



EBARA CORPORATION ESG Meeting 2021

Looking ahead,
going beyond expectations
Ahead > Beyond

November 29, 2021

EBARA CORPORATION

Speakers



Masao Asami
Director,
President and Representative
Executive Officer



Sakon Uda
Independent Director,
Chairman of the Board
of Directors



Shu Nagata
Executive Officer
Responsible for IR

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ESG Meeting 2021

- 1. ESG-Focused Management and Human Resource Strategy
Initiatives for Reforming the Corporate Culture**
 - ◆ **Masao Asami**
President and Representative Executive Officer
- 2. Initiatives for Corporate Governance Reform**
 - ◆ **Sakon Uda**
Chairman of the Board of Directors

1. ESG-Focused Management and Human Resource Strategy Initiatives for Reforming the Corporate Culture

Masao Asami

President and Representative Executive Officer

Looking ahead, going beyond expectations
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Long-Term Vision — E-Vision 2030

Solve Social Issues Through Our Business with Technology and Passion, and Support Our Globe

Five Material Issues (Materiality)



1. Contribute to the creation of a sustainable society

We will utilize our technologies to passionately support the creation of a sustainable, environmentally friendly world with ample food and water, and safe and reliable social infrastructure.



2. Elevate standards of living and support abundant lifestyles for all

We will utilize our technologies to passionately support economic development that enables the world to end poverty and realize ever-evolving and abundant lifestyles.



3. Conduct comprehensive environmental management

We will promote the reduction of CO2 emissions from our business operations and maximize our use of renewable energy to move toward a carbon-neutral world.



4. Promote working environments that encourage challenge

We will promote a Group culture of competition and challenge, and provide diverse employees with meaningful work and comfortable working environments.



5. Enhance corporate governance

We will lay out a vision for and pursue growth through offensive and defensive governance that supports high-level management capabilities.

Materiality and KPIs (Integrated Report 2021 p.17-18)

Continuously Monitoring Progress and Results



Five Material Issues (EBARA's Materiality)	Related SDGs	Desired Outcomes	Challenges	Key Measures and KPIs	2022/12 Targets
<p>1 Contribute to the creation of a sustainable society</p> <p>We will utilize our technologies to passionately support the creation of a sustainable, environmentally friendly world with ample food and water, and safe and reliable social infrastructure.</p>	 	<p>Respond to serious environmental problems and economic development at the global level, by creating social and industrial infrastructure that will both reduce CO₂ emissions and stimulate economic activity</p> <ul style="list-style-type: none"> • Ensure infrastructure is operating stably for safe and secure living • Realize resilient cities that do not expose people to risks to life in the event of a natural disaster <ul style="list-style-type: none"> • Ensure stable water supply to meet increasing water demand due to population growth and social development • Be less vulnerable to climatic and geographic conditions, ensuring a stable supply of food 	<p>Sustainable, environmentally friendly world Economic and social development will accelerate in line with population growth, especially in developing countries, which will increase CO₂ emissions and environmental impact at the global level and exacerbate climate change.</p> <p>Social infrastructure Economic development for safe and secure living and the development of social infrastructure in developing countries will require updated or updated increasingly safe and secure infrastructure exposed to natural disaster risks.</p> <p>A society with no food or water shortage Water demand will increase in developing countries. In developed countries, the supply of water and its efficiency will be improved. Demand for food will increase in developing countries due to population growth. Countries with low self-sufficiency rates and dependent on food imports will experience excessive dependence on food imports.</p>	<p>Improving energy saving and reducing product weight Fluid Machinery & Systems Business: Complete development and commercialization of new steam turbine series Precision Machinery Business: Further reduction of weight and power consumption of hydraulic pumps</p> <p>Environmental load management Fluid Machinery & Systems Business: Further reduction of CO₂ emissions per unit of output Precision Machinery Business: Further reduction of CO₂ emissions per unit of output</p> <p>Contribution to the Hydrogen Business Fluid Machinery & Systems Business: Development and commercialization of products for liquid hydrogen tanks</p> <p>Environmental Plants Business: Practical application of Internally circulating fluidized-bed gasification system (ICFG)</p> <p>Stable operation of social infrastructure Environmental Plants Business: Long-term comprehensive contracts for DBO projects (cumulative total)</p> <p>Environmental Plants Business: Crane upgrades and AI crane installation</p> <p>Stable water supply to diverse regions Fluid Machinery & Systems Business: Expansion of solar pump sales</p>	<p>Achieve 100% commercialization</p> <p>12% (per unit compared to 2019)</p> <p>Achieve 100% commercialization</p> <p>Reduce annual GHG emissions by the equivalent of 33,000 tons of carbon dioxide</p> <p>100,000 MWh</p> <p>Achieve 100% commercialization</p> <p>Construction of demonstration units, achieve an order target of 100%</p> <p>19</p> <p>Achieve 100% installation target</p> <p>Achieve a unit sales volume target of 100%</p>
<p>2 Elevate standards of living and support abundant lifestyles for all</p> <p>We will utilize our technologies to passionately support economic development that enables the world to end poverty and realize ever-evolving and abundant lifestyles.</p>	 	<ul style="list-style-type: none"> • Contribute to the development of the semiconductor industry (technological progress and production optimization) to realize convenient and abundant lifestyles for all (ICAC5) • Enable advanced factory operations through smart products and services • Ensure that aging industrial plants and facilities built during the period of rapid economic growth can be operated safely and stably 	<p>In a world where highly advanced technology is assumed, continuous technological evolution is required in the industrial sector (realization of Society 5.0).</p>	<p>Development of manufacturing equipment to meet the evolutionary roadmap for semiconductors Precision Machinery Business: Development of new models arising from priority projects</p> <p>Precision Machinery Business: Development of elemental technologies for the next generation of target products</p>	<p>Achieve 100%</p> <p>Achieve 100%</p>
<p>3 Conduct comprehensive environmental management</p> <p>We will promote the reduction of CO₂ emissions from our business operations and maximize our use of renewable energy to move toward a carbon-neutral world.</p>	 	<p>Simultaneously reduce environmental impact and increase economic value</p>	<p>Minimize the environmental impact of the Group's business activities as part of our response to climate change and other increasingly serious global environmental issues</p>	<p>Reduce CO₂ emissions from business activities</p> <p>Improve the recycling rate of waste materials</p>	<p>2030: 26% reduction (compared to 2018)</p> <p>2030: 95% or higher</p>
<p>4 Promote working environments that encourage challenge</p> <p>We will promote a Group culture of competition and challenge, and provide diverse employees with meaningful work and comfortable working environments.</p>	 	<p>Build a corporate culture throughout the Group of competition and challenge and increase employee engagement.</p>	<p>Job Satisfaction To continue enhancing social and environmental value through our global business, it is essential that our diverse workforce is able to maximize and enhance their capabilities.</p> <p>Ease of Work Create an environment in which employees feel comfortable and motivated to work so that they can maximize their abilities and achieve the best performance possible</p>	<p>Establishing a foundation to achieve sustainable global growth Global development of business Reduction of total CO₂ emissions</p> <p>Transforming into a Group with a high level of competition and challenge Promote the use of meaningful work (M-work) as a means to increase employee engagement, as well as the percentage of female employees and the number of women in leadership positions among EBARA.</p> <p>Improve global employee satisfaction</p> <p>Continuously improve human resource development (HRD) per person</p> <p>Increase the number of local employees at overseas operating sites</p>	<p>→ p. 41 2023: 0.80</p> <p>→ p. 41 1,020 points</p> <p>→ p. 41</p> <p>83</p> <p>103,000</p> <p>2030: 50%</p>
<p>5 Enhance corporate governance</p> <p>We will lay out a vision for and pursue growth through offensive and defensive governance that supports high-level management capabilities.</p>		<ul style="list-style-type: none"> • Ensure transparency and accountability through proactive corporate information disclosure and dialogue with stakeholders • Pursue the EBARA Way, the EBARA Group's universal values, to enhance corporate value • Established a system to systematically identify, evaluate, and minimize risks • Supply chain risks are minimized to ensure business continuity. • Internal controls are properly implemented in the Group, and a system to audit the controls is in place. <p>Ensure compliance with laws and regulations in all regions without exception, and ensure that the Group operates based on high ethical standards</p>	<p>Corporate Governance Realize transparent, fair and boldly challenging management to ensure continued sustainable growth for the EBARA Group</p> <p>Risk Management Minimize risk in today's rapidly changing social structure by refining corporate risk management.</p> <p>Compliance Thoroughly and sincerely comply with not only laws and regulations, but also internal rules, social norms, and standards of common sense and decency</p>	<p>Expand opportunities for dialogue with stakeholders</p> <p>Promotion of the EBARA Way (participation rate for training related to the EBARA Way)</p> <p>Strengthen supply chain management</p> <p>Thoroughly implement internal controls on a global scale</p> <p>Ongoing corruption prevention training</p>	<p>→ p. 51, pp. 53-56</p> <p>100% participation rate</p> <p>→ p. 51</p> <p>→ pp. 69-70</p> <p>→ pp. 73-74</p>

Hydrogen Business Project → p.7

Response to Climate Change → p.6

Human Resource Strategy → p.8-

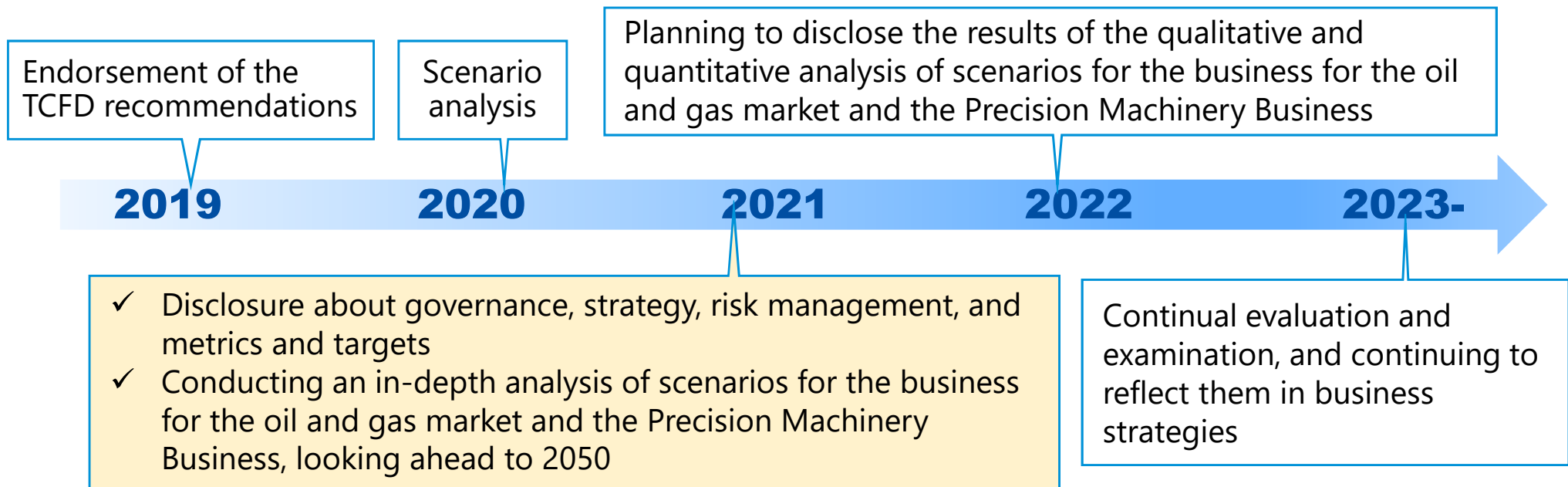
Response to Climate Change

Pursuing Carbon Neutrality

To achieve carbon neutrality,
we will launch a company-wide project in 2022,
and pursue initiatives to achieve
a carbon-neutral society.



■ Disclosure Based on TCFD Recommendations (Schedule)



Hydrogen Business Project

Aiming to Contribute to Achieve a Sustainable Society and an Ever-evolving and Abundant Lifestyles

A project under the direct control of the President was launched in August. Started joint development of a turbo pump for a rocket that will launch an ultra-small satellite.

Produce

Endeavor to produce carbon-neutral hydrogen



Carry

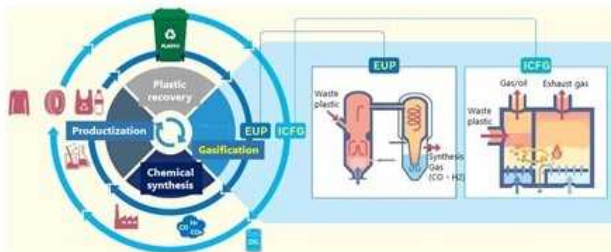
Provide technologies that are indispensable to all modes of transportation



Use

From large, centralized systems to decentralized use

- ◆ Hydrogen production by gasification from waste plastic
 - EUP (Ebara Ube Process)
 - ICFG (Internally circulating fluidized-bed gasification system)



- ◆ Technology for compress and transport hydrogen
 - Compressors

- ◆ Technology for carrying cryogenic liquid
 - Pumps



Participating in NEDO's Development of Technologies for Realizing a Hydrogen Society project; demonstration of technology planned in 2022

- ◆ Technology for large hydrogen power generation facilities
- ◆ Technology for hydrogen stations
- ◆ **Technology for turbo pumps for rockets**
 - Pumps, etc.



The purpose of the EBARA Group is to contribute to society by providing products and services that support society, industry and living



To contribute to society through business and continue to grow,
each employee needs to use ingenuity and creativity and always try new things

E-Vision 2030 Materiality 4



Promote working environments that encourage challenge

We will promote a Group culture of competition and challenge, and provide diverse employees with meaningful work and comfortable working environments.

By 2030, the EBARA Group aims to be a corporate group where

employees think for themselves, actively try new things with a sense of speed, and produce tangible results regardless of nationality or gender.

Gaps between Visions and Current Situations



E-Vision 2030

By 2030, become a corporate group where **employees think for themselves, actively try new things with a sense of speed, and produce tangible results regardless of nationality or gender.**

Diversity

- ✓ Advancement for women
- ✓ Support for non-Japanese employees
- ✓ Improvement in recruitment channels (referral system, hiring by job category)

Challenges

- ✓ Ebara Innovation 5 →p.11
- ✓ Internal recruitment system
- ✓ E-Start, EGC Award *2

Autonomy

- ✓ Career management
- ✓ Work style reform, Ebara New Workstyle (ENW) *1

Competition, merit-based system

- ✓ Change in the personnel system, introduction of role grading
- ✓ Abolishment of the seniority system, earlier promotion
- ✓ Succession management →p.10

Engagement

- ✓ Global engagement surveys →p.13, 14
- ✓ Communication from the management team
- ✓ Stepping up communication

Speeding up

- ✓ Monthly monitoring of KPIs
- ✓ Management indicators (CCC)

Global

- ✓ One EBARA HR, Developing human resource systems and measures on a globally common platform →p.12

Challenges

Japan-centric

Sense of purpose

Sense of speed

Resisting to changes

Motivation to product results and achieve growth

*1 Ebara New Workstyle: a new work style after the COVID-19 pandemic

*2 E-Start: new business idea competition EGC Award: global challenges awards system

Succession Management (Management of Successors to Managers)

Purpose

- ✓ Creating a pool of human resources systematically and avoiding the risk of a lack of successors
- ✓ Checking the adequacy of the present manager from multiple perspectives without assuming they remain in the position
Selecting people with stronger leadership qualities and appointing them to revitalize the organization
- ✓ Monitoring the cultivation plan for the successor candidate and the status of cultivation



■ **Started succession reviews in 2018**

Company Presidents, Division Executives, and General Managers are subject to reviews

■ **In 2020, the President reviewed the qualifications of Section Managers as well**



Encouraging Employees to Take on New Challenges in “Ebara Innovation 5”

Employees need to take on new challenges without being constrained by the existing framework to make changes to achieve a Group culture of competing and taking on challenges



■ Started Ebara Innovation 5 (EI5) to encourage employees to take on challenges

Under the program, individuals or teams can set themes distinct from their existing duties and spend up to 5% of the working hours (about two hours per week) pursuing those themes.

- ✓ They can set any themes that lead to contributing to the corporate value of the EBARA Group.
(e.g. considering new products, improving the operations under their control, enhancing skills)
- ✓ Encouraging each employee to take on challenges at their own discretion.

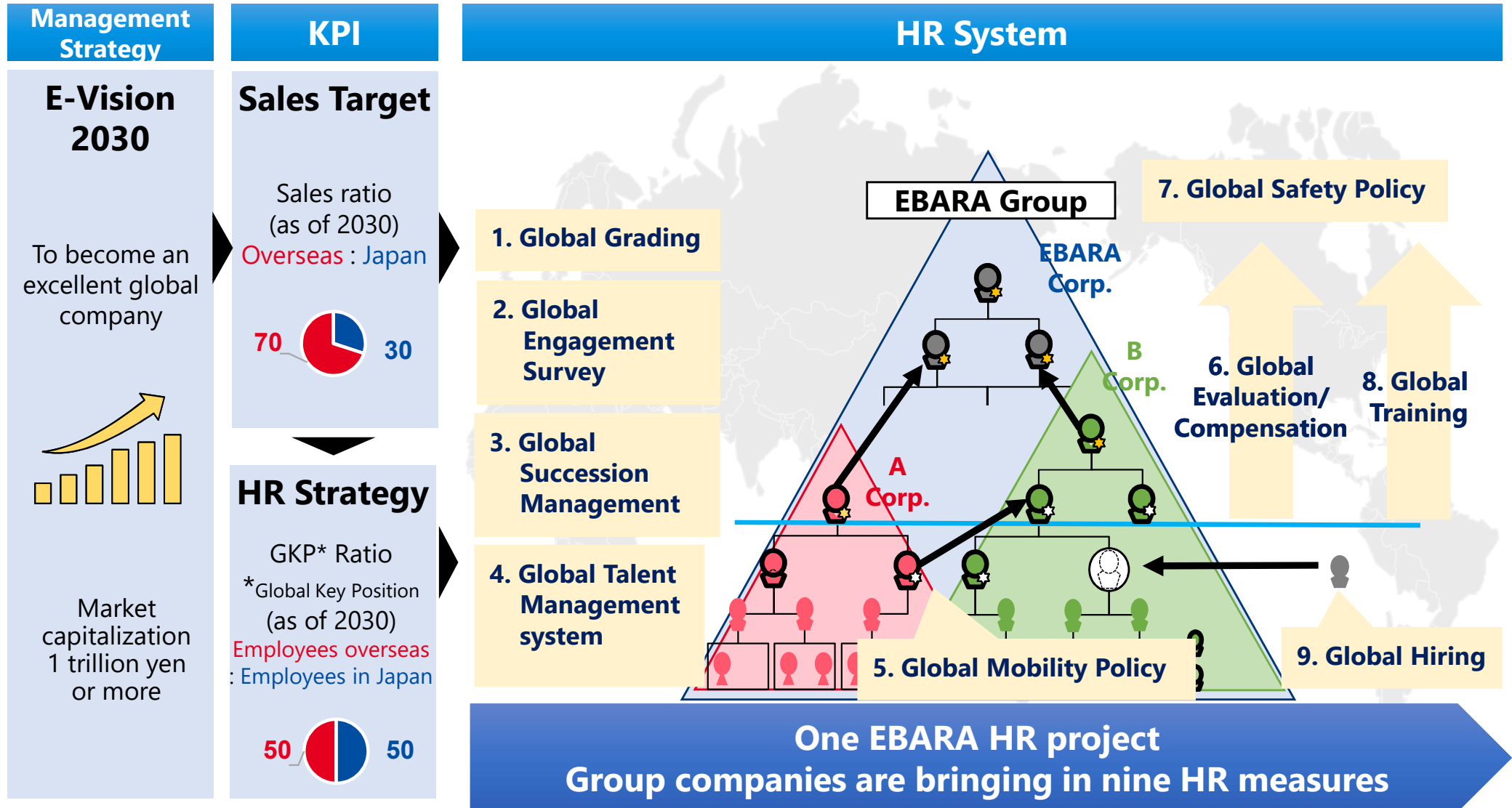


Flowers do not bloom if you do not sow seeds.

The EBARA Group supports those who sow seeds.

Strengthening Global Human Resource Management

The Group has been pursuing "One EBARA HR" to strengthen global human resource management and achieve the overseas business development set out in E-Vision 2030.

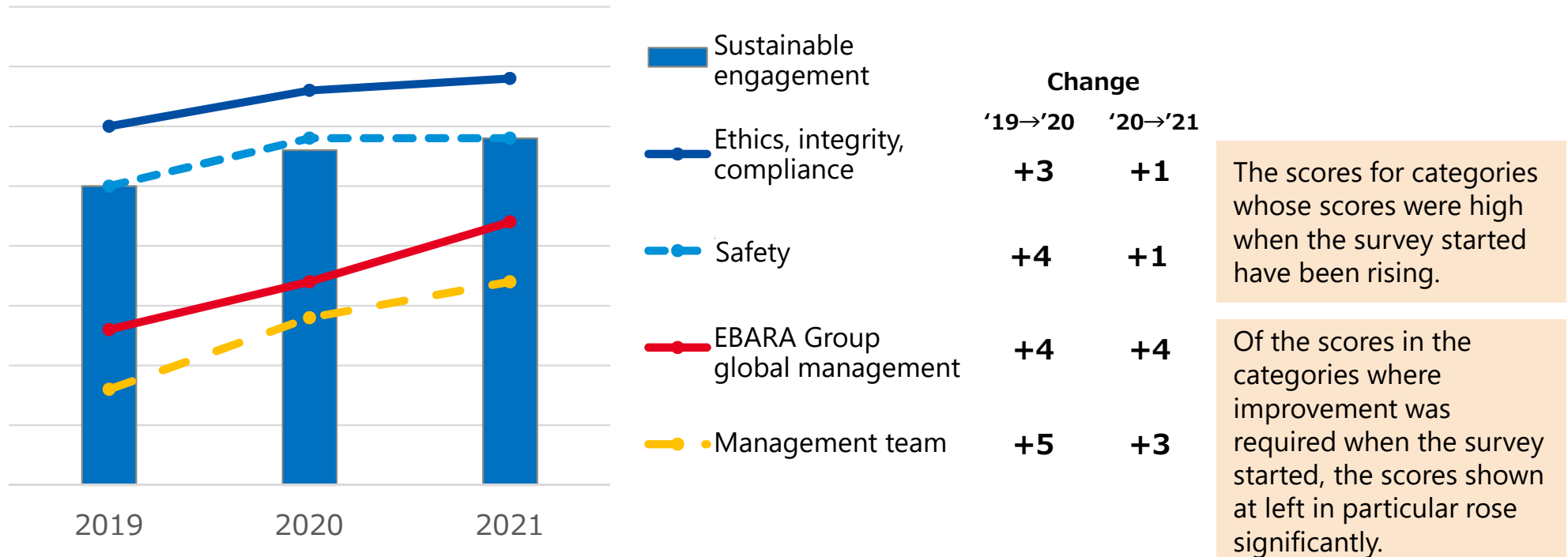


Engagement Surveys

Initiatives to Increase Employee Engagement

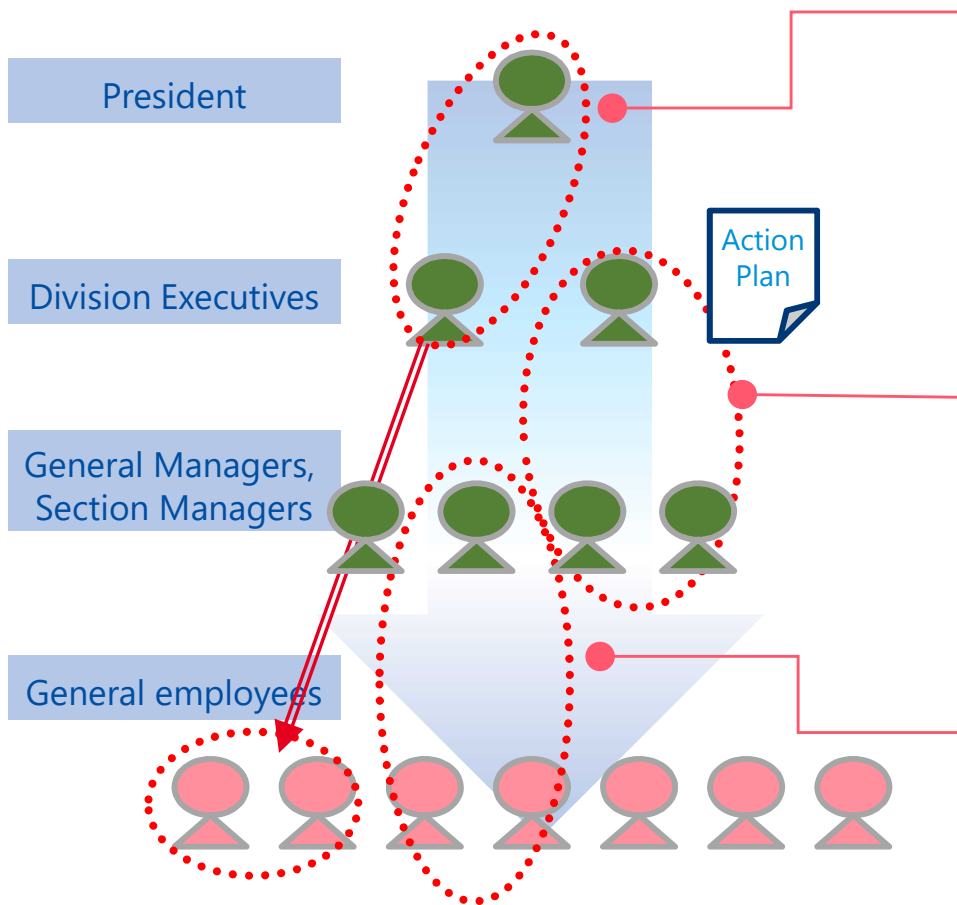
- Have been conducting global engagement surveys since 2019**
 Surveys of all employees at EBARA Group in Japan and overseas
- Develop and implement an action plan to increase engagement**
 The entire Group and each departments examine measures based on survey results

Engagement Survey Score 3-year Trend



Action Policy in the entire Group

Management-led Actions



1. Reinforcing communication from the management

- ✓ President Asami and others actively visit workplaces and post video messages.
- ✓ Division Executives visit offices and factories to improve their working environments through communication with employees working at manufacturing sites

2. Using survey results in management

- ✓ Division Executives develop and implement action plans to have employees work together, enhance their motivation, and increase productivity.
- ✓ Engagement survey results are disclosed to section managers and positions above that level.


3. Regular one-on-one meetings between manager and section member

- ✓ Reinforcing feedback, including evaluation and career management, to improve section member engagement
- ✓ Obtaining information about ways of working, working environments, and physical and mental health through regular one-on-one meetings and examining improvement measures within a division

2. Initiatives for Corporate Governance Reform

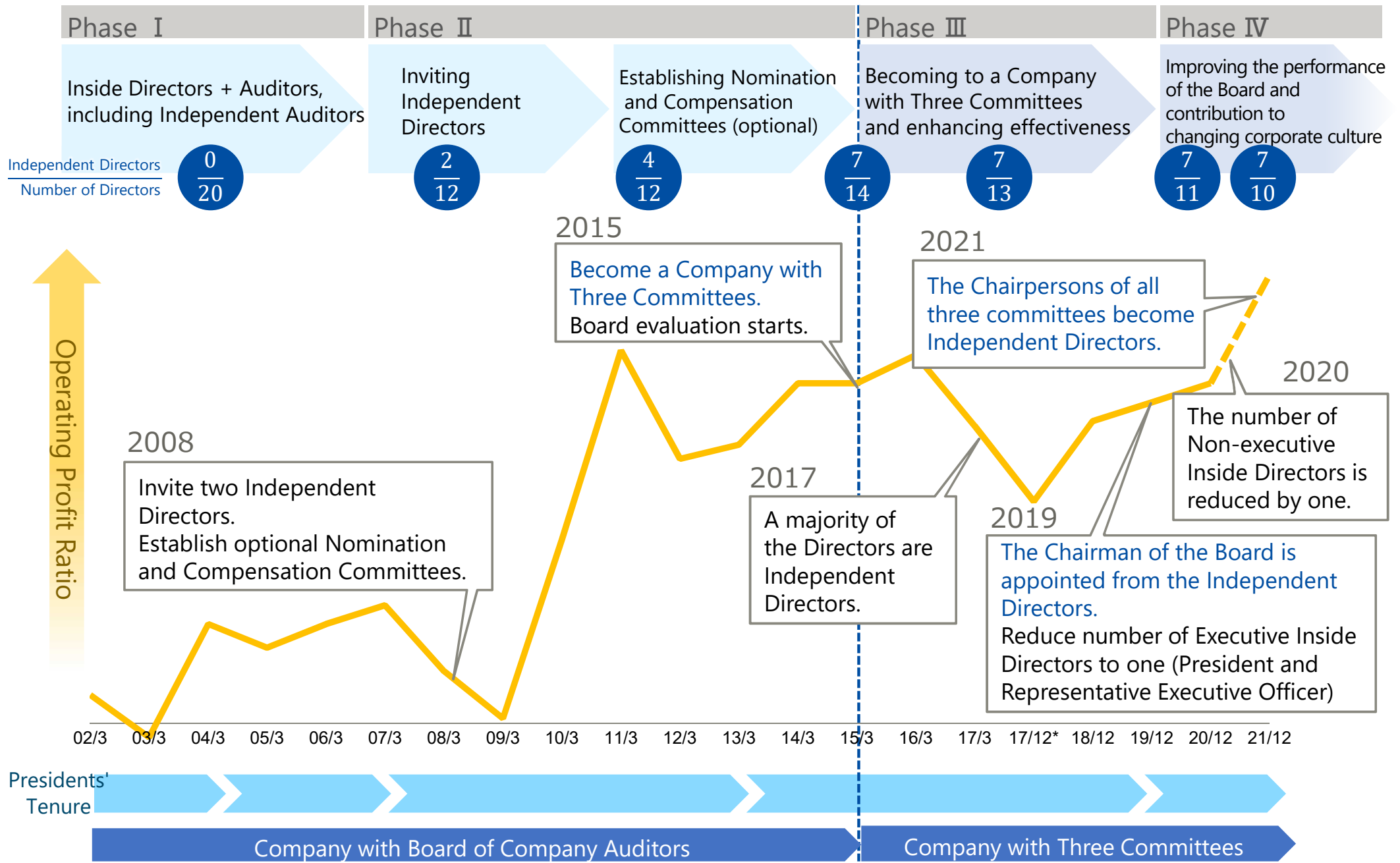
Sakon Uda

Independent Director, Chairman of the Board of Directors

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Ahead  *Beyond*

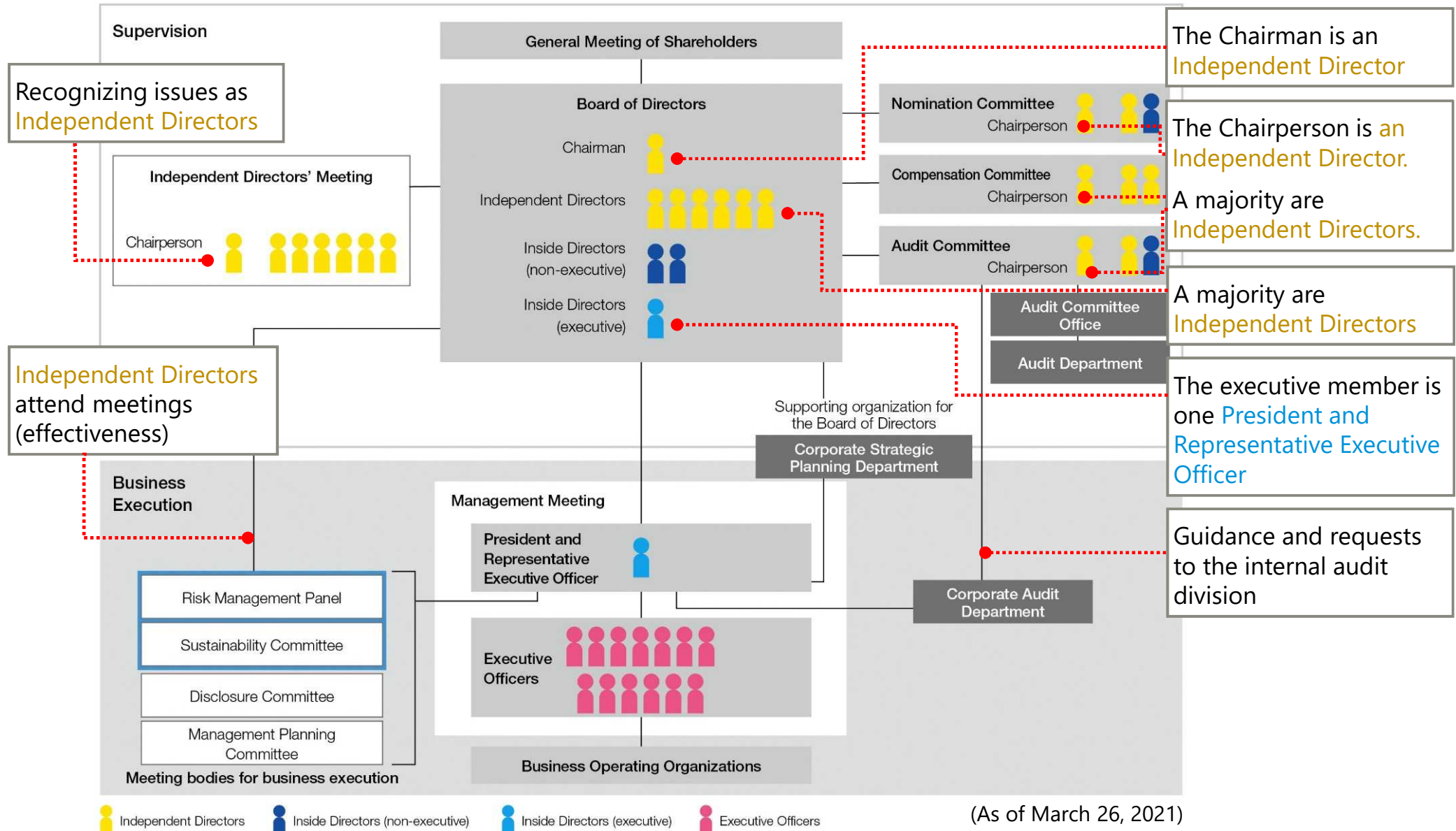
Changes in Corporate Governance at EBARA

Evolution into a New Phase



Corporate Governance System: Company with Three Committees

Have Established a Progressive Governance System among Japanese Companies



Three-Way Discussions with ICGN CEO and Vice Chair, and Suggestions

Integrated Report 2021 p.53-



Main Points

- **EBARA's corporate governance reform and enhancement of corporate value**
- **Challenges of diversity and inclusion**
Importance of diversity for the business execution side and the engagement of the Board of Directors
- **Issues in the S (social) of ESG: S in a global company**
Human rights, workforce safety, supply chain

Initiatives to Improve the Effectiveness of the Board



Using the Evaluation of Board Effectiveness as the Driving Force for Reform

The Key Points of Corporate Governance Reform Based on the Evaluation of Board Effectiveness

1. Reform related to agenda and discussion at the Board meetings

- ✓ An Independent Director sets the agenda as the chairman of the Board
- ✓ Reinforcing discussions on medium- to long-term issues
- ✓ Holding Independent Directors' meetings to improve and deepen discussions at the Board meetings

2. Reform related to the number of Board members and the composition of the Board

- ✓ The number and composition of Independent Directors
- ✓ Reduce number of Executive Inside Directors to one (President and Representative Executive Officer)

3. Reform related to the effectiveness of committees

- ✓ Evaluating the effectiveness of the Nomination, Compensation, and Audit Committees
- ✓ Strengthening the system for supporting the Audit Committee

Issues and Initiatives Based on the Evaluation of Board Effectiveness in 2020

- **Examining initiatives for improving the effectiveness of the Board**

Conducting benchmark analysis, etc. of companies having progressive governance in Europe and the United States



- **Making clear the roles, qualifications, and competencies of the Board members**

Using the results in the evaluation of Board effectiveness, training, and the appointment of Directors and thereby enhancing the effectiveness of the entire Board



In September 2021, the Company resolved to revise the Corporate Governance Basic Policy and disclosed the revision.

Main points of the revision

■ Making clear the roles and qualifications of the Directors

Clarifying the roles and qualifications of Directors required by the Company: roles and qualifications according to attributes (Independent Director, etc.) and positions (Chairman of the Board, Chairperson of a committee, etc.)

■ Response to the revised Japan's corporate governance code

Reviewing the matters for which governance needs to be strengthened over the medium to long term, including initiatives to address sustainability issues

➡ Conforming to all items of the code

e.g. Roles of the Chairman of the Board of Directors

1. Setting the agenda of the Board meeting

- ✓ Setting the agenda, which includes not only proposals of the executive side but also items chosen from a perspective from outside the Company
- ✓ Understanding the executive side's recognition of issues and examining agenda items that should be discussed at Board meetings

2. Revitalizing the Board of Directors and facilitating meetings

- ✓ Revitalizing discussions about strategic issues
- ✓ Questions effective for solving issues
- ✓ Facilitating the meeting to encourage challenges on the execution side

3. Taking the lead in the PDCA cycle in the Board of Directors

- ✓ Taking the lead in evaluating the effectiveness of the entire Board, each committee, and each Director

4. Active communication with the stock market

Future Issues: Evolving into a New Phase

The Board will support the quick action of the executive side from a medium- to long-term strategic perspective.

- **Supporting the growth of the EBARA Group to help solve ESG issues in the world**
 - ✓ Actively supporting new businesses, including hydrogen-related and chemical recycling businesses
 - ✓ Supporting the executive side from an ESG perspective and a medium- to long-term strategic perspective
- **Supporting the executive side in case of emergency and when unprecedented events occur, such as the COVID-19 pandemic**
 - ✓ The Board making preparations, including risk scenario simulations, to address uncertainty, examining countermeasures in consideration of the medium- to long-term impact
- **Monitoring the S (social) aspect of the global supply chain**
 - ✓ Responding to geopolitical risk, business continuity plan (BCP), responding to the S aspects of suppliers
- **Diversity and inclusion on the executive side**
 - ✓ Making contributions to changing the corporate culture, including the cultivation of executives

Appendix: External Evaluations



FTSE4Good



FTSE Blossom Japan

2021 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2021 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



2021



Sampo Sustainability Index

MSCI
ESG RATINGS



NIKKEI
Smart Work

★★★★★ 2022 Best 54

NIKKEI
SDGs

Management Survey 2021

★★★★★



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