

Positioning of Long-Term Vision E-Vision 2030 and Medium-Term Management Plan E-Plan 2025

Long-Term Vision for 2030: E-Vision 2030

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

greater corporate value and recognition as an excellent global company.

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

EBARA’s Material Issue Identification Process and Long-Term Vision Connectivity



Vision for 2030 Excellent Global Company

Enhance EBARA’s corporate value through the improvement of social, environmental, and economic value

Social / Environmental Value

Solve social issues through our business

- Reduce GHG emissions by an amount equivalent to approximately 100 million tons of CO₂
- Deliver water to 600 million people
- Contribute to development of ICAC5*1: Challenge 14Å

Economic Value

Sustainable Groupwide growth and efficient management

- ROIC 10% or more
- ROE 15% or more*2
- Revenue Around ¥1 trillion

Indicator of Corporate Value

¥1 trillion
in market capitalization

*1. IoT, Cloud, AI, Car, 5G

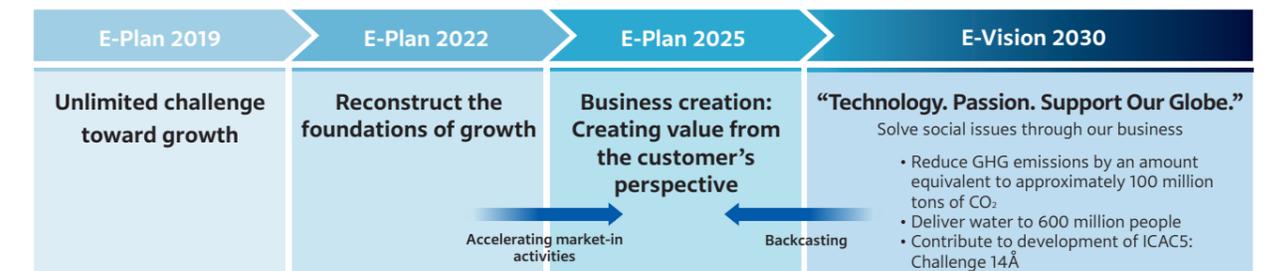
*2. We decided to aim for ROE of 15% or more because the shareholders’ equity ratio will become even more important to achieve the financial targets in our vision for 2030.

Positioning of the E-Plan 2025 Medium-Term Management Plan

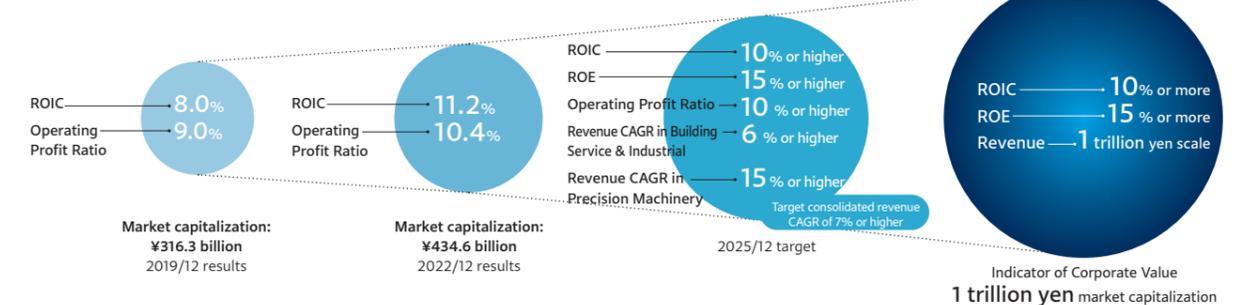
We formulated the new medium-term management plan, E-Plan 2025, based on backcasting from our long-term vision, E-Vision 2030, as well as reviewing issues remaining from the previous medium-term management plan, E-Plan 2022, to determine the direction the Group should take. E-Plan 2025 covers the three-year period from 2023 to 2025, and is based on the theme of “creating value from

the customers’ perspective” to further strengthen competitiveness in each business.

In addition, while striving to exceed the high levels of efficiency and profitability achieved in E-Plan 2022, we will achieve topline growth centered on the building and industrial equipment market as well as the semiconductor manufacturing market.



Economic Value



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

Message from the President



Masao Asami

Director, President and
Representative Executive Officer
CEO & COO

We want to deliver happiness with technology to passionately support the world.

Reflecting on the Previous Medium-Term Management Plan

I was appointed as president in March 2019. Profitability at that time was low, and the quantitative targets of three consecutive medium-term management plans were not achieved. We created another medium-term management plan amidst these circumstances, but the COVID-19 pandemic began along with the plan's announcement, and the Japanese government soon declared a state of emergency that April. Even though the COVID-19 pandemic brought tremendous turbulence, we were able to continue to provide our essential business for both society and industry. This experience made me realize anew how stable our business is and that if we continue providing our products and services properly, society will continue to rely on us.

In the three years of the plan, we were able to make three large achievements. The first was strengthened profitability. With improved profitability, we were able to achieve our targets for operating profit ratio and ROIC.

The second achievement was taking action for growth. Two of EBARA's businesses, the Standard Pumps Business, and the Precision Machinery

Business, were positioned as growth areas. For the Standard Pumps Business, we had a goal to increase the number of bases by ten. We were able to add eight bases, including through M&A such as that of Hayward Gordon and Vansan.

In the Precision Machinery Business, which faced sharply rising demand amidst the semiconductor shortage, it was challenging to meet customers' desired delivery dates. Still, because of our efforts, record highs were reached in orders, revenue, and operating profit in 2021 and 2022.

The third achievement was the strengthening of our management foundation. We have been making various efforts throughout the Company. One of those efforts was Companywide quality assurance measures to halve the costs arising from quality problems. I also wanted people to change their mindsets, so rather than a ten or twenty percent reduction, we set the formidable target of a 50% reduction. As a result, there were some things we achieved and some things we didn't, but I believe that we were able to effectively communicate the "cost of quality," a management concept to ensure high-quality standards, throughout the entire Company.

Message from the President

We established the Global Procurement and SCM Strategy Department in 2020, and we have been making efforts to optimize procurement across the entire Group. Three years of consecutive collaboration have lowered the walls between the businesses, and I feel a growing sense of unity. This initiative proved successful during the global parts shortage caused by the COVID-19 pandemic. By establishing a procurement point of contact, we were able to flexibly exchange parts regardless of business division or region and continued supplying products to our customers.

We have also established the ExValuE Project for cost planning. The capital letter E at the beginning and end of the project name represents EBARA's desire to offer the ultimate value to customers throughout the product life cycle. Value engineering typically aims to reduce the costs of what we currently have, but instead, EBARA will switch to a more balanced approach and invest its development resources into functionality that adds value in order to increase competitiveness, rather than using such resources on functions that would just be nice to have. All products starting development in 2024 and beyond will be developed based on this cost planning philosophy.

Focus of the New E-Plan 2025 Medium-Term Management Plan Market-In Perspective and New Structures

I think we are about 30% of the way to achieving E-Vision 2030, our long-term vision. The three accomplishments I mentioned were positive outcomes of the previous medium-term plan, but there is still room for improvement toward 2030.

111 years ago, the EBARA Group started with pumps, and we have been improving on and expanding that business ever since. However, as the business grew, we started focusing on selling products. Why was this originally needed? What was the starting point? When I asked myself these questions, the answer was that because the market and the times demanded it. To find the needs of today, we must adjust our structure to fit the markets we serve, rather than following a product-centered structure. This is the "market-in" perspective, and the primary focus of the new medium-term management plan, E-Plan 2025.

For example, our Compressors & Turbines and Custom Pumps Businesses were serving the same oil and gas market, but operating separately. Since the customers for these products are the same, we are now working to integrate the businesses and production systems and optimize our new in-house company, the Energy Company, to better serve the needs of the oil and gas market. This optimization will allow us to build a robust business with strong sales, production, and procurement.

Additionally, we consider this period an important time to consider business opportunities we can contribute to in the transition from fossil fuel energy sources to sustainable sources. This transition will require new energy alternatives, and EBARA's pumps, compressors and turbines can be used in a variety of fields, including carbon capture, usage and storage (CCUS) as well as ammonia and hydrogen production, transport, and usage. We will contribute to the realization of a hydrogen society by supporting all stages of hydrogen production, transport, and usage.

Business Creation and My Thoughts Since Becoming President

The theme of E-Plan 2025 is "Creating value from the customer's perspective leads to business creation." Entrepreneurs are always thinking about how to solve a problem, and that's exactly what we're trying to do with our market-oriented business structure. Rather than thinking from the perspective of how to create or sell something, we will go the extra mile to solve customers' problems, even when the solution is ultimately different from how the customer describes it.

Even if an entrepreneur or a start-up has an idea to solve a social issue, they might not be very good at realizing their idea at scale. On the other hand, corporations already doing business like EBARA are better at ensuring profitability and delivering products to customers at a certain scale. EBARA is working to solve social issues through its business by investing in the Real Tech Global Fund, which supports start-ups in Southeast Asia, and if we have affinity with a company, I'd like to try collaborating on something with them. Entrepreneurs make it easier for us to connect our business to customer needs. It doesn't matter if they are from inside or outside the Company. To cultivate entrepreneurs from inside EBARA, we have dispatched EBARA personnel to the Fund. These personnel get close to customers with their entrepreneurial knowledge, and then bring their ideas back to EBARA. The Company has the requisite resources, such as technology development and production systems for new businesses. If we don't have the resources we need, we can simply collaborate with an external entity, and thus create a new business. We will create the Companywide pathways to create such new businesses and transform EBARA.

Since I have become president, I have tried to impress upon employees two words: sensitivity and imagination. When we talk with our customers, if we aren't sensitive to what they are thinking in that moment or fail to understand their background, it won't be possible to imagine how the customer will feel when I explain something, or what kind of action the talk will lead to. The main idea is to get close to

the customer, understand their perspectives, and imagine how they will feel. We will obviously be offering added value for our customers if we can solve their problems involving disadvantages, inconvenience, and dissatisfaction, and then they will naturally want to buy what we are selling. Our starting point needs to be getting close to our customers and what they really want. This is the foundation of new business. This philosophy should be applied to everyday work and assignments, not just limited to new things. Instead of just doing what they're told, I want our employees to work while imagining how the person on the receiving end of their work will think.

Furthermore, we also need problem awareness and strong thinking. In our everyday lives, I believe it's important to be aware of the problems ahead and have your own unique intentions, such as wanting to make society a better place, or wanting to improve how your work is done. For example, even if you only see one news article, if you are aware of the problem, you can use it as a reference, try something out, and connect to the next step. Being driven to want to make something better, solve a problem, or make someone happy is very important. I want our employees to not only do what they are told, but also to be proud knowing that what they are doing is meaningful to society.

Data-Driven Management and Task Diversity

To realize business and product strategy, data on the customer perspective is essential. Without such data, it is impossible to find solutions to overcome difficult situations and solve our customers' problems. The business side needs to be able to comprehend and use data to formulate strategies. We established the Data Strategy Team in July 2022 to provide dedicated support to do just that. The team receives and analyzes problems and goals from the business side and derives solutions. We will make it possible to make data-driven decisions in human resources with tools such as people analytics, in sales when looking at customers and markets, and in technology.

In January 2022, the Diversity Project was formed by a group of volunteers and established as a dedicated structure in July 2022 to promote task diversity, meaning the invisible diversity of skills, knowledge, and experience. It is crucial to know what kind of task will suit a person, and whether we can expect high performance in that task. We need objective data in order to make that determination. We will strive to put the right person in the right role based on their experience, behavior patterns, thinking patterns, and the abilities they have acquired.

Our people will support the realization of what the Group is striving for and our vision as set forth in E-Vision 2030. We will promote data-driven diversity to ensure the right

employees are in the right roles, receive the right training, and are able to fulfill their responsibilities.

Visualization and Communication of the EBARA Group's Approach and Strengths

In 2022, EBARA received multiple awards including the Minister of Economy, Trade and Industry Award at the Corporate Governance of the Year 2022 Awards, Best IR Award, and Outstanding Leadership Awards in Corporate Communications. In the early 2000s, EBARA faced some challenges with corporate governance in terms of management and problems related to compliance. We received these awards in recognition of our efforts over the past twenty years to strengthen governance, and we plan to continue to serve as a model for other Companies with Three Committees in the future. I am truly thankful for the work of my predecessors and the Independent Directors who promoted governance reform, as well as the efforts of the executive side who worked to improve profitability.

It is important for those outside the Company to understand our approach and strengths. For example, after we published our Strategic Table of Technological Capabilities last year, our strengths in technology were more widely known and we started hearing that others would be interested in discussing their problems with us. Even internally, when faced with a problem, we sometimes end up unsuccessfully searching for a solution in the same business department, so it is essential for our employees to be able to see where other sources of help in the Company are available. I would like to continue to make these connections visible both inside and outside of EBARA.

We have contributed to both society and industry by leveraging our strengths for over 110 years. We will further enhance this DNA and strengthen any weaknesses based on data, so that we may continue contributing to society. I hope that the future world will be comfortable to live in, sustainable, environmentally friendly, and a place where everyone can smile. We want to deliver happiness with technology to passionately support the world, and we will continue to work to realize this goal.



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

Message from the CFO

We will maintain high levels of efficiency while making the necessary investments to realize E-Vision 2030



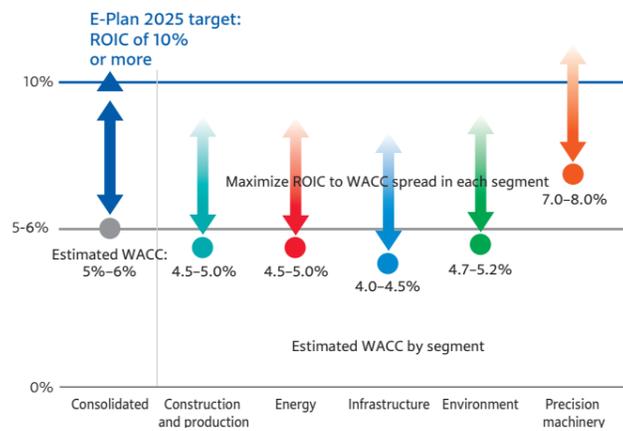
Shugo Hosoda
Executive Officer,
Division Executive,
Corporate Strategic Planning,
Finance and Accounting Division & CFO

We announced our new medium-term management plan, E-Plan 2025, in February 2023. In a financial context, it will be a three-year period of steady investment while maintaining high levels of efficiency. We will conduct balanced investment and loan activities to support our continued business expansion and to allocate capital to investing for the future. To achieve this, we will further utilize interest-bearing debt while maintaining financial soundness. We will conduct appropriate financial activities while aiming for a target return on equity (ROE) of 15%, along with return on invested capital (ROIC) in the new medium-term management plan.

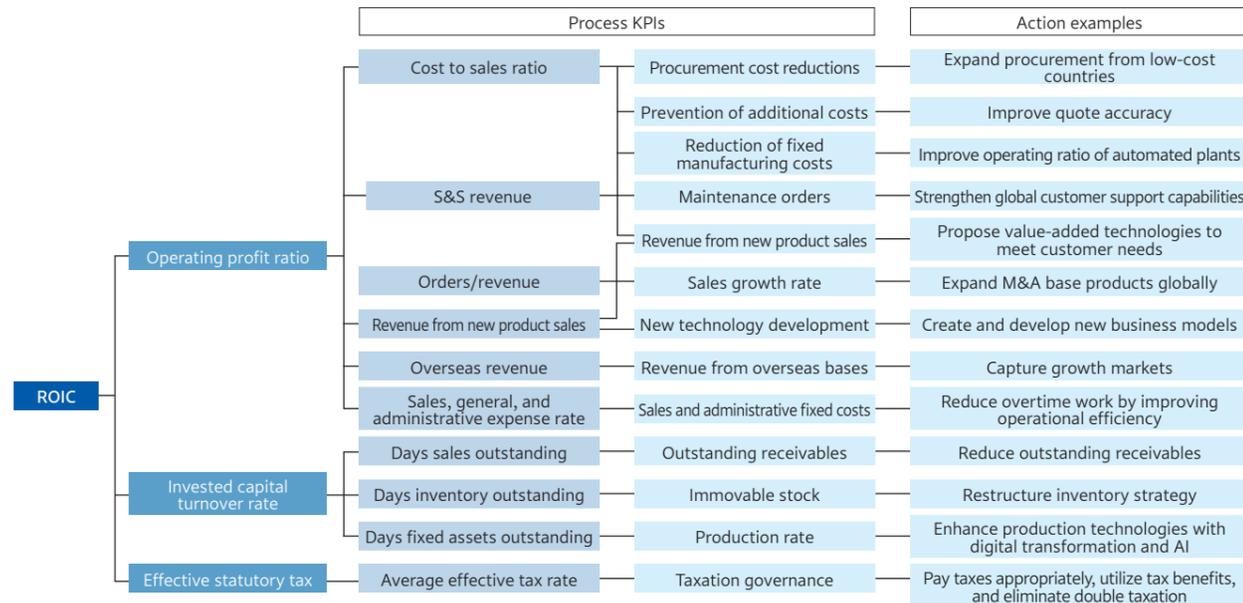
Deepening ROIC Management

We will further deepen ROIC management. We will break down the ROIC tree into specific factors and improve its effectiveness as a tool (see diagram below). The Group's most recent WACC is estimated to be about 5%–6%. We will maximize the ROIC to WACC spread in each business and strive to achieve the ROIC target of 10% or more by fiscal 2025, and emphasize such spreads in investment capital allocation to realize well-balanced business portfolio management (see left figure).

Maximize ROIC to WACC Spread



ROIC Tree

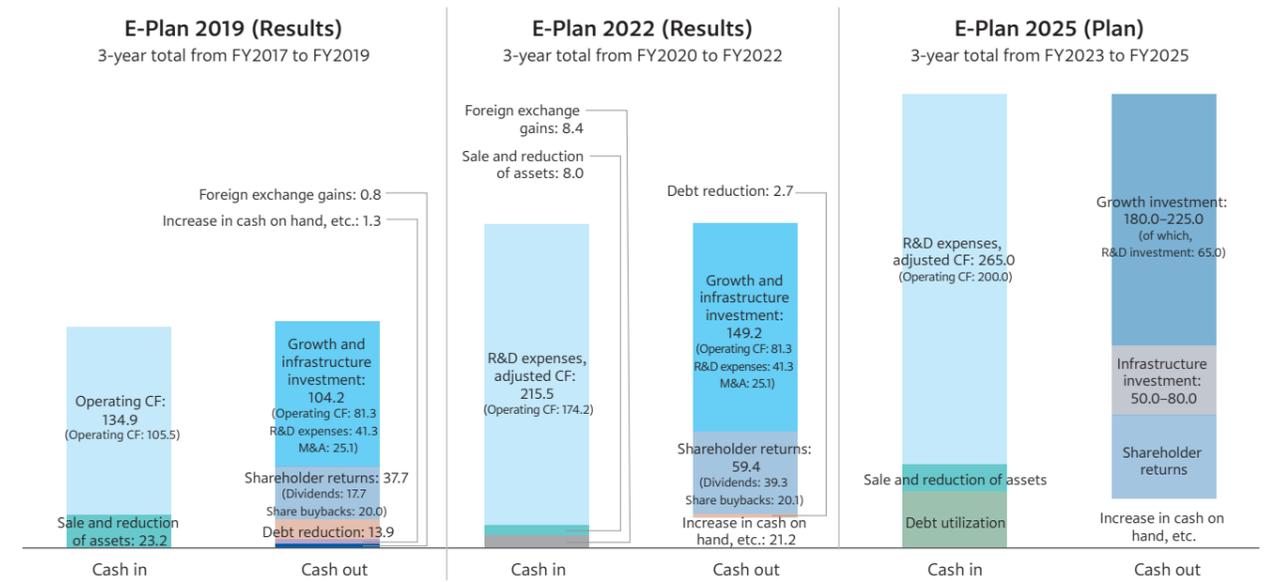


Cash Allocation

The diagram below compares the overview of cash allocation (cash in versus cash out) during the period of E-Plan 2025 (fiscal 2023–2025) with the previous two medium-term management plan periods. In light of the expanding cash in

versus cash out balance, we will actively make both growth and infrastructure investments to realize E-Vision 2030 while effectively utilizing debt.

Cash Allocation by Medium-Term Management Plan

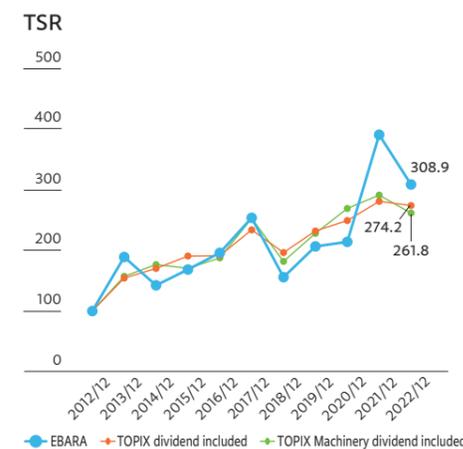


Shareholder Returns

For the fiscal year ended December 31, 2022, the consolidated dividend payout ratio was 35.2%, while the annual dividend per share was ¥193, an increase of 18% compared to the previous year's ¥163. In the period of E-Plan 2025, which began this fiscal year, we will maintain our policy of paying dividends in line with the performance of each fiscal year, with the goal of a consolidated dividend payout ratio of at least 35%.

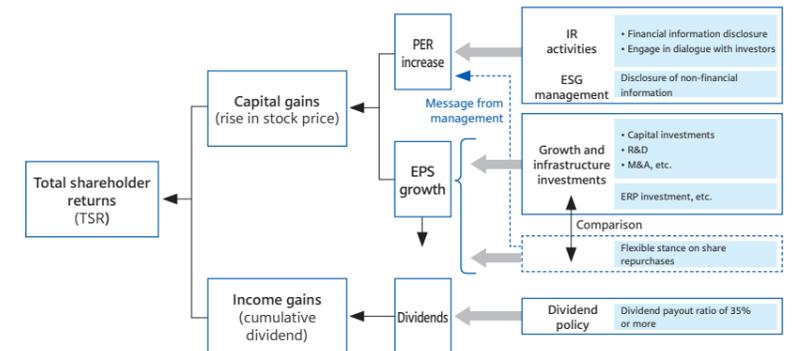
shareholders in the form of capital gains. EBARA views share repurchases as a way to improve EPS, and its policy is to flexibly implement such investments when necessary, while making due consideration for the equity ratio, cash and deposits on hand, business performance trends, and stock price trends, and comparing these against other investment targets. Relative total shareholder returns (TSR) for the past ten years (see below diagram) outperformed the market average as of December 31, 2022. We are striving to expand both capital and income gains, including increasing PER, and will continue aiming to maximize TSR.

Based on EBARA's dividend policy, we will maintain shareholder returns based on income gains while steadily investing in growth to realize medium- to long-term growth in earnings per share (EPS), as we return profits to



* Set at 100 as of December 31, 2012

TSR Flowchart

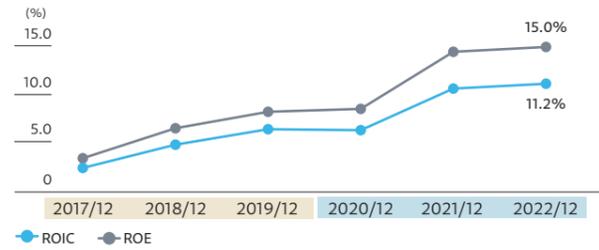


Financial and Non-Financial Highlights

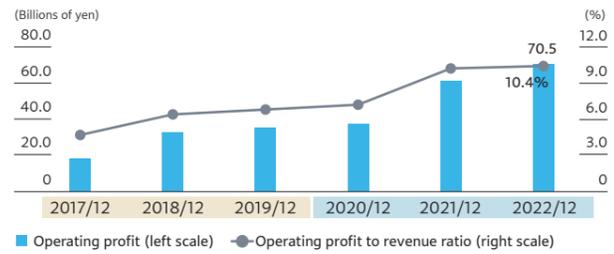
The occurrence of the irregular nine-month period ended December 31, 2017, is the result of a change in the settlement date used by EBARA CORPORATION and consolidated subsidiaries. Effective from the fiscal year ended December 31, 2021, the Company has adopted IFRS in place of the previously used Japanese GAAP. The financial figures for the fiscal year ended December 31, 2020 are also presented in accordance with IFRS.

Financial Indicators

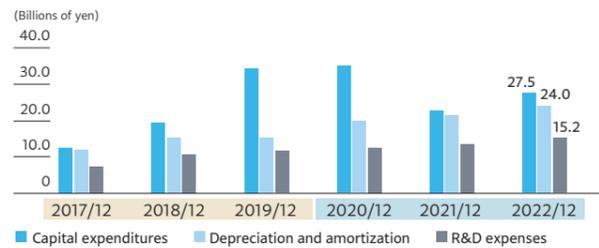
ROIC*1 / ROE*2



Operating Profit / Operating Profit to Revenue Ratio



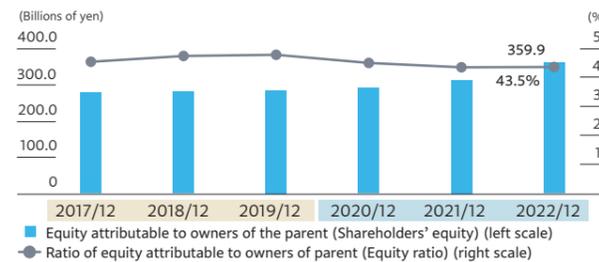
Capital Expenditures / Depreciation and Amortization / R&D Expenses



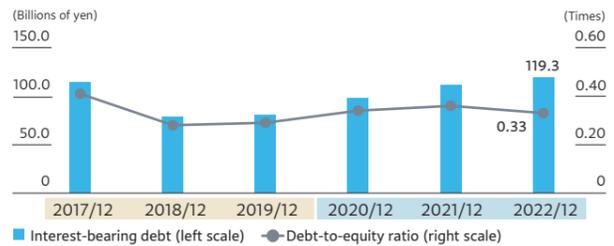
Dividends per Share / Consolidated Dividend Payout Ratio*3



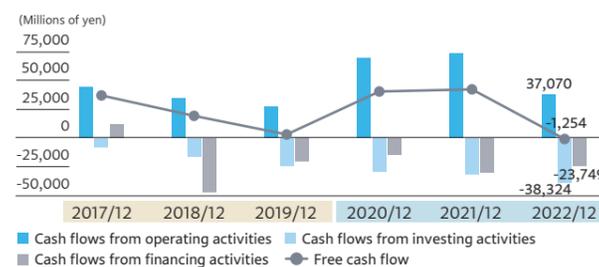
Equity Attributable to Owners of the Parent / Ratio of Equity Attributable to Owners of Parent (Shareholders' equity*4 / Equity ratio)



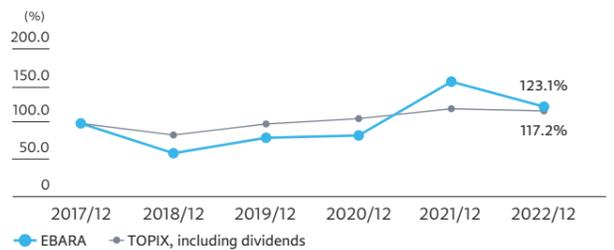
Interest-Bearing Debt / Debt-to-Equity Ratio



Cash Flows



Total Shareholder Returns (TSR)*5

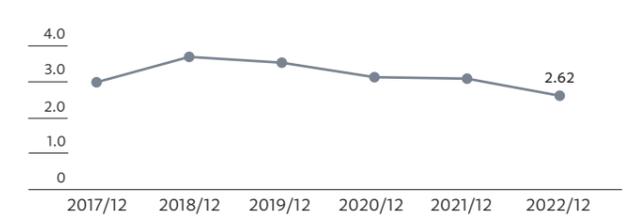


Non-Financial Indicators

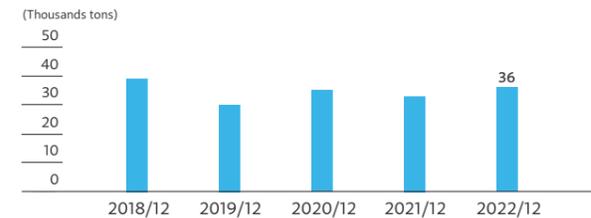
Proportion of Female New Graduate Hires*6 / Proportion of Non-Japanese New Graduate Hires*6



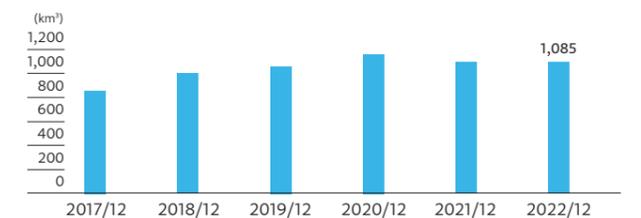
Total Recordable Incident Rate*7



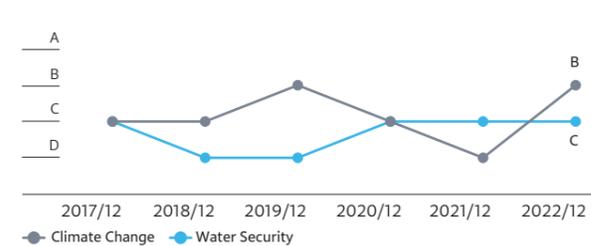
GHG emissions (Scope 1 & 2)*8



Water Consumption



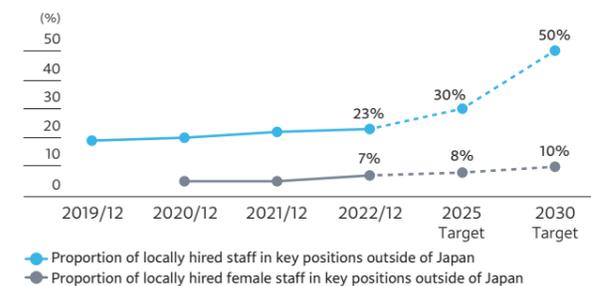
CDP Scores



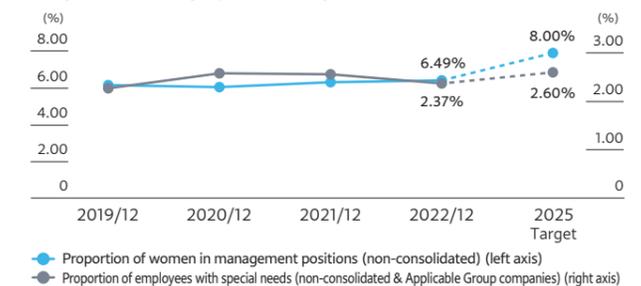
Global Engagement Survey Score



Diversity in Global Key Positions



Proportion of Women in Management Positions*6 / Proportion of Employees with Special Needs



*1. ROIC: IFRS: Profit attributable to owners of parent / [(Interest-bearing debt (Average between beginning and end of period) + Equity attributable to owners of parent (Average between beginning and end of period))] / Shareholders' equity (Average between beginning and end of period)
 JGAAP: Profit attributable to owners of parent / [(Interest-bearing debt (Average between beginning and end of period) + Shareholders' equity (Average between beginning and end of period))]
 *2. ROE: IFRS: Profit attributable to owners of parent / Shareholders' equity (Average between beginning and end of period)
 JGAAP: Profit attributable to owners of parent / Equity attributable to owners of parent (Average between beginning and end of period)
 *3. When the annual dividend of ¥36 for the fiscal year ended March 31, 2017 (including an interim dividend of ¥6), is converted after the consolidation of shares, it is equivalent to ¥60 per share, consisting of an interim dividend of ¥30 and a year-end dividend of ¥30. Accordingly, the total return ratio is calculated based on an annual dividend of ¥60 per share.

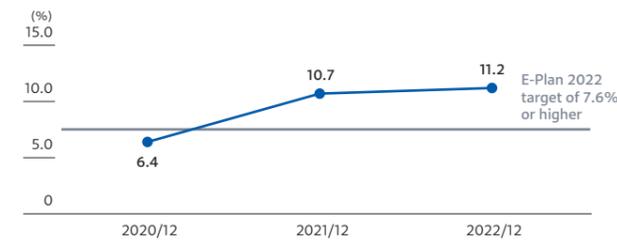
*4. Shareholders' equity: Total net assets - (Subscription rights to shares + Non-controlling interests)
 *5. Set at 100 as of December 31, 2017.
 *6. EBARA CORPORATION (non-consolidated)
 *7. EBARA Corporation and Domestic Group
 *8. EBARA CORPORATION. Values calculated in line with the GHG Protocol.

Review of the Previous Medium-term Management Plan E-Plan 2022

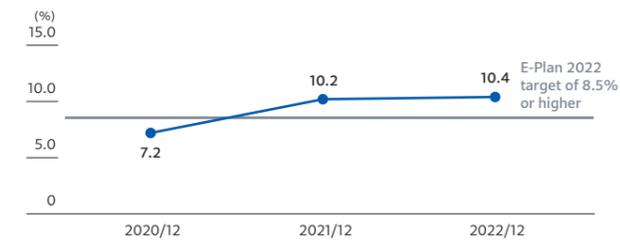
In E-Plan 2022, we positioned “Reconstruct the foundations of growth” as the first stage to realize E-Vision 2030. Under the four basic policies of (1) strive for growth, (2) improve the profitability of existing businesses, (3) refine management and business infrastructure, and (4) enhance ESG-focused management. ROIC and operating profit ratio were set as KPIs, and we conducted various measures to achieve them. As a result, in addition to achieving the KPIs for ROIC and operating profit ratio, we achieved our targets one year ahead of schedule, and in 2022, we surpassed them even further. In the Fluid Machinery & Systems Business, we

achieved our business targets as a result of improved profitability in the Custom Pumps Business and the Compressors and Turbines Business. The Precision Machinery Business also improved profitability because we were able to capture increased demand from expanding semiconductor investment, and we exceeded our targets. On the other hand, in the Environmental Plants Business, profitability declined due to the mix of engineering, procurement, and construction (EPC) projects, additional temporary costs, and other factors, thereby falling short of its targets.

Return on Invested Capital (ROIC)

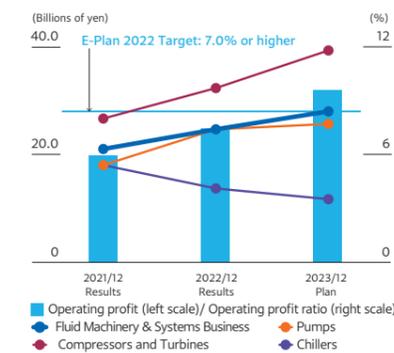


Operating Profit Ratio



Operating Profit Ratio by Business Segment

Fluid Machinery & Systems Business



Environmental Plants Business



Precision Machinery Business



Target Achievement by Business Segment and Results for 2022

Business Segment	Numerical Targets	2022/12	2022/12 Achievements
Fluid Machinery & Systems Business	Pumps Business 6.5% or more	7.7%	Standard Pumps • Domestic: Strengthened service systems and promoted services • Overseas: Acquired North American mixer/pump manufacturer; established bases in Kenya and Romania • Expanded lineup of key global and regional products
	Compressors and Turbines Business 8.0% or more	11.8%	Custom Pumps • Steady progress through improved non-consolidated product profit margins, reduced fixed costs, and increased profits at Group companies • External sales target was slightly below plan, but operating profit target was achieved
	Chillers Business 5.0% or more	3.5%	• Improved profitability through selective order acceptance • Reduced labor hours through automated design and further reduced costs with improved front-loading and project management • Utilized IPO in China and India
Environmental Plants Business	9.5% or more	5.0%	• Domestic: Promoted sales of low GWP chillers; conducted development aimed at expanding precision chiller lineup • China: Expanded sales of products to meet regional needs and decarbonization policies
Precision Machinery Business	13.0% or more	16.3%	• Received contracts for DBO projects for municipal governments as well as EPC projects for the private sector as a result of customer-oriented proposals • Received contracts for facility life-extension projects for municipal governments due to our highly-evaluated, long-term track record in maintenance, management, and operation • Increased the number of facilities equipped with AI cranes and the number of facilities eligible for remote monitoring support by implementing digital transformation • Modified laboratory facilities to construct a test unit for chemical recycling technology for waste plastics and testing is underway • Target not achieved due to temporary cost increases in EPC and new electric power

KPI Status and Achievements by Business Segment for 2022

Fluid Machinery & Systems Business

Related Materiality	Measures and KPIs	2022/12 Targets	2022/12 Results	2022/12 Achievements
1	Stable water supply to diverse regions			
	Expansion of solar pump sales (Standard Pumps)	Achieve a unit sales volume target of 100%	87% achievement	Although the target was not achieved, sales surpassed FY21 results, contributing to stable water supply in South America and Africa
	Contribution to technologies that reduce environmental impact			
	Development and market launch of products for liquid hydrogen plants (Custom Pumps)	Achieve 100% commercialization	Completed product development and started sales	Created Companywide project for hydrogen-related business, commercialized hydrogen compressor, started sales activities and are currently receiving quotation inquiries
1	Making products more energy efficient			
	Complete development and commercialization of new steam turbine series (Compressors and Turbines)	Achieve 100% commercialization	Completed product development	Launched high-speed, compact, and highly efficient steam turbine series
1	Environmental load management			
	Reduction of GHG emissions through sales of low-GWP* products (Chillers)	Reduce annual GHG emissions by the equivalent of 33,000 tons of carbon dioxide	36,300t per year reduction	Helped reduce environmental impact by providing low-GWP products mainly in the industrial market

* GWP: Global Warming Potential

Environmental Plants Business

Related Materiality	Measures and KPIs	2022/12 Targets	2022/12 Results	2022/12 Achievements
1	Environmental load management			
	Generation of renewable energy from waste	130,000 MWh	164,279 MWh	Exceeded volume target for contracted power as a result of positive municipal responses to our initiatives to generate power locally for local consumption
	Stable operation of social infrastructure			
	Long-term comprehensive contracts for DBO projects (cumulative total)	19	16	Promoted proposal activities to support stable operation of social infrastructure Targets were affected by delays and lost orders, so going forward we will aim to strengthen backup project composition
1	Contribution to technologies that reduce environmental impact			
	Crane upgrades and AI crane installation	Achieve 100% installation target	Installation target 33% achieved	Introduced AI cranes to municipal facilities for their labor-saving and stable incinerator functions
1	Implementation of ICFG@*			
	Construction of demonstration units	Achieve an order target of 100%	Modified laboratory testing facilities for construction orders of demonstration equipment	To test design for demonstration equipment for chemical recycling of waste plastics using ICFG@, we modified laboratory equipment and are conducting ongoing testing

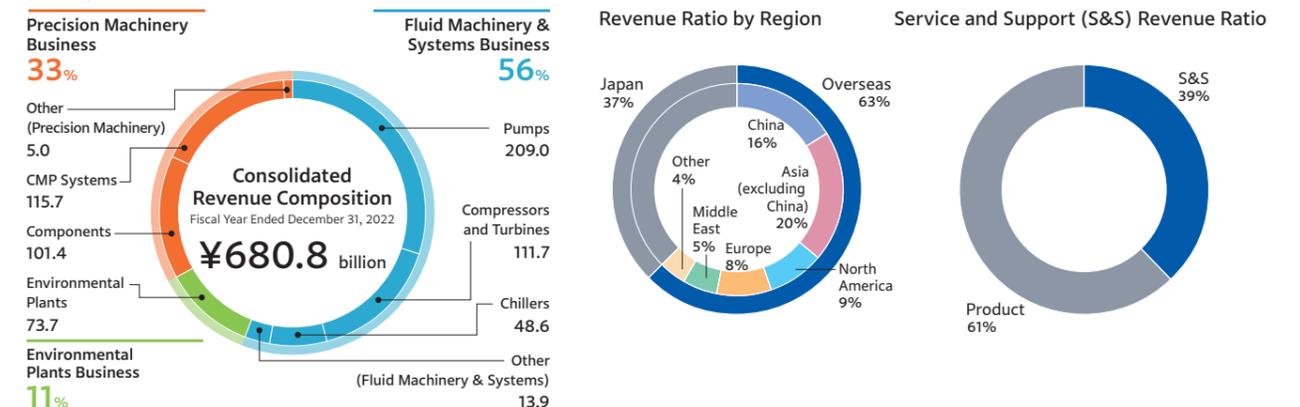
* ICFG is a system to recover high-calorific fuel gas, consisting mainly of hydrocarbons, from low-grade materials like biomass. The product gas can be used as an alternative energy to fossil fuels, thus reducing new fossil fuel usage. ICFG is a chemical recycling technology that can be integrated into existing industrial processes with massive energy consumption to realize innovative systems that utilize biomass and waste energy as alternative fuel for manufacturing industries. ICFG is a registered trademark in Japan of Ebara Environmental Plant Co., Ltd.

Precision Machinery Business

Related Materiality	Measures and KPIs	2022/12 Targets	2022/12 Results	2022/12 Achievements
1	Environmental load management			
	Reduction of GHG emissions through gas abatement systems	Achieve 100%	79% achievement	Did not achieve sales expansion target for products that negate harmful greenhouse gas emissions generated in the semiconductor manufacturing process
	Product weight reduction			
	Weight reduction of target products (Per unit compared to 2019)	Achieve 12% reduction	12% reduction	Target achieved by expanding sales of lightweight dry vacuum pump Model EV-X, launched in November 2021
2	Development of manufacturing equipment to meet the evolutionary roadmap for semiconductors			
	Development of new models arising from priority projects	Achieve 100%	75% achievement	Due to development schedule delays, target was not achieved by December 2022, but reached 100% in February 2023
	Development of elemental technologies for the next generation of target products	Achieve 100%	100% achievement	Completed development and started commercial use of installed products

Revenue Composition in 2022

(Billions of yen)



Review of the Previous Medium-term Management Plan E-Plan 2022

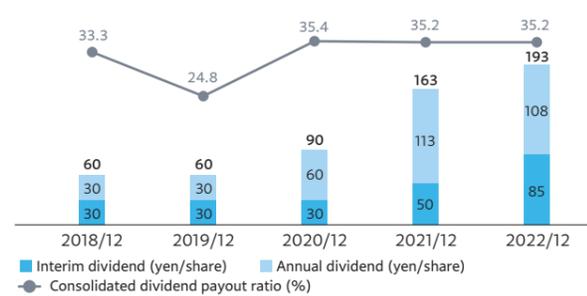
Other Management Indicators

In E-Plan 2022, we invested in growth, expanded shareholder returns, and improved capital efficiency. We also achieved our goals in key indicators, including ROIC and operating profit ratio. The cumulative total of capital investments for growth over the three-year period of the plan was ¥85.4 billion, compared to the planned amount of ¥100.0 billion, but total investment, including the M&A of Vansan in Türkiye and Hayward Gordon in North America, was ¥111.0 billion. Total cumulative R&D investments for the three-year period were ¥41.3 billion, compared to the planned amount of ¥40.0 billion. In terms of shareholder returns, we maintained a consolidated dividend payout ratio of 35% over the three years, and in 2021 we repurchased ¥20 billion of EBARA shares.

Growth Investments (Billions of yen)

	E-Plan 2022 Cumulative Total (Target) (3 years)	FY20 Results	FY21 Results	FY22 Results	FY20-22 Results (3 years)
CAPEX	100.0	35.0	22.7	27.5	85.4
R&D	40.0	12.5	13.5	15.2	41.3
M&A	—	—	10.7	14.9	25.6

Shareholder Returns



Changes in Share Buybacks (Billions of yen)

2018/12	2019/12	2020/12	2021/12	2022/12
5.0	15.0	—	20.0	—

Main Capital Investments and R&D

Standard Pumps Business

Established new overseas bases

● : 2020 (2 bases)
● : 2021 (2 bases)
● : 2022 (4 bases)

Compressors and Turbines Business

Constructed test facility for cryopump series (Cryodynamics) products

Precision Machinery Business

Full operation of automated dry vacuum pump production line

Major newly launched products

Standard Pumps Business Model 3E/3ES*	Precision Machinery Business CMP F-REX300XA*
Chillers Business, Precision Machinery Business Precision chillers	Precision Machinery Business Gas abatement systems for EUV lithography equipment

Expanded CMP assembly line. Added 2 assembly lines at the Kumamoto Plant, expanding it to a 4-line system

* Refers to the EBARA model number

Assessment of Basic Policies

We took on the challenge of business growth, and expanded sales in the Standard Pumps Business, especially overseas, and we also saw a significant increase in sales of the Precision Machinery Business thanks to strong customer demand. From a market-in perspective, we worked to create new businesses in the four areas of hydrogen, ecosystem, marine, and biomass. We improved profitability of existing business through selective order acceptance in the Custom Pumps Business and Compressors and Turbines Business. Furthermore, enhanced service and support sales contributed to improved profitability in the Compressors and Turbines Business and Precision Machinery Business. We achieved our goal of advancing management and business infrastructure by introducing ROIC into each business'

management. In addition, implementation of ERP is progressing smoothly toward operation in 2025. We have enhanced our ESG-focused management. Regarding "E" environmental activities, we disclosed information in line with the TCFD recommendations and launched projects that work toward achieving carbon neutrality. We still need to develop a system to disclose additional environmental data. In "S" for society, we promoted working environments that encourage challenge through projects aimed at increasing diversity, people analytics, and more, but strengthening human rights due diligence for suppliers remains an issue. In "G" for governance, we assess that we have made good progress, including starting to link ESG indicators to director and officer compensation.

Basic Policy

Strive for growth	Improve the profitability of existing businesses	Refine management and business infrastructure	Enhance ESG-focused management
<ul style="list-style-type: none"> Develop and create new businesses and further expand existing businesses into global markets 	<ul style="list-style-type: none"> Transform business structure to strengthen revenue base and increase S&S revenue in all businesses 	<ul style="list-style-type: none"> Accelerate management and deepen ROIC management with proactive initiatives for Digital Transformation (DX) 	<ul style="list-style-type: none"> Address changing environmental issues, connect with society, and strengthen governance
<p>Evaluation ○</p> <ul style="list-style-type: none"> Expanded revenue from growth businesses (Overseas Standard Pumps and PM Businesses) Explored new businesses from a market-in perspective and advanced toward commercialization in four areas (hydrogen, ecosystem, marine, and biomass) 	<p>Evaluation ○</p> <ul style="list-style-type: none"> Significantly improved profitability in Custom Pumps and CT Businesses by establishing measures to improve profitability, including selective order-takings Achieved S&S revenue increase in CT and Precision Machinery Businesses 	<p>Evaluation ○</p> <ul style="list-style-type: none"> Achieved ROIC targets by introducing "ROIC by business segment" and establishing capital efficiency-oriented business management methods Made progress in the introduction of ERP and other systems as planned 	<p>Evaluation △</p> <ul style="list-style-type: none"> Released information based on TCFD recommendations, launched Carbon Neutral (CN) project, and announced CN targets for 2050. Need to improve on the existing system for environmental data disclosure S: Promoted diversity project and data-driven management. Challenges remain in promoting human rights due diligence at suppliers G: Refined corporate governance structure. Began linking ESG indicators to director and officer compensation

Challenges for the New Medium-term Management Plan E-Plan 2025

The challenges in E-Plan 2025 are for business growth, such as expanding the Standard Pumps Business' overseas business and creating synergy between Vansan and Hayward Gordon, which we acquired during the period of E-Plan 2022. To improve the profitability of existing businesses, starting in fiscal 2023, we will work to expand sales through service and support for the Custom Pumps and Compressors and Turbines businesses, which will be integrated into the Energy Company. Furthermore, we will further strengthen the cultivation of markets and fields from a market-in perspective across all businesses. In the next

three years, we will focus on meeting customer needs for each market, shifting our business model from product sales to providing solutions and commercializing new areas. To upgrade our management and business infrastructure, we will introduce ERP, implement digital transformation at production bases, and evolve Companywide ROIC management. In ESG management, we aim to improve our CDP Score and enhance our disclosure of non-financial information, and carry out measures that strengthen human capital management.

	Strive for growth	Improve the profitability of existing businesses	Refine management and business infrastructure	Enhance ESG-focused management
Challenges and Key Points	<p>Drive growth on a global scale</p> <ul style="list-style-type: none"> Implement measures delayed amid the COVID-19 pandemic and supply chain disruptions Increase revenue at global bases Create synergy with M&A bases 	<p>Ceaselessly improve profitability of existing businesses</p> <ul style="list-style-type: none"> Expand S&S revenue Optimize S&S structure Strengthen SCM to cope with supply chain disruptions and geopolitical risks 	<p>Strengthen business foundation and innovate business models driven by DX</p> <ul style="list-style-type: none"> Materialize the investment in DX promotion, expand globally, and develop human resources Accelerate pilot roll out of ERP Further streamline production bases 	<p>Consistently implement/strengthen ESG-focused management</p> <ul style="list-style-type: none"> Further improve CDP score Strengthen actions to address sustainability issues (with better measures and progress management) Increase releases of non-financial information Strengthen and improve actions for human rights due diligence (suppliers, employees) Diversity (promote women's empowerment, increase the ratio of women in key positions*) Analyze results of global engagement survey and make improvements
	<p>Develop markets and domains from a market-in perspective</p> <ul style="list-style-type: none"> Tap into customer needs in each market Shift to a solution-oriented business models and accelerate development and launch of new products Promote commercialization in hydrogen and new business areas 	<p>Further sophisticate ROIC-focused management</p> <ul style="list-style-type: none"> Upgrade and refine management 		

* Key positions: Employee positions equivalent to managers

New Medium-Term Management Plan E-Plan 2025

Based on the results of E-Plan 2022, our next stage is to further strengthen the competitiveness of each business. We have positioned the three-year period of E-Plan 2025 as a time to steadily move closer to our vision for 2030, E-Vision 2030, and have identified six approaches.

Six Approaches

1 Transformation

Foster and instill a corporate culture of “creating new value from the customer’s perspective”

4 Efficiency and Profitability

Maintain efficiency and profitability indicators (ROIC, Operating Profit Ratio) at E-Vision 2030 target levels or higher

2 Business Strategy

Maximize business performance through reorganization into a five-company system by market

5 Target

Add ROE as a key indicator as part of the commitment to achieving “1 trillion yen market cap by 2030”

3 Execution

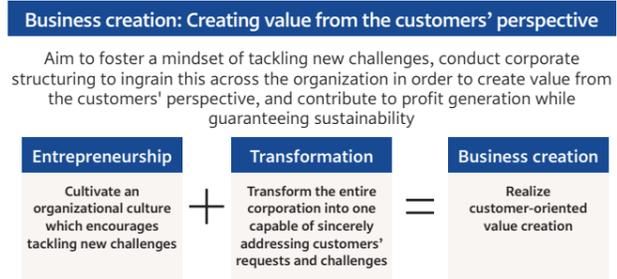
Proactively invest in growth and infrastructure businesses

6 Overall Optimization

Introduce CxO system to optimize the entire group and enhance group governance by function

Objective of E-Plan 2025

We have set “business creation: creating value from the customers' perspective” as the theme of E-Plan 2025. EBARA strives for continuous business and value creation by fostering an organizational culture which supports a mindset of tackling new challenges and transforming the entire company into one which sincerely addresses customer needs and challenges, creating an uninterrupted flow that generates businesses.



E-Plan 2025 Targets

Financial Targets

Type	Item	FY2022 Results	FY2025 Targets
Profitability	Operating profit ratio	10.4%	10% or more
	Operating profit ratio by segment		
	Building Service & Industrial Company	6.1%	7% or more
	Energy Company	11.6%	12% or more
	Infrastructure Company	7.8%	6% or more
	Environmental Solutions Company	5.0%	7% or more
Efficiency	Precision Machinery Company	16.3%	17% or more
	ROIC*	11.2%	10% or more
	ROE	15.0%	15% or more
Growth Potential	Building Service & Industrial Company Revenue CAGR (FY2022-2025)	195.1 billion yen	6% or more
	Precision Machinery Company Revenue CAGR (FY2022-2025)	212.2 billion yen	15% or more
Soundness	Debt-to-equity ratio (times)	0.33%	0.3-0.5 (management guideline)

* ROIC: (Until FY22) Profit attributable to owners of parent ÷ [Interest-bearing debt (Average between beginning and end of period) + Equity attributable to owners of parent (Average between beginning and end of period)] (from FY23) Net Operating Profit Less Adjusted Taxes (NOPLAT) ÷ 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)]

Non-Financial Targets

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

* EC: Targets for EBARA Corporation (non-consolidated)

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

Item	Content	FY2023-2025 3 year cumulative
Growth investment	Growth investment based on business portfolio (Facilities for increased production, R&D, new businesses, M&A, etc.)	¥180.0-225.0 billion Of which, R&D expenses: ¥65 billion
Infrastructure investment	Strengthen bases that underpin sustainable growth (Maintenance and renewal facilities, human capital, IT such as ERP, business infrastructure, ESG areas)	¥50-80 billion
Shareholder returns	Dividend policy: Aim for a consolidated dividend payout ratio of 35% or higher Repurchase of treasury stock Implement flexibly at appropriate time, carefully considering the level of equity attributable to owners of the parent company	

E-Plan 2025: Basic Policy (5 key areas)



There are five key areas of the Basic Policy of E-Plan 2025, three of them are business strategies. The first strategy is to transition to a target market structure to create customer-oriented value, the second is to create new value by developing combined solutions through internal and external collaboration, and the third is to promote global expansion with the aim of strengthening the ability to provide value and infrastructure to overseas markets and customers and establish a global management system.

We have also established two basic policies to support these strategies. The first policy is advanced and efficient management infrastructure where we will introduce a CxO system to optimize the entire Group, introduce ERP, deepen ROIC management, strengthen and diversify human resources, and utilize data strategy to enhance our management infrastructure's sophistication. The second policy is evolving ESG-focused management, and will aim to promote carbon neutrality, diversity, and further enhance corporate governance.

Basic Policy 1 Target Markets and Customer-Orientation

In January 2023, we transitioned from a product-based structure to a target market-based structure in order to better understand the markets and create value from a customer-oriented perspective. To ensure that the business side can fully focus on value creation in target markets, we will establish new cross-departmental functionality through introducing the CxO system, aiming for Groupwide optimization and enhanced governance. We will position the Building Service & Industrial Company and Precision Machinery Company as growth businesses, and set CAGR

targets for sales of 6% or more and 15% or more from 2022 to 2025, respectively. We will also strive for a 7% or more CAGR for consolidated sales. We have positioned the Energy Company for transformation into a growth business by accurately understanding the needs of customers in the transition from oil and gas markets to decarbonization. In the Infrastructure and Environmental Solutions Companies, we will continue to work to improve profitability and secure stable profit.

Create an Organization and Structure to Strengthen Customer Responsiveness

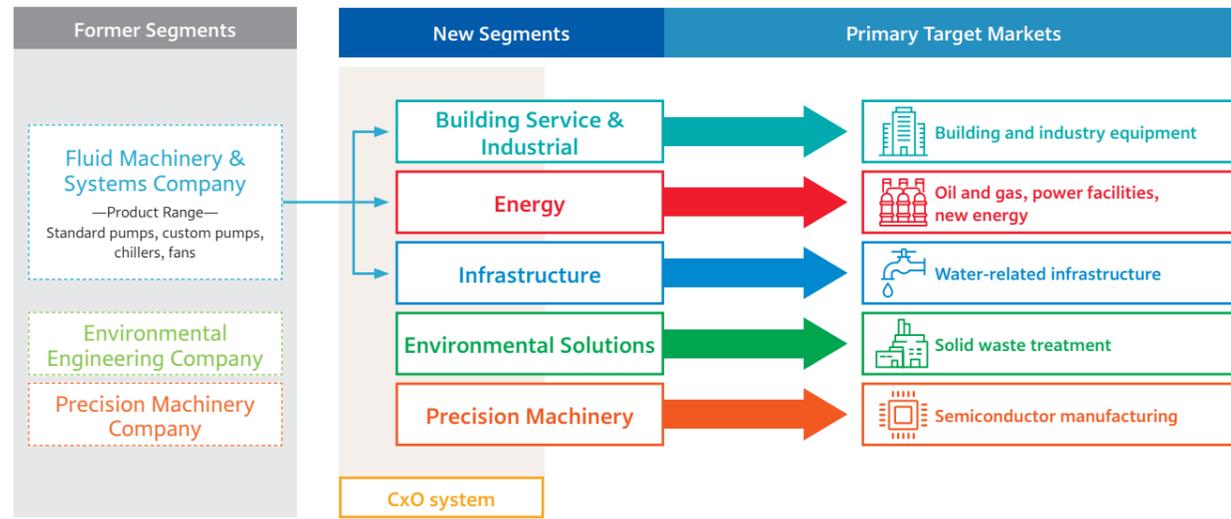
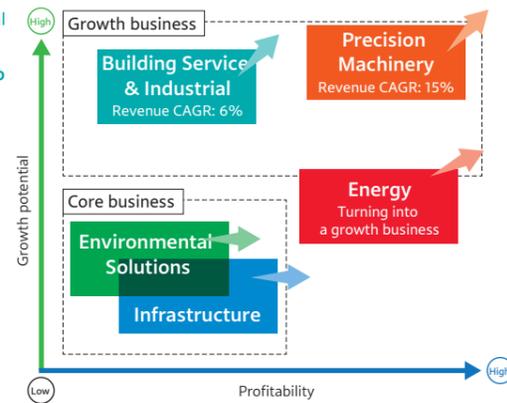
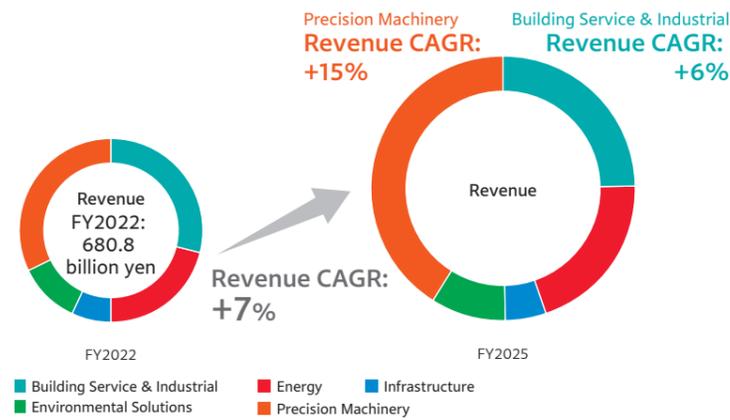


Image of Revenue Composition in the Final Year of E-Plan 2025

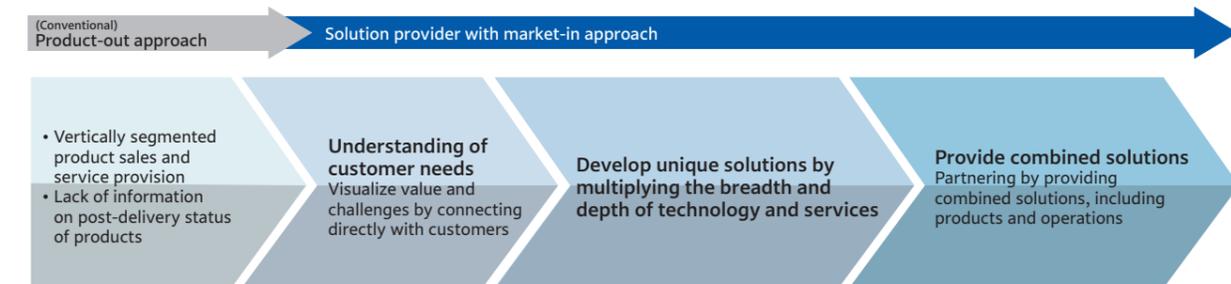
Plan of Advancement of the Portfolio in E-Plan 2025



Basic Policy 2 New Value Creation

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

Capabilities, which makes internal technologies, human resources, and core competencies into visual media as well as our human resource map to strengthen both internal and external collaboration, and understand social issues through customer-oriented marketing from the customer's perspective, thereby creating new value.



Basic Policy 3 Global Business Infrastructure

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

Sophisticate business operations	<ul style="list-style-type: none"> Introduce a regional department system (Building Service and Industrial), and promote a function- and region-specific organizational structure (Energy) Introduce an account system and establish an equipment development building to optimize global operations (Precision Machinery)
Initiatives to strengthen S&S	<ul style="list-style-type: none"> Rationalize and strengthen S&S bases by integrating compressors, turbines and custom pumps Develop new service menus integrating pumps, chillers, fans, etc.
Strengthen production processes and development capabilities	<ul style="list-style-type: none"> Reinforce resources and execute design and development DX to firmly implement developed products into society Develop core technologies by utilizing Ebara Manufacturing Technology Advanced Center
Bolster global procurement and SCM	<ul style="list-style-type: none"> Increase procurement capabilities from centralized and consolidated suppliers across divisions/ departments Establish multiple supply networks across the Group and with suppliers Build a robust supply chain through networking and digitization of manufacturing and distribution bases
Promote R&D	<ul style="list-style-type: none"> Utilize technology and talent globally through the visualization of our technologies, core competencies, and technical personnel (technology mapping)

Basic Policy 4

Advanced and Efficient Management Infrastructure

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

Establish global infrastructure foundations	<ul style="list-style-type: none"> Implement Groupwide ERP system by 2025 Integrate global IT infrastructure and expand common systems Standardize operations globally
Digital strategy to drive business model innovation	<ul style="list-style-type: none"> Data-driven management (data analysis and utilization of data in the areas of human resources, sales, and finance as a service) Utilize digital twin/metaverse space
Sophisticate ROIC management	<ul style="list-style-type: none"> ROIC-WACC in new business units in line with the transition to organization by target market Define optimal hurdle rates and valuation metrics to use for business assessment and growth support
Sophisticate "One Ebara HR"	<ul style="list-style-type: none"> Determine the definition of global key position (GKP) and improve global mobility Optimize personnel allocation based on global talent database Further promote diversity and inclusion
Risk management	<ul style="list-style-type: none"> Centralize and streamline Groupwide risk management functions Conduct comprehensive environmental management (i.e., ISO14001 certification for all Group companies with manufacturing and maintenance plants)

Basic Policy 5 Advance ESG-Focused Management

We will evolve our ESG-focused management to move towards a sustainable society. In the "E" for Environment category, we aim to reduce environmental impact through business activities and the provision of products and services in order to achieve carbon neutrality by 2050. In the "S" for Social category, we aim to contribute to society and the environment through our products and services,

strengthen human capital management, and promote diversity. We will continue to promote human rights due diligence in the supply chain, as well as further enhance corporate governance. The Board of Directors will support the EBARA Group's growth to solve its medium- and long-term issues, under the theme of Governance to Value.

Strategy and Action Policy

Environment	Social	Governance
Carbon neutrality	Contribute to society and environment through our products and services, promote diversity, and respect human rights	Further enhance corporate governance
<ul style="list-style-type: none"> Reduce environmental impact through business activities (Scope 1 & 2) Reduce environmental impact through provision of products and services (Scope 3) Absorb and eliminate GHGs through the commercialization of chemical recycling technology for waste plastics, etc. 	<ul style="list-style-type: none"> Strengthen human capital management Promote diversity Promote human rights due diligence in the supply chain 	<ul style="list-style-type: none"> (Roles and activities of the Board of Directors) Support the EBARA Group's growth to solve medium- to long-term issues Supervise sustainability efforts taken by executives Promote Dialogue between the Board of Directors and stakeholders Continue efforts to improve efficacy

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

To resolve the five material issues laid out in E-Vision 2030, our long-term vision, we have set outcome goals, key performance indicators (KPIs) and targets for each department to achieve. We will continuously monitor these KPIs and go through

the plan-do-check-act (PDCA) cycle to achieve our targets. Please find more in-depth information about initiatives and measures at the pages in the reference column.

Five Material Issues (EBARA's Materiality)	Related SDGs	2025 Outcome Goals	Responsibility	KPIs	2025/12 Targets	2022/12 Results	Reference
1  Contribute to the creation of a sustainable society		Reduce greenhouse gas (GHG) emissions Develop technologies that reduce CO₂ emissions and enable carbon resource circulation Deliver water to 500 million people Protect people's safe and secure lifestyles from disasters through stable operation of pump equipment Reduce water usage and discharge	Building Service & Industrial	Unit sales of energy-saving and highly efficient products	15% increase compared to 2022	—	P.42
			Energy	Development and sales promotion for new products (ammonia pumps, injection pumps, etc.) for the decarbonization market	Achieve 100% of commercialization and sales targets	Continued product development	P.44
				Development of new compressors for the decarbonization market	Achieve 100% commercialization	Completed concept design	
			Infrastructure	Unit sales of products with low environmental impact	50	—	P.46
			Environmental Solutions	Number of new waste treatment facilities that generate thermal electricity from waste processing	3 facilities over the 3-year period of E-Plan 2025	5 facilities during 2020-2022	P.48
			Precision Machinery	Reduction of GHG emissions from semiconductor manufacturing processes through gas abatement	20% reduction from 2022	—	P.50
				Reduction of GHG emissions from dry vacuum pump manufacturing	10% reduction from 2022	—	
			Environmental Solutions	Development of practical applications of technology (ICFG@*1) for reusing chemical raw materials derived from waste plastics (implementation in 2030)	Implementation of pilot testing	Modifications to ongoing laboratory tests	P.48
			Building Service & Industrial	Unit sales of solar pumps	50% increase compared to 2022	—	P.42
				Unit sales in emerging countries	40% increase compared to 2022	—	
Infrastructure	Total drainage capacity of pumps delivered for disaster preparedness (drainage volume per second)	145 m ³ /s	—	P.46			
Precision Machinery	Reduction of pure water use by CMP equipment	30% reduction from 2022	—	P.50			
2  Elevate standards of living and support abundant lifestyles for all		Develop foundational technologies for semiconductor miniaturization Implement technical tool development to improve product development throughput Propose new themes and strengthen strategic research policies Advance information analysis communication and proposal activities and integrate into regular operations Expand ERP project across the Group Strengthen information security and comply with NIST (US) and CIS	Precision Machinery	Development of foundational technology for 14Å semiconductor manufacturing	100%	45%	P.50
			CTO	Expansion of application scope of technical tools that eliminate rework in development	Expand to all 5 in-house companies	—	P.53
				Formation of macro-level technology development strategies and action plans based on technological and social trends	Form medium- to long-term scenarios and corporate R&D strategies based on trends, and create action plans for the next fiscal year	—	
			CIO	Number of analysis recommendations for intellectual and non-intellectual property information that contributes to management and business decisions, etc.	20 analysis recommendations per year (limited to those rated highly by the reporting party)	—	P.55
				Number of Group companies with ERP implemented	20 or more	Implemented at 2; in process at 2 others	
			Rate of compliance with ISO 27001 categories at bases	100%	0%	P.55	
Number of items needing to be handled by CIS Controls	100%	0%					
3  Conduct comprehensive environmental management		Carbon neutrality by 2050 Reduce Scope 1 and 2 GHG emissions by 32% compared to 2018 Reduce the equivalent of 100 million tons of CO₂ in Scope 3 emissions (2030 goal) Continuously reduce water consumption rate (2030 goal) Maintain a recycling rate of 95% or more (2030 goal)	CRO	CDP Evaluation (climate change)	Maintain B or above	B	P.29
				Reduction of Scope 1 and 2 GHG emissions	32% reduction compared to 2018	Reduced by 1.6% compared to 2018	P.29, 61
				Reduction of Scope 3 GHG emissions	Establish a practical measurement method to reduce 100 million tons by 2030	—	P.29
				Water consumption rate	Continuous reduction	Water use intensity of 0.160 km ³ /¥100 million in 2022	P.61
				Recycling rate (Domestic Group)	Maintain rate of 95% or higher	97.5%	
				4  Promote working environments that encourage challenge		Transform EBARA's culture into a competitive one that takes on challenges, creating an environment where diverse employees thrive in their work Improve global mobility Eliminate wage gap between men and women Foster a corporate culture that allows people to balance work and childcare regardless of gender Promote the success of employees with disabilities	CHRO
Proportion of non-Japanese employees in global key positions (GKP)	30% or higher	23%					
Proportion of women in GKPs	8% or higher	7%					
Proportion of female managers (non-consolidated)	8% or higher	6.4%					
Proportion of male employees taking childcare leave (non-consolidated)	Establish data collection method in 2023; set action plans and targets to increase acquisition rate	—					
Proportion of employees with disabilities (EBARA and 4 Group companies)	2.6% or higher	2.4%					
5  Enhance corporate governance		Implement necessary measures based on the results of human rights due diligence of suppliers Improve the effectiveness of the Board of Directors and contribute to G to V (Governance to Value)	Operations Innovation Division*2	—	—	—	P.63
			Board of Directors	—	—	—	P.65-84

*1. ICFG is a trademark of EBARA Environmental Plant in Japan

*2. A department that works to optimize business processes, with one of its functions being to oversee procurement for the Group

Climate Change Initiatives

Achieving 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 internally and in the value chain.



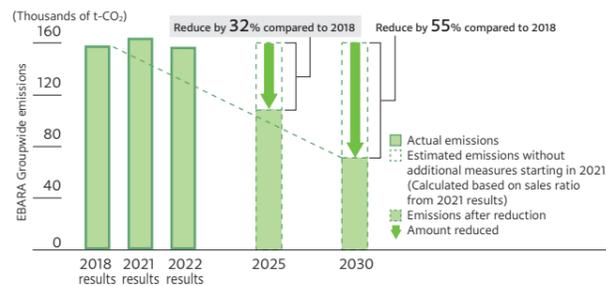
Basic policy of E-Plan 2025: Advance ESG-Focused Management

<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 FY2025	Initiative Status
Reduce EBARA Group GHG emissions (Scope 1 & 2) by 32% compared to 2018 levels	<ul style="list-style-type: none"> We are increasing procurement and use of low-CO₂ green energy We are promoting energy conservation and production innovation in business activities, shifting away from fossil fuels by converting to electricity We are considering the introduction of internal carbon pricing
Establish a practical measurement method to reduce 100 million tons of GHG emissions in the value chain (Scope 3) by 2030	<ul style="list-style-type: none"> We are establishing communication methods with business partners to promote supplier engagement We are making products even more efficient as category 11 constitutes the bulk of emissions
Maintain a CDP (climate change) score of B or above	<ul style="list-style-type: none"> Acquired B score in 2022 Began implementing third-party verification Focusing on advancing supplier engagement

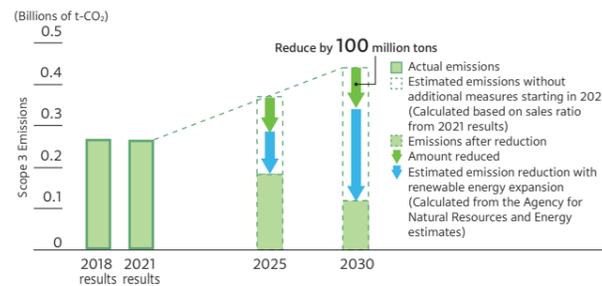
GHG Emissions (Scope 1 & 2) Reduction Targets



Reducing GHG Emissions Across Society through our Products

We are working to reduce GHG emissions across society through such efforts as the manufacture and sale of equipment that processes exhaust gas with high emission factors; development and sales of injection pumps for carbon dioxide capture, utilization and storage (CCUS); commercialization of technology for chemical recycling of waste plastic; and development of infrastructure facilities for production and utilization of next-generation fuel sources such as hydrogen and ammonia.

GHG Emissions (Scope 3) Reduction Targets



Expanding Green Energy

EBARA Group procures almost all the electricity needed by its business sites in Japan from its subsidiary, EBARA Environmental Plant Co., Ltd., which provides low-CO₂ electricity. We are further expanding solar power generation at the Fujisawa Plant, and we have completed installation of rooftop 1.6 MW-class solar power generation facilities at a plant that completed construction in 2020. Electricity accounts for approximately 80% of the Group's energy consumption, in order to reduce CO₂ emissions from energy use, we will continue to expand our solar power generation facilities through power purchase agreements and internal installations.

Information Disclosure in line with the TCFD Recommendations



The EBARA Group's vision for 2030 is to make advances in ESG-focused management. We conducted analysis of climate risks and opportunities in line with the TCFD recommendations as a part of that vision. The results of the scenario analysis were incorporated in E-Plan 2025, our medium-term management plan for the period between 2023–2025. Following the disclosure in 2022 relating to our businesses for the oil and gas and semiconductor manufacturing markets, we conducted scenario analyses for our businesses in the building and industrial equipment, water infrastructure, and solid waste treatment markets. Please see the EBARA website for details.

Reference Information Disclosure in line with the TCFD Recommendations
<https://www.ebara.co.jp/en/sustainability/think/information/tcfd.html>

Governance

In 2022, we incorporated ESG performance metrics into director and executive officer compensation. We also monitor our progress toward non-financial targets. First, each in-house company evaluates its progress, then these efforts are reported to and reviewed by the Management Issue Planning and Monitoring Meeting. This is then reported to the Sustainability Committee which reviews the overall status of the Group's progress toward meeting our non-financial targets. In 2023, the internal project we had previously established to work toward carbon neutrality was formed into a new permanent department, the Carbon Neutral Promotion Section, which is under the purview of the Chief Risk Officer.

Reference Climate Change Governance
<https://www.ebara.co.jp/en/sustainability/think/information/tcfd.html#gov>

plan, E-Plan 2025, which started in 2023, and every in-house company formulated their own climate strategies.

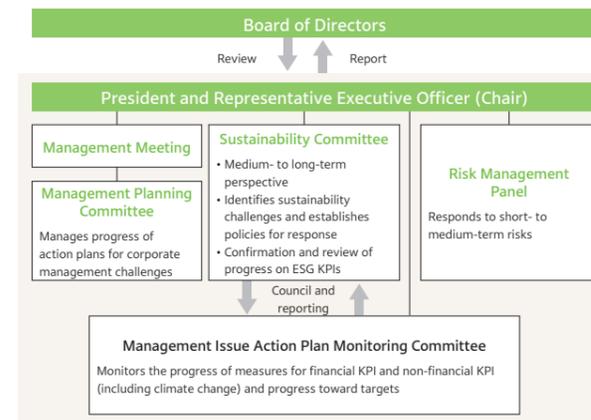
Reference Financial Impact and Response Measures
https://www.ebara.co.jp/en/sustainability/think/information/tcfd.html#sus2023_3

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 Planning and Monitoring Meeting, which is chaired by the President and Representative Executive Officer. In addition to the Monitoring Meeting, 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.

Reference TCFD Risk Management
https://www.ebara.co.jp/en/sustainability/think/information/tcfd.html#sus2023_1

Climate-Related Governance Structure Chart



Strategy

We conducted climate-related scenario analyses for our five major target markets from the second half of 2021 to March 31, 2023. Based on these analyses, we anticipated changes related to climate change, identified important business risks and opportunities, estimated the financial impact, and considered countermeasures for each target market. The results of the climate-related scenario analyses were reflected in EBARA's new medium-term management

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, is applying measures to achieve this goal laid out in the action plan for E-Plan 2025. Each department is also setting its own goals, taking action and achieving progress. Furthermore, based on the scenario analysis results for each target market, each in-house company formulated an action plan for its non-financial management issues, including metrics and targets related to energy conservation, carbon neutrality, and adapting to climate change.

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

Future Initiatives

The Sustainability Committee is aiming to disclose progress towards non-financial metrics and targets in the next fiscal year. We will strive to improve the level of disclosure for all our non-financial indicators, including those related to climate change.

Realizing Data-Driven Management

Initiatives of the Data Strategy Team and the Diversity Project

In the VUCA (Volatility, Uncertainty, Complexity, Ambiguity) era where there are no right answers, corporations must make decisions and take action more flexibly and swiftly than ever before. In response, EBARA Corporation launched the Data Strategy Team under the direct control of the president in July 2022. Its purpose is to aim for data-driven management with optimal decision-making using facts and results-based data, as well as human imagination and creativity from data. To realize data-driven management, we need to be able to understand data from a variety of perspectives, so a culture of mutual respect for diverse perspectives is critical. Therefore, the Company is promoting task diversity.*1

The Data Strategy Team is structured in a way that incorporates task diversity, a concept that is also the focus of the Diversity Project, which was launched at the same time. We are working beyond sectional boundaries so that many team members will become H-type*2 and π(pi)-type*3 human resources. We will aim to create innovative businesses while promoting the integration of our employees' knowledge.

*1. Invisible diversity such as in ability, knowledge, and experience
 *2. Human resources who have one field of strong expertise who can act as a horizontal bridge to connect the expertise of others
 *3. Human resources with expertise in two or more different fields

Data Strategy Team

The team contributes to data-driven strategy formulation and decision-making. We are working to improve corporate value and optimize global business management, and each section is working collaboratively to implement corporate branding and human capital management, digital transformation utilizing cutting-edge data processing technologies such as AI and the metaverse, construction of a personal digital twin,*4 improvement of operational efficiency, and automation.

To realize a corporate culture that enables a wide range of human resources to feel the satisfaction and comfort essential for sustainable corporate growth as they go about their work, we are automating human resources decision-making

using our proprietary people analytics AI*5. We are also working on getting ISO 30414 certification (guidelines for internal and external human capital reporting). To further encourage innovative thinking, we are conducting internal human resource development through reskilling courses on cutting-edge technologies such as AI at the University of Tokyo Metaverse School of Engineering.

*4. Accurate reproduction of information, people, and physical objects in virtual space
 *5. AI that analyzes aptitude test, entry sheets, interview information, and classifies the results into different human resource types

Reference Data Strategy Team Special Website <https://dst.ebara-dx.com/en/>



The Data Strategy Team is comprised of ten sections, each of which is staffed by professionals with different areas of expertise. Every section works together to formulate and execute strategies to realize data-driven management.



Examples of Section Initiatives

Ambassador Section

Our section is a team of specialists in the human resources field who perform everything from recruitment PR to onboarding after recruitment based on data-driven decision-making to realize task diversity. The role of ambassador was newly launched with people analytics in January 2023, and we select and place human resources who can take on challenges and make EBARA attractive. We will organically create psychologically safe spaces, sharing the appeal of diverse human resources and promoting their success.

Metaverse Section

We are planning to create personal digital twins in order to create a new business model for the metaverse. By creating our personalities in the metaverse, we can expand our abilities and intelligence regardless of time, place, physical ability or presence, and infinitely expand our business fields. By building a common global platform in the metaverse and creating an environment in which people can work comfortably, EBARA Corporation will achieve task diversity.

Diversity Project

To promote working environments that encourage challenge, one of the material issues set out in E-Vision 2030, we launched a project in January 2022 which reports directly to the president, and in July of the same year, we established a dedicated organization. We aim to realize a world where each individual can continue to work in their unique way by connecting their knowledge with that of diverse human resources in a data-driven way, leading to innovation. We are preparing a place to increase, discover, nurture, and connect diverse human resources through the Leader Creation School, which nurtures human resources who will lead diversity in the future, in addition to new employee training.

TOPICS

Held Job Offer Ceremony for New Graduates Hired in 2023 and for Interns who will Graduate in 2024 in the Metaverse

Participants created their own avatars and were able to discuss and make decisions freely based on the content of the discussions, without being influenced by such biases as gender, age, or status, thus leading to task diversity in a psychologically safe environment.



TOPICS

Held Diversity Training for Management and Directors

We held training in November 2022 to resolve the issues that hinder diversity, based on the results of an employee survey. We invited Rochelle Kopp, President of Japan Intercultural Consulting, to give a lecture, and held an active discussion on the four themes of diversity, psychological safety, unconscious bias, and servant leadership. Going forward, we will expand this training globally and enhance the diversity that EBARA is striving towards.