



Notice of the 159th Ordinary General Meeting of Shareholders

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(Translation)

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 6361

March 7, 2024

To Those Shareholders with Voting Rights

Masao Asami
Director
President, Representative Executive Officer,
CEO & COO
EBARA CORPORATION
11-1, Haneda Asahi-cho, Ota-ku, Tokyo
Japan

Notice of the 159th Ordinary General Meeting of Shareholders

We hereby inform you of the 159th Ordinary General Meeting of Shareholders of EBARA CORPORATION (the “Company”) to be held as follows:

In convening this General Meeting of Shareholders, the Company has taken the electronic provision measure of information (Electronic Provision Items), which is the contents of the reference materials for the General Meeting of Shareholders, etc. The information is posted on the Company’s website on the Internet as the “Notice of the 159th Ordinary General Meeting of Shareholders.” Please access the Company’s website below to confirm the information.

The Company’s website:

<https://www.ebara.co.jp/en/ir/stock/shareholdersmeeting/index.html>

Please study the Reference Document for the General Meeting of Shareholders, and you are requested to exercise your voting rights by 5:15 p.m. on Tuesday, March 26, 2024.

1. Date and Time: 10 a.m., Wednesday, March 27, 2024
(Reception of attendees will begin at 9 a.m.)

2. Location: Otemachi One, 3F, Otemachimitsui hall
1-2-1, Otemachi, Chiyoda-ku, Tokyo, Japan

3. Purpose of the Meeting:

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 159th Fiscal Year (from January 1, 2023, to December 31, 2023) and the Report of the Results of the Audits of the Consolidated Financial Statements by the Independent Auditors and the Audit Committee
2. The Non-consolidated Financial Statements for the 159th Fiscal Year (from January 1, 2023, to December 31, 2023)

Matters to be resolved:

Proposal 1: Appropriation of Surplus

Proposal 2: Election of Ten (10) Directors

4. Decisions Regarding the Convocation of the Ordinary General Meeting of Shareholders

(1) The following Electronic Provision Items are not included in the materials delivered to shareholders who requested delivery of the materials in paper-based format pursuant to the provisions of law and Article 15, paragraph 2 of the Articles of Incorporation of the Company.

(i) Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements

(ii) Non-consolidated Statement of Changes in Net Assets and Notes to the Non-consolidated Financial Statements

Therefore, the materials delivered to shareholders who requested delivery of the materials in paper-based format shall be a part of the documents audited by the Audit Committee and the Independent Auditor in preparing the Audit Report.

(2) If any shareholder has exercised his/her voting rights both via the Internet, etc. and by mailing the Voting Rights Exercise Form, only the exercise of voting rights via the Internet, etc. shall be deemed effective. If any shareholder has exercised his/her voting rights several times via the Internet etc., only the final execution shall be deemed as his/her effective exercise of voting rights.

(3) If no indication of approval or disapproval is made for each proposal on the returned voting form, it will be treated as approval for the Company's proposal.

Note: If there are any revisions to the Electronic Provision Items, a statement to that effect and the items before and after the revisions shall be posted on the Company's website on the Internet and website for shareholders' meeting materials mentioned above.

Reference Document for the General Meeting of Shareholders

Proposals and references

Proposal 1: Appropriation of Surplus

The Company regards returning a portion of its income to its shareholders as one of its most important management policies, and has set a policy to carry out shareholder returns, linking dividends to performance and aiming for a consolidated payout ratio of 35% or more.

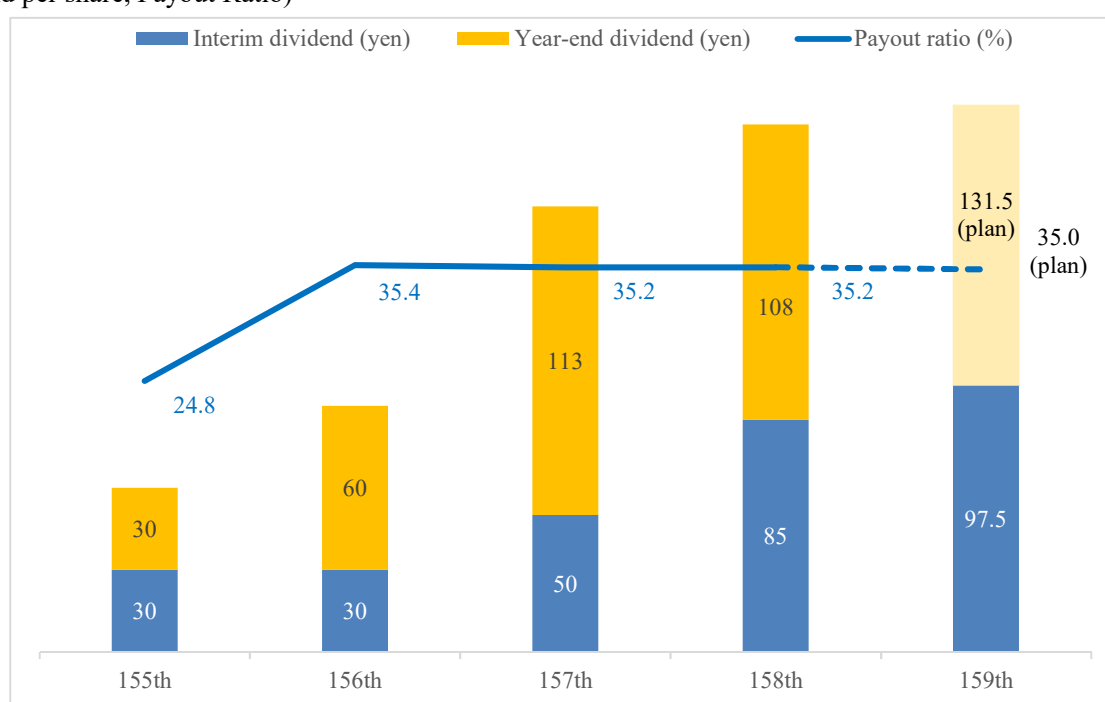
Based on this policy, we would like to pay a year-end dividend of ¥131.50 per share.

As a result, including the interim dividend of ¥97.50 per share, the annual dividend will be ¥229 per share.

Matters concerning the year-end dividend

1. Type of dividend property
Cash
2. The matters regarding the assignment of the dividend property to shareholders and the total amount of dividend
¥131.50 per share of common stock of the Company Total amount: ¥12,140,415,457
3. Effective date of dividends of surplus
March 28, 2024

[Reference] Shareholder Returns
(Dividend per share, Payout Ratio)



	155th	156th	157th	158th	159th
Annual dividend (yen)	60	90	163	193	229 (plan)
Payout ratio (%)	24.8	35.4	35.2	35.2	35.0 (plan)

*The Group has adopted International Financial Reporting Standards (IFRS) since the 157th period, and the consolidated dividend payout ratio for the 156th period is also presented in accordance with IFRS.

Proposal 2: Election of Ten (10) Directors

The term of office of all eleven (11) current Directors will expire at the conclusion of this 159th Ordinary General Meeting of Shareholders. Therefore, the Company proposes to decrease the number of outside Directors by one (1) and to elect ten (10) Directors.

If the nominees for Directors are appointed as stated in this proposal, the number of outside Directors will be seven (7) and the number of female Directors will be three (3) out of ten (10). We believe that this will enable supervisory functions with greater diversity.

The nominees for Directors meet the standards in accordance with the “Role of the Board of Directors and Standards for Election of Directors” and “Role and Standards for Independence of Independent Directors” (pages 22 and 23) established by the Company.

In order to maintain and improve effectiveness of the Board of Directors and Directors, the Company stipulates roles and qualification requirements for Directors based on attributes and posts in “Ebara Corporate Governance Basic Policy” (pages 24 through 27). The Nomination Committee confirms and decides that each nominee has the qualification requirements, knowledge and experiences of several items in “expected fields for Directors” the Company puts emphasis on.

See the Company’s website at the following address for information “Ebara Corporate Governance Basic Policy” <https://www.ebara.co.jp/en/ir/governance/information/governance-policy.html>

Nominee No.	Name	Current position and primary area of responsibility in the Company	Attendance at Board of Directors meetings	Nominees for Director		
				Attribute		
1	Toichi Maeda	Chairman of the Company Member of the Nomination Committee	100% (14/14)	Re-election	Non-executive	
2	Masao Asami	Director President and Representative Executive Officer	100% (14/14)	Re-election	Executive	
3	Hiroshi Oeda	Director Chairperson of the Board of Directors Member of the Nomination Committee	100% (14/14)	Re-election	Outside	Independent
4	Junko Nishiyama	Director Member of the Compensation Committee	100% (14/14)	Re-election	Outside	Independent
5	Mie Fujimoto	Director Chairperson of the Compensation Committee	100% (14/14)	Re-election	Outside	Independent
6	Hisae Kitayama	Director Chairperson of the Audit Committee	100% (14/14)	Re-election	Outside	Independent
7	Akihiko Nagamine	Director Member of the Audit Committee	100% (14/14)	Re-election	Non-executive	
8	Takuya Shimamura	Director Member of the Compensation Committee	100% (14/14)	Re-election	Outside	Independent
9	Teiji Koge	Director Member of the Nomination Committee	100% (10/10)	Re-election	Outside	Independent
10	Tsuyoshi Numagami	Director Member of the Audit Committee	100% (10/10)	Re-election	Outside	Independent

Notes: As Teiji Koge and Tsuyoshi Numagami were newly elected at the 158th Ordinary General Meeting of Shareholders held on March 29, 2023, and their attendance to meetings of the Board of Directors held since the same date is provided above.

Re-election:	Nominee for re-election as Director
Outside:	Nominee for Outside Director
Independent:	Independent Director notified to the securities exchange
Executive:	Nominee for Executive Internal Director
Non-executive:	Nominee for Non-executive Internal Director

Composition of the Board of Directors

The Board of Directors will have the following composition after this proposal is approved for election.

Internal Director, 3



Independent Director, 7

Maintain independence and objectivity

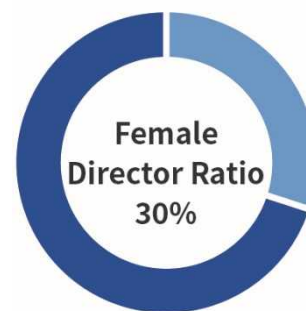
Executive Director, 1



Non-executive Director, 9

Strengthen supervisory functions

Female Director, 3



Male Director, 7

Promote diversity

Nominee No.	Name	Committees and Positions to be Appointed*	Areas in which the nominees for Director (Outside and Non-executive) are particularly expected to perform*								
			Legal affairs and risk management	Personnel and human resource development	Finance, accounting and capital policy	Auditing	Corporate management and management strategy	Technology R&D and Innovation	Environment	Social	Internal control and governance
1	Toichi Maeda	Chairman of the Company Nomination Committee					✳	✳	✳	✳	✳
2	Masao Asami	President and Representative Executive Officer	-	-	-	-	-	-	-	-	-
3	Hiroshi Oeda	Chairperson of the Board of Directors Nomination Committee		✳	✳		✳			✳	✳
4	Junko Nishiyama	Audit Committee				✳		✳	✳	✳	✳
5	Mie Fujimoto	Chairperson of the Compensation Committee	✳	✳		✳				✳	✳
6	Hisae Kitayama	Chairperson of the Audit Committee	✳		✳	✳				✳	✳
7	Akihiko Nagamine	Audit Committee	✳		✳	✳				✳	✳
8	Takuya Shimamura	Compensation Committee		✳	✳		✳			✳	✳
9	Teiji Koge	Lead Independent Director Chairperson of the Nomination Committee		✳	✳		✳			✳	✳
10	Tsuyoshi Numagami	Compensation Committee			✳	✳	✳			✳	✳

* The above table does not represent all of the knowledge of the nominees.

* Committees and Positions to be Appointed

Nomination Committee:

Nominee for Member of the Nomination Committee

Compensation Committee:

Nominee for Member of the Compensation Committee

Audit Committee:

Nominee for Member of the Audit Committee

Lead Independent Director:

Nominee for Chief Independent Director

Nominee No.

1

Toichi Maeda

Date of birth: December 24, 1955

(Age: 68)

*Age is as of the date of the General Meeting of Shareholders (March 27, 2024)

Attendance rate
(FY ended December 31, 2023)

Board of Directors 100% (14/14)

Nomination Committee 100% (17/17)

Re-election
Non-executive
Chairman
Nomination Committee**Message to shareholders**

In FY2023, the Company faced varied conditions across the markets in which it operates, but through appropriate management of the business by the executive team, it achieved results that surpassed those of FY2022. Based on the robust management foundation it has built through corporate governance reforms that have been ongoing since it transitioned to a “Company with Three Committees” in 2015, the Company has adopted an aggressive approach to investment in order to expand and raise the profitability of existing businesses, while also taking on the challenge of developing new businesses. As we continue to forge ahead with Governance to Value (G to V), which will realize new growth and enhancement of corporate value at the EBARA Group. Thus, we request the understanding and support of our shareholders.

Brief personal history, and assignments and responsibilities in the Company

April 1981	Joined the Company
April 2007	Executive Officer of the Company
April 2010	Managing Executive Officer of the Company
April 2011	Head of Business Unit, Custom Pump Business Unit, Fluid Machinery & Systems Company of the Company
June 2011	Director of the Company
April 2012	President, Fluid Machinery & Systems Company of the Company
April 2013	President and Representative Director of the Company
June 2015	President, Representative Executive Officer of the Company
March 2019	Chairman & Director of the Company (to present) Member of the Nomination Committee of the Company (to present)

Number of the Company’s shares held	38,519 shares
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Number of years served as Director	12 years and 9 months * At the conclusion of this general meeting
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Important concurrent positions

None

Concurrent positions as officer in listed companies including the Company (planned)

Executive	0
Non-executive	1

* In the event the proposal is approved.

Reasons for selecting the nominee for Director

Nominee demonstrated strong leadership during his tenure as President with the aim of enhancing corporate value. Upon transition to a company with three committees, he was essential to the creation of the new business execution structure, and endeavored to promote dynamic management through swift decision-making to strengthen competitiveness. Furthermore, he has been promoting reforms with the aim of further strengthening the governance system since appointment as Chairman of the Company.

Nominee meets qualification requirements stipulated by the Company for Directors, and he is expected to contribute in the areas of “corporate management and management strategy,” “research development and innovation” and “the environment” in particular. Nomination Committee selected the Nominee as a Director to supervise promotion of governance reform as Chairman of the Company, taking advantage of his management experience and extensive knowledge and experience in the business of the Company.

Nominee No. 2	Masao Asami	Attendance rate (FY ended December 31, 2023)	Re-election
	Date of birth: April 7, 1960 (Age: 63) *Age is as of the date of the General Meeting of Shareholders (March 27, 2024)	Board of Directors	Executive President and Representative Executive Officer
		100% (14/14)	

■ Message to shareholders

We will further promote the transition to the market-in approach that began to be felt with the change to a target market-based structure, and strengthen the positive trend towards a more competitiveness. Subsequently, we will realize the E-Plan 2025 theme of “creating value from the customers’ perspective” and execute measures aimed at bringing about “EBARA’s Vision for 2030” set forth in E-Vision 2030 to meet the expectations of our shareholders.

■ Brief personal history, and assignments and responsibilities in the Company

April 1986	Joined the Company
April 2010	Executive Officer of the Company
April 2011	Division Executive, Sales and Marketing Division, Precision Machinery Company of the Company
April 2014	Managing Executive Officer of the Company
June 2015	Managing Executive Officer of the Company (Change in Japanese only; English unchanged)
April 2016	President, Precision Machinery Company of the Company
March 2019	Director of the Company (to present)
	President, Representative Executive Officer of the Company (to present)
January 2023	CEO of the Company (to present)
	COO of the Company (to present)
January 2024	President, Precision Machinery Company of the Company (to present)

Number of the Company’s shares held	50,499 shares
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Number of years served as Director	5 years
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* At the conclusion of this general meeting

■ Important concurrent positions

None

Concurrent positions as officer in listed companies including the Company (planned)

Executive	1
Non-executive	0

* In the event the proposal is approved.

■ Reasons for selecting the nominee for Director

Nominee promoted global business expansion as the head of the Precision Machinery Business, and since assuming the post of President, he also steadily achieved the medium-term management Plan E-Plan 2022, which is the start of the long-term E-Vision 2030, subsequently developed a medium-term management Plan E-Plan 2025, and has demonstrated strong leadership in developing new technologies and businesses and improving the organizational culture for the realization of the Plan.

Nominee meets qualification requirements stipulated by Company for Directors, and Nomination Committee selected him to continue to serve as a Director to demonstrate leadership as a Director concurrently executing business as Representative Executive Officer and President toward the achievement of E-Vision 2030 and E-Plan 2025, as well as his ability to play an appropriate role for deliberation of matters to be resolved and matters to be reported in meetings of the Board of Directors in the aspects of both supervision and execution.

Nominee No. 3	Hiroshi Oeda	Attendance rate (FY ended December 31, 2023)		Re-election Independent Director Chairperson of the Board of Directors Nomination Committee
	Date of birth: March 12, 1957 (Age: 67)	Board of Directors	100% (14/14)	
	*Age is as of the date of the General Meeting of Shareholders (March 27, 2024)	Nomination Committee	100% (17/17)	
		Independent Directors' Meeting	100% (13/13)	

■ Message to shareholders

Utilizing the knowledge and experience of management I have accumulated in a food manufacturing company to date, I will engage in the improvement of corporate value and strengthening of corporate governance as the Chairperson of the Board of Directors to actively contribute to further growth and development of EBARA CORPORATION.

■ Brief personal history, and assignments and responsibilities in the Company

April 1980	Joined Nisshin Flour Milling Inc. (currently Nisshin Seifun Group Inc.)
June 2009	Director, Nisshin Seifun Group Inc.
April 2011	Director and President, Nisshin Seifun Group Inc.
April 2015	Member of Management Council, Hitotsubashi University
April 2017	Director and Executive Adviser, Nisshin Seifun Group Inc.
June 2017	Corporate Special Adviser, Nisshin Seifun Group Inc. (to present)
	President, Seifun Kaikan Inc. (Retired in June 2022)
March 2018	Director of the Company (to present)
	Member of the Nomination Committee of the Company
June 2018	Outside Director, SEKISUI CHEMICAL CO., LTD. (to present)
March 2019	Chairperson of the Nomination Committee of the Company
June 2019	President, Hitotsubashi University Koenkai (to present)
March 2020	Lead Independent Director of EBARA
December 2020	Vice-Chairperson, Japanese National Commission for UNESCO (Retired in November 2023)
March 2022	Chairperson of the Board of Directors of the Company (to present)
	Member of the Nomination Committee of the Company (to present)
June 2023	Outside Director, JAPAN POST HOLDINGS Co., Ltd. (to present)

Number of the Company's shares held	3,033 shares
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Number of years served as Director	6 years
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* At the conclusion of this general meeting

■ Important concurrent positions

Corporate Special Adviser, Nisshin Seifun Group Inc.
Outside Director, SEKISUI CHEMICAL CO., LTD.*
President, Hitotsubashi University Koenkai
Outside Director, JAPAN POST HOLDINGS Co., Ltd.*
(* indicates listed companies at which the candidate serves as an officer.)

Concurrent positions as officer in listed companies including the Company (planned)

Executive	0
Non-executive	3

* In the event the proposal is approved.

■ Reasons for selecting the nominee for Independent Director

Nominee has been involved in the management of a listed company representative of the flour-milling and food industry, and has a track record of improving business performance as a management executive in a manufacturing company. He has abundant experience in general corporate management, in addition to being well-versed in global business. Furthermore, he has exhibited leadership in discussions at the Board of Directors as the Chairperson of the Board of Directors, in addition to contributing to activities of the Nomination Committee as a member, such as selection of Director nominees, the succession planning of President, selection of nominees for management executives and nurturing of such candidates.

Nominee meets qualification requirements stipulated by the Company for Directors, and he is expected to play a role in the areas of "personnel and human resource development," "finance, accounting, and capital policy" and "corporate management and management strategy" in particular. Nomination Committee selected him as an Independent Director to continue to serve as the Chairperson of the Board of Directors to demonstrate leadership in management of the Board and improvement of governance.

■ Special interests in the Company, and the Company's subsidiaries, affiliates and major business partners

There are no special interests between Hiroshi Oeda and the Group. With regard to the standards of independence, the nominee meets the Company's standards of independence.

Nominee No. 4	Junko Nishiyama	Attendance rate (FY ended December 31, 2023)		
	Date of birth: January 10, 1957 (Age: 67) *Age is as of the date of the General Meeting of Shareholders (March 27, 2024)	Board of Directors	100% (14/14)	Re-election
		Compensation Committee	100% (14/14)	Independent Director
		Independent Directors' Meeting	100% (13/13)	Audit Committee

■ Message to shareholders

It is precisely when the outlook is uncertain that a company's fundamental strength comes into play. We have not relaxed our efforts despite the successes of E-Plan 2022, which contained many new initiatives, and instead pushed ahead with the market-in approach in the first year of E-Plan 2025, while continuing discussions on the Board of Directors aimed at achieving "EBARA's Vision for 2030." As an Independent Director, I am determined to contribute to enhancing corporate value by supporting the executive team through discussions at the Board of Directors on how to drive the further evolution of our ESG management, and link it to EBARA's profitability and long-term sustainability.

■ Brief personal history, and assignments and responsibilities in the Company

April 1979	Joined Lion Fat & Oil Co., Ltd. (currently Lion Corporation)
March 2006	Director, Finished Product Department, Purchasing Headquarters, Lion Corporation
March 2007	Director, Finished Product Purchasing, Production Coordinating Department No.2, Production Headquarters, Lion Corporation
January 2009	Director, Packaging Engineering Research Laboratories, Research & Development, Headquarters, Lion Corporation
January 2014	Director, CSR Promotion Department, Lion Corporation
March 2015	Standing Corporate Auditor, Lion Corporation
March 2019	Advisor, Lion Corporation (Retiring March 2021)
	Director of the Company (to present)
	Member of the Audit Committee of the Company
June 2019	Outside Director, JACCS CO., LTD. (Retired in June 2023)
June 2020	Outside Auditor, TODA CORPORATION (to present)
March 2021	Member of the Compensation Committee of the Company (to present)

Number of the Company's shares held	2,733 shares
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Number of years served as Director	5 years
	* At the conclusion of this general meeting

■ Important concurrent positions

Outside Auditor, TODA CORPORATION*

(* indicates listed companies at which the candidate serves as an officer.)

Concurrent positions as officer in listed companies including the Company (planned)

Executive	0
Non-executive	2

* In the event the proposal is approved.

■ Reasons for selecting the nominee for Independent Director

Nominee has been involved in research and development, promotion of environmental initiatives, and the like, at a listed company representative of the healthcare industry. In addition to auditing the entire company's business as a standing corporate auditor, she has abundant experience in general corporate management. Furthermore, she actively speaks in important meetings such as the Board of Directors, and also contributes to deliberation of topics, including the discussions on revision of the Company's compensation system and decisions on the compensation standards for Directors and Executive Officers.

Nominee meets qualification requirements stipulated by the Company for Directors, and she is expected to play a role in the areas of "auditing," "research and development" and "the environment" in particular. Nomination Committee selected the Nominee to newly serve as an Independent Director to demonstrate her expertise as a member of Audit Committee.

■ Special interests in the Company, and the Company's subsidiaries, affiliates and major business partners

There are no special interests between Junko Nishiyama and the Group. With regard to the standards of independence, the nominee meets the Company's standards of independence.

Nominee No. 5	Mie Fujimoto Date of birth: August 17, 1967 (Age: 56) *Age is as of the date of the General Meeting of Shareholders (March 27, 2024)	Attendance rate (FY ended December 31, 2023)		Re-election Independent Director Chairperson of the Compensation Committee
		Board of Directors	100% (14/14)	
		Compensation Committee	100% (14/14)	
		Independent Directors' Meeting	100% (13/13)	

■ Message to shareholders

In 2024, which is the second year of E-Plan 2025, I will support executive initiatives to address such issues as the further evolution of the market-in approach to be pursued through developing target market-based organizations, and encouraging the full use of human resources to enable growth as a global company. As an Independent Director and a Compensation Committee member, I am determined to leverage my experience as an attorney at law in labor and other areas to continue enhancing the corporate value of EBARA.

■ Brief personal history, and assignments and responsibilities in the Company

April 1993	Registered as an attorney at law (to present) Joined New Tokyo Sogoh Law Office
June 2009	Outside Corporate Auditor, Kuraray Co., Ltd.
April 2015	Joined TMI Associates (to present)
June 2015	Outside Audit & Supervisory Board Member, SEIKAGAKU CORPORATION (Retired in June 2023)
June 2016	Outside Audit & Supervisory Board Member, Tokyo Broadcasting System Holdings, Inc. (Audit & Supervisory Board Member, Tokyo Broadcasting System Television, Inc.) (to present)
March 2019	Outside Director, Kuraray Co., Ltd. (Retired in March 2020)
March 2020	Director of the Company (to present) Member of the Compensation Committee
March 2022	Chairperson of the Compensation Committee of the Company (to present)

Number of the Company's shares held	2,433 shares
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Number of years served as Director	4 years * At the conclusion of this general meeting
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■ Important concurrent positions

Attorney at law
Partner, TMI Associates
Outside Audit & Supervisory Board Member, Tokyo Broadcasting System Holdings, Inc. *
(Audit & Supervisory Board Member, Tokyo Broadcasting System Television, Inc.)
(* indicates listed companies at which the candidate serves as an officer)

Concurrent positions as officer in listed companies including the Company (planned)

Executive	0
Non-executive	2

* In the event the proposal is approved.

■ Reasons for selecting the nominee for Independent Director

Nominee is an attorney at law well versed in corporate legal affairs centered on labor-related regulations. She utilizes her abundant experience as an outside officer of a listed company. Furthermore, she actively speaks in important meetings such as the Board of Directors, leveraging her extensive experience, abundant knowledge and expertise, and also she has led the Compensation Committee activities, including the discussions on revision of the Company's compensation system and decisions on the compensation standards for Directors and Executive Officers, as the Chairperson of the Committee.

Nominee meets qualification requirements stipulated by the Company for Directors, and she is expected to play a role in the areas of "legal affairs and risk-management," "personnel and human resource development," and "auditing" in particular. Nomination Committee selected the Nominee to serve as an Independent Director to continue to demonstrate her leadership as the Chairperson of Compensation Committee. Although she has not been directly involved in corporate management, we have determined that she will be able to fulfill her duties as an Independent Director for the aforementioned reasons.

■ Special interests in the Company, and the Company's subsidiaries, affiliates and major business partners

There are no special interests between Mie Fujimoto and the Group. With regard to the standards of independence, the nominee meets the Company's standards of independence.

Nominee No. 6	Hisae Kitayama	Attendance rate (FY ended December 31, 2023)		Re-election Independent Director Chairperson of the Audit Committee
	Date of birth: August 30, 1957 (Age: 66) *Age is as of the date of the General Meeting of Shareholders (March 27, 2024)	Board of Directors	100% (14/14)	
		Audit Committee	100% (23/23)	
		Independent Directors' Meeting	100% (13/13)	

■ Message to shareholders

The Company has been steadily implementing the medium-term management plan E-Plan 2025 aimed at realizing E-Vision 2030, advancing the reforms of the corporate governance system, and actively promoting Governance to Value (G to V). Through my duties as an Independent Director and an Audit Committee member, I will leverage my experience in accounting and auditing as a certified public accountant to strengthen the corporate governance system of the entire EBARA Group. At the same time, I will do my utmost to support the evolution of ESG management and contribute to sustainable growth and further enhance corporate value over the medium to long term.

■ Brief personal history, and assignments and responsibilities in the Company

October 1982	Joined Asahi Accounting Company (Currently KPMG AZSA LLC)
March 1986	Registered as Certified Public Accountant (to present)
May 1999	Partner, Asahi Accounting Company (Currently KPMG AZSA LLC)
July 2013	Managing Executive Director, KPMG AZSA LLC
June 2019	Chairman, Kinki Chapter of Japanese Institute of Certified Public Accountants (Retired in June 2022)
July 2019	Deputy Chairman, Japanese Institute of Certified Public Accountants (Retired in July 2022)
	Senior Executive Director, KPMG AZSA LLC (Retired June 2020)
June 2020	Outside Director, Tsubakimoto Chain Co. (to present)
July 2020	Representative, Kitayama Public Accounting Office (to present)
March 2021	Outside Director of the Company (to present)
	Member of the Audit Committee
April 2021	Specially Appointed Professor, Graduate School of UNIVERSITY OF HYOGO (to present)
June 2022	Outside Audit & Supervisory Board Member, Daicel Corporation (to present)
March 2023	Chairperson of the Audit Committee of the Company (to present)

Number of the Company's shares held	1,933 shares
Number of years served as Director	3 years <small>* At the conclusion of this general meeting</small>

■ Important concurrent positions

Certified Public Accountant
 Outside Director, Tsubakimoto Chain Co.*
 Outside Audit & Supervisory Board Member, Daicel Corporation
 Specially Appointed Professor, Graduate School of UNIVERSITY OF HYOGO
 Representative, Kitayama Public Accounting Office
 (* indicates listed companies at which the candidate serves as an officer)

Concurrent positions as officer in listed companies including the Company (planned)

Executive	0
Non-executive	3

* In the event the proposal is approved.

■ Reasons for selecting the nominee for Independent Director

Nominee is a certified public accountant with a wide variety of audit experience at audit corporations and has abundant knowledge and a wealth of experience in corporate accounting and audit areas. She participates in activities to promote female accountants and diversity. She has extensively audited the Company and the Group and exhibited leadership in the activities of the Audit Committee as the Chairperson of the Committee.

Nominee meets qualification requirements stipulated by the Company for Directors, and is expected to play a role in the areas of "legal affairs and risk management," "finance, accounting and capital policy," and "auditing" in particular. Nomination Committee selected the Nominee to continue to serve as an Independent Director to demonstrate her leadership as the Chairperson of Audit Committee. Although she has not been directly involved in corporate management, we have determined that she will be able to fulfill her duties as an Independent Director for the aforementioned reasons.

■ Special interests in the Company, and the Company's subsidiaries, affiliates and major business partners

There are no special interests between Hisae Kitayama and the Group. With regard to the standards of independence, the nominee

meets the Company's standards of independence.

Nominee No. 7	Akihiko Nagamine	Attendance rate (FY ended December 31, 2023)		Re-election Non-executive Audit Committee	
	Date of birth: May 5, 1958 (Age: 65)	Board of Directors	100%		(14/14)
	*Age is as of the date of the General Meeting of Shareholders (March 27, 2024)	Audit Committee	100%		(23/23)

■ Message to shareholders

Despite a sense of the world retrogressing to the geopolitics of the 20th century, 2023 saw a gradual return to normality, and the Company made a firm first step into the E-Plan 2025, our new medium-term management plan. It is precisely when business performance is strong that it becomes important to continue initiatives for effective governance. Leveraging my experience to date, I am committed to supporting management in bold risk-taking and appropriate risk-management as an Audit Committee member, thereby contributing to the Company's steady advancement toward the enhancement of corporate value. I will do my utmost to fulfil my responsibilities to our shareholders.

■ Brief personal history, and assignments and responsibilities in the Company

April 1982	Joined EBARA DENSAN LTD.
June 2006	Director, EBARA DENSAN LTD.
July 2010	Joined the Company, General Manager, Investment and Affiliates Supervision Department, Finance & Corporate Accounting Division
April 2014	Division Executive, Finance & Accounting Division
April 2015	Executive Officer (<i>shikkou-yakuin</i>)
June 2015	Executive Officer (<i>shikkou-yaku</i>) Responsible for Finance & Accounting, Group Management, and Internal Control
March 2021	Director of the Company (to present) Member of the Audit Committee (to present)

Number of the Company's shares held	18,110 shares
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Number of years served as Director	3 years
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* At the conclusion of this general meeting

■ Important concurrent positions

None

Concurrent positions as officer in listed companies including the Company (planned)

Executive	0
Non-executive	1

* In the event the proposal is approved.

■ Reasons for selecting the nominee for Director

Nominee has abundant experience in the Finance and Accounting Division of the Company, promoted advancement and streamlining of the Group's accounting and financing systems, and demonstrated strong leadership in strengthening the Company's financial base as the head of the Division. After appointment as a Director, he has contributed to the activities of Audit Committee by broadly auditing the Company and the Group as a member of the Committee.

Nominee meets qualification requirements stipulated by the Company for Directors, and is expected to play a role in the areas of "legal affairs and risk management," "finance, accounting and capital policy," and "auditing" in particular. Nomination Committee selected the Nominee as a Director to continue to serve as a member of the Audit Committee.

Nominee No. 8	Takuya Shimamura	Attendance rate (FY ended December 31, 2023)		
	Date of birth: December 25, 1956 (Age: 67)	Board of Directors	100%	(14/14)
	*Age is as of the date of the General Meeting of Shareholders (March 27, 2024)	Compensation Committee	100%	(14/14)
		Independent Directors' Meeting	100%	(13/13)

Re-election
Independent Director
Compensation Committee

■ Message to shareholders

Despite the highly volatile market environment characterized by heightened geopolitical risk that has followed the global pandemic, the Company is practicing so-called ambidextrous management whereby on the one hand it is seeking to deepen its existing businesses, while on the other hand it is actively exploring new markets and new businesses from a medium- to long-term perspective. I believe that by utilizing its own technology, and adopting a market- and customer-oriented approach, the Company can help realize balancing net-zero and offer innovation to society. As an Independent Director, I will strive to meet the expectations of our shareholders and contribute to further enhancement of corporate value.

■ Brief personal history, and assignments and responsibilities in the Company

April 1980	Joined Asahi Glass Co., Ltd. (currently AGC Inc.)
January 2009	Executive Officer and GM of Planning & Coordination Office, Chemicals Company, Asahi Glass Co., Ltd.
January 2010	Executive Officer and President of Chemicals Company, Asahi Glass Co., Ltd
January 2013	Senior Executive Officer and President of Electronics Company, Asahi Glass Co., Ltd
January 2015	President & CEO, Asahi Glass Co., Ltd
March 2015	Representative Director and President & CEO, Asahi Glass Co., Ltd
January 2021	Representative Director, Chairman, AGC Inc.
March 2021	Director, Chairman, AGC Inc. (to present)
March 2022	Director of the Company (to present)
	Member of the Compensation Committee (to present)
June 2022	Outside Audit & Supervisory Board Member, JFE Holdings, Inc. (to present)

Number of the Company's shares held	1,213 shares
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Number of years served as Director	2 years
	* At the conclusion of this general meeting

■ Important concurrent positions

Director, Chairman, AGC Inc.*
 Outside Audit & Supervisory Board Member, JFE Holdings, Inc.*
 (* indicates listed companies at which the candidate serves as an officer)

Concurrent positions as officer in listed companies including the Company (planned)

Executive	0
Non-executive	3

* In the event the proposal is approved.

■ Reasons for selecting the nominee for Independent Director

Nominee has been involved in the management of listed companies representing the chemical and materials industries for many years. He has demonstrated strong leadership in organizational cultural reforms from the standpoint of senior management in manufacturers, and is also familiar with globally integrated management. Furthermore, he actively speaks in important meetings such as the Board of Directors, and also contributes to deliberation of topics, including the discussions on revision of the Company's compensation system and decisions on the compensation standards for Directors and Executive Officers.

Nominee meets qualification requirements stipulated by the Company for Directors, and he is expected to play a role in the areas of "personnel and human resource development," "finance, accounting, and capital policy," and "corporate management and management strategy" in particular. Nomination Committee selected the Nominee to serve as an Independent Director to continue to demonstrate his ability as a member of Compensation Committee.

■ Special interests in the Company, and the Company's subsidiaries, affiliates and major business partners

There are no special interests between Takuya Shimamura and the Group. With regard to the standards of independence, the annual transactions between the Group and AGC Inc., where the nominee was involved in the execution of business in the past, are as follows, and the nominee meets the Company's standards of independence.

Subject of transaction, etc.	Recipient of consideration for transaction	Provider of consideration for transaction	Ratio in transaction value	Subject of comparison	Remarks
Products and after services of the Company	The Group	AGC Inc.	Less than 0.1% (Less than 200 million yen)	Consolidated revenue of the Company for the year ended December 31, 2023	The nominee has not been involved in the business execution of AGC Inc. since March 2021.

Nominee No. 9	Teiji Koge Date of birth: November 14, 1953 (Age: 70) *Age is as of the date of the General Meeting of Shareholders (March 27, 2024)	Attendance rate (FY ended December 31, 2023)		
		Board of Directors*	100%	(10/10)
		Nomination Committee*	100%	(12/12)
		Independent Directors' Meeting*	100%	(10/10)

Re-election
Lead Independent Director
Chairperson of the
Nomination Committee

■ Message to shareholders

Guided by the EBARA Group founding spirit of “*Netsu to Makoto*” (Passion and Dedication), the Company’s mission is to contribute to the resolution of social issues using the strengths of its technological capabilities and reliability. As an Independent Director, in order to help achieve sustainable growth and enhancement of corporate value, I will strive to establish an environment for the support of appropriate risk-taking that takes into account both offense and defense, give advice on corporate strategy and ESG management from a medium- to long-term perspective, and provide highly effective supervision of business execution.

■ Brief personal history, and assignments and responsibilities in the Company

April 1976	Joined Sekisui Chemical Co. Ltd.
June 2005	Director, Sekisui Chemical Co. Ltd. President of Nagoya Sekisui Heim Co. Ltd.
October 2005	Director, Head of President’s Office of Housing Company, Sekisui Chemical Co. Ltd.
February 2008	Director, President of Housing Company, Sekisui Chemical Co. Ltd.
April 2008	Director, Managing Executive Officer, and President of Housing Company, Sekisui Chemical Co. Ltd.
April 2009	Director, Senior Managing Executive Officer, and President of Housing Company, Sekisui Chemical Co. Ltd.
March 2014	Director, Senior Managing Executive Officer, and Head of CSR Department and Corporate Communications Department, Sekisui Chemical Co. Ltd.
March 2015	President Representative Director, and Chief Executive Officer, Sekisui Chemical Co. Ltd.
March 2020	Chairman of the Board and Representative Director, Sekisui Chemical Co. Ltd.
June 2022	Director and Chairperson, Sekisui Chemical Co. Ltd. (to present)
March 2023	Director of the Company (to present) Member of the Nomination Committee of the Company (to present)

Number of the Company’s shares held	614 shares
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Number of years served as Director	1 year
	* At the conclusion of this general meeting

■ Important concurrent positions

Director and Chairperson, Sekisui Chemical Co. Ltd.*
 (* indicates listed companies at which the candidate serves as an officer)

Concurrent positions as officer in listed companies including the Company (planned)

Executive	0
Non-executive	2

* In the event the proposal is approved.

■ Reasons for selecting the nominee for Independent Director

Nominee has long been involved in the management of a listed company representing the chemical and housing industries, and has abundant experience and broad insight in all aspects of corporate management, including improving business performance from a top management position at a manufacturer and being actively involved in ESG management. Furthermore, he actively speaks in important meetings such as the Board of Directors, in addition to contributing to activities of the Nomination Committee as a member of the Committee, such as the succession planning of President, selection of nominees for management executives and nurturing of such candidates.

Nominee meets qualification requirements stipulated by the Company for Directors, and he is expected to play a role in the areas of “personnel and human resource development,” “finance, accounting and capital policy,” and “corporate management and management strategy” in particular. Nomination Committee selected the Nominee to continue to serve as an Independent Director to demonstrate leadership as a new Chairperson of the Nomination Committee.

■ Special interests in the Company, and the Company’s subsidiaries, affiliates and major business partners

There are no special interests between Teiji Koge and the Group. With regard to the standards of independence, the nominee meets the Company’s standards of independence.

* Teiji Koge was newly elected and appointed as Director and a member of the Nomination Committee at the 158th Ordinary General Meeting of Shareholders held on March 29, 2023, and the meeting of the Board of Directors held on the same day, and his attendance to meetings of the Board of Directors, etc. held since that date is provided above.

Nominee No. 10	Tsuyoshi Numagami	Attendance rate (FY ended December 31, 2023)		
	Date of birth: March 27, 1960 (Age: 64)	Board of Directors*	100%	(10/10)
	Age is as of the date of the General Meeting of Shareholders (March 27, 2024)	Audit Committee	100%	(15/15)
		Independent Directors' Meeting*	100%	(10/10)
				Re-election Independent Director Compensation Committee

■ Message to shareholders

I have been involved in research and education in the field of business administration, mainly in the area of business strategy and organizational theory. In addition, I have deepened my knowledge of management by engaging in dialogue with many corporate managers through executive programs as well as being involved in university management as university board member. If I am elected as an Independent Director, I am determined to do my utmost to enhance EBARA CORPORATION's governance and corporate value, leveraging the theoretical and empirical knowledge I have acquired to date.

■ Brief personal history, and assignments and responsibilities in the Company

April 2000	Professor, Graduate School of Commerce and Management, Hitotsubashi University
January 2011	Dean of Graduate School, Graduate School of Commerce and Management, Hitotsubashi University
December 2014	Board Member/Executive Vice President, Hitotsubashi University
April 2018	Professor, Graduate School of Business Administration, Hitotsubashi University (Retired in March 2023)
June 2018	Outside Audit & Supervisory Board Member, JFE Holdings, Inc. (to present)
April 2021	Professor, Tokyo Tech Academy of Energy and Informatics, Tokyo Institute of Technology (Retired in March 2023)
June 2022	External Director, Tokyo Century Corporation (to present)
March 2023	Director of the Company (to present)
	Member of the Audit Committee (to present)
April 2023	Professor Emeritus, Hitotsubashi University (to present)
	Professor, Institute for Business and Finance, Waseda University (to present)

Number of the Company's shares held	614 shares
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Number of years served as Director	1 year
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* At the conclusion of this general meeting

■ Important concurrent positions

Outside Audit & Supervisory Board Member, JFE Holdings, Inc.*
 External Director, Tokyo Century Corporation*
 Professor Emeritus, Hitotsubashi University
 Professor, Institute for Business and Finance, Waseda University
 (* indicates listed companies at which the candidate serves as an officer)

Concurrent positions as officer in listed companies including the Company (planned)

Executive	0
Non-executive	3

* In the event the proposal is approved.

■ Reasons for selecting the nominee for Independent Director

As a researcher in corporate management, the nominee has deep academic knowledge of corporate management strategy and organization, as well as extensive expertise in various industrial fields providing a wide range of recommendations. Furthermore, he actively speaks in important meetings such as the Board of Directors, and has extensively audited the Company and the Group and contributed to activities of Audit Committee as a member of the Committee.

Nominee meets qualification requirements stipulated by the Company for Directors, and he is expected to play a role in the areas of "finance, accounting and capital policy," "auditing," and "corporate management and management strategy" in particular. Nomination Committee selected the Nominee to newly serve as an Independent Director to demonstrate his ability as a member of Compensation Committee. Although he has not been directly involved in corporate management, we have determined that he will be able to fulfill his duties as an Independent Director for the aforementioned reasons.

■ Special interests in the Company, and the Company's subsidiaries, affiliates and major business partners

There are no special interests between Tsuyoshi Numagami and the Group. With regard to the standards of independence, the nominee meets the Company's standards of independence.

* Tsuyoshi Numagami was newly elected and appointed as Director and a member of the Audit Committee at the 158th Ordinary

General Meeting of Shareholders held on March 29, 2023, and the meeting of the Board of Directors held on the same day, and his attendance to meetings of the Board of Directors, etc. held since that date is provided above.

Notes:

1. No nominee has any special interest in the Company.
2. Notable matters relating to the nominees for Outside Directors are as follows:
 - (1) The Company has notified the Tokyo Stock Exchange of the designation of Hiroshi Oeda, Junko Nishiyama, Mie Fujimoto, Hisae Kitayama, Takuya Shimamura, Teiji Koge and Tsuyoshi Numagami as Independent Directors as stipulated by the exchange. In the event that the re-election of the seven nominees above is approved at the General Meeting of Shareholders, they will continue in their positions as Independent Directors.
 - (2) During the service of Hiroshi Oeda, Junko Nishiyama, Mie Fujimoto, Hisae Kitayama, Takuya Shimamura, Teiji Koge and Tsuyoshi Numagami since they were last appointed, there were no violations of law at the Company.
 - (3) During the past five (5) years, when Hiroshi Oeda, Junko Nishiyama, Hisae Kitayama, Takuya Shimamura, Teiji Koge and Tsuyoshi Numagami were in the post of Officer at other companies, there were no violations of law, etc., at those companies.
 - (4) Kuraray Co., Ltd., where Mie Fujimoto served as an Outside Corporate Auditor until March 2019 and served as an Outside Director from that month until March 2020, received cease and desist orders, etc. from the Japan Fair Trade Commission in (i) March 2017 and (ii) November 2019 for (i) an act in violation of the Antimonopoly Act in relation to a tender for certain vinylon products ordered by the Acquisition, Technology & Logistics Agency and (ii) an act in violation of the Antimonopoly Act in relation to the manufacture and sale of specified activated carbon used in water purification facilities, etc. She was not aware of the facts in advance but had brought attention to the importance of legal compliance on a routine basis. After the facts were revealed, she took steps such as confirming the details of the company's efforts in the Board of Directors, etc., and making proposals to prevent recurrence.
 - (5) Independence as candidate for Independent Director
 - 1) No nominee for Independent Director has ever been in an executive position or a position to execute duties for the Company or any subsidiary of the Company.
 - 2) No nominee for Independent Director is in an executive position or a position to execute duties for a business entity in a special relationship with the Company. Furthermore, there has been no such relevant relationship during the past ten (10) years.
 - 3) No nominee for Independent Director is going to receive a large amount of money or other assets except for compensation as Director from the Company or any business entity in a special relationship with the Company. Furthermore, there has been no such arrangement in the past two (2) years.
 - 4) No nominee for Independent Director is a spouse, a relative within the third degree, or such a closely related person of a business executor of the Company or any business entity in a special relationship with the Company.
 - 5) No nominee for Independent Director was a business executor of a company with which the Company has merged for the past two (2) years.
3. In relation to "a company with a material business relationship with the EBARA Group" in the "Independence Standards of Independent Director of EBARA," those for which both the following amounts and percentages for each fiscal year are less than 5 million yen and less than 0.1% have been omitted from the descriptions of these business relationships for the relevant fiscal year. (Minor Standards)
4. An overview of the agreements to limit liability for damages is provided below.

The Company has entered into agreements with Hiroshi Oeda, Junko Nishiyama, Mie Fujimoto, Hisae Kitayama, Takuya Shimamura, Teiji Koge and Tsuyoshi Numagami to limit their liability for damages as outlined under Article 423, paragraph 1 of the Companies Act in accordance with Article 427, paragraph 1 of the Companies Act. The limit of liability for damages under the agreement is the minimum liability amount stipulated under Article 425, paragraph 1 of the Companies Act. However, this limit will be applicable only when the performance of duties giving rise to such responsibilities is recognized to have been carried out in good faith and with no gross negligence. In the event that the re-election of the seven nominees above is approved at the General Meeting of Shareholders, similar agreements will be continued.
5. The Company has entered a directors and officers liability insurance policy with an insurance company as provided in Article 430-3, paragraph 1 of the Companies Act, with the Directors, Executive Officers, and statutory auditors of the Company and the Group as the insured persons. This policy covers losses that may arise from the insured's assumption of liability incurred in the course of the performance of duties, or the

pursuit of such liability. In the event that the re-election of the nominees above is approved at the General Meeting of Shareholders, they will be included in the insured of this insurance policy. In addition, this insurance contract will be renewed with the same contents at the next renewal.

6. The age of each nominee for Director is as of this General Meeting of Shareholders.
7. In the event the proposal is approved, the Nomination, Compensation and Audit Committees will be made up of the following members.
 - Nomination Committee: Teiji Koge (Chairperson), Hiroshi Oeda, Toichi Maeda
 - Compensation Committee: Mie Fujimoto (Chairperson), Takuya Shimamura, Tsuyoshi Numagami
 - Audit Committee: Hisae Kitayama (Chairperson), Junko Nishiyama, Akihiko Nagamine

The Board of Directors must make its best effort to realize the mission it has been given by shareholders to “continuously improve corporate value” while giving the greatest consideration possible within reasonable bounds to the positions of all stakeholders. In addition to the perspective of establishing an internal control environment for preventing scandals etc. (defensive posture), the Board needs to exhibit leadership from the perspective of establishing an environment enabling management to boldly face challenges to prevent upside risks in which business opportunities are missed (offensive posture).

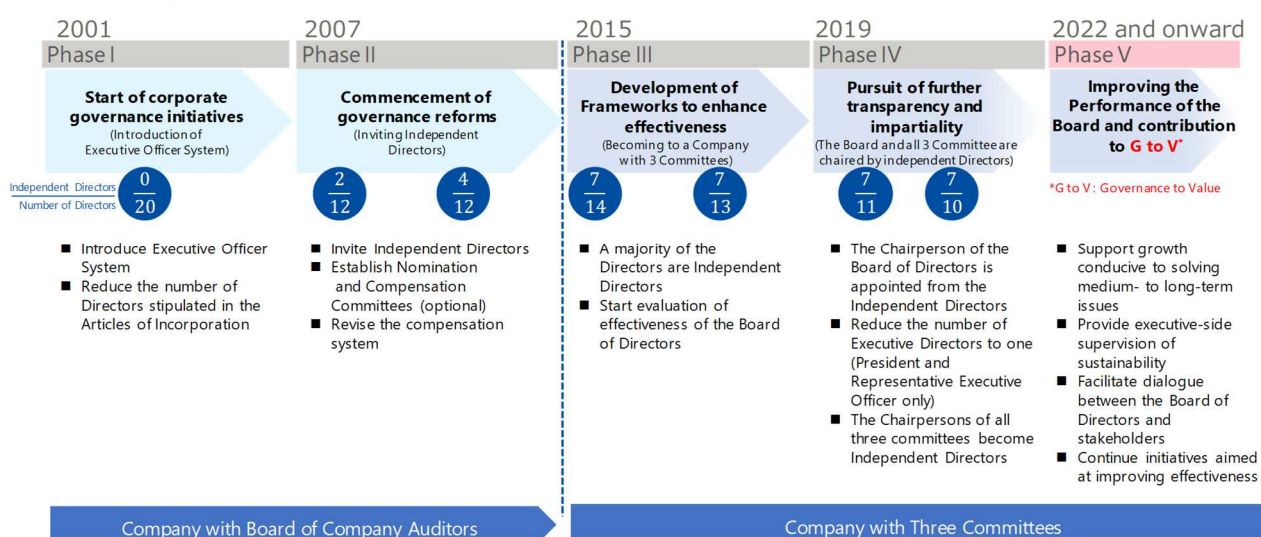
To be able to exhibit both defensive and offensive leadership, the Board of Directors must enable the best conclusion to be reached while avoiding closed discussion through the exchange of diverse opinions. To achieve this, the Board must be made up of personnel with sufficient knowledge and experience inside and outside the Company concerning important matters from the perspective of business management. Directors need to have sufficient expert knowledge at least in one field, in addition to common sense (logical thinking), enabling them to make decisions based on the opinions of members with expert knowledge and information from within and outside the Company.

In addition, the Board of Directors must realize a clear division of roles between supervision and execution in order to enable effective supervision of the management team responsible for business execution, and to enable the Board of Directors to objectively evaluate and express opinions on the progress and results of business execution from a standpoint independent of business execution. In order to achieve this, a company with Nomination, Compensation, and Audit Committees, which can delegate the authority and responsibility for business execution to the executive officers, is adopted as an organizational design, minimizing the number of Executive Officers and effectively utilizing Non-executive Directors (Independent Directors* and Directors from within the company who do not concurrently serve as executive officers). To ensure the independence and objectivity of the Nomination, Compensation, and Audit Committees, which form the cornerstone of corporate governance, they shall be composed solely of Non-executive Directors, and the majority of the members of each committee shall be Independent Directors, and the chairperson of each committee shall also be an Independent Director in principle.

From this perspective, the Board of Directors shall be composed of at least a majority of Independent Directors.

* Independent Directors: Independent Directors that satisfy the Company’s independence standards and for which notification as independent officers has been submitted to the Tokyo Stock Exchange. All of the Company’s Independent Directors are registered as independent directors.

Changes in Corporate Governance - Evolution into a New Phase



One of the principal roles of Independent Directors is to provide candid opinions and recommendations for problem-solving thinking based on the decision of whether it is appropriate to entrust management to current Executive Officers from the perspective of the common interests of shareholders by examining and assessing the results of the Company's management and the performance of Executive Officers as needed in light of the management strategies and management plans determined by the Board of Directors.

All nominees for Independent Director are chosen from personnel with a high level of independence and adequate specialized knowledge in areas expected to be important in company management to enable them to participate in discussion on the essence of management from a position that is completely independent of the execution of business.

In addition, the Company has established its own independence standards based on the independence standards specified by the Tokyo Stock Exchange.

[Independence Standards of Independent Director of EBARA]

Independent persons with no material interests in the Company are to be appointed as Independent Directors.

"Independent persons with no material interests" refer to persons to whom none of the following items applies.

- 1) An internal employee or former internal employee of the Company or its subsidiaries who do not meet the requirements for Outside Directors stipulated in Article 2, item 15, of the Companies Act.
- 2) A person who has been a director (excluding outside director), statutory auditor (excluding outside audit & supervisory board member), executive officer, or employee executing the business of a company with a material business relationship with the Company and its consolidated subsidiaries (hereinafter referred to as the "EBARA Group" or "the Group" in this part) in the past five years. "A company with a material business relationship with the EBARA Group" refers to any of the following
 - i. A company to which sales were made accounting for 2% or more of consolidated net sales of the EBARA Group in any of the fiscal years in the past three years.
 - ii. A company that made sales to the EBARA Group accounting for 2% or more of its consolidated net sales in any of the fiscal years in the past three years of procurement by the EBARA Group.
 - iii. The two financial institutions with the highest average balance of borrowings by the EBARA Group at the end of the fiscal year over the past three years.
- 3) A person who is a major shareholder of the Company or the representative of the interests thereof.

Specifically, a shareholder of the Company holding 10% or more of the total shares issued, or a director, an executive, an executive officer, a manager or other employee of a company representing the interests thereof within the two years preceding the appointment of Director nominees.
- 4) A person providing professional services to the EBARA Group.

"Professional services" refer to the following categories according to the services provided.

 - i) Certified public accountant
A person who has been directly engaged in the financial auditing of the EBARA Group in the past five years.
 - ii) Attorney, tax accountant, patent attorney, judicial scrivener, or management consultant
A person who has provided services to the EBARA Group in the past three years and has received annual compensation of ¥10 million (including tax) or more.
- 5) A person who has received or belongs to a for-profit group that has received donations, financing, or guarantee of debt from the EBARA Group.
- 6) A person within two degrees of relationship with a relative who falls under any of item 1 through item 4, or a person of another degree of relationship who resides with the relative.
- 7) A person who currently serves as a director, a statutory auditor or an executive officer of a company that has accepted a director or a statutory auditor from the EBARA Group.

Roles, qualifications and competencies required for directors (excerpted from EBARA Corporate Governance Basic Policy chapter 6)

	Roles	Qualifications and Competencies
Directors	<ul style="list-style-type: none"> • Strive to make the best efforts at deliberations at the Board of Directors meetings and monitor business execution, so that the Board of Directors is able to fulfill its role as a monitoring board to “show the general direction of the business such as corporate strategies, etc.,” “create an environment that enables appropriate risk-taking in business execution,” and “conduct highly effective supervision of business execution from an independent and objective standpoint” • Make wise decisions with broad insight and logical thinking based on his/her expertise in specific fields, while taking into account opinions of other Directors and information from inside and outside the Company • Express not only approval or disapproval on issues, but also present new issues for growth of the Company during deliberations 	<ul style="list-style-type: none"> • Has outstanding personality, high ethical standards, a spirit of exploration, and a spirit of independence • Has demonstrated outstanding results, because of his/her excellent knowledge in corporate management, experience in decision-making from a responsible position or demonstrating professional skills • Has or willing to acquire the latest information on industries and/or peripheral/relevant domains related to the strategic direction and/or medium-to long term issues of the Company • Has insight and logical-thinking ability to make judgments by referring to the opinions of other Directors and new information from inside and outside the Company, rather than solely relying on his/her own past experience and knowledge • Committed to the governance reform of the Company and motivated to develop himself/herself by contributing to the process of its evolution
Chairperson of the Board of Directors	<p>1) Conduct to facilitate agenda setting for the Board of Directors meetings, and effective decision-making and problem-solving deliberations</p> <ul style="list-style-type: none"> • Set the agenda for the Board of Directors meetings and prepare the annual agenda schedule • Strive to understand issues related to the business execution, for example, by sitting with important meetings such as Management Meetings, etc. • Make decisions on the policy for handling unknown risks, and take the lead in internal discussions in the event of scandals, etc. <p>2) Conduct to facilitate smooth operation of the Board of Directors and promote specific business execution</p> <ul style="list-style-type: none"> • Facilitate active discussion to determine the Group’s overall strategic direction, and play an active role in the business development 	<ul style="list-style-type: none"> • Lead the Board of Directors in a fair, objective and self-restraint manner • Fully realize his/her responsibility and demonstrate leadership as the chief of the highest decision-making body of the Company • Interested in the Company’s business execution and management personnel, and is willing to deepen the understanding of the same by having dialogues with the execution side

	Roles	Qualifications and Competencies
Chairperson of the Board of Directors	<ul style="list-style-type: none"> • Lead deliberation to ensure that Board of Directors operates with an effective decision-making process and to encourage adequate challenges in business execution • Ensure that the Board of Directors receives accurate, timely, and clear information • Lead the follow-up of matters resolved by the Board of Directors to supervise effective implementation by Executive Officers • Properly communicate with the Board of Directors' Secretariat and establish a support system required for smooth operations of the Board of Directors <p>3) Demonstrate leadership in implementing the PDCA cycle of the Board of Directors including leading the evaluation of effectiveness of the Board of Directors as a whole, each Committee and Director, and take the initiative in improving governance at all times</p> <p>4) Demonstrate leadership in disseminating information to the stock market and necessary information gathering</p>	
Lead Independent Director	<ul style="list-style-type: none"> • Hold Executive Sessions for Independent Directors to improve the quality of the Board of Directors meetings by promoting their understanding of issues by selecting proper agenda items and organizing discussion points • Establish and supervise appropriate training programs for the Independent Directors, including newly appointed Independent Directors, by identifying the needs of each Independent Director, such as deepening understanding of specific issues 	<ul style="list-style-type: none"> • Lead the Independent Directors in a fair, objective and self-restraint manner and earn trust from the stakeholders • Has broad insight and able to develop appropriate improvement measures for Independent Directors to fulfill their roles

Independent Directors	Roles	Qualifications and Competencies
	<ul style="list-style-type: none"> • Enhance the quality of deliberations at the Board of Directors meetings by providing opinions and recommendations for problem-solving thinking from an objective and diversity perspective • At Executive Sessions, strive to determine the true nature of the issue by actively making efforts to understand the Company and its business as its background • Assume the duties as a member of the Nomination Committee, Audit Committee and/or Compensation Committee • Participate in the Board of Directors meetings and other meeting structures on management, independently from the Executive Officers, when deemed necessary, and provide supervision and advice on the Company’s operations by expressing his/her views and other means • In the event an evaluation and/or judgment independent from the Executive Officers with respect to the Company compliance, etc. is required, participate in such evaluation and/or judgment • Supervise and verify key business measures, result of management, and the Executive Officers’ performance in light of the management strategy and plan determined by the Board of Directors, and provide candid opinions and recommendations for problem-solving thinking regarding the appropriateness of entrusting management to the current Executive Officers from an objective standpoint • Provide candid opinions and recommendations from the standpoint of shareholders and other stakeholders 	<p>Independent Directors are expected to have superior knowledge and experiences in one or more of the following domains</p> <ul style="list-style-type: none"> • Has experience serving in a responsible position in corporate management and demonstrated leadership in corporate transformation • Has demonstrated leadership in implementing and enhancing the ESG-based management • Has demonstrated leadership in personnel, human resource development, and corporate culture reform • Has intimate knowledge of solving issues related to finance, accounting and/or capital policy • Has intimate knowledge of auditing • Has intimate knowledge of legal affairs, internal control, and governance reforms • Has intimate knowledge of technical development and R&D • Has intimate knowledge of global environment • Has intimate knowledge with regard to adequate conduct of an enterprise as a social entity such as respect for human rights, diversity, health and working environment, and supply chain management • Has intimate knowledge of areas which are anticipated to rapidly evolve in the future, such as digitization and AI technology
	<p>* Independent Directors’ Meeting: A meeting body that solely consists of Independent Directors. Held a few days prior to the Board of Directors meeting</p>	

	Roles	Qualifications and Competencies
Non-Executive Inside Directors	<ul style="list-style-type: none"> • Express opinions from an objective perspective based on his/her prior experience of business execution • Monitor the status of business execution as appropriate, and provide appropriate supervision for execution of important matters • Serve a role to deepen the understanding of issues related to business execution and the organization among the Independent Directors, and act as a liaison with the Executive Officers, as needed 	<ul style="list-style-type: none"> • Has the same qualifications and competencies required of Independent Directors • Has broad knowledge of business execution of the Company and is capable of supervising and supporting business execution through proper communications
Chairman of the Company	<ul style="list-style-type: none"> • Demonstrate leadership in the process required for the change and make recommendations to the Board of Directors in coordination with the Chairperson of the Board of Directors • In case an Independent Director serves as the Chairperson of the Board of Directors, assist the Chairman and function as a good advisor as required • Serve the roles required in the Group's external activities as required 	

Business Report for the 159th Period
(From January 1, 2023 to December 31, 2023)
EBARA CORPORATION

1. Condition of the Corporate Group

(1) Business Developments and Results

1) Overall Review of Operations

During the fiscal year ended December 31, 2023, the Japanese economy saw a gradual recovery in consumer spending and corporate capital investment due to the normalization of socioeconomic activities along with the reclassification of COVID-19 as a Class 5 infectious disease. On the other hand, in the global economy, there is a sense of a slowdown in economic activity, such as the prolonged situation in Ukraine, continued global inflation, and corporate investment restraints accompanying monetary tightening policies. There continue to be concerns about deteriorating business conditions, centered on China, Europe and the U.S., and geopolitical risks such as strengthened export control regulations for semiconductors arising from conflict between the U.S. and China, and the outlook remains uncertain.

Under these circumstances, we formulated the Medium-term Management Plan “E-Plan 2025” for the three years starting from fiscal year 2023. Under the theme of “creating value from the customer’s perspective,” we have shifted to an organization by target market to further strengthen the competitiveness, and we are moving forward with various measures to achieve our management indicators.

Regarding orders received for the fiscal year ended December 31, 2023, in Energy Business, we received multiple large-scale projects due to brisk demand in LNG market, particularly in North America. In Asia, we received large-scale projects in the petrochemical market. As a result, orders received in the Energy Business increased significantly compared with the previous fiscal year. On the other hand, despite some optimism in that the restraints in capital investment and adjustments to plant operations were heading toward resolution for some semiconductor manufacturers, orders received in Precision Machinery Business was sluggish. As a result, orders received for the entire company increased year on year due to other businesses covering the decline in the Precision Machinery Business. Revenue increased year on year in other businesses, excluding in the Environmental Solutions Business, and remained strong. Revenue increased due to steadily increasing orders in the Building Service & Industrial Business, Energy Business, and Infrastructure Business, and due to a decline in the order backlog that has remained at a high level since the end of the previous fiscal year along with an improvement in production conditions in the Precision Machinery Business, such as the elimination of component shortages. Despite an upward trend in personnel expenses and fixed costs associated with the expansion of business activities, operating profit increased due to the impacts of price revisions, etc., in addition to higher revenue.

As a result, in the Fiscal Year ended December 31, 2023, consolidated orders received amounted to ¥820,598 million (an increase of 0.7% year-on-year), revenue amounted to ¥795,328 million (an increase of 11.5% year-on-year), operating profit amounted to ¥86,025 million (an increase of 21.9% year-on-year), and profit attributable to owners of parent amounted to ¥60,283 million (an increase of 19.4% year-on-year). All of these displaced the past highest records.

Financial Highlights			
Orders Received	Revenue	Operating Profit	Profit attributable to Owners of Parent
¥820,598 million	¥795,328 million	¥86,025 million	¥60,283 million
Up 0.7% from the same period of the previous FY	Up 11.5% from the same period of the previous FY	Up 21.9% from the same period of the previous FY	Up 19.4% from the same period of the previous FY

2) Financial Results

Item	Fiscal Year (FY)	IFRS			
	Japanese GAAP	156th Period (FY ended December 31, 2020)	157th Period (FY ended December 31, 2021)	158th Period (FY ended December 31, 2022)	159th Period (FY ended December 31, 2023) (FY under review)
Orders Received (Millions of yen)	511,921	511,221	771,483	815,218	820,598
Revenue (Millions of yen)	523,727	522,478	603,213	680,870	759,328
Operating Profit (Millions of yen)	37,879	37,566	61,372	70,572	86,025
Profit Attributable to Owners of Parent (Millions of yen)	24,473	24,236	43,616	50,488	60,283
Basic Earnings per Share (Yen)	256.85	254.36	463.44	548.61	653.64
Total Assets (Millions of yen)	621,578	644,771	719,736	828,049	913,900
Total Equity (Millions of yen)	304,470	296,877	321,655	369,725	421,572
ROIC (%)	6.6	6.4	10.7	11.2	12.2
ROE (%)	8.4	8.6	14.5	15.0	15.7

Notes:

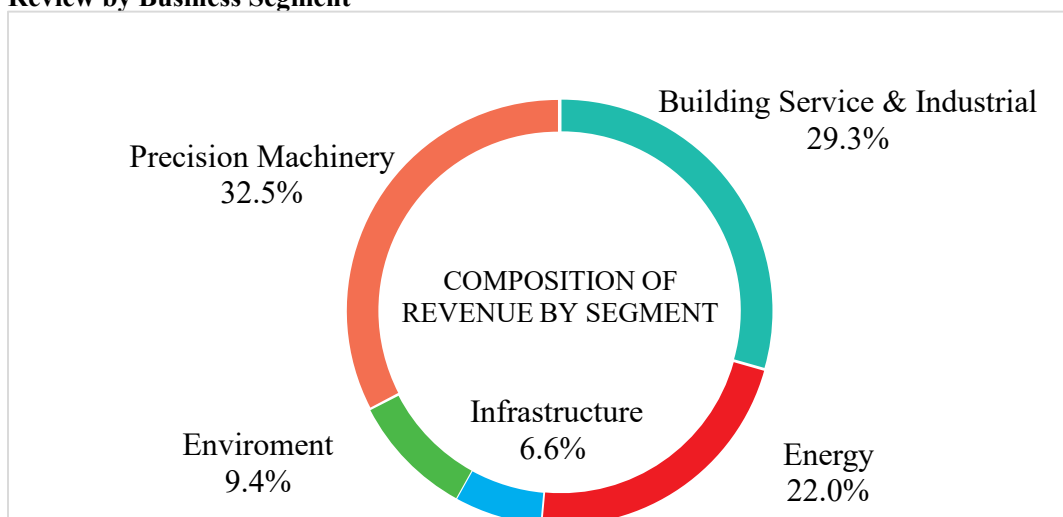
1 The Group adopts IFRS from the 157th period.

2 The following changes to the calculation of ROIC have arisen.

Up to FY2022: Profit attributable to owners of parent ÷ Invested capital {Interest-bearing debt (average between the beginning and end of fiscal year) + Equity attributable to owners of parent (average between the beginning and end of period)}

From FY2023 onward: NOPLAT (Net Operating Profit Less Adjusted Taxes) ÷ Invested capital {Interest-bearing debt (average between the beginning and end of fiscal year) + Equity attributable to owners of parent (average between the beginning and end of fiscal year)}

3) Review by Business Segment



Revenue by Segment

	158th Period	159th Period (FY under review)	Year-on-year change
Building Service & Industrial	¥193,529 million	¥222,181 million	Up 14.8%
Energy	¥143,605 million	¥167,229 million	Up 16.5%
Infrastructure	¥46,258 million	¥50,178 million	Up 8.5%
Environment	¥73,738 million	¥71,540 million	Down 3.0%
Precision Machinery	¥222,259 million	¥246,998 million	Up 11.1%

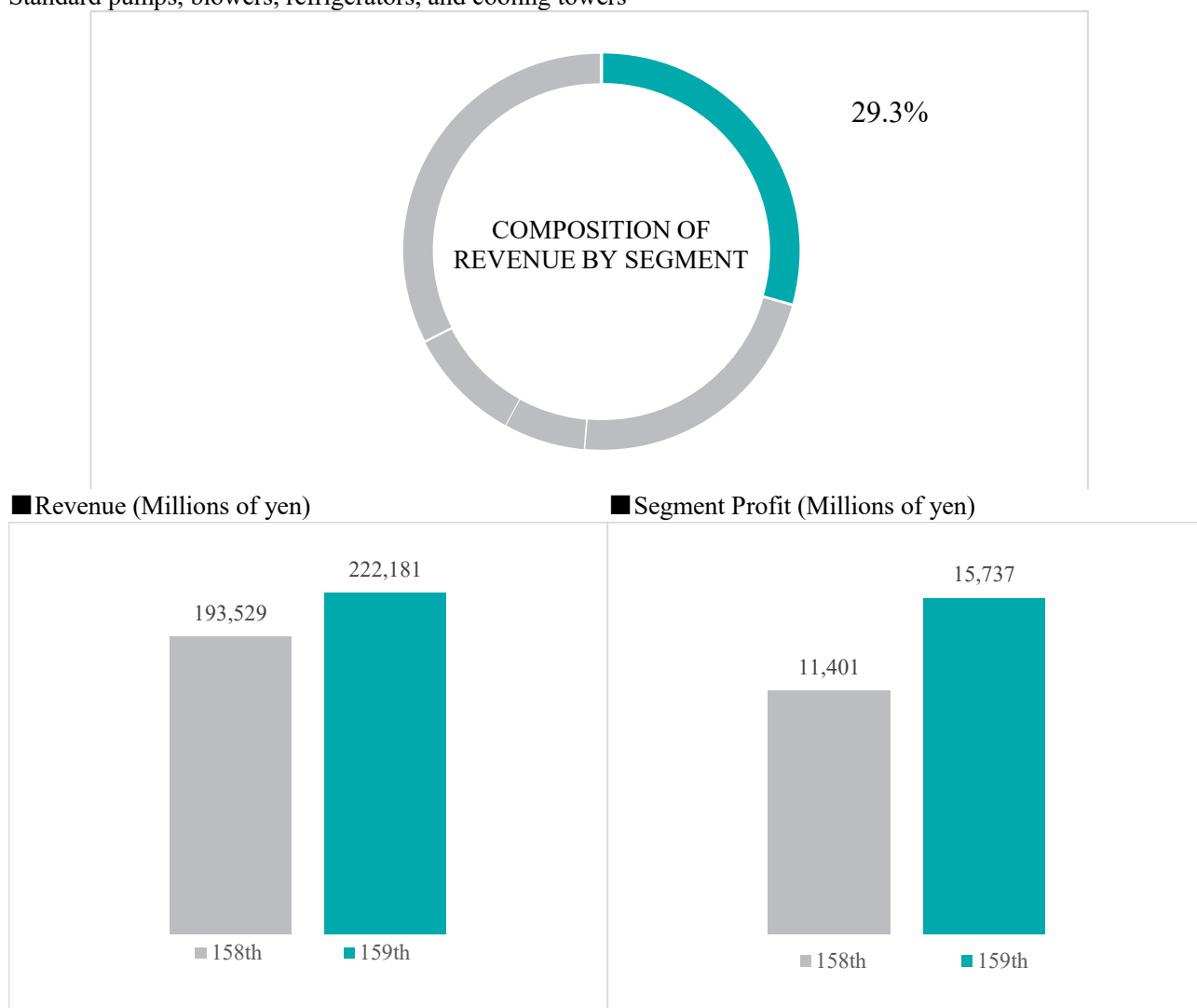
Building Service & Industrial

Main End-Users Market

Building service, industrial service

Main Items

Standard pumps, blowers, refrigerators, and cooling towers



Building Service & Industrial

Orders received, revenue, and segment profit all rose year on year. In the building service market, although overall growth slowed slightly overseas, capital investment in the domestic market was strong. In China where the real estate market is sluggish, orders received increased in the industrial and public-sector markets due in part to rising demand for energy-saving products and expansion in public infrastructure investments. Revenue increased relative to the previous fiscal year due to higher orders received, the effects of price revisions and other factors. Segment profit rose due to the impact of revenue increases, in addition to improvements in profitability caused by product price revisions.

Revenue in the Building Service & Industrial Business for the fiscal year ended December 31, 2023, amounted to ¥222,181 million (an increase of 14.8% from the previous fiscal year). The segment profit amounted to ¥15,737 million (an increase of 38.0% from the previous fiscal year).

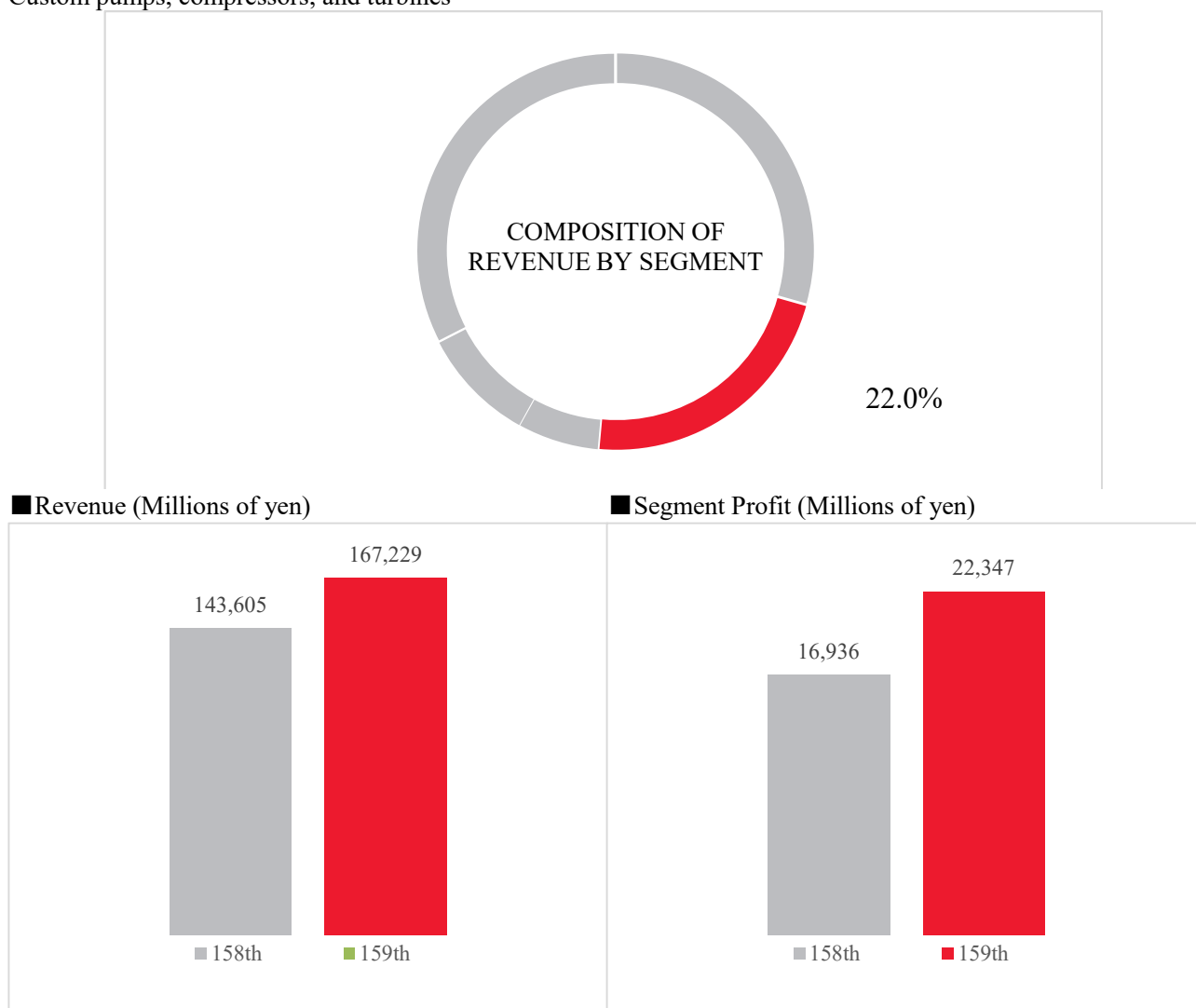
Energy

Main End-Users Market

Oil and gas, electric power, and new energy

Main Items

Custom pumps, compressors, and turbines



Energy

Orders received, revenue, and segment profit all rose year on year. Activity in LNG projects was robust, centered on North America. Demand related to petrochemical projects was also steady in North America, Asia, and the Middle East, and orders were also strong. In particular, we saw strength in China for petrochemical and electric power generation. Revenue rose in North America, the Middle East, and Asia (including China) where product orders have been strong, and Service & Support was also steady. Segment profit rose due to the impact of revenue increases, in addition to improvements in product profitability and product price revisions.

Revenue in the Energy Business for the fiscal year ended December 31, 2023, amounted to ¥167,229 million (an increase of 16.5% from the previous fiscal year). The segment profit amounted to ¥22,347 million (an increase of 31.9% from the previous fiscal year).

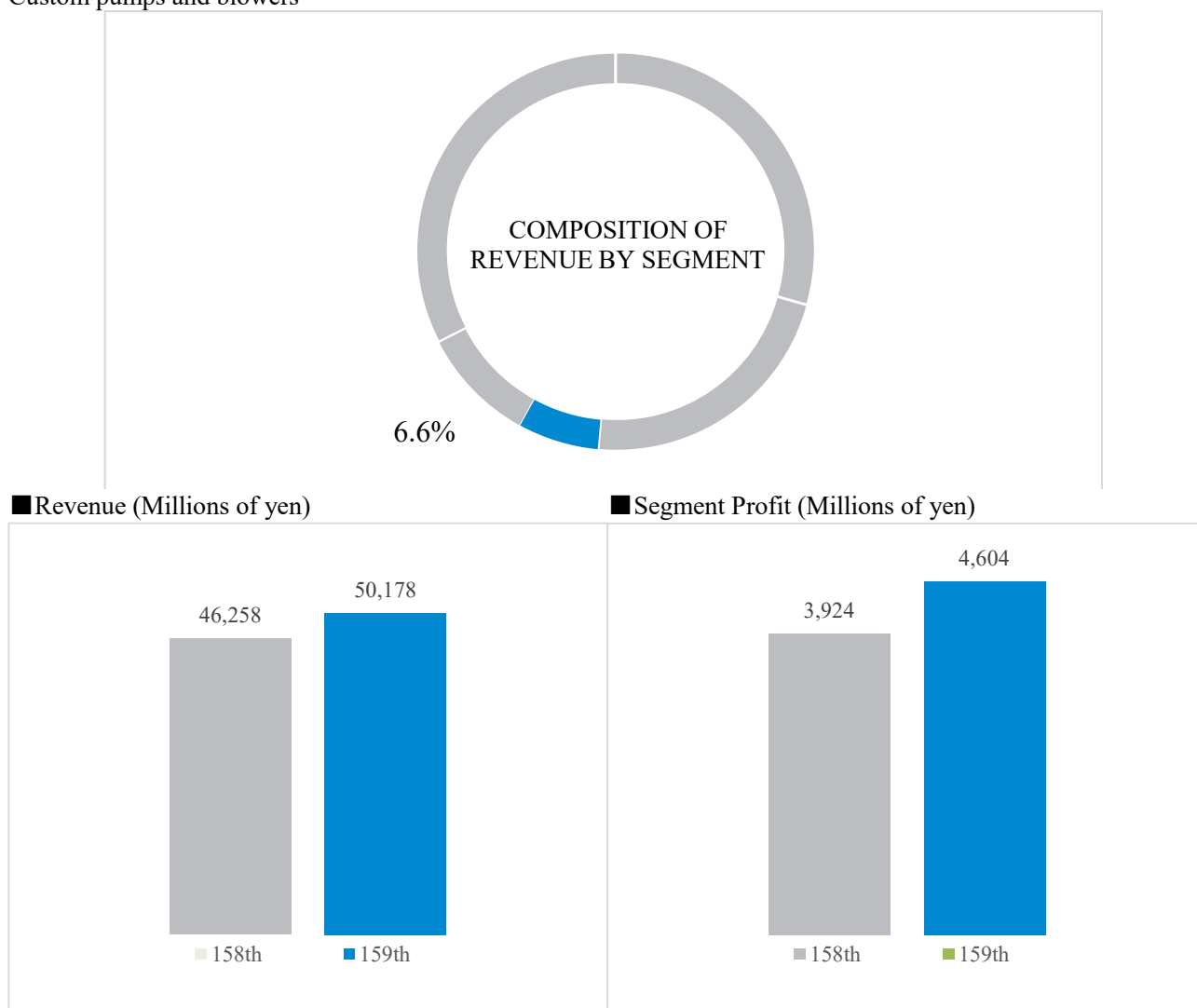
Infrastructure

Main End-Users Market

Water infrastructure

Main Items

Custom pumps and blowers



Infrastructure

Orders received, revenue, and segment profit all rose year on year. Demand for renewal and repair of pump facilities was strong in Japan, and orders received increased from the previous fiscal year as multiple large projects were received in the second half. Orders for water infrastructure increased overseas. Both in Japan and overseas, the profit-increasing effect from the growth in revenue and solid progress delivering smooth sales by the percentage of completion method in highly profitable construction projects resulted in a year-on-year increase in segment profit.

Revenue in the Infrastructure Business for the fiscal year ended December 31, 2023, amounted to ¥50,178 million (an increase of 8.5% from the previous fiscal year). The segment profit amounted to ¥4,604 million (an increase of 17.3% from the previous fiscal year).

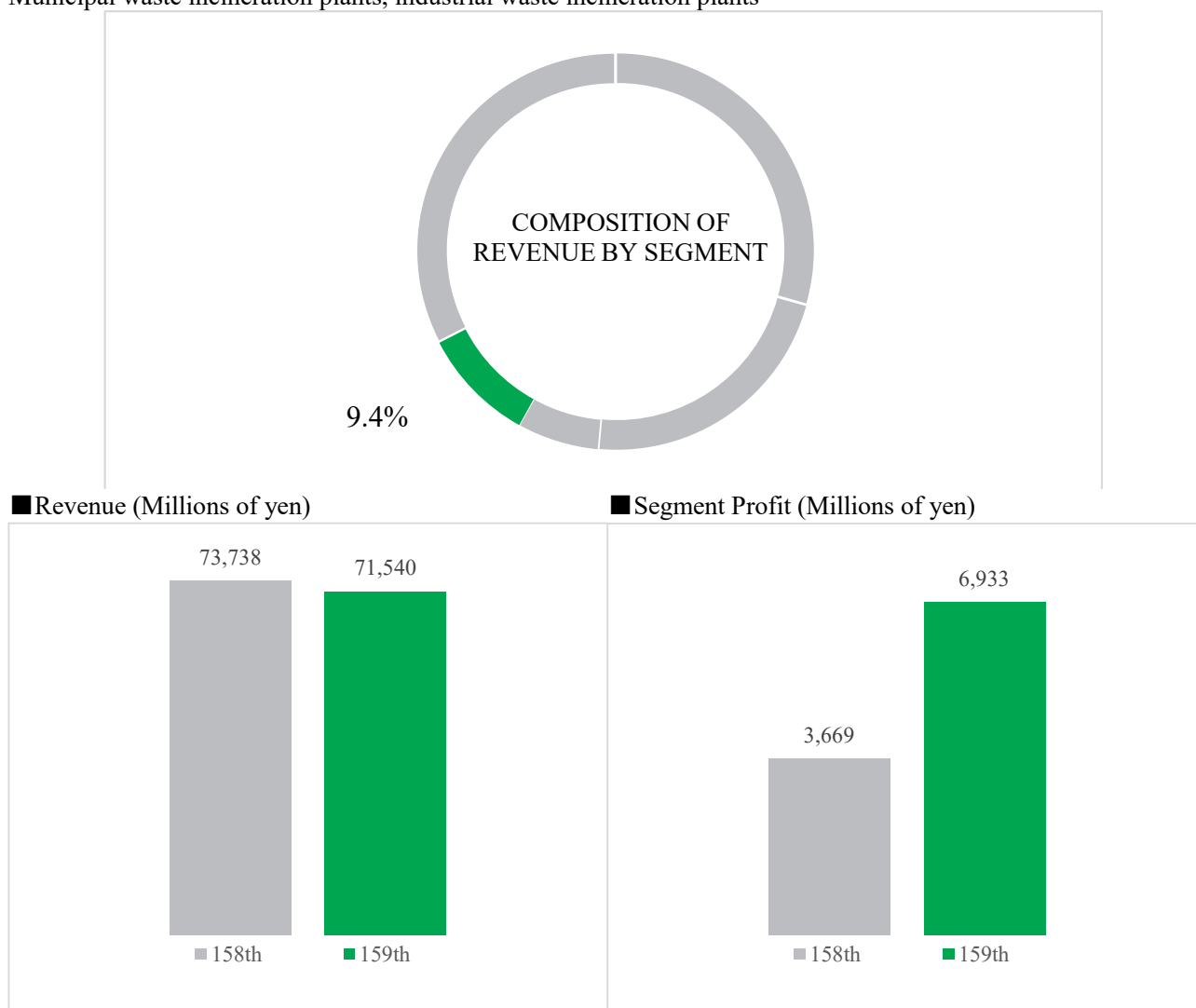
Environment

Main End-Users Market

Treatment of solid waste

Main Items

Municipal waste incineration plants, industrial waste incineration plants



Environment

Orders received and revenue decreased slightly year on year, but segment profit increased significantly. In terms of orders, we won a large DBO project and a long-term comprehensive project, but orders received decreased from the previous fiscal year. Due to the disappearance of EPC project orders received in the previous fiscal year, EPC revenue declined this fiscal year. On the other hand, O&M recorded steady sales. In addition to the increase in the ratio of O&M sales, improvements in the profitability of the electricity sales business resulted in higher segment profit.

Revenue in the Environment Business for the fiscal year ended December 31, 2023, amounted to ¥71,540 million (a decrease of 3.0% from the previous fiscal year). The segment profit amounted to ¥6,933 million (an increase of 89.0% from the previous fiscal year).

* O&M (Operation & Maintenance): Plant operation, management, and maintenance

EPC (Engineering, Procurement, Construction): Plant design, procurement, and construction

DBO (Design, Build, Operate): Plant design, procurement, construction, and post-construction operation, management, and maintenance

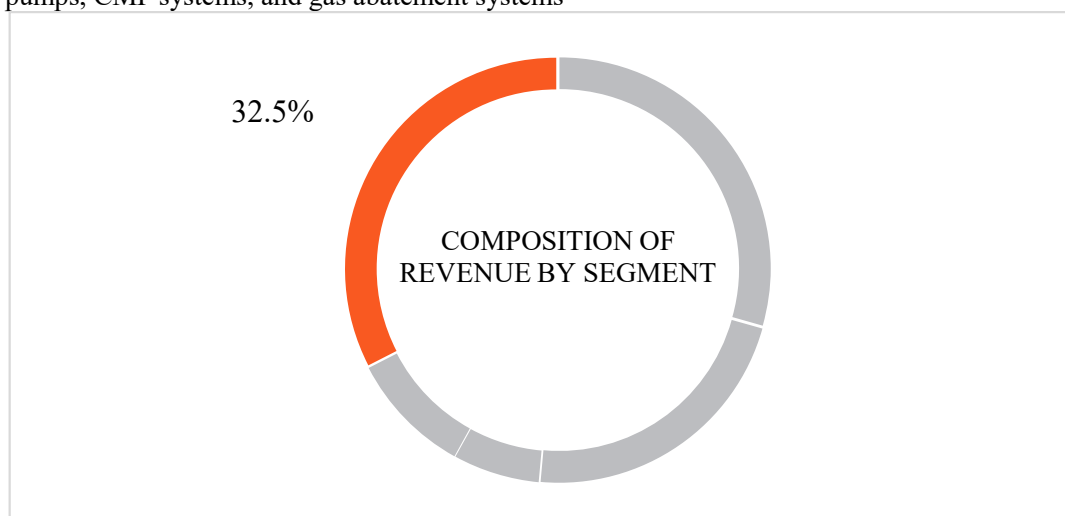
Precision Machinery

Main End-Users Market

Semiconductor manufacturing

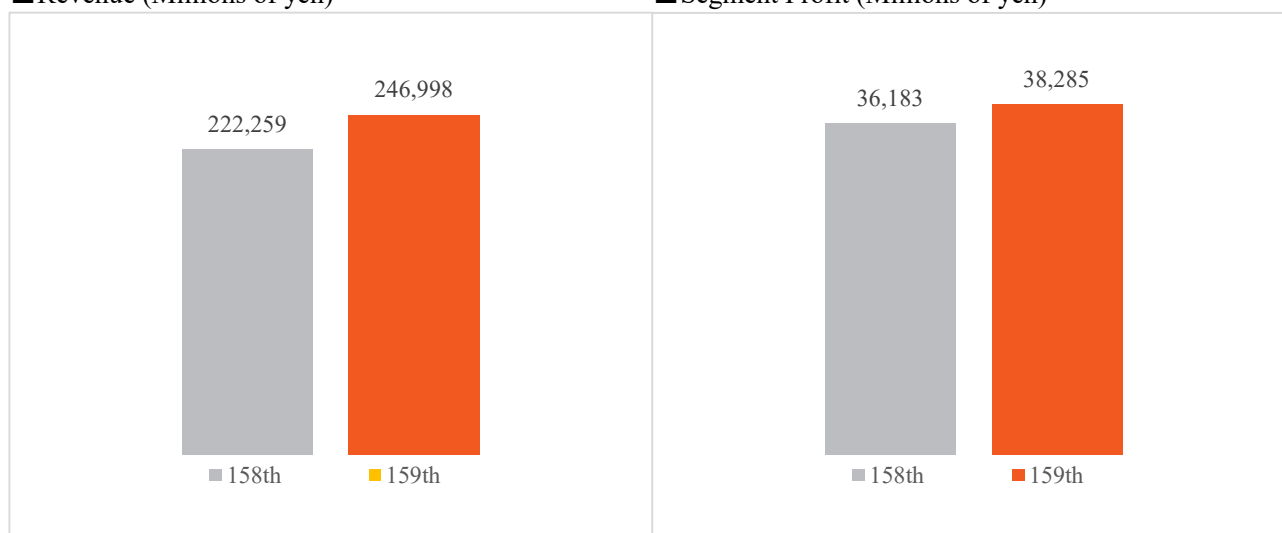
Main Items

Vacuum pumps, CMP systems, and gas abatement systems



■ Revenue (Millions of yen)

■ Segment Profit (Millions of yen)



Precision Machinery

Orders received fell below previous-year levels, but both revenue and profits increased. In the semiconductor market, Chinese semiconductor manufacturers are still investing briskly, but at the global level, there continue to be delays in capital investment, as well as some cancellations. In terms of orders received, although we have seen active investment by some Chinese customers, overall demand remains at a low level. As for revenue, CMP recorded an increase due to steady progress in eliminating the order backlog that existed at the beginning of the fiscal year, but components posted a decrease due to the impact of low utilization rates at customer factories. Segment profit increased due to the positive effects of higher revenue and the positive impact of foreign exchange, despite a decline in Service & Support sales and a rise in fixed costs.

Revenue in the Precision Machinery Business for the fiscal year ended December 31, 2023, amounted to ¥246,998 million (an increase of 11.1% from the previous fiscal year). The segment profit amounted to ¥38,285 million (an increase of 5.8% from the previous fiscal year).

(2) Capital Expenditures

Regarding investments, during the fiscal year ended December 31, 2023, the Group implemented capital investments amounting to ¥40,699 million. These were primarily for the expansion of production capacity and the installation of equipment to enhance productivity. Note that the investment amount includes tangible fixed assets and intangible assets.

Principal capital investments by business segment were as follows. Please note that these investment figures include inter-segment transactions.

Business Segment	Capital Expenditures (Millions of yen)	Depreciation (Millions of yen)	Breakdown of Capital Expenditures
Building Service & Industrial	9,512	6,731	Investments were made primarily for the maintenance and enhancement of production capability and the improvement of productivity.
Energy	6,513	4,980	Investments were made primarily for the maintenance and enhancement of production capability and the improvement of productivity.
Infrastructure	564	944	Investments were made primarily for the maintenance and enhancement of production capability and the improvement of productivity.
Environmental Solutions	2,748	770	Investments were made principally for information equipment and the development of technology aimed at upgrading products.
Precision Machinery	12,233	7,656	Investments were made principally for the enhancement of production capacity.

(3) Fund-Raising and Capital Resources

During the fiscal year ended December 31, 2023, the Group raised funds through long-term loans payable amounting to ¥41,769 million and short-term loans payable totaling ¥73,396 million. Meanwhile, the Company repaid long-term loans payable amounting to ¥13,267 million and short-term loans payable totaling ¥79,464 million.

(4) Status of acquisition of business from other companies

EBARA Pumps Europe S.p.A., a Group company, has signed an agreement to acquire the company's immersion pump (Spandau Pumpen) business from SKF Lubrication Systems Germany GmbH, a subsidiary of the German SKF Group, dated as of July 11, 2023.

(5) Issues Being Addressed

The Group announced our long-term vision, "E-Vision 2030," which established a vision and path for ten years from fiscal year (FY) 2020, simultaneously with the Medium-term Management Plan "E-Plan 2022," which set the management direction and strategies to be implemented for the first three-year period from FY2020 to FY2022, and we have implemented various measures. As a result, we have been able to achieve the targets for the main KPIs, including achieving the targets for ROIC and operating profit ratio that we have positioned as the key management indicators, a year ahead of the schedule. Based on this, as the next stage, in February 2023 we established the Medium-term Management Plan "E-Plan 2025" with its final year in FY2025, and we have positioned this as a three-year period for steadily moving closer to "EBARA's Vision for 2030" set out in our long-term vision and ensuring its realization in 2030. Under the Medium-term Management Plan "E-Plan 2025," we have set the direction outlined below with a theme of "creating value from the customer's perspective," and we will formulate and implement plans for each business.

<Direction of Medium-term Management Plan E-Plan 2025>

- 1) Strengthen the market-in initiatives, move away from product-out approach, and install a corporate culture of "creating new value from the customer's perspective."
- 2) Reorganize into a five-company system by target market with an aim to establish a system by which each business can maximize business performance in each target market.
- 3) Aggressively invest capital for business growth and infrastructure to further ensure the realization of "EBARA's Vision for 2030."
- 4) For efficiency and profitability indicators (ROIC and operating profit ratio), maintain or exceed the target level which was realized in 2022 and set in E-Vision 2030 (e.g., ROIC of 10%).

- 5) Add ROE of 15% or higher, set in E-Vision 2030, as a new key indicator as part of our commitment to achieving “1 trillion yen in market cap by 2030,” while further sophisticating ROIC-focused management, with ROIC and operating profit ratio as the most important indicators.
- 6) Introduce CxO system to totally optimize the Group and enhance the Group governance for each function.

With the implementation of the above six initiatives, the goal of E-Plan 2025 is to reach a position where the Group can more certainly foresee the path to realize “EBARA’s Vision for 2030.” For business growth, the Group has set a CAGR of 7% for revenue during the period of E-Plan 2025, which will be achieved mainly in the following two businesses of growth areas: Building Service & Industrial, and Precision Machinery.

[1] Theme of E-Plan 2025 and key areas

In E-Plan 2025, organization by target market will develop new businesses by creating value from the customer’s point of view.

<Theme of E-Plan 2025>

Business creation: Creating value from the customers’ perspective

The Group strives for sustainable “entrepreneurship” and the creation of value, while fostering an organizational culture that supports a mindset of taking on challenges and transforming the entire company into a structure that truly addresses customer needs and issues, as well as creating a series of flows that generate business.

In addition, the Group has determined the five key areas to support the realization of the theme as described as follows:

<Five key areas>

- 1) Target markets & customer-orientation
- 2) New value creation
- 3) Global expansion
- 4) Advanced and efficient management infrastructure
- 5) Advances in ESG-focused management

[2] Indicators and targets (financial and non-financial)

The Group has set the following as the targets to be achieved by FY2025, the final year of E-Plan 2025.

Financial targets

Category	Item	FY2025 target
Profitability	Operating profit ratio	10% or higher
	<Operating profit ratio by business segment>	
	Building Service & Industrial	7% or higher
	Energy	12% or higher
	Infrastructure	6% or higher
	Environmental Solutions	7% or higher
	Precision Machinery	17% or higher
Efficiency	ROIC	10% or higher
	ROE	15% or higher
Growth	Building Service & Industrial Revenue CAGR (FY2022 to FY2025)	6% or higher
	Precision Machinery Revenue CAGR (FY2022 to FY2025)	15% or higher
Financial health	Debt-to-equity ratio	0.3 to 0.5 (management guideline)

Non-financial targets

Item	Description	Target
E: Environment	CDP score (climate change)	Maintain B or above
	Scope 1, 2: GHG emissions	Reduce by 32% compared to FY2018
	Scope 3: Avoided emissions and others (value chain)*	Establish a practical measurement method for GHG emissions in the value chain
S: Social	Transform into a culture of competition and challenge, and strive to create an environment where diverse employees can work comfortably and perform well	FY2025: 83 or higher FY2030: 86 or higher
	- Improve Engagement Survey Score (consolidated)	
	Aim for global mobility improvement	
	- Percentage of non-Japanese employees (consolidated) in Global Key Positions (GKP)	FY2025: 30% or higher FY2030: 50% or higher
	Resolve gender pay gap	(1) FY2025: 8% or higher FY2030: 10% or higher
	(1) Percentage of female employees in GKP (consolidated) (2) Percentage of female employees in key positions (non-consolidated)	(2) FY2025: 8% or higher
G: Governance	Cultivate a company culture where employees can work and raise children at the same time regardless of gender	FY2025: 100% (target announced in November 2023)
	- Percentage of male employees taking parental leave (non-consolidated)	
	Promote good performance of employees with special needs	
	- Percentage of employees with special needs (non-consolidated + 4 group affiliates)	FY2025: 2.6% or higher
	Implement necessary measures based on the results of human rights due diligence for suppliers	
	Deepen the performance of the Board of Directors and contributions to G to V: Governance to Value	

* Descriptions of the targets were changed in November 2023.

Based on the Guidance on Avoided Emissions published by WBCSD in March 2023, we added “avoided emissions” and others to the description of the target in the value chain. “Others” include the CO2 equivalent of GHG emissions that our products decompose and process.

Estimated cash allocation over the E-Plan 2025 period (3-year cumulative total)

Item	Description	FY2023 to FY2025 3-year cumulative total
Growth investment	Growth investment based on business portfolio (facilities for increased production, R&D, new business, M&A, etc.)	180.0 to 225.0 billion yen (including R&D expenses of 65 billion yen)
Infrastructure investment	Strengthen non-financial aspect that underpins sustainable growth, etc. (maintenance and renewal of equipment, human capital, IT such as ERP, business infrastructure, ESG investments)	50 to 80 billion yen
Shareholder returns	Dividend policy: Consolidated Dividend Payout Ratio of 35.0% or higher Repurchase of treasury stock: Implement flexibly at appropriate times, carefully considering the level of equity attributable to owners of parent, other investment targets, cash and deposits on hand, stock price trends, business performance trends, and other factors	

[3] Positioning and basic policies by business segment

1. Building Service & Industrial

Positioned as a “growth business,” aim for growth while ensuring profitability

The segment will break away from the cost-competition situation by matching the customer needs from the customer’s real voices with the functions of the Group’s products and services, assembling solutions, and appealing to customers.

2. Energy

Shift to a new “growth business” to respond to changes in customers and society

Based on the megatrend of decarbonization, the segment will grasp the changing needs of customers correctly and make a change with the customers. It will provide solutions that can leverage the Group's strengths through the integration of compressors & turbines and custom pumps.

3. Infrastructure

Positioned as a core business that secures stable revenue, seek efficiency while supporting social infrastructure

Within Japan, the segment will strengthen its product development capabilities in collaboration with manufacturing plants and ensure robust public sector demand without opportunity loss, thereby maintaining a high market share and securing profits. For overseas, it will focus on Southeast Asia and China in particular, provide pump facilities and peripheral technologies instead of undertaking EPC (engineering, procurement, and construction) work entirely, and create new value through engineering technologies.

4. Environmental Solutions

Positioned as a core business that secures stable revenue, seek efficiency while supporting social infrastructure

The segment will strengthen efforts to solidify the foundation of the core business and develop as well as provide the technologies and services demanded by existing and potential customers, while properly grasping changes in the market as a waste resource recycling solution provider based on life cycle assessment.

5. Precision Machinery

Positioned as a "growth business," aim for growth while ensuring profitability

The segment will provide value to customers through total optimization of global by introducing an account system and deliver value through the resolution of requests and issues in customer's processes and utilities. The segment will also deliver value through the resolution of requests and issues in customer's processes and utilities.

[4] Corporate basic policy

The Group will strongly support the organization by target market while ensuring integrated group management. Further, the Group will proceed with upgrading and streamlining the management infrastructure, as it implements advanced ESG-focused management for a sustainable society, improves the recognition of the EBARA brand and its penetration internally and externally, strengthens fundamental technological capabilities to enhance its continued competitiveness, and creates a framework capable of developing new businesses.

[5] Corporate governance

The Board of Directors will continue to supervise and encourage the executive officers to speed up their efforts and reforms to realize E-Vision 2030 and E-Plan 2025, while strengthening and improving corporate governance to further enhance its effectiveness. That makes the Board of Directors contribute to the continued growth and value of the Group.

(Reference)

Long-term Vision: E-Vision 2030 (10-Year Vision)

Over the next 10 years, we aim to further our contributions toward the SDGs through the pursuit of solutions to our identified five material issues to contribute to the creation of a sustainable society while simultaneously increasing the (1) social/environmental value and (2) economic value we generate. We believe this will earn us greater corporate value and recognition as an excellent global company. We have set market capitalization of 1 trillion yen by 2030 as an indicator of our corporate value.

<Representative examples of outcome goals>

(1) Social/Environmental Value

- Reduce GHG emissions by the equivalent of about 100 million tons of CO₂
- Deliver water to 600 million people
- Contribute to smarter living by challenging the 14Å (angstrom, 1/10 billionth of a meter) generation, state-of-the-art semiconductor devices

(2) Economic Value

- ROIC over 10.0%
- ROE over 15.0%
- Roughly 1 trillion yen in revenue

(6) Important Matters Related to the Parent Company and Subsidiaries

1) Matters Related to the Parent Company

None

2) Principal Subsidiaries

Company Name	Location of Head Office	Capital	EBARA Ownership Percentage (%)	Main Lines of Business
EBARA FAN & BLOWER CO., LTD.	Suzuka, Mie	¥445 million	100.0	Manufacture, sale and after-sales service of industrial fans
EBARA REFRIGERATION EQUIPMENT & SYSTEMS CO., LTD.	Ota-ku, Tokyo	¥450 million	100.0	Manufacture, sale, and installation of refrigerators and cooling towers and after-sales service
Elliott Ebara Turbomachinery Corporation	Sodegaura, Chiba	¥450 million	100.0*	Manufacture, sale, and after-sales service of compressors, turbines, and blowers
EBARA DENSAN LTD.	Ota-ku, Tokyo	¥450 million	100.0	Manufacture and sale of electrical machinery and fixtures, and construction work for electrical machinery and instrumentation
Ebara Environmental Plant Co., Ltd.	Ota-ku, Tokyo	¥5,812 million	100.0	Design, construction work, operation, and maintenance of waste processing systems
EBARA FIELD TECH. CORPORATION	Fujisawa, Kanagawa	¥475 million	100.0	Sale of dry vacuum pumps, sale, test operation, and after-sales service of CMP equipment
EBARA REFRIGERATION EQUIPMENT & SYSTEMS (CHINA) CO., LTD.	China	¥1,888 million	100.0*	Manufacture and sale of refrigerators and cooling towers
EBARA BOMBAS AMÉRICA DO SUL LTDA.	Brazil	R\$99,106 thousand	100.0*	Manufacture and sale of submersible motors and pumps for deep wells, and land pump products
Ebara Pumps Europe S.p.A.	Italy	€22,400 thousand	100.0	Manufacture and sale of stainless pumps and metallic mold pumps
Ebara Engineering Singapore Pte.Ltd.	Singapore	S\$6,625 thousand	100.0	Sale and after-sales service for custom pumps and standard pumps; sale and after-sales service for dry vacuum pumps and CMP equipment
Ebara Machinery (China) Co., Ltd.	China	US\$61,938 thousand	100.0*	Manufacture, sale, and after-sales service of standard pumps
Vansan Makina Sanayi ve Ticaret A.Ş.	Turkey	TRY5,350 thousand	100.0	Manufacture and sale of submersible motors and pumps for deep wells, vertical pumps
EBARA HG Holdings Inc.	U.S.A.	CAD22,062 thousand	100.0	Manufacture, sale, and after-sales service of industrial pumps, mixers, and monitoring systems
EBARA GREAT PUMPS CO., LTD.	China	US\$11,000 thousand	51.0*	Manufacture and sale of process pumps and high-pressure pumps
Elliott Company	U.S.A.	US\$1 thousand	100.0*	Manufacture, sale, and after-sales service of air and gas turbo-compressors and steam turbines Manufacture and sale of cryogenic submersible pumps
Elliott Ebara Singapore Pte. Ltd.	Singapore	S\$340 thousand	100.0*	After-sales service of compressors and turbines
EBARA MACHINERY ZIBO CO., LTD.	China	US\$41,000 thousand	100.0*	Manufacture and sale of large-scale pumps and high-pressure pumps
EBARA QINGDAO CO., LTD.	China	¥3,150 million	100.0*	Manufacturing and sale of boilers and heat exchangers
Ebara Precision Machinery Europe GmbH	Germany	€11,145 thousand	100.0	Sale and after-sales service for dry vacuum pumps and CMP equipment
Ebara Precision Machinery Korea Incorporated	Korea	KRW5,410 million	100.0	Sale and after-sales service for dry vacuum pumps and CMP equipment
Ebara Precision Machinery Taiwan Incorporated	Taiwan	TWD330,000 thousand	100.0	Sale and after-sales service for dry vacuum pumps and CMP equipment
SHANGHAI EBARA PRECISION MACHINERY CO., LTD.	China	¥495 million	100.0	Sale and after-sales service for dry vacuum pumps and CMP equipment
Ebara Technologies Incorporated	U.S.A.	US\$44,560 thousand	100.0*	Sale and after-sales service for dry vacuum pumps and CMP equipment

Company Name	Location of Head Office	Capital	EBARA Ownership Percentage (%)	Main Lines of Business
Ebara (China) Co., Ltd.	China	RMB886 million	100.0	Improving capital efficiency, strengthening governance, streamlining corporate operations, and reinforcing the Ebara brand in China

Notes:

1. An asterisk (*) indicates a figure that includes indirect ownership.
2. As of November 28, 2023, the company name of consolidated subsidiary Hayward Gordon Holdings, L.P. was changed to EBARA HG Holdings Inc.
3. Ebara (China) Co., Ltd. was established on August 17, 2023. The company is added to principal subsidiaries from the fiscal year under review as a result of contribution in kind of equity in four companies in December 2023: EBARA REFRIGERATION EQUIPMENT & SYSTEMS (CHINA) CO., LTD., Ebara Machinery (China) Co., Ltd., EBARA GREAT PUMPS CO., LTD. and HEFEI EBARA PRECISION MACHINERY CO.,LTD.

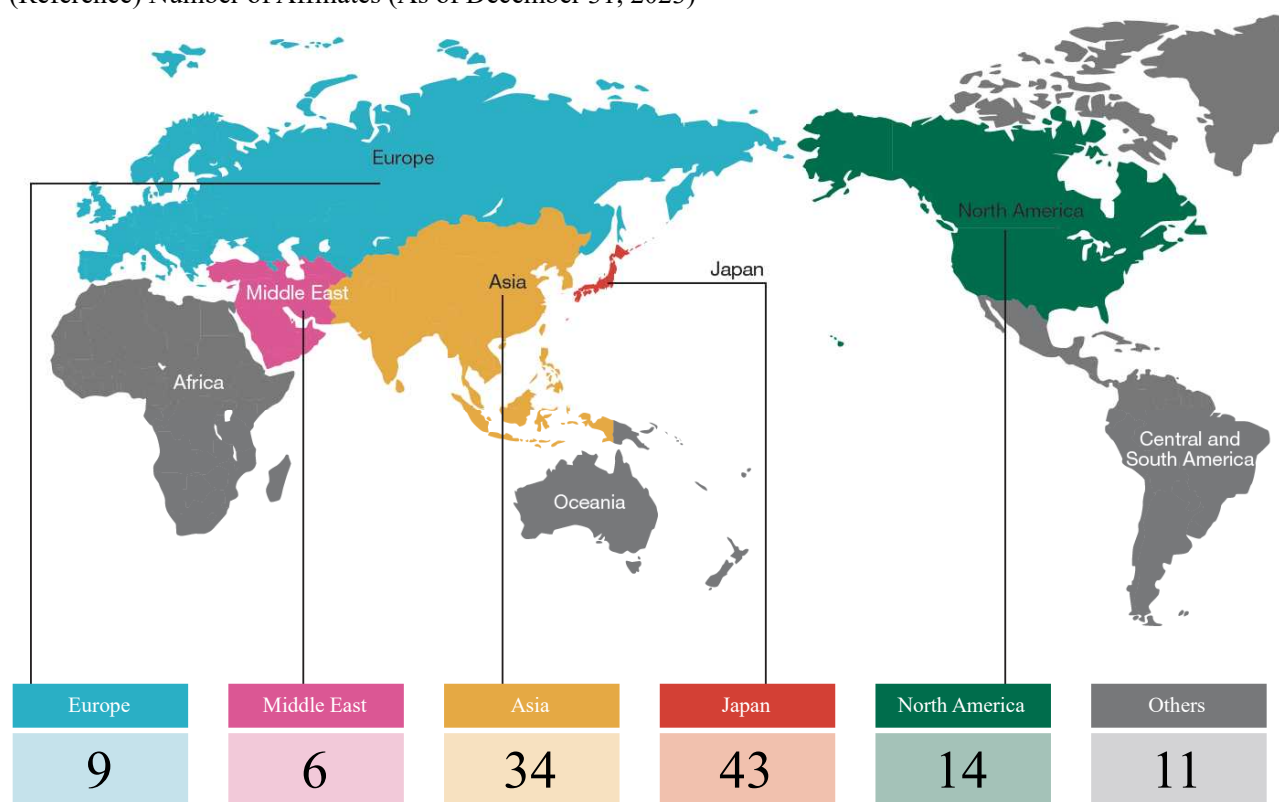
3) Specific Wholly-owned Subsidiaries

None

4) Principal Affiliated Companies

Company Name	Location of Head Office	Capital	EBARA Ownership Percentage (%)	Main Lines of Business
Swing Corporation	Minato-ku, Tokyo	¥5,500 million	33.3	Design, installation, operation, and maintenance of water treatment facilities and environmental and sanitary facilities

(Reference) Number of Affiliates (As of December 31, 2023)



(7) Main Lines of Business (As of December 31, 2023)

Business	Main End-Users Market	Main Items
Building Service & Industrial	Building service, industrial service	Standard pumps, blowers, refrigerators, and cooling towers
Energy	Oil and gas, electric power, and new energy	Custom pumps, compressors, and turbines
Infrastructure	Water infrastructure	Custom pumps and blowers
Environmental Solutions	Treatment of solid waste	Municipal waste incineration plants, industrial waste incineration plants
Precision Machinery	Semiconductor manufacturing	Vacuum pumps, CMP systems, and gas abatement systems

(8) Principal Business Offices and Factories (As of December 31, 2023)**1) EBARA CORPORATION**

Name	Location	Name	Location
Head Office	Ota-ku, Tokyo	Futtsu District	Futtsu, Chiba
Hokkaido Branch	Shiroishi-ku, Sapporo	Fujisawa District	Fujisawa, Kanagawa
Muroran Office	Muroran, Hokkaido	Chubu Branch	Nishi-ku, Nagoya
Tohoku Branch	Miyagino-ku, Sendai	Suzuka District	Suzuka, Mie
Hokuriku Branch	Chuo-ku, Niigata	Osaka Branch	Kita-ku, Osaka
Haneda Office	Ota-ku, Tokyo	Chugoku Branch	Nishi-ku, Hiroshima
Tokyo Branch	Ota-ku, Tokyo	Kyushu Branch	Hakata-ku, Fukuoka
Kitakanto Branch	Kita-ku, Saitama	Kumamoto District	Tamana-gun, Kumamoto
Sodegaura District	Sodegaura, Chiba		

2) Principal Subsidiaries

See “(6) Important Matters Related to the Parent Company and Subsidiaries 2) Principal Subsidiaries” above.

3) Principal Affiliated Companies

See “(6) Important Matters Related to the Parent Company and Subsidiaries 4) Principal Affiliated Companies” above.

(9) Employees by Business Segment (As of December 31, 2023)

Business Segment	Number of Employees	Change from the end of Previous Fiscal Year
Building Service & Industrial	7,490	+70
Energy	3,259	+30
Infrastructure	1,555	+62
Environmental Solutions	2,755	+28
Precision Machinery	3,374	+223
Corporate Departments, etc.	1,196	+121
Total	19,629	+534

(10) Principal Lenders (As of December 31, 2023)

Principal Lenders to the Group	Outstanding Loans (Millions of yen)
Mizuho Bank, Ltd.	25,935
MUFG Bank, Ltd.	19,070
Development Bank of Japan Inc.	11,000
Sumitomo Mitsui Banking Corporation	4,438
The Shoko Chukin Bank, Ltd.	3,500
Sumitomo Mitsui Trust Bank, Limited	3,408

Note: Apart from the above, a syndicated loan (total ¥20,000 million) exists.

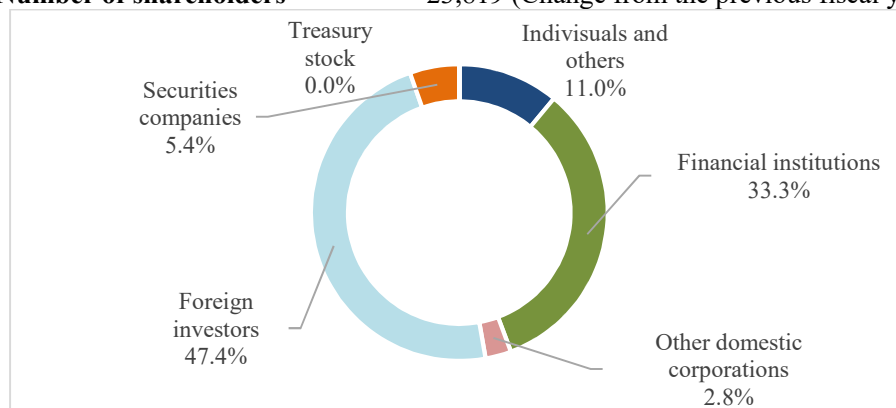
(11) Other Important Matters Related to the Condition of the Corporate Group

On October 23, 2015, a fire broke out at the bulky waste treatment facility at the Gifu City Eastern Clean Center, which is located in the Akutami section of Gifu City in Gifu Prefecture, when Ebara Environmental Plant Co., Ltd. (“EEP”), the Company’s consolidated subsidiary, was making repairs on the facility. EEP is responsible for the operation and management of a waste incinerating facility that is located adjacent to the bulky waste treatment facility where the fire occurred. Regarding this incident, while the Company had been discussing with Gifu City the compensation for related damages, a lawsuit against EEP was filed by Gifu City at the Gifu District Court on January 31, 2019 claiming compensation for damages of ¥4,362 million and late charges for such compensation. Afterwards, Gifu City amended its amount of the compensation claim for damages to ¥4,474 million and late charges for such compensation on July 22, 2019 (received on July 25, 2019). On July 17, 2020, the amount of the compensation claim for damages was amended to ¥4,582 million and late charges for such compensation (received on July 20, 2020), and on August 10, 2021, the compensation claim for damages was amended to ¥4,692 million and late charges for such compensation (received on August 25, 2021). On May 31, 2023, the Gifu District Court rendered a judgment ordering EEP to pay ¥748 million and late charges at the rate of 5% per annum from October 23, 2015 until the payment has been made, and judgment rejecting Gifu City’s remaining claims. On June 12, 2023, EEP filed an appeal to the Nagoya High Court against the part of the judgment that allowed the claim of Gifu City and the part that did not allow the claim of EEP. At this time, it is not possible to make a reasonable estimate of the effect of this incident on the Group’s consolidated financial results.

2. Shares of the Company (As of December 31, 2023)

(1) Matters Related to Shares Issued by the Company

- 1) **Number of shares authorized** 200,000,000 shares
- 2) **Total number of shares issued** 92,349,082 shares
(Change from the previous fiscal year: +263,067 shares)
(Including 26,531 shares of treasury stock)
- 3) **Paid-in capital** ¥80,489,309,843
(Change from the previous fiscal year: +¥685,063,910)
- 4) **Number of shareholders** 23,819 (Change from the previous fiscal year: -3,766)



5) Principal shareholders

Name of Shareholder	Number of Shares Held (thousand shares)	Percentage against Total Shares Issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	17,055	18.5
Ichigo Trust Pte. Ltd.	9,890	10.7
Custody Bank of Japan, Ltd. (Trust Account)	7,230	7.8
BNYM AS AGT/CLTS NON TREATY JASDEC	3,036	3.3
JP MORGAN CHACE BANK 385781	1,534	1.7
SMBC Nikko Securities Inc.	1,377	1.5
SSBTC CLIENT OMNIBUS ACCOUNT	1,260	1.4
STATE STREET BANK WEST CLIENT – TREATY 505234	1,147	1.2
Nippon Life Insurance Company	1,018	1.1
The Ebara Hatakeyama Memorial Foundation	988	1.1

Note: Treasury shares are eliminated from total number of shares issued in calculating the percentage.

6) Shares issued as compensation, etc. to Corporate Officers during the fiscal year under review

In the meeting of the Compensation Committee held on March 8, 2018, a resolution was passed to introduce a restricted share-based compensation system and a performance-linked share-based compensation system as compensation systems aimed at providing medium- to long-term incentives and sharing of shareholder value to the Company's Directors, Executive Officers, and some employees, and Directors and some employees of the Company's subsidiaries.

A. Issuance of restricted shares

The Company resolved in the meeting of the Board of Directors held on April 11, 2023 to issue new shares as restricted share-based compensation and issued 35,667 common shares on May 10, 2023. Based on this, the capital and legal capital surplus each increased by ¥104,504,310. Numbers of allotted restricted shares to Directors and Executives of the Company is as follows.

Type of Corporate Officer	Number of allotted people	Number of allotted shares
Directors (excluding Independent Directors)	2	5,159 shares
Independent Directors	8	4,912 shares
Executive Officers	13	13,642 shares

Note:

The number of allotted people who concurrently serve as a Director and an Executive Officer (1 person) is written in the column of the number of allotted people for Executive Officers.

B. Issuance of performance-linked shares

The Company resolved in the meeting of the Board of Directors held on April 11, 2023 to issue new shares as performance-linked share-based compensation and issued 177,200 common shares on May 10, 2023. Based on this, the capital and legal capital surplus each increased by ¥519,196,000.

In this performance-linked share-based compensation system, the evaluation period for performance-linked share-based compensation is the same as the period of the Company's Medium-term Management Plan. A number of common shares of the Company equivalent to a variable standard compensation amount, which is calculated based on the position of the eligible officer or employee and adjusted in accordance with the level of achievement, in the final year of the medium-term management plan, in a performance indicator specified in advance by the Compensation Committee, are issued or disposed of. Eligible officers and employees must have been employed by the Company for the three fiscal years of the Medium-term Management Plan E-Plan 2022 (from January 2020 to December 2022), which constitute the evaluation period. For this reason, eligible officers and employees who resigned or retired during the evaluation period will also be allotted a number of shares in proportion to their performance during their service at the Company. The number of performance-linked shares allotted to Directors and Executive Officers of the Company is as follows.

Type of Corporate Officer	Number of allotted people	Number of allotted shares
Directors (excluding Independent Directors)	2	2,500 shares
Executive Officers	13	69,100 shares

(Note) The number of allotted people who concurrently serve as a Director and an Executive Officer (1 person) is written in the column of the number of allotted people for Executive Officers.

7) Important notes on other shareholdings

Issuance of new shares through exercise of subscription rights to shares

The total number of issued shares increased by 50,200 shares and capital and legal capital surplus increased by ¥61,363,600 each as a result of the exercise of subscription rights to shares during the fiscal year under review.

(2) Matters Related to Shares Owned by the Company

1) Policy on cross-shareholdings

In principle, the Company does not own cross-shareholdings. However, the Company may hold shares of other companies as cross-shareholdings only when the Company determines partnerships with investees through such shareholdings will contribute to the enhancement of the Group's corporate value.

Furthermore, the Board of Directors periodically reviews the rationality of holding these cross-shareholdings and has a policy of dissolving shareholdings that are no longer rational, by disposal or other means.

[Confirming rationality of shareholdings]

- A. The partnership with the investee is important, and it is necessary to maintain this relationship.
- B. The returns and risks associated with the shareholding match the capital cost.

2) Standard for the exercise of voting rights in cross-shareholdings

The Company exercises its voting rights in cross-shareholdings, subject to consideration of the pros and cons of individual proposals to determine whether they contribute to the medium- to long-term enhancement of the corporate value of the Group and investees. In such a case, the Company consults with investees as necessary with emphasis on the following matters:

- A. Amendments to the Articles of Incorporation
- B. Election of Directors, etc.
- C. Takeover Defense Measures
- D. Appropriation of Surplus

3) Number of issues and total amount on the non-consolidated balance sheet of shares held by the Company not for purely investment purposes

Item \ Fiscal Year (FY)	156th Period (FY ended December 31, 2020)	157th Period (FY ended December 31, 2021)	158th Period (FY ended December 31, 2022)	159th Period (FY ended December 31, 2023) (FY under review)
Number of issues	39 issues	32 issues	27 issues	23 issues
Number of issues of listed companies	0 issue	0 issue	0 issue	0 issue
Amount on the balance sheet (Millions of yen)	4,918	1,845	1,881	2,265
[Breakdown] Amount of listed companies (Millions of yen)	-	-	-	-

3. Subscription Rights to Shares, etc. of the Company

(1) Subscription rights to shares issued in compensation for the execution of duties and held by the Company's Corporate Officers who were in office at the end of the fiscal year (As of December 31, 2023)

Name (Date of issuance)	Conditional upon the achievement of results	Subscription rights to shares held by Corporate Officers			Class and number of shares purchasable with rights	Amount to be paid upon exercise of rights	Period during which rights may be exercised
		Directors (excluding Independent Directors)	Independent Directors	Executive Officers			
3rd Subscription Rights to Shares (September 27, 2011)	Yes	60 (1 person)		19 (1 person)	Common stock of the Company 15,800 shares	¥1.00 per share	July 1, 2014 to June 30, 2026
5th Subscription Rights to Shares (October 1, 2013)	Yes	25 (1 person)		0 (0 person)	Common stock of the Company 5,000 shares	¥1.00 per share	July 1, 2014 to June 30, 2026
6th Subscription Rights to Shares (October 1, 2014)	Yes	96 (1 person)		40 (2 persons)	Common stock of the Company 27,200 shares	¥1.00 per share	July 1, 2017 to June 30, 2029
7th Subscription Rights to Shares (October 1, 2015)	Yes	6 (1 person)		8 (1 person)	Common stock of the Company 2,800 shares	¥1.00 per share	July 1, 2017 to June 30, 2029
	No	0 (0 person)	0 (0 person)				October 1, 2018 to June 30, 2029
9th Subscription Rights to Shares (October 1, 2017)	Yes	48 (1 person)		22 (2 persons)	Common stock of the Company 7,000 shares	¥1.00 per share	April 1, 2020 to March 31, 2032
	No	0 (0 person)	0 (0 person)				October 1, 2020 to March 31, 2032

Note:

- Subscription rights to shares held by Directors and Executive Officers include those issued while they served as Senior Officers. Furthermore, the portion held by Executive Officers concurrently serving as Directors is listed in the section on Executive Officers.
- On October 1, 2016, the Company implemented a consolidation of shares at a ratio of one share for every five common shares. In association with this, the class and number of shares purchasable with the 3rd, 5th, 6th, and 7th Subscription Rights to Shares have been 200 shares per subscription right, and the class and number of shares purchasable with the 9th Subscription Rights to Shares is 100 shares per subscription right.
- Holders of the subscription rights to shares can exercise the rights during the period in which they serve as Directors, Executive Officers, and/or Officers of the Company or subsidiaries of the Company, or within five years after their retirement.

(2) Subscription rights to shares issued to the Company's employees and the Corporate Officers and employees of the Company's subsidiaries in compensation for the execution of their duties during the fiscal year

None

(3) Other matters related to subscription rights to shares, etc.

None

4. Corporate Officers

(1) The Company's Corporate Governance

1) Basic views on corporate governance

The Company has established the “EBARA Way,” composed of its “Founding Spirit,” “Corporate Philosophy,” and “EBARA Group CSR Policy” as the EBARA Group’s identity and set of values to be shared across the Group. Under the EBARA Way, the Company upholds the enhancement of corporate value and shareholder return through sustainable business development as its most important management objectives. To achieve such objectives, the Company pursues the best possible corporate governance structure and strives for its further enhancement at all times.

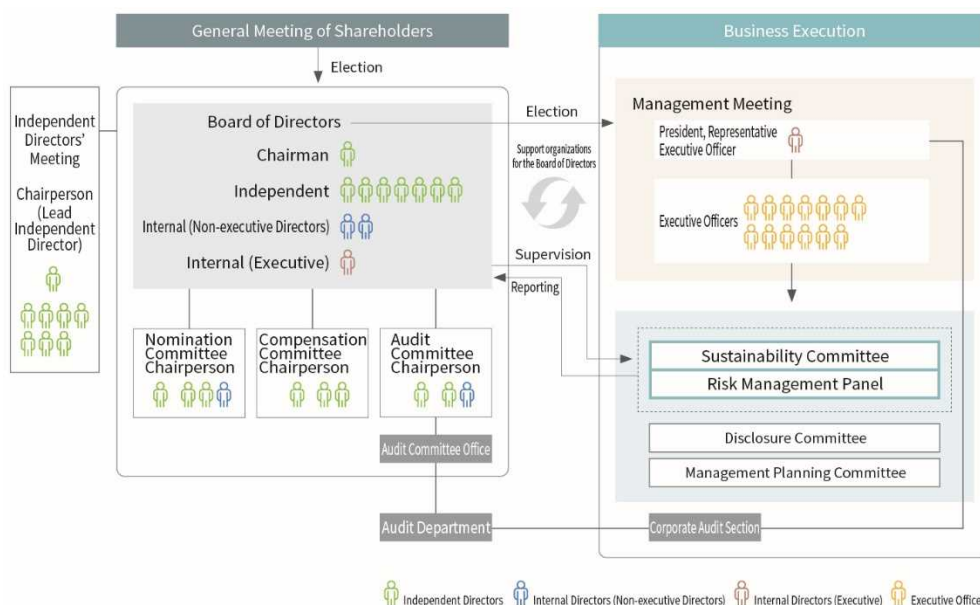
The Company has established the “EBARA Corporate Governance Basic Policy” and is committed to enhancing corporate governance based on the following basic views:

- a. The Company respects shareholders’ rights and fosters an environment for shareholders to effectively exercise their rights while ensuring equality among shareholders. The Company engages in constructive dialogue with shareholders and investors on the basis of a separately formulated “IR Basic Policy,” with a view to contributing to sustainable growth and the medium- to long-term enhancement of corporate value.
- b. The Company strives to appropriately cooperate with various stakeholders, including shareholders, customers, business partners, creditors, employees, and local communities. The Company also strives to develop a corporate culture and climate in which such stakeholders’ rights and viewpoints are respected, and business is effectively executed.
- c. The Company strives to ensure management transparency through adequate disclosure of its corporate information.
- d. The Company has developed a governance system comprising mainly Non-executive Directors, including Independent Directors* who play important roles. The Company has adopted the organizational form of a “Company with Three Committees,” with the Nomination Committee, the Compensation Committee, and the Audit Committee as statutory committees under the Board of Directors, with a view to achieving clear separation between supervision and execution in management.
- e. The Company strives to enhance the effectiveness of the Board of Directors, etc. by clarifying the roles expected of each Director and the qualities and abilities required, and utilizing these in selecting candidates, training directors, etc.

* Independent Directors: Independent Directors that satisfy the Company’s independence standards and for which notification as independent officers has been submitted to the Tokyo Stock Exchange. All of the Company’s Independent Directors are registered as independent directors.

2) Roles and composition of each organ

The corporate governance framework as of December 31, 2023, is shown below.



a. Supervision

(a) Board of Directors

The Board of Directors shall make its best effort to realize the mission it has been entrusted by the shareholders to “continuously improve corporate value” while giving the greatest consideration possible within reasonable extent to the positions of all stakeholders. The Board of Directors establishes the Basic Management Policy for the long-term business environment so that the Group can enhance its corporate value. To achieve this goal, the Board of Directors strives to improve its social and environmental values through the sophisticated ESG-based management and continuous contribution to solving social issues, including SDGs, through its business. For the same reason, the Board of Directors also makes best efforts to improve its economic value by the ROIC-based management and portfolio-based management at the same time. Furthermore, the Board of Directors exercises its leadership based on the perspective of developing an environment in which management can take bold action to prevent the loss of business opportunities (offensive posture), in addition to the perspective of developing an environment that incorporates controls for preventing scandals (defensive posture). The Company has adopted the organizational form of a “Company with a Nomination Committee, etc.,” under which authority and responsibility for business execution can be delegated to Executive Officers to achieve clear separation between supervision and business execution in management. It has also minimized the number of Directors serving concurrently as Executive Officers and makes effective use of Non-executive Directors (Independent Directors and Inside Directors who do not serve concurrently as Executive Officers). The composition of the Board of Directors is structured so that Independent Directors make up more than half of the number of all Directors, and the Chairperson of the Board of Directors is an Independent Director.

As of December 31, 2023, the Board of Directors comprises 11 Directors, 10 of whom are Non-executive Directors (eight of whom, including three women, are Independent Directors). The Chairperson of the Board of Directors is Hiroshi Oeda, an Independent Director. 14 meetings were held in the fiscal year under review.

<Issues discussed during the fiscal year under review>

- Progress monitoring and follow-up of long-term vision and Medium-term Management Plan
- Examining the effects and challenges after the transition to an organization by target market
- Response to and consideration of sustainability-related medium- to long-term issues and ESG-based management (human resource development, diversity, equity & inclusion (DE&I), human rights due diligence (DD) in the supply chain, carbon neutrality, measures for information disclosure based on TCFD recommendations, etc.)
- Examining the effects and issues of advanced and efficient management infrastructure (effects and issues of CxO system, measures to strengthen Group governance, introduction of ERP, implementation of global HCM (human capital management), etc.)
- Development of new businesses and company-wide marketing activities

- Establishment of annual management plan and setting KPIs for each Business Division
- Evaluation of effectiveness of the Board of Directors and its follow-up

(b) Nomination Committee

The Nomination Committee is primarily responsible for establishing a policy for election and dismissal and a succession plan for the President and Representative Executive Officer, in addition to deciding on proposals for the General Meeting of Shareholders with regard to the election and dismissal of Directors, and making recommendations to the Board of Directors with regard to the election and dismissal of the President and Representative Executive Officer, the election and dismissal of Executive Officers, appointment and dismissal of Directors with special titles, appointment and dismissal of the Chairperson of the Board of Directors and a Non-executive Inside Director to assist the Chairperson, and the appointment and dismissal of members and the Chairperson of each of the Nomination Committee, Compensation Committee, and Audit Committee. The Nomination Committee is comprised only of Non-executive Directors, with a majority of Independent Directors, and the Chairperson is also an Independent Director, in principle. The Chairperson is decided by the Board of Directors.

As of December 31, 2023, the Nomination Committee comprises three Independent Directors (Hiroshi Oeda, Hajime Sawabe, and Teiji Koge) and one Non-executive Inside Director (Toichi Maeda). Chairperson of the Nomination Committee is Hajime Sawabe, an Independent Director. 17 meetings were held in the fiscal year under review.

<Issues discussed during the fiscal year under review>

- Implementation and monitoring of programs to train and select managers
- Succession planning of Directors
- Deliberation on candidates for Directors
- Deliberation on candidates for Executive Officers

(c) Compensation Committee

The Compensation Committee strives to achieve sustainable growth and to increase corporate value over the medium- to long-term through compensation, by encouraging the Executive Officers to conduct business execution in accordance with the management philosophy and management strategies and by fostering human resources and cultivating a culture by strongly motivating them to achieve challenging management targets with appropriately controlled risks, and by establishing a compensation system and standards that reflect the roles of the Directors defined in the policy, including supervision of the business execution. The Compensation Committee comprises only Non-executive Directors, and the majority is made up of Independent Directors. The Chairperson is also an Independent Director, in principle. The Chairperson is decided by the Board of Directors.

As of December 31, 2023, the Compensation Committee comprises three Non-executive Directors (Mie Fujimoto, Junko Nishiyama, and Takuya Shimamura), all of whom are Independent Directors. Chairperson of the Compensation Committee is Mie Fujimoto, an Independent Director. 14 meetings were held in the fiscal year under review.

<Issues discussed during the fiscal year under review>

- Compensation system for Directors and Executive Officers
- Individual compensation for Directors and Executive Officers
- Short-term performance-linked compensation based on performance evaluation results for Executive Officers
- Review of long-term incentives in E-Plan 2025
- Disclosure of officers' compensation
- Review of new ESG indicators in short-term performance-linked compensation

(d) Audit Committee

The Audit Committee strives to establish a high-quality corporate governance system that responds to social trust by serving as a part of the Board of Directors' supervisory function and properly auditing execution of duties of the Executive Officers and Directors, and by considering the interests of various stakeholders from an enterprise perspective and a business group perspective, collaborating with these stakeholders, realizing sound and sustainable growth and the creation of corporate value over the medium- to long-term. The Audit Committee sets out basic policies and plans of audits based on the progress of the development of internal control systems, including risk management, in an effort to carry out efficient and effective audits through close coordination with the Internal Audit Division. The Company establishes a supporting system for the Audit Committee to enable the Committee to appropriately fulfill its roles and functions. The Audit Committee

comprises only Non-executive Directors with a majority of Independent Directors, and the Chairperson is also an Independent Director, in principle, to ensure independence of audits. The Chairperson is decided by the Board of Directors. In addition, although the Companies Act does not require a full-time Audit Committee member, a Non-executive Inside Director is serving as a full-time member of the Audit Committee of the Company. The full-time Audit Committee member collects high-quality information within the Group through his sophisticated information gathering capabilities and shares the information with other Audit Committee members who are external Independent Directors. He also plays an important role in utilizing the internal control system and collaborating with Independent Auditors and departments in charge of internal control, etc., to ensure effective audits.

As of December 31, 2023, the Audit Committee comprises two Independent Directors (Hisae Kitayama and Tsuyoshi Numagami) and one Non-executive Inside Director (Akihiko Nagamine). Chairperson of the Audit Committee is Hisae Kitayama, an Independent Director. Members of the Audit Committee include external member Hisae Kitayama, a certified public accountant; external member Tsuyoshi Numagami, who holds the position of Professor, Institute for Business and Finance, Waseda University; and full-time member Akihiko Nagamine, who has held the position of Division Executive of Finance & Corporate Accounting Division of the Company. All of them have considerable knowledge of finance and accounting. 23 meetings were held in the fiscal year under review.

<Issues discussed during the fiscal year under review>

- Audit of Executive Officers' business execution and legal compliance systems
- Audit of the status of development and operation of group internal controls pertaining to the Companies Act and the Financial Instruments and Exchange Act
- Establishment of a three-pillar audit system through coordination with the Independent Auditors and the Internal Audit Division
- Establishment of the operation of the International Financial Reporting Standards (IFRS) and appropriateness of the accounting treatment of important accounting matters
- Status of development of governance system for business execution of five-company system by target market, and progress of the Medium-term Management Plan E-Plan 2025
- Development and operation status of governance and internal controls of subsidiaries, including small-scale overseas sites and M&A targets; and the development and operation status of reporting lines between parent and subsidiary companies and between a Business Division and corporation, including a new cross-divisional function (CxO system)
- Inspection of the establishment and operation status of the Internal Reporting Desk, and ensuring effectiveness in responding to reported matters

(e) Independent Directors' Meeting

The Independent Directors' Meeting, comprising only Independent Directors, has been established as a venue for Independent Directors to freely discuss matters required for obtaining sufficient information to fulfill their responsibilities and for sharing awareness of issues. The Chief Independent Director, who is elected by vote of the members, serves as Chairperson of the meeting.

As of December 31, 2023, Chief Independent Director is Hajime Sawabe. 13 meetings were held in the fiscal year under review.

<Issues discussed during the fiscal year under review>

- Advance sharing of Board of Directors agenda items
- Follow-up of evaluation of the effectiveness of the Board of Directors and initiatives for the next fiscal year
- Progress monitoring of long-term vision and Medium-term Management Plan
- Examining the effects and challenges of transition to an organization by target market (strategies for increasing overseas market share, etc.)
- Discussion of sustainability issues (personnel system and status of promoting women's empowerment)

b. Execution of Business

(a) Management Meeting

The Management Meeting made up of all Executive Officers is in place as a business execution meeting structure for deliberation necessary for facilitating decision making by the President and Representative Executive Officer about important matters concerning the execution of business in management. Executive Officers actively express opinions and discuss not only the scope of duties

delegated by the Board of Directors but also all matters for deliberation in the Management Meeting from the perspective of optimization for the Group as a whole based on their own experience and knowledge. The Management Meeting is held every month. 12 meetings were held in the fiscal year under review.

(b) Management Planning Committee

In order to specifically implement the Medium-term Management Plan each year, a Management Planning Committee chaired by the President and Representative Executive Officer and made up of all Executive Officers has been established as a business execution meeting structure for deliberating, determining, and following up on the budgets and management issue action plans of each organization every year. After phased deliberation for each business unit, the Management Planning Committee determines the budgets and management issue action plans to clarify the responsibilities of divisions and promote management efficiency. The Management Planning Committee reviews the progress of the annual consolidated management plans on a quarterly basis. Four meetings were held in the fiscal year under review.

(c) Sustainability Committee

The Sustainability Committee has been operated to discuss policies of businesses and supporting activities, and decide on key performance indicators (KPIs) and targets, as well as verify outcomes, so that the EBARA Group may contribute to building a sustainable society and environment through business activities and continue to raise its corporate value. The Sustainability Committee is chaired by the President and Representative Executive Officer and includes Executive Officers as members, and external experts on sustainability management participate as advisors. Furthermore, Non-executive Directors are encouraged to attend meetings of the committee to exhibit supervisory functions contributing to the objectives of the Sustainability Committee, and Non-executive Directors provide advice and the like as necessary. The Sustainability Committee reports its deliberations to the Board of Directors, and the Board of Directors establishes a system enabling it to exhibit supervisory functions by accurately grasping information. The Sustainability Committee periodically holds meetings once every quarter, and four meetings were held in the fiscal year under review.

(d) Risk Management Panel

The Risk Management Panel (hereinafter referred to as “RMP”) is in place as a body responsible for coordinating risk management activities while carrying out deliberation, guidance for improvement, and support. The RMP is chaired by the President and Representative Executive Officer, and made up of all Executive Officers. Furthermore, Non-executive Directors sit on the panel for exhibiting supervisory functions in risk management and providing advice and the like as necessary. The RMP reports its deliberations to the Board of Directors, and the Board of Directors establishes a system enabling it to exhibit supervisory functions by accurately grasping information. In addition to quarterly meetings, RMP meetings are held as required. Nine meetings were held in the fiscal year under review.

(e) Disclosure Committee

The Disclosure Committee has been established as a companywide organization to provide fair, timely, and appropriate disclosure of corporate information such as the occurrence of incidents, decisions, and financial information pertaining to the EBARA Group as a whole. The Disclosure Committee collects without omission corporate information subject to determining whether or not to be disclosed and discusses whether to disclose the information, disclosed contents thereof, and the timing of the disclosure, and discloses the contents after the President and Representative Executive Officer approves them. 10 meetings were held in the fiscal year under review.

3) Process of electing and dismissing President and Representative Executive Officer, and successor plan

The Company positions the establishment and implementation of criteria and policies on the election and dismissal of the President and Representative Executive Officer, who plays a central role in management, as one of the most important strategic decisions for the Company.

[Process of Electing and Dismissing President and Representative Executive Officer]

The election of the President and Representative Executive Officer is determined by the Board of Directors after the Nomination Committee presents final candidates to the Board of Directors based on the election criteria and policies for the President Representative Executive Officer established by the Nomination Committee. The Nomination Committee checks the adequacy of the current President and Representative Executive Officer concerning the necessary qualifications of the President and

Representative Executive Officer specified in the successor plan, periodically and as needed, and makes recommendations to the Board of Directors on the successor of the President and Representative Executive Officer based on the successor plan when the President and Representative Executive Officer is retiring. Furthermore, the Board of Directors has established an independent and objective process for discussing the pros and cons of dismissing the President and Representative Executive Officer in the event it is found that the President and Representative Executive Officer is not adequately functioning, based on an appropriate evaluation of factors such as the Company's performance. Specifically, if single-year consolidated results do not satisfy the criteria established by the Nomination Committee for three consecutive fiscal years when the Nomination Committee periodically checks the adequacy of the current President and Representative Executive Officer, the Nomination Committee proposes to the Board of Directors it would not recommend the reappointment of the current President and Representative Executive Officer, and the Board of Directors discusses the pros and cons of dismissal.

[Successor Plan for the President and Representative Executive Officer]

In order to appoint the next President and Representative Executive Officer for engaging in the realization of the Company's management strategy and putting the vision of growth on track, mainly the Nomination Committee establishes a succession plan for the President and Representative Executive Officer, establishes programs for the continued and deliberate development of candidates with the aptitude to serve in management, and works to ensure there is a system enabling the recommendation of appropriate personnel at any time. The Nomination Committee identifies the abilities, qualities (potential), experience, knowledge, and skills required of the President as the Ebara style of an "ideal manager" based on the succession plan, establishes the specific methods and criteria for determining these, selects candidates from a broad age group, develops them, and actively checks the status of development.

4) **Policy on training for Directors**

As part of the establishment of an environment for ensuring that the Board of Directors functions effectively, the Company offers opportunities for newly elected Directors to obtain knowledge of, and insight into, the subjects necessary to perform their responsibilities as Directors, including finance, legal affairs, and corporate governance, prior to or immediately after their election. In an effort to promote understanding of the Group, the Company offers opportunities as appropriate for newly elected Independent Outside Directors to gain knowledge of and insight into important matters such as the Group's management strategies, financial position, and management issues, through a briefing by Executive Officers, etc. in charge of respective areas, and inspection tours, etc., at the Group's business sites. Furthermore, the Company strives to provide Directors with opportunities for adequate training after their election as appropriate, including lectures by external experts.

<Results in FY2023>

- March 2023: Orientation for newly elected Directors
- July 2023: On-site visits to major domestic bases (Futtsu Plant, and Sodegaura Plant)
- October 2023: On-site visits to major domestic bases (Kumamoto Plant)

5) **Initiatives to enhance the effectiveness of the Board of Directors**

A. Purpose of the Evaluation of the Effectiveness of the Board of Directors

The Company pursues the best possible corporate governance structure and strives for its further enhancement at all times. As the Company transitioned to a company with three committees (Nomination, Compensation, and Audit) in FY2015, the Board of Directors conducts an annual evaluation of its own effectiveness to review how the Board of Directors contributes to the effective functioning of corporate governance, to identify issues, and to seek improvements. An overview of the results is then disclosed. In annual assessment, an examination of the state of improvement of matters recognized as issues in the previous fiscal year is carried out, and the next issues are identified based on the results in a continuous PDCA cycle for governance reform.

B. Evaluation of the Effectiveness of the Board of Directors (FY2023)

(a) Process of evaluation

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.

(b) Overview of the results of 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.

(c) 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

See the Company's website at the following address for the entire text of the "Evaluation of the Effectiveness of the Board of Directors (FY2023)."

<https://www.ebara.co.jp/en/ir/governance/information/Corporate-Governance-Library.html>

(2) Names and other information on Directors and Executive Officers (As of December 31, 2023)**1) Directors**

Name	Position	Assignment and important concurrent positions
Toichi Maeda	Chairman, Board of Directors	Member of the Nomination Committee
Masao Asami	Director, Representative Executive Officer	President, CEO & COO
Hajime Sawabe	Director	Lead Independent Director Chairperson of the Nomination Committee Adviser to the Executive Board, Value Creation 21 Outside Director, TV TOKYO Holdings
Hiroshi Oeda	Director	Chairperson of the Board of Directors Member of the Nomination Committee Corporate Special Adviser, Nisshin Seifun Group Inc. Outside Director, SEKISUI CHEMICAL CO., LTD. President, Hitotsubashi University Koenkai Outside Director, Japan Post Holdings Co., Ltd.
Junko Nishiyama	Director	Member of the Compensation Committee Outside Corporate Auditor, Toda Corporation
Mie Fujimoto	Director	Chairperson of the Compensation Committee Attorney at law Partner, TMI Associates Outside Audit & Supervisory Board Member, Tokyo Broadcasting System Holdings, Inc. (Audit & Supervisory Board Member, Tokyo Broadcasting System Television, Inc.)
Hisae Kitayama	Director	Chairperson of the Audit Committee Certified Public Accountant Outside Director, Tsubakimoto Chain Co. Outside Audit & Supervisory Board Member, Daicel Corporation Specially Appointed Professor, Graduate School of UNIVERSITY OF HYOGO Representative, Kitayama Public Accounting Office
Akihiko Nagamine	Director	Member of the Audit Committee (Full-Time Member)
Takuya Shimamura	Director	Member of the Compensation Committee Director and Chair, AGC Inc. Outside Audit & Supervisory Board Member, JFE Holdings, Inc.
Teiji Koge	Director	Member of the Nomination Committee Director and Chair, SEKISUI CHEMICAL CO., LTD.
Tsuyoshi Numagami	Director	Member of the Audit Committee Outside Audit & Supervisory Board Member, JFE Holdings, Inc. External Director, Tokyo Century Corporation Professor Emeritus, Hitotsubashi University Professor, Institute for Business and Finance, Waseda University

Notes:

- Eight Directors, Hajime Sawabe, Hiroshi Oeda, Junko Nishiyama, Mie Fujimoto, Hisae Kitayama, Takuya Shimamura, Teiji Koge, and Tsuyoshi Numagami, are Independent Directors as stipulated in Article 2, item 15 of the Companies Act.
- Eight Directors, Hajime Sawabe, Hiroshi Oeda, Junko Nishiyama, Mie Fujimoto, Hisae Kitayama, Takuya Shimamura, Teiji Koge, and Tsuyoshi Numagami, satisfy the qualifications for Independent Directors stipulated by the Tokyo Stock Exchange. The Company has filed notification to the Tokyo Stock Exchange for appointing those eight members as its Independent Directors.
- Members of the Audit Committee include Hisae Kitayama, a certified public accountant, and Tsuyoshi Numagami, who holds the position of Professor, Institute for Business and Finance, Waseda University. Akihiko Nagamine, a full-time member of the Audit Committee, has held the position of Division Executive of the Finance & Corporate Accounting Division of the Company and has respectable knowledge in finance and accounting.
- Directors Teiji Koge and Tsuyoshi Numagami were both newly elected at the 158th Ordinary General Meeting of Shareholders held on March 29, 2023, and assumed their positions thereafter.
- Director Masahiro Hashimoto completed his term of office at the end of the 158th Ordinary General Meeting of Shareholders held on March 29, 2023, and retired from his position.
- The Company has no special relationship with the organizations at which the Independent Directors hold

important concurrent positions.

7. In order to improve the effectiveness of the activities of the Audit Committee, the Company has elected Non-executive Director Akihiko Nagamine from within the Company as a full-time member of the Audit Committee, due to the need for continuously and effectively gathering information from executive management by a Director familiar with the Company's internal controls, receiving reports from the Internal Audit Division, understanding information from audits of subsidiaries, and attending various meetings.

2) Executive Officers

Name	Position	Assignment and important concurrent positions
Masao Asami	Representative Executive Officer	President, CEO & COO
Shu Nagata	Executive Officer	President, Building Service & Industrial Company
Takanobu Miyaki	Executive Officer	President, Energy Company Chairman, EBARA GREAT PUMPS CO., LTD. Chairman & CEO, Elliott Group Holdings, Inc. CEO, Elliott Company
Teruyuki Ota	Executive Officer	President, Infrastructure Company
Hideki Yamada	Executive Officer	President, Environmental Solutions Company President and Representative Director, EBARA Environmental Plant Co., Ltd. Director, Swing Corporation
Tetsuji Togawa	Executive Officer	President, Precision Machinery Company
Masao Hodai	Executive Officer	Chief Operating Officer, Precision Machinery Company
Isao Nambu	Executive Officer	Division Executive, Equipment Division, Precision Machinery Company
Seiichi Tsuyuki	Executive Officer	Division Executive, Components Division, Precision Machinery Company
Shugo Hosoda	Executive Officer	Division Executive, Corporate Strategic Planning, Finance and Accounting Division & CFO
Yoji Sato	Executive Officer	Division Executive, Human Resources Division, and CHRO
Toru Nakayama	Executive Officer	Division Executive, Legal, Internal Control, Risk Management and General Affairs Division & CRO
Hiroyuki Kowase	Executive Officer	Division Executive, Information & Communication System Division & CIO
Norihisa Miyoshi	Executive Officer	Division Executive, Technologies, R&D & Intellectual Property Division & CTO

Note:

1. Masao Asami, President, Representative Executive Officer, concurrently serves as a Director.
2. Executive Officers, Masao Hodai and Norihisa Miyoshi were newly elected at the meeting of the Board of Directors held on March 29, 2023, and assumed their positions thereafter.
3. Executive Officers, Atsuo Ohi, Yoshiaki Okiyama, and Hiroshi Sobukawa completed their terms of office at the end of the meeting of the Board of Directors held on March 29, 2023, and retired from their positions.

(3) Overview of the Agreements to Limit Liability for Damages

The Company has stipulated in its Articles of Incorporation that it may enter into agreements with Directors (excluding Executive Directors) to limit their liability for damages as outlined under Article 423, paragraph 1 of the Companies Act in accordance with Article 427, paragraph 1 of the Companies Act, and has entered into agreements limiting liability with all Independent Directors. The limit of liability for damages under the agreement is the minimum liability amount stipulated under Article 425, paragraph 1 of the Companies Act.

However, this limit will be applicable only when the performance of duties giving rise to such responsibilities is recognized to have been carried out in good faith and with no gross negligence.

(4) Overview of the Directors and Executive Officers Liability Insurance Policy

The Company has entered a directors and officers liability insurance policy with an insurance company as provided in Article 430-3, paragraph 1 of the Companies Act, with the Directors, Executive Officers, and statutory auditors of the Company and the Group as the insured persons. This policy covers losses that may arise from the insured's assumption of liability incurred in the course of the performance of duties, or the pursuit of such liability.

The entire amount of the insurance premiums for the policy is paid by the Company, and the insured persons effectively do not bear any of the premiums.

(5) Amount of Compensation Paid to Directors and Executive Officers

1) Amount of compensation paid to Directors and Executive Officers

Type of Corporate Officer	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc. by items (Millions of yen)							
		Base pay		Short term performance-linked compensation		Restricted share-based compensation		Performance-linked share-based compensation	
		Number of Persons	Amount	Number of Persons	Amount	Number of Persons	Amount	Number of Persons	Amount
Directors (excluding Independent Directors)	132	2	100			2	30	1	1
Independent Directors	141	9	114			9	27		
Executive Officers	1,010	17	384	14	258	17	93	17	274
Total	1,285	28	599	14	258	28	151	18	276

Note:

1. The above shows the compensation paid to Directors and Executive Officers as of December 31, 2023 according to their term of office for the fiscal year under review, and the compensation paid to one Director who retired at the conclusion of the 158th Ordinary General Meeting of Shareholders held on March 29, 2023 and three Executive Officers who retired at the conclusion of the meeting of the Board of Directors held on the same day, from January 2023 to the time of their retirement.
2. Compensation paid to Representative Executive Officer concurrently serving as Director is shown in the column for Executive Officers.
3. Amount of compensation paid to Executive Officers includes ¥131 million (Base pay: ¥62 million, Short-term performance-linked compensation: ¥46 million, and Performance-linked share-based compensation: ¥21 million) as compensation that subsidiaries paid to Executive Officers who served concurrently as the Corporate Officers of the subsidiaries.
4. Short-term performance-linked compensation for Executive Officers is linked to company-wide or business-level performance, in addition to which individual targets are set, the level of achievement against these targets is evaluated, and an amount for the individual is determined after deliberation by the Compensation Committee.
5. Short-term performance-linked compensation shown is the total amount of short-term performance-linked compensation to be paid (scheduled for March 2024), in relation to Executive Officers serving in those roles as of December 31, 2023, for the fiscal year under review.
6. Restricted share-based compensation shown is the restricted share-based compensation paid in the current fiscal year and the amount of restricted share-based compensation paid in the past fiscal years to be recorded as an expense in the fiscal year under review.
7. Performance-linked share-based compensation shown is the amount planned to be paid in May 2026 of performance-linked share-based compensation to be recorded as an expense in the fiscal year under review. In calculating the amount for the fiscal year under review, the Company used the most recent price of the Company's stock and the estimate of the consolidated return on invested capital (ROIC) in the management plan for the period ending December 31, 2025, which is the final year of the Medium-term Management Plan,

E-Plan 2025. The difference compared to the amounts recorded for the previous fiscal year is also calculated and added.

8. Apart from the above, regarding performance-linked stock compensation under the Medium-term Management Plan E-Plan 2022 granted to six officers who retired before the end of December 2022, 35 million yen has been recorded as an expense for the fiscal year under review.

2) Amount by category of compensation of officers who received a total amount of ¥100 million or more in compensation, etc.

Name	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc. by items (Millions of yen)			
		Base pay	Short term performance-linked compensation	Restricted share-based compensation	Performance-linked share-based compensation
Masao Asami President and Representative Executive Officer	168	54	37	16	61

Notes:

- Short-term performance-linked compensation shown is the total amount of short-term performance-linked compensation to be paid (scheduled for March 2024) for the fiscal year under review.
- Restricted share-based compensation shown is the restricted share-based compensation paid in the current fiscal year and the amount of restricted share-based compensation paid in the past fiscal years to be recorded as an expense in the fiscal year under review.
- Performance-linked share-based compensation shown is the amount planned to be paid in May 2026 of performance-linked share-based compensation to be recorded as an expense in the fiscal year under review. In calculating the amount for the fiscal year under review, the Company used the most recent price of the Company's stock and the estimate of the consolidated return on invested capital (ROIC) in the management plan for the period ending December 31, 2025, which is the final year of the Medium-term Management Plan, E-Plan 2025. The difference compared to the amounts recorded for the previous fiscal year is also calculated and added.

3) Policies regarding determination of compensation for corporate officers

The amount of compensation paid to Directors and Executive Officers is determined in the Compensation Committee, which consists solely of three Independent Directors, pursuant to the provisions of Article 22 and Article 31 of the Articles of Incorporation of the Company.

A. Compensation for Directors

(a) Purpose and basic policy on the compensation system

The compensation levels and compensation system reflect the roles of each Director in the Board of Directors and each Committee to ensure that Directors promote and supervise the execution of business by Executive Officers in conformance with the Company's management philosophy and management strategy for the purpose of sustained growth of the Company and increasing corporate value in the medium to long term.

(b) Compensation system

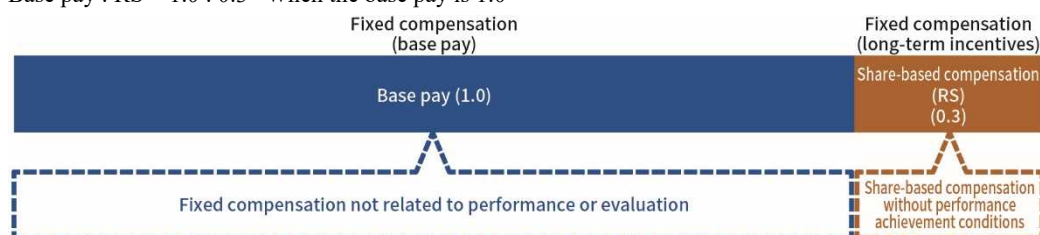
a. Non-executive Directors

Compensation for Non-executive Directors comprises basic compensation and long-term incentive, since they are expected to take on the role and responsibility of supervision from a standpoint that is independent from business execution to see that business execution is carried out lawfully, and it is determined by the Compensation Committee. The long-term incentive shall be in the form of restricted share-based compensation (RS) to promote the sustainable improvement of corporate value and to encourage the Directors to share values with shareholders through the ownership of shares. Furthermore, the Company pays allowances to the Chairperson of the Board of Directors, the Lead Independent Director, and the Chairpersons of the Committees based on the extent of their roles and responsibilities and the number of hours spent on their execution of duties.

b. Executive Directors

The Company pays compensation as Executive Officers to Executive Directors (President and Representative Executive Officer), and does not pay them compensation as Directors.

- (c) Combination of compensation
 The combination of Directors' compensation is as follows.
 [Ratio of Compensation of Non-executive Directors]
 Base pay : RS = 1.0 : 0.3 *When the base pay is 1.0



B. Compensation for Executive Officers

- (a) Purpose and basic policy on the compensation system

The compensation system for Executive Officers is linked to short-term and medium- to long-term performance to encourage the execution of business in line with the management philosophy and management strategies and to provide strong motivation for the achievement of management targets. This system also provides an appropriate level of compensation when targets are met for the purpose of sustained growth of the Company and medium- to long-term enhancement of corporate value.

- (b) Compensation system

The Executive Officers' compensation consists of the following and is determined by the Compensation Committee. As the Executive Officers are expected to play key roles in the achievement of numerical targets in their business execution, the compensation system is designed such that the portion of the short-term performance-linked compensation may be larger than the portion of the basic compensation if performance targets are achieved.

Type of compensation	Monetary compensation		Share-based compensation	
	Base pay	Short term performance-linked compensation	Restricted share-based compensation (RS)	Performance-linked share-based compensation (PSU)
Overview	Basic compensation according to role	Paid based on company-wide (business) performance and achievement of individual goals (MBO)*1		Given stocks every transfer three years according to the degree of achievement of the medium-term management plan.
Indicator	–	Performance Indicators (45%) MBO (45%) ESG indicators (10%)	Consolidated ROIC Consolidated operating profit Set based on KPIs for the relevant business “E” (Environment): CDP (climate change)*2 “S” (Society): Global engagement survey*3	– ROIC (fiscal year ending December 31, 2025)

*1 An abbreviation for Management by Objectives, a management method that evaluates individuals based on the degree of achievement and progress toward goals they have set.

*2 An ESG rating agency that evaluates climate change response strategies and efforts to reduce GHG emissions, etc.

*3 The global engagement survey is an EBARA survey, involving employees of both domestic and overseas Group companies, conducted since 2019 to assess the status of employee engagement in the workplace to achieve the medium- to long-term vision.

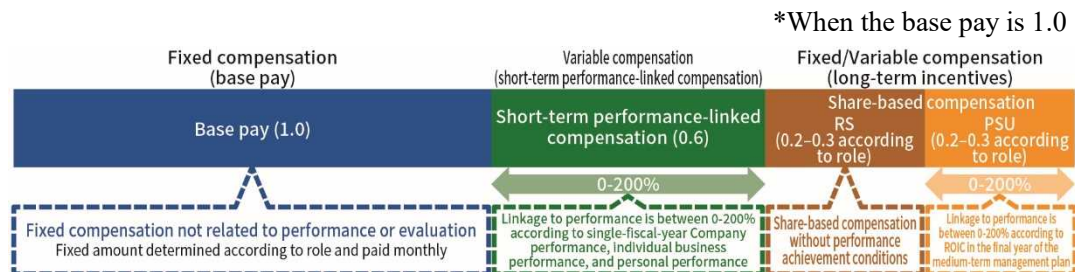
(c) Combination of compensation

The combination of Executive Officers' compensation is as follows.

[Ratio of Compensation of Executive Officers (If 100% of the target for performance-linked compensation is achieved)]

[President and Representative Executive Officer] Base pay : Short-term performance-linked compensation: RS: PSU = 1.0 : 0.6 : 0.3 : 0.3

[Executive Officer] Base pay : Short-term performance-linked compensation : RS : PSU = 1.0 : 0.6 : 0.2–0.25 : 0.2–0.25

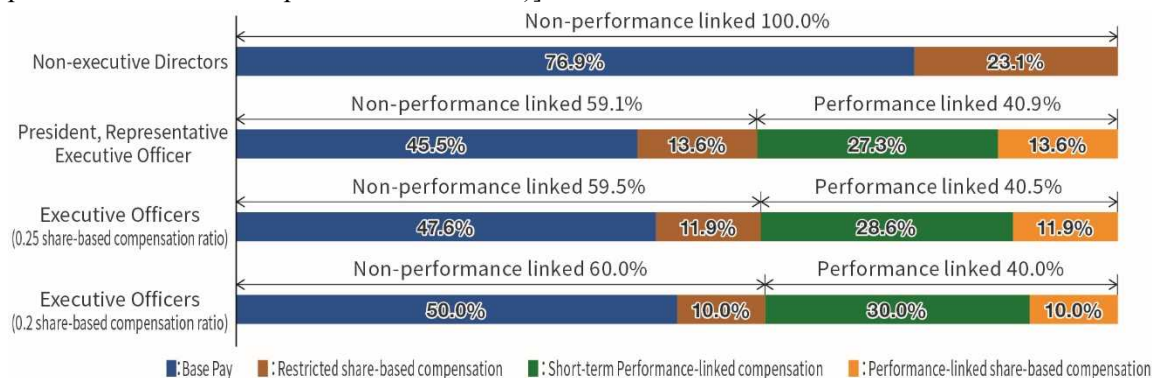


(d) Compensation levels

The basic compensation is aimed at a level that is comparable with competing companies assumed to have similar businesses and human resources (hereinafter referred to as “peers”). The compensation levels of domestic peers shall be regularly checked and, at the same time, compensation levels according to the roles of each Executive Officer shall be adjusted and determined with attention also given to employees' compensation levels (such as disparity with officers, deviation from publicly accepted levels, etc.).

By implementing these measures, the level of total compensation (the sum of the basic compensation, short-term performance-linked compensation, restricted stock compensation, and performance-linked stock compensation) for Executive Officers of the Company shall be designed to be higher than the level of domestic peers if the targets of strategies and business performance have been successfully achieved and shall be lower than the compensation level of officers of domestic peers if such performance targets fail to be achieved.

[Composition of Compensation Paid to Directors and Executive Officers (If 100% of the target for performance-linked compensation is achieved)]



C. Reason that the Compensation Committee judges that the individual compensation, etc. of Directors and Executive Officers for the fiscal year under review is in accordance with the determination policy

The Compensation Committee determined the individual compensation, etc., for Directors and Executive Officers for the fiscal year under review based on (a) Purpose and Basic Policy on the Compensation System described under A. Compensation for Directors and B. Compensation for Executive Officers, after careful consideration of the following points: (1) for basic compensation, whether the amount is commensurate with the role based on levels of domestic peer companies and employee wage levels, (2) for short-term performance-linked compensation, whether the individual amounts are commensurate with the degree of achievement of Companywide performance targets and individual targets for the fiscal year under review, and (3) for restricted share-based compensation, whether the prescribed number of shares for the role has been granted. Accordingly, the Compensation

Committee judged that the content of the individual compensation, etc. of Directors and Executive Officers for the fiscal year under review is in accordance with the determination policy.

4) Procedures for the determination of compensation

As the organization that determines the policy on compensation of Directors and other officers, the Compensation Committee comprises three Independent Directors, so as to emphasize an objective perspective and transparency. Specifically, the members have been selected from among the Outside Directors for their experience in corporate management and expertise in corporate legal affairs.

The purpose of the Compensation Committee is to take a strategic approach toward supervising the compensation system for Directors and Executive Officers. Specifically, the Compensation Committee is in charge of examining and determining the compensation systems prepared in line with the management policy of the Company, and in addition to determining the compensation policy, it also deliberates not only compensation for the Company's Directors and Executive Officers but also the compensation systems for officers of Group companies, and provides its opinions to the Board of Directors. The Committee may collectively request the external opinion of an expert such as a compensation consultant, if it is deemed necessary for the activities of the Committee. When such consultants are selected, attention is given and checks are made in order to ensure independence.

To engage in such activities, the Committee holds regular meetings, as well as extraordinary meetings as the need arises, and the results of Compensation Committee deliberations are reported to the Board of Directors by the Committee Chairperson.

Newly appointed members of the Compensation Committee are provided with explanations of the rules stipulated by the Compensation Committee (Basic Policy on Officers' Compensation), the business performance of the Company, and the background and history of the Company's compensation systems. A full-time Committee secretariat has been established, which provides appropriate support for the operation of the Committee by providing information on such matters as laws and regulations, rules, and standards.

The Compensation Committee met 14 times in fiscal 2023. It resolved the compensation policy as well as amounts of basic compensation and short-term performance-linked compensation for individual Directors and Executive Officers based on the compensation policy, along with the content and number of shares to be granted for restricted share-based compensation.

5) Payment items

A. Short-term performance-linked compensation

The mechanism of the short-term performance-linked compensation focuses on incentives for achieving the medium-term management plan, directly determining compensations according to Companywide performance or business performance and to the degree achievement of targets by individuals. However, in cases such as profit attributable to owners of parent being extremely low or no dividends being paid, the Compensation Committee shall decide on measures such as reducing the short-term performance-linked compensation.

Target and Result of Business Performance Indicators of the Company in 2023

Performance Indicator	2023 Target	2023 Result
Consolidated ROIC	10.4%	12.2%
Consolidated operating profit	¥72,300 million	¥86,000 million

B. Long-term incentives (Share-based compensation)

Long-term incentives are share-based compensation linked to the Company's share price from the perspective of preventing shortsighted management behavior and ensuring that interests match with those of shareholders.

(a) Restricted share-based compensation

As a principle, certain numbers of restricted shares will be given to Corporate Officers and subsidiaries corresponding to their roles per year. Because the objectives are to promote shareholding by Corporate Officers, and increase value sharing with shareholders, the transfer restricted period is from the share giving date to the day of retirement; thus the transfer restriction will be released when he/she retires from the position of Corporate Officers.

(b) Performance-linked share-based compensation

Performance-linked share-based compensation is calculated as follows: in the first fiscal year of the medium-term management plan, the Company presets the standard number according to the roles

of Corporate Officers eligible to receive payment, and in the final fiscal year of the medium-term management plan, the Company delivers its common shares to Corporate Officers in accordance with the extent to which consolidated ROIC, which has been set as a target in the medium-term management plan, has been achieved. The Company will make a monetary payment to the Corporate Officers of an amount corresponding to 40% of the above granted shares. The Company has adopted consolidated return on invested capital (ROIC) as an indicator for performance-linked share-based compensation. Depending on the degree of achievement of the consolidated return on invested capital (ROIC) target (IFRS 10.0%) for the fiscal year ending December 31, 2025, which is the final year of the Medium-term Management Plan E-Plan 2025, the payment rate is 0% to 200%.

<<Method of calculation of the number of shares for payment and individual payment amounts>>

- Number of performance-linked stock compensation payments by shares (rounded down to one)
Standard number × payment rate × 60%

1 unit = 100 shares of the Company's common stock

- Payment amount of number of performance-linked stock compensation by money (rounded down to 100 yen)

Standard number × payment rate × 40% × share price of our common stock*

1 unit = 100 shares of the Company's common stock

* Simple average of the closing prices of our common stock on the Tokyo Stock Exchange for the month two months before the Board of Directors meeting to resolve the allotment for the final year of the medium-term management plan

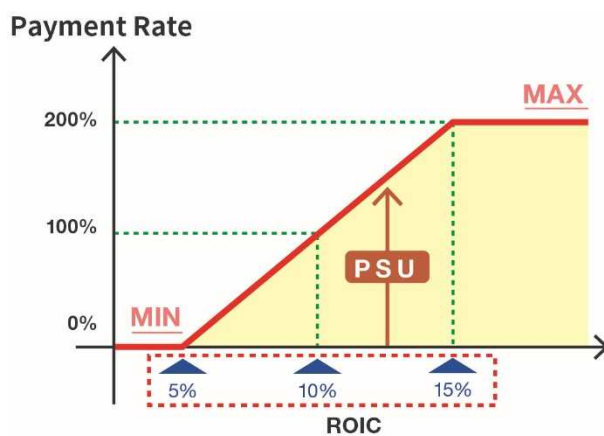
<<Payment rate>>

Payment rate (%) = Consolidated return on invested capital (ROIC) × 20 - 100

Rounds to the first decimal point. However, if the result of the calculation is 0% or less, it should be 0% (non-payment), and if it is more than 200%, it should be 200%.

Consolidated return on invested capital (ROIC) = NOPLAT (Net Operating Profit Less Adjusted Taxes) ÷ Invested capital {Interest-bearing debt (average between the beginning and end of fiscal year) + Equity attributable to owners of parent (average between the beginning and end of fiscal year)}

[Payment rate according to level of achievement of ROIC]



Company aligns the interests of recipients of such compensation with those of shareholders by establishing guidelines that encourage a certain level of the shares of the Company to be held.

(6) Matters Related to Independent Directors**1) Important other positions held concurrently and their relationship with the Company**

As stated in the table, “(2) Names and other information on Directors and Executive Officers.”

2) Specific relationships with major business partners and others

None

3) Principal activities during the fiscal year under review

Name	Attendance					Status of statements
	Board of Directors	Nomination Committee	Compensation Committee	Audit Committee	Independent Directors' Meeting	
Hajime Sawabe	100% (14/14)	100% (17/17)	—	—	100% (13/13)	Mr. Sawabe attended the Board of Directors meetings and other such important meetings and expressed his opinions from the viewpoint of general management based on his ample experience and a wide range of knowledge of corporate management at a listed company. Mr. Sawabe also served as the Chairperson of Nomination Committee and fulfilled his responsibilities by actively expressing his opinion and leading deliberations at the Committee to select management personnel and train candidates, etc., including Director candidate selection and President's succession plan, etc.
Hiroshi Oeda	100% (14/14)	100% (17/17)	—	—	100% (13/13)	Mr. Oeda attended the Board of Directors meetings and other such important meetings and expressed his opinions from the viewpoint of general management based on his ample experience and a wide range of knowledge of corporate management at a listed company. He also led the Board of Directors as the Chairperson of the Board. Mr. Oeda also served as a member of Nomination Committee and fulfilled his responsibilities by actively expressing his opinion at the Committee to select management personnel and train candidates, etc., including Director candidate selection, the President's succession plan, etc.
Junko Nishiyama	100% (14/14)	—	100% (14/14)	—	100% (13/13)	Ms. Nishiyama attended the Board of Directors meetings and other such important meetings and expressed her opinions from the viewpoint of general management based on her ample experience and a wide range of knowledge of corporate management at a listed company. Ms. Nishiyama also served as a member of Compensation Committee and fulfilled her responsibilities by actively expressing her opinions at the Committee to review the compensation systems and decide compensation levels of Directors and Executive Officers.
Mie Fujimoto	100% (14/14)	—	100% (14/14)	—	100% (13/13)	Ms. Fujimoto attended the Board of Directors meetings and other such important meetings and expressed her opinions from the viewpoint of general management based on her extensive knowledge and high-level insight as an attorney. Ms. Fujimoto also served as the Chairperson of the Compensation Committee and fulfilled her responsibilities by actively expressing her opinions and leading deliberations at the Committee to review the compensation systems and decide compensation levels of Directors and Executive Officers.

Name	Attendance					Status of statements
	Board of Directors	Nomination Committee	Compensation Committee	Audit Committee	Independent Directors' Meeting	
Hisae Kitayama	100% (14/14)	—	—	100% (23/23)	100% (13/13)	Ms. Kitayama attended the Board of Directors meetings and other such important meetings and expressed her opinions from the viewpoint of general management based on her extensive knowledge and high-level insight as a certified public accountant. Ms. Kitayama also served as the Chairperson of the Audit Committee and fulfilled her responsibilities by conducting audits of the Company and Group businesses from an independent standpoint based on her knowledge and experiences.
Takuya Shimamura	100% (14/14)	—	100% (14/14)	—	100% (13/13)	Mr. Shimamura attended the Board of Directors meetings and other such important meetings and expressed his opinions from the viewpoint of general management based on his ample experience and a wide range of knowledge of corporate management at a listed company. Mr. Shimamura also served as a member of Compensation Committee and fulfilled her responsibilities by actively expressing her opinions at the Committee to review the compensation systems and decide compensation levels of Directors and Executive Officers.
Teiji Koge	100% (10/10)	100% (12/12)			100% (10/10)	Mr. Koge attended the Board of Directors meetings and other such important meetings and expressed his opinions from the viewpoint of general management based on his ample experience and a wide range of knowledge of corporate management at a listed company. Mr. Koge also served as a member of Nomination Committee and fulfilled his responsibilities by actively expressing his opinion at the Committee to select management personnel and train candidates, etc., including Director candidate selection, the President's succession plan, etc.
Tsuyoshi Numagami	100% (10/10)			100% (15/15)	100% (10/10)	Mr. Numagami attended the Board of Directors meetings and other such important meetings and expressed his opinions from the viewpoint of general management based on his extensive knowledge and high-level insight as a corporate management researcher. Mr. Numagami also served as a member of the Audit Committee and fulfilled his responsibilities by conducting audits of the Company and Group businesses from independent standpoint based on his knowledge and experiences.

Notes:

1. Teiji Koge was newly elected and appointed as Director and a member of the Nomination Committee at the 158th Ordinary General Meeting of Shareholders held on March 29, 2023, and the meeting of the Board of Directors held on the same day, and his attendance to meetings of the Board of Directors and the committee held since that date is provided above.
2. Tsuyoshi Numagami was newly elected and appointed as Director and a member of the Audit Committee at the 158th Ordinary General Meeting of Shareholders held on March 29, 2023, and the meeting of the Board of Directors held on the same day, and his attendance to meetings of the Board of Directors and the committee held since that date is provided above.

4) Amount of compensation received as Corporate Officer of a subsidiary of the Company during the fiscal year under review

None

5. Independent Auditors

(1) Name of Independent Auditors

Deloitte Touche Tohmatsu LLC

Notes: Ernst & Young ShinNihon LLC, which was our accounting auditor, retired at the conclusion of the 158th Ordinary General Meeting of Shareholders held on March 29, 2023.

(2) Overview of the Agreements to Limit Liability for Damages

None

(3) Overview of the Directors and Executive Officers Liability Insurance Policy

None

(4) Amount of Compensation Paid to the Independent Auditors

1)	Compensation to be paid by the Company to the Independent Auditors	¥171 million
2)	Other monetary and other payments to be paid by the Company and its subsidiaries	¥222 million

Notes:

1. In the agreement between the Company and the Independent Auditor, the amount of compensation is determined as a lump-sum payment without breakdown for the audit, etc., in accordance with the Companies Act and the Financial Instruments and Exchange Act. Accordingly, the amount shown in 1) above represents the total amount of compensation.
2. Elliott Company and 17 other companies, among the Company's principal overseas subsidiaries, are subject to audits by those other than the Company's Independent Auditors (certified public accountants overseas or those who have any qualification equivalent to the qualification that audit firms have).
3. Separately from the above compensation, the Company paid ¥29 million in compensation to the previous Independent Auditor, Ernst & Young ShinNihon LLC, in relation to the change of Independent Auditor.

(5) Reason for the Audit Committee Consenting to the Compensation Paid to the Independent Auditors

As a result of considering the Independent Auditors' audit team arrangement, audit plan, state of implementation of auditing, establishment of an audit firm quality control system, the estimation of audit compensation, and other matters, the Company's Audit Committee determined that the compensation to be paid to the Independent Auditors was at a reasonable level, and provided the consent under Article 399, paragraph 1 of the Companies Act.

(6) Description of Other Services Provided by the Independent Auditors

The Company has not requested any services of the Independent Auditor other than the audit certification services stipulated in Article 2, paragraph 1 of the Certified Public Accountants Act.

(7) Policy Regarding Dismissal or Nonrenewal of the Contract with the Independent Auditors

1) Dismissal policy

When it is recognized that the provisions of Article 340, paragraph 1 of the Companies Act are applicable, the Audit Committee will dismiss the Independent Auditors by unanimous approval.

2) Nonrenewal policy

If based on the results of the assessment on whether or not to renew the appointment of the Independent Auditors conducted each fiscal year, it is determined that an audit is clearly inadequate in light of the qualifications, independence, and overall capabilities of the Independent Auditors, a proposal for the nonrenewal of the appointment of the Independent Auditors will be submitted to the General Meeting of Shareholders by the Audit Committee.

As a restriction on renewal, if the Independent Auditors serve for ten years in succession, the Audit Committee conducts a tender offer to select the next Independent Auditors, regardless of the assessment of the Independent Auditors (hereinafter referred to as "Renewed Independent Auditors"). The Renewed Independent Auditors are not prohibited from participating in the tender, but if the Renewed Independent Auditors serve for a further five years in succession, another tender offer will be made. However, the same Independent Auditors may only serve for a period of twenty years in succession.

Also, one year will have elapsed since Deloitte Touche Tohmatsu LLC was appointed as the Company's Independent Auditors in the 159th fiscal year under review.

6. The Company's Systems and Policies

(1) System for Ensuring Appropriate Operations and the State of Operation of the System

An overview of the content resolved by the Company in the Board of Directors as a system for ensuring appropriate operations (basic policy) and the state of operation of the system is provided below.

Every year, Executive Officers perform self-evaluations on the establishment and operation of internal controls, and the areas that should be improved are reflected in the next year's plan based on the results, and we will continue to make improvements in the future.

Basic Policies for Internal Control	Overview of Operation
1. System to Ensure that the Execution of Duties by Executive Officers and Employees of the Company and Directors, Audit & Supervisory Board Members, and Employees of Subsidiaries Complies with Laws and Regulations and the Articles of Incorporation	
Develop, maintain, and operate systems to realize the EBARA Group CSR Policy and the EBARA Group Code of Conduct.	<ol style="list-style-type: none"> (1) The Company has established a division for promoting compliance, which supports the creation of systems for raising awareness of compliance and preventing misconduct and the establishment of a friendly and open work environment in the Company and its subsidiaries. (2) Disciplinary provisions on violations of the "EBARA Group Code of Conduct" and internal rules are stipulated in the service rules and employment regulations, etc., of the Company and its subsidiaries. (3) The Sustainability Committee, chaired by the President and Representative Executive Officer, deliberates on policies, strategies, targets, and KPIs for activities that contribute to society, the environment, and the Group's sustainability, and confirms and reviews the results. The Committee also monitors the compliance status of the Company and its subsidiaries and gives instructions for corrective actions and improvements as appropriate. Four meetings of the committee were held in the fiscal year under review. (4) The Compliance Consultation Counter that can be used by the Company and domestic subsidiaries and the "Regulations for the Operation of the Compliance Consultation Counter" has been established to promptly address any reports or inquiries on violations of the framework of corporate ethics, internal regulations, and laws, etc. in the EBARA Group. Furthermore, in the fiscal year under review, whistleblowing contacts via external law firms (Overseas EBARA Group hotlines) have been established for a total of twenty-two subsidiaries in ten overseas countries. (5) The EBARA Group Compliance Network periodically holds meetings in accordance with the "Regulations for the Operation of the EBARA Group Compliance Network" to share compliance information between the Company and its subsidiaries. Overseas, Compliance Network meetings are periodically held for Chinese subsidiaries. In addition, network meetings with six subsidiaries in Vietnam, Thailand, UAE, South Korea, and Taiwan were held in the fiscal year under review. (6) The Company has established an Internal Audit Division, which conducts activities in accordance with the annual audit plan in accordance with "Internal Audit Rules." It conducts audits and monitoring of the operations of the Company and its subsidiaries independent of the business execution departments. We have our subsidiaries establish internal auditing and monitoring systems, and the status of implementation of these systems is confirmed by the Internal Audit Division. Co-sourcing audits using outside experts were conducted for overseas subsidiaries.

Basic Policies for Internal Control	Overview of Operation
2. Systems for Storage and Management of Information concerning the Execution of Duties by Executive Officers	
Develop, maintain, and operate a system for appropriately storing and managing information concerning the execution of duties by Executive Officers in accordance with laws, regulations, and internal rules.	<ul style="list-style-type: none"> (1) Information concerning the execution of duties by Executive Officers is appropriately stored and managed in accordance with “Information Security Basic Rules” and related regulations. (2) The “Five Principles of EBARA Group on the Handling of Important Information” stipulating measures for the prevention of information leaks and countermeasures to take in the event of a leak have been established in the “Information Security Basic Rules” of the Company and its subsidiaries. (3) The Company confirms the level of information management of the entire EBARA Group and conduct a survey of the actual situation in order to make improvements.
3. Systems for Reporting to the Company on Matters concerning the Execution of Duties by Directors of its Subsidiaries	
Develop, maintain, and operate appropriate rules for reporting to the Company on matters concerning the execution of duties by Directors of its subsidiaries.	<ul style="list-style-type: none"> (1) Matters established throughout the EBARA Group and matters for which the Company requires a review in advance or report to the Company after the fact are stipulated in the “Group Administration Basic Rules” and related regulations, and material matters pertaining to the execution of duties by Directors of subsidiaries are reported to the Company. (2) The “Crisis Management Rules” have been established in subsidiaries as a system for reporting to the Company in the event a crisis occurs or when an event that may lead to a crisis occurs in subsidiaries, which are required to provide reports.
4. Regulations and Other Systems Related to Management of the Risk of Losses at the Company and Its Subsidiaries	
Establish policies on risk management in the Company and its subsidiaries as well as rules pertaining to their operation. Also develop, maintain, and operate systems for implementing risk management.	<ul style="list-style-type: none"> (1) Authority responsibilities, and procedures are set out in the “Authority Rules,” etc., of the Company and its subsidiaries, whereby risk management is conducted. (2) Departments responsible for promoting risk management activities are in place, while policies and systems for risk management at the Company and its subsidiaries are set out under the “Risk Management Regulations,” whereby risk management activities are carried out. (3) The Risk Management Panel (hereinafter referred to as “RMP”) for the overall Group is in place as a body responsible for coordinating risk management activities while carrying out deliberation, guidance for improvement, and support. The RMP is chaired by the President, Representative Executive Officer, and made up of all Executive Officers. In addition to quarterly meetings, meetings are held as required. A total of eight meetings were held in the fiscal year under review. (4) The Company continues to strengthen the information security management system of the entire EBARA Group in preparation for cyber attacks from outside.

Basic Policies for Internal Control	Overview of Operation
5. Systems to Ensure the Efficient Execution of Duties by Executive Officers of the Company and by Directors of Its Subsidiaries	
<p>(1) The administrative authority of Executive Officers of the Company and Directors of its subsidiaries in the execution of operations is clarified.</p> <p>(2) Develop, maintain, and operate systems to enable efficient execution of duties by the Company's Executive Officers and Directors of its subsidiaries through the formulation of basic management policies and the monitoring of their progress.</p>	<p>(1) The Board of Directors of the Company entrusts the authority and responsibility for the execution of business to Executive Officers and ensures the efficient execution of duties by Executive Officers by supervising the execution of duties by Executive Officers.</p> <p>(2) The administrative authority of Executive Officers of the Company and Directors of its subsidiaries is set out in the "Regulations on the Division of Duties" of the Company and its subsidiaries.</p> <p>(3) The Company's Board of Directors formulates basic management policies, and these policies are reflected in the annual management plans of the Company and its subsidiaries. As for return on invested capital (ROIC), the most important management indicator (KPI), we confirm the progress at KPI monitoring meetings.</p> <p>(4) Executive Officers of the Company review the progress of annual management plans and measures for their achievement on a quarterly basis in the Management Planning Committee.</p> <p>(5) The Management Meeting made up of all Executive Officers is in place as a meeting structure for deliberation necessary for facilitating prompt decision making by the President and Representative Executive Officer. The Management Meeting is held once every month.</p>
6. Systems for Shutting Out Anti-social Elements	
<p>The Company establishes, maintains, and operates systems for preventing the Company and its subsidiaries from engaging in any activities that may provide profits to anti-social forces in whatever name.</p>	<p>The Anti-social Forces Countermeasure Headquarters has been established to oversee countermeasures against anti-social forces in the Company and its subsidiaries, a manual has been established for cases in which there has been contact from anti-social forces, and a system has been developed for handling cases as an entire company in coordination with legal counsel and external expert organizations in the event there has been contact. Furthermore, investigations of business partners, internal education, and the like are conducted based on the "Guidelines on Shutting Out Anti-social Elements," in addition to periodically holding liaison meetings attended by personnel responsible for preventing undue claims in the Company and domestic subsidiaries. One meeting was held in the fiscal year under review.</p>
7. Systems to Ensure the Appropriate Operations of the EBARA Group, Comprising the Company and Its Subsidiaries	
<p>Establish a policy on the operation of the EBARA Group comprising the Company and its subsidiaries, and develop, maintain, and operate systems for ensuring appropriate operations of the Group.</p>	<p>(1) An internal control system is in place according to the scale and characteristics of the business of the Company and its subsidiaries. The Executive Officers of the Company are responsible for the establishment of internal control systems in subsidiaries.</p> <p>(2) The Company performs evaluations on the state of maintenance and operation of internal controls in the Company and its subsidiaries, and corrections are made when problems are found.</p>
8. Systems for Assigning Employees to Assist the Audit Committee in the Execution of Its Duties	
<p>Establish a division that assists the Audit Committee in the execution of its duties.</p>	<p>(1) The Audit Committee Office has been established as a department that assists the Audit Committee in the execution of its duties.</p> <p>(2) The Company appoints employees who are to assist the Audit Committee in its duties (hereinafter referred to as "assistant employees of the Audit Committee" or "assistant employees") and assigns them to the Audit Committee Office. In the fiscal year under review, 21 employees belonged to the Audit Committee Office, of which five were engaged in administrative work related to the Audit Committee as full-time assistant employees. The other 16 employees were mainly engaged in the internal audit division or as auditors of affiliated companies, and were concurrently employed by the Audit Committee Office as assistant employees. The assistant employees of the Audit Committee may also serve as auditors of affiliated companies for the purpose of ensuring the internal control of the corporate group.</p>

Basic Policies for Internal Control	Overview of Operation
9. Matters Related to the Independence from Executive Officers of the Employees Who Assist the Audit Committee's Execution of Its Duties, and Matters Related to Ensuring the Effectiveness of the Instructions by the Audit Committee to Such Employees	
<p>(1) Appoint assistant employees of the Audit Committee subject to the consent of the Audit Committee.</p> <p>(2) Full-time assistant employees shall not concurrently perform duties related to the execution of the duties of the executive officers of the Company, and the independence of the assistant employees of the Audit Committee from the executive officers shall be ensured.</p> <p>(3) In the case where instructions from the Audit Committee conflict with instructions from the Executive Officers or the general manager of the department in which the concurrent assistant employees serves, the instructions from the Audit Committee shall take precedence, thereby ensuring the effectiveness of the Audit Committee's instructions.</p> <p>(4) With the prior consent of the Audit Committee, assistant employees of the Audit Committee shall be engaged by the auditors of Group companies.</p> <p>(5) Personnel transfer, appraisal, and the like of the assistant employees of the Audit Committee shall be determined upon obtaining the consent of the Audit Committee.</p>	<p>(1) The appointment of assistant employees of the Audit Committee is determined with the consent of the Audit Committee.</p> <p>(2) Full-time assistant employees to the Audit Committee are not concurrently engaged in business operations concerning the execution of duties by Executive Officers of the Company. Assistant employees of the Audit Committee act under the instruction of the Audit Committee, thereby ensuring the effectiveness of instructions of the Audit Committee.</p> <p>(3) In case where the instructions from the Audit Committee conflict with the instructions from the Executive Officers or the general manager of the department to which they are concurrently assigned, the internal rules stipulate that the instructions from the Audit Committee shall take precedence, thereby ensuring the effectiveness of the instructions from the Audit Committee.</p> <p>(4) With the prior consent of the Audit Committee, assistant employees of the Audit Committee are engaged by the auditors of affiliated companies.</p> <p>(5) Personnel transfer, appraisal, and the like of the assistant employees of the Audit Committee are determined upon obtaining the consent of the Audit Committee.</p>

Basic Policies for Internal Control	Overview of Operation
10. Systems for Reporting to the Audit Committee of the Company by Executive Officers and Employees, etc., of the Company and by Directors, Audit & Supervisory Board Members, and Employees, etc., of Its Subsidiaries, and Other Reporting to the Audit Committee of the Company	
<p>(1) Develop, maintain, and operate a system whereby the Audit Committee members are able to attend important meetings of departments engaging in business execution, and to receive reports from Executive Officers, employees, etc.</p> <p>(2) Develop, maintain, and operate a system whereby Directors, Audit & Supervisory Board Members, employees, etc., of affiliated companies in addition to persons receiving reports therefrom report to the Audit Committee.</p> <p>(3) Any person having made a report under the two preceding paragraphs shall not be subject to disadvantageous treatment because of such reporting.</p>	<p>(1) Audit Committee members view important documents and receive reports on the execution of duties from Executive Officers and employees, etc., by attending important meetings of departments engaging in business execution such as the Management Meeting, the Sustainability Committee, and the RMP.</p> <p>(2) Executive Officers promptly report to the Audit Committee pursuant to the “Executive Officer Rules” in the event they discover a fraudulent act in the course of executing their duties and such act is not redressed immediately.</p> <p>(3) In the course of audits by the Audit Committee, the Company and its subsidiaries provide information on the handling of management tasks and the legality and appropriateness of their business operations upon the request of the Audit Committee.</p> <p>(4) The Compliance Consultation Counter that can be used by the Company and domestic subsidiaries and the “Regulations for the Operation of the Compliance Consultation Counter” has been established to promptly address any reports or inquiries on violations of the framework of corporate ethics, internal regulations, and laws, etc. in the EBARA Group. Furthermore, in the fiscal year under review, whistleblowing contacts via external law firms (Overseas EBARA Group hotlines) have been established for a total of twenty-two subsidiaries in ten overseas countries. Reports on the state of implementation of these are made to the Audit Committee as appropriate.</p> <p>(5) The Audit Committee established the Audit Committee helpline, allowing reports to be received on the violation of laws and regulations in the Company and its subsidiaries, in addition to other issues concerning corporate ethics, and a system is in place for employees, etc. of the Company and its subsidiaries to report to the Audit Committee if the Company’s Directors, Executive Officers, or Directors of its subsidiaries commit fraud, violate laws, regulations, or the Articles of Incorporation, conduct improper accounting practices, have corporate ethics issues, or are otherwise found to be grossly inappropriate for management of the Company.</p> <p>(6) The Company thoroughly ensures a system whereby any person having reported to the Audit Committee is not subject to disadvantageous treatment because of such reporting.</p>

Basic Policies for Internal Control	Overview of Operation
11. Other Systems for Ensuring the Effectiveness of Audits by the Audit Committee	
<p>(1) Ensure the effectiveness of audits by exchanging opinions and collaborating as necessary with the departments in charge of Internal Control, Risk Management, and Compliance, the Internal Audit Division, and the Corporate Auditors of affiliated companies.</p> <p>(2) In case of request by the Audit Committee, the head or a member of the Internal Audit Division or Corporate Auditors of affiliated companies shall serve concurrently in a department under the control of the Audit Committee. In addition, candidates for Corporate Auditors of affiliated companies shall be determined with the consent of the Audit Committee.</p> <p>(3) Establish a policy concerning the handling of expenses and debts arising from the execution of duties by the Audit Committee and ensure that the Audit Committee's audits are conducted effectively.</p>	<p>(1) The President and Representative Executive Officer and Executive Officers in charge of the Building Service & Industrial, Energy, Infrastructure, Environmental Solutions, and Precision Machinery Companies regularly exchange information and opinions with the Audit Committee.</p> <p>(2) Departments responsible for internal controls, risk management, and compliance, the Internal Audit Division, and corporate auditors of affiliated companies regularly exchange information and opinions with the Audit Committee and also exchange information on important matters as needed in an effort to promote collaboration.</p> <p>(3) At the request of the Audit Committee, the head of the Internal Audit Division or a member of the division, or a corporate auditor of affiliated companies, concurrently serves in a department established under the control of the Audit Committee. In addition, when nominating candidates for corporate auditors of affiliated companies, decisions are made only after obtaining the consent of the Audit Committee.</p> <p>(4) The Company has established a policy regarding the handling of expenses and debts arising from the execution of duties by the Audit Committee to ensure that the Audit Committee's audits are conducted effectively.</p>
12. Systems for Ensuring the Credibility of Financial Reports	
<p>Internal controls to ensure the reliability of financial reporting shall be established and operated in accordance with the "Standards for Assessment and Audit of Internal Control over Financial Reporting" and the "Implementation Standards for Assessment and Audit of Internal Control over Financial Reporting."</p>	<p>(1) To ensure the credibility of consolidated financial reports, the "Standards for the Enforcement of Internal Controls over Financial Reporting" have been established for the purpose of maintaining and operating internal controls based on the Financial Instruments and Exchange Act, and their effectiveness is assessed every fiscal year.</p> <p>(2) In the assessment, the scope of assessment is set each fiscal year in consideration of the impact on financial reporting, management importance, etc., and the assessment is conducted by an assessment team independent of operations to improve and promote internal control.</p>

(2) Policy on the Determination of the Distribution of Surplus

The Company regards returning a portion of its income to its shareholders as one of its most important management policies. The Company has set a policy to carry out shareholder returns, linking dividends to performance and aiming for a consolidated payout ratio of 35% or more, during the term of E-Plan 2025. In addition, the Company will flexibly implement share repurchases.

Dividends

Fiscal Year (FY)	156th Period (FY ended December 31, 2020)	157th Period (FY ended December 31, 2021)	158th Period (FY ended December 31, 2022)	159th Period (FY ended December 31, 2023) (FY under review)
Annual dividend per share (yen)	90.0	163.0	193.0	229.0 (planned)
Annual dividends (Millions of yen)	8,582	15,127	17,765	21,141 (planned)
Consolidated total payout ratio (%)	35.4	35.2	35.2	35.0 (planned)
Purchase of treasury stock (Millions of yen)	-	19,999	-	-

Note:

1. “Annual dividend per share” and “Annual dividends” for the 159th period are amounts assuming the approval of Proposal 1 “Appropriation of Surplus” by the 159th Ordinary General Meeting of Shareholders.
2. The Group has adopted International Financial Reporting Standards (IFRS) since the 157th period, and the consolidated dividend payout ratio for the 156th period is also presented in accordance with IFRS.

(3) Dialogue with Shareholders and Investors

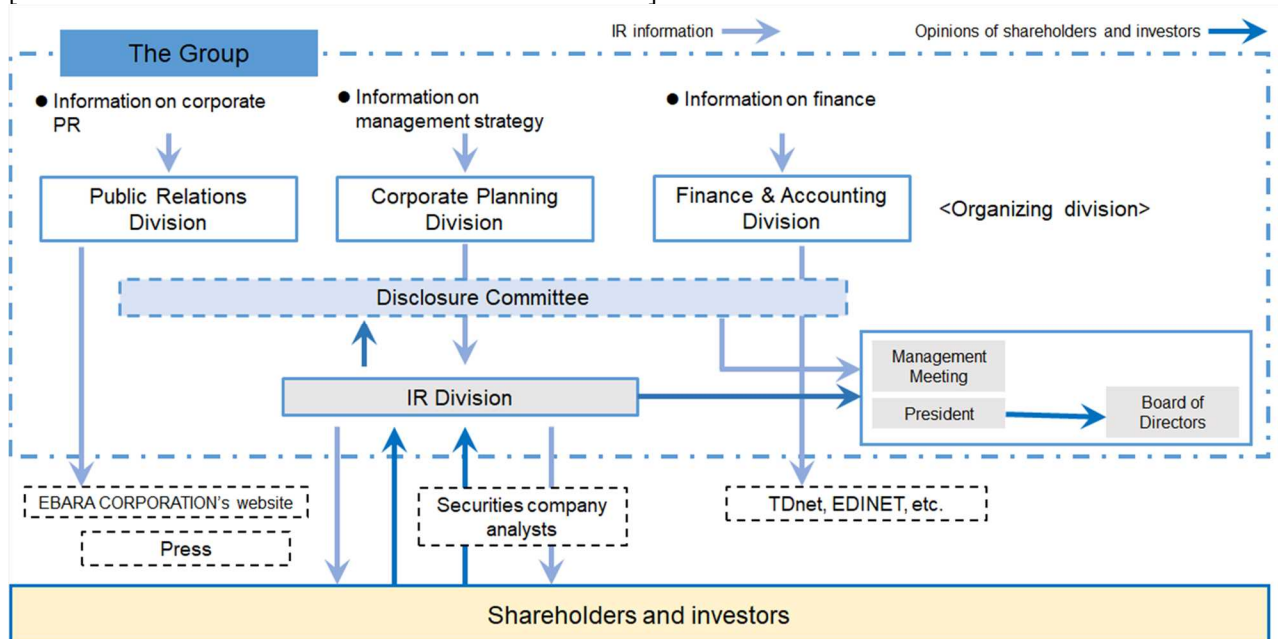
The Group positions building long-term relationships of trust with shareholders and investors as one of the most important matters in management. In addition to appropriately providing corporate information required for investment decisions, an effort is made to continually foster relationships of trust by conducting IR activities that contribute to the enhancement of corporate value through constructive dialogue.

To enable the Board of Directors to appropriately oversee dialogue with shareholders and investors as an important matter related to management, the responsible departments report to the Board of Directors on IR activities each quarter, and the Board of Directors provides advice, etc., as needed.

The President and Representative Executive Officer heads the Group’s IR structure, and IR is basically implemented by the Executive Officer in charge of IR and the division in charge of IR.

Furthermore, opportunities for Directors (including Independent Directors), Executive Officers, and other management executives to directly dialogue with shareholders and investors are provided as needed.

[Flow of communication with shareholders and investors]



- * TDnet: The timely disclosure information viewing system operated by the Tokyo Stock Exchange
- EDINET: The electronic disclosure system on disclosure documents such as annual securities reports based on the Financial Instruments and Exchange Act

[State of implementation of IR and SR activities]

Details of Activities	Actual status in 159th Period
Individual meetings	321 times
Conferences held by securities companies	36 times
Financial results briefings	4 times
Management meeting	3 times
Presentation for individual investors held by securities companies	2 times
IR Day	2 times
ESG presentation	1 time
Presentation for individual shareholders	1 time

(4) Sustainability

With the EBARA Way as the bedrock of its business activities, the EBARA Group has continued to contribute to the resolution of social issues with the strengths of its technological capabilities and reliability guided by “Netsu to Makoto” (Passion and Dedication). In order to continue to grow sustainably while providing value to society, the Group aims to continue to be a company that supports the world by implementing strategies in our business activities to realize our future vision.

In February of 2020, the Group unveiled E-Vision 2030, a new long-term management policy that illustrates its vision for the Group a decade from now, and the value creation story that will serve as the roadmap toward realizing this vision. Under the slogan of E-Vision 2030, “Technology. Passion. Support our Globe,” E-Vision 2030 identifies five material issues to be addressed leading up to 2030. By addressing these material issues through our business activities, we will enhance our corporate value by improving both our social and environmental value and our economic value.

Five Material Issues (Materialities)

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.
(For people and society)
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.
(For industry)
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.
(For our business activities and supply chain)
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.
(For our employees)
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.
(For sustainable management)

1) Environmental Initiatives

In December 2022, we announced our goal to achieve “net zero GHG (greenhouse gas) emissions” in 2050 by reducing GHG emissions in our value chain.

A. <Climate Change Response Measures>

Recognizing that climate change is a serious challenge facing the world, the Group signed in support of the TCFD in 2019 and made its first disclosure in line with the TCFD framework in 2021. We then embarked on a climate change scenario analysis for each of our face-to-face markets, with the purpose of reflecting the feedback we received during our dialogue with investors and to better clarify the climate-related risks and opportunities for each of our businesses. Regarding business for the oil & gas market, business for the semiconductor manufacturing market, business for the construction/industrial market, business for the water infrastructure market, and business for the solid waste treatment market, we analyzed how each business would be affected by a 4°C scenario, where the temperature increase is kept to less than 4°C, and a 1.5°C scenario, where the increase is kept to less than 1.5°C, and updated the information in July 2023. The details of the updated information are posted on the Company's website below.

<https://www.ebara.co.jp/en/sustainability/think/information/tcf.html>

B. Promotion of Carbon-Neutral

With the aim of balancing the realization of a sustainable society with the growth of the Group, we have strengthened the governance system in order to help achieve carbon neutrality. Specifically, in January 2023 we established the Carbon Neutral Promotions Section as a permanent department directly under the control of the CRO. In addition, the Energy Management Committee, which had been in charge of rationalizing fossil energy at a working level, has been reorganized to cover all energy sources, including renewable and non-fossil energy sources, thus putting in place a structure for achieving targets for reducing CO₂ emissions. The Sustainability Committee, which is chaired by the President, Representative Executive Officer, CEO & COO, will deliberate policies, strategies, targets, and KPIs, as well as checking on results and progress, and thus steadily promoting carbon neutrality.

Furthermore, the Company is working to reduce GHG emissions in society as a whole through the manufacture and sale of exhaust gas treatment equipment that renders exhaust gases with high GHG emission factors harmless, the development and sale of injection pumps that contribute to CCUS, a carbon dioxide capture and storage technology, the commercialization of waste plastics chemical recycling technology, and the development of infrastructure equipment for the production and use of hydrogen, ammonia and other next-generation fuels.

Goals for 2030

- Scope 1+2: Reduce GHG emissions by 55% compared to FY2018
- Scope 3/Reduced contribution amount/Others (value chain): 100 million ton reduction in CO₂ equivalent

Detailed information is posted on the Company's website below.

<https://www.ebara.co.jp/en/sustainability/environment/information/carbon-neutrality.html>

2) Social Initiatives

The EBARA Group CSR Policy defines our commitment to foster trust with our valued stakeholders by conducting our business with a strong sense of ethics. This policy delineates a dedication to creating and delivering social value by co-creating value with stakeholders for society, industry, and everyday life and supplying safe, reliable, and convenient products and services through our business activities. We also recognize the importance of contributions to community development, respect for human rights, and other ties with society in our business activities.

A. Respecting human rights

In addition to endorsing and signing the United Nations Global Compact, we respect the International Bill of Human Rights, the International Labour Organization's (ILO) ILO Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights.

EBARA Group has clearly stated in its CSR Policy that it respects human rights and diversity and has formulated "the EBARA Group Human Rights Policy." Along with the three basic policies,

EBARA Group Human Rights Policy sets forth the corresponding policies to put them into practice. In commemoration of World Human Rights Day in December, we disseminate our human rights policy to all executives and employees globally.

As a system for human rights management, the EBARA Group Human Rights Committee has been established for the purpose of continuously improving the human rights management system in accordance with the Human Rights Policy. The Committee is chaired by the Executive Officer in Charge of Corporate Strategic Planning, and operated by the Executive Officers in charge of Risk Management and in Charge of Human Resources as vice chair.

The Human Rights Committee has identified respecting the human rights of employees and suppliers as an important theme. We continuously conduct human rights due diligence with regard to employees, as well as working to identify issues through CSR procurement questionnaires on human rights at suppliers.

“The Ebara Group Human Rights Policy” is posted on the Company’s website below.
<https://www.ebara.co.jp/en/sustainability/social/information/respect.html>

B. Personnel and human resource development

The EBARA Group is committed to a basic policy for personnel and human resource development. The goal is to build corporate culture to recruit diverse human resources from all over the world who are creative and ingenious with a spirit of challenge, to maximize their potential through appropriate competition and challenge in a comfortable work environment, and to ensure that each employee is fairly evaluated, fulfilled, and grows.

Based on this policy, we have established a CHRO office to implement specific initiatives to promote the active participation of diverse human resources and establish a global human resources management foundation. We aim to strengthen “human capital management” throughout the Group and globally by implementing measures centered on the group-wide human resources strategy (One EBARA HR) based on human resource needs and human resources management issues identified from each business. We will strengthen optimal placement throughout the Group by viewing human resources as “capital” and maximizing their value, further accelerating the establishment of a foundation to achieve “sustainable global growth,” developing human resources who “compete and take on challenges,” and improving global mobility.

The details are posted on the Company’s website below.

<https://www.ebara.co.jp/en/sustainability/social/information/talent-management.html>

C. Promotion of diversity, equity & inclusion (DE&I)

(a) Setting goals and measures for promotion to key positions

As of December 31, 2023, our company has 114 women in key positions, and the proportion of women in key positions is 7.2%. The goal is to increase it to 8.0% or more by 2025. Additionally, since 2011, the Company has been actively hiring new graduates of foreign nationality. As of December 31, 2023, the Company has 143 foreign national employees, and the ratio of foreign national employees to our workforce is 3.0%. Of these, the proportion of foreign national employees among key employees is 21 people and 1.3%, and our goal is to increase this to 4.0% or more by 2030.

Additionally, as of December 31, 2023, the ratio of mid-career hires to the Company’s key positions is 576 people and 36.3%. Over the past few years the number of mid-career hires has increased significantly, which together with the hiring of individuals with the potential to operate in key positions straight away, enabled us to hit the 2030 target of 25% or higher. By continuing to recruit mid-career hires going forward and putting our efforts into onboarding and other processes, we will provide an environment in which it is easy for them to work and in which they can be immediately effective.

In order to achieve these numerical targets, we will accelerate the early selection and development of candidates of leaders. For the examination for key positions, we expanded the number of candidates eligible for the examination and revised the examination schedule to create a system that allows for early selection.

In the future, by providing learning opportunities from an early stage, we will foster a culture of self-motivated learning and further develop candidates of leaders at an early stage.

Based on this, we will promote onboarding measures to find diverse human resources, attract them, and create an environment where they can thrive, in order to enable human resources with various backgrounds to pursue diverse careers, regardless of gender, nationality, disability, etc. In addition,

we will establish a flexible recruitment system tailored to organizations by face-to-face market, and secure appropriate human resources in a timely manner.

(b) Promoting good performance of employees with special needs

We will develop the skills of employees with special needs from the perspective of career development and create an environment where they can take on challenges and grow. Additionally, we aim to expand participation in the Group's business processes and enable all Group employees, regardless of their special needs, to "work together and continue to provide value to the world." Furthermore, in order to respond reliably to increases in the legal employment rate and changes in the external environment, we will centralize the EBARA Group's employment management of people with special needs and promote the employment and business of people with special needs as a whole Group.

(Our goal is to increase the employment rate of people with special needs to 2.6% or more by 2025 at the Company, our special subsidiaries, and the three affiliated companies that apply this system.)

(c) Utilization of seniors

We have established a system to re-employ people with special skills, techniques, qualifications, and knowledge, as well as people with advanced, outstanding, and skilled professional abilities, even after retirement, to promote the active use of seniors. Utilizing seniors also helps in passing on the skills and techniques cultivated over many years to younger workers.

Consolidated Statement of Financial Position

December 31, 2023

(Millions of yen)

Assets		Liabilities	
Account	Amount	Account	Amount
Current assets	648,323	Current liabilities	361,966
Cash and cash equivalents	148,059	Trade and other payables	172,368
Trade and other receivables	163,363	Contract liabilities	92,918
Contract assets	99,901	Bonds, borrowings and lease obligations	31,953
Inventories	200,616	Income taxes payable	8,150
Income taxes receivable	1,277	Provisions	12,132
Other financial assets	4,357	Other financial liabilities	760
Other current assets	30,747	Other current liabilities	43,682
Non-current assets	265,576	Non-current liabilities	130,361
Property, plant and equipment	175,882	Bonds, borrowings and lease obligations	113,296
Goodwill and intangible assets	50,381	Retirement benefit liability	7,967
Investments accounted for using equity method	7,192	Provisions	2,588
Deferred tax assets	17,656	Deferred tax liabilities	2,954
Other financial assets	6,015	Other financial liabilities	492
Other non-current assets	8,447	Other non-current liabilities	3,062
		Total liabilities	492,327
		Equity	
		Share capital	80,489
		Capital surplus	76,593
		Retained earnings	224,267
		Treasury shares	(306)
		Other components of equity	28,830
		Total equity attributable to owners of parent	409,875
		Non-controlling interests	11,697
		Total equity	421,572
Total assets	913,900	Total liabilities and equity	913,900

Consolidated Statement of Profit or Loss

From January 1, 2023
to December 31, 2023

(Millions of yen)

Account	Amount
Revenue	759,328
Cost of sales	516,618
Gross profit	242,709
Selling, general and administrative expenses	155,847
Other income	2,725
Other expenses	3,562
Operating profit	86,025
Finance income	1,643
Finance costs	4,361
Share of profit (loss) of investments accounted for using equity method	1,425
Profit before tax	84,733
Income tax expense	20,933
Profit	63,799
Profit attributable to:	
Owners of parent	60,283
Non-controlling interests	3,516

Non-consolidated Balance Sheet

December 31, 2023

(Millions of yen)

Assets		Liabilities	
Account	Amount	Account	Amount
Current assets	334,929	Current liabilities	173,765
Cash and deposits	55,203	Notes payable - trade	1,144
Notes receivable - trade	3,563	Accounts payable - trade	22,127
Accounts receivable - trade	56,410	Electronically recorded obligations - operating	64,826
Electronically recorded monetary claims - operating	37,080	Short-term borrowings	19,285
Contract assets	22,995	Current portion of long-term borrowings	1,189
Finished goods	2,225	Income taxes payable	3,029
Work in process	59,335	Contract liabilities	34,436
Raw materials and supplies	49,020	Provision for bonuses	4,585
Other	49,325	Provision for bonuses for directors (and other officers)	228
Allowance for doubtful accounts	(232)	Provision for warranties for completed construction	1,153
Non-current assets	267,745	Provision for product warranties	3,050
Property, plant and equipment	89,423	Provision for loss on construction contracts	1,393
Buildings and structures	38,131	Other	17,315
Machinery and equipment	20,720	Non-current liabilities	100,298
Land	20,002	Bonds payable	30,000
Construction in progress	6,531	Long-term borrowings	67,499
Other	4,038	Provision for retirement benefits	46
Intangible assets	22,859	Other	2,752
Software	22,266	Total liabilities	274,064
Other	592	Net assets	
Investments and other assets	155,462	Shareholders' equity	328,273
Investment securities	2,265	Share capital	80,489
Shares of subsidiaries and associates	110,065	Capital surplus	84,417
Investments in capital of subsidiaries and associates	26,101	Legal capital surplus	84,417
Long-term loans receivable	1,513	Retained earnings	163,515
Prepaid pension costs	4,779	Other retained earnings	163,515
Deferred tax assets	9,082	Reserve for purchase of specified shares	75
Other	3,351	Retained earnings brought forward	163,440
Allowance for doubtful accounts	(1,696)	Treasury shares	(148)
		Share acquisition rights	336
		Total net assets	328,610
Total assets	602,674	Total liabilities and net assets	602,674

Non-consolidated Statement of Income

From January 1, 2023
to December 31, 2023

(Millions of yen)

Account	Amount	
Net sales		328,868
Cost of sales		233,080
Gross profit		95,787
Selling, general and administrative expenses		70,591
Operating profit		25,195
Non-operating income		
Interest income	1,503	
Dividend income	25,476	
Other	200	27,179
Non-operating expenses		
Interest expenses	1,177	
Foreign exchange losses	703	
Commission for commitment line	399	
Provision of allowance for doubtful accounts	49	
Other	202	2,532
Ordinary profit		49,843
Extraordinary income		
Gain on sale of non-current assets	110	
Gain on sale of investment securities	108	
Gain on liquidation of subsidiaries and associates	63	281
Extraordinary losses		
Loss on sale of non-current assets	0	
Loss on retirement of non-current assets	218	
Impairment losses	486	
Loss on sale of investment securities	1	
Loss on valuation of investment securities	154	860
Profit before income taxes		49,264
Income taxes - current	7,466	
Income taxes - deferred	(2,974)	4,492
Profit		44,771

**Copy of the Report of the Accounting Auditor's Audit Report on Consolidated Financial Statements
(translation)**

Independent Auditor's Report

The Board of Directors
EBARA CORPORATION

Opinion

We have audited the accompanying consolidated financial statements of EBARA CORPORATION and its consolidated subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of profit or loss and changes in equity for the year then ended, and notes to the consolidated financial statements pursuant to Article 444, Paragraph 4 of the Companies Act.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance for the year then ended in accordance with accounting principles, with partial omission of the disclosure items required under the designated international accounting standards, pursuant to the provisions of the second clause of Article 120, Paragraph 1 of the Regulations on Corporate Accounting of Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

The other information comprises the business report and its accompanying supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, the Audit Committee is responsible for overseeing the Executive Officers and Directors' execution of duties relating to the design and operation of the Group's reporting process of the other information.

Our audit opinion on the consolidated financial statements does not cover the other information, and we do not express any opinion on the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the course of audit, and pay attention to whether there are any signs of a material misstatement in the other information other than such material inconsistencies.

If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with accounting principles, with partial omission of the disclosure items required under the designated international accounting standards, pursuant to the provisions of the second clause of Article 120, Paragraph 1 of the Regulations on Corporate Accounting of Japan and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing matters related to going concern, as required by accounting principles, with partial omission of the disclosure items required under the designated international accounting standards, pursuant to the provisions of the second clause of Article 120, Paragraph 1 of the Regulations on Corporate Accounting of Japan.

The Audit Committee is responsible for overseeing the Group's financial reporting processes.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles with partial omission of the disclosure items required under the designated international accounting standards, pursuant to the provisions of the second sentence of Article 120, Paragraph 1 of the Regulations on Corporate Accounting of Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, as well as any measures taken to remove factors impairing independence or any safeguards implemented to reduce the impact of such factors to an acceptable level.

Conflicts of Interest

We have no interest in the Group which should be disclosed in accordance with the Certified Public Accountants Act.

Deloitte Touche Tohmatsu LLC
Tokyo Office
February 18, 2024

Yoshiaki Kitamura
Designated Engagement Partner
Certified Public Accountant

Takuya Sumita
Designated Engagement Partner
Certified Public Accountant

Akiko Fujiharu
Designated Engagement Partner
Certified Public Accountant

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Copy of the Report of Independent Auditors (translation)

Independent Auditor's Report

The Board of Directors
EBARA CORPORATION

Opinion

We have audited the accompanying non-consolidated financial statements of EBARA CORPORATION (the Company), which comprise the non-consolidated balance sheet as at December 31, 2023, and the non-consolidated statements of income and changes in net assets for the year then ended (the 159th period), notes to the non-consolidated financial statements and the related supplementary schedules (the non-consolidated financial statements, etc.) pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act.

In our opinion, the accompanying non-consolidated financial statements, etc. present fairly, in all material respects, the non-consolidated financial position of the Company as at December 31, 2023, and its non-consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

The other information comprises the business report and its accompanying supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, the Audit Committee is responsible for overseeing the Executive Officers and Directors' execution of duties relating to the design and operation of the Company's reporting process of the other information.

Our audit opinion on the non-consolidated financial statements, etc. does not cover the other information, and we do not express any opinion on the other information.

In connection with our audit of the non-consolidated financial statements, etc., our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements, etc. or our knowledge obtained in the course of audit, and pay attention to whether there are any signs of a material misstatement in the other information other than such material inconsistencies.

If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Non-consolidated Financial Statements, etc.

Management is responsible for the preparation and fair presentation of non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing the Company's ability to continue as a going concern and disclosing matters related to going concern, as required by accounting principles generally accepted in Japan.

The Audit Committee is responsible for overseeing the Executive Officers and Directors' execution of duties relating to the design and operation of the Company's reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, etc.

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements, etc.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, etc., whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the non-consolidated financial statements, etc. is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements, etc. or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, etc., including the disclosures, and whether the non-consolidated financial statements, etc. represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, as well as any measures taken to remove factors impairing independence or any safeguards implemented to reduce the impact of such factors to an acceptable level.

Conflicts of Interest

We have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

Deloitte Touche Tohmatsu LLC
Tokyo Office
February 18, 2024

Yoshiaki Kitamura
Designated Engagement Partner
Certified Public Accountant

Takuya Sumita
Designated Engagement Partner
Certified Public Accountant

Akiko Fujiharu
Designated Engagement Partner
Certified Public Accountant

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Copy of the Audit Committee's Audit Report (translation)

Audit Report

The Audit Committee conducted an audit of the duties of the Directors and Executive Officers in the fiscal year from January 1, 2023 to December 31, 2023. The method and results thereof are as follows.

1. Method and Content of Audit

The Audit Committee periodically receives reports from Directors, Executive Officers and employees, etc. on resolutions of the Board of Directors concerning matters listed in Article 416(1) (i) (b) and (e) of the Companies Act, and the development and implementation of systems developed based on such resolutions (internal control systems), and asked for explanations and expressed opinions as necessary, in addition to conducting audits using the following methods.

- (i) In accordance with the audit policy and the segregation of duties established by the Audit Committee, the Committee worked with the Internal Audit Division and other departments in charge of internal control of the Company, attended important meetings and received reports from Directors and Executive Officers, etc. on the execution of their duties, requested explanations as necessary, examined documents related to the approval of important matters, and investigated the condition of operations and finances in EBARA's Head Office and major business locations. Furthermore, regarding subsidiaries, the Audit Committee communicated with the Directors, Audit & Supervisory Board Members, and others in these subsidiaries, worked to exchange information, and, as necessary, received reports from these companies.
- (ii) The Audit Committee monitored and verified whether the Independent Auditors maintained its independent status and conducted its auditing activities appropriately. The Audit Committee received reports from the Independent Auditors regarding the performance of its duties and results of the audits, and requested explanations as necessary. In addition, the Audit Committee was informed by the Independent Auditors that the "system to ensure proper execution of its duties" (matters described in each item of Article 131 of the Regulations on Corporate Accounting) has been developed in accordance with "Quality Control Standards for Audits" (Business Accounting Council, November 16, 2021) and others, asking for details when necessary.

Based on the previously described methods, the Audit Committee considered the business report and appended documents, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and the notes to the non-consolidated financial statements), and the annexed detailed statement, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and the notes to the consolidated financial statements).

2. Results of the Audit

(1) Results of the Audit of the Business Report and other Documents

- i. In our opinion, the Business Report and the Appended Documents have been prepared in accordance with relevant laws and EBARA's Articles of Incorporation and present the condition of EBARA fairly.
- ii. We found no instances of improper behavior in the conduct of duties by the Directors and Executive Officers and no major facts regarding violations of laws or the Articles of Incorporation.
- iii. We found the content of decisions made by the Board of Directors regarding internal control systems to be appropriate. Moreover, no notable matters were found with regard to the content of the business report and the execution of duties by the Directors and Executive Officers related to such internal control systems.

(2) Results of the Audit of the Non-Consolidated Financial Statements and the Annexed Detailed Statement

We found the methods used and the results of the audit conducted by the Independent Auditors, Deloitte Touche Tohmatsu LLC, to be appropriate.

(3) Results of the Audit of the Consolidated Financial Statements

We found the methods used and the results of the audit conducted by the Independent Auditors, Deloitte Touche Tohmatsu LLC, to be appropriate.

February 19, 2024

The Audit Committee of EBARA CORPORATION
Hisae Kitayama, Audit Committee Member
Tsuyoshi Numagami, Audit Committee Member
Akihiko Nagamine, Audit Committee Member

(Note) Audit Committee Members Hisae Kitayama and Tsuyoshi Numagami are Independent Directors as provided by Article 2(xv) and Article 400(3) of the Companies Act.