

OILES CORPORATION INTEGRATED REPORT



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



2022

Issuing department & contact information

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<https://www.oiles.co.jp/corporate/csr/>
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<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 products and technologies that the world requires
- 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, 2021 to March 31, 2022)
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 2022 (next issue: Autumn 2023)

● 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/corporate/csr/>

Financial and non-financial information not included in the integrated report is available on our website.
<https://www.oiles.co.jp/>

● 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"

● 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.

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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.
- Started manufacturing Oiles LRB seismic isolators. The Fujisawa Plant was constructed as Japan's first building with a seismically isolated structure.
- 1987**
- 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 U.S. 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.
- Established Oiles Czech Manufacturing s.r.o. in the Czech Republic.
- 2003** 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 functions at the Fujisawa Plant.
- 2022** Transferred to the Prime Market segment when the Tokyo Stock Exchange restructured its markets.



History of Oiles Technologies

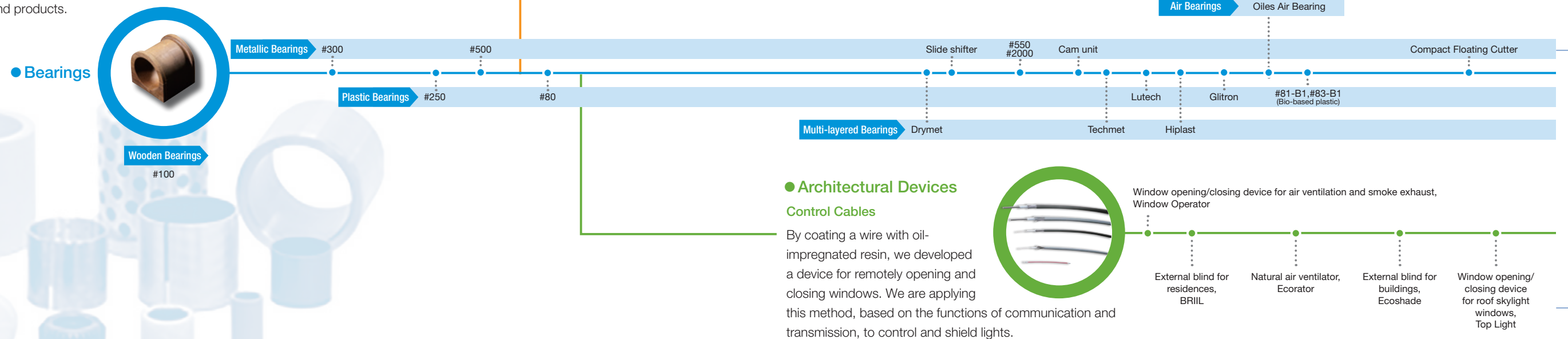
It all started with a small wooden bearing.

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. His encounter with this unidentified bearing was the origin of Oiles' and Japan's oil-less bearings. 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



Seismic Isolators and Vibration Control Devices

We applied tribology techniques to the seismic motion isolation technology and combined it with the damping technology to gain the skills for producing seismic isolators and vibration control devices.

Structural Devices

- Bridge-use Bearing (bearing plate)
- Bridge-use Lead Rubber Bearing, LRB
- OILES Cable Damper
- Bingham Material - Stopper, BM-S
- High Performance Bearing, HPB
- Seismic isolators for manufacturing equipment
- Seismic isolators and vibration control devices for residences
- Wall-type Viscous Friction Dampers, VFD

Architectural Devices

Control Cables

By coating a wire with oil-impregnated resin, we developed a device for remotely opening and closing windows. We are applying this method, based on the functions of communication and transmission, to control and shield lights.

- Window opening/closing device for air ventilation and smoke exhaust, Window Operator
- External blind for residences, BRILL
- Natural air ventilator, Ecorator
- External blind for buildings, Ecoshade
- Window opening/closing device for roof skylight windows, Top Light



Masami Iida
President

Pursuing continuous growth toward becoming a centenarian company and beyond

On the Occasion of Our 70th Anniversary

Oiles Corporation reached the milestone of 70 years in business on March 11, 2022. The fact that we have been able to stay in business for this long is entirely thanks to all our stakeholders from customers and shareholders to business partners and others who have been a part of what we do. I wish to express my heartfelt gratitude to you all.

Since founder Sozo Kawasaki established our predecessor Nippon Oilless Bearing Research and Development Co., Ltd. on March 11, 1952 and 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.

Our management philosophy is to become a world leader as a general manufacturer of oil-less bearings and serve society through technology. The desire to serve society through technology, handed down from our founder, is a 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 with oil-less characteristics (self-lubricating bearing) contributes to the reduction of environmental impact. For example, 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-distance driving 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 the risk of smoke inhalation due to fire but also provide safety, security and comfort to society by supporting building ventilation, a key countermeasure against infection.

With such contributions, I believe that all three businesses of our Group have a role in resolving the social issues identified in the United Nations' Sustainable Development Goals (SDGs). In a sense, I believe that our businesses in and of themselves

have a high potential to contribute to society and embody our corporate philosophy of serving society through technology. To share what we aim for as a company within the Group, we revised our Group's long-term vision* in fiscal 2020. The greatest image of the company we wish to become is a "Company that contributes to the preservation of the global environment and delivers safety, security and comfort through products and technologies that the world requires."

We will commit ourselves to consistently providing products and technologies that lead to solutions for social issues and contributing to the SDGs through our core businesses. This purpose will be shared among the Group, and with the 100-year milestone in our sights, we will channel social issues into our own corporate value.

*Our Long-Term Vision is explained on page 1.

Our Strengths that Underpin Value Creation

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. The key for our Group as a market-creating company is to develop unique products and materials with outstanding performance and to provide materials that solve customer problems in innovative ways and enable their products to be the best or the first in the world. To this end, we must also generate economic value by linking the outcome of our materials development to the development of usage applications.

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 4.5% on average for the past five fiscal years, which is high even compared to other companies in the same industry. Moreover, a new plant building was completed at the Fujisawa Plant, our R&D base, in November 2021. We then reorganized our business areas, and this resulted in a significant expansion of our technology and R&D area. We will further strengthen our technology and R&D to offer systems that deliver new

Message from the President

value while enhancing our development of mainly plastic and multi-layer materials and pushing forward with innovations in production techniques.

Our unique business model could also be considered a defining strength of our Group, with our sales, engineering and R&D departments working together to provide value to 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 operate a technological service called EK, in which we evaluate products on behalf of our customers. This is another service unique to our company. By evaluating forms and systems that are closer to our customers' actual products, we are able to offer proposals on new issues, and we have received positive feedback.

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

Progress of the Medium-Term Management Plan

The medium-term management policies of the medium-term management plan (fiscal 2021-2023) are to achieve the growth targets of each department, to enhance technological capabilities and improve productivity through the effective use of management resources, and to develop employees. In terms of the indicators of consolidated net sales and operating profit, we have targeted an increase of more than 20% in consolidated net sales and a consolidated ratio of operating profit to net sales of 10% in fiscal 2023, the final year of the management plan, compared to fiscal 2020.

In fiscal 2021, the first fiscal year of the medium-term management plan, our bearings business experienced a recovery from the previous fiscal year, which had seen significant impacts of the COVID-19 pandemic on both the general industrial field and the automotive industry. In addition, large projects in both bridges and architecture contributed to the performance of our structural devices business. As a result, our consolidated net sales of 59.853 billion yen (+13.0% year-on-year) and consolidated operating profit of 5.861 billion yen (+86.8% year-on-year) both exceeded the amounts set for the initial year of the plan. For consolidated operating profit in particular, our bearings business outperformed the plan by +114.4%, while our structural devices business outperformed the plan by +143.9%, resulting in a high overall achievement rate of +123.4% against the plan.

In fiscal 2022, there are many factors in the macro environment that are impacting our business activities overall, including semiconductor shortages and other chaos in supply chains, as well as surging prices for energy and resources arising from geopolitical risk and the economic recovery from the pandemic. We also find ourselves facing the same uncertain economic environment, but as expressed by the medium-term management policy for FY2021 to FY2023 to "achieve growth targets of each department," each of our departments will be pushing forward with initiatives geared toward achieving the targets in the plan. In the bearings business, we are aiming for growth in products for semiconductor manufacturing equipment in the general industrial field in addition to growth accompanying the resurgence of production in the automotive industry. In the structural devices business, we will strive to tap new demand related to data centers and semiconductor production facilities, as well as capture projects for the seismic isolation of small and medium bridges. In the architectural devices business, we will also strive to acquire projects in both the new construction and renovation markets.

ESG Promotion for Sustainable Growth

Sustainability, including ESG elements, is a key management priority. Our Group, however, positions CSR promotion as the mainstay of our corporate activities under the belief that promoting CSR (ESG) is the foundation for creating new corporate value.

Regarding our environmental initiatives, in FY2021 we set a new environmental target to "reduce total CO₂ emissions by

46% from the FY2013 level by FY2030" as a contribution to the global goal of carbon neutrality by 2050, and we are pushing forward with efforts to achieve it. In FY2021, we upgraded the facilities at the Fujisawa Plant, for example, by starting full-scale solar power generation with in-house equipment and switching to LED lights. We will continue our efforts, including bolstering the environmental awareness of every employee. We also aim to address environmental issues through our core business by offering products and technologies that reduce the environmental impact. Primarily in our bearings business, we are bolstering initiatives in various fields such as the electrification of cars, renewable energy and hydrogen energy. Our efforts in technological and product development are driven by the conviction that our technologies and products have grand potential for contributions to the global environment.

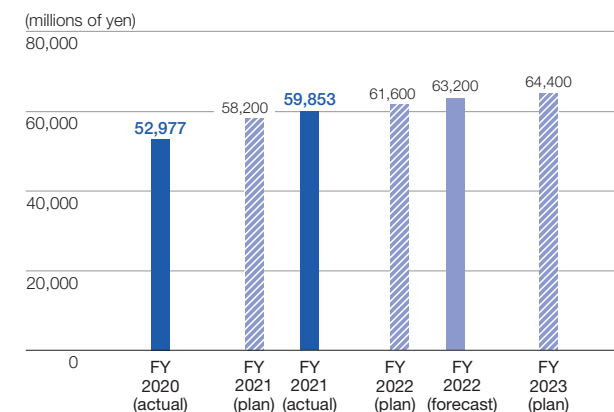
As stated in our medium-term management policy "to create an environment and culture where employees' diversity is respected and employees can grow together with the company," we are promoting diversity and dedicating effort to human resources development based on the conviction that human resources are the source of our value creation. In terms of respect for the diversity of employees, we aim to establish workplaces that support both diversity and inclusion. We

Medium-Term Management Plan (FY2021-FY2023)

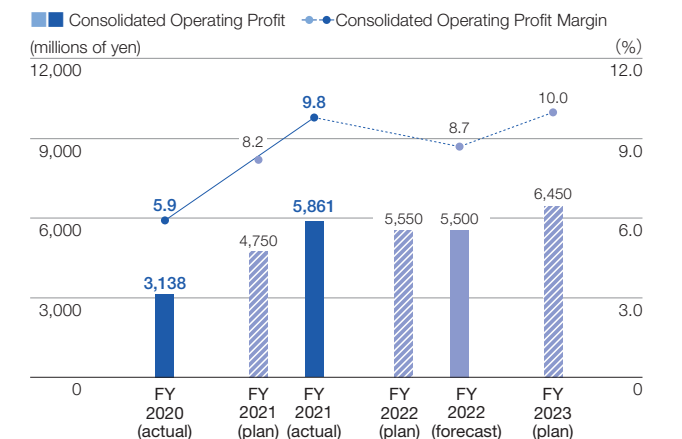
(Medium-Term Management Policies)

- 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 ratio of operating profit to net sales



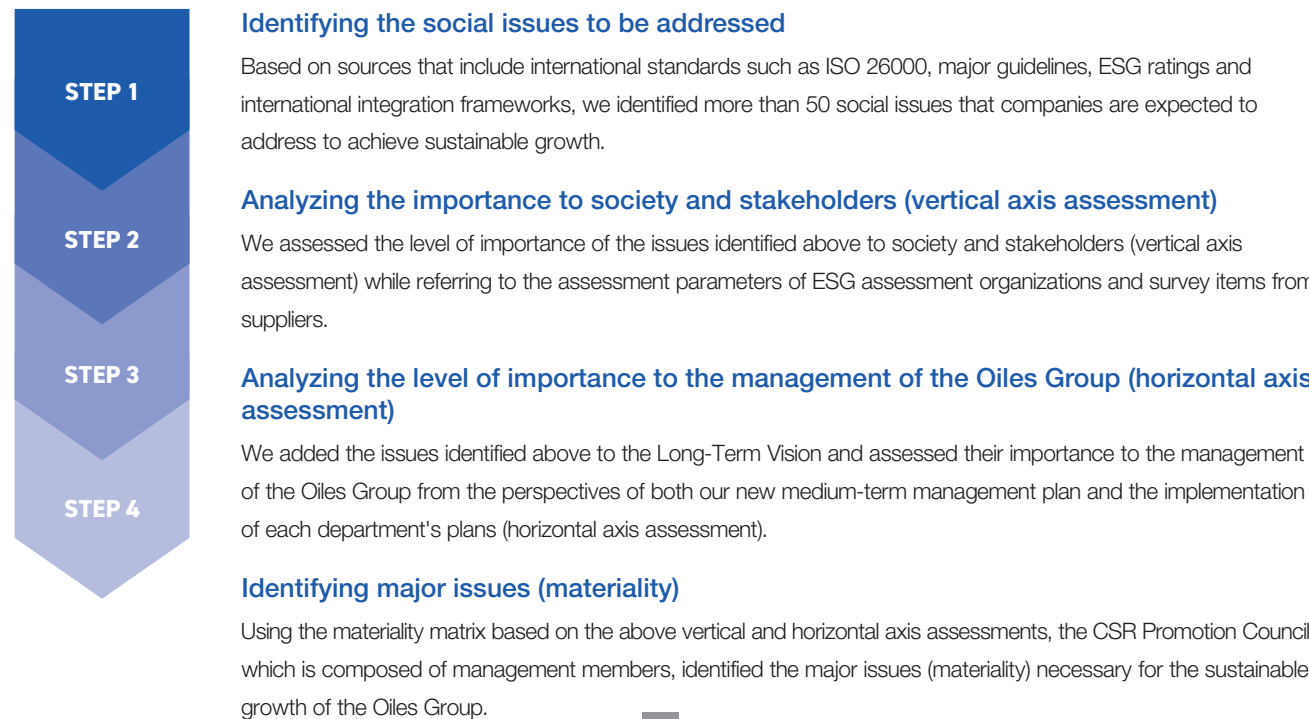
*Plan: Values expected at the time of formulating the medium-term management plan
Forecast: Financial results forecast announced on May 12, 2022

Identifying Major Issues (Materiality) for Sustainable Growth

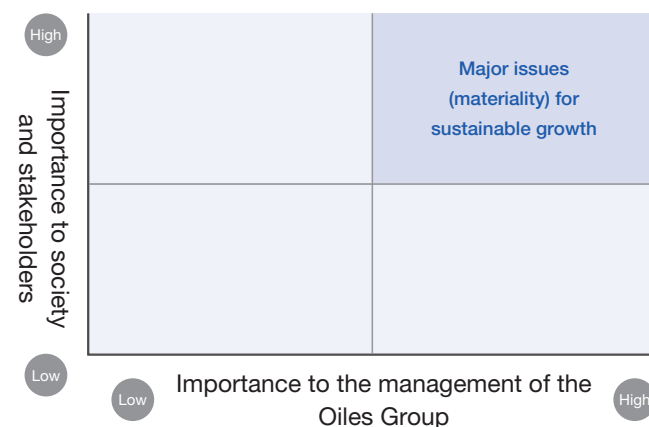
The Oiles Group recognizes that sustainable corporate growth based on the further evolution of non-financial capital, such as human, intellectual, manufacturing and natural capital, is important for achieving our medium-term management plan (fiscal 2021-2023). Therefore, concurrently with the formulation 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 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 Contributing to the evolution of the mobility society Improving product quality	 	<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 	
	E: Environment Environmental initiatives (See pages 33-38)	Preventing global warming (addressing climate change issues) Sustainable use of environmental resources	 	<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"> Implement initiatives to achieve our environmental targets (reduce total domestic CO₂ emissions by 46% from FY2013 levels by FY2030) on the path to achieving 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
		S: Society Human resource measures (See pages 39-44)	Human resource development Diversity and inclusion Respect for human rights and appropriate labor practices	 	<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
G: Governance Corporate governance (See pages 27-32)			Strengthening governance in light of the market structural reform of the Tokyo Stock Exchange Solid compliance management Risk 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

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



Our Philosophy/DNA & Our History

Message from the President

Identifying Major Issues (Materiality) for Sustainable Growth

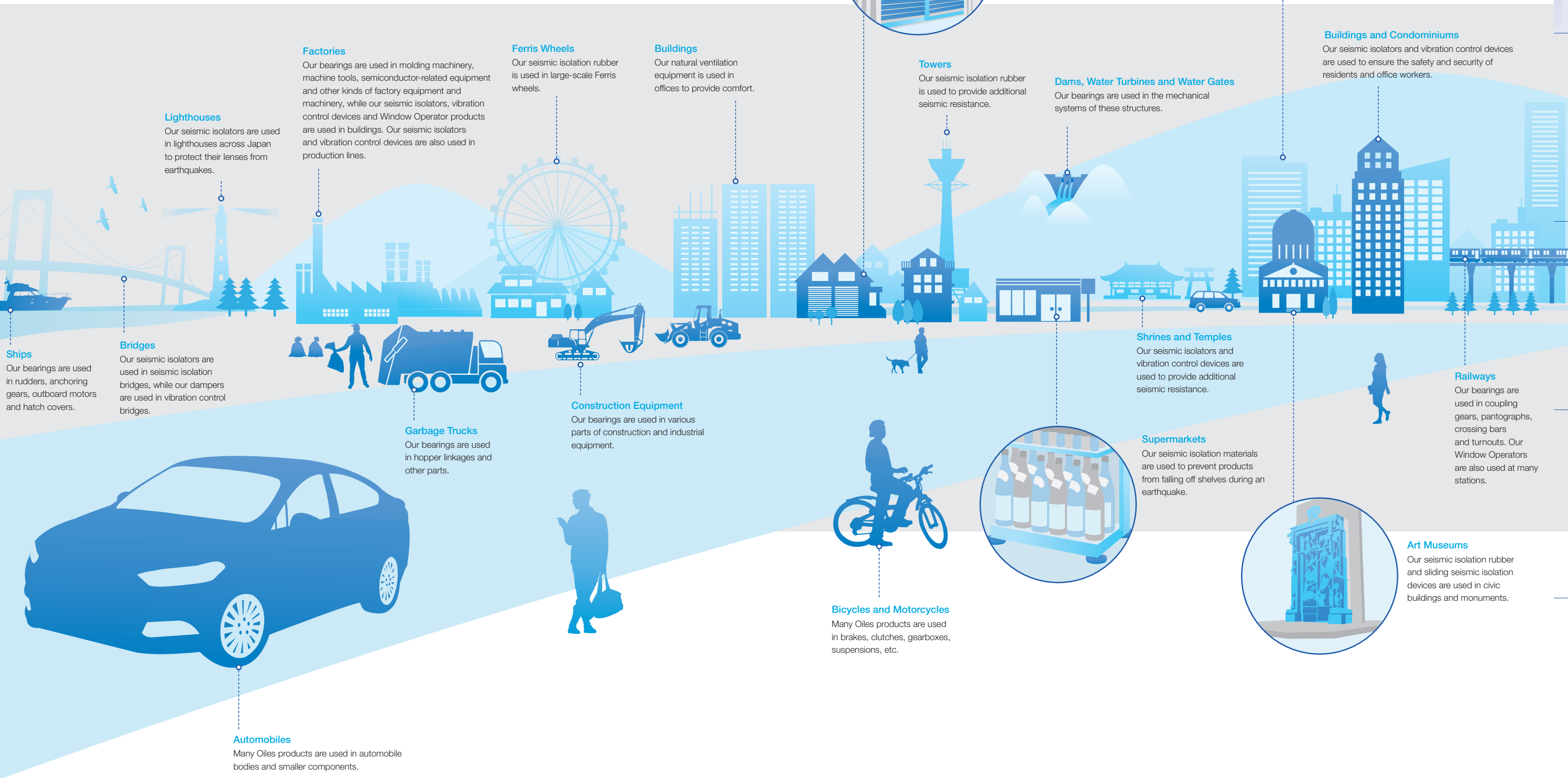
Value Creation Process

*Data as of March 31, 2022 or FY2021

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

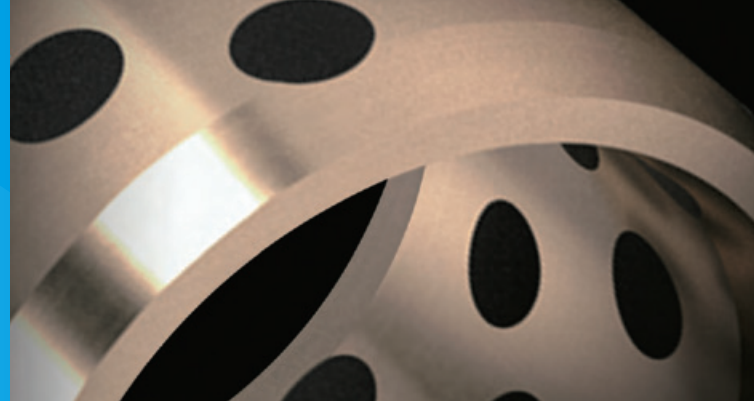
Bearings

Structural Devices

Architectural Devices

Intellectual Property Initiatives

Bearings



General Industrial Field

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, sluices 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 sluice 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). Due to these characteristics, demand for such OABs is increasing in fields such as

semiconductor manufacturing equipment.

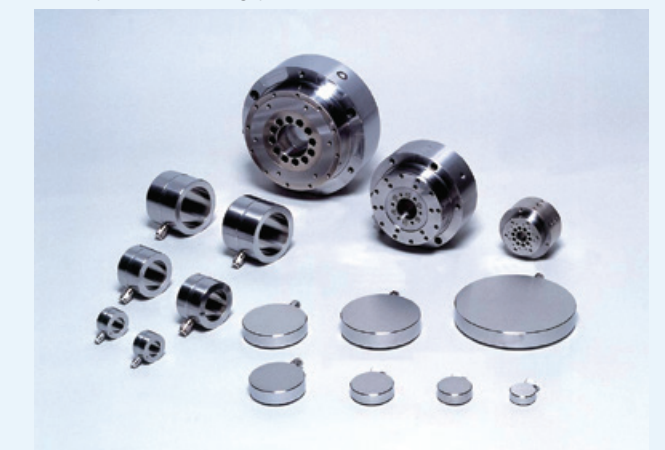
In addition, Oiles bearings help to reduce environmental impact across broad industrial areas. An example of an environmentally sound product we developed is the biomass plastic bearing. Made from sugar cane and oil castor beans, fillers were added to improve sliding performance. Combining excellent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

In the field of renewable energy, we are developing bearings with remarkable frictional efficiency that will contribute to stabilizing and improving the performance of wind power generators. In addition, our bearings are used in demonstration tests for wave power generation, a next-generation renewable energy source. We are accelerating business activities that contribute to protecting the environment.

Biomass plastic bearing (#81-B1)



OABs (Oiles air bearings)



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. <small>*Inherent-orifice and orifice compensation are structures to form air membranes by compensating air flow with holes or grooves on the surface of the bearing.</small>
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) 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.

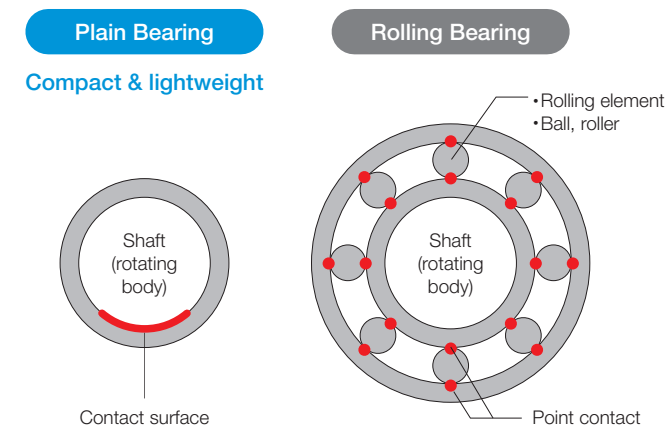
Bearings are broadly classified into plain bearings

and rolling 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 rolling 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 rolling bearings of a comparable size.

In order to achieve the Sustainable Development Goals (SDGs), we will continue to help address the issue of reducing our environmental impact with Oiles bearings.

According to the JOST Report Japan Edition



Features Comparison

	Oiles Bearing	General Plain Bearing	Rolling 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

Automotive Industry

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, doors, trunk and seats. Our market share is approximately 50% worldwide and more than 70% for some products by Japanese automobile manufacturers.

The automotive industry is undergoing a once-in-a-century transformation, 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%. We therefore believe that we can significantly contribute to the popularization of EVs by making them lighter.

In addition, 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 just 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. We are developing products to address these issues and needs by fully leveraging the capability of our core technologies as well as our extensive experience and knowledge of automotive applications.

In order to promote such rapid and flexible product development, we established the New Technology Development Office under the automotive engineering department in October 2020. The office develops products that support the CASE and MaaS and promotes advanced development from a long-term perspective, looking 10 to 20 years into the future. With a view to cooperating and collaborating with external companies, we are striving to create new value beyond the framework of our existing technologies and products.

*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.

Achieving the Medium-Term Management Plan with a Growth Strategy Based on Our Search for Knowledge

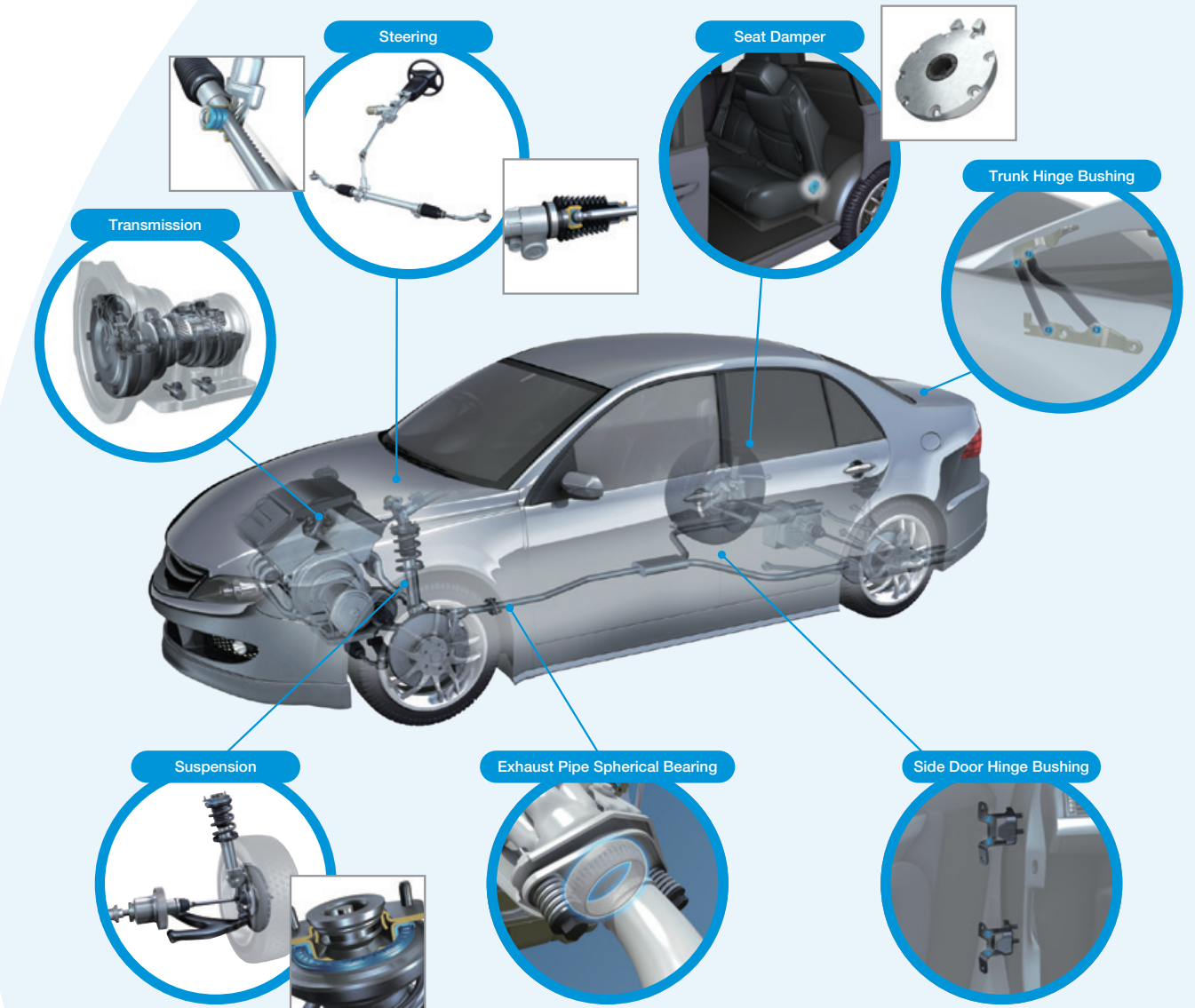
As infrastructure development advanced and capital investment recovered, performance in our bearings business in the general industrial field during FY2021 was bolstered by higher sales in the renewable energy field, as well as rising demand for construction machinery, molding machinery, semiconductor manufacturing equipment and other machinery. For automotive products, sales and profit both increased year-on-year as vehicle production volume recovered compared to the year before, despite challenges such as the global semiconductor shortage and parts procurement problems. Thus, both net sales and operating profit surpassed the results of the previous fiscal year for the department as a whole, and net sales exceeded the plan for the initial year of the medium-term management plan. At the same time, operating profit fell slightly short of plan.

Going forward, our initiatives in the general industrial field will include bolstering sales of OABs, for which demand is

expected to increase in semiconductor manufacturing equipment, and offering products and technologies in areas that help to achieve a decarbonized society, such as renewable and hydrogen energy. In the automotive industry, we are expanding the usage of our PS Bearings core products and bolstering business for auto body and interior applications of dampers. Furthermore, we are dedicating efforts to technological development so that our products can be used in the thermal management systems particular to electric vehicles.

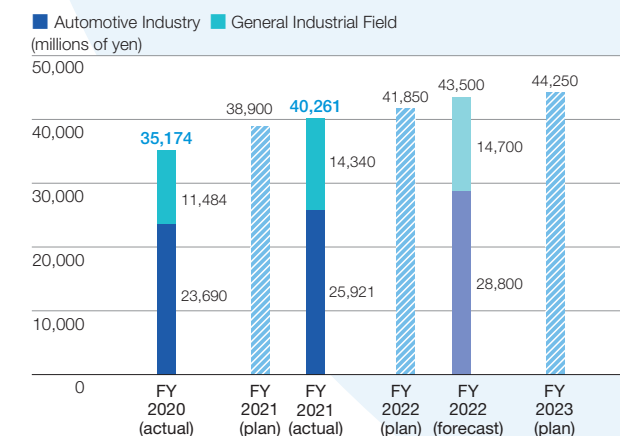
Our growth strategy is based on the “search for knowledge” policy of our medium-term management plan. Following our growth strategy, we will also aim to achieve a consolidated ratio of operating profit to net sales of approximately 10% in the final year of the plan in FY2023 by establishing a high-powered earning structure that incorporates digital transformation (DX) to improve productivity and eliminate waste.

Oiles Bearings for a Variety of Automotive Components

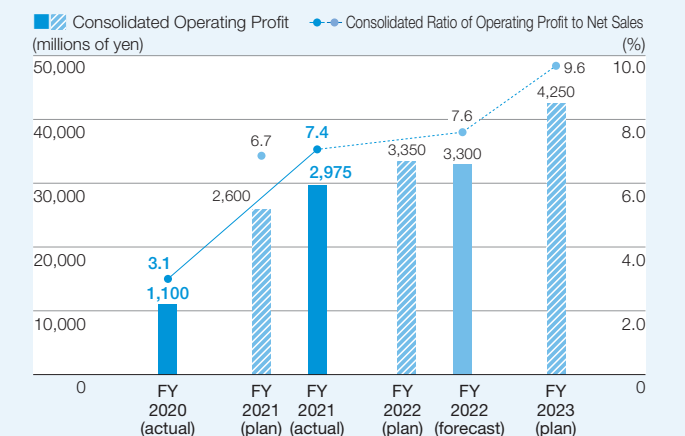


Bearings Business Medium-Term Management Plan (FY2021-FY2023)

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 12, 2022

Structural devices



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 highways 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.

Example of adoption to reinforce disaster resistance in the Tokyo metropolitan area (the New Road Plan between Higashi-Ogishima and Mizue-cho at the Port of Kawasaki, scheduled for completion in 2027)

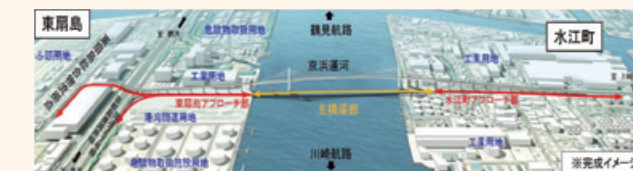


Image provided by the website of the Keihin Port Office, Kanto Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism

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

In FY2021, business performance in the structural devices business was strong in products for architectural applications, including projects for urban redevelopment and large distribution warehouses. Increased sales from large projects acquired through aggressive sales activities in products for bridges also contributed significantly. Thus, both net sales and operating profit significantly exceeded both the results of the previous fiscal year and the plan for the initial year of the medium-term management plan.

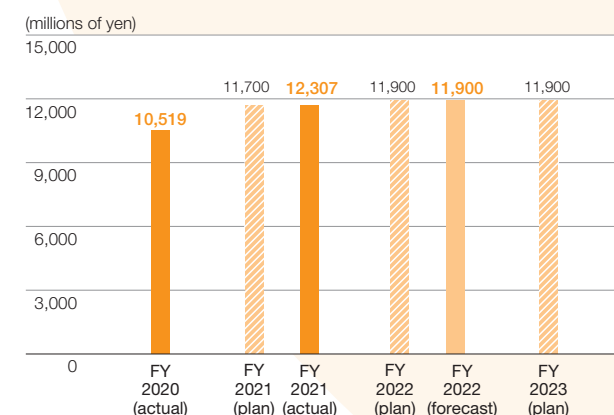
Regarding architectural products in FY2022 as well, we will strive to acquire orders for redevelopment projects that are expanding in the Tokyo metropolitan area, Kansai and other areas, as well as

distribution warehouses for which needs are increasing in recent years. At the same time, we endeavor to tap new demand related to data centers and semiconductor production facilities, for which the soundness of buildings is imperative. For bridge products, we will work to win projects for the seismic isolation of small and medium bridges in parallel with our large projects and expand our sales for renovations (seismic resistance) that will support national resilience.

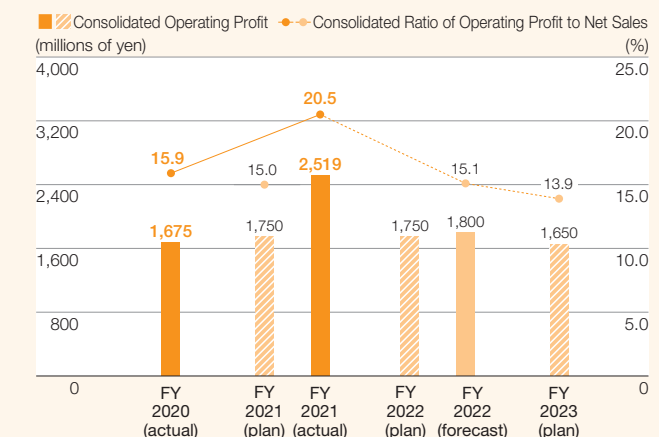
Performance was strong in the first fiscal year of the medium-term management plan, but we aim to maintain a high level of earnings with a consolidated ratio of operating profit to net sales of over 10% throughout the three years of the plan.

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 12, 2022

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

Seismic Resistance

Buildings that absorb seismic motion with columns and beams

➔ Resilient, even if they receive some damage

The structural frame bears all of the seismic force

Seismic resistance type

Seismic Isolation

Buildings that shake gently

➔ Separating the buildings from their foundations

Seismic isolators bear nearly all of the seismic force

Seismic isolation type

Vibration control

Buildings that control the force of shaking

➔ Adding vibration control devices to buildings with seismic resistance

Vibration control devices bear some of the seismic force

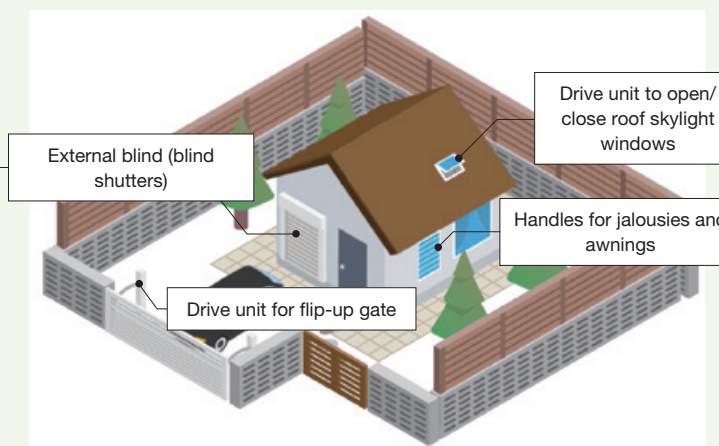
Vibration control type

Architectural Devices



Residential Amenity System

External blind, BRIIL



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

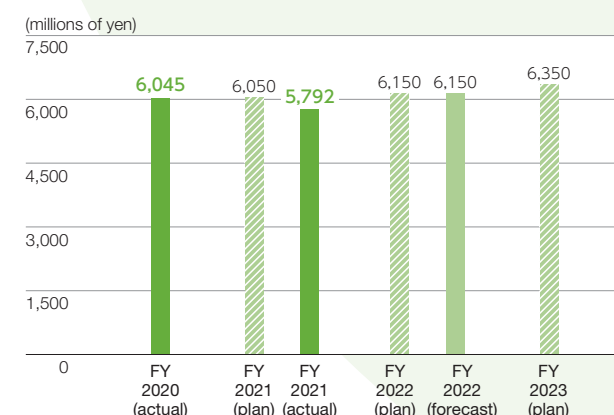
Business performance at Oiles ECO in FY2021 included a year-on-year increase in sales of residential products. However, installations of Window Operators—a major product for use in buildings—decreased due to reversion from work done in preparation for the Olympic Games. As a result, both net sales and operating profit declined year-on-year and fell slightly short of the plan for the initial fiscal year of the medium-term management plan. On the other hand, awareness of the importance of ventilation in living spaces has become more widespread as the COVID-19 pandemic wears on. We believe that the role of Oiles ECO to deliver better health for residents through safer, more reassuring air conditioning environments—in other words, to provide healthy air conditioning—is becoming increasingly important from the standpoint of solving social issues.

To achieve the medium-term management plan, we will strive to acquire large-scale renovation projects and further strengthen ties with building management companies and the general contractor facilities management category in the market for updates of installed products, while at the same time maintaining our share in the new construction market for our core product, Window Operators. With respect to BRIIL external blinds for homes, we aim to grow sales by raising awareness through advertising, capturing demand for residential renovations, and adapting sales activities to local circumstances.

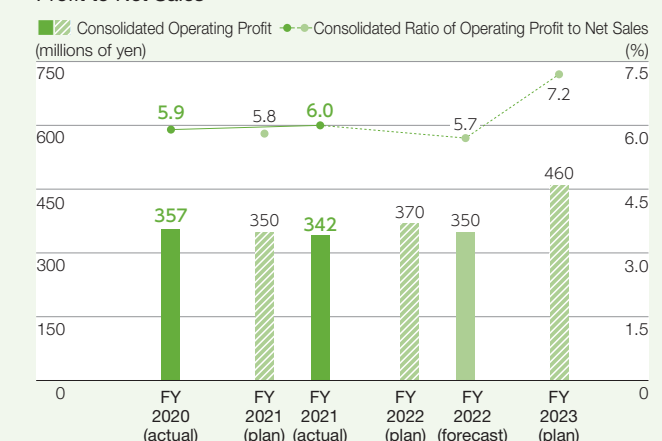
We intend to secure the stable level of earnings established in the medium-term management plan by meeting growing customer demand for ventilation in the face of the continuing pandemic, providing health and comfort in addition to energy savings.

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 12, 2022

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

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 ventilator for buildings without openable windows. It

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

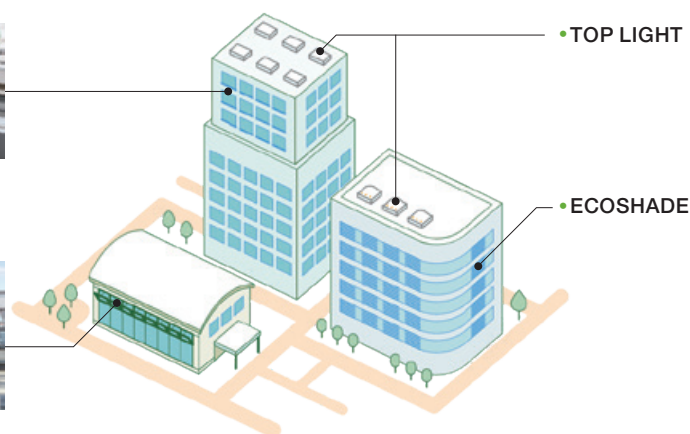
An external blind for homes, BRIIL combines the functions of a shutter and blind, controls natural light, and cuts off about 80% of solar radiation heat from entering the window (heat insulation). It also reduces the air-conditioning load by curbing the rise in surface temperature of window glass by 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 are promoting BRIIL and its functions through online and TV 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



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 (vibration control).

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 2022 were 2,445 million yen on a consolidated basis, accounting for 4.1% of consolidated net sales. The ratio averaged about 4.5% 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 187 employees in R&D and engineering departments in Japan and overseas as of March 31, 2022.

Main R&D Themes of Each Division

Bearings	Automotive Field Developing new CASE-compatible products and shortening development lead times through better prediction technologies enabled by CAE analysis
	General Industrial Field Developing materials with the goal of improving sliding performance and creating value-added products such as materials compliant with environmental regulations
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. Moreover, 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

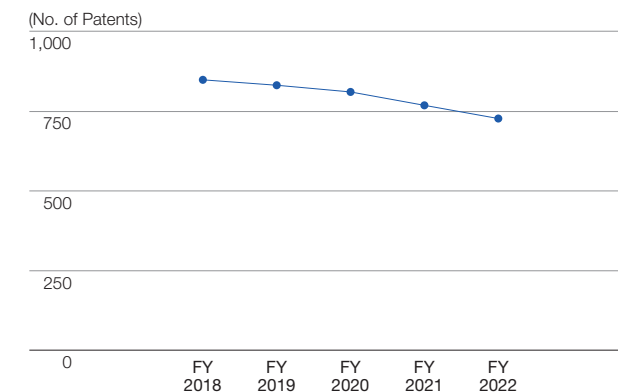
through our business activities over the past several decades. With these databases, we quickly and effectively prepare proposals in response to customer requests. The databases accumulate data on a daily basis over the course of conducting business activities and are used for creating value through 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.

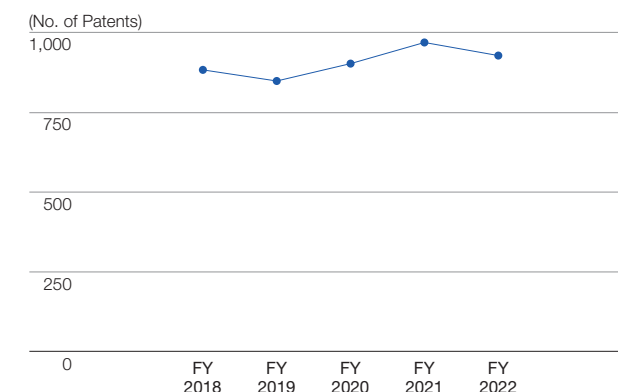
In addition, we have developed a patent map for each product, which we use to reinforce our patent applications. To achieve sustainable growth, we will promote value creation activities for expanding into an IP landscape* initiative.

*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, 2022)

	Patents	Utility Models	Designs	Trade-marks
Rights acquired	3,433	612	63	835
Japan	1,889	607	63	526
Overseas	1,544	5	0	309
Rights held	1,655	5	33	797
Japan	728	4	33	500
Overseas	927	1	0	297

Example of the Product Brand Strategy

While the Oiles Group's corporate activities primarily focus on product lines for B-to-B operations, we also carry some products for general consumers. In addition, as a means for raising awareness of BRIIL external blinds (Trademark Registration No. 5913846 and 5913848) for detached houses, the Group uses social media as well as TV commercials to increase contact with consumers and disseminate the product brand.



Corporate Management and CSR (ESG)

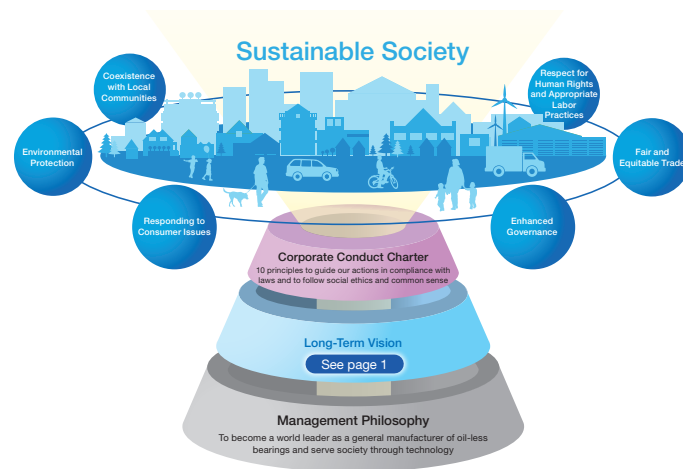
Oiles Group CSR (ESG) Philosophy

With rising global interest in the Sustainable Development Goals (SDGs) adopted at the United Nations Summit, 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 CSR (ESG) contributes to the sustainable development of society and establishes a foundation for creating and developing new corporate value. We have therefore positioned CSR (ESG) promotion 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 practice the six CSR (ESG) 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.

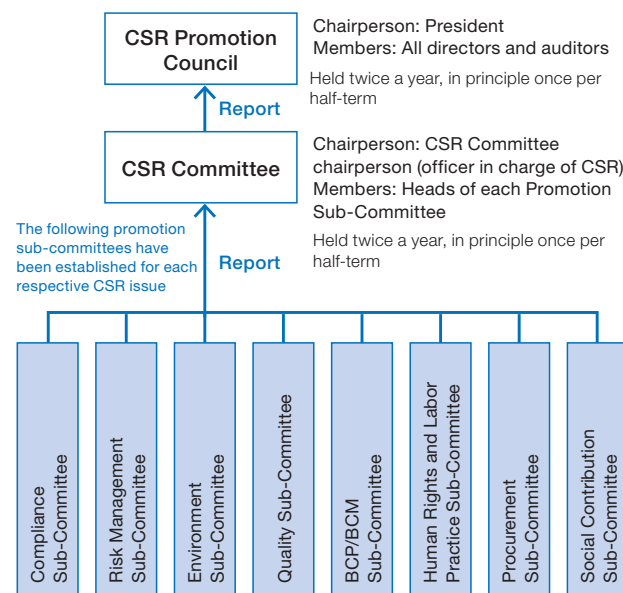


CSR (ESG) Structure

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 CSR Promotion Council, chaired by the president and including all directors and auditors, convenes twice a year to deliberate on important sustainability topics such as the policy and status of CSR (ESG) initiatives, including those concerning the environment and diversity.

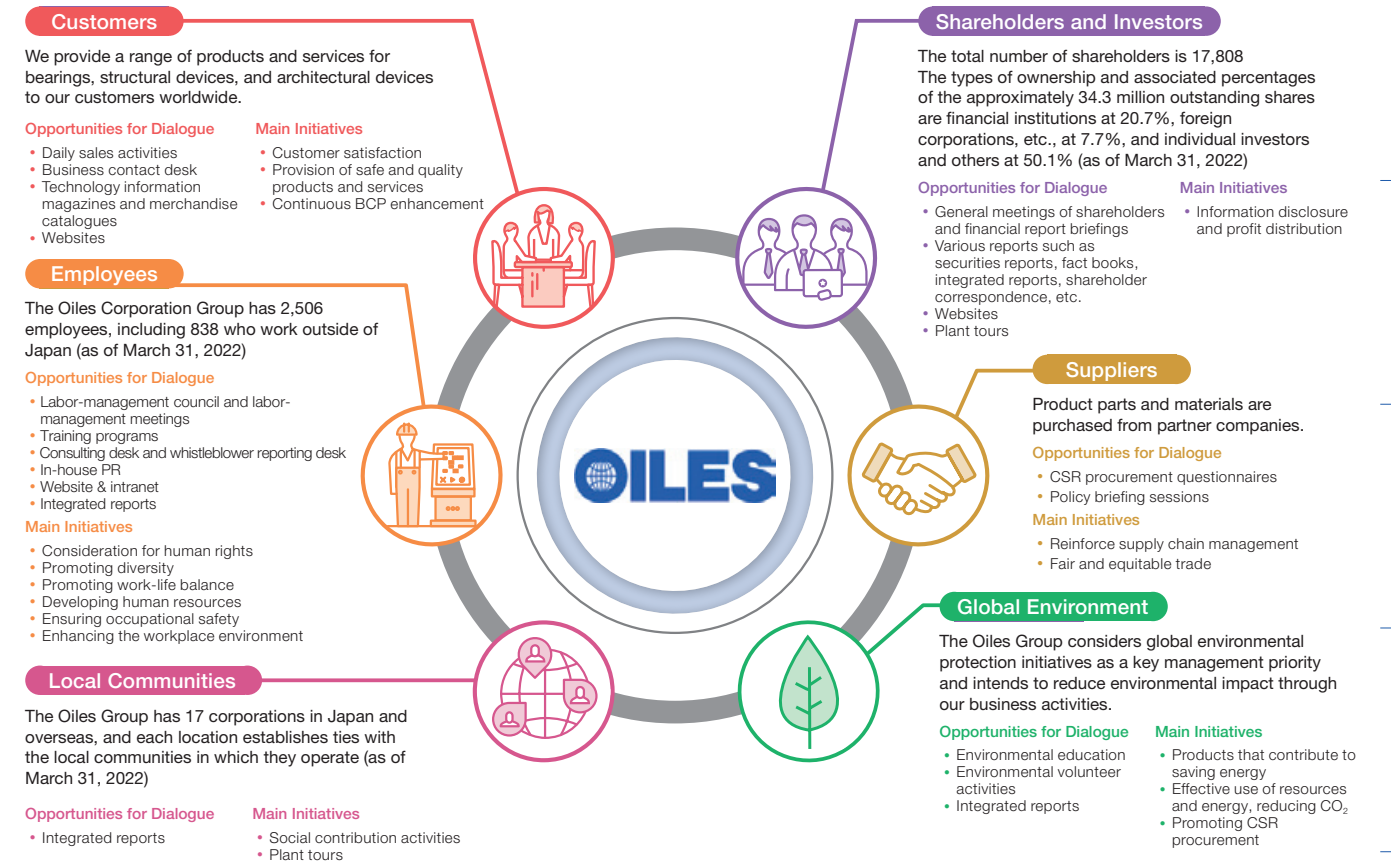
The CSR Committee, chaired by the officer in charge of CSR, has been established directly under the CSR Promotion Council. The CSR Committee promotes the Oiles Group's priority sustainability topics, discusses concerns identified in the PDCA cycle, and reports important matters to the CSR Promotion Council.

In addition, eight promotion sub-committees, organized for each sustainability topic, have been established under the umbrella of the CSR 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 10,000 companies and organizations around the world are participating. In July 2019, we signed the agreement to promote CSR 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 system under the “company with auditors system” consisting of six directors (including two independent outside directors) and four auditors (including two independent outside auditors) as of June 30, 2022. 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 auditors have developed a collaborative system with accounting auditors 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.)

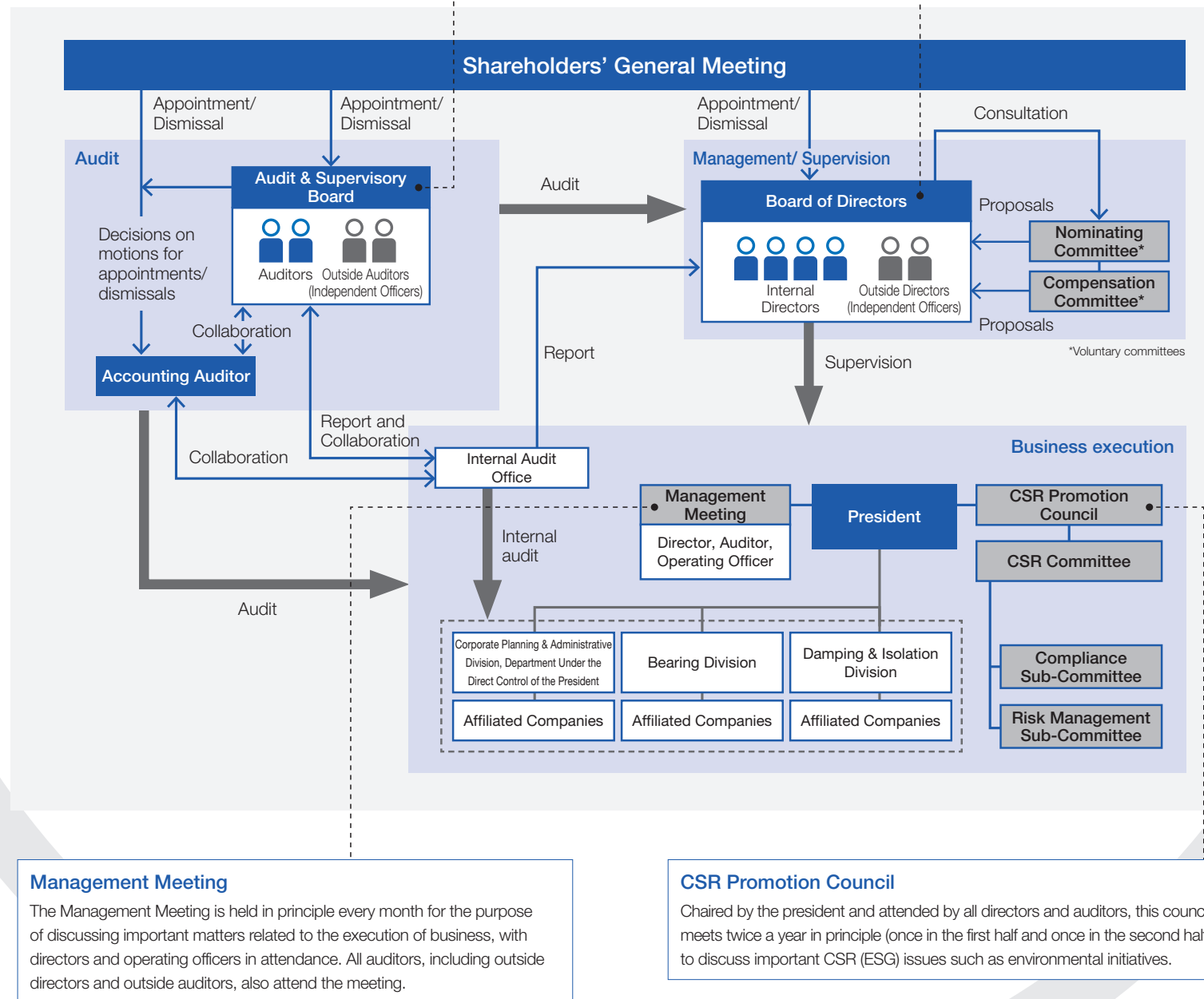
We employ an operating officer system with the intent to clarify the separation of business execution functions and supervisory/oversight functions, as well as to bolster the functions of the Board of Directors through speedier, more efficient decision-making on management strategies. The current team is comprised of eight operating officers in total, including those who serve concurrently as directors.

Audit & Supervisory Board

The Audit & Supervisory Board consists of four auditors, including two independent outside auditors, and in principle meets once a month. The board determines the audit policy, the division of responsibilities among auditors, and other matters. It receives reports from each auditor on the status and results of audits, thereby fulfilling the audit function for management. Also, the board appoints outside auditors 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 auditors in attendance, including independent outside auditors) 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. All auditors, including outside directors and outside auditors, also attend the meeting.

CSR Promotion Council

Chaired by the president and attended by all directors and auditors, this council meets twice a year in principle (once in the first half and once in the second half) to discuss important CSR (ESG) issues such as environmental initiatives.

Reasons for the Appointment of Outside Officers

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 officer 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 officer based on our judgment that there is no potential conflict of interest with the general shareholders.

Norihiro Kimijima, Auditor

Mr. Kimijima has been responsible for management as a company executive and also possesses a wealth of knowledge and experience gained as an auditor. We therefore believe that he will help strengthen our auditing system. 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.

Tatsuhiko Maeda, Auditor

Mr. Maeda is a certified public accountant with extensive knowledge and experience in corporate accounting and related fields, and he will contribute to strengthening our auditing system. 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

Since fiscal 2015, we have been analyzing and evaluating the effectiveness of the Board of Directors every year using a questionnaire method, including self-assessments by directors, to enhance board functions. The results of the fiscal 2021 evaluation of board effectiveness presented the opinion and result that progress

Corporate Governance

had been made in securing diversity among board members, including higher scores for the “appropriateness of the number of members” and “diversity of the board” in “Composition of the Board of Directors.” In addition, similarly to last fiscal year, the evaluation found that outside directors were actively involved in board deliberations. Furthermore, under the confident facilitation of the chairperson, the ideas that the outside directors expressed were actively incorporated and appropriately reflected in board decisions. These findings supported the conclusion that the board’s effectiveness had been ensured. On the other hand, in terms of issues that need to be addressed, the evaluation noted the need for an even stronger supervisory function through the separation of management and execution, and that the board should more actively discuss medium- to long-term strategies and capital policy.

To further enhance board effectiveness, we will continually improve and strengthen our corporate governance system even more 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. As a result, the composition of compensation, policies, etc., are determined by the Board of Directors after consulting and reporting to the Compensation Committee. In fiscal 2021, the Nominating Committee met once, and the Compensation Committee met three times. They are operating as intended.

Performance-Based Stock Compensation Plan

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

In order to establish solid relationships with our many stakeholders while increasing our corporate value, we have established a rational, sound and highly transparent management system and organization through the delegation of authority and agile management decision-making in response to changing markets. Furthermore, we manage 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 conducts internal audits to investigate and verify whether operations are conducted appropriately, rationally and in accordance with laws, regulations, the Articles of Incorporation, internal rules and so on. The results of the audits are reported to the president. The Internal Audit Office also offers corrective instructions and suggestions for improvement to each workplace and follows up afterward. With the goal of enabling the Board of Directors to fulfill its functions, systems are also being established for the Internal Audit Office to report directly to the Board of Directors as needed about matters such as the results of internal audits.

The Audit & Supervisory Board and auditors, 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 auditors of related companies. The auditors 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 auditors 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 auditors and accounting auditors at regular meetings.

Interview with Outside Director

Let us bring management and employees together to solve social issues and achieve further corporate growth!

Yasuji Omura

Joined Mitsui Petrochemical Industries (now Mitsui Chemicals) in 1979. After serving as representative director and vice president, he assumed the role of outside director in Oiles Corporation in 2020.



What initiatives have impressed you at Oiles Corporation since your appointment as an outside director in 2020?

The V-shaped recovery we achieved after the large downturn in earnings caused by the COVID-19 pandemic is still fresh in my memory. I really admired the attitudes people had and the systems that were in place to properly discuss and implement PDCA cycles for our medium-term management plan, budgeting and action plans even in such a harsh, unpredictable and turbulent business climate. I believe that is why Oiles was able to boost earnings so significantly once demand recovered. Other companies might also be trying to do the same thing, but Oiles is as thorough and methodical as they come, and I consider that to be a strength.

It was not possible to visit business sites during the COVID-19 pandemic, but I have been making the rounds at domestic production plants and affiliated companies since the beginning of fiscal 2021. Actually coming on site and seeing the business sites has given me a more concrete understanding of our company’s history and technologies. The coexistence of old manual equipment with state-of-the-art automated equipment in the manufacturing process in particular is something that I think even a novice could easily understand. I also felt that it facilitates a more efficient transfer of knowledge to young employees and the implementation of IoT and AI. On the other hand, it also became apparent that we will need to figure out how to improve the efficiency of old manufacturing processes and production plants.

How do you assess our corporate governance?

Since my initial appointment, there has been a pervasive idea that to strengthen corporate governance is like applying brakes to prevent misconduct before it occurs. However, I believe that corporate governance should also play an important role as an accelerator of sustainable corporate growth. As an outside director, it can be difficult to get more in-depth with the business content, but I personally want to further enhance my own understanding of the business to fulfill my role in helping to move the company forward.

When I initially joined the Board of Directors, the president and chairman did most of the speaking at board meetings. However, other officers are now increasingly speaking up, the distance between the president and other officers is decreasing, and I think we have good governance in place.

As for the composition of the Board of Directors, as new business creation and M&A become more important topics in the future, I think that including the CTO (R&D) and CFO (finance) in addition to business-related members can bring even more balance to the company’s management.

Can you tell us about your efforts to address sustainability?

I consider the growth of our company’s business itself to coincide with solutions to social issues. This includes the energy savings achieved through bearings, the safety achieved and secured through seismic isolation technology, and environmental contributions by Oiles ECO. We must also think how we can effectively promote the wonderful contributions our business makes to the outside world. If we can think of criteria by which to evaluate the strengths of each of our businesses, set numerical targets and strive to achieve them, then I believe that our business will expand, and we will have an even greater reputation in society a decade from now.

To achieve our management vision, it is important that all of our employees share the same vision and that each individual fully commits to it. For that reason, the Board of Directors must continually discuss the topic, senior executives must understand the results of those discussions, and these must be shared through dialogues with employees.

The chances of achieving our management vision will increase if there is solidarity between management and the employees. As a result, we will be able to contribute to every type of stakeholder and to society itself.

I hope we can further narrow the distance between management and employees, and that people inside and outside the company will be inspired to tell us what a great company Oiles is.

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 CSR 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

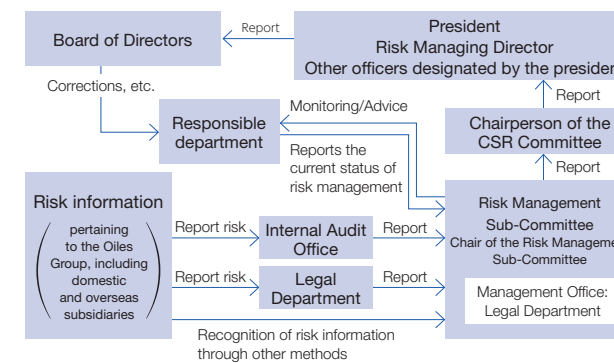
Basic Policy

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 CSR Promotion Council) and enhances the collection and management of information for reducing the frequency and impact of risks. In principle, the sub-committee 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. Moreover, considering the importance of information asset management, we continually offer training to all employees who handle information assets in order to ensure thorough information asset management.

As part of our efforts to strengthen information security, we acquired ISO/IEC27001:2013 information security management systems certification in June 2022.

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 are promoting infection prevention measures against outbreaks of COVID-19 in the workplace. Going forward, we aim to continue developing our BCP and BCM (business continuity management).

Environmental Initiatives

The Oiles Group recognizes that taking action for the environment is an important management priority to improve its corporate value in the medium- to long-term. The Group will step up its efforts to address sustainability issues such as climate change and other global environmental 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://ssl4.eir-parts.net/doc/6282/ir_material2/134259/00.pdf

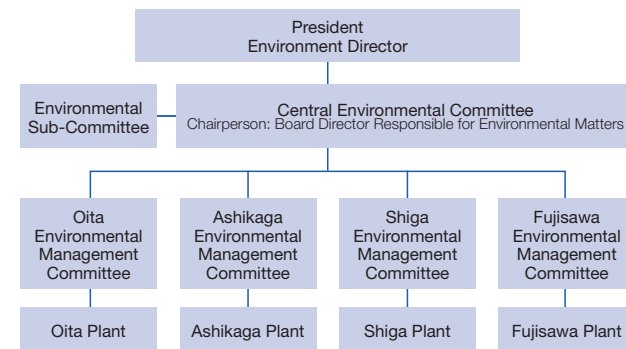
Environmental Management System

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.oilesglobal.com/iso/en.html>

Responding to Climate Change: Preventing Global Warming

Governance

We have established the CSR Promotion Council as the body for discussing sustainability issues such as climate change. Chaired by the president and attended by all directors and auditors, the CSR Promotion Council convenes twice a year to deliberate over the formulation of our Group's policies and targets to respond to climate change-related risks and opportunities.

Established under the umbrella of the CSR Promotion Council is the CSR Committee, which is chaired by the officer in charge of CSR. The CSR Committee reports on the status of initiatives addressing sustainability issues such as climate change to the CSR 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	Expand sales of biomass bearings Develop new 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 CO ₂ emission reduction	Significant / medium- to long-term	Bearings: Technological development in EVs, renewable energy and other fields Architectural: Development of products 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 CSR Promotion Council chaired by the president and attended by all directors and auditors assesses and identifies risks related to climate change based on reports from the CSR

Committee and decides the overall direction for management. In addition, we established the Environmental Sub-Committee under the umbrella of the CSR Promotion Council and CSR Committee as the administrative organ for addressing climate-related risks. The Environmental Sub-Committee is headed by the general manager of the Quality Assurance & Environmental Safety Department. 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 → CSR Committee → CSR Promotion Council. Furthermore, the BCP/BCM Sub-Committee under the CSR Promotion Council and CSR Committee also follows up on the physical risk of flooding caused by climate change, although the probability is low.

The Risk Management Sub-Committee is also positioned under the CSR Promotion Council and CSR 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 CSR [ESG] Structure)

Environmental Targets

Reduce total CO₂ emissions by 46% from the FY2013 level by FY2030.
- Emissions from the Group's domestic production sites (Scope 1, Scope 2)

Status of Initiatives

In order to achieve our environmental targets, the Environmental Sub-Committee under the CSR Promotion Council is taking initiatives in cooperation with our production sites. The sub-committee has been implementing efforts such as reducing energy loss at each production site. It has also promoted measures such as switching to LED lighting and updating to highly energy-efficient equipment. We also installed solar panels on the roof of the new plant building (NP building) at the Fujisawa Plant, which was completed in 2021. For the first time at Oiles, we are now engaged in the full-scale generation of solar power using in-house equipment. Starting in fiscal 2022, we are

Environmental Initiatives

implementing new initiatives such as purchasing energy from renewable sources and promoting energy savings by visualizing electricity usage in plant production lines.

Raising the awareness of individual employees is also important for achieving environmental targets. To enhance the company-wide approach to environmental issues within the framework of the environmental management system, we are also continuously working to educate our employees on environmental issues through training and other programs.

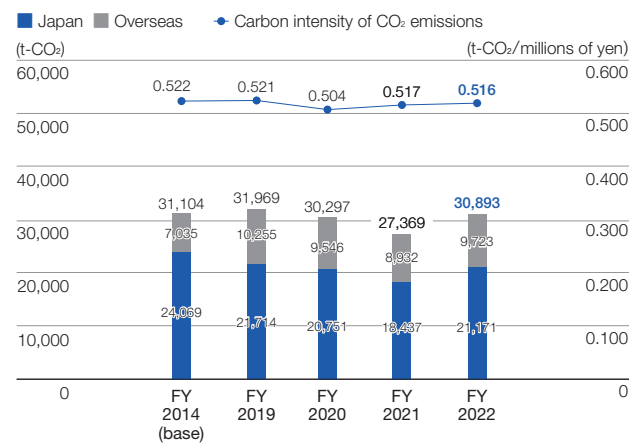
Setting our sights on achieving not only our current environmental targets but also carbon neutrality by 2050, we believe that in addition to these measures, we must increase the efficiency of our production lines and drastically overhaul our production methods. We will also continue our explorations aimed at the technological and productive innovations required to achieve these goals.



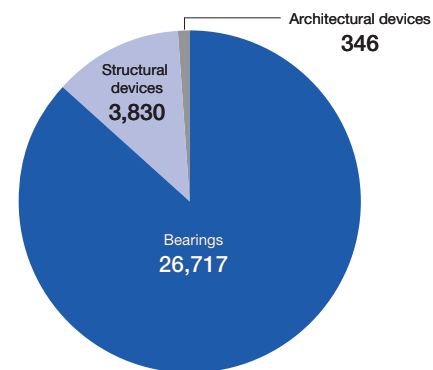
Solar power generation at the NP Building of the Fujisawa Plant

In fiscal 2021, the CO₂ emissions of the entire Group, including overseas, were 30,893 t-CO₂, an increase of 12.9% from the previous fiscal year. In addition, the CO₂ emissions intensity was 0.516 t-CO₂/million yen, which was lower than that of the base year of fiscal 2013. Moreover, the CO₂ emissions of our domestic production sites in fiscal 2021 were 21,171 t-CO₂, a 14.8% increase from the previous fiscal year. The driver behind our year-on-year increase in CO₂ emissions was a reversion to normal production after reduced production the previous fiscal year due to the COVID-19 pandemic. Based on these circumstances we are doubling our efforts toward achieving our environmental targets.

Change in CO₂ Emissions and Intensity (Oiles Group)



FY2021 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 See our climate change-related information disclosures based on TCFD recommendations (Japanese only) at <https://www.oiles.co.jp/top/pdf/2022-10-tcfcd.pdf>

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.

CO₂ emissions from products and services purchased in upstream processes comprise approximately 70% of our Scope 3 emissions, and we will continue working to reduce these emissions.

Supply Chain Emissions

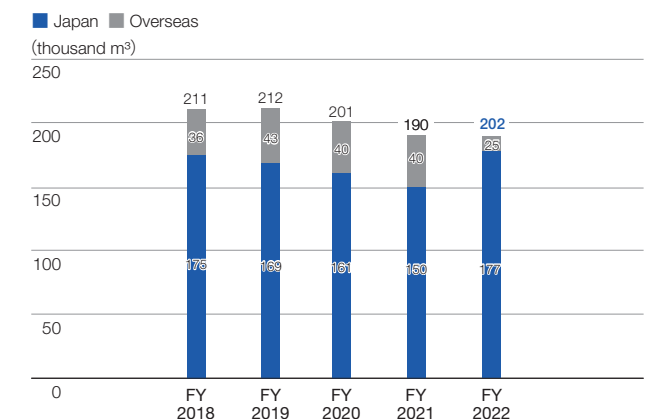
Category	FY2020 CO ₂ emissions (t-CO ₂)	FY2021 CO ₂ emissions (t-CO ₂)	Ratio of FY2021 total (%)	
Scope 1	Our direct CO ₂ emissions	5,850	7,180	4
Scope 2	Our indirect CO ₂ emissions	21,520	23,713	14
Sum of Scopes 1 & 2		27,370	30,893	18
Scope 3	1. Purchased products & services	134,501	111,923	64
	2. Capital goods	13,703	10,868	6
	3. Fuels, etc., not included in Scopes 1 & 2	4,581	5,274	3
	4. Transportation & deliveries (upstream)	11,007	12,846	7
	5. Emissions from businesses	790	1,301	1
	6. Business travel	266	265	0
	7. Employee commuting	1,132	1,127	1
Sum of Scope 3		165,980	143,605	82
Total supply chain emissions		193,347	174,498	100

Conservation of Water Resources and Waste Disposal

Effective Water Usage 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)



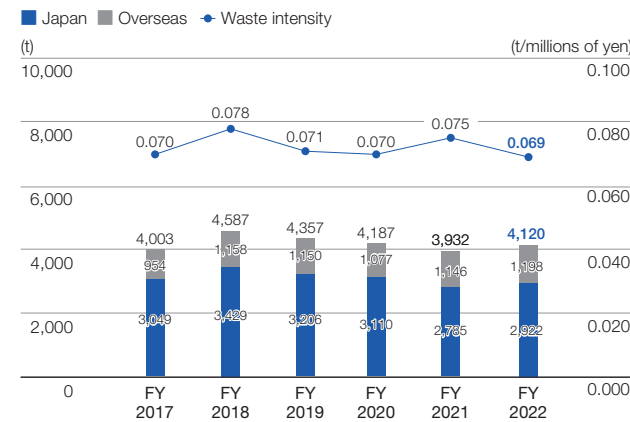
Environmental Initiatives

Waste Disposal and Reduction

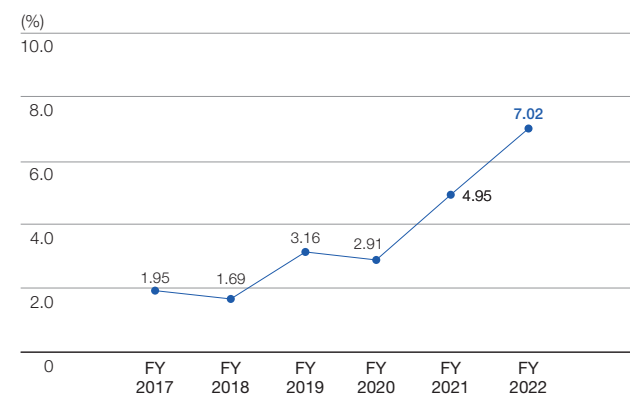
To ensure the proper disposal of waste at each plant, the Oiles Group conducts on-site checks of contracted waste disposal service providers and manages waste through manifests. Landfill waste increased in fiscal 2021 due to the growth in material scraps and other waste resulting from domestic affiliates' efforts to release new products. Going forward, we will make improvements to increase yield and reduce landfill waste. In addition, we are developing products that are easy to sort at the time of disposal and establishing sorting technologies that enable recycling.

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

October 18, 2022

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 2021, 7.18kt-CO2 (Scope 1), 23.7kt-CO2 (Scope 2, market-based) and 144kt-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 awareness that human capital is the source of its corporate value, the Oiles Group positions its human resources (human capital) initiatives as an important management priority for enhancing corporate value over the medium- to long-term. The Group supports the growth and health of all employees and promotes the creation of a comfortable working environment through efforts to respect human rights, promote diversity, develop human resources, and implement appropriate labor practices and health 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://ssl4.eir-parts.net/doc/6282/ir_material2/134257/00.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 participate actively 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 each individual and never unfairly discriminate on such grounds 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. In addition, we established a system by setting up an Oiles Group personnel consultation desk for all Oiles Group companies so that anyone can discuss their concerns.

Promoting Workplace 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 dynamic corporate culture and inclusive 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 (Diversity Targets) based on the principles of the Tokyo Stock Exchange's Corporate Governance Code and is implementing initiatives to achieve those targets.

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 Considering the importance of increasing the ratio of female employees from the standpoint of ensuring diversity when appointing managers*1, raise the ratio of new graduate female employees to around 30%.

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.

	End March 2020	End March 2021	End March 2022
Ratio of female employees	11.5%	11.4%	11.6%
Ratio of female managers	0.7%	0.7%	1.9%
	April 2020	April 2021	April 2022
Ratio of females among new graduate hires	31.8%	6.3%	25.0%

Consolidated

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

	End March 2020	End March 2021	End March 2022
Ratio of female managers	5.5%	5.0%	5.4%
Ratio of female managers at overseas subsidiaries	22.2%	22.2%	21.8%

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.

	End March 2020	End March 2021	End March 2022
Number of foreign employees	6	6	6

Human Resource (Human Capital) Development Initiatives

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.

	End March 2020	End March 2021	End March 2022
Ratio of mid-career hires in management positions	37.8%	40.5%	40.0%

Promoting Women's Participation and Advancement

We are implementing several initiatives to promote women's participation and advancement. The Female Sales Unit and Female Engineer Unit were launched in 2020 and 2022, respectively, comprising 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 balancing work with personal life. Concluding that a company-wide change of awareness was necessary, they made a presentation at an in-house event. They also tested out the introduction of diverse work styles and are currently working toward implementing such a system.

Meanwhile, in addition to hiring more female graduates from the STEM fields, the Female Engineer Unit is also planning initiatives to raise interest in STEM among children.

The activities of these women's units also offer opportunities for interaction between female employees in different departments, as well as solving problems in promoting female participation.

Promoting Employment of Persons with Disabilities

As part of our diversity efforts, we support the work styles of people with disabilities and are striving to improve our operations and working environment. 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 enables them to make the most of their abilities. We will also step 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 work styles so that all employees can maintain a healthy balance between their work and personal lives and continue to work with vitality and peace of mind.

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%.

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	• Until three years have passed since the child entered elementary school • Shortened working hours, reduced by up to 2 hours per day • Application for exemption from overtime • Exemption from late-night shift
Children's nursing care leave	• Until three years have passed since the child entered elementary school • 5 days per child per year, up to 10 days in total
Special childcare leave	• Individuals raising children with disabilities or children born of multiple birth • 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 half-day units), of which 1 day's worth 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 per year • Subsidy for travel expenses (up to 100,000 yen per year)

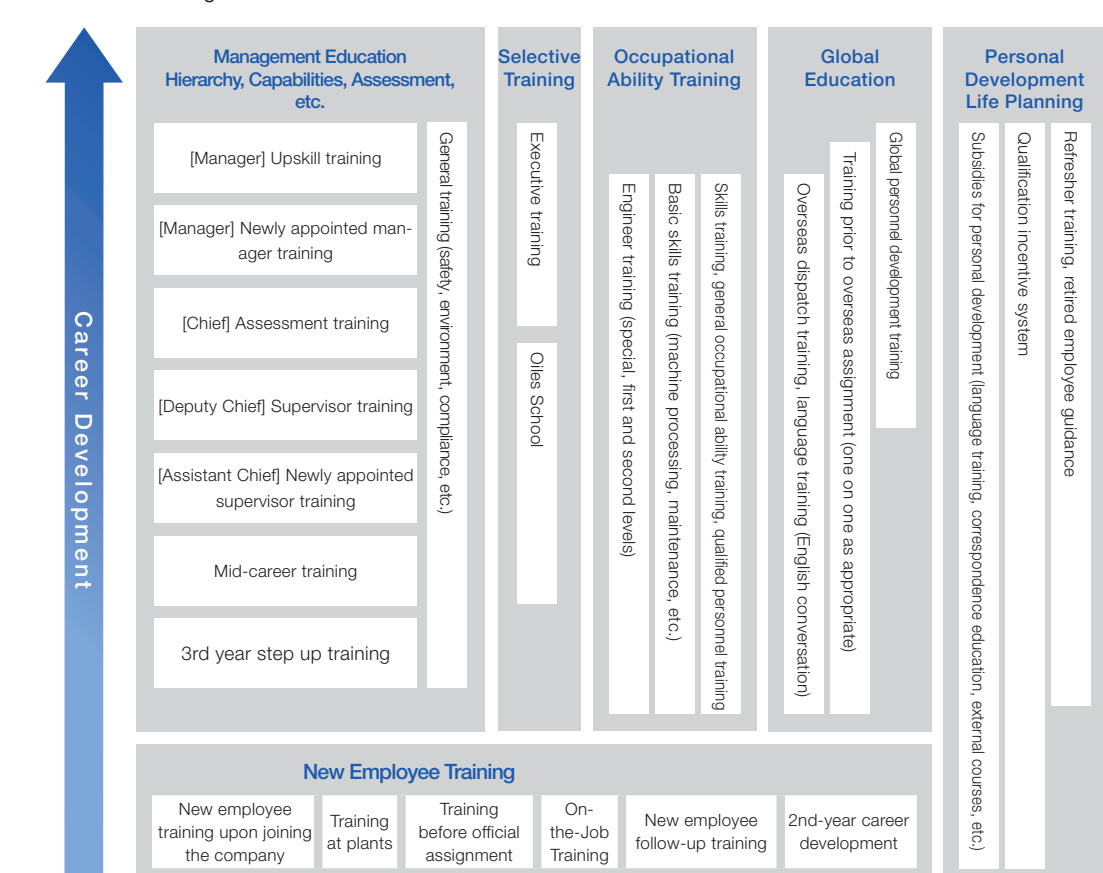
Human Resource Development Initiatives

To develop our employees into exemplary personnel as set forth in the Human Resources Development Policy (see page 39), we strive to actively develop their abilities by calling upon their unique qualities and characteristics and maximizing their abilities through systematic development, utilization, evaluation and treatment.

Training System

To improve employees' skills and to support their personal career development plans, we offer a wide range of training programs to suit their needs, including management, occupational abilities, internationalization, personal development and life planning. In addition, we are conducting a selective training program for future officer candidates through measures such as the Oiles School for Management where candidates gain a comprehensive range of skills. In fiscal 2019, we created a training program for the setting of management targets.

Educational Training Structure



Human Resource (Human Capital) Development Initiatives

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 8 companies and 6 plants overseas, continues to develop its human resources to make 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 department and section managers to gain basic knowledge about overseas business. 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

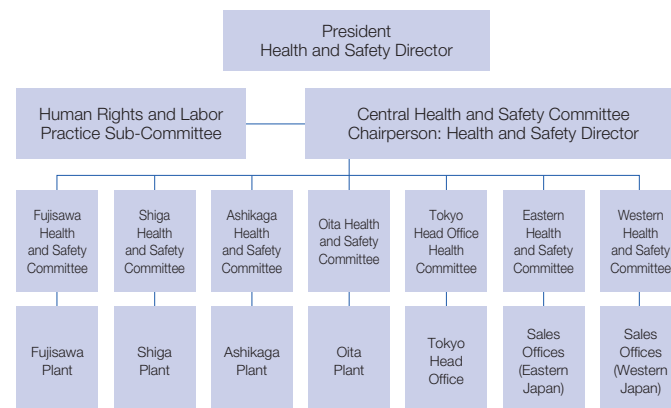
We strive to establish safe, secure and comfortable working environments under the basic principle of protecting employee health and safety. All employees work together to create a safe climate based on our occupational health and safety management system, which was set up in accordance with the relevant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

Policy and System for Occupational Health and Safety

To prevent industrial accidents and diseases, the Oiles Group formulated its Health and Safety Management Standards, which designate responsibilities for improving employee health and safety and establishing a clean and wholesome work 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. 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, the Fujisawa, Shiga, Ashikaga and Oita plants each formulate their own health and safety action plans and establish voluntary rules on an as-needed basis to raise 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. In the event of an industrial accident at a specific site, information is shared with other sites in an effort to eliminate industrial accidents company-wide.

Although the number of occupational accidents decreased in fiscal 2021, we promptly investigated the cause of any accident regardless of scale. After ensuring safety, we reported them to the Labor Standards Inspection Office to prevent recurrence. (Refer to Health and Safety 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 Practices Sub-Committee strives to create a foundation on which each employee 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 November 2020, we set up the Health Management Promotion Team in the Human Resources Department to strengthen our health promotion system. We also aim to be recognized as a Certified Health & Productivity Management Outstanding Organization (White 500) by the Ministry of Economy, Trade and Industry.

With regard to COVID-19, we are making efforts to prevent in-house clusters of infections, placing top priority on balancing health and safety with our responsibility to maintain supplies of our products.

Employee Wellness Support

We prioritize the prevention, early detection and early treatment of lifestyle-related diseases and other ailments among our employees. In addition, for cases where an employee’s health checkup reveals a (potential) health issue, we are enriching the consultations that they can have with a public health nurse. In fiscal 2021, we introduced iCARE’s health information management system Carely to centralize the health data of all employees in Japan and build an analysis platform, thereby enhancing the efficiency of information-sharing and collaboration between business sites. In addition, we are bolstering measures to support the improvement of employee health, such as subsidizing complete medical checkup fees.

Mental Health Measures

An increasing number of employees have recently been taking leaves of absence from work due to mental health issues. Given this trend, we have been actively addressing the mental health of our employees. In accordance with the Industrial Safety and Health Act, we have

employees undergo a stress check once a year, and we maintain a consultation system so that they can talk to industrial doctors and nurses or external institutions as needed. We also provide support programs for those who will be returning from leaves of absence to help them re-enter the workforce smoothly.

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 will work 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 conducted the first employee awareness survey for all officers and permanent employees in 2019. Based on the results of this survey, we would like to conduct such awareness surveys on a regular basis as we aim to build the ideal human resources system. Also, in order to transform work styles and promote diversity, we conducted a survey on male employees’ parenting and housework practices in 2020. Based on those results, we conducted training in 2022 for managers and male employees to help them strike a balance between parenting and working. In these sessions, we learned about men’s actual circumstances in parenting and housekeeping and held discussions about the need for men to be actively involved, balancing parenting with work.

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 Initiatives

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 three pillars—people, systems and workmanship—in order to meet the demands of the market and customers. At each stage of product development and production preparation, we evaluate the risks of these three pillars and carry out activities 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.

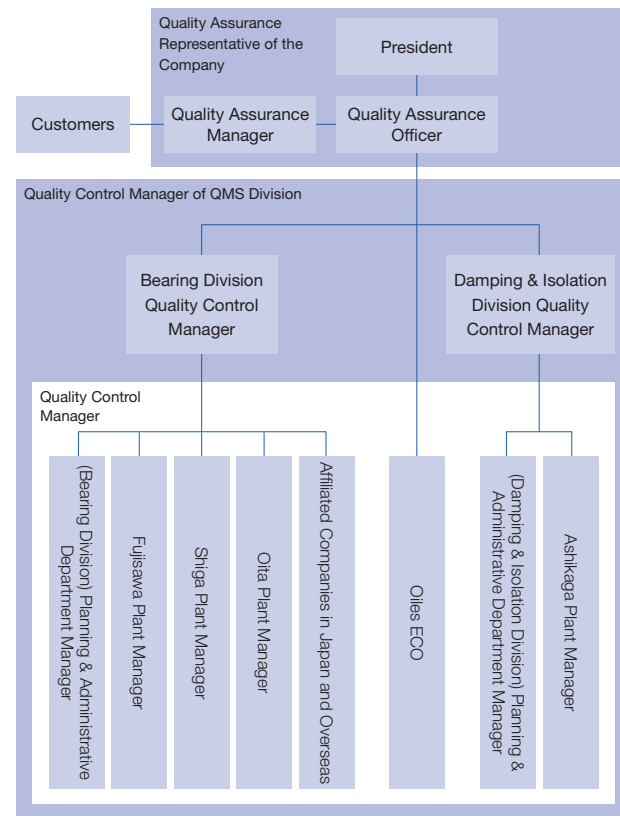
Quality Assurance System

The quality assurance officer of the Oiles Group supervises the quality assurance system and appoints a quality control manager in each manufacturing, sales and engineering department. The leaders of each division regularly hold Quality Control Committee meetings, through which manufacturing, sales and engineering departments work together to address quality-related issues. 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.

Meanwhile, the managers of each division are designated as chief quality control managers. The Bearing Division and Damping & Isolation Division have each established a quality control department with quality assurance systems tailored to

the particular characteristics of their businesses, and they are working to maintain the quality and safety of their products. 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 <http://www.oilesglobal.com/iso/en.html>

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.

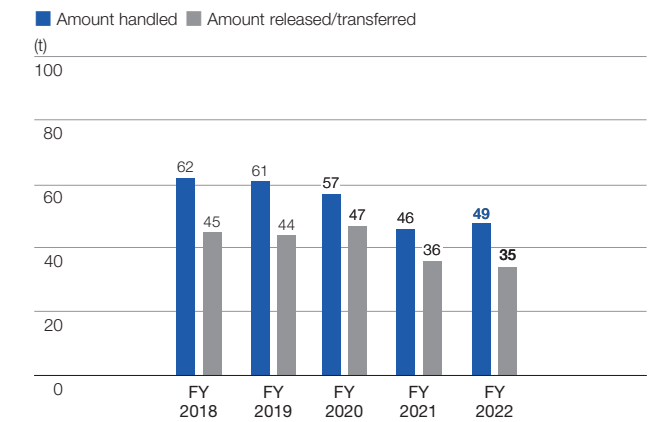
The volumes of chemical substances generated, handled, released and transferred from each establishment and plant in Japan are managed in accordance with the law concerning the Pollutant Release and Transfer Register/PRTR (Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in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

In April 2020 we disposed of the PCBs at the Fujisawa Plant, the only plant in Japan which stores them, and eliminated all PCB oil-impregnated equipment stored within our domestic group.

Moreover, we are tirelessly working to abolish the use of substances of concern in bearings, the 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)



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

With respect for the CSR norms, the Oiles Group will work with its suppliers in accordance with laws, social norms and corporate ethics. We will further promote CSR-oriented procurement practices such as respecting human rights (including in the handling of conflict minerals), giving consideration for occupational health and safety, and protecting the global environment.

WEB You can view the Oiles Group Procurement Policy at https://ssl4.eir-parts.net/doc/6282/jr_material2/134253/00.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, which we revise according to changes in society's expectations for CSR and the environment surrounding the company. Through these guidelines, we share our basic approach to CSR procurement and changes in the business environment with our suppliers.

In accordance with the Oiles Group CSR Procurement Guidelines, we request that our suppliers address matters such as compliance, human rights and labor practices, health and safety, the environment, product quality and safety, information security, business continuity management, and social contributions and coexisting with communities. We also promote two-way communication with our suppliers through the Oiles Supplier CSR 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
Capital	8,585 million yen
Head Office	8 Kirihara-cho, Fujisawa-shi, Kanagawa 252-0811, Japan (Registered Head Office: 1-2-70 Konan, Minato-ku, Tokyo, Japan)
URL	https://www.oiles.co.jp/
Stock Listing	Tokyo Stock Exchange Prime Market

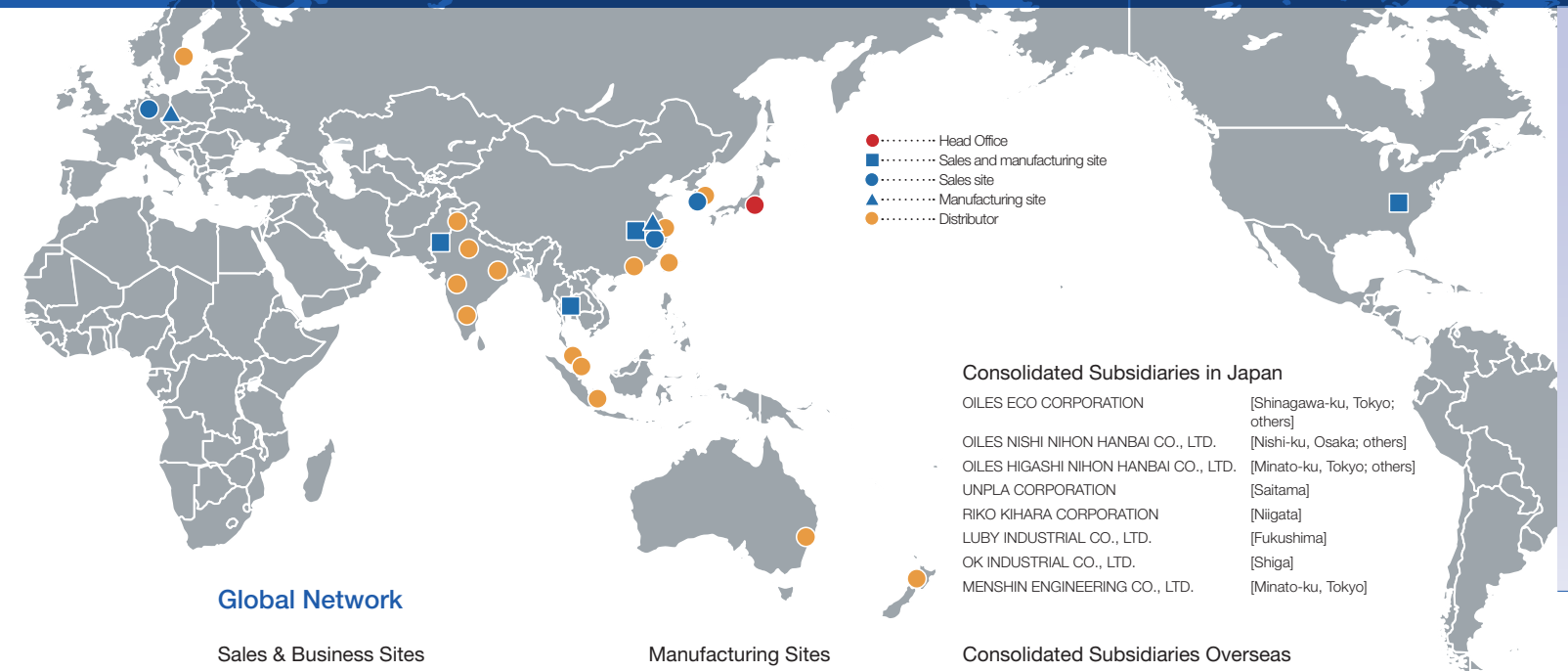
Consolidated Subsidiaries in Japan (8 companies)*1

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	Bearings, etc.
OILES HIGASHI NIHON HANBAI CO., LTD.	Minato-ku, Tokyo	Bearings, etc.
UNIPLA CORPORATION	Kawagoe City, Saitama	Bearings and structural devices
RIKO KIHARA CORPORATION*3	Nakauonuma District, Niigata	Bearings and structural devices
LUBY INDUSTRIAL CO., LTD.	Onuma District, Fukushima	Bearings and structural devices
OK INDUSTRIAL CO., LTD.	Moriyama City, 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

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

Manufacturing Sites

FUJISAWA PLANT
SHIGA PLANT
OITA PLANT
ASHIKAGA PLANT

Consolidated Subsidiaries in Japan

OILES ECO CORPORATION	[Shinagawa-ku, Tokyo; others]
OILES NISHI NIHON HANBAI CO., LTD.	[Nishi-ku, Osaka; others]
OILES HIGASHI NIHON HANBAI CO., LTD.	[Minato-ku, Tokyo; others]
UNIPLA CORPORATION	[Saitama]
RIKO KIHARA CORPORATION	[Niigata]
LUBY INDUSTRIAL CO., LTD.	[Fukushima]
OK INDUSTRIAL CO., LTD.	[Shiga]
MENSHIN ENGINEERING CO., LTD.	[Minato-ku, Tokyo]

Consolidated Subsidiaries Overseas

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, Managing Operating Officer, General Manager of the Bearing Division	Rika Miyagawa Outside Director
Satoshi Miyazaki Director, Managing Operating Officer, General Manager of the Damping & Isolation Division	
Yoshikazu Sakairi Director, Senior Operating Officer, General Manager of the Corporate Planning & Administrative Division, General Manager of the Planning Domain, and the Manager of the Management Planning Department in the Corporate Planning & Administrative Division	

Auditors

Katsuhiko Mizoguchi Auditor	Norihiro Kimijima Outside Auditor
Hiroshi Suda Auditor	Tatsuhiro Maeda Outside Auditor

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, Managing Operating Officer			●		●	●		●
Satoshi Miyazaki	Director, Managing Operating Officer		●	●		●			●
Yoshikazu Sakairi	Director, Senior 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	FY2020 End of consolidated accounting period (As of March 31, 2021)	FY2021 End of consolidated accounting period (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	21,572	21,112
Notes and accounts receivable – trade	17,889	19,832
Merchandise and finished goods	3,844	4,247
Work in process	3,247	3,439
Raw materials and supplies	2,535	3,653
Other	861	932
Allowance for doubtful accounts	△ 44	△ 54
Total current assets	49,905	53,162
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,330	11,763
Machinery and Equipment, net	5,071	5,546
Tools, furniture and fixtures, net	1,431	1,599
Land	2,895	2,882
Leased assets, net	23	54
Construction in progress	3,058	867
Other, net	264	200
Total property, plant and equipment	22,075	22,913
Intangible assets		
Other	369	349
Total intangible assets	369	349
Investments and other assets		
Investment securities	6,128	6,635
Long-term loans receivable	0	0
Long-term time deposits	20	20
Deferred tax assets	306	305
Retirement benefit asset	113	108
Other	1,710	2,051
Allowance for doubtful accounts	△ 15	△ 16
Total investments and other assets	8,264	9,105
Total non-current assets	30,709	32,367
Total assets	80,615	85,530

Unit: Millions of yen

Subject	FY2020 End of consolidated accounting period (As of March 31, 2021)	FY2021 End of consolidated accounting period (As of March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	5,423	5,903
Current portion of long-term borrowings	1,090	1,090
Lease liabilities	89	64
Accrued expenses	1,722	1,843
Income taxes payable	494	1,261
Accrued consumption taxes	137	356
Provision for bonuses	1,026	1,192
Provision for bonuses for directors (and other officers)	88	127
Provision for shareholder benefit program	118	84
Other	760	1,191
Total current liabilities	10,950	13,114
Non-current liabilities		
Long-term borrowings	5,297	3,893
Lease liabilities	133	100
Deferred tax liabilities	495	482
Provision for retirement benefits for directors (and other officers)	63	72
Provision for share awards for directors (and other officers)	69	113
Retirement benefit liability	478	538
Asset retirement obligations	42	42
Other	527	582
Total non-current liabilities	7,107	5,824
Total liabilities	18,058	18,939
Net assets		
Shareholders' equity		
Share capital	8,585	8,585
Capital surplus	9,610	9,615
Retained earnings	46,955	49,668
Treasury shares	△ 5,144	△ 4,810
Total shareholders' equity	60,006	63,058
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,835	1,920
Foreign currency translation adjustment	△ 65	1,309
Remeasurements of defined benefit plans	△ 187	△ 285
Total accumulated other comprehensive income	1,582	2,943
Non-controlling interests	967	588
Total net assets	62,557	66,591
Total liabilities and net assets	80,615	85,530

Corporate Data

Financial Data

Non-Financial Data

Financial Data

Consolidated Statement of Income

Unit: Millions of yen

Subject	FY2020 consolidated accounting period (April 1, 2020-March 31, 2021)	FY2021 consolidated accounting period (April 1, 2021-March 31, 2022)
Net sales	52,977	59,853
Cost of sales	35,834	39,636
Gross profit	17,142	20,217
Selling, general and administrative expenses		
Advertising expenses	67	74
Packing and transportation costs	1,167	1,362
Remuneration, salaries and allowances	6,108	5,997
Provision for bonuses	496	559
Provision for bonuses for directors (and other officers)	89	130
Retirement benefit expenses	372	340
Provision for retirement benefits for directors (and other officers)	12	21
Provision for share awards for directors (and other officers)	7	48
Welfare expenses	1,371	1,352
Travel and transportation expenses	221	242
Communications expenses	236	220
Supplies expenses	362	363
Entertainment expenses	27	32
Rent expenses	698	704
Depreciation	582	543
Commission expenses	613	683
Provision for shareholder benefit program	110	98
Provision of allowance for doubtful accounts	3	7
Other	1,454	1,573
Total selling, general and administrative expenses	14,004	14,355
Operating profit	3,138	5,861
Non-operating income		
Interest income	72	70
Dividend income	128	227
Foreign exchange gains	114	256
Insurance claim income	16	188
Other	499	151
Total non-operating income	831	894
Non-operating expenses		
Interest expenses	18	22
Sales discounts	23	—
Loss on valuation of derivatives	151	196
Other	14	22
Total non-operating expenses	208	241
Ordinary profit	3,762	6,514
Extraordinary income		
Gain on sale of non-current assets	—	9
Gain on sale of investment securities	79	56
Total extraordinary income	79	65
Extraordinary losses		
Loss on disposal of non-current assets	71	150
Impairment losses	42	—
Loss on sale of investment securities	—	17
Total extraordinary losses	114	168
Profit before income taxes	3,727	6,411
Income taxes - current	1,156	1,988
Income taxes - deferred	12	14
Total income taxes	1,168	2,003
Profit	2,559	4,408
Profit attributable to non-controlling interests	33	83
Profit attributable to owners of parent	2,525	4,325

Consolidated Statement of Comprehensive Income

Unit: Millions of yen

Subject	FY2020 consolidated accounting period (April 1, 2020-March 31, 2021)	FY2021 consolidated accounting period (April 1, 2021-March 31, 2022)
Profit	2,559	4,408
Other comprehensive income		
Valuation difference on available-for-sale securities	847	84
Foreign currency translation adjustment	△ 371	1,370
Remeasurements of defined benefit plans	187	△ 98
Total other comprehensive income	663	1,357
Comprehensive income	3,222	5,765
(Breakdown)		
Comprehensive income attributable to owners of parent	3,247	5,686
Comprehensive income attributable to non-controlling interests	△ 24	79

Consolidated statement of changes in equity

FY2021 consolidated accounting period (From April 1, 2021 until March 31, 2022)

Unit: Millions of yen

	Shareholders' equity					Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares		
Balance at beginning of period	8,585	9,610	46,955	△ 5,411		60,006
Changes during period						
Dividends of surplus			△ 1,602			△ 1,602
Profit attributable to owners of parent			4,325			4,325
Purchase of treasury shares				△ 1		△ 1
Disposal of treasury shares				△ 9		326
Changes in ownership interest of parent due to transactions with non-controlling interests		4				4
Net changes in items other than shareholders' equity						
Total changes during period	—	4	2,713	334		3,052
Balance at end of period	8,585	9,615	49,668	△ 4,810		63,058

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	1,835	△ 65	△ 187	1,582	967	62,557
Changes during period						
Dividends of surplus						△ 1,602
Profit attributable to owners of parent						4,325
Purchase of treasury shares						△ 1
Disposal of treasury shares						326
Changes in ownership interest of parent due to transactions with non-controlling interests						4
Net changes in items other than shareholders' equity	84	1,374	△ 98	1,360	△ 379	981
Total changes during period	84	1,374	△ 98	1,360	△ 379	4,033
Balance at end of period	1,920	1,309	△ 285	2,943	588	66,591

Financial Data

Consolidated Statement of Cash Flows

Unit: Millions of yen

Subject	FY2020 consolidated accounting period (April 1, 2020-March 31, 2021)	FY2021 consolidated accounting period (April 1, 2021-March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	3,727	6,411
Depreciation	2,823	2,981
Impairment losses	42	—
Increase (decrease) in retirement benefit liability	△ 27	△ 86
Increase (decrease) in provision for retirement benefits for directors (and other officers)	4	8
Increase (decrease) in provision for bonuses	△ 49	155
Increase (decrease) in provision for bonuses for directors (and other officers)	△ 20	39
Increase (decrease) in provision for shareholder benefit program	△ 12	△ 34
Increase (decrease) in provision for share awards for directors (and other officers)	△ 7	43
Increase (decrease) in allowance for doubtful accounts	△ 0	4
Interest and dividend income	△ 201	△ 297
Interest expenses	18	22
Loss (gain) on disposal of non-current assets	71	150
Loss (gain) on sales and valuation of investment securities	△ 79	△ 38
Decrease (increase) in trade receivables	339	△ 1,510
Decrease (increase) in inventories	149	△ 1,311
Increase (decrease) in trade payables	△ 420	316
Increase (decrease) in accrued expenses	△ 242	37
Other	△ 669	△ 78
Subtotal	5,447	6,814
Interest and dividends received	240	325
Interest paid	△ 18	△ 23
Income taxes paid	△ 1,530	△ 1,265
Cash flows from operating activities	4,139	5,850
Cash flows from investing activities		
Payments into time deposits	△ 2,220	△ 484
Proceeds from withdrawal of time deposits	2,115	735
Purchase of property, plant and equipment	△ 4,238	△ 2,934
Proceeds from sale of property, plant and equipment	86	75
Purchase of intangible assets	△ 37	△ 46
Purchase of investment securities	△ 8	△ 508
Proceeds from sale of investment securities	255	145
Purchase of insurance funds	△ 172	△ 697
Proceeds from maturity of insurance funds	53	580
Other	△ 5	△ 10
Cash flows from investing activities	△ 4,171	△ 3,142
Cash flows from financing activities		
Proceeds from long-term borrowings	932	—
Repayments of long-term borrowings	△ 545	△ 1,404
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	△ 429
Dividends paid	△ 1,257	△ 1,602
Dividends paid to non-controlling interests	△ 129	△ 38
Purchase of treasury shares	△ 934	△ 1
Proceeds from disposal of treasury shares	1,012	220
Repayments of lease liabilities	△ 110	△ 107
Cash flows from financing activities	△ 1,030	△ 3,363
Effect of exchange rate change on cash and cash equivalents	△ 182	405
Net increase (decrease) in cash and cash equivalents	△ 1,245	△ 249
Cash and cash equivalents at beginning of period	21,832	20,587
Cash and cash equivalents at end of period	20,587	20,337

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)	52.8	536.2	83.2	622.2	47.0	693.0	30.2	149.1	150.0	156.0
(1) Pollution prevention	Activities to prevent air and water pollution, etc.	3.0	39.6	0.0	47.5	0.0	87.0	0.0	38.9	0.0	23.7
(2) Global environmental protection	Activities to save energy, etc.	47.7	221.8	83.2	259.2	47.0	293.0	30.2	39.4	150.0 ^{*3}	71.8
(3) Resource circulation	Recycling and waste disposal, etc.	2.1	274.9	0.0	315.5	0.0	313.0	0.0	70.6	0.0	60.5
II. Upstream/downstream cost	Difference between environmentally-sound products and general products	0.0	4.9	0.0	5.9	0.0	10.0	0.0	1.6	0.0	1.6
III. Administrative cost ^{*2}	Cost relating to maintaining ISO, environmental education, planting of greenery, beautification, etc.	0.0	145.3	0.0	137.5	0.0	148.0	0.0	15.9	0.0	15.7
IV. R&D cost	—	0.0	29.5	0.0	24.9	0.0	10.0	0.0	6.1	0.0	4.5
V. Social activities cost	Donations to environmental groups, cleaning rivers, etc.	7.9	0.2	7.9	0.1	0.0	1.0	0.0	0.0	0.0	0.0
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		60.6	716.1	91.1	790.7	47.0	862.0	30.2	172.7	150.0	177.8

^{*1} Includes depreciation cost for equipment, personnel cost and general expenses^{*2} Includes environment-related screening and registration fees^{*3} Significant increase due to installation of solar power generation in new building at Fujisawa Plant

Environmental protection results (non-consolidated)

	FY2018	FY2019	FY2020	FY2021	FY2022	YoY (%)	
Total production by domestic plants (billion yen)	186	188	205	180	188	104	
Input	Electricity (thousand kWh)	24,718	24,398	24,993	22,600	24,857	110
	City gas (thousand m ³)	1,971	1,878	1,900	1,727	2,095	121
	LPG (t)	5	53	167	199	217	109
	Kerosene (kl)	102	123	1	1	1	70
	Heavy oil (kl)	16	0	0	0	0	—
	Gas oil (kl)	10	11	12	11	12	112
	Gasoline (kl)	19	18	9	7	36 ^{*2}	514
	Water resources (thousand m ³)	165	165	152	141	168	119
	Output	CO ₂ (t-CO ₂)	16,608	15,672	14,562	12,947	15,417 ^{*1}
Class I designated chemical substance (t)		62	61	57	46	35	76
Total waste (t)		1,669	1,652	1,802	1,626	1,623	100
Recycled (t)		1,375	1,605	1,750	1,522	1,537	101
Disposed (t)		294	47	52	104	86	83

^{*1} CO₂ emissions increased along with increased usage volumes of electricity, city gas, LPG and other resources during the recovery in production from the COVID-19 pandemic^{*2} 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)	40	41	33	30	31	102
Cost associated with recycling waste materials (millions of yen)	29	34	34	35	35	100
Cost associated with disposal of waste materials (millions of yen)	16	15	20	20	21	105

Non-Financial Data

Environmental data (Oiles Group)

		FY2018	FY2019	FY2020	FY2021	FY2022
CO ₂ Emissions & Intensity	Total (t-CO ₂)	33,757	31,969	30,297	27,369	30,893
	Japan (t-CO ₂)	23,656	21,714	20,751	18,437	21,171
	Overseas (t-CO ₂)	10,101	10,255	9,546	8,932	9,722
	CO ₂ intensity (t-CO ₂ / millions of yen)	0.572	0.521	0.504	0.517	0.516
Aggregated waste emission and intensity	Total (t)	4,587	4,356	4,187	3,932	4,120
	Japan (t)	3,429	3,206	3,110	2,785	2,922
	Overseas (t)	1,158	1,150	1,077	1,146	1,199
	Aggregated Waste Emission and Intensity (tons / millions of yen)	0.078	0.071	0.070	0.075	0.069
Water Usage	Total (1,000 m ³)	211	212	201	190	202
	Japan (1,000 m ³)	175	169	161	150	177
	Overseas (1,000 m ³)	36	43	40	40	25

Employee demographics

Employees (Oiles Group)

		FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees (consolidated)	Total	2,573	2,633	2,591	2,517	2,506
	Permanent	2,051	2,092	2,085	2,046	2,035
	Temporary	522	541	506	471	471
Number of employees in Japan (consolidated)	Total	1,680	1,714	1,701	1,670	1,668
	Permanent	1,278	1,289	1,285	1,276	1,269
	Temporary	402	425	416	394	399
Number of employees (non-consolidated)	Total	1,075	1,106	1,105	1,083	1,070
	Permanent	778	794	794	789	773
	Temporary	297	312	311	294	297

*As of the end of March 2022

Employment status of regular employees (non-consolidated)

		FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees	Total	778	794	794	789	773
	Male	696	702	703	699	683
	Female	82	92	91	90	90
Average age	Total	42.4	42.2	42.4	42.7	42.8
	Male	42.7	42.6	42.7	43.0	43.2
	Female	39.7	39.3	40.0	39.8	39.9
Average years of service	Total	19.1	18.8	19.1	19.4	19.6
	Male	19.3	19.2	19.4	19.8	20.0
	Female	17.7	16.3	16.9	16.8	16.7
Number of new graduate hires	Total	22	22	20	22	16
	Male	15	19	16	15	15
	Female	7	3	4	7	1
Number of mid-career hires	Total	11	16	6	1	4
	Male	9	10	6	0	3
	Female	2	6	1	1	1
Number of rehired employees	Total	12	9	7	4	18
	Male	11	8	7	4	16
	Female	1	1	0	0	2

*As of the end of March 2022

Non-Financial Data

Diversity (Oiles Group)

			FY2018	FY2019	FY2020	FY2021	FY2022
Percentage of female employees (permanent employees)	Percentage of female employees	Consolidated (%)	23.0	24.2	25.6	24.7	24.8
		Domestic group (%)	12.8	13.7	13.9	13.7	13.9
		Non-consolidated (%)	10.5	11.6	11.5	11.4	11.6
	Number of female managers (consolidated)	Consolidated (%)	15	15	17	15	17
		Domestic group (%)	2	2	3	3	5
		Non-consolidated (%)	0	0	1	1	3
	Percentage of female managers (consolidated)	Consolidated (%)	4.9	5.5	5.5	5.0	5.4
		Domestic group (%)	0.8	0.9	1.2	1.2	2.0
		Non-consolidated (%)	0.0	0.0	0.7	0.7	1.9
Number of rehired employees (non-consolidated)	Total	12	9	7	4	18	
	Male	11	8	7	4	16	
	Female	1	1	0	0	2	
Percentage of employees with disabilities (non-consolidated)			1.9	2.0	2.2	2.1	2.1

*As of the end of March 2022

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	11	17
		Female	3	0	5	5	5
	Number of employees who shortened working hours for childcare	Male	0	0	1	0	1
		Female	8	10	10	9	9
Annual average of total working time (hours)			1,788.2	1,803.8	1,770.8	1,763.4	1,744.5
Average number of paid holidays taken (days)			13.3	13.3	13.9	13.9	14.7
Average rate of paid holidays taken (%)			68.1	69.4	72.3	72.1	75.9
Average monthly overtime (hours)			11.1	11.3	9.6	7.1	8.7

*As of the end of March 2022

Human resource development (non-consolidated)

	FY2018	FY2019	FY2020	FY2021	FY2022
Annual training time per person (hours)	29.8	30.1	32.2	31.3	33.0

Health and safety (non-consolidated)

		FY2018	FY2019	FY2020	FY2021	FY2022
Number of industrial accidents	Serious (absent from work for 4 days or longer)	1	0	2	1	1
	Minor (absent from work for 3 days or less)	1	2	1	4	4
	Not absent from work	8	10	7	7	5
Frequency of lost-worktime injuries ^{*1}	OILES	1.01	1.01	1.53	2.61	2.66
	Manufacturing industry average ^{*2}	1.02	1.20	1.20	1.20	1.31
Severity rate of lost-worktime injuries ^{*3}	OILES	0.01	0.00	0.01	0.01	0.00
	Manufacturing industry average ^{*2}	0.08	0.10	0.10	0.10	0.06

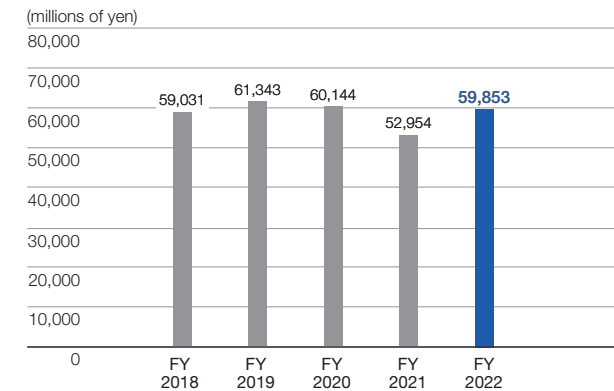
*1 Frequency: Represents the frequency of industrial accidents based on casualties per actual working time of 1 million hours

*2 Based on the results of the Survey on Industrial Accidents by the Ministry of Health, Labour and Welfare

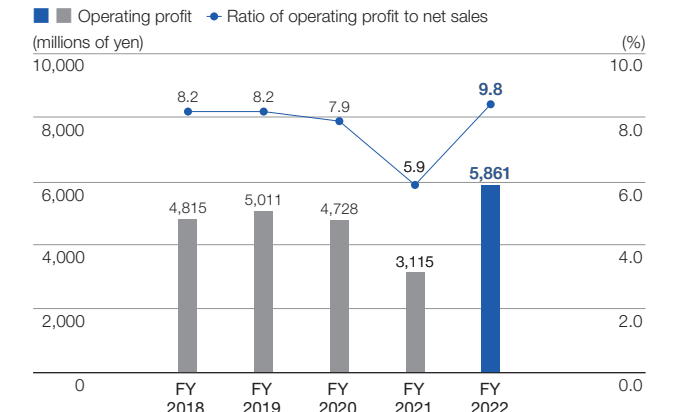
*3 Severity rate: Represents the severity of industrial accidents based on labor days loss per actual working time of 1 million hours

Financial Highlights

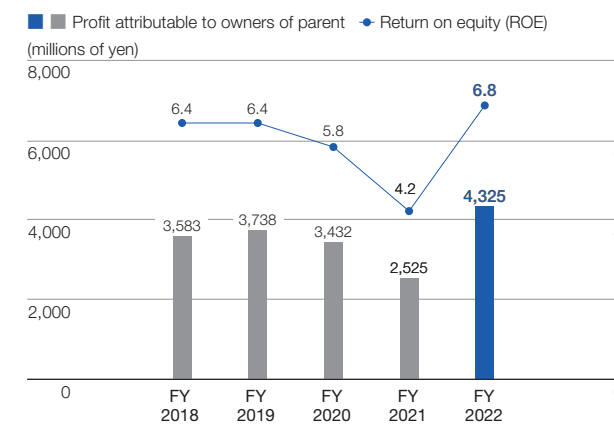
Net sales (consolidated)



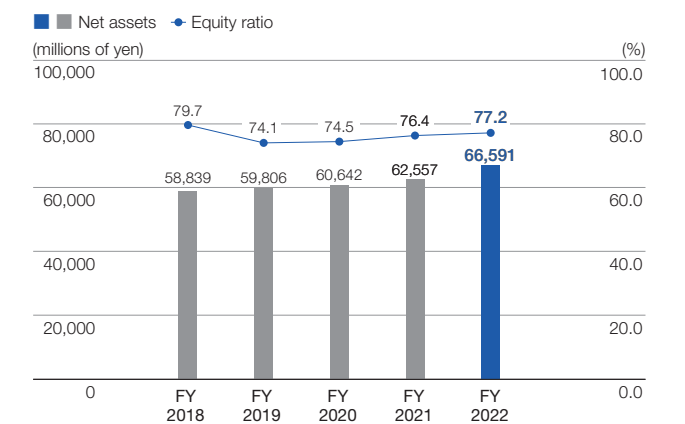
Operating profit / Ratio of operating profit to net sales (consolidated)



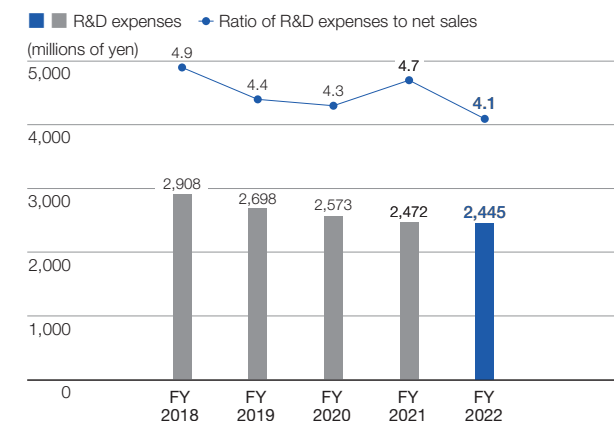
Profit attributable to owners of parent / Return on equity (ROE) (consolidated)



Net assets / Equity ratio (consolidated)



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



Capital expenditures & Depreciation (consolidated)

