

# Summary of Climate-related Disclosure 2024 (As of June 2024)



As the IFRS® took over the monitoring of companies' climate-related disclosures from the TCFD, we updated part of the disclosed information based on IFRS® Sustainability Disclosure Standard S2 Climate-related Disclosures (hereinafter referred to as "IFRS® S2") while referring to the conventional framework of the TCFD recommendations.

## **Climate-related governance**

The Board of Directors in charge of overseeing management discussed sustainability including climate-related matters in four of the board meetings held in 2023. In addition, the Board of Directors held the [explanatory meeting on ESG](#) for the institutional investors and the press and explained the results of the scenario analysis conducted for each market based on the TCFD recommendations and our efforts related to the hydrogen-related business.

The Sustainability Committee, a committee responsible for sustainability management on the executive side, discussed climate-related matters in all of its meetings held in 2023.

In addition, under the system created by restructuring the companies for each market in 2023, we have identified the challenges our customers face in responding to climate change as material risks and opportunities through the analyses of climate-related scenarios and reflected them in the midterm management plan E-Plan 2025. The activities to achieve the nonfinancial targets that included climate-related targets and their progress were reviewed in the meetings of the Sustainability Committee held in 2023. Climate-related strategies including scenario analyses are executed under the responsibility of each company President.

## **Climate-related strategies**

The EBARA Group set the evolution of ESG management as one of its visions to achieve by 2030. As topics related to the evolution of ESG management, we analyzed and managed climate-related risks and opportunities based on the TCFD recommendations and reflected the results of the climate-related scenario analysis in [E-Plan 2025, the midterm management plan](#) (2023-2025) that was put into effect in 2023. As for the disclosure for 2024, there is no significant change in relation to the climate-related strategies. The review of the climate-related scenarios is to be conducted at the same interval as the development of the midterm management plan.

## **Management of climate-related risks and opportunities**

Material risks and opportunities identified through the climate-related scenario analyses are monitored by the Monitoring Council on the Action Plan for Management Challenges. The Monitoring Council is chaired by the president, representative executive officer, CEO, and COO and the presidents of each company report the progress and results of the action plan for financial and nonfinancial indices. We have a management system in which the management itself monitors the financial and nonfinancial impacts in parallel in place. We monitor climate-related risks and opportunities as nonfinancial indices and review the activities conducted to achieve the targets and its progress. The progress of all the nonfinancial indices and targets including climate-related ones was reported to the Sustainability Committee and reviewed by all the executive officers on a company-wide basis.

CEO: Chief Executive Officer; COO: Chief Operations Officer

## **Climate-related indices and targets**

Each company and its subordinate group companies and departments have reflected the results of the scenario analyses for each market conducted by each company in accordance with the TCFD recommendations in the action plan for E-Plan 2025, established departmental targets and measures, and have been promoting them.

The Sustainability Committee sorts out the sustainability-related indices and targets including the climate-related strategies for each of the five material issues specified in our long-term vision E-Vision 2030 and manages the progress of the activities conducted to achieve the long-term vision on a company-wide basis.

As for the [GHG emissions reduction targets](#), we have set the target of reducing Scope 1 and 2 emissions by 55% by 2030 compared to FY 2018.

We have been reviewing the CO<sub>2</sub> reduction target in our value chain based on the [Guidance on Avoided Emissions released by the WBCSD in March 2023](#) and have had the Scope 3 emissions reduction target discussed by the Sustainability Committee. We submitted a commitment letter to the SBT Initiative in May 2024 in relation to the Scope 1, 2, and 3 emissions reduction targets and aim to have our targets certified in 2025.

In addition, we have obtained the third-party assurance for the Scope 1 and 2 emissions (emissions from energy use and emission of CFCs (excluding emissions from non-energy sources)) of the Group in 2022. As for the GHG emissions in 2023, we started the third-party verification process for the Scope 1, 2, and 3 emissions. We plan to disclose the revised GHG emissions reduction target in our value chain by the end of 2024.

# Disclosures related to the core content of IFRS<sup>®</sup> S2 (as of June 2024)

Disclosed item		Disclosed information
		2024
<b>Governance</b>	Disclose the organization's governance around climate-related risks and opportunities.	<a href="#">A link to the disclosed information on governance</a>
<b>Strategy</b>	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<a href="#">A link to the disclosed information on the identification and assessment of climate change risks and opportunities</a>
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<a href="#">A link to the disclosed information on the scenarios for each market</a>
	Short-, medium-, and long-term financial impacts the climate-related risks and opportunities are expected to have on the company's financial condition, financial performance, and cash flow	<a href="#">A link to the disclosed information on the impact of climate-related risks and opportunities on the financial plan</a>  <a href="#">A link to the disclosed information on the financial impacts of the 4°C and 1.5°C to 2°C scenarios and the major calculation methods</a>
	Disclosures of information that makes it easier to understand the resilience of the company's strategies and business model on climate-related changes, progresses, and uncertainties	<a href="#">A link to the disclosed information on the strategies based on the climate-related risks and opportunities</a>
<b>Risk Management</b>	The company's process to identify and assess climate-related risks.	<a href="#">A link to the disclosed information on the management of climate-related risks</a>
	The company's process to manage climate-related risks	
	The extent to which the process to identify, assess, prioritize, and monitor climate-related risks and opportunities that has been integrated into the company's comprehensive risk management process provides information and how it has been integrated and provides information	<a href="#">A link to the disclosed information on risk management</a>
<b>Index and target</b>	Scope 1, 2, and 3 emissions	<a href="#">A link to the disclosed information on the indices and targets</a>
	Whether internal carbon pricing is applied to decision-making or not	<a href="#">A link to the information on climate-related governance (as of June 2024)</a>
	Whether climate-related considerations are incorporated into executive compensation or not	<a href="#">A link to the disclosed information on the executives' compensations</a>

# Major Climate-Related Business Strategies under Medium-term management plan E-Plan 2025 (2023-2025)

(As of June 2024, there has been no change since the disclosure in 2023.)



Major target markets	In-house company	Main Products	Main functions and value provided to the market	Primary locations*	Key Climate-Related Strategies in E-Plan 2025
Building and industrial equipment market	Building Service & Industrial	Pumps (standard and custom), blowers, chillers, heating and cooling equipment, fans, etc.	<ul style="list-style-type: none"> <li>Providing water supply, drainage, water for fire fighting, ventilation, exhaust, heating/cooling, and supply/exhaust of air of buildings and commercial facilities, apartments, and factories for various industries</li> <li>Transfer of liquids other than clean water, such as chemicals and foodstuff</li> <li>Air conditioning of large-scale facilities, cooling of industrial processes, temperature control of industrial facilities, etc.</li> </ul>	Japan, China, Italy, Brazil	<ul style="list-style-type: none"> <li>Review manufacturing bases and supply chain management based on geopolitical risks, regulations in each region, and desired quality from customers.</li> <li>Energy conservation proposals and the rationalization of equipment in accordance with customer operation conditions.</li> <li>Provide solutions for energy-use and environmental impact reduction in response to the demand for decarbonization.</li> </ul>
Energy market	Energy	Custom Pumps, Compressors, Turbines, Cryogenic products* (pumps/expanders) *Products handling cryogenic fluids that range below -250° C, etc.	<ul style="list-style-type: none"> <li>LNG (liquefied natural gas) related facilities and transport</li> <li>Gas processing in petroleum refining, petrochemical production, etc. (downstream), gas compression and liquid pressure transmission</li> <li>CO<sub>2</sub> injection and transfer at CCS/CCUS plants</li> <li>Transfer of liquid hydrogen and hydrogen gas at hydrogen-related facilities</li> <li>Ammonia transfer within ammonia co-firing thermal power plants</li> </ul>	Japan, the United States of America, India, China	<ul style="list-style-type: none"> <li>Work with customers to establish sustainable businesses that lead decarbonization efforts and the creation of sustainable societies.</li> <li>Provide low-carbon products for LNG marketplace in the short to medium term.</li> <li>Looking ahead to 2025 and beyond, the company will develop products for CCUS, the ammonia market, as well as hydrogen- and geothermal power generation.</li> </ul>
Water infrastructure market	Infrastructure	Pumping facilities (clean water and sewerage, irrigation, rainwater, etc.), ventilation equipment (tunnels), aeration equipment (sewage), electrical equipment, etc.	<ul style="list-style-type: none"> <li>Pumping, transporting, and draining water from water supply and sewage facilities</li> <li>Water intake and drainage from rivers, and prevention and control of flood damage</li> <li>Road ventilation, exhaust, smoke exhaust</li> <li>Etc.</li> </ul>	Japan, Vietnam	<ul style="list-style-type: none"> <li>Contribute to the National Land Resilience Plan especially regarding aging infrastructure facilities and flood damage prevention</li> <li>Provide high-value-added pumping systems through overseas bases for engineering technologies that have been highly evaluated in Japan for flood, drought, and irrigation demand in Southeast Asia and other countries and regions where we have sales bases.</li> </ul>
Solid waste treatment market	Environmental Solutions	Municipal waste treatment plants, industrial waste disposal plants, woody biomass power generation plants, etc.	<ul style="list-style-type: none"> <li>Intermediate processing of solid waste (including incineration)</li> <li>Provision of resource recycling solutions based on LCA</li> <li>Provision of low-carbon electricity to our group and local governments</li> <li>Recycling of incinerator ash, etc.</li> </ul>	Japan, China	<ul style="list-style-type: none"> <li>As the world moves toward circular economies and decarbonization, the amount of waste incinerated is predicted to decrease year by year. We will shift to chemical recycling in which gas and oil are recovered from waste plastics and recycled into petroleum and petrochemical raw materials.</li> </ul>
Semiconductor manufacturing market	Precision and electronics	Dry vacuum pumps, chemical mechanical polishing systems, gas abatement systems, ozonized water generators, etc.	During the semiconductor manufacturing process <ul style="list-style-type: none"> <li>Provide a clean vacuum environment</li> <li>Surface processing of wafers with ultra-high precision</li> <li>Detoxification of perfluorocarbons (PFCs), which have a global warming potential several thousand times greater than that of CO<sub>2</sub>, etc.</li> </ul>	Japan, Taiwan, China, Korea, the United States of America, Europe, Singapore, Malaysia	<ul style="list-style-type: none"> <li>Contribute to the decarbonization of the customer's semiconductor manufacturing process.</li> <li>As a member of the Semiconductor Climate Consortium, we will lead decarbonization in semiconductor manufacturing.</li> <li>Reduce GHG emissions through development vacuum exhaust systems for EUV Lithography Equipment.</li> </ul>