

Section 2

Increasing Corporate Value

- Ebara's Capital -

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

Section 2

Increasing Corporate Value

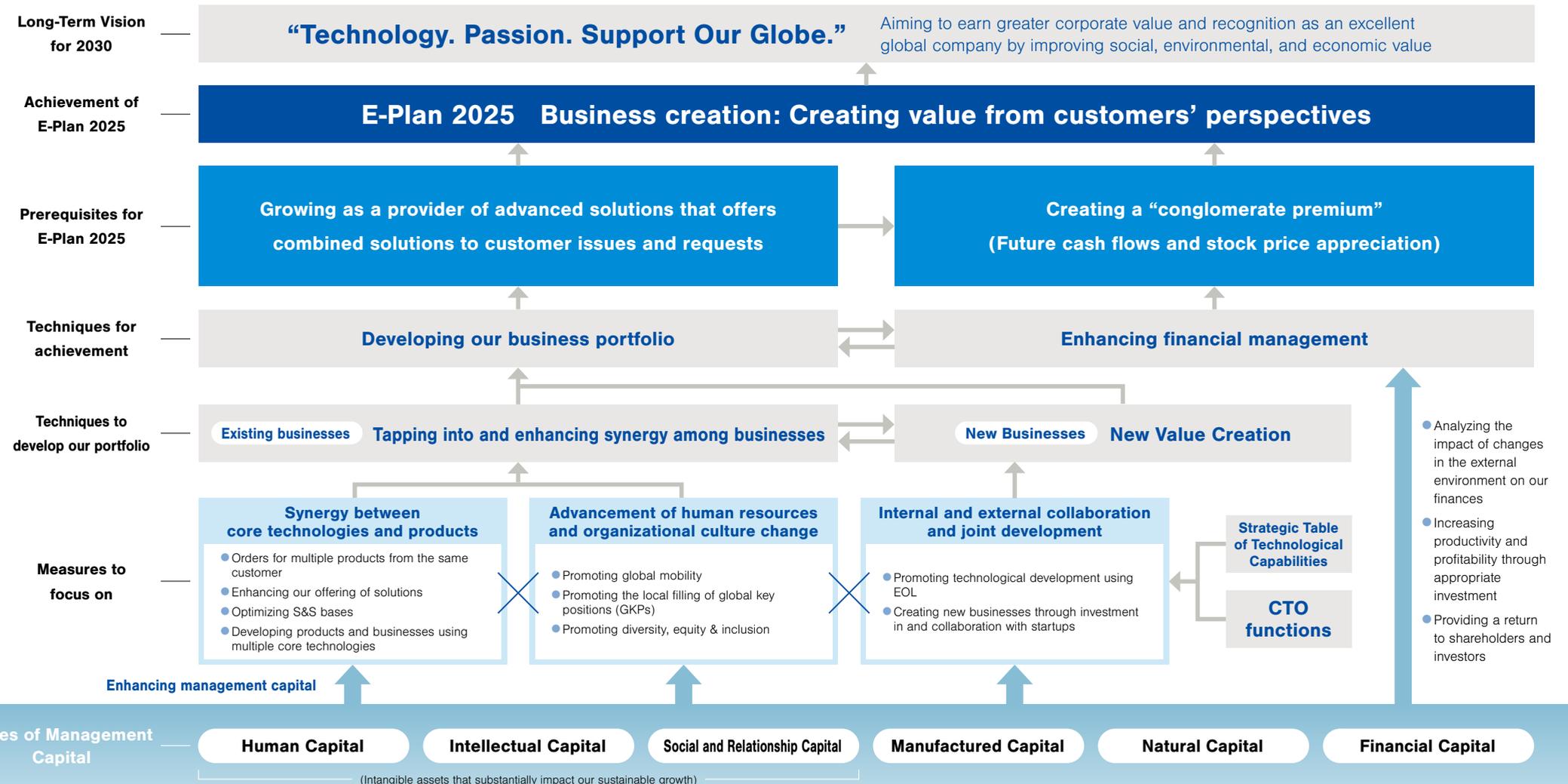
- Ebara's Capital -

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The Relationship between Our Vision for 2030 and Management Capital

Utilizing management capital to create value

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



	Human Capital	Intellectual Capital	Social and Relationship Capital	Manufactured Capital	Natural Capital	Financial Capital
The Group's strengths and advantages in the use of capital	<ul style="list-style-type: none"> The founding spirit of "Passion and Dedication" is passed down to our employees Human resources with the desire to support social infrastructure Professional human resources with expertise and industry knowledge who are active on the global stage 	<ul style="list-style-type: none"> Rotating elements and fluid control technology Fundamental technologies for materials, vibration control, structural strength, etc. Know-how to adopt customers' perspectives and flesh out customer requests Technology to integrate elemental technologies into a system Intellectual property related to a wide range of technologies 	<ul style="list-style-type: none"> A track record of supplying highly reliable products for over a century and products in use around the world Trust built by sincerely responding to faults and problems A system for cooperation with external organizations through EOL Industry leadership by taking the initiative and cooperating with industry and government agencies 	<ul style="list-style-type: none"> Global manufacturing and supply chain Efficient production systems based on DX 	<ul style="list-style-type: none"> Reducing GHG emissions through our products Product lines with reduced energy consumption in each segment Production systems using renewable energy Procuring low-CO₂ electricity and expanding use of green power 	<ul style="list-style-type: none"> Strong financial base amassed through improving profitability of existing businesses
Key Issues in Promoting Business	<ul style="list-style-type: none"> Global Key Positions have not been adequately filled locally Numerical improvement in the Global Engagement Survey Score has plateaued 	<ul style="list-style-type: none"> Improving the efficiency of intellectual property activities through use of IP ROIC A more sophisticated Strategic Table of Technological Capabilities and its use 	<ul style="list-style-type: none"> Providing products and services that solve customer issues Implementing human rights DD in the supply chain Creating a system for collaboration with suppliers 	<ul style="list-style-type: none"> Enhanced production and service & support (S&S) systems to meet demand Promoting DX and GX of production processes Increasing the efficiency of our global production system 	<ul style="list-style-type: none"> Reducing Scope 1, 2, and 3 GHG emissions Promoting material recycling using our technology 	<ul style="list-style-type: none"> Cash allocation strategy to maximize future EPS
Future Challenges	<ul style="list-style-type: none"> Capitalizing on human resources through global mobility Promoting diversity, equity, and inclusion Increasing employee engagement 	<ul style="list-style-type: none"> Nurturing fundamental technologies further and promoting product development through open innovation Maximizing the use of intellectual property through IP ROIC Drafting a Succession Plan using the Strategic Table of Technological Capabilities and enhancing cooperation with external organizations 	<ul style="list-style-type: none"> Bringing new products to market through internal and external collaboration and cooperation Becoming a solutions provider 	<ul style="list-style-type: none"> Increasing production and S&S capabilities, particularly in the precision machinery segment Promoting products with reduced energy consumption Expanding the introduction of clean energy Improving production efficiency through DX and automation 	<ul style="list-style-type: none"> Establishing material recycling technology using ICFG[®]* Reducing GHG emissions using gas abatement systems <p><small>* ICFG[®] is a registered trademark of Ebara Environmental Plant in Japan.</small></p>	<ul style="list-style-type: none"> Implementing balanced investment to maximize the ROIC-WACC spread
Inputs 2023/12	<p>Employees: 19,629 Of these, at overseas consolidated subsidiaries: 10,928 Training investment per employee (non-consolidated): ¥30,179</p>	<p>Research and development expenses: ¥18.2 billion</p>	<p>Cumulative start-ups funded: 4 companies Social contribution expenditures: ¥792 million</p>	<p>Domestic manufacturing bases: 5 Overseas manufacturing bases: 20</p>	<p>Electricity usage: 182,043 MWh Water consumption: 1,085 km³</p>	<p>Total equity: ¥421.5 billion Interest-bearing debt: ¥145.2 billion Credit rating: R&I Issuer Rating A Growth investment: ¥39.8 billion Infrastructure investment: ¥20.6 billion</p>
Outcomes 2023/12 results	<p>Female employees: 16.4% Female managers (Ebara): 7.2% Foreign employees (Ebara and domestic Group companies): 1.4% Percentage of non-Japanese employees in global key positions: 23% Global Engagement Survey Score: 78</p>	<p>Number of patent applications (annual): Domestic: 271 Overseas: 434</p>	<p>Worldwide annual standard pump production (Building Service & Industrial): Over 1.3 million units Custom pumps for oil & gas, chemical, and fertilizer markets (Energy): Over 54,000 units Pumps installed at domestic drainage pumping stations (Infrastructure): Over 1,000 locations Cumulative global deliveries of municipal solid waste treatment facilities (Environmental Solutions): Over 500 locations Chemical mechanical polishing (CMP) systems: 3,000 units shipped Dry vacuum pumps: 200,000 units shipped</p>	<p>Scope 1 & 2 GHG emissions: 157,000 tons Water discharge: 662 km³ Total waste discharge: 19,459 tons Material recycling rate: 97.1%</p>	<p>Revenue: ¥759.3 billion Operating profit: ¥86.0 billion ROIC: 12.2% ROE: 15.7% Total dividends: ¥21.1 billion Dividend payout ratio: 35.0% Operating cash flow: ¥70.0 billion Free cash flow: ¥34.3 billion TSR: +177.9% (10 years) +10.8% (annual)</p>	
Closely related material issues	 <p>4 Promote working environments that encourage challenge</p>  <p>5 Enhance corporate governance</p>	 <p>1 Contribute to the creation of a sustainable society</p>  <p>2 Elevate standards of living and support abundant lifestyles for all</p>  <p>4 Promote working environments that encourage challenge</p>	 <p>1 Contribute to the creation of a sustainable society</p>  <p>2 Elevate standards of living and support abundant lifestyles for all</p>  <p>3 Conduct comprehensive environmental management</p>  <p>5 Enhance corporate governance</p>	 <p>1 Contribute to the creation of a sustainable society</p>  <p>3 Conduct comprehensive environmental management</p>	 <p>2 Elevate standards of living and support abundant lifestyles for all</p>  <p>5 Enhance corporate governance</p>	

Message from the CFO

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



Shugo Hosoda
Executive Officer, CFO

Reflecting on 2023

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

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

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

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

*2. From 2022 to 2025

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

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

Virtuous cycle of core technology enhancement and business synergies → P63



Outlook for 2024

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

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

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

Message from the CFO

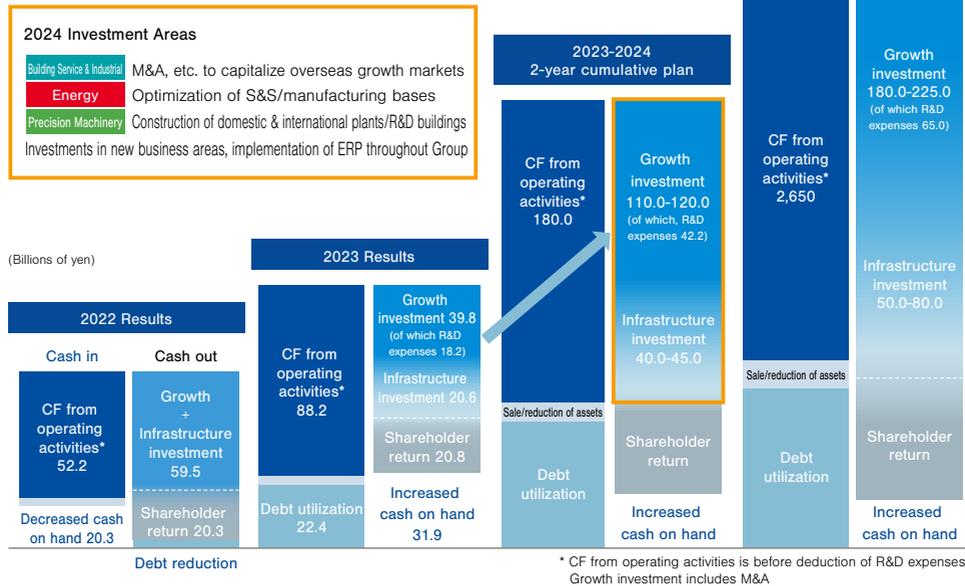
continue to aim to maintain a profit level in excess of 10%.

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

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

E-Plan 2025 Cash Allocation

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

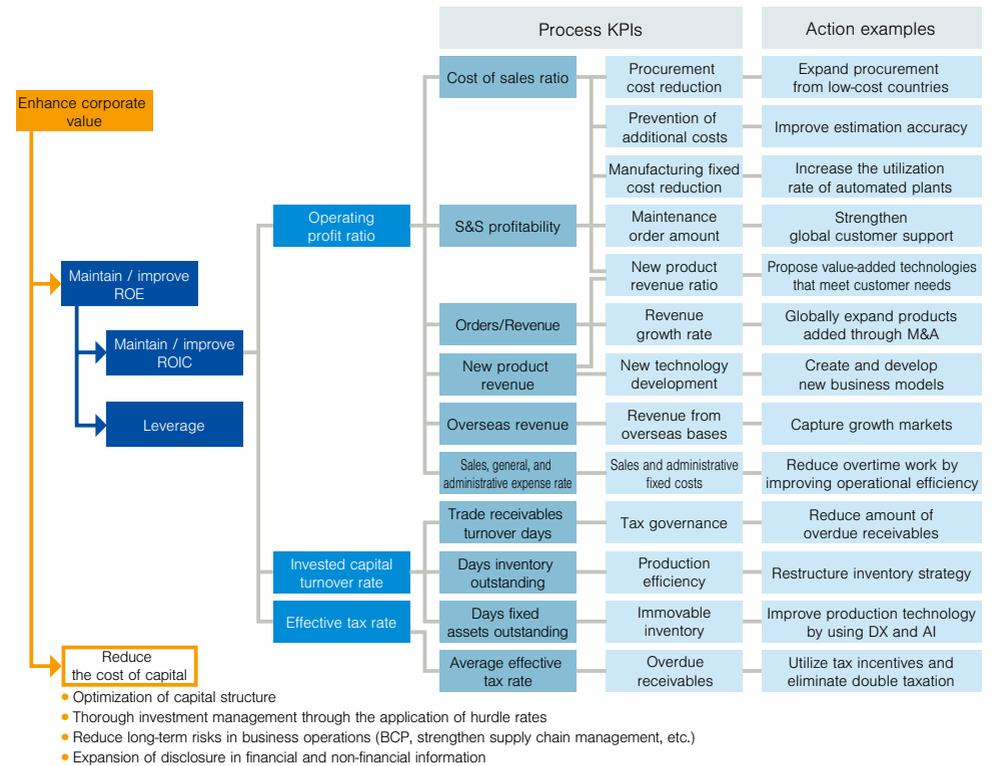


From Deepening to True Value of ROIC Management

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

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

ROIC Tree



Message from the CFO

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

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

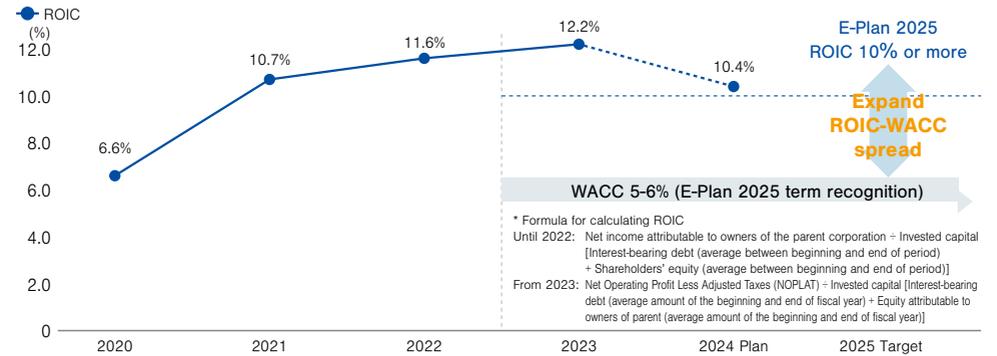
Maximize the ROIC to WACC Spread

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

	WACC by Company (Current Status)	Consolidated WACC 5-6%	E-Plan 2025 Target ROIC 10% or more	Measures to Expand ROIC Spread
Consolidated	5-6%			<ul style="list-style-type: none"> Expand the ROIC tree Reduce WACC (capital policy, ESG disclosure, etc.)
Building Service & Industrial <i>(growth business)</i>	4.5-5.0%			<ul style="list-style-type: none"> Improve profitability by creating solution businesses Enter highly profitable markets
Energy <i>(turning into a growth business)</i>	4.5-5.0%			<ul style="list-style-type: none"> Strengthen efficient sales, service & support structure by optimizing bases Continue selective acceptance of orders and rebuild global production system
Infrastructure <i>(core business)</i>	4.0-4.5%			<ul style="list-style-type: none"> Securely capture demand for renewal of aging infrastructure in Japan Improve profitability by thorough front-loading
Environmental Solutions <i>(core business)</i>	4.7-5.2%			<ul style="list-style-type: none"> Develop stable asset business by securing O&M Streamline production by promoting the use of remote centers and DX
Precision Machinery <i>(growth business)</i>	7.0-8.0%			<ul style="list-style-type: none"> Expand production scale to meet increasing demand for semiconductors Promote development of high value-added products Streamline production by promoting automated production

● WACC

Changes in ROIC*



Maximizing Shareholder Value

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

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

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

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

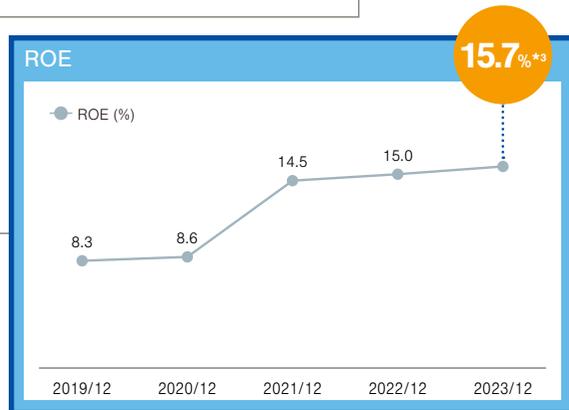
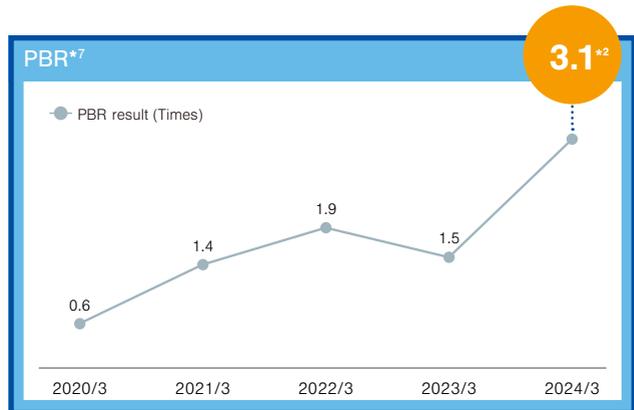
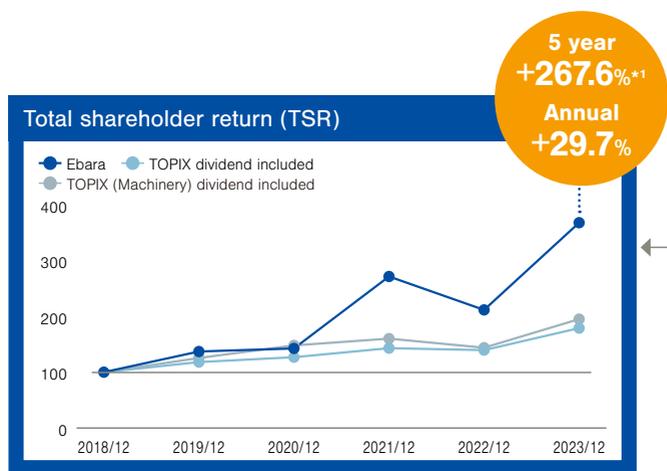
Recently, a number of our financial results have exceeded market consensus immediately prior to disclosure. As CFO, it is undesirable to offer surprises, whether negative or positive, to the market.

I would like to contribute to forming a reasonable market consensus through deeper engagement with the stock market, as well as improve the accuracy of our forecasts.

Message from the CFO

TSR Logic Tree

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

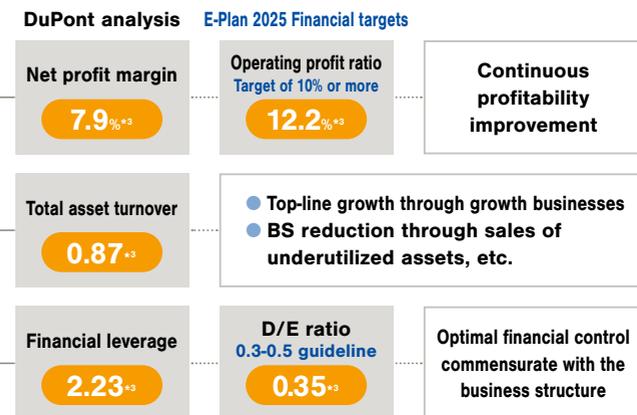
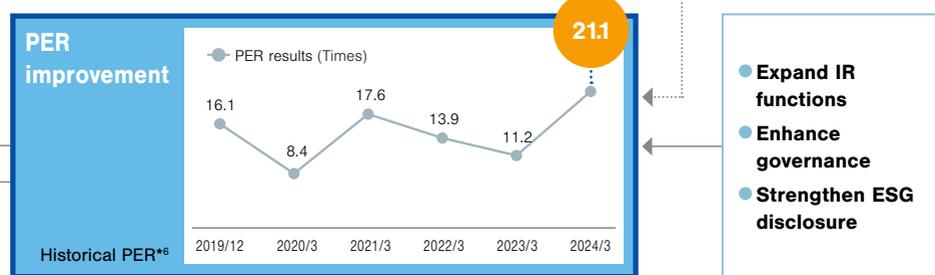
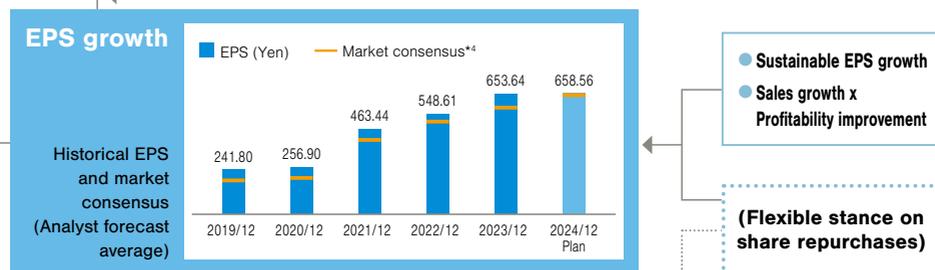
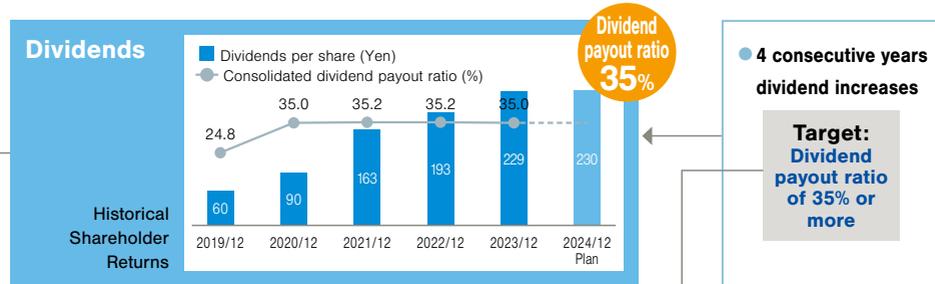


Income gains (cumulative dividends)

Cumulative total dividends ¥68.3 billion (for 5 years*2)

Capital gains (rise in stock price)

Market capitalization +¥519.0 billion (for 5 years*1)



*1. Five years from 2018 to 2023 *2. As of March 31, 2024 *3. 2023 results *4. Market consensus is as of the time of announcement of each financial closing period, 2024 consensus is as of March 31, 2024 *5. Total cash dividends from retained earnings for 2019 through 2023 *6. Example of PER results calculation formula: Share price as of March 31, 2024 ÷ Actual EPS in 2023 (disclosed in February 2024) *7. Example of PBR results calculation formula: Share price as of March 31, 2024 ÷ Actual BPS in 2023 (disclosed in February 2024) (Note) The Company carried out a 5-for-1 stock split of the common stock of the Company with a record date of June 30, 2024. The share price and per-share information are based on a pre-split basis.

Special Feature

The Ebara Group's Strategic Table of Technological Capabilities

Ebara's Technological Capabilities & Organizational Capabilities that Facilitate Sustainability

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

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

Meaning and Technology Indicated by Symbols

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

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

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

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

Special Feature: The Ebara Group's Strategic Table of Technological Capabilities **Ebara's Technological Capabilities & Organizational Capabilities that Facilitate Sustainability**
Using Data for the Technological and Organizational Capabilities Map

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

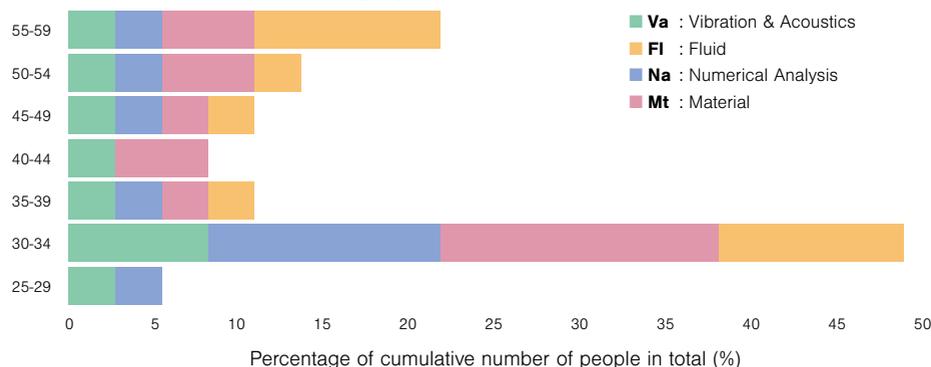
A Strategy to Pass Down Technology and Develop Human Resources

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

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

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

Capabilities of R&D personnel by age group

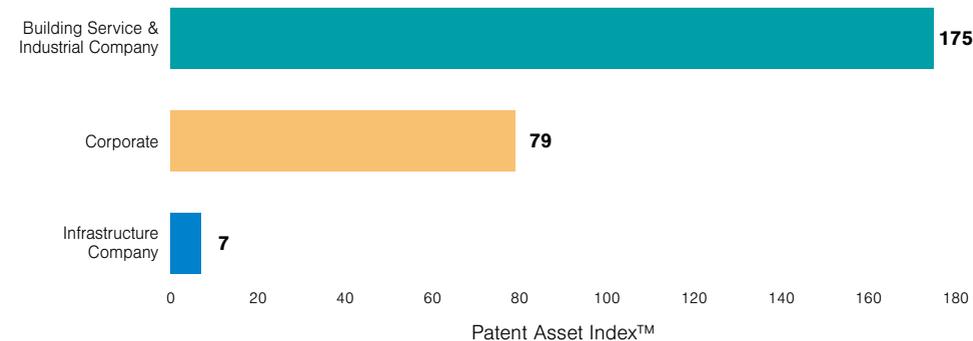


Assessment of Technological Capabilities

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

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

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



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

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

Personnel Promoting the Effort



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

HR Team



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

IP Team



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

Human Resources Strategy

Message from
Chief Human Resource Officer

Yoji Sato
Executive Officer, CHRO

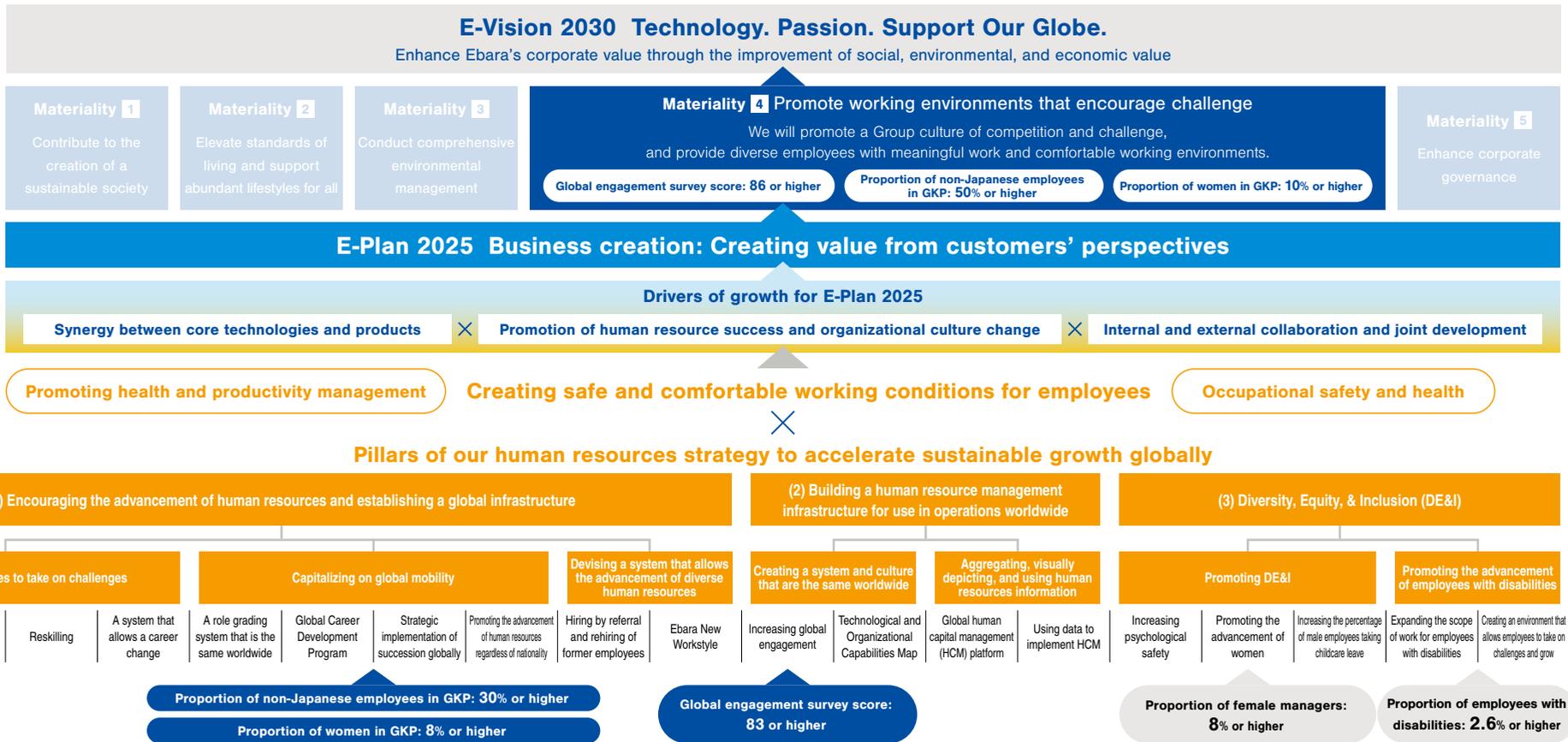


Fostering human resources and organizations that embody passion and dedication and that can continue to take on challenges globally

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

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

Strategy Overview



Human Resources Strategy

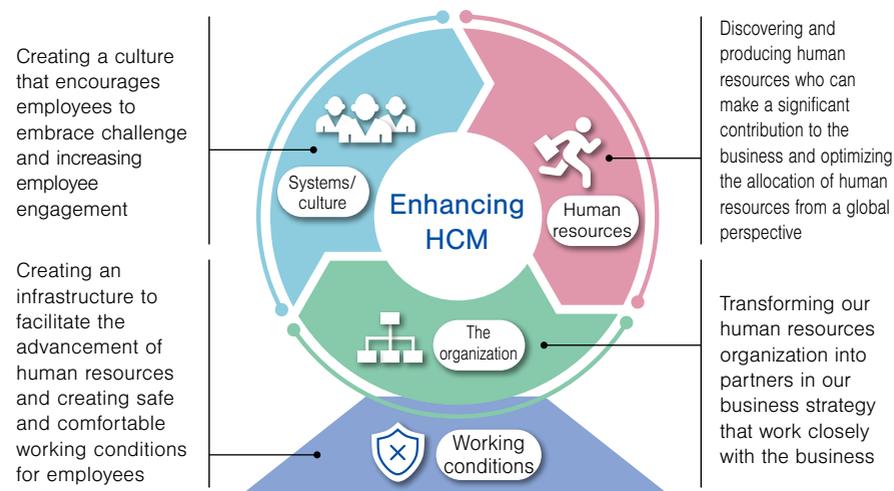
Governance

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

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

Personnel Affairs and Human Resource Development Policy

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



Strategy

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

Early fostering of leadership candidates

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

Efforts to assist with career development (personal career assessment)

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

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

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

Number of participants in the Udemy Business program

1,057 in total
(as of March 2024)

Expansion of the Global Career Development Program

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

Number of participants in the GCDP

25
(FY2024)

We also promote human resource development through business experience overseas

Human Resources Strategy

Strategy

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

Percentage of non-Japanese employees in GKPs

23%

(E-Plan 2025 target: 30% or more)

2 Building a human resource management infrastructure for use in operations worldwide

Increasing global engagement

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

Global engagement survey score

78

(E-Plan 2025 target: 83 or more)

Promoting health management

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

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

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



Enhancing personnel management with the Technological and Organizational Capabilities Map

Like the periodic table of elements, the Strategic Table of Technological Capabilities visually depicts our technologies. The table was compiled as a companywide project in 2022, and it is a necessary and indispensable document for formulating technological strategies. The table is intended to ascertain and share Ebara's current technological and organizational capabilities by visually depicting Ebara's technologies and the human resources in the organization that possess those skills. In the future, we will define expertise in areas other than Ebara's specific technologies as part of the Technological and Organizational Capabilities Map, and we will engage in similar efforts overseas. By associating the table with the human resources database (which includes work history, educational background, and qualifications), we are enhancing personnel management Groupwide and we are promoting internal cooperation to accelerate the creation of business value by specialized human resources with certain capabilities (skills). [→ P34](#)

DX of human resources and use of data analysis

Global restructuring of HCM and human resource data infrastructure

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

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

Using data for global HCM

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

3 Diversity, equity, and inclusion

Promoting diversity, equity and inclusion

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

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

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

Rate of men taking childcare leave

90.8%

(Results for 2023/includes special days off)

Human Resources Strategy

Strategy

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

LGBTQ+ efforts

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



Promoting the active participation of employees with disabilities

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

Risk Management

Risk management of industrial accidents

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

Metrics and Targets

Related Materiality	2025 Outcome Goals	KPIs	2025/12 Targets	2023/12 Results	Results / Future efforts
4 	Transform Ebara's culture into a competitive one that takes on challenges, creating an environment where diverse employees thrive in their work	Global engagement survey score	83 or higher	78	The domestic score improved in 2023, but scores overseas were slightly lower. We will quantitatively analyze the true causes of fluctuations in engagement, provide feedback to each organization, and enhance the monitoring of the PDCA process for improvement.
	Improve global mobility	Proportion of non-Japanese employees in GKP	30% or higher	23%	Enhancing the implementation of the Global Succession Plan and further obtaining and fostering human resources for GKPs from diverse perspectives, regardless of gender, nationality, age, or length of service. Promoting the expansion of the E-LEAD program (to develop the next generation of global leaders) and the expansion of the GCDP.
	Eliminate wage gap between men and women	Proportion of women in GKP	8% or higher	8%	Enhancing DE&I efforts and assisting with personal career development through personal career assessment. Also, improving the system to allow employees who want to learn and take on challenges to change careers in order to promote the advancement of diverse human resources and focusing on early selection and training of leadership candidates.
		Proportion of female managers (non-consolidated)	8% or higher	7.2%	
	Foster a corporate culture that allows people to balance work and childcare regardless of gender	Rate of men taking childcare leave (non-consolidated)	100%	90.8%	Working to raise awareness of the system so that more employees take leave, conducting educational campaigns from the perspective of DE&I, flexibly implementing the system, and creating a culture that encourages employees to take childcare leave.
	Promote the success of employees with disabilities	Proportion of employees with disabilities (non-consolidated plus 4 domestic Group companies)	2.6% or higher	2.54%	Centralize the Ebara Group's management of employees with disabilities and promote the employment and business of people with disabilities across the Group; expanding the scope of work for employees with disabilities for career development and expand opportunities for them to play an active role in business.

R&D and Intellectual Property Strategy

Message from
Chief Technology Officer

Norihisa Miyoshi
Executive Officer, CTO



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

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

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

Strategy Overview

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

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



R&D and IP strategy pillars that contribute to social and environmental value and economic value

Verifying results with respect to investment

<p>(1) Contributing to business growth through technology and R&D</p> <ul style="list-style-type: none"> Developing and deploying product development tools to accelerate the product development process 2025/12 Target: Expand to all five in-house companies Draft reports on business recommendations based on analysis of IP information & non-IP information 2025/12 Target: Double recommendations based on an analysis of results from 2023 (limited to those recommendations highly favored by the reporting individual/department) Drafting a roadmap for each target market Continuing to facilitate and support the utilization of research results in business 	<p>(2) Searching for and fostering new businesses</p> <ul style="list-style-type: none"> Devising scenarios for strategies based on megatrends and formulating action plans 2025/12 Target: Devise medium- to long-term scenarios and a corporate R&D strategy based on trends and formulate action plans for the next fiscal year Enhancing internal and external collaboration in terms of marketing and business 	<p>(3) Enhancing research infrastructure</p> <ul style="list-style-type: none"> Rotating human resources with a long-term perspective Attracting and training human resources in collaboration with each company and the marketing and production engineering divisions Creating and implementing the Technological and Organizational Capabilities Map Improving the accessibility of accumulated technical information with use of generative AI (guidelines have been formulated in cooperation with personnel under the CIO and CRO) 	<p>IP ROIC</p> <p>IP ROIC:</p> $\frac{\text{Results of IP activities}}{\text{Investment (IP costs and labor)}}$ <ul style="list-style-type: none"> Increasing the degree to which IP activities contribute to profitability by monitoring IP ROIC
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R&D and Intellectual Property Strategy

Governance

Accelerate collaboration with management and business through the CTO Office

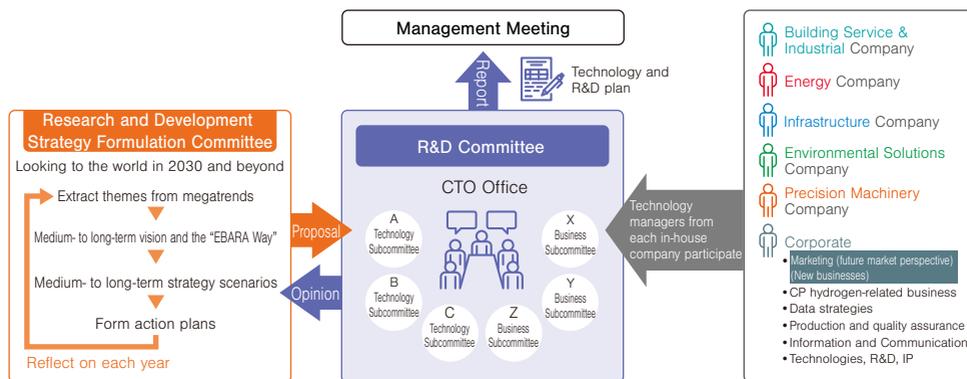
We introduced a target market-based business structure in 2023. Although the target markets are different, the Group has many shared technologies that can support the business. In that same year, we also established the CTO Office to manage and combine these in-house technologies to create new value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

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

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

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

Technology and R&D Planning and Decision-making Process



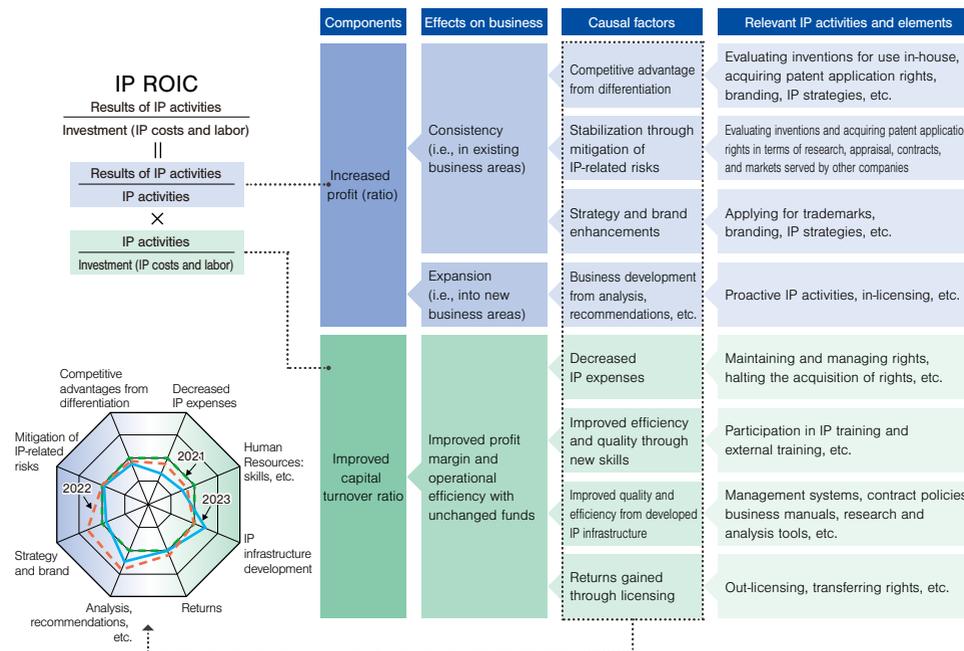
Monitoring results using Intellectual Property ROIC

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

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

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

IP ROIC and Quantification of Activities



R&D and Intellectual Property Strategy

Strategy

1 Contributing to business growth through technology and R&D

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

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

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

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

2 Searching for and fostering new business

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

3 Enhancing research infrastructure

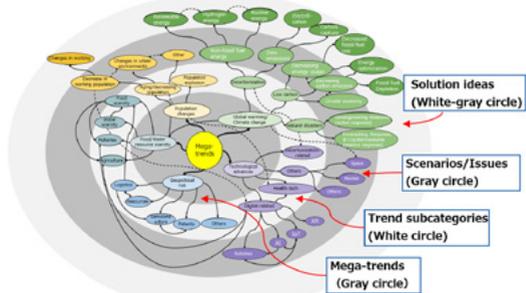
In order to continue effective R&D, we must not only look at issues customers are currently facing but also issues they are likely to face in the future, and we also need insight into ways and means necessary to resolve those issues. To solve a given social issue, we must examine it from various perspectives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

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

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

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

The CTO Office determines relevant global issues/megatrends and decides themes to concentrate R&D on.



EBARA's technologies visualized in the Strategic Table of Technological Capabilities

	Infrastructure Company		Energy Company		Building Service & Industrial Company				Precision Machinery Company				Environmental Solutions Company		
	Ma Maintenance	Ms Material System	Cm Customer Management	Ei Electrical Information	Rc Reliability Control	Fm Facility Management	Hi Heat Management System	So Software Operation	Tg Thermal Control	Po Pump	Vt Vibration Technology	Pl Plant	Ce Control	In Insulation	Py Pyrolysis
	Pj Project Management	Pu Pump System	Cr Control	St Steel Technology	Mm Material Management	Rc Reliability Control	So Software Operation	Tg Thermal Control	Po Pump	Vt Vibration Technology	Pl Plant	Ce Control	Mh Material Handling	Fr Filtration	
	Pr Process	Pt Pump System	Ch Chemical	Sm Steel Management	Mw Material Management	Fl Fluid	Pu Pump System	MI Material Inspection	Cl Control	Ep Electrical Power	Oz Oxygen	Ed Electrical Drive	Ed Electrical Drive	Ed Electrical Drive	
	Oa Online Analysis	Fl Fluid	Mt Material	Am Automated Manufacturing	Ea Electrical Analysis	Sm Steel Management	Es Electrical System	Mo Motor	Mc Mechanical	Tr Thermal	Eb Electrical	Pz Process	Mt Material	Na Nanotechnology	
Infrastructure	Sd Software Design	Fd Facility Design	De Design	Mn Material Control	Da Data Science	Ca Control Analysis	We Welding	Ts Thermal System	Am Automated Manufacturing	Re Reliability	Nd Nanotechnology	Rb Robotics	Pm Production Management	Xr X-ray	
Energy	Mt Material	Fl Fluid	Na Nanotechnology	Va Vacuum & Acoustic	Ch Chemistry	Ht Heat Technology	Cs Control	Mc Mechanical	Pw Pump Working	As Assembly	Ps Production System	Ie Industrial Engineering			

R&D and Intellectual Property Strategy

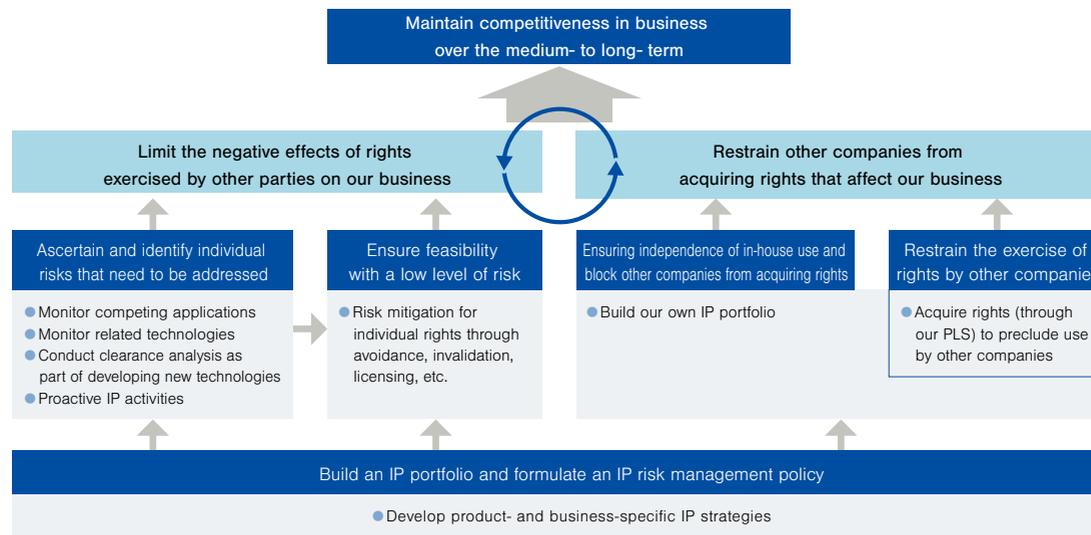
Risk Management

Risk management to maintain competitiveness

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

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

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



Metrics and Targets

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

* Model C is an EBARA model number

DX Strategy

Message from
Chief Information Officer

Hiroyuki Kowase
Executive Officer, CIO



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

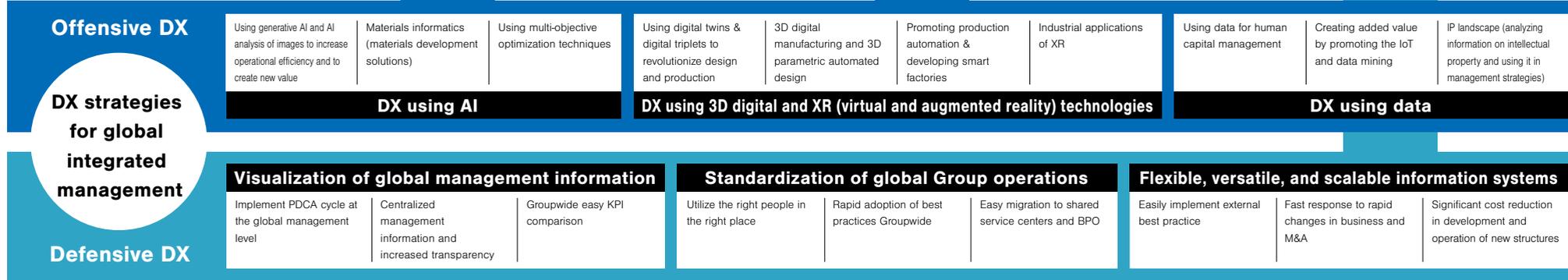
In order to further develop into a global industrial equipment manufacturer that is growing sustainably, the EBARA Group is transforming its services and business models through the use of data and digital technologies and accelerating the advancement of existing businesses and forays into new areas.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

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

Strategy Overview

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

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



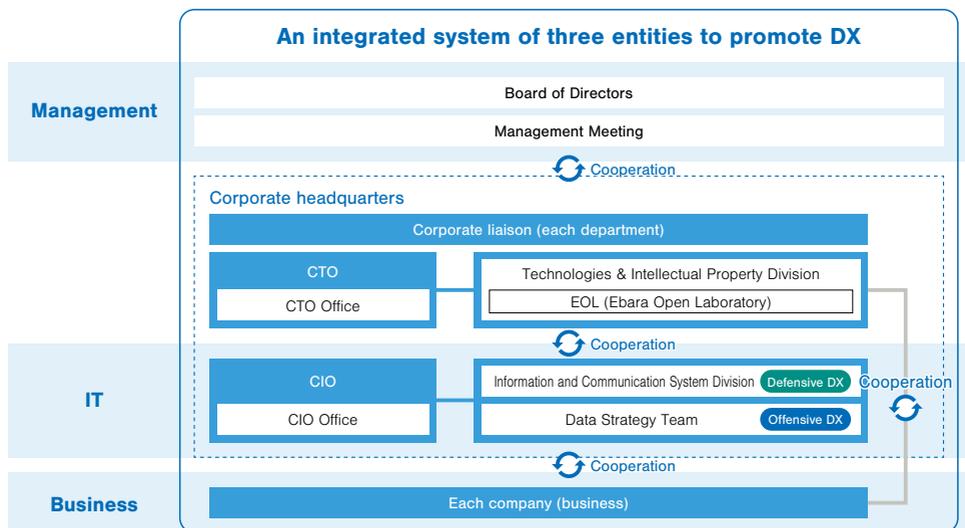
DX Strategy

Governance

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

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

- 1. Consistent IT strategies** We will devise an IT strategy and policy for the entire Ebara Group and align the IT strategies of each business segment and group company with the Group's IT strategy and policy.
- 2. Optimizing IT management processes** We will optimize the management processes related to IT for the Ebara Group and assist with the smooth management of IT organizations for the entire Group.
- 3. Implementation of IT governance** We will optimize the Ebara Group's systems, human resources, budgets, and measures related to IT and its IT architecture, and we will promote the effective and efficient activities of IT organizations.
- 4. Cooperation among IT organizations** We will increase cooperation among IT organizations within the Ebara Group and further facilitate communication between IT departments at each company.



Strategy - Offensive DX

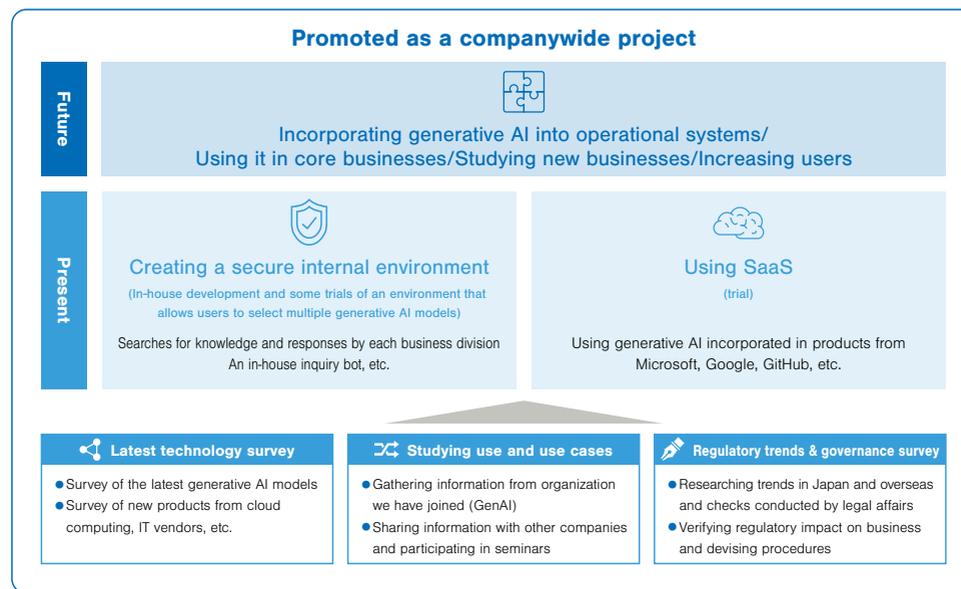
Using the latest technology and various types of data to improve operational efficiency and create new value

Using generative AI

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

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

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



DX Strategy

Strategy - Offensive DX

Promoting DX development in manufacturing

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

Using data for global human capital management

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

Strategy - Defensive DX

Building an information infrastructure for integrated global management

Enhancing the area of CRM

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

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

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

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

Promoting DX that is directly linked to improved operational efficiency

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

Groupwide ERP Roadmap

● Construction of a digital platform

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

● Transitioning to data-driven management

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

1. Build and expand data foundation

Build a digital platform

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

Expansion and sophistication of the digital domain

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

2. Secure and nurture human resources and organization

Building data utilization human resources and organizational structure

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

3. Realize integrated global management

Optimize management decision making through data utilization

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

DX Strategy

Risk Management

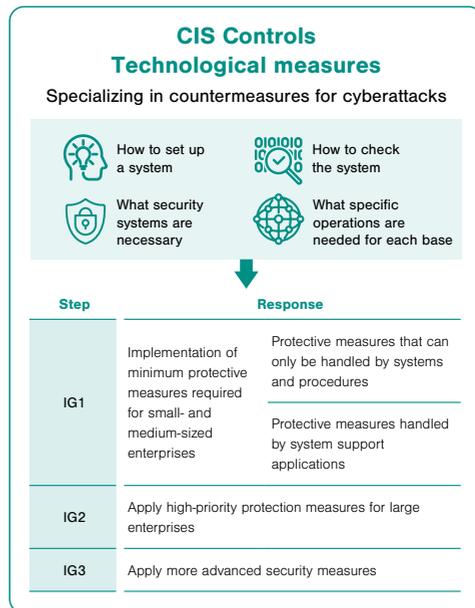
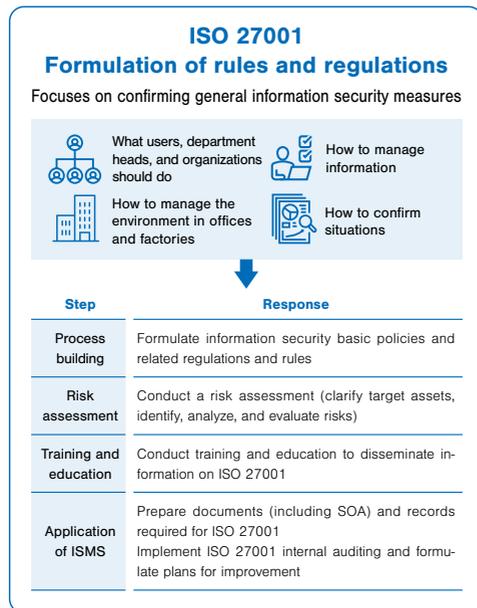
Strengthen Cybersecurity

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

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

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

*2. Global Computer Security Incident Response Team



Metrics and Targets

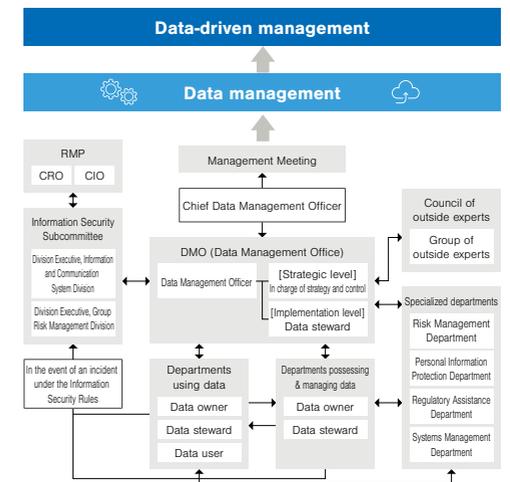
Related Materiality	2025 Outcome Goals	KPIs	2025/12 Targets	2023/12 Results	Results / Future efforts
1	Expand ERP project across the Group	Number of Group companies with ERP implemented	20 or more	Implemented at 4; in progress at 6	Implement SAP at Group companies
2	Strengthen information security and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

C L O S E - U P

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

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

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



Risk Management

Message from Chief Risk Officer

Toru Nakayama

Executive Officer, CRO



Substantively responding to more diverse and complex risks across the Group

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

already evident and to risks that may arise in the future.

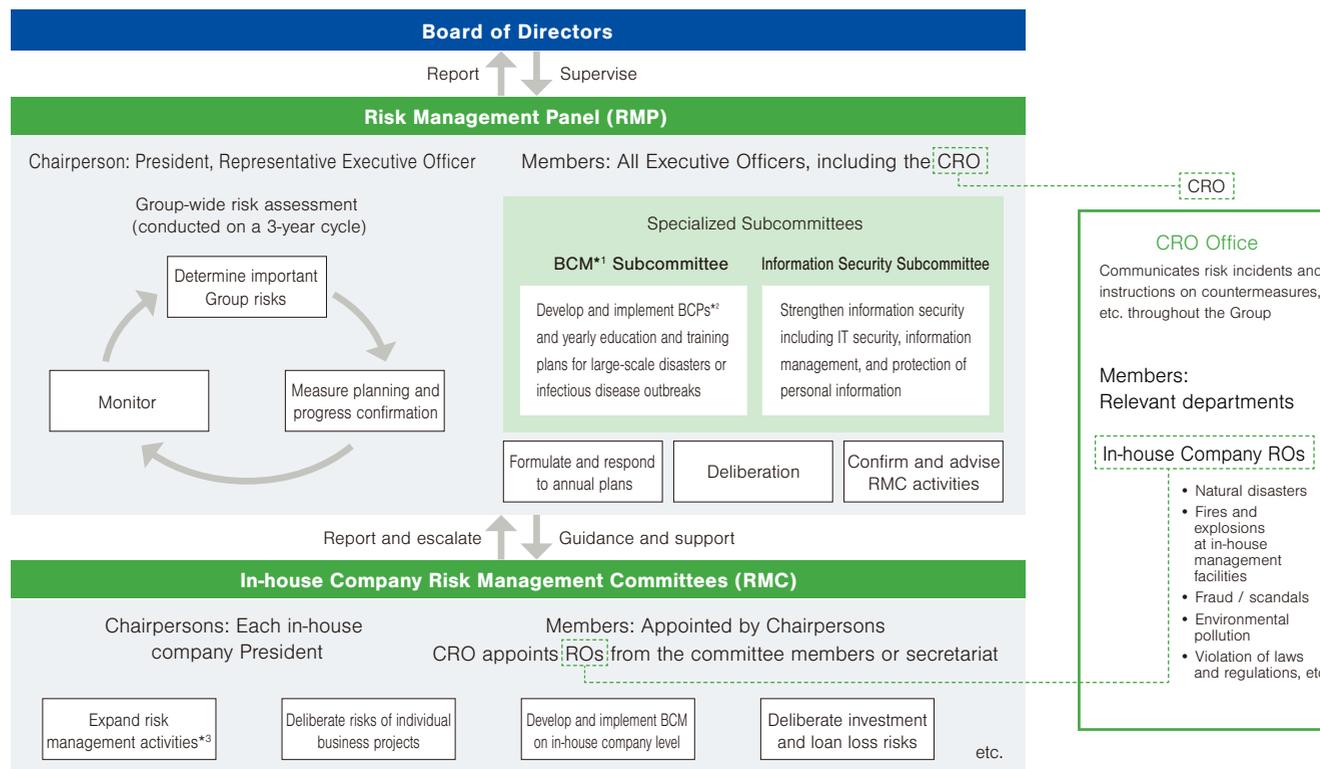
In 1921, fearing a possible water supply crisis due to the limited water supply in Tokyo at the time, our founder donated pumps to the city. Those pumps eventually played an active role in the recovery of the Great Kanto Earthquake two years later. There is much to be learned from our founder who took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

Basic Approach and Risk Response System

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

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

Risk Management Framework



*1. Business Continuity Management

*2. Business Continuity Plans

*3. Including subsidiaries under the umbrella of in-house companies

Risk Management

Main Risk Countermeasures

Risk identification process

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

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

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

Major initiatives

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

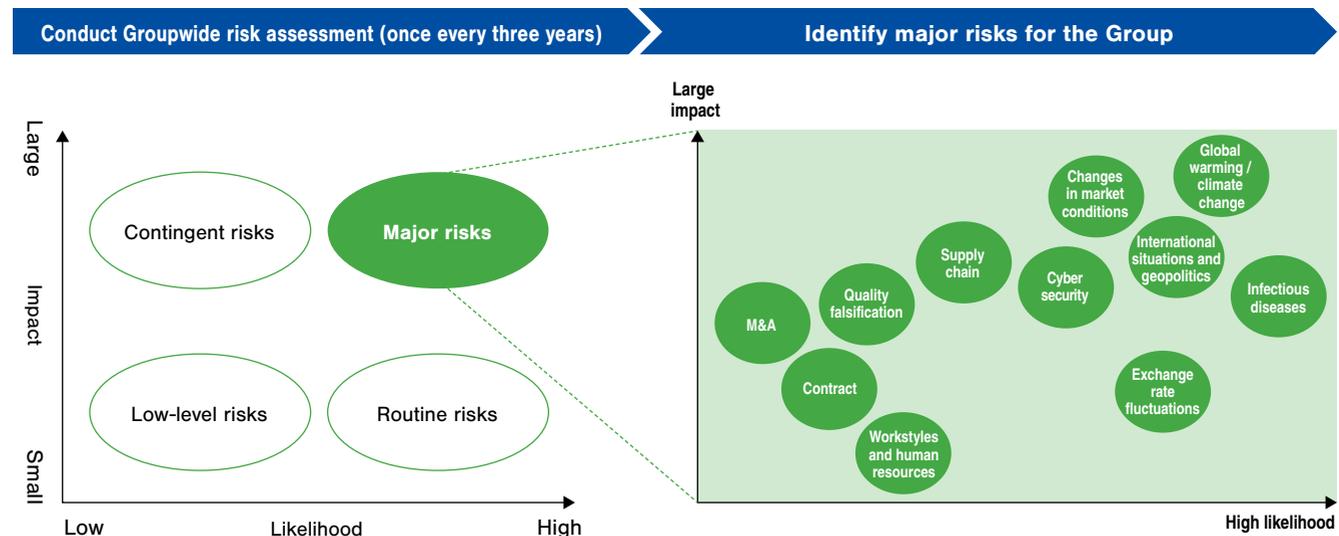
Business Continuity

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

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

Risk Map (assessment conducted in 2022)*

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



Personal Information Protection

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

Global Insurance

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

Geopolitical Risks

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

Compliance

Basic Approach

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

REFERENCE EBARA Group Code of Conduct

<https://www.ebara.co.jp/en/sustainability/think/information/ebara-identity.html>

REFERENCE Compliance System

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

Key Strategic Items and Progress

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

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

Compliance

Priority Strategies and Progress

Strengthening the compliance consultation system across the Group

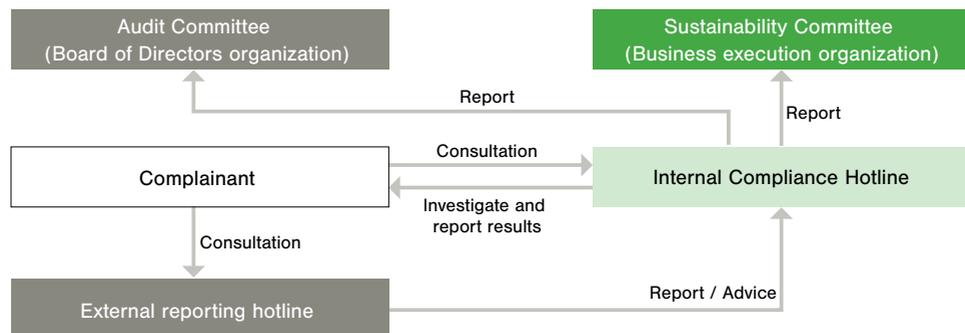
In Japan, compliance consultation hotlines have been installed at Group companies, and consultations are addressed by the site at which the consultation is received (the Company or Group company). The Company and Group companies with more than 300 employees have established a whistleblower reporting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

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

Compliance Consultation Hotline Policies

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

Domestic Compliance Consultation Flowchart



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

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

Domestic compliance reporting hotline status

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

Expansion of overseas Ebara Group Hotlines

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

Globalization of the compliance liaison meetings

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

Preventing corruption

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

REFERENCE Ebara Group Anti-Corruption
<https://www.ebara.co.jp/en/sustainability/governance/information/anti-corruption.html>

Protecting Water, Air, and the Environment

- Climate Change Initiatives
- Environmental Management

Carbon Neutrality by 2050

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

Targets for 2030

- 1 Scope 1 and 2 GHG emissions
Reduce by 55% compared to FY2018
- 2 Scope 3/Avoided emissions/Others*
Reduce by 100 million tons of CO₂ equivalent

2050
Achieve carbon neutrality

As of June, 2024

* "Others" includes the CO₂ equivalent of GHGs decomposed and processed by our products

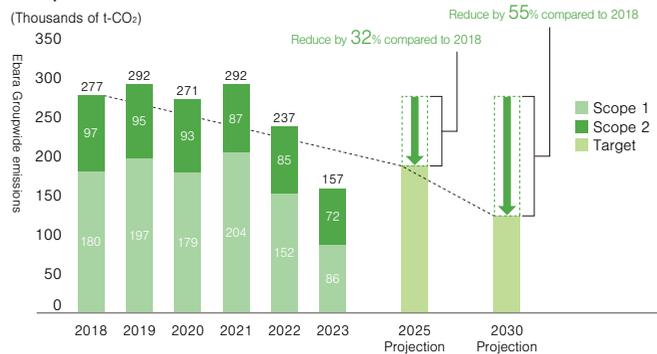
Climate Change Initiatives

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

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

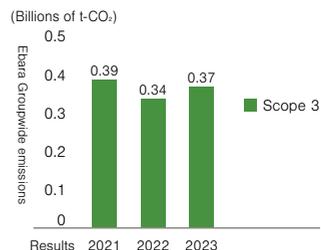
Metrics and Targets for 2025	Initiative Status
Reduce Scope 1 and 2 GHG emissions by 32% compared to 2018 levels	<ul style="list-style-type: none"> ● Increasing procurement and use of low-CO₂ electricity ● Promoting energy conservation and production innovation in business activities, shifting away from fossil fuels by converting to electricity ● Considering the introduction of internal carbon pricing
Establish a practical measurement method to reduce 100 million tons of CO ₂ equivalent by 2030	<ul style="list-style-type: none"> ● Considering methods of collaboration with suppliers ● Making products even more efficient as category 11 constitutes the bulk of our emissions
Maintain a CDP (climate change) score of B or above	<ul style="list-style-type: none"> ● Acquired B score for 2 consecutive years ● Began implementing third-party verification (Scope 1 & 2) ● Focusing on advancing supplier engagement

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



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

Scope 3 GHG Emissions*4, *5



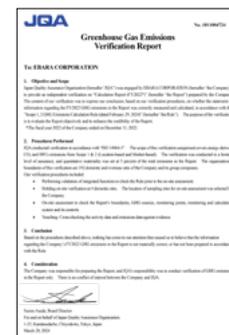
*4. Emissions for 2021 have been revised due to a change in the method of calculating Category 11 emissions from a sales basis to a units sold basis
 *5. Emissions for 2023 are preliminary figures

● Expanding Green Energy

To reduce CO₂ emissions, the Ebara Group has introduced low-CO₂ electricity at its major locations in Japan. In addition, we are adding solar power-generating equipment to our facilities in Japan and overseas. At the Fujisawa District, 1.6-MW solar power-generating equipment was installed on the roof of the plant building that was completed in 2020 and that equipment has been in operation since November 2023. In addition, we also procure CO₂-free electricity through an off-site PPA model.

● Third-Party Verification Obtained

In accordance with ISO 14064-3, we obtained verification of the Ebara Group's GHG emissions in 2022 (prior to the adjustment of the scope of emissions conducted in June 2024), including Scope 1 and Scope 2 emissions of energy-derived CO₂ and HFC*. This has allowed us to enhance the accuracy and reliability of the data we provide to our stakeholders.



*Hydrofluorocarbons are gases with particularly high global warming potential.

Protecting Water, Air, and the Environment

Climate Change Initiatives

Climate-related Disclosure

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

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

Governance

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

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

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

Risk Management

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

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

REFERENCE TCFD Risk Management
https://www.ebara.co.jp/en/sustainability/think/information/tcdf.html#sus2023_1
REFERENCE Risk Management
<https://www.ebara.co.jp/en/sustainability/governance/information/risk-management.html>

Metrics and Targets

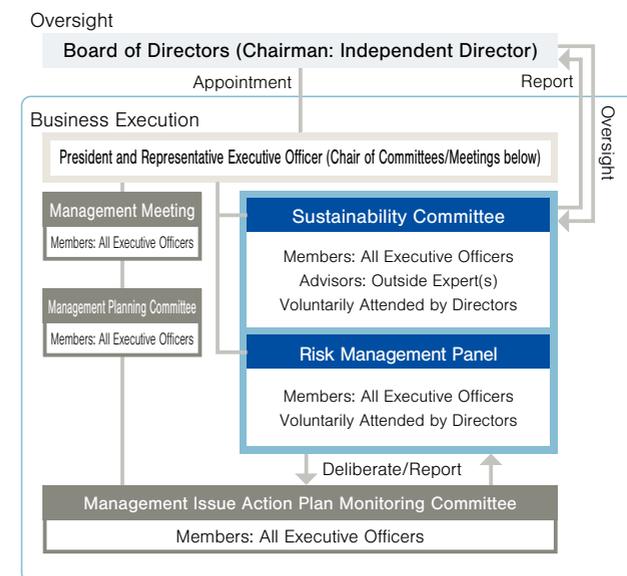
In December 2022, we published “Carbon Neutrality Efforts by the Ebara Group,” as a dedicated page on the Company’s website. Each in-house company and subsidiary, down to the department level, has incorporated targets and measures for carbon neutrality into their action plans for E-Plan 2025.

One of the outcome goals of E-Vision 2030, “to reduce GHG emissions by 100 million tons CO₂ equivalent by 2030,” is being reviewed in accordance with the Guidance on Avoided Emissions issued by the WBCSD in March 2023.

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

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

Climate-related Governance Structure



Status of Climate Governance in 2023

Board of Directors Agenda Items	
Feb.	● E-Vision 2030 was revised, and E-Plan 2025 was formulated and announced
Apr.	● Identified sustainability agenda issues for future board discussion ● Formulated an action plan for medium-term management issues and specified KPIs for 2023
Jun.	● Disclosed climate-related information in accordance with TCFD recommendations
Sept.	● Status of and issues with E-Plan 2025
Oct.	● Status of the Group’s efforts towards carbon neutrality ● Status of and issues with E-Plan 2025

(Note) Reports on non-financial information are submitted monthly by Executive Officers.

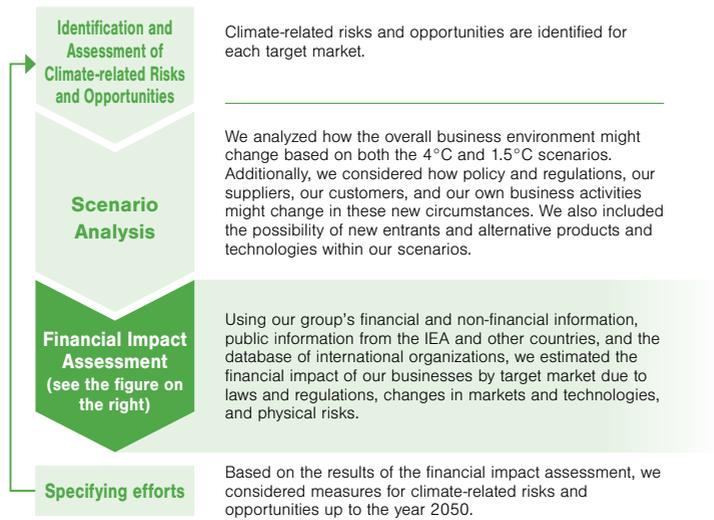
Sustainability Committee
 Met in March, June, September, and December. (Reported deliberations to the Board of Directors the following month)
 A climate-related agenda was set for every meeting.
 Main items ● Shared progress toward carbon neutrality
 ● Shared analyses of climate-related scenarios
 ● Deliberated Scope 1-3 GHG emission reduction efforts
 ● Considered internal carbon pricing, etc.

Protecting Water, Air, and the Environment

Climate Change Initiatives

Strategy

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



REFERENCE Financial Impact and Response Measures
https://www.ebara.co.jp/en/sustainability/think/information/tcf.html#sus2023_3

Future Challenges

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

Results of Analysis

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

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



Target markets	Construction & industrial equipment	Oil & Gas (Previous Energy (Current))	Water infrastructure	Solid waste treatment	Semiconductor manufacturing
Process	<p>Opportunities</p> <p>We estimated the increase in revenue of energy-mix, high-efficiency heating and cooling chillers systems and cooling towers, using current levels of revenue and operating profit ratio and external data such as the demand rate for air conditioning equipment and the percentage of air conditioning equipment that can be installed.</p>	<p>We estimated the increase in revenue of hydrogen, ammonia, solar thermal, and geothermal products by using external data such as the size of each market and the growth rate of power generation in each, and by assuming our market share and operating profit.</p>	<ul style="list-style-type: none"> In terms of income from disaster prevention and mitigation measures against flood damage in Japan, we calculated the rate of increase in the market for disaster prevention and mitigation measures related to flood damage based on the draft budget for national resilience in Japan, and estimated operating profits associated with the expansion of sales of related products and services. We estimated the income of wastewater system-related products, assuming that the demand in the overseas wastewater system market is proportional to the intensity of rainfall. 	<p>Operating profit due to the progress of chemical recycling was estimated based on the estimated sales per facility, the construction period per facility, and our projected ratio of the number of chemical recycling facilities constructed.</p>	<p>We calculated a projected increase in revenue from developing products that are compatible with the IoT solutions and products that emphasize energy-saving performance. These projections were based on external data such as the rate of expansion in the penetration of the IoT solutions that contribute to plant energy conservation.</p>
	<p>Risks</p> <p>The amount of loss caused by extreme weather conditions was estimated based on the amount of property damage caused by past disasters, taking into account the rate of increase in incidents, average business interruption period, insurance claims and premiums, and other factors.</p>	<ul style="list-style-type: none"> Decrease in revenue of oil and gas-related products due to the impact of decarbonization (revenue of oil and gas-related products x reduction in the oil and gas-related sector x operating profit ratio) The amount of damage caused by severe extreme weather conditions was estimated by adding the rate of increase in frequency of accidents, average business interruption period, and insurance claims and premiums, based on the amount of property loss caused by past disasters. 	<p>We do not view this as a major risk factor to our financial position.</p>	<ul style="list-style-type: none"> Decrease in profit attributable to domestic solid waste reduction Drafted by calculating the current operating profit of operation and maintenance business x decrease rate of waste for annual treatment 	<p>The amount of damage caused by severe extreme weather conditions was estimated by adding the rate of increase in frequency of accidents, average business interruption period, and insurance claims and premiums, based on the amount of property loss caused by past disasters.</p>

Protecting Water, Air, and the Environment

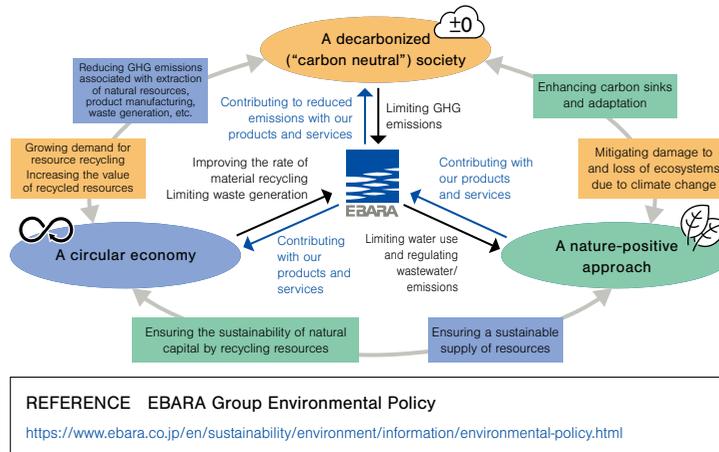
Environmental Management

Environmental Policy

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

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

Our Relationship to Environmental Issues

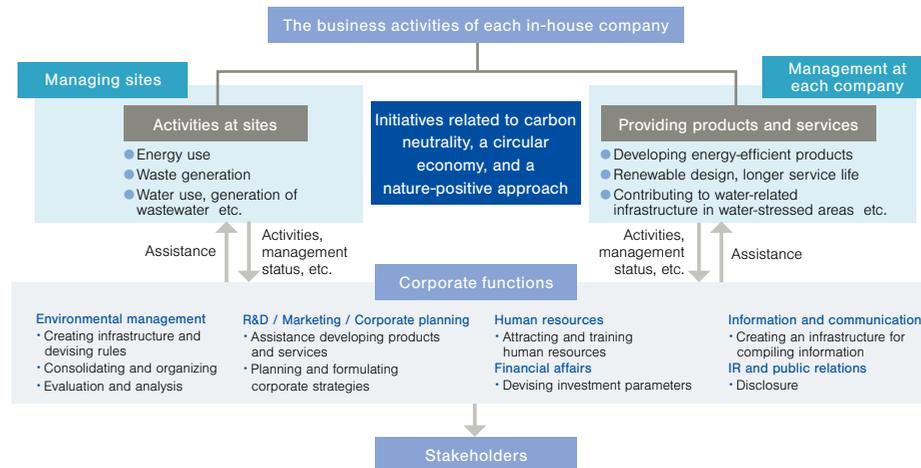


Our Vision for Environmental Management

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

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

Environmental Management Framework



Acquisition of ISO 14001 Certification

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

Certified as an Eco-First Company

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

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

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



Protecting Water, Air, and the Environment

Environmental Management

2030 Environmental Targets

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

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

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

Water Risks

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

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

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

high-risk areas, and their water intake was 219 km³, accounting for 21% of the Company's total water intake. Going forward, we will examine the local water supply and drainage management at bases located in such high-risk areas, seek to understand the risks associated with water intake and discharge systems, and then implement measures to reduce risks.

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

Complying with the Plastic Resource Circulation Act

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

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

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

Conservation of Biodiversity and Natural Capital

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

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



Forest conservation efforts

Ebara Group Biodiversity Guidelines

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

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

Upholding Global Responsibilities

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

Ebara Group Human Rights Policy

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

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

Ebara Group Human Rights Policy

Human Rights Management System

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

Human Rights Grievance Mechanisms

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

Ebara Group Human Rights Committee Framework



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

Future Challenges

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

Initiatives and Progress from 2020 to 2023

<p>External Dialogues</p>	<p>The Ebara Group Human Rights Committee conducts dialogue with external human rights experts to expand the scope of awareness around human rights issues and improve the Group's human rights management.</p> <ul style="list-style-type: none"> • 2023 Dialogue with a journalist specializing in human rights and IT . • 2022 Dialogue with experts who have knowledge around issues related to foreign technical trainees and foreign workers. • 2021 Dialogue with NPOs that support water supplies in developing countries. • 2020 Dialogue with institutional investors about their perspectives on human rights. 				
<p>Improving Human Rights Due Diligence (DD)</p>	<p>The Ebara Group Human Rights Committee believes it is crucial to the healthy business operations of the Group that its employees and suppliers act with respect for human rights, and therefore, conduct human rights due diligence.</p> <table border="1" data-bbox="981 1209 2114 1241"> <tr> <th data-bbox="981 1209 1653 1241">Human rights due diligence with employees</th> <th data-bbox="1664 1209 2114 1241">Human rights due diligence with suppliers</th> </tr> <tr> <td data-bbox="981 1249 1653 1471"> <p>Through the annual global engagement survey (GES) conducted by the Human Resources Department targeting all employees, we monitor approximately 60 organizations in 38 countries and regions, with particular focus on the common human rights issues across the Group such as workplace fairness and equity, discrimination, and occupational safety and health. The Ebara Group Human Rights Committee instructs companies who have low engagement scores to formulate human rights action plans, and then those companies implement measures for improvement. The results of these activities are then evaluated based on the scores from the next year's GES. Four organizations with low survey scores in 2022 implemented action plans, and one organization achieved higher scores in 2023. The three organizations that did not meet the criteria are continuing to implement improvement measures. We will continue to conduct human rights DD with employees.</p> </td> <td data-bbox="1664 1249 2114 1471"> <p>In order to ensure that our suppliers understand and implement our CSR Procurement Guidelines, including the human rights provisions, the Procurement Department conducted a CSR procurement survey of the Group's primary suppliers and found that there were generally no problems. To increase understanding of corporate social responsibility both internally and externally, we also explain to internal and external entities that laws, regulations, and attitudes differ in each country and that human rights are the responsibility of every organization doing business, and continue to educate until respect for human rights is instilled.</p> </td> </tr> </table>	Human rights due diligence with employees	Human rights due diligence with suppliers	<p>Through the annual global engagement survey (GES) conducted by the Human Resources Department targeting all employees, we monitor approximately 60 organizations in 38 countries and regions, with particular focus on the common human rights issues across the Group such as workplace fairness and equity, discrimination, and occupational safety and health. The Ebara Group Human Rights Committee instructs companies who have low engagement scores to formulate human rights action plans, and then those companies implement measures for improvement. The results of these activities are then evaluated based on the scores from the next year's GES. Four organizations with low survey scores in 2022 implemented action plans, and one organization achieved higher scores in 2023. The three organizations that did not meet the criteria are continuing to implement improvement measures. We will continue to conduct human rights DD with employees.</p>	<p>In order to ensure that our suppliers understand and implement our CSR Procurement Guidelines, including the human rights provisions, the Procurement Department conducted a CSR procurement survey of the Group's primary suppliers and found that there were generally no problems. To increase understanding of corporate social responsibility both internally and externally, we also explain to internal and external entities that laws, regulations, and attitudes differ in each country and that human rights are the responsibility of every organization doing business, and continue to educate until respect for human rights is instilled.</p>
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Upholding Global Responsibilities

Supply Chain Management

Basic Approach to Procurement

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

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

REFERENCE Supply Chain Management

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



Declaration of Partnership Building

Procurement Policy

Provide fair and equitable opportunities

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

Economic rationality in selecting suppliers

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

Information security

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

Mutual trust

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

Social trust

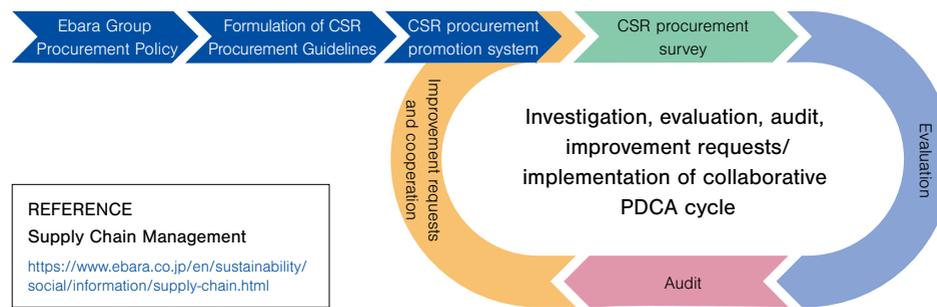
In our pursuit of a sustainable society, we promote responsible procurement, while paying close attention to compliance with Japanese and overseas laws, human rights, safety of products and services, quality guarantees, occupational health and safety, the environment, and corporate ethics.

Collaborative Value Creation with Suppliers

Human Rights Due Diligence for Suppliers

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

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



REFERENCE

Supply Chain Management

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

CSR Procurement Questionnaire

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

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

Upholding Global Responsibilities

Production Management

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

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

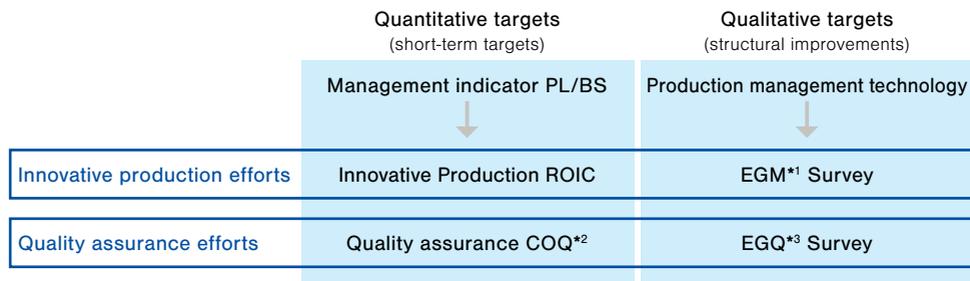
A History of Our Efforts to Innovate Production

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



Four Indicators for Evaluation of Production Management

In the areas of production and quality assurance in the value chain, we set both quantitative and qualitative targets and we monitor efforts. In both areas, we collect and analyze data on the status of improvements, we visually identify issues, and we endeavor to share and disseminate information to frontline personnel. → P60



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

Innovative Production ROIC, an Indicator for Quantitative Evaluation

In addition to the monetary effects of efforts to innovate production, we have defined the Innovative Production ROIC as an indicator for quantitative evaluation that we use worldwide. We evaluate the contribution to return on invested capital (ROIC), which is our most important management indicator, as the Innovative Production ROIC Improvement Effect. → P26

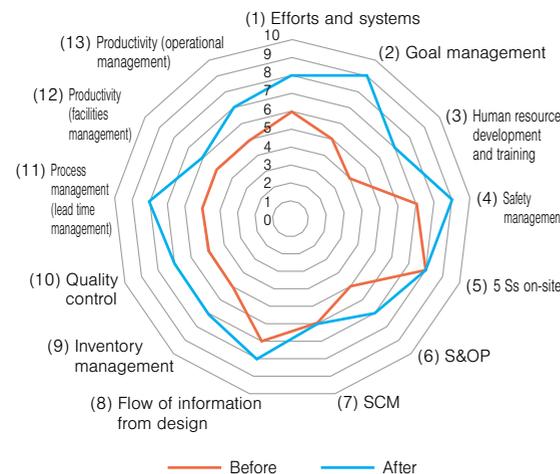
Definition of Innovative Production ROIC

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

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

The EGM Survey, an Indicator for Qualitative Evaluation

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



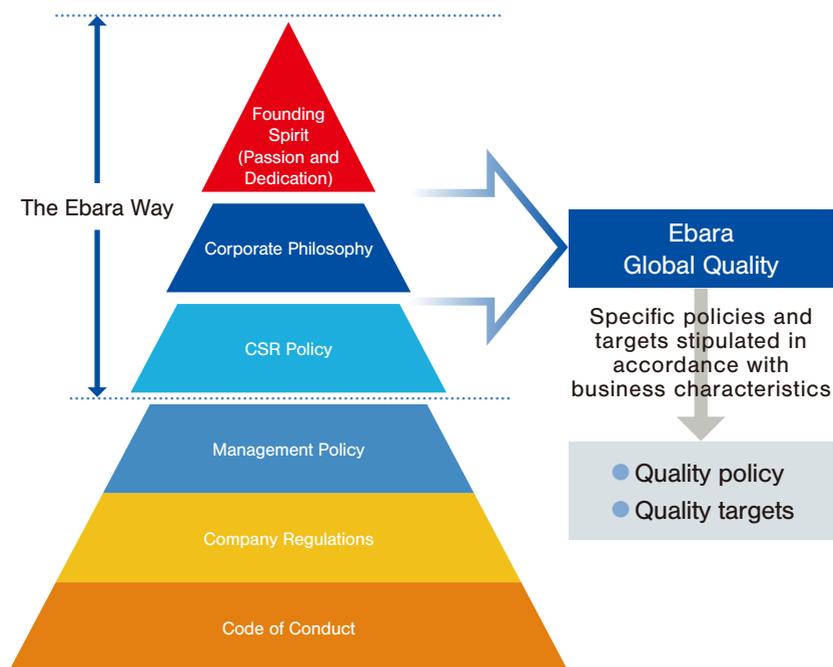
- EGM Survey Items Evaluated**
- (1) Efforts and systems
 - (2) Goal management
 - (3) Human resource development and training
 - (4) Safety management
 - (5) 5 Ss on-site
 - (6) S&OP (manufacturing and sales collaboration)
 - (7) SCM (procurement, logistics, suppliers)
 - (8) Flow of information from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

Upholding Global Responsibilities

Quality Management

Ebara Global Quality

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



Ebara Group's Basic Policy on Quality

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

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

Ebara Global Quality Declaration

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

Items being implemented

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

Implementation efforts

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

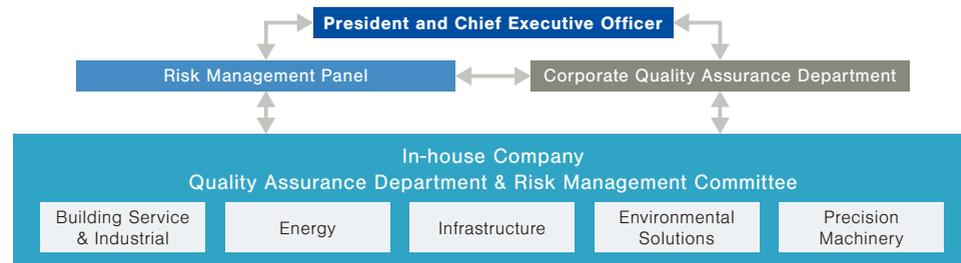
Quality Management System

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

ISO 9001 Certification (As of December 31, 2023)

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

The Ebara Group's Quality Assurance System



Upholding Global Responsibilities

Quality Management

Continuous Ebara Global Quality Improvement Efforts

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

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

Fostering Human Resources for Quality Assurance

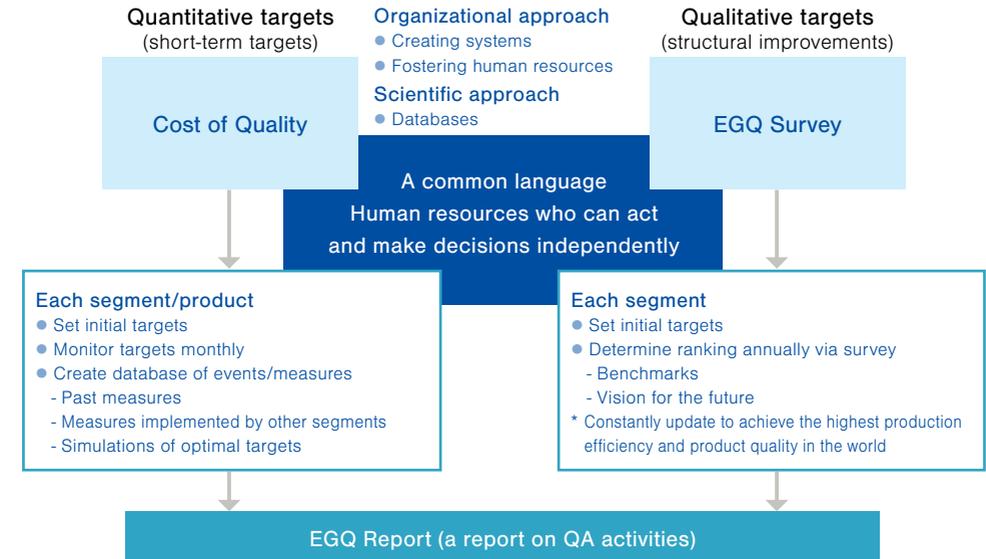
We have begun offering training programs on quality to all employees, from new employees to senior management, offered based on seniority. We are fostering human resources who can use a common language regarding quality and who can act independently via organizational and scientific approaches, and we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

Program to Foster EGQ Human Resources

Types of knowledge required for quality assurance

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

Quality Assurance Assessment Framework



CLOSE-UP

EGQ Report, A Regular Report on QA Activities

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

