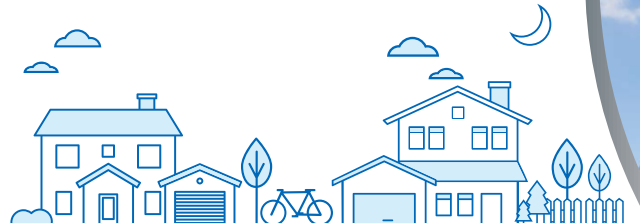


# CSR REPORT 2019

OILES CORPORATION



## Editorial Policy

The Oiles Corporation has been publishing the CSR Report since 2017 to inform stakeholders about its efforts to create a sustainable society and to reach a wider range of stakeholders in order to promote its initiatives.

On the occasion of the signing of the UN Global Pact in 2019, we released a special feature related to SDGs and business development.

In this report we are promoting the CSR activities of Oiles Group, which has been appreciated and evaluated by our stakeholders.

### 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 consolidated subsidiaries in Japan
- “Overseas Group” collectively refers to 10 Group companies outside Japan
- “Oiles Corporation Group” and “the Group” collectively refer to Oiles Corporation with all companies in the Oiles Corporation Group

### Reporting Period

Fiscal 2018 (April 1, 2018 to March 31, 2019) Some information outside this period has also been included with indication of the date.

### Publication Date

October 2019 (next issue: Autumn 2020)

### Guidelines Used as Reference

GRI Sustainability Reporting Standard 2016  
The Environmental Reporting Guidelines (2012 Edition),  
Ministry of the Environment, Japan

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**Masami Iida**  
President

### Top Message

**We will contribute to society through the technologies of “environment”, “safety”, “security”, and “comfort”, and aim for corporate growth and a sustainable society.**

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### Three businesses with high social contribution

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Oiles Corporation has been providing creative products through elaborating and applying tribology; the science of friction, wear and lubrication, as well as damping technology for vibration control.

The cornerstone of our engineering has been oil-less bearings, which minimize or eliminate the use of oil and are eco-friendly. Because of this, our bearings are easy to maintain and are widely used not only in automobiles, construction and production machinery or information devices, but also in structures such as dams and water gates. In addition, by adding damping technology of vibration control to the tribology our business has expanded to seismic isolators and vibration dampers which mitigate damage to buildings due to large-scale earthquakes. Our smoke elimination and air ventilation devices help secure lives in the event of a

fire. Consequently, our core technology supports urban functions and the development and maintenance of social infrastructure.

Oiles Group is defined by its three main pillars; Bearings, Structural Devices and Architectural Devices. Each of which contribute to energy saving by reducing energy consumption. From the perspective of providing safety, security and comfort, our business highly contributes to society, which I believe is our role.

Our management policy is "to become a world leader as a general manufacturer of oil-less bearings and serve society through technology." With these words in mind, we will contribute with the sustainable development of society through the promotion and growth of our business and technology.

## Promotion of new growth strategies

Our long-term goal of becoming an excellent global company, the Oiles Corporation Group follows its medium-term plan (fiscal 2017- 2019) and as a market-creating company, has been working on a growth strategy for establishing Oiles as a genuinely global brand by further strengthening research and technology development.

Resin bearings used in automobile suspensions are enhancing the expanding demands for fuel efficiency and ride comfort by reducing weight and size. In order to respond to the increasing demands for resin bearings in Japan and overseas, we have expanded the Oita Plant by approximately 2.5 times. The expansion was completed, and the Plant started its operation in March of this year.

Moreover, even though more than 50 years has passed since the establishment of the Fujisawa Plant, in order to strengthen the research and development system that will support the next half century, we have decided to greatly expand the function of the Plants' Research and Development Department.

In our Structural Devices business, we will use our technology to control the vibration of highrise buildings during long period earthquakes, which has been attracting attention since the Great East Japan Earthquake. We have been also focusing on strengthening our efforts in the new field of the so-called Facility Seismic Isolation, which will protect factory

facilities and logistic warehouses from large-scale earthquakes. In addition, in the Architectural Devices business, we have been working on a B to C strategy of active advertising development, in order to achieve wider recognition of our products, which contribute to the comfort life of the population.

## Step by step toward realizing CSR medium to long-term goals

Our CSR Report published every year since 2017 not only allows us to disseminate information about our CSR activities among the wide range of our stakeholders but also provide us opportunities to declare our commitment to apply our technologies for sustainable social development.

As stated in last year's CSR Report, we set important issues to be addressed in the area of CSR activities and set medium-to long-term goals and KPIs to deal with those issues. Environmental measures and diversity goals cannot be easily achieved. However, in believing that promoting CSR will contribute to sustainable society; step by step, we will continue to accomplish these goals.

We have also joined the United Nations Global Compact; an international framework for Sustainable Development Goals (SDGs) adopted by the United Nations. I hope to use the universal values proposed by the UN Global Compact in the field and utilize the environment and labor as the flags for promoting CSR.

## Balancing company growth and sustainable social development

If we have a look at the world's present economy and industry situation, we can see that in various fields a major paradigm shift is taking place. For example, the automobile industry, a key sector of our business, is faced with the "CASE" revolution, which refers to electric vehicles and autonomous driving, which is going to change the future of cars.

However, we are confident that our longenduring oil-less bearings will maintain their position in the new environment. In addition, with the upcoming Tokyo 2020 Olympic and Paralympic Games, Tokyo's urban functions have been attracting attention from all over the world. In response to this in the areas of structural and architectural devices, we will continue providing products and services that appeal to prevailing market needs and provide secure, safe and comfortable life for society.

The Oiles Corporation Group will remain committed to deepening relationships with diverse stakeholders, keep on developing technologies that meet the needs of the new era and along with the company's growth continue to contribute to sustainable social development.



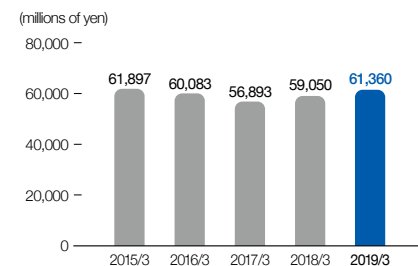
President

## Corporate Information (as of March 31, 2019)

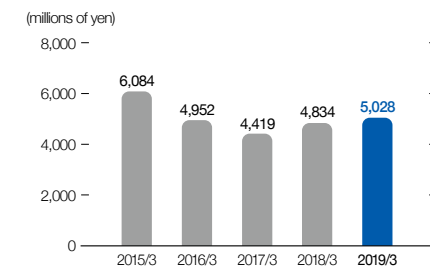
<b>Name of Company</b>	Oiles Corporation
<b>Head Office</b>	Kirihara-cho 8, Fujisawa-shi, Kanagawa-ken, 252-0811, Japan
<b>Established</b>	March 11, 1952
<b>Representative</b>	Masami Iida, President
<b>Capital</b>	8,585 million yen
<b>Stock Listing</b>	Tokyo Stock Exchange First Section
<b>Major Business Segments</b>	Bearings, structural devices, and architectural devices
<b>Number of Employees</b>	1,106 people (stand-alone); 2,633 people (consolidated)
<b>Sales and Manufacturing Sites</b>	Headquarters (Fujisawa Plant/Tokyo Head Office) 17 sales offices 4 manufacturing plants
<b>Consolidated Subsidiaries (Main business fields)</b>	<p>8 companies in Japan:</p> <ul style="list-style-type: none"> <li>• OILES ECO CORPORATION (architectural devices)</li> <li>• OILES NISHI NIHON HANBAI CO., LTD. (bearings, etc.)</li> <li>• OILES HIGASHI NIHON HANBAI CO., LTD. (bearings, etc.)</li> <li>• UNIPLA CORPORATION (bearings and structural devices)</li> <li>• RIKO KIHARA CORPORATION (bearings and structural devices)</li> <li>• LUBY INDUSTRIAL CO.,LTD. (bearings and structural devices)</li> <li>• OK INDUSTRIAL CO.,LTD. (bearings)</li> <li>• MENSIN ENGINEERING CO., LTD. (structural devices)</li> </ul> <p>10 companies outside Japan:</p> <ul style="list-style-type: none"> <li>• Oiles America Corporation (bearings)</li> <li>• OILES Deutschland GmbH (bearings)</li> <li>• OILES FRANCE SAS (bearings)</li> <li>• Oiles Czech Manufacturing s.r.o. (bearings)</li> <li>• SHANGHAI OILES BEARING INC. (bearings)</li> <li>• OILES SUZHOU CORPORATION (bearings)</li> <li>• OILES (THAILAND) COMPANY LIMITED (bearings)</li> <li>• OILES INDIA PRIVATE LIMITED (bearings)</li> <li>• OILES BRASIL EIRELI (bearings)</li> <li>• OILES ECO (Shanghai) Co.,Ltd. (architectural devices)</li> </ul>

## Business Performance (Consolidated)

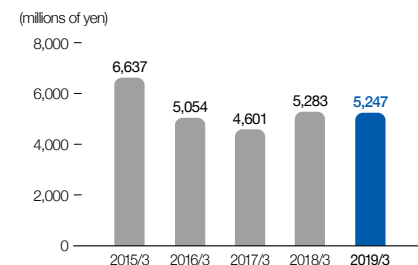
### Sales



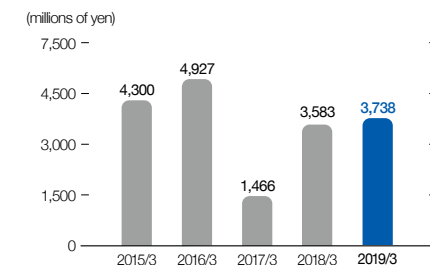
### Operating Income



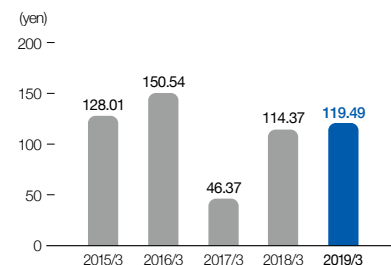
### Ordinary Income



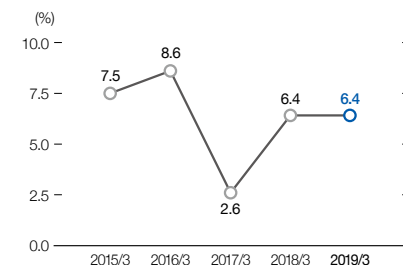
### Profit Attributable to Owners of Parent



### Earnings per Share

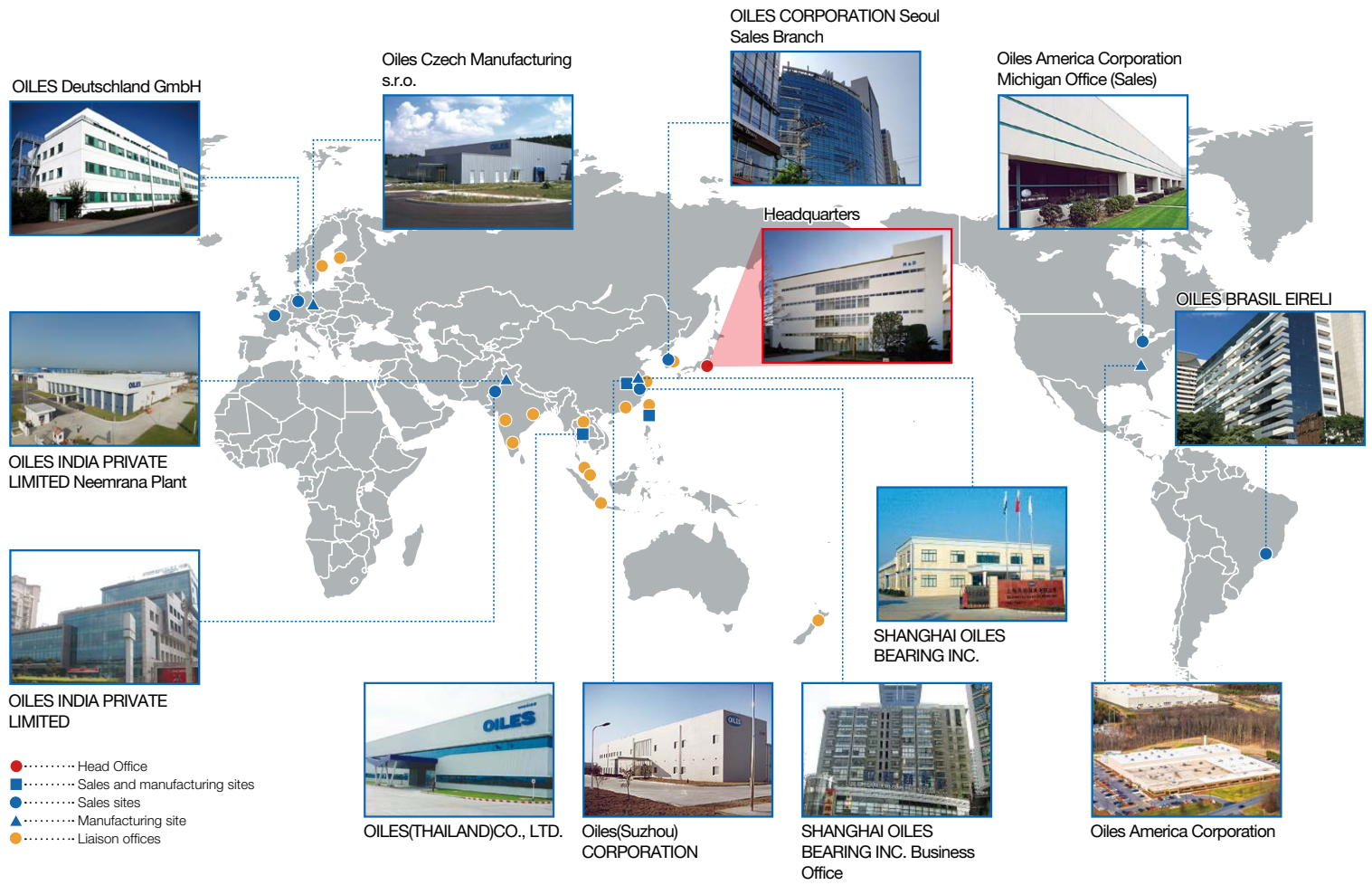


### Return on Equity

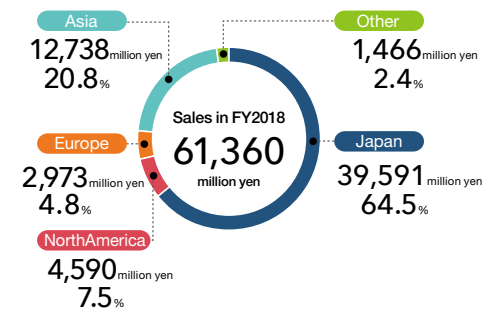


## Global Network

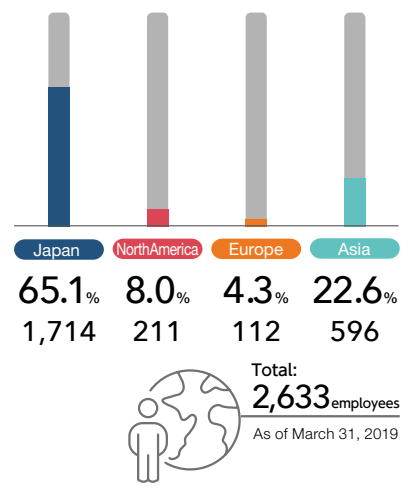
Oiles Corporation has affiliates and distributors across the world provide products and services that respond to the needs of customers.



### Sales by Region



### Employees by Region



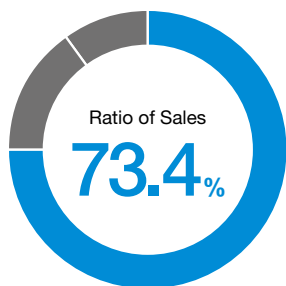
## Business Segments

The Oiles Group has three main segments: bearings, structural devices, and architectural devices.

### Bearings



Eco-friendly plain bearings that minimize or eliminate the use of oil are used in many vehicles and various industrial machinery.



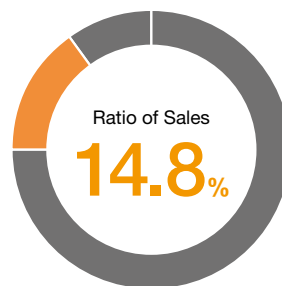
Sales in FY2018

**45,060** million yen

### Structural Devices



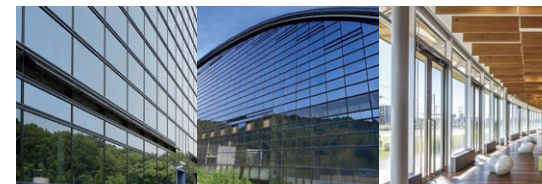
Seismic isolators based on our long-honed tribology (science of friction, wear, and lubrication) and vibration dampers that protect people's lives and structures, including civic assets, buildings, and bridges, from earthquakes.



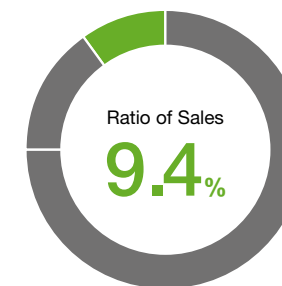
Sales in FY2018

**9,054** million yen

### Architectural Devices



Technologies and services for residential architecture to make the best use of natural wind and light to bring new levels of comfort, safety, and energy saving to people and the environment.



Sales in FY2018

**5,778** million yen

\*1. Sales from transactions among segments are offset.

\*2. Consumption tax is not included.

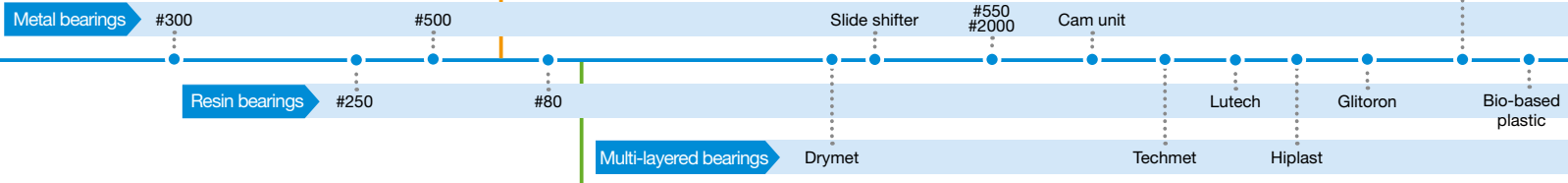
\*3. Sales from segments other than the main three segments amounted to 1,467 million yen in addition to the figure displayed above.

## History of Oiles Technologies

### Japan's First Oil-less Bearing

In the early Showa period, Sozo Kawasaki, the founder of Oiles Corporation, was in charge of the maintenance of American-made cigarette roller machines at the Monopoly Bureau of the Ministry of Finance. One day he was stunned by the fact that the wooden bearings in those machines required no lubrication. After a process of trial and error, he developed a method to manufacture an oil-less wooden bearing and obtained a patent in 1932.

### ● Bearings



### Series of Epoch-making Products

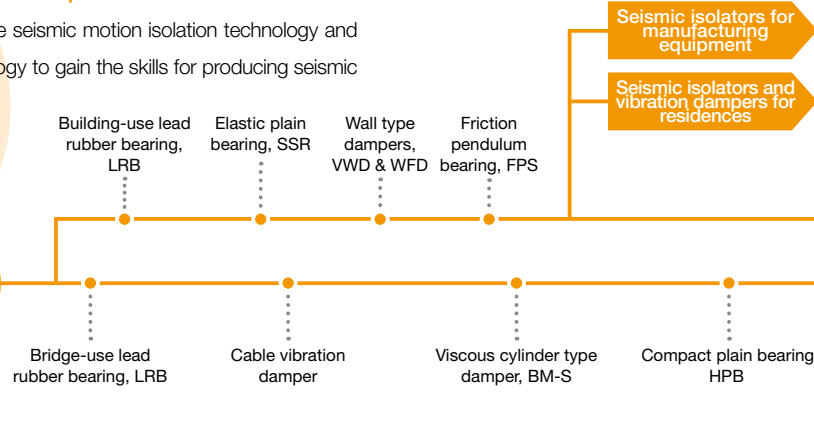
Since the world-leading development of a cast iron oil-impregnated bearing (#300) in 1942, the company has developed bearings from various materials, such as resin and metal bearings, as well as multi-layered bearings that deliver the advantages of both resin and metal bearings.

More recently we shed light on the space for retaining oil in a sintered bearing from a special alloy. By using that space to insert air into a bearing chamber, we successfully developed an air bearing, in which two shafts support each other through an air film in a nearly contactless manner (i.e., with nearly zero friction).

### Seismic Isolators and Vibration Dampers

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 dampers.

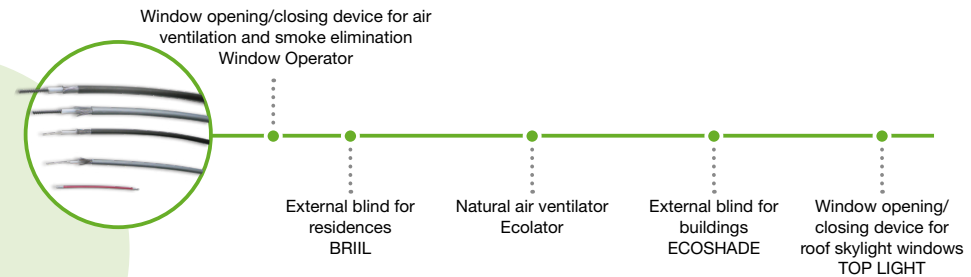
### ● Structural Devices



### ● Architectural Devices

### Control Cables

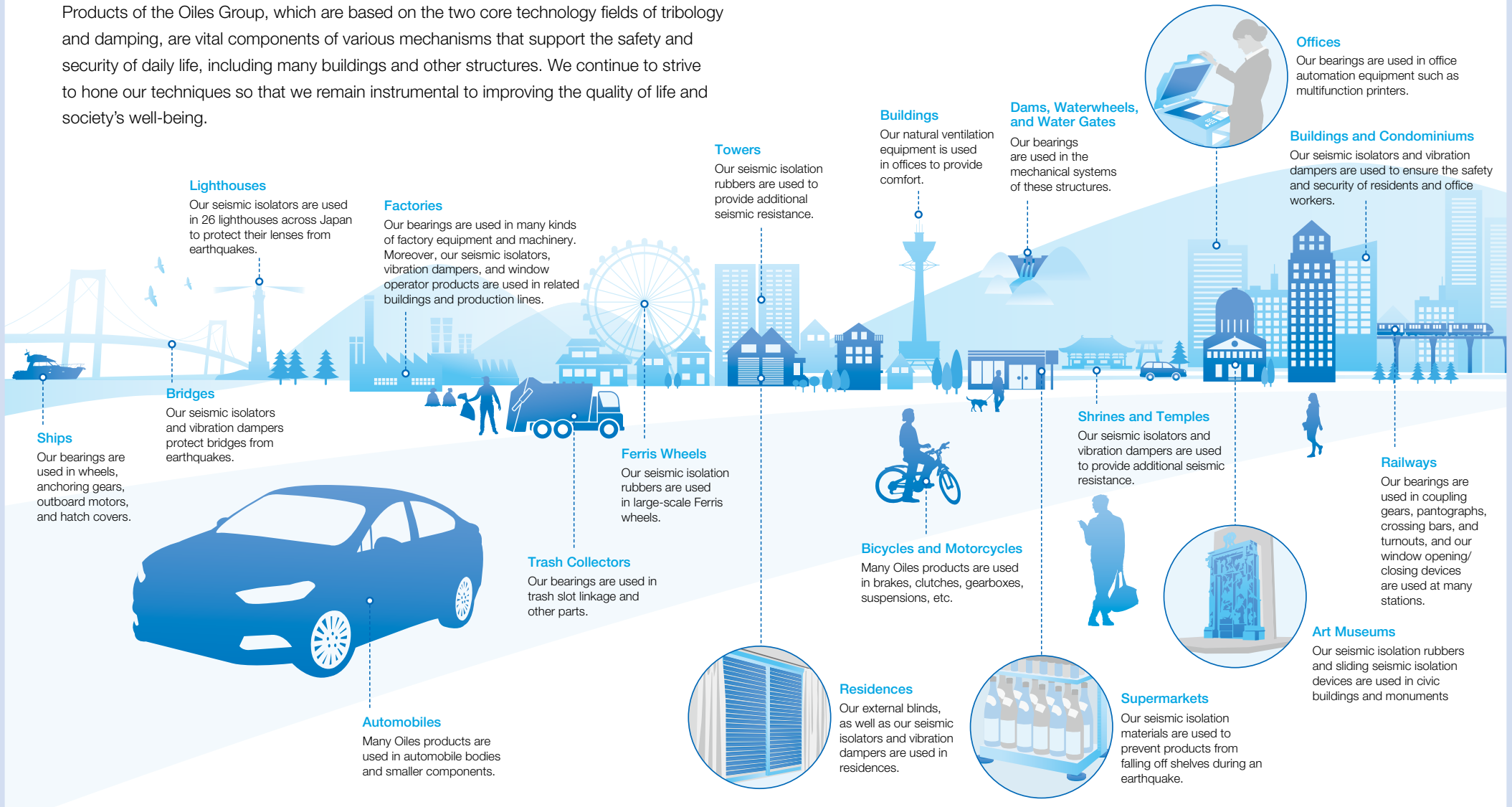
By coating a wire with oil, we developed a device for remotely opening and closing windows. We are applying this method, based on the functions of communication and transmission, to control and shield lights.





## Oiles in Our Daily Life

Products of the Oiles Group, which are based on the two core technology fields of tribology and damping, are vital components of various mechanisms that support the safety and security of daily life, including many buildings and other structures. We continue to strive to hone our techniques so that we remain instrumental to improving the quality of life and society's well-being.



## Management Concept

As a world leader in the field of self-lubricating bearings we, at Oiles Corporation, are determined 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.

Let us grow together with  
Oiles that communicates  
with the world.

**O**nward ————— forward day by day  
**I**dea ————— originality and ingenuity  
**L**iberty and Law ——— freedom and discipline  
**E**xpert ————— all of us specialists  
**S**ervice ————— serving society

## Long-term Vision

### Take the challenge to be an excellent global company

1. Establish a global Oiles brand
2. Master tribology (friction, wear, and lubrication) and damping (vibration control) technologies
3. Build a company that can grow in a sustainable way

## Oiles Group Corporate Conduct Charter

### - To continue being the company with social confidence -

Oiles Group shall conform with laws and regulations and shall conduct ourselves according to the following ten principles in line with social ethics and decency.

1. We shall provide safe products and services that meet the customer needs and contribute to comfortable and safe living.
2. We shall engage in proper trade based on fair, transparent and free competition and shall not pursue profit through unfair or illegitimate means. We shall not engage in bribery in any countries.
3. We shall manage corporate information properly and shall make timely and active disclosure. We properly and fully protect and manage personal information and customer information.
4. We shall respect the human rights, diversity, personality and individuality of all stakeholders, as well as ensure a safe and non-discriminatory work environment.
5. We shall actively engage in protection of the global environment.
6. We shall actively apply ourselves to contribute to society and shall work broadly for the mutual benefit of society.
7. We shall not form any relationship whatsoever with and shall determinedly oppose antisocial forces and groups that threaten social order and safety.
8. We shall build trust relationship with stakeholders and seek mutual growth through corporate management, not only complying with all applicable laws of the countries/regions and various international standard including human rights but also respecting cultures, customs and stakeholders' interest. We shall promote procurement considering the effects on both the societies and the environment.
9. We shall maintain corporate assets in appropriate fashion and shall not use company assets for purposes other than for business or for the pursuant of business.
10. We shall apply ourselves to the protection of and respect for intellectual property.

01 June 2017 OILES Corporation

## Interview with the Director

## Promoting CSR Activities

**Daily Corporate Activities  
Naturally Linked  
to CSR Promotion****Satoshi Miyazaki**, Senior Operating Officer

In his current position since June 2018, Mr. Miyazaki is in charge of Administrative Division, CSR, Compliance, Risk Management, Environment, Safety and Health. He is the Chairman of the CSR Committee.

**Importance of CSR information sharing**

In our corporate philosophy we state that our business is greatly contributing to the sustainable growth of society by reducing the environmental impact and providing security and comfort. In the past, we rarely shared information externally, but since last year's publishing of the CSR Report, we started to proactively organize and present our activities. As a result, the company's social contribution has started to be recognized not only by investors and analysts but also by job hunting students and local communities, which made me realize the importance of the information sharing. Moreover, in order to directly connect the company's social contribution to the CSR activities, we have added the CSR promotion as one of the basic policies in the Group's medium-to long-term plan (fiscal 2017-2019) and strive to strengthen the promotion system. We have established a CSR promotion meeting with the participation of all directors and set up a promotion system, in which management is directly involved. We also identified important CSR issues and set a medium-to long-term goals for solving these issues. With the system and goals being set, the entire Oiles Group is currently working on the CSR issues such as environmental measures or diversity promotion.

In response to the decline in the working-age population and diversification of working needs, "Act on Workstyle Reform" was enforced in Japan in April. In order to respond to the workstyle reform, the promotion

of diversity such as the appointment of women and foreigners, which is a part of the key issues of CSR, will have a great significance. We want to promote workstyle reforms by creating a work environment where employees can fully demonstrate their motivation, abilities and improve productivity.

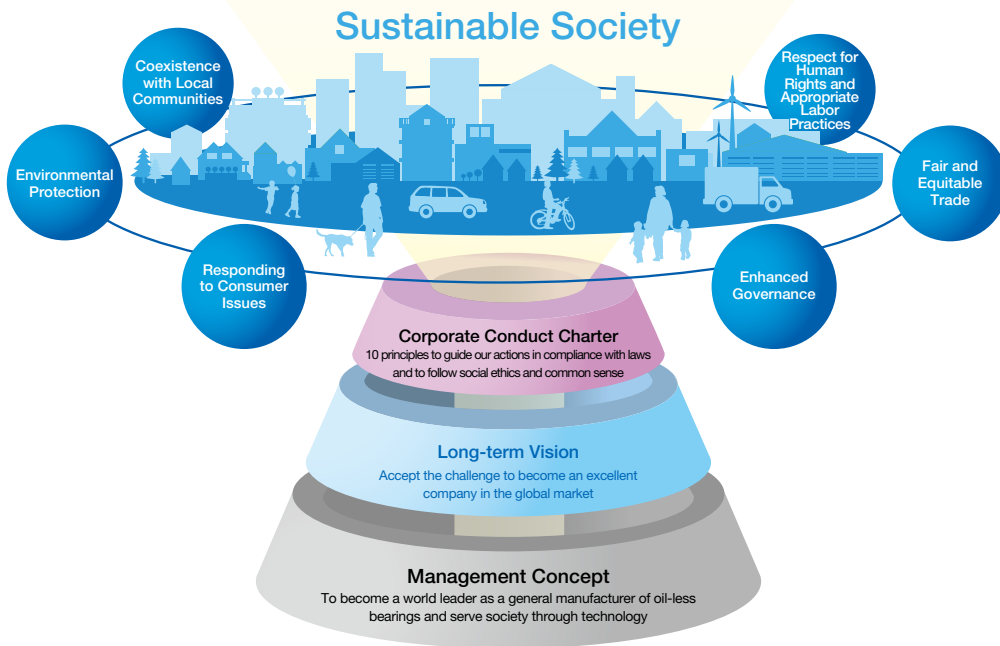
**CSR promotion is the "WIN-WIN" of companies and society**

We have also joined the "UN Global Compact (UNGC)". UNGC is a voluntary initiative in which companies and organizations act as good members of society and participate in the creation of a global framework for achieving sustainable growth. The ten principles established by UNGC are universally agreed global values, so I hope that in the process of promoting CSR activities such as environmental response and diversity promotion, each person will share this philosophy and take part in UNGC. I also hope that UNGC will become one of drivers for promoting CSR.

Although CSR activities are demanded by society, they essentially create a WIN-WIN relationship, in which companies and society grow sustainably by doing business while fulfilling their social responsibilities. In that sense, the state in which daily activities are naturally linked to CSR promotion is the goal of the Oiles Group. Since our business highly contributes to society, I believe we have the potential to achieve this goal.

## CSR Philosophy

The Oiles Corporation Group will contribute to the creation of a sustainable society by seeking to advance our unique technologies as we pursue the Group's management concept of becoming a world leader as a general manufacturer of oil-less bearings and serve society through technology. In carrying out our mission, we will adhere to our long-term vision as well as faithful and fair business activities undergirded by the Oiles Corporation Group Corporate Conduct Charter. Moreover, we will practice the six CSR material topics: Enhanced Governance, Responding to Consumer Issues, Environmental Protection, Respect for Human Rights and Appropriate Labor Practices, Fair and Equitable Trade, and Coexistence with Local Communities, to continue to earn recognition as a reliable company in the global market.



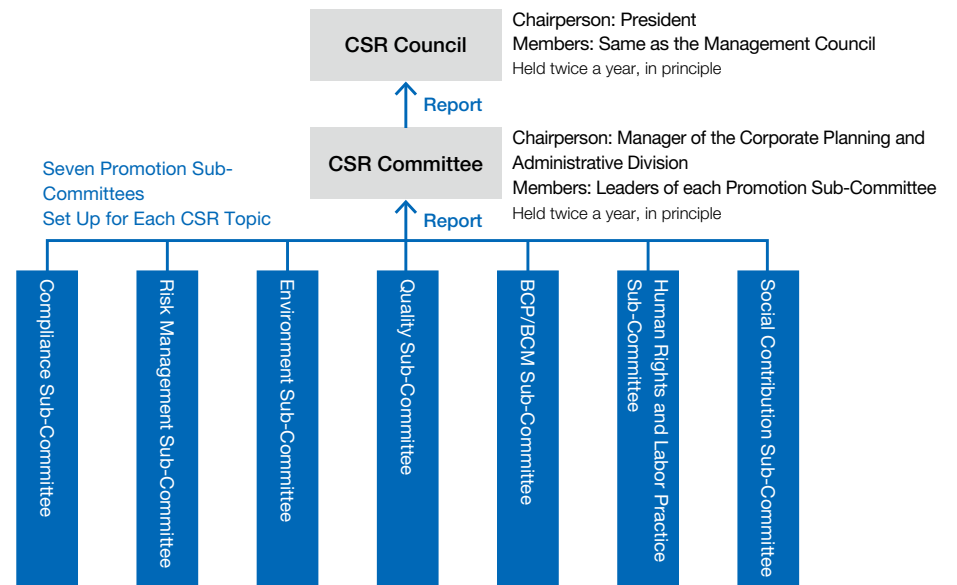
## CSR Structure

The CSR Council, chaired by the president, convenes twice a year to deliberate on activities of material CSR topics such as the basic policy and the current status of the company's initiatives.

The CSR Committee, headed by the manager of the Corporate Planning and Administrative Division, was established as a subordinate organization that reports directly to the CSR Council. The purpose of the committee is to hold discussions that will contribute to CSR promotion and enhance medium and long-term corporate value, and details of these discussions are reported to the CSR Council.

A Promotion Sub-Committee is set up under the CSR Committee for each identified CSR topic. These sub-committees work toward addressing each CSR topic.

### CSR Promotion Structure



## Stakeholder Engagement

The Oiles Corporation Group will proactively communicate with various stakeholders and respond to their expectations.

We provide a range of products and services for bearings, structural devices, and architectural devices to our customers worldwide.

**Opportunities for Dialogue**

- Daily sales activities
- Business contact desk
- Technology information magazines and merchandise catalogues
- Website

**Main Initiatives**

- Customer satisfaction
- Provision of safe and quality products and services
- Continuous BCP enhancement

The Oiles Corporation Group has 2,633 employees, including 919 who work outside of Japan (as of March 31, 2019).

**Opportunities for Dialogue**

- Labor-management council and labor-management meetings
- Training programs
- Consulting desk and whistleblower reporting desk
- In-house newsletters
- Website and intranet
- CSR reports

**Main Initiatives**

- Consideration for human rights
- Promoting diversity
- Promoting work-life balance
- Developing human resources
- Ensuring occupational safety
- Enhancing the workplace environment

The Oiles Corporation Group has 19 corporations in Japan and overseas, and each location establishes ties with the local communities in which they operate. (as of March 31, 2019)

**Opportunities for Dialogue**

- Explanatory meetings, debriefing sessions, and open houses
- CSR reports

**Main Initiatives**

- Social contribution activities
- Plant tours



The total number of shareholders is 13,203. The types of ownership and associated percentages of the approximately 34,300 outstanding shares are financial institutions at 24.4%, foreign corporations, etc., at 12.7%, and individual investors and others at 40.9%. (as of March 31, 2019)

**Opportunities for Dialogue**

- General meeting of shareholders and financial report briefings
- Various reports such as a securities report, fact book, and CSR report
- Website
- Plant tours

**Main Initiatives**

- Information disclosure and profit distribution

Product parts and materials are purchased from partner companies.

**Opportunities for Dialogue**

- CSR procurement questionnaires
- Policy briefing sessions

**Main Initiatives**

- Reinforce supply chain management
- Fair and equitable trade

The Oiles Corporation Group considers global environmental protection initiatives as a key management priority and intends to reduce environmental impact through our business activities.

**Opportunities for Dialogue**

- Environmental education
- Environmental volunteer activities
- CSR report

**Main Initiatives**

- Products that contribute to saving energy
- Effective use of resources and energy
- Promoting CSR procurement

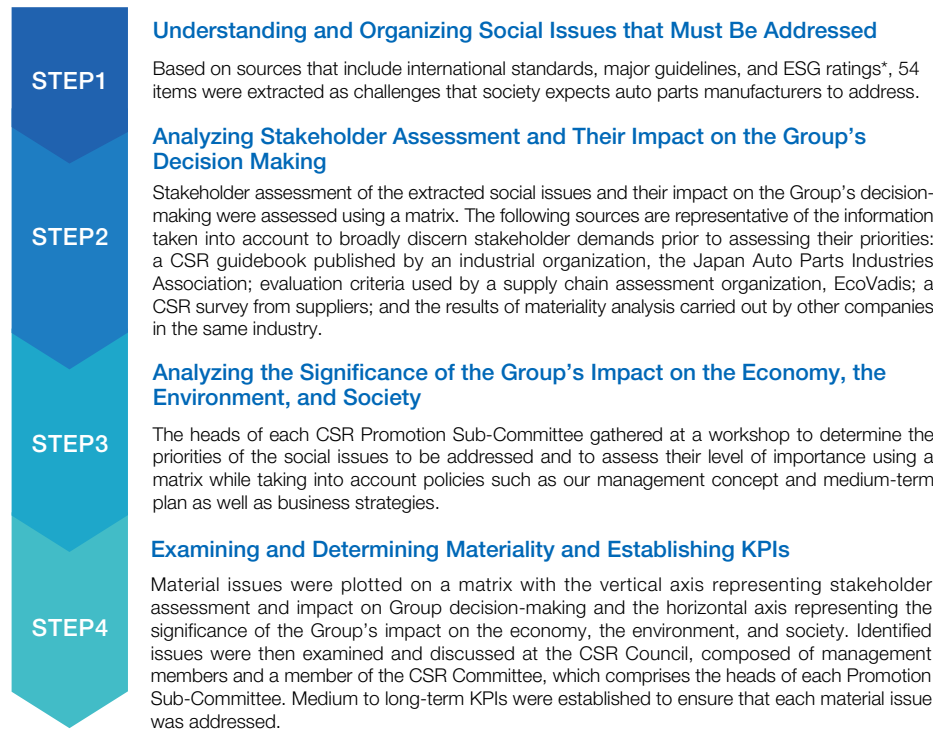
## Initiatives for the SDGs

Adopted in September 2015 at a UN Summit, the SDGs (Sustainable Development Goals) encompass 17 goals and 169 targets for which the world must work together for sustainable development. The Oiles Corporation Group is striving to achieve these goals.



## Identifying Materiality

The Oiles Corporation Group has established medium to long-term targets and an annual target pertaining to its ISO26000-based CSR activities and is working to achieve these goals. In 2018, to address social issues and the needs of society considered especially important in relation to our business, and to contribute to the development of a sustainable society, the Group identified material issues that required new initiatives and established a medium to long-term CSR target and key performance indicators (KPIs) based on these issues.



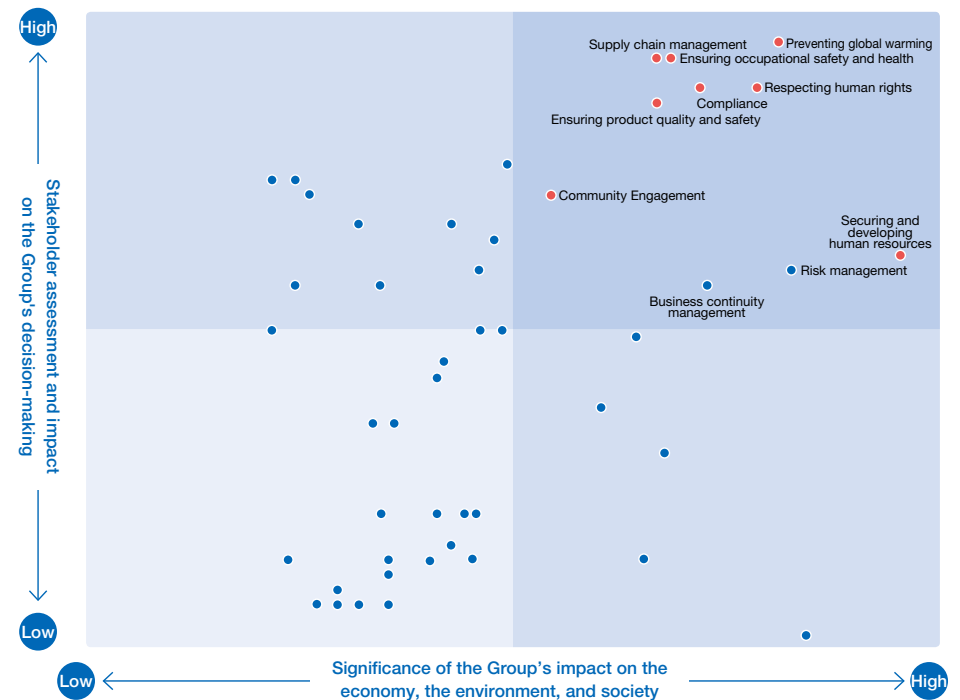
\*ISO26000, SDGs, Dow Jones Sustainability Index, EcoVadis, Charter of Corporate Behavior issued by Keidanren (Japan Business Federation), etc.

### • Materiality Matrix


Based on the materiality matrix analysis shown below, eight items were identified as material issues of high importance by both stakeholders and the Oiles Corporation Group. The vertical axis of the matrix represents stakeholder assessment and impact on the Group's decision-making, while the horizontal axis represents the significance of the Group's impact on the economy, the environment, and society, as prioritized at the workshop.

- Compliance
- Supply chain management
- Preventing global warming
- Ensuring product quality and safety
- Respecting human rights
- Securing and developing human resources
- Ensuring occupational safety and health
- Coexisting with local communities and social contribution activities

\* Risk management and business continuity management were excluded as CSR materiality issues since they are already being dealt with as core corporate activities.




• Material Issues of the Oiles Corporation Group



**Governance**

### Compliance

Scandals and unethical corporate activities can undermine the Group's credibility as well as the credibility of the Oiles brand. In a timely, appropriate manner, we comply with domestic and international laws and regulations, social norms, and corporate ethics, ever aware of how the Group's products affect the daily lives of people.



**Governance**

### Supply Chain Management

We believe that we are responsible for the impacts of our corporate activities and decisions across the supply chain, upstream to downstream. Therefore, we are striving to achieve sustainable procurement together with our suppliers while rigorously conducting fair and equitable trade.



**Environment**

### Preventing Global Warming

The signing of the Paris Agreement in November 2016 has advanced the efforts of the global community to reduce greenhouse gases by saving energy and shifting to renewable energy sources. The Oiles Corporation Group is working to reduce CO<sub>2</sub> emissions throughout our entire supply chain as well as within the Group's business processes.



**Society**

### Ensuring Product Quality and Safety

Delivering products with proven safety and quality raise the satisfaction of suppliers while also supporting the safe, secure, and comfortable daily lives of people in our society. We have established a system for providing quality products and have implemented a rigorous quality management system.



**Society**

### Respecting Human Rights

The Group's international market share is expanding into regions with high human rights risks. Under our human rights policy, we will promote understanding of international human rights principles across the Group to enhance respect for human rights by all our stakeholders.



**Society**

### Securing and Developing Human Resources

As a company that upholds its management concept to serve society through technology, we acknowledge that we must address the two issues of handing down our technologies and motivation to the coming generations and securing human resources. We are also striving to enhance employee satisfaction by enriching our internal education and training programs and implementing fair and transparent employee evaluations.



**Society**

### Ensuring Occupational Safety and Health

Workplaces are expected to reflect adequate consideration and support since the safety and health of employees are significantly affected by the physical spaces in which they spend long hours. We will effectively manage both the facility and human factors for safety and health management encompassing equipment safety regulations as well as safety training and mental health care.





















**Society**

### Community Engagement

Gaining the understanding and trust of the local communities in which we operate is essential for the Group's international business development. Therefore, we will continue to communicate openly with these communities and contribute to their development.

## CSR Medium- to Long-term Targets and KPIs (from Fiscal 2018)

Oiles Corporation will promote initiatives for the new CSR Medium- to Long-term Targets and KPIs from fiscal 2018

Categories	Material Issues	Medium- to Long-term Targets and KPIs	FY2018 Targets	FY2018 Results	FY2019 Targets	Relevant SDGs
Governance	Compliance	<ul style="list-style-type: none"> <li>Thorough compliance based on international framework</li> <li>Adhere to the Oiles Group Corporate Conduct Charter</li> </ul>	—	<ul style="list-style-type: none"> <li>No serious compliance violations</li> </ul>	<ul style="list-style-type: none"> <li>No serious compliance violations</li> </ul>	
	Supply chain management	<ul style="list-style-type: none"> <li>Promote sustainable procurement throughout the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Conduct a CSR procurement questionnaires with at least 95% of our suppliers (based on transaction value)</li> </ul>	<ul style="list-style-type: none"> <li>Identification of target suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Conduct CSR procurement questionnaires with at least 95% of our suppliers (based on transaction value)</li> </ul>	 
Environment	Preventing global warming	<ul style="list-style-type: none"> <li>Contribute to alleviating climate change and its impact by reducing aggregate CO<sub>2</sub> emissions by 26.0% by 2030, compared to FY2013</li> </ul>	<ul style="list-style-type: none"> <li>Reduce aggregate CO<sub>2</sub> emissions by 26.0% by 2030, compared to FY2013 (reduce annual CO<sub>2</sub> emissions by 2.3% or more YoY)</li> </ul>	<ul style="list-style-type: none"> <li>Reduced aggregate CO<sub>2</sub> emissions by 8.2%, compared to FY2017</li> </ul>	<ul style="list-style-type: none"> <li>Reduce aggregate CO<sub>2</sub> emissions by more than 2%, compared to FY2018</li> </ul>	   
Society	Ensuring product quality and safety	<ul style="list-style-type: none"> <li>Promote initiatives to ensure product quality and safety</li> </ul>	<ul style="list-style-type: none"> <li>No customer complaints</li> <li>In-process defective products: 0.1% or less (for auto parts: 0.01% or less)</li> </ul>	<ul style="list-style-type: none"> <li>59 cases of complaints</li> <li>In-process defective products: 0.803%</li> </ul>	<ul style="list-style-type: none"> <li>No customer complaints</li> </ul>	  
	Respecting human rights	<ul style="list-style-type: none"> <li>Raise awareness among employees to reinforce initiatives for respecting human rights</li> <li>Double the number of foreign national employees by the end of FY2022, compared to FY2016, to 10 or more</li> <li>Ratio of female managers to be 2.2% by the end of FY2022 (3 out of 135 employees)</li> <li>Double the ratio of female employees in the position of assistant manager or higher to 7.6% or more by the end of FY2022, compared to FY2016</li> <li>Continue to exceed the statutory employment rate of persons with disabilities</li> </ul>	<ul style="list-style-type: none"> <li>Attendance rate for human rights training: 100%</li> <li>Completion rate of e-learning course for managers: 100%</li> <li>Attendance rate of training courses to raise awareness of women's advancement in the workplace: 90% or more</li> <li>Offer an internship for a female student</li> <li>Establish and implement a reemployment program for those who have left the workforce due to marriage, childbirth, child rearing, nursing care, job transfer of a spouse, etc.</li> <li>Maintain the statutory employment rate of persons with disabilities</li> </ul>	<ul style="list-style-type: none"> <li>Attendance rate for human rights training: 100%</li> <li>Completion rate of elearning course for managers: 100%</li> <li>Attendance rate of training courses to raise awareness of women's advancement in the workplace: 96.8%</li> <li>Internship granted to 10 female students</li> <li>Established and implemented a reemployment program (2 applicants)</li> <li>Employment rate of persons with disabilities: 1.96% (FY2018 average)</li> </ul>	<ul style="list-style-type: none"> <li>Attendance rate for human rights training: 100%</li> <li>Completion rate of elearning course for assistant managers and presidents of domestic affiliated companies: 100%</li> <li>Follow-up interviews for career-oriented women</li> <li>Entry rate of female students: 20%</li> <li>Enhance childcare and nursing care leave system (expanded to a period longer than legal requirements such as short working hours)</li> <li>Expansion to periods beyond legal requirements such as reduced working hours</li> <li>Maintain the statutory employment rate of persons with disabilities</li> </ul>	   
	Securing and developing human resources	<ul style="list-style-type: none"> <li>Develop human resources to allow employees to demonstrate their abilities</li> <li>Develop global human resources</li> </ul>	<ul style="list-style-type: none"> <li>Total annual training hours for each employee on human resource development: 30 hours or more</li> <li>Establish international assignment qualifications</li> </ul>	<ul style="list-style-type: none"> <li>Training hours: 30.1 hours/person/one year</li> <li>Set the level of overseas assignment</li> </ul>	<ul style="list-style-type: none"> <li>Total annual training hours for each employee on human resource development: 30 hours or more</li> <li>Implement a global human resource development training</li> </ul>	 
	Ensuring occupational safety and health	<ul style="list-style-type: none"> <li>Reinforce activities for safe and healthy workplaces</li> </ul>	<ul style="list-style-type: none"> <li>No major accidents and no emergency shutdowns</li> </ul>	<ul style="list-style-type: none"> <li>No major accidents and no emergency shutdowns</li> </ul>	<ul style="list-style-type: none"> <li>No major accidents and no emergency shutdowns</li> </ul>	
	Coexisting with local communities and social contribution activities	<ul style="list-style-type: none"> <li>Continue social contribution activities in a way that only Oiles can and by leveraging the Group's management resources</li> </ul>	<ul style="list-style-type: none"> <li>Promote social contribution activities in Japan and overseas and support employee social contribution activities</li> <li>Clarify the management policy for social contribution activities</li> <li>Consider new initiatives aligned with the management policy</li> </ul>	<ul style="list-style-type: none"> <li>Established management policy of social contribution activities</li> <li>Implemented various social contribution activities in cooperation with the government such as holding local events</li> <li>Held volunteer start-up seminars for employees</li> </ul>	<ul style="list-style-type: none"> <li>Promote social contribution activities in Japan and overseas and support employee social contribution activities</li> <li>Promote new initiatives aligned with the management policy for social contribution activities</li> </ul>	 

Note: The scope of targets and results is for the Oiles Corporation Group, except for those in the category of "Respecting human rights," "Securing and developing human resources," and "Ensuring occupational safety and health," which fall under the scope of the Oiles Corporation.



Special Feature

## Products and technology of Oiles Group linked to the SDGs (Sustainable Development Goals)

### Oiles Group products and technologies contribute to the realization of the SDGs

The SDGs (Sustainable Development Goals) adopted at the United Nations Summit in September 2015 have recently become a term we hear not only in media reports but everywhere around us. The SDGs consist of 17 goals and 169 targets (achievement criteria) that are aimed to be achieved by 2030. If we have a look at the content of the 17 goals, we can see that various products and technologies of the Oiles Group are strongly linked to the realization of the SDGs.

In our corporate philosophy we state we will “contribute to society through technology”; Oil-less bearings lead to the reduction of environmental impact by being maintenance-free and lightweight. Oiles ECO produces a seismic isolation system that provides safety and security from earthquakes, products ensuring safety in case of fire and products providing comfortable indoor space. The Oiles Group uses these technological capabilities to solve social issues and contributes to the realization of a sustainable society.

The special feature also introduces recent topics about the Oiles Group's businesses and technologies connected to the 17 goals of the SDGs.



### We believe that the Oiles Group products and technologies can contribute to the goals of the SDGs



### Signature to the UN Global Compact

The UN has set SDGs and calls on countries around the world to participate in solving them. At the same time, the “United Nations Global Compact (UNGC)”, which recommends voluntary participation of companies and organizations from all over the world, was established. At present, nearly 10,000 companies and organizations around the world are participating in the agreement. We signed the proposal in support of UNGC and further promotion of CSR in July 2019.



## Oiles' business and technology involvement in the SDGs



Oiles products and technologies aim to contribute to the provision of sustainable energy services and the reduction of environmental impacts such as global warming response.

- **Oiles bearing characteristics**

Oil-less bearings with features such as maintenance-free and lightweight are products linked to the reduce of environmental impacts.

- **Contributing to the change of electric vehicles**

We believe that our lightweight and compact bearings will help improve fuel efficiency and make a significant contribution to EVs.

- **Contributing to renewable energy**

Our bearings are used in wind power generations and coastal wave power generation facilities. (See next page)

- **Development of biomass plastic bearings**

We have developed bearings made of plant-derived biomass plastics that have been attracting attention as effective materials for preventing global warming. (See next page)

- **Oiles ECO products that achieve energy saving**

As the company name suggests, products of Oiles ECO contribute to the realization of an eco-friendly society, such as the "Natural Ventilator Ecolator" that provides comfortable space with the power of nature and the "External Blind/ Brill" that has an energy-saving effect due its solar shading. (See next page)



#500AB



ECORATOR Natural Ventilation System



#500SP1



Oiles products and technologies aim to realize safe and strong urban functions and contribute to a safe and secure society.

- **Seismic isolators and vibration dampers**

Our seismic isolation and vibration dampers that protect lives and urban functions (bridges, buildings, and residences) from large-scale earthquakes contribute to society through safety and security.

- **Windows operators**

Oiles ECO's window operators contribute to the safety of people inside buildings by expelling harmful smoke and earning time for evacuation in the event of a fire.

- **Autonomous driving**

Autonomous driving realizes advancement of urban functions, but our company contributes to further improvement of autonomous automobiles by developing new bearings and technologies, which improve handling stability, riding comfort and quietness.



Seismic Isolators and Vibration Dampers



Window operator



As a market-creating company, the Oiles Group aims to contribute to global innovation through various research and technological developments. Oiles products and technologies also contribute to industrial and regional infrastructure.

- **"Contributing to the world through technology"**

As our corporate philosophy states, we contribute to the realization of innovation through continuous research and development.

- **Contributing to the realization of strong industrial and regional infrastructure**

Our long-life bearings are used in facilities that serve as the foundation for industries, regions and cities (dams of water gates, power generation facilities, water treatment plants, sewage treatment facilities, waste treatment facilities)



The Oiles Group aims to reduce environmental impact throughout the product life cycle and improve quality reliability based on the Environmental Policy and Quality Policy.

- **Environmental policy**

We aim to reduce the environmental burden throughout the product life cycle by complying with environmental laws and regulations, taking initiatives in energy saving and recycling, and by CSR procurement (green procurement).

- **Quality policy**

We provide high-quality products that meet customer expectations and trust, and continuously improve quality. We will also establish a quality assurance system that complies with laws and rules.

## Development of biomass plastic bearings



We have developed a world-class high biomass and high-performance biomass plastic bearing by adding fillers that improve friction performance to biomass plastics refined from sugarcane and sugar beet.

Biomass plastics are produced from renewable organic resources, they have a carbon neutral nature and thus do not affect the increase or decrease in CO<sub>2</sub>. For this reason, they have been attracting attention as an effective material for fighting global warming. In the future, demand for biomass plastics is expected to increase and with this product we will reduce CO<sub>2</sub> emissions and contribute to the realization of the recycling society.

Product name	Appearance	Biomass resource	Minimum Biobased Content
OILES #81-B1		 Sugar cane	90%
OILES #83-B1		 Caster bean	45%

## Our bearings are used in coastal wave power generators



The "Wave power generation", which generates power using wave energy, is awaited as the new marine renewable energy next to offshore wind power generation, and the technological development for its practical application is underway. As one of them, Mitsui E & S Steel Engineering Co., Ltd., a representative company of the Ministry of the Environment, conducted a wave power demonstration project in Oarai Town, Ibaraki Prefecture\*.

This wave power generation is called coastal wave power generation and it is a power generation system that converts the vertical movement of the float into electrical energy using a pile installed in the coastal area as a guide. (Photo 1) Our product (Photo 2) was adopted as a roller bearing that guides the vertical movement of the float, contributing to the realization of high corrosion resistance and high durability.

In the future, development of wave power generation and social implementation are planned, and we will continue to work as a member of the business to realize this new renewable energy.

\*Demonstration project of strengthening induction technology development for CO<sub>2</sub> emission reduction

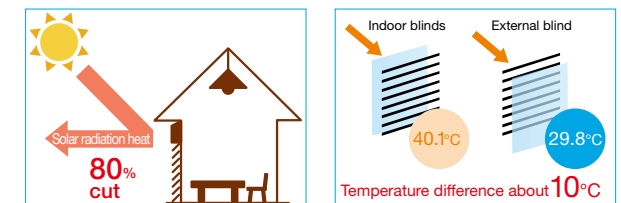


## External blinds " Briil " leading to energy saving at home



Since its launch in 1984, Oiles ECO's "Briil" external blinds has been improved over 30 years, and over 100,000 units have been delivered to customers.

Briil is a product that combines the functions of a shutter and blinds. However, it controls natural light and cuts out about 80% of solar radiation heat outside the window (heat insulation). By suppressing the temperature rise by about 10 °C, the air conditioning load is reduced, making it a strong energy-saving ally for homes and low-rise buildings. In order to get more people to know the advantages of "Briil", we are striving for further popularization using the B to C strategy through web advertisings and commercial broadcastings.



\*Study on solar shading effect of external blinds" quoted by Professor Kenichi Kimura, Faculty of Science and Engineering, Waseda University

Comparison of window glass surface temperature of indoor and external blinds (measurement and evaluation, Inoue Laboratory, Tokyo University of Science)



## Governance

The Oiles Corporation Group has established and operates a flexible system for constantly improving the transparency and fairness of corporate governance and enhancing CSR activities, thereby continuing to contribute to society.

### Corporate Governance System

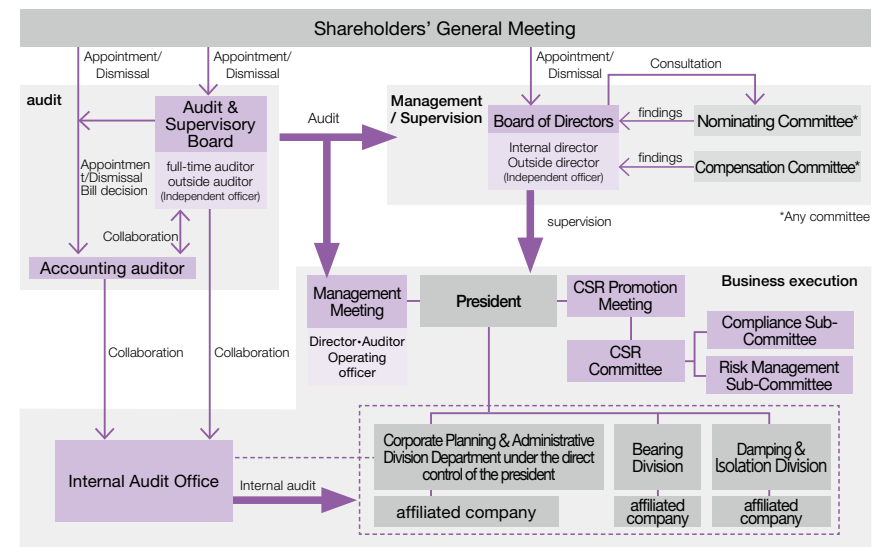
#### Basic Policy

The Oiles Corporation Group positions corporate governance as a top priority and strives to continually strengthen the rationale, soundness, and transparency of its governance system and organization through agile decision-making, including the transfer of authority in response to a changing marketplace 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 in order to ensure transparency.

#### Overview of Corporate Governance

The company uses an audit system consisting of seven directors, including two independent outside directors, and four auditors, including two independent outside auditors, as of the end of June 2019. The Board of Directors makes decisions on key matters and oversees the execution of business by managers. The Audit & Supervisory Board supervises the Board of Directors and execution functions, and auditors have developed a collaborative internal control system with accounting auditors and the Internal Audit Office. The company has an operating officer system to clearly distinguish business execution from supervisory and monitoring functions while also strengthening the role of the Board of Directors through faster, effective decision-making on management strategies. The current system consists of 11 operating officers, including those concurrently serving as directors.

Overview of the Corporate Governance System



#### Initiatives for Effective Corporate Governance

##### Assessment of Board of Directors Effectiveness

Since fiscal 2015, Oiles Corporation has been analyzing and evaluating the effectiveness of the Board of Directors every year using a variety of tools, including self-assessments by directors, to enhance board functions. Our analysis and evaluation is based on the aggregated results of questionnaires completed by all members of the Board of Directors, including the auditors. To further enhance board effectiveness, we will continually improve and strengthen our corporate governance system by diligently addressing the issues that arise, fully considering opinions, and thoroughly implementing the necessary actions.

### Establishment of Nominating Committee and Compensation Committee

In October 2018, the Company established a voluntary Nominating Committee with 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 a proposal at the General Meeting of Stakeholders.) In addition, in order to ensure the effectiveness of the compensation system for directors and operating officers, a voluntary Compensation Committee was established with the majority being 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.

### Internal Control

The Oiles Corporation Group strives to contribute to society by leveraging our technology and raising corporate value through the establishment of solid relationship with our many stakeholders. To this end, we maintain sound and highly transparent management system through flexible management decisionmaking in response to the changing market, the rational transfer of authority, and improving the operation of our financial operation to facilitate appropriate and effective financial supporting.

In addition, we are taking steps to improve the system and strengthen its effectiveness. Internal audits are conducted by the Internal Audit Office to investigate and verify whether operations are conducted in accordance with laws and regulations, the Articles of Incorporation, internal rules, etc., and are conducted appropriately and rationally. The results of the audits are reported to the president. We also provide corrective instructions and improvement suggestions to each workplace and follow them.

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 and reports from the Internal Audit Office. The auditors attend Board of Directors meetings as well as other appropriate meetings to understand the decision-making process and status of business operations. The auditors have access to major documents and other critical documents with approval from the Board. 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.

### I want to contribute to sound management and growth from a useful external perspective



**Soichiro Murayama** Outside Director

Joined Hitachi Metals, Ltd. in 1976 and then served as Executive Officer. In 2015 appointed as an outside director of Oiles Corporation.

Oiles Corporation is a company which has been distributing its original products to the world and has been growing for a long time. I believe the key to further growth is taking the role of a global company in corporate governance, which has become necessary as global expansion has been progressing.

In recent years, many companies accepted outside directors and outside corporate auditors to ensure the objectiveness and independence of governance. It is important for outside officers to understand the original purpose of introduction and to appoint appropriate personnel with practical experience and expertise, and the same principles are taken at Oiles. Having a long experience in sales, I hope to become a director who can bring the sales insight into the company.

At the Board of Directors of Oiles, members with various insights can exchange opinions freely, regardless of whether they come from outside or inside the company. As an outside officer whose opinions are positively accepted and valued, I am striving to express honest opinions from various perspectives based on my own experience. I believe that frank opinions might lead to sound management and growth for Oiles. Moreover, in order to make stakeholders feel closer to the company, the general meeting of shareholders is held at the company's own business site, and management is conducted with a wide awareness of stakeholders. I appreciate the highly transparent corporate governance system.

I felt particularly enthusiastic about visiting the overseas plants in my first year as an outside director. By visiting the sites and attending explanation meetings, my understanding and affection for the company became even deeper. I believe that it is my affection and passion, that enhances my responsibilities of an executing officer and I want to contribute to the future growth of Oiles and the rise of the corporate value.

## Compliance

### Basic Policy

The Oiles Corporation 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 committee under the CSR Committee 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, a compliance promoter, and an implementation leader. Compliance promotion, education, and training based on the Oiles Corporation Group Corporate Conduct Charter and Corporate Code of Conduct ensures 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

The Compliance Implementation Guide, which has been distributed to all employees, contains the background, key concepts, and explanations for understanding the Oiles Corporation Group Corporate Conduct Charter. It is intended to serve as a guide for future work and the Group members periodically review its content. Also, the Oiles Corporation Group Corporate Conduct Charter and Corporate Code of Conduct have been translated into English to extend employees' awareness about compliance and the global operations of the Group.



Compliance Implementation  
Guide of the Oiles  
Corporation Group

### Compliance Training

To ensure that employees comply with the Oiles Corporation Group Corporate Conduct Charter and Corporate Code of Conduct, we offer regular, employee-level-based Compliance Training programs. In addition, to ensure the effective implementation of compliance activities, each department creates a monthly promotion plan under an annual compliance theme and offers training programs under topics such as “insider trading regulations” and “adherence to antimonopoly act” under the leadership of the department’s promotion leader. These programs help deepen employees’ understanding of compliance.

### Operation of the whistleblowing system

The internal whistleblowing system is used for the compliance related consultations and for reporting unfair practices. In addition to the internal reporting office set up at the Compliance Committee Secretariat, we have also specifically established an outside reporting office (law office) for employees, which ensures thorough protection of whistleblowers.

### Fair Competition

#### Adherence to Antimonopoly Act

The Group’s Antimonopoly Act Compliance Manual stipulates strict adherence to antimonopoly act as a basic policy. In accordance with the manual, all operating officers and employees of the Group are required to comply with the act in their daily operations. The manual is regularly used as a reference for compliance training and is freely available on the company’s intranet to supplement other ongoing educational and enlightenment efforts.

#### Adherence to Subcontract Act

To ensure compliance with the “Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (the Subcontract Act),” we are raising awareness and training employees to prevent violations of the act while also strengthening the managerial aspect. We provide training to departments that do business with suppliers as a means of encouraging them to acquire the necessary knowledge and strengthen their awareness of compliance with the act. In addition, we maintain fair and sound relationships with our suppliers under Basic Transaction Agreements.

## Response to Antisocial Forces

Our Group will not maintain relationships with 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 police, lawyers, and other external institutions, and the entire Group, including top management, will work together to address the issue at the organizational level.

## Risk Management

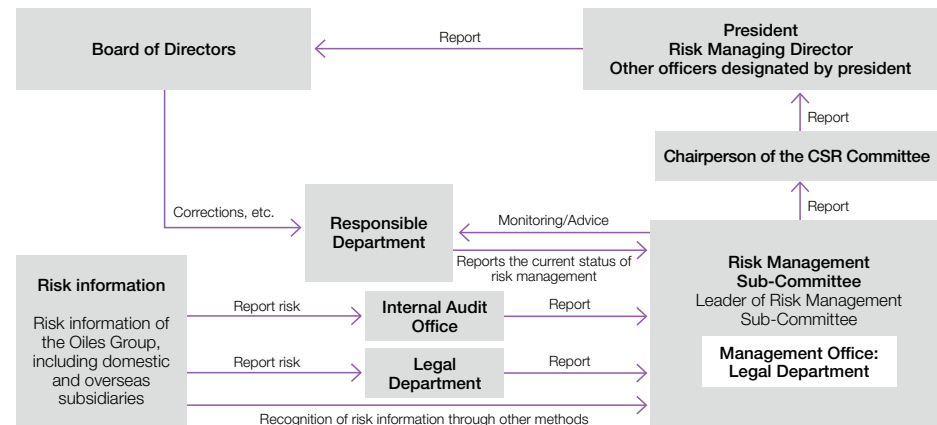
### Basic Policy

In accordance with the Group Risk Management Rules, the Oiles Corporation Group identifies risks that may impact Oiles Corporation and its subsidiaries in order to understand and work together to prevent risk. 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 operates as a promotion unit under the CSR Committee and is headed by the general manager of the Legal Department. It enhances the collection and management of information for reducing the frequency and impact of risks. And it meets in principle every six months and discusses risks that have occurred, along with their impact on company management, finance, and other operations during the corresponding period. This enables us to evaluate the details and probability of such risks and their impact on the finance, credit, and other managerial aspects of Oiles Corporation and the Group and demonstrates how we are making every effort to avoid risks and their potential effects.

Risk Management Structure Chart



Risk information is reported to the Risk Management Sub-Committee, under the Legal Department, via the Internal Audit Office and Legal Department. The status of sub-committee activities is reported to the CSR committee, then the chairperson of the CSR committee report the status to the Board of directors. Therefore, under this system, management is always able to precisely determine risks when making decisions.

### Identification of Business Risks

With a variety of information, we identify business risks through brainstorming and in-house questionnaires. We then classify and organize identified risks under categories of potential impact: management strategy, business continuity, compliance, tax and financial reporting, disputes, and others. Given prevailing social trends, we take the appropriate measures to prevent and deal with these risks. We particularly include information on business risks that could significantly impact management in our securities reports in order to deepen understanding with our investors and receive the appropriate market evaluation.

## Business Continuity (BCP/BCM)

The Oiles Corporation Group formulates a business continuity plan (BCP) to prepare for largescale earthquakes and other contingencies. The basic policy of our BCP is to prioritize the safety of human life while striving for early recovery of business. We develop action plans for emergencies and prepare for disaster mitigation, and we also conduct regular training and exercises to familiarize employees with our BCP in order to improve our overall ability to respond to crises. Since we are engaged in the damping and isolation business, we continue to improve our BCP and BCM (business continuity management) as a disaster-resistant company.



BCP disaster response team training

## Initiatives for Information Security

The Oiles Corporation Group properly manages and protects information assets related to all resources, including people, things, and environments associated with our business operations. It also formulates regulations on information security to counter cyber attacks and other threats. The entire Group addresses security measures in accordance with regulations.

Our Risk Management Sub-Committee operates as a promotional unit under the CSR Committee, is headed by the general manager of the Legal Department, and centrally manages information security risks. Under the initiative of the committee, we implement security control measures from physical, technical, and human perspectives. We also set goals and regularly evaluate results against those goals for the purpose of constantly enhancing information security management. Moreover, to improve employee awareness about information security as well as their technical skills, we offer ongoing training to all employees handling information assets in order to ensure compliance.

## Investor Relations

We hold interim and year-end financial briefings during which the president explains the results. Also, we actively conduct meetings with individual investors and analysts and provide occasional plant tours for them. Going forward, we will further promote IR activities under the Fair Disclosure Rules.

## Initiatives for Research and Development and Intellectual Property

Oiles Corporation, as a technology development-driven company, holds a variety of technical patents obtained in pursuit of proprietary intellectual property. We conduct research and development from a medium to long-term perspective. In addition, we recognize that our intellectual property rights are key corporate assets and thus endeavor to maintain and effectively use them. At the same time, we respect and try to avoid any infringement of the intellectual property rights held by other companies. The above is stipulated in the Oiles Corporation Group's Corporate Conduct Charter and Intellectual Property Management Rules. The Oiles Corporation Group, which develops all products in-house, currently holds 2,751 patents and is continuing to secure new ones. Of these current patents, 1,145 are overseas, including 275 in the U.S., 190 in China, 140 in Germany, 129 in South Korea, and 124 in France. By building and maintaining our global patent network, we have earned worldwide recognition as an enterprise driven by technological development.

Going forward, we will continue striving to acquire and utilize more intellectual property rights through research and development. By meeting the needs of a wide range of fields, from basic to applied research, we will embody our management concept of serving society through technology.

Note: Number of patents acquired are as of March 31, 2019.





## Response to Consumer Issues

The Oiles Corporation Group believes that its ultimate mission is to provide products and technologies that contribute to the safety and comfort of people's lives by pursuing its two core technologies: tribology (friction, wear and lubrication) and damping (vibration control).

### Toward Improving Product Quality Reliability

The Oiles Corporation Group is establishing a new product system (NPS) based on the "just in time" principle, which means "make what is needed, when it is needed, and only as many as needed," so that it can quickly and effectively meet diverse customer needs. Under the following quality policies, all our employees are aware of their responsibilities for product development and manufacturing and are striving to improve the reliability of their quality.

#### Quality Policies

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

### To Deliver Safe and Reliable Products

Societies and industries are becoming increasingly sophisticated and complex. To meet demands for convenience, comfort, and concern for the global environment, the Oiles Corporation Group intends to build a high-quality assurance system that adapts to all markets by being thoroughly prepared to ensure the safety and reliability of its products. In addition, we are promoting the acquisition of appropriate quality control certifications according to the products of each manufacturing site. For example, the Bearing Division and Damping & Isolation Division in Japan have obtained ISO9001 certification. Overseas, we have obtained IATF16949 certification and are working to strengthen our corporate structure by further improving our quality assurance system.

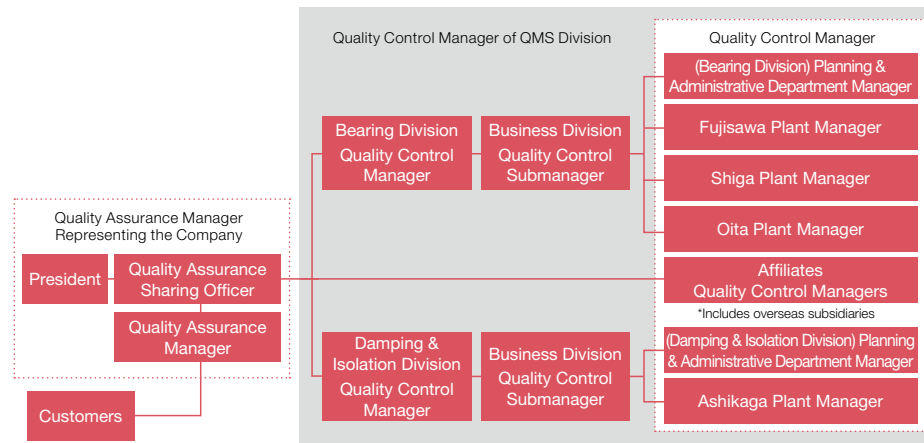
### Quality Assurance System

#### Promotion System

The Oiles Corporation Group regularly convenes its Quality Management Sub-Committee with the participation of the quality managers of its manufacturing, sales, and engineering departments. Working together, these members conduct activities with the aim of addressing important quality issues. Moreover, we hold an annual management review meeting, headed by the highest level quality assurance manager, the "Quality Assurance Sharing Officer," who the president appoints from the directors and who oversees and provides guidance to the overall quality assurance system.

Meanwhile, the Bearing Division and Damping & Isolation Division have each established a quality management department with their own quality assurance system and are working to maintain the quality and safety of their products. In addition, the Quality Management Committee engages each of the heads of the four domestic plants and the presidents of affiliates as quality managers. The committee operates our quality assurance system in each production department.

### Quality Assurance System



### Quality Management System Certifications (ISO9001 and IATF16949)

#### ISO9001

[The detailed scope of the certifications can be downloaded here.](#)



Domestic	Initial Registration
OILES Corporation, Bearing Division	February 1998
OILES Corporation, Damping & Isolation Division	August 1998
OILES ECO CORPORATION	July 1998
RIKO KIHARA CORPORATION	December 2011
UNIPLA CORPORATION	March 2010
LUBY INDUSTRIAL CO.,LTD.	January 2011
OK INDUSTRIAL CO.,LTD.	July 2010

Overseas	Initial Registration
Shanghai Oiles Bearing Inc. (China)	February 2002
OILES Deutschland GmbH (Germany)	April 2003
Oiles Czech Manufacturing s.r.o. (Czech Republic)	July 2005

#### IATF16949

[The detailed scope of the certifications can be downloaded here.](#)



Overseas	Initial Registration
Oiles America Corporation (U.S.A.)	September 2018
OILES (THAILAND) CO., LTD (Thailand)	September 2017
OILES INDIA PRIVATE LIMITED (India)	May 2018
Oiles(Suzhou)CORPORATION (China)	November 2018
Oiles Czech Manufacturing s.r.o (Czech Republic)	July 2018

### Complaint Prevention and Response System

The Oiles Corporation Group has set “zero customer complaints” as the company-wide quality target, established an action plan for each factory and production site in Japan, and is implementing the PDCA cycle to achieve the quality target. In addition, the president and other executive officers are conducting the “Top Management’s Quality Control Diagnosis” toward establishing a system for preventing occurrence or recurrence of complaints under the strong leadership of management.

If a serious problem is reported, such as an in-process defect, we immediately investigate the cause of the complaint at the manufacturing site. At the same time, the Quality Assurance & Environmental Safety Department, under the president’s direct supervision, establishes a framework for supporting concrete measures to regain customer trust and satisfaction. In fiscal 2018, we received minor complaints, but zero serious complaints. We will continue to work to prevent even minor complaints from happening.



## Environmental Protection

The Oiles Corporation Group contributes to the preservation of the global environment by raising the performance of devices used in various fields while also reducing device size, saving energy, and cutting pollution through the application of our two core technologies: tribology (friction, wear, and lubrication) and damping (vibration control).

### Actions to Protect the Environment

To reduce environmental load through our business operations and create a sustainable society, the Oiles Corporation Group has formulated the following policy to guide activities focused on the environment.

#### Environmental Policy (translation of excerpts)

The Oiles Corporation Group deeply recognizes the importance of preserving the global environment and intends to reduce environmental load through our business operations with a focus on bearings, seismic isolation and vibration control products, and construction equipment, as well as throughout the lifecycle of every product, toward realizing a sustainable society and coexistence with the environment.

1. Environmental Protection
2. Resource efficiency and measures against global warming
3. Compliance with environmental regulations
4. Development of environmentally sound products and promotion of recycling
5. CSR procurement (green procurement)
6. Full notification of all concerned parties
7. Information disclosure

**WEB** Oiles Corporation Group Environmental Policy (full text in Japanese) <http://www.oiles.co.jp/corporate/csr/pdf/kankyoku.pdf>

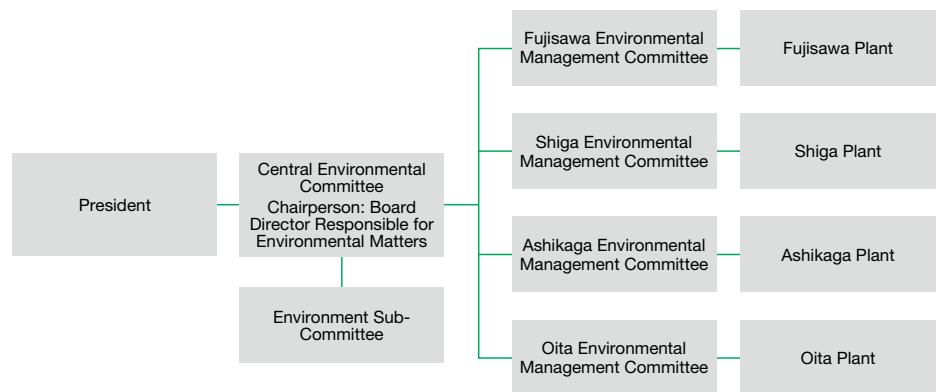
### Environmental Management System

#### Promotion Structure

Environmental Management Committee is set up at each of the four business establishments and plants in Fujisawa, Shiga, Ashikaga, and Oita. Business operations are conducted under the guidelines formulated in an environment manual provided by the committee.

Furthermore, company-wide support is provided for environmental initiatives through the establishment of an Environment Sub-Committee to share information such as activity status and challenges while also building a structure for reporting to the President and Director Responsible for Environmental Matters. The Central Environmental Committee cooperates with the Sub-Committee to enhance environmental protection activities throughout the society and promotes sharing of the environmental management systems with domestic and overseas affiliates.

#### Environmental Management System Promotion Structure



## Acquisition of ISO14001 Certification

The four production bases in Japan have acquired ISO14001:2015 certification, an international standard for environmental management systems, and are striving to reduce their environmental load. Six overseas companies have also acquired ISO14001:2015 certification.



[Download more information on the scope of each certification.](#)

### Japan

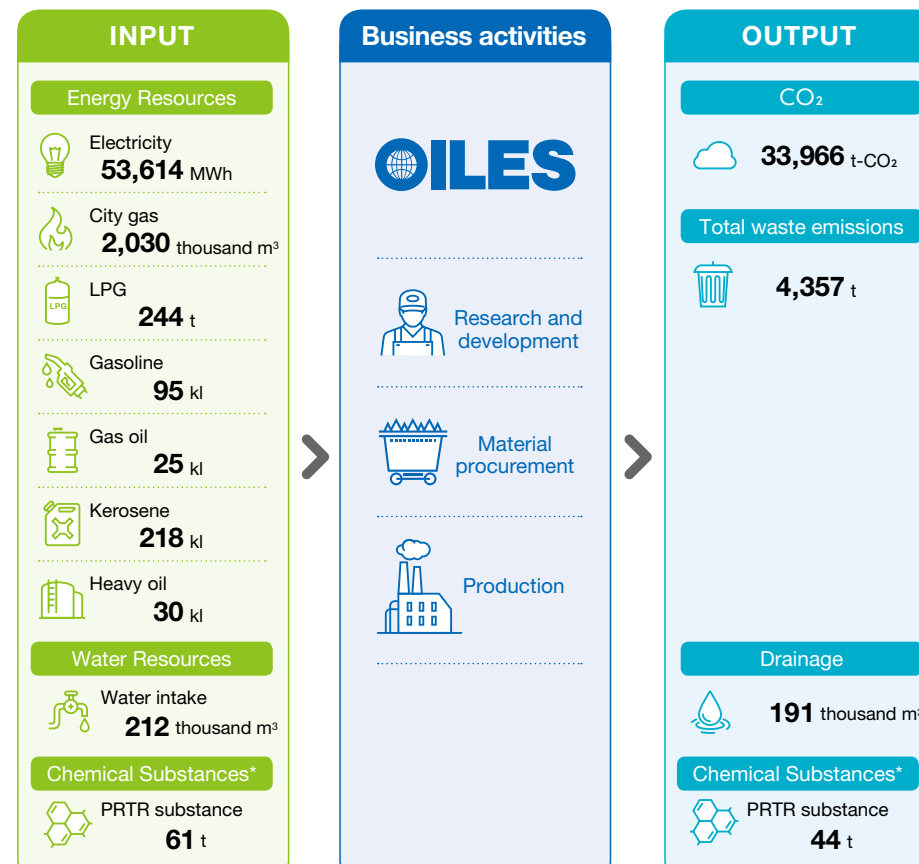
Business establishments and plants	Initial registration
Fujisawa Plant, Oiles Corporation	March 2001
Shiga Plant, Oiles Corporation and Omi Plant, Oiles ECO Corporation	March 2000
Ashikaga Plant, Oiles Corporation	October 2000
Oita Plant, Oiles Corporation	February 2001

### Overseas

Group company	Initial registration
Oiles America Corporation (U.S.A.)	January 2004
Oiles (Thailand) Company Limited (Thailand)	April 2006
Shanghai Oiles Bearing Inc. (China)	January 2010
Oiles Suzhou Corporation (China)	January 2009
Oiles Czech Manufacturing s.r.o. (Czech Republic)	October 2009
Oiles India Private Limited (India)	November 2017

## Material Balance

Scope of data: Oiles Corporation Group



\*Figures for chemical substances reflect only Oiles Corporation data.

## Environmental Accounting

Under its environmental management system, the Oiles Corporation Group obtains information on the costs associated with its environmental Protection activities and identifies the actual outcomes to help promote more efficient and effective initiatives going forward.

\*Environmental accounting reports are based on the results of an environmental cost survey that cover the four establishments and plants in Japan: Fujisawa, Shiga, Ashikaga, and Oita.

### Environmental Protection Costs

Environmental protection cost category	Major initiatives	(million yen)	
		Amount invested	Cost incurred* <sup>1</sup>
		FY2018	FY2018
I. Business area cost	Sum of (1) to (3)	83.2	622.2
(1) Pollution prevention	Activities to prevent air and water pollution, etc.	0.0	47.5
(2) Global Environmental Protection	Activities to save energy, etc.	83.2	259.2
(3) Resource circulation	Recycling and waste disposal, etc.	0.0	315.5
II. Upstream/downstream	Difference between environmentally-sound products and general products	0.0	5.9
III. Administration* <sup>2</sup>	Cost relating to maintaining ISO, environmental education, planting of greenery, beautification, etc.	0.0	137.5
IV. R&D	—	0.0	24.9
V. Social activities	Donations to environmental groups, cleaning rivers, etc.	7.9	0.1
IV. Environmental remediation	—	0.0	0.0
<b>Total</b>		<b>91.1</b>	<b>790.7</b>

\*1 Includes depreciation cost for equipment, personnel cost, and general expenses.

\*2 Includes examination and registration fees.

### Environmental Protection Results (non-consolidated)

Item		FY2017	FY2018	YoY
Total production by domestic plants (billion yen)		18.6	18.8	101%
Input	Electricity (thousand kWh)	24,718	24,398	99%* <sup>1</sup>
	City gas (thousand m <sup>3</sup> )	1,971	1,878	95%* <sup>2</sup>
	LPG (t)	4.7	53	100%
	Kerosene (kl)	102	123	121%* <sup>3</sup>
	Heavy oil (kl)	16	0	0%* <sup>4</sup>
	Gas oil (kl)	10	11	110%
	Gasoline (kl)	19.1	18.4	107%
	Water resource (thousand m <sup>3</sup> )	165	162	98%
Output	CO <sub>2</sub> (t-CO <sub>2</sub> )	16,608	15,672	98%
	Class I Designated Chemical Substance (t)	62	61	98%
	Total waste (t)* <sup>5</sup>	1,669	1,652	99%
	Recycled (t)* <sup>5</sup>	1,375	1,384	101%
	Disposed (t)	294	268	91%

\*1 Decreased at all establishments and plants.

\*2 Decreased at the Fujisawa and Shiga plants.

\*3 Decreased at the Ashikaga plant.

\*4 Decreased at the Fujisawa plant due to removal of in-house power generation equipment.

\*5 Recyclable waste materials increased at the Fujisawa and Shiga plants.

### Economic Benefits of Environmental Protection

Item	FY2017	FY2018	YoY
Gain on sale of valuables converted from waste materials	40	41	102.9%* <sup>1</sup>
Cost associated with recycling waste materials	29	34	119.0%* <sup>2</sup>
Cost associated with disposal of waste materials	16	15	92.9%* <sup>3</sup>

\*1 Volume of metal scrap waste increased.

\*2 Recyclable waste materials increased at the Fujisawa, Ashikaga, and Shiga plants.

\*3 Amount of disposed wastes decreased at the Ashikaga and Shiga plants.

## Initiatives to Prevent Global Warming

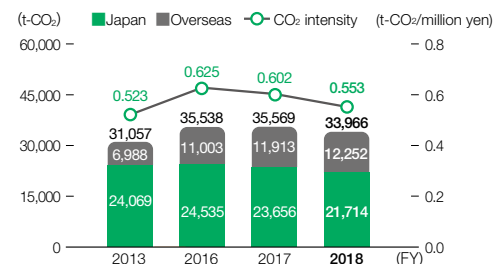
### Actions to Decrease CO<sub>2</sub> Emissions

As a responsible manufacturing company, the Oiles Corporation Group is committed to reduce its CO<sub>2</sub> emissions and create a lowcarbon society in accordance with principles defined in the Oiles Corporation Group Corporate Conduct Charter, “We shall actively engage in the protection of the global environment,” and the Oiles Corporation Group Environmental Policy; “We shall strive to reduce CO<sub>2</sub> emissions from our business activities and thereby reduce environmental load.”

Our company goal is to contribute to mitigation of climate change and its impact by setting environmental targets. We set CSR mid- and long-term targets and KPIs in Fiscal 2018, and until 2030 we aim to reduce CO<sub>2</sub> emissions by 26.0% compared to Fiscal 2013. In order to achieve the medium-to long-term targets, in FY2018 we reduced total CO<sub>2</sub> emissions by more than 2.3% compared to the previous year. The Environmental Committee has been considering measures such as reducing energy loss and defects in production activities at each production site, introducing energy-saving equipment, increasing the efficiency of production lines, switching to LED lighting, managing power demand and introducing solar power generation facilities.

In fiscal 2018, the entire Group, including overseas, reduced CO<sub>2</sub> emissions by more than 4.5% compared to the previous year. The CO<sub>2</sub> emissions intensity was 0.553t-CO<sub>2</sub>/million yen, 8.1% decrease from Fiscal 2017, which is mainly due to the good performance of the seismic isolation division.

#### Change in CO<sub>2</sub> Emissions and intensity



### Calculating Scope 3 Emissions

To constrain the environmental impact of our business operations, the Oiles Corporation Group began calculating Scope 3 emissions, an international standard for reporting GHG emissions, throughout the Group's supply chain in fiscal 2016. We will contribute to continuously reducing GHG emissions by promoting transparency in reporting the volume of CO<sub>2</sub> released throughout supply chain activities, upstream to downstream.

#### Breakdown of Scope 3 Emissions for Fiscal 2018 (Oiles Corporation Group)

Category	CO <sub>2</sub> emissions (t-CO <sub>2</sub> )	Ratio (%)
1 Purchased goods and services	150,340	81.2%
2 Capital goods	17,162	9.3%
3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	1,240	0.7%
4 Upstream transportation and distribution	14,167	7.7%
5 Waste generated in operations	919	0.5%
6 Business travel	272	0.1%
7 Employee commuting	941	0.5%
<b>Total</b>	<b>185,041</b>	<b>100%</b>

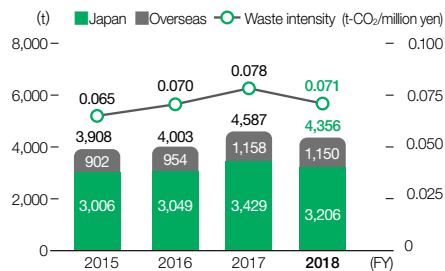
## Actions to Save Resources

### Waste Disposal

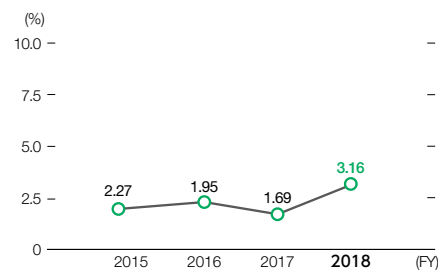
The Oiles Corporation Group is working to ensure the reduction and proper disposal of industrial waste at each of its establishments, including the plants. Our goal is to reduce the landfill rate of industrial waste generated from each site by 20.0% from fiscal 2015 levels by fiscal 2030. We will maintain control over industrial waste disposal service providers and keep current on wastes generated from our business operations in order to reduce waste across the entire Group while promoting reduction at each site.

In FY2018, the reduction was 5% compared to the previous fiscal year. We are promoting the reduction of waste at each site and factory.

Aggregated Waste Emission and intensity  
(Oiles Corporation Group)



Landfill Rate (Domestic Group)



## Addressing Substances of Concern

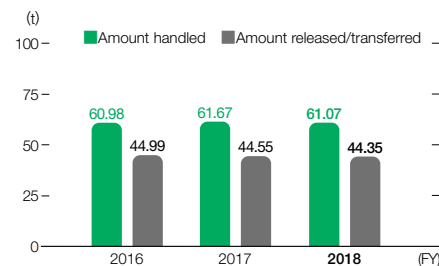
### Calculating Scope 3 Emissions

The Oiles Corporation Group is striving to manage chemical substances properly as part of its proactive initiative to preserve the global environment.

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

Moreover, we are tirelessly working to abolish the use of substances of concern in bearings, the 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 the 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-layer bearings products are lead-free, and standard metal bearings, excluding special purpose bearings, conform to the RoHS and ELV directives. Concerning RoHSII regulations (additional regulations for I RoHS) that will be enforced 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)

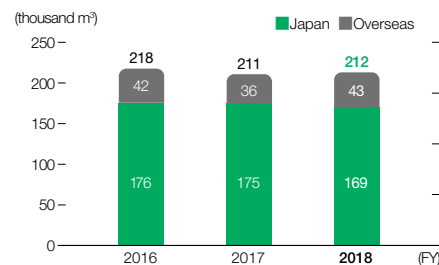


## Water Resources and Biodiversity Conservation

### Preventing Water Resource Pollution

To ensure the effective use of water resources in production activities and prevent pollution, the Oiles Corporation Group manages water resources under an environmental management system that incorporates water management. Before draining water used in the production process into the public water system, we ensure that it has been purified under full monitoring to prevent water contamination.

Water Usage (Oiles Corporation Group)



### Biodiversity Conservation

As part of our initiatives for biodiversity conservation, the Fujisawa Plant maintains a biotope for naturally propagating fujisawa-medaka, a species of fish indigenous to the Fujisawa area and once believed to have become extinct. The 30m<sup>2</sup> biotope was constructed in 2002 in response to the request of a civic group, the Society to Create School of Fujisawa-medaka. Since then, about 10,000 fujisawa-medakas have hatched in the biotope's waters. Every year the plant donates 500 fujisawa-medakas to the society, which the company continues to support.

As part of the efforts to preserve forest resources, we are actively using recycled paper in printed materials such as pamphlets.

Going forward, we will continue preserving the biotope in which fujisawa-medakas can happily swim, and we will strive to protect the biodiversity of the community.



Breeding guidance at "Fujisawa Medaka School Association"

## Independent Assurance Statement



### Independent Assurance Statement

October 15, 2019

Mr. Masami Iida  
President  
Oiles Corporation

#### 1. Purpose

We, Sustainability Accounting Co., Ltd., have been engaged by Oiles Corporation (hereinafter "the Company") to provide limited assurance on the CO<sub>2</sub> emissions in FY2018, which are 22 thousand t-CO<sub>2</sub> (Scope1,2 in Japan), 12 thousand t-CO<sub>2</sub> (Scope1,2 overseas) and 185 thousand t-CO<sub>2</sub> (Scope3). The purpose of this task is to carry out our assurance procedures and express our conclusion on whether the CO<sub>2</sub> emissions were calculated in accordance with the Company's standards. The Company's management is responsible for calculating the CO<sub>2</sub> emissions. Our responsibility is to independently express our assurance conclusion.

#### 2. Procedures Performed

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

- Interviewing the Company's responsible personnel to understand the Company's standards
- Visiting to one of the Company's sites
- Performing cross-checks on a sample basis and performing a recalculation to determine whether the CO<sub>2</sub> emissions have not been calculated in all material respects 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 performance data 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.





## Respect for Human Rights and Appropriate Labor Practices

The Oiles Corporation Group believes that its employees are the foundation of its corporate activities and “the precious assets of the Group.” The Group supports every employee’s personal growth and promotes the creation of a workplace where they can fully display their diverse abilities and characteristics.

### Respecting Human Rights

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

#### Human Rights Policy

Under its management policy that calls for mastering core technologies such as friction, wear, and lubrication, applying these technologies worldwide, and serving society, the Oiles Corporation Group will provide safety and security as well as comfort to people’s lives and manufacture environmentally sound products that serve society. In doing so, we will fulfill our corporate responsibility to respect human rights and encourage the realization of a society that respects human rights as well.

**WEB** The Oiles Corporation Group’s Human Rights Policy (full text in Japanese) <http://www.oiles.co.jp/corporate/csr/pdf/jinken.pdf>

The Oiles Corporation Group’s Human Rights Policy was established 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). In addition, the Oiles Corporation Group signed the “UN Global Compact” in July 2019.

Going forward, we will provide the necessary education through a variety of enlightenment and training programs on human rights to raise employee awareness and ensure this basic policy is deeply intergraded into and implemented throughout the business activities of Group companies. Every executive and employee of the Oiles Corporation

Group bears responsibility to respect human rights. We also require our suppliers to accept this responsibility, and we will properly address any infringement of human rights. In addition, we will respond to any potential or actual impact on human rights through dialogue or discussion with the stakeholders as the key element of corporate management’s specific responsibility to respect human rights.



Human rights training (Oita Plant)

### Protecting Fundamental Rights at Work

#### Respect for Human Rights of Employees and Prohibition of Discrimination

We respect the human rights of each employee and will not discriminate anyone on the grounds of skin color, gender, language, religion, political or other opinions, nationality or its absence, property, family or other status. With this in mind, 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 compliance training every month in every workplace and regularly set themes related to preventing harassment to promote awareness. In addition, our Human Resources Department provides a harassment consultation hotline staffed by male and female counselors so that employees can consult them in a comfortable environment.

## Relationship with Labor Unions

Oiles Corporation and some of the Group companies have their own labor unions. Each company maintains a stable relationship with its labor union and they collectively conclude over 60 agreements, contracts, and memorandums and periodically negotiate and deliberate over labor conditions and personnel systems. All permanent employees of Oiles Corporation are members of its labor union.

## Promoting Diversity

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

## Employee Demographics

### Number of Employees

	FY2016	FY2016	FY2018
Number of employees (consolidated)	2,566	2,573	2,633
Permanent	2,089	2,051	2,092
Temporary	477	522	541
Number of employees in Japan	1,687	1,680	1,714
Permanent	1,269	1,278	1,289
Temporary	418	402	425
Number of employees (non-consolidated)	1,097	1,075	1,106
Permanent	779	778	794
Temporary	318	297	312

### Percentage of Female Employees (Permanent Employees)

	FY2016	FY2016	FY2018
Consolidated percentage of female employees (%)	23.0	23.0	24.2
In Japan	12.0	12.8	13.7
Non-consolidated	9.9	10.5	11.6
Consolidated number of female managers	14	15	16
In Japan	2	2	2
Non-consolidated	0	0	0
Consolidated percentage of female managers (%)	4.7	4.9	5.5
In Japan	0.9	0.8	0.9
Non-consolidated	0.0	0.0	0.0

### Oiles Corporation (Permanent Employees)

	FY2016	FY2016	FY2018
Number of employees	779	778	794
Male	702	696	702
Female	77	82	92
Average age	41.9	42.4	42.2
Male	42.1	42.7	42.6
Female	40.1	39.7	39.3
Average length of service (years)	18.8	19.1	18.8
Male	18.9	19.3	19.2
Female	18.3	17.7	16.3
Number of new graduate employees	21	22	22
Male	20	15	19
Female	1	7	3
Number of mid-career employees	10	11	16
Male	7	9	10
Female	3	2	6
Number of rehired employees	8	12	9
Male	8	11	8
Female	0	1	1

## Promoting Women's Participation and Advancement

Under the Act on Promotion of Women's Participation and Advancement in the Workplace, we developed an action plan to promote women's participation and advancement and we are enhancing our work environments so that our female employees are empowered to realize their full potential.

To this end, we have established a new re-employment system. The plan targets female employees who had left the company due to reasons such as childbirth, childcare, nursing care, and job relocation of a spouse.

### VOICE



**Saori Matsuo**  
Accounting Department  
Corporate Planning &  
Administrative Division

#### Enjoying the changing work-life balance

I joined the company because I felt it was a company with a high degree of social contribution and freedom. I worked in the Bearing Division Planning Department for about 3 years and in the Management Planning Department for about 5 years before moving to the Accounting Department. At each department I gain new knowledge and the work is very fulfilling. I've married a person from the same company and two years ago gave birth to my first child. Upon returning to work after taking

maternity and childcare leave, I was given the opportunity to discuss not only my further work content but also my career plans and concerns. One and a half year have passed since I came back and thanks to the understanding and cooperation my colleagues, I have been able to balance childcare and work. I think that the work-life balance that I am aiming for will change from time to time as my child grows, but first I would like to continue my current job and build my career.

## Diversity promotion seminar

In order to promote the "respect for diversity," we held a seminar for female employees, and department heads to deepen the knowledge necessary for promoting the active participation of women, which represents one form of diversity. It was a good opportunity to learn and discuss ways to respect unconscious biases and diverse values. We will continue to hold similar seminars in future.

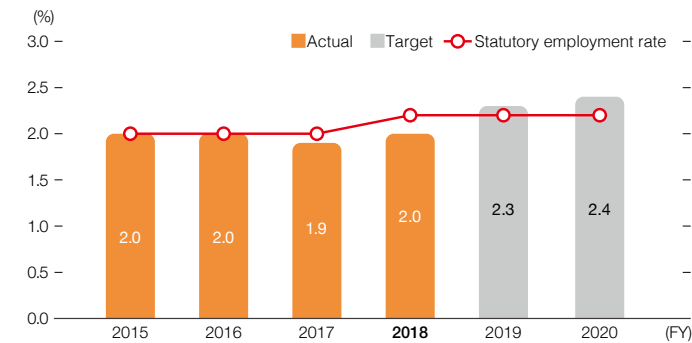


Diversity promotion seminar (Fujiisawa Plant)

## Employment of Persons with Disabilities

Oiles Corporation seeks to empower persons with disabilities in the work place through our diversity initiatives. We will further strengthen our efforts to improve our operations and the environment to create a workplace that encourages respect for each employees' individuality and utilizes their strengths. In addition, we will step up our recruitment so that more persons with disabilities can participate in a dynamic workplace.

### Employment Rate of Persons with Disabilities (non-consolidated)



\*FY average

## Work-Life Balance

We intend to enhance our support systems 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 and Child Rearing

One of our efforts to support a sound work and life balance is enhancing our childcare and nursing care leave programs by introducing the following options. All eligible spouses have taken maternity leave.

Child rearing	Child-rearing leave	<ul style="list-style-type: none"> <li>• Before child turns 3 years old</li> </ul>
	Spouse's maternity leave	<ul style="list-style-type: none"> <li>• 3 days*</li> </ul>
	Shortened working hours	<ul style="list-style-type: none"> <li>• Short working hours, less than 2 hours</li> <li>• Application for overtime exemption</li> <li>• Exempt from late-night shift</li> </ul>
	Child care leave	<ul style="list-style-type: none"> <li>• Before child enters elementary school</li> <li>• 5 days per year per person, maximum 10 days</li> </ul>
Nursing care	Caregiver leave	<ul style="list-style-type: none"> <li>• Total of 93 days</li> </ul>
	Nursing care support measures	<ul style="list-style-type: none"> <li>• Short working hours, less than 3 hours a day, up to 10 hours a month is paid*</li> <li>• Application for exemption of overtime and holiday work</li> <li>• Exempt from late-night shift</li> </ul>
	Nursing care leave	<ul style="list-style-type: none"> <li>• 12 days per year (can be taken every six months), one day a month is paid*</li> </ul>
Common	Post-retirement and reemployment system	<ul style="list-style-type: none"> <li>• Provided employees who have terminated on their own due to marriage, childbirth, childcare, nursing care, or transfer of a spouse a chance to work again</li> </ul>

\*Exceeds statutory mandates

### Child-rearing Leave and Short Working Hours Status (non-consolidated)

		FY2016	FY2017	FY2018
Number of employees who took child-rearing leave	Male	1	0	0
	Female	10	6	3
Number of employees who shortened working hours for childcare	Male	0	0	0
	Female	7	8	10

### Work-Life Balance Support Systems

Item	Detail
Minimum time off between work shifts	<ul style="list-style-type: none"> <li>• 10 hours between work shifts</li> </ul>
Promotion of leaving work on time	<ul style="list-style-type: none"> <li>• Two days per week (Wednesdays and Fridays)</li> </ul>
Support for paid leave plan	<ul style="list-style-type: none"> <li>• One day off a month upon plan application</li> <li>• Consecutive leave of more than 2 days a year</li> </ul>
Paid leave accumulation system	<ul style="list-style-type: none"> <li>• Accumulate up to 3 days a year from expired days, maximum 60 days (Scope of this system)                             <ul style="list-style-type: none"> <li>• Continued treatment of employee's injury and disease</li> <li>• Treatment for mild infection (influenza etc.)</li> <li>• Continued treatment of employee's chronic illness or condition</li> <li>• Caregiving and nursing care for family, affected employees' recovery from disaster</li> </ul> </li> </ul>
Birthday month holiday	<ul style="list-style-type: none"> <li>• 1-day special holiday during the birthday month</li> </ul>
Refreshment leave	<ul style="list-style-type: none"> <li>• 10 years of service: 3 consecutive days, 20 years of service: 5 consecutive days, 30 years of service: 7 consecutive days</li> <li>• When rehired after retirement: 10 consecutive days</li> </ul>
Support for volunteer activity	<ul style="list-style-type: none"> <li>• Special leave: 7 days per year</li> <li>• Subsidy for expenses: travel expenses for activity (up to 100,000 yen per year)</li> </ul>

### Work-Life Balance Promotion Status (non-consolidated)

	FY2016	FY2017	FY2018
Annual average of total working time (hours)	1805.9	1788.2	1803.8
Average number of paid holidays used (days)	13.1	13.3	13.3
Average rate of paid holidays taken (%)	67.0	68.1	69.4
Average monthly overtime (hours)	11.2	11.1	11.3

## Human Resource Development

To develop our employees into exemplary personnel, 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 compensation.

**WEB** Oiles Corporation Group's Basic Policy on Human Resources (full text in Japanese)<http://www.oiles.co.jp/corporate/csr/pdf/jinji.pdf>

### Developing Global Human Resources

"We, at Oiles Corporation, are determined to become a world leader as a general manufacturer of oil-less bearings and to serve society through technology." Under this management concept, the Oiles Corporation Group, which operates 10 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, overseas dispatch training to improve language skills and broaden business experience by sending employees to overseas offices. Before heading overseas, employees receive specific training, so they are fully prepared for their designated location. Global personnel development training is also provided for department and section managers to gain basic knowledge about overseas business. In addition, our overseas offices are endeavoring to locally develop globally capable human resources through measures such as actively promoting local employees to managerial positions.



Language training

## VOICE



**Akiko Taketani**  
OILES THAILAND

### The stage of female success is expanding overseas

After joining the company, I had experienced the sales business in Japan, but when Oiles Thailand started to aim for expansions of orders from non-Japanese companies, my overseas assignment was decided. The main content of the work is related to business requests and reports between Japan and Thailand, and the development of sales staff, but I am also involved in the management planning as the manager.

Life in Thailand is deeply related to the royal family and Buddhism in both public and private matters. For that reason, before the transfer, I received training focused on the history of the Kingdom of Thailand, knowledge of the royal family, and essential manners and now I find this knowledge very useful in various situations. I felt anxious at first because never before has a woman been assigned overseas, but in a foreign country my work experiences and private life greatly expanded, and I am grateful for the assignment.

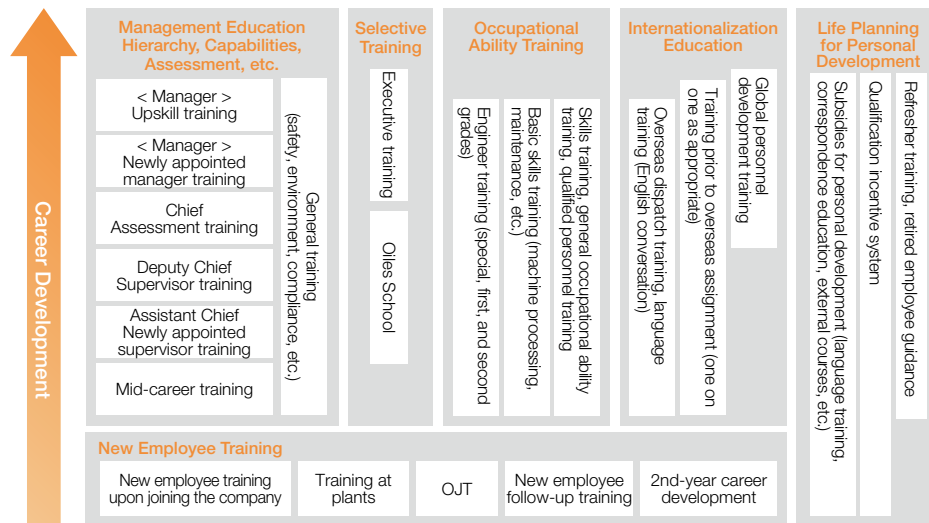
## Training System

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 executive candidates through measures such as the Oiles School for management where candidates gain a comprehensive range of skills. In fiscal 2017, we created a new training program for developing executives and for department- and section-level managers.

### Annual Training Time per Person

	FY2016	FY2017	FY2018
Annual Training Time per Person (hours)	29.2	29.8	30.1

### Educational Training Structure



## Health and Safety Initiatives

We strive to establish a safe, secure, and comfortable working environment under the basic principle of protecting employee health and safety. All employees work together to create a safety 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 Corporation 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 for ensuring safe operations and a sound work environment for protecting the health and wellbeing of employees and to achieve sustainable growth by engaging every employee in health and safety initiatives. Our central committee on health and safety 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, domestic offices across the country are divided into east and west zones, each of which has its own committee. Under this system, the entire company is actively involved in health and safety activities.

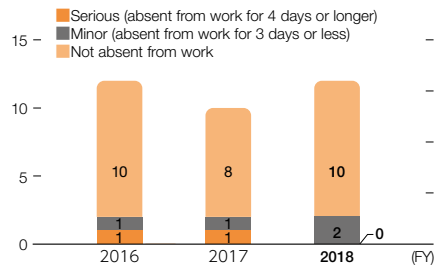


Director of Ashikaga Plant Safety Tour

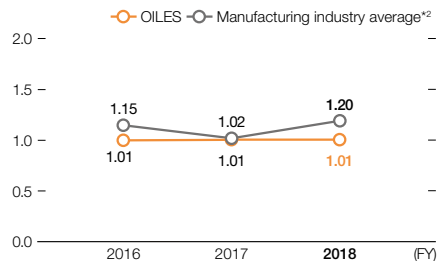
## Eliminating Industrial Accidents

We fully comply with laws and regulations on health and safety. The Fujisawa, Shiga, Ashikaga, and Oita Plants each formulate health and safety action plans and voluntary rules as necessary for raising the level of safety management. Moreover, each office conducts risk assessment to identify potential hazards at work and takes action on a daily basis to reduce such risks based on the results of assessment. In the event of an industrial accident at a specific site, information is shared with other sites, thereby increasing company-wide expertise for eliminating industrial accidents.

Number of Industrial Accidents (nonconsolidated)



Frequency Rate of Lost-worktime Injuries<sup>\*1</sup> (non-consolidated)



<sup>\*1</sup> Frequency rate: represents the frequency of industrial accidents based on casualties per actual working time of 1 million hours.

<sup>\*2</sup> Based on the results of the Survey on Industrial Accidents by the Ministry of Health, Labor and Welfare.

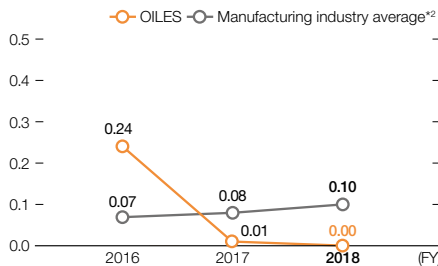
## Health and Safety Education

The skills training center at the Fujisawa Plant provides safety training, including simulated hazard lessons 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. We also offer follow up training to qualified personnel.



Danger experience classroom

Frequency Rate of Lost-worktime Injuries<sup>\*3</sup>



<sup>\*3</sup> Frequency rate: represents the frequency of industrial accidents based on labor days loss per actual working time of 1 million hours.

## Enhancing Employee Wellness

We view safeguarding the mental and physical health of our employees as a key management concern, and we are endeavoring to promote their physical and emotional health through various health and safety objectives.

### 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 maintain a consultation system so that they can talk with 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.



Mental health training

### Employee Wellness Support

We place priority on preventing employee lifestyle-related diseases and other illnesses through early discovery and treatment. For example, we have been improving our system for having health nurses follow up with employees for whom abnormal findings had been reported from recent medical examinations and periodically offering lifestyle-related disease classes and wellness workshops. These programs raise employee awareness about their own health. We also provide subsidies to employees for comprehensive medical examination fees and other services.



Seminar before breast cancer screening

### Health Promotion Examples

Subsidy for the comprehensive medical examination fee	<ul style="list-style-type: none"> <li>• Half of the individual payment is subsidized for those aged 40 and older.</li> <li>• Total fee is subsidized for those who take the examination at ages 40 and 50.</li> </ul>
Subsidy for the use of sports facilities	<ul style="list-style-type: none"> <li>• Up to 2,000 yen per month is subsidized for membership or usage fees.</li> </ul>
Subsidy for the influenza vaccination	<ul style="list-style-type: none"> <li>• Total fee is subsidized for all employees and members of the Health Insurance Association.</li> </ul>





## Fair and Equitable Trade

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

### Procurement Policy

The Oiles Corporation Group will work with its suppliers in accordance with laws and regulations, social mores, and corporate ethics to pursue procurement activities that fulfill its corporate social responsibilities, such as protection of human rights, due consideration for occupational safety and health, and environmental protection.

**WEB** Oiles Corporation Group's Procurement Policy (full text in Japanese) <http://www.oiles.co.jp/corporate/csr/pdf/choutatu.pdf>

### Supply Chain Management

The Oiles Corporation Group believes that contributing to the development of a sustainable society requires conducting business with a consideration for labor practices, human rights, and the environment across the supply chain that is as deep as its consideration for its own products and services. The Group's CSR Procurement Guidelines were established in July 2017 to promote CSR activities throughout material procurement. We have been sharing the Group's basic policy on CSR procurement in cooperation with our suppliers in managing our entire supply chain by explaining our guidelines at special sessions and conducting CSR procurement questionnaires with major suppliers since August 2017.

### Requests to Suppliers

In accordance with the Group's CSR Procurement Guidelines, we request that our suppliers attend to the following items (excerpt).

- |                           |                       |                                   |
|---------------------------|-----------------------|-----------------------------------|
| 1. Compliance             | 3. Environment        | 5. Information security           |
| 2. Human rights and labor | 4. Quality and safety | 6. Business continuity management |

**WEB** OILES Group's CSR Procurement Guidelines (full text in Japanese) [http://www.oiles.co.jp/corporate/csr/pdf/choutatu\\_guide\\_line.pdf](http://www.oiles.co.jp/corporate/csr/pdf/choutatu_guide_line.pdf)

### Response to Conflict Minerals

International concern has focused on the possible use of mineral resources, such as tantalum, tin, tungsten, and gold mined in the Democratic Republic of the Congo and nine adjoining countries in Central Africa, as funding sources for armed groups responsible for human rights abuses and violence. The Organization for Economic Cooperation and Development requires companies to respect human rights in the supply chain of minerals from conflict regions and manage risk to avoid involvement in such conflicts. Listed companies in the U.S. are required to disclose information about conflict minerals under the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted in 2010.

The Oiles Corporation Group recognizes that the use of conflict minerals is a key supply chain issue in a global society and regularly investigates the materials and component parts of our products in order to confirm that they do not contain any minerals originating from the abovementioned countries. In case any potential or actual usage of such minerals are detected, we will swiftly take corrective measures to prevent such use.



## Coexistence with Local Communities

The Oiles Corporation Group conducts business through its 18 subsidiaries and 57 production and sales bases within Japan and overseas with a sense of respect for the nature, history, culture, and customs of each country and local community. The Group also engages in social contribution activities to serve the development of the wider society.

### Philosophy and Policy for Social Contribution Activities

Our Management Concept states the philosophy for our social contribution activities as, “We, at Oiles Corporation, are determined to become a world leader as a general manufacturer of oil-less bearings and serve society through technology.” Similarly, the OILES Corporation Group Corporate Conduct Charter declares, “We shall actively apply ourselves to contribute to society and shall work broadly for the mutual benefit of society.” Under this philosophy, and as a good corporate citizen, we will deploy the Group’s resources of people, technology, knowledge, and facilities to serve society proactively and contribute to its sustainable growth.

### Community Engagement

#### ■ Cosponsoring the Ashikaga Fireworks Exhibition

As part of its efforts to serve the local community, the plant participates in the Yaba River cleanup every year as well as the cleanup campaign for the Watarase River, a well-known local clear stream. The plant also built a guesthouse that incorporates a seismic isolation system on its premises and hosts plant tours throughout the year. In addition, every August the plant cosponsors the Ashikaga Fireworks Exhibition as a tradition along the banks of the Watarase River to enliven the summer nights.



Ashikaga Fireworks Festival

#### ■ Cosponsoring Nakatsu City Family Night Soccer Game and Rubber Baseball Federation Chairperson’s Cup

Since 1992, the Oita Plant, in Nakatsu City, Oita Prefecture, has been cosponsoring the Nakatsu City Parent and Child Night Soccer Game organized by the Nakatsu City Soccer Association. About 530 people participated in the 32nd event, held in August 2019.

Participants were divided into three teams for boys, fathers, and mothers, and a boys’ team, fathers’ team, and mothers’ team played the game and competed with their total scores. The event, held at night under illumination with parents and children playing an exciting game together, has now deeply taken root in the region and become a summer tradition for the city. We are also cosponsoring the Rubber Baseball Federation Chairperson’s Cup (for junior high schools) and Oiles Corporation Cup. Going forward, we will continue our cosponsorship of these events to exchange with the local community.



Nakatsu City Parent-Child Soccer Night Tournament



Nakatsu Softball Baseball President’s Cup and Oiles Industrial Cup

#### ■ Sponsoring The Shonan Manufacturing Workshop x Town Factory Experience Fair

In March 2019, the Fujisawa Plant provided its spaces to the “Shonan Manufacturing Workshop x Town Factory Experience” event hosted by the Shonan Metropolitan City Administration Council (Fujisawa City, Chigasaki City, Samukawa City). The main activity of this event was a workshop in which the factories located in the Shonan area were teaching children the joy of manufacturing. In addition to providing the spaces, our company also provided information about the Plant at its exhibition corner. Children enjoyed many manufacturing experiences and we were blessed with pleasant weather and a visit of about 1,600 visitors.



All staff on the day



A flyer of the town factory

## Overseas Community Engagement

### Cleanup activities at Bangsaen Beach of Oiles Thailand

Oiles Thailand is actively engaging in various social contribution activities of the region. Activities range from local cleanup activities, coral reef conservation and restoration activities, mangrove conservation and afforestation activities, and visits to support facilities for people with intellectual disabilities or donations to local temples. In November 2018, 43 employees dressed up in matching T-shirts and participated in a cleanup activity at Bangsaen Beach in Chonburi Province. These activities deepen the bond between Oiles and the region and are connected to the driving force of a corporate that cohabits with the region.



Participants in OILES Thailand cleaning activities



Oiles Thailand cleaning activities

### Donations from Oiles India to the slum area

Oiles India has started social contribution activities in India based on the concept of coexistence with the local community. In addition to making donations through NGOs, we have also visited two slum areas in Delhi and donated wheelchairs, adult diapers and groceries. connected to the driving force of a corporate that cohabits with the region.



Donation staff in the Delhi slum area

## Support for Students and External Organizations

### Sponsoring Student Formula Japan

The company has been co-sponsoring Student Formula Japan since 2015. The 13th year of the event organized by the Society of Automotive Engineers of Japan, Inc. The event was launched to provide opportunities for students to make things against the backdrop of the recent decrease in the number of students resulting from the declining birthrate and lack of interest in science among young people. The organizer and cosponsors hope that participating students will deepen their understanding of technologies through their experience in creating and handling products, and that they will one day become professional engineers with abundant creativity.

In addition to the co-sponsoring the tournament in 2017, we have also started sponsoring university formula teams and have been providing them products and technical support. We will continue supporting students who are enthusiastic about cars and manufacturing and keep on contributing to the succession of the Japanese manufacturing culture.



Formula car sponsored by us

### Supporting External Organizations

The Oiles Corporation Group endorses the goals and implementation of activities of organizations deeply linked to its core technologies, tribology (friction, wear, and lubrication), and damping (vibration control) and supports them by becoming a corporate member. The organizations include the Japanese Society of Tribologists, Japan Plain Bearing Standard Association, Japan Society of Powder and Powder Metallurgy, The Japan Society for Precision Engineering, The Japan Society of Seismic Isolation, Japan Association for Vibration Technologies, and Japan Bridge Bearing Association.

## GRI Content Index

This report is prepared with reference to the GRI Sustainability Reporting Standards 2016. The relevant information of each disclosure indicator is shown pages below.

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## Contact

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For inquiries regarding our CSR report, please contact the CSR Promotion Section of our General Affairs Department.

- **This report is also available on our website at**

<http://www.oiles.co.jp/corporate/csr/>

- **We welcome your feedback, which you can send to us via our inquiry form at**

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

