




EAGLE INDUSTRY CO.,LTD.

EKK GROUP

Corporate Report

2022



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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.

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.

¥4.0 billion

¥15.2 billion

1960

1964

1970

1980

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.)



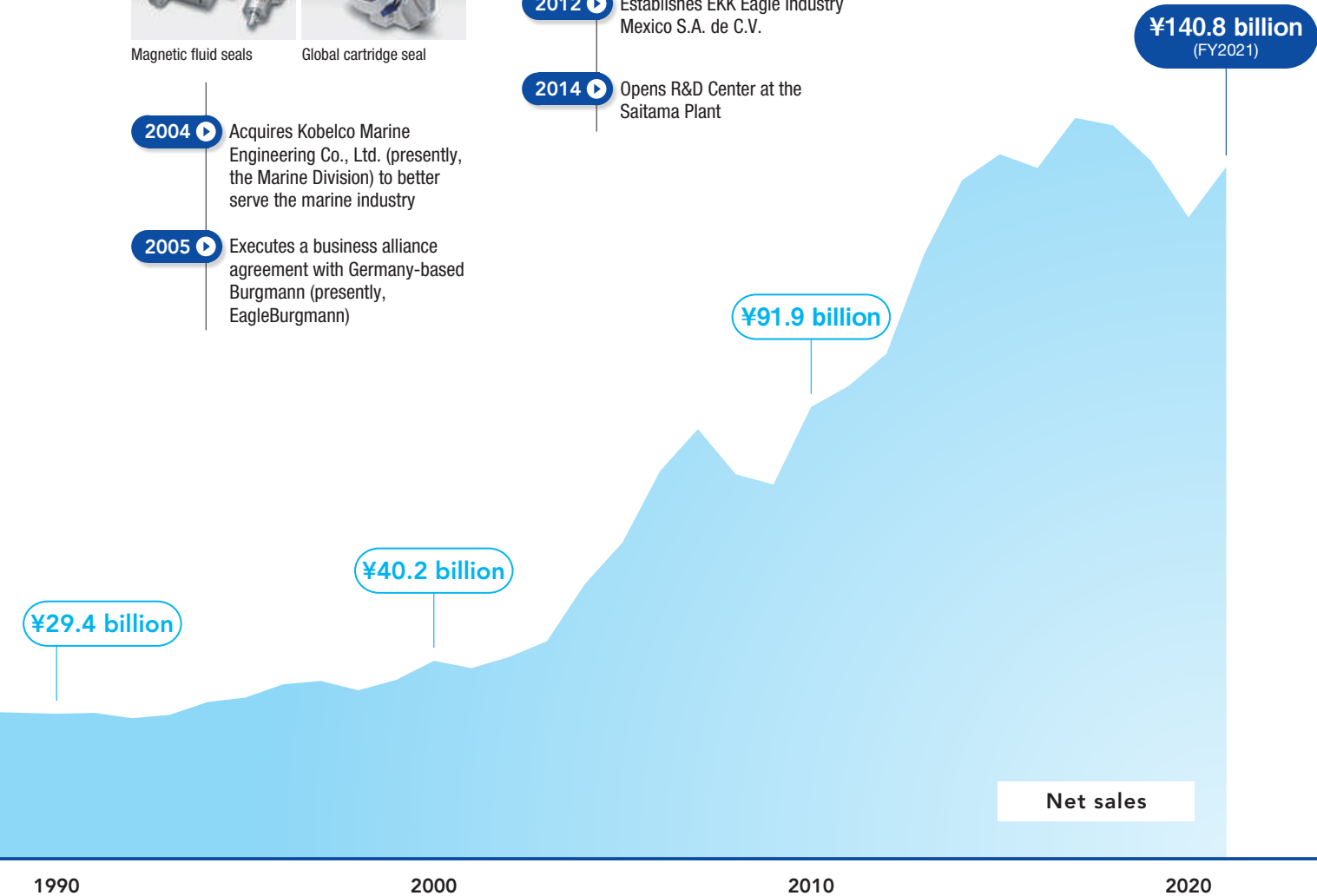
Eagle ABC Technology S.A.S.

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. (presently, ESM Company) to expand semiconductor-related operations

2022 ▶ Moved to the Tokyo Stock Exchange Prime Market



Net sales

1990

2000

2010

2020



Although we face difficult times with even greater uncertainty, we will strive to correctly grasp changes and achieve our plans for FY2022.



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

Tetsuji Tsuru

FY2021 Business Environment and Operating Performance

In FY2021, ended March 31, 2022, global economic conditions continued to show undertones of recovery overall. This was thanks to eased quarantine measures as a result of greater vaccination against COVID-19, mostly in major countries, as well as to financial and economic stimulus policies.

However, the pace of this economic recovery was blunted due to downside factors such as the global shortage of semiconductors and stagnation in the supply chain caused by a resurgent COVID-19.

Furthermore, economic outlooks remain uncertain amid negative factors present in the immediate term, such as the shift in U.S. monetary policy, soaring resource prices due to the Russia-Ukraine conflict and restrictions on economic activity due to China's "zero-COVID policy."

In this operating environment, the Semiconductor Industry segment performed particularly well, with sales also increasing in other segments. All segments achieved year-on-year sales growth, partly thanks to the weaker yen.

As a result of such efforts, we earned operating income of ¥7,560 million, ordinary income of ¥10,811 million and in profit attributable to owners of the parent of ¥5,713 million (respectively, up 30.3%, 28.0% and 42.5% year on year) on net sales, which were up 7.9% to ¥140,842 million.

The Automotive and Construction Machinery Industries segment's sales exceeded the previous fiscal year's, resulting in net sales and operating income increasing year on year.

FY2021 Business Summary

Amid the ongoing COVID-19 pandemic, our businesses achieved growth in net sales and income thanks to resumption of economic activity in countries around the world.

Future Plans

Despite significant factors driving uncertainty, such as high prices of raw materials and supply chain disruptions, we will focus on developing new products and expanding their sales in anticipation of booming next-generation mobility and next-generation energy markets.

This was despite the segment falling short of our initial forecast beginning in the second quarter due to the global shortage of semiconductors and ongoing stagnation in parts supplies caused by a resurgent COVID-19, as well as global auto production cutbacks.

The General Machinery Industry segment's net sales and operating income increased year on year in Japan, India and the Asia-Pacific region, where we control the business under the EagleBurgmann alliance. This increase was thanks to plant re-openings as a result of the economic recovery, and in comparison to the previous fiscal year where the spread of COVID-19 had driven lockdown restrictions and customer production cutbacks, etc.

The Semiconductor Industry segment's net sales and operating income once again grew year on year, with ongoing high levels of investment appetite as a result of growing semiconductor demand.

The Marine Industry segment grew its net sales and operating income due to recovery of the newbuild market in China and South Korea as well as providing after-sales services during FY2021 when it was unable to due to the COVID-19 pandemic during the previous fiscal year, mostly in Europe and Southeast Asia.

The Aerospace Industry segment's net sales and operating income increased year on year thanks to product composition, although sales were at the same level as the previous fiscal year.

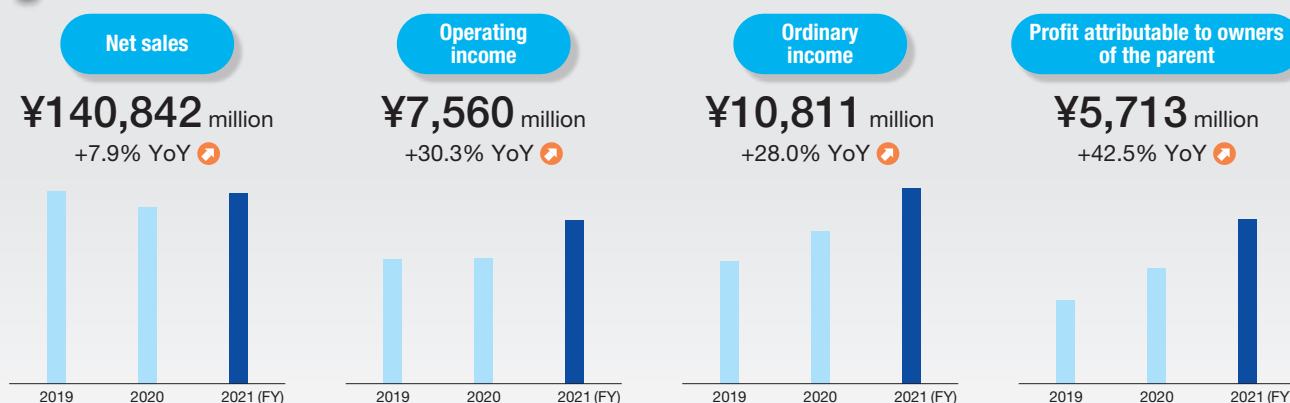
The EKK Group's Business Environment and Future Course

In FY2021, as in the previous fiscal year, the global COVID-19 pandemic continued. However, greater vaccination against the virus in major countries and various economic stimulus policies helped to achieve both infection prevention and economic recovery, and our businesses achieved growth in net sales and income.


Despite this, the business climate during the fiscal year under review has become even more uncertain due to the prolonged conflict between Russia and Ukraine and lockdowns in China, in addition to unstable supplies and high prices of raw materials, as well as ongoing supply chain disruptions. We will work to achieve our forecasts for FY2022 and formulate a new medium-term management plan to be launched in FY2023.

In the automobile market, which is a major market for the Group, the shift from conventional internal combustion engine vehicles to EVs is accelerating, and we expect greater needs ahead for related products and technologies. In addition, there has been advancement in R&D for electrification in the construction machinery, marine, and aircraft industries, and the next-generation energy market is also moving toward practical application. We will continue to develop and expand sales of proprietary next-generation technologies and products that contribute to environmental preservation and energy efficiency, growing the EKK Group over the medium to long term.

FY2021 Earnings Highlights



FY2021 Performance and Outlook by Segment



Automotive and Construction Machinery Industries

Share of net sales
58%

Net sales
¥81,588 million

Operating income
¥2,027 million

FY2021 Performance


Net sales and operating income increased despite global auto production cutbacks beginning in the second quarter.

Outlook

For automotive products, although outlooks remain uncertain for auto production volumes, the segment will support increased production.

The segment will continue mass production of products for EVs and launch new product development for thermal management.

The segment will continue expansion of sales of hydraulic hybrid systems (Hybekster) for construction machinery.



General Machinery Industry

Share of net sales
21%

Net sales
¥28,935 million

Operating income
¥2,450 million


FY2021 Performance

Net sales and operating income increased with regional resumptions of economic activities.

Outlook

The segment is expected to show robust performance in the medium term due to increased global energy demand and resumption of capital investment.

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 CO2 emissions.



Semiconductor Industry

Share of net sales
9%

Net sales
¥12,190 million

Operating income
¥671 million


FY2021 Performance

Net sales and operating income both grew, buoyed by continued semiconductor demand growth.

Outlook

Amid a continuing growth trend in the semiconductor market, the segment will continue increasing production globally and expanding sales to semiconductor equipment makers as a driver of the EKK Group's medium- to long-term growth.

The segment will conduct capital investment during this fiscal year to expand production in Japan.



Marine Industry

Share of net sales
8%

Net sales
¥11,667 million

Operating income
¥2,382 million


FY2021 Performance

Net sales and operating income both increased due to growth in newbuild products and after-sales services.

Outlook

During the fiscal year, newbuild products and after-sales services for existing deliveries will be on a declining trend.

The segment will contribute to the marine shipping and shipbuilding industries' efforts to prevent marine pollution by continuing to develop environmentally friendly products.



Aerospace Industry

Share of net sales
5%

Net sales
¥6,460 million

Operating income
¥15 million

FY2021 Performance

Net sales and operating income increased thanks to product composition, although sales were at the same level as the previous fiscal year.

Outlook

Products for aircraft will show signs of recovery from development postponements that had been driven by the spread of COVID-19.

The segment will continue to expand sales of aerospace development products where the Company's technology can contribute as aerospace development by private companies booms.

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.

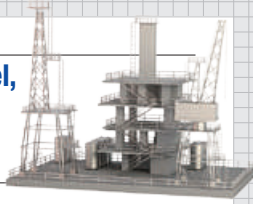
Main Products



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.



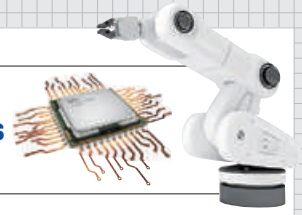
API682 metal bellows seal



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

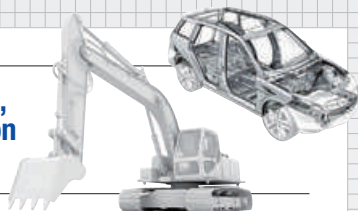


Magnetic fluid seals

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.



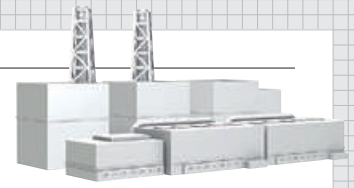
Bellows accumulators



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

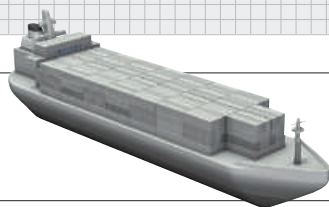


Main steam isolation valve

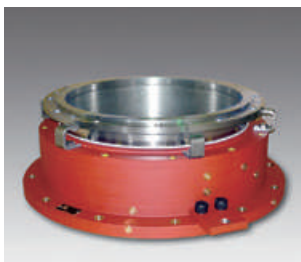
The EKK Group's core strengths are seal, valve, specialty welding and power transmission technologies. Our products run the gamut from mechanical seals and specialty valves to marine products, aerospace products, bellows and diaphragm couplings. Widely used as critical components of automobiles, ships,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



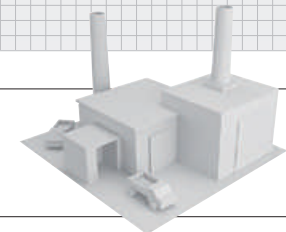
Oil-lubricated stern tube seal



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

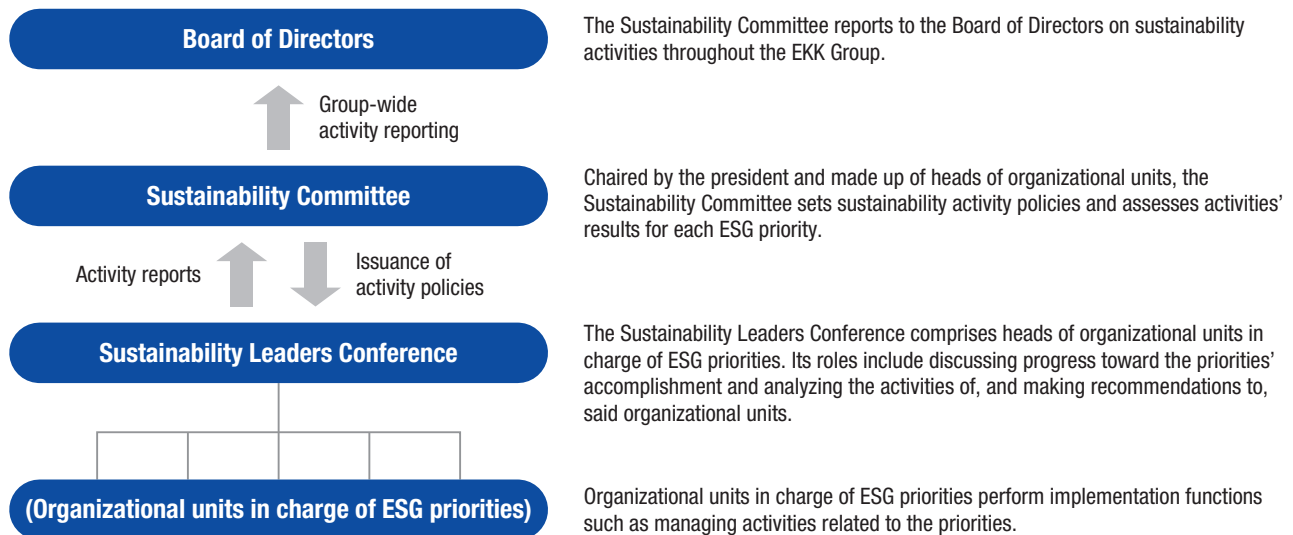
The idea that companies belong to not only their shareholders but also their employees and society has long permeated every aspect of the EKK Group’s management. Given the imperative of taking action toward realizing a sustainable society, including by addressing climate change, we established the Sustainability Committee in April 2021 and have been advancing activities accordingly.

Referencing sustainability guidelines, ESG ratings and other relevant inputs, the committee will discuss and decide on priority ESG issues (materiality) 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.

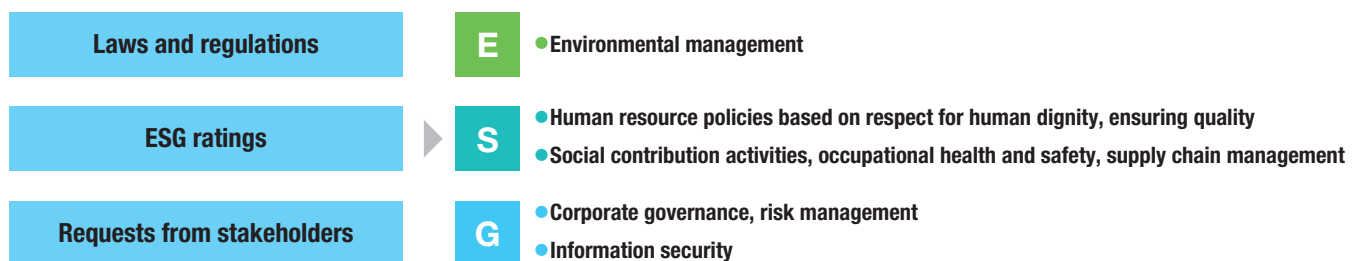
Additionally, we will expedite development of environmentally friendly products with a focus on environmental preservation and energy efficiency while contributing to attainment of the SDGs through growth in our core businesses.

Sustainability Initiatives

The Sustainability Committee’s Composition and Activities



The EKK Group’s Priority ESG Issues (Materiality)



We will contribute to achievement of the SDGs through growth in our businesses alongside initiatives to address our ESG priorities.



The EKK Group's Business Environment

In its five business segments, the EKK Group provides mechanical seals and various mechanical products for land, sea and air mobility, plant equipment and semiconductor manufacturing equipment.

We are the only organization in the world that provides mechanical seals to all of these industries. Furthermore, we are developing and expanding sales for new products for the next-generation mobility and next-generation energy markets leveraging our surface texturing and other proprietary technologies.

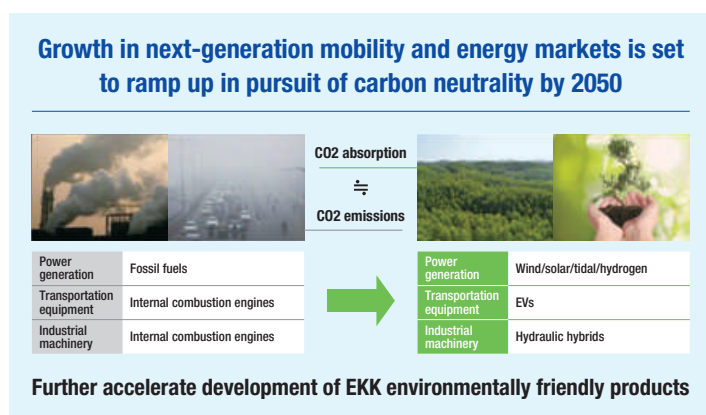
In the area of mobility, not only is electrification progressing for EVs but also potentially for construction machinery, ships and aircraft. Meanwhile, in the energy market, while demand for petroleum is expected to increase for the time being, the renewable energy market is also expanding. We will continue to expand sales of our products in each of these areas, targeting these trends.

The semiconductor market is also expected to grow alongside these markets with advancements in IoT and DX, and we will focus here as our next driver of growth.

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.

By upgrading these seals' functionality and improving the performance and energy efficiency of the machinery in which they are installed, we are advancing the proposal of our proprietary technologies and the development of new products. 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.



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

FY2021 R&D expenses	¥3,084 million
R&D staff headcount	199 (3.1% of total workforce)

R&D Status by Business Segment

Segment	Main R&D Initiatives	R&D expenses (Millions of yen)
Automotive and Construction Machinery Industries	<ul style="list-style-type: none"> Continuing to develop and expand sales of products for EVs and gathering technical information through collaboration among R&D centers in China, Europe and Japan in response to the auto industry's migration to EVs Mechanical seals: Started development and mass production of high-speed mechanical seals for EV drive motor shaft coolant, developed a small-diameter lip seal for electric water pumps Mechatronic and metal bellows application products: Continuing to develop thermal management system products and work on mass producing hydrogen pressure control and check valves for FCVs as next-generation automobiles Products for construction machinery: Developing hydraulic hybrid systems that reduce construction machinery's fuel consumption 	1,957
General Machinery Industry	<ul style="list-style-type: none"> Industrial mechanical seals: Actively developing longer-life mechanical seals for machinery used under high-pressure/high-speed conditions by using surface texturing technologies to substantially reduce frictional force and heat generation Diaphragm couplings: Continuing to develop large couplings for power plants 	881
Semiconductor Industry	<ul style="list-style-type: none"> Magnetic fluid vacuum seals: Developing ultra-high-speed rotary vacuum seals in addition to high-temperature-resistant seals for semiconductor production equipment Metal bellows: Developing long-lived models for semiconductor production equipment 	126
Marine Industry	<ul style="list-style-type: none"> Oil-lubricated stern tube seals: Continuing to mass-produce seals compatible with various oils, particularly biodegradable oils 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 	26
Aerospace Industry	<ul style="list-style-type: none"> Products for aircraft: Applying surface texturing techniques to develop low-torque seals for engine gearboxes Products for space rockets: Continuing to help develop turbo-pump, high-pressure pipe and fuel tank seals for the H3 launch vehicle, Japan's new flagship rocket 	93

Key Themes and Specific Initiatives Addressing Societal Issues

	FY2022: Important issues (Materiality)	Policy themes	Relevant SDGs
E	<p>Environmental management</p> <p>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.</p>	<ul style="list-style-type: none"> • Development of environmentally friendly products • Global warming mitigation measures • Effective use of resources and management of environmentally hazardous substances • Preservation of water resources • Preservation of biodiversity 	
	<p>Quality assurance</p> <p>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.</p>	<ul style="list-style-type: none"> • Eternal Zero (Maintaining a level of product quality that customers can rely on and guaranteeing the same quality level all over the world) 	
	<p>Human resource policies based on respect for human dignity</p> <p>"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.</p>	<ul style="list-style-type: none"> • Respect for human rights • Realization of diversity and a society with equal opportunity for women • Promotion of workstyle reforms • Training and development of human resources 	
	<p>Social contribution activities</p> <p>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.</p>	<ul style="list-style-type: none"> • Promotion of social contribution activities 	
S	<p>Occupational health and safety</p> <p>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 promote occupational health and safety management activities based on the concepts found in ISO 45001 with regard to occupational health and safety management systems.</p>	<ul style="list-style-type: none"> • Occupational health and safety • Employee health • Promotion of traffic safety management 	
	<p>Supply chain management</p> <p>We conduct sourcing activities fairly and impartially in accord with policies we have established on doing business with a wide range of partner companies, 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.</p>	<ul style="list-style-type: none"> • Promotion of sourcing activities in accord with the Procurement Policies • Partner management • Promotion of green procurement activities 	
	<p>Corporate governance</p> <p>Our Board of Directors includes three 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 outside Audit & Supervisory Board members. Furthermore, we are advancing education to ensure compliance with laws and regulations in accordance with each business activity, as well as management for individual laws and regulations within each organizational unit.</p>	<ul style="list-style-type: none"> • Organizational governance and appropriate disclosure • Initiatives for fair competition and business practices 	
G	<p>Risk management</p> <p>Risk management becomes increasingly important for a company as its activities become more diverse and globalized. We have accordingly established the Risk Management Subcommittee under the Sustainability Committee and are working 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.</p>	<ul style="list-style-type: none"> • Identification of and countermeasures against latent risks inherent in business activities, prevention of risk manifestation, etc. 	
	<p>Information security</p> <p>With advances in DX in business activities and other factors, information security is growing in importance. Therefore, we are working to strengthen our information security management regime, educate our employees to raise their security awareness and take countermeasures both during emergencies and to address vulnerabilities in our systems.</p>	<ul style="list-style-type: none"> • Strengthening the information security management regime • Information security education • Emergency response procedures and countermeasures, countermeasures against vulnerabilities in each system 	

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 well-being.

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 policy. All subsidiaries in Japan are ISO 14001-certified and participate in an integrated environmental management system.

Environmental Policy

Basic Concept

Considering that a corporation 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 Environment, Health and Safety Central Conference, chaired by the president, meets twice annually to conduct management reviews of environmental preservation activities.

Environmental Management Organization Chart



Compliance with Environmental Laws and 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 FY2021. There was one incident that required simple inspections of machinery containing chlorofluorocarbons (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.



Emergency testing
(ESM Company, Eagle Industry Co., Ltd.)

Environmental Internal Audits and Patrols

All organizational units are internally audited annually. Some 260 employees are certified 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. 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 frontline operations (management of, e.g., industrial waste, oil and chemicals) and provide guidance.

Environmental Education and 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.



Excerpt from the FY2021 environmental awareness education textbook

Initiatives per Theme



Global Warming Mitigation Measures

In order to contribute to the achievement of the Japanese government's target of reaching carbon neutrality, we are working to develop environmentally friendly products that conserve energy and reduce environmental burden, and adopt renewable energy (solar power) and conserve power in our production processes.

At our production plants, we are improving our energy efficiency by replacing HVAC systems and compressors with more energy-efficient models, switching to LED lighting and 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.

In FY2021, we submitted a response to the CDP Climate Change Questionnaire, disclosing our climate change efforts.



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.



Wastewater management (Okayama Eagle Co., Ltd.)



Industrial Waste Reduction/ Recycling

We are working to achieve a recycling ratio of at least 98% as one of our environmental targets. 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. EagleBurgmann Japan Co., Ltd. is now able to recycle abrasive stones used for polishing rubber products.



Abrasive stones during use



Abrasive stones after use



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.

We also endorse the Declaration of Biodiversity and Action Guidelines by the "Keidanren (Japan Business Foundation) Declaration on Biodiversity and Action Guidelines" and will continue to engage in biodiversity-conscious business activities to help realize a sustainable society.



Removal of the invasive *Coreopsis lanceolata* (Eagle Highcast Co., Ltd.)

Environmental Objectives/Targets and Outcomes

(Results of FY2021 Activities and FY2022 Targets)

Priority	FY2021 target(s)	FY2021 outcome(s)	Pass/ Fail	FY2022 target(s)
Environmentally friendly products	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
Global warming mitigation measures	Make energy usage visible and reduce unit CO2 emissions by at least 1% YoY	Reduce unit CO2 emissions by 2.1% YoY	Pass	Conserve energy by analyzing electric power usage, reduce unit CO2 emissions by at least 1% YoY and promote renewable energy adoption Continue to respond to the CDP Climate Change Questionnaire and work with each organizational unit to support ESG management
		Installed devices to analyze electricity usage at certain sites (where granular usage data was not yet available)	Fail	
	Explore a shift to renewable energy	Adopted solar power generation at certain sites	Pass	
	Start on an analysis of the state of global warming mitigation and formulation of a long-term vision	Responded to the CDP Climate Change Questionnaire (Score: C)	Pass	
Industrial waste reduction/recycling	Explicitly quantify industrial waste volumes and promote more recycling while maintaining a recycling rate of at least 98%	93.7% recycling rate	Fail	Research types of industrial waste and how they are disposed of and look into recycling those disposed of in landfills Do so in compliance with anti-pandemic measures
		Started recycling a portion of sludge 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	
Preservation of biodiversity	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 invasive alien plant species	Pass	Manage plant sites' greenery areas and vegetation in accord with environmental laws and regulations
Compliance with laws, regulations, etc.	Comply with environmental laws/regulations, including regulations on products' chemical content	99.6% compliance with environmental laws/regulations	Fail	Comply with environmental laws and 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
Environmental consciousness-raising	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	

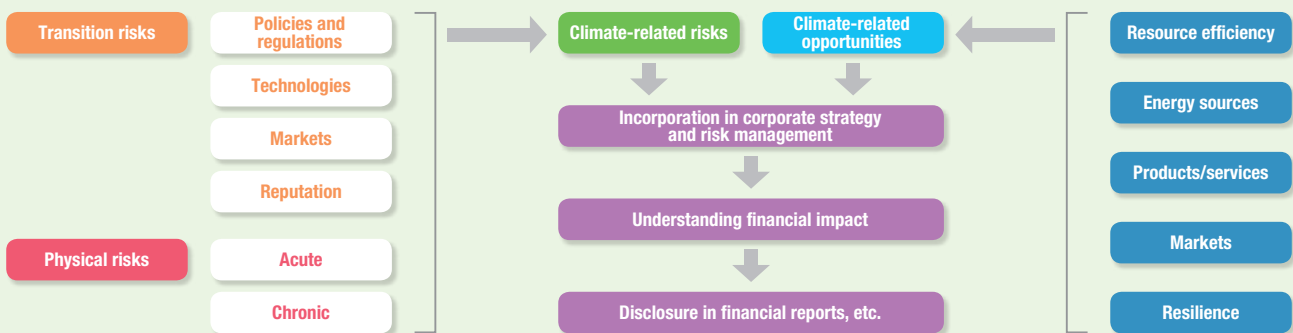
Climate Change-related Disclosure in Accord with the TCFD

The effects of climate change are becoming increasingly severe each year, resulting in significant impact on the environment, society and corporate activities.

The Task Force on Climate-related Financial Disclosures (TCFD) was established in 2015 by the Financial Stability Board at the request of the G20 to recommend guidelines for disclosure on the financial impact of climate change on companies in order to facilitate a smooth transition to a low-carbon society and stabilize financial markets. Many companies and institutions around the world have already declared their support for the TCFD.

Going forward, in line with the processes presented by the TCFD (see the diagram below), we will continue examinations focused on the risks and opportunities with respect to the Group that are driven by the impact of climate change and the corresponding changes in policies, regulations and markets, as well as technological innovations, in the interest of a low-carbon society and decarbonized society envisioned in the Paris Agreement.

TCFD Recommendations: An Overview



Policy for Global Warming Mitigation Measures

We believe that climate change, which has a significant impact on the earth (i.e., its ecosystems) and corporate activities, poses both risks and new business opportunities for the EKK Group. The transition to a low-carbon society is a key management issue that must be addressed and taken on in order for the Group to achieve sustainable growth.

Our goal is to contribute to the achievement of the international goals set forth in the SDGs and the Paris Agreement (including the 2°C target) by providing industries with product lines centered on the seal technologies cultivated by our Group. We will continue to work alongside our Group companies toward this goal through collaboration with a wide range of stakeholders, including governments, companies and industry organizations.

Governance

Recognizing that climate change is an important matter influencing management, the EKK Group has established the Sustainability Committee under the Board of Directors, which deliberates on climate change and reports its findings to the Board of Directors, creating a system ensuring appropriate supervision by the Board.

The Sustainability Committee is not only responsible for climate change; it also organizes, makes decisions and conducts evaluation and management with regard to other important issues (materiality) for the sustainable growth of the Group, and reports the results of these activities to the Board of Directors. In addition, the Environment, Health and Safety Central Conference checks and reports on how environmental management activities and health and safety activities are being promoted in business activities.



Strategy (Scenario Analysis to Examine Risks and Opportunities)

As a first step toward achieving the goal of the Paris Agreement (to limit the temperature increase to below 2°C by the end of the 21st century) in alignment with the TCFD recommendations, the EKK Group has identified climate-related risks and opportunities based on two scenarios: the “below 2°C scenario,” with accelerated technological innovation on greenhouse gas (GHG) reductions and tightened emission regulations by governments, and the “4°C scenario,” in which these initiatives remain at their current levels.

Under the “below 2°C scenario,” the risks associated with the transition to a decarbonized society are expected to include higher carbon prices due to more stringent environmental taxation and GHG emission regulations from various countries’ environmental policies taken to curb global warming, as well as lower sales of our existing products in the automobile industry due to a decline in the number of internal combustion engine vehicles. As for opportunities, we expect to expand sales of products that utilize our proprietary technologies and for our technologies to contribute as the world more widely adopts technologies reducing GHG emissions and curbing temperature increases.

On the other hand, under the “4°C scenario,” damage to production facilities and interruption of business activities due to increased natural disasters associated with global warming will pose greater threats from physical risks. With respect to these threats, products and technologies protecting social infrastructure by enhancing resilience against extreme weather events are expected to make greater contributions.

In our medium- to long-term business roadmap, we will accelerate expanding our ratio of renewable energy use and reducing CO₂ in our production processes toward a decarbonized society. Furthermore, we will expand sales of environmentally friendly products targeting the next-generation mobility and next-generation energy markets, which we have been promoting for some time. In addition, we see our response to the risks posed by climate change in our business activities as an opportunity to generate significant business through the creation of new technologies, and we will continue our efforts to enhance our corporate value over the medium- to long-term.

Scenario	Future state	Risks	Opportunities
Below 2°C scenario	<ul style="list-style-type: none"> GHG emissions are reduced in line with the goals of the Paris Agreement through progress in energy conservation and decarbonization technologies and stronger corresponding policies 	<ul style="list-style-type: none"> Raw fuel and raw material costs rise due to more stringent environmental taxation (higher carbon prices) Cost burdens increase due to introduction of technologies to comply with stricter GHG emission regulations Sales decrease in products for internal combustion engine automobiles and products for petroleum refining and petrochemical plants due to decreased use of fossil fuels 	<ul style="list-style-type: none"> Sales expand for environmentally friendly products targeting the next-generation mobility and next-generation energy markets
4°C scenario	<ul style="list-style-type: none"> GHG emissions continue on current trajectory 	<ul style="list-style-type: none"> Facilities suffer damage and business activities are interrupted due to intensifying natural disasters Costs rise for business continuity management measures 	<ul style="list-style-type: none"> Sales and demand increase for equipment and products for disaster recovery due to extreme weather Sales continue for existing product lines

Risk Management

The EKK Group recognizes that the assessment and management of the risks and opportunities posed by climate change are issues influencing our business activities. With this in mind, the Group has established the Sustainability Committee under the Board of Directors, which deliberates on climate change and reports its findings to the Board of Directors, creating a system ensuring appropriate supervision by the Board.

In FY2022, the existing Risk Management/Compliance Committee will be integrated into the Sustainability Committee, from which point the committee will also take a risk management perspective in identifying risks associated with climate change in our business activities, working to ensure that climate change initiatives permeate throughout the entire Group.

Metrics and Targets

In order to contribute to the achievement of the Japanese government’s announced target of reaching carbon neutrality by 2050, we will develop environmentally friendly products that conserve energy and reduce environmental burden, and promote the adoption of renewable energy and power conservation in our production processes. The results of these activities are published as environmental data in our Corporate Report.

In addition, we have started providing responses to the CDP Climate Change Questionnaire as of FY2021 as a means of external disclosure of environmental information.



Environmental Data

INPUT

Data item	Scope of data	FY2019	FY2020	FY2021
Gasoline	Japan	122	88	81
	Overseas	51	41	51
Light oil	Japan	17	17	15
	Overseas	82	68	70
Kerosene	Japan	31	26	27
	Overseas	8	7	7
LPG	Japan	436	469	474
	Overseas	113	80	87
City gas	Japan	25	26	29
	Overseas	198	157	252
Electricity	Japan	78	70	72
	Overseas	70	65	74
Total water withdrawal	Japan	335	299	322
	Overseas	208	161	166
Tap water	Japan	119	112	122
	Overseas	80	62	62
Industrial water	Japan	85	59	64
	Overseas	61	57	63
Groundwater	Japan	131	128	136
	Overseas	67	42	41

[Scope of data collection] Fuel and electricity: EKK Group headquarters, production plants, sales offices
Water withdrawal: EKK Group production plants

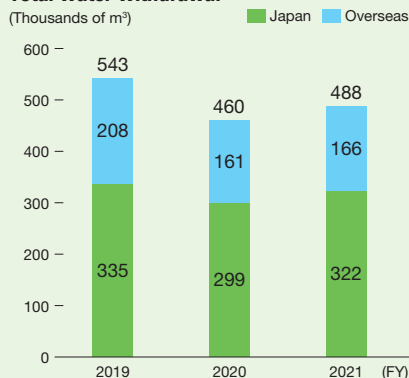
OUTPUT

Data item	Scope of data	FY2019	FY2020	FY2021
CO2 emissions	Japan	48.4	41.0	37.8
	Overseas	35.1	32.8	38.7
Scope 1	Japan	1.7	1.7	1.7
	Overseas	1.1	0.8	1.1
Scope 2	Japan	46.7	39.3	36.1
	Overseas	34.0	32.0	37.6
CO2 emissions per production value	Japan	0.53	0.51	0.44
	Overseas	0.72	0.69	0.73
Industrial waste	Japan	2.5	2.9	2.3
	Overseas	1.7	1.5	1.5
Recycling volume	Japan	2.5	2.2	2.0
	Overseas	1.0	0.8	0.8
Landfill disposal volume	Japan	0.0	0.7	0.3
	Overseas	0.7	0.7	0.7
Valuable resources	Japan	3.5	3.1	2.8
	Overseas	2.0	1.6	1.8
Volatile organic compounds (VOC) emissions	Japan	65	57	59
	Overseas	36	33	35

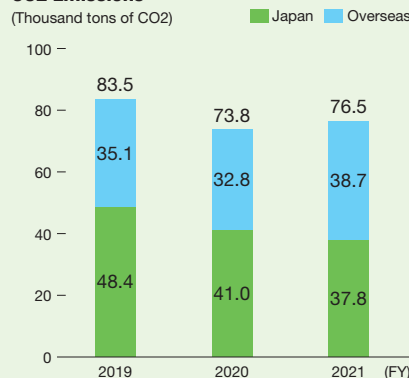
[Scope of data collection] CO2 emissions: EKK Group headquarters, production plants, sales offices
Industrial waste emissions: EKK Group production plants
VOC emissions: EKK Group production plants

[Emissions factors] Scope 1: Calculated based on "Ministerial Ordinance on Accounting for Greenhouse Gas Emissions by Specified Emitters."
Scope 2: Calculated based on emission factors published by the respective electric utility.

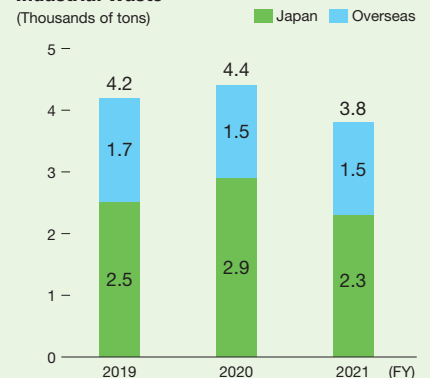
Total Water Withdrawal



CO2 Emissions



Industrial Waste



Water Withdrawal by Water Stress Area (Thousands of m³)

Water stress	FY2019	FY2020	FY2021
Extremely high (>80%)	6	5	6
High (40–80%)	5	4	4
Medium–high (20–40%)	11	11	11
Low–medium (10–20%)	118	109	120
Low (<10%)	60	45	44

[Scope of data collection] EKK Group production plants

Note: Water stress is shown with reference to the Aqueduct Water Risk Atlas by the World Resources Institute.

Use of Renewable Energy (MWh)

Electricity generated from solar power	Scope of data	FY2019	FY2020	FY2021
Amount of renewable energy generated on-site and consumed in-house	Japan	0	0	643
	Overseas	928	715	897

[Scope of data collection] EKK Group production plants

Breakdown of Scope 3 Emissions in Japan in FY2021 (Thousand tons of CO₂)

Data item	FY2021	Share of total
Category 1: Purchased goods and services	227.5	91.6%
Category 2: Capital goods	10.5	4.4%
Category 3: Fuel- and energy-related activities not included in Scope 1 or Scope 2	4.9	2.1%
Category 4: Upstream transport and delivery	1.9	0.8%
Category 5: Waste generated in operations	0.7	0.3%
Category 6: Business travel	0.5	0.2%
Category 7: Employee commuting	1.5	0.6%
Category 8: Leased assets (upstream)	N/A	—
Category 9: Downstream transportation and delivery	N/A	—
Category 10: Processing of sold products	N/A	—
Category 11: Use of sold products	N/A	—
Category 12: End-of-life treatment of sold products	N/A	—
Category 13: Downstream leased assets	N/A	—
Category 14: Franchises	N/A	—
Category 15: Investments	N/A	—

[Scope of data collection]

EKK Group business activities (in Japan)

[Emission factors]

Emission factors are used with reference to "Policy on Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc.", by Organizations Throughout the Supply Chain" by the Ministry of the Environment.

Emissions/Transfers of Class-1 Chemical Substances as Designated by the PRTR Law (Reported in FY2021)

Class-1 chemical substance	Ordinance No.	Emissions				Transfers	
		Into air	Into public waters	Into on-site soil	Landfilled on-site	To sewer system	To off-site
Total		3.66	0	0	0	0	1.78
Hexamethylenetetramine	258	0	0	0	0	0	0.46
Toluene	300	3.66	0	0	0	0	1.02
Phenol	349	0	0	0	0	0	0.30

[Scope of data collection]

EKK Group production plants (in Japan)

Environmental Investment (Millions of yen)

	FY2019	FY2020	FY2021
Saitama	33	21	145
Okayama	61	22	26
Niigata	9	18	29
Takasago	2	4	0
Total	105	65	200

Number of ISO 14001 Certified Sites (ISO 14001 certification ratio: 97.7%)

	Number of certified sites / Total sites
Headquarters	1/1
Japan	12/12
Production plants	12/12
Sales offices	18/18
Overseas	12/13
Production plants	12/13

Sites in Scope of Data Collection

	FY2019	FY2020	FY2021
Headquarters	1	1	1
Japan	11	12	12
Production plants	11	12	12
Sales offices	18	18	18
Overseas	9	13	13
Production plants	9	13	13



S Human Rights and Labor Practice Initiatives

Human Rights

Basic Stance on Human Rights

In addition to the aforementioned “management that respects human dignity based on commitment and trust,” another foundation of the EKK Group Management Philosophy is “open management with a firm solidarity without factions.” In accord with these principles, we strive to develop our human resources and create fulfilling workplaces so that all employees can demonstrate their respective capabilities, as we work to maintain an attitude of “respect for human dignity” in all aspects of management.

To realize this, we have established the EKK Charter of Corporate Behavior, in which we declare, “We will carry out management that respects the human rights of all people,” and will conduct business accordingly.

EKK Charter of Corporate Behavior and Guidelines

EKK Charter of Corporate Behavior

To put the EKK Group Management Philosophy into practice, we have established the 11 Principles of Corporate Behavior as part of the EKK Charter of Corporate Behavior. One of these principles is to carry out management that respects the human rights of all people.

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

EKK Employee Compliance Code of Conduct

The EKK Employee Compliance Code of Conduct stipulates in its “Respect for Employees and Prohibition of Discrimination and Harassment” section that diverse values, individuality and personality must be respected, and discriminatory behavior based on race, skin color, creed, religion, nationality, age, gender, place of birth, physical characteristics, mental or physical disability, etc., is prohibited. It also states that harassment is forbidden.

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

EKK Human Rights Policy

In accordance with the EKK Charter of Corporate Behavior and the EKK Employee Compliance Code of Conduct, we have established the EKK Human Rights Policy to ensure respect for human rights throughout the supply chain, and are taking actions to ensure human rights are respected in all countries and regions where we conduct our business.

<https://www.ekkeagle.com/en/csr/humanrightspolicy.html>

Major Human Rights Initiatives

Human Rights Educational and Awareness Activities for Employees

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 especially educating employees, including those working at subsidiaries, about various kinds of harassment as a matter of priority.

Counseling Hotlines for Human Rights Compliance

We offer counseling hotlines, including an internal reporting hotline based on our reporting system and an external reporting hotline that is staffed by attorneys at law. These counseling hotlines are also available to our Group companies, and corrective actions are taken if we confirm a compliance violation from a report received.

Labor practices

Respect for Basic Rights and Labor–Management Relations

Putting into practice the EKK Group Management Philosophy of respect for human dignity also means respecting and protecting the rights of our employees. To this end, we are working to create workplaces where employees can work with peace of mind by promoting dialogue both among employees and between companies and employees, based on sound labor–management relations and compliance with all labor-related laws.

Compliance with Labor-Related Laws

We issue direction to all Group companies in Japan with regard to compliance with the Labor Standards Act, Labor Union Act and all other labor-related laws. We similarly direct our overseas Group companies with regard to the labor-related laws and regulations of their respective countries. Furthermore, we carry out checks with domestic sites accepting foreign technical intern trainees for compliance with the Immigration Control and Refugee Recognition Act, as well as for the status of their work environments, living environments and actual working conditions.

Building Sound Labor–Management Relations

Dialogue between management and employees is essential in order for us to practice “management that respects human dignity based on commitment and trust” and for the company to develop in a sound manner. At the EKK Group, we respect the rights of workers, including the rights to organize and collectively bargain, and build sound labor–management relations based on this respect.

Members of management attend regularly held labor–management meetings, covering not only working conditions but also presenting on business conditions and management issues, as well as discussing important company measures. At these meetings, labor and management aim to work together to maintain and improve medium- and long-term business development and working conditions for employees as we facilitate dialogue.

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 the EKK 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.

Human Resource and Employee Benefit Systems

As one facet of management that respects human dignity, we are working to create working environments in which employees can enjoy a full personal life in addition to a fulfilling job. When it comes to helping employees have both a fulfilling job and self-fulfillment in their personal lives, we are exploring and implementing further measures with a view to promoting workstyle reforms, beyond the initiatives we have taken so far. We have implemented a number of initiatives in this area to help achieve flexible and diverse workstyles, including establishing and enhancing flex-time schedules and childcare and family care leave systems, setting overtime limits to reduce working hours and encouraging employees to take paid leave.



Work-Life Balance

To facilitate employees working in a way that fits their circumstances, we have established support systems exceeding some statutory requirements, including our childcare and family care leave systems, and we strive to operate these systems appropriately, helping employees more easily utilize these benefits through awareness-raising and advice. In addition, we are making our workplaces more employee-friendly, including by offering flex-time schedules (without mandatory core hours), easing restrictions on the use of half days of paid leave, and establishing a new support leave system for personal injury or illness, childcare and family care. In FY2021, we introduced a teleworking system to improve operational efficiency and help employees balance work and family life.

Initiatives to Reduce Working Hours and Encourage Employees to Take Paid Leave

In order to create a comfortable work environment where employees can prosper, we have been reducing total actual work hours for some time, and a committee of labor and management representatives meets annually to formulate each year's initiatives and check results. Data for actual overtime work hours and paid leave utilized is checked per organizational unit and individual to identify problem areas, formulate countermeasures and establish medium- and long-term targets.

FY2022 Targets	<ul style="list-style-type: none"> · Reduction of work outside of regular business hours (strict control of hour limits) · Days of paid leave taken: 17 or more
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Self-Assessment System

Each year, EKK provides employees an opportunity to report on their current work situation and future career aspirations. Depending on what an employee reports about topics like their future career aspirations, they will then have interviews with a supervisor as necessary. This offers employees a chance to directly communicate with supervisors about topics important to them. The results of this self-assessment process are used to develop and utilize human resources, assign the right personnel to the right positions, and improve the workplace environment.

Diversity

Our fundamental stance is to practice hiring and promotion of a diverse workforce regardless of gender, race, nationality or other factors. Currently, the EKK Group employs approximately 6,000 people around the world. We promote management that respects human dignity by raising awareness of this fact with leadership personnel at all of our overseas locations, as well as those in Japan, so that they can also practice this under their respective local conditions.

Promotion of Equal Opportunity for Women

We are promoting greater workforce participation by women at the EKK Group by assigning female 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 female 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.

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 2022, disabled workers accounted for 3.13% 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.

Senior Employee System (Reemployment of Mandatory Retirees)

In FY2006, we introduced a system for reemploying those who have reached the mandatory retirement age, working to build a system that allows those who are highly motivated to work after this age to fully demonstrate the richness of their careers and their advanced techniques, passing on their knowledge and skills to the next generation while they maintain a stable lifestyle.

In FY2016, we made employment styles more flexible and revised working conditions, and we have been reviewing working conditions on an adhoc basis since then. In addition, we are implementing measures on an ongoing basis to enhance opportunities and job satisfaction for senior employees, such as holding life planning seminars to help them plan for their post-mandatory retirement lives.

HR Data (non-consolidated)

Item	Breakdown	Unit	FY2019	FY2020	FY2021	
Employee composition	Total number of employees		1,509	1,483	1,529	
	By employment type	Permanent full-time employees	1,097	1,109	1,183	
		Non-permanent employees	Persons	412	374	346
	Gender	Men		—	—	1,173
		Women		—	—	356
Average years of service	Overall		14.8	15.4	16.5	
	Men	Years	14.5	15.0	16.0	
	Women		16.0	16.8	18.6	
Average age	Overall		39.4	39.9	41.1	
	Men	Age	39.4	39.8	40.9	
	Women		39.5	40.1	41.9	
Breakdown of management personnel by gender	Management personnel	Persons	206	234	242	
	Of whom, men	Persons	198	226	234	
	As a share of total	%	96.1	96.6	96.7	
	Of whom, women	Persons	8	8	8	
	As a share of total	%	3.9	3.4	3.3	
Employment of people with disabilities	Persons hired	Persons	41	47	50	
	As a share of total employees	%	2.32	2.64	2.89	
Childcare leave	Childcare leave-takers	Persons	19	17	16	
	Of whom, men	Persons	1	1	9	
	Of whom, women	Persons	18	16	7	
	Percentage of childcare leave-takers who returned to work					
	For men	%	100	100	100	
	For women	%	89	89	100	
Family care leave	Percentage of family care leave-takers who returned to work	Persons	0	1	0	
	For men	Persons	0	1	0	
	For women	Persons	0	0	0	
Paid leave	Percentage of annual leave days taken	%	72.7	75.0	82.0	
	Average days of annual leave taken	Days	14.5	15.0	16.4	
Working hours	Total actual work hours (per employee per year)	Hours	2,065	1,990	2,005	
	Overtime work hours (per employee per year)	Hours	19.1	13.2	15.8	
Turnover	Turnover rate (voluntary turnover)	%	2.0	1.7	1.1	
	Number of retiring employees (resignation for personal reasons)	Persons	23	19	13	



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 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. Our approach and standards for sourcing are encapsulated in the corporate social responsibility philosophy and in the Procurement Policies (Basic Procurement Policy and CSR Procurement Guidelines), which are publicly disclosed on our website. Before conducting business with a new partner, we explain the policies to and obtain understanding from the partner.

In April 2022, we revised our Procurement Policies (Basic Procurement Policy and CSR Procurement Guidelines) and in our business with partners, we promote CSR self-assessments and human rights due diligence. Regarding green procurement, we have newly established the EKK Group Green Procurement Guidelines and publicly released them on our website. 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 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 Group's sourcing operations are overseen by the Company's SCM Department, which formulates contracts, policies and procedures and performs legal and regulatory compliance functions. Actual sourcing is done mainly at the divisional level.

[CSR Information: Procurement Policies](https://www.ekkeagle.com/en/csr/procurement.html)

<https://www.ekkeagle.com/en/csr/procurement.html>

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 FY2021, meetings with partners were halted on account of the COVID-19 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. For example, we use hazard maps to identify whether partner sites are located in disaster-prone areas and assess whether roads will be cut off during a disaster, causing distribution delays.

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 integrated management system for supply chain information, including such risk information, to rapidly understand the situation in the event of a disaster.

S Social Contribution Initiatives

Philosophy

The EKK Group conducts various activities to contribute to society as a corporate citizen in accord with the EKK 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 FY2021, the pandemic precluded the hosting of summer festivals or other events at the Group's sites in Japan.

Donation and Sponsorship Activities

To help resolve societal issues and to support local communities outside of business activities, the EKK Group backs, among others, NPOs and scientific organizations, and sponsors some of the hometown sports teams where its plants are located. The Group also promptly donates funds to disaster relief whenever a major disaster occurs.

In FY2021, the Group donated funds to Hiroshima Prefecture and Unnan City, Shimane Prefecture for disaster relief after the torrential rains which occurred in July 2021.

Donations and Sponsorship Funding Provided

	(Millions of yen)
FY2019	15
FY2020	14
FY2021	15

Topic

Social Contribution Activities of EKK Eagle (Thailand)

Support for the Ban Rai School and Lorenzo Home Orphanage

EKK Eagle (Thailand) Co., Ltd. is located in Thailand's Chonburi province, and as part of its social contribution activities in the region, it supports the Ban Rai School and Lorenzo Home Orphanage, also located in Chonburi.

The Ban Rai School provides kindergarten through elementary school education and has a total of 108 students. Its students come from needy families and are able to attend thanks to aid from the government. EKK Eagle (Thailand) provides assistance with things such as school uniforms and educational materials. Additionally, EKK Eagle (Thailand) has donated play equipment to the Lorenzo Home Orphanage, which takes care of approximately 30 children.

Ban Rai School



Lorenzo Home Orphanage



S Occupational Health and Safety Initiatives

Philosophy

The EKK Group strives to create workplace environments conducive to both physical and mental health 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.

Health and Safety Management

Based on the EKK Group's Occupational Health and Safety Management Regulations, the Group has set up a line-and-staff occupational health and safety management organization. Headed by the president, and with the General Manager of the Safety, Environment & Quality Control Office serving as occupational health and safety manager, at each plant, 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 ISO 45001 (occupational health and safety management systems).

Group company EagleBurgmann Japan Co., Ltd. acquired ISO 45001 certification in FY2021, and the entire EKK Group will be acquiring certification going forward. In the course of these systems' operation, all employees receive health and safety awareness training.

Health and Safety Regime

The Environment, Health and Safety Central Conference, chaired by the president, meets twice annually to conduct management reviews.

Furthermore, the Sustainability Committee receives reports providing overviews and engages in discussions regarding health and safety activities, and based on these, annual plans and results are reported to the Board of Directors.

Health and Safety Committees

Together with their labor unions, every plant has established and operates its own Health and Safety Committee. Additionally, the EKK Group has established the 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 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.

Health and Safety Risk Management (Risk Assessment)

The EKK Group strives to reduce health and safety risks. The Group conducts safety inspections of new equipment before it is put into use, confirming that it conforms to internal standards and that there are no health and safety issues. Before new work processes are implemented, the Group conducts a risk assessment to prevent workplace accidents. Work processes which have already undergone a risk assessment are also periodically reviewed based on work-related injury cases and close calls.

Every plant identifies operations and processes that pose a high degree of 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 risks on a Group-wide basis.



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.

Initiatives Targeted at Overseas Affiliates

The EKK 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.

Health and Safety Data

Workplace Accident Data (Domestic Group Companies)

	FY2019	FY2020	FY2021
Lost-time incident frequency rate	1.03	0.47	0.77
Lost-time incident severity rate	0.01	1.19	0.01

Proportion of ISO 45001-Certified Plants to All Plants

There are 12 Group companies and plants in Japan, of which currently only one has acquired ISO 45001 certification. The EKK Group aims for 11 of these 12 sites to acquire certification in FY2023 and for all 12 locations to have acquired certification in FY2024.

Health Promotion

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 a 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 provided by public health nurses. Management personnel's annual training also addresses mental health.

Plants invite outside doctors as instructors to provide mental health education. Plants that run two or three shifts a day also create opportunities for superiors to 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.

S Quality Initiatives

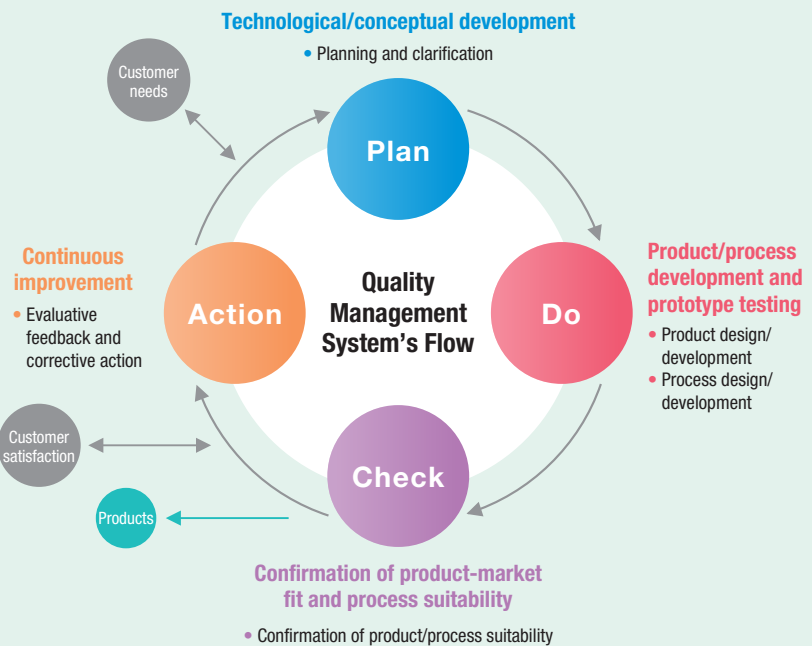
Basic Stance

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 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 FY2016 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

To continuously provide products which satisfy customers, EKK strives to maintain and improve quality, and has built and makes use of an ISO 9001-based quality management system.



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	ISO 9001	May 1999
	Nuclear power generation	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 Company	Semiconductors	ISO 9001	June 2020

Quality Assurance Regime

Each year in response to the president's policies, the Safety, Environment & Quality Control Office formulates quality policies, priority matters and quality targets which are then deployed by the EKK Group. In turn, business divisions formulate quality assurance action plans which are then deployed throughout the business divisions as well as to global subsidiaries under their jurisdiction.

The individual business division components and subsidiaries then incorporate concrete action plans for achieving the directed quality targets into their annual operational plans, with all components and subsidiaries engaging in activities to improve quality.

As part of deploying the quality policies, priority matters and quality targets, business division quality control (QC) managers regularly convene to hold a QC Manager Meeting. At QC Manager Meetings, quality managers review the state of implementation of quality assurance action plans as well as policy deployment. In addition, they also strive to ensure a uniform quality level across the entire EKK Group and to implement bottom-up management.

Each year, the president and upper management conduct on-site management assessments of business divisions and overseas production subsidiaries, and the Safety, Environment & Quality Control Office conducts quality patrols. The purpose is to check and review quality assurance activities and promote effective and continuous improvement.

Quality Improvement Initiatives

EKK implements its own quality improvement initiatives for all of the processes spanning from order reception to delivery.

Monitoring of Quality Information from the Market

EKK constantly monitors for signs of possible serious quality problems, actively commissioning product studies and gathering and analyzing customer complaints and other market quality information.

The information gathered from these studies and analyses are not only provided to internal organizations but also conveyed back to customers when needed, aiding in the improvement of product quality.

Quality Evaluation Meeting Inspections Conducted before Mass Production of New and Updated Products

For new products as well as products with updated designs or production processes, Quality Evaluation Meetings are held based on matters such as purpose of use, novelty, and update content to determine whether to move forward with mass production.

When designated in the requirements, Quality Evaluation Meetings are held at the design conception stage, design completion stage and mass production transition stage. The General Manager of the Safety, Environment & Quality Control Office makes the decision as to whether to move on to the next stage.

Activities to Reduce In-Process Defective Products

EKK actively engages in activities to reduce the occurrence of defective products in its production processes with the aim of preventing complaints.

Business divisions and subsidiaries conduct activities based on various annual themes. In recent years, an activity focusing on production floor-led initiatives has produced particularly great results.

This activity was based on one being implemented by a customer. Examples of defective products are displayed on the production floor. Led by a defective product event department and with other departments also participating, this aids in the development of countermeasures as the defective products are examined, resulting in the steady creation of measures for dealing with individual defect events.

In addition to contributing to the realization of the Group's "Eternal Zero" vision, this activity results in the belief that quality is something created at the process level permeating down to the individual production worker. In turn, this contributes significantly to individual workers seeking to proactively resolve problems which occur in their respective processes.





Quality Education for Human Resource Development

EKK provides level-specific quality education.

In order to cultivate the next generation of quality control personnel with the aim of perpetual quality maintenance and improvement, it particularly focuses on introductory education to young employees to increase their knowledge of quality, and on intermediate education for mid-level employees to increase their problem-solving capabilities.

The Group has created more than 10 courses, covering everything from the seven basic quality control tools to courses which teach how to utilize various statistical methods such as why-why analysis and MSA.* Some courses also incorporate group exercise-based skills acquisition.

Due to the movement restrictions imposed by the COVID-19 pandemic since FY2020, the Group has introduced quality education leveraging online courses, the content of which is steadily being improved even as they are conducted.

From FY2017 to FY2021, 793 employees received introductory education. From FY2019, when we began providing it, to FY2021, 215 employees received intermediate education.



* Measurement system analysis. A method for quantifying and evaluating the validity of a measurement system.

Introductory	Intermediate	Advanced
<ul style="list-style-type: none"> • TQC and TQM • QC story • 7 QC tools, etc. 	<ul style="list-style-type: none"> • Why-why analysis • Basic statistics • Control charts, etc. 	<ul style="list-style-type: none"> • Multiple regression analysis • Experiment design • MSA, etc.

Quality Handbook to Increase Quality Consciousness

Developing human resources highly conscious of quality is integral to maintaining high quality. In FY2019, EKK published *Eternal Zero* (the EKK Quality Handbook). The handbook is distributed to all employees to elevate employee quality consciousness, and to be used as a collection of knowledge employees can quickly check when having difficulty.

It has been translated into English, Korean, Indonesian, Thai and Chinese (in both traditional and simplified characters). Distributed to overseas companies, as well, it is helping to increase quality consciousness on a global level.



Quality Control Circle Activities

EKK conducts employee-led, small-group quality control circle activities with the aim of improving quality.

In these quality control circles, themes relevant to their workplace are chosen together by all members, making the circles an important activity for improving member capabilities and energizing workplaces.

Business divisions and subsidiaries conduct annual presentations of their activities and select a circle group to represent them at the EKK QC Circle Tournament.

In FY2021, seven circle groups from Japan and two from overseas were selected to present the results of their activities at the 16th EKK QC Circle Tournament.

Due to the movement restrictions imposed by the pandemic since FY2020, the conference was conducted over the internet.



Quality Awards System

EKK has introduced an internal quality awards system with the aim of stimulating quality improvement activities and increasing motivation.

In order to enhance the quality consciousness of EKK Group employees in Japan, entries are encouraged to be submitted on an organizational level and to be about activities that are relevant to the employees themselves. Once a year, organizations are chosen to be awarded for outstanding quality improvement results.

Promotion of Quality DX

EKK has introduced a quality information system and begun creating a database of information concerning quality.

The EKK Group is promoting going paperless by digitalizing existing documents, increasing the speed with which information is disseminated by digitalizing existing workflows, enhancing work efficiency and automating the smooth collection and dissemination of information.

Going forward, the Group will link its accumulated quality information with production and design data to share and effectively utilize this information.

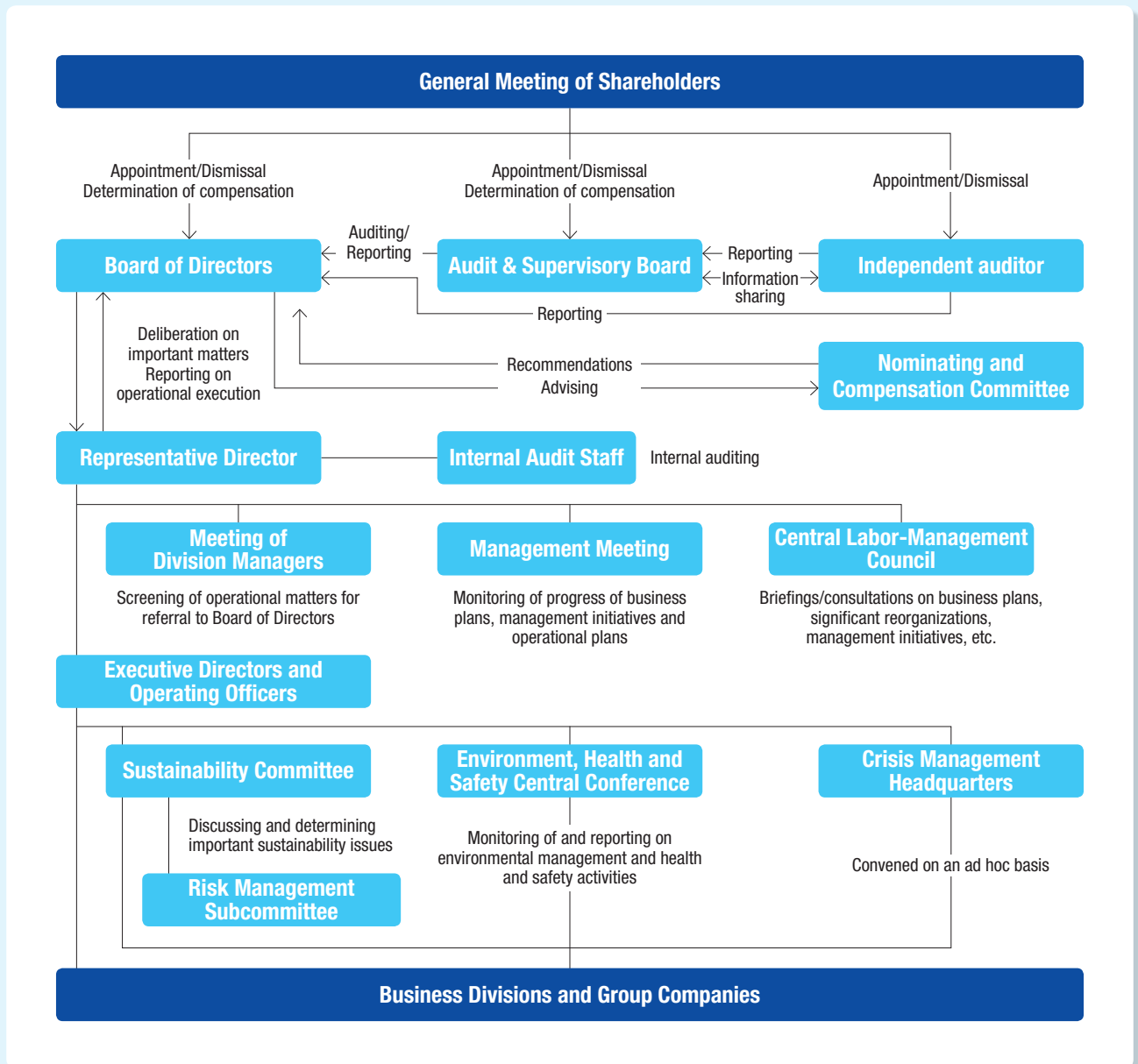
The Group has also achieved great success in the smooth implementation of teleworking, the need for which grew with the pandemic, by introducing an electronic approval system.

G Corporate Governance

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.





Overview of and Rationale behind Corporate Governance Regime

EKK has adopted the audit and supervisory board system as well as the operating officer system. The Company 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.
Sustainability Committee	The Sustainability Committee is chaired by the president and made up of the heads of organizational units and senior managers. The committee determines targets for the Group's sustainability activities and evaluates activity status with the aim of realizing a sustainable society. The committee also reports on activity status to the Board of Directors. Furthermore, with the aim of discovering and preventing business activity risks, the Risk Management Subcommittee has been established under the Sustainability Committee to identify latent risks inherent in business activities and verify the effectiveness of safeguards against such risks.
Environment, Health and Safety Central Conference	The Environment, Health and Safety Central Conference checks on how environmental management and health and safety activities are promoted in business activities.
Crisis Management Headquarters	In the event of an emergency arising from business-related risks, the Crisis Management Headquarters, headed by the president, is established to respond to the crisis. It is empowered to swiftly and appropriately respond when any such emergency occurs.
Internal audit staff	Nominated by the president, internal audit staff work to develop internal control systems and also periodically conduct audits of organizational units and affiliates.

Directors and Audit & Supervisory Board Members

Name	Positions and responsibilities	Fields of expertise						
		Corporate management	Business strategy	Business sales	Finance and accounting	Technological R&D	Internationality	ESG
Tetsuji Tsuru	Chairman of the Board and President, Representative Director	●	●		●		●	
Masaki Nakao	Representative Director, Vice President In charge of production, corporate planning and overseas businesses	●	●				●	
Shinji Abe	Representative Director, Senior Managing Director General Manager of Safety, Environment & Quality Control Office			●				●
Norio Uemura	Representative Director, Senior Managing Director Engineering Division Manager			●		●		
Masahide Shimada	Senior Managing Director AI/CI Division Manager		●				●	
Kensaku Hogen	Outside Director	●					●	
Makoto Fujioka	Outside Director	●						●
Naoki Shimada	Outside Director	●					●	
Hiroyasu Hayashi	Standing Audit & Supervisory Board Member			●	●			
Hideo Satake	Standing Audit & Supervisory Board Member		●				●	
Nozomu Maehara	Outside Audit & Supervisory Board Member			●				●
Hideki Watanabe	Outside Audit & Supervisory Board Member				●		●	
Atsushi Kajitani	Outside Audit & Supervisory Board Member	●				●		



Outside Directors and Outside Audit & Supervisory Board Members

Outside Directors

Expected roles and main activities	
Kensaku Hogen	<p>Board meeting attendance: 13/13 meetings (Activities in the Board of Directors/Nominating and Compensation Committee)</p> <p>Mr. Hogen appropriately made necessary comments during deliberations of proposals. At Board meetings, he 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. As a member of the Nominating and Compensation Committee, he attended both committee meetings held during the fiscal year and provided appropriate advice on decisions regarding directors and Audit & Supervisory Board members' compensation and selection of director and Audit & Supervisory Board nominees.</p>
Makoto Fujioka	<p>Board meeting attendance: 13/13 meetings (Activities in the Board of Directors/Nominating and Compensation Committee)</p> <p>Mr. Fujioka appropriately made necessary comments during deliberations of proposals. At Board meetings, he 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. As a member of the Nominating and Compensation Committee, he attended both committee meetings held during the fiscal year and provided appropriate advice on decisions regarding directors and Audit & Supervisory Board members' compensation and selection of director and Audit & Supervisory Board nominees.</p>
Naoki Shimada	<p>(Overview of expected roles as an Outside Director)</p> <p>Mr. Shimada has a track record of corporate management based on his vast amount of experience in operating companies and corporate management consulting, as well as high principles. Expecting him to provide supervision and counsel on the execution of duties by the Company's directors from an objective, broad and advanced perspective, we appointed him an outside director. He will be involved in the selection of candidates for officer positions and determination of officer compensation from an objective and neutral standpoint as a member of the Nominating and Compensation Committee.</p>

Outside Audit & Supervisory Board Members

Reason for appointment and attendance at FY2021 Board of Directors' and Audit & Supervisory Board meetings	
Nozomu Maehara	<p>Board meeting attendance: 13/13 meetings Audit & Supervisory Board meeting attendance: 13/13 meetings</p> <p>Mr. Maehara was appointed as an outside Audit & 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>
Hideki Watanabe	<p>Board meeting attendance: 13/13 meetings Audit & Supervisory Board meeting attendance: 13/13 meetings</p> <p>Mr. Watanabe was appointed as an outside Audit & 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>
Atsushi Kajitani	<p>Board meeting attendance: 13/13 meetings Audit & Supervisory Board meeting attendance: 13/13 meetings</p> <p>Mr. Kajitani was appointed as an outside Audit & 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>

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, EKK has established the Nominating and Compensation Committee comprising the chairman of the Board of Directors and outside directors as an advisory body of the Board of Directors. The committee 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 FY2021

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

Board of Directors' and Audit & Supervisory Board Members' Compensation Policy

Subject to the approval of the proposal titled "Introduction of a Performance-based Stock Compensation Plan for Directors, etc." submitted to the FY2021 Annual General Meeting of Shareholders held on June 23, 2022, the content of the current Directors' and Audit & Supervisory Board Members' compensation policy (Board of Directors' and Audit & Supervisory Board Members' Compensation Policy) has been changed as follows based in part on discussion by the Nominating and Compensation Committee. EKK has established the policy below for determining compensation for Directors and Audit & Supervisory Board members. Director compensation is determined by the Board of Directors, and Audit & Supervisory Board member compensation, etc., is determined via thorough discussions with Audit & Supervisory Board members within the total amount decided at the General Meeting of Shareholders based on this policy.

In order to address the important management issues involved, including elevating objectivity and transparency regarding Board of Directors' and Audit & Supervisory Board members' nomination and compensation, the Company has established the Nominating and Compensation Committee as an advisory body of the Board of Directors. The committee regularly monitors matters of particular importance, such as Board of Directors' and Audit & Supervisory Board members' nomination and directors' compensation, and provides appropriate recommendations to the Board of Directors. Nominating and Compensation Committee meetings are comprised of the Board of Directors' chairman and outside directors. The committee reviews and provides recommendations regarding important management issues such as nominations and compensation.

The Company's policy regarding compensation for directors and Audit & Supervisory Board members is as follows.

a. Method of determining policy

The Policy on Director Compensation is determined by the Board of Directors, taking into account the advice of the Nominating and Compensation Committee. The Policy on Audit & Supervisory Board Member Compensation is determined through discussions with Audit & Supervisory Board members.

b. Basic policy

The Group seeks to grow stronger and more highly profitable by making unique and socially useful products backed by our technologies at a low cost around the world and providing them at reasonable prices. We believe that pursuing this policy from a medium- to long-term perspective will contribute to improving the Group's medium- to long-term corporate value and increase stakeholder satisfaction.

In carrying out this policy, we believe that it is necessary for us to promote the motivation of the management team, including the directors of the Company, to achieve performance targets and stakeholder satisfaction from the standpoint of compensation. For that reason, we have decided to introduce new treasury stock compensation for the Company's management that varies to a certain extent according to the degree of achievement of KPIs related to the priority measures in the Group's medium-term management plan. Balancing this with monetary compensation that varies according to the degree of achievement of performance targets for each fiscal year, we aim to improve corporate value and stakeholder satisfaction over the medium to long term.



c. Policy for determining amount of individual compensation, etc., and method of calculation

Considering their responsibilities in improving performance in each fiscal year and increasing corporate value over the medium to long term, director compensation is broken down into three categories. These are base pay (monetary), short-term performance-linked compensation (monetary), and medium- to long-term performance-linked compensation (stock), comprised of fixed compensation, expectations for short-term results and expectations for long-term results. On the other hand, outside directors are expected to provide objective opinions and suggestions from an outside perspective that is independent from business execution, so in light of this, they are only paid base pay (monetary).

In addition, compensation for Audit & Supervisory Board members is base pay (monetary) only according to position as they are responsible for auditing the execution of duties for the Group as a whole.

Compensation may be temporarily reduced or not paid at all in the event of a sudden worsening of performance or damage to corporate value. The compensation system for the Company's directors is set up in such a way that compensation differs according to the responsibilities of the position (chairman, president, vice president, managing director, etc.). The difference currently applied is where managing directors are 1 and the chairman and president are about 1.6 when the short-term/long-term results portion is the standard amount.

d. 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.

When determining short-term performance-linked compensation, it is the Company's judgment that maintaining and improving the profit level is the most appropriate indicator of corporate performance. As such, the degree of achievement of the initial operating profit plan, dividend amount, employee bonus amount and other matters impacting performance (natural disasters, extraordinary gains/losses, etc.) are considered.

The indicators of medium- to long-term performance-linked compensation are ratio on invested capital (ROIC) (financial indicator) and the FTSE Russell ESG score (non-financial indicator) to increase overall profitability of the Group and promote ESG management. The weight given to these items is 90% and 10%, respectively.

e. Policy for determining the content, amount, number or method of calculating non-monetary compensation, etc.

For medium- to long-term performance-linked compensation, we utilize the officer compensation BIP (Board Incentive Plan) trust system in order to increase the motivation of directors to contribute to improving the Group's medium- to long-term performance and increasing corporate value. This plan is a system for issuing and paying the shares of the Company and share exchange price at disposal of the Company (hereinafter referred to as "the Company's shares, etc.") in a number corresponding to points calculated according to position/length of service and the degree of achievement, etc., of medium-term targets to eligible directors (excluding outside directors) and operating officers following the Rules for Issuance of Shares approved by the Board of Directors.

f. Policy for determining the ratio (percentage) of each type of individual compensation, etc.

The Company's business domain is the manufacture and sale of mechanical seals, special valves, etc., and other mechanical parts in industries that include automobiles, construction equipment, general industrial machinery, semiconductors, ships and aerospace. Considering that business performance is easily affected by trends in these industries, the percentages of short-term performance-linked compensation and medium- to long-term performance-linked compensation for directors are 10% and 20% of total compensation, respectively.

g. Policy for determining the timing or terms of compensation payments

Monthly base pay is determined by the Board of Directors after the Ordinary General Meeting of Shareholders for one year beginning from the following month and is paid in a fixed amount on a fixed day every month. Short-term performance-linked compensation is determined by the Board of Directors based on the year-end financial results in accordance with the abovementioned "Policy for setting quantitative formulae for and determining other details of performance-based compensation, including performance benchmarks." It is paid by the time of the Ordinary General Meeting of Shareholders for the financial results in question. As for medium- to long-term performance-linked compensation, following the Rules for Issuance of Shares approved by the Board of Directors, a fixed number of points calculated according to position and length of service and performance-linked points designed to incentivize achievement of the medium-term management plan, etc., are granted at a certain time every year. In principle, when the medium-term management plan ends, a number of the Company's shares, etc., corresponding to the cumulative number of fixed points and a number of the shares, etc., corresponding to the cumulative number of performance-linked points multiplied by a performance-linked coefficient according to the degree of achievement of medium-term targets are issued and paid.

h. 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 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.

General Meeting of Shareholders Approval of Directors' and Audit & Supervisory Board Members' Compensation, etc.

At the 55th Annual General Meeting of Shareholders held on June 24, 2009, shareholders approved resolutions capping directors' aggregate compensation at ¥360 million per year and Audit & Supervisory Board members' aggregate compensation at ¥72 million per year.

At the FY2021 Annual General Meeting of Shareholders held on June 23, 2022, shareholders approved a performance-based stock compensation plan (hereinafter referred to as "the Plan") for the Company's directors (excluding Outside Directors; the same applies hereinafter) and operating officers (excluding those not residing in Japan; hereinafter referred to as "Directors, etc."). An overview of the Plan is provided below. The Plan's compensation is paid to directors, etc., separate to the above director compensation amounts (¥360 million per year).

Overview of the Plan

The Plan is a stock compensation plan for Directors, etc. The Company will contribute an amount corresponding to the compensation for Directors, etc., to a trust, and these funds will be used to purchase shares of the Company through the trust. Shares of the Company and share exchange price at disposal of the Company (hereinafter referred to as "the Company's shares, etc.") are issued and paid (hereinafter referred to as "issuance, etc.") as officer compensation according to position and the degree of achievement, etc., of the performance targets (details of the Plan are described in (b) below and thereafter).

Eligibility for issuance, etc., of the Company's shares, etc., under the Plan	<ul style="list-style-type: none"> • The Company's directors (excluding outside directors and those not residing in Japan) • The Company's operating officers (excluding those not residing in Japan)
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Impact of the Company's shares subject to the Plan on the total number of outstanding shares

Maximum amount to be contributed by the Company	<ul style="list-style-type: none"> • ¥300 million multiplied by the number of fiscal years in the relevant period • The first relevant period will be four fiscal years for a total of ¥1,200 million (the first relevant period is the four fiscal years from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2026)
Maximum number of the Company's shares to be issued, etc., to Directors, etc., and method of purchasing the Company's shares, etc.	<ul style="list-style-type: none"> • 400,000 shares multiplied by the number of fiscal years in the relevant period • The first relevant period will be four fiscal years for a total of 1.6 million shares • The above number of shares per fiscal year (400,000 shares) accounts for approximately 0.8% of the Company's total number of outstanding shares (as of March 31, 2022, after deduction of treasury shares) • The Company's shares are to be acquired from the stock market or the Company (treasury share disposal) (the Company's shares for the first relevant period are to be acquired from the stock market, so there will be no dilution)
Performance achievement conditions	<ul style="list-style-type: none"> • Varies between 0 and 200% according to the degree of achievement, etc., of important indicators for achieving performance targets in the medium-term management plan and other indicators established by the Board of Directors (in the first relevant period, the degree of achievement of ROIC and FTSE Russell ESG score)
Timing of issuance, etc., of the Company's shares, etc., to directors	<ul style="list-style-type: none"> • After the end of the relevant period

Directors and Audit & Supervisory Board Members' FY2021 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)	207 (8)	178 (7)	28 (1)	7 (2)
Audit & Supervisory Board members (of which, outside Audit & Supervisory Board members)	48 (4)	45 (4)	3 (—)	5 (3)
Total	256 (12)	224 (11)	31 (1)	12 (5)

Compliance

Compliance

Given the growing importance of Group-wide compliance and risk management in the wake of diversification and globalization of corporate activities, EKK has established the Sustainability Committee and, under that, the Risk Management Subcommittee, setting up systems to continuously maintain appropriate risk management and compliance at the EKK Group. The General Manager of EKK's Corporate Administration Division is in charge of compliance throughout the Group. We comply with key laws and regulations applicable to each respective operation by establishing units in charge of individual laws and regulations, as well as creating internal rules and regulations. Both domestic and overseas Group companies also have their own internal auditing and compliance staff.

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

Compliance Promotion Month

The EKK Group has designated October of every year as Compliance Promotion Month. Every October, the Group conducts consciousness-raising and educational activities on compliance, mainly domestically.

In FY2021, the Group promoted a broader and deeper understanding of compliance by having employees read a compliance-related text together and testing them on its content.

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. Eight incidents were reported in FY2021. 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.

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 also periodically reported to the Meeting of Division Managers and the Board of Directors.

Anti-Corruption Controls

The EKK Group endeavors to prevent corruption. The Group's 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

Risk Management

EKK 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.

The Risk Management Subcommittee, a body established under the Sustainability Committee, discusses Company-Wide Risk Management Annual Goals for each fiscal year in addition to identifying and assessing risks in internal departments and Group companies and promoting risk prevention on an organization-wide basis. After being reported to the Board of Directors and the Meeting of Division Managers, the goals are cascaded down to internal departments and Group companies.

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. The Risk Management Subcommittee, established under the Sustainability Committee, singles out risks among these 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.

Information Security

EKK is strengthening the EKK Group's information security, establishing 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 Group uses an online training course presented in Q&A format to increase employees' knowledge of information security. In FY2021, 99% 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 FY2021, it conducted theoretical drills based on security incident scenarios incorporating recent information security trends and referring to incident response manuals.



Major Financial and Non-Financial Data

		FY2017	FY2018	FY2019	FY2020	FY2021
Net sales	Millions of yen	150,815	149,361	142,106	130,513	140,842
Operating income	Millions of yen	11,732	9,755	5,772	5,802	7,560
Ordinary income	Millions of yen	13,883	11,703	6,766	8,447	10,811
Profit attributable to owners of the parent	Millions of yen	10,401	7,032	2,907	4,010	5,713
Total net assets	Millions of yen	85,280	88,886	82,019	92,441	103,094
Total assets	Millions of yen	166,461	172,433	166,800	176,508	180,955
Net assets per share	Yen	1,602.88	1,665.52	1,524.62	1,719.40	1,920.35
Earnings per share	Yen	212.56	143.35	59.24	81.70	116.34
Equity ratio	%	47.2	47.4	44.9	47.8	52.1
Return on equity (ROE)	%	14.2	8.8	3.7	5.0	6.4
Net cash provided by operating activities	Millions of yen	11,814	14,614	16,043	17,849	12,238
Net cash used in investing activities	Millions of yen	(8,566)	(14,325)	(10,888)	(5,203)	(6,845)
Net cash used in financing activities	Millions of yen	(2,746)	(707)	(4,064)	(2,661)	(11,554)
Cash and cash equivalents at end of period	Millions of yen	20,422	19,733	20,089	31,545	27,001
Number of employees (consolidated)	Persons	6,400	6,482	6,594	6,507	6,393
Number of employees (non-consolidated)	Persons	1,063	1,076	1,097	1,109	1,183
Average age (non-consolidated)	Age	40.4	40.6	39.4	39.9	41.1
Average years of service (non-consolidated)	Years	15.1	15.6	14.8	15.4	16.5
Average salary (non-consolidated)	Thousands of yen	7,455	7,647	7,581	7,007	7,635

Consolidated Financial Statements (FY2020 and FY2021)

Consolidated Balance Sheets

(Millions of yen)

	FY2020	FY2021
Assets		
Current assets	93,110	98,323
Cash and deposits	32,662	28,806
Notes and accounts receivable—trade	28,253	30,207
Inventories	22,962	27,556
Other	9,232	11,752
Noncurrent assets	83,397	82,631
Property, plant and equipment	60,515	59,039
Buildings and structures	23,370	22,532
Machinery, equipment and vehicles	23,277	21,972
Other	13,867	14,534
Intangible assets	3,497	3,108
Investments and other assets	19,384	20,483
Investment securities	12,077	12,785
Other	7,307	7,698
Total assets	176,508	180,955
Liabilities		
Current liabilities	42,737	42,686
Accounts payable—trade	8,253	9,180
Electronically recorded obligations—operating	2,830	2,512
Short-term loans payable	14,754	13,022
Income taxes payable	1,431	1,534
Provision for bonuses	2,547	2,679
Other	12,920	13,756
Noncurrent liabilities	41,329	35,174
Long-term loans payable	23,447	17,732
Net defined benefit liability	16,052	15,412
Other	1,830	2,029
Total liabilities	84,067	77,860
Net assets		
Shareholders' equity	89,799	93,057
Capital stock	10,490	10,490
Capital surplus	11,310	11,296
Retained earnings	68,224	71,483
Treasury stock	(226)	(213)
Accumulated other comprehensive loss	(5,404)	1,275
Valuation difference on available-for-sale securities	402	458
Foreign currency translation adjustment	(2,690)	2,950
Remeasurements of defined benefit plans	(3,116)	(2,133)
Minority interests	8,046	8,761
Total net assets	92,441	103,094
Total liabilities and net assets	176,508	180,955

Consolidated Statements of Income

(Millions of yen)

	FY2020	FY2021
Net sales	130,513	140,842
Cost of sales	101,773	108,688
Gross profit	28,740	32,154
Selling, general and administrative expenses	22,938	24,593
Operating income	5,802	7,560
Non-operating income	3,503	3,741
Non-operating expenses	858	490
Ordinary income	8,447	10,811
Extraordinary income	10	23
Extraordinary loss	983	1,485
Income before income taxes	7,475	9,349
Income taxes	2,140	2,220
Profit	5,334	7,129
Profit attributable to non-controlling interests	1,324	1,415
Profit attributable to owners of the parent	4,010	5,713

Consolidated Statements of Cash Flows

(Millions of yen)

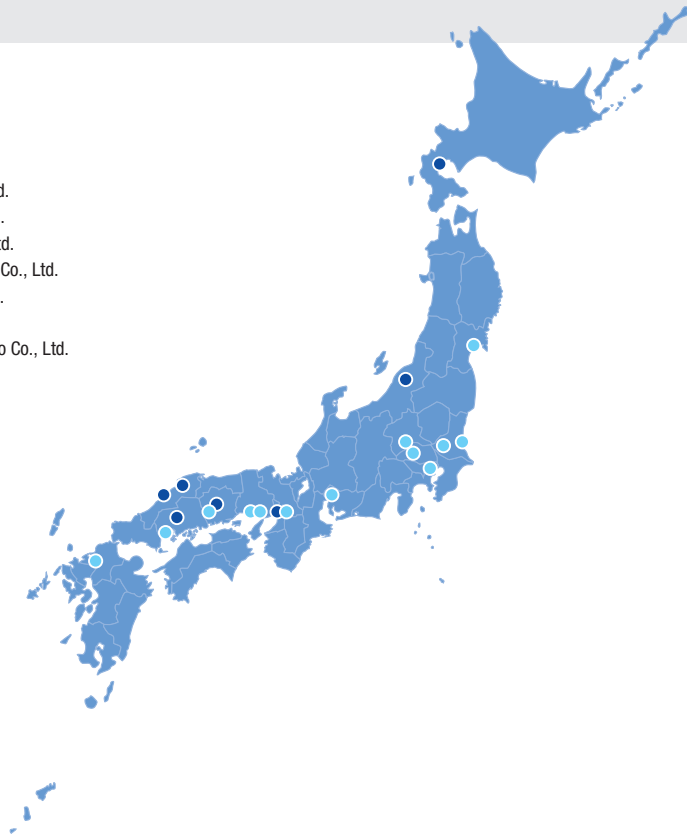
	FY2020	FY2021
Net cash provided by operating activities	17,849	12,238
Net cash used in investing activities	(5,203)	(6,845)
Net cash used in financing activities	(2,661)	(11,554)
Effect of exchange rate change on cash and cash equivalents	1,472	1,617
Net increase (decrease) in cash and cash equivalents	11,456	(4,543)
Cash and cash equivalents at beginning of period	20,089	31,545
Cash and cash equivalents at end of period	31,545	27,001

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

Network

Domestic

- Okayama Eagle Co., Ltd.
- Shimane Eagle Co., Ltd.
- Hiroshima Eagle Co., Ltd.
- EagleBurgmann Japan Co., Ltd.
- Eagle Highcast Co., Ltd.
- Valcom Co., Ltd.
- Eagle Industry Hokkaido Co., Ltd. and 2 companies



EAGLE INDUSTRY CO., LTD.

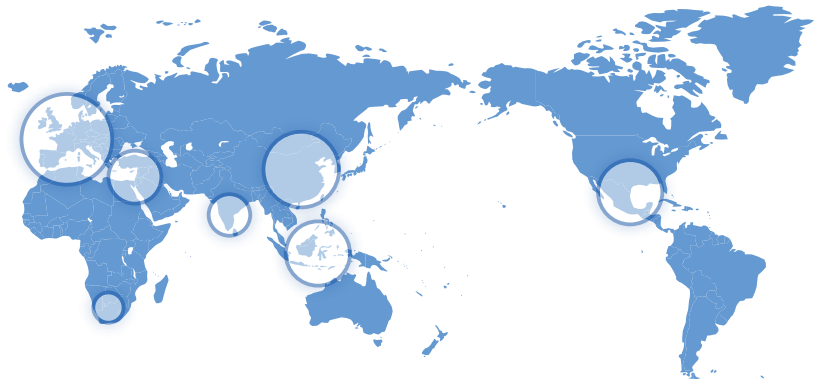
Headquarters	Tokyo
Plants	Saitama, Okayama, Takasago, Kure, Tsukuba
Sales Branches	Sendai, Mito, Kitakanto, Tokyo, KEMEL Tokyo, Nagoya, Osaka, Kobe, KEMEL Kobe, Hiroshima, KEMEL Hiroshima, Kyushu

Overseas

Asia-Pacific and Oceania [31]

Main Bases

- Eagle Industry Taiwan Corporation
- NEK Co., Ltd. (Korea)
- EKK Eagle (Thailand) Co., Ltd.
- Eagle Industry (Wuxi) Co., Ltd. (China)
- P.T. Eagle Industry Indonesia
- EKK Eagle Products India Pvt. Ltd.
- Eagle Industry Sales (Shanghai) Co., Ltd.
- EBI Asia Pacific Pte. Ltd. / EBI Asia Pte. Ltd. (Singapore)
- EagleBurgmann India Pvt. Ltd.
- EagleBurgmann Australasia Pty. Ltd. (Australia and New Zealand)
- Arena Instrument Co., Ltd. (Taiwan)
- KEMEL Sales & Service (Shanghai) Co., Ltd.



Europe, Americas [46]

Main Bases

- EKK Eagle America Inc.
- EKK Eagle Industry Mexico S.A. de C.V.
- Eagle Holding Europe B.V. (Netherlands)
- Eagle Simrax B.V. (Netherlands)
- Eagle Industry France S.A.S.
- Eagle ABC Technology S.A.S. (France)
- Eagle Industry Hungary Kft.
- Eagle Actuator Components GmbH & Co. KG (Germany)
- EagleBurgmann Atlantic GmbH (Germany)
- EagleBurgmann Middle East GmbH (Germany)
- KEMEL Europe, Ltd.

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



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