



EKK GROUP

Corporate  
Report

2021



EAGLE INDUSTRY CO.,LTD.



## Introduction

### The EKK Group Management Philosophy

1. Management that respects human dignity based on commitment and trust
2. Open management with a firm solidarity without factions
3. Management that withstands adversity without sparing extraordinary efforts
4. Systematic management that always seeks the ideal

### The EKK Group Management Policy

1. Concentrate management resources on priority areas to become a parts manufacturer with rising strength and originality.
2. Reduce costs in all functions, ranging from frontline sales personnel to the shop floor, to further solidify the earnings structure.
3. Study ways to improve quality to produce and achieve worldwide sales of unique and socially useful products backed by our technologies.



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# EKK Group Milestones

Eagle Industry Co., Ltd., was established on October 1, 1964, pursuant to a joint venture agreement between NOK Corporation and Sealol Inc., a U.S. company. Originally named Nihon Sealol Co., Ltd., the Company was renamed in 1978.

Eagle Industry has since grown into a global “EKK Group” that supplies components such as mechanical seals, specialty valves and bellows for transport equipment, including automobiles, ships and aircraft, and for rotary machinery, most notably pumps and compressors.

## Corporate History

- = Group event
- = Product/business-specific event

**1964** ● Nihon Sealol Co., Ltd. (presently, Eagle Industry Co., Ltd.) is established.



Nihon Sealol Co., Ltd. is established.

**1965** ● The Saitama Plant begins operation.



Saitama Plant

**1971** ● The Okayama Plant begins operation.



Okayama Plant

**1975** ● Develops and delivers non-contact seals for primary coolant pumps for PWR nuclear power plants



Non-contact seals

**1978** ● The Company name changes to Eagle Industry Co., Ltd.

**1982** ● Lists the Company's shares on the Second Section of the Tokyo Stock Exchange



Listing ceremony at Tokyo Stock Exchange

**1985** ● Develops and delivers lip seals for automotive air-conditioning systems



Lip seals

**1986** ● Supplies engine seals for Japan's H-I rocket



Rocket engine seals

**1989** ● Establishes Eagle Machine Works Co., Ltd.

**1990** ● Develops and delivers control valves for automotive air-conditioning systems

**1991** ● Lists the Company's shares on the First Section of the Tokyo Stock Exchange

**1992** ● Develops high-speed bi-directional dry gas seals

**1998** ● Merges Eagle Machine Works Co., Ltd. and Eagle Precision Co., Ltd. into Niigata Eagle Co., Ltd. (presently, EagleBurgmann Japan Co., Ltd.)



EagleBurgmann Japan Co., Ltd.



**1999** ▶ Develops and delivers compact seals for automotive water pumps



Compact seals for automotive water pumps

**2002** ▶ Commences sales of global cartridge seals and magnetic fluid seals



Magnetic fluid seals

Global cartridge seal

**2004** ▶ Acquires Kobelco Marine Engineering Co., Ltd. (presently, the Marine Division) to better serve the marine industry

**2005** ▶ Executes a business alliance agreement with Germany-based Burgmann (presently, EagleBurgmann)

**2005** ▶ Commences automotive solenoid valve business



Automotive solenoid valves

**2010** ▶ Establishes Eagle Holding Europe B.V. to strengthen European operations

**2012** ▶ Commences accumulators and household valves businesses



Accumulators

**2012** ▶ Establishes EKK Eagle Industry Mexico S.A. de C.V.

**2014** ▶ Opens R&D Center at the Saitama Plant

**2015** ▶ Acquires French subsidiary ABC Technology (presently, Eagle ABC Technology S.A.S.)



Eagle ABC Technology S.A.S.

**2016** ▶ Establishes KEMEL Sales & Service (Shanghai) Co., Ltd., in China

**2017** ▶ Establishes Eagle Sealing R&D (Wuxi) Co., Ltd. in China to strengthen product development for next-generation automobiles

**2018** ▶ Establishes ESM Co., Ltd. to expand semiconductor-related operations

**¥130.5 billion**  
(FY2020)

**¥91.9 billion**

**¥40.2 billion**

**¥29.4 billion**

**Net sales**

1990

2000

2010

2020

Our operations have been affected by the COVID-19 pandemic, but we will manage them with our sights set on medium- to long-term growth while taking every precaution to prevent the virus's spread.

### Tetsuji Tsuru

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



## FY2020 Business Environment and Operating Performance

In FY2020, ended March 31, 2021, global economic conditions worsened precipitously in response to the COVID-19 pandemic. Even before the end of the pandemic was in sight, the global economy began to gradually recover from the fiscal second quarter by virtue of anti-pandemic measures and economic stimulus policies.

Amid this operating environment, our sales embarked on a recovery from the second quarter after plunging in the first quarter. The Semiconductor Industry segment in particular managed to achieve year-on-year sales growth. In response to our overall decline in sales, we endeavored to cut fixed costs throughout FY2020 through various means, including by using online videoconferencing to reduce travel expenses.

As a result of such efforts, we earned operating income of ¥5,802 million, ordinary income of ¥8,447 million and ¥4,010 million in profit attributable to owners of the parents (respectively up 0.5%, 24.9% and 37.9% year on year) on net sales, which were down 8.2% to ¥130,513 million.

The Automotive and Construction Machinery Industries segment's net sales and operating income decreased year on year and fell short of our forecast in the wake of global auto production cutbacks that broadly depressed auto parts demand, though production started to recover by the fiscal year-end, mainly in China.

The General Machinery Industry segment's net sales and operating income likewise decreased year on year and fell short of the forecast in Japan, India and the Asia-Pacific region, where we have operational and management responsibilities under the EagleBurgmann alliance. The alliance's sales were reduced by lockdown restrictions in India and customers' production cutbacks/shutdowns in the Asia-Pacific region and Japan.

The Semiconductor Industry segment's net sales and operating income grew year on year and exceeded our forecast as a result of robust investment in 5G and data centers.

The Marine Industry segment grew its operating income, largely by improving its margins on sales to the newbuild market, even as its net sales decreased against a backdrop of continued sluggish demand from shipbuilders globally.

The Aerospace Industry segment's net sales were down as a result of delayed sales of space-related products in addition to a slump in the aviation market due to the pandemic. Its operating income, however, increased year on year by virtue of sales mix improvement.

## The EKK Group's Business Environment and Future Course

In FY2020, we faced restrictions on our business activities in every country in which we operate and weaker market demand across all of our businesses due to the pandemic.

## FY2020 Performance Summary

Although net sales decreased, all segments were profitable by virtue of fixed-cost cutting and other cost reductions. Additionally, the EKK Group achieved profit growth from the operating income line down to the bottom line.

## Future Plans

Lay the groundwork for earnings recovery under a new two-year plan launched in FY2021 and accelerate development of proprietary next-generation technologies and products that contribute to environmental preservation and energy efficiency, to realize a sustainable society

Nonetheless, we achieved income growth despite decreased net sales through measures to ensure profitability, including cost-cutting and deferment and stringent screening of capital investments.

In FY2021, countries globally are moving forward with vaccinations and other anti-pandemic measures while reopening their economies, but risks persist, including the spread of COVID variants. We will accordingly continue to place top priority on ensuring the safety of our employees and their families through anti-pandemic measures while keeping our businesses running.

In light of the prevailing operating environment, we have replaced our three-year management plan launched in FY2020 with a new two-year plan, effective from FY2021.

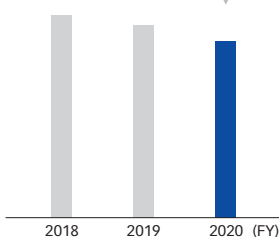
Under our new plan, we will swiftly lay the groundwork for earnings recovery in FY2021–22.

In particular, realizing a sustainable society while mitigating climate change in the process has become an urgent task for all companies. We will further accelerate decarbonization of our business activities and ongoing development of proprietary next-generation technologies and products that contribute to environmental preservation and energy efficiency, targeting next-generation automobile and energy markets. By offering such products and technologies to customers and markets, we will help resolve societal problems through our operations, earn adequate profits and grow the EKK Group over the medium to long term.

## FY2020 Earnings Highlights

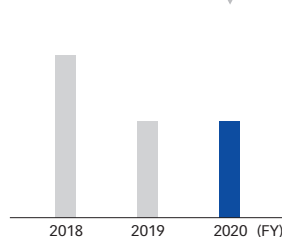
### Net sales

¥130,513 million  
-8.2% YoY



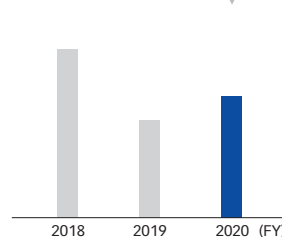
### Operating income

¥5,802 million  
+0.5% YoY



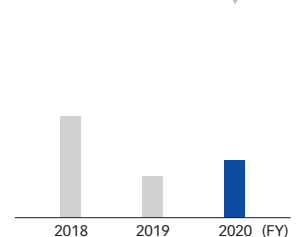
### Ordinary income

¥8,447 million  
+24.9% YoY

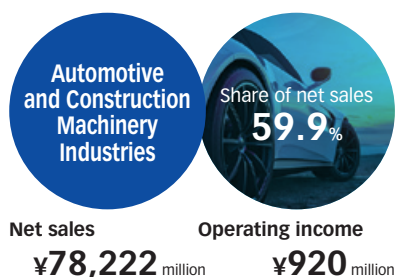


### Profit attributable to owners of the parent

¥4,010 million  
+37.9% YoY



## FY2020 Performance and Outlook by Segment



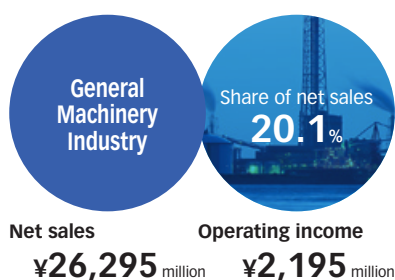
**FY2020 Performance**

**Net sales and operating income both declined sharply as a result of a decrease in global automobile production.**

**Outlook**

As global auto production continues to recover, the segment's automotive product production should increase accordingly across all production sites. The segment will continue to propose new products and services in light of market trends and commencement of mass production of certain products for EVs.

The segment will expedite expansion of sales of hydraulic hybrid systems for construction machinery.



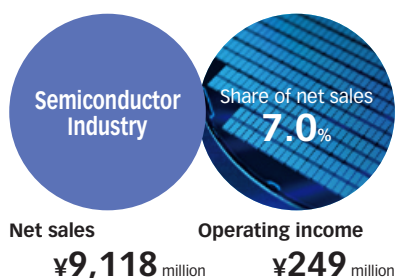
**FY2020 Performance**

**Net sales and operating income decreased, largely because of temporary plant shutdowns in Japan, India and the Asia-Pacific region.**

**Outlook**

Demand for the EKK Group's products and services should recover over the medium term as economic activity and capital investment resume once the pandemic has subsided.

The segment will continue to expand sales in next-generation energy markets and to propose products, technologies and services that can help improve existing facilities' energy efficiency and reduce CO<sub>2</sub> emissions.

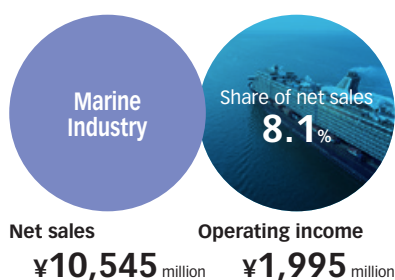


**FY2020 Performance**

**Net sales and operating income grew year on year and were above forecast, buoyed by semiconductor demand growth.**

**Outlook**

With the semiconductor market in a growth trend amid expansion of telecom capacity to accommodate newly deployed technologies such as 5G and IoT, the segment will intensify its focus on increasing production globally and expanding sales to semiconductor equipment makers as a driver of the EKK Group's medium- to long-term growth.



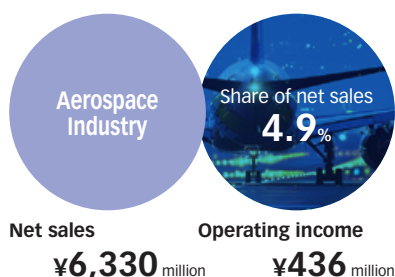
**FY2020 Performance**

**Net sales decreased as a result of a slowdown in sales to the newbuild market but margins improved, resulting in operating income growth.**

**Outlook**

With shipbuilding volume expected to be flat over the medium term, the segment will earn profits by increasing margins on products for newbuilds and reliably servicing products installed in existing ships.

The segment will contribute to the marine shipping and shipbuilding industries' efforts to prevent marine pollution by continuing to develop environmentally friendly products such as water-lubricated seals for medium-sized and large ships.



**FY2020 Performance**

**Net sales decreased as a result of a slump in the aircraft market and delayed sales of space-related products. Operating income grew by virtue of sales mix improvement.**

**Outlook**

Aircraft product sales will likely remain depressed for a while, reflecting reductions in flights.

The segment will continue to sell products for satellites and launches of Japan's H-3 launch vehicle.

The segment will closely monitor global economic reopening and market developments and manage its operations accordingly.



## Individual Segments' Characteristics

**Main Products**



Provides products, including mechanical and mechatronic products, for automobiles, motorcycles and construction machinery. Stably supplies products via a global production network, most notably including plants in Asia and Europe.

**Main Products**



Provides mechanical seals for pumps and compressors installed in a wide variety of plants. Has globally operated under the EagleBurgmann brand name since entering into an operational alliance agreement with Germany's Burgmann Industries in 2005.

**Main Products**



Supplies magnetic fluid seals, bellows, rotary joints and high functional o-rings used in semiconductor production equipment to semiconductor equipment makers globally. Within the semiconductor industry, the EKK Group is the only company in the world capable of producing all types of seal products in-house.

**Main Products**



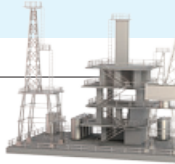
Provides an integrated suite of production services from R&D through maintenance, mainly for propeller seals.

**Main Products**



Provides various high-quality products, mostly for aircraft and rockets, that can withstand even high-temperature, high-pressure, high-RPM, high-vacuum, ultra-low-temperature and/or other such special environments.

**1** Petrochemicals, Steel, Pharmaceuticals, Water, Pulp & Paper, Food & Beverages



Our diverse product line most notably includes dry gas seals used in large compressors, a key component of petrochemical plants; mechanical seals used in large industrial pumps, process pumps and household pumps; and seal units for agitators widely used in industry.

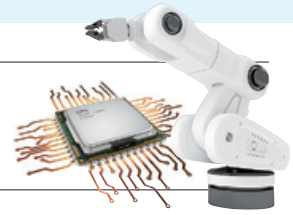


API682 metal bellows seal



Dry gas seal

**2** Semiconductors



Products include magnetic fluid seals and welded metal bellows used in semiconductor and flat panel display production equipment; and rotary joints used in chemical polishers that polish silicon wafers.



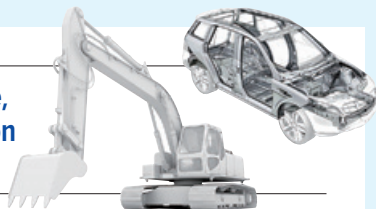
Welded metal bellows



Magnetic fluid seals

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

**3** Automotive, Construction Machinery



We stably supply a wide range of products, including seals for automotive air-conditioning systems and water pumps, solenoid valves and sensors for machinery, and floating seals for construction machinery undercarriages.



Automotive products

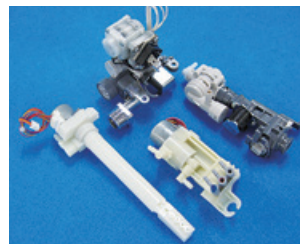


Seals

**4** Housing Equipment



We make home life more comfortable with products such as valves used in bidet toilet seats, household fuel cells and heat-pump water heaters, accumulators used in well pumps and water supply systems for commercial and residential buildings.



Valves for bidet toilet seats



Accumulators for housing equipment

# 5

## Aerospace



We supply seals used in rocket engines' turbo pumps and aircraft engines' main shafts and gearboxes. Our reach extends even to the International Space Station, where the Japanese Experiment Module, Kibo, is equipped with our bellows accumulators.



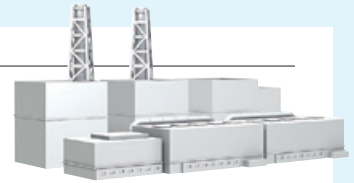
Bellows accumulators



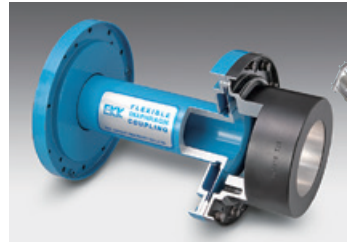
Seals for aircraft engines

# 6

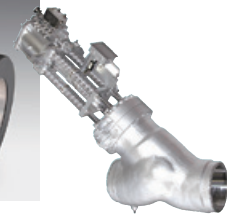
## Energy



We offer seals that can withstand high-temperature, high-pressure environments in addition to seals for generators and power-plant pumps. Our specialty valves are likewise used at many power plants. We supply diaphragm couplings also, mainly for power plant machinery and LNG tankers' propeller shafts.



Diaphragm coupling



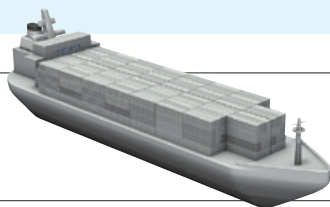
Main steam isolation valve

The EKK Group's core strengths are seal, valve, specialty welding and power transmission technologies. Our products run the gamut from mechanical seals and specialty valves to marine products, aerospace products, bellows and diaphragm couplings.

Widely used as critical components of automobiles, ships, various types of plants, aircraft and rockets, our products benefit industries and make people's lives better globally.

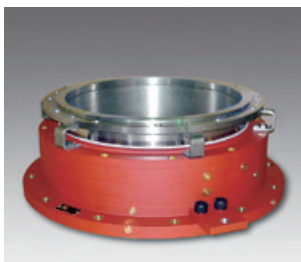
# 7

## Marine



We supply stern tube bearings and stern tube seals that attach to ships' propeller shafts to prevent lubricant leakage and seawater infiltration.

Many ships are equipped with our non-polluting stern tube air seals that use air to completely suppress oil leakage.



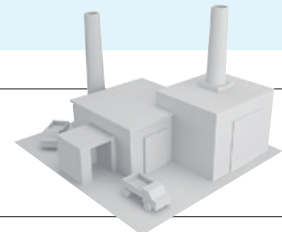
Oil-lubricated stern tube seal



Water-lubricated rubber bearings

# 8

## Other



We contribute to energy efficiency and help improve productivity and customers' product quality with products such as pressure sensors, load cells and digital controllers used in machinery across a broad range of industries (e.g., automotive, rubber, semiconductors, water treatment, industrial machinery, batteries, food, beverages, and pharmaceuticals).



Pressure sensors



Round digital pressure gauges

# Approach to Sustainability

The idea that companies belong to not only their shareholders but also their employees and society has long permeated every aspect of the EKK Group’s management.

Given the imperative of taking action toward realizing a sustainable society, including by addressing climate change, we established a Sustainability Committee in April 2021.

Referencing sustainability guidelines, ESG ratings and other relevant inputs, the Committee will discuss important ESG issues on behalf of the EKK Group and promote business activities that take into account not only economic principles but also societal mores by, for example, developing environmentally friendly manufacturing processes.

Additionally, we will expedite development of environmentally friendly products with a focus on environmental preservation and energy efficiency while contributing to attainment of SDGs through growth in our core businesses.

## Sustainability Initiatives

### The Sustainability Committee’s Composition and Activities



### The EKK Group’s Sustainability Activity Regime



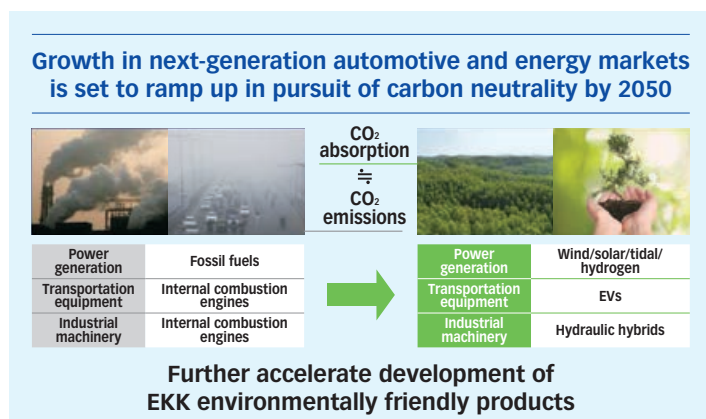
## R&D Activities | Development of new products conducive to environmental preservation and energy efficiency

Mechanical seals, the EKK Group's core product, protect the environment by preventing leaks from rotary machinery.

We upgrade our mechanical seals' functionality to improve the performance and energy efficiency of the machinery in which they are installed. We are also developing new products and promoting EKK Group technologies in response to growth in next-generation automotive and energy markets.

Additionally, there is now a growing need for our products and technology in conjunction with the pursuit of carbon neutrality to mitigate climate change, an issue that needs to be addressed on a global basis.

## The EKK Group's Business Environment | Medium- to long-term R&D programs



Using a wide range of analytical techniques, the EKK Group conducts R&D in specialized fields required for seal technologies. Our R&D activities are based mainly on tribology, materials science and fluid dynamics.

In particular, we place priority on developing minimal-friction technologies for every application in light of the recent societal imperative of reducing the environmental burden.































### The EKK Group's R&D Spending and Staffing

FY2020 R&D expenses	¥2,714 million
R&D staff headcount	214 (3.3% of total workforce)

## R&D by Segment

Segment	Main R&D initiatives	R&D expenses (Millions of yen)
<b>Automotive and Construction Machinery Industries</b>	<ul style="list-style-type: none"> <li>Continuing to develop and expand sales of products for EVs and gathering technical information through collaboration among R&amp;D centers in China, Europe and Japan in response to the auto industry's migration to EVs</li> <li><b>Mechanical seals</b> Started preparing production lines to develop and mass-produce high-speed mechanical seals for EV drive motor shaft coolant</li> <li><b>Mechatronic and metal bellows application products</b> Continuing to develop heat management products and work on mass-producing hydrogen pressure control and check valves for FCVs as next-generation automobiles</li> <li><b>Products for construction machinery</b> Developing hydraulic hybrid systems that reduce construction machinery's fuel consumption</li> </ul>	1,785
<b>General Machinery Industry</b>	<ul style="list-style-type: none"> <li><b>Industrial mechanical seals</b> Actively developing longer-lived mechanical seals for machinery used under high-pressure/high-speed conditions by using surface texturing technologies to substantially reduce frictional force and heat generation</li> <li><b>Diaphragm couplings</b> Continuing to develop large couplings for power plants</li> </ul>	748
<b>Semiconductor Industry</b>	<ul style="list-style-type: none"> <li><b>Magnetic fluid vacuum seals</b> Developing ultra-high-speed rotary vacuum seals in addition to high-temperature-resistant seals for semiconductor production equipment</li> <li><b>Metal bellows</b> Developing long-lived models for semiconductor production equipment</li> </ul>	81
<b>Marine Industry</b>	<ul style="list-style-type: none"> <li><b>Oil-lubricated stern tube seals</b> Continuing to mass-produce seals compatible with various oils, particularly biodegradable ones</li> <li>Continuing to develop environmentally protective stern tube seals for small ships and adapt seals to electric propulsion systems in addition to developing large-ship stern tube seal systems that are more reliable even in a water-lubricated environment</li> </ul>	7
<b>Aerospace Industry</b>	<ul style="list-style-type: none"> <li><b>Products for aircraft</b> Applying surface texturing techniques to develop low-torque seals for engine gearboxes</li> <li><b>Products for space rockets</b> Continuing to help develop turbo-pump, high-pressure pipe and fuel tank seals for the H3 launch vehicle, Japan's new flagship rocket</li> </ul>	92

## Key Themes and Specific Initiatives Addressing Societal Issues

	Theme	ESG priorities	Relevant SDGs
E	<b>Development of environmentally friendly products and technologies</b>	We are committed to leveraging proprietary technologies to develop innovative next-generation technologies and products conducive to environmental preservation and energy efficiency. Specifically, we will help drive next-generation mobility and energy markets' growth by developing highly wear-resistant, extremely low-torque mechanical seals with improved sealing performance to realize more fuel-efficient, longer life and more compact rotary machinery.	     
	<b>Environmental management</b>	We conduct environmental preservation activities on an ongoing basis in light of the EKK Group's seal technologies' direct contribution to environmental protection and in recognition that our business activities, products and services are inextricably linked with the global environment.	   
S	<b>Human resource development</b>	"Management that respects human dignity based on commitment and trust" is part of our management philosophy. To put this into practice, we endeavor to create fulfilling workplaces where all employees can give full play to their respective capabilities. We place priority on human resource development with a suite of training programs for everyone from new hires to management.	   
	<b>Quality assurance</b>	The EKK Group's products fulfill important safety functions in the equipment or plants in which they are installed. Through "Eternal Zero" activities to ensure not even a single defective product is ever shipped, we endeavor to ensure the quality of the products and services we provide to society as an utmost priority.	    
	<b>Occupational health and safety</b>	We place top priority on employees' health and safety. We strive to create safe workplace environments conducive to both physical and mental health. Based on a core conviction that safety is not only fundamental to management that respects human dignity but also a personal desire and mission of all Group personnel, we have implemented occupational health and safety management systems based on ISO 45001 with the aim of creating safe and healthy workplaces.	 
	<b>Local community involvement</b>	We carry out activities to benefit local communities on an ongoing basis with the aim of being a locally trusted corporate citizen. We host community events at our sites and sponsor events open to local residents. We also proactively support activities of NPOs and academic organizations and sponsor local sports teams and athletes.	     
	<b>Supply chain management</b>	We conduct sourcing activities fairly and impartially in accord with policies we have established on doing business with a wide range of partners, including manufacturers of product materials, metal parts and resin parts and processing, surface treatment and assembly subcontractors, to enable us to meet product liability and other requirements for the EKK Group's diverse products.	   
G	<b>Corporate governance</b>	Our Board of Directors includes two independent outside directors. They occupy two of three seats on the Nominating and Compensation Committee, which advises the Board on important management matters involving nominations and compensation. Additionally, the Board seeks to ensure executive transparency through such means as regular information exchanges between outside directors and Audit & Supervisory Board members.	
	<b>Risk management and compliance</b>	Risk management becomes increasingly important for a company as its activities become more diverse and globalized. We have accordingly established a Risk Management/Compliance Committee and endeavor to improve risk-preparedness. Additionally, we have organized internal auditing functions across every node in our global footprint and periodically check the state of governance and legal/regulatory compliance at both domestic and overseas nodes.	

# EKK Group Stakeholders

The idea that companies belong to not only their shareholders but also their employees and society has long permeated every aspect of the EKK Group's management.

We believe that building strong bonds of trust through dialogue with all stakeholders, including customers, suppliers and lenders, leads to fair profits and supports the EKK Group's perpetual growth.



## Customers

- Supply high-quality products that meet customer needs at reasonable costs, with effective delivery times, and in an appropriate manner.
- Provide appropriate maintenance, repair and other after-sales services for products delivered.
- Act as a reliable partner with technical strength that supports new product development and expansion to new fields.

## Shareholders

- Increase corporate value in a steady manner.
- Achieve and maintain a balance between dividends and internal reserves to strengthen our corporate standing and ensure appropriate dividend payments to shareholders with stability over the long term.

## Suppliers

- Deliver products and services in a reliable manner to earn appropriate compensation for them.
- Increase technical capabilities and open new fields, and boost corporate reliability through transactions.

## Financial institutions

- Carry out credit offerings and other financial transactions repeatedly and consistently to earn appropriate profits commensurate with risks.
- Increase applications in financial trading through transactions and boost corporate credibility.

## Communities

- Ensure stable tax payments and create job opportunities through sound corporate activities.
- As a Group, develop extensive ties with communities and contribute to the revitalization of local communities.
- Help to protect the environment through our products.

## Employees

- Enable employees to earn appropriate remuneration through their effort.
- Contribute to communities through production activities.
- Provide employees with opportunities to acquire the resources to achieve their goals at high levels and enjoy physical and mental wellbeing.

# E Environmental Initiatives

## Philosophy

Mechanical seals, the EKK Group’s main product, prevent gases, oil and other fluids used in machinery from leaking out of the machinery. Because such fluid or gas leaks pollute the environment, we believe we help to preserve the environment by providing high-quality/high-performance products.

Environmental issues and regulations specific to our businesses factor into our R&D also. We conduct R&D that not only improves product performance but also yields EKK Group products and technologies that resolve such regulatory issues.

Additionally, we are pursuing various initiatives to minimize the environmental burden even in our production processes.

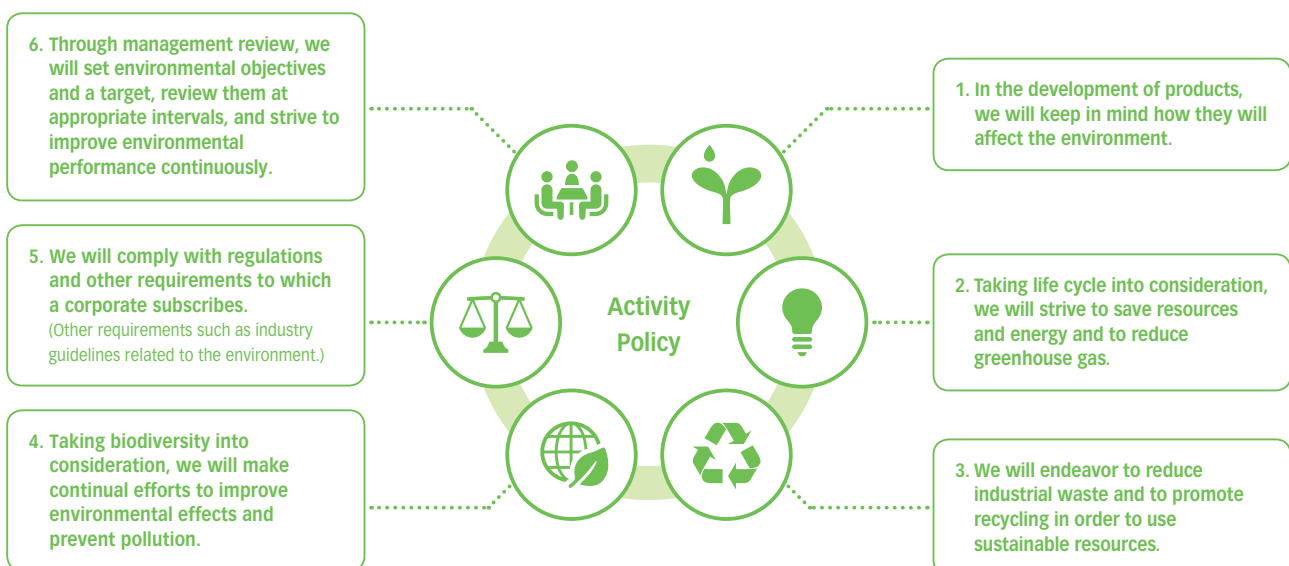
## Environmental Management

The EKK Group conducts environmental preservation activities in accord with its environmental policies. All subsidiaries in Japan are ISO 14001-certified and participate in an integrated environmental management system.

### 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.



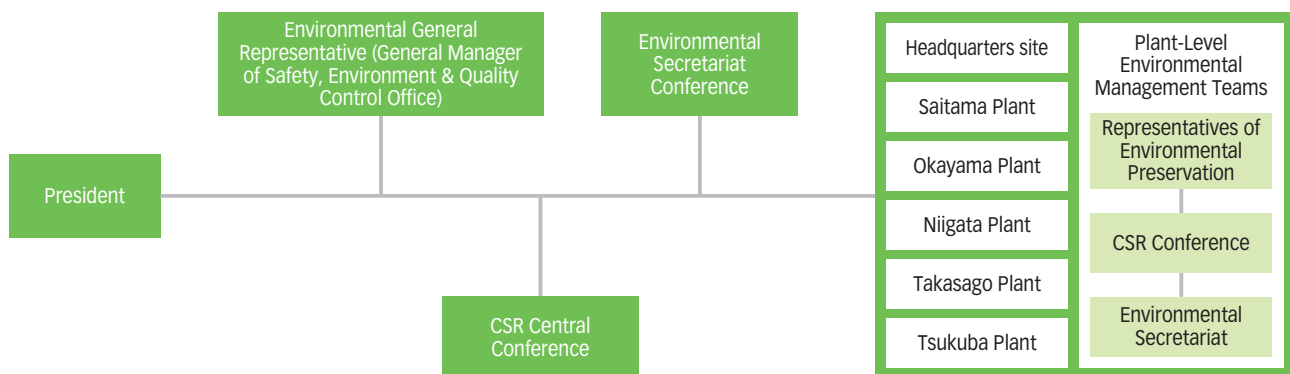


## Environmental Management Regime

The CSR Central Conference, chaired by the president, meets twice annually to conduct environmental management reviews.

The Tsukuba Plant was added to the environmental management regime's purview in July 2020.

### Environmental Management Organization Chart



## Compliance with Environmental Laws/Regulations

The EKK Group annually identifies environmental laws and regulations that pertain to its operations and verifies its compliance with them semiannually. No environmental accidents that would constitute a regulatory violation occurred in FY2020. There were six incidents that required appointment of a supervisor and notification to authorities and simple inspections of machinery containing CFCs.

The Group has also established emergency response procedures to prevent environmental contamination in the event of an environmental accident or disaster. Its production plants have emergency arrangements in place and periodically check their procedures' effectiveness by conducting emergency tests.

## Environmental Internal Audits/Patrols

All organizational units are internally audited annually. Some 260 employees are credentialed internal auditors. Internal auditors undergo a training program before starting to audit. Every fiscal year, they are taught auditing priorities and other points to check when conducting internal audits that year. Cross-site internal audits are also conducted to upgrade internal auditors' skills and increase the audits' accuracy.

Additionally, environmental patrols are conducted annually at all domestic production sites. Staff from the Safety, Environment & Quality Control Office's Safety & Environment Management Department visit production sites to inspect front-line operations (management of, e.g., industrial waste, oil and chemicals) and provide guidance.

## Environmental Education/Consciousness-Raising

All employees receive environmental mindset training annually. The training program uses a uniform curriculum on a Group-wide basis to share the EKK Group's environmental preservation philosophy and initiatives while also including topical environmental content.

Additionally, environmental performance metrics, including electric power consumption, are disclosed on an intranet portal site to help raise employees' environmental consciousness.

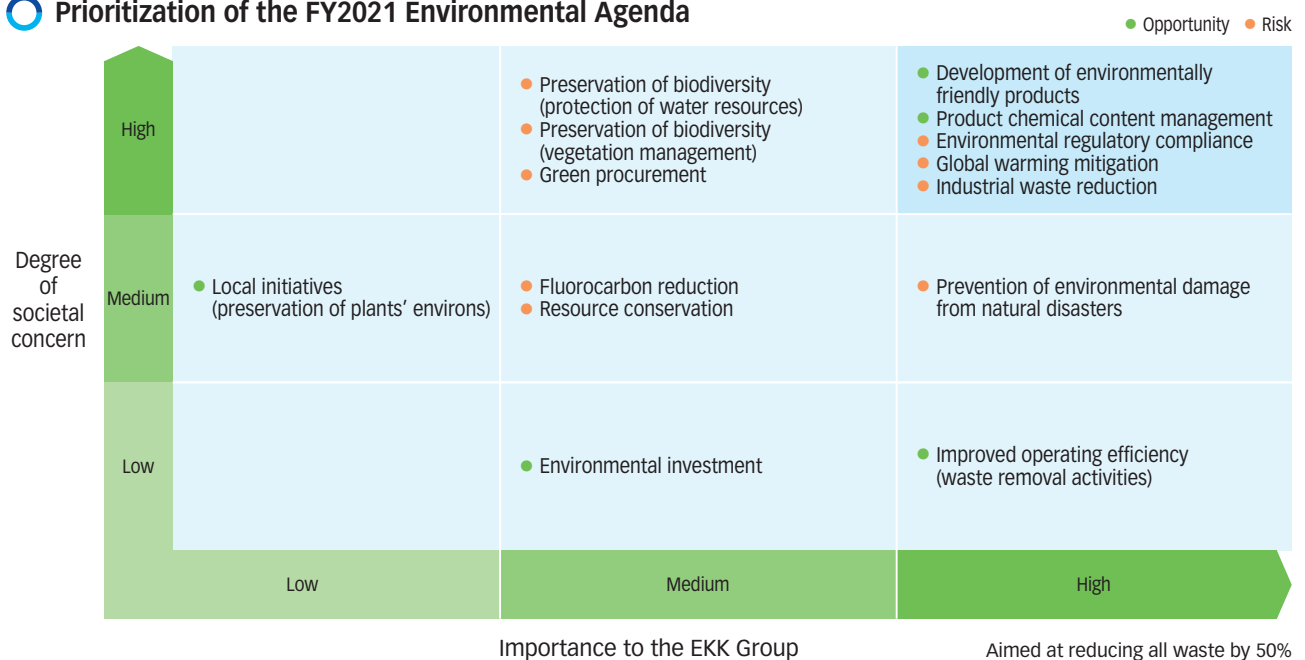
## E Environmental Initiatives

### Identification of Key Environmental Issues

Through environmental conservation activities, the EKK Group identifies and addresses environmental issues of importance to both itself and society. The issues are updated annually and incorporated into activities.

As a global supplier of environmentally friendly products, we conduct environmentally conscientious business activities across our entire organization, including sales and production- and sales-support organizations and, first and foremost, production plants.

### Prioritization of the FY2021 Environmental Agenda



### EKK Group's Six Environmental Priorities



\*In the ESG Management/Environment context, regulatory compliance includes compliance with not only laws/regulations but also non-binding directives substantively equivalent thereto.

## Environmental Objectives/Targets and Outcomes

(Results of FY2020 Activities and FY2021 Targets)

Priority	FY2020 target(s)	FY2020 outcome(s)	Pass/ Fail	FY2021 target(s)
<b>Environmentally friendly products</b>	Develop and expand sales of environmentally friendly products in light of environmental impacts	Proceeded with product development and sales expansion in accord with design and sales departments' plans	Pass	Continued development of environmentally friendly products and expansion of their sales
<b>Energy conservation</b>	Make energy usage visible and reduce unit CO <sub>2</sub> emissions by at least 1% YoY	0.5% YoY increase in unit CO <sub>2</sub> emissions	Fail	Conserve energy by analyzing electric power usage, reduce unit CO <sub>2</sub> emissions by at least 1% YoY and explore renewable energy adoption  Start to formulate a long-term vision on global warming mitigation
		Installed devices to analyze electricity usage at certain sites (where granular usage data were not yet available)	Fail	
	Explore a shift to renewable energy	Converted on-site outdoor lighting to solar power at certain sites	Pass	
<b>Recycling</b>	Explicitly quantify industrial waste volumes and promote more recycling while maintaining a recycling rate of at least 98%	88.2% recycling rate	Fail	Research types of industrial waste and how they are disposed of and look into recycling those disposed of in landfills
		Started recycling waste media previously disposed of in landfills	Pass	
	Conduct on-site inspections of industrial waste treatment/disposal practices	Did so to the extent possible under anti-pandemic measures	Fail	
<b>Preservation of biodiversity</b>	Protect water resources and appropriately manage vegetation in accord with plant sites' features	Monitored water use	Pass	Monitor water use with the aim of using water more efficiently
		Managed plant sites' greenery and monitored sites for growth of designated invasive alien plant species	Pass	Manage plant sites' greenery areas and vegetation in accord with environmental laws/regulations
<b>Regulatory compliance</b>	Comply with environmental laws/regulations, including regulations on products' chemical content	97% compliance with environmental laws/regulations	Fail	Comply with environmental laws/regulations, including regulations on products' chemical content
	Prevent environmental accidents	No environmental accidents that would constitute a regulatory violation	Pass	Prevent environmental accidents, including environmental damage from natural disasters, in coordination with business continuity management
<b>Environmental consciousness-raising</b>	Broadly promote environmental consciousness among the entire workforce, including management	Conducted education programs for all employees	Pass	Continue to conduct various environmental education programs and internally disclose information
		Published environmental data on the intranet portal site	Pass	

## E Environmental Initiatives

### Environmental Preservation Activities in Production Processes

#### Global Warming Mitigation Measures

All business units strive to conserve energy to reduce greenhouse gas emissions from their activities. We have been replacing HVAC systems and compressors with more energy-efficient models and switching to LED lighting. Other means by which we seek to improve energy efficiency include sealing compressed air leaks.

Sales branches do so by promoting fuel-efficient driving of Company vehicles and reviewing mileage logs at meetings. Additionally, all employees are trained to turn off lights when vacating the office, including at lunchtime, and to put computers to sleep when not in use.

#### Industrial Waste Reduction/Recycling

We are working to achieve a recycling ratio of at least 98% as one of our environmental targets. We properly handle industrial waste by sorting it, storing it and outsourcing its disposal in compliance with the Waste Management and Public Cleansing Act.

Some industrial waste that contains substances that preclude recycling is disposed of in landfills. We are analyzing such waste in detail to determine if it can be rendered recyclable.

The Okayama Plant is now able to recycle about one third of its plastic waste from packaging materials by virtue of its efforts to reuse such plastic as a resource.

#### Preservation of Water Resources

At our plants, we monitor water quality and soil conditions in compliance with environmental laws and regulations.

Our production sites use large quantities of water for cooling equipment and cleaning processes in particular. We are reducing water consumption by recirculating cooling water and converting cleaning processes to solvent-based processes that do not use water.

#### Preservation of Biodiversity

Production plants' grounds are periodically inspected for invasive vegetation. If any plants designated as invasive alien species are found on site, they are appropriately eradicated in accord with the Invasive Alien Species Act.

#### Chinese Subsidiary's Initiatives: Eagle Industry (Wuxi) Co., Ltd. (EIW)

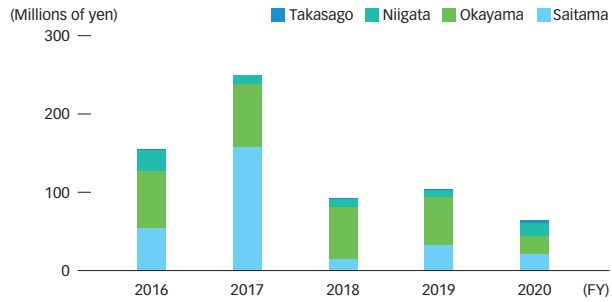
EIW has reduced its industrial wastewater effluents to zero by reusing its wastewater on site. In June 2021, it was commended with an environmental protection award by a subdivision of the city of Wuxi. It has also received an environmental contribution award from local environmental authorities for assisting seven companies with environmental preservation activities over a two-year timeframe.



(From left) Administration Department's Safe Environment Section Deputy Manager Xie, FS casting process chief Sun, President & CEO Nagayoshi, Administration Department Manager Dan

## Environmental Data

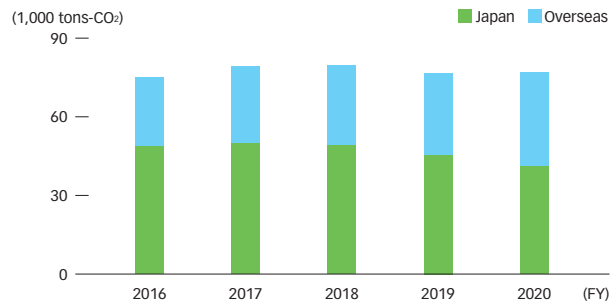
### Environmental Investments in FY2020



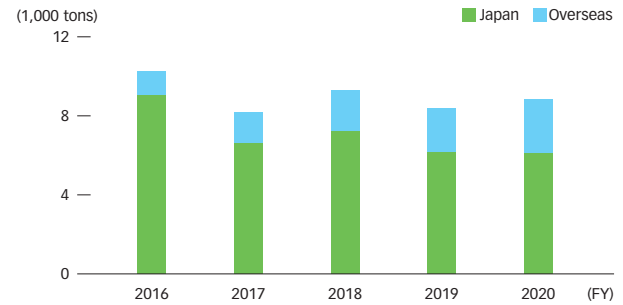
### Emissions/Transfers of Class-1 Chemical Substances as Designated by the PRTR Law (Reported in FY2020)

Ordinance No.	Class-1 chemical substance	Emissions (kg)				Transfers (kg)	
		Into air	Into public waters	Into on-site soil	Landfilled on-site	To sewer system	To off-site
71	Ferric chloride	0	0	0	0	0	0
258	Hexamethylenetetramine	0	0	0	0	0	2,900
300	Toluene	5,200	0	0	0	0	1,000
349	Phenol	0	0	0	0	0	2,000
Total		5,200	0	0	0	0	5,900

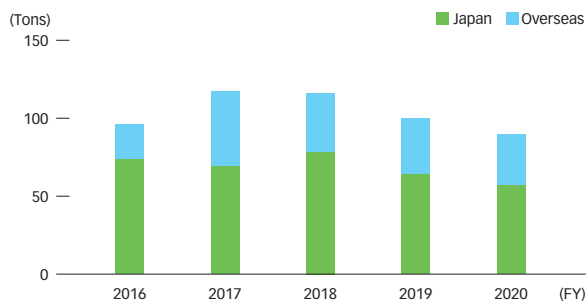
### CO<sub>2</sub> Emissions



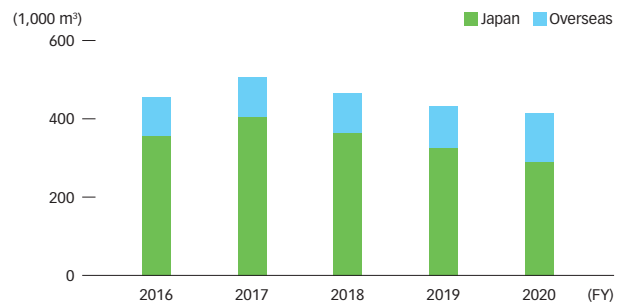
### Industrial Waste



### Volatile Organic Compounds (VOC) Emissions



### Water Use



## Scope of Data Collection (number of sites)

### CO<sub>2</sub> Emissions, VOC Emissions and Water Use

Sites		2016	2017	2018	2019	2020
Japan	Headquarters	1	1	1	1	1
	Production plants	11	11	11	11	12
	Sales offices	20	19	19	18	18
Overseas	Production plants	9	9	9	9	13

### Industrial Waste

Sites		2016	2017	2018	2019	2020
Japan	Production plants	10	10	11	11	12
Overseas	Production plants	9	9	9	9	13

## S

## Human Resource Initiatives

## Philosophy

In addition to the aforementioned “management that respects human dignity based on commitment and trust,” another plank of the EKK Group Management Philosophy is “open management with a firm solidarity without factions.” In accord with these principles, we develop our human resources and create fulfilling workplaces so that all employees can give full play to their respective capabilities.

## Respect for Human Rights

To put our Group Management Philosophy into practice, we have established the Principles of Corporate Behavior comprising 11 directives, one of which is to operate in a manner respectful of everyone’s human rights. Our EKK Employee Compliance Code of Conduct and employment regulations also contain provisions mandating respect for human rights and prohibiting discrimination and harassment.

To help employees learn the practicalities of respect for human rights more concretely, we conduct trainings that utilize case studies of human rights violations such as sexual and power harassment. We also distribute a compliance booklet to all employees to promote mass awareness of our compliance policies. We are placing priority on educating employees, including subsidiaries, about power harassment in particular. We have set up a power harassment counseling hotline and are publicizing it throughout our workforce.



**Principles of Corporate Behavior**

<https://www.ekkeagle.com/en/profile/charter/>



**EKK Employee Compliance Code of Conduct**

<https://www.ekkeagle.com/en/csr/pdf/compliance.pdf>

## Evaluation and Compensation

The EKK Group manages and compensates employees based on their job performance abilities to enable them to pursue an enriched life both materially and spiritually and achieve diverse, high-level goals through their jobs. We evaluate employees with a system that aims to develop their skills, motivate them to achieve results and ensure they are fairly compensated.

Under our management-by-objective program, employees semiannually set specific six-month targets in consultation with their boss, perform their jobs in pursuit of those targets and meet again with their boss six months later to evaluate their results. By awarding pay raises and bonuses based on performance outcomes, we are able to fairly evaluate and compensate employees and gain their understanding based on objective data.



## Human Resource Development

Employee education is conducted mostly by the Education & HR Development Department. Our training programs use curricula tailored to employees' career stage, including basic education, management training, advanced skill acquisition training, new-hire training, new-manager training and follow-up management training. All employees are educated on our Group Management Philosophy also. Employees in overseas management roles receive global management training to learn about management fundamentals and staffing, among other subjects.

Additionally, managers periodically meet one-on-one with their subordinates, including in the third and fourth years of employees' tenure. Such meetings aim to develop human resources more effectively by rectifying mismatches between employees' assigned jobs and personal preferences and by making sure employees are upgrading their skillsets.

We have also set up a self-assessment system for permanent full-time employees. Every November, employees report to their HR department on matters such as their job satisfaction, communication with superiors and career aspirations. Their feedback is used to improve human resource deployment/development and the workplace environment.

## Diversity

To practice management that respects human dignity, the EKK Group practices diversity management. We are making our workplaces more employee-friendly, partly by offering childcare/family-care leave and flex-time schedules, to enable diverse employees to attract a diverse workforce that includes women, senior citizens and individuals with disabilities.

### Promotion of Equal Opportunity for Women

We are promoting greater workforce participation by women at the EKK Group by assigning women employees to a wider range of roles in accord with their skills and desires and mentoring them. We are actively reassigning women from clerical to career-track positions and promoting them into management roles. We have set a target of having at least 30 women in career-track positions and at least 10 women managers by FY2022. We aim to inject fresh vitality into our organization and increase productivity by continuing to foster workplaces that allow everyone irrespective of gender to give full play to their abilities.

### Reemployment of Retirees

The EKK Group now allows employees who so desire to continue working beyond the mandatory retirement age, generally until they turn 65.

### Employment of Disabled Workers

The EKK Group actively hires disabled individuals and is endeavoring to better retain disabled workers and broaden their available job opportunities. As of March 2021, disabled workers accounted for 2.80% of the Group's workforce, exceeding the statutory target of 2.3%.

Since May 2018, the Group has been running an indoor horticulture business that provides rewarding jobs to disabled workers.

## S Human Resource Initiatives

### Workstyle Reforms

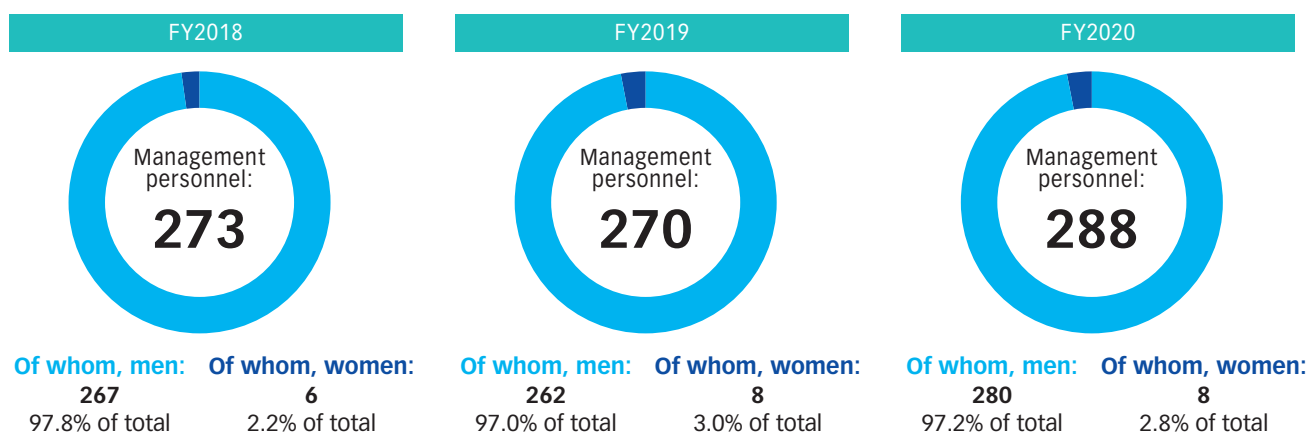
As one facet of management that respects human dignity, the EKK Group is implementing workstyle reforms to realize a working environment in which employees can enjoy a full personal life in addition to a fulfilling job.

Specific reforms include initiatives to reduce total working hours and encourage employees to use more of their paid vacation days. We have been reducing total working hours by monitoring working hours more closely, addressing overwork issues with the organizational units and individuals involved and enlisting labor unions' assistance. As a result of such efforts, the average monthly hours worked outside of regular business hours decreased to 13.2 per employee in FY2020 from 19.1 in FY2019.

The average number of paid vacation days used per employee also has been increasing year after year, reaching 15.0 (75% of available paid vacation days) in FY2020.

#### HR Data (non-consolidated)

Breakdown of management personnel by gender



Item	Breakdown by gender	Unit	FY2018	FY2019	FY2020
Childcare leave	Childcare leave-takers	Employees	16	19	17
	Of whom, men	Employees	0	1	1
	Of whom, women	Employees	16	18	16
	Percentage of childcare leave-takers who returned to work				
	Of whom, men	%	—	100%	100%
	Of whom, women	%	100%	89%	89%
Family care leave	Family care leave-takers	Employees	0	0	1
	Of whom, men	Employees	0	0	1
	Of whom, women	Employees	0	0	0
Percentage of paid vacation days used	%	65.5%	72.7%	75.0%	
Average overtime hours (monthly)	Hours	20.3	19.1	13.2	
Turnover rate (including mandatory retirees)	%	3.8%	3.7%	3.6%	





# S

# Occupational Health and Safety Initiatives

## Philosophy

The EKK Group strives to create physically and mentally healthy and safe workplace environments to achieve its foremost management objective of having a happy workforce with happy families.

## Occupational Health and Safety

The EKK Group conducts occupational health and safety activities based on the EKK Group Management Philosophy of management that respects human dignity based on commitment and trust and its Basic Group Safety Principle that safety is not only fundamental to management that respects human dignity but also a personal desire and mission of all Group personnel.

In FY2018, the EKK Group revised its Occupational Health and Safety Policies.

To promote occupational health and safety, the Group has built a framework headed by the president based on its Occupational Health and Safety Management Regulations. All plants and organizational units manage occupational health and safety under the direction of occupational health and safety managers who report directly to the president. Every plant has set up a line-and-staff occupational health and safety management organization, whereby a staff department exclusively dedicated to health and safety coordinates with line managers through senior managers, under the leadership of a plant manager serving as a health and safety manager. Plants carry out occupational health and safety activities based on the ISO 45001 standard for occupational health and safety management.

Compliance with ISO 45001 is basically self-declared, not externally certified. In the course of these systems' operation, all employees receive basic health and safety training.

Plants also collaborate with their labor unions on occupational health and safety initiatives. Every plant has its own Health and Safety Committee. Additionally, the Group has established a Central Health and Safety Committee as a central organization. The Central Health and Safety Committee oversees and reviews health and safety policies and their implementation status throughout the Group. It meets twice annually.

### EKK Occupational Health and Safety Policies (revised May 1, 2018)

#### Basic Group Safety Principle

**Safety is not only fundamental to management that respects human dignity but also a personal desire and mission of all Group personnel.**

#### Basic Concept

Based on its Basic Group Safety Principle, the EKK Group fosters physically and mentally healthy human resources brimming with vitality and conducts occupational health and safety activities that tap into an occupational health and safety management system mindset to realize comfortable, accident-free workplaces that offer career fulfillment.

#### Activity Policy

1. Appropriately identify and assess hazards associated with business activities and reduce material risks with the participation and cooperation of all employees.
2. Set occupational health and safety targets and pursue better performance through continuous improvement.
3. Comply with laws, regulations and consensual requirements such as industry organization guidelines and directives.
4. Respect active discussion in the workplace, recognizing that good communication is integral to occupational health and safety.
5. Provide education and training required to ensure occupational health and safety while raising employees' consciousness to promote universal awareness of health and safety's importance.

## S

## Occupational Health and Safety Initiatives

### ○ Risk Management

Every plant identifies operations and processes that pose a high degree of health and safety risk and risk-manages them on a priority basis. Such operations/processes include work performed high off the ground, press working, and forklift operation. They are managed as serious risks at every plant and major Group-wide risks on a Group-wide basis.

### ○ EKK Group Initiatives

Top management monitors health and safety plans' progress through CSR Central Conferences. The EKK Group also convenes Health and Safety Secretariat Conferences twice annually to provide legal/regulatory compliance updates, share examples of occupational health and safety activities at individual plants and give secretariat staff opportunities to learn from each other and upgrade their skills.

### ○ Safety Pledge Day

March 22 of every year is designated as Safety Pledge Day based on an all-encompassing commitment to safety first. Every workplace holds monthly health and safety meetings to foster a perpetual safety culture.

### ○ Traffic Safety Initiatives

The EKK Group proactively educates its employees and the public on traffic safety, including outside of working hours, to realize its management objective of having a happy workforce with happy families and to help keep local residents safe. Every year before mid-summer and New Year's holidays, plants invite outside experts to speak about traffic safety. Their secretariats coordinate with the speaker to ensure an effective presentation through such means as addressing topics of local interest or the latest traffic safety data.

The Group also elevates employees' traffic-safety consciousness and promotes accident-free, infraction-free driving on a year-round basis through such means as giving internal awards to employees with perfect driving records and taking part in external traffic safety campaigns.

### ○ Establishment of Health and Safety Organizations

The EKK Group's domestic and overseas subsidiaries have established health and safety organizations at each of their plants to promote occupational health and safety.

### ○ Initiatives Targeted at Overseas Affiliates

The Group conducts periodic occupational health and safety inspections of overseas affiliates. In cases where the incidence of workplace accidents is higher than normal, the Group places priority on working more closely with and providing information to the company in question while respecting local ways and culture.

## Workplace Accident Data (Domestic Group Companies)

	FY2018	FY2019	FY2020
Lost-time incident frequency rate	0.31	1.03	0.47
Lost-time incident severity rate	0.08	0.01	0.98

## Mental and Physical Health

The EKK Group seeks to help its employees stay healthy or get healthier both physically and mentally. Its health initiatives include mental health support to cultivate a vigorous workforce and free 24-hour telehealth service that offers consultations on a broad range of concerns, including not only employees' personal health but also parenting and eldercare.

Training for new hires includes mental health education. Management personnel's annual training also addresses mental health.

Plants invite outside instructors to provide mental health education. Plants that run two or three shifts a day provide education on good sleep hygiene, given sleep's important role in recovery from fatigue for shift workers in particular.

The Group actively supports physical and mental health management through such means as an employee mental healthcare initiative featuring coordinated involvement of occupational medicine practitioners, public health nurses, registered nurses and management personnel.



Stretching to keep back pain at bay  
(Okayama Plant, Eagle Industry Co., Ltd.)

## Safeguards to Prevent the Spread of COVID-19

In response to the COVID-19 pandemic, the EKK Group has implemented various measures to keep its employees and their families safe by preventing the virus's spread as a top priority.

In Japan, the Group expanded teleworking and promoted working from home from the initial state of emergency (April–May 2020) onward. Even after the state of emergency was lifted, the Group limited office occupancy to a safe level in light of the virus's rate of spread throughout Japan and globally. It shifted from in-person interactions to online videoconferencing while curtailing business travel and other activities.

The EKK Group's production plants globally continued to operate subject to anti-pandemic measures because they require on-site staffing.

## S Supply Chain Initiatives

### Philosophy and Organization

The EKK Group manufactures a wide range of products across five business domains. Their required specifications and applicable laws and regulations differ depending on the customer's industry. It is therefore important to maintain mutually beneficial relationships with supply-chain partners to be able to meet customers' requirements. The EKK Group currently has some 1,350 registered supply-chain partners ranging from raw material, metal parts and resin parts manufacturers to processing, surface treatment and assembly subcontractors.

Its approach to sourcing is encapsulated in its Procurement Policies, which are publicly disclosed on its website. Before doing business with a new partner, the Group explains the policies to and obtains understanding from the partner. Additionally, the EKK Group has publicly released CSR Procurement Guidelines and NOK Group Green Procurement Guidelines as standards for socially responsible sourcing. These guidelines document the Group's approach to sourcing activities, explicitly inform supply-chain partners of what is expected of them and disclose the Group's commitment to sourcing goods and services fairly and impartially while building relationships of trust.

In April 2021, the EKK Group signed on to the Japanese government's Partnership-Building Declaration, which promotes mutually beneficial relationships throughout supply chains, fair commercial practices and new collaborations unconstrained by ownership affiliations or differences in company size.

The EKK Group's sourcing operations are overseen by the Company's SCM Department, which formulates policies and procedures and performs legal and regulatory compliance functions. Actual sourcing is done mainly at the divisional level.

### Sourcing-Related Engagement

#### ○ Engagement with Customers

In recent years, customers have been increasingly inquiring about ESG matters, including quality, and requesting compliance with their ESG policies. We appropriately respond to such inquiries and requests. For example, in the Automotive and Construction Machinery Industries segment, we annually survey customers for which the EKK Group is a major supplier to gauge their satisfaction. We use such surveys to collect information and improve quality.

#### ○ Engagement with Suppliers

The EKK Group audits supply-chain partners before starting to do business with them and periodically thereafter. If any deficiencies are found, the Group endeavors to rectify them in consultation with the partner.

Additionally, the EKK Group's divisions periodically meet with partners to explain policies or share operational plans and other information relevant to transactions with the partner. In FY2020, meetings with partners were halted on account of the pandemic but we continued to provide information to partners in writing or through telecommunications.

### Supply Chain Risk Management

The EKK Group assesses supply-chain partners' risks through its divisional corporate offices to ensure business continuity even in the event of supply disruptions due to, for example, a major natural disaster. We use hazard maps to identify plants located in disaster-prone areas and assess the risk of distribution bottlenecks in the aftermath of a disaster and so on.

We also maintain sufficient inventory and/or line up alternate partners in advance so that we do not have to halt production if one partner stops making deliveries. As a precaution against overseas supply disruptions, we have arranged to source some raw materials and parts from alternate suppliers in Japan or other overseas regions.

We are currently developing an IT system to enable centralized management of supply chain information, including such risk information.

# S

## Societal Contribution Initiatives

The EKK Group conducts various activities to contribute to society as a corporate citizen in accord with its Charter of Corporate Behavior's sixth Principle of Corporate Behavior, "As a good corporate citizen, we will actively support community activities and other similar activities."

### Local Initiatives

Group companies throughout the world communicate with their local communities through such means as sponsoring local events, including summer festivals and gatherings on their premises. In FY2020, the COVID-19 pandemic precluded the hosting of summer festivals or other events at the Group's sites in Japan.

### Donation and Sponsorship Activities

As one means of helping resolve societal issues outside of business activities, the EKK Group supports and sponsors NPOs, scientific organizations, scholarship programs and sports teams to assist with and contribute to their respective activities. It also promptly donates funds to disaster relief whenever a major disaster occurs.

Donations and Sponsorship Funding Provided		(Millions of yen)
FY2018		56
FY2019		15
FY2020		14

## Social Contribution Activity Topic

### EKK Eagle Products India Pvt. Ltd. Supports Education

EKK Eagle Products India in Pune, a city in the state of Maharashtra, supports education on an ongoing basis as one initiative to address societal issues in India.

In FY2020, it provided educational tablets and winter school uniforms to Pragati Gurgaon, an NPO, to support online schooling amid the pandemic.

It also provided funding to operate school buses to the charity Awakening Jagriti to support children with physical disabilities.



School supported by Pragati Gurgaon

### Pragati Gurgaon <https://pragatigurgaon.org/>

A nonprofit charitable society founded in 2002, Pragati Gurgaon operates in Gurugram in the state of Haryana. It provides high-quality education and life skills training to underprivileged children and youth.

### Awakening Jagriti <http://awakeningjagriti.org>

Awakening Jagriti, a public charitable trust registered under the Indian Trust Act and Bombay Public Trust Act, is active in Pune, Nashik, Velhe and Nagercoil. EKK Eagle Products India contributes to the Jagriti School in Pune.

# S Quality Initiatives

## Philosophy

The EKK Group regards product quality problems as an existential threat because they lead to defective products in the hands of customers or end-users and, in turn, loss of stakeholders’ trust.

The EKK Group has vowed to never allow even a single defective product to be shipped. Under the slogan “Eternal Zero,” it has been unremittingly striving since 2016 to improve quality with the aim of maintaining a level of product quality that customers can rely on and guaranteeing the same quality level all over the world.

## Quality Management Regime

The Global Quality & Environmental Control Office formulates Group-wide quality policies, collects quality information from markets and conducts educational activities to prevent quality problems. It also swiftly disseminates information on quality problems and corrective action in response thereto across the Group and globally with the aim of globally uniform quality.

Divisions likewise carry out activities to improve quality, including by obtaining certification of compliance with international quality standards such as ISO 9001 and IATF 16949, whichever is most applicable to the operations and/or products. Production plants also actively engage in front-line activities to improve quality and increase customer satisfaction by accurately ascertaining customers’ needs.

### The Quality Management System’s Flow



\* FMEA is a method of systematically analyzing failures/defects. It involves identifying and evaluating products and processes’ potential points of failure and resultant effects, identifying measures with the potential to eliminate or reduce opportunities for such failures to occur and documenting the process.

## ○ Companies/Divisions Certified as Compliant with International Quality Standards

Company/division name	Industry	Standard	Month certified
AI/CI Division, Eagle Industry Co., Ltd.	Automobile/construction machinery Nuclear power generation	ISO 9001	May 1999
		IATF 16949	March 2018
Marine Division, Eagle Industry Co., Ltd.	Marine	ISO 9001	March 1994
Aerospace Division, Eagle Industry Co., Ltd.	Aerospace	JIS Q 9100 (including ISO 9001)	April 2004
Niigata Plant, EagleBurgmann Japan Co., Ltd.	General machinery	ISO 9001	March 1999
Eagle Highcast Co., Ltd.	Marine (casting)	ISO 9001	November 2001
ESM Co., Ltd.	Semiconductor	ISO 9001	June 2020

## Quality Improvement Initiatives

For general-purpose products, staff at every plant endeavor to reduce defects to realize stable supplies of products of globally uniform quality.

In processes that pose a particularly high risk of quality problems, including specialty processes that require, for example, welding or nondestructive testing and processes that always require human labor, quality is managed by dividing the process into steps and establishing clearly defined rules.

The EKK Group finished installing a quality information system in FY2019 and has started sharing global quality information using a database.

## ○ Quality Consciousness-Raising and Education

Developing human resources highly conscious of quality is integral to maintaining high quality. In FY2019, the EKK Group published *Eternal Zero* (the EKK Quality Handbook), which plays a key role in elevating quality consciousness globally. It has been translated into English, French, Korean, Indonesian, Thai and Chinese (in both traditional and simplified characters) and distributed to all plants.

The Global Quality & Environmental Control Office is in charge of providing systematic quality education on a Group-wide basis. Its introductory course was attended by 693 employees in FY2017–20, while its intermediate course, launched in FY2019, was attended by 144 personnel in FY2019–20.

Through small-group quality control circle activities, staff at plants endeavor on a daily basis to rectify quality issues they encounter while doing their jobs. The EKK Group annually confers quality awards based on quality improvement activities' results.

## Handling of Quality Complaints

When a customer makes a quality-related inquiry or complaint, the divisional corporate office's sales staff or quality control staff initially respond to the customer. To resolve the issue, engineering and production control staff work together to ascertain its cause and come up with a permanent fix. When a plant is unable to resolve an issue on its own, it requests assistance from the Headquarters' Engineering Division, which performs in-depth analyses.

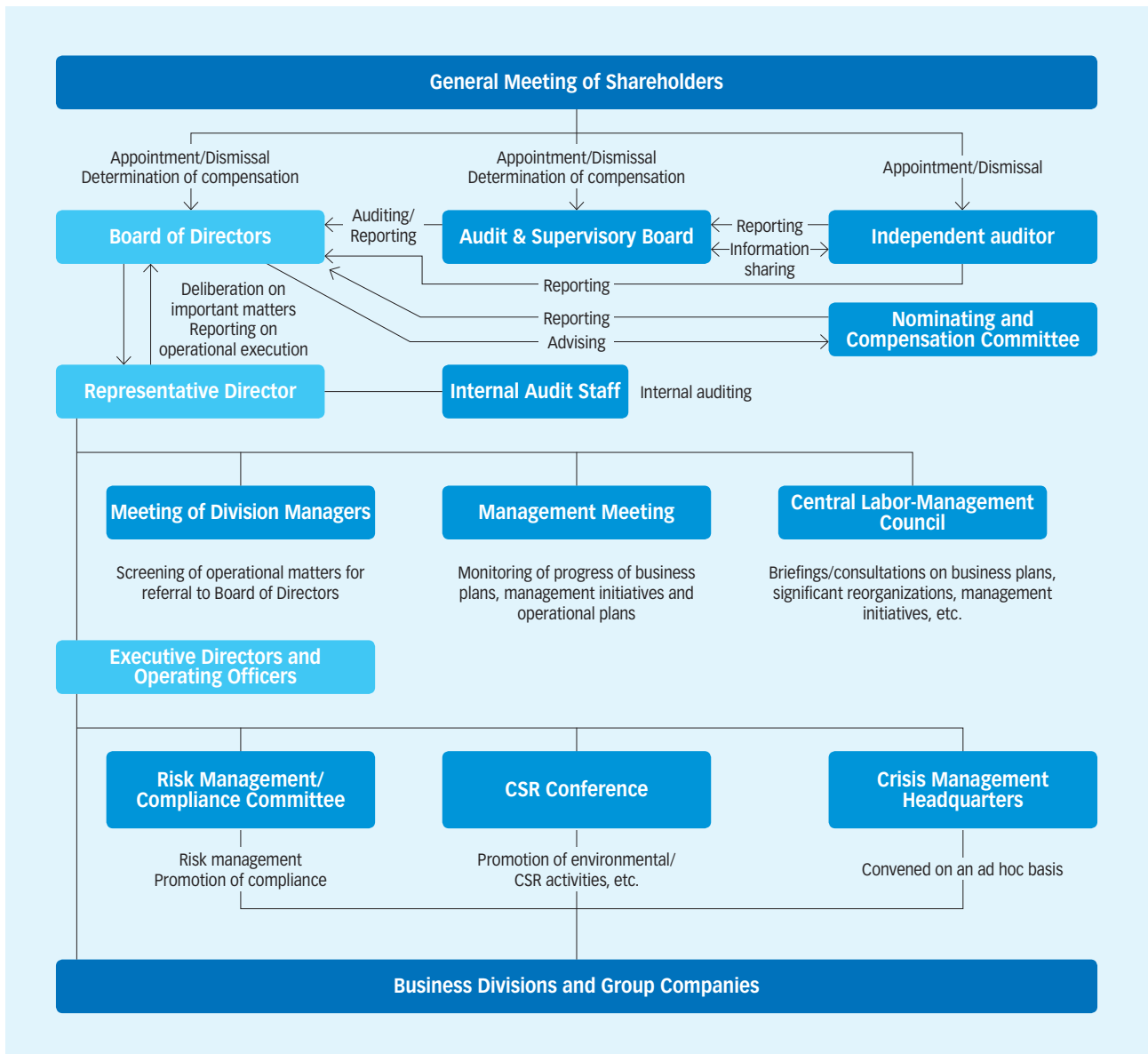
All information regarding complaints is centralized in the Global Quality & Environmental Control Office and ranked by importance. Lastly, the Global Quality & Environmental Control Office follows up with the customer after making sure from a third-party standpoint that the staff who identified the cause of and rectified the quality issue did not miss anything. Major quality problems are reported to top management.

# G Governance

## 1 Basic Stance on Corporate Governance

The EKK Group’s basic management tenets are that a company (1) belongs to not only shareholders but also its employees and society, (2) should generate profit and pride for all stakeholders, including its customers, suppliers and lenders in addition to its employees and (3) must never pursue short-term profits at the expense of long-term interests. To live up to these tenets, the Group conducts business activities to continuously become a stronger, more profitable company by producing and achieving worldwide sales of unique and socially useful products backed by our technologies in accord with a spirit of compliance.

The Group believes that building a corporate governance regime comprehensively optimized to the prevailing business environment and the specifics of its operations is essential as a foundation to support such operations.





## 2 Overview of and Rationale behind Corporate Governance Regime

The Company has adopted the audit and supervisory board system as well as the operating officer system. It has fostered an atmosphere of lively, peer-to-peer discussion at Board of Directors' meetings, including feedback from Audit & Supervisory Board members exercising oversight of directors. Outside directors also function as an effective check on directors in the execution of their duties. The Audit & Supervisory Board is set up and configured as an oversight body independent of management. Audit & Supervisory Board members exercise full-spectrum oversight of the Company's operations by not only attending and participating in Board of Directors' meetings but also attending meetings of other key internal entities, including the Management Meeting and Meeting of Division Managers, and regularly conducting internal audits of not only the Company but also its affiliates. In light of such, the Company deems its corporate governance to be effective and accordingly elects to maintain the status quo.

### Overview of Internal Entities Involved in Governance

#### Board of Directors

The Board of Directors generally meets monthly. It makes decisions on important matters and oversees operational execution.

#### Nominating and Compensation Committee

The Nominating and Compensation Committee was established to advise the Board of Directors. The committee comprises the Board chairman and outside directors. It regularly monitors matters of particular importance, mostly director and Audit & Supervisory Board member nominations and compensation, and appropriately advises the Board of Directors.

#### Meeting of Division Managers

The Meeting of Division Managers comprises directors, operating officers, division managers, business unit heads and their respective deputies. It meets monthly with standing Audit & Supervisory Board members in attendance to review operational matters and decide which, if any, to refer to the Board of Directors.

#### Management Meeting

The Management Meeting convenes regularly with directors, Audit & Supervisory Board members and operating officers in attendance, together with management personnel with a rank of section manager or above and labor union representatives. It monitors the progress of business plans, management initiatives and operational plans and discusses safety, environmental and quality issues.

#### Labor-management councils, etc.

Various committees comprising representatives of labor and management, including the Central Labor-Management Council, meet on an ad hoc basis for briefings on and discussions of matters such as business plans, significant reorganizations and management initiatives.

#### Risk Management/ Compliance Committee

The Risk Management/Compliance Committee meets regularly to identify latent risks inherent in business activities and verify the effectiveness of safeguards against such risks. It also contributes to upgrading compliance by planning, discussing and making decisions on matters related to corporate ethics or legal/regulatory compliance with respect to issues that arise in the course of business operations. It has set up an internal whistleblower hotline within the Corporate Administration Division's Administration Department to field reports of illegalities in business activities. Handling of matters reported by internal whistleblowers is outsourced to external attorneys independent of the Company. The committee regularly reports to the Board of Directors on the status of its activities.

#### Crisis Management Headquarters

The Crisis Management Headquarters is staffed by the Company president and division managers to coordinate responses to emergencies arising from business-related risks. It is empowered to swiftly and appropriately respond when any such emergency occurs.

#### CSR Conference

The CSR Conference meets twice annually with a Group-wide purview. Individual plants hold their own CSR conferences monthly to monitor the status of environmental, health, safety and other activities.

#### Internal audit staff

Internal audit staff organized by the Company president compile and update regulations on individual departments' operations, augment internal control systems' foundations, regularly audit internal departments and Group companies and upgrade internal controls.

### 3 Outside Directors and Outside Audit & Supervisory Board Members

#### (1) Outside Directors

##### Overview of Outside Directors' Main Activities and Fulfillment of Their Expected Roles

Kensaku Hogen	<p>He attended all 12 Board meetings held in FY2020 and appropriately made necessary comments during deliberations of proposals. At Board meetings, Mr. Hogen played an appropriate role in ensuring prudent decision-making, mainly by offering advice and exercising oversight of the Company's global operations through his insight based on diplomatic experience.</p> <p>As a member of the Nominating and Compensation Committee, he attended all three committee meetings held during the fiscal year and provided appropriate advice on decisions regarding directors and Audit &amp; Supervisory Board members' compensation and selection of director and Audit &amp; Supervisory Board nominees.</p>
Makoto Fujioka	<p>He attended all 12 Board meetings held in FY2020 and appropriately made necessary comments during deliberations of proposals. At board meetings, Mr. Fujioka played an appropriate role in ensuring prudent decision-making, mainly by offering advice and exercising oversight of the Company's entire operations through his insight based on experience in industrial policy and corporate management.</p> <p>As a member of the Nominating and Compensation Committee, he attended all three committee meetings held during the fiscal year and provided appropriate advice on decisions regarding directors and Audit &amp; Supervisory Board members' compensation and selection of director and Audit &amp; Supervisory Board nominees.</p>

#### (2) Outside Audit & Supervisory Board Members

##### Reason for Appointment and Attendance at FY2020 Board of Directors' and Audit & Supervisory Board meetings

Nozomu Maehara	<p>Mr. Maehara was appointed as an outside Audit &amp; Supervisory Board member to apply to the Company's oversight functions his broad knowledge of and experience in sales and management at NOK Corporation, a major shareholder and customer of the Company.</p> <p>He attended all 12 Board meetings and all 11 Audit &amp; Supervisory Board meetings held in FY2020 and appropriately made necessary comments during deliberations of proposals.</p>
Hideki Watanabe	<p>Mr. Watanabe was appointed as an outside Audit &amp; Supervisory Board member to apply to the Company's oversight functions his broad knowledge of and experience in finance and accounting at NOK Corporation, a major shareholder and customer of the Company.</p> <p>He attended all nine Board meetings and all eight Audit &amp; Supervisory Board meetings held in FY2020 following his June 24, 2020 appointment and appropriately made necessary comments during deliberations on proposals.</p>
Atsushi Kajitani	<p>Mr. Kajitani was appointed as an outside Audit &amp; Supervisory Board member to incorporate his input into the Company's oversight functions to benefit from his broad perspective spanning all facets of management based on his expertise as an attorney and extensive corporate-law experience and knowledge.</p> <p>He attended all 12 Board meetings and all 11 Audit &amp; Supervisory Board meetings held in FY2020 and appropriately made necessary comments during deliberations of proposals.</p>

### 4 Nominating and Compensation Committee Activities

To increase objectivity and transparency around director and Audit & Supervisory Board member nomination and compensation-setting processes in accord with Japan's Corporate Governance Code, the Company has established a Nominating and Compensation Committee comprising the chairman of the Board of Directors and outside directors as an advisory body of the Board of Directors. It regularly monitors matters of particular importance, mostly director and Audit & Supervisory Board member nominations and compensation, and appropriately advises the Board of Directors.

##### Overview of Activities in FY2020

Month	Actions
Feb.	<p>Nominations: Director appointment/dismissal standards and succession plan reviewed</p> <p>Compensation: Compensation scheme reviewed and performance-based compensation amounts discussed</p>
May	<p>Nominations: Director and Audit &amp; Supervisory Board member candidates individually vetted</p> <p>Compensation: Director compensation amounts reviewed</p>

Note: The Nominating and Compensation Committee held one other meeting on an ad hoc basis.

## 5 Director and Audit & Supervisory Board Member Compensation

### ● Directors and Audit & Supervisory Board Members' FY2020 Compensation

Position	Total compensation (millions of yen)	Total compensation by type (millions of yen)		No. of eligible recipients
		Base compensation	Performance-based compensation	
Directors (of which, outside directors)	194 (6)	194 (6)	— (—)	7 (2)
Audit & Supervisory Board members (of which, outside Audit & Supervisory Board members)	45 (4)	45 (4)	— (—)	7 (4)
Total	239 (11)	239 (11)	— (—)	14 (6)

Notes 1. At the 55th Annual General Meeting of Shareholders on June 24, 2009, shareholders approved resolutions capping directors' aggregate compensation at ¥360 million and Audit & Supervisory Board members' aggregate compensation at ¥72 million.  
2. Directors and Audit & Supervisory Board members' compensation includes compensation paid during the tenure of two Audit & Supervisory Board members who vacated their positions at the conclusion of the FY2019 Annual General Meeting of Shareholders on June 24, 2020.

### ● Policies to determine details of remuneration and methods thereof

The Board of Directors approved a policy for setting individual directors' compensation on February 17, 2021. Before doing so, it consulted with the Nominating and Compensation Committee and received the committee's input on the matter. Additionally, the Board verified that directors' individual compensation for FY2020 and the process by which it was set are consistent with said policy and that due deference was given to the Nominating and Compensation Committee's input. The Board deemed that it complied with its policy for setting directors' compensation. The Board's policy for setting individual directors' compensation and Audit & Supervisory Board member compensation policy are as follows.

#### a. Policies

The Company has adopted a compensation scheme for directors and Audit & Supervisory Board members that enables it to recruit and retain highly qualified individuals and incentivize them to improve the Group's operating performance and increase shareholder value.

#### b. Policy for setting the amount of or formula for calculating individual directors' compensation (excluding performance-based and nonmonetary compensation)

In light of directors' responsibility to both improve fiscal-yearly operating performance and drive medium- to long-term growth in shareholder value, their compensation consists of a combination of base compensation and performance-based compensation. The former is paid in a fixed sum; the latter embeds expectations of long-term performance.

All Audit & Supervisory Board members receive rank-based base compensation in light of their responsibility for Group-wide oversight of operational execution through consultation with the Board of Directors. Additionally, standing Audit & Supervisory Board members receive performance-based compensation for fulfilling their responsibility to contribute to improving operating performance from a different standpoint than that of directors.

Directors' compensation differs in amount among directors as a function of the responsibility of their respective roles (chairman, president, senior managing directors, etc.). The chairman's and president's compensation is currently set at up to 150% of senior managing directors' compensation.

#### c. Policy for setting quantitative formulae for and determining other details of performance-based compensation, including performance benchmarks

Performance-based compensation is paid in an amount ranging from 0% to 200% of a baseline level, depending on performance relative to evaluation criteria. The Company deems maintaining and improving profit levels to be the best benchmark of corporate performance. It accordingly sets performance-based compensation based mainly on the degree of attainment of its initial operating income forecast while also taking into account the amounts of dividends and employee bonuses paid and any other factors that affected earnings (e.g., natural disasters, extraordinary income or losses).

#### d. Policy for setting the percentage composition of individual compensation by type ("b" and "c" compensation)

The Company manufactures and sells mechanical seals, specialty valves and other machinery components for the automotive, construction machinery, general industrial machinery, semiconductor, marine, aerospace and other industries. In light of earnings' sensitivity to trends in these industries, the Company sets performance-based compensation at approximately 10% of directors' total compensation and approximately 5% of standing Audit & Supervisory Board members' total compensation.

A portion of base compensation corresponding to expected future long-term performance is used to purchase Company stock in monthly fixed-value installments through the Eagle Industry Officer Stock Ownership Association, which holds said stock for the duration of directors' respective tenures. Directors concurrently serving as president of a major subsidiary contribute to the Eagle Industry Officer Stock Ownership Association from their compensation from the subsidiary. Outside directors are not required to contribute to the Eagle Industry Officer Stock Ownership Association.

#### e. Policy for determining the timing or terms of compensation payments

Base compensation is paid monthly in fixed installments on a designated date every month. Its monthly amount is annually set by the Board of Directors for the 12 months beginning from the month following the Annual General Meeting of Shareholders. Performance-based compensation is set in accord with the policy set forth in "c" above based on fiscal year-end financial statement data at the Board of Directors' meeting at which the Board approves the financial statements. Performance-based compensation is paid prior to the Annual General Meeting of Shareholders pertaining to the fiscal year in question.

#### f. Policy for and Method of Determining Individual Compensation

The Board of Directors sets individual directors' compensation amounts and the methods whereby they are set, taking into account recommendations of the Nominating and Compensation Committee. Director and Audit & Supervisory Board member compensation proposals are by tabled by the Board's chairman.

Proposed payments of compensation to Audit & Supervisory Board members are set by the Audit & Supervisory Board through consultation among Audit & Supervisory Board members.

# G Compliance

## Compliance

Given the growing importance of Group-wide compliance and risk management in the wake of diversification and globalization of business activities, the EKK Group has established a Risk Management/Compliance Committee and set up controls to continuously maintain appropriate risk management and compliance. The Corporate Administration Division's general manager is in charge of compliance throughout the Group. Divisions comply with laws and regulations applicable to their respective operations. Both domestic and overseas Group companies also have their own internal auditing and compliance staff.

The EKK Group has prescribed EKK Compliance Rules and an EKK Employee Compliance Code of Conduct based on the Japan Business Federation's Charter of Corporate Behavior. It clearly demonstrates a high-priority commitment to compliance and promotes universal knowledge of said rules and code of conduct throughout its entire workforce.

### (1) Compliance Promotion Month

The EKK Group has designated October of every year as Compliance Promotion Month. Every October, it conducts consciousness-raising and educational activities on compliance, mainly domestically. In FY2020, it promoted a broader and deeper understanding of compliance by having employees read a compliance-related text together and testing them on its content.

### (2) Reporting System

The EKK Group has set up (internally and externally accessible) internal whistleblower hotlines available to personnel of all Group companies globally. Through the hotlines, the Group aims to prevent improprieties in its business operations and gather information on legal/regulatory compliance. Nine incidents were reported in FY2020. Reported incidents are investigated. If an investigation reveals impropriety, corrective action is implemented organizationally. Cards with the hotlines' contact information are distributed to employees to promote widespread knowledge and usage of the hotlines.

### (3) Internal Audits

Internal auditors appointed by the president audit whether internal organizational units and affiliates' operations are being executed properly and rationally. Specifically, they check the status of compliance and risk management regimes, including at subsidiaries, assess the effectiveness of internal controls over financial reporting and monitor whether internal controls as a whole are functioning properly in accord with relevant regulations. Such activities enable effective internal audits to be conducted through periodic reporting to and discussion with Audit & Supervisory Board members. Internal audit findings are periodically reported to the Meeting of Division Managers and Board of Directors also.

### (4) Anti-Corruption Controls

The EKK Group endeavors to prevent corruption. Its Principles of Corporate Behavior state, "When selling products and purchasing materials, we will engage in fair, transparent, free competition and fair, responsible sourcing. We will also maintain sound and proper relationships with politicians and government officials."

In accord with these principles, the EKK Employee Compliance Code of Conduct prohibits bribery and other collusive or corrupt acts involving suppliers, customers or public employees. The Anti-Bribery Standards and Anti-Bribery Guidelines impose restrictions on and prescribe decision-making criteria for gift-giving/receiving and entertainment in the course of business activities.

## Risk Management

The Company formulates and implements Risk Management Policies and Risk Management Regulations on an ongoing basis to identify latent risks inherent in business activities, prevent their manifestation and effectively respond when emergencies occur.

It has also established a Risk Management/Compliance Committee, which discusses Company-Wide Risk Management Annual Goals on a fiscal-yearly basis in addition to identifying and assessing risks in internal departments and Group companies and organizationally promoting risk prevention. After being reported to the Board of Directors and Meeting of Division Managers, the goals are cascaded down to internal departments and Group companies.

### (1) Business Continuity Planning (BCP)

The EKK Group identifies potential risks and implements risk prevention/mitigation measures to ensure business continuity even in the event of a major natural disaster such as a catastrophic earthquake, typhoon or flood.

Every plant and Group company formulates business continuity plans and conducts business continuity management activities tailored to its operations and environment and annually updates its list of identified risks. Plants and Group companies identify natural disaster and other risks that warrant particular caution and devise preventive/mitigative measures against them. Among such risks, the Risk Management/Compliance Committee singles out those that pose a major threat to business continuity and discusses risk management targets for particularly serious threats.

Additionally, the EKK Group is building a global production network that enables alternate production to be coordinated among multiple sites so that supplies of products and services to customers are not interrupted by a major natural disaster.

In FY2020, the pandemic prevented the Group from conducting group drills, but it conducted emergency response drills involving various scenarios, including natural disasters and security.

### (2) Information Security

The EKK Group is strengthening its information security. It established a CSIRT (Computer Security Incident Response Team) Department in July 2020. The CSIRT Department spearheads information-sharing and server security exercises involving EKK-CSIRT members selected from divisions and domestic Group companies. From FY2021, the exercises' scope will be expanded to include overseas Group companies also.

Information security regulations are accessible on intranet sites for employees to refer to whenever necessary.

The EKK Group uses an online training course presented in Q&A format to increase employees' knowledge of information security. In FY2020, 98% of domestic employees completed the training. The course imparts requisite knowledge through questions about information security regulations/standards and security incidents that have occurred in recent years.

The Group also independently conducts its own emergency response drills pertaining to IT systems. In FY2020, it conducted drills for IT staff and EKK-CSIRT members based on security incident scenarios.

## Major Financial and Non-Financial Data

		FY2016	FY2017	FY2018	FY2019	FY2020
Net sales	Millions of yen	140,594	150,815	149,361	142,106	130,513
Operating income	Millions of yen	11,120	11,732	9,755	5,772	5,802
Ordinary income	Millions of yen	12,163	13,883	11,703	6,766	8,447
Profit attributable to owners of the parent	Millions of yen	7,290	10,401	7,032	2,907	4,010
Total net assets	Millions of yen	74,484	85,280	88,886	82,019	92,441
Total assets	Millions of yen	160,658	166,461	172,433	166,800	176,508
Net assets per share	Yen	1,387.72	1,602.88	1,665.52	1,524.62	1,719.40
Earnings per share	Yen	149.46	212.56	143.35	59.24	81.70
Equity ratio	%	42.2	47.2	47.4	44.9	47.8
Return on equity (ROE)	%	10.9	14.2	8.8	3.7	5.0
Net cash provided by operating activities	Millions of yen	16,058	11,814	14,614	16,043	17,849
Net cash used in investing activities	Millions of yen	(11,248)	(8,566)	(14,325)	(10,888)	(5,203)
Net cash used in financing activities	Millions of yen	(2,728)	(2,746)	(707)	(4,064)	(2,661)
Cash and cash equivalents at end of period	Millions of yen	19,799	20,422	19,733	20,089	31,545
Number of employees (consolidated)	Persons	6,070	6,400	6,482	6,594	6,507
Number of employees (non-consolidated)	Persons	1,044	1,063	1,076	1,097	1,109
Average age (non-consolidated)	Years	40.6	40.4	40.6	39.4	39.9
Average years of service (non-consolidated)	Years	15.4	15.1	15.6	14.8	15.4
Average salary (non-consolidated)	Thousands of yen	7,467	7,455	7,647	7,581	7,007

# Consolidated Financial Statements (FY2019 and FY2020)

## Consolidated Balance Sheets

(Millions of yen)

	FY2019	FY2020
<b>Assets</b>		
Current assets	80,567	93,110
Cash and deposits	21,438	32,662
Notes and accounts receivable—trade	27,152	28,253
Inventories	22,568	22,962
Other	9,408	9,232
Noncurrent assets	86,232	83,397
Property, plant and equipment	61,934	60,515
Buildings and structures	23,666	23,370
Machinery, equipment and vehicles	24,755	23,277
Other	13,512	13,867
Intangible assets	4,635	3,497
Investments and other assets	19,663	19,384
Investment securities	11,365	12,077
Other	8,297	7,307
Total assets	166,800	176,508
<b>Liabilities</b>		
Current liabilities	41,208	42,737
Accounts payable—trade	7,503	8,253
Electronically recorded obligations—operating	3,031	2,830
Short-term loans payable	14,442	14,754
Income taxes payable	1,207	1,431
Provision for bonuses	2,603	2,547
Other	12,420	12,920
Noncurrent liabilities	43,572	41,329
Long-term loans payable	22,690	23,447
Net defined benefit liability	18,890	16,052
Other	1,991	1,830
Total liabilities	84,780	84,067
<b>Net assets</b>		
Shareholders' equity	88,320	89,799
Capital stock	10,490	10,490
Capital surplus	11,310	11,310
Retained earnings	66,745	68,224
Treasury stock	(225)	(226)
Accumulated other comprehensive loss	(13,485)	(5,404)
Valuation difference on available-for-sale securities	292	402
Foreign currency translation adjustment	(8,095)	(2,690)
Remeasurements of defined benefit plans	(5,682)	(3,116)
Minority interests	7,184	8,046
Total net assets	82,019	92,441
Total liabilities and net assets	166,800	176,508

## Consolidated Statements of Income

(Millions of yen)

	FY2019	FY2020
Net sales	142,106	130,513
Cost of sales	111,315	101,773
Gross profit	30,790	28,740
Selling, general and administrative expenses	25,018	22,938
Operating income	5,772	5,802
Non-operating income	2,413	3,503
Non-operating expenses	1,419	858
Ordinary income	6,766	8,447
Extraordinary income	30	10
Extraordinary loss	260	983
Income before income taxes	6,536	7,475
Income taxes	2,474	2,140
Profit	4,061	5,334
Profit attributable to non-controlling interests	1,153	1,324
Profit attributable to owners of the parent	2,907	4,010

## Consolidated Statements of Cash Flows

(Millions of yen)

	FY2019	FY2020
Net cash provided by operating activities	16,043	17,849
Net cash used in investing activities	(10,888)	(5,203)
Net cash used in financing activities	(4,064)	(2,661)
Effect of exchange rate change on cash and cash equivalents	(1,000)	1,472
Net increase (decrease) in cash and cash equivalents	89	11,456
Cash and cash equivalents at beginning of period	19,733	20,089
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	265	—
Cash and cash equivalents at end of period	20,089	31,545

Note: The amounts shown have been rounded down to the nearest million yen.

# NETWORK

## Domestic

### Production and Sales Companies [10]

Automotive and Construction Machinery Industries

- Okayama Eagle Co., Ltd.
- Shimane Eagle Co., Ltd.
- Hiroshima Eagle Co., Ltd. and 2 companies

General Machinery Industry

- EagleBurgmann Japan Co., Ltd.
- Eagle Industry Hokkaido Co., Ltd.

Semiconductor Industry

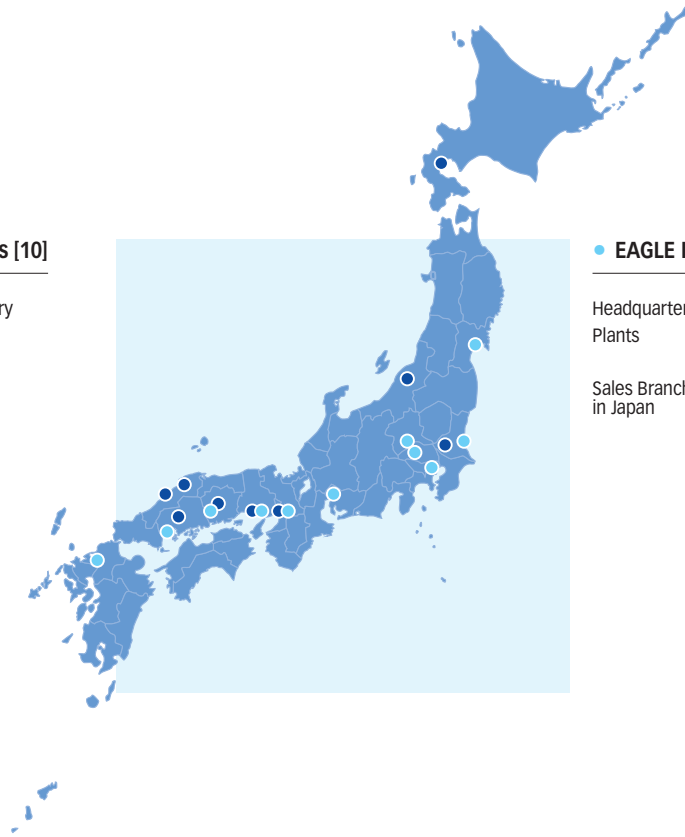
- ESM Co., Ltd.

Marine Industry

- Eagle Highcast Co., Ltd.

Aerospace Industry

- Valcom Co., Ltd.



### • EAGLE INDUSTRY CO., LTD.

Headquarters Tokyo  
 Plants Saitama, Okayama, Takasago, Kure, Tsukuba  
 Sales Branches in Japan Sendai, Mito, Kitakanto, Tokyo, KEMEL Tokyo, Nagoya, Osaka, Kobe, KEMEL Kobe, Hiroshima, KEMEL Hiroshima, Kyushu

## Overseas

### Production and Sales Companies [30]

Automotive and Construction Machinery Industries

- Eagle Industry Taiwan Corporation
- NEK Co., Ltd. and 9 companies

General Machinery Industry

- EagleBurgmann India, Pvt. Ltd.
- EagleBurgmann Australia Pty. Ltd. and 14 companies

Semiconductor Industry

- Arena Instrument Co., Ltd. and 2 companies

### Sales and Service Companies [37]

Automotive and Construction Machinery Industries

- EKK Sales Europe B.V.
- Eagle Industry Sales (Shanghai) Co., Ltd. and 2 companies

General Machinery Industry

- EagleBurgmann France S.A.S. and 28 companies

Marine Industry

- KEMEL Europe, Ltd.
- EKK Eagle Asia Pacific Pte. Ltd. and 1 company

Aerospace Industry

- Eagle Engineering Aerospace Singapore Pte. Ltd.



### Others [12]

Automotive and Construction Machinery Industries

- EKK, Inc. and 4 companies

General Machinery Industry

- EBI Asia Pacific Pte. Ltd.
- EBI Asia Pte. Ltd.
- EagleBurgmann Atlantic GmbH (Germany)
- EagleBurgmann Middle East GmbH (Germany) and 3 companies

• Consolidated subsidiaries • Affiliated companies accounted for under the equity method



## CORPORATE DATA

## Corporate Overview

## Overview of the Company and the EKK Group

Name	Eagle Industry Co., Ltd.
Established	October 1, 1964
Paid-in Capital	¥10,490,981,500
Business Segments	Main Products and Services
Automotive and Construction Machinery Industries	Mechanical seals for automotive and construction machinery, specialty valves, mechanical products, accumulators, machinery for housing equipment, valves for nuclear power plants, etc.
General Machinery Industry	General-purpose and industrial mechanical seals, mechanical seal auxiliary equipment, diaphragm couplings, etc.
Semiconductor Industry	Magnetic fluid seals, bellows application products, rotary joints, high functional o-rings, etc.
Marine Industry	Oil- and water-lubricated stern tube seal equipment, stern tube bushings, etc.
Aerospace Industry	Seal products for aircraft and rocket engines, mechanical products, etc.
Main Bases	
Headquarters	Tokyo
Sales Branches in Japan	Sendai, Mito, Kitakanto, Tokyo, KEMEL Tokyo, Nagoya, Osaka, Kobe, KEMEL Kobe, Hiroshima, KEMEL Hiroshima, Kyushu Saitama, Okayama, Takasago, Kure, Tsukuba
Plants in Japan	EagleBurgmann Japan Co. Ltd., ESM Co., Ltd., Shimane Eagle Co. Ltd., Okayama Eagle Co. Ltd., Hiroshima Eagle Co. Ltd., Eagle Service Co. Ltd., Eagle Highcast Co. Ltd., Eagle Industry Hokkaido Co. Ltd., Valcom Co. Ltd., and others
Overseas Production Bases	China, Taiwan, Korea, Thailand, Indonesia, India, Netherlands, France, Germany, Hungary, Mexico, and others
Overseas Sales Offices	China, United States, Netherlands, Singapore, United Kingdom, Philippines, Vietnam, Malaysia, Australia, and others

## Stock Information

(As of March 31, 2021)

Number of Authorized Shares	100,000,000
Number of Shares Issued	49,757,821
Number of Shareholders	9,036

## Major Shareholders

Name of Shareholders	Number of Shares Held (Thousands)	Equity Ownership (%)
NOK Corporation	14,790	30.1
Freudenberg-SE	3,800	7.7
The Dai-ichi Life Insurance Company, Limited	2,758	5.6
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,344	4.8
Custody Bank of Japan (Trust Account)	1,944	4.0
Sumitomo Mitsui Banking Corporation	1,542	3.1
Eagle Industry Employees Association	1,498	3.1
The Bank of Mitsubishi UFJ, Ltd.	1,318	2.7
The Chugoku Bank, Ltd.	637	1.3
Sompo Japan Insurance Inc.	517	1.1

Notes: 1. Figures for equity ownership are calculated excluding treasury stock.  
2. The above table excludes 673,995 shares of treasury stock.

## Board of Directors and Audit &amp; Supervisory Board Members (As of June 24, 2021)

Chairman of the Board and President, Representative Director  
Tetsuji Tsuru

Representative Director, Vice President  
Masaki Nakao

Senior Managing Directors  
Shinji Abe Norio Uemura

Directors  
Kensaku Hogen Makoto Fujioka

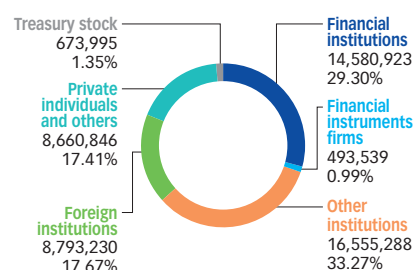
Standing Audit & Supervisory Board Members  
Hiroyasu Hayashi Hideo Satake

Audit & Supervisory Board Members  
Nozomu Maehara Hideki Watanabe  
Atsushi Kajitani

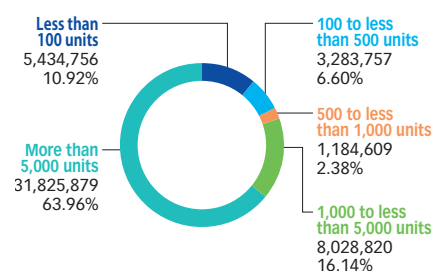
Senior Operating Officers  
Noriyuki Nonaka Takafumi Tsuchiya  
Michihiko Sugimoto Sumio Ikeda  
Katsuhiko Murakami Hidetaka Yamamoto  
Masahide Shimada

Operating Officers  
Seiichiro Araki Kenji Kiryu  
Junichi Wakabayashi Osamu Hirata  
Hiroshi Matsumoto Kazuo Karube  
Kiyoshi Fujii Chad Pottenger  
Kazuaki Nagayoshi Yasumitsu Iba  
Shinichi Tokuda Yoshiyuki Suyama  
Takumi Yoshikawa Ryota Nakazawa

## Distribution of Shares by Type of Shareholder (Shares)



## Distribution of Shares by Number of Shares Held (Shares)





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