



2023 ESG Meeting

EBARA Corporation (6361)

November 27, 2023

Looking ahead,
going beyond expectations

Ahead > *Beyond*

株式会社 荏原製作所



President and Representative
Executive Officer
CEO & COO

Masao Asami



Executive Officer,
Division Executive, Technologies,
R&D, & Intellectual Property Division
CTO

Norihisa Miyoshi



Independent Director,
Chairman of the
Board of Directors

Hiroshi Oeda



Executive Officer,
Division Executive,
Corporate Strategic Planning, Finance
and Accounting Division CFO
Responsible for IR

Shugo Hosoda

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President, Representative Executive Officer, CEO & COO

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Norihisa Miyoshi

Executive Officer, Division Executive, Technologies, R&D, & Intellectual Property Division & CTO

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Hiroshi Oeda

Independent Director, Chairman of the Board of Directors

1. Advances in ESG-Focused Management

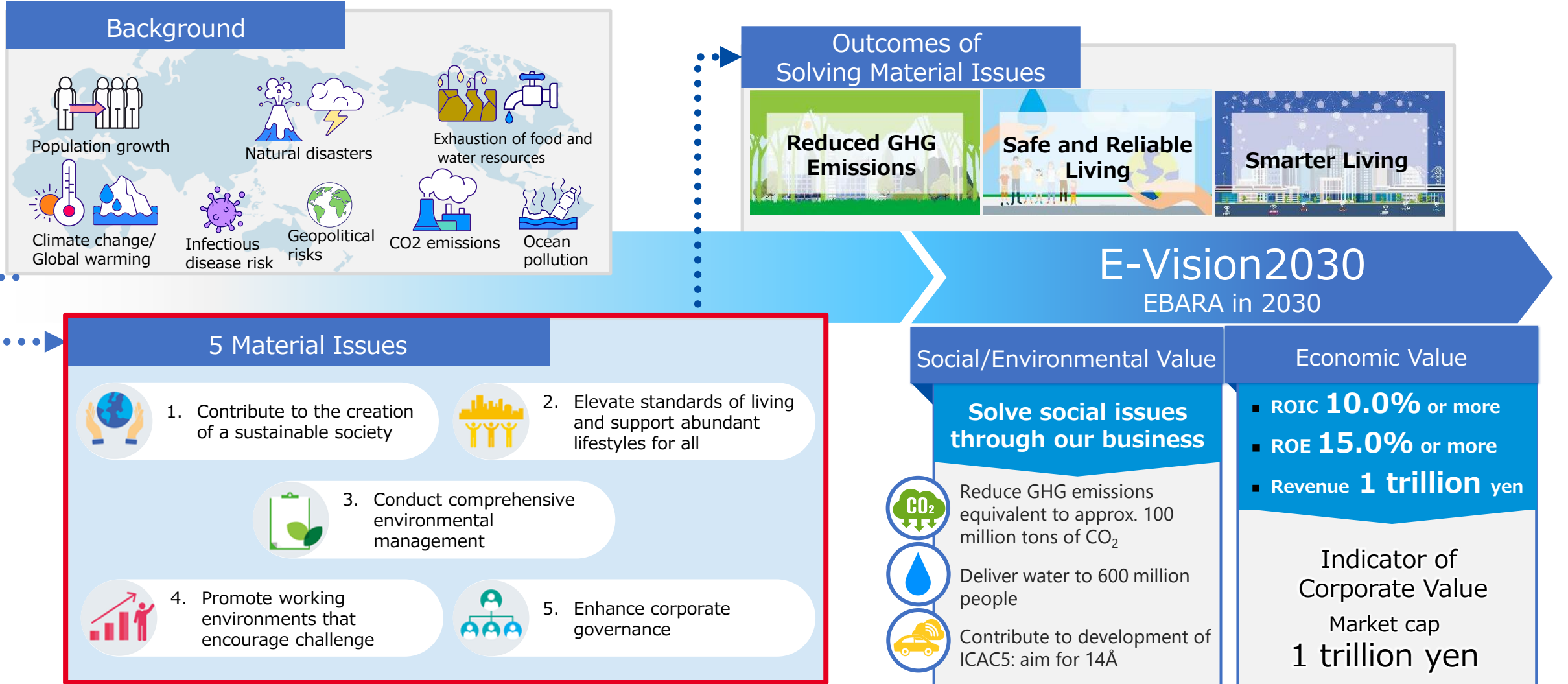
- E:** - 2023 TCFD-Aligned Climate Disclosure
 - Hydrogen Initiatives
- S:** - Human Capital Management

Masao Asami

President, Representative Executive Officer,
CEO & COO

Long-term Vision E-Vision 2030

Long-term Vision E-Vision 2030:
Solve social issues through businesses with a market-in perspective toward the world in 2030



E-Plan 2025: Advanced ESG-Focused Management

Basic policy and management strategy under E-Plan 2025

Implement advanced ESG-focused management for a sustainable society



E : Environment



S : Social



G : Governance

Strategy and Action Policy

Carbon Neutrality / Reduce Environmental Impact through Products and Services

- Reduce environmental impact of business activities
- Reduce GHG emissions through provision of products and services
- Develop and market products to realize a hydrogen society
- Commercialize chemical recycling technology for waste plastics

Promote Human Capital Management and Diversity & Inclusion and Respect Human Rights

- Strengthen human capital management
- Promote diversity, equity and inclusion
- Promote human rights due diligence in the supply chain

Further enhance corporate governance

- (Roles and activities of the Board of Directors)
- Support the EBARA Group's growth to solve medium- to long-term issues
 - Supervise executives for sustainability
 - Promote dialogue between the Board of Directors and stakeholders
 - Continue efforts to improve efficacy

Medium-Term Management Plan E-Plan 2025: Non-financial Indicators

Non-financial indicators set for the term of the medium-term management plan E-Plan 2025

Non-financial indicators



E : Environment

| Items | Targets |
|--|---|
| CDP Score (Climate change) | Maintain B or above |
| Scope 1, 2 | Reduce GHG emissions by 32% compared to 2018 |
| Scope 3/ <u>Avoided emissions/Others</u> (Across Value Chain)*1 | Establish a practical measurement method to reduce 100 million tons of CO2 equivalent by 2030 |

[*Revised November 2023](#)



G : Governance

| Item |
|---|
| Sophisticate performance of the Board of Directors and contribute to Governance to Value (G to V) |



S : Social

| Items | Targets |
|---|--|
| Further promote a culture of competition and pioneering spirit, and strive to create an environment where diverse employees can comfortably work and perform well - Engagement Survey score (consolidated) | FY2025: 83 or higher |
| Aim for global mobility improvement - Percentage of non-Japanese employees in Global Key Positions (GKP) (consolidated) | FY2025: 30% |
| Resolve gender pay gap (1) Percentage of female employees in GKP (consolidated) (2) Percentage of female employees in key positions (non-consolidated) | (1) FY2025 8% or higher (2) FY2025 8% or higher |
| Cultivate a company culture where employees can work and raise children at the same time regardless of gender - Percentage of male employees taking parental leave (non-consolidated) | FY 2025: 100% |
| Promote inclusion of employees with special needs - Percentage of employees with special needs (non-consolidated + 4 group affiliates) | FY2025: 2.6% or higher |
| Implement necessary measures based on the results of human rights due diligence for suppliers | |

2023 TCFD-Aligned Climate Disclosures

- Climate-related scenario analysis was completed by the end of 2022 for all target markets
- Results were then incorporated into the medium-term management plan E-Plan 2025

Governance

- Deliberation on carbon neutrality efforts by the Board of Directors
- New Sustainability Committee policy to monitor progress toward climate-related targets

Risk Management

- Identified climate-related risks and opportunities for each target market
- Monitor progress of climate-related initiatives at the Management Issue Action Plan Monitoring Committee

Strategy

- All 5 in-house companies developed climate strategies based on the results of the climate-related scenario analyses conducted for each target market and incorporated them into E-Plan 2025

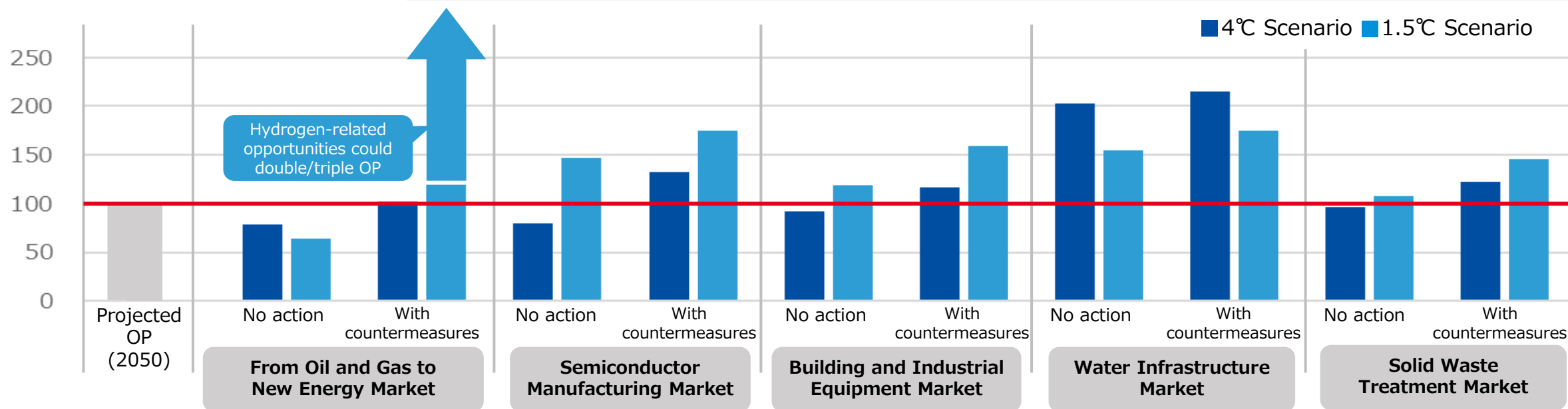
Metrics & Targets

- Initiatives to achieve climate-related targets were incorporated into E-Plan 2025 action plans at each level of the company from the in-house company level down to individual subsidiary and division-level

TCFD-Aligned Disclosure – Financial Impact

Calculated potential financial impact of climate change by setting projected 2050 operating profit (OP) as “100” without consideration of climate risks and opportunities. We then incorporated identified risks and opportunities of each business and projected OP with no action taken or with countermeasures for 4°C and 1.5°C scenarios

No action: Predicted financial impact based on making no changes to current products, services, and manufacturing processes
 With countermeasures: Predicted financial impact with countermeasures implemented based on identified risks and opportunities



Results of Analysis

Operating profit was projected to improve in all target markets regardless of temperature scenario, so long as countermeasures are implemented

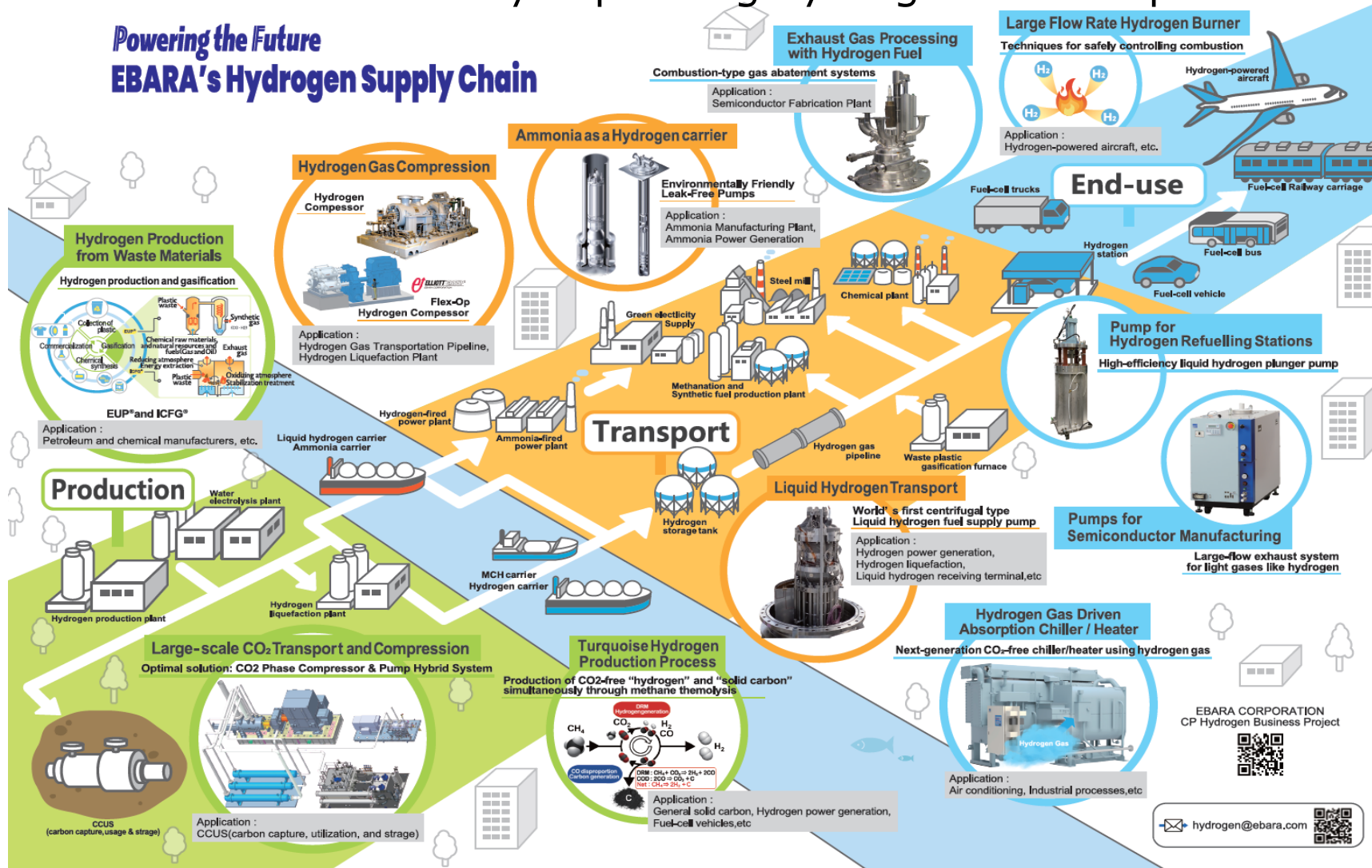
- The transition from oil & gas to next generation energy such as hydrogen represents significant opportunity

Hydrogen Initiatives

Making Contributions to the Environment and Society Through Hydrogen Technologies



- We plan to introduce new products in all areas of the Hydrogen Supply Chain
- Will contribute to decarbonization by expanding hydrogen-related products and services



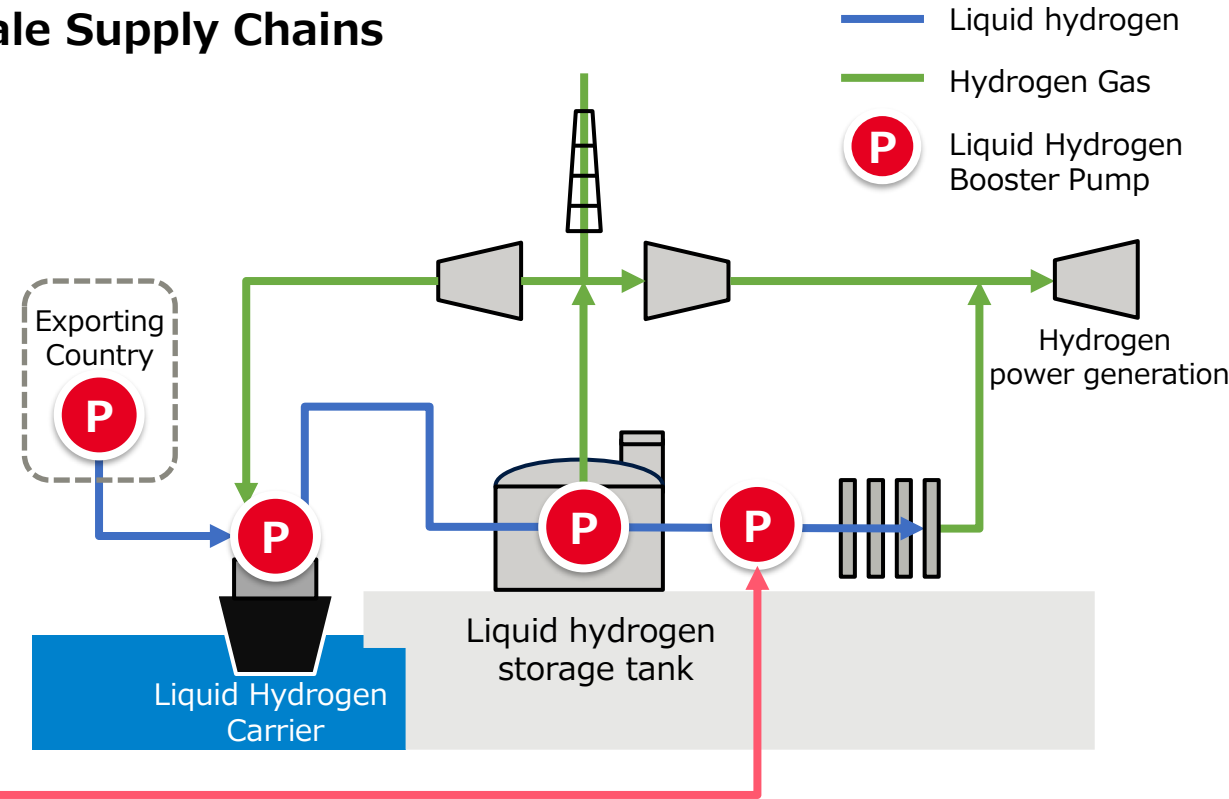
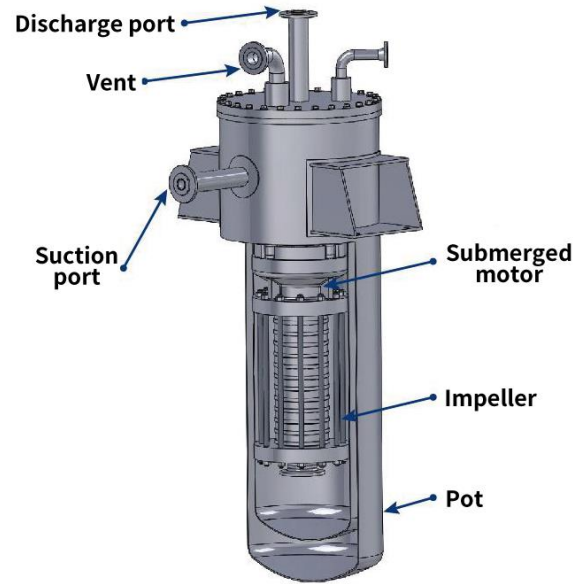
Making Contributions to the Environment and Society: Liquid Hydrogen Booster Pump

- Completed testing on the world's first liquid hydrogen booster pump (liquid hydrogen temperature: -253°C)
- By enabling the pumping of all types of hydrogen at many parts of the supply chain, we are contributing to the realization of a hydrogen society

Picture of Liquid Hydrogen Booster Pump



Examples of Use in Large-Scale Supply Chains



Human Capital Management

E-Vision 2030



4. Promote working environments that encourage challenge

By 2030, become a company with human resources that are proactive, motivated to take on any challenge, think and act independently with great speed, and produce tangible results

Global Engagement Survey score

86
or higher

Percentage of non-Japanese employees in GKP*1

50%
or higher

Percentage of female employees in GKP*1

10%
or higher

E-Plan 2025

E-Plan 2025 HR Strategies

1. Establish global infrastructure to promote diverse human resources
2. Develop a shared global HR management infrastructure
3. Diversity and inclusion

Global Engagement Survey score

83
or higher

Percentage of non-Japanese employees in GKP*1

30%
or higher

Percentage of female employees in GKP*1

8%
or higher

Percentage of male employees taking parental leave (non-consolidated)

100%

Percentage of female employees in key positions (non-consolidated)

8%
or higher

Percentage of employees with special needs (non-consolidated + 4 group affiliates)

2.6%
or higher

Measures

1. Establish global infrastructure to promote diverse human resources

- ✓ Ebara New Workstyle*2
- ✓ Global Career Development Program*3
- ✓ Internal recruiting

2. Develop a shared global HR management infrastructure

- ✓ Implementation of role grade system
- ✓ Global Key Positions*1
- ✓ Career Management Program
- ✓ Build-up HCM (Human Capital Management)

3. Diversity and inclusion

- ✓ Diversification of recruitment and training
- ✓ Promotion of opportunities for women
- ✓ Promotion of opportunities for employees with special needs

*1 GKP (Global Key Position): High role grade positions within the group

*2 Ebara New Workstyle: A new workstyle throughout the group incorporating remote work and other changes to rules/systems, etc.

*3 Global Career Development Program: An open recruitment career development program that extends beyond Japan

E-Plan 2025 Non-Financial Indicators: Progress and Challenges

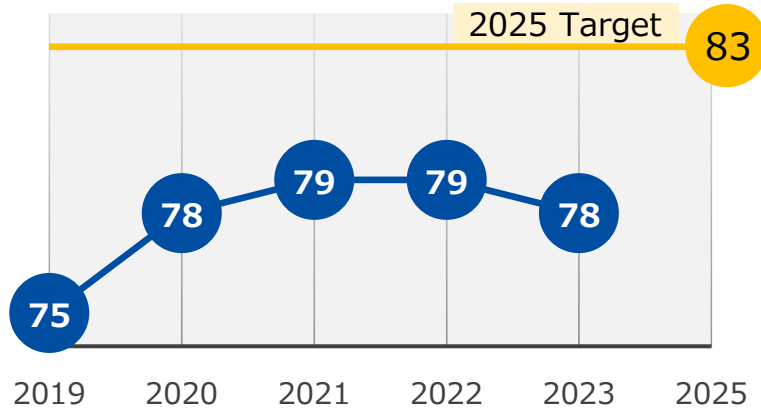


| KPI | 2022 Results | 2023 In Progress | 2025 Targets | 2023 Progress & Remaining Challenges |
|--|--------------|---------------------------|----------------|---|
| Global Engagement Survey score (consolidated) | 79 | 78 | 83 or higher | <ul style="list-style-type: none"> Score has leveled out (2023 results were received October 13, 2023 and are still being analyzed) |
| Percentage of non-Japanese employees in Global Key Positions (GKP) (consolidated) | 23% | 23% (As of 2023/11/1) | 30% or higher | <ul style="list-style-type: none"> Increased the number of non-Japanese and female employees participating in the E-LEAD Program (global next-generation leader development program) and global human resource development programs |
| Percentage of female employees in GKP (consolidated) | 7% | 8% (As of 2023/11/1) | 8% or higher | |
| Percentage of female employees in key positions (LR) (non-consolidated) | 6.5% | 7.2% (As of 2023/11/1) | 8% or higher | <ul style="list-style-type: none"> Establish internal systems that enable ambitious employees who want to learn and challenge themselves to aim for a career change/fulfill their potential Strengthen early selection and training of leadership candidates |
| Percentage of male employees taking parental leave (LR) (non-consolidated) | 79.6% | 100% (As of 2023/11/1) | 100% | <ul style="list-style-type: none"> Fully grasp the situation of male parental leave, including the usage of special leave Implement measures to ensure male employees take parental leave |
| Percentage of employees with special needs (non-consolidated + 4 group affiliates) | 2.37% | 2.54% (As of 2023/6/1) | 2.6% or higher | <ul style="list-style-type: none"> Unify the EBARA Group's employment management of people with special needs Promote opportunities for employees with special needs across the Group Further develop the abilities of employees with special needs through career development and expand opportunities to participate proactively within the business |

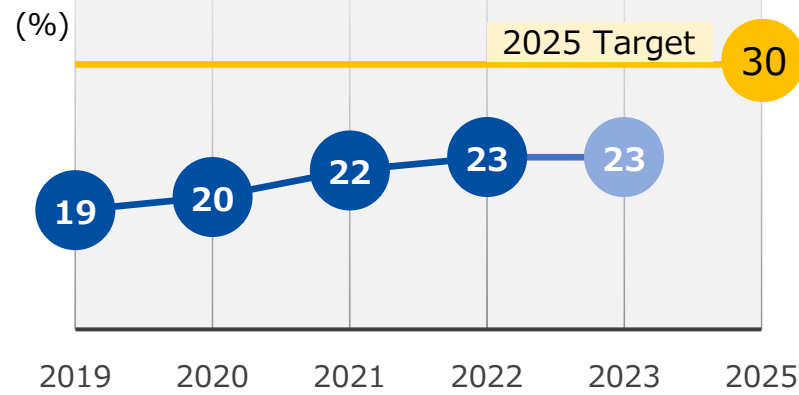
E-Plan 2025 Non-Financial Indicators & Target Performance Since 2019



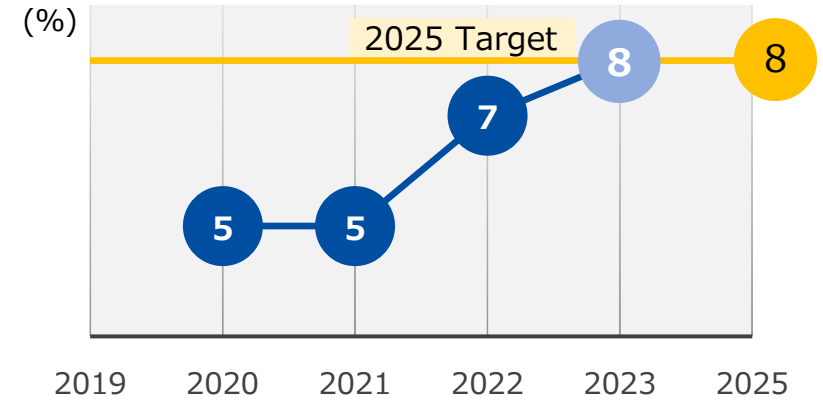
Global Engagement Survey score (consolidated)



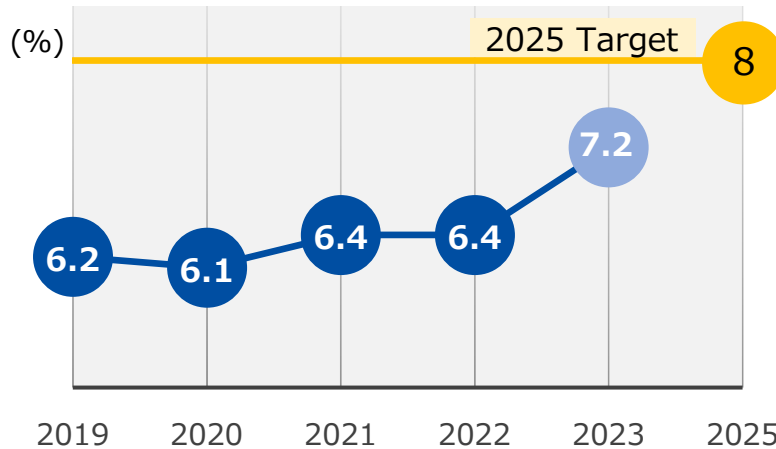
Percentage of non-Japanese employees in GKP* (consolidated) (2023 is as of 2023/11/1)



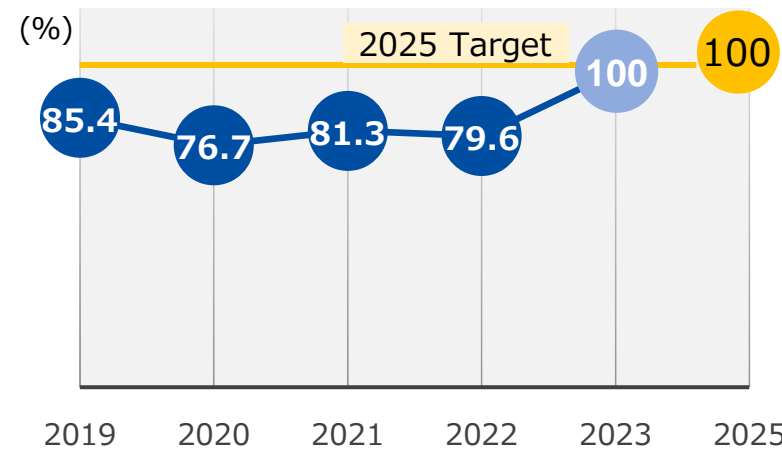
Percentage of female employees in GKP* (consolidated) (2023 is as of 2023/11/1)



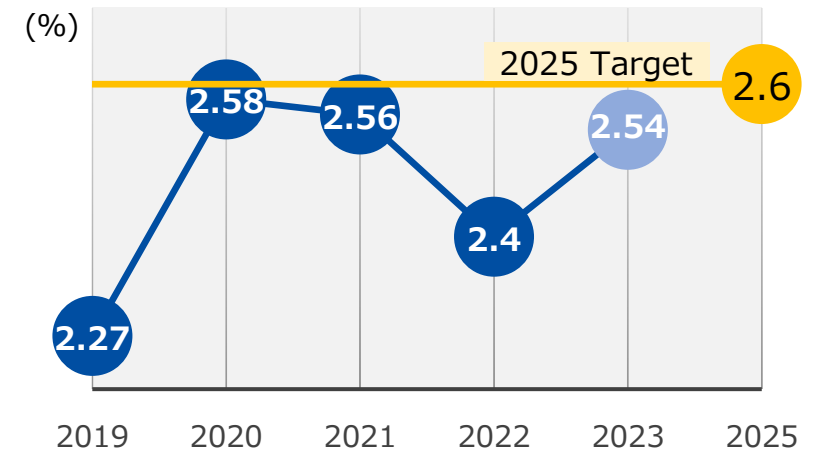
Percentage of female employees in key positions (non-consolidated) (2023 is as of 2023/11/1)



Percentage of male employees taking parental leave (consolidated) (2023 is as of 2023/11/1)



Percentage of employees with special needs (non-consolidated + 4 group affiliates) (2023 is as of 2023/6/1)



Human Capital Indicators: Current Status of Legally Required Disclosures

- The table on the right indicates our performance regarding human capital indicators that became legally required disclosures in 2023
- We will continue to improve these indicators by promoting the following measures to create systems and working environments where both men and women can perform to their full potential

| Human Capital Indicators | | 2022 Results | 2025 Targets |
|--|-----------------------|--------------|--------------|
| Wage Gap between Men and Women* | Regular employees | 73.7% | - |
| | Non-regular employees | 39.3% | |
| | All employees | 71.9% | |
| Percentage of female employees in key positions | | 6.4% | 8% or higher |
| Percentage of Male Employees Taking Parental Leave | | 79.6% | 100% |

*Ratio of female salaries to male salaries

Measures to Achieve our Goals

Reasons behind gender wage gap

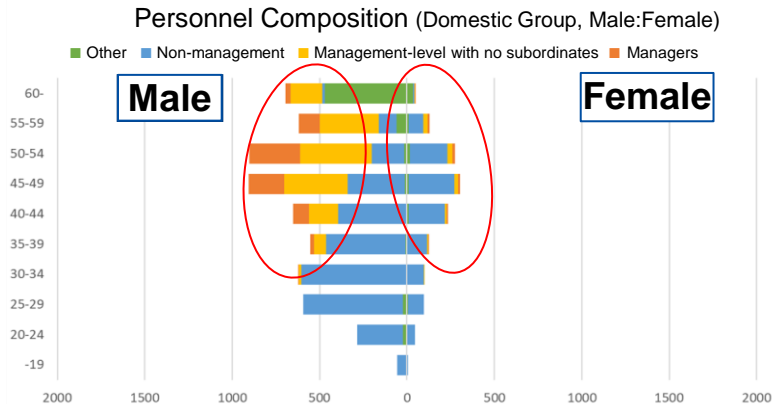
- For regular employees: Low percentage (6.4%) of female employees in key (management-level) positions
- For non-regular employees: 94% of male non-regular employees are full-time contract/temporary workers, whereas 50% of female employees are part-time

Measures to increase female employees in key positions

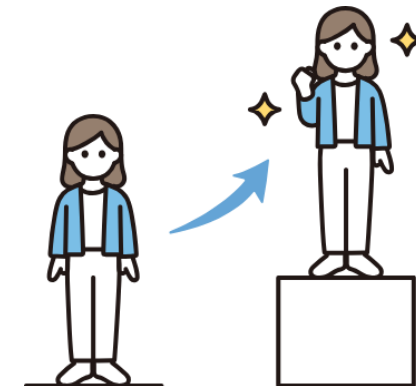
1. Shortened time necessary to take certification exam for key positions by 1 year
2. Expanded eligibility for certification exam & now allow nominations of promising candidates
3. Increase educational opportunities (study assistance, etc.)
4. Increase childcare assistance (provision of babysitters/coupons, etc.)

Expected Results

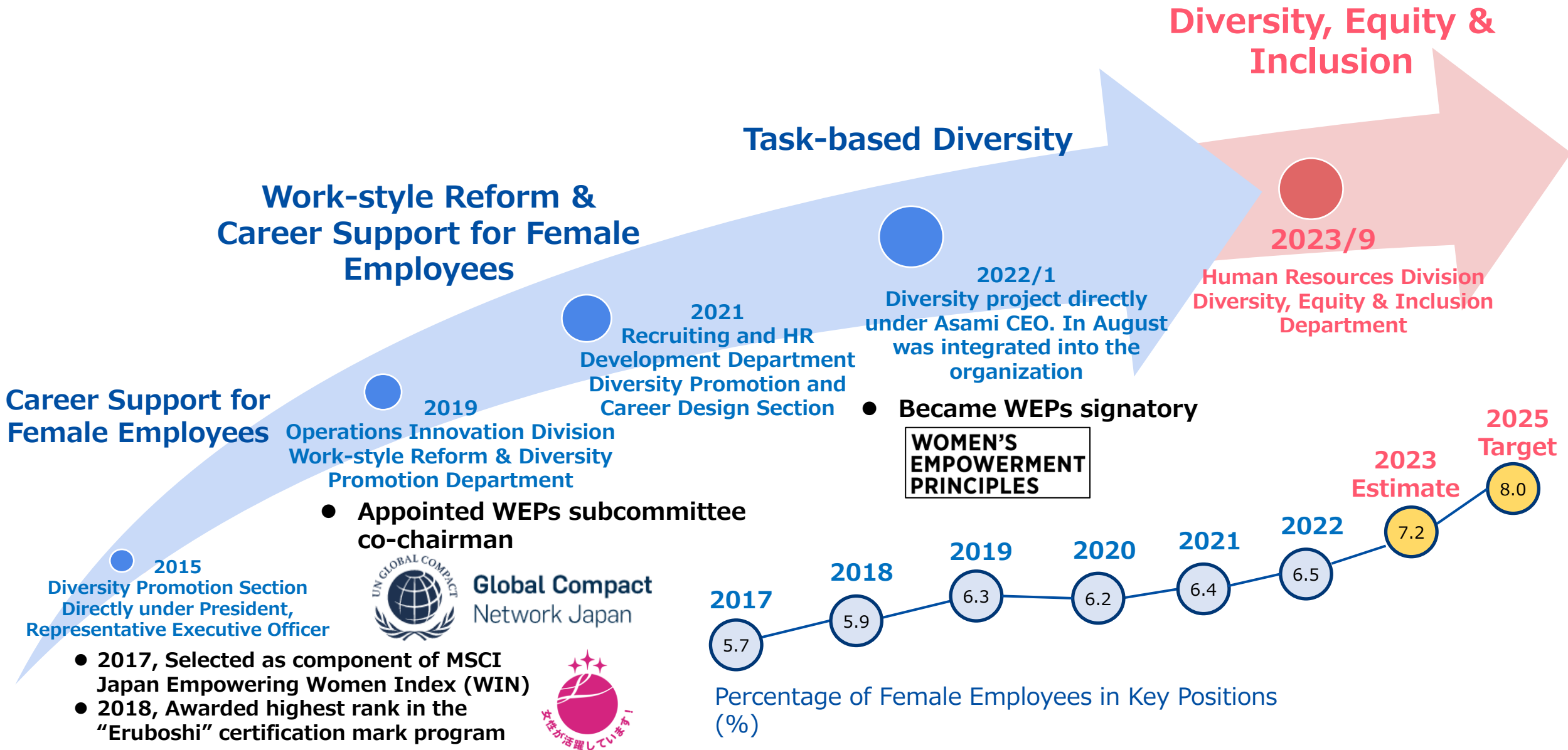
- Correction of wage gap
- Increased percentage of female employees in key positions
- Increased percentage of male employees taken parental leave



- Early promotion of excellent employees
- Early career development with various life events
- Achieve better work-life balance
- ➔ Effective not only for women but also men



EBARA's Diversity Promotion Activities and Changes



2. Technologies, R&D and Intellectual Property Strategy & Technological Succession Strategy

CTO, Executive Officer

Division Executive, Technologies R&D & Intellectual Property Division

Norihisa Miyoshi

EBARA's Technologies, R&D & Intellectual Property Strategies



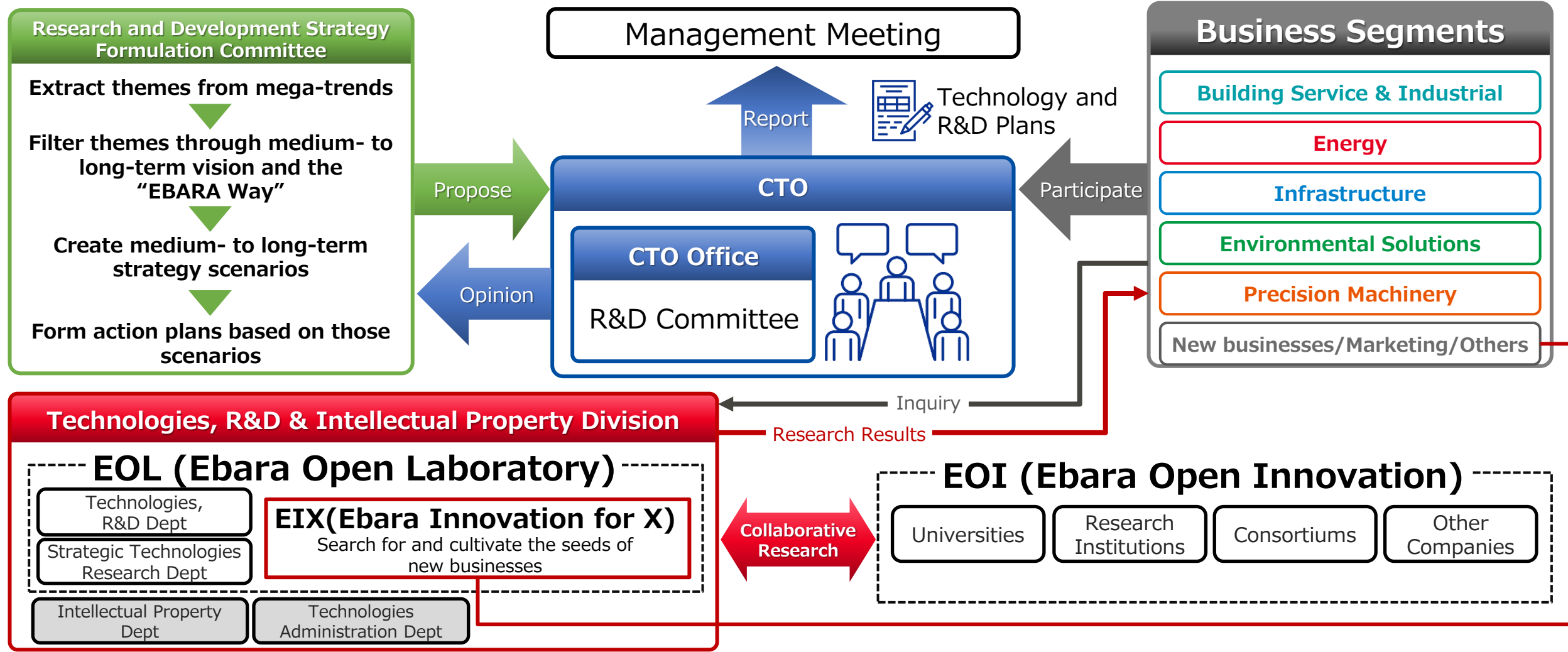
Contribute to the creation of social, environmental, and economic value through R&D activities that address global issues/mega-trends

| Global Issues/ Mega-trends | Relevant E-Vision 2030 Material Issues | E-Plan 2025 Measures | E-Vision 2030 Outcome Goals |
|---|---|--|--|
| Population growth Climate change/ Global warming Natural disasters Infectious disease risk Geopolitical risks Exhaustion of food and water resources CO ₂ Ocean emissions pollution | <p>1. Contribute to the creation of a sustainable society</p> | <p>Contribute to business growth through technologies and R&D</p> <ul style="list-style-type: none"> ■ Create research roadmaps for each target market ■ Transfer results of R&D to business segments and follow up to support utilization in business ■ Develop and deploy product development tools to expedite product development process ■ Prepare business proposal reports based on intellectual property (IP) & non-IP information analysis | <p>Contribute to Social / Environmental Value</p> <ul style="list-style-type: none"> • Reduce GHG Emissions equivalent to approx. 100 million tons of CO₂ • Deliver water to 600 million people • Contribute to the advancement of ICAC5*1: aim for 14 Å <p>Contribute to Economic Value</p> <ul style="list-style-type: none"> • ROIC 10% or higher • ROE 15% or higher • Revenue 1 trillion yen |
| | <p>2. Elevate standards of living and support abundant lifestyles for all</p> | <p>Search out and nurture new business opportunities</p> <ul style="list-style-type: none"> ■ Develop strategic scenarios and action plans based on mega-trends ■ Conduct internal and external collaboration from marketing and business perspectives | <p>*1 Abbreviation of IoT, Cloud, AI, Car, 5G</p> |
| | | <p>Enhance research infrastructure</p> <ul style="list-style-type: none"> ■ Implement human resource rotation from a long-term perspective ■ Acquire and develop human resources in collaboration with each business segment and the marketing and production technology divisions ■ Promote utilization of technology and human resource map | |

EBARA's Technologies, R&D & Intellectual Property Organizational Structure



- CTO/CTO Office are the core of the technologies, R&D and IP organizational structure, and collaborates with business segments
- EOL, EOI, EIX are EBARA-unique approaches to technologies, R&D & IP



Strategic Table of Technological Capabilities

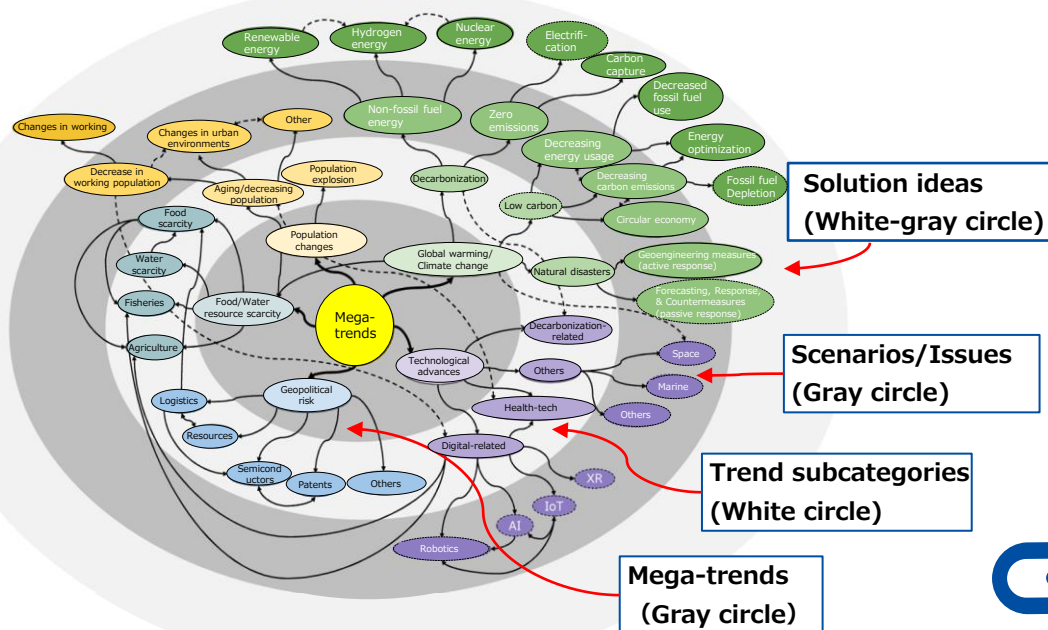
- First published 2022/9
- Major revisions in 2023: 1. Reorganized to fit new internal structure of 5 in-house companies, 2. Number of technological capabilities increased (47→64), 3. Added Shared Technologies

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

Linkage between R&D Themes & Strategic Table of Technological Capabilities

- Extract R&D themes from global issues/mega-trends
- Reference extracted themes with Strategic Table of Technological Capabilities and determine human resource placement (reorganization, further hiring, etc.)

The CTO Office determines relevant global issues/ mega-trends then decides themes to concentrate R&D on



Visualized EBARA's technologies into the Strategic Table of Technological Capabilities

| Infrastructure | | Energy | | Building Service & Industrial | | | | Precision Machinery | | | | Environmental Solutions | | | |
|-------------------------------|----------------------------------|--------------------------------|------------------------------|---------------------------------|----------------------------------|--------------------------|---------------------------|---------------------|------------------------------|-----------------------|-----------------------------|---------------------------|---------------------------------|--------------------------------|--|
| Pr Planning & Proposal | Pj Project Management | Rc Refrigerating Compressor | | | | | | | | | | Bi Boiler | In Incinerator | | |
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Connect the Strategic Table of Technological Capabilities to extracted themes for efficient and productive R&D

Intellectual Property Activities (IP ROIC)



Formulate and monitor Intellectual Property (IP) ROIC to streamline IP activities and further increase direct contributions to business activities

IP ROIC: IP Activity Results

Investment
(IP expenses + man-hours)

| Parts of Numerator | Impact on Business | Cause-and-Effect Logic | Indicators |
|--|---|--|--|
| Increased profit (ratio) | (Existing businesses) • Stability for own Business • Barriers to Entry for Rivals | Create one-of-a-kind exclusive practice of technologies, while avoiding injunction risk • Product differentiation • Expansion of existing businesses | <ul style="list-style-type: none"> • Number/Proportion of patent applications • Number/Proportion of patents granted • In-house invention evaluations • IP Research • IP Strategies, etc. |
| | (New Businesses) Expansion of business | Contribute to sales in new businesses | <ul style="list-style-type: none"> • IP proactive initiatives (IP landscape analysis) • Number of licenses, etc. |
| Increased turnover ratio of invested capital | Improve profit margin and work efficiency with same amount invested | Maximize profit margins by streamlining IP operations through elimination of IP expenses and improvement of operations | <ul style="list-style-type: none"> • Maintenance Fee Control • Revenue on patent-utilized product/service • Licensing out • Human resource development • IP Management Systems, etc. |

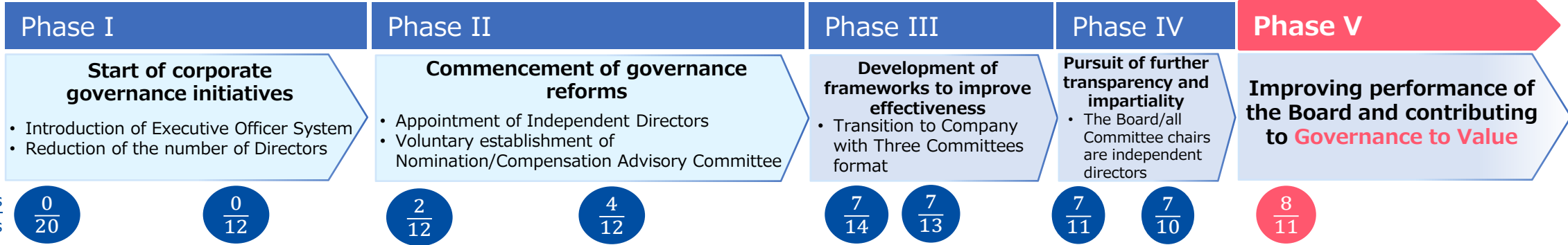
3. Corporate Governance: Governance to Value

Independent Director, Chairman of the Board of Directors
Hiroshi Oeda

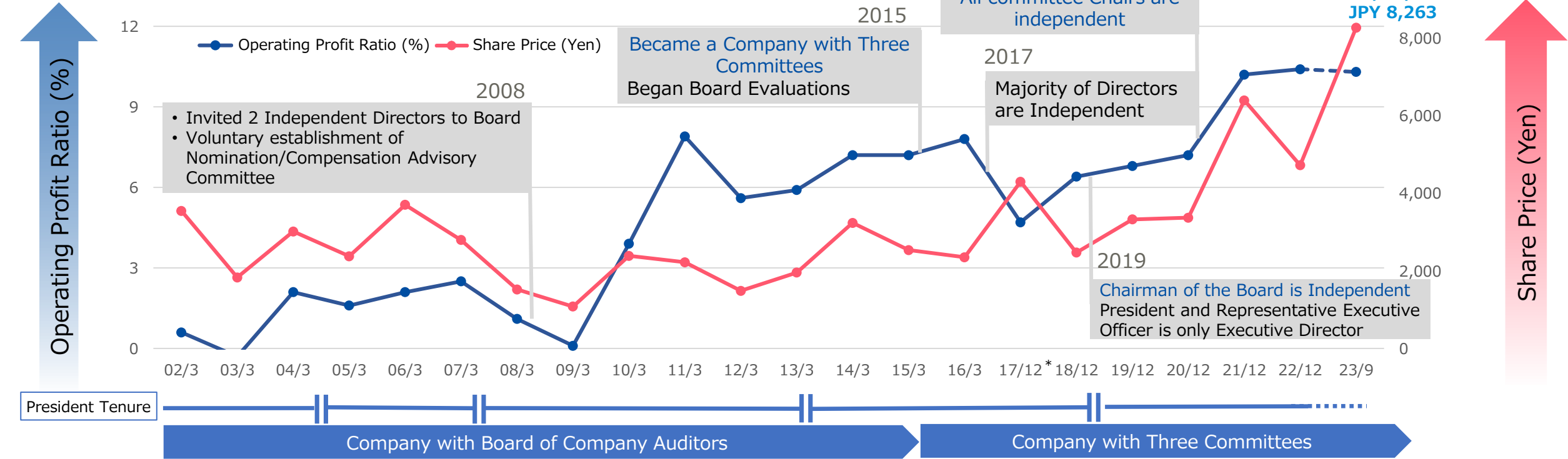
Changes in Corporate Governance at EBARA



Evolution into a new phase- *Governance to Value*



Independent Directors
Number of Directors



Role and Oversight of the Board of Directors on Sustainability Issues

- The Board of Directors and the three committees are committed to the realization of E-Vision 2030 and E-Plan 2025 to support the growth of the EBARA Group

Reference
1

- **The Board regularly discusses medium- and long-term issues related to sustainability** (human resource development, diversity & inclusion, human rights due diligence in the supply chain, carbon neutrality, measures for information disclosure based on TCFD recommendations, etc.)
- Directors voluntarily **attend the Sustainability Committee**, an executive meeting body, to monitor the implementation of measures and provide necessary advice/support
- **The Board's actions** toward Sustainability Issues **are reviewed at the Evaluation of the Effectiveness of the Board of Directors**, and points for improvement are discussed and followed-up on

Role and Oversight of each Committee on Sustainability Issues



- Under the Board of Directors, the Nomination, Compensation, and Audit Committees oversee and support the business execution-side's efforts to address sustainability issues in accordance with their respective functions and roles
- **Nomination Committee:**
Created and implemented a **6-year Succession Plan for the President** to develop **managers/management team** that will take on challenges and continue to increase corporate value
- **Compensation Committee:**
Implemented ESG indicators into short-term performance-linked compensation and encourages achievement
(E-Plan 2025: CDP* score of B or higher / GES* Score of 83 or higher)
- **Audit Committee:**
Monitors and reviews executive sustainability efforts

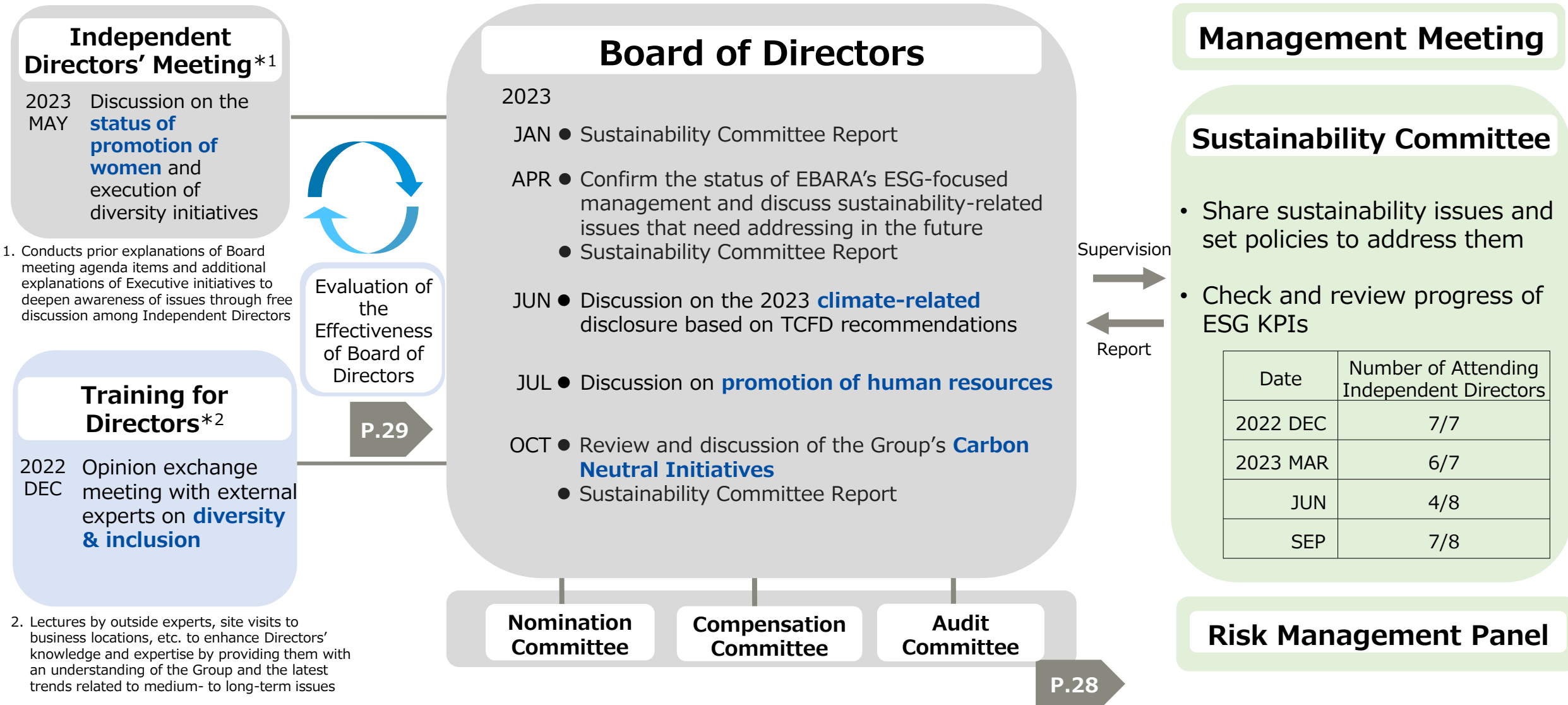
Reference
2

*CDP: ESG assessment organization that evaluates strategies for addressing climate change and efforts to reduce GHG emissions.

*GES: Abbreviation of Global Engagement Survey. This survey has been conducted for EBARA Group employees worldwide since 2019 and surveys the status of engagement at the company/workplace, with the aim of achieving our medium-to long-term aspirations.

- Conduct annual evaluations of Board effectiveness and use as a driver for reform
- Independent Director and Chairperson of the Board leads the evaluations and conducts individual interviews with all the Directors
- The Board performs self-and peer assessments and the Chair conducts individual interviews with each Director
 - Evaluations are based on the role and qualification requirements clarified in 2021
 - The results are shared with the Nomination Committee and used as a reference when renominating Directors
- Each Director is interviewed about the Chairperson of the Board's performance (with the Chairperson absent)
- Issues identified in the effectiveness evaluation are reflected in the agenda for the following year's board meeting and the PDCA cycle is implemented
- Once every few years, an evaluation is conducted by an independent external expert to ensure objectivity

Sustainability Governance Structure & Recent Initiatives



Evaluation Indicators for Short-Term Performance-Linked Compensation

■ Targets of Linkage

10% portion of short-term performance-linked compensation (annual bonus), which accounts for approximately 30% of total compensation for executive officers

Evaluation indicators and weights in Short-Term Performance-Linked Compensation

| Evaluation Indicators | | Evaluation Weight |
|------------------------|--|-------------------|
| Performance indicators | ROIC | 45% |
| | Consolidated Operating Income | |
| MBO | Set based on KPI for each responsible business | 45% |
| ESG indicators | E (Environment): CDP* | 10% |
| | S (Social): GES* | |

*CDP: ESG assessment organization that evaluates strategies for addressing climate change and efforts to reduce GHG emissions.

*GES: Abbreviation of Global Engagement Survey. This survey has been conducted for EBARA Group employees worldwide since 2019 and surveys the status of engagement at the company/workplace, with the aim of achieving our medium-to long-term aspirations.

External Evaluations



FTSE4Good



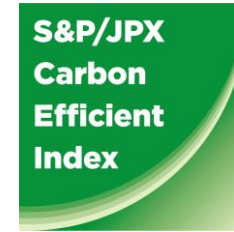
FTSE Blossom Japan



FTSE Blossom Japan Sector Relative Index

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



Corporate Governance of The Year



2023 Sompo Sustainability Index

MSCI ESG RATINGS



| | | | | | | |
|-----|---|----|-----|---|----|-----|
| CCC | B | BB | BBB | A | AA | AAA |
|-----|---|----|-----|---|----|-----|

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SPORTS YELL COMPANY 2023



2023 健康経営優良法人 Health and productivity ホワイト500



NIKKEI Smart Work

★★★★★ 2024

NIKKEI SDGs

Management Survey 2023 ★★★★★



DX注目企業2022 Digital Transformation

Endorsements / Consortiums



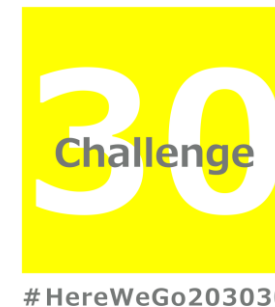
In support of

**WOMEN'S
EMPOWERMENT
PRINCIPLES**

Established by UN Women and the
UN Global Compact Office



UN Global Compact





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