



Ebara Corporation

2024 ESG Meeting

November 25, 2024

Event Summary

[Company Name]	Ebara Corporation	
[Company ID]	6361	
[Event Language]	Japanese	
[Event Type]	Analyst Meeting	
[Event Name]	2024 ESG Meeting	
[Date]	November 25, 2024	
[Time]	10:30 – 12:00 (Total: 90 minutes, Presentation: 47 minutes, Q&A: 43 minutes)	
[Venue]	Webcast	
[Number of Speakers]	5	
	Masao Asami	Director, President, Representative Executive Officer, CEO & COO
	Toru Nakayama	Executive Officer, CRO
	Hiroshi Oeda	Independent Director, Chairman of the Board of Directors
	Shugo Hosoda	Executive Officer and CFO
	Akihiro Osaki	Division Executive of Group Public Relations and Finance Division

Presentation



2024 ESG Meeting

EBARA Corporation (6361)

November 25, 2024

Looking ahead,
going beyond expectations
Ahead > Beyond

株式会社 荏原製作所

Osaki: Thank you very much for taking time out of your busy schedule today to attend the 2024 ESG meeting of Ebara Corporation. We will now begin the meeting.

Today's materials are posted on our website, so we hope you will participate while taking a look at those materials.



Masao Asami

Director,
President, Representative
Executive Officer
CEO & COO



Toru Nakayama

Executive Officer,
CRO



Hiroshi Oeda

Independent Director,
Chairman of the Board of
Directors,
Member of the Nomination
Committee



Shugo Hosoda

Executive Officer,
CFO

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Here are our presenters for today. Mr. Masao Asami, President, Representative Executive Officer, CEO & COO; Mr. Toru Nakayama, Executive Officer, CRO; Mr. Hiroshi Oeda, Independent Director, Chairman of the Board of Directors; and Mr. Shugo Hosoda, Executive Officer and CFO. And I, Osaki, Division Executive of Group Public Relations and Finance Division, will be today's moderator. Thank you very much.

Agenda



1. Advances in ESG-Focused Management

- Roadmap for Achieving Carbon Neutrality by 2050
- Promoting Working Environments that Encourage Challenge

Masao Asami

President, Representative Executive Officer, CEO & COO

2. Risk Management Supporting ESG-Focused Management

Toru Nakayama

Executive Officer, CRO

3. Driving Sustainability Management through Corporate Governance

Hiroshi Oeda

Independent Director, Chairman of the Board of Directors

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This will be today's schedule. Mr. Asami, Mr. Nakayama, and Mr. Oeda will each give a presentation and then take your questions. The end time is scheduled for 12:00 PM. All right, now Mr. Asami will begin the explanation.

1. Advances in ESG-Focused Management

Masao Asami

President, Representative Executive Officer, CEO & COO

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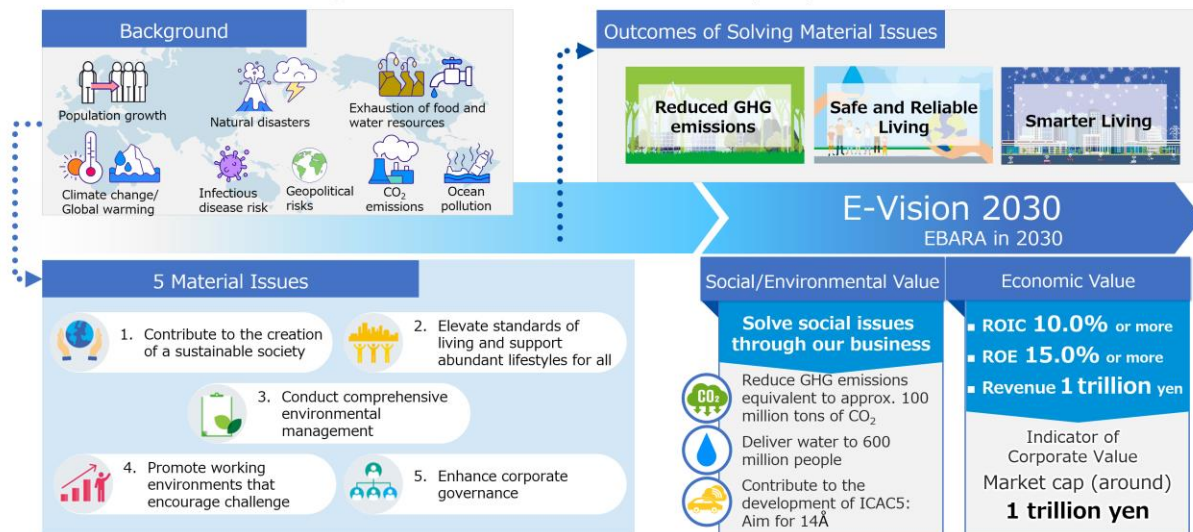
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Asami: Good morning, everyone. I am Asami. Let me begin with my explanation.

Long-term Vision E-Vision 2030

Long-term Vision E-Vision 2030:

Solve social issues through businesses with a market-in perspective toward the world in 2030



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In 2020, we announced our long-term vision, E-Vision 2030, which outlines where we want to be in 2030 in order to realize a sustainable society. E-Vision 2030 sets forth five material issues that the Group will resolve and improve toward 2030. By working to resolve these material issues through our business, we aim to become an excellent global company by enhancing our social value, our environmental value, and our economic value.

E-Plan 2025: Advanced ESG-Focused Management



Basic Policy and management strategy under E-Plan 2025

Implement advanced ESG-focused management for a sustainable society

<p>E : Environment</p>	<p>S : Social</p>	<p>G : Governance</p>
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Strategy and Action Policy

<p>Carbon Neutrality / Reduce Environmental Impact through Products and Services</p> <ul style="list-style-type: none"> Reduce environmental impact of business activities Reduce GHG emissions through provision of products and services Develop and market products to realize a hydrogen society Commercialize chemical recycling technology for waste plastics 	<p>Promote Human Capital Management and Diversity & Inclusion and Respect Human Rights</p> <ul style="list-style-type: none"> Strengthen human capital management Promote diversity, equity and inclusion Promote human rights due diligence in the supply chain 	<p>Further enhance corporate governance</p> <p>(Roles and activities of the Board of Directors)</p> <ul style="list-style-type: none"> Support the EBARA Group's growth to solve medium- to long-term issues Supervise executives for sustainability Promote dialogue between the Board of Directors and stakeholders Continue efforts to improve efficacy
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Our medium-term management plan E-Plan 2025, which was formulated by back casting from our vision for 2030, E-Vision 2030, aims to further strengthen our market-in perspective and establish a corporate culture that creates value from customers' perspectives.

Under E-Plan 2025, one of our basic policies is to further advance ESG-focused management, and we have established strategies and policies for initiatives in the areas of E for environment, S for society, and G for governance. Today, we will report on the progress of each of these initiatives.

E-Plan 2025: Non-financial Indicators



FY25 Items		FY23 Results	FY24 Results	FY25 Targets	
Environment	<ul style="list-style-type: none"> CDP (Climate change) Score 	B	Awaiting Result	Maintain B or above	
	<ul style="list-style-type: none"> Scope 1 and 2 Greenhouse Gas (GHG) emissions 	43.2% <small>reduction vs FY18</small>	Pending	32% <small>reduction vs FY18</small>	
	<ul style="list-style-type: none"> Scope 3/Avoided emissions/Others (Across Value Chain): Establish practical measurement method to reduce 100 million tons of CO2 equivalent by 2030 	Began process	Completed	–	
Social	Human Capital	<ul style="list-style-type: none"> Global Engagement Survey (GES) Score 	78	79	83+
		<ul style="list-style-type: none"> Percentage of non-Japanese employees in Global Key Positions(GKP) 	23%	25%*	30%
		<ul style="list-style-type: none"> Resolve gender pay gap (1) Percentage of female employees in GKP (2) Percentage of female employees in key positions (non-consolidated) 	8% 7.2%	8%* 7.6%*	8%+ 8%+
		<ul style="list-style-type: none"> Percentage of male employees taking childcare leave (non-consolidated) 	90.8%	94.6%*	100%
	Supply Chain	<ul style="list-style-type: none"> Percentage of employees with special needs (non-consolidated + 4 group affiliates) Implement necessary measures based on the results of human rights due diligence for suppliers 	2.54%	2.68%	2.6%+
Governance	<ul style="list-style-type: none"> Sophisticate performance of the Board of Directors and contribute to Governance to Value (G to V) 	<ul style="list-style-type: none"> Strengthen discussions on long-term management vision Deepened discussions on sustainability Regularly review the structure and activities of the committees 			
		<p>Started surveys in FY22 targeting suppliers globally. Collected responses from 1,301 companies by FY23. Confirmed there were no serious problems. For suppliers that did not meet standards, we provided on-site guidance and educational materials and will continue to follow up to support improvements.</p>			

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*Partial year (to Sep)

E-Plan 2025, which ends December 2025, sets targets in the areas of environment, social, and governance. For Environment, our targets concern our CDP climate change score and reduction of greenhouse gas emissions. With regard to the CDP climate change score, we are still waiting for the results regarding our activities in FY2023. In addition, GHG emission data for Scopes 1 and 2 are scheduled to be announced in 2025.

As for GHG emissions across the value chain, including Scope 3 and avoided emissions, our goal was to establish a practical measurement method by 2025, but we were able to achieve this goal one year ahead of schedule this year. We will touch on this more later.

In terms of progress in FY2024 for human capital, we made progress on our goals since FY2023. However, we recognize that further improvement is needed to achieve our targets in areas such as Engagement Survey score, the ratio of non-Japanese employees in global key positions or GKPs, and the ratio of male employees taking childcare leave.

With regard to engagement, we have provided opportunities to discuss engagement improvement measures with HR managers around the world, and as a result of initiatives taken at each of our overseas offices, we have seen overall improvements. We will carefully analyze those results and consider and implement measures for improvement.

The ratio of employees with disabilities was 2.68%, so we achieved our 2025 target ahead of schedule. On the other hand, we expect to increase the number of employees in the next fiscal year in line with the expansion of our business scale, so we will continue to systematically hire people with disabilities in order to maintain and improve the ratio of employees with disabilities.

Regarding human rights due diligence for suppliers, in FY2022, we started conducting surveys globally in FY22 and confirmed that there are no major problems. For suppliers who do not meet our standards, we identify the problem and follow up with them to implement improvements by providing on-site guidance and deploying educational materials.

Governance will be explained in detail later by our director and board chair, Mr. Oeda, but the results of the second year include more in-depth discussions on our management vision from a long-term perspective,

deeper discussions on sustainability, especially about corporate governance to promote sustainability management in the future, and regular review of the committee's structure and activities.



Roadmap for Achieving Carbon Neutrality by 2050

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We will explain the Group's roadmap toward achieving carbon neutrality in 2050. We believe that proactively addressing climate change contributes to the realization of a sustainable society and is an indispensable theme for the sustainability of our group.

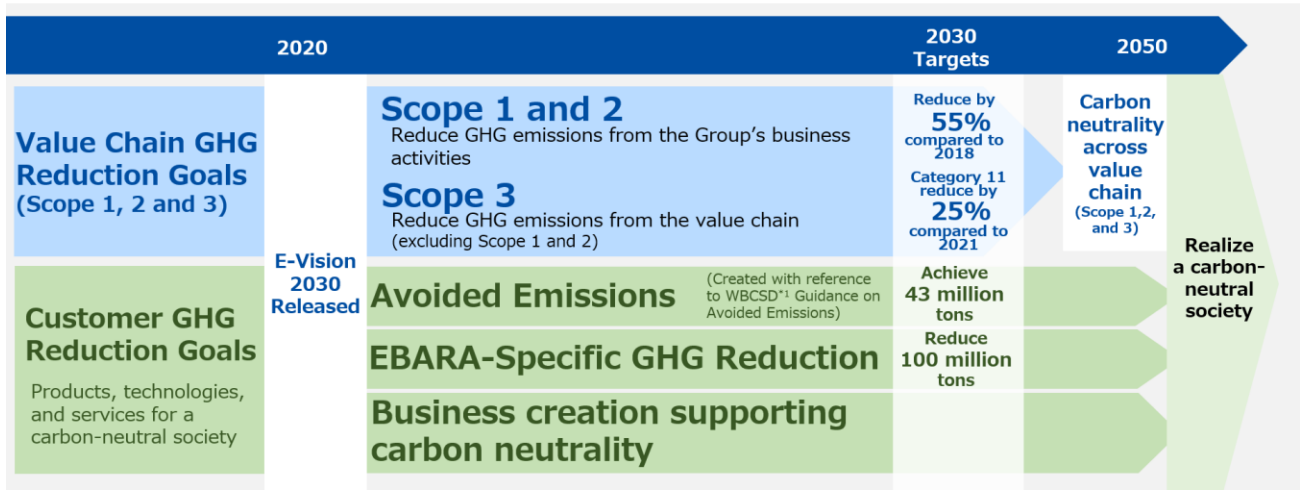
One of our group's goals under E-Vision 2030 is to reduce the equivalent of approximately 100 million tons of carbon dioxide. Guidance and standards for measuring and disclosing greenhouse gases have been released since 2020, when E-Vision 2030 was formulated, so we have reviewed our goals and measures to align our activities to them.

Today, I would like to explain to you our group's goals and efforts to achieve a carbon-neutral society.

Overview of Initiatives Toward Achieving Carbon Neutrality



- The EBARA Group aims to achieve carbon neutrality across its value chain by 2050
- We will support customers in reducing GHG emission through our products and contribute to the realization of a carbon-neutral society



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*WBCSD: World Business Council for Sustainable Development

This slide shows an overview of our group's efforts to achieve carbon neutrality. Our targets are broadly separated into two types: value chain reduction goals and customer GHG reduction goals.

Value Chain GHG Reduction Goals cover targets for Scope 1 2 and 3 emissions. We have set three goals for Customer GHG Reduction Goals, including the amount of avoided emissions, an EBARA-specific GHG reduction amount, and the creation of businesses that support carbon neutrality.

Each of these will be explained in detail.

Value Chain GHG Reduction Goals

Scope 1 and 2



2030 Target: Reduce Scope 1 and 2 emissions by **55% compared to 2018 (1.5°C)***

*This target aligns with the Paris Agreement aim to limit temperature increase to under 1.5°C and is based on Science Based Targets (SBT) standards. We have submitted a commitment letter in June 2024, declaring our intention to obtain SBT certification within two years.

Efforts to Reduce Emissions

- Increasing procurement and use of low-CO₂ electricity
- Upgrades for energy-intensive equipment
- Expanding fuel electrification and procurement of renewable energy
- Increasing solar power installation
- Transitioning to alternative refrigerants



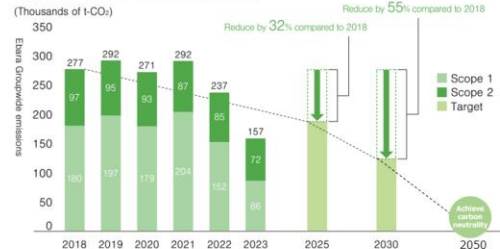
Solar power panels installed at Fujisawa Plant



Solar power panels installed at Ebara Refrigeration Systems in China

Overview

Scope 1 and 2 GHG Emissions*1, *2, *3



*1. The scope of emissions data was adjusted to be in-line with fiscal reporting and previously excluded Group companies have been added to the data back to 2018.
 *2. Emissions were revised back to 2018 due to addition of companies from M&As.
 *3. After the aforementioned revision of emissions, the target remains a 55% reduction by 2030 in comparison to the base year of 2018.

For Scope 1 and 2, which are our GHG emissions from our business operations, we have set a target of a 55% reduction by 2030 compared to 2018.

Specifically, we will reduce emissions as described in our roadmap by steadily promoting thorough energy conservation, introducing renewable energy, and converting CFC substitutes used in product testing to gases with lower global warming potential.

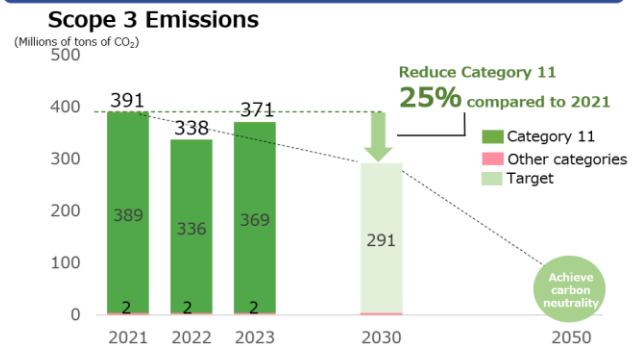
2030 Target: Reduce Scope 3 Category 11 emissions by **25% compared to 2021 (Well Below 2°C)***

*This target aligns with the Paris Agreement aim to limit temperature increase to well below 2°C and is based on Science Based Targets (SBT) standards. We have submitted a commitment letter in June 2024, declaring our intention to obtain SBT certification within two years.

Efforts to Reduce Emissions

- Providing energy-efficient products
- Further engagement with customers and suppliers
- Adopting milk run logistics for parts procurement

Overview



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Regarding Scope 3 emissions, Category 11 emissions, which represent emissions from the use of our products, account for more than 90% of the total. Therefore, we have set a target of reducing Category 11 emissions by 25% by 2030, with 2021 as the base year. In addition to improving the efficiency of our products, we will work with suppliers and customers to reduce Scope 3 emissions.

Regarding our targets for reducing Scope 1, 2, and 3 emissions, we intend to pursue SBT certification and have submitted a commitment letter to the SBT Initiative in June of this year.

2030 Targets

- 1 Avoided Emissions** *Created with reference to WBCSD's Guidance on Avoided Emissions
The cumulative amount of CO₂ equivalent emissions that EBARA products, sold between 2023 to 2030 and meeting the requirements set out in the Guidance on Avoided Emissions, can reduce over their lifetime
Achieve 43 million tons
- 2 EBARA-Specific GHG Reduction**
The cumulative amount of CO₂ equivalent emissions that EBARA products sold between 2023 to 2030, as specified by our company, can reduce over their lifetime
Reduce 100 million tons
- 3 Business creation supporting carbon neutrality**

Now, I will discuss our target to contribute to our customers' reduction of greenhouse gases. Since our group's GHG emissions are highest in Category 11, the stage in which our customers use our products, we believe it is important to take initiatives to help our customers reduce their GHG emissions.

After the unveiling of E-Vision 2030, various GHG calculation methods and guidance were released. After incorporating these methods and guidance ideas, we have consolidated measures we can take to contribute to our customers' GHG reductions and set them as customer GHG reduction goals.

The goals have three main elements. The first is the avoided emissions target, which references the WBCSD guidance. The second is an EBARA-specific GHG reduction target. The third is business creation, which supports carbon neutrality.

The first target for avoided emissions is set for 2030 and is based on the Guidance on Avoided Emissions published by the WBCSD.

The second, the EBARA-specific GHG reduction target, is based on customer-driven value creation, the theme of our group's medium-term management plan, E-Plan 2025. It is a customer-driven goal that leverages our strengths in areas that do not overlap with the WBCSD guidance.

In this goal, we aim to reduce greenhouse gas emissions equivalent to approximately 100 million tons of carbon dioxide, as set forth in our group's E-Vision 2030. We have set this GHG reduction target from our unique perspective, believing that the value our group creates is in helping our customers solve their current and future issues.

The third calls for business creation that supports carbon neutrality, a qualitative goal. Our goal is related to our efforts to create businesses in hydrogen, ammonia-related segments, CCUS, chemical recycling, and other areas.

Customer GHG Reduction Goals

Avoided Emissions

New



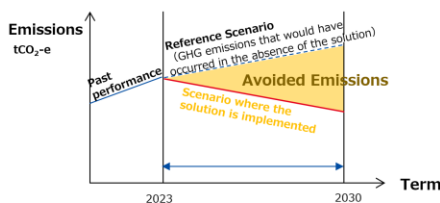
- Set target for Avoided Emissions (in-line with WBCSD Guidance)

1 2030 Target: **Avoided Emissions** Achieve **43 million tons** (in-line with WBCSD Guidance)

The cumulative amount of CO₂ equivalent emissions that EBARA products, sold between 2023 to 2030 and meeting the requirements set out in the Guidance on Avoided Emissions, can reduce over their lifetime

WBCSD Guidance on Avoided Emissions Requirements

- SBT Scope 1, 2 and 3 disclosure
- Excludes activities relating to fossil fuels, including exploration, mining, and/or production, distribution, and sale
- Demonstrate difference with reference scenario



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Applicable Products/Services

- Energy-efficient building and industrial equipment (pumps)
- Efficiency improvements and upgrade services for compressors and turbines (Engineered services)
- High-efficiency water pumping systems for municipal and agricultural use
- Waste-to-energy
- Biomass power generation

I will now explain each of these goals.

Our goal for avoided emissions, one of our customer GHG reduction goals, is to achieve 43 million tons of avoided emissions by 2030. We set this target with reference to the WBCSD's Guidance on Avoided Emissions.

The WBCSD Guidance indicates three conditions. The first is to set and publish Science-Based Targets (SBTs) for Scope 1, 2, and 3. The second is that activities relating to fossil fuels are excluded, including exploration, mining, production, distribution, or sales. The third is to demonstrate the difference from the reference scenario.

We aim to achieve 43 million tons of avoided emissions by 2030 by providing various products and services, as shown on this slide, that meet these conditions, including energy-saving pumps and others.

This is our target regarding the cumulative amount of GHG that can be avoided over the lifecycle of these products and services sold between 2023 and 2030, calculated in carbon dioxide equivalent.

Customer GHG Reduction Goals

EBARA-Specific GHG Reduction

New



- By using our products, customers can:
 - Contribute to energy savings in LNG plants
 - Support the reduction of environmental impact in semiconductor manufacturing processes

2 2030 Target: EBARA-Specific GHG Reduction **Reduce 100 million tons**

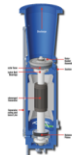
The cumulative amount of CO₂ equivalent emissions that EBARA products sold between 2023 to 2030, as specified by our company, can reduce over their lifetime

Ebara-specific GHG Reduction Requirements

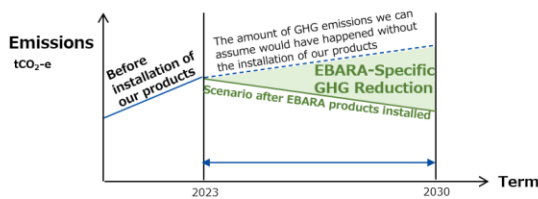
- Provide energy savings to LNG plants through our products
- Enable the decomposition and removal of high-global-warming-potential PFC gases without combustion of fossil fuels in semiconductor manufacturing processes

Applicable Products

- **Expander**
We can contribute to energy savings at LNG plants through our products by recovering the energy from the excess pressure when storing LNG in tanks and generating electricity



- **Gas Abatement Systems**
 - Combustion type using hydrogen fuel
 - Fluorine fixation type
 - Dry type etc.



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Now, I will explain our EBARA-specific GHG reduction goal. We aim to reduce 100 million tons of carbon dioxide equivalent emissions over the lifetime of EBARA products, specifically expanders and gas abatement systems, sold between 2023 and 2030.

Using our expanders at LNG plants, one of our major customers, will contribute to energy savings throughout the entire LNG plant. When LNG is stored in tanks, expanders can recover and generate power from excess pressure energy. That electricity contributes to energy savings at the LNG plant, so the amount converted to carbon dioxide is calculated as GHG reductions according to our definition.

The goal is not to expand the use of LNG per se but to curb our customers' carbon dioxide emissions.

Meanwhile, using various methods, gas abatement systems decompose and remove PFC gases, which are greenhouse gases used in the semiconductor manufacturing process. In this target, PFC gases that are decomposed by hydrogen, fluorine fixation, drying, and other methods that do not use fossil fuels are converted to carbon dioxide equivalent and calculated as GHG emissions reductions according to our definition.

Gas abatement systems are provided according to the customer's specifications, so it is not possible to establish a reference scenario for comparison. However, it can break down and remove GHGs, and we have decided to monitor this amount as a target for EBARA-specific GHG reduction.

Advanced technologies using semiconductors are essential to creating a carbon-neutral society. Since the demand for semiconductors is expected to continue increasing, we will advance initiatives as only our company can, providing solutions for sustainable semiconductor manufacturing.

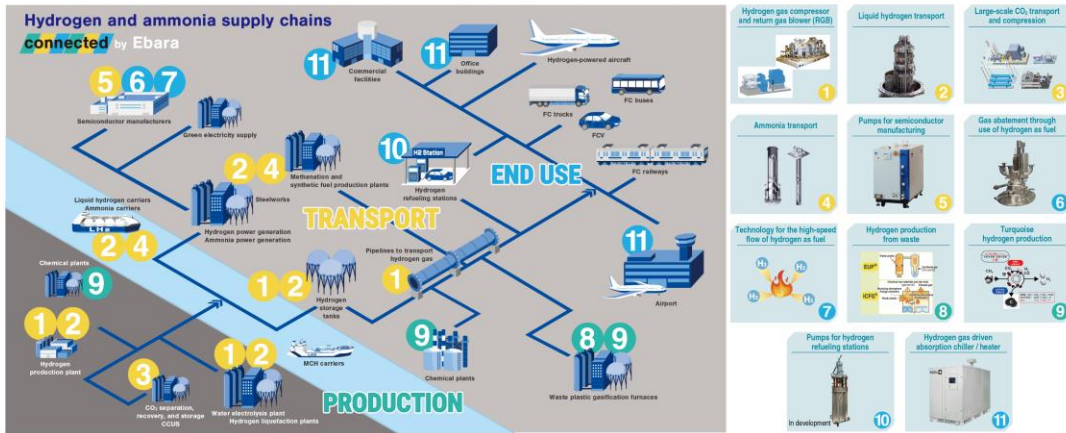
Customer GHG Reduction Goals

Business creation supporting carbon neutrality



By developing and providing products and services that contribute to reducing GHG emissions, such as for hydrogen and ammonia, we support the realization of a carbon-neutral society

3 Business creation supporting carbon neutrality



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Another element of our customer GHG reduction goals is business creation supporting carbon neutrality.

For example, we are developing products that support the creation of a society in which hydrogen and ammonia can be used as energy resources. We are also developing products that support mechanisms to capture and utilize carbon dioxide and processes to recycle plastics into chemical raw materials.



Promoting Working Environments that Encourage Challenge

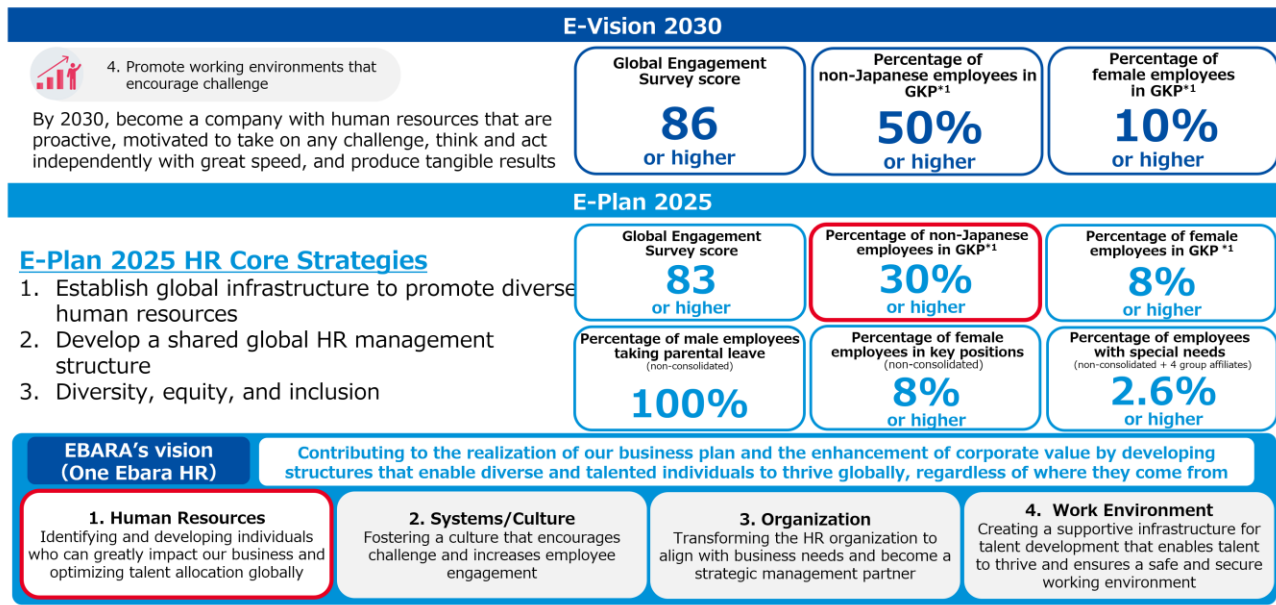
Looking ahead, going beyond expectations
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Next, I would like to explain our strategy for promoting working environments that encourage challenge.

Promoting Working Environments that Encourage Challenge

Strategy Overview

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

This slide shows our strategy overview for promoting working environments that encourage challenge. Under E-Vision 2030, we set KPIs and monitor their progress to become a company where employees, regardless of nationality or gender, can think for themselves, take on new challenges with a sense of speed, and produce visible results by 2030.

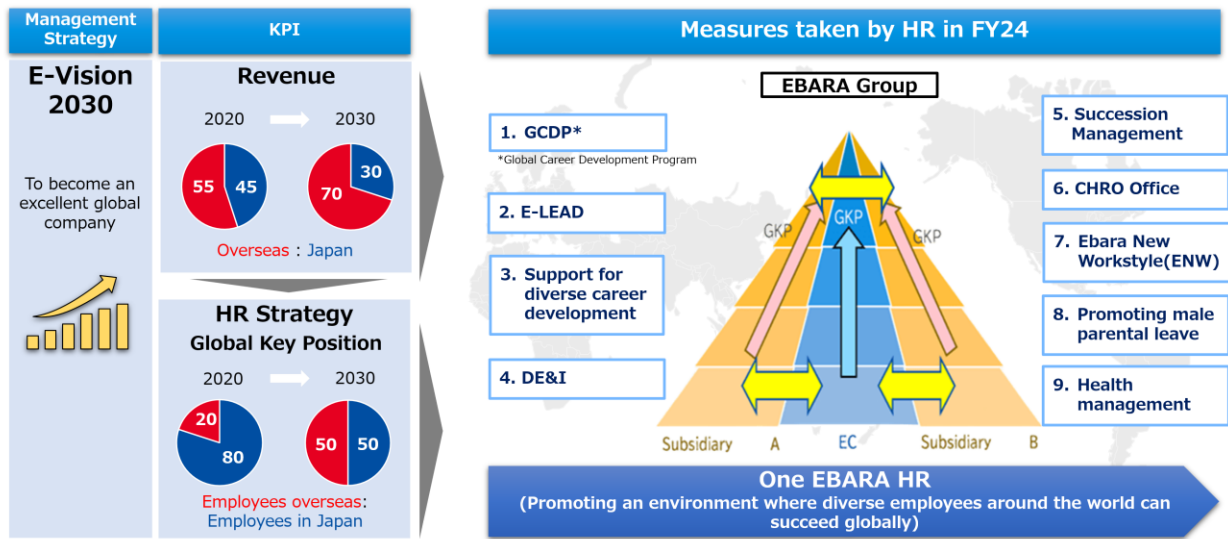
By 2030, we plan to achieve three KPIs: an Engagement Survey score of 86 or higher, a percentage of non-Japanese employees in GKPs of 50% or higher, and a percentage of women in GKPs of 10% or higher.

To achieve these, we have set six KPIs in E-Plan 2025 to promote diverse human resources and establish a global foundation, common global human resources, development of management infrastructure, and diversity, equity, and inclusion.

One EBARA HR to Achieve E-Vision 2030



To achieve our aims outlined in E-Vision 2030, we will promote "One EBARA HR" and strengthen global talent management



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To achieve these KPIs, we are developing initiatives in four major areas: human resources, systems and culture, organization, and working conditions. Through these efforts, we will promote the realization of One EBARA HR, where globally capable human resources can succeed anywhere in the world, no matter where they join our company or work.

Under E-Vision 2030, which I explained earlier, we aim to become an excellent global company. Specifically, we are aiming to increase the ratio of overseas revenue to 70% by 2030 and to raise the percentage of non-Japanese in GKPs to 50% under our human resources strategy. To achieve these goals, we are currently implementing the nine measures shown here.

Promoting Working Environments that Encourage Challenge

FY24 Initiatives



- As part of our efforts to develop global talent, in FY24, we focused on the following programs in red



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Of these nine measures, I will introduce the measures for developing global human resources, which we have been focusing on in recent years. I will discuss the open recruitment-based global human resource development program called the Global Career Development Program, or GCDP, and the global leadership training program called E-LEAD.

Promoting Working Environments that Encourage Challenge

GCDP and E-LEAD



Global Career Development Program (GCDP) A talent development program that dispatches employees abroad for two years through an open application process (163 employees dispatched to date) ✓ Starting in 2023, dispatches are not limited only from Japan to an overseas location but also include overseas to Japan and overseas to overseas ✓ Dispatches between in-house companies began in 2024 ✓ Age limit planned for removal in 2025	EBARA Leadership Exploration And Development Program (E-LEAD) An English-language program for employees selected from across the global Group to become future international leaders that drive growth Objective: Develop leaders who will drive global business growth and corporate transformation, as well as build a worldwide network among participants Participants: 20 employees in 2023, 18 employees in 2024 Duration: 6 months (online and in-person, 3 hours x 17 sessions)
GCDP Participants 	FY24 Participants
Overview of Talent Development Program by Level 	

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This section shows two programs we focused on in 2024. GDCP started in 2012 and is a program aimed at exchanging and fostering human resources across the EBARA Group through open recruitment on a global scale. Thus far, 163 people have participated in it.

Last year, we began dispatching workers from overseas to Japan and between overseas offices, and this year, we are also dispatching workers across companies. Furthermore, starting next year, we will remove the age limit to create a more flexible system.

E-LEAD is an evolution of our previous leadership program, which was conducted country by country. It aims to produce global leaders who will lead the EBARA Group into the future. The program focuses on leadership training, with 20 participants in 2023 and 18 in 2024. The aim is to cultivate leadership and build and evolve networks among the participants.

That concludes my explanation. Next, CRO Nakayama will talk about risk management supporting ESG-focused management.



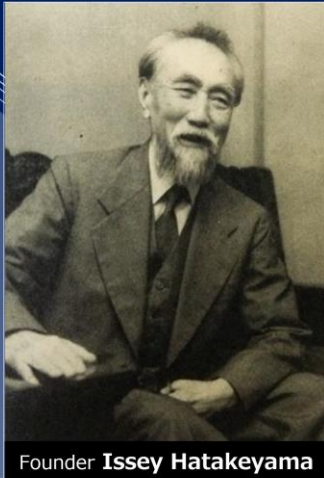
2. Risk Management Supporting ESG-Focused Management

Toru Nakayama

Executive Officer, CRO

Nakayama: I am Nakayama, CRO. Let me explain about risk management.

The Origin of EBARA's Risk Management Approach



Founder **Issey Hatakeyama**

In the 1910s, Tokyo, undergoing modernization, relied on just one waterway for its 2 million residents.

Ebara's founder, Issey Hatakeyama, recognized this as a critical risk.

Two years before the Great Kanto Earthquake, a major earthquake struck the Kanto region in 1921. In response, Issey Hatakeyama donated pumps and contributed to improving the waterway infrastructure.

In 1923, the Great Kanto Earthquake occurred. Thanks to the donated pumps, water infrastructure was quickly restored, helping prevent the spread of fire and disease.

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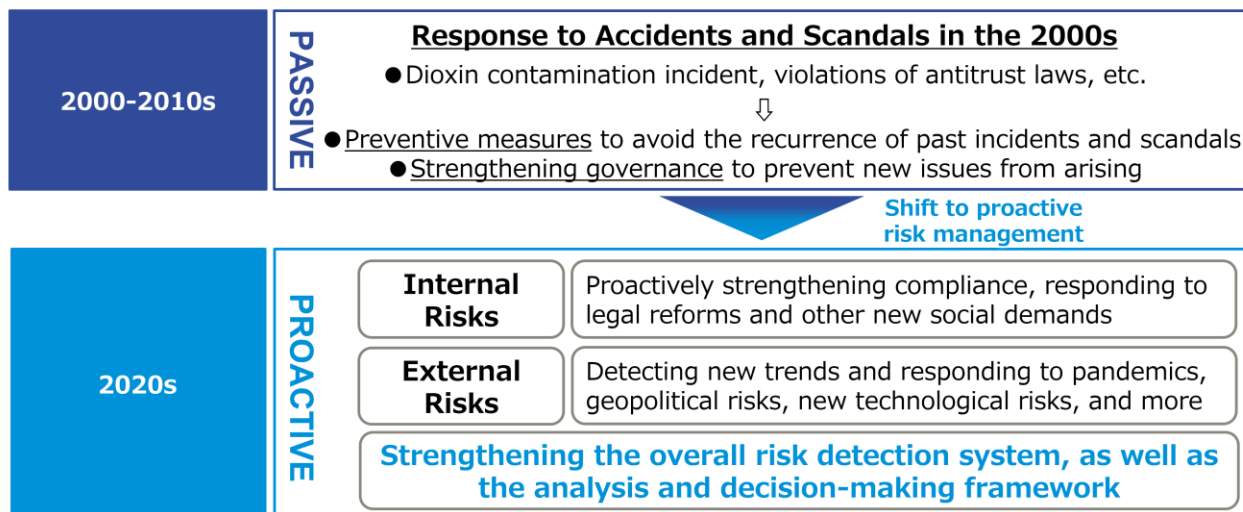
Looking back at EBARA's history, shortly after our founder, Issey Hatakeyama, established our company in 1912 as a university-based venture, an earthquake hit the Kanto region in 1921. After that, he recognized the risk of the water situation and donated several pumps to the City of Tokyo, helping them install pumps and secure waterways. In 1923, the Great Kanto Earthquake occurred, and the pumps donated by our company helped prevent the spread of fires and infectious diseases.

Given our corporate history, I think it is fair to say that from our founding, we have been a company that sees societal risks as challenges to tackle and seeks to contribute to society by providing solutions to those challenges while enhancing our corporate value. This corporate culture is still in place today, and we are implementing risk management that is more proactive and in line with the times.

荏原のリスク対応の考え方の変化



- As times changed and the business expanded, awareness of risks diminished, leading to issues in the 2000s
- Returning to the foundation established by Issey Hatakeyama, the company shifted from a passive to a proactive risk management approach



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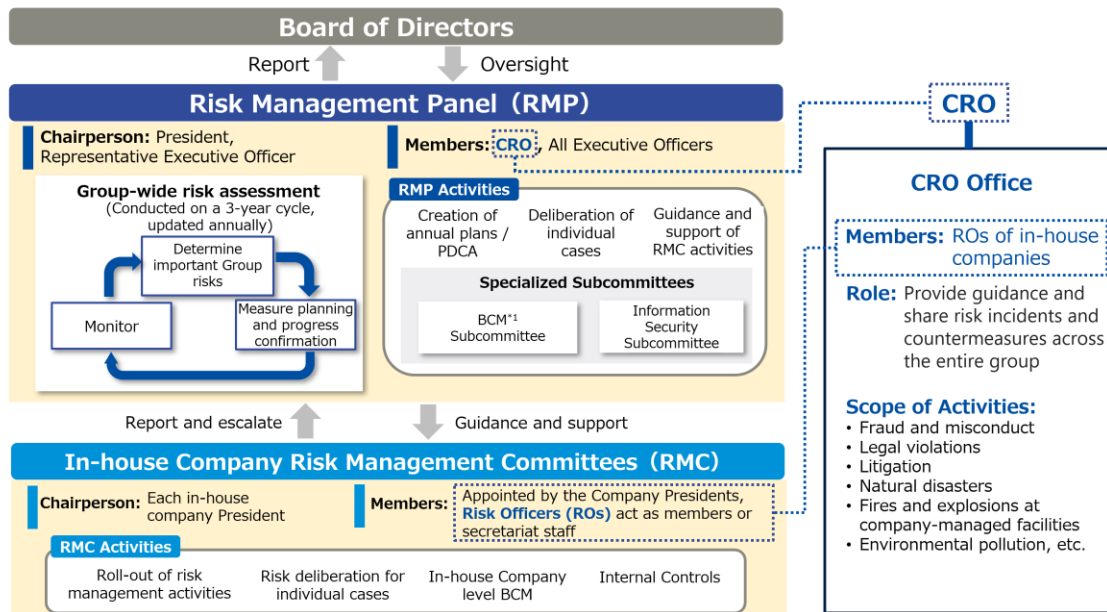
As called for in the G20/OECD Principles of Corporate Governance, revised last year, we recognize that strengthening corporate governance to contribute to corporate sustainability and resilience has become an urgent and important issue for companies. To achieve this, we believe it is important for corporate risk management to take a medium—to long-term perspective rather than focus on the short-term.

In the 2000s, we were involved in various scandals, including an environmental accident and legal violations, prompting a significant shift in management focus to governance in 2008. Since I took up my position in 2014, we have established a system to detect and consider responses to internal and external risks surrounding the EBARA Group through a risk assessment mechanism, which I will discuss later, and regular meetings of the Risk Management Panel, in which all executive officers participate.

With the recent reorganization into a five-company system and the introduction of the CxO system, in which I became CRO, I am charged with developing a system to consider risk response strategies for the entire group and implementing a system for monitoring. At the same time, each in-house company acts at the forefront of risk response.

As the entire social climate is now in a period of uncertainty known as VUCA, it is increasingly necessary to respond to new risks not previously anticipated. We recognize that we must be proactive in responding to risks through a system centered on the CRO.

Risk Management Framework



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*¹BCM: Business Continuity Management

This section provides an overview of the EBARA Group's risk management framework. As mentioned on the previous slide, we have established the Risk Management Panel, or RMP, composed of executive officers, as a governing body to address risks that arise internally due to our business activities and risks posed by the external environment.

In addition to all executive officers, the RMP is attended by the chairman of the Board of Directors, non-executive internal directors, and the chairman of the Audit Committee.

Furthermore, to implement the PDCA cycle of risk response at the in-house Company level, each in-house company has a Risk Management Committee, or RMC, to ensure efficient and effective groupwide risk management.

We conduct risk assessments as part of these RMP and RMC activities. This is how we manage risks. In addition, for the much more significant issues of business continuity management and information security, we have established specialized subcommittees within the RMP and RMC. Their results are reported to the RMP, which meets regularly.

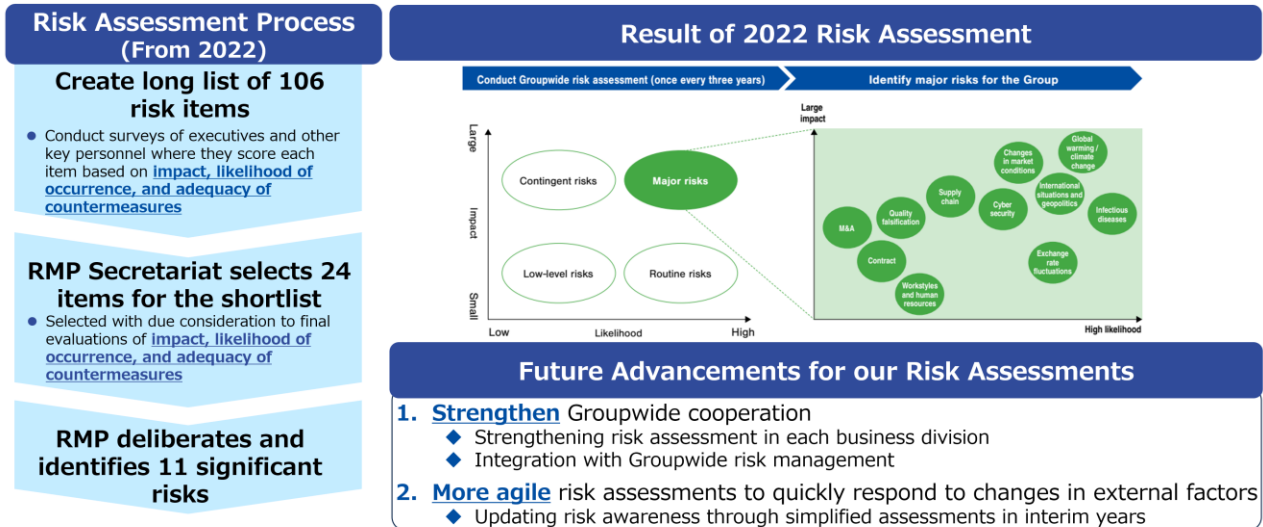
On the other hand, with the introduction of the CxO system, which started last year, we have established an agile risk reporting line led by me, the CRO, and are developing an effective incident response system. Depending on its content and level of detail, risk information reported to the CRO is promptly shared with the CEO, CFO, and the Audit Committee.

With this system at the core, we will strive to build a relationship that facilitates the sharing of information related to risk management with the Board of Directors and various external stakeholders.

Risk Assessment and Identification of Significant Risks



- We conduct a groupwide risk assessment every three years to identify significant risks. In the most recent assessment in 2022, we identified 11
- Each risk is assigned to a responsible department, and status is reported annually to the RMP



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This section explains risk assessment and the identification of key risks. Risk awareness at the management level is extremely important in implementing risk management, and it is vital to enhance this awareness. We conduct a risk assessment every three years to identify key risks across the entire group. We did the first one in 2019 and the second one in 2022, and since we prepare for it to be held every three years, it will be held next year as planned.

However, social conditions have been changing rapidly recently, so we know that reevaluating significant risks once every three years is no longer sufficient. Therefore, we are considering flexibly updating our risk assessment process by, for example, adding simple risk assessments each year over the three years.

The risk assessment conducted in 2022 started with a list of more than 100 detailed risk items selected by the secretariat. The secretariat then surveyed management, including executive officers, general managers, and division heads, regarding their opinions on potential impact, likelihood of occurrence, and adequacy of countermeasures for items on the list. Around 20 people were also interviewed to get even more in-depth opinions, after which the long list was narrowed down to the shortlist of important risks.

The RMP then deliberated on the proposed key risks and identified the lead department within the Company that will respond to each as a key risk. The risk assessment conducted in 2022 identified 11 significant risks. While these are risks throughout the entire group, we recognize that each in-house company has significant risks specific to its business.

In the past, each in-house company has independently identified and addressed its business risks. This fiscal year, however, we are conducting risk assessments in each business division on a trial basis, using the same scheme as company-wide risk management.

In addition to clarifying our respective risk perceptions, we will consider our approach to the 2025 company-wide risk assessment that will be conducted next year to further develop the risk assessment for the entire group.

11 Significant Risks



Relationship of Significant Risks to Material Issues



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Here is a slightly more detailed picture. These are the 11 significant risks we identified in 2022. COVID-19 infections were rising then, so the top item on the list was new infections.

In addition, human resource shortage, difficulties in procuring raw materials, cybersecurity, and adaptation to a sustainable society, including GHG emission reductions, as explained earlier, as well as unilateral unfavorable contracts and changes in work styles, have been on the list for a long time.

For example, the human resources department is in charge of human resource shortages, the legal department is in charge of unilateral unfavorable contracts, and the information security department is in charge of cybersecurity. They work throughout the year to conduct risk countermeasures.

As shown in this picture, these risks are related to each of our five material issues. We believe that responding to these risks will lead to the pursuit of our five material issues.

Risk Management in Response to Changes in Environmental Factors



	Risk Factors	Countermeasures
Internal Risks	<ul style="list-style-type: none"> ● Further global expansion ● Increasing autonomy of segments through the organization of business by target market ● Strengthening subcontractor regulations and security trade controls 	<ul style="list-style-type: none"> ● Further enhancement of the governance system ·Introduction of CxO system, etc. ● Strengthening of risk response systems in business segments ·Enhancement of internal controls and security trade management in business segments, etc. ● Further strengthening of compliance systems ·Strengthening compliance systems for the Subcontract Act, etc.
External Risks	<ul style="list-style-type: none"> ● Geopolitical risks such as Russia-Ukraine ● Risks associated with new technologies like generative AI ● Risks associated with new technologies like generative AI 	<ul style="list-style-type: none"> ● Respond to emerging risks ·Response to geopolitical risks and generative AI risks, etc. ● Respond to intensification and qualitative changes in natural disasters, etc. ·Transition to an all-hazards BCP, etc. ● Advance risk prediction and risk transfer ·Establishment of intelligence gathering systems, introduction of global insurance, etc.

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The risks we face are impacted by environmental factors that change every day. However, even after we have identified the 11 key risks for 2022, as I have just explained, there are still emerging risks, such as the problems in Russia and Ukraine, geopolitical risks in the Middle East and East Asia, and risks created by the creation and widespread use of new technologies such as generative AI. We also recognize that weather disasters have become more severe in recent years and that various external risks are increasing.

On the other hand, in terms of internal risks, we live in an environment where legal regulations such as security trade control and subcontracting laws are becoming stricter, so we recognize that compliance risks are also growing.

At the same time, our company is becoming increasingly globalized, and the autonomous risk management of our business units is becoming even more critical as we continue our shift to a target-market-based organization.

In light of these changes in the environment, we believe it is a challenge to strengthen our company-wide legal compliance and governance systems regarding internal risks and reinforce risk response systems in our business units.

Regarding external risks, we will move toward an all-hazards BCP that minimizes the impact on business continuity without specifying the cumulative occurrence of risks as infectious diseases or disasters so that we can more flexibly and efficiently respond to various types of incidents.

Together with that, we are building a response system to respond flexibly and smoothly to new threats and issues called emerging risks. At the same time, we are building a system to collect diverse information that is important for risk assessment.

As mentioned earlier, EBARA and the Group have long responded to and contributed to solving these risks since the Company was founded. We will continue to cherish this founding spirit and reduce social risks by utilizing the Group's various resources.

3. Driving Sustainability Management through Corporate Governance

Hiroshi Oeda

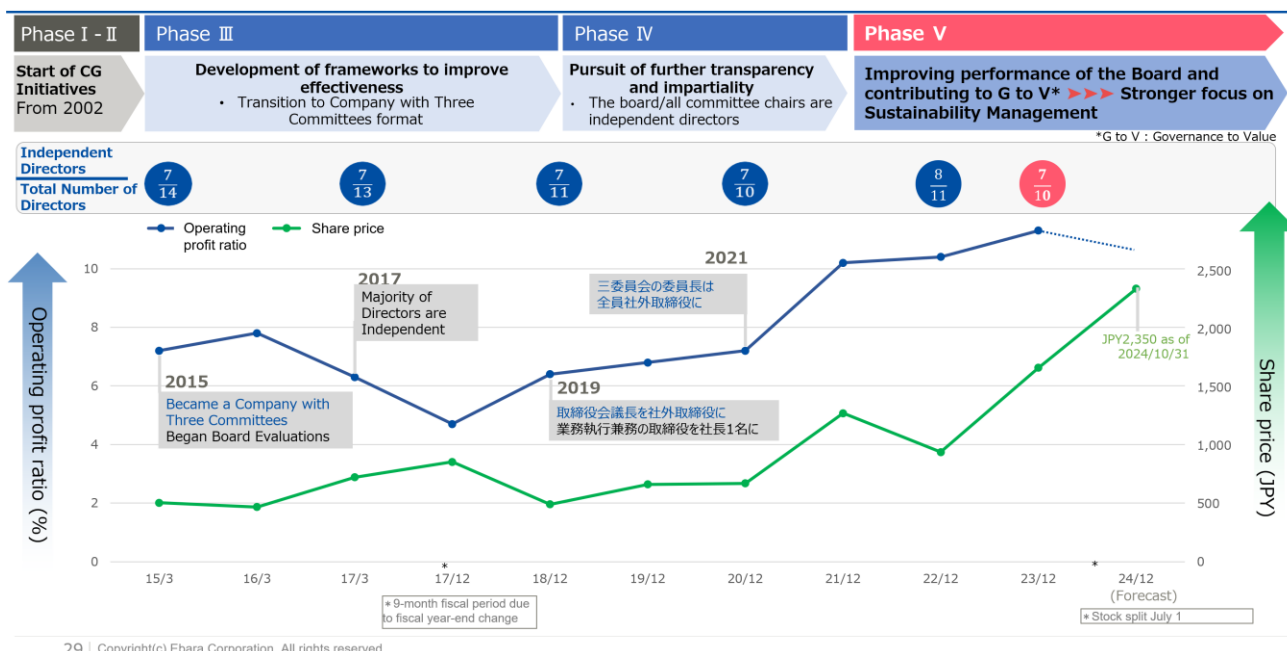
Independent Director, Chairman of the Board of Directors

Looking ahead, going beyond expectations
Ahead > Beyond

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Oeda: My name is Oeda, and I am the Chairman of the Board of Directors of EBARA. I have been an Independent Outside Director of our company since 2018 and chaired the Nomination Committee for three years. I have been Chairman of the Board of Directors since March 2022. Thank you very much for joining us today. I will now explain the company's governance.

1. Changes in Corporate Governance



This is the overview of our governance reform. In 2008, we appointed two Independent Directors for the first time, and in 2015, we transitioned to a Company with three committees format and brought the number of Independent Directors to seven.

Subsequently, in line with the policy of clearly separating business execution and supervision, we reduced the number of Executive Directors. Now, of the ten directors, seven are Independent Directors, and only one Director, the President, is in charge of business execution.

On this slide, the operating profit margin is shown on the blue line graph. Earnings have improved in response to progress in governance reform, rising above 10% since 2021. The green line graph shows our stock prices, which have been rising steadily as a trend, especially since 2021, along with the improvement in earnings and the evolution of our governance.

Our governance reform is now in Phase V. We aim toward Governance to Value, in which the Board of Directors contributes to boosting our corporate value and delivers tangible results. As explained on the next page, we will place stronger emphasis on sustainability management in the future.

2. Practicing Corporate Governance with a Focus on Sustainability Management



- Since 2022, we have embraced the slogan *Governance to Value*, unique to Ebara, with the goal of advancing corporate governance and increasing corporate value
- In pursuit of further evolution, we will implement *Governance to Value* with a stronger focus on sustainability management (See [Reference](#))
- In 2024, we revised EBARA Corporate Governance Basic Policy to reflect that stronger focus

EBARA Corporate Governance Basic Policy

Chapter 5 Roles and responsibilities of Board of Directors, etc.

Article 12 4.

The Board of Directors recognizes that implementation of highly sustainable ESG-based management, and improvement of social and environmental values through continuous contribution to solving social issues, including SDGs, and improvement of its economic value by the ROIC-based management and portfolio-based management at the same time are important management issues. The Board of Directors establishes the Basic Management Policy for the long-term business environment and oversees continuous implementation of the same so that the Group is able to continuously produce sources of growth for further value creation.

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Starting in 2022, we have adopted our slogan, *Governance to Value*, as we aim to evolve our corporate governance and enhance our corporate value. In the future, we intend to implement *Governance to Value* with a stronger emphasis on sustainability management as a direction for its further evolution.

To this end, we revised our Corporate Governance Basic Policy in June of this year to clarify our emphasis on sustainability management.

3. Utilizing the Evaluation of the Effectiveness of the Board of Directors to Drive Improvements



Since 2015, we have conducted annual evaluations of the Board of Directors' effectiveness. By addressing identified issues and working toward their resolution, we continuously strive to reform and strengthen corporate governance.

Overview of the Evaluations

- **The Chairperson**, an Independent Director, **leads the evaluation** and conducts individual interviews with all of the Directors
- The Board performs **self-and peer assessments** through interviews with each Director
 - Evaluations are based on **the roles, qualities, and competencies of Directors** defined by the company in 2021
 - Key findings from the evaluations are shared with the Nomination Committee and **serve as a reference for Director reappointments**
- Feedback on the Chairperson's performance is gathered from each Director (with the Chairperson absent)
- **Issues identified** through the effectiveness evaluation are **incorporated into the following year's Board agenda, ensuring execution of the PDCA cycle**
- Periodically, independent external experts conduct evaluation and benchmarking analyses **to ensure objectivity**

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Continuing on, this describes the details and characteristics of our annual evaluation of the effectiveness of the Board of Directors, which we have conducted annually since 2015. As Chairman of the Board of Directors, the first step is to lead the evaluation and interview all directors individually.

This can be said to be a unique feature of our company. In addition to conducting self-assessments in individual interviews with each director, we also conduct mutual assessments or so-called peer reviews. In doing so, we ask how each director contributes to the Board of Directors based on the roles and qualifications/competencies established by our company in 2021. The essence of the results of this assessment is then shared with the Nomination Committee and used as a reference for the reappointment of directors.

The chairperson's evaluation is conducted by asking each Director for their assessment. The Board of Directors ultimately decides whether the chairperson can continue to be entrusted with this position for the following year. All of these are done with the chairperson out of the room.

Issues identified in the evaluation are discussed and summarized at the Board of Directors meeting and then reflected in the agenda for the following year's Board meetings, thus implementing the PDCA cycle. To ensure the objectivity of the effectiveness evaluation, an independent outside expert conducts the interviews instead of the Chairperson every few years.

4. A Boardroom Culture Striving for Continuous Evolution



The Board of Directors maintains a healthy and strong culture that welcomes constructive discussions and evaluations and will continue to invigorate our culture to further evolve

Four Key Perspectives and Specific Elements Necessary for Invigorating Culture



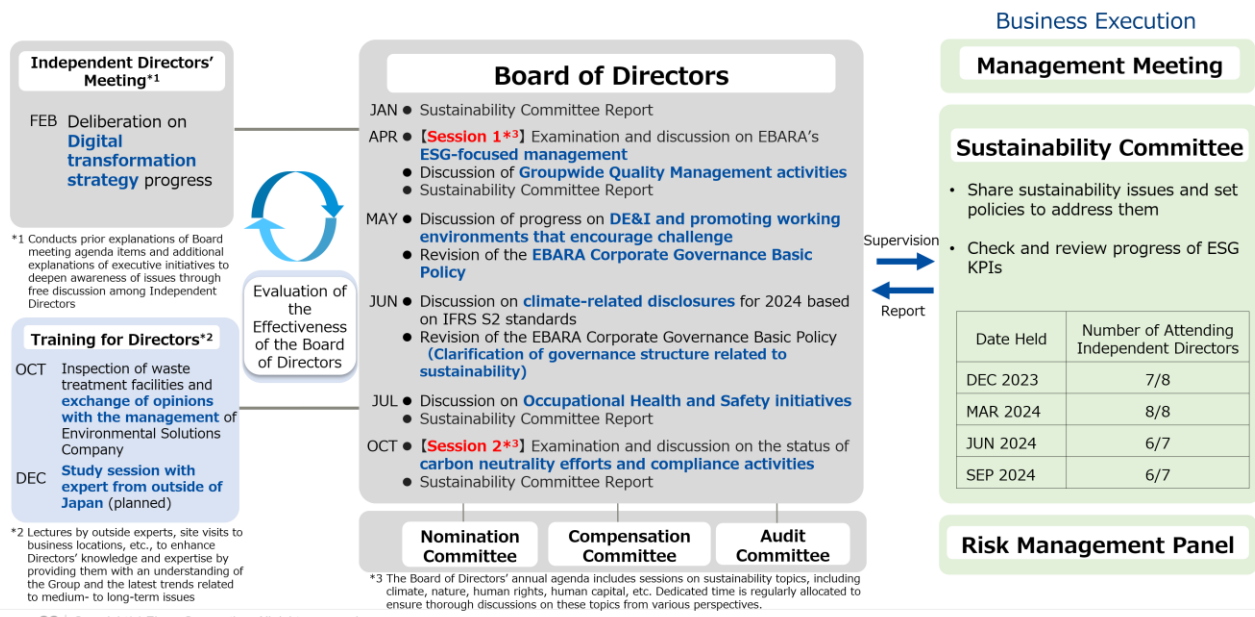
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So far, I have described the evolution and specifics of our governance reforms. Finally, I would like to share some reflections on how the Board of Directors has been able to reform and evolve consistently over the years and why we have been able to translate this into substantive results in terms of increased corporate value.

I believe that our Board of Directors has a healthy and strong culture that welcomes constructive discussion and evaluation and that culture is the soil or foundation that supports Board reforms.

This chart identifies the elements necessary to create and further invigorate the culture of our Board of Directors and organizes them into four key perspectives: optimal structure, high commitment, constructive discussions, and proper evaluations of effectiveness.

This chart was prepared for today's ESG presentation and has been made publicly available for the first time. We hope this will help you understand the culture of our Board of Directors.



I, for my part, will continue to value this culture that serves as the foundation of the Board of Directors. I intend to respond appropriately to changes in the environment and other factors in the future to evolve our culture constantly.

This concludes my explanation.

[END]