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Corporate Governance Report

Last Update: March 31, 2021

EBARA CORPORATION

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The corporate governance of EBARA CORPORATION (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile, and Other Basic Information

1. Basic Views

The Company has established the “EBARA Way,” composed of its “Founding Spirit,” “Corporate Philosophy” and the “EBARA Group CSR Policy” as the EBARA Group’s identity and set of values to be shared across the Group. Under the EBARA Way, EBARA upholds the enhancement of corporate value through sustainable business development and sharing the results with all stakeholders including shareholders as its most important management objectives. To achieve such objectives, the Company constantly seeks the best possible corporate governance and strives toward its further enhancement.

The EBARA Group has also established the “EBARA Corporate Governance Basic Policy,” and will endeavor to ensure the implementation of the basic policy and to further enhance its corporate governance.

→For further information about the “EBARA Way,” please see Appendix 1.

→For full disclosure on “EBARA Corporate Governance Basic Policy,” please see Appendix 2

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The EBARA Group agrees with the intent of the Corporate Governance Code, and has adopted all of the principles therein.

Disclosure Based on the Principles of the Corporate Governance Code Updated

◇Explanatory Notes

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| • “The Company,” “EBARA,” “our,” “us” or “we” | ----- | Ebara Corporation |
| • “The EBARA Group,” “the Group” or “our Group” | ----- | EBARA and its subsidiary and affiliated companies |
| • “General Principle(s),” “Principle(s)” or “Supplementary Principle(s)” | ----- | The General Principle(s), Principle(s) or Supplementary Principle(s) of Japan’s Corporate Governance Code |
| • “EBARA’s Basic Policy” | ----- | EBARA Corporate Governance Basic Policy (See Appendix 2) |
| • “Independent Directors” | ----- | The Company’s Directors who satisfy EBARA’s Independence Standards (See Appendix 3), and are registered as independent directors with the Tokyo Stock Exchange |
| • “Non-executive Inside Directors” | ----- | The Company’s inside Directors who do not concurrently serve as Executive Officers of the Company |

- “Executive Directors”

----- The Company’s Directors who concurrently serve as Executive Officers of the Company

◇Appendixes

- Appendix 1-----EBARA Group Corporate Ethics Framework
- Appendix 2-----EBARA Corporate Governance Basic Policy
- Appendix 3-----Independence Standards of Independent Director of EBARA
- Appendix 4-----Corporate Governance Framework
- Appendix 5-----System for Ensuring Appropriate Operations and the State of Operation of the System
- Appendix 6-----Disclosure Process
- Appendix 7-----Flow Chart of Communication with Shareholders & Investors
- Appendix 8-----Attendance at Board of Directors meetings and Committee meetings, etc.

1. Management Philosophy *Principle 3.1 i)*

◆Corporate Philosophy

---Continuing the Spirit of the Founder---

“We contribute to society through high-quality technologies and services relating to water, air and the environment.” Since its establishment as a pump manufacturer in 1912, the EBARA Group has advanced by acquiring technological capabilities that meet society’s needs.—Going forward, we will continue to contribute to the creation of a sustainable society through our business, by using energy optimally, mitigating climate change, promoting of resource recycling, and evolving of digital technology.

2. Business Strategies and Business Plan *Principle 3.1 i), 5-2*

◆ Long-term Vision “E-Vision2030” (Formulated Feb. 2020)

--- Roadmap to our 10-year vision ---

The EBARA Group aim to further our contributions toward the SDGs and improve ESG-focused management to contribute to the creation of a sustainable society, while simultaneously increasing the social/environmental and economic value we generate. We believe this will earn us greater corporate value and recognition as an excellent global company.

We have identified five material issues (EBARA’s materiality) with our key message for 2030 of:

“Technology. Passion. Support our Globe,” in mind. Specifically, we will contribute through our businesses to solutions and improvements on five material issues (Ebara’s materiality), achieving a high rate of “return on invested capital (ROIC)” as an indicator of the efficacy and efficiency of related activities. Building on these results, we shall increase the Ebara Group’s presence and grow into a company admired by society and the world.

5 Material Issues (Materiality)

i) **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.

ii) **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.

iii) **Conduct comprehensive environmental management**

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

iv) **Promote working environments that encourage challenge**

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

v) **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 more information on “Long-term Vision “E-Vision2030,” please see:

<https://www.ebara.co.jp/en/ir/business/information/vision.html>

◆ Mid-term Management Plan “E-plan2022”

--- Reconstruct the foundations of growth ---

Back-casting the long-term vision “E-Vision2030” presenting directions in which we should take, this plan represents policies and strategies management should address in the next three years. We position this plan as a stage to “Reconstruct the foundations of growth” in the first three years of the 10-year-vision.

Tasks for the next three years:

- Increase profits by continuously reevaluating and optimizing our business portfolio
- Identify and match both internal and external technologies/know-how with market needs to create new businesses
- Improve management efficiency and speed by taking measures to improve global operations
- Conduct business operations in line with the ideals of stakeholder capitalism

Based on these we have defined the following basic policies:

Basic Policies

- **Strive for growth**
Create and cultivate new businesses and expand existing businesses further into the global market
- **Improve profitability of existing businesses**
Transform business structures to strengthen revenue base and increase S&S sales in all businesses
- **Refine management and business infrastructure**
Proactively implement digital transformation (DX) technologies to facilitate swifter management and further emphasize ROIC management
- **Enhance ESG-focused management**
Address evolving environmental issues, foster bonds with society, and enhance governance practices

Targets to be Achieved in Fiscal Year 2022

- a) ROIC (Return on Invested Capital): 8.0% or more (Group-wide)
- b) Operating Income to Sales Ratio: 8.5% or more (Group-wide)

→For more information on Mid-term Management Plan “E-plan2020,” please see:

<https://www.ebara.co.jp/en/ir/business/information/vision.html>

◆ Optimization of Business Portfolio Based on Capital Cost

EBARA formulates and publishes management policies/mid-term management plans including our Group business portfolio; and we verify progress statuses against mid/long-term targets periodically and as needed; we also review our policies when necessary.

In order to optimize our business portfolio, we clearly classify our businesses into “businesses that can be expected to grow in the future” and “businesses in a matured market or with issues in profitability”. We have a system in place to organize processes to periodically evaluate performances and growth of existing businesses and restructure business portfolio as needed.

◆ Planned Investment/Financial Strategies

In the mid-term management plan “E-Plan2022” published in Feb. 2020, we set target values positioning ROIC as the most important management index to aim to construct a revenue base exceeding capital cost. Prioritizing capital investment for productivity improvement and growth investment such as M&A to accelerate global expansion, we will increase capital efficiency through focusing on balance sheet control such as compressing account receivables and inventories at respective businesses. Therefore, KPIs are set per Business and progress against plan is periodically checked, and action plans are reviewed when necessary so that the targets be achieved.

3. Policy on Shareholder Return

The EBARA Group regards returning profit to shareholders as one of the most important management policies. As for shareholder returns during the E-Plan2022 period, having the target of consolidated Dividend Payout ratio of 35% or over, we plan to payout while maintaining consolidated Dividend on Equity ratio (DOE) of 2.0% or over. We will be acquiring own equities expeditiously also.

4. Basic Policy for Cross-Shareholdings, etc. *Principle 1.4, Supplementary Principle 1.4.1, 1.4.2 (See Article 4 of Appendix 2)*

(1) Policy for Reduction of Cross-Shareholdings

In principle, the Company does not hold cross-shareholdings. However, it is possible that the Company will hold shares of other companies only in cases where it is determined that partnerships with investees through shareholding will contribute to the enhancement of the Group's corporate value.

(2) Status of Reduction of Cross-Shareholdings

The Company had sold all cross-holding of listed shares (incl. listed shares contributed to the employee retirement benefit trust).

[Number of Issues of Listed Shares Held by the Company Not for Purely Investment Purposes]

	End of March 2016	End of March 2017	End of December 2017	End of December 2018	End of December 2019	End of December 2020
Number of issues of cross-shareholdings	29	14	9	9	2	0
Number of issues contributed to employee retirement benefit trust	8	8	8	5	1	0

(3) Standards for Voting Rights

The Company does not hold cross-shareholdings, so this section does not apply.

(4) Related to Cross-Shareholder

The Company does not hold cross-shareholdings, so this section does not apply.

5. Basic Views on Corporate Governance *Principle 3.1 ii) (See Article 1 of Appendix 2)*

The EBARA Group's basic views on corporate governance are as follows.

- (1) The Company respects shareholders' rights, and is engaged in establishing an environment which enables shareholders to appropriately and effectively exercise their rights and ensures equality among shareholders.
- (2) The Company strives to appropriately cooperate with various stakeholders, including customers, business partners, employees and local communities. The Company will also develop a corporate culture in which such stakeholders' rights and positions are respected and business is executed soundly.
- (3) The Company strives to ensure management transparency through appropriate disclosure of its corporate information.
- (4) The Company has developed a governance system in which Independent Directors play important roles, and that is centered on Independent Directors and Non-executive Inside Directors. 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, to achieve clear separation between supervision and business execution in management.

- (5) The Company engages in constructive dialogue with shareholders and investors on the basis of a separately established “IR Basic Policy,” with a view to contributing to sustainable growth and the medium- to long-term enhancement of corporate value.

6. Responsibilities of the Board, and Policies and Procedures for Appointment/Dismissal of the Directors and Executive Officers

(1) Roles of the Board and Board Balance and Size *Supplementary Principle 4.11.1 (See Article 9 of Appendix 2)*

(a) Roles and Responsibilities of the Board of Directors and Standards for Nominating Directors

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 extent to the positions of all stakeholders. In addition to the perspective of establishing an internal control environment for preventing downside risks of scandals, etc., (i.e., defensive leadership), the Board must also consider the perspective of establishing an environment enabling management to boldly face challenges to prevent upside risks in which business opportunities are missed (i.e., offensive leadership).

To be able to exhibit both defensive and offensive leadership, the Board of Directors must be a place enabling 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 in areas important from the perspective of business management from inside and outside the Company. In addition to sufficient expert knowledge in their respective fields, Directors need to have extensive insight and ability of logical thinking enabling them to make decisions based on the opinions of other Board members with expert knowledge and information from within and outside the Company.

Furthermore, the Board of Directors must be able to clearly divide responsibilities of supervision and execution in order to be able to effectively supervise the execution of business and also be able to objectively assess and comment on the progress and results of execution of business by management from a position that is independent from the execution of business. As the organizational form for this purpose, we will effectively utilize Non-executive Inside Directors (directors who do not concurrently serve as Executive Officers of the Company) while Executive Directors (directors who concurrently serve as Executive Officers) will be kept to a minimum. The Nomination, Compensation and Audit Committees, which are the essence of corporate governance, are composed entirely of Non-executive Inside Directors in order to ensure their independence and objectivity. The majority of the members of each Committee are Independent Directors, and the Chairperson of each Committee is also, in principle, an Independent Director. From this perspective, Independent Director is the majority of all directors in the structure of Board of Directors.

Based on the above idea, as of March 29, 2021 the Board of Directors is composed of seven (7) Independent Directors, including three (3) females, and two (2) Non-executive Inside Directors, and one (1) Executive Director who is *President and Representative Executive Officer*.

Furthermore, the Nomination, Compensation and Audit Committees established within the Board of Directors are composed entirely of Non-executive Inside Directors to ensure their independence and objectivity. The majority of the members of each committee are Independent Directors, and the chairperson of each committee is also Independent Director.

(b) Policy for the Chairman of the Board of Directors *(See Article 10 of Appendix 2)*

A Director who does not concurrently serve as Executive Officer serves in the position of the Chairman of the Board of Directors. Furthermore, to ensure the respective responsibilities of the Board of Directors, the Nomination Committee, the Audit Committee and the Compensation Committee to be appropriately fulfilled, the Chairman of the Board of Directors shall not concurrently serve as the Chairperson of each of the committees unless there are special circumstances.

The Chairman of the Board of Directors sets out the proposals to be deliberated and reported at Board of Directors’ meetings, and conducts the proceedings of the Board meetings to ensure that the best possible conclusion is reached efficiently, based on reasonable debate. The Chairman of the Board of Directors receives reports as appropriate from the Representative Executive Officer on whether the Board of Directors’ opinions are adequately reflected in business execution. The Chairman of the Board of Directors reports, as necessary, the status of such reports to the Board of Directors, and asks the Board to deliberate for possible correction of the general direction of business execution, etc.

In the event the Chairman of the Board of Directors is an Independent Director, the Board of Directors nominates the Chairman of the Company (one person from among the Non-executive Inside Directors if there is no Chairman of the Company) as a person to assist the Chairman of the Board of Directors.

According to the above policy, since adopting to the organizational form of a “Company with Three Committees” in June 2015, the Company has had a Non-executive Inside Director serve as the Chairman of the Board of Directors and separated the roles of Chairman of the Board of Directors and the Representative Executive Officer. From March 29, 2019, to enhance the transparency and fairness of the Board of Directors and further strengthen the supervisory functions of the Board, an Independent Director serves as Chairman of the Board.

(c) Composition of the Board of Directors **Principle 4-11 (See Article 9, 11, 12, 13 and 17 of Appendix 2)**

To ensure the Board of Directors effectively fulfills its roles and responsibilities, the Board of Directors shall have overall balance of personnel with sufficient knowledge, experience and skills inside and outside the Company in areas related to business management, and made up in a way that has both diversity including gender and international aspects and appropriate size.

Knowledge and experience expected to be important to the Company from the perspective of company management are defined as the areas of “legal affairs and risk management,” “personnel and human resource development,” “finance, accounting and capital policy,” “auditing,” “management of individual businesses (in the Ebara Group),” “corporate management and management strategy,” “research and development,” “the environment,” “social” and “internal control and governance.” In addition to having appropriate knowledge in all of these areas, the Company has appointed nominees for Director by specifying areas in which the Company particularly expects them to perform. Directors comprising the Audit Committee shall have adequate experience and ability, and the necessary knowledge of finance, accounting and law, and include two (2) or more members with sufficient knowledge of finance and accounting. Note that these areas shall be revised as appropriate based on the external environment and the condition of the Company.

As of March 29, 2021, seven (7) out of the ten (10) Directors (70% of the total), including three (3) females (30% of the total), are Independent Directors who have appropriate and diverse capabilities (for more information, see Section (3) below). Diversity of the Board of Directors has been paid due attention regarding gender and nationality by including a female member and several members with adequate knowledge and experience of international transactions and global business, but the Company is considering the appointment of Directors of foreign nationality in the future from the standpoint of further diversity.

(2) Policies and Procedures for Appointment and Dismissal of Directors and Executive Officers **Principle 3.1 iv) (See Article 17 of Appendix 2)**

The policies and procedures related to the nomination and dismissal of directors and the election and dismissal of executive officers in the Company are determined by a Nomination Committee chaired by an Independent Director and comprising a majority of Independent Directors.

(a) Nomination Process for Directors

The Nomination Committee selects Candidates for Director from a strategic perspective based on management philosophy and management strategy, deliberates whether they have suitable qualities and capabilities as Directors based on the perspective in (1) above, and determine proposals related to the election and dismissal of Director Candidates for the purpose of sustainable growth of the Company and enhancement of medium- to long-term corporate value based on the Director election criteria and election procedures established by the Nomination Committee. The Candidates for Director are reported to the Board of Directors by the Nomination Committee and elected by resolution of the General Meeting of Shareholders.

(b) Process for the Appointment and Dismissal of Executive Officers

The Nomination Committee deliberates whether Candidates for Executive Officer selected by the President and Representative Executive Officer have suitable qualities and capabilities as Executive Officers, and present the results of deliberation to the Board of Directors based on the Executive Officer appointment

criteria and appointment procedures established by the Nomination Committee. The Board of Directors makes a decision after receiving the deliberation results from the Nomination Committee.

Furthermore, in the event the performance does not meet the criteria specified in the Company's regulation when the Nomination Committee periodically checks the aptitude of each current Executive Officer, the Nomination Committee will propose to the Board of Directors not to re-appoint the current Executive Officer.

(c) Process for Election and Dismissal of the President and Representative Executive Officer and Succession Planning **Principle 3.1 iv), v), Supplementary Principle 4-1-3, 4-3-2, 4-3-3 (See Article 11 of Appendix 2)**

The Company has positioned the establishment and implementation of the criteria and policies for the appointment and dismissal of the President and Representative Executive Officer who serves in a particularly central role in top management as the most important strategic decision in the Company.

◆ **Process for the Appointment and Dismissal of the President and Representative Executive Officer**

The Nomination Committee proposes final candidates for the appointment of the President and Representative Executive Officer to the Board of Directors and the Board of Directors makes a decision based on the criteria and policies for the appointment and dismissal of the President and Representative Executive Officer established by the Nomination Committee.

The Nomination Committee checks that the current President and Representative Executive Officer meets the requirements concerning the qualities of the President and Representative Executive Officer specified in the succession plan periodically and as needed, and makes proposals to the Board of Directors on the successor for President and Representative Executive Officer based on the succession plan when the President and Representative Executive Officer steps down.

Furthermore, the Board of Directors has established an independent and objective process for discussion whether or not to dismiss the President and Representative Executive Officer when it is found that the President and Representative Executive Officer is not functioning adequately based on an appropriate evaluation of the Company's performance, etc. Specifically, in the event the consolidated performance of a single fiscal year does not meet the criteria specified by the Nomination Committee for three consecutive years when the Nomination Committee periodically checks the aptitude of the current President and Representative Executive Officer, the Nomination Committee proposes to the Board of Directors not to re-appoint the current President and Representative Executive Officer unless there are special circumstances, and the Board of Directors conducts discussion on whether or not to dismiss the President and Representative Executive Officer.

◆ **Succession Planning for the President and Representative Executive Officer**

In order to appoint the next President and Representative Executive Officer 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.

(3) Explanations with respect to Individual Appointments and Nominations **Principle 3.1 v) (See Article 8 of Appendix 2)**

The reasons for nominating each candidate for Director and the areas in which the Company particularly expects them to perform as part of the explanation of the corresponding proposal in pages 4-5 of the Notice of the 156th General Meeting of Shareholders.

→ For full disclosure on "the Notice of the 156th General Meeting of Shareholders," please see:

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

(4) Policy on Officers' compensations and procedure **Principle 3.1 iii), Principle 4.2, Supplementary Principle 4.2.1 (See Article 20 of Appendix 2)**

The Company is "Company with three Committees" and the Compensation Policy for Directors and Executive Officers (the "Compensation Policy") is determined by Compensation Committee. Compensation policies are determined under our Long-Term Vision "E-Vision2030" and Mid-Term Management Plan "E-Plan2022", and the contents of these policies are as follows.

(a) Compensation for Directors

In order to supervise the execution of duties by Executive Officers in line with the Company's management philosophy and strategy, the Company has adopted a compensation level and remuneration system that reflects the roles played by Board of Directors and its committees, with the purpose of achieving sustainable growth of the Company and increasing corporate value over the medium to long term.

(b) Compensation for Executive Officers

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, and provides an appropriate level of compensation when targets are met, for the purpose of sustained growth of the Company and medium- term enhancement of corporate value.

- For further information on "Indicators related to the performance-linked stock compensation plan, reasons for selecting such indicators, and the method of determining the amount of performance-linked compensation," please see "III1.[Incentive] Supplementary Explanation of "Incentive Policies for Directors and/or Executive Officers" later in this report."
- For further information on "Policy on Determination of Payment Ratio of Compensation, etc. Other Than Performance-Linked Compensation and Performance-Linked Compensation," please see "III1.[Compensation for Directors and Executive Officers] Supplementary Explanation of "Disclosures of the Amount of Compensation or the Policy for Determining the Calculation Methods."

(5) Training for Directors **Principals 4-14, Supplementary Principals 4.14.2 (See Article 18 of Appendix 2)**

The Company offers opportunities for newly elected Directors to gain 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. Furthermore, in an effort to promote understanding of the Group, the Company offers opportunities as appropriate for newly elected Independent Directors to gain knowledge of, and insight into important matters such as the Group's management strategies and financial position, through a briefing by Executive Officers, etc., in charge of respective areas, and inspection tours, etc., at the Group's business sites prior to or immediately after their election.

In addition, the Company provides Directors with opportunities for adequate training after their election as appropriate, including lectures by external experts.

7. Separation between Supervision and Business Execution in Management **Supplementary Principle 4.1.1 (See Article 9 of Appendix 2)**

---Scope of Delegation to the Management---

Based on the basic views of the role of the Board of Directors and clear separation between supervision and business execution as described in 6 (1) (a) "Roles and Responsibilities of the Board of Directors and Standards for Nominating Directors" on page 5, the Board of Directors establishes the Board of Directors' Rules, specifying the matters to be resolved and reported to the Board of Directors, and stipulates the scope of matters for which decision-making authority is delegated to Executive Officers.

The decision-making authority on matters concerning business execution is delegated to Executive Officers, except those categorized as the exclusive jurisdiction of the Board of Directors by laws and regulations as well as the Articles of Incorporation, including basic management policies (management

philosophy, medium- to long-term management plan, and annual budget, etc.) and those that may have a significant impact on the management of the Group.

8. Supervision by Independent Directors *Principle 4.8 (See Article 9 of Appendix 2)*

---Effective Use of Independent Directors---

Based on the basic views of the role of the Board of Directors and clear separation between supervision and business execution as described in 6 (1) (a) “*Roles and Responsibilities of the Board of Directors and Standards for Nominating Directors*” on page 5, the Company has developed a governance system comprising mainly Independent Directors and Non-executive Inside Directors (directors who do not concurrently serve as Executive Officers of the Company).

(1) Roles of Independent Directors *(See Article 16 of Appendix 2)*

Independent Directors are mainly responsible, among their principal roles, for verifying and assessing as appropriate the business results of the Company and performance of Executive Officers in light of the management strategies or management plan set out by the Board of Directors, and determining and expressing opinions on whether it is appropriate to delegate management responsibilities to the incumbent Executive Officers from the perspective of the common interests of shareholders.

(2) Ratio of Independent Directors

To appropriately and effectively fulfill the roles of Independent Directors described above, the Company believes it needs to secure a certain number or more of Independent Directors. For this reason, the Company's basic policy is to have a majority of all directors as Independent Director, and the Nomination, Compensation and Audit Committees, which are the essence of corporate governance, consist only of Non-Executive Director, with the majority of the members of each committee as, and the Chairperson of each committee is also, in principle, an Independent Director.

As of March 29, 2021, Independent Directors comprised seven (7) Directors, 70% of the ten (10) Directors, and Independent Director serves as Chairperson of the Nomination, Compensation and Audit Committees.

Furthermore, to enhance the transparency and fairness of the Board of Directors and further strengthen the supervisory functions of the Board, the number of Executive Directors has become one (1), President and Representative Executive Officer only, and an Independent Director is serving as Chairman of the Board. With regard to Compensation Committee, since June 2017, all three (3) members of the Compensation Committee have been shifted to Independent Directors only structure.

(3) Independence Standards and Qualification for Independent Directors *Principle 4.9 (See Article 17 of Appendix 2)*

Independent Directors shall be selected from those who have adequate specialized knowledge in areas important in company management and can also contribute to discussion on the essence of management from a position that is completely independent from the execution of business. The Company has established the Independence Standards of Independent Director of EBARA based on the independence standards specified by the Tokyo Stock Exchange. Only those who meet such standards shall be the Company's Independent Directors.

→For full disclosure on “the Independence Standards of Independent Director of EBARA,” see Appendix 3

→For full disclosure on the reasons of appointment for Independent Directors, please see “III.[Outside Directors] Outside Directors' Relationship with the Company (2)”

(4) Independent Directors' Meetings (Executive session) *Supplementary Principle 4.8.1 (See Article 14 of Appendix 2)*

In light of the lack of information on Independent Directors and the need to share awareness of issues, we believe it is essential to hold meetings only with Independent Directors. For this reason, we have established the Independent Directors' Meeting (Executive session), which is exclusively for Independent

Directors, and have established a system that enables Independent Director to freely exchange information and share recognition in order to fulfill its roles.

→For further information about the Supporting System for Independent Directors.

(5) Election of Lead Independent Director **Supplementary Principle 4.8.2 (See Article 16 of Appendix 2)**

The Lead Independent Director is elected from among the Company's Independent Directors. The Lead Independent Director serves as the Chairperson of the Independent Directors' Meeting. In addition, the Lead Independent Director summarizes opinions of other Independent Directors as necessary, and reports to the Chairman of the Board of Directors or the President and Representative Executive Officer for further consultation.

9. Effectiveness of the Board of Directors

(1) Evaluation of the Effectiveness **Supplementary Principle 4.11.3 (See Article 19 of Appendix 2)**

The Company pursues the best possible corporate governance structure and strives for its further enhancement at all times. In fiscal 2015, Board of Directors itself began conducting annual Evaluation of the Effectiveness of the entire Board of Directors to verify how Board of Directors is contributing to the effective functioning of corporate governance and to identify and improve issues. A summary of the findings is disclosed. In annual evaluations, 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 cycle of improvement. A summary of Evaluation of the Board of Director's effectiveness for fiscal 2020 can be found on the following website.

→For full disclosure on “Overview of the results of the fiscal year 2020 Evaluation about the Effectiveness of the Company's Board of Directors,” please see:

https://www.ebara.co.jp/en/ir/governance/information/_icsFiles/afieldfile/2021/04/26/board_evaluation_fy2020_2.pdf

《Major Governance-Reforming Based on Evaluation of the Effectiveness》

1) Board of Directors agenda and discussion	
①Strengthening Discussions on Medium-to Long-Term Issues	In line with the perception that Board of Directors needs to further increase the weight of discussions on medium-to long-term issues, we began to incorporate into Board of Director's annual agenda items in advance the long-term management vision, mid-term management plan of realizing this vision, and the strategies, organizational structure, and personnel strategies of each business, and to hold time-consuming discussions.
②Improving and deepening the quality of discussions	A few days before Board of Directors, Independent Director's Meeting met with the executive officer in charge to explain the main topics of the Board of Directors meeting and to deepen their understanding of these topics, and to hold free discussions among Independent Director. At Board of Directors, there was a shared awareness that the quality of Independent Director's discussions would be enhanced by having each Evaluation of the Effectiveness understand the issues and make comments from their own perspectives and responsibilities. Evaluation of the Effectiveness also confirmed the significance of this Independent Director's Meeting.
2) Size and Composition of Board of Directors	
① Size and composition of Independent Director	Regarding Independent Director, the background and the diversity of experiences are important, and the importance of free exchange of diverse views in the invisible social climate in the future was recognized. Evaluation of the Effectiveness

	confirmed the appropriateness of a system in which Independent Director of the 10 current boards of directors is composed of 7 members.
② Independent Director who are also in charge of business execution	With regard to the current system, in which the number of directors who are also in charge of business execution has been gradually reduced to 1 representative executive officer, Evaluation of the Effectiveness shared the view that the separation of supervision and execution has been promoted and the roles of execution responsibilities and Board of Directors have been further clarified.
③ Board of Directors assumes chairmanship	In 2019, Independent Director became Board of Directors Chairman of the Board to ensure further fairness and transparency and to set agenda items from the shareholder's perspective. To check its effectiveness, the Chairman's Assessment was included in Evaluation of the Effectiveness's frame and reviewed annually at Board of Directors.
3) Committee's Effectiveness Evaluation of the Committee's Effectiveness	
① Evaluation of the Committee's Effectiveness	The Nominating, Compensation, and Auditing Committees shared their functions and roles through Evaluation of the Effectiveness and made progress in self-assessing whether they were sufficiently independent and capable of achieving their objectives.
② Supporting Audit Committee System	Audit Committee recognized the need to strengthen its system to support Audit Committee in Evaluation of the Effectiveness, and has expanded its system and personnel allocation to this end.

(2) Concurrent Positions of Directors and Attendance Rate of the Board **Principals 4.11.2 (See Article 17 of Appendix 2)**

The Company's Basic Policy has provided that if a Director of the Company is to concurrently serve as a director or a statutory auditor of other listed companies, such service shall not be demanding to the extent that it may impede the roles and functions expected of a Director of the Company, and the standard for the number of concurrent boards has been set. We also have set standards pertaining to attendance rates of the Board of Directors meetings to ensure the effectiveness.

We have determined that the current concurrent status of all Directors is within the extent of fulfilling the roles and functions expected of the Director of the Company. The status of concurrent posts of Directors is disclosed in the explanation of the proposal for election of Directors of the Notice of the General Meeting of Shareholders.

→For full disclosure on “the Notice of the 156th General Meeting of Shareholders,” please see:
<https://www.ebara.co.jp/en/ir/stock/shareholdersmeeting/index.html>

10. Related Party Transactions Principle 1.7 (See Article 5 of Appendix 2)

The Company's Basic Policy has provided that the Company's Directors and Executive Officers shall obtain prior approval of the Board of Directors when they are to “carry out transactions that belong to the line of business of the Company (competitive transactions) for themselves or for a third party” or “carry out transactions with the Company, or transactions that involve conflicts of interest between themselves and the Company (transactions involving conflicts of interest), including transactions between the Company and a third party for which they receive a commission, etc.”

11. Sustainability Promotion Structure

The Sustainability Committee has been established to discuss policies on activities contributing to society/environment and Ebara Group's sustainability as well as to verify and review outcomes. In order to properly supervise sustainability (including CSR, ESG, and SDGs) as a key management issue, Board of Directors encourages Non-Executive Directors to attend the Sustainability Committee. Non-Executive Directors provide advice and other services as needed. In addition, the Sustainability Committee's deliberations have been reported to Board of Directors, and a system has been put in place to enable Board of Directors to accurately gauge and appropriately supervise the status of these matters. For more information on the membership and activities of the Sustainability Committee, please refer to "II 2. [Business Execution] 3) (4) Sustainability Committee" later in this report.

12. Risk Management *Supplementary Principle 4.3.4*

(1) Risk Management

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, Representative Executive Officer, and made up of all Executive Officers. Furthermore, Non-executive Directors attend 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.

The EBARA Group must reinforce its Group governance and risk management measures in order to support the global expansion of its business. To strengthen Group governance, we are revising our regulations for Group administration and ensuring these regulations are observed. In addition, we have established the Risk Management Guidelines, which are meant to facilitate the development of risk management systems at Group companies based on shared targets, as well as the Internal Control Guidelines aimed at enhancing internal controls. These and other frameworks were implemented at all Group companies. We will pursue ongoing improvements in our risk management system.

Further, to address the spread of COVID-19, the company-wide Task Force was set up with the President and Representative Executive Officer, taking charge as the Director. With securing safety of employees and their families as the highest priority, the Task Force implements infection prevention measures, addresses any infection cases, captures accurate information including supply chain so that we may minimize the impact on our businesses.

→For more detailed information on the RMP, please refer to "II 2. [Business Execution] 3) (3) Risk Management Panel".

(2) Compliance

We practice compliance based on the EBARA Group CSR Policy, which calls on us to conduct business with a strong sense of ethics and foster relationships of trust with such valued stakeholders as customers, suppliers, shareholders, investors, local communities, and employees. In addition to legal compliance, the Group makes conscientious efforts to conform to in-house regulations, social norms, and other rules in its business activities.

The Group is well aware of the fact that a scandal resulting from a failure to guarantee compliance would undoubtedly have a severe adverse impact on its management foundations. We report the status of compliance to the Sustainability Committee, and have established the EBARA Group Compliance Liaison Committee, the Compliance Liaison System, and the Internal Reporting Desk, which are operated to ensure thorough compliance throughout the Group.

13. Dialogue with Shareholders and Investors *Principles 5.1, Supplementary Principle 5-1-1, 5-1-2 (See Article 21 of Appendix 2)*

The Company recognizes the development of a long-term trusting relationship with shareholders and investors as one of the most important management matters. The Company provides appropriate corporate information necessary for shareholders and investors to make investment decisions, and strives to further

strengthen the trusting relationship on a continuous basis by engaging in IR activities for enhancing its corporate value through constructive dialogue.

The Board of Directors practices appropriate oversight of the dialogue with shareholders and other investors, positioning it as an important management issue. To facilitate this oversight, the Board of Directors receives quarterly reports on IR activities by the division responsible for these activities, and Directors offer advice as necessary.

In the current framework, the President and Representative Executive Officer is the chief executive of IR activities of the Company, which are, in principle, carried out by the executive officer in charge of IR and the department in charge of IR.

In addition, Directors (including Independent Directors), Executive Officers and other senior executives arrange, as appropriate, opportunities for direct dialogue with shareholders and investors. The Company develops a framework for internally sharing information and knowledge gained through such dialogue with shareholders and investors, which shall be utilized for the management of the Company.

→For more detailed information on IR activities, please refer to "III 2. IR Activities".

→For full disclosure on "IR Basic Policy," please see:

<https://www.ebara.co.jp/en/ir/business/information/ir-basic-policy.html>

→For more detailed information on "Flow Chart of Communication with Shareholders & Investors," please see Appendix 7.

14. Functions as a Corporate Pension Asset Owner **Principle 2.6**

The Group has established a Pension Committee as an organization for ensuring pension benefits are provided to members in the future in the management of defined benefit pension assets of the Company and its major domestic subsidiaries. The Pension Committee has defined a "Basic Policy on Management of Pension Assets" to secure total earnings required in the long term within an acceptable range of risk, and is engaged in the management and administration of pension assets by determining strategic asset composition ratios from a medium- to long-term perspective.

The Pension Committee is made up of Executive Officers and employees from the Human Resources Division and the Finance and Accounting Division who have specialized knowledge in the areas of human resources systems, management of financial assets and accounting and taxes, and also hires external experts as advisors to receive the necessary advice on pension asset management and the establishment of systems, as well as to properly manage conflicts of interest between pension beneficiaries and the Company.

2. Capital Structure

Percentage of Foreign Shareholders	More than 30%
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Status of Major Shareholders **Updated**

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,387,000	11.94
ICHIGO TRUST PTE. LTD. (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch, Custody Department)	9,552,600	10.02
Custody Bank of Japan, Ltd. (Trust Account)	7,304,400	7.66
THE BANK OF NEW YORK MELLON 140042 (Standing proxy: Mizuho Bank Ltd., Settlement & Clearing Services Division)	3,932,106	4.12
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	2,314,000	2.43

Name / Company Name	Number of Shares Owned	Percentage (%)
(Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch, Custody Department)		
BNYM AS AGT/CLTS 10 PERCENT (Standing proxy: MUFG Bank, Ltd.)	2,122,790	2.23
Custody Bank of Japan, Ltd. (Trust Account 7)	2,110,300	2.21
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Mizuho Bank Ltd., Settlement & Clearing Services Division)	1,482,974	1.55
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank Ltd., Settlement & Clearing Services Division)	1,388,618	1.46
NORTHERN TRUST CO.(AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch, Custody Department)	1,335,200	1.40

Controlling Shareholder (Except for Parent Company)	—
Parent Company	No

Supplementary Explanation **Updated**

- 1) Capital structure indicated here reflects the status as of December 31, 2020.
- 2) The Company owns 20,442 treasury shares, but has been eliminated from total number of shares issued in calculating the percentage above.
- 3) In a change report pertaining to a report of possession of large volume, available for public inspection as of December 7, 2020, it is stated that Nomura Securities Co., Ltd. and its co-owner Nomura Asset Management Co., Ltd. collectively held 6,917 thousand shares (equivalent to a 7.25% holding ratio of share certificates, etc.) as of November 30, 2020. However, the Company could not verify the number of shares substantially held by the aforementioned parties as of December 31, 2020. Thus, they are not included in the aforementioned status of major shareholders.
- 4) In a change report pertaining to a report of possession of large volume, available for public inspection as of December 8, 2020, it is stated that Silchester International Investors LLP held 5,860 thousand shares (equivalent to a 6.14% holding ratio of share certificates, etc.) as of December 4, 2020. However, the Company could not verify the number of shares substantially held by the aforementioned parties as of December 31, 2020. Thus, they are not included in the aforementioned status of major shareholders.
- 5) In a change report pertaining to a report of possession of large volume, available for public inspection as of November 19, 2020, it is stated that Sumitomo Mitsui Trust Bank, Limited and its two joint holders collectively held 5,471 thousand shares (equivalent to a 5.74% holding ratio of share certificates, etc.) as of November 13, 2020. However, the Company could not verify the number of shares substantially held by the aforementioned parties as of December 31, 2020. Thus, they are not included in the aforementioned status of major shareholders.
- 6) In a change report pertaining to a report of possession of large volume, available for public inspection as of April 20, 2020, it is stated that Mitsubishi UFJ Trust and Banking Corporation and its three joint holders collectively held 5,164 thousand shares (equivalent to a 5.43% holding ratio of share certificates, etc.) as of April 13, 2020. However, the Company could not verify the number of shares substantially held by the aforementioned parties as of December 31, 2020. Thus, they are not included in the aforementioned status of major shareholders.
- 7) The change report on large shareholdings, dated October 3, 2019, which was made available for public review, states that Newton Investment Management Limited (Newton Investment Management

Limited) and its 5 joint holders owned 4,224 shares as of September 30, 2019 (4.14% shareholdings, etc.). However, because we are unable to confirm the number of shares beneficially owned as of December 31, 2020, we are not included in the above list of major shareholders.

- 8) In a change report pertaining to a report of possession of large volume, available for public inspection as of November 20, 2020, it is stated that Mizuho Securities Co., Ltd. and its one holder held 3,748 thousand shares (equivalent to a 3.93% holding ratio of share certificates, etc.) as of November 13, 2020. However, the Company could not verify the number of shares substantially held by the aforementioned parties as December 31, 2020. Thus, they are not included in the aforementioned status of major shareholders.

3. Corporate Profile

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-end	December
Type of Business	Machinery
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Sales (Consolidated) as of the End of the Previous Fiscal Year	¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	50 to less than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholders

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5. Other Special Circumstances Which May Have Material Impact on Corporate Governance

The Company does not have a parent company or listed subsidiaries; thus, there are no matters to report under this item.

II. Business Management Organization and Other Corporate Governance Systems Regarding Decision Making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Structure of Organization	Company with Three Committees (Nomination, Compensation and Audit)
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Directors

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairman of the Board	Independent Director
Number of Directors	10

Outside Directors

Number of Outside Directors	7
Number of Independent Directors	7

Outside Directors' Relationship with the Company (1) **Updated**

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Sakon Uda	From Other Company											
Hajime Sawabe	From Other Company								△			
Hiroshi Oeda	From Other Company											
Masahiro Hashimoto	From Other Company											
Junko Nishiyama	From Other Company											
Mie Fujimoto	Attorney											
Hisae Kitayama	CPA								△			

* Categories for "Relationship with the Company":

“○” When the director currently falls or has recently fallen under the category

“△” When the director fell under the category in the past

“●” When a close relative of the director currently falls or has recently fallen under the category

“▲” When a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company other than compensation as a director/audit & supervisory board member

g. Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which and the Company outside directors/audit & supervisory board members are mutually appointed (the director himself/herself only)

j. Executive of a company or an organization that receives a donation from the Company (the director himself/herself only)

k. Others

Name	Committees			Independent Director	Supplementary Explanation of the Relationship with the Company	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
Sakon Uda	○			○	Sakon Uda does not fall under any of these relationship categories.	<p>Sakon Uda has been involved with numerous companies as an expert in management strategy, etc., and as a member of top management and provides advice on management strategy and improvement of operations, etc. He has actively spoken from the perspective of general management in important meetings including the Board of Directors, while leading the Board of Directors as Chairman. Furthermore, he has contributed to activities of the Nomination Committee, such as the selection of nominees for Director, succession planning of President, and nurturing of candidates as a member of the Nomination Committee.</p> <p>The Nomination Committee selected him to continue to serve as an Independent Director to reflect his broad knowledge and high level of perception in the supervision of management, particularly in the areas of “personnel and human resource development” and “corporate management and management strategy,” and because he is expected to continue to lead the Board of Directors as Chairman in order to further increase the effectiveness of the Board of Directors.</p> <p>Attribute information on his eligibility as an independent director and outside director is as shown on the left, and as we determined that there were no special conflicts of interest with general shareholders, we have reported him as an independent officer.</p>

Name	Committees			Independent Director	Supplementary Explanation of the Relationship with the Company	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
Hajime Sawabe		○		○	<p>Hajime Sawabe falls under the “h” relationship category with the Company because he had engaged in the execution of business at TDK Corporation (“TDK”). However, he has not involved in business execution since he took office as an Executive Advisor in June 2012 (retired in March 2019). Although the Group had business transactions including the sale of products and after-sale service with TDK, the amount of these transactions was less than ¥20 million per year, or an amount that accounted for less than 0.1% of the consolidated net sales of the Company for the year ended December 31, 2020. The Group also has purchased precision machinery parts from TDK, but the amount of payments by the Group to TDK was less than ¥20 million per year, or an amount that accounted for less than 0.1% of the consolidated net sales of TDK for the third quarter of the fiscal year ended March 31, 2021.</p>	<p>Hajime Sawabe has been involved in the management of a listed company involved in the electronic components industry, for many years, and has extensive experience in general corporate management. In addition, he has an abundance of experience as an outside officer at listed companies in various industries. He actively speaks in important meetings such as the Board of Directors, and also as the Chairperson of the Compensation Committee, he has lead the Committee activities, including the consideration of the Company’s compensation system for Directors and Executive Officers and discussions related to decisions on the compensation standards. The Nomination Committee selected him to continue to serve as an Independent Director to reflect his abundant experience and high level of perception in the supervision of management, particularly in the areas of “personnel and human resource development,” “finance, accounting, and capital policy” and “corporate management and management strategy,” with the expectation for him to continue to demonstrate leadership as the Chairperson of the Compensation Committee. Attribute information on his eligibility as an independent director and outside director is as shown on the left, and as we determined that there were no special conflicts of interest with general shareholders, we have reported him as an independent officer.</p>

Name	Committees			Independent Director	Supplementary Explanation of the Relationship with the Company	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
Hiroshi Oeda	○			○	Hiroshi Oeda does not fall under any of these relationship categories.	<p>Hiroshi Oeda 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 Independent Directors' meetings as the Lead Independent Director, in addition to contributing to activities of the Nomination Committee as the Chairperson, such as the succession planning of President, selection of nominees for management executives and nurturing of such candidates.</p> <p>The Nomination Committee selected him to continue to serve as an Independent Director to reflect his abundant experience and high level of perception in the supervision of management, particularly in the areas of "personnel and human resource development," "finance, accounting, and capital policy" and "corporate management and management strategy," and to continue demonstrating leadership as the Chairperson of the Nomination Committee.</p> <p>Attribute information on his eligibility as an independent director and outside director is as shown on the left, and as we determined that there were no special conflicts of interest with general shareholders, we have reported him as an independent officer.</p>

Name	Committees			Independent Director	Supplementary Explanation of the Relationship with the Company	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
Masahiro Hashimoto			○	○	Masahiro Hashimoto does not fall under any of these relationship categories.	<p>Masahiro Hashimoto has excellent knowledge of the international finance sector and abundant knowledge concerning finance, in addition to a high level of knowledge on general management due to involvement in the top management of a listed company representative of the semiconductor manufacturing equipment industry, for many years. Furthermore, he has conducted a wide range of audits of the businesses of the Company and the Group as a member of the Audit Committee. Also, as a member of the Compensation Committee, he has made contributions to the consideration of the compensation system for Directors and Executive Officers and participated in discussions related to decisions on the compensation standards.</p> <p>The Nomination Committee selected him to continue to serve as an Independent Director to reflect his broad knowledge and high level of perception in the supervision of management, particularly in the areas of “finance, accounting, and capital policy,” “auditing” and “corporate management and management strategy,” and to demonstrate strong leadership as the new Chairperson of the Audit Committee.</p> <p>Attribute information on his eligibility as an independent director and outside director is as shown on the left, and as we determined that there were no special conflicts of interest with general shareholders, we have reported him as an independent officer.</p>

Name	Committees			Independent Director	Supplementary Explanation of the Relationship with the Company	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
Junko Nishiyama		○		○	Junko Nishiyama does not fall under any of these relationship categories.	Junko Nishiyama 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 of the entire company's business as a standing corporate auditor, and has abundant experience in general corporate management. Furthermore, she has conducted auditing activities on the Company and Group businesses broadly from an independent position as a member of the Audit Committee, in addition to actively speaking in important meetings including the Board of Directors. The Nomination Committee selected the nominee to continue to serve as an Independent Director to reflect her abundant experience and high level of perception in the supervision of management, particularly in the areas of "auditing," "research and development" and "the environment," and to demonstrate her expertise as a member of the Compensation Committee. Attribute information on her eligibility as an independent director and outside director is as shown on the left, and as we determined that there were no special conflicts of interest with general shareholders, we have reported her as an independent officer.
Mie Fujimoto		○		○	Mie Fujimoto does not fall under any of these relationship categories.	Mie Fujimoto is an attorney at law well versed in corporate legal affairs centered on labor-related regulations. She utilizes her abundant experience and high level of expertise as an outside officer at listed companies in important

Name	Committees			Independent Director	Supplementary Explanation of the Relationship with the Company	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
						<p>meetings such as the Board of Directors. In addition, as a member of the Compensation Committee, she has contributed to deliberation on topics, including the consideration of the compensation system for Directors and Executive Officers and decisions on the compensation standards.</p> <p>The Nomination Committee selected the nominee to continue to serve as an Independent Director to reflect her abundant experience and high level of expertise in the supervision of management, particularly in the areas of “legal affairs and risk management,” “personnel and human resource development” and “auditing,” in addition to her duties as a member of the 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.</p> <p>Attribute information on her eligibility as an independent director and outside director is as shown on the left, and as we determined that there were no special conflicts of interest with general shareholders, we have reported her as an independent officer.</p>
Hisae Kitayama			○	○	Hisae Kitayama falls under the “h” relationship category with the Company because she was involved in business execution at KPMG AZSA LLC as a partner and director, but in June 2020, she retired from this auditing firm. Our group has the same auditing company and advisory	Hisae Kitayama is a certified public accountant with a wide variety of audit experience at audit corporations and has strong knowledge and a wealth of experience in corporate accounting and audit areas. She has cultivated her knowledge through her service at important positions such as Deputy Chairperson of The

Name	Committees			Independent Director	Supplementary Explanation of the Relationship with the Company	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
					business, but the amount paid by our group to the auditing company is less than ¥200 million per year, which is less than 0.2% of the total sales of the auditing company in the fiscal year ended June 2020.	<p>Japanese Institute of Certified Public Accountants and Chairman of its Kinki Chapter, and participates in activities to promote female accountants and diversity. The Nomination Committee selected her to newly serve as an Independent Director to reflect her abundant experiences and high level of expertise in the supervision of management, particularly in the areas of “legal affairs and risk management,” “finance, accounting and capital policy,” and “auditing,” as well as in her duties as a member of the 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.</p> <p>Attribute information on her eligibility as an independent director and outside director is as shown on the left, and as we determined that there were no special conflicts of interest with general shareholders, we have reported her as an independent officer.</p>

Committees

Committee's Composition and Attributes of Chairperson **Updated**

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Nomination Committee	3	1	1	2	Independent Director
Compensation Committee	3	0	0	3	Independent Director
Audit Committee	3	1	1	2	Independent Director

Executive Officers

Number of Executive Officers	14
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Status of Additional Duties

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nomination Committee Member	Compensation Committee Member	
Masao Asami	Yes	Yes	No	No	No
Nobuharu Noji	No	No	No	No	No
Yoshiaki Okiyama	No	No	No	No	No
Hideki Yamada	No	No	No	No	No
Akihiro Kida	No	No	No	No	No
Michael Lordi	No	No	No	No	No
Atsuo Ohi	No	No	No	No	No
Tetsuji Togawa	No	No	No	No	No
Seiji Katsuoka	No	No	No	No	No
Shu Nagata	No	No	No	No	No
Toru Nakayama	No	No	No	No	No
Shugo Hosoda	No	No	No	No	No
Hiroyuki Kowase	No	No	No	No	No
Hiroshi Sobukawa	No	No	No	No	No

Auditing Structure

Appointment of Directors and/or Staff to Support the Audit Committee	Appointed
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Matters Related to the Independence of Such Directors and/or Staff from Executive Officers

The Audit Committee has established the following in the “Audit Committee Audit Standards” and “Basic Policy on Internal Controls” and implements these to ensure the independence of persons who assist the duties of the Audit Committee (hereinafter referred to as “Assistants to the Audit Committee”).

- (1) Assistants to the Audit Committee shall not concurrently engage in any work involved in the execution of duties by Executive Officers of the Company.
- (2) Assistants to the Audit Committee shall act solely under the instruction of the Audit Committee, thereby ensuring the effectiveness of instructions of the Audit Committee.
- (3) Assistants to the Audit Committee may engage in other business operations, subject to the prior approval of the Audit Committee, but in the event that instructions from the Executive Officer or the head of such other business operations are in conflict with instructions from the Audit Committee, the instructions from the Audit Committee shall prevail.
- (4) As a principle, the personnel transfer and evaluation, etc. of Assistants to the Audit Committee shall be determined with the consent of the Audit Committee.

→For full disclosure on “Basic Policy for Internal Controls and Overview of Operation,” see Appendix 5.

The Audit Committee is engaged in coordination with the Independent Auditor and the Corporate Audit Department as follows to ensure its audits are conducted effectively and efficiently based on the Audit Committee Rules, Audit Committee Audit Standards and Basic Policy on Internal Controls.

1. Coordination with the Independent Auditor

The Audit Committee coordinates with the Independent Auditor and confirms that the Accounting Auditor maintains a position of independence and conducts audits appropriately, and also receives reports from the Independent Auditor on a regular and as-needed basis on the status execution of its duties. Furthermore, the Audit Committee conducts efficient audits by holding meetings with the Independent Auditor regularly and as needed for the mutual exchange of information and opinions.

◆ Policies regarding the dismissal or refusal of reappointment of the Independent Auditor

(1) Dismissal policy

In the event that the Independent Auditor is found to fall under any of the items under Article 340, Paragraph 1 of the Companies Act, the Audit Committee shall dismiss the Independent Auditor with the unanimous consent of the Audit Committee members.

(2) Policy on refusal of reappointment

In the event that it is determined that an audit is clearly inadequate in light of the eligibility, independence or overall capabilities of the Independent Auditor based on the results of the assessment whether or not to reappoint the Independent Auditor conducted each fiscal year, the Audit Committee shall propose the refusal of reappointment of the Independent Auditor to the General Meeting of Shareholders.

As a restriction on reappointment of the Independent Auditor, if the Independent Auditor serves for ten years in succession, the Audit Committee conducts a tender to appoint the candidates for the next Independent Auditor regardless of the assessment of the Independent Auditor (hereinafter referred to as “Reappointed Independent Auditor”) conducted every year. The Reappointed Independent Auditor is not prohibited from participating in the tender, but if the Reappointed Independent Auditor serves for a further five years in succession, another tender shall be conducted.

However, the same Independent Auditor may only serve for a period of twenty years in succession. In Fiscal Year 2021, it will be the 14th fiscal year since Ernst & Young ShinNihon LLC was appointed as the Independent Auditor of the Company.

(3) Process for the reappointment of Independent Auditors

The Audit Committee decided to reappoint Ernst & Young ShinNihon LLC as the Independent Auditors in Fiscal Year 2021 based on the results of the assessment whether or not to reappoint the Independent Auditor conducted pursuant to “2) Nonrenewal policy.”

2. Coordination with the section responsible for internal audits, etc.

The Audit Committee coordinates with Internal Audit Division, division responsible for internal control, compliance and risk management and auditors of Group companies, etc. as follows.

- (1) Implementation of mutual exchange of information on the internal audit plan formulated by the Internal Audit Division, on a regular basis and as needed.
- (2) Attendance of General Managers of the Internal Audit Division and other divisions responsible for internal control, compliance and risk management at meetings between the Audit Committee and the President and Representative Executive Officer.
- (3) Attendance of Full-time Audit Committee members, General Managers of the Corporate Audit Department and other divisions responsible for internal control, compliance and risk management and General Manager of the Finance and Accounting Division at Group Auditor Conferences which are attended by auditors of subsidiaries.
- (4) Audit Committee members observing audits conducted by the Internal Audit Division, as necessary.

3. Strengthening the system to support the Audit Committee

The Company is currently reviewing its audit structure to increase the independence of the Audit Committee from business execution and to secure effective auditing for the overall Group. Specifically, from the 156th Ordinary General Meeting of Shareholders held on March 26, 2021, the number of Audit Committee members are three (3) in total, with the Chairperson being an Independent Director. And from January 2021, to strengthen the on-site inspection organizations under the supervision of the Audit Committee and to promote collaboration with the internal audit departments and corporate auditors of subsidiary companies.

- (1) To strengthen the on-site inspection organizations under the supervision of the Audit Committee and promote collaboration with the internal audit departments, the Audit Department was newly established under the supervision of the Audit Committee, and the general manager and nine (9) members of the internal audit departments are concurrently assigned to such Audit Department.
- (2) To facilitate closer cooperation between the Audit Committee and the corporate auditors of subsidiaries, two (2) standing corporate auditors of large subsidiaries (Elliott Ebara Turbomachinery Corporation and Ebara Environmental Plant Co., Ltd.) are concurrently serving under the jurisdiction of the Audit Committee.
- (3) Because of the importance of monitoring and supervising the internal control of the corporate group, decisions on candidates for auditors of affiliated companies are made only after obtaining the consent of the Audit Committee.

Independent Directors

Number of Independent Directors	7
Matters Relating to Independent Directors	

The Company has established its own independence standards for selection of candidates for Independent Director based on the independence standards specified by the Tokyo Stock Exchange.

→For full disclosure on “Independence Standards of Independent Director of EBARA“, see Appendix 3

【Minor Standards】

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.

- (1) The transaction amount pertaining to the provision of products or services by the EBARA Group to a business partner, and the percentage of the transaction amount in relation to consolidated net sales of the EBARA Group.
- (2) The transaction amount pertaining to the provision of products or services by a business partner to the EBARA Group, and the percentage of the transaction amount in relation to consolidated net sales of the business partner.

Incentives

Incentive Policies for Directors and/or Executive Officers	Performance-linked Compensation
Supplementary Explanation	Updated

【Introduction of a Restricted Stock Compensation Plan and a Performance-linked Stock Compensation Plan】

From Fiscal Year 2018, a restricted stock compensation plan and a performance-linked stock compensation plan (collectively hereinafter referred to as “Compensation Plan”) have been introduced to Directors, Executive Officers and certain employees of the Company and certain executives of its subsidiaries (collectively hereinafter referred to as “Directors, etc.”).

1. Purpose of the introduction of the Compensation Plan

The Compensation Plan is introduced in order to further promote shared value with shareholders and provide an incentive for the Company and its subsidiaries' Directors, etc., to sustainably increase the Company's corporate value.

2. Overview of the Compensation Plan

Under the Compensation Plan, the restricted stocks to be provided consist of "tenure-based restricted stock" which requires continuous service for the Company and its subsidiaries' Directors, etc., and "performance-linked stock," which requires the attainment of the Company's mid- to long-term business performance targets.

(1) Restricted Stock Compensation

As a principle, certain numbers of restricted shares will be given to the Company and its subsidiaries' Directors, etc. corresponding to their roles per year. Because the objectives are to promote shareholding by Directors, etc., 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 Directors, etc.. To ensure compliance with the transfer restriction rules during the transfer restriction period, the allotted shares shall be managed in a dedicated account opened by Directors, etc., at a certain security company.

(2) Performance-linked Stock Compensation

The Company delivers its common shares to Executive Officers (including those who concurrently serve as executive directors of its subsidiary companies) and certain employees of the Company and certain executives of its subsidiaries, in accordance with the extent to which consolidated return on invested capital (ROIC) targets have been achieved in the final fiscal year of the mid-term management plan.

Furthermore, with regard to the sale of shares, the Company has established guidelines encouraging the holding of a given number of the Company's shares, thereby promoting management that is conscious of shareholder value.

(a) Performance Indicator

The Company has adopted consolidated ROIC as its performance Indicator for Performance-linked Stock Compensation. It is paid within a range of 0% to 200% based on the level of achievement of the consolidated ROIC (target IFRS 7.6%) of the Company for the year ended December 31, 2022, the last Fiscal Year of the Mid-Term Management Plan "E-Plan 2022". The ROIC for the fiscal year ended December 2020 was 6.6%, which is the Japanese Generally Accepted Accounting Principles (JGAAP).

(b) Reason for setting ROIC as performance indicator

The main purpose of the performance-linked stock compensation plan is to be an incentive to Executive Officers towards the Company's performance targets on the mid-term management plan.

(c) Calculation Method of Performance-linked Stock Compensation

In the first year of the Mid-Term Management Plan, the Company preset the standard number according to the roles of Executive Officers etc., eligible for payment, and calculate and grant the number of shares to be delivered to Executive Officers etc., in accordance with the degree of achievement of the consolidated ROIC for the year ended December 31, 2022, which is the last Fiscal Year of the Mid-Term Management Plan. In addition, the Company will make monetary payment to the respective Executive Officers, etc., of an amount corresponding to 40% of the above allotted shares,

Calculation Method of the number of common shares and monetary.

- Number of PSU payments by shares (rounded down to less than one)
Standard number \times supply rate \times 60%
1 unit = 100 shares of our common stock
- Payment amount of PSU by money (rounded down to less than 100 yen)
Standard number \times payment rate \times 40% \times share price of our common stock*
1 unit = our 100 common shares.

* Simple average of the closing prices of our common stock on the Tokyo Stock Exchange for the month before the board of directors meeting to resolve the allocation for the final year of the mid-term management plan

Payment Rate

Payment rate (%) = Consolidated return on invested capital (ROIC) \times 500 \div 19-100

Rounds the second 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) = Net income attributable to owners of the parent / {Interest-bearing debt (average of beginning and end of period) + Shareholders' equity (average of beginning and end of period)}

Recipients of Stock Options	N/A
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Supplementary Explanation
N/A

Compensation for Directors and Executive Officers

Disclosure of Individual Directors' Compensation	No Individual Disclosure
Disclosure of Individual Executive Officers' Compensation	Selected Disclosure

Supplementary Explanation	Updated
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【Disclosure of Individual Executive Officers' Compensation】

Amount by type of compensation of Executive Officers who received a total amount of 100 million yen or more in compensation, etc., disclosed in the securities report based on the Financial Instruments and Exchange Act in Fiscal Year 2020 (2020.1.1-2020.12.31) is as follows.

(Millions of yen)

Name	Total Amount of Compensation, etc. (Millions of yen)	Company	Total Amount of Compensation, etc. by items (Millions of yen)					
			Base Pay	Short term Performance- linked compensation	Stock Options	Restricted share-based compensation	Performance- linked share- based compensation	Other
Masao Asami President and Representative Executive Officer	118	EBARA Corporation	54	39	(0)	16	9	-
Michael T. Lordi Executive Officer	21	EBARA Corporation	-	19	-	-	2	-
	106	Elliott Group Holdings, Inc.	39	31	-	-	3	32

Notes:

1. Short-term performance-linked compensation shown is the total amount of short-term performance-linked compensation to be paid (scheduled for March 2021), in relation to Directors and Executive Officers (excluding Independent Directors) serving in those roles as of December 31, 2020, for the fiscal year under review.
2. No new stock options were granted in Fiscal Year 2020, but the amount of those granted in the previous fiscal year to be recorded as an expense in Fiscal Year 2020 is shown.
3. Restricted share-based compensation shown is the restricted share-based compensation paid in Fiscal Year 2020 and the amount of restricted share-based compensation paid in the previous fiscal years recorded as an expense in Fiscal Year 2020.
4. Performance-linked share-based compensation shown consists of performance-linked share-based compensation paid in May 2020, after performance has been finalized for Fiscal Year 2020, and the

portion of the performance-linked share-based compensation scheduled to be paid in May 2023, recorded as an expense in Fiscal Year 2020.

5. “Other” shows the total of ¥27 million, consisting of the portion of performance-linked share-based compensation scheduled to be paid by a subsidiary to Michael Lordi in 2023 that was recorded as an expense in Fiscal Year 2020, and pension contributions of ¥4 million paid in Fiscal Year 2020.

【Compensation for Directors and Executive Officers】

Total amount of compensation by position and type of compensation, as well as the number of recipients in fiscal year 2020 (2020.1.1-2020.12.31),

(Millions of yen)

Position	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		Stock Options		Restricted share-based compensation		Performance-linked share-based compensation		Others	
		Number Of Persons	Amount	Number of Persons	Amount	Number of Persons	Amount	Number of Persons	Amount	Number of Persons	Amount	Number of Persons	Amount
Directors (excluding Independent Directors)	154	3	98	2	24	3	(1)	3	39	3	(5)		
Independent Directors	109	8	102			4	0	8	7				
Executive Officers	841	16	398	14	301	8	(5)	15	77	16	35	1	32
Total	1,105	27	598	16	326	15	(6)	26	124	19	29	1	32

Notes:

1. The above shows the compensation paid to Directors and Executive Officers as of December 31, 2020 according to their term of office for Fiscal Year 2020, and the compensation paid to two Non-executive Directors out of four Directors who retired at the conclusion of the 155th Ordinary General Meeting of Shareholders held on March 28, 2020 and two Executive Officers who retired at the conclusion of the meeting of the Board of Directors held on the same day, from January 2020 to the time of their retirement.
2. Compensation paid to Executive Officers concurrently serving as Directors is shown in the column for Executive Officers.
3. Amount of compensation paid to Executive Officers includes ¥164 million (Base Pay: ¥76 million, Short term Performance-linked compensation: ¥53 million and Others: ¥33 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 Non-executive Directors (excluding Independent Directors) is linked to the level of achievement of company-wide targets. 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 2021), in relation to Directors and Executive Officers (excluding Independent Directors) serving in those roles as of December 31, 2020, for Fiscal Year 2020.
6. The stock option system was abolished in the fiscal year ended December 31, 2017, and a restricted share-based compensation system and a performance-linked share-based compensation system were introduced from the fiscal year ended December 31, 2018.
7. No new stock options were granted in Fiscal Year 2020, but the amount of those granted in the previous fiscal year to be recorded as an expense in the fiscal year under review is shown.
8. Restricted share-based compensation shown is the restricted share-based compensation paid in Fiscal Year 2020 and the amount of restricted share-based compensation paid in the previous fiscal year to be recorded as an expense in Fiscal Year 2020.
9. Performance-linked share-based compensation shown consists of performance-linked share-based compensation paid in May 2020, after performance has been finalized for Fiscal Year 2020, and the portion of the performance-linked share-based compensation scheduled to be paid in May 2023, recorded as an expense in Fiscal Year 2020.

10. “Other” shows the total of ¥27 million, consisting of the portion of performance-linked share-based compensation scheduled to be paid by a subsidiary to Michael Lordi in 2023 that was recorded as an expense in Fiscal Year 2020, and pension contributions of ¥4 million paid in Fiscal Year 2020.

Policy on Determining Compensation Amounts and Calculation Methods	Established Updated
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Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

1. Outline of institutions and procedures that determine the amount of compensation for Directors and Executive Officers or the policy regarding the calculation method

The compensation policy of Directors and Executive Officers is determined by the Compensation Committee. All three members of the Compensation Committee are Independent Directors, which puts greater emphasis on transparency and the importance of an objective viewpoint. The current Compensation Committee members are a specialist in management strategy, an executive with experience in the area of management compensation, and an expert in corporate law, respectively.

The primary task of the Compensation Committee is to supervise the compensation systems for Directors and Executive Officers from a strategic viewpoint. 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 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 selecting such consultants, attention is taken 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.

In addition to the business performance of the Company and the background and history of the Company’s compensation systems, newly appointed committee members are received explanations on the relevant rules (Basic Policy on Officers’ Compensation) stipulated by the Compensation Committee. Furthermore, a full-time committee secretariat has been established to provide information on such as applicable laws, regulations, rules and standards, and to support appropriate operation of the Committee.

Seven (7) meetings were held in Fiscal Year 2020, and resolved the compensation policies, as well as the amount of basic compensation and short-term performance-linked compensation for each Director and Executive Officer based on the Basic Policy on Officers’ Compensation, and the content and number of restricted stock and performance-linked stock to be granted.

2. Compensation for Directors

(1) Non-executive Directors (including Independent Directors)

The compensation of Non-executive Directors consists of base pay and long-term incentives because they are expected to have a role and responsibility to supervise the legitimate execution of business operations from a standpoint independent of business execution. The long-term incentive is the restricted stock compensation (RS), enabling the continued enhancement of corporate value and better sharing of value with shareholders by encouraging the holding of shares among Non-executive Directors. Furthermore, the Chairman of the Board of Directors, the Lead Independent Director, and the Chairpersons of the Committees are paid allowances based on the degree of their roles and responsibilities, the number of hours spent performing such duties, and the like.

Until Fiscal Year 2020, Non-executive Directors (excluding Independent Directors) were granted short-term performance-linked compensation and performance-linked stock compensation, but these were abolished in Fiscal Year 2021.

(2) Executive Directors

The Company pays compensation as Executive Officers to Executive Directors concurrently serving as Executive Officers, and does not pay them compensation as Directors.

(3) Combination of compensation

The combination of Directors' compensation is as follows.

[Ratio of Compensation of Director]

	Monetary pay		Share based Compensation (Long-term incentives)	
	Basic pay	Short-term Performance-linked Compensation	Restricted stock compensation	Performance-linked stock compensation
Non-executive Directors (including Independent Directors)	1	--	0.3	--

Note: 1. The above figures show the ratio of compensation of Director, not the amount actually paid to each Director.

3. Compensation for Executive Officers

(1) Compensation system

The compensation for Executive Officers comprises basic pay according to the role of each Executive Officer, a short-term performance-linked compensation, restricted stock compensation, and performance-linked stock compensation, 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 portion of performance-linked compensation is set so that the portion of compensation is greater for those in higher-level roles with greater responsibility for business performance.

With respect to Mr. Michael Lordi's compensation, it will comprise his basic compensation, short-term performance-linked compensation, long-term incentive and pension contribution.

(2) Combination of different types of compensation

The combination of different types of compensation for Executive Officers shall be as follows.

[Ratio of Compensation of Executive Officers]

	Monetary pay		Share based Compensation (Long-term incentives)	
	Base pay	Short-term Performance-linked Compensation	Restricted stock compensation	Performance-linked stock compensation
President and Representative Executive Officer	1	0.6	0.3	0.3
Executive Officers	1	0.6	0.2~0.25	0.2~0.25

Note: 1. The above figures show the ratio of compensation of Executive Officers, not the amount actually paid to each Executive Officer.

2. Short-term Performance-linked compensation is paid within the range of 0 to 200% based on the level of achievement of companywide performance targets and the individual performance targets of each Executive Officer.

3. Performance-linked compensation is paid within a range of 0 to 200% based on the level of achievement of performance targets.

4. The composition of Mr. Michael Lordi's compensation is that Base pay is "1," Short-term Performance-linked Compensation "0.6," Long-term incentives "0.5," and Pension contribution "0.1".

(3) 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).

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 be lower than the compensation level of officers of domestic Peers if such performance targets fail to be achieved. With respect to Mr. Michael Lordi's compensation, setting standard taking into account competitive companies of businesses and human resources.

4. Payment items

(1) 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 the performance of the Company 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.

As for the companywide index of the short-term performance-linked compensation, the consolidated ROIC and consolidated operating income, which are consistent with the management goal of profitability improvement, will be adopted for Executive Officers except for President and Representative Executive Officer. In addition to the Group-wide business results, individual targets are set, and the achievement rate against the target will be evaluated, and the pay rate will be determined through discussion at the Compensation Committee.

(2) Overview of Long-term incentives, index of the performance-linked compensation, reasons for adopting the index, method of determining the amount of performance-linked compensation)

→For information on “Incentive Policies for Directors and/or Executive Officers,” see pages 26-28.

Supporting System for Independent Directors Updated

To support gathering sufficient information by Independent Directors, the secretariat of the Board of Directors, which is under the Corporate Strategic Planning Department, distributes materials for deliberation prior to each meeting of the Board of Directors and provides explanations on content of the respective agenda items to Independent Directors to ensure active discussions at and the smooth operation of the Board of Directors meeting.

In addition, the Independent Directors' Meeting can hire independent advisors specializing in areas including legal affairs, accounting and finance at the cost of the Company without prior approval of the Board of Directors and Executive Officers, if it is deemed necessary for its activities.

Meanwhile, a permanent committee secretariat for each Committee has established, and supported, the activities of Independent Directors serving as a member of the Committee to enable each Committee to exhibit its functions efficiently and appropriately.

Status of Retired Presidents, CEOs, etc.

Name of Advisors (“sodanyaku,” “komon,” etc.) who are retired Presidents, CEOs, etc.

Name	Title/position	Activity Description	Working arrangement/conditions (full-time/part-time, paid/unpaid, etc.)	Date of retirement	Tenure
N/A	-	-	-	-	-

Total number of Advisors (“sodanyaku,” “komon,” etc.) who are retired Presidents, CEOs, etc.	0
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Other Information

The Company has not had any advisors (“sodanyaku,” “komon,” etc.) who are retired Presidents or Directors, Chairman (collectively hereinafter referred to as “Retired Presidents or Chairmen”).

The Company may, as necessary, entrust Retired Presidents or Chairmen to supervise or advise the Ebara Group's social contribution initiatives in the areas of culture, academia, and the arts.

2. Matters on Functions of Business Execution, Auditing, Supervision, and Nomination and Compensation Decisions (Overview of Current Corporate Governance System) Updated

Under EBARA's Basic Policy the Company has adopted the organization form of a "Company with Three Committees," to make clear the division of roles and responsibilities between the Board of Directors and executive organizations, and delegates the authority over an extensive range of business execution to the executive organizations, thereby promoting flexible and swift business management, strengthening competitiveness and allowing an appropriate level of risk to be taken in the execution of business.

As of March 29, 2021, the Company's framework for the corporate governance and activities of the Board of Directors meetings and its committee meetings during the fiscal year is as described below.

→See also the Corporate Governance Framework as of March 29, 2021 in Appendix 4.

→See also Attendance at Board of Directors meetings and Committee meetings in Appendix 8.

Supervision

1) Board of Directors

The Board of Directors recognizes three tasks as its principal roles and responsibilities: 1) indicating the general direction of the Company such as corporate strategies, etc.; 2) developing an environment that can support adequate risk-taking in business execution; and 3) carrying out highly effective supervision of business execution from an independent and objective standpoint.

Furthermore, the Board of Directors exercises its leadership in developing an environment in which the management can take bold action to prevent the loss of upside opportunities, in addition to developing an environment that incorporates controls for preventing downside risks, including the risk of scandals.

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 Independent Directors and Non-executive Inside Directors (directors who do not concurrently serve as Executive Officers of the Company). 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.

As of March 29, 2021, the Board of Directors comprises ten (10) Directors, and seven (7) of whom are Independent Directors (including three (3) females). Sakon Uda, an Independent Director, serves as Chairman of the Board of Directors.

The Company is considering the appointment of Directors of foreign nationality in the future from the standpoint of diversity. Fifteen (15) meetings were held in fiscal year 2020.

2) Nomination Committee

The Nomination Committee is mainly responsible for deciding on the proposals submitted to the General Meeting of Shareholders concerning the election and dismissal of Directors, recommendations to the Board of Directors concerning the election and dismissal of Executive Officers, and recommendations to the Board of Directors concerning the appointment and dismissal of Directors with special titles and Executive Officers with special titles, in addition to the formulation of succession plans for the President, Representative Executive Officer. The Nomination Committee is made up of Independent Directors and Non-executive Inside Directors (directors who do not concurrently serve as Executive Officers of the Company) and a majority of the committee is made up of Independent Directors.

As of March 29, 2021, the Nomination Committee comprises three (3) Directors, two (2) of whom are Independent Directors (*Hiroshi Oeda* and *Sakon Uda*) and one (1) of whom is a Non-executive Inside Director (*Toichi Maeda*). *Hiroshi Oeda*, an Independent Director, acts as Chairperson of the Nomination Committee. Thirteen (13) meetings were held in fiscal year 2020.

3) Compensation Committee

The Compensation Committee decides on the policy on individual compensation, etc., for Directors and Executive Officers along with the individual compensation, etc., for Directors and Executive Officers, in addition to making recommendations to the Board of Directors concerning the officers' compensation system including that for affiliates. The Compensation Committee is made up of only Independent Directors and Non-executive Inside Directors (directors who do not concurrently serve as Executive Officers of the Company), and a majority of the committee is made up of Independent Directors.

As of March 29, 2021, the Compensation Committee comprises three (3) Directors, all of whom are Independent Directors (*Hajime Sawabe, Junko Nishiyama, Mie Fujimoto*). *Hajime Sawabe*, an Independent Director, acts as Chairperson of the Compensation Committee. Seven (7) meetings were held in fiscal year 2020.

4) Audit Committee

The Audit Committee is responsible for conducting audits to assess whether or not Directors, Executive Officers, and employees of the Company and its subsidiaries are in compliance with legal obligations and internal regulations. In addition, the Committee endeavors to monitor Executive Officers and verify whether they execute their duties in a sound, fair, appropriate and efficient manner in accordance with the basic policies for management and the medium- and long-term management plans such as Long-term Vision "E-Vision2030" and Mid-term Management Plan "E-plan2022," which are established by the Board of Directors.

As of March 29, 2021, the Audit Committee comprises three (3) Non-executive Directors, two (2) of whom are Independent Directors (*Masahiro Hashimoto and Hisae Kitayama*) and one (1) of whom is Non-executive Inside Director (*Akihiko Nagamine*). *Masahiro Hashimoto*, an Independent Director, acts as Chairperson of the Audit Committee. Members of the Audit Committee include, *Akihiko Nagamine*, who has held the position of Division Executive of Finance & Corporate Accounting Division of the Company, *Masahiro Hashimoto*, who has held the position of Division Executive of Finance of another company and *Hisae Kitayama*, a certified public accountant. All of them have considerable knowledge of finance and accounting. Seventeen (17) meetings were held in fiscal year 2020.

5) Independent Directors' Meeting

The Independent Directors' Meeting, comprising only Independent Directors, has been established as a venue for Independent Directors to freely discuss matters necessary to fulfill their responsibilities. The Lead Independent Director, who is elected by mutual voting, serves as Chairperson of the meeting.

As of March 29, 2021, *Hiroshi Oeda*, an Independent Director, acts as the Lead Independent Director. Thirteen (13) meetings were held in fiscal year 2020.

6) External Independent Auditor

The Company has entered into an audit agreement with Ernst & Young ShinNihon LLC, which conducts the Company's accounting audits with respect to audits required by the Companies Act and the Financial Instruments and Exchange Act. The continuous period of performing the Company's accounting audits by Ernst & Young ShinNihon LLC is thirteen (13) years, and names of its engagement partners and their respective periods of performing the Company's accounting audits are as follows:

Mineo Kanbayashi (2 years), *Kiomi Horikoshi* (6 years) and *Takayuki Ando* (3 years).

There are twenty-three (23) certified public accountants and thirty-four (34) others who assist to the Company's accounting audits work.

Execution of Business

1) Executive Officers

Executive Officers are elected by a resolution of the Board of Directors. Executive Officers determine the execution of duties as delegated by the Board of Directors and perform such duties in line with the overall direction of management philosophy and strategies such as Long-term Vision "E-Vision2030" and Mid-term Management Plan "E-plan2022" as determined by the Board of Directors. Although all

fourteen (14) of the Executive Officers are males (including one (1) Executive Officers of foreign nationality), the Company is considering the appointment of female Executive Officers in the future from the standpoint of diversity.

2) Internal Audit System

The Corporate Audit Department conducts internal audits, the results of which are reported to the President and Representative Executive Officer. The role of internal audits is, in accordance with the Internal Audit Rules, to develop and strengthen the corporate governance system, compliance, risk management and internal controls of each business execution division of the Company and its subsidiaries, and the Corporate Audit Department checks, assesses and evaluates whether business is being executed appropriately in line with management policy and rules and regulations, and gives advice and recommendations toward improvement.

3) Meeting Bodies for Business Execution

(1) 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. Each Executive Officer actively expresses their opinions and discusses not only their own scope of duties delegated by the Board of Directors, but also all other matters for deliberation in the Management Meeting from the perspective of optimization for the EBARA Group as a whole, based on their own experience and knowledge. The Management Meeting is held every month. Twelve (12) meetings were held in fiscal year 2020.

(2) 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 responsibility of divisions and promote management efficiency. The Management Planning Committee reviews the progress of the annual consolidated management plans on a quarterly basis. Four (4) meetings were held in fiscal year 2020.

(3) 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 Inside Directors attend the panel as observers 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 four (4) periodic meetings every year, RMP meetings are held as required. A total of nine (9) meetings were held in fiscal year 2020.

(4) Sustainability Committee

The CSR Committee was reorganized to Sustainability Committee in April 2020. This Committee’s objectives are to discuss policies of businesses and supporting activities, and decide on KPIs and targets, as well as verify outcomes so that Ebara Group may contribute to building sustainable society/environment through business activities and continue to raise its corporate value.

The Sustainability Committee is chaired by the President and Representative Executive Officer, Executive Officers serve as members, and the outside experts in sustainability management participate in the committee meetings as advisors. Furthermore, Independent Directors and Non-executive Inside Directors are encouraged to attend meetings of the committee

as observers for exhibiting supervisory functions contributing to the objectives of the Sustainability Committee, and providing 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 is held regularly on a quarterly basis. Following the CSR Committee held in March, the Sustainability Committee held one (1) extraordinary meeting and three (3) regular meetings.

(5) 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 reports to the President and Representative Executive Officer. Furthermore, it carries out disclosure procedures after completion of internal authorization procedures. Eleven (11) meetings were held in fiscal year 2020.

→For further information on of the Disclosure Committee, please refer to "V 2. Internal system relating to timely disclosures".

3. Reasons for Adoption of Current Corporate Governance System

The Company, in the interest of enhancing its corporate governance system, established the Nomination Committee and the Compensation Committee as voluntary committees while adding two (2) Independent Directors in 2008, and further increased the number of Independent Directors to four (4) in 2011, which accounts for one-third (1/3) of the maximum number of Directors set forth in the Company's Articles of Incorporation.

In June 2015, the Company adopted the new organizational form of a "Company with Three Committees," which has the Nomination Committee, the Compensation Committee and the Audit Committee as statutory committees to enhance its corporate governance from the aspects (1) through (3) described below. As a key vehicle for ensuring corporate governance, the new organizational form ensures the well-balanced assignment of roles and responsibilities among the Committees and a clear division of functions between the supervision of corporate management and the execution of business operations, with each Committee being made up of a majority of Independent Directors.

(1) Reinforce supervisory functions and enhance transparency in corporate management by the Board of Directors.

With the Board of Directors consisting mainly of Non-executive Inside Directors and Independent Directors, we intend to reinforce the Board's function to supervise corporate management from the perspective of enhancing its independence, objectivity and transparency.

(2) Expand authority of the executive organizations and enhance competitiveness regarding business execution.

We intend to promote flexible and swift business management and establish an environment that will support the reinforcement of competitiveness and appropriate risk-taking in business execution by ensuring the clear division of roles and responsibilities between the Board of Directors and the organizations of business execution, and by delegating authority to the executive organization over an extensive range of business execution.

(3) Establish a corporate governance framework that can be easily understood by global stakeholders.

With a rise in the percentage of overseas sales and efforts by foreign shareholders to encourage a corporate governance framework that is more comprehensive from a global perspective, we intend to improve our corporate governance system, which separates supervisory and executive functions, so that it becomes more clearly understandable to global stakeholders.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Revitalize the General Meeting of Shareholders and Facilitate the Smooth Exercise of Voting Rights **Updated**

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	For the 156th Annual General Meeting of Shareholders (the fiscal year ended December 31, 2020), the notice was distributed on Friday, March 5, 2021, 20 days prior to the date of the meeting. The Company disclosed the notice of convocations on its website before the date of mailing in light of earliest possible information service (Japanese: on February 26, English translation: on March 4.)
Scheduling Ordinary General Meeting of shareholders to Avoid the Peak Period	The Company is making efforts to hold the meeting earlier. The 156th Annual General Meeting of Shareholders was held on March 26 (Friday).
Allowing the Electronic Exercise of Voting Rights	The exercise of voting rights via the Internet has been adopted.
Participation in Electronic Voting Platform and Other Initiatives to Enhance the Voting Environment for Institutional Investors	The Company has been participating in the electronic voting platform operated by ICJ.
Providing Convocation Notice in English	For facilitating foreign shareholders' exercise of voting rights, an English version of the notice of convocation of the Annual General Meeting of Shareholders is prepared and posted on the websites of the Tokyo Stock Exchange and the Company, along with the original Japanese version.
Other	For the 156th Annual General Meeting of Shareholders (the fiscal year ended December 31, 2020), the benefit of shareholders who could not attend the Annual General Meeting of Shareholders because of the COVID-19 infection prevention measures, we held a live broadcast of the Annual General Meeting of Shareholders and posted the business report video, which was shown at the Meeting, on EBARA website promptly after the Meeting. Furthermore, the voting status of the shareholders present at the Meeting was monitored by a questionnaire, distributed on the spot as a reference, to be added to the voting results up to the day prior to the Meeting, and disclosed in the extraordinary report.

2. IR Activities **Updated**

	Supplementary Explanations	Explanation by the Representative
Preparation and Publication of Disclosure Policy	Stated in "V. Other, 2. Other Matters Concerning the Corporate Governance System." In addition, the Company prepares the "IR Basic Policy" as policies for executing IR activities for enhancing its corporate value through constructive dialogue with shareholders and investors and disclose it EBARA's website.	N/A

Regular Investor Briefings for Individual Investors	The Company has hold company information sessions for individual investors in venues such as branches of securities firms, in order to give information on our operation, performance and future growth of our business. Due to the impact of the spread of COVID-19, the company information sessions are put off.	No
Regular Investor Briefings for Analysts and Institutional Investors	As principal, presentation meetings are held after the release of the annual and second-quarter financial results, where the President and Representative Executive Officer and executives responsible for each business segment give presentations on the Company's business performance and management strategies. In addition, presentation meetings in the form of teleconferences are held after the release of the first-quarter and third-quarter financial results. ESG information session, Factory tours and presentations on business activities for each business segment are also held as appropriate. Due to the impact of the spread of COVID-19, we held a second-quarter financial results briefing session using both a form of web conference and a form of teleconferences during fiscal year 2020. Furthermore, ESG information session using the form of teleconferences was held once.	Yes
Regular Investor Briefings for Overseas Investors	The Company participates in domestic and overseas conferences organized by securities companies. The President and Representative Executive Officer and the executive responsible for IR also visit each overseas institutional investor individually, mainly those in Europe and the United States, gives presentations on the Company's performance and management strategies on a regular basis, and engages in constructive dialogue. Due to the impact of the spread of COVID-19, since May in 2020, individual visits have been put off and virtual meetings are conducted via web conference-calls and telephone con-calls.	Yes
Posting of IR Materials on Website	The Company's website publishes the Company's timely disclosure materials, including financial results, presentation materials and medium-term management plans, as well as reports for shareholders and annual securities reports, integrated reports and financial data, among others. We strive to proactively disclose important information that contributes to an investment decisions by investors. →Read more, please see: https://www.ebara.co.jp/en/about/ir/index.html	N/A
Establishment of Department and/or Appointment of Manager in Charge of IR	Executive responsible for IR: Executive Officer and Division Executive, Corporate Strategic Planning and Human Resources Division Department responsible for IR: Investor Relations and Public Relations Section	N/A
Other	Latest news releases are distributed by e-mail in a timely manner to investors registered.	N/A

3. Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	In the EBARA Group CSR Policy and the EBARA Group Code of Conduct, the Company, in order to maintain fair and appropriate relationships with its various stakeholders, articulates its respect for the

	position of each stakeholder including shareholders, investors, customers, suppliers, local communities, and employees.
Implementation of Environmental Activities, CSR Activities, etc.	<p>The EBARA Group CSR Policy and the EBARA Group Code of Conduct serve as the Group's corporate ethics standards. In addition, we are a signatory of the United Nations Global Compact, practicing its 10 principles covering the areas of human rights, labor, the environment and anti-corruption.</p> <p>To run businesses with a structure unified with formulated basic policies of management and the medium-and-long-term management plans, Corporate Strategic Planning Department has functions to promoting sustainable business. Risk Management Department has been set up dedicated to risk management. Risk Management Department tackles various aspects of risk management including compliance, human rights, environment, pandemics like COVID-19, disasters and crisis, etc. Our sustainability information is reported in the Integrated Report and discloses via our website and other media.</p> <p>The Sustainability Committee has been set up to: discuss policies addressing businesses and their supporting activities (environmental security in production activity, labor practices, supply chain management, control and disclosure of information, human rights protection, diversity promotion, etc.); decide on KPIs and targets as well as verify outcomes, so that EBARA Group may contribute to building sustainable society/environment through EBARA Group business activities and continuously raise our corporate value. The Independent Directors and Non-executive Inside Directors actively attend the Sustainability Committee as observers. The deliberations of the Sustainability committee are reported to the Board of Directors, and the Board of Directors establishes a system enabling it to exhibit supervisory function by accurately grasping information. The Sustainability Committee holds regular meetings four times a year.</p> <p>As a result of due appreciation of the aforementioned activities, the Company has been selected as a constituent company of the Environment, Social and Corporate Governance (ESG) investment, the "FTSE 4 Good Index," "FTSE Blossom Japan Index," "MSCI Japan ESG Select Leaders Index," "MSCI Japan Empowering Women Index (nickname: WIN)," "S&P/JPX Carbon Efficient Index" and "Sompo Sustainability Index (formerly known as the SNAM Sustainability Index)". In addition, we have received high praise from various organizations for activities and achievements related to sustainability.</p> <p>https://www.ebara.co.jp/en/ir/</p> <p>In Fiscal Year 2019, we signed the FSB Task Force on Climate-related Financial Disclosures (TCFD) and promoting the information disclose. Also we formulated and published the EBARA Group Human Rights Policy. E-Vision 2030, which was formulated in 2020, clearly states that we will contribute to social and environmental issues such as the SDGs through our business activities.</p>
Development of Policies on Information Provision to Stakeholders	<p>Under the EBARA Group CSR Policy and the EBARA Group Code of Conduct, the Company provides for the timely and appropriate disclosure of information to stakeholders based on transparency.</p> <p>Additionally, the Company has in place a cross-sectional Disclosure Committee with specific administrative rules to provide a framework to enable the fair, timely and appropriate disclosure of corporate information.</p>

Other	<p><Initiatives Toward Work Style Reforms,></p> <p>In order that the EBARA Group may continue to grow and adopt to society going forward, while organizing and promoting environments for each and every employee so he/she can perform at one's best, we shall make efforts to reform the way we work taking aim at increasing business efficiency and productivity of all Businesses and departments of the EBARA Group. In April, 2018, the Company established a Work-style Reform Committee is chaired by the President and the Company has worked on (1) Productivity improvement by operational reform and awareness reform, (2) Support for growth in personal ability and independence, and (3) Improvement of work environment and consideration of diversified work styles.</p> <p><u><i>Implementing Remote-Work-from-Home amid COVID-19 Pandemic</i></u></p> <p>At EBARA, we had previously introduced the Work-from-Home system aiming at supporting employees to combine work and parenting/caregiving. But with the government's State of Emergency declaration in place, we expanded the scope to office employees. During this period, about 70 % of employees worked from home, rapidly accelerating the telework which was promoted gradually in the past. Base on this experience, going forward, we shall proceed with addressing the new work style with the assumption that we will be coping "With the Coronavirus".</p> <p><u><i>Aiming for a more productive work style</i></u></p> <p>In addition to activating internal dialogues aimed at improving productivity through business reforms and awareness raising, we are working on visualizing current operations, organizing business processes, and eliminate operations by utilizing and collaborating with various tools. We will proceed with initiatives that will enable us to achieve continuous productivity improvements by sorting out and organizing low-value-added tasks and focusing on higher-value-added tasks.</p> <p><u><i>Working group activities</i></u></p> <p>As a subordinate organization of the Work Style Committee, we have set up working groups on specific themes such as work efficiency and paperless work, and regularly exchange opinions, share issues, and study countermeasures among the members selected for each department. We are promoting daily work style reforms by sharing objectives, thinking voluntarily in each department about actions to achieve them while bringing them together, and sharing them. In the future, we are planning to set up working groups for new ways of working and improvement of the workplace environment after COVID-19 Pandemic.</p> <p><Initiatives Toward Diversity></p> <p>Under the EBARA Group CSR Policy, which declares, "We respect human rights and diversity above all else," and "We sustain a safe workplace and strive for a stimulating work environment," the Company aims to develop a work environment in which employees of diverse backgrounds, in terms of gender, nationality or physical ability, can respect each other's individuality and maximize their potential to the fullest.</p>
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We are hiring new graduates in October to recruit a diverse workforce, including international students from overseas, foreign students attending universities overseas, and Japanese students who have studied abroad.

In May 2018, the Company received “L-boshi (third level)” certification under the “Act on Promotion of Women’s Participation and Advancement in the Workplace” by the Minister of Health, Labor and Welfare.

【Status of Female Managers (in Ebara Corporation)】

As of December 31, 2020, the total number of female managers is 97, and the composition ratio to all managers is 6.1%. As of December 31, 2020, the composition ratio of female in managerial post is 5.7%.

Managerial Post	Number (%)
Division Executive	1 (9.1%)
General Manager	4 (4.3%)
Section Manager	19 (5.9%)

【Supporting the Career Development of Female Employees】

We aim to be a company where female employees can feel that they are growing through their work and feel that they are able to demonstrate their abilities. In order to achieve this goal, we provide support that enables them to take pride in their work and improve their careers.

■ Major Initiatives

- Career Introduction of senior employee
We regularly distribute work experience columns by senior female employees as a reference when female employees think about their own careers.
- Dispatch to External Training
The Company has actively dispatched female employees for external training with the intent to promote female career development and acceleration.
- Holding roundtable discussions for employees on childcare leave
The roundtable discussions is held to provide opportunities to share and think about information on issues such as the elimination of anxieties regarding childcare, balancing childcare and work, and future careers.
- Held seminars for male employees on how to balance parenting and work
In light of the fact that changes in the attitudes of men are indispensable in promoting the advancement of women, the seminars are held to create a working environment in which each and every employee can achieve an optimal work-life balance.

【Status of Non-Japanese Employees (in Ebara Corporation)】

- The Company has been actively recruiting non-Japanese fresh graduates since 2011. As of December 2020, a total of 138 non-Japanese graduates have been hired, of which 83 are currently employed.
- The total number of employees in Ebara Corporation is 4,016 people, 112 people of whom are non-Japanese employees (which

	<p>includes fresh graduate hires as well as mid-career hires). This makes the total ratio compared to all employees 2.8%. They are playing active roles in various departments.</p> <ul style="list-style-type: none">— The Company provides non-Japanese employees support in the following areas:<ul style="list-style-type: none">a) <u>Lifestyle</u><ul style="list-style-type: none">· Support for daily-life in Japanb) <u>Work-related</u><ul style="list-style-type: none">· Japanese language learning assistancec) <u>For Receiving Department</u><ul style="list-style-type: none">· Guidance regarding management of non-Japanese employees and promoting understanding of different cultures— In order to provide various types of care for foreign employees in the case of COVID-19 Pandemic, and to provide accurate information input to create an environment in which they can work with peace of mind, we conduct a survey on the working environment for foreign employees. <p>【Employment of persons with special needs】</p> <p>We have established EBARA Ernest, a special subsidiary, to promote hiring the disabled and create opportunities for them to be professionally independent and participate in society. Going forward, we shall further contribute to expanding the opportunities for the disabled to perform their best and contribute locally and socially.</p> <p>【Utilization of elderly employees】</p> <p>The Company encourages the utilization of elderly employees through a system to re-hire those who have special skills, abilities, qualifications or knowledge as well as those who have highly mature, practical expertise even after retirement age. The engagement of elderly employees is effective for passing down skills and abilities obtained over many years to younger employees.</p> <p>→Read more, please see: https://www.ebara.co.jp/en/sustainability/social/information/promote-diversity.html</p>
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IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development Updated

The Company sets out the Basic Policy for Internal Control and strives to realize the content resolved by the Board of Directors of the Company as a system for ensuring appropriate operations.

→Read more on the Basic Policy for Internal Control and Overview of Operation, see Appendix 5.

Every year, Executive Officers perform self-evaluations on the development and operation status of internal controls, and the areas that should be improved are reflected in the next year's plan based on the results in this fashion the Company will continue making improvements. These self-evaluations by Executive Officers are reported to the Board of Directors, and the Board of Directors establishes a system enabling it to exhibit supervisory functions by accurately grasping information.

2. Basic Views on Eliminating Anti-social Forces

The Company establishes, develops and operates systems for preventing the Company and its subsidiaries from engaging in any activities that may provide profits to anti-social forces for whatever reason.

- (1) The Anti-social Forces Countermeasure Headquarters has been established to centralize the management and acquisition of information concerning anti-social forces in cooperation with external specialist agencies, etc., while supporting initiatives towards eliminating any relationships with anti-social forces.
- (2) Regulations for eliminating relationships with anti-social forces are formulated, whereby a system for eliminating relationships with anti-social forces at the Company and its subsidiaries is established, developed and operated.

V. Other

1. Adoption of Takeover Defense Measures

Adoption of Takeover Defense Measures	Not Adopted
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Supplementary Explanation

To maximize corporate and shareholder value, the Group has established its “Long-term Vision” and “Medium-Term Management Plan,” and has been earnestly taking actions in line with this plan. Accordingly, the Company believes that takeover defense measures are not separate from the Medium-Term Management Plan but are a part of a comprehensive set of initiatives aimed to maintain and enhance corporate value and the common interests of shareholders.

2. Other Matters Concerning Corporate Governance System Updated

The status of the Company’s internal system relating to the timely disclosure of corporate information is as follows.

(1) Basic Policy for Timely Disclosure

The Company recognizes that the disclosure of information in compliance with the laws and regulations regarding financial information, including the Company’s financial position and business performance, management strategies and management issues, and regarding non-financial information, including risk and governance, as well as the proactive provision of information which is not in compliance with laws and regulations, to its stakeholders including shareholders and investors in a fair, appropriate and timely manner, is both fundamental and crucial in order for the Group to gain society’s trust as a listed company and to continue as a going concern.

The Company has established the Disclosure Committee as a body that exhaustively gathers corporate information subject to the decision of disclosure, deliberates whether such information should be disclosed, and determines the details of the corporate information to be disclosed and the timing for such disclosure. The Company has also set forth the Disclosure Committee Operating Rules regarding the procedures for implementing the disclosure of information.

(2) Internal system relating to timely disclosures

(a) *Disclosure Committee*

The Company has established the Disclosure Committee as a cross-sectional body to handle disclosures of corporate information including events that involve the entire Group and matters that have been decided, as well as financial closing information, in a fair, timely and appropriate manner.

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 requests the President and

Representative Executive Officer to make a decision on such disclosure. The Committee, upon completing the necessary internal approval procedures, undertakes the actual disclosure procedures.

(b) Internal system relating to the implementation of timely disclosures

In order to conduct disclosures in a fair, timely and appropriate manner, the Company has set forth the Disclosure Committee Operating Rules, and has developed and operated an internal system for the implementation of timely disclosures as follows. The Company conducts appropriate and timely disclosure and going forward intends to make every effort to maintain this internal system.

→ For an overview of the internal system relating to the implementation of timely disclosures, please see Appendix 6.

◆ Gathering information subject to disclosure

The Corporate Strategic Planning Department, the HR Department, the General Affairs Department, the Legal Department, the Risk Management Department, the Accounting Department, the Finance Department, and the administration departments of each internal company (collectively as information gathering divisions) have been assigned the task of gathering information, and together they make up the system that exhaustively gathers and consolidates information within the Group relating to timely disclosure. Under this system, information that has been gathered and consolidated by the information gathering divisions is reported to the secretariat of the Disclosure Committee.

The information gathering divisions utilize tools including the guidebook on timely disclosure of corporate information and a list of disclosure criteria (threshold amounts) when gathering information relating to timely disclosure.

◆ Deliberation of whether to be disclosed

The secretariat of the Disclosure Committee requests the Disclosure Committee to decide whether disclosure is necessary each and every time it receives information from the information gathering divisions; and prepares and deliberates disclosure drafts regarding information, which has been determined to be disclosed.

◆ Implementation of timely disclosure

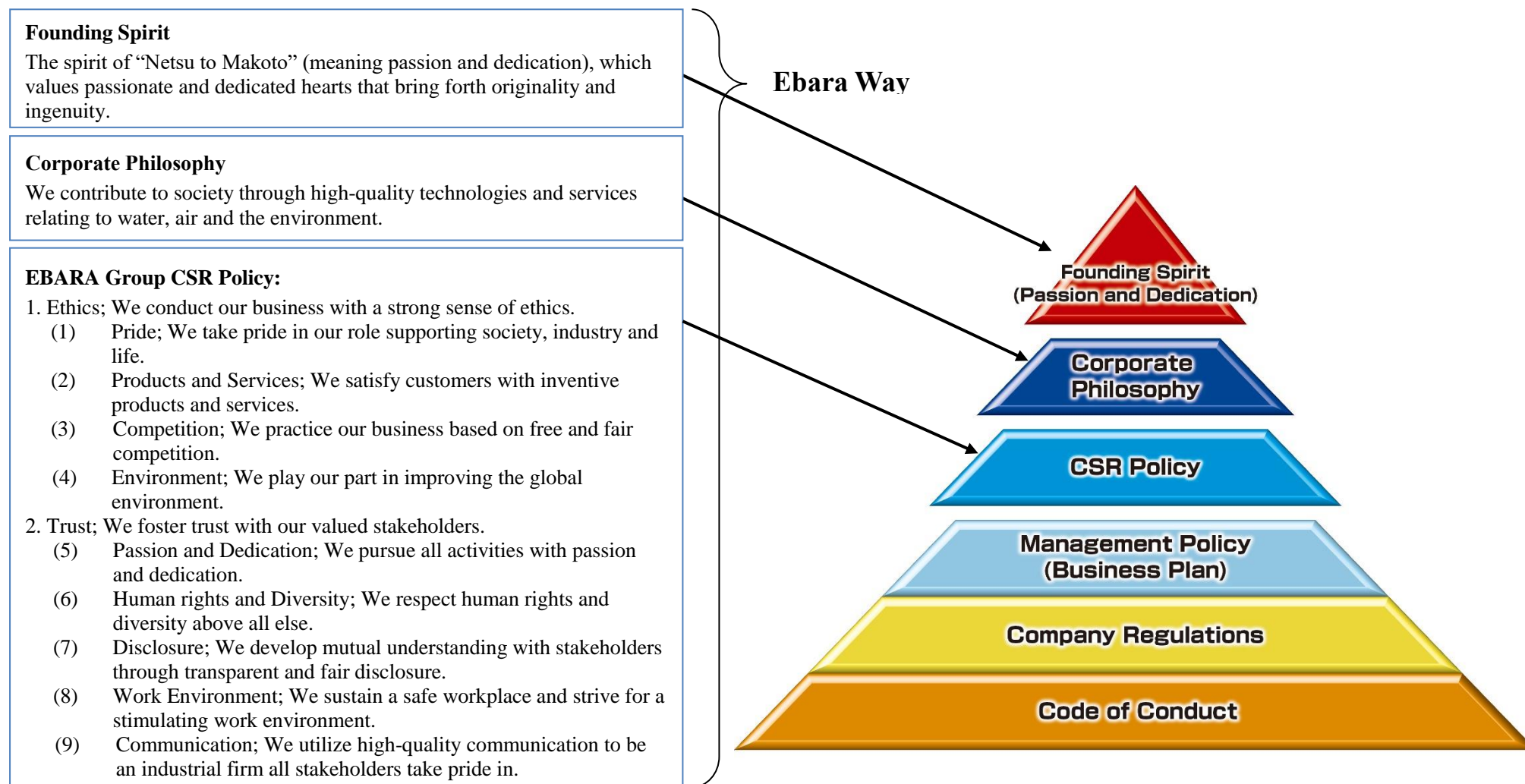
The Accounting Department, upon approval by the President and Representative Executive Officer and the resolution of the Board of Directors, depending on the contents of the information, promptly conducts timely disclosure of information that has been determined by the Disclosure Committee.

As for disclosures to parties other than the stock exchanges, notification to the Kanto Finance Bureau is the responsibility of the Accounting Department; disclosures related to the Companies Act, including those for the Ordinary General Meeting of Shareholders, are the responsibility of the Corporate Strategic Planning Department; and postings on the Company's website are the responsibility of the Investor Relations and Public Relations Section.

◇ *Appendixes*

- 1 EBARA Group Corporate Ethics Framework
- 2 EBARA Corporate Governance Basic Policy
- 3 Independence Standards of Independent Director of EBARA
- 4 Corporate Governance Framework
- 5 System for Ensuring Appropriate Operations and the State of Operation of the System
- 6 Disclosure Process
- 7 Flow Chart of Communication with Shareholders & Investors
- 8 FY2020 Attendance at Board of Directors meetings and Committee meetings, etc.

“EBARA Group Corporate Ethics Framework”



Notes:

- 1) 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.
- 2) The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

EBARA Corporate Governance

Basic Policy

Preface

This basic policy is set to establish the basic approach on the corporate governance of EBARA CORPORATION (hereinafter “**the Company**”), with the aim of contributing to the sustainable growth and medium- to long-term enhancement of the corporate value of the Company and the EBARA Group (hereinafter “**the Group**”).

Chapter 1 General rules

Basic approaches on corporate governance

Article 1

1. The Company has established the “EBARA Way,” composed of its “Founding Spirit,” “Corporate Philosophy” and the “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 constantly seeks the best possible corporate governance and strives towards its further enhancement.

EBARA Way

- Founding Spirit

The spirit of “Netsu to Makoto” (meaning “passion and dedication”), which values passionate and dedicated hearts that bring forth originality and ingenuity

- Corporate Philosophy

We contribute to society through high-quality technologies and services relating to water, air and the environment.

- EBARA Group CSR Policy

The Company’s basic stance for the purpose of clarifying and practicing the Group’s social responsibility

- (1) Ethics; We conduct our business with a strong sense of ethics.
 - 1) Pride; We take pride in our role supporting society, industry and life.
 - 2) Products and Services; We satisfy customers with inventive products and services.
 - 3) Competition; We practice our business based on free and fair competition.
 - 4) Environment; We play our part in improving the global environment.
- (2) Trust; We foster trust with our valued stakeholders.

- 5) Passion and Dedication; We pursue all activities with passion and dedication.
 - 6) Human Rights and Diversity; We respect human rights and diversity above all else.
 - 7) Disclosure; We develop mutual understanding with stakeholders through transparent and fair disclosure.
 - 8) Work Environment; We sustain a safe workplace and strive for a stimulating work environment.
 - 9) Communication; We utilize high-quality communication to be an industrial firm all stakeholders take pride in.
2. The Company is committed to enhancing corporate governance based on the following basic views:
- (1) The Company respects shareholders' rights and is engaged in establishing an environment which enables shareholders to appropriately and effectively exercise their rights and ensures equality among shareholders.
 - (2) The Company strives to appropriately cooperate with various stakeholders, including customers, business partners, employees and local communities. The Company will also develop a corporate culture in which such stakeholders' rights and positions are respected and business is executed soundly.
 - (3) The Company strives to ensure management transparency through appropriate disclosure of its corporate information.
 - (4) The Company has developed a governance system in which Independent Directors play important roles, and that is centered on Independent Directors and non-executive inside Directors who do not concurrently serve as Executive Officers (hereinafter "**Non-executive Inside Directors**"). 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, to achieve clear separation between supervision and business execution in management.
 - (5) The Company engages in constructive dialogue with shareholders and investors on the basis of a separately established "IR Basic Policy," with a view to contributing to sustainable growth and the medium- to long-term enhancement of corporate value.

Chapter 2 Respect for shareholders' rights and ensuring equality among shareholders

General Meeting of Shareholders

Article 2

1. The Company, in convening the Ordinary General Meeting of Shareholders, distributes the notice of convocation approximately three weeks prior to the date of the meeting, in order

for shareholders to appropriately and effectively exercise their voting rights based on a sufficient period of time for reviewing the proposals for the meeting. Meanwhile, the notice of convocation is posted on the Company's website following a resolution by the Board of Directors on the convocation of the General Meeting of Shareholders, and preceding the distribution date of the notice. In addition, for the purpose of convenience for non-Japanese shareholders, an English version of the notice of convocation is prepared and posted on the Company's website.

2. The Company strives to create an environment (including efforts to schedule the General Meeting of Shareholders on a different date from that of other companies) in which all shareholders, including those who cannot attend the General Meeting of Shareholders in person, can appropriately and effectively exercise their voting rights, through the use of such means as an electronic voting platform.

Ensuring equality among shareholders

Article 3

The Company treats all shareholders fairly, according to their respective shareholding. In addition, the Company discloses its corporate information in a timely and sufficient manner, in an effort to eliminate any potential information gap among shareholders.

Basic policy for cross-shareholdings, etc.

Article 4

1. In principle, the Company does not hold cross-shareholdings. However, it is possible that the Company will hold shares of other companies only in cases where it is determined that partnerships with investees through shareholding will contribute to the enhancement of the Group's corporate value. The rationale for cross-shareholding relationships is subject to regular examination by the Board of Directors based on the following items, and shareholdings deemed by the Board of Directors to no longer be feasible shall be dissolved when appropriate by disposal or other means.
[Matters checked in examination of shareholding rationale]
(1) The partnership with the investee is important and the relationship must be continued.
(2) The return and risk associated with the shareholding are commensurate with the capital cost.
2. The Company exercises its voting rights in cross-shareholdings, determining whether to vote for or against each individual agenda item after consideration of whether it contributes to the medium- to long-term enhancement of the corporate value of the Group and investees, and particularly emphasizes the following matters, and conducts dialogue with investees on

the content, etc. of agenda items as required.

- Changes to articles of incorporation
- Election of directors
- Anti-takeover measures
- Appropriation of surplus, etc.

3. If a company holding the Company's shares as a cross-shareholding (hereinafter "**cross-shareholder**") indicates the intention of the sale, etc. of the shares, the Company shall unconditionally authorize this, and ask the cross-shareholder to perform the sale, etc. in a way that limits the impact on share price as much as possible. Furthermore, in such cases, when the Company holds shares in the company that is the cross-shareholder as cross-shareholdings, it shall promptly proceed to sell these. In addition, the Company shall not continue the transactions with cross-shareholders without carefully examining the underlying economic rationale.

Chapter 3 Respect for the interest of stakeholders and appropriate cooperation with them

Ethical standards and restrictions on competitive transactions and transactions involving conflicts of interest

Article 5

1. The Company separately establishes and discloses ethical standards (the "EBARA Group CSR Policy" and the "EBARA Group Code of Conduct") by the Board of Directors to ensure that the Company's Directors, Executive Officers and employees, etc., act ethically at all times.
2. The Company's Directors and Executive Officers shall obtain prior approval of the Board of Directors when they are to "carry out transactions that belong to the line of business of the Company (competitive transactions) for themselves or for a third party" or "carry out transactions with the Company, or transactions that involve conflicts of interest between themselves and the Company (transactions involving conflicts of interest), including transactions between the Company and a third party for which they receive a commission, etc."

Relationship with stakeholders

Article 6

1. The Company respects the rights, viewpoints and interests of all stakeholders, including customers, business partners, creditors, employees and local communities, as well as shareholders, and appropriately cooperates with them for the sustainable growth and medium- to long-term enhancement of the corporate value of the Group.

2. The Company respects diversity in terms of its relationship with various stakeholders including employees. The Company is also committed to implementing a policy for promoting diversity that includes the encouragement of female employees to play active roles, based on the recognition that respect for diversity contributes to the medium- to long-term enhancement of the corporate value of the Group.

Whistle-blowing

Article 7

The Company has established a system that enables employees, etc., of the Group to directly report questionable issues to the department in charge of compliance or the Audit Committee, along with a system for directly reporting to an external attorney's office. Whistle-blowers shall not be subject to any disadvantageous treatment by the Company and the Group, because of using these whistle-blowing systems, which are clearly stated in the employment regulations and other relevant internal rules.

Chapter 4 Ensuring adequate disclosure and transparency

Basic policy concerning disclosure

Article 8

1. The Company implements timely and adequate disclosure of both financial and non-financial information, as required by laws and regulations including the Companies Act as well as rules of financial instruments exchanges and other laws, regulations and systems. Furthermore, the Company strives to actively disclose any information deemed to be useful to stakeholders including shareholders and investors, through various media such as the Company's website and integrated reports, whether or not required by laws, regulations and systems.
2. The Company, in accordance with the Companies Act and other laws and regulations, develops at Board of Directors' meetings the policies concerning risk management, internal control systems and legal compliance, etc., of the Company and the Group, and discloses the information in a timely and sufficient manner.
3. The Company, in principle, discloses its major information in more than two languages, including Japanese and English.

Chapter 5 Responsibilities of the Board of Directors, etc.

Board of Directors

Article 9

1. The number of Directors comprising the members of the Board of Directors shall not exceed fifteen (15), and at least the majority of the Board members shall be Independent Directors. Additionally, the number of Executive Directors who concurrently serve as Executive Officers (hereinafter “**Executive Directors**”) shall be kept to a minimum.
2. The Board of Directors recognizes three tasks as its principal roles and responsibilities: 1) indicating the general direction of the Company such as corporate strategies, etc.; 2) developing an environment that can support adequate risk-taking in business execution; and 3) carrying out highly effective supervision of business execution from an independent and objective standpoint. The Board of Directors is committed to realizing efficient and effective corporate governance, with an aim to achieve the mission entrusted by shareholders—the “continuous enhancement of corporate value”—while fully recognizing the viewpoints of all stakeholders to a reasonable extent.
3. The Board of Directors exercises its leadership in developing an environment in which the management can take bold action to prevent the loss of upside opportunities, in addition to developing an environment that incorporates controls for preventing downside risks, including the risk of scandals.
4. The Board of Directors establishes the Board of Directors’ Rules, specifying the matters to be resolved and reported to the Board of Directors, and stipulates the scope of matters for which decision-making authority is delegated to Executive Officers. The decision-making authority on matters concerning business execution is delegated to Executive Officers, except those categorized as the exclusive jurisdiction of the Board of Directors by laws and regulations as well as the Articles of Incorporation, including basic management policies (management philosophy, medium- to long-term management plan, and annual budget, etc.) and those that may have a significant impact on the management of the Group.
5. Agendas and proposals of the Board of Directors’ meetings and related materials shall be distributed, in principle, prior to each Board meeting, to ensure active debate at the meeting.
6. The Company establishes a secretariat of the Board of Directors with adequate staff and budget to enable the Board to appropriately fulfill its roles and functions.

Chairman of the Board of Directors

Article 10

1. A Director who does not concurrently serve as Executive Officers serves in the position of the Chairman of the Board of Directors. Furthermore, to ensure the respective

responsibilities of the Board of Directors, the Chairperson of the Nomination Committee, the Audit Committee and the Compensation Committee to be appropriately fulfilled, the Chairman of the Board of Directors shall not concurrently serve as the Chairperson of each of the committees unless there are special circumstances.

2. The Chairman of the Board of Directors sets out the proposals to be deliberated and reported at Board of Directors' meetings, and conducts the proceedings of the Board meetings to ensure that the best possible conclusion is reached efficiently, based on reasonable debate.
3. The Chairman of the Board of Directors sets out the proposals and frequency of the Board of Directors' meetings, to ensure enough time for deliberation of each agenda item.
4. The Chairman of the Board of Directors sets out the annual plan, including the Board of Directors' meeting schedule and expected agendas, and carries out the Board meetings based thereon.
5. The Chairman of the Board of Directors receives reports as appropriate from the Representative Executive Officer on whether the Board of Directors' opinions are adequately reflected in business execution. The Chairman of the Board of Directors reports, as necessary, the status of such reports to the Board of Directors, and asks the Board to deliberate for possible correction of the general direction of business execution, etc.
6. The Chairman of the Board of Directors may attend or view the minutes of meetings on the executive side such as the Management Meeting as necessary to fulfill his/her role.
7. The Chairman of the Board of Directors, in the event where deliberation in permanent committees is deemed insufficient, takes the initiative to fulfill his/her roles such as making proposals to the Board of Directors, including the formation of an ad-hoc committee comprising the members selected from among the Directors.
8. In the event the Chairman of the Board of Directors is an Independent Director, the Board of Directors shall nominate the Chairman of the Company (one person from among the Non-executive Inside Directors if there is no Chairman of the Company) as a person to assist the Chairman of the Board of Directors.

Nomination Committee

Article 11

1. The Nomination Committee comprises three (3) or more Independent Directors and Non-executive Inside Directors (directors who do not concurrently serve as Executive Officers). The majority of the Nomination Committee shall be Independent Directors and the Chairperson thereof shall also be an Independent Director in principle.
2. The Nomination Committee sets out basic policies and regulations, etc., necessary for executing its duties.

3. The Nomination Committee is mainly responsible for deciding on the proposals concerning the election and dismissal of Directors, recommendations to the Board of Directors concerning the election and dismissal of Executive Officers, and recommendations to the Board of Directors concerning the appointment and dismissal of Directors with special titles and Executive Officers with special titles.
4. The Nomination Committee establishes a succession plan for the President and Representative Executive Officer. The succession plan specifies requirements for qualifications of the President and Representative Executive Officer based on the management strategies of the Company and is used to gradually develop and select personnel suitable to serve as the President and Representative Executive Officer systematically. Furthermore, the Nomination Committee shall periodically and as needed, check that the incumbent President and Representative Executive Officer conforms with the requirements, and makes recommendations to the Board of Directors with respect to the successor of the President and Representative Executive Officer based on the succession plan when the incumbent President and Representative Executive Officer retires pursuant to the succession plan. If single year consolidated performance fails to meet the criteria specified by the Nomination Committee for three successive fiscal years in the periodic checks of the qualifications of the incumbent President and Representative Executive Officer, the Nomination Committee submits a proposal to the Board of Directors to not recommend the reappointment of the incumbent President and Representative Executive Officer.
5. Members of the Nomination Committee work closely together to handle matters to be resolved by the committee, as a body possessing knowledge of corporate management, human resource development, personnel affairs/welfare and labor management, as well as matters to be recommended to the Board of Directors or the Representative Executive Officer.
6. The Chairperson of the Nomination Committee demonstrates his/her leadership in the committee's activities, including the chairing of Nomination Committee meetings. The Chairperson is also responsible for exercising his/her leadership in gathering objective information on persons with management abilities from both inside and outside the Company. In addition, the Chairperson conducts interviews, etc., with the persons concerned to regularly update information on those with management abilities within the Company, and takes responsibility to regularly update effective information on human resources for the committee.
7. The Nomination Committee shall utilize external experts as appropriate such as implementing external evaluation of the President and Representative Executive Officer in

the succession plan to ensure objectivity and fairness. Including in such cases, the Nomination Committee can hire external experts at the cost of the Company without prior approval of the Board of Directors and Executive Officers, if it is deemed necessary for the activities of the committee.

8. The Company establishes a secretariat of the Nomination Committee with adequate staff and budget to enable the committee to appropriately fulfill its roles and functions.

Audit Committee

Article 12

1. The Audit Committee comprises three (3) or more Independent Directors and Non-executive Inside Directors (directors who do not concurrently serve as Executive Officers). The majority of the Audit Committee shall be Independent Directors and the Chairperson thereof shall also be an Independent Director in principle. Directors comprising the Audit Committee shall have adequate experience and ability, and the necessary knowledge of finance, accounting and law, and particularly include two (2) or more members with sufficient knowledge of finance and accounting.
2. The Audit Committee sets out the basic policies and regulations, etc., necessary for executing its duties.
3. The Audit Committee carries out audits to verify whether Executive Officers, Directors and employees, etc., of the Company or its subsidiaries (hereinafter “**Executive Officers, etc.**”) are in compliance with legal obligations and internal rules, and reports the progress and results of the audits to the Board of Directors. The Audit Committee also provides advice and recommendations to Executive Officers, etc., as appropriate.
4. The Audit Committee sets out basic policies and plans of audits based on progress in the development of internal control systems, in an effort to carry out efficient and effective audits in close coordination with the Internal Audit Division.
5. The Audit Committee sets out the “policy for the appointment and assessment of the External Independent Auditor,” and appropriately appoints the candidates for the position. The Audit Committee conducts an adequate assessment of the External Independent Auditor and verifies his/her independence and expertise required in each fiscal year.
6. The Audit Committee establishes a system for direct reporting to the Audit Committee as defined under Article 7, in order to facilitate the reporting of issues concerning a breach of compliance with laws and regulations, and other business-related ethical issues at the Company and its subsidiaries.
7. Members of the Audit Committee ensure the effectiveness of audits conducted by the Audit Committee as a body possessing knowledge of finance, accounting and law, as well as

auditing.

8. The Chairperson of the Audit Committee demonstrates his/her leadership in the committee's activities, including the chairing of Audit Committee meetings.
9. The Audit Committee, if necessary, can hire external experts such as attorneys, certified public accountants or consultants at the cost of the Company without prior approval of the Board of Directors and Executive Officers.
10. The Company establishes the Audit Committee Office as a secretariat that assists the committee with adequate staff and budget to enable the committee to appropriately fulfill its roles and functions.

Compensation Committee

Article 13

1. The Compensation Committee comprises three (3) or more Independent Directors and Non-executive Inside Directors (directors who do not concurrently serve as Executive Officers). The majority of the Compensation Committee shall be Independent Directors and the Chairperson thereof shall also be an Independent Director in principle.
2. The Compensation Committee sets out basic policies and regulations, etc., necessary for executing its duties.
3. The Compensation Committee is mainly responsible for deciding on the individual compensation, etc., for Directors and Executive Officers, and making recommendations to the Board of Directors concerning the officers' compensation system of the Company as well as Group companies.
4. Members of the Compensation Committee work closely together to handle matters to be resolved by the committee as well as matters to be recommended to the Board of Directors, as a body possessing knowledge of corporate management and personnel affairs.
5. The Chairperson of the Compensation Committee demonstrates his/her leadership in the committee's activities, including the chairing of Compensation Committee meetings. The Chairperson of the Compensation Committee coordinates with the Chairperson of the Nomination Committee in the yearly assessment of the individual contribution by Executive Officers as the basis for determining the amounts of their short-term performance-linked compensation, as defined under Article 20, Paragraph 4, to ensure that the results of the assessments by the two committees are in agreement.
6. The Compensation Committee can hire external experts such as compensation consultants at the cost of the Company without prior approval of the Board of Directors and Executive Officers, if it is deemed necessary for the activities of the committee.
7. The Company establishes a secretariat of the Compensation Committee with adequate staff

and budget to enable the committee to appropriately fulfill its roles and functions.

Independent Directors' Meeting

Article 14

1. The Independent Directors' Meeting, a meeting structure comprising all Independent Directors (and Independent Directors only), is established as a forum for Independent Directors to freely discuss matters required to fulfill their responsibilities.
2. The Independent Directors' Meeting can hire independent advisors specializing in areas including legal affairs, accounting and finance at the cost of the Company without prior approval of the Board of Directors and Executive Officers, if it is deemed necessary for its activities.
3. The Company establishes a secretariat with adequate staff and budget to support the activities of the Independent Directors' Meeting.

Directors

Article 15

1. Directors gather sufficient information for executing their duties, and actively express their opinions at the Board of Directors' meetings so as to ensure exhaustive discussions.
2. Directors are entitled to request explanations or reports, or the submission of internal materials from other Directors, Executive Officers and employees, whenever it is deemed necessary or appropriate.
3. Directors successfully execute their duties by spending sufficient time involved in Company and Group matters.
4. Directors fully appreciate their responsibilities based on the understanding of the relevant laws and regulations, Articles of Incorporation of the Company, the Board of Directors' Rules and other internal rules.
5. The Chairman of the Company shall have responsibilities as a Director set forth in the preceding paragraphs, in addition to exhibiting leadership in the processes required for change and proposing changes to the Board of Directors in cases where changes to corporate governance system including the Board of Directors are found to be necessary. If there is no Chairman of the Company, a Director to serve in this role shall be elected from among Non-executive Inside Directors.

Independent Directors

Article 16

1. Independent Directors are mainly responsible, among their principal roles, for verifying and

assessing as appropriate the business results of the Company and performance of Executive Officers in light of the management strategies or management plan set out by the Board of Directors, and determining and expressing opinions on whether it is appropriate to delegate management responsibilities to the incumbent Executive Officers from the perspective of the common interests of shareholders.

2. The Lead Independent Director is elected from among the Independent Directors not serving as Chairman of the Board of Directors. The Lead Independent Director serves as the Chairperson of the Independent Directors' Meeting. In addition, the Lead Independent Director summarizes opinions of other Independent Directors as necessary, and reports to the Chairman of the Board of Directors and the President and Representative Executive Officer for further consultation.

Requirements, etc., for Directors and policies for nomination

Article 17

1. Directors shall have sufficient knowledge, experience and ability in respective areas of management, as well as good character and high morals. Furthermore, Directors shall have broad-based insight and the ability to think logically, enabling them to make decisions based on the opinions of the members of the Board of Directors, as well as information from both inside and outside the Company. The Board of Directors shall have overall balance of personnel who satisfy such requirements, and be made up in a way that has both diversity including gender and international aspects and an appropriate size.
2. The Company sets forth its views on diversity with regard to the composition of the Board of Directors including gender and international aspects, and selects candidates for Directors paying due attention to diversity based on its views.
3. The Company separately establishes, and discloses, the standards for independence of Independent Directors through the Board of Directors. Only those who meet such standards shall be the Company's Independent Directors.
4. The term of office for Independent Directors shall not exceed six (6) years. However, the term can be extended, through reelection, to up to eight (8) years assuming election as the Chairperson of the Nomination Committee, the Audit Committee or the Compensation Committee or as the Lead Independent Director, or up to eleven (11) years assuming election as the Chairman of the Board of Directors.
5. If an Independent Director of the Company is to concurrently serve as a director or a statutory auditor of other listed companies, such service shall not be demanding to the extent that it may impede the roles and functions expected of an Independent Director of the Company.

6. Policies for nomination including the standards and procedures for electing Directors are separately established by the Nomination Committee, and the election of the candidates for Directors is carried out based thereon.

Training for Directors

Article 18

1. The Company offers opportunities for newly elected Directors to gain 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, the election.
2. In an effort to promote understanding of the Group, the Company offers opportunities as appropriate for newly elected Independent Directors to gain knowledge of, and insight into, important matters such as the Group's management strategies and financial position, through a briefing by Executive Officers, etc., in charge of respective areas, and inspection tours, etc., at the Group's business sites prior to, or immediately after, the election.
3. The Company provides Directors with opportunities for adequate training after their election as appropriate, including lectures by external experts.

Assessment on the effectiveness of the Board of Directors

Article 19

1. The Board of Directors annually conducts analysis and assessment on its effectiveness as a whole, and discloses a summary of the results thereof.
2. As part of the analysis and assessment of the effectiveness of the Board of Directors as a whole set forth in the preceding paragraph, the Board of Directors conducts an annual assessment of the Chairman of the Board of Directors in a forum where the Chairman of the Board of Directors is not present.

Compensation and other benefits for Directors, etc.

Article 20

1. The compensation standard for Directors is designed to provide the level of compensation commensurate with the capabilities, experience and roles of each Director, while encouraging the execution of their duties in line with the management philosophy and management strategies, as well as the level of supervision that contributes to the sustainable growth of the Company and the medium- to long-term enhancement of its corporate value.
2. The Company has adopted a system of compensation for Directors based on the roles of individual Directors on the Board of Directors as well as various committees, etc. Compensation for Directors comprises basic compensation and share-based compensation

as long-term incentives. This shall take into consideration experience up to the previous position for Non-executive Inside Directors, an additional allowance is paid to the Chairman of the Board of Directors, the Non-executive Inside Director assisting the Chairman, the Lead Independent Director and the Chairperson of each committee, in consideration of the scope of their roles and responsibilities, as well as the additional working hours required for executing their duties.

(1) Compensation system for Independent Directors

Compensation for Independent Directors, who are expected to fulfill their roles and responsibilities completely independent of the business execution of the Company, comprises basic compensation and share-based compensation that are not linked to performance.

(2) Compensation system for Non-executive Inside Directors

The Non-executive Inside Directors are appointed from among the officers and employees of the Company, who are capable of actively collecting information on the internal status of the Company based on their experience and knowledge. They are expected to engage in the monitoring of the business execution essential for the Board of Directors to fulfill its supervisory function, while appropriately supervising the execution of important matters based on their own insights, and thereby providing advice to ensure lawful and efficient business execution to the extent that they do not take part in decision-making. In light of the impact of the quality of supervision of business execution based on these roles and responsibilities on the yearly business results, their compensation comprises basic compensation and share-based compensation that are partially linked to performance.

(3) Compensation system for Executive Directors

The compensation system for Executive Officers is applied to Executive Directors, under which the compensation as Directors is not paid.

3. The compensation system for Executive Officers is designed to provide the level of compensation commensurate with the achievement of performance targets (if successfully achieved), while prompting business execution in line with the management philosophy and management strategies, with strong motivation towards contribution to the sustainable growth of the Company and medium- to long-term enhancement of its corporate value.
4. In line with the purposes as described in the preceding paragraph, compensation for Executive Officers comprises basic compensation according to the role of each Executive Officer, a short-term performance-linked compensation, restricted stock compensation, and performance-linked stock compensation. The Company has adopted a compensation system that allocates a larger performance-linked portion compared to the basic compensation

portion for Executive Officers in higher roles with greater responsibility, who are expected to play a more important role in achieving numerical targets in their business execution, with tougher responsibilities for business performance.

5. The Board of Directors sets out in the medium-term management plan management indicators such as return on invested capital (ROIC), along with their target values that should be used by the Compensation Committee for the performance assessment of the President and Representative Executive Officer as well as each Executive Officer, and discloses such information in a timely and appropriate manner.
6. The Company discloses compensation amounts, etc., paid to Directors, along with the relevant policies defined under this Article in an appropriate way.

Chapter 6 Dialogue with shareholders and investors

Constructive dialogue with shareholders and investors

Article 21

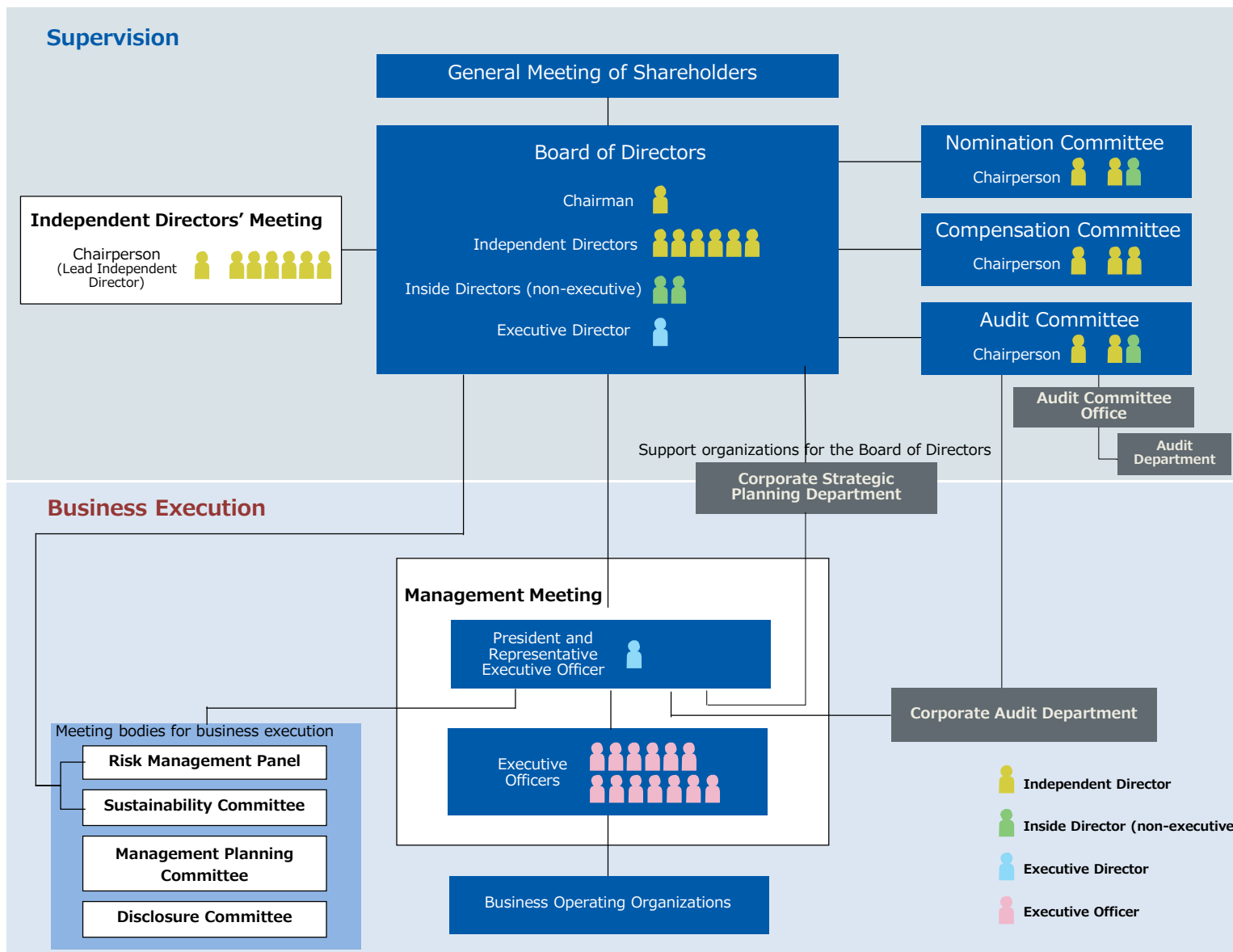
1. The Company recognizes the development of a long-term trusting relationship with shareholders and investors as one of the most important management matters. The Company provides appropriate corporate information necessary for shareholders and investors to make investment decisions, and strives to further strengthen the trusting relationship on a continuous basis by engaging in IR activities for enhancing its corporate value through constructive dialogue.
2. In the current framework, the President and Representative Executive Officer is the chief executive of IR activities of the Company, which are, in principle, carried out by the executive officer in charge of IR and the department in charge of IR. In addition, Directors (including Independent Directors), Executive Officers and other senior executives arrange as appropriate opportunities for direct dialogue with shareholders and investors. The Company develops a framework for internally sharing information and knowledge gained through such dialogue with shareholders and investors, which shall be utilized for the management of the Company.
3. The Company determines and discloses the “IR Basic Policy” as a basic policy for developing the structure and initiatives for promoting constructive dialogue with shareholders and investors.

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 employees 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 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 which made sales to the EBARA Group accounting for 2% or more of consolidated net sales of the company 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 yen (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 Item 1 or Item 2, or person of other degree of relationship who resides with the relative.
- 7) A person who currently serves as a director, an statutory auditor or an executive officer of a company that has accepted a director or an statutory auditor from the EBARA Group.

Corporate Governance Framework (as of March 29, 2021)



System for Ensuring Appropriate Operations and the State of Operation of the System

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.	<p>(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.</p> <p>(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.</p> <p>(3) The CSR Committee chaired by the President and Representative Executive Officer, renamed the Sustainability Committee, deliberates on policies, strategies, targets, KPIs, progress, and results for activities concerning social and environmental factors and the Group’s sustainability. The committee also monitors the status of compliance at the Company and its subsidiaries and gives instructions for correction and improvement as appropriate. Five meetings of the committee (including under the former name CSR Committee) were held in the fiscal year under review.</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 “EBARA Group Business Ethics Framework,” internal regulations and laws, etc. in the Ebara Group. Furthermore, whistleblowing contacts via external law firms (Overseas EBARA Group hotlines) are established for a total of nineteen subsidiaries in eight countries overseas.</p> <p>(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.</p> <p>(6) The Internal Audit Division is in place, carrying out internal audits and the monitoring of business operations of the Company and its subsidiaries in accordance with the “Internal Audit Rules.” A system for auditing and monitoring has been established by subsidiaries, and the state of implementation is checked by the Company’s Internal Audit Division.</p>
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.	<p>(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.</p> <p>(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.</p>

Basic Policies for Internal Control	Overview of Operation
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.	<p>(1) Matters established throughout the EBARA Group and matters that 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.</p> <p>(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 an event that may lead to a crisis occurs in subsidiaries, which are required to provide reports.</p>
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.	<p>(1) Authority responsibilities, and procedures are set out in the “Authority Rules,” etc., of the Company and its subsidiaries, whereby risk management is conducted.</p> <p>(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.</p> <p>(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 nine meetings were held in the fiscal year under review.</p>
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 Board of Directors of the Company formulates basic management policies, and those policies are reflected in the annual management plans of the Company and its subsidiaries.</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>

Basic Policies for Internal Control	Overview of Operation
6. Systems for Shutting Out Antisocial 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 the Audit Committee Office as a department 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) Persons who assist the Audit Committee’s execution of its duties (hereinafter “assistants to the Audit Committee”) are appointed from among the employees of the Company and belong to the Audit Committee Office. Five members belonged to the Audit Committee Office in Fiscal Year 2020. Since January 2021, sixteen members have belonged to the Audit Committee Office, and five of them have been working as full-time assistants to the Audit Committee. The other eleven members are primarily corporate auditors of the Internal Audit Department or subsidiaries and also concurrently the assistants to the Audit Committee. Assistants to the Audit Committee may also serve as auditors of subsidiaries for the purpose of ensuring the internal control of the EBARA Group.</p>

Basic Policies for Internal Control	Overview of Operation
<p>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>	
<p>(1) The appointment of assistants to the Audit Committee is determined with the consent of the Audit Committee in principal.</p> <p>(2) Full-time Assistants to the Audit Committee are not concurrently engaged the duties related to the execution of duties by Executive Officers. Assistants to 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 the event that instructions from the Audit Committee conflict with instructions from the Executive Officer or the head of the other department, the Assistants to the Audit Committee who concurrently engaged the duties related to the execution of duties by Executive Officers shall give priority to the instructions from the Audit Committee and ensure the effectiveness of the instructions from the Audit Committee.</p> <p>(4) Assistants to the Audit Committee may serve as Audit & Supervisory Board Members of Group companies with the prior approval of the Audit Committee.</p> <p>(5) Personnel transfer, appraisal, and the like of the employees assisting the Audit Committee shall be determined upon obtaining the consent of the Audit Committee.</p>	<p>(1) The appointment of assistants to the Audit Committee is determined with the consent of the Audit Committee.</p> <p>(2) Full-time assistants to the Audit Committee are not concurrently engaged in business operations concerning the execution of duties by Executive Officers of the Company. Assistants to the Audit Committee act under the instruction of the Audit Committee, thereby ensuring the effectiveness of instructions of the Audit Committee.</p> <p>(3) For assistants to the Audit Committee who concurrently perform the duties related to the execution of duties by the executive officers, the Internal Rules stipulate that in the event that instructions from the Audit Committee conflict with instructions from the executive officer or the head of the department where they concurrently work, the instructions from the Audit Committee shall take precedence, thereby ensuring the effectiveness of the instructions from the Audit Committee.</p> <p>(4) Assistants to the Audit Committee serve as Audit & Supervisory Board Members of Group companies with the prior approval of the Audit Committee.</p> <p>(5) Personnel transfer, appraisal, and the like of assistants to the Audit Committee are determined with the consent of the Audit Committee.</p>

Basic Policies for Internal Control	Overview of Operation
<p>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>	
<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 and employees, etc.</p> <p>(2) Develop, maintain and operate a system whereby Directors, Audit & Supervisory Board Members and employees, etc., of subsidiaries 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 nineteen subsidiaries in eight 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 establishing an appropriate exchange of opinions and collaboration between the Audit Committee and the departments responsible for internal controls, risk management, and compliance, and the Internal Audit Division as well as Audit & Supervisory Board Members of affiliates.</p> <p>(2) In the event of a request from the Audit Committee, the department manager or department member of the Internal Audit Department or Audit & Supervisory Board Members of a subsidiary shall be assigned concurrently to the department under the jurisdiction of the Audit Committee. For Audit & Supervisory Board Members of affiliated companies, the candidate will be decided after obtaining the consent of the Audit Committee.</p> <p>(3) Establish policies on the treatment of expenses or liabilities incurred in the execution of duties of the Audit Committee in order to ensure the effective execution of audits by the Audit Committee.</p>	<p>(1) The President, Representative Executive Officer and Executive Officer in charge of the president of Fluid Machinery & Systems Company, Environmental Engineering Company, and Precision Machinery Company regularly exchanges information and opinions with the Audit Committee.</p> <p>(2) Departments responsible for internal controls, risk management, and compliance, and the Internal Audit Division as well as Audit & Supervisory Board Members 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 department head or department member of the Internal Audit Department or Audit & Supervisory Board Members of a subsidiary is assigned to the department under the jurisdiction of the Audit Committee. In addition, when nominating candidates for Audit & Supervisory Board Members of affiliated companies, the decision is made after obtaining the consent of the Audit Committee.</p> <p>(4) Policies are in place on the treatment of expenses or liabilities incurred in the execution of duties of the Audit Committee in order to ensure the effective execution of audits by the Audit Committee.</p>
12. Systems for Ensuring the Credibility of Financial Reports	
<p>The Company shall develop and operate an Internal Control system to ensure credibility of financial reporting, in accordance with the “Standards of Assessment and Audit on Internal Control over Financial Reporting,” as well as the “Practice Standards of Assessment and Audit on 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) The scope of the assessment is established every fiscal year in consideration of the impact on the financial reporting, significance in terms of management, and the like, for the purpose of an independent assessment team performing an assessment and promoting improvements to internal controls.</p>

Disclosure Process

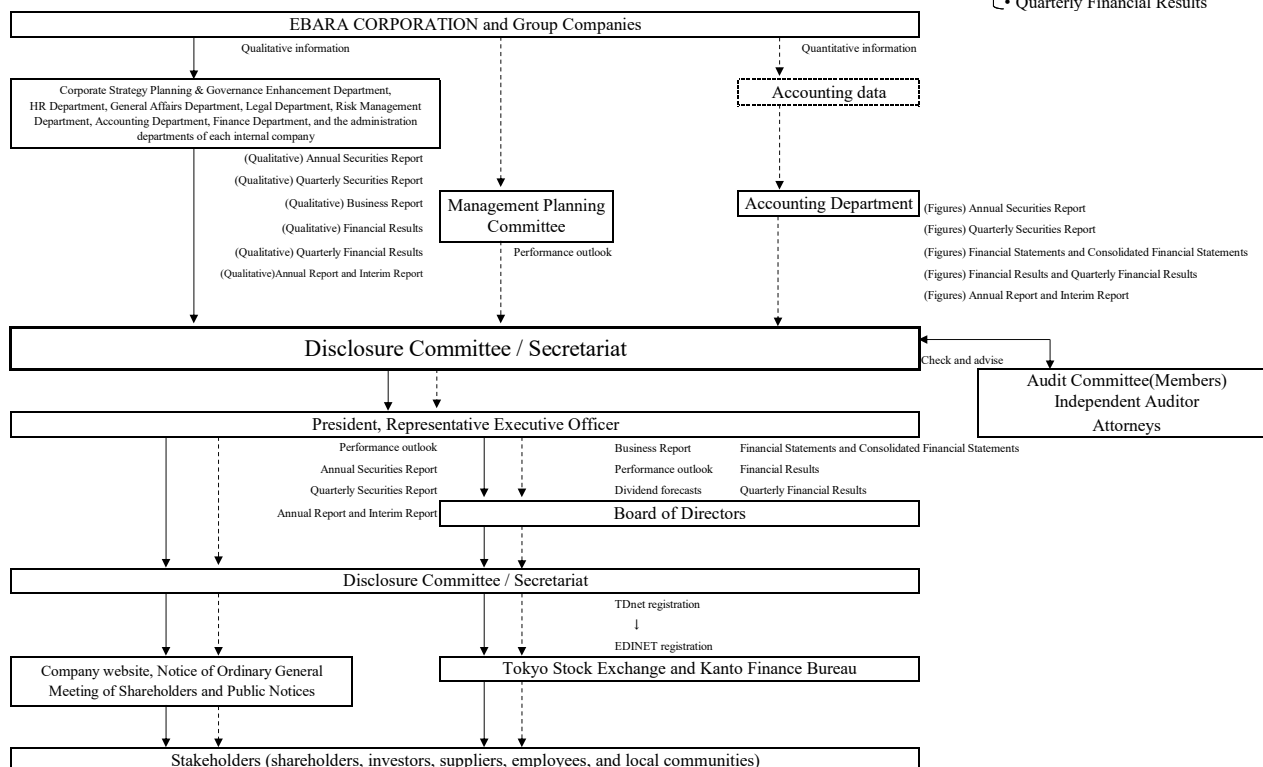
(1) Corporate information subject to regular disclosure

Types of corporate information subject to disclosure

- (1) Qualitative information concerning financial results, performance outlook and dividend forecasts
- (2) Quantitative information concerning financial results, performance outlook and dividend forecasts

《Disclosed documents》

- Annual Securities Report
- Quarterly Securities Report
- Business Report
- Financial Statements and Consolidated Financial Statements
- Annual Report and Interim Report
- Financial Results (including Supplementary Materials)
- Quarterly Financial Results



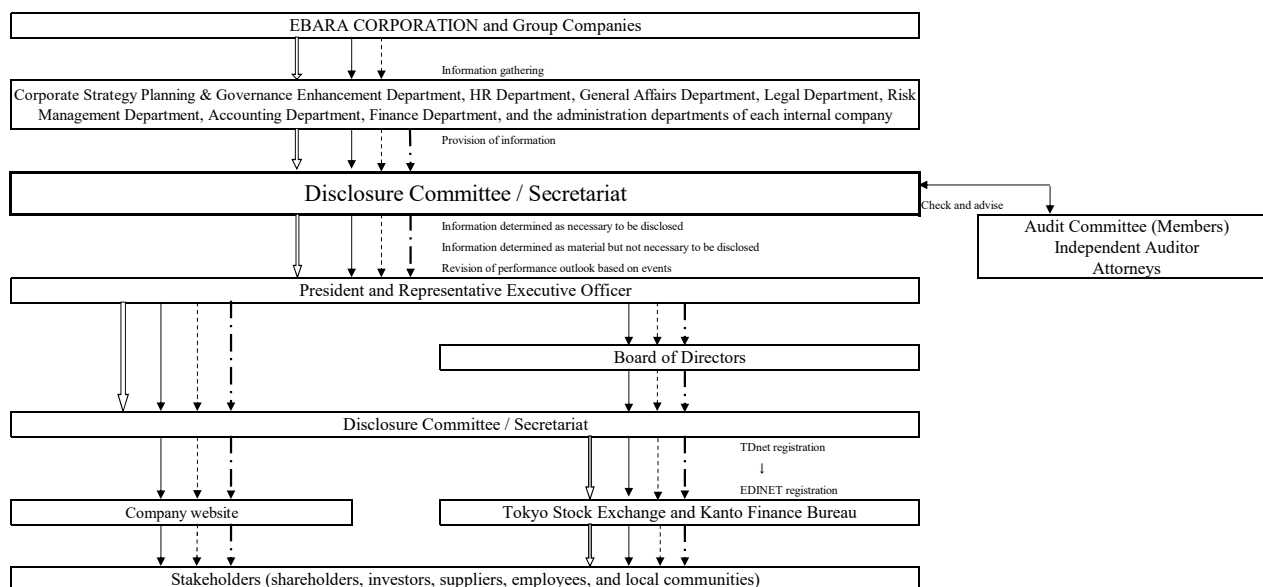
(2) Corporate information subject to extraordinary disclosure

Types of corporate information subject to disclosure

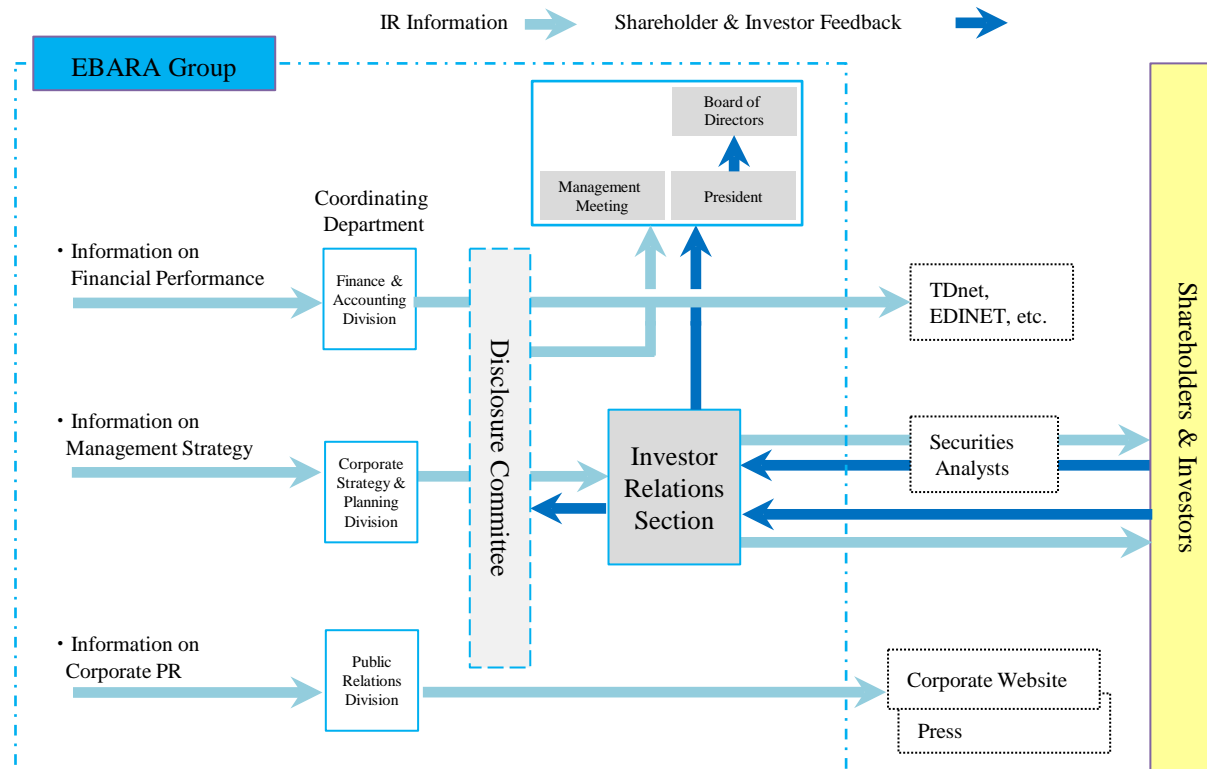
- (1) Information relating to decided matters
- (2) Information relating to events
- (3) Information relating to performance outlook and dividend forecasts
- (4) Information relating to corporate governance

《Disclosed documents》

- Extraordinary Report
- Securities Registration Statement
- (TSE Timely Disclosure) Notices
- Corporate Governance Report



Flow Chart of Communication with Shareholders & Investors



*TDnet ... Timely disclosure information browsing system operated by Tokyo Stock Exchange, Inc.

EDINET ... An electronic disclosure system for disclosure documents such as securities reports based on the Financial Instruments and Exchange Act.

FY2020 Attendance at Board of Directors meetings and Committee meetings, etc.

Name	Attendance				
	Board of Director	Nomination Committee	Compensation Committee	Audit Committee	Independent Directors' Meeting
Toichi Maeda	100% (15/15)	100% (13/13)	—	—	—
Masao Asami	100% (15/15)	—	—	—	—
Sakon Uda	100% (15/15)	100% (13/13)	—	—	100% (13/13)
Hajime Sawabe	93% (14/15)	—	100% (7/7)	—	100% (13/13)
Hiroshi Oeda	100% (15/15)	100% (13/13)	—	—	100% (13/13)
Masahiro Hashimoto	100% (15/15)	—	100% (7/7)	100% (17/17)	100% (13/13)
Junko Nishiyama	100% (15/15)	—	—	100% (17/17)	100% (13/13)
Mie Fujimoto	100% (10/10)	—	100% (5/5)	—	100% (10/10)
Hisae Kitayama	—	—	—	—	—
Akihiko Nagamine	—	—	—	—	—

Notes:

- Seven Directors, Sakon Uda, Hajime Sawabe, Hiroshi Oeda, Masahiro Hashimoto, Junko Nishiyama, Mie Fujimoto and Hisae Kitayama are Independent Directors.
- Mie Fujimoto was newly elected and appointed as Director at the 155th Ordinary General Meeting of Shareholders held on March 27, 2020 and the meeting of the Board of Directors held on the same day, and their attendance to meetings of the Board of Directors held since that date is provided above.
- Hisae Kitayama and Akihiko Nagamine were newly elected and appointed as Director at the 156th Ordinary General Meeting of Shareholders held on March 26, 2021 and the meeting of the Board of Directors held on the same day, and their attendance to meetings of the Board of Directors held since that date is provided above.