



EKK GROUP CSR REPORT 2019

The Dependable Technologies Protecting a Wide World

The EKK Group maintains world-class precision technologies for seals.

The wide array of products developed with these sophisticated technologies not only support the safe operation of engines, plants and industrial machinery but also make significant contributions to preserving the global environment by preventing leaks of oils, solvents, coolants and other substances from inside equipment.

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Company Overview (as of March 31, 2019)

Name	Eagle Industry Co., Ltd.	Established	October 1, 1964
Headquarters	2-4-1, Shiba-koen, Minato-ku, Tokyo 105-8587, Japan	Paid-in Capital	10,490,981,500 yen
Representative	Tetsuji Tsuru; Chairman of the Board and President, Representative Director	Closing date	March 31st
		Number of Employees	6,482 (Consolidated)

Editing Policy

This report is intended to communicate the EKK Group's approach and activities in its CSR programs to its stakeholders in an easily understood manner.

Our website lists policies related to various EKK Group initiatives including occupational health and safety, environment and compliance.

CSR Website

URL <https://www.ekkeagle.com/en/csr/>

Reporting Period: This issue mostly covers FY 2018 (April 1, 2018 – March 31, 2019) but includes some FY 2019 efforts.

Scope of Reporting: Eagle Industry Co., Ltd. and its consolidated subsidiaries

Date of Issue: July 31, 2019

Public guidelines referred to: Environmental Reporting Guidelines, 2018, the Japanese Ministry of the Environment; and the GRI standards

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URL <https://www.ekkeagle.com/en/>

Sales, Income and Forecasts — Net sales — Operating income — Ordinary income — Profit attributable to owners of the parent (Billions of yen)





Coexisting with Society as a Good Corporate Citizen, and Becoming an Even More Trusted Company

As the core entity of the EKK Group, Eagle Industry Co., Ltd. was established in 1964, the same year the Tokyo Olympics were held. In the years since, Eagle Industry Co., Ltd. has grown to become a global and public company with more than 100 subsidiaries and affiliates in Japan and the rest of the world.

Today, all of us at Eagle Industry Co., Ltd. and the EKK Group strive to become a solution provider that provides seal devices in five business areas (automotive & construction machinery, general industrial machinery, semiconductors, marine and aerospace) as a superior medium-sized integral global company that is of indispensable value to all stakeholders.

We contribute to the betterment of society by continuing to be a good company that is needed by all stakeholders. This is both our hope and our approach to CSR.

We support the Sustainable Development Goals (SDGs), the series of international targets aimed at realizing a sustainable society by the year 2030, and have begun exploring SDG-related initiatives based on our current CSR activities. In Japan and overseas, we are committed to respecting human rights and observing relevant laws, regulations and international rules both to the letter and in spirit, while placing the greatest priority on three areas, health and safety initiatives, environmental preservation and improved quality.

With regard to health and safety initiatives, we are working with all employees to swiftly make us a company where there are no work-related accidents based on the commitment to "never cause any work-related incident or injury in one's own division." We also strive to develop a cheerful and comfortable work environment where everyone can work more productively and with a sound mind and body.

In terms of efforts to preserve the environment, we have begun the process of considering long-term environmental goals targeting the year 2050 to contribute to environmental preservation over the long term. Moreover, as a "manufacturer that is able to supply unique products and services backed by technology in a speedy manner," we are actively pursuing the development and expanded sales of environmental products that are compatible with next-generation energy and mobility, and other such solutions. We also contribute to environmental preservation through the development of products that address environmental trends in areas we enjoy unique capabilities, such as the development of surface textured mechanical seals for electric vehicles (EV) that approach elusive zero-leak, zero-torque performance.

In the pursuit of improved quality, we embrace the "Eternal Zero" slogan that describes the company-wide promotion of efforts to not produce any defective products or generate any complaints, as we achieved last year.

The CSR Report 2019 illustrates for all stakeholders the EKK Group's approaches and achievements in health and safety, environmental preservation, improved quality and social contributions. We warmly welcome the candid opinions and impressions of all readers of this report.

Eagle Industry Co., Ltd.
Chairman of the Board and President,
Representative Director

Tetsuji Tsuru

3-year Management Plan

As illustrated below, the EKK Group has been promoting its three-year management plan in pursuit of medium-to-long-term growth since fiscal 2017.

▶ **Basic Approach: Reinforcing Business Structure for Sustainable Growth— Fly Sky High!**

▶ **Duration:** Fiscal 2017 to Fiscal 2019

▶ **Main Initiatives**

1. Eternal zero

Building a quality control structure that does not release even a single defective product to the market

2. Development of next-generation products

Product development that leverages our unique technologies for the next-generation mobility and energy market

3. Thorough and active implementation of TCD, Muda-han activity

Creating profit through an approach of "Total cost down" and "Eliminating waste by halving everything"

4. BCM

Establishing Business Continuity Management (BCM)

5. Optimizing management of EagleBurgmann 3-Region (Japan, AP, India)

Promoting management that is optimal for the entire Japan, India and Asia Pacific region

6. Implementation and full utilization of ERP

Completing the implementation of SAP as a core system for distributing and collecting global management information

7. Management that respects human dignity / health and safety

Creating a truly rewarding work environment, and fostering employee health and safety

▶ **Target Management Figures for the Final Year of the Plan**

Although we set 180 billion yen in net sales and 18 billion yen in operating income as initial goals, due to rapid changes in the business environment, we have revised these goals downward to 155 billion yen and 10 billion yen, respectively.

From small pumps to rockets

The EKK Group Businesses and Products Supporting People's Lives and Society

With technologies in seals, special welding, power transmission, and valves with its major pillars, the EKK Group delivers many types of mechanical seals, special valves, shipboard related products, aerospace products, bellows-related products, and diaphragm couplings, among other products. These products are used widely as indispensable parts of automobiles, ships, plants, aircraft and rockets, contributing to people's living and industries around the world.



1 Petrochemical, Steel, Pharmaceutical, Water, Paper, Food & Beverage

Our extensive product line-up includes dry gas seals for large compressors in petrochemical and other major industrial equipment, mechanical seals for large industrial pumps, process pumps and pumps for home use, as well as seal units for agitators used in a wide range of industries.



API682 Metal bellows seals

Dry gas seals

2 Semiconductor

Our products in this area include magnetic fluid seals and welded metal bellows used in manufacturing equipment for semiconductors and flat panel displays, and rotary joints used in chemical polishers for silicon wafers.



Welded metal bellows

Magnetic fluid seals

3 Automobile, Construction Machineries

We stably supply a diverse range of products in these areas including seals for automotive air conditioners and water pumps, solenoid valves for various equipment, sensors, and floating seals used in the drive trains of construction equipment.



Automotive equipment and products

Seal products

4 Housing Equipment

We are helping people enjoy a comfortable life by providing many types of valves for warm water-spraying toilet seats, fuel cells, heat pump water heaters and other equipment for home use, as well as accumulators and other devices used in water supply systems in offices and apartment buildings.



Valves for spray toilets

Accumulators for housing equipment

7 Marine

We supply stern tube seal products and bearings that are mounted on stern tube shafts to prevent lubricating oil leakages and seawater inflow. Our pollution-free stern tube air seals that use air to achieve zero oil leakages are also used on many vessels.



Oil lubricated stern tube seals

Water lubricated rubber bearings

8 Others

We are helping to improve the quality, productivity and energy conservation of the automotive, rubber, semiconductor, water processing, industrial machinery, battery-related, food and beverage, pharmaceutical and other industries by supplying them with pressure sensors, load cells, digital controllers and other devices for use in their facilities and equipment.



Pressure sensor

Round type digital display

5 Aerospace

We supply various seals including those for rocket engine turbo pumps, and in the main shafts and gearboxes of aircraft engines. The bellows accumulators used at Kibo, the Japanese Experiment Module of the International Space Station, are also from the EKK Group.



Bellows accumulators

Seals for aircraft gas engines

6 Energy

In addition to seals for pumps in various power-generation plants and generators, we also provide a diverse range of seals that can be used under high-temperature and high-pressure conditions. Also, our special valves are used at numerous power plants, and our diaphragm couplings are mainly used in power generation equipment and the propeller shafts of LNG tankers.



Diaphragm coupling

Main steam isolation valve

Contributing to a Sustainable Society with EKK Group Technologies

With technologies and a system of research into their applications backed up by a track record and experience built up over many years, the EKK Group will support the advancement and enhanced performance of various equipment and facilities while pursuing initiatives aimed at realizing a sustainable society that reduces the impact on the environment and makes other contributions.



1

Contributing to reduced CO₂ emissions with mechanical seals supporting electric vehicles



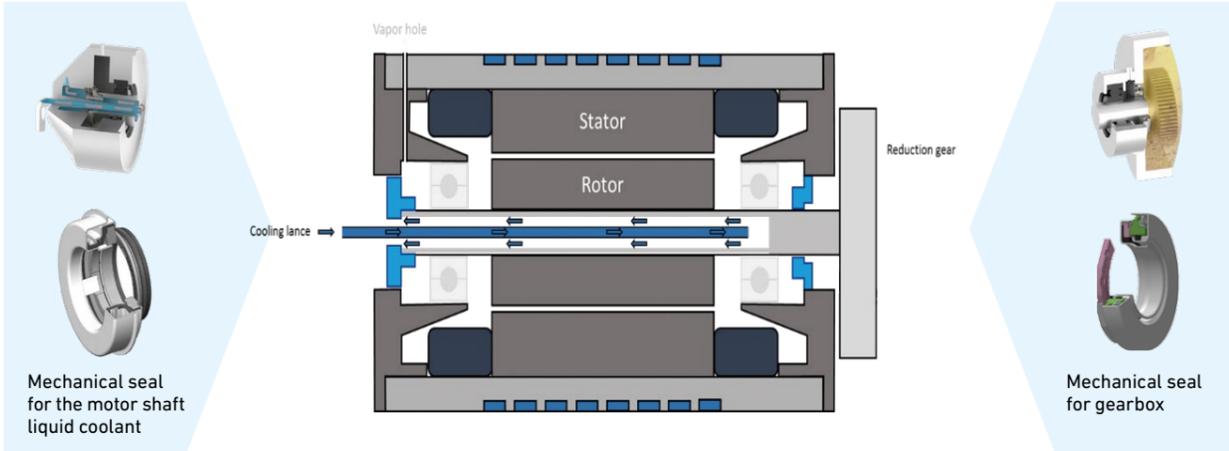
In recent years, electric vehicles ("EVs," hereafter) have emerged as part of efforts to achieve a sustainable society through environmental regulations such as CO₂ emission reductions, and by saving resources. The number of EVs is also expected to increase moving forward.

During this transitional period for the automotive industry, the EKK Group aims to tackle the development of products for EVs and other next-generation automobiles based on the technologies it has accumulated in the past to reduce the environmental impact of society as a whole. The EKK Group's seals are used in the drive motors that serve as the source of EVs power and to seal off liquids in gearboxes, contributing to efficient motor operation and reduced energy loss.

The EKK Group will continue contributing to the widespread adoption of EVs and their increased efficiency through future technological advances.



Locations of mechanical seals in an EV drive motor



2

Responding to worldwide semiconductor demand with high-quality, high-reliability magnetic fluid seals



A magnetic fluid seal maintains magnetic fluids along the magnetic line between a shaft (rotating shaft) and magnet. This type seals off the fluid by forming a seal membrane (fluid O-ring) and is used in the semiconductor manufacturing equipment.

Due to growth in global semiconductor demand, the market for semiconductor fabrication equipment is currently expected to expand in South Korea. The EKK Group company NEK Co., Ltd. ("NEK" hereafter) has started up local production of magnetic fluid seals at its South Korean plant.

Under these circumstances, the EKK Group is promoting production on a global scale to shepherd worldwide innovation in IT technologies.



TOPIC

On April 23, 2019, NEK held an opening ceremony for its second production plant, which has been established to produce magnetic fluid seals.

The ceremony was attended by 80 guests including the magistrate of Haman County and members of commerce and industrial associations. The guests offered words of thanks for NEK making such a large investment and expanding employment in the midst of a recession.

NEK primarily manufactures automotive components, but all its employees will make a concerted effort to expand sales with the new addition of semiconductor-related products.



Scene from the tape-cutting event
The office building for NEK's second production plant

Feedback from the workplace

NEK's Magnetic Fluid Seal Processing Division is tackling improvement activities with a continual awareness of the need to "minimize environmental footprints."

As part of environmental improvement activities, training on reducing energy consumption is provided repeatedly. Harmful chemical substances are managed to clearly defining the entire process related to harmful chemical substances handled in plant processes from delivery to disposal after use, and safety data sheets (SDS) for chemical substances are posted on-site. Activities to prevent accidents include the installation of disaster prevention equipment, the provision of training, and the implementation of inspection and management activities based on inspection standards. Workers handling chemical substances also undergo quarterly training as part of efforts to prevent environmental or safety-related accidents due to chemical substances. Additionally, NEK continually monitors the management of air pollutants and the waste products generated through its production processes to minimize environmental impact.

NEK's second production plant is endeavoring to enhance QCD (quality, cost and delivery) in "clean air and a pleasant environment."



Jo Myeongrae
Chief,
Manufacturing Section 2,
SI Managing Department
NEK Co., Ltd.



The EKK Group's CSR Activities

The EKK Group actively promotes CSR management to achieve a sustainable society and meet the expectations of its various stakeholders.

Our Concepts of CSR

The EKK Group approaches its CSR activities based on the belief that it can best contribute to creating a better society by remaining a good company that all of its stakeholders can be proud of over the long term, even if its management is replaced and its employees come and go.

System for Promoting CSR

The EKK Group promotes Group-wide CSR activities in which related departments coordinate with one another. Priority issues are addressed on systematic Group-wide basis through meeting bodies such as the Management Meeting, Meeting of Division Managers, CSR Meeting and Quality Control Manager Meeting, with each dedicated department taking a central role in implementation.

Respect for International Initiatives

The Sustainable Development Goals (SDGs) were adopted at the United Nations Sustainable Development Summit held in September 2015. The SDGs are international goals agreed to by all 193 members of the United Nations to solve a range of global issues and create a sustainable society in which people can live their lives in happiness in the present and future. The EKK Group will work to achieve these goals and help create a sustainable society through its business activities.

The 17 Goals

<p>Goal 1 No Poverty</p> <p>End poverty in all its forms everywhere</p>	<p>Goal 2 Zero Hunger</p> <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	<p>Goal 3 Good Health and Well-being</p> <p>Ensure healthy lives and promote well-being for all at all ages</p>	<p>Goal 4 Quality Education</p> <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>Goal 5 Gender Equality</p> <p>Achieve gender equality and empower all women and girls</p>	<p>Goal 6 Clean Water and Sanitation</p> <p>Ensure availability and sustainable management of water and sanitation for all</p>
<p>Goal 7 Affordable and Clean Energy</p> <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p>Goal 8 Decent Work and Economic Growth</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>Goal 9 Industry, Innovation and Infrastructure</p> <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<p>Goal 10 Reduce Inequalities</p> <p>Reduce inequality within and among countries</p>	<p>Goal 11 Sustainable Cities and Communities</p> <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<p>Goal 12 Responsible Consumption and Production</p> <p>Ensure sustainable consumption and production patterns</p>
<p>Goal 13 Climate Action</p> <p>Take urgent action to combat climate change and its impacts</p>	<p>Goal 14 Life Below Water</p> <p>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>	<p>Goal 15 Life on Land</p> <p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	<p>Goal 16 Peace, Justice and Strong Institutions</p> <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<p>Goal 17 Partnerships for the Goals</p> <p>Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>	

Relationship with Stakeholders

The EKK Group makes every effort to deepen mutual understanding between the Group and its stakeholders by grasping what stakeholders expect and desire, and disclosing information accordingly. Through these efforts, we strive to achieve the sustainable development of society and the EKK Group.



Initiatives Underway

Customers	Shareholders, Financial Institutions, Investors	Suppliers	Local Communities	Employees	NPOs and NGOs	Government Institutions and Various Groups
<ul style="list-style-type: none"> Customer satisfaction surveys Exhibitions Provision of product information 	<ul style="list-style-type: none"> Issuance of various reports (securities reports, annual report, CSR report, etc.) Website and IR site Financial results briefings (twice a year) One on One meetings Responding to various surveys 	<ul style="list-style-type: none"> Supplier briefings Quality audits Cooperation through green procurement guidelines 	<ul style="list-style-type: none"> Regional social contribution activities Events for local communities 	<ul style="list-style-type: none"> Self-assessment system Human resource development program Labor-management council 	<ul style="list-style-type: none"> Support activities for and dialogue with NPOs 	<ul style="list-style-type: none"> Membership in industry groups and participation in activities

Our CSR

In the EKK Group, each employee maintains an awareness of health and safety, environmental preservation, quality improvement and compliance, and employees willingly pursue CSR activities on their own at our sites in Japan and across the world.
In this section we highlight some of the initiatives being undertaken at our domestic sites in Japan and overseas sites as well as individual employees.

Domestic Initiatives



1 Eagle Industry Co., Ltd. Corporate Sales & Marketing Division, Kyushu Branch

Environmental preservation activities tackled by all branch staff



At the Kyushu Branch, we make a point of having all branch staff address the environmental preservation in their daily activities based on the slogan "environmental preservation activities start with the little things." Recently, we have placed a particular focus on switching off lights during break periods, switching off air conditioning after regular working hours, sorting trash and reducing the amount of printed paper (saving as data). While each of these activities are small things that we often hear about, it is because of that familiarity that makes them easy to address, and this leads to an improved awareness of environmental preservation activities among staffs. These used to be individual activities which specified staffs would do things like turn off the lights or sort the trash, but by calling on everyone to join in these activities at morning meetings and creating our own trash sorting guide, it is now a common sight to see various staffs taking the activity to turn off lights when they noticed them, or to help one another confirm how to sort trash properly. We also perform tasks such as checking the mileage of company cars for one another, and in this way we have developed an environment where the entire branch take on activities to preserve the environment.



Trash sorting guide

2 Shimane Eagle Co., Ltd.

Hitting the mark with the human resource development and training facility!



With the aim of providing education, training and improved competence to employees, in 2014 Shimane Eagle established the YASHIRO Human Resource Development and Training Facility in Lip Seal Section 1 of the Seal Manufacturing Department ahead of the introduction of other manufacturing processes. At YASHIRO, new workers learn the basics of becoming a Shimane Eagle employee, experience simulated hazards to demonstrate the utility of safety shoes, and receive training on manual work and other areas. According to the system, once a new employee satisfies a certain competence level (criteria), they advance to on-the-job training. In addition to education for new employees, periodic checks of competence have also been incorporated into the curriculum as part of efforts to improve quality and raise awareness of rules compliance.



The YASHIRO Human Resource Development Education and Training Facility

Today, the human resource development and training facilities have been set up for other manufacturing processes and the quality control department, and we have continued to work on human resource development to ensure that each employee properly understands and complies with the rules, and maintains an awareness of reliable quality and high safety mind.

3 EagleBurgmann Japan Co., Ltd. Niigata plant

Striving to reduce traffic accidents and traffic violations to zero



At the Niigata Plant, we held traffic safety lectures and conducted driving aptitude examinations in December 2018 as an activity aimed at safe driving. In the traffic safety lecture, NOK Sampo Service Co., Ltd. spoke about important points to observe when driving on expressways and at intersections, laws and regulations concerning drink driving (the severity of penalties) and details about the insurance policies that should be taken out. For the driving aptitude examinations, we utilized the driving aptitude examination service offered by Sampo Japan Nipponkoa Insurance Inc. to conduct simulated driving experiences using testing equipment to identify the individual characteristics (habits) and tendencies of drivers.



Driving aptitude examinations underway

In the future we will continue to tackle these issues and endeavor to develop a workplace completely free of traffic accidents and traffic violations.

4 Eagle Industry Co., Ltd. Saitama plant

Improving soil with bioprocessing



The Saitama Plant is located in a good environment abounding with nature. However, due to the use of trichloroethylene in the past, some of the soil has become polluted. Since December 2000, we have been continually drawing up and purifying well water as a soil improvement, but as a clean-up method this takes a very long time. For this reason, we introduced a method to utilize microbes in the soil, which cleans the soil quickly. Our goal is to bring the groundwater quality to within standard values by FY2021. Currently the trichloroethylene has been broken down and transmuted into secondary and tertiary substances, and the cleaning is progressing steadily. In FY2019 we will continue to break down the pollutants using microbes and continue to promote efforts towards completing the clean-up effort at an early stage.



Nutrient tank



Adjusting work platform heights to boost work efficiency



A sticker encouraging water saving



Health lecture given by an industrial physician

1 Eagle Industry France S.A.S. (France)



Continuous improvement through Jishuken activity

With approximately 200 employees, Eagle Industry France has begun to work on a strategy for a continuous improvement. One part of our strategy is to develop employee capacity to manage their own problems (identifying issues / 5 whys / communicate / find and implement solution) through Jishuken activities.

What is a "Jishuken"? It is a safety, ergonomics, quality, and efficiency improvement activity to make operational processes easier and more stable to operators. We work on 3 items, suppress cannots 'MURI', suppress fluctuations 'MURA', and suppress waste 'MUDA'. We also deliver an internal certificate on the completion of the Jishuken activity to congratulate operators. For example, we worked on floor marks, safety and ergonomic concerns, on micro stop machining, quality checks, and on standardizing best practices.

Our goal is that those standards become a reality and that all employees work towards the continuous improvement of safety and environment.



Labeling of hazard points on the floor

2 EagleBurgmann Philippines Inc. (Philippines)



CSR synergy with SAVING MOTHER EARTH CAMPAIGN – conserving resources

As our previous building in Carmona, Cavite was about 20 years, EagleBurgmann Top management decided to relocate to a new premise. The new premises, located at Dasmarinas, Cavite is about 1,200 sqm. This new premises included pantry and resting place, ensuring our employees having a better and safer environment to work in.

As energy and water are precious in Philippines as well as globally, we are actively promoting conservation of energy and water: we oriented all employees to ensure awareness and understanding about conservation. Postings support information paraphernalia such as bulletin boards, instruction and memos, which concerns the company's program about conservation.



Sticker encouraging energy saving

3 Eagle Industry Taiwan Corporation (Taiwan)



Employee care enhancement and health promotion activities

Since 2018, we have added a health and breastfeeding room as well as employing a nurse as a regular employee to provide a comfortable working environment for employees.

The nurse and the industrial physicians support employees' physical and mental health through first aid and care for accidental injuries and diseases, offer advice based on health check up results, and provide mental health care for pregnant female employees and employees working in special working conditions.

In addition, we cooperate with fire brigades and health clinics to carry out regular education on hazard prediction and first aid knowledge, and to provide training of Automatic External Defibrillator (AED) and Cardio Pulmonary Resuscitation (CPR) to employees.

By developing knowledge about health, safety, and first aid, we contribute to employees, their families, and society.



Scene from a fire drill

Working for customers and a clean sea



EKK Eagle Asia Pacific Pte. Ltd.
Technical Service
Puong Yew, Robin Lau

In coherence with CSR initiatives, we always strive to provide the best products and services to all our customers. For instance, we always promote our stern tube air seal system to ship owners. This system prevents the leakage of harmful stern tube oil from vessel directly to ocean by eliminating oil-to-sea interfaces.

Moreover, our service team are equipped with tremendous working aptitude in stern tube seal renewal operations. We understand well that failure or poor workmanship may result in detrimental financial loss and environmental harm to the ocean.



We deliver reliable technologies.



We perform maintenance on mechanical seals to bring them back to working order.

Effectively utilizing limited resources



Eagle Industry Co., Ltd.
Corporate Sales & Marketing Division,
Hiroshima Branch, Mizushima Sales Section
Kei Sato

Eagle Industry's maintenance centers perform maintenance on industrial mechanical seals, primarily those used in petrochemical complexes, and there are five such centers distributed across Japan. Each day we work diligently in the belief that through the high-quality maintenance and re-use of seals, we are helping to preserve the environment and make other environmental contributions by lowering the drain on resources and reducing waste generation. Additionally, before the start of the rainy season all employees in the Sales Section carried out a ditch clean-up activity in the area around our office in an effort to clean up the environment as a part of regional contribution.

Meticulous checks!



We deliver the right components.

We offer a lineup of different seal rings, a component of seal units for ships, made from several different materials depending on their compatibility with oil. When shipping parts for repairs, there is a risk of oil leaking into the sea if the wrong material is delivered. For this reason, we perform checks of information such as specification histories and service records against the order information received from Sales, to ensure that the wrong material is never shipped out to a customer. This is my CSR activity.



Eagle Industry Co., Ltd.
Marine Division, Technical Department,
Technical Control Section
Chinami Kakimoto

Together with the local community



EagleBurgmann India Pvt. Ltd.
Human Resources and Administration
Department, Executive
Oiendri Burman

We have been regularly carrying out the following activities to provide energy to children and the elderly folk in our local community.

We provided books, stationery, and medicine along with financial donation to 40 children at Ramtekdi Slum and LNM Educational Trust to support 250 underprivileged students. Our staff also had the opportunity to happily spend time with 70 students at Blind School interact with elderly women at a nursing home as well. We are ready to commit to supporting a sustainable community and society.



We will continue to support the local community going forward.

From Hokkaido to the world



Eagle Industry Hokkaido Co., Ltd.
Administrative Section,
Quality Control Officer
Tomoaki Maekawa

As the quality control officer, I work to inspect the dimensions of the components processed at Eagle Industry Hokkaido each day and maintain quality. I am proud that the components we produce here become EKK products contributing to the environment of a region somewhere in the world, and work vigorously on daily production activities with this in mind.



Engaging in serious work to examine products



We are working together on HSE.

Tackling Health, Safety and the Environment (HSE)



Eagle Simrax B.V.
Maintenance Department
Roger Zoontjens

I have been working for Eagle Simrax B.V. since five years, currently as a maintenance coordinator.

Since HSE is in my personal and professional interest, I joined the HSE working group. Together with my colleagues we meet on a by monthly basis and we divide our HSE tasks. I am focusing on the technical related HSE issues like NEN3140* and test equipment, I will do my very best on giving my input to keep the HSE level within Eagle Simrax B.V. at the current high level and even try to improve it further.

* NEN3140: Dutch periodic inspection standards for electrical equipment

Health comes first!



We offer detailed guidance to employees.

To advance the health of employees, we coordinate with public health centers and the municipal government in offering guidance on things like dietary changes (information about the sugar and salt content in foods that people are surprised to learn), exercises that can be easily performed in a short time (information on courses that can be walked during a lunch break) and smoking cessation (the dangers of tobacco) so that employees can reflect on their lifestyle habits. I hope to continue listening to feedback from employees while safeguarding their wellbeing.



Eagle Industry Co., Ltd.
AI-CI Division, Administration Department,
Safe Environment Section, Nurse
Rieko Ikeda



P.T. Eagle Industry Indonesia
Sales Department
Sarah Sri Puspawati

I want to protect our beautiful planet

I always try my best to be environmentally conscious and preserve the environment by saving natural resources in everyday life. For example, be sure to unplug and turn off all electronics when not in use, switching to a reusable bag instead of paper or plastic. Keeping the environment clean and healthy for life is everyone's responsibility. It is time for us to realize our responsibility and act in the right direction.



I think of what I can do and actively pursue it.

The EKK Group develops products that help preserve the global environment. We work to reduce our environmental impact out of a desire to be an eco-friendly corporate group.

Environment Management

To contribute to global environment preservation, the EKK Group established the group-wide environmental policy and operates an environment management system based on ISO14001.

Environmental Policy

Basic concept

Considering that a corporate is a part of society and Seal products, Precision products including valve and metal application product, and Accumulators manufactured by our company can contribute to the environment by preventing pollution and saving energy, Eagle Industry Co., Ltd. and its affiliated companies shall be aware that our activities, products, and services are deeply associated with the global environment. Setting "Compliance" as the basis of our corporate activities, we will pursue the preservation of the global environment voluntarily and continuously.

Activity policy

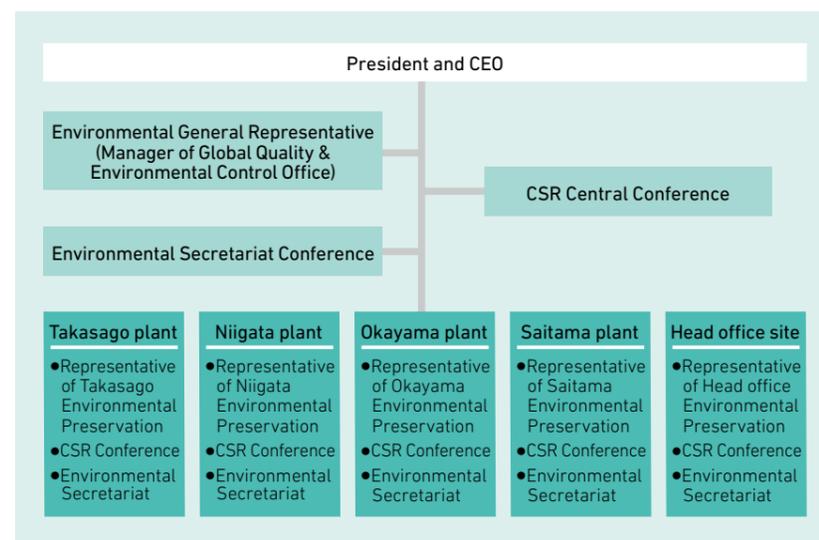
1. In the development of products, we will keep in mind how they will affect the environment.
2. Taking life cycle into consideration, we will strive to save resources and energy and to reduce greenhouse gas.
3. We will endeavor to reduce industrial waste and to promote recycling in order to use sustainable resources.
4. Taking biodiversity into consideration, we will make continual efforts to improve environmental effects and prevent pollution.
5. We will comply with regulations and other requirements to which a corporate subscribes. (Other requirements such as industry guidelines related to the environment.)
6. Through management review, we will set environmental objectives and a target, review them at appropriate intervals, and strive to improve environmental performance continuously.

Revised April 1, 2017

Environment Management System

The EKK Group has a group-wide environment management system in place. At the center of the system is the CSR Central Conference chaired by the president and CEO of Eagle Industry and consisting of Representatives of Environmental Preservation at respective EKK Group plants. Objectives, targets, and activities to those ends determined by the conference are then brought to the respective EKK plants by the Environmental General Representative. In addition, each plant has the CSR Conference chaired by its Representatives of Environmental Preservation. CSR programs adopted at these conferences are reported to the CSR Central Conference and reviewed by the management team.

Environment Management System



States of ISO14001 Acquisitions

The domestic sites of the EKK Group operate environmental management systems compliant with the ISO14001:2015 standard. In FY 2018, in addition to ISO14001 examinations carried out on Eagle Highcast Co., Ltd. and Valcom Co., Ltd., the EKK Group in Japan also obtained overall ISO14001:2015 certification.

Group Companies	Certification
Eagle Industry Co., Ltd.	Maintained
EagleBurgmann Japan Co., Ltd.	Maintained
Eagle Engineering Aerospace Co., Ltd.	Maintained
Okayama Eagle Co., Ltd.	Maintained
Shimane Eagle Co., Ltd.	Maintained
Hiroshima Eagle Co., Ltd.	Maintained
Eagle Industry Hokkaido Co., Ltd.	Maintained
Eagle Service Co., Ltd. Head Office and Okayama Office	Maintained
Eagle Highcast Co., Ltd.	Newly certified
Valcom Co., Ltd. Head Office, Factory and Kansai Office	Newly certified

* As of July 31, 2019



ISO14001 examination underway (Mito Branch of Eagle Industry Co., Ltd.)

Compliance with Environmental Laws and Regulations

Each year, the environmental laws and regulations that apply to the EKK Group are identified, and every half year, we check the state of our compliance with them. In FY 2018, the EKK Group complied with all applicable environmental laws and regulations.

Major environmental laws and regulations that apply to the EKK Group	Compliance during FY 2018
Act on Rationalizing Energy Use	✓
Waste Management and Public Cleansing Act	✓
Air Pollution Control Act	✓
Water Pollution Prevention Act	✓
Soil Contamination Countermeasures Act	✓
Noise Regulation Act	✓
Vibration Regulation Act	✓

Internal Audit

Every year we conduct an internal audit for all departments to ensure that the environmental management system is operating effectively. In FY 2018, we began a cross-sectional internal audit of sites. Internal auditor at each site perform internal audits on other sites, each department is able to experience an internal audit from a new perspective, and internal auditors have the opportunity to improve their skills by learning about the activities underway at other sites. We will continue with this approach in the future to foster the development of enhanced environmental preservation activities.

Environmental Education

Each year, education to raise awareness of the environment is provided to all employees working throughout the EKK Group. We have created an original textbook that is easy to understand even without expert environmental knowledge, allowing each employee to learn about what they can personally do to preserve the environment, and providing opportunities to pursue environmental preservation starting with everyday things.

Emergency Response Training

We have procedures for responding to accidents, natural disasters, and other emergencies for preventing and reducing environmental pollution. Training sessions for such response are held regularly. Based on training results, we review those procedures to ensure they are suitable and to keep our preparedness at the best possible level.



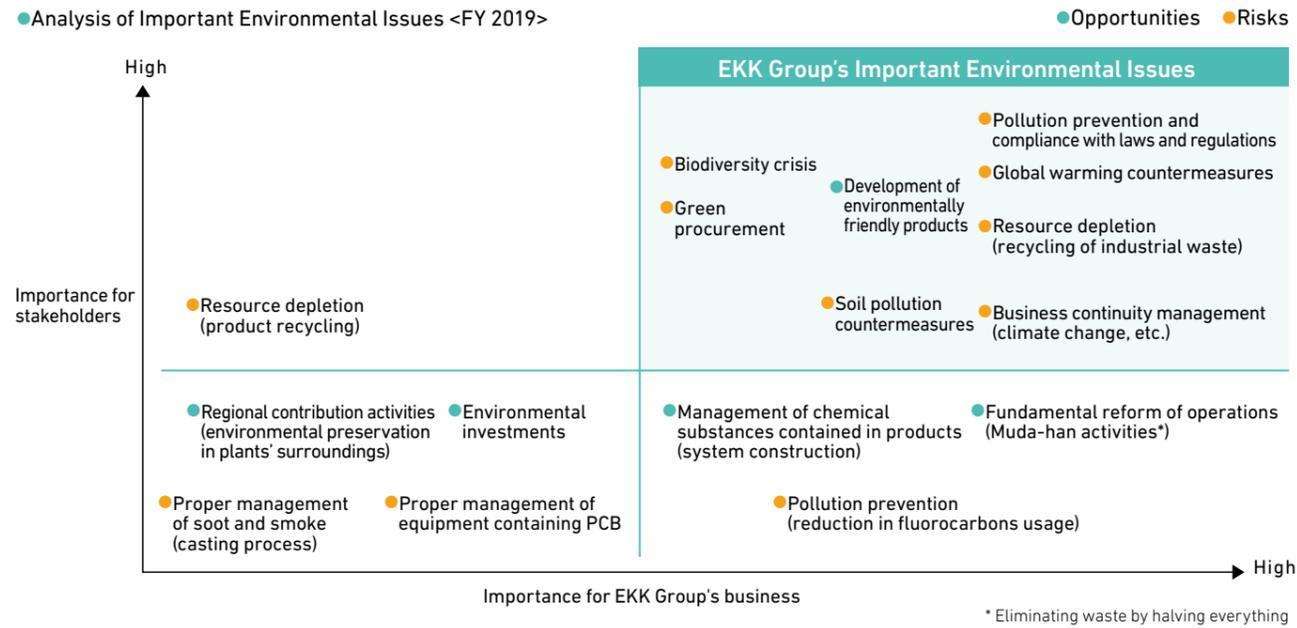
Young employees take part in a drill simulating an external leak of oil (Kure Plant, Eagle Industry Co., Ltd.)

Environmental Preservation Activities

The EKK Group is aware that our activities, products, and services are deeply associated with the global environment, and we pursue the preservation of the global environment voluntarily and continuously.

► Analysis of Important Environmental Issues

The EKK Group works hard to understand the opinions and expectations of its stakeholders, analyzes environmental issues in terms of risks and opportunities, and engages in those issues that have high priority for both the stakeholders and the group's business.

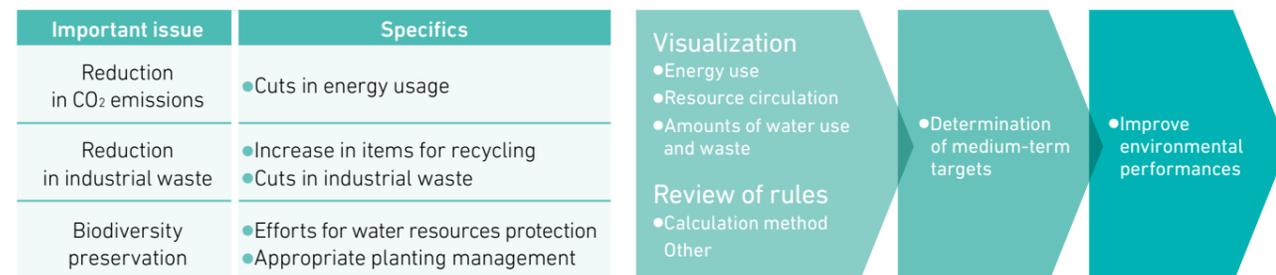


► Medium- and Long-Term Environmental Preservation Activities Based on Important Issues

The EKK Group will engage in environmental preservation activities from a medium- and long-term perspective.

First, we will work to visualize environmental performances such as amounts of energy use, industrial waste, water use, etc. We will then energize activities to improve issues that become apparent as a result and establish concrete medium- and long-term targets to improve our overall environmental performances.

● Medium- and Long-Term Flow of Environment Preservation Activities



► Response to EU Environmental Regulations

To reduce the environmental impact of end-of-life cars and electrical and electronic equipment, the EU applies the End-of-Life Vehicles (ELV) Directive and the Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS Directive). The ELV Directive regulates the use of lead, mercury, cadmium, and hexavalent chromium, and the RoHS Directive also regulates those same four substances plus two brominated flame retardants, or polybrominated biphenyl (PBB) and polybrominated diphenyl ether (PBDE), as well as four phthalate esters, or di-ethylhexyl phthalate (DEHP), benzylbutyl phthalate (BBP), di-n-butyl phthalate (DBP), and diisobutyl phthalate (DIBP). Some of the EKK Group's products use some of these substances; we are providing customers with appropriate information and are working with them to come up with alternatives.

► Reduction in Fluorocarbons Usage

The EKK Group uses dichloropentafluoropropane (HCFC-225), an ozone depleting substance, to clean precision parts. We have been working hard to reduce the release of this substance into the air by replacing it with safe alternatives for some products and increasing the maintenance frequency of HCFC-225 recovery equipment. As a result, our HCFC-225 emissions during FY2018 were down by 70.8% from FY2003, when we began recording the relevant statistics. We are working with specialized companies to replace HCFC-225 with safe alternatives, with a view to complete replacement by FY2020.

► Management of Chemical Substances

Observing the pollutant release and transfer register (PRTR) system, the EKK Group reports to the Japanese government the amounts of its emissions and transfers of chemical substances as prescribed by the PRTR Law*.

*Law: Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof

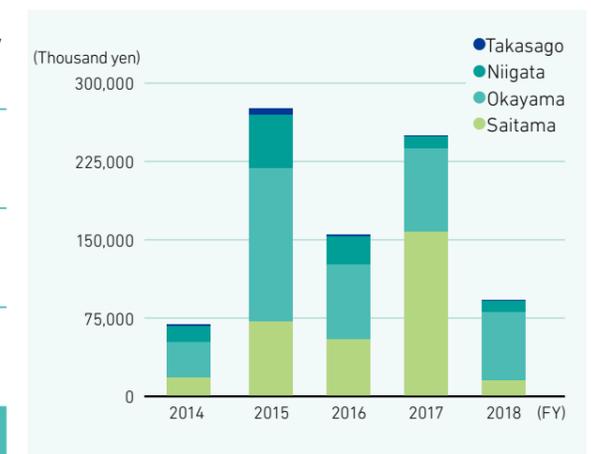
● Amounts of Emissions and Transfers of Class I Designated Chemical Substances prescribed by PRTR Law

Law No.	Name of Class 1 chemical substance	Amount of emission (kg)				Amount of transfer (kg)	
		Air	Public waters	Plant's soil	Plant's landfill	Sewer	Outside plant
71	Ferric chloride	0	0	0	0	0	0
185	Dichloropentafluoropropane	1,324	0	0	0	0	0
258	Hexamethylenetetramine	0	0	0	0	0	379
300	Toluene	6,600	0	0	0	0	1,000
349	Phenol	0	0	0	0	0	253
Total		7,924	0	0	0	0	1,632

► Major Environmental Investments During FY 2018

● Saitama Plant: 14,983,000 yen	Groundwater and soil contamination monitoring survey Purification well site pump repair work
● Okayama Plant: 65,414,000 yen	Utility monitoring system upgrade Measures to improve the thermal insulation of plant outer walls
● Niigata Plant: 11,290,000 yen	Installation of LED lighting Sewage tank cleaning
● Takasago Plant: 852,000 yen	Expanded installation area of heat-insulating glass film Additional installation work on energy monitors for testing equipment
Total of all plants: 92,539,000 yen	

● Environmental Investment Results



Objectives and Targets, Results

The EKK Group is committed to environmental preservation activities, and accordingly it has set three-year medium-term environmental targets.

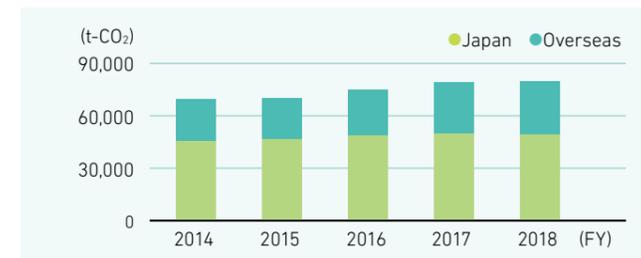
Since FY 2017, the Group has been working to reduce the environmental impact of its business activities centered on three major initiatives: reduction in CO₂ emissions, reduction in industrial waste, and biodiversity preservation.

In FY 2018, we introduced Environmental Information System to ensure that the environmental impact from our business activities is continually reduced. By taking data on environmental impact in greater detail, we will identify site-specific improvement targets and reduce their environmental impact. In the future we will roll out this Environmental Information System to overseas sites as well, and aim to implement initiatives contributing to environmental preservation across the entire EKK Group, including overseas sites. The following table lists the results of Group environmental preservation activities in FY 2018.

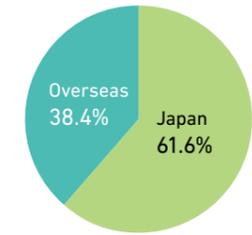
Environmental Objectives		FY2018 Targets	FY2018 Results	Evaluation	FY2019 - FY2021 Environmental Targets
Development of environmentally friendly products		Stepped up development of environmentally friendly products.	Done based on design departments' plans at respective plants.	○	<ol style="list-style-type: none"> Promote the development of next-generation environmentally friendly products Expand sales of environmentally friendly products
Reduction in CO ₂ emissions	Cuts in energy usage	<ol style="list-style-type: none"> Visualize energy usage leading to improvements Reduce CO₂ emissions per unit of production amount by at least 1% from previous year Consider mechanisms to build upon improvement projects Introduce Environmental Information System (domestic) 	<ul style="list-style-type: none"> CO₂ emissions per unit of production amount were reduced by 0.2% from the previous year Environmental Information System was introduced at domestic sites. Energy-related visualization and areas of improvement for saving energy were considered. 	×	<ol style="list-style-type: none"> Promote the visualization of energy usage leading to improvements Reduce CO₂ emissions per unit of production amount by at least 1% from previous year Make improvements to Environmental Information System
	Increase in items for recycling	<ol style="list-style-type: none"> Visualize waste amount that will lead to improvements Maintain 98% recycling rate Consider mechanisms to build upon improvement projects Introduce Environmental Information System (domestic) 	<ul style="list-style-type: none"> Achieved target with 98.4% recycling rate Environmental Information System was introduced at domestic sites. Waste-related visualization and areas of improvement for recycling resources were considered. 	○	<ol style="list-style-type: none"> Promote visualization of waste amount that will lead to improvements Maintain 98% recycling rate Make improvements to Environmental Information System
Reduction in industrial waste	Cuts in industrial waste amount	<ol style="list-style-type: none"> Visualize waste amount that will lead to improvements Maintain 98% recycling rate Consider mechanisms to build upon improvement projects Introduce Environmental Information System (domestic) 	<ul style="list-style-type: none"> Achieved target with 98.4% recycling rate Environmental Information System was introduced at domestic sites. Waste-related visualization and areas of improvement for recycling resources were considered. 	○	<ol style="list-style-type: none"> Promote visualization of waste amount that will lead to improvements Maintain 98% recycling rate Make improvements to Environmental Information System
	Protect water resources	<ol style="list-style-type: none"> Monitor water usage Formulate a reduction plan 	<ul style="list-style-type: none"> Water usage was monitored. In FY2019 the monitoring of water usage will continue, and after analyzing the results, consideration towards formulating a water usage reduction plan will be implemented. 	○	<ol style="list-style-type: none"> Monitor water usage Consider a reduction plan and promote reduced water usage based on the reduction plan
Biodiversity Preservation	Manage plantings properly	<ol style="list-style-type: none"> Manage plantings properly (determine rules) Manage green areas at sites 	<ul style="list-style-type: none"> Planting management rules were determined The percentage of green areas was brought into compliance with the Factory Location Act and local ordinances in the areas where each plant is located. 	○	<ol style="list-style-type: none"> Manage plantings properly Manage green areas at sites
	Comply with laws and regulations, and other requirements	<ol style="list-style-type: none"> 100% compliance Prevent the occurrence of serious problems, such as the violation of environmental laws and regulations 	<ul style="list-style-type: none"> Achieved a 100% compliance rate No occurrence any serious problems, such as the violation of environmental laws and regulations. 	○	<ol style="list-style-type: none"> 100% compliance Prevent the occurrence of serious problems, such as the violation of environmental laws and regulations Prevent environmental damage when a natural disaster occurs (coordination with BCM activities, information sharing) Initiatives to completely abolish products containing phthalate ester, which is restricted by the RoHS directive
Improve environmental awareness	(Newly established target for FY2019)	A sense of reaching a stalemate or falling into a rut in environmental preservation activities occurred at each plant	—	—	<ol style="list-style-type: none"> Initiatives to boost the awareness of all employees including management team Revitalize environmental preservation activities through the visualization of environmental performance

Environmental Data

●Trends in CO₂ emissions



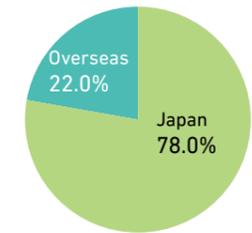
●Ratio of CO₂ emissions in Japan and Overseas (FY2018)



●Trends in Recycling Rate

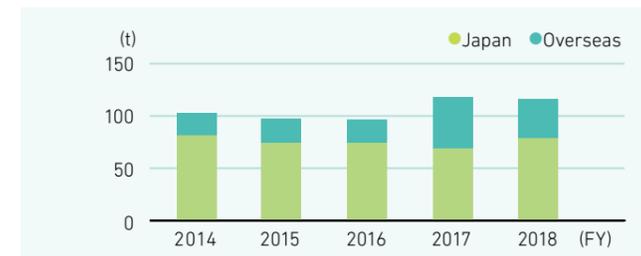


●Ratio of Industrial Waste in Japan and Overseas (FY2018)

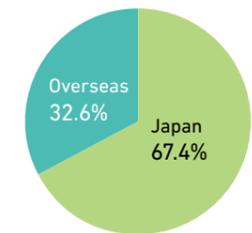


●Trends in VOC* emissions

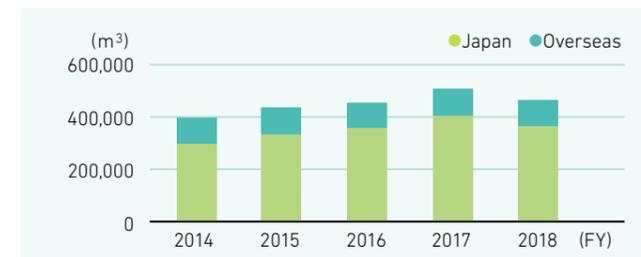
* VOC: Volatile organic compounds



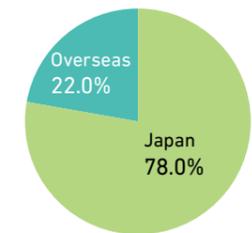
●Ratio of VOC emissions in Japan and Overseas (FY2018)



●Trends in Water Usage



●Trends in Water Usage (FY2018)



Number of sites included in Environmental Data

●Energy usage, VOC emissions and water usage

Site	2014	2015	2016	2017	2018
Japan	1	1	1	1	1
Production sites	11	11	11	11	11
Sales offices and Sales branches	16	16	19	18	18
Overseas	9	9	9	9	9

●Recycling rates, Industrial waste

Site	2014	2015	2016	2017	2018
Japan	10	10	10	10	11
Overseas	9	9	9	9	9

Approach to Society

Related SDGs



We make every effort to develop a pleasant working environment for the employees supporting the products of the EKK Group, and strive to contribute to stakeholders and society through the provision of high-quality products.

Approach to Quality

It is the EKK Group's mission to continue providing trusted quality by standing in customers' positions. To this end, we make resolute group-wide efforts for quality improvements under the solid belief, "Eternal Zero."

▶ "Eternal Zero" Movement

In FY 2019, the third year of the "Eternal Zero" activities as directed by the President and CEO, we will aim to expand and upgrade our quality control system that does not release even a single defective product to the market by leveraging the complaint reduction activities and effective non-conformity countermeasures implemented to date.

▶ Quality Awards

We saw many teams engaging in multifunctional collaborative work (team activities spanning departments), which were also recommended for quality awards in FY 2018. Additionally, while to date most recommendations for awards have centered around manufacturing departments, this year there were two recommendations for indirect departments. Shimane Eagle Co., Ltd., which is striving to achieve "Eternal Zero" activities, formed a multifunctional collaborate team and successfully reduced non-conformity in hydraulic characteristic. In recognition of not only achieving zero complaints but significantly contributing to reduced scrap cost and waste amount, the team was selected for the highest award.

▶ Quality Control System

In terms of a quality control system envisaged by the EKK Group, in FY 2018 an initiative was started to achieve uniform global quality with the introduction of a quality information system. Moving forward the Group will continue to introduce and utilize various tools at the development and design stages, implement production reforms that incorporate new technologies such as IoT and AI in process design, facility design and at production sites, and work to develop processes that are not dependent on human workers through automation and other advancements.



Members of the non-conformity countermeasures team at the AI-CI Division of Eagle Industry Co., Ltd.

Members of the non-conformity countermeasures team in the AT Solenoid Valve Section, Equipment Manufacturing Department of Shimane Eagle Co., Ltd.

Quality Improvement Activities

Members of the non-conformity countermeasures team search for the causes of non-conformity and promote improvement activities with the help of various departments. During the handover of work when switching between the early and late shifts, printed paper used to be handed over manually, but now this process has been digitized to improve efficiency.



Digital handover of work during the switch between the early and late shifts

Feedback from the workplace

When I transferred to this section two years ago, we were right in the middle of efforts to tackle non-conformity. The activity was started in 2011, and it was from around the second half of 2017 that activities to address non-conformity and improve productivity started to bear fruit. At the time I got a strong impression that people are the most important factor. I want to continually look for ways of working that will boost the motivation of everyone in the section, as well as to pass on skills and expertise through the human resource development education and training facility, etc. to cultivate key individuals of the next-generation.



Takashi Ishibashi

Section Manager,
AT Solenoid Valve Section, Equipment
Manufacturing Department,
Shimane Eagle Co., Ltd.

Human Resource Development and Diversity Initiatives

The EKK Group is dedicated to practicing its management principle of "management that respects human dignity based on feelings of commitment and trust", and creating a rewarding working environment where each employee can work to his or her full potential.

▶ Commitment to Personnel Training

As the environment surrounding companies continues to change rapidly with the progression of globalization and other factors, we have developed and launched a personnel education program of off-the-job training (off-JT), comprising teaching systems and curriculums designed to maintain the happiness of employees and achieve growth as a company.

Personnel Training Program

The EKK Group has developed a range of training comprising 33 subjects (at the start stage) broadly grouped into three education categories (basic, management, advanced skills improvement) covering all employees from new recruits to those in management. The training is mainly conducted by in-house instructors with extensive experience, who carry out the training on-site wherever possible.

The training is run using our internal portal, which allows each employee to manage his or her training from their own PC. Employees can browse the scheduled training programs, participation records and other information, as well as easily apply to take part in training sessions and submit reports, etc.



Scene from women's career design training (Headquarters, Eagle Industry Co., Ltd.)



Training on how to read financial statements (Saitama Plant, Eagle Industry Co., Ltd.)

▶ Initiatives to Promote Diversity

Under the above principle of practicing management that respects human dignity, the EKK Group implements diversity management in its efforts to be a corporate entity with a rewarding work environment where all employees can work to their full potential. As part of this, we are encouraging the more active participation of women in the workplace.

Promoting the Participation of Women

Specific initiatives aimed at women include expanding the range of work through training and guidance based on the skills and motivation of female employees, and actively supporting their career path in moving toward a managerial position. We also regularly follow up on the progress of female employees in managerial positions, and identify any workplace issues they are encountering while working to resolve them. Additionally, we offer a comprehensive flextime system and support for taking paid leave for childcare and nursing, which has created an even more comfortable work environment for everyone. In assisting female employees to participate more actively in the workplace, we are able to leverage the unique sensitivities and perspectives of women and use them as an asset for creating corporate value by revitalizing the organization and raising its productivity.

Efforts in Health & Safety

If an EKK Group employee left home in the morning for work to support their family but came home seriously injured, our greatest management objective, to make employees and their families happy, would not be met. The EKK Group strives to develop safe workplaces to ensure the physical and mental health of its employees.

Occupational Health & Safety Policy and Management System

The EKK Group pursues occupational health and safety activities in keeping with its management principle of "management that respects human dignity based on feelings of commitment and trust" and the basic principle for safety, which holds that "Safety is the Basis for Management that Respects Human Dignity. My Desire, My Mission."

Among our efforts, we have established March 22 as our annual Safety Pledge Day, and conduct departmental occupational health and safety meetings each month to foster the attitude that the safety of employees is paramount.

In terms of management systems, the heads of each plant act as health and safety managers and establish line-and-staff-type health and safety management organizations in which line managers and the staff of departments with dedicated health and safety employees work together through the heads of each department. The OHSAS18001 approach is also incorporated into our occupational health and safety activities.

From FY2019, we will proceed with initiatives to introduce ISO45001 and manage the health and safety of all people working at our plants.

Occupational Health and Safety Policy

NOK Group Health and Safety basic concept

" Safety is the Basis for Management that Respects Human Dignity. My Desire, My Mission"

Basic Concept

Under the corporate philosophy based on feelings of Basic Principle for Safety of NOK Group in its employees, Eagle Industry Co., Ltd. and its affiliated companies will develop human resources who are both physically and mentally healthy. At the same time, we will advance an occupational health and safety management system and engage in related activities to create workplaces that are comfortable and motivating.

Activity Policy

1. With the participation and cooperation of all employees, we will appropriately identify and assess hazard sources related to our business activities and strive to reduce risks.
2. We will set occupational health and safety targets, under which we will strive to continuously improve our performance.
3. We will comply with laws, local acts, and other regulations such as industry guidelines and principles.
4. Based on our understanding that occupational health and safety are ensured through good communication, we place importance on active discussion and mutual consultation among all employees.
5. We will provide education and training required for ensuring occupational health and safety, and take measures to raise employees' awareness of the importance of these issues.

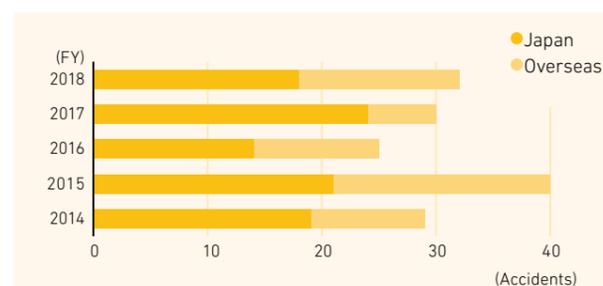
Revised May 1, 2018

Means to Prevent Occupational Accidents

In FY 2018, a health and safety diagnosis was performed by an outside occupational safety consultant to help prevent occupational accidents. The areas that were pointed out included aspects that are difficult to recognize internally. This information will be reflected in goal and target sheets of health and safety activities in FY2019, and incorporated as part of effective means to prevent occupational accidents.

In FY 2019, we will conduct similar health and safety diagnoses for domestic Group companies and actively promote health and safety activities across the entire EKK Group.

Trends in Number of Occupational Accidents



Physical and Mental Health

The EKK Group provides a free 24-hour phone health counselling service in Japan to promote the physical and mental health of its employees. The Group actively supports the overall health of all employees with its system of industrial physicians, public health nurses, nurses, and EKK managers working together to care for the mental and physical health of its workers.

Telephone Health Counseling Results (FY2018)

Contents	No. of calls
Physical checkups	8
Maintenance/promotion of health	6
Worrying symptom(s)	293
Existing treatment(s)	238
Mother-child health	5
Parenting	53
Care for recuperation at home	81
Stress/mental health	66
Healthcare providing facilities	43
Information on healthcare providers open at night/on holidays	25
Other	49
Total	867

Note: Above are totals of NOK and EKK Group

In FY 2018, as part of efforts to maintain and advance the health of employees, a visceral fat measurement session was held. As visceral fat is one of the causes of adult-onset diseases, the metric is being effectively utilized as one of the indicators allowing employees to check the state of their own health.

Number of employees who underwent visceral fat measurement

320



Venue for the visceral fat measurement session



A visceral fat measurement unit performing measurements

Traffic Safety Efforts

The EKK Group actively pursues traffic safety education. Before long consecutive holidays in the summer and winter, employees attend traffic safety lectures given by outside experts or in-house instructions. The lectures incorporate requests from each plant and the latest information on the state of traffic safety, and aim to achieve zero traffic accidents and traffic violations.

In other efforts to raise employee awareness, internal commendations for no traffic accidents or traffic violations are given out every five years, and each plant takes part in external traffic safety movements and similar activities.

Activities Pursued by the Saitama Plant of Eagle Industry Co., Ltd.

Traffic safety lectures were held before employees left on long consecutive holidays. The lectures sought to remind employees of things to pay attention to when driving and raise awareness of safe driving. (December 24, 2018)



Scene of a traffic safety lecture given by the Saitama Plant HSE Section



Major Safety-Related Equipment Investments and Statutory Inspection Costs

Major FY2018 Spending (including repairs / 79,083,000 yen in total)

1. Saitama plant (3,658,000 yen)	<ul style="list-style-type: none"> ●Dust collector ventilation duct work ●Firefighting equipment inspection and repair ●Repair of non-slip surfaces on stair
2. Okayama plant (66,336,000 yen)	<ul style="list-style-type: none"> ●Construction work to relocate underground tank for daily-use water to above ground ●Safety measures for equipment loaned to external producer ●Dike installation work for chemical liquid storage tank ●Safety measures for vulcanizing molding machines
3. Takasago plant (3,426,000 yen)	<ul style="list-style-type: none"> ●Supplies to deal with heat stroke ●Addition of emergency stop foot switch to lip finisher
4. Eagle Burgmann Japan Co., Ltd. Niigata plant (5,663,000 yen)	<ul style="list-style-type: none"> ●Regular calibration of oximeter and gas leak detection alarm ●Replacement of LPG supply equipment

Together with Stakeholders

To progress and develop together with society, each site of the EKK Group maintains various ties with stakeholders.

▶ Together with Customers and Business Partners

The EKK Group establishes partnerships of mutual trust with the business partners that comprise its supply chain. This enables the Group to deliver products and services from the customers' perspective, as it strives to provide the reliable quality that society requires.

● Receiving a Quality Control Award from the Nachi-Fujikoshi Group in China (Eagle Industry Sales (Shanghai) Co., Ltd.)

Eagle Industry Sales (Shanghai) has delivered floating seals (manufactured in China by EIW*) for the motors in construction machinery hydraulic equipment to the Nachi-Fujikoshi Group in China. Floating seals are equipped in construction machinery such as hydraulic shovels and wheel loaders, and prevent the oil inside the equipment from leaking out.

On July 20, 2018 in Shanghai, China, the Nachi-Fujikoshi Group in China held its 2018 Supplier Meeting. It was at this meeting that the manufacturer EIW and Eagle Industry Sales (Shanghai) were selected from among 76 major suppliers to receive the Quality Control Award in recognition of the suppliers maintaining the best quality control. After the award ceremony, EIW Chief Inspector Ma shared examples of quality control activities in front of EIW personnel and some 200 attendees from 65 suppliers, and enjoyed a favorable reception.

We will continue with our commitment to quality control and contribute to our customers.

* EIW: Eagle Industry (Wuxi) Co., Ltd.



President Kobayashi (right) of Eagle Industry Sales (Shanghai) receives the Quality Control Award from Director Urata of Nachi-Fujikoshi Corp.

▶ Engagement with Investors

Eagle Industry Co., Ltd. fulfils its duty as a listed company regarding the timely disclosure of appropriate information in accordance with the relevant laws and regulations and rules of the securities exchange, while also ensuring ample opportunities for dialogue with all investors.

● Overview of Investor Relations and the General Meeting of Shareholders in FY 2018

The Investor Relations of Eagle Industry Co., Ltd. are in accordance with its Disclosure Policy. We hold financial results briefings and One on One meetings for institutional investors understanding of the company's financial information and business trends. We also disclose business and financial reports for investors twice a year, and uploaded these information on our website. We strive to hold general meeting of shareholders in compliance with the corporate governance code, including informing investors about the meeting prior to sending out the notice of convocation, and translating the notice of convocation into English.



Financial results briefing for the fiscal year ended March 2019 (held on May 13, 2019)

▶ Working with Local Communities

Aiming to become a trusted corporate citizen of communities where it operates, the EKK Group carries out local community activities continuously. The fact that our employees lead these activities deepens communication with the local communities even more.

● Participation in local traffic safety campaign (Eagle Highcast Co., Ltd.)

While western Shimane Prefecture has a small population, the reality is that it is no stranger to traffic accidents.

Eagle Highcast Co., Ltd. organizes displays and test rides of police patrol cars and motorcycles at its autumn festival, takes part in traffic safety awareness-raising activities along highways as part of nationwide campaigns for traffic safety held in spring and autumn, is a member of traffic safety promotion organizations and groups, and joins traffic safety initiatives together with all local residents. The ratio of children and the elderly involved in traffic accidents is also high in Shimane Prefecture, and to address this the company conducts traffic safety educational activities at kindergartens and takes part in activities to distribute reflective safety materials to the elderly.

Moving forward, Eagle Highcast will continue to make contributions out of a desire to be useful.



Traffic safety activities with Mikopi-kun, the mascot of the Shimane Prefectural Police.

▶ Together with a recycling-oriented society

Not only does the EKK Group contribute to conservation of the global environment through its products, but its employees also exercise ingenuity in pursuing environmentally friendly activities.

In addition to moving vehicles such as cars, the products of the EKK Group are used in ships, rockets, aircraft and more. While we contribute to energy saving and environmental preservation in each of these usage scenarios, the employees supporting these products also work with an awareness of environmental preservation concerns. At the headquarters of Eagle Industry Co., Ltd., we respect the autonomy of employees and conduct activities where the company works to realize proposals received from them. In FY 2018, at the suggestion of an employee we took part in the Eyecity Eco Project (organized by eye care company HOYA CORPORATION) and joined efforts to recycle the empty cases of disposable contact lenses.

To ensure that irreplaceable and rich nature is left for future generations to enjoy, we will continue to provide better quality products while striving to create a workplace where employees can take the activity in pursuing environmental preservation activities.



Employees proactively collected empty contact lens cases.

Governance Initiatives

Corporate Governance

The EKK Group constantly reviews its organization and endeavors to boldly delegate authority and clearly define responsibilities, so that it can implement management decisions immediately; we are continually striving to establish an organization that will allow the greatest possible results. Particularly in management and other corporate meetings, in accordance with the importance of the meeting, we request the participation of auditors and worker's union representatives as a way of maintaining management transparency. Moreover, in regard to head office and business division decisions made by top management, we are working to ensure there is an understanding and common awareness in the organization of issues at the management level.

Corporate risk management is becoming increasingly important as the businesses activities of companies become even more diverse and globalized. Accordingly, the EKK Group has set up a Risk Management and Compliance Committee to spearhead preparations for contingencies. Additionally, we have set forth a Code of Conduct for all employees, which we use along with other initiatives to encourage all employees to act with even greater morality.

Compliance

► Compliance Training

EKK Group strive to raise awareness among employees so that they are doing business the right way. In FY 2018, we conducted compliance training that compliance is something designed to protect employees themselves and our businesses.

At overseas sites of the EKK Group, each subsidiaries provide compliance training that is consistent with the culture and prac-

tices of each country. At Eagle Industry (Wuxi) Co., Ltd. in China, a Compliance Handbook has been created to enhance awareness of compliance among employees.

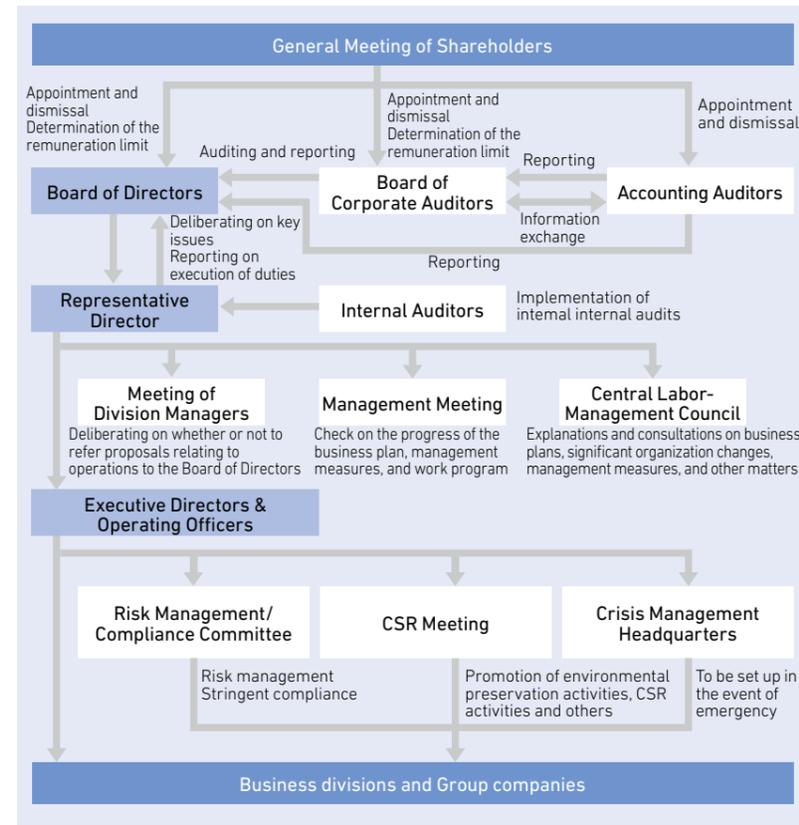


Compliance Handbook

● Establishing an awareness of compliance



● Corporate Governance System



For the EKK Group to remain a corporate group that is trusted by society and continues to improve its corporate value, we strive to establish a fair and efficient management system and operate it on an ongoing basis.

Implementation of Anti-Bribery Standards and Anti-Bribery Guidelines

The EKK Group has clarified prohibited conduct to ensure that no violations of requirements concerning bribery and corruption take place. We have also taken serious steps to prevent bribery and corruption by establishing regulations that require employees to engage in careful handling when working with public officials, such as confirming the laws and regulations that apply to the public officials with whom they are dealing.



Scene from a meeting about implementation of the Anti-bribery and corruption and guidelines (Legal Section, Administration Department, Corporate Administration Office, Eagle Industry Co., Ltd.)

Risk Management

To identify potential risks in business activities and prevent them from manifesting themselves, as well as determining concrete response in emergencies, Eagle Industry Co., Ltd. established in 2003 the Risk Management Policy and the Risk Management Rules.

Based in the Risk Management Policy, Divisions and affiliated companies work to ensure exhaustive observance of corporate ethics and laws and regulations, as well as promoting risk management. Through these activities, they strive to generate higher-order corporate ethics.

► Risk Management Organization

● Risk Management / Compliance Committee

The Risk Management and Compliance Committee identifies and evaluates potential risks in EKK's business activities and work to establish preventive measures in an organizational recognition.

● Crisis Management Headquarters

In case of emergency, the Crisis Management Headquarters makes an all-out effort to understand the situation immediately and establishes an initial response setup based on a quick and accurate judgment, thereby preventing a spread of damage.

● Whistleblower's Contact Office

This service is for the purpose of solving ethical questions (e.g., whether certain business conduct violates laws, industry rules, or social norms) brought by employees and maintaining appropriate corporate behavior.

● Risk Management Organization

