have very few female managers. International diversity is another issue to focus on. There is presently only one international member, Mr. Lordi, among the Executive Officers. A big challenge for EBARA is expanding that further in the future. The Nomination Committee are committed to cultivating the next generation of leaders, and we are also discussing how to broaden gender diversity with women's representation. In order to increase diversity among the next generation of leaders, bringing in international talent and women, I think it's important to create an environment where we can nurture a steady succession of individuals.

Waring: I find this conversation around diversity very interesting. In fact, it is one of the key changes to the ICGN's Global Governance Principles, where we refer now not only to diversity, but also to equity and inclusion. As Ian noted, many investors are very interested in not only how diversity, equity, and inclusion is applied at the board, but throughout the company workforce, too. They are looking at whether a board reflects the views of stakeholders, not only just for female individuals, but for different nationalities, age groups, and so on.

The opening question from Ian (the different roles of EBARA's leaders) was good. I've also been a bit confused as to the different leadership roles on boards in Japan.

Again, one of the changes to the ICGN Global Governance Principles is that we are requesting that boards publicly disclose role descriptions of the chairman and the CEO, so it's clear for investors to understand the difference between the two functions. I think having this clarity is important and perhaps something you might think about at EBARA.

One of the changes to the Japan Corporate Governance Code was calling for disclosure around the roles of the Nomination, Compensation, and Audit Committees. We

welcome disclosure around board committees and would encourage Japanese companies to adopt a three-committee system as an optimal governance structure with fully independent Audit and Compensation Committees and a majority independent Nomination Committee.

It is wonderful to hear about the work that Mr. Uda is leading as a member of the Nomination Committee. Investors will be interested in the key role of the Nomination Committee. I would like to see disclosure of the role of each committee and the issues they were dealing with that year. In particular, a formal and transparent approach to board director appointments is important based on relevant and objective selection criteria, led by an independent Nomination Committee. This helps ensure board refreshment aligned with the company's long-term strategy, succession planning and diversity policy.

The S of ESG (Social) is an Even Higher Priority During the COVID-19 Pandemic: Human Rights and Workforce Safety Initiatives

Waring: In ICGN's Global Governance Principles, we have two new specific social-related principles. One on human rights, requiring that the board is sufficiently informed on how human rights and modern slavery may present material business and reputational risks or compromise corporate value. And the second key point is around workforce safety, asking if there is transparent reporting and disclosure of how a company identifies and prevents workforce safety risks in its operations and supply chain.

Burger: COVID-19 has really brought the S of ESG up the agenda quite significantly. And I think that's not going away. There is a heightened scrutiny of social impact and the ways companies are operating. One of the areas that Kerrie highlighted, modern slavery, is of particular interest. We've seen significant issues and concerns in places like Myanmar and in the Xinjiang region of China, and collected information to see if the companies that we're invested in are exposed to those regions. And then we take a decision as to whether we, as an investor, want to be involved with companies that are exposed to those regions, and if they are exposed to modern slavery or human rights abuses. Ideally, that exposure doesn't exist. But we recognize that we live in a global marketplace where it's very difficult to not be exposed. If there is that exposure, we ask the companies what they're doing, and where they have that level of exposure, how is that being managed. This kind of reputational issue is very important to address because it's not just investors as stakeholders that are interested in limiting their exposure to that reputational issue, but it's also germane from an external regulator's perspective.

Regarding workforce safety, your safety numbers are top drawer. That key important area of performance is crucial.



Uda: I would like to talk about the current issues and how I approach them as an independent director. Human rights issues are very important, and in an effort to make our position on human rights clearer, we released the EBARA Group Human Rights Policy in 2019. I think it's important to continuously discuss human rights issues and to clarify and disclose our stance. It's also very important for us to consider ESG through our supply chain. In the Sustainability Committee, we actively discuss the current situation not only for ourselves but also for the entire supply chain. We have been working hard on workforce safety, and serious accidents are extremely rare. Listening to both of you today, I was able to get a better understanding of the importance of these themes. I would like to ensure that the EBARA Group as a whole tackles these issues thoroughly.

Burger: EBARA has continued to implement positive corporate governance reforms over the course of the last few decades. It's a huge positive that we see cross shareholdings, which investors are very interested in, have shrunk down to zero at EBARA over the course of the last five years.

As investors, what we're really trying to do from the disclosures that a company makes is recognize where there's "form over substance" or "substance over form." I'm trying to get an insight into what level of box-ticking there is versus what is actually there in terms of belief in good corporate governance and the corporate value that it holds. EBARA is definitely more of the substance, not just form, and going above and beyond. My interpretation is that EBARA understands that good corporate governance can add value. It provides security and effectiveness.

Uda: I've appreciated your feedback and opinions. It's extremely difficult to suddenly create corporate value in two or three years. Real change takes time. It has been more than a decade since we started our corporate governance reform, and I think the changes we've made are significant. I will continue the reforms and keep enhancing EBARA's corporate value. Thank you very much for your time today.

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. Knowledge and experience important to the Company are defined as the areas of “legal affairs and risk management,” “personnel and human resource development,” “finance,

accounting, and capital policy,” “auditing,” “management of individual businesses (in the Company),” “corporate management and management strategy,” “research and development,” “the environment,” “social,” and “internal controls and corporate governance.” In addition to having appropriate knowledge in all of these areas, the Company appoints nominees for Director positions by specifying areas in which the

Company particularly expects them to contribute.

The Board of Directors appointed in the fiscal year ending December 31, 2021 is composed of 10 Directors. Of these, seven are Independent Directors and three are women. The Directors have very diverse backgrounds in terms of gender, global profile, and length of service, and have appropriate

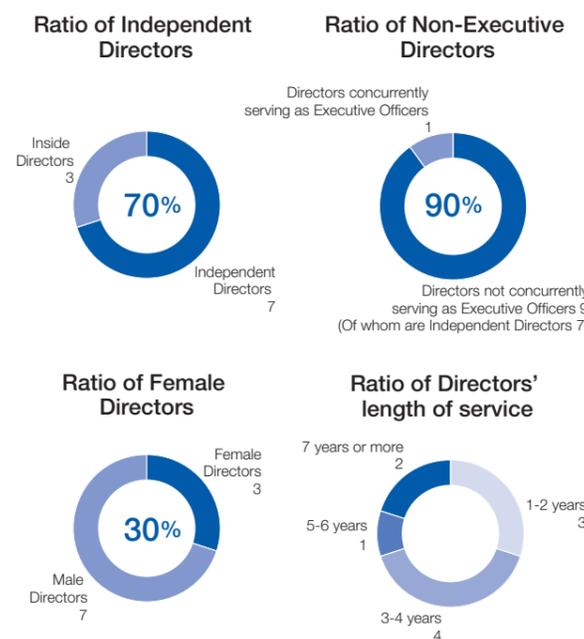
knowledge and experience in ESG management and global business that will contribute to the sustainable enhancement of EBARA’s corporate value.

Basic Policies

- The majority of Directors shall be Independent Directors, and the number of Executive Inside Directors shall be minimized.
- The members of the Nomination Committee, Compensation Committee, and Audit Committee shall consist solely of Non-Executive Directors, the majority of whom shall be Independent Directors, and the chairperson of each committee shall be an Independent Director.
- The Chairman of the Board of Directors shall be an Independent Director.
- The Board of Directors shall be composed in a manner that takes diversity into account in terms of gender, length of service, and other factors.

Corporate Governance System at a Glance (As of March 26, 2021)

Format	Company with Three Committees
Chairman of Board of Directors	Independent Director
Number of Directors	10
Of whom are Independent Directors	7
Number of Independent Directors*1	7
Term of Directors	1 year



Composition of Three Committees

	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

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

Overview of the Board of Directors (As of March 26, 2021)

Name	Classification	Committee positions	Attendance at Board of Directors' and committee meetings in FY2020 (Meetings attended / Total meetings)				Areas in which Directors (Non-Executive Directors) are expected to contribute*2										
			Board of Directors	Nomination Committee	Compensation Committee	Audit Committee	Legal affairs and risk management	Personnel and human resource development	Finance, accounting, and capital policy	Auditing	Corporate management and management strategy	Research and development	The environment	Social	Internal controls and corporate governance		
Toichi Maeda	Non-Executive	Nomination Committee	15/15	13/13													
Masao Asami			15/15														
Sakon Uda	Independent	Nomination Committee	15/15	13/13													
Hajime Sawabe	Independent	Compensation Committee	14/15		7/7												
Hiroshi Oeda	Independent	Nomination Committee	15/15	13/13													
Masahiro Hashimoto	Independent	Audit Committee	15/15		7/7	17/17											
Junko Nishiyama	Independent	Compensation Committee	15/15			17/17											
Mie Fujimoto	Independent	Compensation Committee	10/10*3		5/5*3												
NEW Hisae Kitayama	Independent	Audit Committee	March 2021 Assumed Office			March 2021 Assumed Office											
NEW Akihiko Nagamine	Non-Executive	Audit Committee	March 2021 Assumed Office			March 2021 Assumed Office											

- 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

REFERENCE Reasons for the selection of individual Directors can be found in the proposal for the election of Directors contained in the Notice of the 156th Ordinary General Meeting of Shareholders

https://www.ebara.co.jp/en/ir/stock/shareholdersmeeting/_icsFiles/afieldfile/2021/03/23/E6361_156r1_1.pdf

*2. The above table does not represent all of the areas in which Directors possess expertise.

*3. Mie Fujimoto was newly appointed to the position of Director and as a member of the Compensation Committee at the 155th Ordinary General Meeting of Shareholders that took place on March 27, 2020, and the Board of Directors meeting held the same day. Accordingly, her attendance figures pertain to Board of Directors meetings and Compensation Committee meetings held after this date.

Board of Directors

(As of March 26, 2021)



Hiroshi Oeda ●
Lead Independent Director
Chairperson of the
Nomination Committee

Masahiro Hashimoto ●
Chairperson of the Audit
Committee

Mie Fujimoto ●
Member of the
Compensation Committee

Sakon Uda ●
Chairman of the Board of
Directors
Member of the Nomination
Committee

Toichi Maeda
Member of the Nomination
Committee

Hajime Sawabe ●
Chairperson of the
Compensation Committee

Masao Asami
President and Representative
Executive Officer

Hisae Kitayama ●
Member of the Audit Committee

Junko Nishiyama ●
Member of the Compensation
Committee

Akihiko Nagamine
Member of the Audit Committee

● Independent Director

Brief Personal Histories of Directors

(As of March 26, 2021)

Toichi Maeda

Director,
Member of the Nomination
Committee



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)

Masao Asami

Director,
President and Representative
Executive Officer



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)

Hiroshi Oeda

Lead Independent Director,
Chairperson of the Nomination
Committee



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. (to present)
Dec. 2017 Member of the Japanese National Commission for UNESCO
Mar. 2018 Director (to present)
Member of the Nomination Committee
Jun. 2018 Outside Director, SEKISUI CHEMICAL CO., LTD. (to present)
Mar. 2019 Chairperson of the Nomination Committee (to present)
Jun. 2019 President, Hitotsubashi University Koenkai (to present)
Mar. 2020 Lead Independent Director (to present)
Dec. 2020 Vice Chairperson, Japanese National Commission for UNESCO (to present)

Masahiro Hashimoto

Independent Director,
Chairperson of the Audit
Committee



Apr. 1972 Joined The Daiwa Bank, Limited (currently Resona Bank, Limited)
Nov. 1998 President, Bank Daiwa Perdanania (Indonesia)
Jul. 1999 General Manager of International Division, The Daiwa Bank, Ltd.
Jun. 2001 Managing Director and General Manager of Financial Department, Dainippon Screen Mfg. Co., Ltd. (currently SCREEN Holdings Co., Ltd.)
Jun. 2004 Senior Managing Director, Dainippon Screen Mfg. Co., Ltd.
Jun. 2005 Representative Director, President and Chief Operating Officer, Dainippon Screen Mfg Co., Ltd.
Apr. 2014 Vice Chairman, Dainippon Screen Mfg. Co., Ltd.
Jun. 2015 Senior Advisor (part-time), Dainippon Screen Mfg. Co., Ltd.
Apr. 2016 Industrial promotion advisor, Kumamoto Prefecture (to present)
Mar. 2018 Director (to present)
Member of the Audit Committee
Mar. 2019 Member of the Compensation Committee
Mar. 2021 Chairperson of the Audit Committee (to present)

Sakon Uda

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



Apr. 1981 Joined Nippon Kokan K.K. (currently JFE Holdings, Inc.)
Aug. 1989 Joined McKinsey & Company
Feb. 2006 Executive Officer, Japan Post Holdings Co., Ltd.
Oct. 2007 Senior Managing Executive Officer, Japan Post Holdings Co., Ltd.
First Executive Officer, Japan Post Service Co., Ltd. (currently Japan Post Co., Ltd.)
May 2010 Professor, Kenichi Ohmae Graduate School of Business (to present)
Jul. 2010 Executive Officer, Chief Operating Officer, The Tokyo Star Bank, Limited
Jun. 2011 Director (to present)
Sep. 2012 Counselor, Nuclear Damage Liability Facilitation Fund (currently Nuclear Damage Compensation and Decommissioning Facilitation Corporation)
Apr. 2014 Dean, Faculty of Business Administration Professor, Business Breakthrough University (to present)
Jun. 2014 Director, Business Breakthrough, Inc. (to present)
Jun. 2015 Director, Public Utility Fund Japan-North America Medical Exchange Foundation
Chairperson of the Nomination Committee
Jul. 2015 Lead Independent Director
Apr. 2016 Vice President, Business Breakthrough University (to present)
Sep. 2016 Advisor to Tokyo Metropolitan Government
Special advisor to the Tokyo Metropolitan Government Political Reform Headquarters
Jun. 2017 Member of the Compensation Committee
Jul. 2017 Executive Director, Public Utility Fund Japan-North America Medical Exchange Foundation (to present)
Mar. 2019 Chairman of the Board of Directors (to present)
Member of the Nomination Committee (to present)

Hajime Sawabe

Independent Director,
Chairperson of the Compensation
Committee



Apr. 1964 Joined Tokyo Denki Kagaku Kogyo K.K. (currently TDK Corporation)
Jun. 1996 Director, Executive Vice President of Recording Device Business, TDK Corporation
Jun. 1998 President & Representative Director, TDK Corporation
Jun. 2006 Chairman & Representative Director, TDK Corporation
Mar. 2008 Outside Director, Asahi Glass Co., Ltd. (currently AGC Inc.)
Jun. 2008 Outside Director, TEIJIN LIMITED
Jun. 2009 Outside Director, Nomura Securities Co., Ltd.
Jun. 2009 Outside Director, Nomura Holdings, Inc.
Mar. 2011 Outside Audit & Supervisory Board Member, Nikkei Inc.
Jun. 2011 Director, Chairman of the Board & Directors, TDK Corporation
Oct. 2011 Councilor, Waseda University
Apr. 2012 Executive Advisor, Japan Management Association
Jun. 2012 Executive Advisor, TDK Corporation
Jul. 2014 Vice President, Board of Trustees, Waseda University
Jun. 2015 Outside Director, Japan Display Inc.
Director (to present)
Member of the Compensation Committee
Jul. 2018 President, Board of Trustees, Waseda University (to present)
Apr. 2019 Adviser of the Executive Board, Value Creation 21 (to present)
Mar. 2020 Chairperson of the Compensation Committee (to present)

Junko Nishiyama

Independent Director,
Member of the Compensation
Committee



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 Standing Corporate Auditor, Lion Corporation
Mar. 2019 Advisor, Lion Corporation*
Director (to present)
Member of the Audit Committee
Jun. 2019 Outside Director, JACCS CO., LTD. (to present)
Jun. 2020 Outside Auditor, TODA CORPORATION (to present)
Mar. 2021 Member of the Compensation Committee (to present)
*Resigned as of March 31, 2021

Mie Fujimoto

Independent Director,
Member of the Compensation
Committee



Apr. 1993 Registered as an attorney (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 (to present)
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 (to present)
Member of the Compensation Committee (to present)

Hisae Kitayama

Independent Director,
Member of the Audit Committee



Oct. 1982 Joined Asahi Accounting Company (Currently KPMG AZSA LLC)
Mar. 1986 Registered as Certified Public Accountant (to present)
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 (to present)
Jul. 2019 Deputy Chairman, Japanese Institute of Certified Public Accountants (to present)
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 (to present)
Member of the Audit Committee (to present)

Akihiko Nagamine

Director,
Member of the Audit Committee



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)

* Indicates *shikou-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.

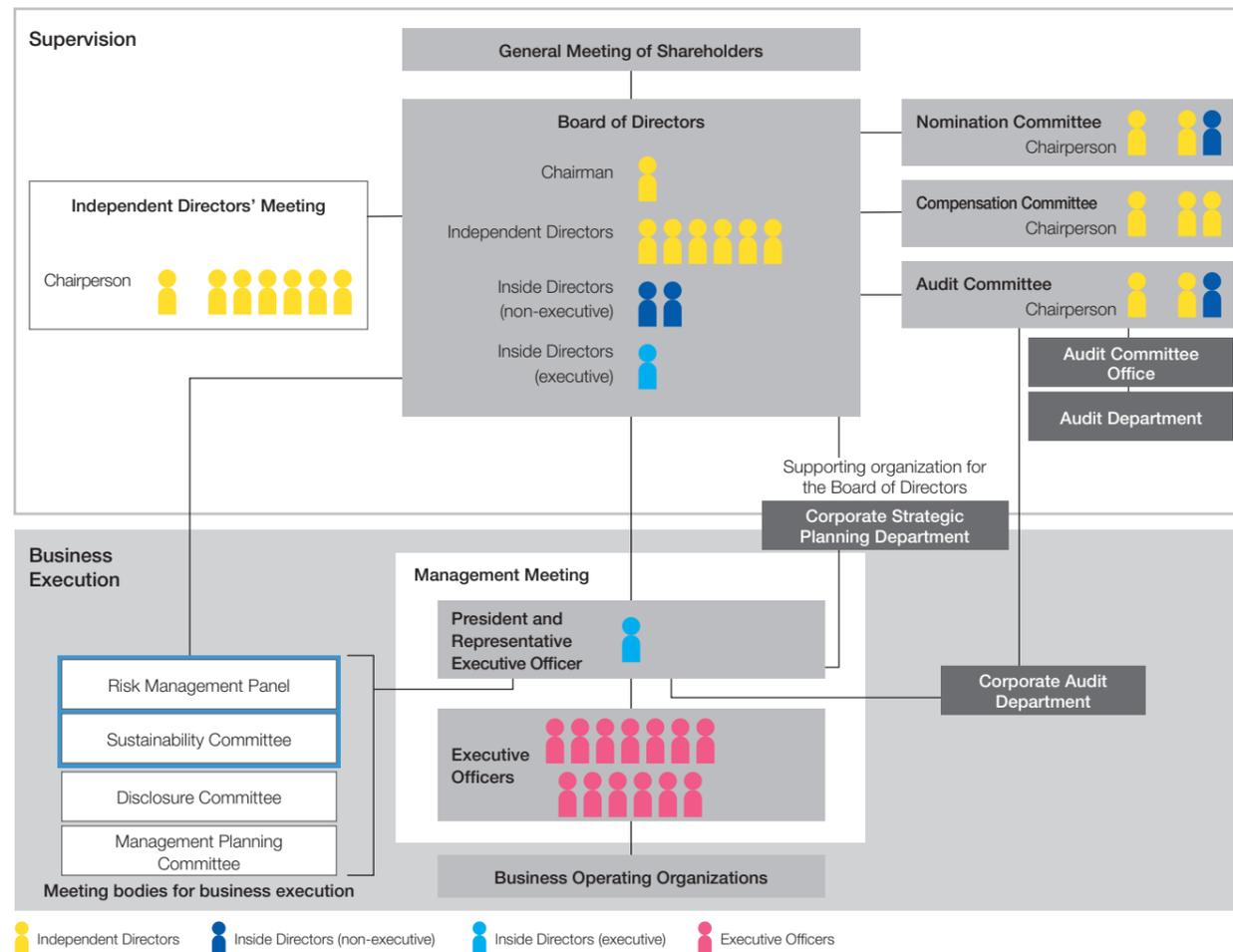
Corporate Governance

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 all 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.

With this in mind, EBARA has adopted the Company with Three Committees structure. Independent Directors serve in important roles and Non-Executive Directors (Directors who do not concurrently serve as Executive Officers), including the Independent Directors, make up a majority of the Board of Directors. The system also incorporates a clear separation of supervision and business execution.

Corporate Governance Systems (As of March 26, 2021)



Major Initiatives Taken in the Fiscal Year Ended December 31, 2020

Amid the uncertainty of the COVID-19 pandemic, the Board of Directors kept a close watch on changes in the business environment in the fiscal year ended December 31, 2020. Since 2020 marked the first year of the long-term vision and medium-term management plan, the Board of Directors firmly

deliberated and monitored the measures set forth in the plan to ensure their realization. The Board of Directors was able to further enhance its awareness of the Company’s important medium- and long-term management issues and hold more effective discussions.

Major Items Discussed by the Board of Directors in the Fiscal Year Ended December 31, 2020

- Monitoring of the long-term vision and medium-term management plan
- Set annual management plans and non-financial and financial KPIs for each business unit
- Monitoring of and follow-up on management plan progress of individual businesses (Discussion of issues such as the evaluation of the impact of COVID-19)
- Medium- to long-term financial strategies
- Cross-shareholdings policies
- Evaluation of the effectiveness of the Board of Directors and follow-up

Initiatives for Strengthening Corporate Governance

Around the turn of the century, the Company reacknowledged the importance and necessity of corporate governance systems. Since then, we have been introducing improvements to our governance systems in phases to facilitate the Company’s sustainable growth and fulfill its social responsibilities. We will continue to improve our governance systems as necessary to achieve further improvements and move them toward the ideal state in which the Board of Directors can fully exercise its functions.

Evolution of EBARA’s Corporate Governance System

	Start of corporate governance initiatives April 2002–March 2007	Commencement of governance reforms April 2007–March 2015	Development of frameworks to improve effectiveness April 2015–December 2018	Pursuit of further transparency and impartiality January 2019–
Governance				
Organizational format	Company with Board of Company Auditors	Company with Board of Company Auditors	06/15: Company with Three Committees	
Committees		08/08: Voluntary establishment of Nomination / Compensation Advisory Committee 02/09: Membership of: • Nomination Advisory Committee: 2 Inside, 2 Independent • Compensation Advisory Committee: 2 Inside, 2 Independent	06/15: Establishment of Nomination / Compensation / Audit Committee as statutory committees under the Board of Directors 06/17: Membership of: • Nomination Committee: 2 Independent, 1 Inside • Compensation Committee: 3 Independent • Audit Committee: 2 Independent, 1 Inside	03/21: Membership of: • Nomination Committee: 2 Independent, 1 Inside • Compensation Committee: 3 Independent • Audit Committee: 2 Independent, 1 Inside * Each committee is chaired by an independent director.
Chairman of the Board of Directors	President of the Company	06/13: Director, Chairman (Non-Executive Inside Director)		03/19: Independent Director
Separation of supervision and business execution	05/02: Introduction of Executive Officer System 06/02: Reduction of the number of Directors stipulated in the Articles of Incorporation (35 → 20) 06/05: Reduction of the number of Directors stipulated in the Articles of Incorporation (20 → 12)		06/15: Revision of rules of the Board of Directors to delegate greater authority to the business executive team	03/19: Reduction of the number of Executive Inside Directors (3 → 1)
Number of Members of the Board of Directors				
Directors	06/02: 20 → 06/05: 12	06/08: 12 → 06/11: 12	06/15: 14 → 06/17: 13	03/19: 11 → 03/20: 10
Independent Directors (of which, female)		06/08: 2 → 06/11: 4	06/15: 7 (2) → 06/17: 7 (1)	03/20: 7 (2) → 03/21: 7 (3)
Outside Audit & Supervisory Board members	06/01: 2	06/07: 3		
Directors’ and Executive Officers’ nomination	06/02: Shortening of term of directors from two years to one year	03/08: • Establishment of standards for evaluating independence of Independent Directors • Establishment of basic policies for Directors’ and Executive Officers’ nominations • Establishment of tenure limit for Directors and Executive Officers		10/19: Establishment of standards for average Board meeting attendance and number of concurrent positions at other companies held by Directors
Directors’ and Executive Officers’ compensation		05/09: • Establishment of Basic Policy on Directors’ and Executive Officers’ Compensation • Abolition of officer retirement benefit system • Introduction of share-based payment stock options	03/18: • Abolition of stock option system • Introduction of restricted stock compensation plan and performance-linked stock compensation plan	
Advisors			06/15: Abolition of the provision regarding advisors in Articles of Incorporation	
Evaluation of Board of Directors’ effectiveness			06/16: Start of evaluations of the effectiveness of the Board of Directors 06/17: Addition of individual interviews into procedures for evaluating the effectiveness of the Board of Directors	
EBARA Corporate Governance Basic Policy			11/15: Establishment 11/18: Revision (addition of regulations regarding non-reappointment of President, etc.)	01/21: Revision (The majority of directors are independent directors, and each of the three committees is chaired by an independent director in principle.)

Evaluation of the Effectiveness of the Board of Directors

Since the shift to the Company with Three Committees structure in the fiscal year ended March 31, 2016, the Board of Directors has been conducting annual evaluations of its effectiveness (including that of the Nomination, Compensation, and Audit Committees) 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.

Evaluation of the Effectiveness of the Board of Directors in the Fiscal Year Ended December 31, 2020

New items were added to the evaluations about response to changes in social conditions and issues surrounding the Company, and the assessment items for the Audit Committee evaluation were expanded and improved. In addition to the annual benchmarking analysis,* new benchmarking was created based on the disclosure materials of four international companies highly regarded for their self-evaluations and disclosing the Board of Directors' activities. This additional benchmarking was incorporated in order to implement management measures to further improve the Company's effectiveness evaluations. Finally, a summary was made of the five years since transitioning to the Company with Three Committees structure, including excerpted key points from evaluations that raised awareness and led to needed reforms within the Board of Directors.

* To self-evaluate the Company's corporate governance system, it is compared annually with both Japanese and international governance standards and guidelines.

Analysis and Evaluation Process

With the assistance of an independent third-party, the Company had each Director complete a questionnaire and then held individual interviews with all of the Directors based on their responses to the questionnaire. These results and the benchmarking analysis results were shared with the Directors and intensively discussed at the Board meeting. In addition, based on the results of the evaluation of effectiveness, all Directors (excluding the Chairman of the Board) evaluated* the Chairman of the Board and deliberated on whether he should continue serving as Chairman in the next fiscal year.

* Since an Independent Director has been serving as Chairman of the Board of Directors since March 2019 onward, the Chairman of the Board is evaluated annually in light of the role's importance.

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
- Support systems for Independent Directors
- Relationships with investors and shareholders
- Self-evaluations

Major Topics of Individual Interviews

- View of businesses and management (business portfolio transformations, corporate functions)
- View of Board and committee meetings (view of discussions, the Chairman, number of participants, and format of meetings)
- Composition of Independent Directors and succession planning
- Status of the Audit Committee
- Dialogue with capital market actors

Summary of the Results of Analysis and Evaluation

In consideration of the survey results, it was confirmed that the Board of Directors and its committees are conducting adequate discussions on important issues, are operating appropriately, and are making progress in addressing the issues raised in the previous year. Therefore, it was determined that the effectiveness of the Board of Directors is sufficient.

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 continue to select important medium- and long-term material issues, provide opportunities for in-depth discussion, and encourage execution of operations to quickly address issues based on appropriate decision-making. The Board will continue to periodically verify, evaluate, and follow up on the results.
- To maintain the long-term composition and diversity of the Board of Directors, the Board will provide its human resources portfolio and succession plans for Independent Directors based on the discussions of the Nomination Committee.
- The Board will discuss its basic approach and push for execution that ensures effective and strategic dialogue with capital market actors and dialogue with media with the capital market in mind.
- Based on the benchmarking analysis, the Board will consider ways to clarify guidelines that are already in place in the Company but are not yet clearly defined.

Nomination Committee



Members	3 (2 Independent Directors 🗳️ 1 Non-Executive Inside Director 👤)
Reason for appointment of chairperson	Hiroshi Oeda possesses a wealth of general corporate management experience, and he was appointed as chairperson of the Nomination Committee so that his substantial insight can be utilized.
Meetings in FY2020	13

Hiroshi Oeda

Lead Independent Director, Chairperson of the Nomination Committee

The Nomination Committee is mainly responsible for deciding on the proposals to be submitted to the General Meeting of Shareholders concerning the appointment and dismissal of Directors, appointment and dismissal of the Chairman of the Board of Directors and committee members, recommendations to the Board of Directors concerning the appointment and dismissal of Executive Officers, and recommendations to the Board of Directors concerning the appointment and dismissal of Directors with special titles and Executive Officers with special titles (the President and the Chairman of the Company), in addition to succession planning for the President and Representative Executive Officer.

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 primarily 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 (the President and the Chairman of the Company) 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.

Cultivation and Selection Process

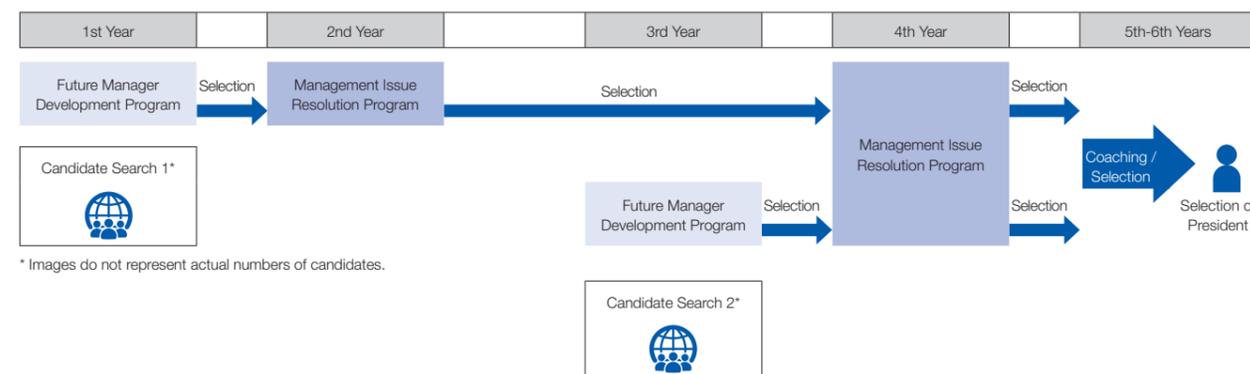
The Nomination Committee has formulated a new six-year succession plan for selecting the next President, and training on the cultivation and selection process for this plan commenced in 2019.

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

Six-Year Cultivation and Selection Process



* Images do not represent actual numbers of candidates.

Corporate Governance

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.

In 2020, the second year of the President's six-year succession plan, a medium-term management plan steering committee meeting was held to identify specific management issues and lead reforms. First, the committee examined what was necessary to achieve E-Vision 2030, our long-term vision announced in February 2020, and then formed market-specific teams to plan business development from a market-oriented perspective, one of the key items of the vision. The Nomination Committee was actively involved in the implementation and monitoring of this program. Going forward, advice will be given on initiatives to promote further growth of the program participants, such as rotating participating members, and to cultivate management candidates.

Compensation Committee



Members	3 (3 Independent Directors 🗳️🗳️🗳️)
Reason for appointment of chairperson	Hajime Sawabe possesses an abundance of experience pertaining to general corporate management, is well versed in corporate planning, and has a rich background of serving as an outside director at other listed companies. He was appointed as chairperson of the Compensation Committee so that he can utilize his wide-ranging insight into various industries as he exercises leadership in the development of the Company's compensation systems.
Meetings in FY2020	7
Hajime Sawabe	
Independent Director, Chairperson 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.

Officer, we have established a system to set key performance indicators (KPI) related to core elements of ROIC.

Change in Compensation Structure for Non-Executive Inside Directors

Non-Executive Inside Directors are expected to fulfill their supervisory roles and responsibilities completely independently of business execution. Therefore, the compensation system (basic compensation and restricted stock compensation) has been standardized. Previously, in addition to basic compensation and restricted stock compensation, short-term performance-linked compensation and performance-linked stock compensation were paid to Non-Executive Inside Directors. However, starting in the fiscal year ending December 31, 2021, we have abolished the performance-linked compensation system.

Total Amounts of Compensation for Directors and Executive Officers for the Fiscal Year Ended December 31, 2020

Position	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)											
		Basic compensation		Short-term performance-linked compensation		Stock options		RS		PLS		Other	
		Recipients	Amount	Recipients	Amount	Recipients	Amount	Recipients	Amount	Recipients	Amount	Recipients	Amount
Directors of the Board (excluding Independent Directors)	154	3	98	2	24	3	(1)	3	39	3	(5)	—	—
Independent Directors	109	8	102	—	—	4	0	8	7	—	—	—	—
Executive Officers	841	16	398	14	301	8	(5)	15	77	16	35	1	32
Total	1,105	27	598	16	326	15	(6)	26	124	19	29	1	32

- Notes :
1. Compensation shown is the amount of compensation paid to Directors and Executive Officers in office as of December 31, 2020, for the term of office of each Director and Executive Officer for the fiscal year ended December 31, 2020, and compensation paid to the two Non-Executive Directors who retired at the conclusion of the 155th Ordinary General Meeting of Shareholders held on March 27, 2020, and the two 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 2020 and ended upon resignation.
 2. Compensation paid to President and Representative Executive Officer, who concurrently serves as a Director, is included in the Executive Officers compensation column.
 3. The amount of compensation paid to Executive Officers includes ¥164 million (basic compensation ¥76 million, short-term performance-linked compensation ¥53 million, and other compensation of ¥33 million) in compensation paid by subsidiaries to Executive Officers that serve concurrently as officers at subsidiaries.
 4. The short-term performance-linked compensation of Non-Executive Inside Directors is based on Groupwide performance, and the short-term performance-linked compensation of Executive Officers is based on both Companywide performance and on an evaluation of the degree of achievement of individual-specific targets during the fiscal year under review, and amounts are determined individually through deliberation by the Compensation Committee.
 5. Short-term performance-linked compensation shown is the total amount of short-term performance linked compensation paid in March 2021 to Directors and Executive Officers (excluding Independent Directors) in office as of December 31, 2020, for the fiscal year ended December 31, 2020.
 6. The stock option system was abolished in the nine-month period ended December 31, 2017, and a restricted stock compensation (RS) plan and a performance-linked stock compensation (PLS) plan were introduced in the fiscal year ended December 31, 2018.
 7. No new stock options were issued in the fiscal year ended December 31, 2020. However, the amount recorded as expenses during the fiscal year ended December 31, 2020, in association with stock options issued in previous fiscal years is listed.
 8. Restricted stock compensation shown combines the amount of restricted stock compensation paid in the fiscal year ended December 31, 2020, and the amount recorded as expenses during the fiscal year ended December 31, 2020, in association with restricted stock compensation paid in previous fiscal years.
 9. Performance-linked stock compensation shown is the amount of performance-linked stock compensation attributed to the fiscal year under review, including that paid in May 2020 and that to be paid in May 2023 based on performance finalized in the fiscal year under review.
 10. "Other" represents the total amount of compensation to be paid to Michael T. Lordi by a subsidiary in 2023, including ¥27 million of performance-linked cash compensation and pension contributions of ¥4 million attributable to the fiscal year ended December 31, 2020.

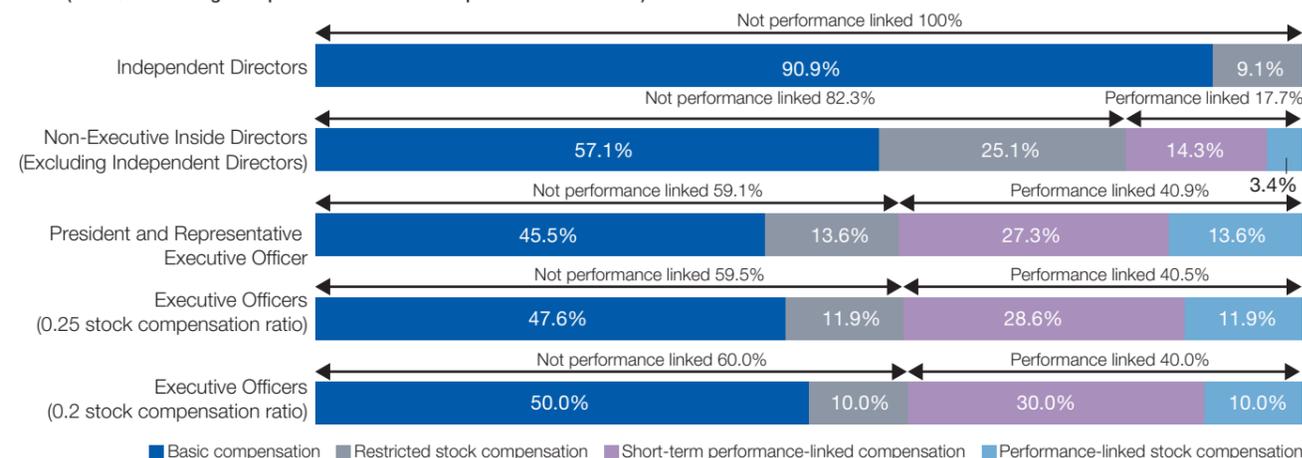
Amounts of Compensation for Directors and Executive Officers Receiving Compensation Exceeding ¥100 Million for the Fiscal Year Ended December 31, 2020

Name	Company	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)					
			Basic compensation	Short-term performance-linked compensation	Stock options	RS	PLS	Other
President and Representative Executive Officer Masao Asami	EBARA CORPORATION	118	54	39	(0)	16	9	—
Executive Officer Michael T. Lordi	EBARA CORPORATION	21	—	19	—	—	2	—
	Elliott Group Holdings, Inc.	106	39	31	—	—	3	32

- Notes:
1. Short-term performance-linked compensation shown is the total amount of short-term performance-linked compensation paid in March 2021 for the fiscal year ended December 31, 2020.
 2. No new stock options were issued in the fiscal year ended December 31, 2020. However, the amount recorded as expenses during the fiscal year ended December 31, 2020, in association with stock options issued in previous fiscal years is listed.
 3. RS shown combines the amount of restricted stock compensation paid in the fiscal year ended December 31, 2020, and the amount recorded as expenses during the fiscal year ended December 31, 2020, in association with restricted stock compensation paid in previous fiscal years.
 4. PLS shown is the amount of performance-linked stock compensation finalized in the fiscal year under review, including that paid in May 2020 and that to be paid in May 2023, attributable to the fiscal year under review.
 5. "Other" represents the total amount of compensation to be paid to Michael T. Lordi in 2023, including ¥27 million of performance-linked cash compensation and pension contributions of ¥4 million attributable to the current fiscal year.

Composition of Compensation Paid to Directors and Executive Officers

(If 100% of the target for performance-linked compensation is achieved)



Audit Committee



Members	3 (2 Independent Directors 🗳️ 1 Non-Executive Inside Director 🧑)
Reason for appointment of chairperson	Masahiro Hashimoto possesses a wealth of financial knowledge and in-depth knowledge of the international finance field, and he was appointed as Chairperson of the Audit Committee to exercise leadership and utilize his experience in overall corporate management within the Company.
Meetings in FY2020	17

Masahiro Hashimoto
Independent Director, Chairperson 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 2022 medium-term management plan.

Changing the Composition of the Audit Committee and Strengthening Systems that Support the Committee

We are reviewing the audit system to increase the Audit Committee's independence from business execution and to ensure audit effectiveness throughout the entire Group. Specifically, at the Ordinary General Meeting of Shareholders held on March 26, 2021, an Independent Director was appointed as chairperson of the Audit Committee and the number of committee members was changed from four to three (two Independent Directors, one Non-Executive Inside Director). In addition, since January 2021, we have increased the number of on-site inspection organizations under the Audit Committee and strengthened collaboration between the Internal Audit Division and subsidiary auditors.

1. A new 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 new audit department (9 members).
2. In order to facilitate closer collaboration between the Audit Committee and the auditors of subsidiaries, the full-time auditors (two auditors) of the Company's major subsidiaries (Elliott Ebara Turbomachinery Corporation and Ebara Environmental Plant Co., Ltd.) are concurrently placed under the Audit Committee.
3. 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.

Activities of the Audit Committee

Discussions with Members of Executive Management
Members of the Audit Committee hold regular meetings with the President and Representative Executive Officer and with representatives of business units and corporate divisions to discuss and share recognition and information pertaining management issues and business risks with the executive branch.

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 are performed at domestic and overseas offices, operating sites, and subsidiaries, and members of the Audit Committee observe audits by the Independent Auditor and internal audit divisions as necessary to confirm that internal control systems are functioning effectively at the Company and across the Group.

Major Areas Assessed by the Audit Committee in the Fiscal Year Ended December 31, 2020

Annual audit plans define items requiring intensive auditing alongside items audited every fiscal year. Major areas assessed by the Audit Committee in the fiscal year ended December 31, 2020, include the following.

- Audit of the execution of duties and legal compliance system of Executive Officers and others
- Key audit matters (KAM) such as the evaluation, selection, and dismissal of the Independent Auditor
- Development and operation status of the Group's internal control system in relation to the COVID-19 pandemic
- Appropriateness of accounting preparation for early adoption of new revenue recognition standards and other important accounting matters
- Business segment-specific progress on KPIs and other measures of the medium-term management plan E-Plan 2022

Collaborative Audits by Different Auditing Bodies

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 regularly and as needed from the Independent Auditor on the execution of duties. 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.

Based on the judgment of the eligibility, independence, and overall capabilities of the Independent Auditor founded on the results of annual assessments of whether or not to reappoint the Independent Auditor, the Audit Committee proposed the reappointment of Ernst & Young ShinNihon LLC as the Independent Auditor for the fiscal year ending December 31, 2021, and examined the appropriate level of compensation.

Sustainability Promotion Systems

The Board of Directors will establish management policies based on a long-term view of the operating environment so that the Group can implement advanced ESG management, make sustainable contributions to solving social issues including the SDGs through its business, and increase its corporate value by simultaneously improving its social, environmental, and economic value. To promote and realize this, the Sustainability Committee has been established as an executive body to deliberate on policies, strategies, targets, and KPIs for activities that contribute to the sustainability of society, the environment, and the Group, as well as to monitor and review the results of these activities. The purpose of this committee is to discuss sustainability, which encompasses both the realization of a sustainable society and environment along with the enhancement of the Company's medium- to long-term corporate value. In order to properly

Operational Execution System

Executive Officers are appointed through resolutions by the Board of Directors. Executives are responsible for decisions and duties in the operational execution area assigned to them by the Board of Directors in accordance with the management policies established by the Board of Directors, such as the E-Vision 2030 long-term vision and the E-Plan 2022 medium-term management plan. In the fiscal year ending December 31, 2021, the Company has 14 Executive Officers, all of which are male, with one of them being of non-Japanese nationality. However, the Company is examining the possibility of appointing a female Executive Officer in the future from the perspective of diversity.

Process for the Appointment and Dismissal of Executive Officers

The Nomination Committee deliberates whether Executive Officer candidates selected by the President and

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 subsidiaries. Other attendees include Audit Committee members, the heads of the Internal Audit Division, as well as the heads of the internal control, risk management, compliance, and finance and accounting divisions who meet to share necessary information and receive business reports from the auditors of subsidiaries.

oversee sustainability as an important management issue, the Board of Directors encourages Non-Executive Directors to attend Sustainability Committee meetings, and Non-Executive Directors provide advice and other support as necessary. In addition, we have established a system in which the Sustainability Committee reports its deliberations to the Board of Directors, so that the Board of Directors can accurately understand and appropriately supervise the status of such deliberations.

In October 2020, an ESG presentation was held for the second time for institutional investors and securities analysts, with the President and Representative Executive Officer and the Chairman of the Board of Directors speaking at the event. The Chairman of the Board explained the Company's corporate governance and engaged in dialogue with investors during the question and answer session.

Representative Executive Officer have suitable qualities and capabilities as Executive Officers and presents the results of deliberation to the Board of Directors based on the Executive Officer appointment criteria and appointment procedures formulated through discussion by the Nomination Committee and approved by the Board of Directors. The Board of Directors makes decisions after receiving the deliberation results from the Nomination Committee.

Furthermore, in the event the performance of an Executive Officer (other than the President, Representative Executive Officer) does not meet the criteria specified in the Company's regulations, the Nomination Committee will propose to the Board of Directors not to reappoint the current Executive Officer until a specific reason is cited for this lack of performance.

REFERENCE Basic Policy and Framework
<https://www.ebara.co.jp/en/ir/governance/information/governance-policy.html>

Cross-Shareholdings

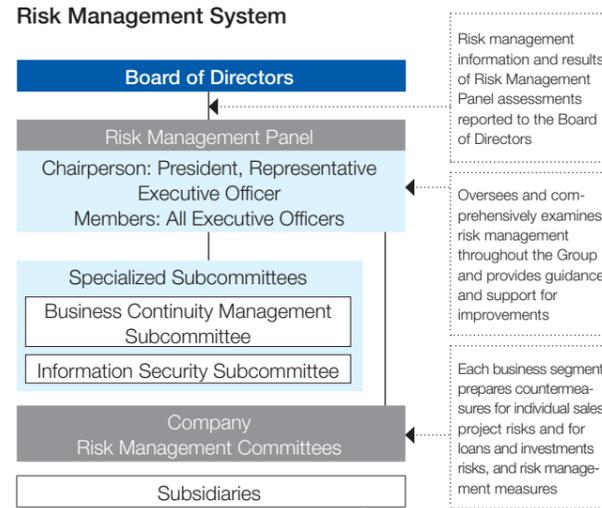
The Company completed the sale of its entire cross-shareholdings (including listed shares in the retirement benefits trust) by June 2020.

REFERENCE Cross-Shareholdings
<https://www.ebara.co.jp/en/ir/governance/information/crossshare-holdings.html>

Basic Approach

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 improvements to the system parallel to enacting risk control measures.

REFERENCE Basic Policy on Risk Management
<https://www.ebara.co.jp/en/sustainability/governance/information/risk-management.html>



Major Risks and Countermeasures

When establishing the E-Vision 2030 long-term vision and the E-Plan 2022 medium-term management plan, the EBARA Group performed analyses of the risks that may occur during the course of its business through a scenario planning approach accounting for medium- to long term changes in social trends and operating environment conditions. In addition, regular risk assessments are carried out Groupwide with regard to changes in the Group's current risk profile.

Risk assessments, which span all Group companies, examine the possibility of identified risks materializing within the Group, also analyzing their potential degree of impact and the residual risk following countermeasures. The projected risks compiled through assessments are clearly reflected into

the operations of the divisions with which these risks are associated after reevaluating risk response systems through surveys and interviews with the individuals responsible for relevant businesses.

In addition, as part of our risk response system, we have set up a task force headed by the Representative Executive Officer for matters deemed to require a Groupwide response, so that the entire Group can promptly report, communicate, and make decisions.

The major risks for the EBARA Group and the countermeasures being implemented are shown in the tables below organized by short-term and long-term risks and by market.

Long-Term Fluctuating Risks

Trends	Risks	Countermeasures
Global environmental and climate change	Operating environment changes due to phenomena such as the following: <ul style="list-style-type: none"> Changes in economic conditions due to global warming Intensification of typhoons, forest fires, and other natural disasters 	<ul style="list-style-type: none"> Projection of risks and opportunities and formulation of countermeasures based on diverse, long-term scenario analyses Preparation of BCPs and implementation of drills for responding to natural disasters
Accelerated Globalization	<ul style="list-style-type: none"> Unexpected losses and reputation damages stemming from a lack of management insight and expertise pertaining to overseas transactions and bases 	<ul style="list-style-type: none"> Exhaustive Group governance and internal control measures Global human resource development programs
Shrinking workforce in Japan	<ul style="list-style-type: none"> Lack of human resources for continuing manufacturing operations and other supply chain risks Product defect risks resulting from an inability to effectively transmit techniques and expertise to new employees 	<ul style="list-style-type: none"> Global human resource recruitment and supply chain optimization Translation of expertise into explicit knowledge stored within organizations rather than solely in the minds of people
Information security	<ul style="list-style-type: none"> Possible suspension of important operations or services, leakage of confidential or personal information, and destruction or falsification of important data due to such unforeseen circumstances as external cyber-attacks, human negligence at the Company or its contractors, natural disasters, or infrastructure failures 	<ul style="list-style-type: none"> Establishment of an information security management system within the Group Establishment and application of information security regulations, and implementation of employee education and training Creation of security measures for software and devices

Short-Term Volatile Risks

Trends	Risks	Countermeasures
Political factors	<ul style="list-style-type: none"> Unexpected restrictions and expenses in business activities due to impacts on economic and trade conditions stemming from intensification of trade friction between the United States and China, conflict in the Middle East, and the United Kingdom's decision to withdraw from the European Union 	<ul style="list-style-type: none"> Development of global supply chains and value chains accounting for risks
Sudden natural disasters and pandemics	<ul style="list-style-type: none"> Risks of adverse impacts to lives of employees and others, business continuity, or profit due to the following: <ul style="list-style-type: none"> Earthquakes, volcanic eruptions, and other natural disasters Fast-spreading pandemics 	<ul style="list-style-type: none"> Pre-assessment and preparation of BCPs by utilizing global network Promotion of efficient and flexible work styles Implementation measures to combat pandemics and prevent infection through coordination with industrial physicians
Foreign exchange rate fluctuations	<ul style="list-style-type: none"> Increased costs as result of foreign exchange rate fluctuations diverging from forecasts 	<ul style="list-style-type: none"> Appropriate foreign exchange risk hedging measures, including exchange contracts and foreign currency borrowings

Risks by Major Markets and Businesses

Trends	Risks	Countermeasures
Oil and gas markets: Fluid Machinery & Systems Business (pumps business, compressors and turbines business)	<ul style="list-style-type: none"> Rapid impacts on profits due to demand fluctuations stemming from market condition changes or to large movements in prices brought about by monopolies Pressure on earnings arising from surplus production capacity or other factors attributable to drops in order volumes or sales prices amid recessions 	<ul style="list-style-type: none"> Highly accurate resource management made possible through confirmation of leading indicators Reduction of break-even point through lead time shortening, design and manufacturing automation, and other streamlining measures
Semiconductor market: Precision Machinery Business	<ul style="list-style-type: none"> Risk of diminished market share due to lack of production capacity at EBARA and across the supply chain in times of strong economic conditions 	
Domestic construction equipment market: Fluid Machinery & Systems Business (pumps business, chillers business)	<ul style="list-style-type: none"> Deterioration of earnings following demand reductions and accompanying market contraction after the end of the Tokyo 2020 Olympic Games 	<ul style="list-style-type: none"> Competitive edge maintenance through differentiation of product development, focus on S&S operations, and cost reductions by means of operational streamlining Shifting of resources toward global markets Ongoing compliance education and internal audits
Domestic public infrastructure market: Environmental Plants Business	<ul style="list-style-type: none"> Reduced orders attributable to consolidation of public facilities among domestic population decline Lack of plant operation staff due to workforce contraction Compliance issues, including involvement in government-initiated bid collusion 	

Strengthening Cyber Security

In February 2021, an overseas Group company experienced a ransomware* attack. However, we immediately conducted an investigation with experts and implemented recovery measures as well as measures to prevent the spread of damage, and were able to restore operations without any damage to our customers or people outside the company. Information leaks that were recognized after the initial investigation were dealt with on a case-by-case basis, and we have determined that the impact on our customers and people outside the company is limited. In order to prevent the recurrence of such

an incident, the Group is urgently revising its global security levels, strengthening the global security response team, and implementing various measures such as expanding the application of security tools. As the number and sophistication of cyber-attacks is expected to increase in the future, we will strive to establish a system that will enable us to provide ongoing value to our customers by continuously strengthening our cyber security.

* Ransomware is a malicious program that renders an infected PC unusable by disabling it or encrypting its files, and then demands a "ransom" in exchange for restoration.

COVID-19 Preventive Measures

To prevent the spread of COVID-19 and ensure the Group's business continuity, we have established the COVID-19 Infection Control Headquarters, headed by the President. We are continuously implementing preventive measures and, on a weekly basis, monitoring the status of infections within the Group. We are also practicing new work styles during the pandemic, including working remotely whenever possible.

Each of our operating sites is working to prevent the spread of COVID-19 in accordance with the policies of the relevant government and region in addition to participating in workplace vaccination schemes where possible. As a provider of products and services to society and industry, we are continuing our business activities to minimize any impact on our customers' businesses and daily lives.

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>

Priority Strategies and Progress

In line with the Anti-Corruption Program, domestic Group companies worked to re-enforce the promotion of fair and free competition, while overseas Group companies made thorough anti-corruption efforts to increase the number of

external reporting offices overseas and expand the anti-corruption e-learning program to all overseas subsidiaries.

Priority Strategies	Principal Measures	FY2020 Progress
Establish frameworks and implement measures for ensuring compliance	Implement Anti-Corruption Program across the Group	<ul style="list-style-type: none"> Monitored status of relevant regulations at Group companies and provided guidance Introduced comprehensive anti-corruption e-learning programs at 38 overseas Group companies Instituted new guidelines at Group companies that incorporated policies for managing third-party entities from the perspective of anti-corruption
	Establish overseas EBARA Group hotlines	<ul style="list-style-type: none"> Expanded application of whistleblowing hotlines to overseas Group companies lacking external consultation venues (Total: 19 companies (2 new)) <ul style="list-style-type: none"> China: 10 companies (1 new) Vietnam: 1 company Indonesia: 2 companies Thailand: 2 companies Philippines: 1 company Brazil: 1 company Colombia: 1 company Singapore: 1 company (new) Processed 1 report
	Entrench compliance awareness throughout the Group	<ul style="list-style-type: none"> Increased the number of EBARA Group Compliance Network (domestic and Chinese subsidiaries) meetings from once to twice a year to strengthen information dissemination and communication throughout the Group Conducted training sessions for all employees on the EBARA Way (participation rates of 99.4% at domestic Group companies and 90.3% at overseas Group companies)
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"> Processed 44 reports Provided training and education to divisions and in-house companies deemed high-risk due to an increasing number of consultation issues
	Enhance compliance liaison member system to provide familiar workplace consultation venues	<ul style="list-style-type: none"> Trained 94 compliance liaison members (50 at EBARA CORPORATION, 44 at domestic Group companies) Stepped up communication with compliance liaison members <ol style="list-style-type: none"> Integrated responses to consultation issues (2 in FY2020) Upward trend of resolutions for consultation issues spearheaded by liaison members
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"> Unveiled EBARA Group Human Rights Policy and established EBARA Group Human Rights Committee Posted human rights-related educational content on Company intranet (regarding Human Rights Week, requests for human rights slogans, educational materials, etc.) Continued to participate in Global Compact Network Japan, the Industrial Federation for Human Rights, Tokyo, and other external organizations

Priority Strategies and Progress

Respect for Human Rights

Harassment Prevention Measures

The Company is establishing consultation hotlines and spreading understanding regarding these hotlines and their use in order to foster comfortable workplace environments and to heighten its in-house capacity for addressing issues.

REFERENCE Basic Policy on Respecting Human Rights and Human Rights System

<https://www.ebara.co.jp/en/sustainability/social/information/respect.html>

In Japan, compliance consultation hotlines have been installed at Group companies, and consultations are addressed by the site at which the consultation is received (head office, Group company).

At overseas Group companies, we continue to reinforce overseas EBARA Group hotlines, which are designed to contribute to increasing transparency across Group companies, to bolster the internal whistleblowing hotlines of these companies, and to support healthy and autonomous operations.

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. Maintain the confidentiality of and protect those who consult

Consultations are accepted widely, from directors, employees and their families, temporary employees working in our group, and business partners. After consultations are received, investigations are performed by internal compliance divisions, and the appropriate response is taken based on these investigations. Matters pertaining to the operation of consultation hotlines are reported to the Sustainability Committee, which sees participation by Directors, on an annual basis to facilitate appropriate oversight. In the fiscal year ended December 31, 2020, consultations processed through overseas EBARA Group hotlines accounted for 1 out of 44 overall consultations, and 2 out of 49 in the fiscal year ended December 31, 2019.

43 investigations were completed during the fiscal year ended December 31, 2020. Of these, there were 10 consultations regarding workplace environment or other issues, 11 consultations regarding inappropriate behavior, 1 consultation regarding fraud and violations, 6 consultations regarding harassment claims, and 15 miscellaneous consultations. Starting in the fiscal year ended December 31, 2020, investigations that uncover no inappropriate behavior are categorized as “miscellaneous” consultations instead of as “workplace environment or other issues.” This change resulted in an increase in items in the “miscellaneous” category.

Reports Processed through Domestic Compliance Consultation Hotlines in the Fiscal Year Ended December 31, 2020

	Reports processed in FY2020
New consultations	44
Consultations continuing from the previous fiscal year	13
Issues with investigations continuing to next fiscal year	14
Issues closed in FY2020	43

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.

Anti-Corruption

Regular Overseas Anti-Corruption Training

To establish Groupwide participation in the Anti-Corruption Program, we expanded the anti-corruption e-learning program (originally launched only in high corruption risk regions) to all overseas subsidiaries in the fiscal year ended December 31, 2019, and will continue to implement the program annually. We provide comprehensive training to those who may be exposed to corruption risks (management and sales divisions), such as those who have contact with public officials overseas. Due to a change in timing, training for the fiscal year ended December 31, 2019 was completed in the fiscal year ended December 31, 2020, and as of June 2021, training for the fiscal year ending December 31, 2021 is under way.

Anti-Corruption Training Statistics

	2019/12 - 2020/12	2021/12
Applicable companies	36	38
Applicable employees	1,946	1,940
Rate of participation	100.0%*	Scheduled for completion in July 2021

* Began in October 2019; 86% participation as of the fiscal year ended December 31, 2019; completed in September 2020.

REFERENCE Anti-Corruption Policy and Program

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

Expansion of Overseas EBARA Group Hotlines

The number of companies with access to overseas EBARA Group hotlines increased to 19 in the fiscal year ended December 31, 2020, and we intend to expand the scope of applicable areas and enhance the operational status of these hotlines going forward.

Number of Overseas EBARA Group Hotlines

	2017/3	2017/12	2018/12	2019/12	2020/12
Total number of Group companies with hotline access	7	10	15	17	19

Executive Officers

(As of March 26, 2021)

* 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 and Representative Executive Officer



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)

Nobuharu Noji

Executive Officer, President, Fluid Machinery & Systems Company, Responsible for Chillers Business, Fluid Machinery & Systems Company



Apr. 1984 Joined the Company
Apr. 2006 Division Executive, Components Division, Precision Machinery Company
Apr. 2008 Executive Officer
Apr. 2011 Managing Executive Officer
Apr. 2013 Division Executive, Standard Pump Business Division, Operations of Technology and Production, Fluid Machinery & Systems Company
Jun. 2013 Director
Apr. 2014 Division Executive, Standard Pump Business Division, Fluid Machinery & Systems Company
Jun. 2015 Managing Executive Officer
Responsible for Chillers Business, Fluid Machinery & Systems Company (to present)
Apr. 2017 Division Executive, Standard Pump Business Unit, Fluid Machinery & Systems Company
Mar. 2018 Director
Senior Managing Executive Officer
President, Fluid Machinery & Systems Company (to present)
Mar. 2020 Executive Officer* (to present)

Yoshiaki Okiyama

Executive Officer, Division Executive, Standard Pump Business Division, Fluid Machinery & Systems Company, Chairman, Ebara Machinery (China) Co., Ltd.



Apr. 1983 Joined the Company
Apr. 2011 Executive Officer
Apr. 2017 Division Executive, Strategy and Technology Management Division, Fluid Machinery & Systems Company
Mar. 2018 Executive Officer
Division Executive, Standard Pump Business Division, Fluid Machinery & Systems Company (to present)
Chairman, Ebara Machinery (China) Co., Ltd. (to present)
Mar. 2019 Managing Executive Officer
Mar. 2020 Executive Officer* (to present)

Hideki Yamada

Executive Officer, Division Executive, Custom Pump Division, Fluid Machinery & Systems Company, Chairman, EBARA GREAT PUMPS CO., LTD., Chairman, EBARA MACHINERY ZIBO CO., LTD.



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. (to present)
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 (to present)
Jan. 2020 Chairman, EBARA MACHINERY ZIBO CO., LTD. (to present)
Mar. 2020 Executive Officer* (to present)

Akihiro Kida

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



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

Michael T. Lordi

Executive Officer, Responsible for Compressors and Turbines Business, Fluid Machinery & Systems Company, Director and CEO, Elliott Group Holdings, Inc., CEO, Elliott Company



Apr. 2016 COO, Elliott Group Holdings, Inc.
Jan. 2019 COO, Elliott Company
Director CEO, Elliott Group Holdings, Inc. (to present)
CEO, Elliott Company (to present)
Mar. 2020 Executive Officer* (to present)
Responsible for Compressors and Turbines Business, Fluid Machinery & Systems Company (to present)

Atsuo Ohi

Executive Officer, President, Environmental Engineering Company, Chairman and Representative Director of EBARA Environmental Plant Co., Ltd.



Apr. 1981 Joined the Company
Apr. 2008 Executive Officer
Oct. 2008 Division Executive, Corporate Strategy Planning Division
Apr. 2010 Managing Executive Officer
Apr. 2011 Head of Business Unit, Global Marketing & Sales Business Unit, Fluid Machinery & Systems Company
Apr. 2012 Vice President, Fluid Machinery & Systems Company, Head of Business Unit, Global Pump Business Unit, Fluid Machinery & Systems Company
Jun. 2012 Director
Apr. 2013 President, Fluid Machinery & Systems Company
Apr. 2014 Senior Managing Executive Officer
Jun. 2015 Senior Managing Executive Officer
Mar. 2018 President, Environmental Engineering Company (to present)
President and Representative Director of Ebara Environmental Plant Co., Ltd.
Jan. 2019 Chairman and Representative Director of Ebara Environmental Plant Co., Ltd. (to present)
Mar. 2020 Executive Officer* (to present)

Tetsuji Togawa

Executive Officer, President, Precision Machinery Company



Apr. 1986 Joined the Company
Apr. 2013 New Business Development Department, Precision Machinery Company
Apr. 2014 Executive Officer
Mar. 2019 Senior Managing Executive Officer
President, Precision Machinery Company (to present)
Mar. 2020 Executive Officer* (to present)

Seiji Katsuoka

Executive Officer, Division Executive, Equipment Division, Precision Machinery Company



Apr. 1994 Joined the Company
Apr. 2009 Executive Officer
Apr. 2011 Division Executive, CMP Division, Precision Machinery Company
Jun. 2016 Executive Officer* (to present)
Jan. 2020 Division Executive, Equipment Division, Precision Machinery Company (to present)

Shu Nagata

Executive Officer, Division Executive, Corporate Strategic Planning and Human Resources Division



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 (to present)

Toru Nakayama

Executive Officer, Division Executive, Legal, Internal Control, Risk Management and General Affairs Division



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 (to present)

Shugo Hosoda

Executive Officer, Division Executive, Finance & Accounting Division



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
Jan. 2019 Director, Elliott Group Holdings, Inc.
Mar. 2021 Executive Officer* (to present)
Division Executive, Finance & Accounting Division (to present)

Hiroyuki Kowase

Executive Officer, Division Executive, Information & Communication System Division



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 (to present)
Mar. 2020 Executive Officer* (to present)

Hiroshi Sobukawa

Executive Officer, Responsible for Technologies, R&D & Intellectual Property Division Executive, Advanced Technology Division, Precision Machinery Company



Apr. 1987 Joined the Company
Apr. 2015 Executive Officer
Division Executive, Advanced Technology Division, Precision Machinery Company (to present)
Apr. 2017 Division Executive of Technologies, R&D Division
Mar. 2019 Executive Officer* (to present)
Responsible for Technologies, R&D & Intellectual Property (to present)