



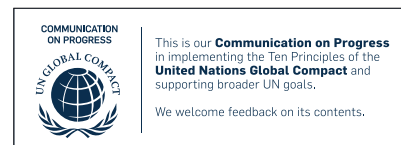
<https://www.oiles.co.jp/>

OILES CORPORATION INTEGRATED REPORT 2023



Issuing department & contact information

- Pertaining to the Integrated Report in general
Oiles Corporation General Affairs Dept., Corporate Planning & Administrative Division
8 Kirihara-cho, Fujisawa-shi, Kanagawa 252-0811, Japan
- This report is also available on our website at
<https://www.oiles.co.jp/corporate/csr/>
- Please contact us to share any comments or impressions pertaining to this report at
<https://www.oiles.co.jp/en/contact/>



Management Philosophy

To become a world leader as a general manufacturer of oil-less bearings and serve society through technology

Company Vision

We have come together under the Oiles name.
We will grow together as Oiles, recognized the world over.

Onward
forward day
by day

Idea
originality and
ingenuity

**Liberty
and Law**
freedom and
discipline

Expert
all of us
specialists

Service
serving society

Long-Term Vision

- A company that contributes to the preservation of the global environment and delivers safety, security and comfort through the products and technologies required by the world
- A market-creating company that pursues tribology technology (friction, wear and lubrication) and damping technology (vibration control) to create one-of-a-kind products
- A company that fulfills its corporate social responsibility (CSR) and helps realize a sustainable society through business with high social contribution

Editorial Policy

The OILES Group started publishing its CSR report in PDF format in 2017 with the purpose of reporting to its stakeholders regarding the Group's stance and its efforts for realizing a sustainable society. It will communicate more broadly with stakeholders to further promote its activities into the future. To disclose an even more extensive set of information, the Group started publishing this integrated report combining financial and non-financial information in 2021.

● Reporting Period

Fiscal 2022 (April 1, 2022 to March 31, 2023)

The notation for the reporting period in English follows the Japanese (e.g., FY2022 = 2022年度).

Some information outside this period has also been included with indication of the date.

● Publication Date

October 2023 (next issue: planned for Autumn 2024)

● Scope of Report

This report covers Oiles Corporation and consolidated subsidiaries in Japan and overseas, adopting the following notations.

• "Oiles Corporation," "the company" and "non-consolidated" refer to Oiles Corporation

• "Domestic Group companies" collectively refers to Oiles Corporation with its eight consolidated subsidiaries in Japan

• "Overseas Group" collectively refers to the eight Group companies outside Japan

• "Oiles Group," "the Group" and "we" collectively refer to Oiles Corporation with all companies in the Oiles Group

● Publication on the Website

This report is also available on our website at

https://www.oiles.co.jp/en/sustainability/integrated_report/

Financial and non-financial information not included in the integrated report is available on our website.

<https://www.oiles.co.jp/en/>

● Guidelines Used as Reference

• IFRS Foundation, "International Integrated Reporting Framework"

• Ministry of Economy, Trade and Industry, "Integrated Disclosure / Dialogue Guidance for Value Collaborative Creation"

• Ministry of the Environment, "Environmental Reporting Guidelines 2018 Edition"

• Ministry of the Environment, "Environmental Accounting Guidelines 2005 Edition"

• GRI, "GRI Sustainability Reporting Standard 2016/2018/2019/2020/2021"

• Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

● Note on Forward-Looking Statements

This report contains forward-looking statements, including projections regarding the business plans, performance and management strategies of Oiles Corporation. These statements are based on the judgment of the company's management in light of information available at the time. Therefore, do not solely rely on these statements since actual results and management strategies may differ significantly due to changes in the business environment.

● Note on Financial Figures

* The figures in this report have been calculated based on Japanese GAAP.

* We have applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020) from the beginning of the fiscal year ended March 31, 2022, and the figures for each of the fiscal years ended March 31, 2015 through March 31, 2021 are calculated after retroactively applying the "Accounting Standard for Revenue Recognition".

* We have applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16th, 2018) from the beginning of the fiscal year ended March 31, 2019, and the figures for each of the fiscal years ended March 31, 2015 through March 31, 2018 are calculated after retroactively applying the "Partial Amendments to Accounting Standard for Tax Effect Accounting".

Contents

Management Philosophy, Company Vision, Long-Term Vision	01
Editorial Policy	02
Toward Sustainable Value Creation	
Our Philosophy/DNA & Our History	03
Message from the President	05
Identifying Major Issues (Materiality) for Sustainable Growth	09
Value Creation Process	11
Our Business	
Oiles Business Activities	13
Bearings	15
Structural devices	19
Architectural devices	21
Intellectual Property Initiatives	23
ESG Initiatives	
Management and Sustainability (CSR)	25
Corporate Governance	27
Interview with Outside Director	30
Compliance	31
Risk Management	32
Environmental Initiatives	33
Human Resource (Human Capital) Development Initiatives	39
Product Quality Initiatives	45
Fair and Equitable Trade	47
Data Book	
Corporate Data	49
Financial Data	51
Non-Financial Data	56
Financial Highlights	60

Our Philosophy/DNA & Our History

Corporate Chronology

1930s to 1950s

- 1932** Founder Sozo Kawasaki obtained a patent for a method for manufacturing oil-less wooden bearings.
- 1939** Sozo Kawasaki established Japan Oilless Bearing Research Laboratory.
- 1942** Obtained a patent for Oil-impregnated expanded cast iron bearings (#300).
- 1952** Established Nippon Oilless Bearing Research and Development Co., Ltd.
- 1958** Changed the company name to Nippon Oiles Industry Co., Ltd.

1960s to 1970s

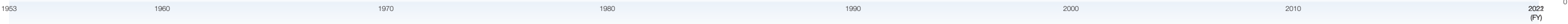
- 1966** Changed the company name to Oiles Industry Co., Ltd.
- 1967** Moved the company's headquarters to the newly established Fujisawa Plant in Fujisawa City, Kanagawa Pref.
- 1970** Established Shiga Plant in Ritto-cho (currently Ritto City), Shiga Pref.
- 1971** Started manufacturing and selling the Window Operator window opening/closing device for air ventilation and smoke exhaust.
- 1976** Established Oiles America Corporation as the first overseas subsidiary.

1980s to 1990s

- 1983** Established Oita Plant in Nakatsu City, Oita Pref.
- 1987** Started manufacturing Oiles LRB seismic isolators. The Fujisawa Plant was constructed as Japan's first building with a seismically isolated structure.
- 1989** Registered stock with the Japan Securities Dealers Association as over-the-counter stock.
- 1991** Established a plant in North Carolina as a production plant for the US subsidiary.
- 1993** Established the Ashikaga Plant in Ashikaga, Tochigi Pref.
- 1997** Listed on the first section of the Tokyo Stock Exchange.
- 1998** Established Shanghai Oiles Bearing Inc. as the first subsidiary in China.

2000s

- 2002** Established Oiles (Thailand) Co., Ltd. in Thailand.
- 2003** Established Oiles Czech Manufacturing s.r.o. in the Czech Republic. Spun off the architectural devices business and integrated it with a sales subsidiary to form Oiles ECO Corporation.
- 2005** Established Oiles Suzhou Corporation in China.
- 2011** Established the business currently named "Oiles India Private Limited" in India, building a new plant in 2013.
- 2018** Extended Oita Plant Building No. 2.
- 2021** Built the new NP Building as part of efforts to strengthen R&D function at the Fujisawa Plant.
- 2022** Transferred to the Prime Market segment when the Tokyo Stock Exchange restructured its markets.



History of Oiles Technologies

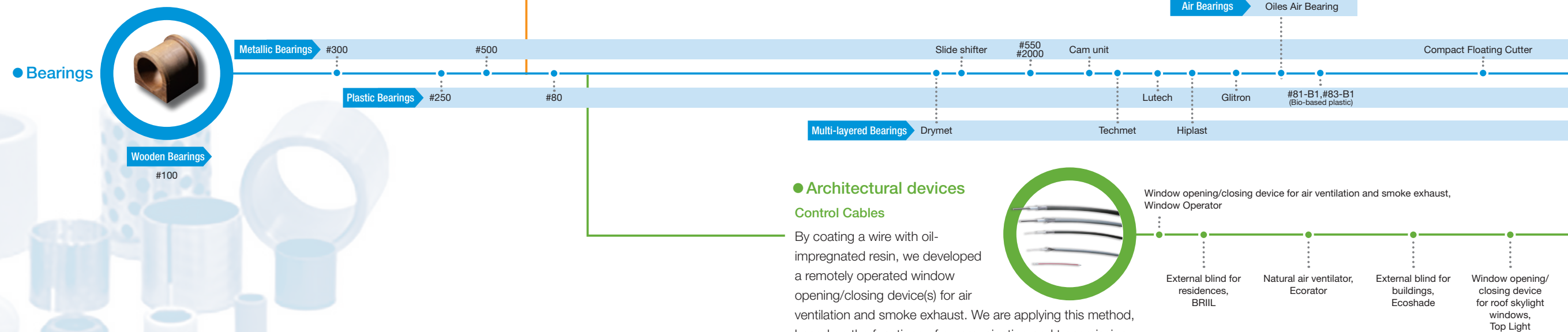
It all started with a small wooden bearing.

While working at the Monopoly Bureau of the Ministry of Finance in the early Showa period (1926-1989), the company's founder Sozo Kawasaki saw a bearing that required no lubrication in an American-made cigarette roller machine. He applied his characteristically inquisitive mind to unravel the mystery and obtained a patent in 1932 for a method to manufacture an oil-less wooden bearing.

This "DNA" of Mr. Kawasaki, as an inquisitive spirit stemming from his desire to contribute to society through technology, has been and will continue to be passed on by Oiles in its never-ending quest to develop unique technologies and products.



Founder Sozo Kawasaki



Message from the President

Masami Iida
President



Aiming to sustainably increase corporate value through businesses that help to solve social issues

We aim to achieve market valuation and increase our corporate value by enhancing our efforts to address sustainability issues along with growth strategies for our three businesses to solve social issues.

Three businesses that help to solve social issues

Since founder Sozo Kawasaki invented Japan's first wooden oil-less bearing, we have brought countless products to market through our own original technologies, with tribology technology (friction, wear, and lubrication) and damping technology (vibration control) at the core.

Based on our management philosophy of becoming a world leader as a general manufacturer of oil-less bearings and serving society through technology, we have a desire to serve society through technology that has been handed down from our founder. This is the universal value of our Group which we have always sought to embody.

Our Group's portfolio consists of three businesses: bearings, structural devices, and architectural devices. A bearing that is oil-less (a self-lubricating bearing) helps to reduce environmental impact. An example of this is in the automotive industry, where the shift to EVs is underway. The lighter weight and lower friction of oil-less bearings contribute to the long driving range of EVs. In addition, structural devices (seismic isolators and vibration control devices) that protect people, buildings and facilities from large-scale earthquakes play an important role in providing safety and security in earthquake-prone Japan. Moreover, architectural devices such as our Window Operators not only protect human lives from smoke inhalation due to fire but also provide safety, security and comfort to society by helping to ventilate buildings, which is a key countermeasure against infection.

With such contributions, I believe that all three of our Group's businesses can help to solve the social issues identified in the United Nations' Sustainable Development Goals (SDGs). I believe that our businesses embody our corporate philosophy of serving society through technology. We aim to achieve sustainable growth by sharing our purpose (raison d'être) of continuing to provide products and technologies that help solve social issues throughout the Group.

Our Strengths that Underpin Value

Our value creation is driven by the relentless pursuit of two core technologies: tribology, which is the science of friction, wear and lubrication, and damping technology for vibration control. As a market-creating company, we are engaged in research and technological development with the desire to develop unique products and materials with outstanding performance and to help the customers who use our components in their final products to provide the world's best and the world's first products of that type. We are also committed to allocating management resources in a focused manner to deliver outcomes from this research and technological development. Our ratio of R&D expenses to consolidated net sales has been approximately 4.3% on average for the past five fiscal years, which is high even compared to other companies in the same industry.

Another of our strengths is our unique business model in which our sales, engineering, and R&D departments work together to provide value to our customers. We operate a distinctive sales activity called Technical Direct Sales (TDS), in which the sales and technology departments go hand in hand and participate from the initial stages of a customer's product development. These departments cooperate in addressing the customer's product development challenges from an early stage, offer proposals that maximize the performance of our products, develop and propose new materials, and work together with the customer to create a product. We also have our own technical service called EK, in which we evaluate products on behalf of our customers. By evaluating systems in a form more similar to the customer's actual item, we are able to offer proposals to address new issues.

Our production department is constantly endeavoring to improve efficiency based on the New Production System (NPS) derived from the Toyota Production System. We also conduct precise and meticulous quality control for each process.

This combination of our research and technology development capabilities, our sales and engineering departments'

Message from the President

seamless response to customers, and our high quality production activities together form a three-pronged foundation that leads to sustainable value creation.

Status of the Medium-Term Management Plan

Consolidated net sales and consolidated operating profit are publicly announced indicators. The Medium-Term Management Plan (FY2021-FY2023) seeks to increase consolidated net sales and consolidated operating profit by more than 20% in the final year of the plan, FY2023, compared to FY2020, and the Plan seeks a consolidated ratio of operating profit to net sales of 10%.

In the general industrial field, our bearings business posted strong sales primarily for machine tools in FY2022. In the automotive industry, sales were impacted by lockdowns in China and by production cuts of cars in Europe, North America, and domestically in Japan accompanying the semiconductor shortage, but they were buoyed by a recovery in demand from India and ASEAN countries and a weaker yen, increasing 9% from the previous fiscal year. Raw materials costs and energy prices spiked, but profits still rose slightly as progress was made in passing on those costs to sales prices and curtailing fixed costs. Our structural devices business' sales of products for urban redevelopment properties and logistics centers were strong, but large-scale projects decreased compared to the previous year. Our architectural devices business' sales and profits increased from the previous fiscal year thanks to robust sales of Window Operators, which are a core product. As a result, consolidated net sales were 62.882 billion yen (+5.1% from the previous fiscal year) and consolidated operating profit was 5.056 billion yen (-13.7% from the previous fiscal year). Consolidated net sales exceeded the Medium-Term Management Plan, but consolidated operating profit was 9% below the Plan.

We implemented a large-scale reorganization in April at the start of FY2023, the final year of our Medium-Term Management Plan. We have established two divisions within our Bearing Division, one for General Bearing Division and the other for Automotive Bearing Division. Our bearings business needs to enhance its efforts in the field of general industrial machinery, such as electronics for semiconductor manufacturing equipment, and in the field of renewable energy since these fields will become new earnings pillars in the future. In the field



of automotive products, our bearings business needs to develop products and technologies that can respond to major transformations of the times, i.e., CASE vehicles and Mobility as a Service (MaaS). As a result of reorganizing into two divisions, we aim to respond more quickly and adeptly to issues in both divisions.

In line with this reorganization, we have also established a Production Division to oversee domestic and overseas production divisions. Production departments are also facing a variety of challenges in the changing environment, such as rising raw material prices, CO₂ emission reductions, and passing on production technology amidst a shrinking workforce. In light of these issues, the Production Division will further improve QCD (quality, cost, and delivery) and promote the automation and digitalization of production processes. Under this new organizational structure, we will strive to implement priority measures specified by each division.

FY2023 is the final year of the current Medium-Term Management Plan. We are in an uncertain economic environment involving continuing global price hikes and concerns over an economic slowdown in China, but we will continue with our efforts in the final year of the Plan to firmly link them to subsequent growth.

Increasing Our Corporate Value

Formulating a New Medium-Term Management Plan

A new Medium-Term Management Plan will begin in the next fiscal year (FY2024). We are internally discussing the formulation of a new Medium-Term Management Plan, and as a company listed in the Prime Market of the Tokyo Stock Exchange, we would like to formulate it with more emphasis on "evaluation by the market" than before.

The most important thing to increasing corporate value is a "growth strategy," and we will formulate a "business strategy for sustainable growth" for our three businesses - bearings, structural devices, and architectural devices - in the next Medium-Term Management Plan. We will also consider how to utilize the cash flow we receive pursuant to that strategy, i.e., how to balance the amount of investment required and shareholder returns over the medium to long term. In addition, we would also like to consider setting targets for a return on capital, such as a return on equity (ROE), from the perspective of allocating management resources with capital efficiency in mind.

In light of the three considerations above, we hope to implement, via the new Medium-Term Management Plan, a scenario of sustainable corporate growth that will lead to a higher valuation in the stock market. In order to sustainably increase corporate value, we will implement management with the balance sheet in mind as well as levels of sales and profits.

Enhancing Our Efforts to Address Sustainability

The world experienced record-breaking heat waves and geopolitical tensions continued in 2023. The need to achieve the SDGs, including a global environmental response, has been keenly felt. There is no longer a debate as to whether medium- to long-term sustainability, including ESG factors, is

an important management priority for companies. The Group considers promoting ESG, as exemplified by the SDGs, to be a foundational activity to promote corporate social responsibility (CSR) and at the same time to sustainably increase corporate value. Efforts to promote CSR and address sustainability issues are positioned as cornerstones of the Group's activities.

In terms of climate action, the Group set a new environmental target in FY2021: "reducing total CO₂ emissions by 46% from their FY2013 level by FY2030." As a follow-up, we have now set a goal to achieve "carbon neutrality by 2050" as a Group. In order to reduce CO₂ emissions, we are promoting solar power generation at our own facilities (our Fujisawa Plant), the use of LEDs, and the systematic upgrading of air conditioning and machinery with more energy-efficient equipment. In addition, we have also been promoting saving energy by procuring renewable electricity and gauging and displaying energy use in production processes since FY2022.

In our core business of providing society with products and technologies that reduce environmental impact, we are also bolstering our efforts in the fields of EVs, renewable energy, and hydrogen energy, in addition to the development of biomass bearings primarily by our Bearing Division. Our efforts in technological and product development are driven by the conviction that our technologies and products have grand potential to contribute to the global environment. Carbon neutrality by 2050 is a very challenging and daunting goal. To provide products and technologies that help solve the world's problems, we will "tirelessly pursue technologies" to achieve innovation for our Group to achieve carbon neutrality by 2050.

"To create an environment and culture where employees' diversity is respected and employees can grow together with the company" as stated in our medium-term management policies, we are promoting initiatives to promote diversity and invest in human capital (e.g., human resources development) based on the conviction that human resources (human capital) are the source of value creation and increased corporate value. Valuing the diversity of our employees, we have set diversity targets, such as the ratio of female managers and the ratio of female new graduates, and we are working to achieve a workplace that is both diverse and inclusive. Management is committed to promoting initiatives related to human capital such as human resources development, work-life balance, and health and productivity management, and we are striving to create an environment in which employees, who are the source of increased corporate value, can grow and to boost "employee engagement" so that the Company and employees are on the same page.

In terms of governance, we have made a fresh start as a listed company by moving to the TSE's Prime Market in April 2022 and we have been working to achieve diversity on the Board of Directors and increase the ratio of outside directors (ratio of outside directors: one-third), but we continue to consider ways to further improve our governance system.

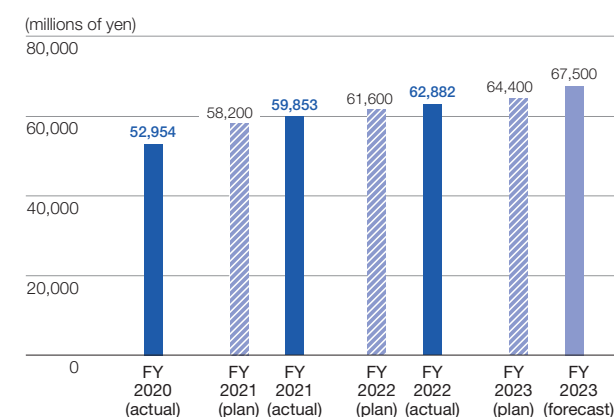
We celebrated our 70th anniversary in March 2022. All of our officers and employees have worked tirelessly to achieve sustainable growth and we will continue to strive to become a 100-year company or older. We look forward to the continued support of all our stakeholders.

Medium-Term Management Plan (FY2021-FY2023)

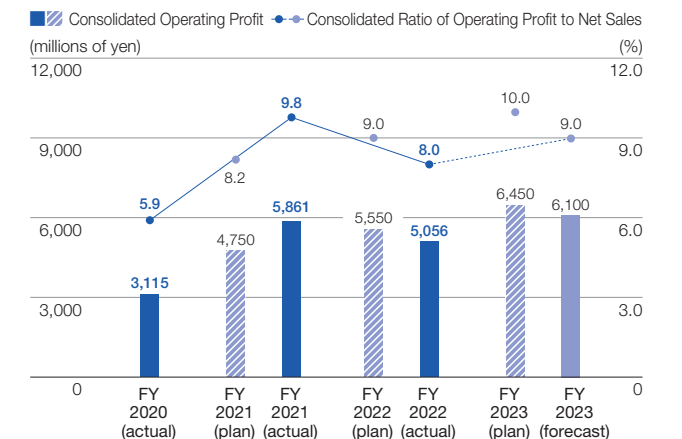
Medium-Term Management Policies

- Realize growth targets for each business by promoting global management
- Strengthen technological capabilities and improve productivity by effectively utilizing management resources through "Selection and Focus"
- Create an environment and culture where employees' diversity is respected and employees can grow together with the company

Consolidated Net Sales



Consolidated Operating Profit and Consolidated Ratio of Operating Profit to Net Sales



* Plan: Values expected at the time of formulating the medium-term management plan
Forecast: Financial results forecast announced on May 11, 2023

Identifying Materiality for Sustainable Growth

The Oiles Group recognizes that sustainable corporate growth based on the further evolution of non-financial capital, such as human, intellectual, manufacturing and natural capital, is important for achieving our medium-term management plan (fiscal 2021-2023). Therefore, concurrently with the formulation of the plan we also identified the major issues (materiality) necessary for our sustainable growth.

By strengthening our efforts to address materiality, we will contribute to addressing the SDGs and other social issues to achieve sustainable growth and increase corporate value.

Reviewing Materiality from the Perspective of Sustainable Growth



Identifying the social issues to be addressed

Based on sources that include international standards such as ISO 26000, major guidelines, external ratings, international integration frameworks, we identified more than 50 social issues that companies are expected to address to achieve sustainable growth.

Analyzing the importance to society and stakeholders (vertical axis assessment)

We assessed the level of importance of the issues identified above to society and stakeholders (vertical axis assessment) while referring to the assessment parameters of ESG assessment organizations and survey items from suppliers.

Analyzing the level of importance to the management of the Oiles Group (horizontal axis assessment)

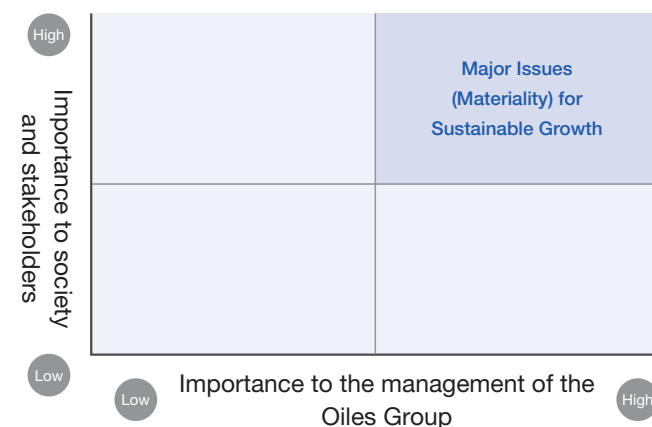
We added the issues identified above to the Long-Term Vision and assessed their importance to the management of the Oiles Group from the perspectives of both our new medium-term management plan and the implementation of each department's plans (horizontal axis assessment).

Identifying major issues (materiality)

Using the materiality matrix based on the above vertical and horizontal axis assessments, the Sustainability Promotion Council, composed of management members, identified the major issues (materiality) necessary for the sustainable growth of the Oiles Group.



Identifying Major Issues (Materiality) for Sustainable Growth



Major Issues (Materiality) for Sustainable Growth

Materiality	Relevant SDGs	Opportunity	Risk	Major Initiatives	
S: Society Developing and providing advanced products and technologies that contribute to the resolution of social issues (See pages 13-24)	Developing advanced products and technologies to satisfy and surpass customer needs		<ul style="list-style-type: none"> Strengthening competitiveness and enhancing corporate value as a market-creating company Sustainable enhancement of corporate value by achieving <i>sanpo-yoshi</i> (good for three parties) for customers, society, and the Group 	<ul style="list-style-type: none"> Decreased competitiveness as a company due to a weakened ability to innovate 	<ul style="list-style-type: none"> Continue prioritizing the allocation of management resources (R&D expenses, personnel) to research and technology development Significantly expand floorspace for technology and R&D by restructuring the Fujisawa Plant (construct new plant building) Promote the development of products and technology that contribute to solutions to climate change issues in areas such as EV readiness and renewable energy
	Contributing to the evolution of the mobility society				
	Improving product quality				
E: Environment Environmental initiatives (See pages 33-38)	Preventing global warming (addressing climate change issues)		<ul style="list-style-type: none"> Increasing corporate value by providing products and technologies that help resolve climate change issues Gaining stakeholder confidence through recognition of the company's environmental responsiveness 	<ul style="list-style-type: none"> Loss of business opportunities if the company fails to develop and enhance products that address climate change Possibility of losing credibility with customers, shareholders and others if our CO₂ emissions reductions are inadequate Interruption to the Group's production activities due to unprecedented natural disasters (especially wind and water damage) 	<ul style="list-style-type: none"> Promoting initiatives to achieve environmental targets for carbon neutrality by 2050 — Implementing full-scale solar power generation at the Fujisawa Plant and other initiatives Promote the development of products and technology that contribute to solutions to climate change issues in areas such as EV readiness and renewable energy
	Sustainable use of environmental resources				
	Human Resource Development				
S: Society Human resource measures (See pages 39-44)	Diversity and inclusion		<ul style="list-style-type: none"> Gaining growth opportunities as a company by securing talented and diverse human resources who share the company's vision Increased corporate value achieved by improving employee engagement 	<ul style="list-style-type: none"> Impact on continuity of employment due to the decline in the working age population and increased competition in recruitment Damage to corporate value due to penalties and criticism of inappropriate labor practices 	<ul style="list-style-type: none"> Promote initiatives to diversify our workforce — Improve our ratio of female employees, not only by setting targets for female managers, but also by setting targets for the hiring ratios of female new graduates Establish an environment and culture for employees to grow together with the company and raise employee engagement
	Respect for Human Rights and Appropriate Labor Practices				
	Strengthening governance in light of the market structural reform of the Tokyo Stock Exchange				
G: Governance Corporate governance (See pages 27-32)	Solid compliance management		<ul style="list-style-type: none"> Gaining trust from stakeholders by enhancing corporate governance Achieving stable management through appropriate risk management and the establishment of a robust compliance system 	<ul style="list-style-type: none"> Damage to corporate value due to inadequate corporate governance Occurrence of scandals due to inadequate compliance 	<ul style="list-style-type: none"> Enhance the effectiveness of our Board of Directors — Increase the diversity of the Board of Directors and raise the ratio of independent outside directors (ratio of independent outside directors: one third) Improve how the Board of Directors and other management meetings operate based on questionnaires assessing the effectiveness of the Board of Directors
	Risk Management				

Value Creation Process

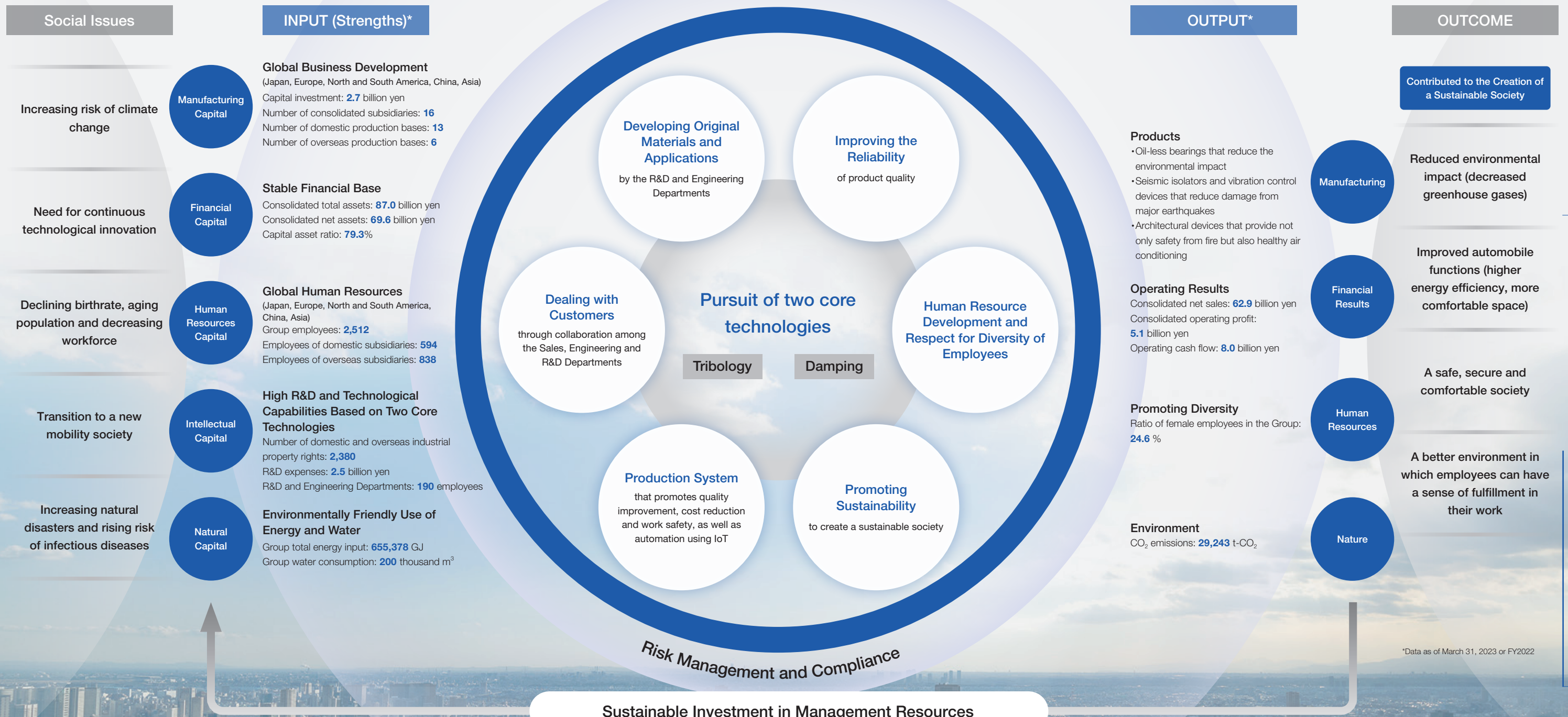
Management Philosophy

"To become a world leader as a general manufacturer of oil-less bearings and serve society through technology"

Long-Term Vision

In order to fulfill our management philosophy, we intend to be:

- A company that contributes to the preservation of the global environment and delivers safety, security and comfort through the products and technologies required by the world
- A market-creating company that pursues tribology technology (friction, wear, lubrication) and damping technology (vibration control) to create one-of-a-kind products
- A company that fulfills its corporate social responsibility (CSR) and helps realize a sustainable society through business with high social contribution

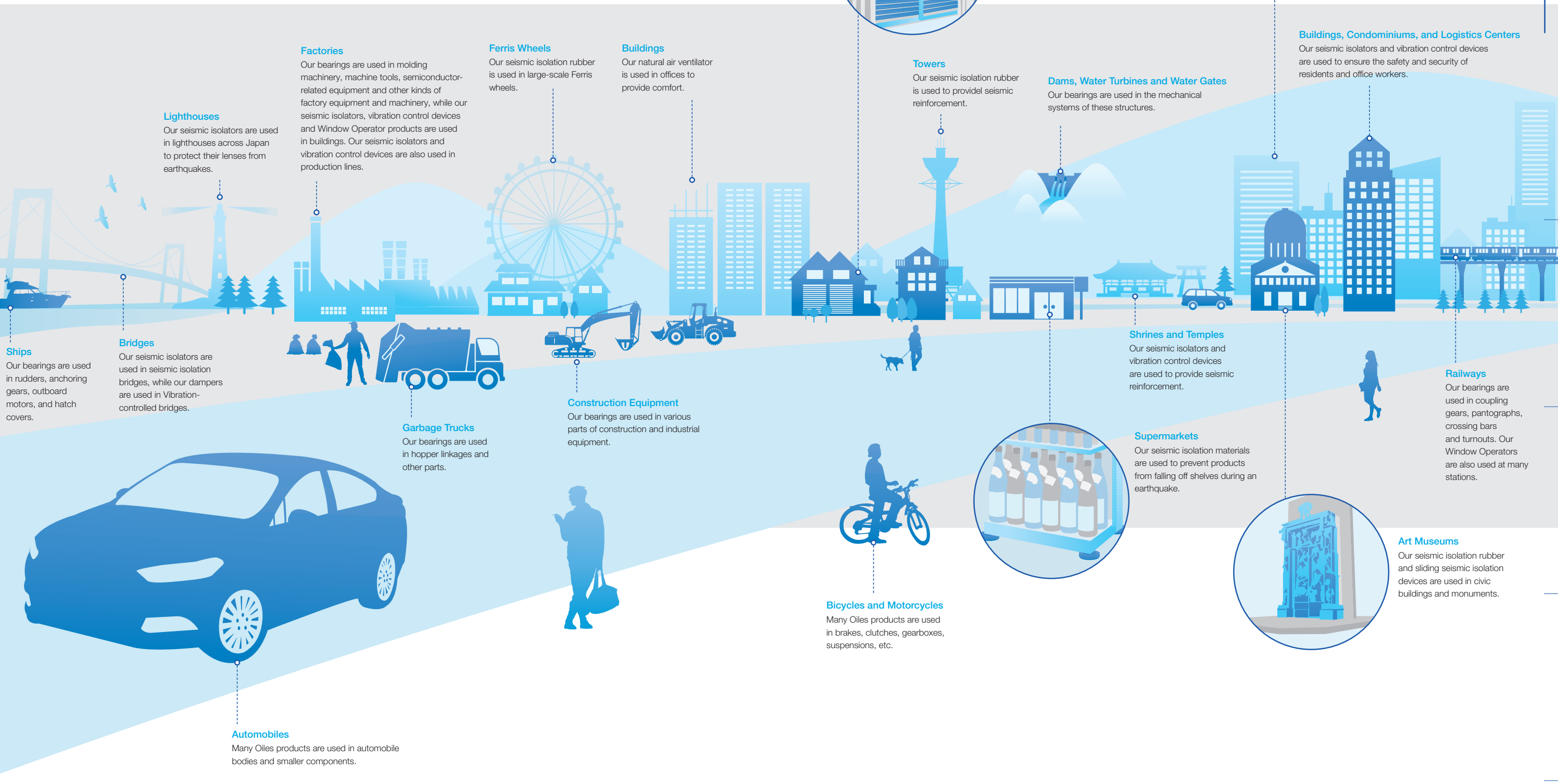


*Data as of March 31, 2023 or FY2022

Oiles Business Activities

Oiles Group products, based on the two core technologies of tribology and damping, are vital components for various mechanisms that support the safety and security of society and people's daily lives, including many buildings and other structures.

We continue to strive and hone our techniques so that we remain instrumental in improving the quality of life and well-being of people and society.



Oiles Business Activities

Bearings

Structural Devices

Architectural Devices

Intellectual Property Initiatives

Bearings



General Industrial Field (General Bearing Division)

Oiles bearings are used in a variety of fields related to manufacturing and daily life, from infrastructure and plant facilities to office equipment, and production equipment, construction machinery, dams, water turbines, water gates, and wind power generators. We offer an extensive product lineup for a range of specific applications.

Our products come in various shapes, materials and sizes, from components in precision equipment such as semiconductor manufacturing equipment to large products several meters in size for use in dams and water gates. For example, OABs (Oiles air bearings) produce a membrane of air between the shaft and bearing to achieve non-contact movement, enabling super high-accuracy positioning control and ultrafast machining by achieving a coefficient of friction of virtually zero (air resistance only). Thus, demand for such OABs

is increasing in various fields such as precision instruments and electronics.

In addition, Oiles bearings help to reduce environmental impact across broad industrial areas. An example of an environmentally sound product we developed is the Biomass Plastic Bearing. Made from sugar cane and oil castor beans, fillers were added to improve sliding performance. Combining excellent performance and high biomass content, these bearings reduce CO₂ emissions compared to conventional, petroleum-based products.

In the field of renewable energy, we offer conventional bearings for hydroelectric and wind power generation facilities, and we are also working to acquire projects in the field of next-generation energy supply, both in Japan and overseas.

Biomass Plastic Bearing (#81-B1)



Oiles Air Bearings (OABs)



Features of OABs

High Performance	Originally developed porous technology allows optimum compensation. Demonstrates high load performance and high bearing rigidity.
Customization	- The flow rate may be adjusted easily by material design. High-rigidity and other such specifications can be accommodated according to the usage application. - Can be made in various shapes.
Safety	Oil-less bearings are less likely to seize even under solid contact conditions, feature superior safety, and are easy to work with.
Economical	OABs can reduce the flow rate remarkably in comparison with inherent-orifice or orifice compensation, reducing air source workload and running costs. *Inherent-orifice and orifice compensation are structures to form an air membranes by compensating air flow with holes or grooves on the surface of the bearing.
Environment	OABs can be used in cleanrooms.

Oiles Bearings for Reduced Environmental Impact

All types of machinery, including automobiles and motorcycles, as well as transportation, machine equipment, power generation and office equipment, are capable of rotational or reciprocating motion, and thus have moving parts that generate friction. The economic loss caused by friction, such as wear and tear of parts and loss of operation, is estimated to be over 15 trillion yen per year in Japan alone.* We develop tribology (friction, wear, and lubrication technologies) technologies and provide unique bearing products with oil-less (self-lubricating) characteristics to help develop the economy and society by reducing the various losses associated with friction and wear.

Bearings are broadly classified into plain bearings

and roller bearings. Oiles bearings are the plain type and can be used with either no lubrication at all or a reduced frequency and amount of lubrication. Thanks to our unique technology and expertise, our bearings exhibit superior durability and performance stability even under harsh environments where roller bearings and ordinary plain bearings cannot maintain performance.

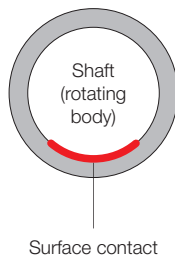
In addition, Oiles bearings are environmentally sound because they use less lubricating oil and are smaller as well as lighter than roller bearings of a comparable size.

As the world strives to achieve carbon neutrality by 2050, we are helping to achieve that goal with Oiles bearings, which have less of an environmental impact.

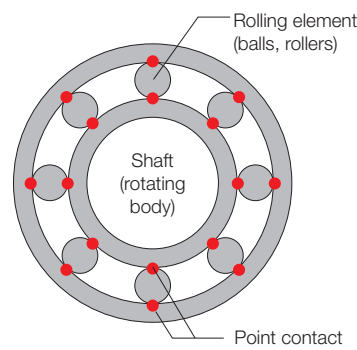
* According to the JOST Report, Japan Edition

Plain Bearing

Compact & lightweight



Rolling Bearing



Features Comparison

	Oiles Bearing	General Plain Bearing	Roller Bearing
Lubrication	Can be used without lubrication	Requires lubrication	Requires lubrication
Size	Thin-walled and compact	Thin-walled and compact	Thick-walled and large
Weight	Light	Normal	Heavy
Impact Resistance	Superior	Slightly superior	Inferior
Heat Resistance	Can be used at high temperatures	Slightly superior (generally up to 150°C)	Inferior (cannot be used at high temperatures)
Wear Coefficient	Low	Slightly low	Extremely low

Bearings

Automotive Industry (Automotive Bearing Division)

Oiles bearings are most widely used in the automotive industry. Our products are used across a wide range of applications that comprise a vehicle, including the suspension, steering, transmission, exhaust pipes, and the interior. Our market share is approximately 50% worldwide and more than 70% for some products by Japanese automobile manufacturers.

The automotive industry is undergoing a massive transformation, as represented by CASE^{*1} and MaaS^{*2}, and we are responding to this transformation by providing products that help create new value. For example, accelerating the widespread adoption of electric vehicles (EVs) will require reducing their weight to resolve the challenges related to their driving range. Oiles bearings, both compact and lightweight, can reduce the weight of some products by more than 50% compared to roller bearings. We therefore believe that we can significantly contribute to the popularization of EVs by making them lighter.

And with the widespread use of EVs and practical application of automated driving, there is a growing trend to view the

automobile as a living space rather than a means of transportation. The demand for controlling sound and vibration is increasing as people place more importance on the quietness and comfort of riding inside a vehicle. In addition, new needs have arisen, such as requirements for a lighter weight to increase the driving distance, heat resistance for bearings to allow use in EVs, and high-speed rotation. We are developing products to meet those needs through the use of our core technologies and our knowledge.

We established the New Technology Development Office under the automotive engineering department in October 2020 to develop products that support the CASE and MaaS and promotes advanced development from a long-term perspective, looking 10 to 20 years into the future. We developed plastic bearings for EVs that improve the functionality and lifespan of electric water pumps, which are needed to cool batteries, motors, inverters, etc., and we began suggesting them to various manufacturers.

^{*1} CASE: Connected, Autonomous/Automated, Shared, and Electric.
^{*2} MaaS: Mobility as a Service that integrates various means of transportation and makes them more efficient and convenient.

Faster Business Operations as a Result of Reorganization into Two Divisions

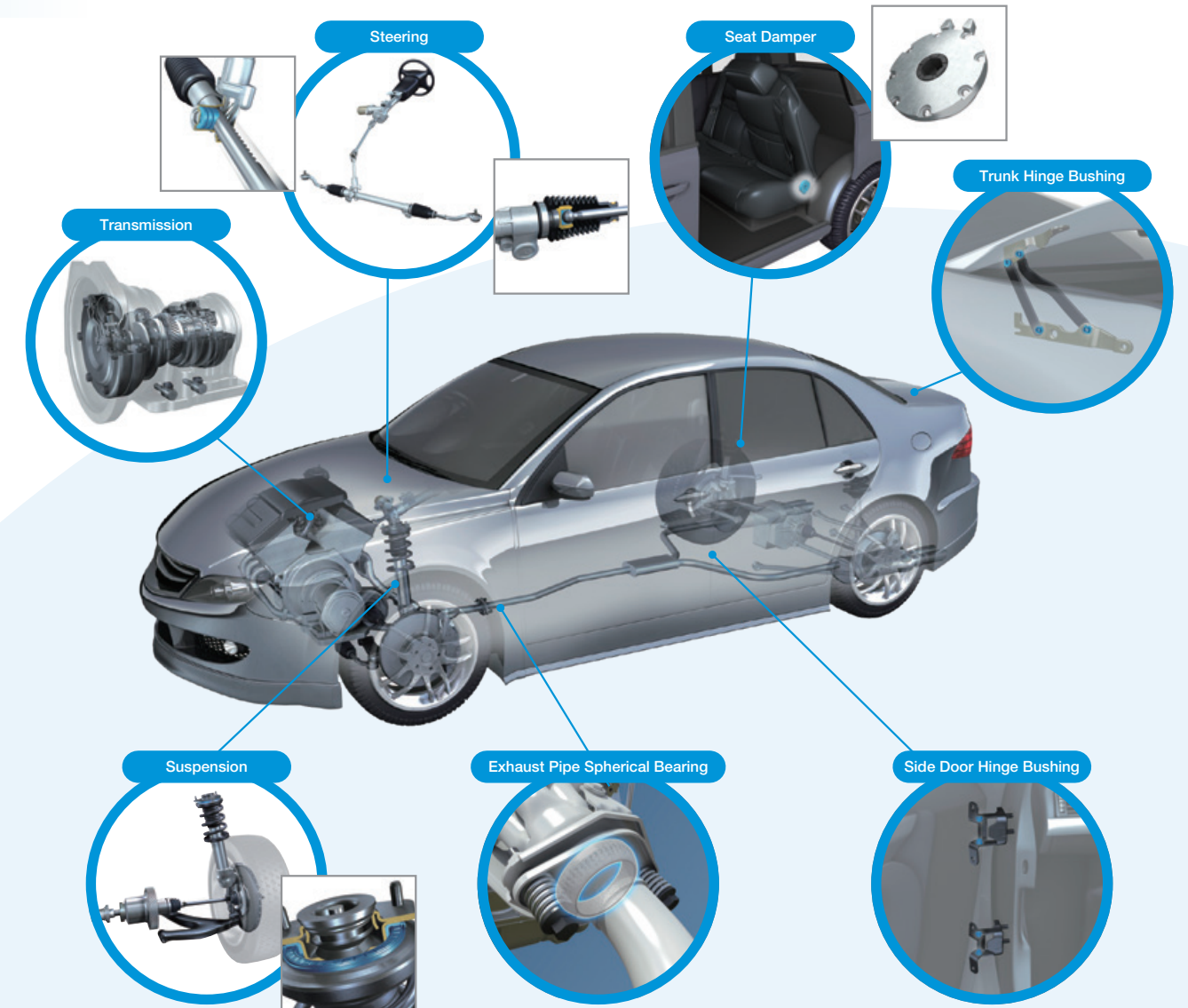
In the field of general industrial machinery, our bearings business posted strong sales primarily for machine tools in FY2022 as production in domestic manufacturing recovered. In the field of automotive products, automobile production cutbacks in Europe, the US, and Japan due to the lockdowns in China and the semiconductor shortage in the first half of the year had an effect, but a recovery in demand from India and ASEAN countries and a weaker yen resulted in higher sales than the previous fiscal year, and sales for the Division as a whole increased 9% from the previous fiscal year. High raw material costs and energy prices put pressure on profits, but operating profit for the Division as a whole remained slightly above the previous fiscal year's level due to the transfer of costs to sales prices and reductions in fixed costs. Consolidated operating profit from our bearings business in FY2022 was approximately 90% of the level in our Medium-Term Management Plan.

In April 2023, we reorganized into two divisions: the General Bearing Division, which is responsible for general industrial machinery, and the Automotive Bearing Division, which is responsible for automotive products. As a result of this reorganization, we aim to respond more quickly and adeptly to major issues in each area of business.

For further growth per our Medium-Term Management Plan and beyond, in the field of general industrial machinery we will strive to enhance sales of OABs for precision machinery such as semiconductor manufacturing equipment and other ultra-high-precision, high-speed processing equipment and to provide products and technologies in fields that will help to create a decarbonized society, such as renewable energy and hydrogen energy. We are also working to create a market for biomass-based plastic bearings, with standard products to be launched in 2023. In the field of automotive products, we will continue to expand the use of our existing core products by emerging EV manufacturers around the world, while at the same time developing products and exploring the growing market for products like electric water pumps as a result of the shift to EVs.

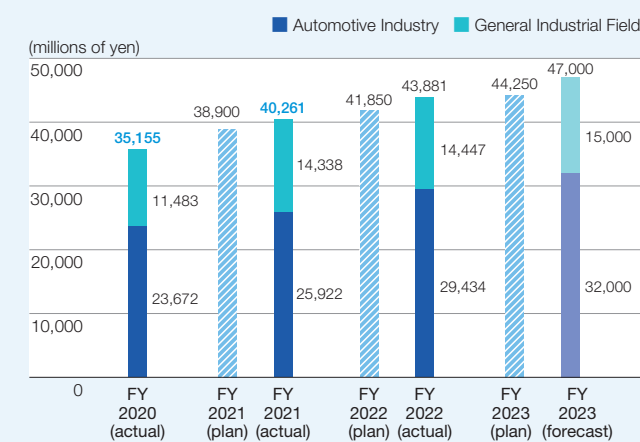
There have been changes in external conditions that were not anticipated when the Medium-Term Management Plan was formulated, such as the spread of COVID-19, the crisis in Ukraine, and the global rise in prices, but we aim to expand new businesses and improve our profit structure to achieve the consolidated ratio of operating profit to net sales of approximately 10% as set forth in the Plan.

Oiles Bearings for a Variety of Automotive Components

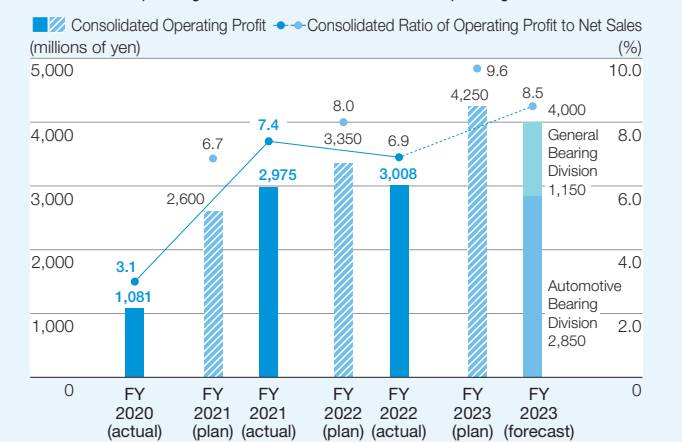


Bearings Business Medium-Term Management Plan (FY2021-FY2023)

Consolidated Net Sales



Consolidated Operating Profit and Consolidated Ratio of Operating Profit to Net Sales



* Plan: Values expected at the time of formulating the Medium-Term Management Plan
 Forecast: Financial results forecast announced on May 11, 2023

Structural Devices



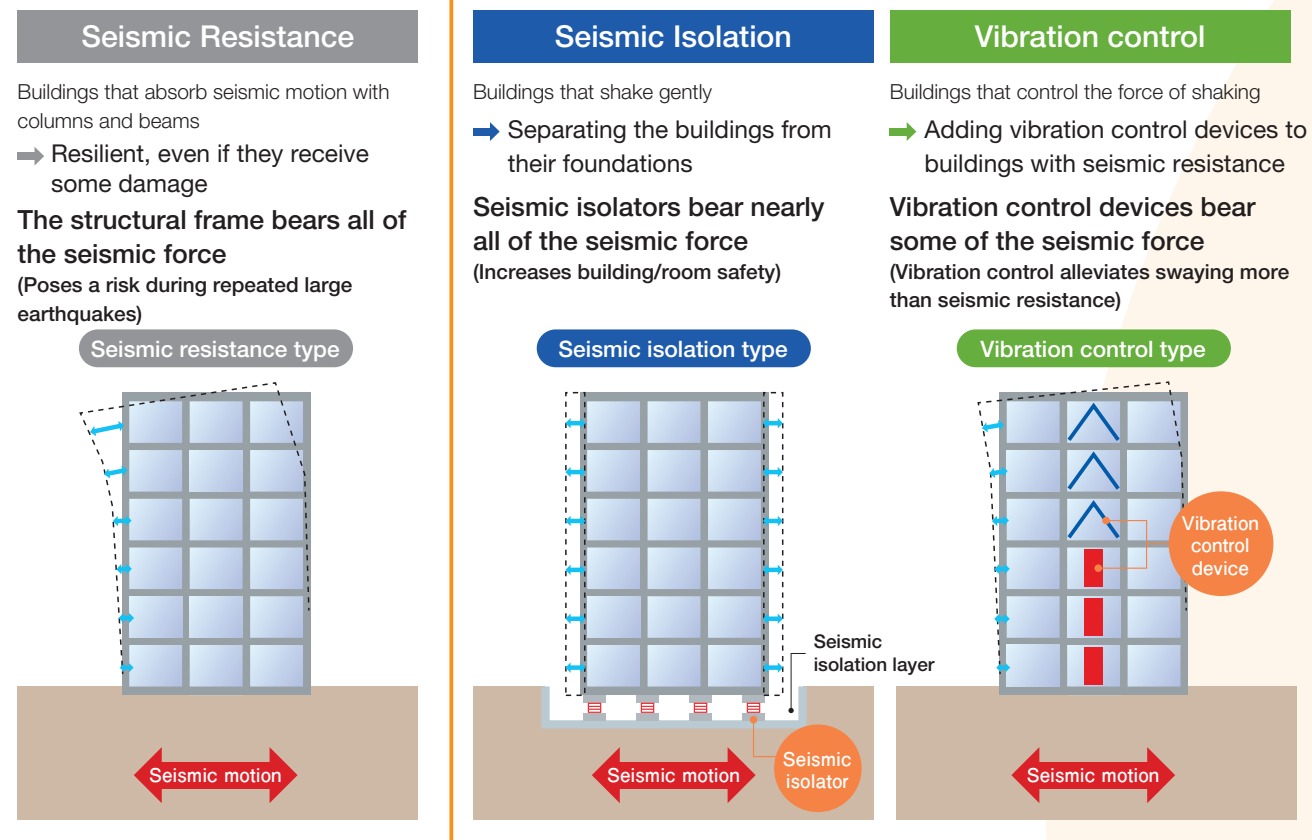
A Pioneer of Seismic Isolators and Vibration Control Devices

Our bearing plates had been used to support bridges since the 1960s in a variety of settings such as highways and Shinkansen bullet train lines, but it was the collapse of a bridge girder during the Niigata Earthquake in 1964 that inspired us to begin developing an anti-earthquake device. Having established damping (vibration control) technology, we became the first company in Japan to adopt it for Lead Rubber Bearings (LRBs), seismic isolators that integrate vibration isolation and energy absorption. We subsequently established and developed the associated production techniques. As the leading pioneers in the field of seismic isolation and vibration damping in Japan, we are fulfilling

our responsibility to protect people's lives and the safety of cities from natural disasters such as earthquakes and strong winds.

The Sustainable Development Goals (SDGs) advocated by the United Nations include the phrase "sustainable cities and communities" with the intention of ensuring that cities and other residential areas are inclusive, safe, resilient, and sustainable. We are contributing to solving social issues by mastering damping technology and providing seismic isolators and vibration control devices to society in order to create safe and resilient infrastructure.

Differences Between Seismic Resistance, Seismic Isolation and Vibration Control



Protecting the Safety of Structures and Buildings

With the recently growing awareness of disaster prevention and mitigation, Oiles' seismic isolators and vibration control devices are being used in a wide variety of structures and buildings, including public facilities that serve as key facilities in the event of a disaster, such as government offices, fire stations, and hospitals. Our technology is also being used in high-rise buildings, historic buildings, and social infrastructure such as expressways and elevated bridges. As part of their business continuity plans, a growing number of companies are adopting seismic isolators to protect their factory equipment and the large warehouses that are being built in increasing numbers to serve the rapid expansion of e-commerce.

Another major issue is that the social infrastructure that was

intensively developed during Japan's period of rapid economic growth from the 1950s to 1970s is aging more or less at the same time. From the standpoint of national resilience as a major component of the country's risk management, we will meticulously respond to the demand for repairs and renovations to improve the seismic resistance of social infrastructure such as bridges.

Topics

50 large bearings are used in the first line (Mumbai to Ahmedabad) of India's first high-speed rail project, India High Speed Rail. (Mar. 2023)



Adopting Additional Measures to Aim for a Continuously High Ratio of Operating Profit to Net Sales

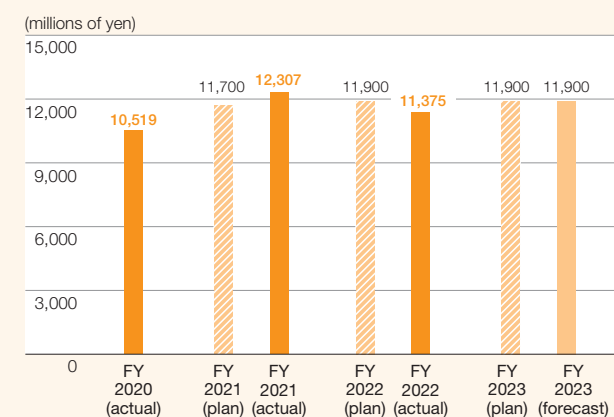
Financial results for our structural devices business in FY2022 remained strong, continuing from the previous fiscal year, in areas including products for buildings in urban redevelopment projects and logistics centers. Large projects overseas were completed, but both sales of and profits on products for bridges were lower than in the previous fiscal year, partly in response to the large and highly profitable projects in the previous fiscal year. As a result, both sales and operating profit for the business overall were lower than in the previous fiscal year and in the Medium-Term Management Plan, but the ratio of operating profit to net sales remained high at over 13%. The order backlog for our structural devices business at the end of March 2023 was 12.6 billion yen, which was more than 40% higher

than at the end of the previous fiscal year.

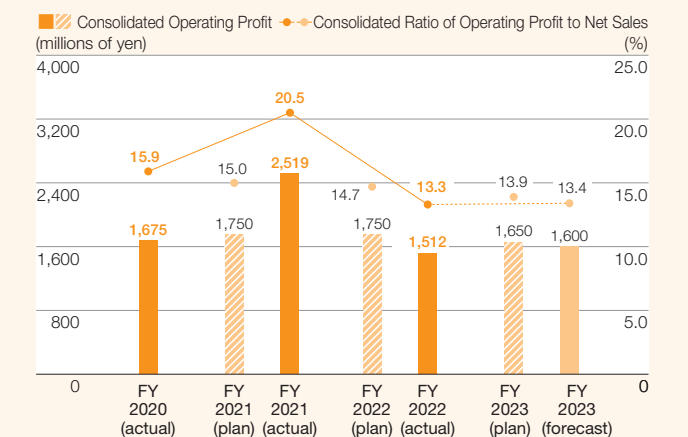
Our products for buildings continue to perform well as part of urban redevelopment projects and logistics center projects. For further growth per our Medium-Term Management Plan and beyond, we will strive to capture new demand for our products in the data center and semiconductor manufacturing facility-related markets, where building integrity is particularly demanded, and in overseas markets, particularly Taiwan. We will enhance our efforts related to products for buildings to bid for projects involving the seismic isolation of small and medium-sized bridges, in parallel with large-scale projects, and we will particularly focus on renovations (seismic reinforcement) and four-lane expressways to increase national resilience.

Structural Devices Business Medium-Term Management Plan (FY2021-FY2023)

Consolidated Net Sales



Consolidated Operating Profit and Consolidated Ratio of Operating Profit to Net Sales



* Plan: Values expected at the time of formulating the Medium-Term Management Plan
Forecast: Financial results forecast announced on May 11, 2023

Architectural Devices



Supporting the Safety of Life

In Japan in the early 1970s, a series of fires in big buildings resulted in many lives being lost due to smoke inhalation, leading to smoke exhaust systems becoming a requirement. However, the operability of these systems posed a problem during emergencies, as smoke exhaust windows let harmful smoke out when there is a fire, but they are usually installed in high, out-of-reach places.

To address this, the Oiles Group applied its sliding technology to smoke exhaust equipment to develop the Window Operator, a device that opens and closes windows to eliminate smoke and ventilate air. During a fire, the smoke exhaust window will quickly expel toxic smoke, thereby contributing to the safety and security of the building.

Creating Comfortable, Safe Living Spaces that Save Energy

Our subsidiary, Oiles ECO develops and provides products that control natural energy such as air flow, which is difficult for air conditioning systems to do on their own. It is therefore helping to reduce environmental impact, as its products save energy and create comfortable living spaces in all sorts of structures, from high-rise buildings to residential homes.

Ecoshade, an external electric blind for buildings, blocks sunlight on the outside of a window like a bamboo blind. This helps to keep the temperature inside from rising, thus saving energy. The Ecorator, otherwise known as the Eco-Supli, is a natural air ventilator for buildings without openable windows. It

brings natural air inside, improving cooling efficiency and making living spaces more comfortable.

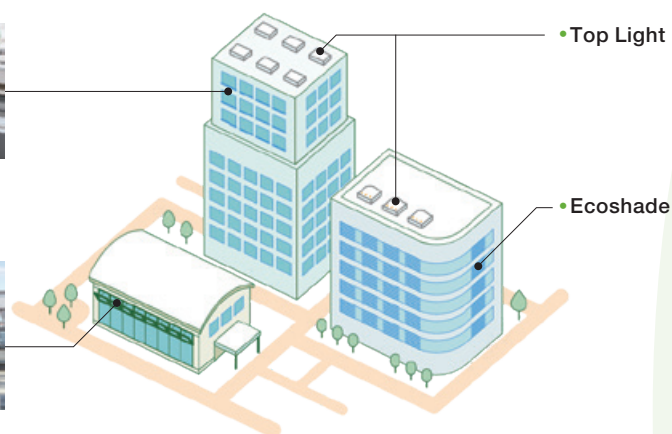
An external blind for homes, Brill combines the functions of a shutter and blind, controls natural light, and cuts off about 80% of solar radiation heat from entering the window (heat insulation). It also reduces the air-conditioning load by curbing the rise in surface temperature of window glass by about 10°C compared to interior blinds and is thus a means of energy saving in homes and low-rise buildings. In light of this, we have promoted Brill and its features through online advertising as part of our B-to-C strategy.

Building Ecology System

•Ecorator



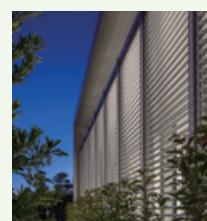
•Window opening/closing device for air ventilation and smoke exhaust, Window Operator



•Top Light

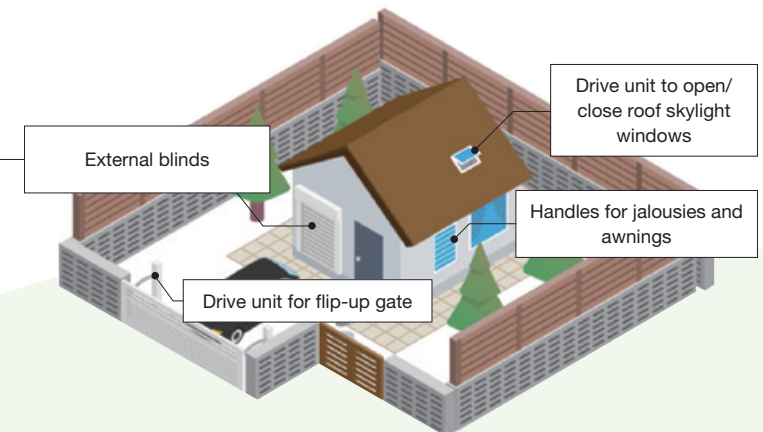


•Ecoshade



Residential Amenity System

• External blinds, Brill



Aiming to Achieve the Medium-Term Management Plan Amidst Growing Awareness of the Importance of Ventilation

Oiles ECO's sales of and profits on products for buildings in FY2022 exceeded those of the previous fiscal year due to strong sales of its core product, Window Operator, for new construction. However, sales of and profits on residential products were slightly lower than the previous fiscal year due to the impact of a decline in the number of new housing starts. Thus, both net sales and operating profit for the business as a whole exceeded financial results from the previous fiscal year and the Medium-Term Management Plan. Operating profit in particular increased 42.2% from the previous fiscal year and 31.6% from the Medium-Term Management Plan. The importance of ventilation in living spaces has been widely recognized as a result of lifestyle changes caused by the spread of COVID-19. Oiles ECO facilitates the health of residents via a safe air-conditioned environment, i.e., it provides customers with "healthy air conditioning." Oiles ECO's role is becoming increasingly important in terms of solving social issues.

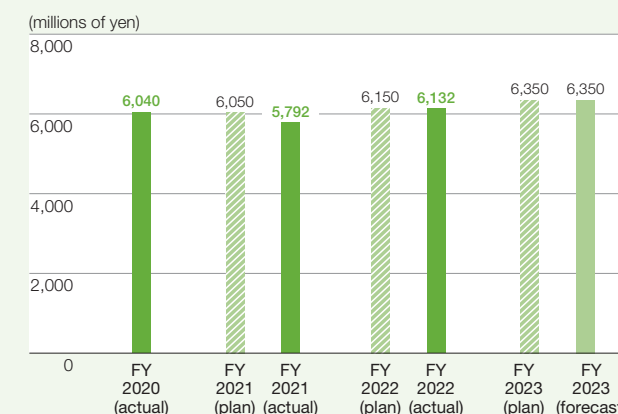
For further growth per our Medium-Term Management Plan and

beyond, we will strive to maintain the market share for our core product, Window Operator, in the new construction market. We will also strive to secure large-scale renovation projects and further strengthen relationships with building management companies and general contractors' facility management divisions in the market for upgrading of previously installed products. We are also developing new products to reduce construction work and provide a high level of durability. We aim to expand sales of BRILL external blinds for residential customers by increasing awareness of the product through advertising, promoting use of the product in environmentally friendly homes, and tapping into demand for home renovations.

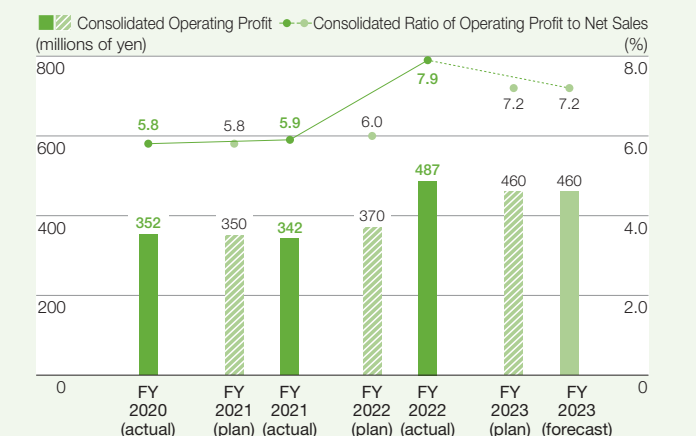
Oiles ECO will continue to aim for stable and sustainable growth by providing "health and comfort" and "reduced energy saving" to meet our customers' need for ventilation, which was recognized amidst the risk of the pandemic.

Architectural Devices Business Medium-Term Management Plan (FY2021-FY2023)

Consolidated Net Sales



Consolidated Operating Profit and Consolidated Ratio of Operating Profit to Net Sales



* Plan: Values expected at the time of formulating the Medium-Term Management Plan
Forecast: Financial results forecast announced on May 11, 2023

Intellectual Property Initiatives

The Oiles Group's management philosophy is to "serve society through technology," and one of our major issues (materiality) for sustainable growth is to develop and provide advanced products and technologies that contribute to resolving social issues. Our initiatives for intellectual property are closely related to our relentless pursuit of two core technologies: tribology (friction, wear, and lubrication) and damping.

Focused and Continuous Allocation of Management Resources to R&D Activities

We have been focusing on and continually allocating our management resources to R&D activities as the source of creating intellectual property. R&D expenses for the fiscal year ending in March 2023 were 2.527 billion yen on a consolidated basis, accounting for 4% of consolidated net sales. The ratio averaged approximately 4.3% over the past five fiscal years, which is high even compared to other companies in the same industry. In terms of human resources, we had 190 employees in R&D and engineering departments in Japan and overseas as of the end of March 2023.

Main R&D Themes of Each Division

Bearings	General Industrial Field Developing materials with the goal of improving sliding performance and creating value-added products such as materials compliant with environmental regulations
	Automotive Field Developing new CASE-compatible products and shortening development lead times through better prediction technologies enabled by CAE analysis
Structural Devices	Conducting R&D to deliver high durability and providing products that are effective against long-wave, long-period seismic motions
Architectural Devices	Durability-minded product development and developing products with enhanced BCP functions for high-rise buildings

Intellectual Property Policy

The Oiles Group has positioned intellectual property as a vital management resource and established the following basic policy to achieve sustainable growth.

Acquisition of Necessary Rights

The Group actively acquires the necessary industrial property rights for protecting its products and technologies from the perspective of intellectual property management. While it is important to establish an extensive global portfolio of patents, we give due consideration to cost effectiveness and efficiency in acquiring rights.

Respect for the Rights of Others

In order to ensure compliance with laws and regulations that prohibit the violation of the rights of others, the Group consistently reviews the relationship between its products and technologies on the one hand and the industrial property rights of others on the other hand while striving to avoid infringing on the rights of anyone.

Exercise of Our Own Rights

In the event that others infringe on our Group's rights, we will appropriately protect and exercise our own rights, such as requesting injunctions against infringement or securing profits based on licensing.

Intellectual Property Initiatives

We have actively applied for and obtained patents and other industrial property rights for inventions created through our R&D activities. On the other hand, we have not applied for patents on expertise or other information related to manufacturing methods that are difficult to reverse-engineer, such as special manufacturing techniques that enable products to operate with higher performance.

Instead, we have strictly managed this category of intellectual property as confidential information to secure our competitive advantage. Tribology related to friction, wear and lubrication can be defined as a compilation of knowledge on material technology - that is, how to most effectively draw out the qualities of materials used in a product in a given operating environment. At our company, we organize useful data from experimental results of hundreds or thousands of combinations of various materials and additives in developing a single material, and these data are also treated as a valuable baseline for developing the next material. For existing products, we have set up comprehensive databases of bench test results and actual equipment evaluation results under various conditions. The results have been gathered through our business activities over the past several decades. With these databases, we

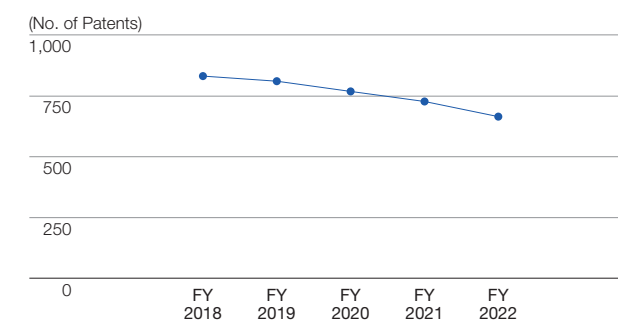
quickly and effectively prepare proposals in response to customer requests. The databases accumulate data on a daily basis over the course of conducting business activities and are used for creating value through such activities as closely managing the new material development as trade secrets and key intellectual property.

Moreover, in product fields mainly related to mechanical design, such as damping (vibration control) technology, we engage in multifaceted activities to protect our rights through a mixed IP strategy in which we aggressively apply for design patents.

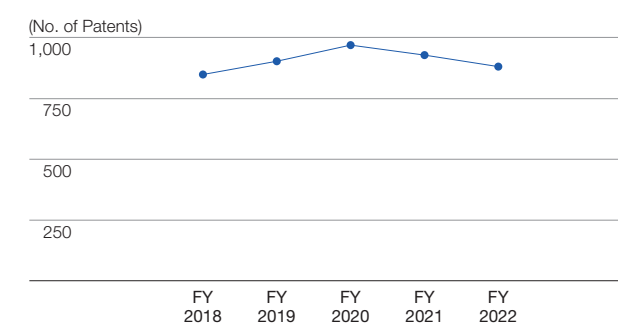
In addition, we have developed a patent map for each product, and it is used to reinforce our patent applications. To achieve sustainable growth, we will promote value creation activities for expanding into a comprehensive IP landscape* initiative.

* Method for developing a management strategy based on an integrated analysis of market trends and the intellectual properties of both the company and other companies

Number of Patents Held in Japan



Number of Patents Held Overseas



Total Number of Industrial Property Rights Acquired and Number of Rights Held

(For Oiles and Oiles ECO, as of March 31, 2023)

	Patents	Utility Models	Designs	Trade-marks
Rights acquired	3,506	612	64	836
Japan	1,908	607	64	526
Overseas	1,598	5	0	310
Rights held	1,544	4	34	798
Japan	664	3	34	500
Overseas	880	1	0	298

Corporate Management and Sustainability (CSR)

Oiles Group Sustainability (CSR) Philosophy

Global interest in the Sustainable Development Goals (SDGs) adopted at the UN SDG Summit is growing. There is a growing awareness among companies that medium- to long-term sustainability (including ESG aspects) is an important management priority for enhancing corporate value over the medium to long term. Under a management philosophy that includes the statement “To become a world leader as a general manufacturer of oil-less bearings and serve society through technology,” the Oiles Group believes that the promotion of sustainability (CSR) contributes to the sustainable development of society and establishes a foundation for creating and developing new corporate value. We have therefore positioned the promotion of sustainability as the basic policy for our sustainability initiatives and the cornerstone of our corporate activities.

Through sincere and fair business activities based on the Long-Term Vision and Oiles Group Corporate Conduct Charter, we will implement six sustainability (CSR) material topics: 1. Enhanced Governance, 2. Responding to Consumer

Issues, 3. Environmental Protection, 4. Respect for Human Rights and Appropriate Labor Practices, 5. Fair and Equitable Trade, and 6. Coexistence with Local Communities to fulfill our responsibilities as a company toward sustainability issues.

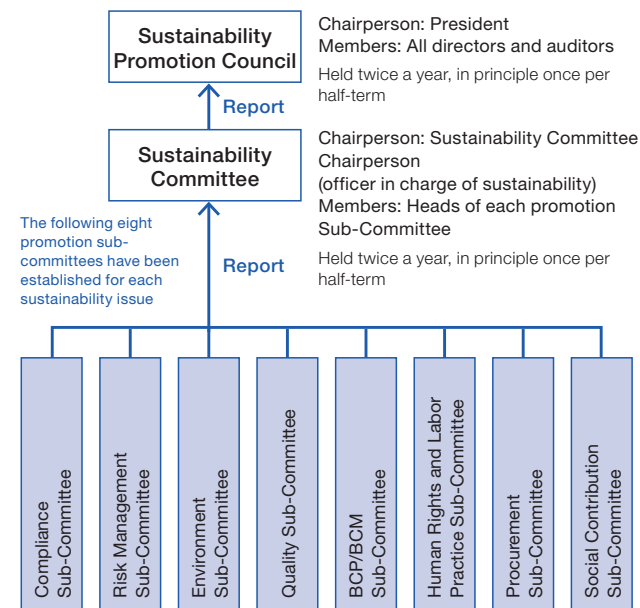


Sustainability (CSR) Structure

Promoting CSR (ESG) to realize sustainability depends upon both the leadership of senior management and fostering a corporate culture in which each and every employee views sustainability as a key value and tries to realize it as a natural part of carrying out their work. The Sustainability Promotion Council, chaired by the president and attended by all directors and Audit & Supervisory Board members, convenes twice a year to deliberate on important sustainability issues, such as the policy and status of sustainability (CSR) initiatives, including environmental efforts and diversity.

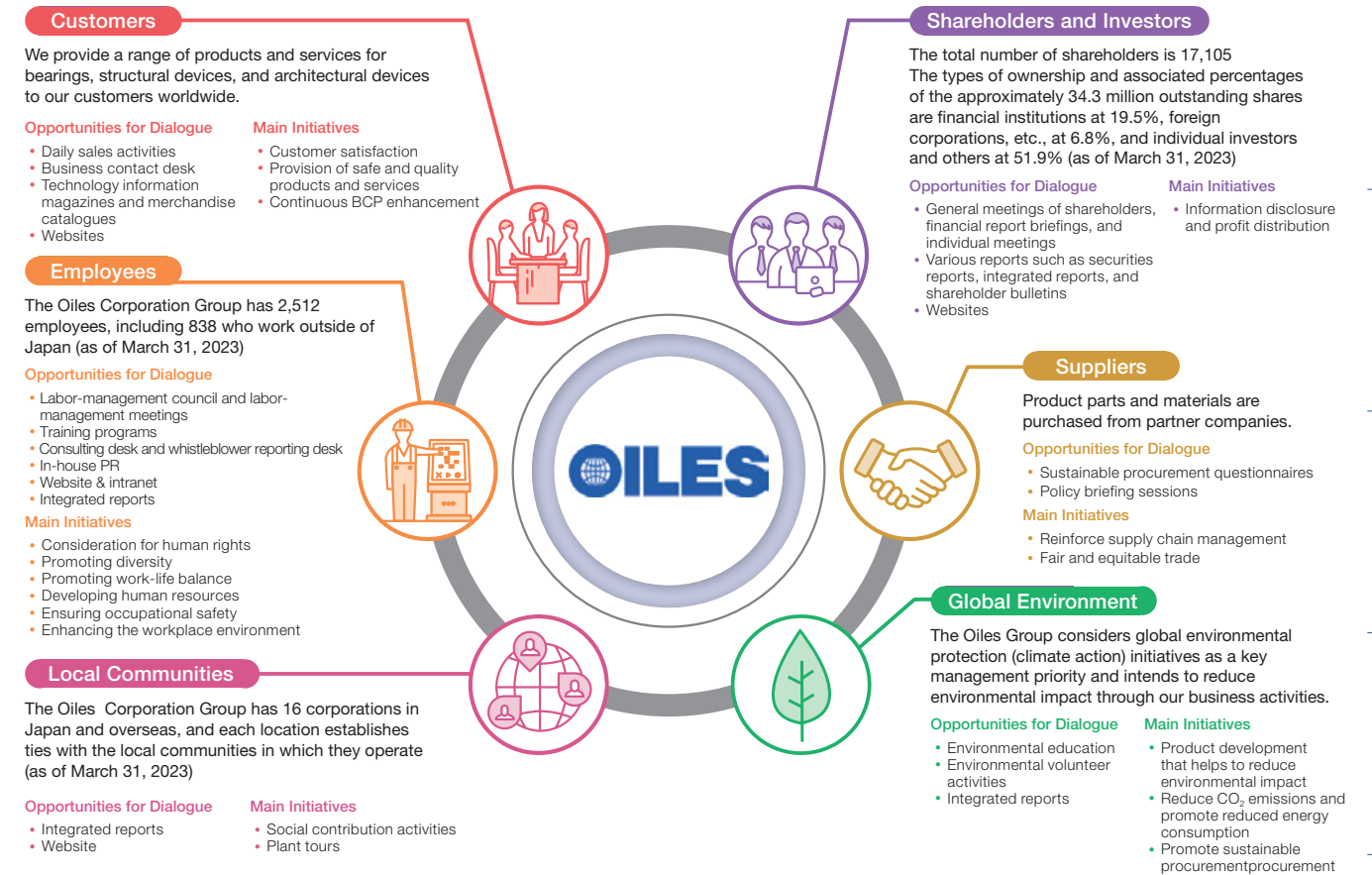
The Sustainability Committee, chaired by the officer in charge of sustainability, has been established directly under the Sustainability Promotion Council. The Sustainability Committee promotes the Oiles Group’s priority sustainability topics, discusses concerns identified in the PDCA cycle, and reports important matters to the Sustainability Promotion Council.

In addition, eight promotion sub-committees, organized for each sustainability (CSR) topic, have been established under the umbrella of the Sustainability Committee to work toward the solution of each issue.



Stakeholder Engagement

In the Oiles Group, we believe that sound stakeholder relationships will enable us to increase corporate value over the medium- to long-term and achieve sustainable growth. We will strive to effectively cooperate with our stakeholders and meet their expectations.



Signing of the United Nations Global Compact

The United Nations has established SDGs and requires countries around the world to work on their solution. At the same time, it operates a system called “United Nations Global Compact (UNGC)” that encourages companies and organizations around the world to voluntarily take part in such initiatives. Currently, over 20,000 companies and organizations around the world are participating. In July 2019, we signed the agreement to promote sustainability activities in support of this purpose.



Initiatives for SDGs

As the world works together to achieve the SDGs (Sustainable Development Goals) for the sake of sustainable development, the Oiles Group is making its contributions through the technological capabilities of Oiles. We also focus on instilling SDGs awareness in our employees.



Corporate Governance

Having positioned corporate governance as a key management priority for the sake of achieving sustainable growth, the Oiles Group has established and operates an effective corporate governance system to continue contributing to the sustainable growth of society.

Basic Policy

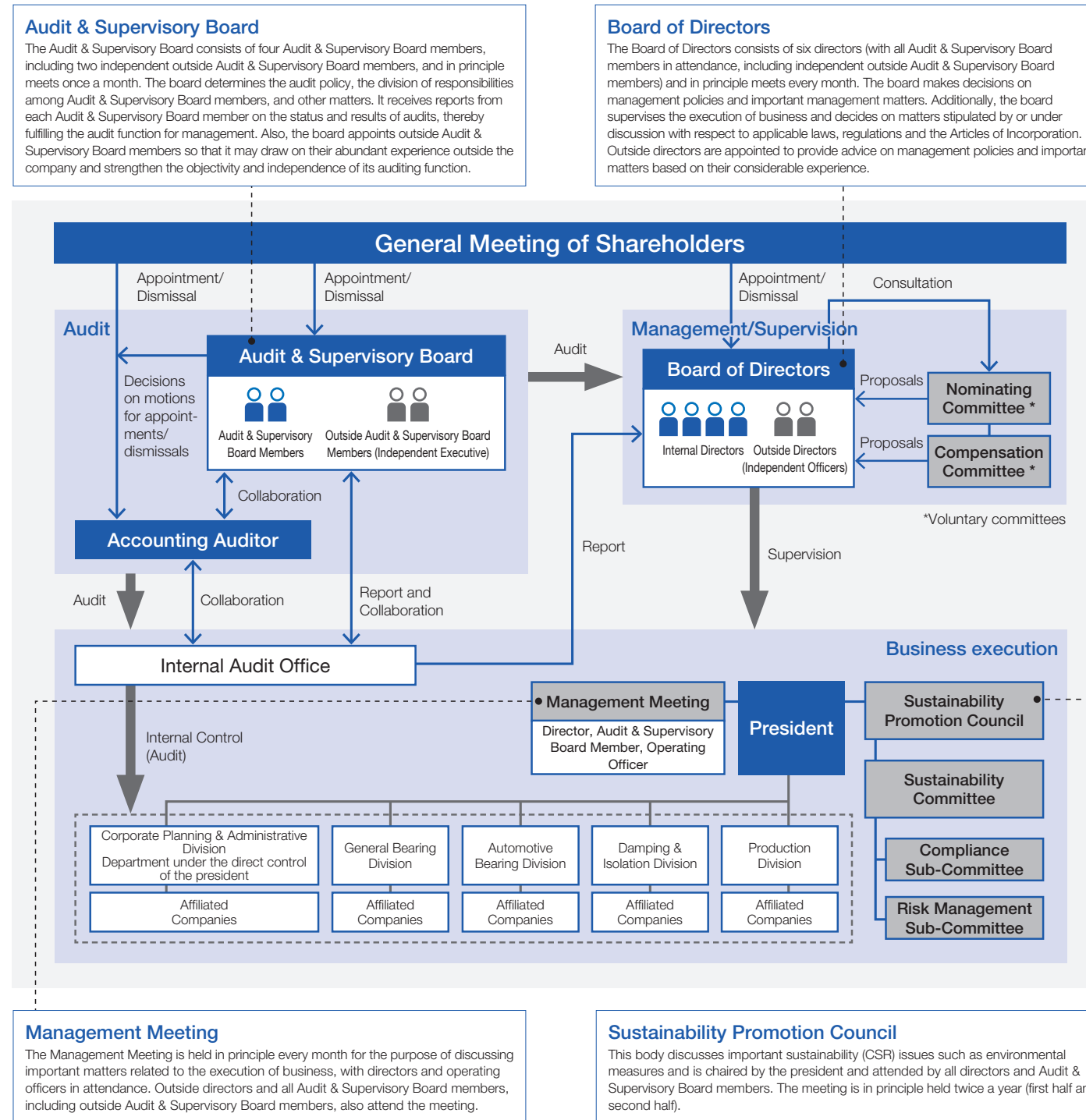
The Oiles Group positions corporate governance as a top management priority and strives to continually strengthen the rationale, soundness and transparency of its management system and organization through flexible decision-making and delegation of authority in response to changes in the market and taking the necessary actions to develop the Group and enhance its corporate value.

We also recognize the importance of actively disclosing appropriate information to investors and other stakeholders in a timely manner to ensure the transparency of management.

Overview of Corporate Governance

The company uses an Audit & Supervisory Board member system under the “company with an Audit & Supervisory Board member system” consisting of six directors (including two independent outside directors) and four Audit & Supervisory Board members (including two independent outside Audit & Supervisory Board members) as of June 30, 2023. The Board of Directors makes decisions on key management matters and oversees the management of directors’ execution of business. The Board of Directors is composed of five men and one woman. The Audit & Supervisory Board supervises the Board of Directors and its execution functions, and Audit & Supervisory Board members have developed a collaborative system with the accounting auditor and the Internal Audit Office, which exercises internal control and carries out internal audits. (See pages 49 and 50 for the List of Officers and Directors’ Skill Matrix.)

We employ an operating officer system with the intent to clarify the separation of business execution functions and supervisory/ oversight functions, as well as to bolster the functions of the Board of Directors through speedier, more efficient decision-making on management strategies. The current team is comprised of eight operating officers in total, including those who serve concurrently as directors (two officers). Since April 2023, we have divided the bearing business department into the General Bearing Division and Automotive Bearing Division to rapidly respond to changes in the business environment, and we newly established a Production



Audit & Supervisory Board
The Audit & Supervisory Board consists of four Audit & Supervisory Board members, including two independent outside Audit & Supervisory Board members, and in principle meets once a month. The board determines the audit policy, the division of responsibilities among Audit & Supervisory Board members, and other matters. It receives reports from each Audit & Supervisory Board member on the status and results of audits, thereby fulfilling the audit function for management. Also, the board appoints outside Audit & Supervisory Board members so that it may draw on their abundant experience outside the company and strengthen the objectivity and independence of its auditing function.

Board of Directors
The Board of Directors consists of six directors (with all Audit & Supervisory Board members in attendance, including independent outside Audit & Supervisory Board members) and in principle meets every month. The board makes decisions on management policies and important management matters. Additionally, the board supervises the execution of business and decides on matters stipulated by or under discussion with respect to applicable laws, regulations and the Articles of Incorporation. Outside directors are appointed to provide advice on management policies and important matters based on their considerable experience.

Management Meeting
The Management Meeting is held in principle every month for the purpose of discussing important matters related to the execution of business, with directors and operating officers in attendance. Outside directors and all Audit & Supervisory Board members, including outside Audit & Supervisory Board members, also attend the meeting.

Sustainability Promotion Council
This body discusses important sustainability (CSR) issues such as environmental measures and is chaired by the president and attended by all directors and Audit & Supervisory Board members. The meeting is in principle held twice a year (first half and second half).

Division to strengthen our production system. We will also clarify the roles and responsibilities of the directors and executive department by appointing operating officers responsible for each business department, and shift toward flexible management by strengthening the management supervisory function while delegating executive power to operating officers.

Reasons for the Appointment of Outside Executives

Yasuji Omura, Director

Mr. Omura was appointed because we believe he will provide useful opinions, proposals and advice based on his extensive knowledge and experience as a corporate officer in charge of management for many years. He has also been designated as an independent executive based on our judgment that there is no potential conflict of interest with the general shareholders.

Rika Miyagawa, Director

Ms. Miyagawa was appointed because we believe that she will provide useful opinions, proposals and advice based on her knowledge and experience in management as a corporate officer and her expertise in the fields of internal auditing and information systems. We also believe that her experience and insight will contribute to further enhancing corporate governance from the perspective of digital transformation (DX) and diversity. She has also been designated as an independent executive based on our judgment that there is no potential conflict of interest with the general shareholders.

Tatsuhiko Maeda, Audit & Supervisory Board Member

Mr. Maeda is a certified public accountant with extensive knowledge and experience in corporate accounting and related fields, and he can facilitate proper auditing of the Company. He has also been designated as an independent officer based on our judgment that there is no potential conflict of interest with the general shareholders.

Takeo Sakakibara, Audit & Supervisory Board Member

Mr. Sakakibara has a high level of expertise and extensive knowledge of corporate accounting and related fields, as well as knowledge and experience in management as a corporate officer for many years, and he can facilitate proper auditing of the Group. He has also been designated as an independent officer based on our judgment that there is no potential conflict of interest with the general shareholders.

Initiatives for Effective Corporate Governance

Assessment of the Board of Directors’ Effectiveness

We have been conducting an annual analysis and assessment of the effectiveness of the Board of Directors since FY2015 in order to improve its functionality.

(1) Method for analyzing and assessing the overall effectiveness of the Board of Directors

The Board of Directors analyzed and assessed the overall effectiveness of the Board of Directors based on the results of the following questionnaire.

- Method: Signed questionnaire
- Target: Six directors and four Audit & Supervisory Board members in office at the end of March 2023
- Period: April 2022 to March 2023
- Assessed: Composition, effectiveness, operation, and discussion process of the Board of Directors, as well as systems for obtaining information and providing assistance, etc.

Corporate Management and CSR (ESG) | Corporate Governance | Compliance | Risk Management | Environmental Initiatives | Human Resource (Human Capital) Development Initiatives | Quality Initiatives | Fair and Equitable Trade

Corporate Governance

(2) Overview of the results of analyzing and assessing the overall effectiveness of the Board of Directors

The opinions and results of the FY2022 assessment showed higher scores for the composition, operation, and discussion process of the Board of Directors, with the discussion process seeing particular improvement. More active discussion occurred at Board of Directors meetings, and under the smooth facilitation of the chairperson, the ideas that the outside directors and outside Audit & Supervisory Board members expressed were actively incorporated in and appropriately contributed to board decisions. These findings supported the conclusion that the board's effectiveness had been ensured.

To further enhance board effectiveness, we will continually improve and strengthen our corporate governance system by diligently addressing the issues that arise and fully considering opinions.

Nominating Committee and Compensation Committee

In October 2018, we adopted a voluntary Nominating Committee and Compensation Committee system.

We established a voluntary Nominating Committee with a majority of independent outside directors to ensure the independence, objectivity and transparency of nomination procedures of directors and operating officers. Directors and operating officers are determined by the Board of Directors after undergoing a consultation and reporting process with the Nominating Committee (candidates for directors are submitted in proposals at general meetings of shareholders).

In addition, to ensure the effectiveness of the compensation system for directors and operating officers, a voluntary Compensation Committee is being established, with a majority of independent outside directors. The Compensation Committee is chaired by an independent outside director. As a result, the composition of and policies on compensation are determined by the Board of Directors after consulting and reporting to the Compensation Committee. In FY2022, the Nominating Committee met twice, and the Compensation Committee met four times. They are operating as intended.

Performance-Based Stock Compensation Plan

Based on a resolution adopted at the 67th Ordinary General Meeting of Shareholders held on June 28, 2018, we adopted a performance-based stock compensation plan, the Board Benefit Trust (BBT), for directors (excluding outside directors) and operating officers (eligible directors and officers) in order to raise their awareness

of contributions to improving the medium- to long-term business performance and increasing corporate value.

Under the plan, company shares are acquired through a trust that we have funded. Company shares and money equivalent to the market value of the shares are provided to eligible directors and officers through the trust, in principle when they retire and in accordance with the directors' BBT regulations.

Internal Control

The Oiles Group strives to contribute to society by leveraging our technology and raising corporate value through the establishment of solid relationships with our many stakeholders. We have established a rational, sound and highly transparent management system through agile management decision-making in response to changing markets, and delegation of authority and managing financial reports in an appropriate and effective matter.

In addition, we are taking steps to improve the system and strengthen its effectiveness from multiple angles. The Internal Audit Office, an organization under the direct control of the president, periodically conducts audits on all our departments and Group companies. With the goal of enabling the Board of Directors and Audit & Supervisory Board to fulfill their functions, mechanisms have also been established for the Internal Audit Office to report directly to the Board of Directors and Audit & Supervisory Board as needed about matters such as the results of internal audits. In addition, the person responsible for internal audits exchanges opinions with the Audit & Supervisory Board and the accounting auditor, and that person also provides corrective instructions and improvement suggestions to each workplace and follows up on this advice.

The Audit & Supervisory Board and Audit & Supervisory Board members, who are independent of the Board of Directors and directors, collaborate by exchanging necessary information, including the details of accounting audits, reports from the Internal Audit Office, and auditing reports from the Audit & Supervisory Board members of related companies. The Audit & Supervisory Board members attend Board of Directors meetings as well as other important meetings (such as management meetings) to understand the process of making important decisions and the status of business operations. The Audit & Supervisory Board members have access to key documents related to decisions that have been made, as well as other important documents related to business operations. If necessary, they can request an explanation for the documents from directors or employees.

Moreover, the president exchanges opinions with Audit & Supervisory Board members and the accounting auditor at regular meetings.

Interview with Outside Director

Looking forward to our growth as a company that respects human rights and diversity and where employees can play an even more active role naturally

Rika Miyagawa

After working for Fujitsu Microcomputer Systems Ltd. and Fujitsu OA Co., Ltd., Ms. Miyagawa joined "K" Line Air Service, Ltd. (currently "K" Line Logistics, Ltd.) in 1989 and served as general manager of the BPI Promotion Office and general manager of the Internal Audit Office. She was appointed as director in June 2016 and resigned in June 2019. In June 2021, she was appointed as an outside director of the company.



What initiatives have impressed you at Oiles Corporation since your appointment as an outside director in 2021?

I was impressed by the presentations given by research & development departments at our annual meeting. I had previously worked in the service industry, so this type of meeting was a new experience for me. I thought it was a wonderful approach so that employees can learn what kind of research is being conducted in other departments and since it also serves as an opportunity for sales and technical staff to interact. I have heard of several examples where the exchange of opinions has led to development of actual products.

COVID-19 subsided, and the Group inspected domestic plants, affiliated companies, and plants overseas. At one plant, we observed the casting process, which meets the diverse needs of our customers, and the assembly by human workers, and we sensed the history that we have built up over the years. That said, the tour also included automated manufacturing and AI-based inspections, allowing us to see the various old and new processes side by side. We were also able to exchange opinions with actual employees, which made us more familiar with and which increased our understanding of our businesses and technology.

How do you assess our corporate governance?

As has been the case since I was appointed, I rate our governance favorably for our management meetings, which involve the free and vigorous exchange of opinions from diverse perspectives from outside directors and outside Audit & Supervisory Board members with differing experience. I believe that the effectiveness of the Board of Directors has also increased. Strategy meetings and other meetings to formulate the next Medium-Term Management Plan are seeing a new SWOT analysis of each business department and enhanced materials and proposals that examine the Company's direction. In light of these discussions, raising awareness within us, clarifying roles and responsibilities, and strengthening supervisory functions are issues to address in the future.

I would also expect our Company to help foster organizational reform. Our Company is serious, which is why I believe it is somewhat cautious. Setting priorities and improving productivity with a sense of urgency are important, and I believe we can achieve those goals. To

that end, we expect our Company to focus on creating career plans for women, educating candidates for management positions regardless of gender, training potential management successors, and developing global human resources both domestically and internationally.

Moreover, I think that "increasing employee engagement is important," as stated in the Message from the President. By respecting the human rights of each employee and taking reasonable measures in terms of gender, age, and mental health, we hope to foster "respect for diversity" and "equal opportunity" and create a company where employees can play an active role naturally.

Can you tell us about your efforts to address sustainability?

There are many sustainability issues these days, but there are three in particular that I would like to see us address: "responding to the declining birthrate and aging population," "responding to the global environment," and "responding to restructuring of the industry." First, "responding to the declining birthrate and aging population" refers to the high percentage of employees at our domestic plants who are in their 50s or older, so a decrease in the number of plant personnel is inevitable in the future. We believe that our efforts to promote work-life balance, respect for diversity, and female participation are closely related to aspects of our efforts we need to enhance in the future.

In terms of "responding to the global environment," we believe that our business itself, as symbolized by the "wooden bearings" that do not require oil which were introduced when our Company was founded, will lead to a reduced environmental impact. In line with the belief, we look forward to further enhancing our core technologies and developing products and technologies that will further reduce the impact on the environment while contributing to the balance between humans and the Earth.

From the perspective of "responding to restructuring of the industry," our ideal position within society is to earnestly engage in technological innovation with a long-term vision in mind. This process is highly variable, and there will be many twists and turns, but we believe that products created by employees who appreciate each other and who maintain a good work-life balance will be sought by society, consequently leading to an increase in our corporate value.

Compliance

Basic Policy

The Oiles Group recognizes that thorough compliance is vital for the existence of any company. We are therefore striving to establish a compliance management system based on one component of our company vision: Liberty and Law (freedom and discipline).

Compliance System

Our organizational structure for overseeing overall compliance includes a director in charge of compliance as well as a Compliance Sub-Committee, which serves as a promotion unit under the Sustainability Promotion Council and is headed by the general manager of the Legal Department. In addition, each division and each Group company has a member on the Compliance Sub-Committee and a compliance promoter. Compliance promotion, education and training based on the Oiles Group Corporate Conduct Charter and Corporate Code of Conduct ensure that all business operations are conducted in accordance with laws and regulations and that the behavior of all employees is grounded in our corporate ethics.

Initiatives to Promote Compliance

Distribution of the Compliance Implementation Guide and Training

The Compliance Implementation Guide, which contains the background of the Oiles Group Corporate Conduct Charter and keywords and explanations of compliance-related items, has been distributed to all employees to serve as a guide for their daily work. In addition, the Oiles Group Corporate Conduct Charter and Corporate Code of Conduct have been translated into English and Chinese to extend employees' awareness about compliance on a global basis.

Moreover, we offer regular, employee level-based Compliance Training programs, and each department conducts training on a topic-by-topic basis under the leadership of the department's promotion leader. These efforts help deepen employees' understanding of compliance.

Whistleblowing System

The Oiles Group has established an internal whistleblowing system to identify compliance issues at an early stage and take countermeasures. Specifically, we have set up an internal reporting

window at the Compliance Committee Secretariat (Legal Office of the Legal Department) and an outside reporting window at a law office for compliance-related consultations and to report unfair practices. We thereby strive to not only thoroughly protect whistleblowers, but also identify and resolve problems at an early stage.

Fair Competition

The Oiles Group requires its officers and employees to comply with the Antimonopoly Act, the Subcontract Act, and competition laws of various countries in light of the global trend of emphasizing fairness in business transactions, stricter laws and regulations, and the risk of damage to corporate value in the event of unfair practices. In accordance with the Group's Antimonopoly Act Compliance Manual, its officers and employees are required to comply with the Antimonopoly Act in the course of their daily business activities, including prohibiting any contact with competitors that may violate the act and reporting any such contact to their supervisors. Furthermore, to ensure compliance with the Subcontract Act, we are raising awareness and training employees to prevent violations of the act while also strengthening the managerial aspect.

Prevention of Corruption and Bribery

The Oiles Group builds sound relationships with politicians and other administrative bodies while prohibiting acts that could be misunderstood as providing profits or collusion. Moreover, we have established the Bribery Prevention Regulations, which not only prohibit bribery by officers and employees of the Group to public officials but also prohibit the provision of excessive entertainment and gifts to private businesses. When entertaining or gift-giving, we thoroughly follow the guidelines established in accordance with domestic and foreign laws and regulations.

Response to Antisocial Forces

The Oiles Group refuses all connections to antisocial forces or organizations that threaten the order or safety of society and steadfastly confronts them. We closely verify that our business partners are not a part of antisocial forces and include a clause on the elimination of antisocial forces in our Basic Transaction Agreements to prevent any transactions with such groups. If we are contacted by any antisocial force or organization, we cooperate with the police, lawyers and other external organizations, and the entire Group, including top management, works together to address this issue at the organizational level.

Risk Management

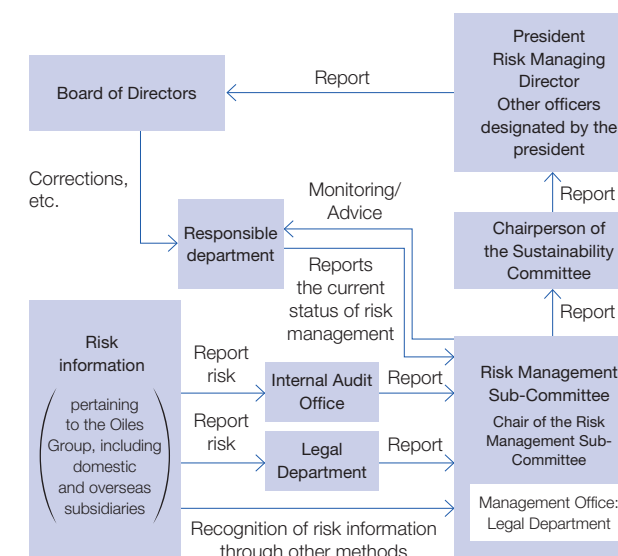
Basic Policy

In accordance with the Group Risk Management Rules, the Oiles Group identifies risks that may impact Oiles Corporation and its subsidiaries, understands them in a centralized manner, and takes preventive action. If any risk occurs, we will swiftly and effectively address it to minimize damage and prevent recurrence in order to maintain our Group's corporate value.

Risk Management System

Our Risk Management Sub-Committee is headed by the general manager of the Legal Department (operated as a promotion unit under the Sustainability Promotion Council) and enhances the collection and management of information to reduce the frequency and impact of risks. In principle, the subcommittee meets once every half-year to discuss risks that have occurred during the relevant period. By diagnosing the nature of the risks, the likelihood of their occurrence, and their impact on the Group, we strive to avoid risks.

Risk Management Structure Chart



Identification of Business Risks

Using a variety of risk information, we identify business risks through questionnaires and interviews with all parties concerned, including the relevant business departments. We then classify and organize identified risks under the categories

of management strategy, business continuity, compliance, tax and financial reporting, disputes and others. Given prevailing social trends, we take the appropriate measures to prevent and respond to these risks. In particular, business risks that could have a significant impact on management are included in our securities reports, as they may influence investors' decisions.

Initiatives for Information Security

The Oiles Group properly manages and protects information assets related to all resources, including people, things and environments associated with our business operations. We also formulate regulations on information security to counter cyber attacks and other threats. The entire Group addresses security measures in accordance with the regulations. Considering the importance of information assets, we also continually offer training to all employees who handle information assets in order to ensure thorough management of those assets.

In order to continuously maintain and improve information security, we acquired ISO/IEC 27001:2013 information security management system certification in June 2022, and we are striving to prevent breaches in information security.

Business Continuity Planning and Management (BCP/BCM)

The Oiles Group has formulated a business continuity plan (BCP) to prepare for large-scale earthquakes and other contingencies. The basic policy of the BCP is to aim for the early restoration of business operations while placing the highest priority on ensuring the safety of human life. To this end, the plan promotes the development of action plans for emergencies and the advance preparation of disaster mitigation measures. In addition, we continue to promote infection control to prevent against outbreaks of COVID-19 in the workplace. Going forward, we aim to continue developing our BCP and BCM (business continuity management).

Corporate Management and CSR (ESG)
 Corporate Governance
 Compliance
 Risk Management
 Environmental Initiatives
 Human Resource (Human Capital) Development Initiatives
 Quality Initiatives
 Fair and Equitable Trade

Environmental Initiatives

The Oiles Group recognizes that responding to the environment is an important management priority to improve its corporate value in the medium to long term. The Group is also enhancing its efforts to address sustainability issues such as its environmental initiatives to address climate change and other problems.

Environmental Policy

The Oiles Group has established the following environmental policy to contribute to reducing the environmental impact and solving global environmental issues through our business activities.

WEB You can read the Oiles Group Environmental Policy at https://www.oiles.co.jp/en/files/Oiles_Group_Environmental_PolicyEN.pdf

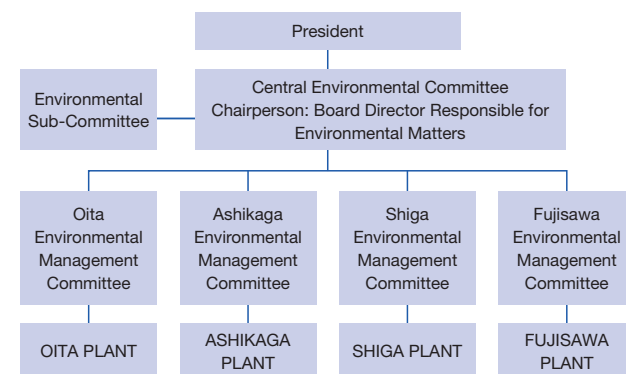
Environmental Management System

Promotion Structure

Each of the four business establishments and plants in Fujisawa, Shiga, Ashikaga and Oita has set up an Environmental Management Committee that has formulated an environmental manual containing guidelines to dictate how business activities should be conducted.

Furthermore, company-wide support is provided for environmental initiatives through the establishment of an Environmental Sub-Committee to share information such as policies, targets, issues and progress related to activities while also building a structure for reporting to the president and director responsible for environmental matters. The Central Environmental Committee cooperates with the Environmental Sub-Committee to enhance environmental protection activities throughout the company and promotes sharing of the environmental management systems with domestic and overseas affiliates.

Environmental Management System Promotion Structure



WEB You can view our ISO 14001 certification acquisition status at <https://www.oiles.co.jp/en/sustainability/iso/index.html>

Responding to Climate Change: Preventing Global Warming

Governance

We have established the Sustainability Promotion Council as the body for discussing sustainability issues such as climate change. Chaired by the president and attended by all directors and Audit & Supervisory Board members, the Sustainability Promotion Council convenes twice a year to deliberate on formulating Group policies and targets to respond to climate change-related risks and opportunities.

Established under the umbrella of the Sustainability Promotion Council is the Sustainability Committee, which is chaired by the officer in charge of sustainability. The Sustainability Committee reports on the status of initiatives addressing sustainability issues such as climate change to the Sustainability Promotion Council.

We are addressing climate change through this multi-tiered organizational structure, and the Board of Directors additionally exercises oversight over climate change-related risks and opportunities.

Strategy

We identify risks and opportunities brought about by climate change based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We use the 2°C scenario to analyze transition risks and the 4°C scenario to analyze physical risks.

Climate Change-Related Risks and Opportunities

The Environment Surrounding the Oiles Group (Risks & Opportunities)	
2°C scenario	In addition to increasing demands from customers, investors, and other stakeholders for initiatives aimed at achieving carbon neutrality (lower carbon economy), stronger legal regulations such as the introduction of carbon taxes are also expected. The need for technological innovation will become an urgent matter in all industries, not just the automotive industry, where electrification is already underway. ⇒Transition risks emerge, as well as opportunities to deal with them
4°C scenario	This is a scenario in which the above initiatives are not implemented. Transition risks are limited, but major disasters will occur due to extreme weather events caused by rising temperatures (wind and flood damage caused by sudden weather events, as well as long-term wind and flood damage caused by changing climate patterns). In addition to soil erosion resulting from rising sea levels, the stability of water sources and employee health will also be impacted. ⇒Physical risks emerge, as well as opportunities to deal with them

* Applicable time period: 2030, the final fiscal year of the Sustainable Development Goals (SDGs) for the medium term and 2050 for the long term

Main Transition Risks

	Impact / Time Frame	Countermeasures
Removal from customers' supply chains due to slow action to address climate change	Significant / medium to long term	Promote initiatives to achieve CO ₂ emission reduction targets
Loss of earning opportunities due to slow development of eco-friendly products	Significant / medium to long term	Continue developing products and technologies that contribute to creating a low-carbon society
Loss of market due to innovative changes in raw materials required for products	Significant / medium to long term	<ul style="list-style-type: none"> Expand sales of biomass bearings Develop new materials Procurement of carbon-free raw materials
Introduction of carbon taxes	Intermediate / long term	Reduce CO ₂ emissions

Main Physical Risks

	Impact / Time Frame	Countermeasures
Damage to plant facilities caused by rivers flooding due to record-breaking wind and water disasters	Intermediate / long term (Low likelihood of occurring)	BCP (increase production plant readiness to respond to water disasters)
Negative impact on employee health and productivity caused by rising average temperatures	Intermediate / long term	Enhance employee health management and create efficient working environments

Main Opportunities

	Impact / Time Frame	Countermeasures
[Bearing business and architectural devices business] Create and grow new demand by developing products and technologies that contribute to reduced CO ₂ emissions	Significant / medium to long term	Bearings: Technological development in EVs, renewable energy and other fields Architectural: Development of products and new technologies that contribute to saving energy
[Structural devices business] Trend toward strengthening resilience in the infrastructure sector, including bridges, to prevent and mitigate disasters and carry out restoration work	Significant / medium to long term	Structural: Strengthen presence in the field of infrastructure renovations, including bridges

Risk Management

The Sustainability Promotion Council, chaired by the president and attended by all directors and Audit & Supervisory Board members, assesses and identifies risks related to climate change issues based on reports from the Sustainability Committee and decides the overall direction for management. In addition, we established the Environmental Sub-Committee under the umbrella of the Sustainability Promotion Council and Sustainability Committee

as the administrative organization for addressing climate-related risks. The General Manager of the Quality Assurance & Environmental Safety Department heads the Environmental Sub-Committee. In light of the risks and opportunities involved, we are pressing forward with measures to address climate change issues, with a particular focus on reducing CO₂ emissions. The status of our efforts to address climate-related risks is regularly reported to management via the following process: Environmental Sub-Committee → Sustainability Committee → Sustainability Promotion Council. Furthermore, the BCP/BCM Sub-Committee under the Sustainability Promotion Council and Sustainability Committee also follows up on the physical risk of flooding caused by climate change, although the possibility of its occurrence is low.

The Risk Management Sub-Committee is also positioned under the Sustainability Promotion Council and Sustainability Committee. Headed by the General Manager of the Legal Department, the Risk Management Sub-Committee regularly reports to management meetings (also attended by outside directors) on the overall picture of risks that the Group should be aware of, including climate change risks. (See page 25 for details about our Sustainability (CSR) Promotion Structure)

Indicators and Targets

In 2023, we once again revised our environmental targets, which we previously revised in 2021, in order to achieve carbon neutrality by 2050. We have divided our efforts to achieve those targets into two steps. The first step is to reduce total CO₂ emissions by 46% from their FY2013 level by FY2030, which is the existing target, and the second step is for the Oiles Group as a whole to achieve carbon neutrality by 2050.

Environmental Targets

- (1) First step: Reduce total CO₂ emissions by 46% from their FY2013 level by FY2030
- (2) Second step: The Group as a whole achieves carbon neutrality by 2050

*This applies to Scope 1 and Scope 2

Status of Initiatives

To achieve our environmental targets, the Environmental Sub-Committee under the Sustainability Promotion Council promotes initiatives in cooperation with our manufacturing sites.

We have mostly completed the conversion to LED lighting at our domestic plants and we are systematically upgrading to

Environmental Initiatives

energy-efficient air conditioning and production equipment. As a first for us, our Fujisawa Plant has been generating solar power with its own solar panels since December 2021. In FY2022, we began procuring renewable electricity and we also installed equipment to more precisely gauge the amount of electricity used in product manufacturing.

Raising the awareness of each and every employee is also important to achieving our environmental targets. In addition to working to reduce energy loss and defects at our production sites and continuing to educate employees on environmental issues through training, we have made devising “environmental approaches” a mandatory item on the annual plans of each department since FY2023 to raise awareness of environmental approaches. Based on visually presented data, the office of the Environmental Management Committee at the Fujisawa Plant notifies each workplace of its energy consumption on a monthly basis, and it encourages workplaces using large amounts of energy to voluntarily identify reasons for that use and to reduce consumption by comparing energy use to the previous year and by comparing those workplaces to other workplaces.



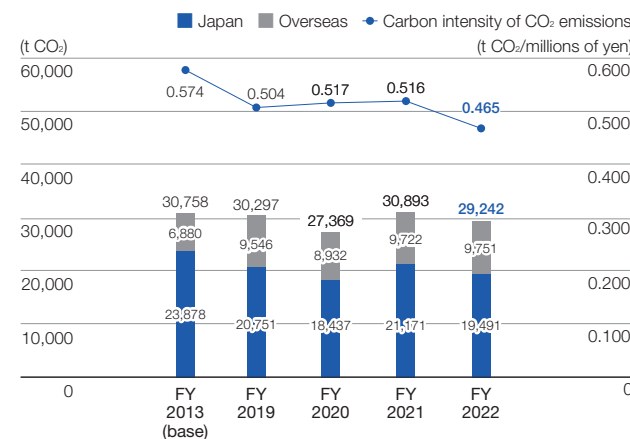
Solar power generation at the NP Building of the Fujisawa Plant

Consolidated net sales in FY2022 increased 5.1% from the previous fiscal year, but the Group’s total CO₂ emissions in FY2022, including at sites overseas, were 29,242 t-CO₂, a 5.3% decrease from the previous fiscal year, as a result of our efforts to reduce CO₂ emissions. In addition, CO₂ intensity (CO₂ emissions per unit of energy) was 0.465 t-CO₂/million yen. That figure was lower than that in the base year of FY2013, and the same was true in the previous fiscal year. Moreover, the CO₂ emissions of our domestic production sites in FY2022 were 19,491 t-CO₂, a 7.9% decrease from the previous fiscal year. In order to achieve our plan for 2030 (Step 1), we will promote various measures in Japan and overseas, including further promotion of reduced energy use company-wide, further

upgrading to more energy-efficient facilities, and increasing the ratio of renewable electricity procured.

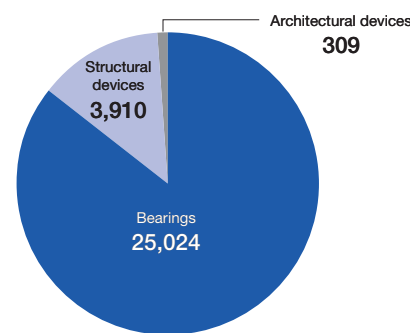
To achieve our target of becoming carbon neutral by 2050 (Step 2), we need to review our energy procurement system company-wide, implement energy-efficient production lines, and fundamentally review our methods of production. To provide products and technologies that help solve the world’s problems, we will “tirelessly pursue technologies” to create innovation for our Group to achieve carbon neutrality by 2050.

Change in CO₂ Emissions and intensity (Oiles Group)



* Figures for prior years have been retroactively adjusted to improve accuracy

FY2022 CO₂ emissions by business (t-CO₂)



For details, see the climate change-related information disclosures based on TCFD recommendations on our website (Japanese only).

WEB Information Disclosure Based on TCFD Recommendations
[https://www.oiles.co.jp/en/sustainability/environment/initiative/tcfd/](https://www.oiles.co.jp/en/sustainability/environment/initiative/tcf/)

Supply Chain CO₂ Emissions

In addition to the emissions of the business operators themselves, we monitor and consider measures for all types of emissions related to business activities. In terms of Scope 3 emissions, CO₂ emissions from goods and services purchased in upstream processes (Category 1) account for approximately 70% of the total emissions in our supply chain, and we will continue working to reduce these emissions.

Supply Chain Emissions

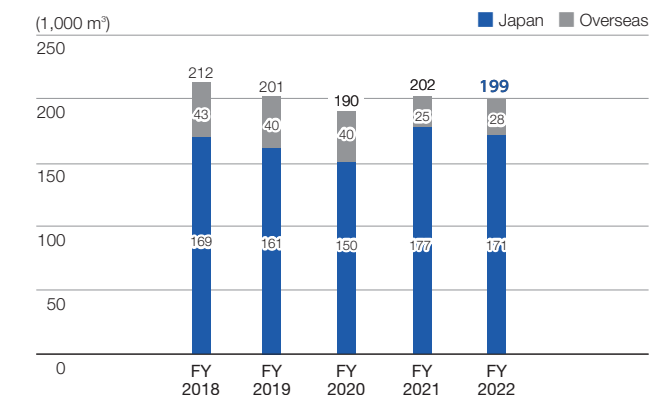
Category	FY2021 CO ₂ emissions (t-CO ₂)	FY2022 CO ₂ emissions (t-CO ₂)	Ratio of FY2022 total (%)	
Scope1	Our direct CO ₂ emissions	7,180	7,435	4
Scope2	Our indirect CO ₂ emissions	23,713	21,808	12
Sum of Scopes 1 & 2		30,893	29,242	16
Scope3	1. Purchased products & services	111,923	124,696	68
	2. Capital goods	10,868	8,631	5
	3. Fuels, etc., not included in Scopes 1 & 2	5,274	5,349	3
	4. Transportation & deliveries (upstream)	12,846	12,233	7
	5. Emissions from businesses	1,301	1,144	1
	6. Business travel	265	264	0
	7. Employee commuting	1,127	913	1
Sum of Scope 3		143,605	153,230	84
Total supply chain emissions		174,498	182,473	100

Conservation of Water Resources and Waste Disposal

Controlling Water and Preventing Water Resource Pollution

To ensure the effective use of water resources in production activities and prevent pollution, the Oiles Group manages water resources under an environmental management system that incorporates water management. In the manufacturing process, we control water resources by circulating the groundwater used for cooling and other purposes. When draining wastewater in public waters, we strive to prevent water pollution by purifying it under strict supervision. Looking ahead, we will also begin analyzing water-related risks and opportunities to promote better water management.

Water Usage (Oiles Group)



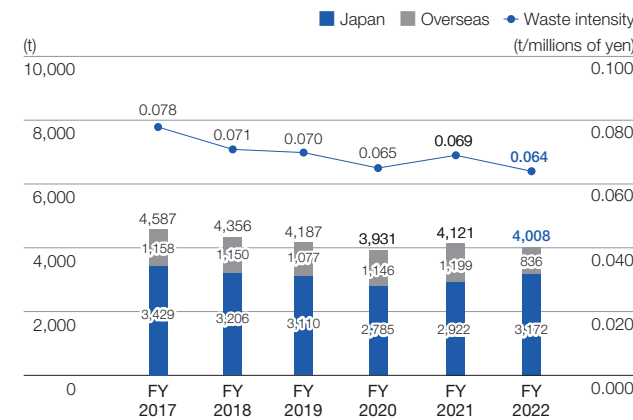
Environmental Initiatives

Waste Disposal and Reduction

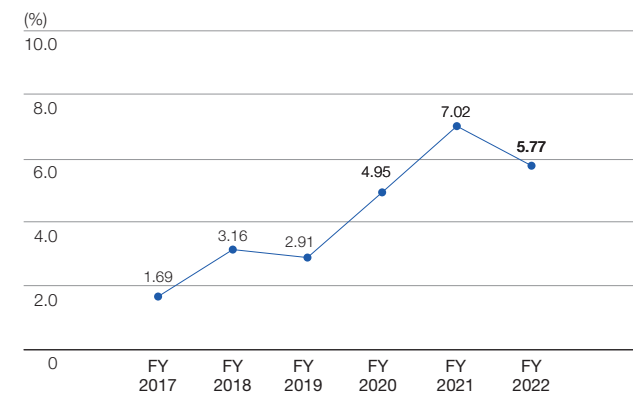
To ensure the proper disposal of waste at each plant, the Oiles Group conducts on-site checks of contracted waste disposal service providers and manages waste through manifests. In FY2022, we reduced the volume of landfill waste by, for example, disassembling and processing products consisting of different steel materials at our domestic plants.

We will maintain control over industrial waste disposal service providers and keep current on the waste generated from our business operations in order to reduce waste across the entire Group while promoting reduction at each plant.

Aggregated Waste Emission and Intensity (Oiles Group)



Landfill Rate (Domestic Group)



Independent Assurance Statement



Independent Assurance Statement

July 20, 2023

Mr. Masami Iida
President
Oiles Corporation

1. Purpose

We, Sustainability Accounting Co., Ltd., have been engaged by Oiles Corporation ("the Company") to provide limited assurance on the CO₂ emissions (Oiles group) in FY 2022, 7.43kt-CO₂ (Scope 1), 21.8kt-CO₂ (Scope 2, market-based) and 153kt-CO₂ (Scope3 Category 1,2,3,4,5,6,7). The purpose of this process is to express our conclusion on whether the CO₂ emissions was calculated in accordance with the Company's standards. The Company's management is responsible for calculating the CO₂ emissions. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

2. Procedures Performed

We conducted our assurance engagement in accordance with International Standard on Assurance Engagement 3000 (ISAE 3000) and International Standard on Assurance Engagement 3410 (ISAE 3410). The key procedures we carried out include:

- Interviewing the Company's responsible personnel to understand the Company's standards and reviewing the Company's standards
- Performing cross-checks on a sample basis and performing recalculation to determine whether the CO₂ emissions were calculated in accordance with the Company's standards.

3. Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the CO₂ emissions have not been calculated in all material respects in accordance with the Company's standards.

We have no conflict of interest relationships with the Company.

Takashi Fukushima
Representative Director
Sustainability Accounting Co., Ltd.

Human Resource (Human Capital) Development Initiatives

Based on the recognition that human capital is the source of value creation and corporate value enhancement, the Oiles Group positions its human resources (human capital) initiatives as an important management priority to consistently increase corporate value. The Group invests in the growth of all employees and it strives to improve the environment for human resources by fostering respect for human rights, promoting diversity, developing human resources, and promoting appropriate labor practices and health and productivity management.

Human Rights Policy

The Oiles Group recognizes that promoting respect for human rights is a major responsibility for companies as members of society and thus is naturally expected to help to create an environment that respects individual human rights and individuality.

As a corporate group that operates on a global basis, we established the Oiles Group Human Rights Policy in response to the rising expectations of international communities for corporate activities to demonstrate respect for human rights, as stated in the International Bill of Human Rights and international standards including the ILO Declaration on Fundamental Principles and Rights at Work by the ILO (International Labor Organization).

We will provide the necessary education through a variety of activities and training programs to raise employee awareness

of human rights, with the aim of ensuring that this basic policy is deeply integrated into and implemented throughout the business activities of Group companies. Every officer and employee of the Oiles Group bears a responsibility to respect human rights. We also require our suppliers to accept this responsibility, and we will properly address any infringement of human rights.

WEB You can read the Oiles Group Human Rights Policy at https://www.oiles.co.jp/en/files/Oiles_Group_Human_Rights_PolicyEN.pdf

Human Resource Development Policy

The Oiles Group Basic Policy on Human Resources stipulates the following human resources development policy and internal environment improvement policy to ensure diversity.

Oiles Group Basic Policy on Human Resources

The Oiles Group believes that its employees are precious assets. We respect the human rights of all employees and support their growth so they can fully demonstrate their diverse abilities and individuality in accordance with Oiles' company vision. In addition, we will improve our working environment to protect the health and safety of our employees from the ever-changing social conditions and enable them to work flexibly and efficiently.

Human Resource Development

The Oiles Group encourages its employees to grow and expects the following of each and every one of them.

- To respect human rights and diversity and thrive on the global stage
- To demonstrate a high level of expertise and consistently take on challenges with a passion for creativity and innovation
- To serve society and act on their own initiative to create added value

Respect for Human Rights

We will respect the human rights of each individual and never unfairly discriminate on such grounds as race, skin color, gender, language, religion, political and other opinions, nationality, statelessness, property or status. At all times, we will endeavor to provide equal opportunity and prevent harassment of any kind.

Respect for Diversity

We will promote the creation of a corporate culture in which everyone can gain a sense of job satisfaction, with individuals coming from diverse backgrounds able to fully demonstrate their abilities and individuality.

Human Resource Development

We will actively develop the abilities of each individual, enhanced by their unique qualities and characteristics, and strive to ensure that employees can achieve maximum performance through systematic human resource development, utilization, evaluation and treatment.

Improving the Internal Environment

The Oiles Group endeavors to maintain a working environment that protects the safety and health of all employees and accommodates a variety of work styles.

Creating a Safe and Healthy Workplace

In order to protect the safety and health of all employees, we have set the goal of creating a safe, secure and comfortable working environment. We will create a safety-first climate through the use of our occupational health and safety management system and the participation of all employees. Moreover, we will establish an occupational healthcare system so that all employees can continue to work in good physical and mental health, and we will strive to maintain and improve the health of our employees.

Work-Life Balance

To create an environment where all employees can live full, vibrant lives, balancing work and private life, we have enhanced our support programs for balancing work and family life events such as childbirth, childcare and nursing care. We also have Work-Life Balance Support Programs in place to enable flexible and efficient work styles.

Respect for Fundamental Rights

Respect for Human Rights of Employees and Prohibition of Discrimination

We will respect the human rights of employees and never unfairly discriminate on grounds such as race, skin color, gender, language, religion, political and other opinions, nationality, statelessness, property, family origin, or other status. We offer equal access to recruitment and other employment opportunities and treat applicants and employees the same, based on fair evaluations in accordance with clear evaluation standards.

Prohibition of Harassment

To protect employees' human rights and their right to work, we prohibit all types of workplace harassment, including sexual and power harassment. We provide monthly compliance training sessions in every workplace, regularly setting themes related to preventing harassment and promoting awareness of it. We conduct a survey on harassment once a year and harassment prevention training based on the results of that survey. We also established an Oiles Group personnel consultation desk. This system allows any employee in the Oiles Group to discuss his or her concerns.

Promoting Workplace Diversity and Inclusion

Promoting diversity

Policy for Ensuring Diversity

The Oiles Group has positioned diversity as a key management priority. To enable human resources with diverse backgrounds to fully exploit their capabilities and express their individuality, we will foster a comfortable corporate culture and working environment as the cornerstone for raising sustainable corporate value.

Targets for Ensuring Diversity & Progress Made

The Oiles Group has established targets for ensuring diversity based on the principles of the Tokyo Stock Exchange's Corporate Governance Code and is implementing initiatives to ensuring diversity.

In addition to diversity, we also strive to create a working environment where diverse employees can do their jobs with a sense of unity while recognizing each other's unique circumstances—in other words, a workplace that achieves inclusion.

Female Employees

Oiles Corporation

Target Increase the ratio of new graduate female employees to around 30% because it is important to increase the ratio of female employees to ensure diversity in appointing managers*1.

Target Increase the ratio of female managers to around 3% by FY2025 and 5% or more by FY2030 through the promotion of diversity measures and other means. Also increase the ratio of female employees in managerial positions and those qualified for managerial positions*2 to around 10% by FY2025.

*1 Managers are those who hold the rank of section manager or higher
*2 "Those qualified for managerial positions" refers to those in categories qualified to become managers.

Results

	End March 2021	End March 2022	End March 2023
Percentage of female employees	11.4%	11.6%	13.1%
Ratio of female managers	0.7%	1.9%	2.7%
	April 2021	April 2022	April 2023
Ratio of females among new graduate hires	6.3%	25.0%	47.4%

Consolidated

Target Increase the ratio of female managers across the entire Group to around 10% by FY2030.

Results

	End March 2021	End March 2022	End March 2023
Ratio of female managers	5.0%	5.4%	6.1%
Ratio of female managers at overseas subsidiaries	22.2%	21.8%	22.0%

Foreign Employees

Oiles Corporation

Target Increase the number of foreign employees and develop multiple managers and those qualified for managerial positions by FY2025, with a view to appointing managers in the future.

Results

	End March 2021	End March 2022	End March 2023
Number of foreign employees	6	6	7

Human Resource (Human Capital) Development Initiatives

Number of mid-career hires

Oiles Corporation

Target Increase the ratio of mid-career hires in management positions to 30%-40% over the medium- to long-term.

Results

	End March 2021	End March 2022	End March 2023
Ratio of midcareer hires in management positions	40.5%	40.0%	40.7%

Promoting Women's Participation and Advancement

The Female Sales Unit and Female Engineer Unit were launched in 2020 and 2022, respectively, consisting of female employees in the outside sales and engineering departments, which have low ratios of female employees. The Female Sales Unit discussed ways to resolve difficulties in overcoming life events and ways to balance work with personal life. Concluding that a company-wide change of awareness was necessary, they made a presentation at an in-house event. In addition, we have verified the introduction of diverse working patterns, and we have introduced a system that allows staggered work hours for employees raising children.

In addition to hiring more female graduates from the STEM fields, the Female Engineer Unit has also planned an initiative to increase the number of children interested in science, and it has held workshops for children.

The activities of these women's units also offer opportunities for interaction between female employees as well as providing an avenue to address issues in promoting female participation.

Promoting Employment of Persons with Disabilities

As part of our diversity efforts, we support the working patterns of people with disabilities and we are improving our operations and working environment. In April 2023, we introduced a paid "Special Leave for Regular Hospital Visits by Persons with Disabilities" program to support people with disabilities during their regular hospital visits. With the goal of continuing to hire more people with disabilities than the statutory employment rate of 2.3%, we will promote the creation of a workplace that encourages respect for the individuality of people with disabilities and that enables them to make the most of their abilities. We are also stepping up our recruitment activities so that more people with disabilities can work actively at our company.

Work-Life Balance

We intend to enhance our support programs to enable more efficient and flexible working patterns so that every employee can maintain a

healthy balance between their work and personal lives and continue to work with vitality and peace of mind.

Paid leave

As part of the reform of working patterns, the Labor Standards Act was revised in 2019, imposing obligations on companies regarding the use of paid leave by employees, and interest in taking paid leave has increased. Before the Act was revised, Oiles' labor and management collaborated to encourage employees to take paid leave. The average rate of annual paid leave taken by employees (full-time and contract employees) in FY2022 was 83.2%, which is well above the government target (70% by 2025). (See page 59 for changes in the average rate of paid leave taken)

Support Programs for Balancing Work with Childcare and Nursing Care

One of our efforts to support a sound work-life balance is enhancing our childcare and nursing care leave programs by introducing the following options. All eligible employees have actively taken spousal maternity leave, and the rate of taking this leave was over 95%. In June 2023, we received Kurumin certification from the Minister of Health, Labour and Welfare as a "Company Supporting Child-raising."

Overview of Childcare & Nursing Care Support Programs

Childcare	Description
Childcare leave	• Until the child's second birthday
Spousal maternity leave	• 3 days
Shortened working hours	• Shortened working hours, reduced by up to 2 hours per day • Application for exemption from overtime • Exemption from late-night shifts
Children's nursing care leave	• Until the child leaves elementary school • Paid leave may be in hourly increments: 5 days per year for one such child, 10 days per year for two or more children
Special childcare leave	• Individuals raising children with disabilities or children born of multiple births • 12 days a year (can be taken in half-day units), of which 1 day's worth per month is paid
Nursing care	Description
Caregiver leave	• Total of 93 days
Nursing care support measures	• Shortened working hours, reduced by up to 3 hours a day, with up to 10 hours per month paid • Application for exemption from overtime and holiday work • Exemption from late-night shifts
Nursing care leave	• 12 days a year (can be taken in hourly increments) One day of that leave per month is paid
Common	Description
Post-resignation reemployment system	• Providing re-employment opportunities at Oiles for employees who have resigned on their own accord due to marriage, childbirth, childcare, nursing care, or transfer of a spouse

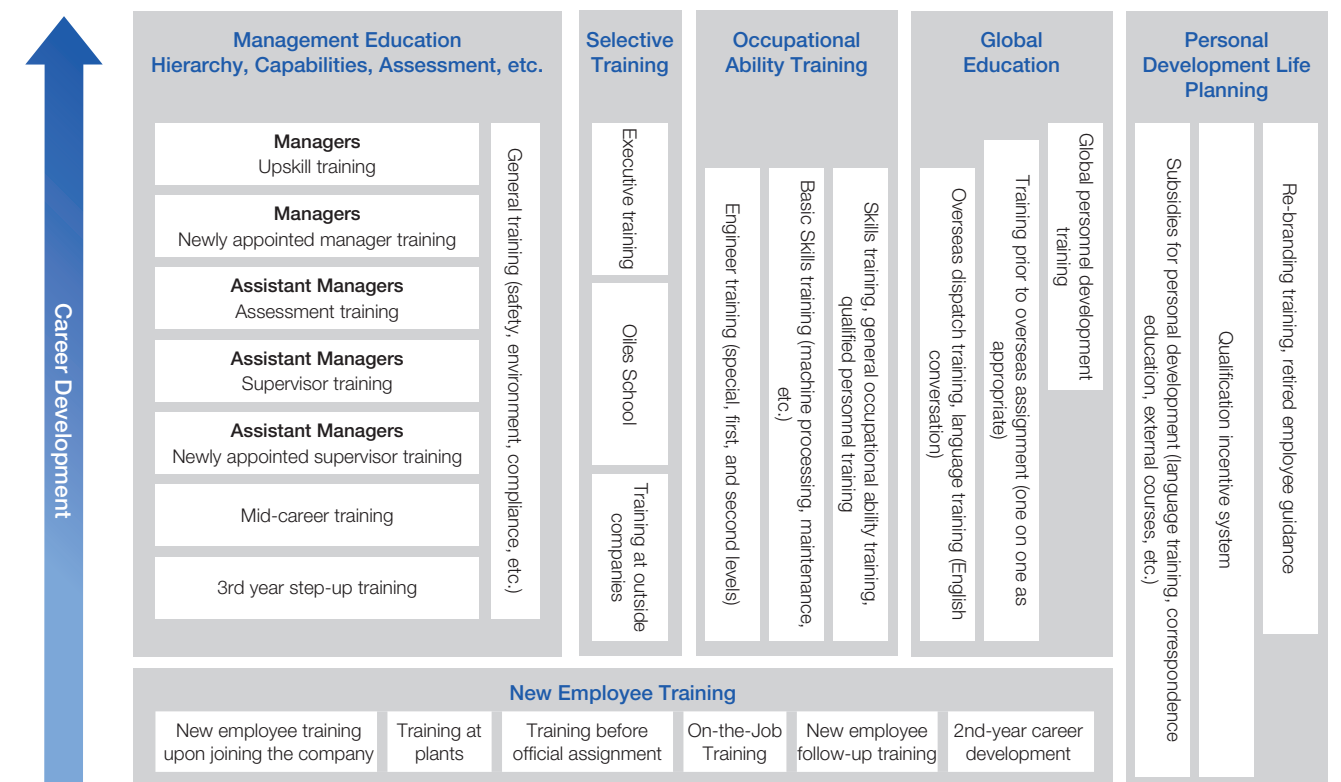
Work-Life Balance Support Programs

Item	Description
Minimum time off between work shifts	• Minimum 10 hours between work shifts
Encouraging leaving work on time	• Employees encouraged to leave on time on Wednesdays and Fridays
Encouraging the planning and taking of paid leave	• One day off a month upon plan application • Consecutive leave of 2 days or more once per year
Paid leave accumulation system	• Accumulate up to 3 days a year from expired days, maximum 60 days
Birthday month holiday	• 1-day special holiday during the birthday month
Refreshment leave	• 10 years of service: 3 consecutive days, 20 years of service: 5 consecutive days, 30 years of service: 7 consecutive days • When rehired after retirement: 10 consecutive days
Support for volunteering activities	• Special leave: 7 days a year (can be taken in half-day increments) • Subsidy for travel expenses: expenses (up to 100,000 yen per year)

Human Resource Development Initiatives

To develop our employees into exemplary personnel as set forth in the Human Resource Development (refer to page 39), we are actively developing their abilities by calling upon their unique qualities and

Educational Training Structure



characteristics, and we are creating an environment in which employees can maximize their abilities through systematic development, utilization, evaluation, and treatment. To strengthen our competitiveness as a company and increase our corporate value, we will strive to invest in human resource development, including support for employee re-skilling.

Training System (see the Educational Training Structure)

To improve employees' skills and to support their personal career development plans, we offer a wide range of training programs for different career paths and age groups, including management training, occupational training, training in internationalization, personal development, and life planning. In addition, we are conducting a selective training program for future management candidates through measures such as the Oiles School for Management, where candidates gain a comprehensive range of skills.

Developing Global Human Resources

"Oiles Corporation is determined to become a world leader as a general manufacturer of oil-less bearings and serve society through technology." Under this management philosophy, the Oiles Group, which operates eight companies and six plants overseas, continues to develop its human resources to make

Human Resource (Human Capital) Development Initiatives

them capable of conducting business around the globe. We offer a variety of globalization training programs, including English language training in Japan and overseas assignment training, which consists of sending employees to overseas offices to improve their language skills and broaden their business experience. Before heading overseas, employees receive specific training so that they are fully prepared for their assigned posting. Global personnel development training is also provided for managers to gain basic knowledge about business overseas.

At overseas bases, we actively promote local employees to management positions and focus on developing global human resources rooted in the local community.

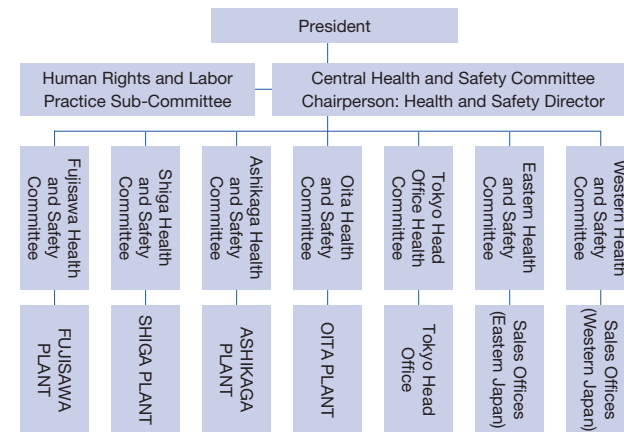
Health and Safety Initiatives

We strive to establish safe, secure and comfortable working environments under the basic principle of protecting employee health and safety. All employees work together to create a safe climate based on our occupational health and safety management system, which was set up in accordance with the relevant Japanese laws and regulations.

Policy and System for Occupational Health and Safety

To prevent industrial accidents and illnesses, the Oiles Group formulated its Health and Safety Management Standards, which are the standards necessary for the management of safety and health. The Group is working to promote the safety and health of employees and to create a comfortable working environment. We are also executing our health and safety action policy to fulfill our social obligation to ensure safe operations and a sound working environment by protecting the health and well-being of employees and to achieve sustainable growth by engaging every employee in health and safety initiatives. As a management system, our Central Health and Safety Committee is in place to examine and deliberate on various health and safety issues and share feedback with the company, while the Fujisawa, Shiga, Ashikaga and Oita Plants each maintain their own committees. In addition to the Tokyo Head Office with its own health committee, domestic offices across the country are categorized into either the eastern or western zones, each of which has its own health and safety committee. Under this system, the entire company is actively involved in health and safety activities.

Health and Safety Organization Chart



Eliminating Industrial Accidents

We fully comply with laws and regulations on health and safety. Every fiscal year, each department formulates its own health and safety action plans and they establish voluntary rules on an as-needed basis to improve the level of safety management. Moreover, each office conducts risk assessments to identify potential hazards at work and takes action on a daily basis to reduce such risks based on the results of the assessments. The cause of an industrial accident at a business site is promptly determined and measures are devised to prevent its recurrence. Information is also shared with other sites in an effort to eliminate industrial accidents company-wide. (Refer to Safety and Health Data on page 59)

Health and Safety Education

The skills training center provides safety training with simulated hazard lessons as part of skills training for new employees, and each workplace offers safety training to new and newly assigned employees. We regularly conduct training on health and safety as needed to continue raising employee awareness. We also provide safety training by position level and encourage members of health and safety committees and managers to acquire qualifications through national examinations, including those related to the Industrial Safety and Health Act. Furthermore, we offer follow-up training to qualified personnel.

Initiatives for Health Management

“Health management,” that is, the promotion and maintenance of the physical and mental health of our employees, forms the foundation of our management of human capital. We view health management as a key management priority, and we are endeavoring to promote the physical and mental health of our employees.

Health Promotion System

Together with the Central Health and Safety Committee, the Human Rights and Labor Practice Sub-Committee strives to create a foundation on which employees can work joyously. We aim to improve the development of the company by promoting health management through work style reforms, mental health measures, and activities for the maintenance and promotion of health. In 2020, we set up the Health Management Promotion Team in the Human Resources Department. We have enhanced our health promotion system, we have incorporated items to be addressed based on the Health and Productivity Management Strategy Map into our safety and health activity plans, and we have created a system that can be promoted at all of our sites. In FY2023, we were also certified as an Organization with Outstanding Health & Productivity Management by the Ministry of Economy, Trade and Industry.

We are also responding to COVID-19 by making efforts to prevent in-house clusters of infections, placing top priority on balancing health and safety with our responsibility to supply products.

Employee Wellness Support

We prioritize the prevention, early detection and early treatment of lifestyle-related diseases and other ailments among our employees. We have assigned occupational health personnel to all of our sites. In cases where an employee’s health checkup reveals a (potential) health issue, we are enhancing their consultations that they can have with a public health nurse. In FY2022, we introduced iCARE’s health information management system, Carely, to centralize the health data of all employee in Japan and to build an analysis platform, thereby enhancing the efficiency of information sharing and collaboration between business sites. Health education is provided by video to employees to improve their health literacy, allowing enough flexibility for employees working at plants to participate. In addition, we are bolstering measures to support the improvement of employee health, such as subsidizing the cost of further examinations after regular health checkups and fees for full medical examinations.

Mental Health Measures

An increasing number of employees have recently been taking leaves of absence from work due to mental health issues. Since 2022, a clinical psychologist has been assigned to the Human Resources Department to provide professional support. In accordance with the Industrial Safety and Health Act, we have employees undergo a stress check once a year, and we perform a group analysis by workplace every year. We are striving to detect

mental health problems early on and to prevent those problems by creating a system so that employees can consult with an industrial doctor, a public health nurse, a clinical psychologist, or an external organization as needed. We provide every employee with mental health education for self-management and a public health nurse interviews all new employees. In addition, occupational health personnel are involved with employees before they take a leave of absence. Those personnel provide continuous support during the leave of absence. When the employee returns to work after the leave of absence, those personnel create a return-to-work support program to help the employee smoothly re-enter the workforce.

Dialogues With Employees

The Oiles Group respects employees’ freedom of association, union membership, collective bargaining, and the right to participate in peaceful gatherings under international treaties and decrees. We ensure labor-management dialogue that allows employees to communicate openly with management without fear of discrimination, retaliation, intimidation or harassment, and uphold collective bargaining agreements and other arrangements. Based on sufficient discussion, labor and management are working together to put our corporate philosophy into practice.

Employee Awareness Survey

With the aim of growing into a company that continuously takes on future-oriented challenges together with its employees, we are conducting employee awareness surveys. A survey was conducted on childcare and housework by male employees. Based on those results, we conducted training for managers and male employees to discuss the need for men to take the initiative in childcare and to balance childcare and work. As employment conditions vary widely, we will conduct such awareness surveys on a regular basis and use the results in our policies.

Healthy Labor-Management Relations

Oiles and some of our Group companies have our own respective labor unions. The company and labor unions have a stable labor management relationship and have concluded more than 60 agreements, arrangements and memorandums, while arranging opportunities for regular labor-management discussions to negotiate and debate matters such as labor conditions and human resource systems. It should be noted that we have a 100% labor union membership rate among permanent employees.

Product Quality Reliability

The Oiles Group will pursue the two core technologies of tribology (friction, wear and lubrication) and damping (vibration control) while striving to provide products of high quality and reduced environmental impact that meet customer expectations.

Toward Improving Product Quality Reliability

The Oiles Group has built and operates a quality assurance system based on the pillars of a focus on the customer, processes, analysis and evaluation, and continuous improvement to meet the demands of the market and customers. In each stage of product development and preparations for production, we eliminate risks and engage in efforts to prevent defects.

In addition, employees are aware of their roles and responsibilities related to the development, manufacture and servicing of products. Furthermore, we are striving to improve the reliability of our product quality by promoting cross-organizational business activities and taking the kaizen approach of constantly running PDCA cycles.

Quality Policies

1. We develop and deliver high-quality products that meet customer expectations.
2. We work to continuously improve the quality of our products to earn the trust of our customers.
3. We pledge to establish a quality assurance system and comply with laws and regulations.

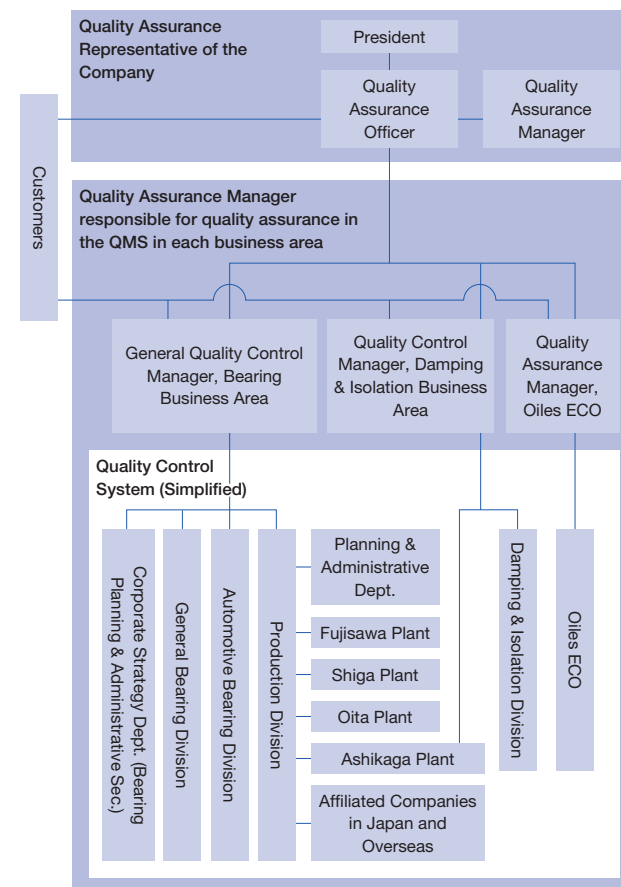
Quality Assurance System

The quality assurance officer of the Oiles Group supervises the quality assurance system of each business unit within the Group, and quality control managers are assigned to each manufacturing, sales, and engineering & design department. Through a Quality Control Committee that is regularly convened by the quality control manager in each department, the manufacturing, sales, and engineering & design departments work together to resolve various quality-related issues and problems. Moreover, the quality assurance officer holds an annual management review to check the quality of products from the entire Oiles Group and provides guidance on the quality assurance system.

A quality management secretariat has been established in both the Bearing Business Area and the Damping & Isolation Business Area, with the Division Manager serving as the chief

quality control manager (quality assurance manager). Each secretariat is working to maintain the quality and safety of its products by creating a quality assurance system tailored to the particular characteristics of the division's business. In addition, we have established and operate a quality assurance system in which the heads and presidents of each plant and affiliate are also the quality control managers.

The Quality Assurance System



WEB You can view our ISO 9001 and IATF 16949 certification acquisition status at <https://www.oiles.co.jp/en/sustainability/iso/download/>

Complaint Prevention and Response System

The president and the quality assurance officers of the Oiles Group are conducting "Quality Diagnoses by Top Management" to achieve the set quality targets and to promote evaluation, guidance and improvement of the quality assurance system. In addition, in order to achieve the quality target of "zero complaints" in both product and process design, we use the "Five Whys" method of the "Failure Mode Effects Analysis (FMEA)" to prevent the recurrence of past quality defects by identifying the root causes and taking permanent measures.

For serious malfunctions, we have set up a countermeasure team led by the quality assurance managers to check and evaluate the progress and effectiveness of countermeasures from the customer's perspective.

Proper Management of Chemicals

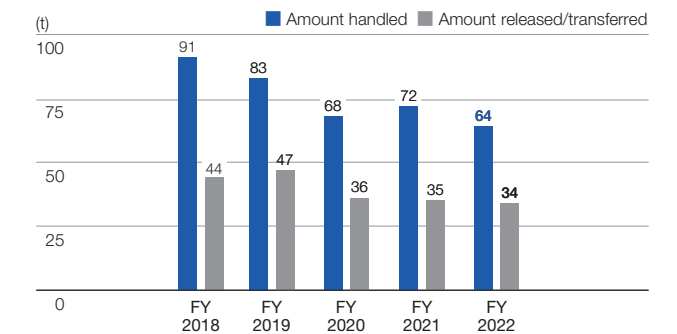
The Oiles Group operates in accordance with its internal Management of Chemical Substances in Products regulations and strives to properly manage chemical substances in order to comply not only with laws and regulations but also to meet customer requirements and protect the global environment.

The volumes of chemical substances generated, handled, released, and transferred from each establishment and plant in Japan are managed in accordance with the law concerning the Pollutant Release and Transfer Register/PRTR (Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof).

Moreover, we are tirelessly working to abolish the use of substances of concern in bearings, the Oiles Group's core product. We are in full compliance with regulations that restrict the use of hazardous substances, such as "Restriction of the use of certain Hazardous Substances in electrical and electronic equipment" (RoHS) and the "Directive on End-of-Life Vehicles" (ELV Directive) enforced in the EU. All plastic and multi-layered bearings products are lead-free, and standard metal bearings, excluding special purpose bearings, conform to the RoHS and ELV directives.

Concerning the RoHS 2 regulations (additional regulations for RoHS) that went into force in July 2019, we have conducted a content survey and have completed the response.

Change in Amount of PRTR Notified Substances Handled, Released and Transferred (non-consolidated)



* Figures for prior years have been retroactively adjusted to improve accuracy

Fair and Equitable Trade

The Oiles Group maintains fair and equitable relationships with its suppliers to ensure consistently transparent trade, as is stipulated in the Oiles Group Corporate Conduct Charter.

Procurement Policy

The Oiles Corporation Group will comply with laws and regulations, social norms, and corporate ethics, and collaborate with business partners to promote sustainable procurement activities to fulfill our corporate social responsibilities, including respect for human rights, consideration for occupational safety and health, and protection of the environment.

WEB Oiles Group Procurement Policy
https://www.oiles.co.jp/en/files/Oiles_Group_Procurement_PolicyEN.pdf

Supply Chain Management

We believe that our products and technologies can contribute to achieving a sustainable society. However, the activities to make that happen cannot be carried out by the Group alone, and it is necessary to work on these with the understanding and cooperation of our suppliers. We therefore enacted the Oiles Group CSR Procurement Guidelines in July 2017. We revise those Guidelines (now the Oiles Group Sustainable Procurement Guidelines) according to changes in society's expectations for sustainability and the environment surrounding the company. Through these Guidelines, we share our basic approach to sustainable procurement and changes in the business environment with our suppliers.

In accordance with the Oiles Group Sustainable Procurement Guidelines, we request that our suppliers address matters such as compliance, human rights and labor practices, the environment, product quality and safety, information security, and business continuity management. We also promote two-way communication with our suppliers through the Sustainable Procurement Questionnaire.

Stable Securing of Raw Materials

In the event of a large-scale disaster such as a major earthquake, business continuity throughout the supply chain is an important issue. In order for the Oiles Group to continue and develop its business, it is essential to secure a stable supply of raw materials. Therefore, in the event of a disaster, we are building a system that can quickly grasp the damage status and

problems of our suppliers. We are also moving forward with efforts toward sustainable raw material procurement through initiatives such as a decentralized procurement system that can procure raw materials from multiple areas.

Our Position on Conflict Minerals

There is concern that mineral resources (tantalum, tin, tungsten, gold) mined in the Democratic Republic of Congo and the nine adjoining countries are being used as sources of funding for armed groups that are causing human rights abuses and environmental destruction.

We recognize that dealing with such conflict minerals is an important issue in the supply chain of the global society. For that reason, we are investigating the materials and components used in our products and making sure that minerals of the target area are not used.

This investigation is a part of the risk assessment process based on the due diligence concept presented in the OECD Due Diligence Guidance. Should the use of minerals from such conflict zones be discovered, we will take prompt corrective measures to avoid their use.

DATA BOOK

Corporate Data

Corporate Information

Name of Company	OILES CORPORATION
Established	March 11, 1952
Share capital	8,585 million yen
Registered Head Office / Fujisawa Head Office	8 Kiri-hara-cho, Fujisawa-shi, Kanagawa 252-0811, Japan
URL	https://www.oiles.co.jp/en/
Stock Listing	Tokyo Stock Exchange Prime Market

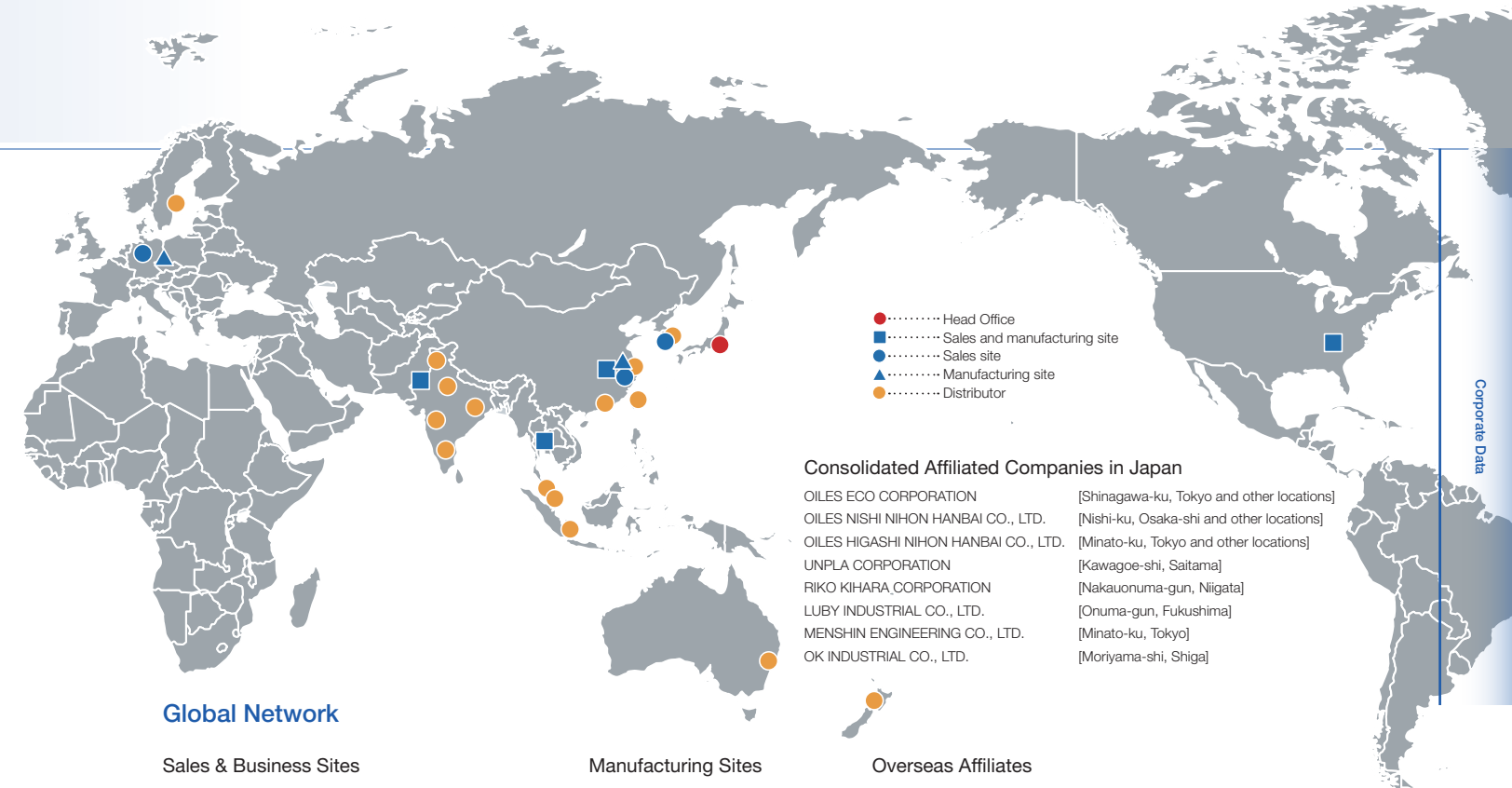
Consolidated Subsidiaries in Japan (8 companies)*1

Name of Company	Location (Head Office)	Major Business Segments*2
OILES ECO CORPORATION	Shinagawa-ku, Tokyo	Architectural devices
OILES NISHI NIHON HANBAI CO., LTD.	Nishi-ku, Osaka-shi	Bearings, etc.
OILES HIGASHI NIHON HANBAI CO., LTD.	Minato-ku, Tokyo	Bearings, etc.
UNIPLA CORPORATION	Kawagoe-shi, Saitama	Bearings and structural devices
RIKO KIHARA CORPORATION*3	Nakauonuma-gun, Niigata	Bearings and structural devices
LUBY INDUSTRIAL CO., LTD.	Onuma-gun, Fukushima	Bearings and structural devices
OK INDUSTRIAL CO., LTD.	Moriyama-shi, Shiga	Bearings
MENSHIN ENGINEERING CO., LTD.	Minato-ku, Tokyo	Structural devices

Consolidated Subsidiaries Overseas (8 companies)*1

Name of Company	Location (Head Office)	Major Business Segments*2
OILES AMERICA CORPORATION	North Carolina, USA	Bearings
OILES DEUTSCHLAND GMBH	Butzbach, Germany	Bearings
OILES CZECH MANUFACTURING S.R.O.	Kadan, Czech Republic	Bearings
SHANGHAI OILES BEARING INC.	Shanghai, China	Bearings
OILES SUZHOU CORPORATION*3	Suzhou, Jiangsu, China	Bearings
OILES (THAILAND) CO., LTD.	Rayong, Thailand	Bearings
OILES INDIA PRIVATE LIMITED*3	Haryana, India	Bearings
OILES ECO (SHANGHAI) CO., LTD.	Shanghai, China	Architectural devices

*1 No subsidiary has submitted a securities registration statement or securities report
 *2 The name of the segment is listed in the "Major Business Segments" column
 *3 Corresponds to a specified subsidiary



Global Network

Sales & Business Sites

FUJISAWA HEAD OFFICE	[Fujisawa-shi, Kanagawa]
TOKYO HEAD OFFICE	[Minato-ku, Tokyo]
TOKYO SALES OFFICE	[Minato-ku, Tokyo]
	[Fujisawa-shi, Kanagawa]
OSAKA SALES BRANCH	[Chuo-ku, Osaka-shi]
NAGOYA SALES BRANCH	[Nakamura-ku, Nagoya-shi]
TOYOTA SALES BRANCH	[Toyota-shi, Aichi]
SAPPORO SALES BRANCH	[Chuo-ku, Sapporo-shi]
UTSUNOMIYA SALES BRANCH	[Utsunomiya-shi, Tochigi]
OTA SALES BRANCH	[Ota-shi, Gunma]
HAMAMATSU SALES BRANCH	[Hamamatsu-shi, Shizuoka]
HIROSHIMA SALES BRANCH	[Naka-ku, Hiroshima-shi]
KYUSHU SALES BRANCH	[Hakata-ku, Fukuoka-shi]
SEOUL SALES BRANCH	[South Korea]

Manufacturing Sites

FUJISAWA PLANT
SHIGA PLANT
OITA PLANT
ASHIKAGA PLANT

Overseas Affiliates

Asia	
China	SHANGHAI OILES BEARING INC. SHANGHAI OILES BEARING INC. SALES OFFICE OILES SUZHOU CORPORATION OILES ECO (SHANGHAI) CO., LTD.
Thailand	OILES (THAILAND) CO., LTD.
India	OILES INDIA PRIVATE LIMITED OILES INDIA PRIVATE LIMITED NEEMRANA PLANT
Europe	
Germany	OILES DEUTSCHLAND GMBH
Czech Republic	OILES CZECH MANUFACTURING S.R.O.
USA	OILES AMERICA CORPORATION

List of Officers

Directors

Masami Iida President, Chief Operating Officer	Yasuji Omura Outside Director
Kazuharu Tanabe Director	Rika Miyagawa Outside Director
Satoshi Miyazaki Director	
Yoshikazu Sakairi Director, Operating Officer, General Manager of the Corporate Planning & Administrative Division, and General Manager of Planning Control	

Audit & Supervisory Board Member

Katsuhiro Mizoguchi Audit & Supervisory Board Member	Tatsuhiko Maeda Outside Audit & Supervisory Board Member
Hiroshi Suda Audit & Supervisory Board Member	Takeo Sakakibara Outside Audit & Supervisory Board Member

Directors' Skill Matrix

Name	Primary Current Position and Responsibilities at the Company	Areas of Expertise and Experience (Top Four*)							
		Corporate Management	Finance, Accounting	Legal, Risk, Compliance	Technology, R&D, Production	Sales, Marketing	Internationality	IT Digital	Society, Environment (incl. ESG)
Masami Iida	President, Chief Operating Officer	●	●	●	●				
Kazuharu Tanabe	Director			●		●	●		●
Satoshi Miyazaki	Director		●	●		●			●
Yoshikazu Sakairi	Director, Operating Officer		●	●	●		●		
Yasuji Omura	Outside Director	●		●	●		●		
Rika Miyagawa	Outside Director	●		●				●	●

*Among the areas of expertise and experience of each director, the top four are recognized as particularly important by the company.

Financial Data

Consolidated Balance Sheet

Unit: Millions of yen

Subject	FY2021 End of consolidated accounting period (As of March 31, 2022)	FY2022 End of consolidated accounting period (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	21,112	23,394
Notes and accounts receivable – trade	19,832	17,854
Merchandise and finished goods	4,247	4,844
Work in process	3,439	3,968
Raw materials and supplies	3,653	3,726
Other	932	1,006
Allowance for doubtful accounts	△ 54	△ 22
Total current assets	53,162	54,772
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,763	11,429
Machinery and equipment, net	5,546	5,740
Tools, furniture and fixtures, net	1,599	1,559
Land	2,882	2,918
Leased assets, net	54	66
Construction in progress	867	858
Other, net	200	232
Total property, plant and equipment	22,913	22,805
Intangible assets		
Other	349	344
Total intangible assets	349	344
Investments and other assets		
Investment securities	6,635	6,560
Long-term loans receivable	0	—
Long-term time deposits	20	20
Deferred tax assets	305	342
Retirement benefit asset	108	95
Other	2,051	2,067
Allowance for doubtful accounts	△ 16	△ 17
Total investments and other assets	9,105	9,068
Total non-current assets	32,367	32,218
Total assets	85,530	86,991

Unit: Millions of yen

Subject	FY2021 End of consolidated accounting period (As of March 31, 2022)	FY2022 End of consolidated accounting period (As of March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	5,903	6,760
Current portion of long-term borrowings	1,090	1,090
Lease liabilities	64	94
Accrued expenses	1,843	1,874
Income taxes payable	1,261	387
Accrued consumption taxes	356	109
Provision for bonuses	1,192	1,174
Provision for bonuses for directors (and other officers)	127	88
Provision for shareholder benefit program	84	110
Other	1,191	920
Total current liabilities	13,114	12,610
Non-current liabilities		
Long-term borrowings	3,893	2,523
Lease liabilities	100	124
Deferred tax liabilities	482	694
Provision for retirement benefits for directors (and other officers)	72	42
Provision for share awards for directors (and other officers)	113	113
Retirement benefit liability	538	639
Asset retirement obligations	42	42
Other	582	611
Total non-current liabilities	5,824	4,791
Total liabilities	18,939	17,401
Net assets		
Shareholders' equity		
Share capital	8,585	8,585
Capital surplus	9,615	9,615
Retained earnings	49,668	51,987
Treasury shares	△ 4,810	△ 5,499
Total shareholders' equity	63,058	64,688
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,920	1,987
Foreign currency translation adjustment	1,309	2,676
Remeasurements of defined benefit plans	△ 285	△ 403
Total accumulated other comprehensive income	2,943	4,261
Non-controlling interests	588	640
Total net assets	66,591	69,589
Total liabilities and net assets	85,530	86,991

Financial Data

Consolidated Statement of Income

Unit: Millions of yen

Subject	FY2021 End of consolidated accounting period (April 1, 2021-March 31, 2022)	FY2022 End of consolidated accounting period (April 1, 2022-March 31, 2023)
Net sales	59,853	62,882
Cost of sales	39,636	42,972
Gross profit	20,217	19,909
Selling, general and administrative expenses		
Advertising expenses	74	91
Packing and transportation costs	1,362	1,297
Remuneration, salaries and allowances	5,997	6,140
Provision for bonuses	559	567
Provision for bonuses for directors (and other officers)	130	92
Retirement benefit expenses	340	352
Provision for retirement benefits for directors (and other officers)	21	17
Provision for share awards for directors (and other officers)	48	42
Welfare expenses	1,352	1,434
Travel and transportation expenses	242	283
Communications expenses	220	209
Supplies expenses	363	379
Entertainment expenses	32	66
Rent expenses	704	723
Depreciation	543	591
Commission expenses	683	763
Provision for shareholder benefit program	98	138
Provision of allowance for doubtful accounts	7	4
Other	1,573	1,657
Total selling, general and administrative expenses	14,355	14,853
Operating profit	5,861	5,056
Non-operating income		
Interest income	70	120
Dividend income	227	255
Foreign exchange gains	256	436
Insurance claim income	188	102
Other	151	209
Total non-operating income	894	1,123
Non-operating expenses		
Interest expenses	22	10
Loss on valuation of derivatives	196	402
Other	22	36
Total non-operating expenses	241	450
Ordinary profit	6,514	5,730
Extraordinary income		
Gain on sale of non-current assets	9	—
Gain on sale of investment securities	56	277
Total extraordinary income	65	277
Extraordinary losses		
Loss on disposal of non-current assets	150	28
Loss on valuation of investment securities	—	6
Loss on sales of investment securities	17	43
Total extraordinary losses	168	78
Profit before income taxes	6,411	5,929
Income taxes - current	1,988	1,537
Income taxes - deferred	14	190
Total income taxes	2,003	1,728
Profit	4,408	4,201
Profit attributable to non-controlling interests	83	69
Profit attributable to owners of parent	4,325	4,132

Consolidated Statement of Comprehensive Income

Unit: Millions of yen

Subject	FY2021 End of consolidated accounting period (April 1, 2021-March 31, 2022)	FY2022 End of consolidated accounting period (April 1, 2022-March 31, 2023)
Profit	4,408	4,201
Other comprehensive income		
Valuation difference on available-for-sale securities	84	67
Foreign currency translation adjustment	1,370	1,423
Remeasurements of defined benefit plans	△ 98	△ 117
Total other comprehensive income	1,357	1,373
Comprehensive income	5,765	5,574
(Breakdown)		
Comprehensive income attributable to owners of parent	5,686	5,449
Comprehensive income attributable to non-controlling interests	79	124

Consolidated statement of changes in equity

FY2022 consolidated accounting period (From April 1, 2022 until March 31, 2023)

Unit: Millions of yen

	Shareholders' equity					Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares		
Balance at beginning of period	8,585	9,615	49,668	△ 4,810		63,058
Changes during period						
Dividends of surplus			△ 1,813			△ 1,813
Profit attributable to owners of parent			4,132			4,132
Purchase of treasury shares				△ 1,001		△ 1,001
Disposal of treasury shares				311		311
Changes in ownership interest of parent due to transactions with non-controlling interests						—
Net changes in items other than shareholders' equity						—
Total changes during period	—	—	2,319	△ 689		1,629
Balance at end of period	8,585	9,615	51,987	△ 5,499		64,688

Unit: Millions of yen

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,920	1,309	△ 285	2,943	588	66,591
Changes during period						
Dividends of surplus						△ 1,813
Profit attributable to owners of parent						4,132
Purchase of treasury shares						△ 1,001
Disposal of treasury shares						311
Changes in ownership interest of parent due to transactions with non-controlling interests						—
Net changes in items other than shareholders' equity	67	1,367	△ 117	1,317	51	1,369
Total changes during period	67	1,367	△ 117	1,317	51	2,998
Balance at end of period	1,987	2,676	△ 403	4,261	640	69,589

Financial Data

Consolidated Statement of Cash Flows

Unit: Millions of yen

Subject	FY2021 End of consolidated accounting period (April 1, 2021-March 31, 2022)	FY2022 End of consolidated accounting period (April 1, 2022-March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	6,411	5,929
Depreciation	2,981	3,276
Increase (decrease) in retirement benefit liability	△ 86	△ 81
Increase (decrease) in provision for retirement benefits for directors (and other officers)	8	△ 30
Increase (decrease) in provision for bonuses	155	△ 23
Increase (decrease) in provision for bonuses for directors (and other officers)	39	△ 39
Increase (decrease) in provision for shareholder benefit program	△ 34	26
Increase (decrease) in provision for share awards for directors (and other officers)	43	△ 0
Increase (decrease) in allowance for doubtful accounts	4	△ 36
Interest and dividend income	△ 297	△ 375
Interest expenses	22	10
Loss (gain) on disposal of non-current assets	150	28
Loss (gain) on sales and valuation of investment securities	△ 38	△ 227
Decrease (increase) in trade receivables	△ 1,510	2,321
Decrease (increase) in inventories	△ 1,311	△ 750
Increase (decrease) in trade payables	316	715
Increase (decrease) in accrued expenses	37	△ 53
Other	△ 78	△ 697
Subtotal	6,814	9,991
Interest and dividends received	325	403
Interest paid	△ 23	△ 11
Income taxes paid	△ 1,265	△ 2,395
Cash flows from operating activities	5,850	7,987
Cash flows from investing activities		
Payments into time deposits	△ 484	△ 1,002
Proceeds from withdrawal of time deposits	735	982
Purchase of property, plant and equipment	△ 2,934	△ 2,593
Proceeds from sale of property, plant and equipment	75	32
Purchase of intangible assets	△ 46	△ 75
Purchase of investment securities	△ 508	△ 9
Proceeds from sale of investment securities	145	418
Purchase of insurance funds	△ 697	△ 227
Proceeds from maturity of insurance funds	580	329
Other	△ 10	△ 56
Cash flows from investing activities	△ 3,142	△ 2,200
Cash flows from financing activities		
Repayments of long-term borrowings	△ 1,404	△ 1,369
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	△ 429	—
Dividends paid	△ 1,602	△ 1,812
Dividends paid to non-controlling interests	△ 38	△ 73
Purchase of treasury shares	△ 1	△ 1,001
Proceeds from disposal of treasury shares	220	274
Repayments of lease liabilities	△ 107	△ 89
Cash flows from financing activities	△ 3,363	△ 4,071
Effect of exchange rate change on cash and cash equivalents	405	544
Net increase (decrease) in cash and cash equivalents	△ 249	2,259
Cash and cash equivalents at beginning of period	20,587	20,337
Cash and cash equivalents at end of period	20,337	22,597

Non-Financial Data

Environmental Accounting

Environmental protection costs in Japan: Fujisawa, Shiga, Ashikaga and Oita.

Unit: Millions of yen

Environmental protection cost category	Major initiatives	FY2018		FY2019		FY2020		FY2021		FY2022	
		Investments	Expenses *1	Investments	Expenses	Investments	Expenses	Investments	Expenses	Investments	Expenses
I. Business area cost	Sum of (1) to (3)	83.2	622.2	47.0	693.0	30.2	806.7	150.0	868.0	175.6	824.1
(1) Pollution prevention	Activities to prevent air and water pollution, etc.	0.0	47.5	0.0	87.0	0.0	123.6	0.0	93.4	0.0	113.1
(2) Global environmental protection	Activities to save energy, etc.	83.2	259.2	47.0	293.0	30.2	379.3	150.0	484.5	175.6	497.7
(3) Resource circulation	Recycling and waste disposal, etc.	0.0	315.5	0.0	313.0	0.0	303.8	0.0	290.1	0.0	213.3
II. Upstream/downstream cost	Difference between environmentally-sound products and general products	0.0	5.9	0.0	10.0	0.0	6.1	0.0	8.7	2.3	18.0
III. Administrative cost *2	Cost relating to maintaining ISO, environmental education, planting of greenery, beautification, etc.	0.0	137.5	0.0	148.0	0.0	168.5	0.0	170.1	0.0	177.2
IV. R&D cost	—	0.0	24.9	0.0	10.0	0.0	25.2	0.0	52.0	0.0	126.0
V. Social activities cost	Donations to environmental groups, cleaning rivers, etc.	7.9	0.1	0.0	1.0	0.0	1.1	0.0	1.2	0.0	1.1
VI. Environmental remediation cost	—	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total		91.1	790.6	47.0	862.0	30.2	1007.6	150.0	1100.0	177.9	1146.4

*1 Includes depreciation cost for equipment, personnel cost and general expenses
 *2 Includes environment-related screening and registration fees
 * Figures for prior years have been retroactively adjusted to improve accuracy

Environmental protection results (non-consolidated)

	FY2018	FY2019	FY2020	FY2021	FY2022	YoY (%)	
Total production by domestic plants (billion yen)	188	205	180	208	204	98	
Input	Electricity (thousand kWh)	24,398	24,993	22,600	24,857	24,880	100
	City gas (thousand m ³)	1,878	1,900	1,727	2,095	2,162	103
	LPG (t)	53	167	199	217	318	146
	Kerosene (kl)	123	1	1	1	0	30
	Heavy oil (kl)	0	0	0	0	0	—
	Gas oil (kl)	11	12	11	12	12	103
	Gasoline (kl)	18	9	7	36*	38	106
	Water resources (thousand m ³)	165	152	141	168	164	98
Output	CO ₂ (t-CO ₂)	15,672	14,562	12,947	15,417	14,009	91
	Class I designated chemical substance (t)	61	57	46	35	34	97
	Total waste (t)	1,652	1,802	1,626	1,623	1,420	87
	Recycled (t)	1,605	1,750	1,522	1,537	1,372	89
	Disposed (t)	47	52	104	86	48	55

*Also includes sales sites starting in FY2021

Economic benefits of environmental protection

	FY2018	FY2019	FY2020	FY2021	FY2022	YoY (%)
Gain on sale of valuables converted from waste materials (millions of yen)	41	33	30	31	33	105
Cost associated with recycling waste materials (millions of yen)	34	34	35	35	24	70
Cost associated with disposal of waste materials (millions of yen)	15	20	20	21	26	122

Non-Financial Data

Environmental data (Oiles Group)

		FY2018	FY2019	FY2020	FY2021	FY2022
CO ₂ Emissions & Intensity	Total (t-CO ₂)	31,969	30,297	27,369	30,893	29,242
	Japan (t-CO ₂)	21,714	20,751	18,437	21,171	19,491
	Overseas (t-CO ₂)	10,255	9,546	8,932	9,722	9,751
	CO ₂ intensity (t-CO ₂ / millions of yen)	0.521	0.504	0.517	0.516	0.465
Aggregated waste emission and intensity	Total (t)	4,356	4,187	3,931	4,121	4,008
	Japan (t)	3,206	3,110	2,785	2,922	3,172
	Overseas (t)	1,150	1,077	1,146	1,199	836
	Aggregated Waste Emission and Intensity (tons / millions of yen)	0.071	0.070	0.065	0.069	0.064
Water Usage	Total (1,000 m ³)	212	201	190	202	199
	Japan (1,000 m ³)	169	161	150	177	171
	Overseas (1,000 m ³)	43	40	40	25	28

* Figures for prior years have been retroactively adjusted to improve accuracy

Employee demographics

Employees (Oiles Group)

		FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees (consolidated)	Total	2,633	2,591	2,517	2,506	2,512
	Permanent	2,092	2,085	2,046	2,035	2,030
	Temporary	541	506	471	471	482
Number of employees in Japan (consolidated)	Total	1,714	1,701	1,670	1,668	1,674
	Permanent	1,289	1,285	1,276	1,269	1,277
	Temporary	425	416	394	399	397
Number of employees (non-consolidated)	Total	1,106	1,105	1,083	1,070	1,080
	Permanent	794	794	789	773	785
	Temporary	312	311	294	297	295

*As of the end of March 2023

Employment status of regular employees (non-consolidated)

		FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees	Total	794	794	789	773	785
	Male	702	703	699	683	682
	Female	92	91	90	90	103
Average age	Total	42.2	42.4	42.7	42.8	42.4
	Male	42.6	42.7	43.0	43.2	42.9
	Female	39.3	40.0	39.8	39.9	39.3
Average years of service	Total	18.8	19.1	19.4	19.6	19.0
	Male	19.2	19.4	19.8	20.0	19.6
	Female	16.3	16.9	16.8	16.7	15.4
Number of new graduate hires	Total	22	20	22	16	24
	Male	19	16	15	15	18
	Female	3	4	7	1	6
Number of mid-career hires	Total	16	7	1	4	25
	Male	10	6	0	3	19
	Female	6	1	1	1	6
Number of rehired employees	Total	9	7	4	18	18
	Male	8	7	4	16	17
	Female	1	0	0	2	1

*As of the end of March 2023

Non-Financial Data

Diversity (Oiles Group)

			FY2018	FY2019	FY2020	FY2021	FY2022
Percentage of female employees (permanent employees)	Percentage of female employees	Consolidated (%)	24.2	25.6	24.7	24.8	24.6
		Domestic group (%)	13.7	13.9	13.7	13.9	15.0
		Non-consolidated (%)	11.6	11.5	11.4	11.6	13.1
	Number of female managers (consolidated)	Consolidated (%)	15	17	15	17	18
		Domestic group (%)	2	3	3	5	5
		Non-consolidated (%)	0	1	1	3	4
	Percentage of female managers (consolidated)	Consolidated (%)	5.5	5.5	5.0	5.6	6.1
		Domestic group (%)	0.9	1.2	1.2	2.0	2.1
		Non-consolidated (%)	0.0	0.7	0.7	1.9	2.7
Number of rehired employees (non-consolidated)	Total	9	7	4	18	18	
	Male	8	7	4	16	17	
	Female	1	0	0	2	1	
Percentage of employees with disabilities (non-consolidated)			2.0	2.2	2.1	2.1	2.1

*As of the end of March 2023

Work-life balance (non-consolidated)

			FY2018	FY2019	FY2020	FY2021	FY2022
Status of childcare leave and shortened working hours taken	Number of employees who took childcare leave	Male	0.0	0.0	11.0	17.0	15.0
		Female	4.0	3.0	5.0	5.0	2.0
	Number of employees who shortened working hours for childcare	Male	0	1	0	1	0
		Female	10	10	9	9	10
Annual average of total working time (hours)			1,820.5	1,777.4	1,758.6	1,750.6	1,733.1
Average number of paid holidays taken (days)			14.5	14.9	15.2	15.6	15.9
Average rate of paid holidays taken (%)			76.0	73.1	78.7	80.4	83.2
Average monthly overtime (hours)			10.3	8.3	6.1	7.5	7.2

*As of the end of March 2023

Human resource development (non-consolidated)

	FY2018	FY2019	FY2020	FY2021	FY2022
Annual training time per person (hours)	30.1	32.2	31.3	33.0	34.5

*As of the end of March 2023
* For permanent employees

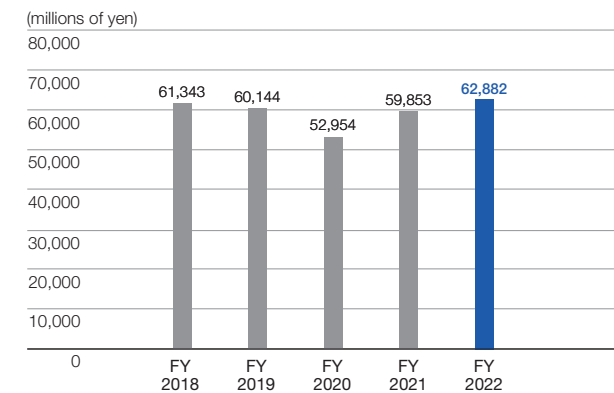
Health and safety (non-consolidated)

		FY2018	FY2019	FY2020	FY2021	FY2022
Number of industrial accidents	Serious (absent from work for 4 days or longer)	0	2	1	1	3
	Minor (absent from work for 3 days or less)	2	1	4	4	2
	Not absent from work	10	7	7	5	7
Frequency of lost-worktime injuries*1	OILES	1.01	1.53	2.61	2.66	2.67
	Manufacturing industry average*2	1.20	1.20	1.21	1.31	1.25
Severity rate of lost-worktime injuries*3	OILES	0.00	0.01	0.01	0.00	0.08
	Manufacturing industry average*2	0.10	0.10	0.07	0.06	0.06

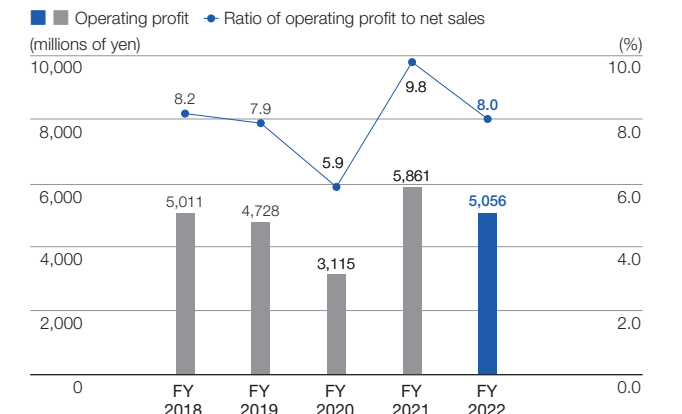
*1 Frequency: Represents the frequency of industrial accidents based on casualties per actual working time of 1 million hours
*2 Based on the results of the Survey on Industrial Accidents by the Ministry of Health, Labour and Welfare
*3 Severity rate: Represents the severity of industrial accidents based on labor days loss per actual working time of 1 million hours

Financial Highlights

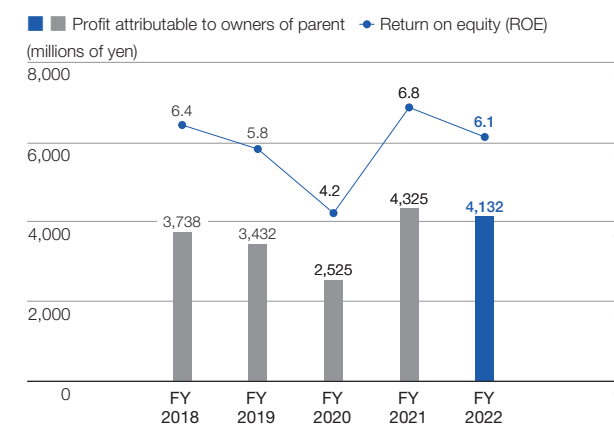
Net sales (consolidated)



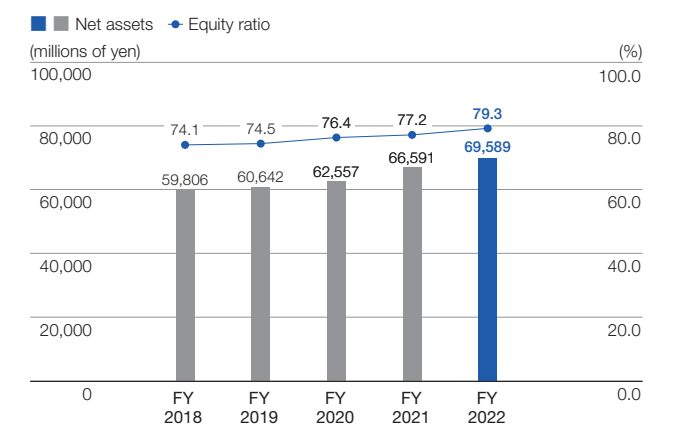
Operating profit / Ratio of operating profit to net sales (consolidated)



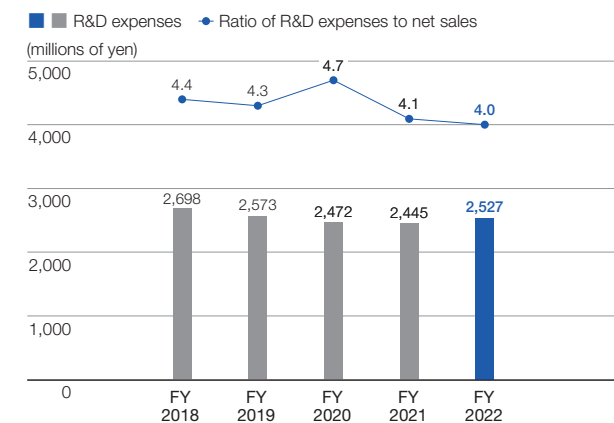
Profit attributable to owners of parent / Return on equity (ROE) (consolidated)



Net assets / Equity ratio (consolidated)



R&D expenses / Ratio of R&D expenses to net sales (consolidated)



Capital expenditures / Depreciation (consolidated)

