

February 14, 2024

FY2023 Evaluation of the Effectiveness of the Board of Directors

EBARA CORPORATION

Board of Directors

To ensure corporate governance effectively, the Board of Directors (“the Board”) performs analysis and evaluation of its own effectiveness every year for the purpose of verifying the contributions of the Board, identifying issues and making improvements.

Analysis and evaluation of the effectiveness of the Board in FY2023 were carried out and an overview of the results is disclosed below.

**1. Process of Evaluation of Effectiveness**

With the cooperation of an external independent expert, the Board prepared a questionnaire for each Director, the Independent Director who serves as Chairman of the Board conducted individual interviews with all of the Directors to directly confirm the thoughts of each Director based on the results of questionnaire responses. The Board also performed self-evaluation and peer evaluation of individual Directors. The Board analyzed the results of the above questionnaire and individual interviews, discussed the effectiveness of the Board in the Board Meetings held in December 2023 and January 2024 based on these, and confirmed the evaluation results and future action to be taken. All Directors other than the Chairman conducted evaluation of the Chairman.

**2. Overview of the Results of Analysis and Evaluation**

It was confirmed that Directors’ evaluations of the current state of operation of the Board and Committees were high, the Board, the Chairman of the Board, Independent Directors and Inside Directors each appropriately fill their respective roles and responsibilities, adequate discussion is carried out based on appropriate agenda setting and proceedings in the Board and Committees, and efforts to address the matters brought up as issues in the last year evaluation have progressed.

The self-evaluation and peer evaluation of individual Directors were performed based on the roles, qualifications and competencies of Directors specified in the “EBARA Corporate Governance Basic Policy”, and through the evaluations, it was confirmed that each Director appropriately fulfills their responsibilities and contributes to discussion in the Board. An overview of the results of the peer-evaluations was shared with the Nomination Committee, and the Committee also referred to the results of the evaluations when selecting Director candidates.

Based on these analyses the Board evaluation concluded that the oversight functions of the Board are performing adequately, and that greater effectiveness has been provided.

Meanwhile, it was confirmed that there are issues to continue considering and improving in future, and that it is necessary to continue to periodically verify these and continue to make improvements.

### **3. Future Action**

The Board will continue with existing reforms, and also further increase the board effectiveness by engaging in ongoing discussion of the following matters.

- Enhancement of discussion on management vision from a long-term perspective  
In light of the progress of the current medium-term management plan, E-Plan 2025, and various internal and external changes in the environment, the Board will organize ideas and policies on important issues (human resources and human capital, progress of globalization, appropriate capital allocation, verification of business portfolio, establishment of the EBARA brand, etc.), and discuss management vision from a long-term perspective.
- Deepening of discussion on sustainability  
The Board will deepen discussions on the following key issues and others related to sustainability from the perspective of how to specifically link profitability, long-term sustainability, and corporate value enhancement of the Company with ESG management.
  - Human rights due diligence in the supply chain
  - Promoting diversity, equity and inclusion (DE&I)
  - Carbon neutrality
  - Response to internal and external sustainability information disclosures such as TCFD
- Periodic review of committee structure and activities

End

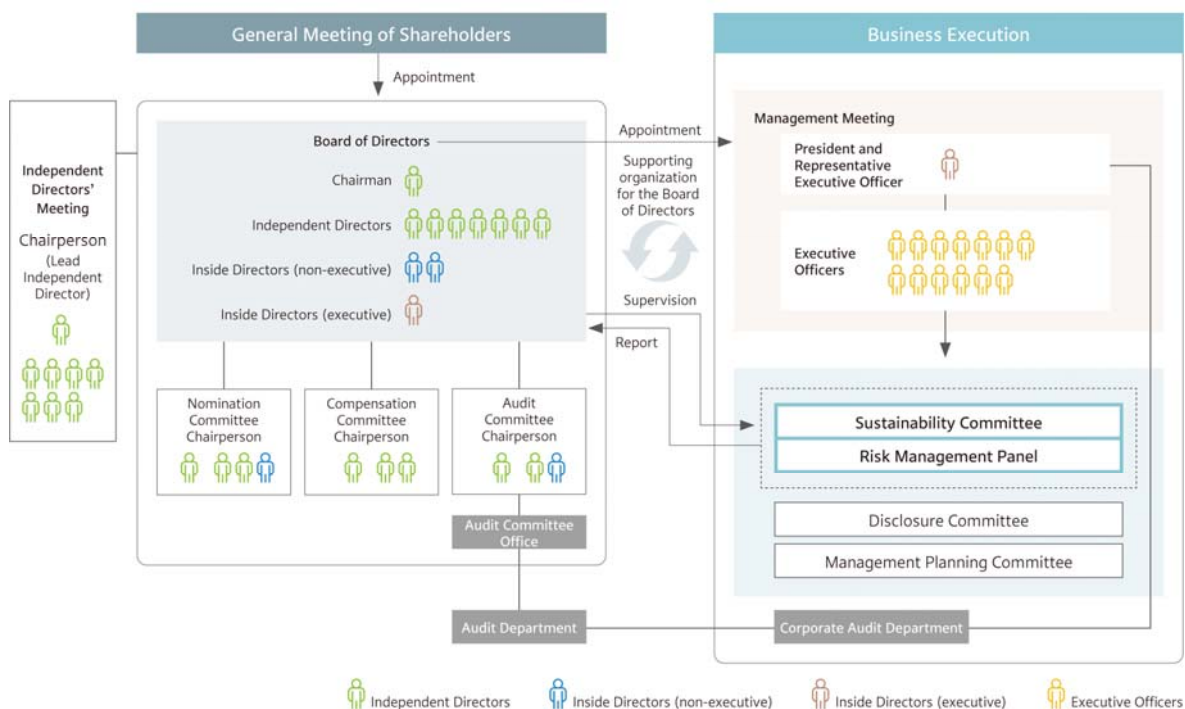
## Appendix

Reference 1 “EBARA CORPORATION Corporate Governance Systems  
(as of January 1, 2024)”

Reference 2 “Major Items in the Questionnaire”

Reference 3 “Main Points Leading to Reform through Board Evaluation”

### (Reference 1) “EBARA CORPORATION Corporate Governance Systems (as of January 1, 2024)”



### (Reference 2) “Major Items in the Questionnaire”

1. Roles and functions of the Board
2. Size and composition of the Board
3. Status of operation of the Board
4. Composition and roles of the Nomination Committee
5. State of operation of the Nomination Committee (evaluation made by members of the Nomination Committee)
6. Composition and roles of the Compensation Committee
7. State of operation of the Compensation Committee (evaluation made by members of the Compensation Committee)
8. Composition and roles of the Audit Committee
9. State of operation of the Audit Committee (evaluation made by members of the Audit Committee)
10. Relationships with investors and shareholders

### (Reference 3) “Main Points Leading to Reform through Board Evaluation”

The Company began board evaluations when it made the transition to a Company with a Nomination Committee, etc. in 2015. The board evaluation conducted over the past eight years has led to a diverse range of cases of the Board gaining a deeper understanding and leading to reform. An excerpt of the major points included among these is shown below.

Item	Details
<b>1) Agenda and discussion in the Board:</b>	
<b>(i) Strengthening of discussion of medium- to long-term issues</b>	<ul style="list-style-type: none"><li>· Based on the awareness that weight on discussion of medium- to long-term issues should be further increased, the Board has included the long-term management vision and the medium-term management plan for realizing this into a year-round agenda item, and now spends time discussing the strategies, organizational structures and personnel strategies of each business based on these by incorporating them into agenda items from the outset.</li><li>· In the 2021 board evaluation, it was found that the Board also needs to discuss ESG and sustainability agendas on a regular basis, and starting in 2022, the Board began to set regular agendas twice a year and the view that the discussion on sustainability has been enhanced was shared.</li></ul>
<b>(ii) Improvement of quality and deepening of discussion</b>	<ul style="list-style-type: none"><li>· Meetings of Independent Directors were held a few days before board meetings, and upon receiving explanation of the major points on issues presented to the Board by the executive officers in charge, Independent Directors have a deeper understanding and freely discussed these issues. Based on the discussion here, the Board shared the awareness that the quality of discussion in the Board would increase by each of the Independent Directors speaking based on their own perspective and responsibility with an awareness of the issues. The significance of meetings of Independent Directors was also confirmed in the board evaluation.</li></ul>
<b>2) Composition and size of the Board</b>	
<b>(i) Composition and number of Independent Directors</b>	<ul style="list-style-type: none"><li>· With regard to the composition and number of Independent Directors, diversity of background and experience is important, and the importance of the free exchange of diverse opinions was confirmed considering unpredictable social environment of the future. The validity of the system in which</li></ul>

	Independent Directors account for eight of the eleven current Directors was also confirmed in the board evaluation.
<b>(ii) Internal Directors concurrently involved in the execution of business</b>	<ul style="list-style-type: none"> <li>The awareness that the current system in which the number of Directors concurrently involved in the execution of business has been reduced to have one Representative Executive Officer promotes the separation of oversight and management execution and has further clarified the responsibility of management team and the role of the Board was shared.</li> </ul>
<b>(iii) Appointment of Chairman of the Board</b>	<ul style="list-style-type: none"> <li>A system in which an Independent Director serves as the Chairman of the Board has been adopted since 2019 to ensure greater fairness and transparency, and enable the realization of agenda setting from the perspective of shareholders. For this reason, a decision was made to include evaluation of the Chairman in the board evaluation process to check the effectiveness of the system and verify this in the Board every year.</li> </ul>
<b>3) Evaluation of effectiveness of committees</b>	
<b>(i) Evaluation of effectiveness of committees</b>	<ul style="list-style-type: none"> <li>The respective functions and roles to be fulfilled by the Nomination, Compensation and Audit Committees were shared, and self-evaluation of whether adequate discussion is carried out with independence and objectivity progressed.</li> <li>In the 2022 board evaluation, it was recognized that it is necessary to clarify the approach to the scope of information sharing, etc. from the committees to the Board, and in 2023, the Board of Directors organized the approach and specified it in the Board of Directors' Rules, and there was a shared understanding that this would ensure transparency in the committees' future activities.</li> </ul>
<b>(ii) Composition and Size of the Audit Committee and support system</b>	<ul style="list-style-type: none"> <li>The Audit Committee has undergone a gradual decrease in the total number of members and the number of Internal Directors, resulting in a structure with four members including one Internal Director from 2020, and a structure with a total of three members including one Internal Director chaired by an Independent Director was adopted from 2021 to ensure further independence and realize audit oversight based on external viewpoints. With the transition to this system, the Audit Committee recognized that it is necessary to strengthen the system for supporting Audit Committee in the evaluation of</li> </ul>

	<p>effectiveness, and the systems and allocation of personnel for this were expanded. For this reason, this will continue to be evaluated in the evaluation of effectiveness to review its effectiveness.</p>
<p><b>4) Effectiveness of Directors</b></p>	
<p><b>(i) Clarification of roles, qualifications and competencies</b></p>	<p>In the FY2020 evaluation of effectiveness, it was found that the clarification of roles, qualification and competencies of each Director and the confirmation based on the clarification through self-evaluation and peer evaluation contribute to the improvement of the capabilities of the Board as a whole and individual Directors. In order to realize this, the roles, qualifications and competencies required of Directors including attributes (Independent Director, etc.) and positions (Chairman of the Board, Committee Chairman, etc.) were explicitly stated in the Basic Policy on Corporate Governance (EBARA Corporate Governance Basic Policy) after sufficient discussion in the Board. In the FY2021 evaluation of effectiveness, it was shared that the recognition that the EBARA Corporate Governance Basic Policy is an important policy for future activities of the Board, Committees and individual Directors.</p>