



**OILES CORPORATION**  
**INTEGRATED REPORT**  
**2021**



## 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.

### Onward

forward  
day by day

### Idea

originality and  
ingenuity

### Liberty and Law

freedom and  
discipline

### Expert

all of us  
specialists

### Service

servicing society

### Publication of the Integrated Report

The Oiles Group started publishing its CSR Report in fiscal 2018 with the purpose of reporting to its stakeholders regarding its CSR (ESG) activities for realizing a sustainable society. At the start of its medium-term management plan for fiscal 2022 to fiscal 2024, which began in fiscal 2022, the Group decided to start publishing an integrated report that combines financial information with non-financial information such as ESG in order to report to its stakeholders on the Group's business activities, management strategies, and ESG initiatives. Based on its management policy of serving society through technology, this report also explains the Group's future growth strategy, including its approach to creating value—that is, to contribute to solving social issues by utilizing the Group's technologies and products while also continuing to grow sustainably as a corporate group.

Oiles Corporation will mark the 70th anniversary of its founding in March 2022, and the entire Group will work together with a renewed determination to achieve further sustainable growth.

## Editorial Policy

The OILES Group started publishing its CSR report in PDF format in 2017 with the purpose of reporting to its stakeholders regarding the Group's stance and its efforts for realizing a sustainable society, and it will communicate more broadly with stakeholders to further promote its activities into the future. It has been five years since we published our previous CSR report, and we decided to start publishing it as an integrated report with the aim of further enhancing information disclosure.

### ● Reporting Period

Fiscal 2021 (April 1, 2020 to March 31, 2021)

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

### ● Publication Date

November 2021 (next issue: Autumn 2022)

### ● 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 Group" and "the Group" collectively refer to Oiles Corporation with all companies in the Oiles Group

### ● Publication on the Website

This report is also available on our website at

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

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

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

### ● Guidelines Used as Reference

- Ministry of Economy, Trade and Industry "Integrated Disclosure / Dialogue Guidance for Value Collaborative Creation"
- Ministry of the Environment "Environmental Reporting Guidelines 2018 Edition"
- Ministry of the Environment "Environmental Accounting Guidelines 2005 Edition"
- GRI "GRI Sustainability Reporting Standard 2016/2018/2019/2020"

### ● Note on Forward-Looking Statements

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

## Contents

Management concept · Company Vision/ Publication of the Integrated Report	01
Editorial Policy	02

### Toward Sustainable Value Creation

Our Philosophy/DNA & Our History	03
Message from the President	05
Identifying Materiality for Sustainable Growth	09
Value Creation Process	11

### Oiles Business Contents

Oiles Business Activities	13
Bearings	15
Structural Devices	19
Architectural Devices	21
Intellectual Property Initiatives	23

### ESG Initiatives

Corporate Management and CSR (ESG)	25
Corporate Governance	27
Interview with Outside Director	30
Compliance	31
Risk Management	32
Environmental Initiatives	33
Human Resource Development Initiatives	37
Product Quality Reliability	43
Fair and Equitable Trade	45
Coexistence with Local Communities	47

### Data Book

Corporate Data	49
Financial Data	51
Non- Financial Data	56
Financial Highlight	60

# Our Philosophy/DNA & Our History

## Corporate Chronology

### 1930s to 1950s

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

### 1960s to 1970s

1966	Changed the company name to Oiles Industry Co., Ltd.
1967	Moved the company's headquarters to the newly established Fujisawa Plant in Fujisawa City, Kanagawa Pref.
1970	Established Shiga Plant in Ritto-cho (currently Ritto City), Shiga Pref.
1971	Started sales of Window Operators.
1976	Established Oiles America Corporation as the first overseas subsidiary.

1953

1960

1970

1980

## History of Oiles Technologies

### It all started with a small wooden bearing.

In the early Showa period, the company's founder, Sozo Kawasaki saw a bearing that required no lubrication in an American-made cigarette roller machine while working at the Monopoly Bureau of the Ministry of Finance. His encounter with this unidentified bearing was the origin of Oiles' and Japan's oil-less bearings. He applied his characteristically inquisitive mind to unravel the mystery and obtained a patent in 1932 for a method to manufacture an oil-less wooden bearing.

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



Founder Sozo Kawasaki

### ● Bearings



Wooden bearing  
#100

Metal bearings

#300

#500

Resin bearings

#250

#80



### 1980s to 1990s

1983	Established Oita Plant in Nakatsu City, Oita Pref.
1987	Production got underway related to a seismic isolator with the Oiles LRB. In addition, Japan's first building, the Fujisawa Plant, with a seismically isolated structure was constructed, inside of which is the isolator device.
1989	Registered stock with the Japan Securities Dealers Association as over-the-counter registered stock.
1991	Established a plant in North Carolina as a production plant for the U.S. subsidiary.
1993	Established the Ashikaga Plant in Tochigi Pref.
1997	Listed on the first section of the Tokyo Stock Exchange.
1998	Established Shanghai Oiles Bearing Inc. as the first subsidiary in China.

### 2000

2002	Established Oiles (Thailand) Company Limited in Thailand.
2003	Established Oiles Czech Manufacturing s.r.o. in the Czech Republic. Spun off the architectural devices business and integrated it with a sales subsidiary to form Oiles ECO Co., Ltd.
2005	Established Oiles Suzhou Corporation in China.
2011	Established the currently names Oiles India Private Limited in India as well as a plant in 2013.
2018	Extended Oita Plant Building No. 2.
2021	Completed construction of a new plant building as part of efforts to strengthen R&D functions at the Fujisawa Plant.

Our Philosophy/DNA & Our History

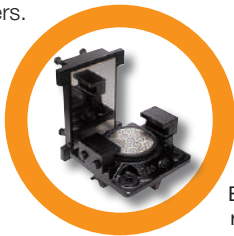
Message from the President



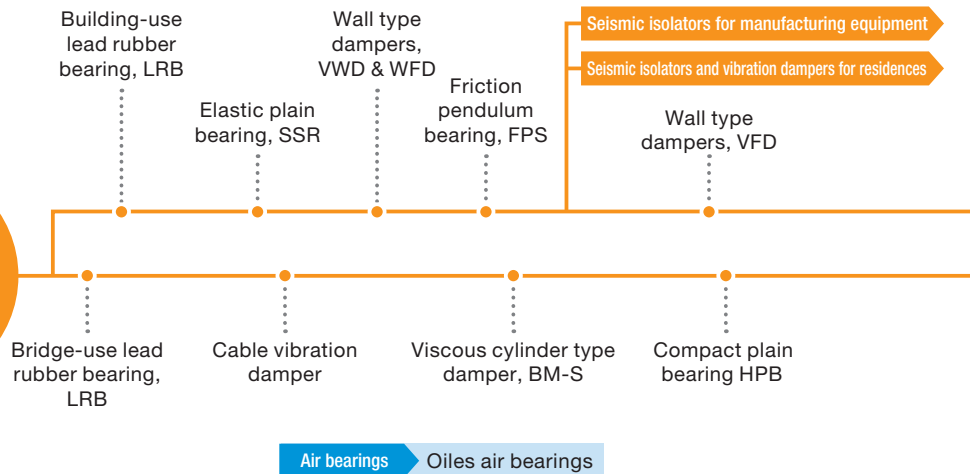
### Seismic Isolators and Vibration Dampers

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



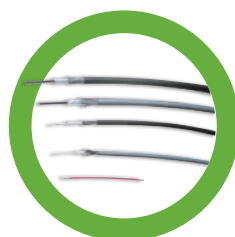
Bridge-use bearing (bearing plate)



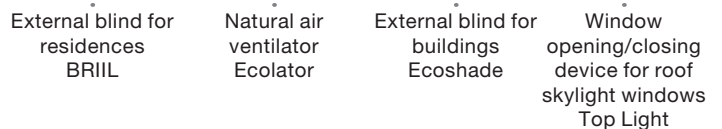
Identifying Materiality for Sustainable Growth

#### ● 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.



Window opening/closing device for air ventilation and smoke elimination Window Operator



Value Creation Process

# Message from the President



Contribute to the solution of social issues in all businesses through the relentless pursuit of core technologies

**Masami Iida**  
President

## Looking Back on Fiscal 2021

The COVID-19 pandemic has significantly impacted the lives and economic activities of people around the world for nearly two years. Given this environment, the Oiles Group has worked together to implement various infection control measures and has fulfilled our responsibility to supply products while giving due consideration to the health and safety of our employees.

With respect to the business results for fiscal 2021, our major bearings business was affected by the sharp decline in demand caused by the coronavirus crisis in the first half of the year and recovery in the second half, mainly driven by the automotive segment, was not sufficient to fully make up for the lost ground. In the structural devices business, however, the impact of COVID-19 on the overall business was minimal, and in the architectural devices business, orders increased as the demand for ventilation grew in response to infection control measures. As a result, for the fiscal year ended March 31, 2021, the Group posted consolidated net sales of 52,977 million yen (down 11.9% year on year) and consolidated operating profit of 3,138 million yen (down 33.9% year on year).

Fiscal 2021 was also a year of progress in our company's transformation, despite some impact from the COVID-19 pandemic. A review of our cost structure across the company enabled us to take a step toward achieving a muscular profit structure. In addition, online interviews, telework, and workflow systems have also made progress both inside and outside the company. I believe these changes, including digital transformation (DX), are laying the foundations for boosting productivity in the post-corona era. We will continue to implement the reforms that came to fruition in fiscal 2021 in order to achieve new growth.

## Contributing to Resolving Social Issues

In March 2022, we will mark the 70th anniversary of our company's founding by Sozo Kawasaki. Our management policy is to become a world leader as a general manufacturer of oil-less bearings and serve society through technology, and the desire to serve society through technology, handed down from our founder, is a universal value of our Group.

Our Group's portfolio consists of three businesses: bearings, structural devices, and architectural devices. A bearing with oil-less characteristics contributes to the reduction of environmental impact. For example, in the automotive industry, where the shift to EVs is underway, the lighter weight and lower friction of oil-less bearings contribute to the long-distance driving of EVs. In addition, structural devices (seismic isolators and vibration dampers) that protect buildings and facilities from large-scale earthquakes play an important role in providing safety and security in earthquake-prone Japan, as well as in addressing the aging of bridges, which has been an issue in the infrastructure development across the country. Moreover, architectural devices such as window operators not only protect human lives from the risk of smoke exhaustion due to fire but also provide safety, security and comfort to society by supporting building ventilation, a key countermeasure against infection.

The Sustainable Development Goals (SDGs) set forth by the United Nations include environmental concerns such as response to climate change, the realization of sustainable cities, and the development of resilient infrastructure. The goals are intended to address social issues with the objective of realizing a sustainable global environment. All three businesses of our Group have a role in resolving these issues, and in a sense I believe that our businesses in themselves have high potential to contribute to society and embody our corporate philosophy of serving society through technology. The root of our Group's value creation is that all our businesses are contributing to resolving social issues and creating a sustainable society, which will lead to the sustainable growth of our corporate value.

To share what we aim for as a company and to share the ideal corporate image within the Group, we renewed our Group's long-term vision in fiscal 2021. The first item in the vision is "Company that contributes to the preservation of the global environment and delivers "safety" and "comfort" through products and technologies that the world requires." We will commit ourselves to consistently providing products and technologies that lead to the solution of social issues and contributing to the SDGs through our core businesses. With all members of the Group sharing this determination, we will move forward to achieve these objectives.

## Long-Term Vision

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

## Core Competence to Support Value Creation

This creation of value is driven by our relentless pursuit of two core technologies: tribology, which is the science of friction, wear, and, lubrication, and damping technology for vibration control. The key for our Group as a market-creating company is to develop unique materials with outstanding performance and provide innovative materials to solve customer problems and enable their products to be the best and, insofar as possible, the first in the world. To this end, generating economic value is important by linking the outcome of our materials development to our business in application development.

A clearly focused allocation of management resources is essential for ensuring the outcome of our research and technological development. The ratio of R&D expenses to consolidated net sales has been approximately 4.6% on average for the past five fiscal years, which is high even compared to other companies in the same industry. In terms of human resources, as of the end of March 2021, we had 185 employees in R&D and engineering departments in Japan and overseas, which is about a quarter of all Oiles Corporation employees. Moreover, a new plant building was completed at the Fujisawa

## Message from the President

Plant, our R&D base, in November 2021. We then reorganized our business areas, and this resulted in a significant expansion of our technology and R&D area. We will further strengthen our technology and research and development to offer systems that deliver new value while enhancing our development of mainly plastic and multi-layer materials.

Another unique business model and strength of our Group is that the sales, engineering, and R&D departments work together to provide value to customers. We operate a distinctive sales activity called Technical Direct Sales (TDS), in which the sales and technology departments go hand in hand and participate from the initial stages of a customer's product development. These departments cooperate in addressing the customer's product development challenges from an early stage, offer proposals that maximize the performance of our products, develop and propose new materials, and work together with the customer to create a product.

We also conduct research activities called EK, in which we evaluate products on behalf of our customers. This is another service unique to our company. By evaluating forms and systems that are closer to our customers' actual products, we are able to offer proposals on new issues, and we have received positive feedback.

Furthermore, our production department is constantly endeavoring to improve efficiency based on the New Production System (NPS), derived from the Toyota Production System. We also conduct precise and meticulous quality control for each process. The combination of our research and technology development capabilities, our sales and engineering departments' seamless response to customers, and our high-quality production activities forms the core competence of our Group, which leads to sustainable value creation.



### Medium-Term Management Plan

The medium-term management policies of the three-year medium-term management plan, which started in fiscal 2022, are to achieve growth targets of each department, enhance technological capabilities and improve productivity through effective use of management resources, and develop employees. In terms of the indicators of consolidated net sales and operating profit, we have targeted an increase of more than 20% in consolidated net sales and a consolidated operating profit margin of 10% in fiscal 2024, the final year of the management plan, compared to fiscal 2021.

Given the future market scale of the Structural and Architectural Devices Departments, the Bearings Department, which accounts for approximately 70% of our Group's sales will be central to our growth under the medium-term management plan. While the Bearings Department was unavoidably affected by the decline in demand due to the coronavirus pandemic in fiscal 2021, we will strive to achieve sales growth of more than 25% and a department sales ratio of less than 10% in fiscal 2024 compared to fiscal 2021. Particularly in the automotive field, which is the largest sales territory for the Bearings Department, the adoption of our products in new models is the key to growth. The R&D, sales, and engineering departments will work in concert not only during the three years of the medium-term management plan but also for the following three and a half years.

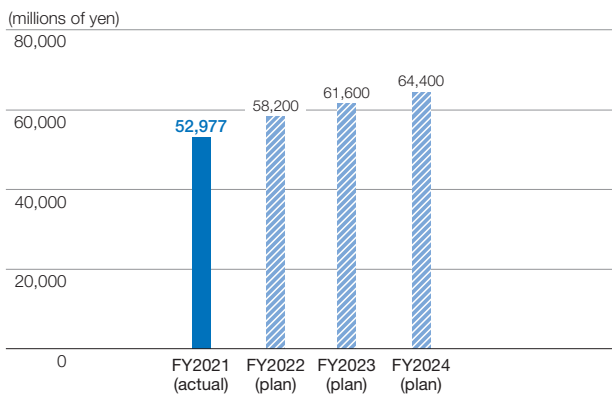


## Medium-Term Management Plan (FY2022 to FY2024)

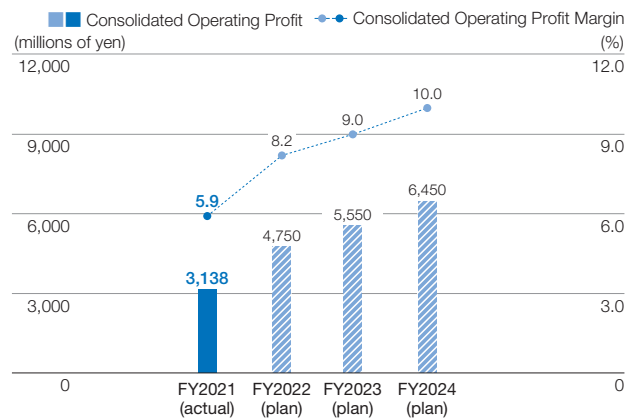
### Medium-Term Management Policies

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

#### • Sales



#### • Consolidated Operating Profit and Consolidated Operating Profit Margin



Sustainability, including ESG elements, is a key management issue. Our Group, however, positions CSR promotion as the mainstay of our corporate activities under the belief that promoting CSR (ESG) contributes to the sustainable development of society and is the foundation for creating new corporate value. To clearly express this stance, we have established a new long-term vision, which states that one of the Group’s goals is to be “a company that fulfills its social responsibility (CSR) and helps realize a sustainable society through business with high contribution.” This is shared by all employees.

With regard to environmental response, the world has made significant progress in recognizing environmental issues over the past year, such as the call for carbon neutrality by 2050 that has emerged as a new international standard. We believe that we need to help reduce environmental impact through our core business of providing products and technologies and further step up our own environmental actions, such as by reducing CO<sub>2</sub> emissions, as a responsible member of the global community. We will continue to improve our facilities and increase the environmental awareness of each and every one of our employees.

As stated in our medium-term management policy, respecting the diversity of our employees and creating an environment where they can grow are also very important. We will therefore establish workplaces that balance diversity and inclusion. In terms of diversity, every employee will in principle be able to demonstrate their full potential in every workplace, and we as a company will help them grow in order to create this ideal environment.

Furthermore, with respect to governance, we will further strengthen our governance system in light of the market structure reform of the Tokyo Stock Exchange and revision of the Corporate Governance Code.

We look forward to the continued support of all our stakeholders.

# Identifying Materiality for Sustainable Growth

In fiscal 2019, the Oiles Group identified the following eight key issues to be addressed in the area of CSR activities, and we have been promoting our CSR activities ever since.

The Group recognizes that sustainable corporate growth based on the further evolution of non-financial capital, such as human, intellectual, manufacturing, and natural capital, is indispensable for realizing the medium-term management plan formulated in fiscal 2022 (ending in fiscal 2024). We have therefore identified the necessary material issues (materiality) for sustainable growth.

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

## Material Issues Related to CSR Activities—Materiality to Date

- 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



## Reviewing Materiality from the Perspective of Sustainable Growth

### STEP 1

#### Extracting the Social Issues to Be Addressed

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

### STEP 2

#### Analyzing the Level of Importance to Society and Stakeholders (Vertical Axis Assessment)

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

### STEP 3

#### Analyzing the Level of Importance to the Management of the Oiles Group (Horizontal Axis Assessment)

We added the extracted issues to the long-term vision and assessed the importance of the issues to the management of the Oiles Group from the perspectives of our new medium-term management plan and promotion of the plans of each department (horizontal axis assessment).

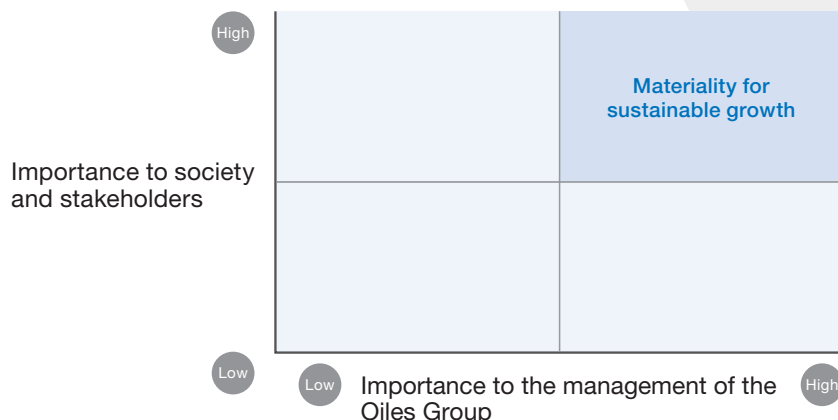
### STEP 4

#### Identifying Materiality
















Using the materiality matrix based on the above vertical and horizontal axis assessments, the CSR Council, composed of management members, identified the necessary materiality for the sustainable growth of the Oiles Group.



## Identifying Materiality for Sustainable Growth—New Issues



Materiality for Sustainable Growth

Materiality		Category	Relevant SDGs	Opportunity	Risk
<b>Developing and providing advanced products and technologies that contribute to the resolution of social issues</b> See pages 13–24.	Developing advanced products and technologies that exceed the needs of our customers	Society	   	<ul style="list-style-type: none"> <li>Strengthening competitiveness and enhancing corporate value as a market-creating company</li> <li>Sustainable enhancement of corporate value by achieving three-way satisfaction for customers, society, and the Group</li> </ul>	<ul style="list-style-type: none"> <li>Decreased competitiveness as a company due to a weakened ability to innovate</li> </ul>
	Contributing to the evolution of the mobility society				
	Improving product quality				
<b>Environmental response</b> See pages 33–36.	Preventing global warming (addressing climate change issues)	Environment	    	<ul style="list-style-type: none"> <li>Increasing corporate value by providing products and technologies that help resolve climate change issues</li> <li>Gaining stakeholder confidence through recognition of the company's environmental responsiveness</li> </ul>	<ul style="list-style-type: none"> <li>Loss of profit opportunities if the company fails to develop and enhance products that address climate change issues</li> <li>Possibility of the loss of credibility from the perspective of customers, shareholders, and other stakeholders if the company's response to climate change issues is inadequate</li> <li>Occurrence of unprecedented natural disasters (especially wind and flood damage) caused by global warming, which could disrupt the Group's production activities</li> </ul>
	Sustainable use of environmental resources				
<b>Human resource measures</b> See pages 37–42.	Human resource development	Society	    	<ul style="list-style-type: none"> <li>Gaining growth opportunities as a company by securing talented and diverse human resources who share the company's vision</li> </ul>	<ul style="list-style-type: none"> <li>Impact on continuity of employment due to the decline in the working age population and increased competition in recruitment</li> <li>Damage to corporate value due to penalties and criticism of inappropriate labor practices</li> </ul>
	Diversity and inclusion				
	Respect for human rights and appropriate labor practices				
<b>Corporate governance</b> See pages 27–32.	Strengthening governance in light of the market structural reform of the Tokyo Stock Exchange	Governance		<ul style="list-style-type: none"> <li>Gaining trust from stakeholders by enhancing corporate governance</li> <li>Achieving stable management through appropriate risk management and the establishment of a robust compliance system</li> </ul>	<ul style="list-style-type: none"> <li>Damage to corporate value due to inadequate corporate governance</li> <li>Occurrence of scandals due to inadequate compliance</li> </ul>
	Solid compliance management				
	Risk management				

# Value Creation Process

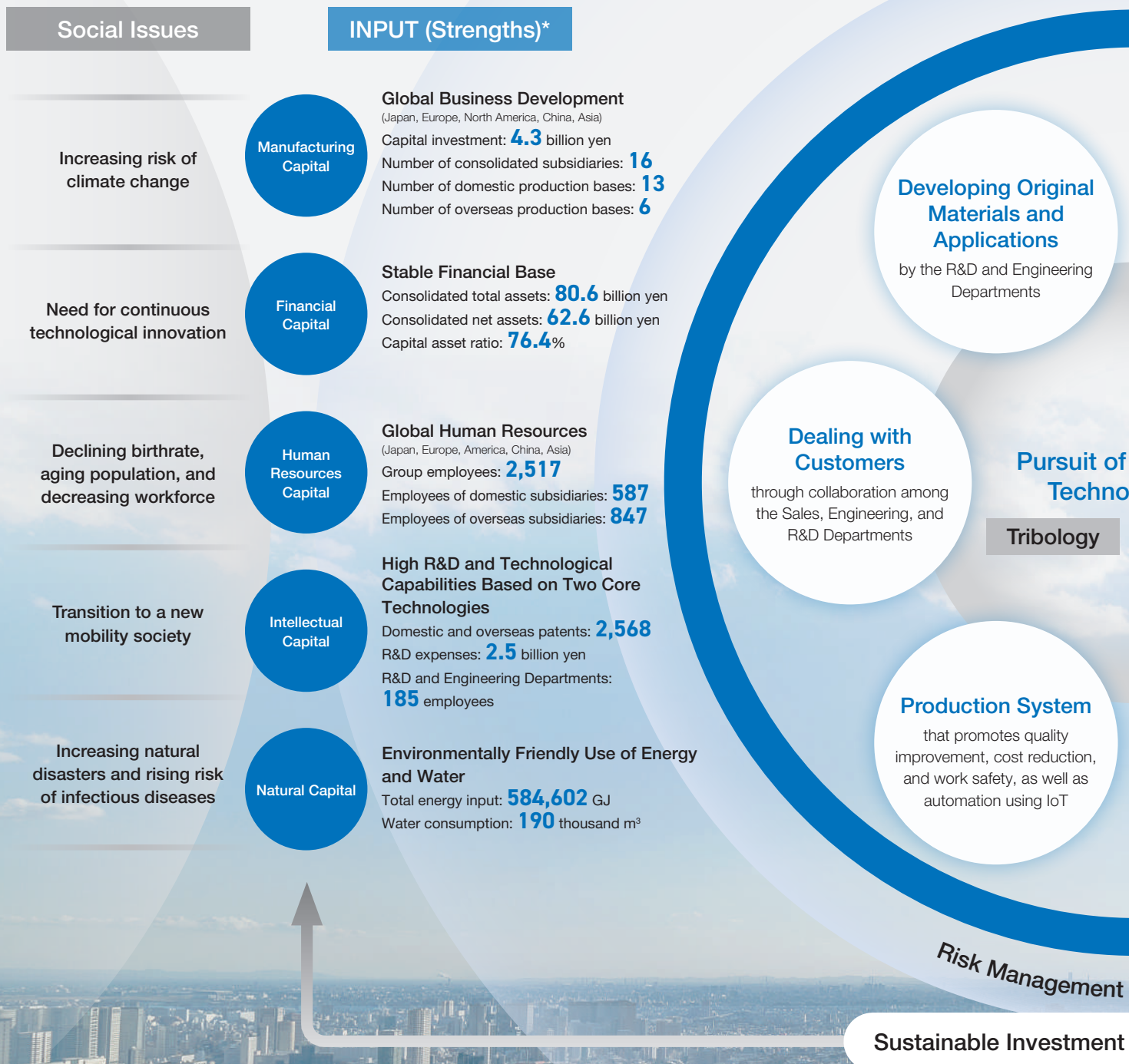
## Management Policy

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

## Long-Term Vision

In order to realize the management policy, we intend to be:

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





Relevant  
SDGs



OUTPUT\*

OUTCOME

Improving the  
Reliability  
of product quality

Human Resource  
Development and  
Respect for Diversity  
of Employees

Dumping

Promoting CSR  
to create a sustainable society

Products

- Oil-less bearings that lead to reduced environmental load
- Seismic Isolators and vibration dampers that reduce damage from major earthquakes
- Architectural devices that provide not only safety from fire but also healthy air conditioning

Operating Results

Consolidated net sales:  
**53** billion yen  
Consolidated operating profit:  
**3.1** billion yen  
Operating cash flow: **4.1** billion yen

Promoting Diversity

Ratio of female employees in the Group: **24.7%**

Environment

CO<sub>2</sub> emissions: **27,369** t-CO<sub>2</sub>

Manufacturing

Financial  
Results

Human  
Resources

Nature

Contributed to the  
Creation of a Sustainable  
Society

Reduced environmental  
load (decreased  
greenhouse gases)

Improved automobile  
functions (higher  
energy efficiency, more  
comfortable space)

Safe, secure, and  
comfortable society

Better environment in  
which employees can  
have a sense of fulfillment  
in their work

\*Data as of March 31, 2021 or fiscal 2021

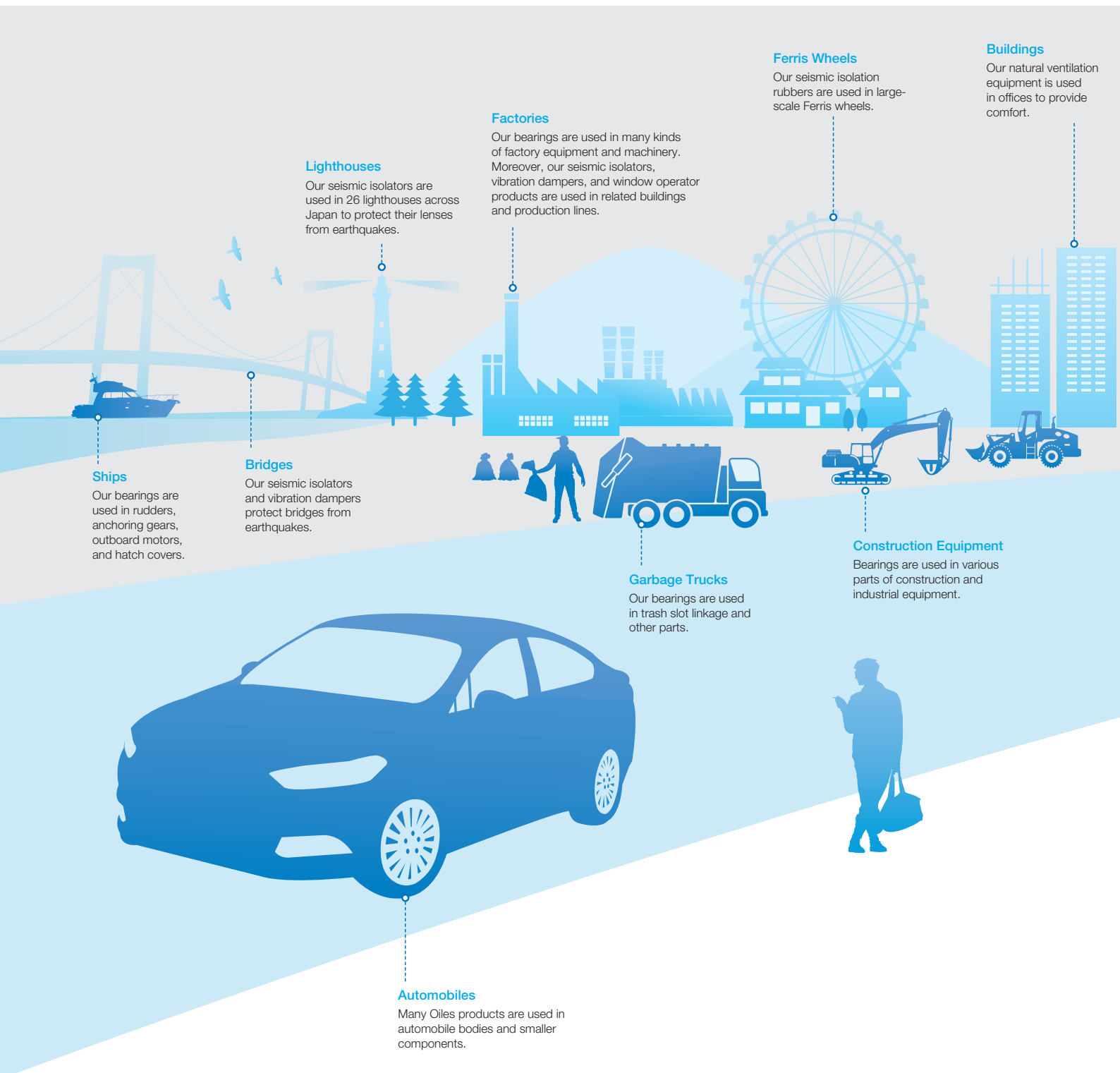
and Compliance

in Management Resources



# Oiles Business Activities

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



## Lighthouses

Our seismic isolators are used in 26 lighthouses across Japan to protect their lenses from earthquakes.

## Factories

Our bearings are used in many kinds of factory equipment and machinery. Moreover, our seismic isolators, vibration dampers, and window operator products are used in related buildings and production lines.

## Ferris Wheels

Our seismic isolation rubbers are used in large-scale Ferris wheels.

## Buildings

Our natural ventilation equipment is used in offices to provide comfort.

## Ships

Our bearings are used in rudders, anchoring gears, outboard motors, and hatch covers.

## Bridges

Our seismic isolators and vibration dampers protect bridges from earthquakes.

## Garbage Trucks

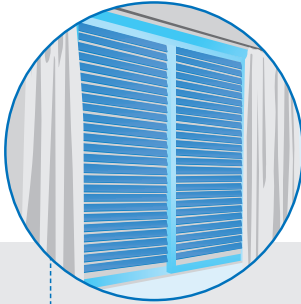
Our bearings are used in trash slot linkage and other parts.

## Construction Equipment

Bearings are used in various parts of construction and industrial equipment.

## Automobiles

Many Oiles products are used in automobile bodies and smaller components.



**Residences**

Our external blinds, as well as our seismic isolators and vibration dampers are used in residences.



**Offices**

Our bearings are used in office automation equipment such as multifunction printers.

**Towers**

Our seismic isolation rubbers are used to provide additional seismic resistance.

**Dams, Water Turbines, and Water Gates**

Our bearings are used in the mechanical systems of these structures.

**Buildings and Condominiums**

Our seismic isolators and vibration dampers are used to ensure the safety and security of residents and office workers.

**Shrines and Temples**

Our seismic isolators and vibration dampers are used to provide additional seismic resistance.

**Railways**

Our bearings are used in coupling gears, pantographs, crossing bars, and turnouts, and our window opening/closing devices are used at many stations.

**Supermarkets**

Our seismic isolation materials are used to prevent products from falling off shelves during an earthquake.

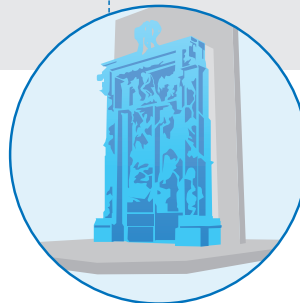
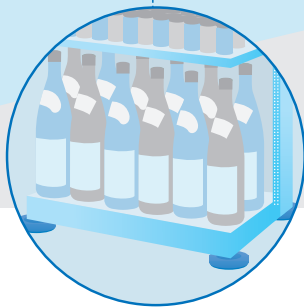
**Art Museums**

Our seismic isolation rubbers and sliding seismic isolation devices are used in civic buildings and monuments.



**Bicycles and Motorcycles**

Many Oiles products are used in brakes, clutches, gearboxes, suspensions, etc.



# Bearings



## Oiles Bearings for Reduced Environmental Impact

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

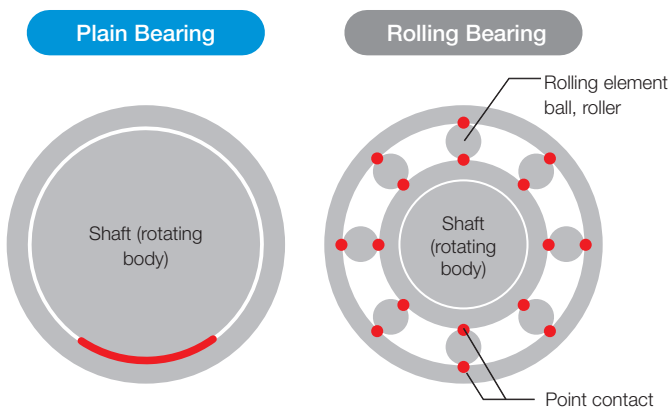
Bearings are broadly classified into plain bearings and rolling bearings. Oiles bearings are

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

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

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

\*According to the JOST Report Japan Edition



### • Features Comparison

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

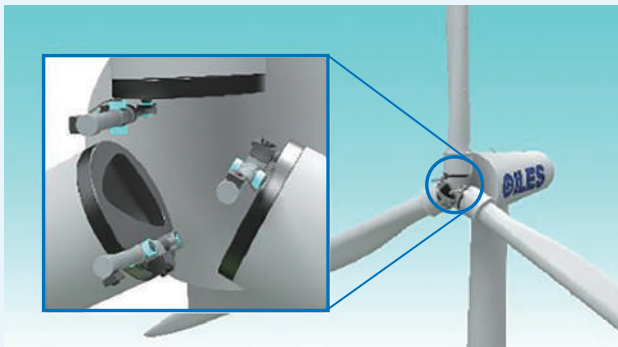
## General Industrial Field

Oiles bearings are used in a variety of fields related to manufacturing and daily life, from infrastructure facilities to office equipment and including production equipment, construction machinery, dams, water turbines, sluices, and wind power generators, and we offer extensive product lines for a range of specific applications. Products of various shapes, materials and sizes are used, from components in precision equipment such as semiconductor manufacturing machines to large products of several meters for dams and sluice gates. In addition, Oiles bearings help to reduce environmental impact across broad industrial areas. An example of an environmentally sound product we developed in 2019 is a biomass plastic bearing. It has a high biomass degree

and excellent performance since fillers were added to it that improve sliding performance with biomass plastics refined from sugar cane and castor oil bean, and it reduces CO<sub>2</sub> emissions compared to conventional products made from petroleum.

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

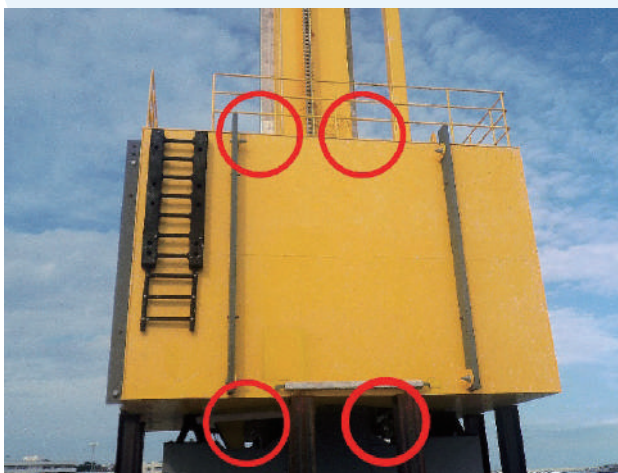
### Improving Wind Power Generation Efficiency



#### Application: Blade-pitch control mechanism

- Excellent frictional properties contribute to stable power generation efficiency
- Outstanding durability extends service life (power generation time) of the equipment

### Coastal Wave Power Generator



#### Application: Guide rollers for raising and lowering a floating body

- Contributes to improved power generation efficiency by smoothly guiding the movement of the floating body
- Superior corrosion and abrasion resistance in seawater and brackish water, thereby reducing the frequency of maintenance cycles



Upper side (#500AB)



Lower side (FF-OH)

# Bearings

## Automotive Industry

Oiles bearings are most widely used in the automotive industry across a wide range of applications, including body and interior components such as doors, trunks and seats, as well as suspensions, steering, transmission and exhaust. Our market share is approximately 50% worldwide and more than 70% for some products by Japanese automobile manufacturers.

The automotive industry is believed to be undergoing a once-in-a-century transformation, represented by Case\*<sup>1</sup> and MaaS\*<sup>2</sup>, and the Oiles Group is responding to this transformation by providing products that help create new automotive value. For example, accelerating the widespread adoption of electric vehicles (EVs) will require reducing their weight to extend their driving range. Oiles bearings, both compact and lightweight, can reduce the weight of some products by more than 50%. We therefore believe that we can significantly contribute to the popularization of EVs by making them lighter.

In addition, with the widespread use of EVs and practical application of automated driving, there is a growing trend to view the automobile as a living space

rather than just a means of transportation. The need for controlling sound and vibration is increasing as people place more importance on the quietness and comfort of riding inside a vehicle. We are developing products to address these issues and needs by full leveraging our core technologies of tribology and damping as well as our extensive experience and knowledge of automotive applications.

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

\*1 Case: Connected, Autonomous/Automated, Shared, and Electric.

\*2 MaaS: Mobility as a service that integrates various means of transportation and makes them more efficient and convenient.

## Innovation through the Search for Knowledge

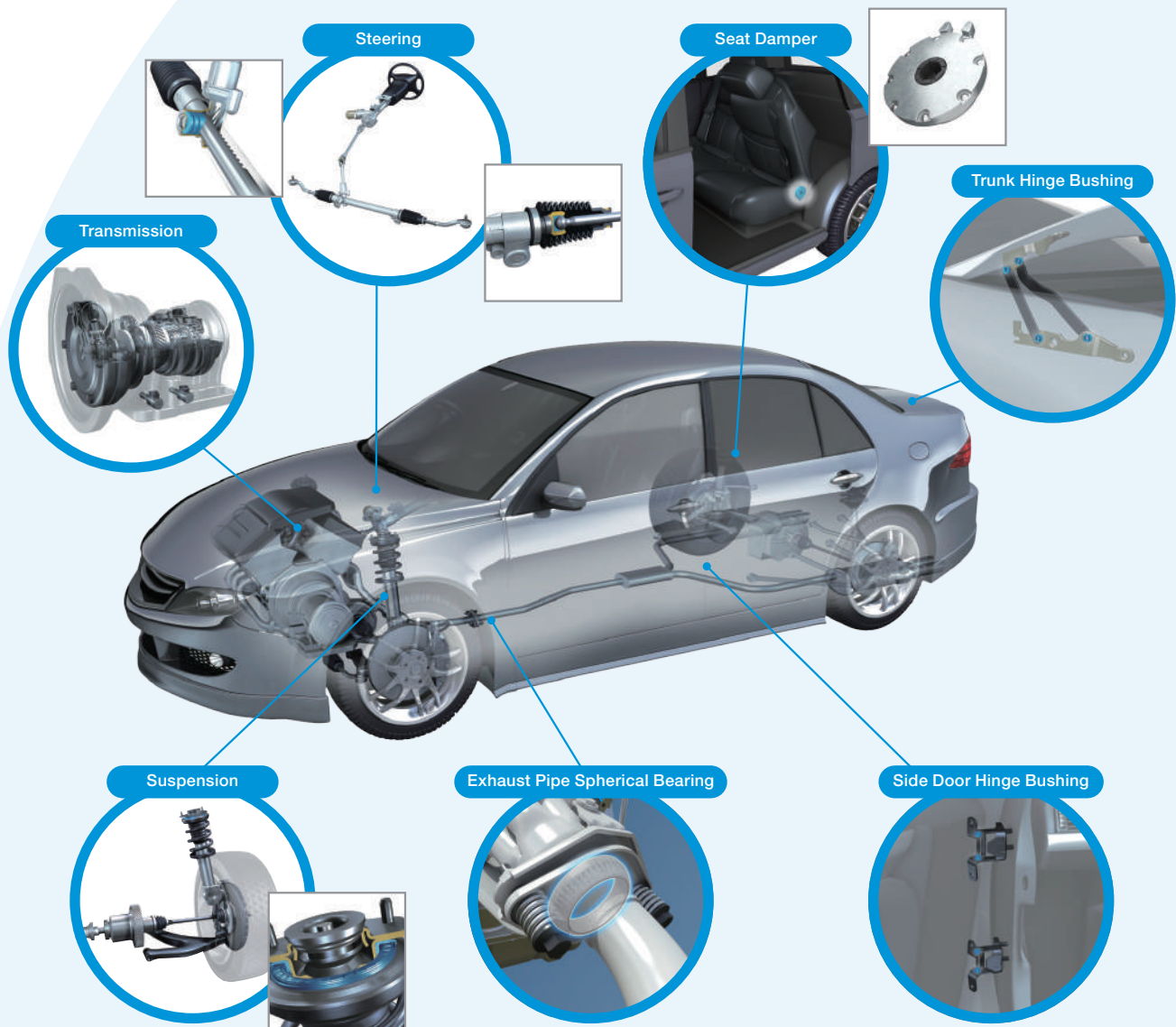
One of the policies of our medium-term management plan for fiscal 2022 to 2024 is to search for knowledge in the Bearing Division. By “knowledge” we mean our technologies and expertise. We intend to further enhance our technology and knowledge by digging deeper into our accumulated core technologies. Also, we will develop new products and technologies that will become the pillars of the next generation and introduce new production methods by actively searching for previously

unknown knowledge and integrating it with our current information resources. Our engineering, R&D, production, and sales departments will work in concert to create new innovation through the search for knowledge.

Another key issue in our medium-term management plan is improving profitability. We will strengthen our profit structure in response to changes in the environment with the goal of securing a consolidated operating margin of approximately 10% in fiscal 2024, the plan’s final year.



## Oiles Bearings for a Variety of Automotive Components



Oiles Business Activities

Bearings

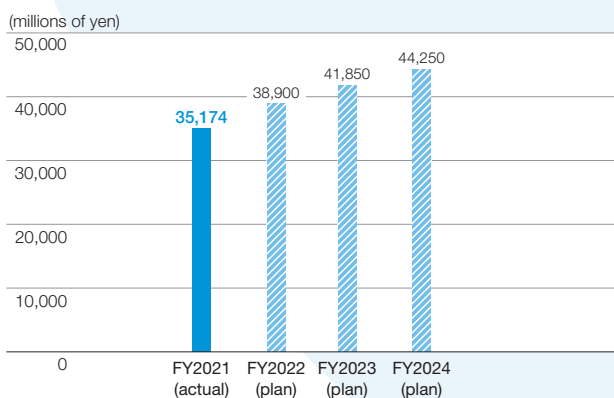
Structural Device

Architectural Devices

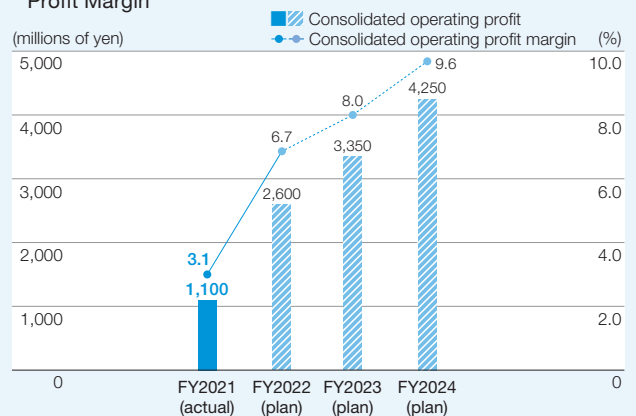
Intellectual Property/Initiatives

### Bearings Business Medium-Term Management Plan (FY2022–FY2024)

#### • Consolidated Sales



#### • Consolidated Operating Profit and Consolidated Operating Profit Margin



# Structural Devices



## A Pioneer of Seismic Isolators and Vibration Dampers

Our bearing plates had been used to support bridges since the 1960s in a variety of settings such as highways and Shinkansen bullet train lines. When a bridge girder collapsed during the Niigata Earthquake in 1964, however, we began developing an anti-earthquake device. By establishing a damping (vibration control) technology, we became the first company in Japan to adopt it for lead rubber bearings (LRBs), a seismic isolator that integrates vibration isolation and energy absorption, and we subsequently established and developed the associated production techniques. As a pioneer in the field of seismic isolation and vibration damping

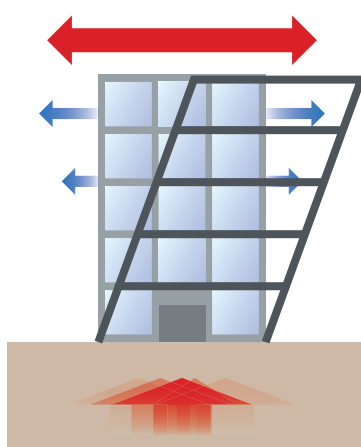
in Japan, we are fulfilling our responsibility to protect people's lives and the safety of cities from natural disasters such as earthquakes and strong winds.

The Sustainable Development Goals (SDGs), advocated by the United Nations, include the phrase "sustainable cities and communities" with the intention of ensuring that cities and other places people live are inclusive, safe, resilient, and sustainable. We are contributing to solving social problems to create safe and resilient cities and towns by mastering damping technology and providing seismic isolators and vibration dampers to society.

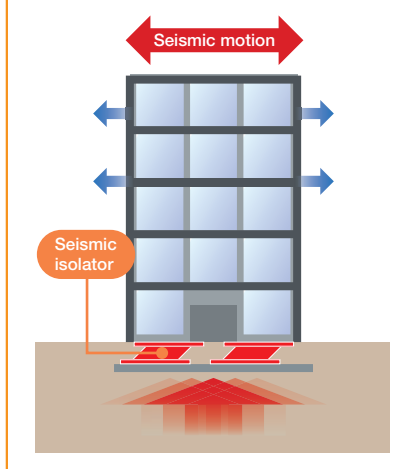
### • Differences Between Seismic Resistance, Seismic Isolation, and Seismic Control



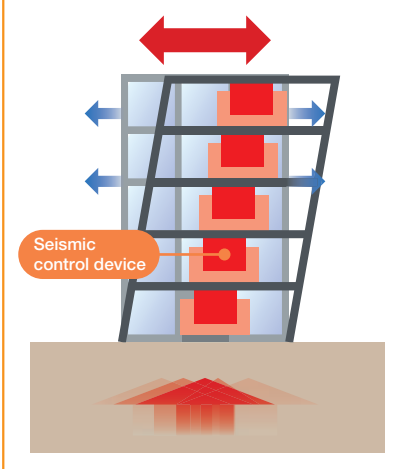
The strength and tenacity of structural materials such as columns, beams, braces, and earthquake-proof walls can withstand shaking.



A seismic isolator absorbs seismic energy by softly absorbing the shock through deformation and movement.



Devices that absorb vibration energy are installed to reduce the shaking caused by earthquakes and strong winds.



## Protecting the Safety of Structures and Buildings

With the recently growing awareness of disaster prevention and mitigation, Oiles' seismic isolators and vibration dampers are being used in a wide variety of buildings, including government offices, fire stations, and hospitals, that serve as key facilities in the event of a disaster, as well as high-rise buildings, social infrastructure such as highways and elevated bridges, and historic buildings. As part of their business continuity plans, a growing number of companies are adopting seismic isolators for production equipment in factories and for large distribution warehouses, which are being increasingly built to serve the rapid expansion of e-commerce.

Another major issue unique to Japan is that the social infrastructure it intensively developed during the period of rapid economic growth is more or less aging at

the same time. From the standpoint of national resilience as a major component of the country's risk management, we will meticulously respond to demand for earthquake-proof renovations and repairs of social infrastructure such as bridges.

- Large distribution warehouse, DPL Urawa Misono, with Quake-Thru-Bearing



Image provided by Daiwa House Industry Co., Ltd.

## Pursuing Further Innovations

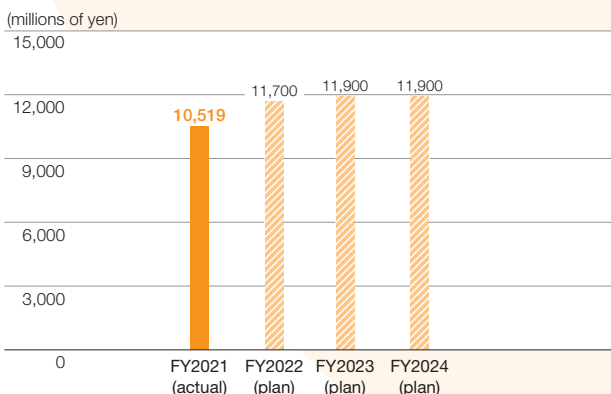
Regulations have been strengthened for long-period seismic motion in super high-rise buildings in the wake of the Great East Japan Earthquake. As for the anticipated Nankai Trough Earthquake, there is concern that even in metropolitan areas far from the epicenter, building damage may become more severe due to long-wave, long-period seismic motions with large amplitudes and long vibration periods. We are striving to improve our evaluation of the performance and durability of vibration control devices against seismic motion and present test data to differentiate ourselves from our competitors. In addition, we are developing seismic isolators capable

of coping with a huge earthquake that may occur once a century. We jointly developed the Quake-Thru-Bearing (QTB) with Takenaka Corporation and Hokkaido University, and this seismic isolator for buildings was awarded the 21st Prize of the Japan Society of Seismic Isolation (Engineering Award) in fiscal 2021.

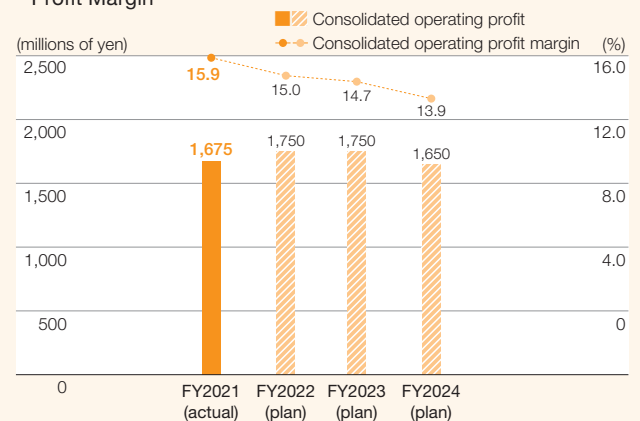
We will continue to innovate damping and isolation technologies to protect the safety of diverse buildings and maintain a high level of profitability with a consolidated operating margin of over 10% in the medium-term management plan for fiscal 2022 to fiscal 2024.

## Structural Devices Business Medium-Term Management Plan (FY2022–FY2024)

- Consolidated Sales



- Consolidated Operating Profit and Consolidated Operating Profit Margin



# Architectural Devices



## Supporting the Safety of Life

In Japan in the early 1970s, a series of fires in big buildings resulted in many lives lost due to smoke inhalation, leading to smoke exhaust systems becoming a requirement. But a problem arose in terms of their operability during an emergency; smoke exhaust windows let harmful smoke out when there is a fire yet are usually installed in high, out-of-reach places.

To address this, the Oiles Group applied its sliding technology to smoke exhaust equipment to

develop the Window Operator, a device that opens and closes windows to eliminate smoke and ventilate air. During a fire, the smoke exhaust window will quickly expel toxic smoke, thereby contributing to the safety and security of the building. In October 2003, the architectural devices business was spun off into a separate company, Oiles Eco Corporation (Oiles Eco), whose products are being used to make people's lives safer.

## Creating Comfortable, Safe Living Spaces that Save Energy

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

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

inside, improving cooling efficiency, to make living spaces more comfortable.

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

## Building Ecology System

The introduction of natural ventilation significantly reduces the air conditioning load. The ventilation and shading system for buildings brings comfortable natural wind and light into office spaces.

### Window Operator Window opening/closing device for air ventilation and smoke elimination

This smoke exhaust system opens and closes smoke exhaust windows. A wide range of product options are available for all types of smoke exhaust window openings. Inspection and repair services are also available.



### ECORATOR & Eco-Supli Natural air ventilator

With its unique mechanism and special flap shape, this product automatically controls the amount of outside air flowing in according to wind strength, allowing for constant and stable ventilation at all times.



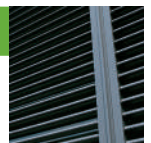
### TOP LIGHT Lighting, ventilation, and smoke exhaust

This product combines the functions of ventilation and smoke exhaust with lighting to guide gentle light into a room. It is part of a series of products available for various applications and featuring retractable, fixed, and continuous options.



### ECOSHADE External electric blind

By cutting off solar heat outdoors, this product achieves a solar radiation shielding effect of about three times that of indoor blinds. It prevents the penetration of solar heat into a room and also supports multi-purpose use of space by adjusting light in various ways.





## Healthy Air Conditioning

The COVID-19 pandemic has been ongoing since the start of 2020, highlighting the importance of ventilating living spaces to prevent infection. Unlike houses, which can be ventilated by opening windows, air-tight structures such as high-rise buildings are at a higher risk in terms of preventing infection from viral droplets, as air conditioning systems insufficiently circulate air. In this regard, the Window Operator, which ventilates with outside air, has attracted interest for creating healthier, safer living spaces. In response to emerging public concern over the pandemic, Oiles Eco will continue to

focus on its new mission of providing customers with healthy air conditioning—in other words, it will help make air conditioned environments safer for residents.

Under the medium-term management plan that started this fiscal year, we will maintain our share of the new construction market and respond meticulously to the renewal market for installed products. We intend to secure a stable level of earnings by providing health and comfort as well as energy conservation in light of the growing need for ventilation in the face of the continuing pandemic.

### Residential Amenity System

This system appropriately controls household comfort and security over the four seasons of Japan and protects each and every family member.

#### BRIL B/C Model (Electric)

For shading and privacy protection

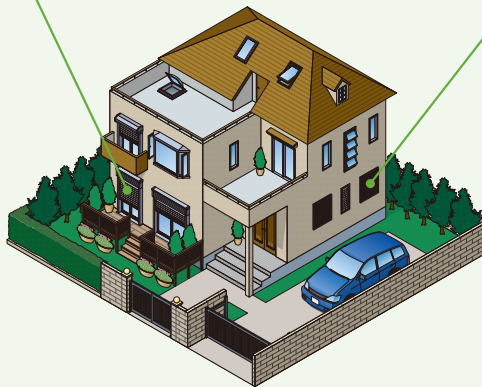
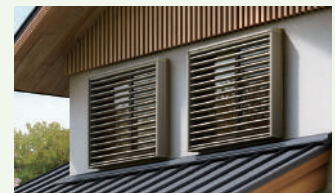
Not only can the louvers be raised and lowered, but their angles can also be adjusted with a control switch. Each opening or closing costs about 0.2 yen and requires very little electricity. Also, operation of the louvers is quiet, so there is no need to worry about neighbors even early in the morning or late at night.



#### BRIL S Model (Manual)

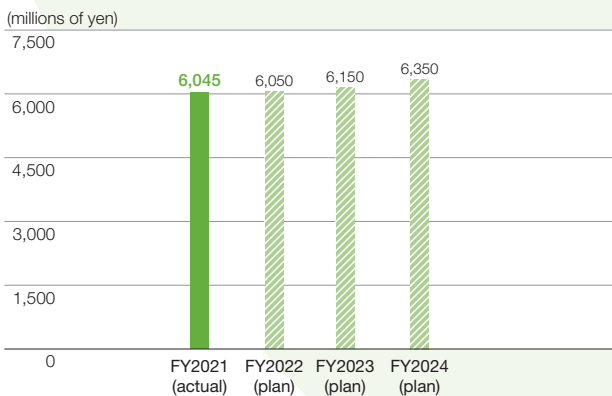
For shading and privacy protection

This product is opened and closed with an inside rope and features a secure lock, which cannot be locked from outside. Five standard colors are available as well as custom-made patterns.

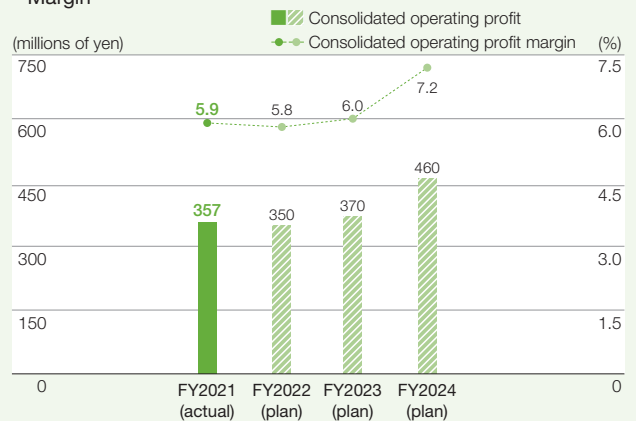


## Architectural Devices Business Medium-Term Management Plan (FY2022–FY2024)

### Consolidated Sales



### Consolidated Operating Profit and Consolidated Operating Profit Margin





# Intellectual Property Initiatives

Our management policy is to “serve society through technology,” and one of our material issues (materiality) for sustainable growth is to develop and provide advanced products and technologies that contribute to resolving social issues. Our initiatives for intellectual property are closely related to our relentless pursuit of two core technologies: tribology (friction, wear, and lubrication) and damping (vibration control).

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

We have been focusing on and continually allocating our management resources to R&D activities as the source of creating intellectual property. R&D expenses for fiscal 2022 were 2,472 million yen on a consolidated basis, accounting for 4.7% of consolidated net sales. The ratio averaged about 4.6% over the past five fiscal years, which is high even compared to other companies in the same industry. In terms of human resources, we had 185 employees in R&D and engineering departments in Japan and overseas as of March 31, 2021.

### ● Main R&D Themes of Each Division

Bearings	<b>Automotive Field</b> Creating high value-added products that support the Case, and enhancing prediction and system evaluation technologies through CAE analysis
	<b>General Industrial Field</b> Creating high value-added products that contribute to the realization of a green society
Structural Devices	Providing products that are effective against long-wave, long-period seismic motions
Architectural Devices	Developing products with enhanced BCP functions for high-rise buildings

## ○ Intellectual Property Policy

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

### ● Acquisition of Necessary Rights

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

### ● Respect for the Rights of Others

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

### ● Exercise of Our Own Rights

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

## ○ Intellectual Property Initiatives

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

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

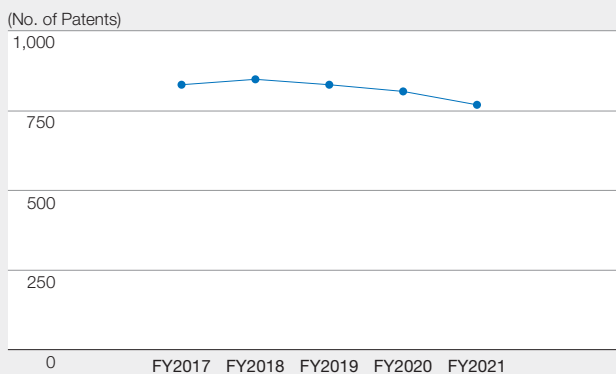
prepare proposals in response to customer requests. The databases accumulate data on a daily basis in the course of doing business and are used for creating value through such activities as closely managing the new material development as trade secrets and as key intellectual property.

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

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

\*Method for developing a management strategy based on an integrated analysis of the intellectual properties of the company and others as well as market trends

• Number of Patents Held in Japan

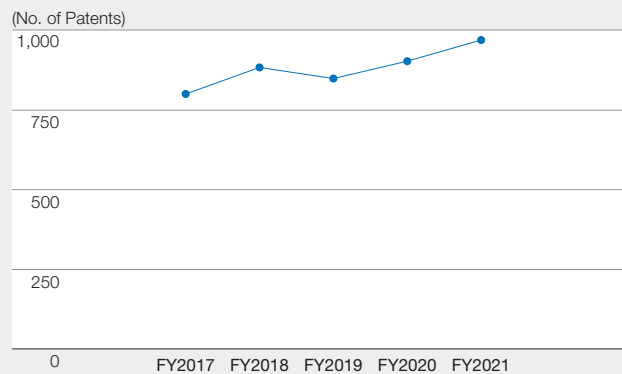


• Total Number of Industrial Property Rights Acquired and Number of Rights Held

(Numbers of Oiles and Oiles Eco, as of March 31, 2021)

	Patent	Utility Model	Design	Trademark
<b>Total number of rights acquired</b>	3,340	612	58	819
Japan	1,857	607	58	523
Overseas	1,483	5	0	296
<b>Number of rights held</b>	1,742	5	28	793
Japan	765	4	28	497
Overseas	977	1	0	296

• Number of Patents Held Overseas



○ Part of Product Brand Strategy

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



# Corporate Management and CSR (ESG)

## Oiles Group CSR (ESG) Philosophy

With rising global interest in the Sustainable Development Goals (SDGs) adopted at the United Nations Summit, there is a growing awareness among companies that medium- to long-term sustainability including ESG aspects is an important management consideration for enhancing corporate value over the medium to long term. Under its management policy, which includes the statement “To become a world leader as a general manufacturer of oil-less bearings and serve society through technology,” the Oiles Group believes that the promotion of CSR (ESG) contributes to the sustainable development of society and establishes a foundation for creating and developing new corporate value. It has therefore positioned CSR (ESG) promotion as the mainstay of its corporate activities and the basic policy for sustainability initiatives.

Through sincere and fair business activities based on the Long-Term Vision and Oiles Group Corporate Conduct Charter, we will practice the six CSR (ESG)

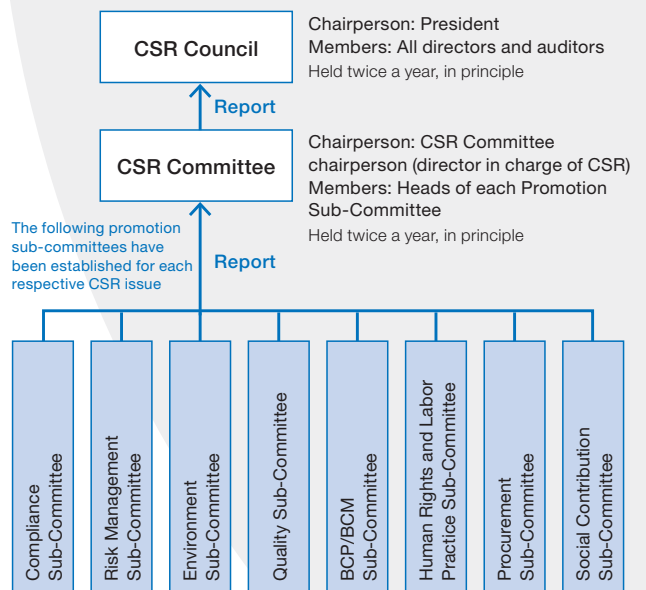
material topics: 1. Enhanced Governance, 2. Responding to Consumer Issues, 3. Environmental Protection, 4. Respect for Human Rights and Appropriate Labor Practices, 5. Fair and Equitable Trade, and 6. Coexistence with Local Communities to fulfill our internal responsibilities as a company.



## CSR (ESG) Structure

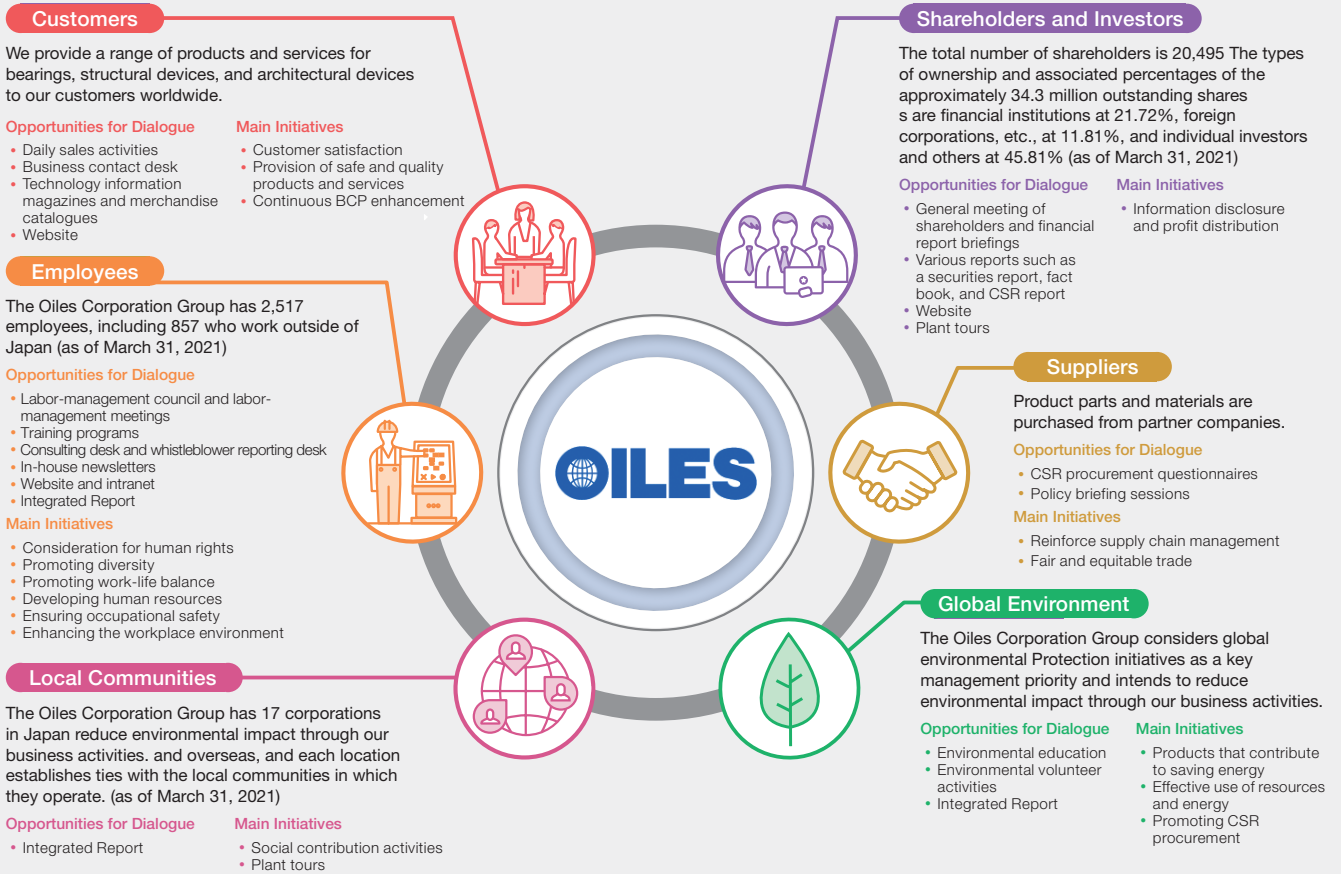
Promoting CSR (ESG) to realize sustainability depends upon fostering a corporate culture in which each and every employee views sustainability as a key value and tries to realize it as a natural part of doing business under the leadership of management. The CSR Council, chaired by the president and attended by all directors and auditors, convenes twice a year to deliberate on material CSR issues such as the policy and status of CSR initiatives, including environmental response and diversity. The CSR Council, chaired by the president and attended by all directors and auditors, convenes twice a year to deliberate on material CSR issues such as the policy and status of CSR initiatives, including environmental response and diversity. The CSR Committee, chaired by the director in charge of CSR, has been established directly under the CSR Council. The CSR Committee promotes the Oiles Group’s priority CSR issues, discusses concerns identified in the PDCA cycle, and reports important matters to the CSR Council.

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



## Stakeholder Engagement

The Oiles Group believes that sound stakeholder relationships will enable it to enhance corporate value over the medium to long term and achieve sustainable growth. It will strive to effectively cooperate with its stakeholders and respond to their expectations.



## Signing of the United Nations Global Compact

The United Nations has established SDGs and requires countries around the world to work on their solution. At the same time, it operates a system called “United Nations Global Compact (UNGC)” that encourages companies and organizations around the world to voluntarily take part in such initiatives. Currently, nearly 10,000 companies and organizations around the world are participating. In July 2019, we signed

the agreement to promote CSR activities in support of this purpose.



## Initiatives for SDGs

The Oiles Group is working to contribute to the achievement of the SDGs (Sustainable Development Goals) shared by the world for sustainable development with the technological capabilities of Oiles. When identifying important issues, we conduct verification based on the SDGs targets and focus on instilling the SDGs in our employees.

### SUSTAINABLE DEVELOPMENT GOALS



# Corporate Governance

The Oiles 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

## Basic Policy

The Oiles 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 flexible decision-making and delegation of authority in response to changes in the market and taking the necessary actions to develop the Group and enhance its corporate value.

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

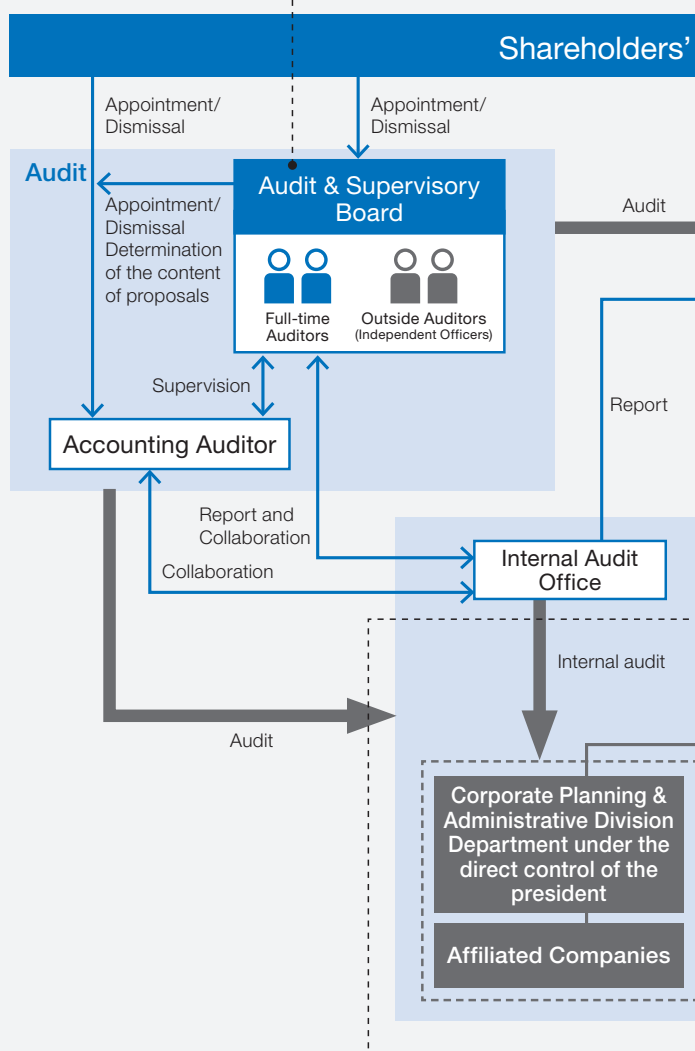
## Overview of Corporate Governance

The company uses an audit system, under the company with auditors system, consisting of seven directors, including two independent outside directors, and four auditors, including two independent outside auditors, as of the end of June 2021. The Board of Directors makes decisions on key management matters and oversees the management of directors' execution of business. The Board of Directors is composed of six men and one woman. The Audit & Supervisory Board supervises the Board of Directors and execution functions, and auditors have developed a collaborative system with accounting auditors and the Internal Audit Office, including internal control. (See pages 49 and 50 for the List of Officers and Directors' Skill Matrix.)

### Audit & Supervisory Board

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

### Overview of the Corporate Governance System



### Management Meeting

The Management Meeting is held in principle every month for the purpose of discussing important matters related to the execution of business, with directors and executive officers in attendance. All auditors, including outside directors and outside auditors, also attend the meeting.



**Board of Directors**

The Board of Directors consists of seven directors (with all auditors, including outside auditors, present) and in principle meets every month. The board makes decisions on management policies and important management matters as well as matters stipulated by applicable laws and regulations as well as the Articles of Incorporation, and it supervises the execution of business. Outside directors are appointed to provide advice on management policies and important matters based on their considerable experience.

**Reasons for the Appointment of Outside Officers**

**Koji Omura, Director**

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

**Rika Miyagawa, Director**

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

**Norihiro Kimijima, Auditor**

Mr. Kimijima has been responsible for management as a company executive and also possesses a wealth of knowledge and experience gained as an auditor. We therefore believe that he will help strengthen our auditing system. He has also been designated as an independent officer based on our judgment that there is no potential conflict of interest with the general shareholders.

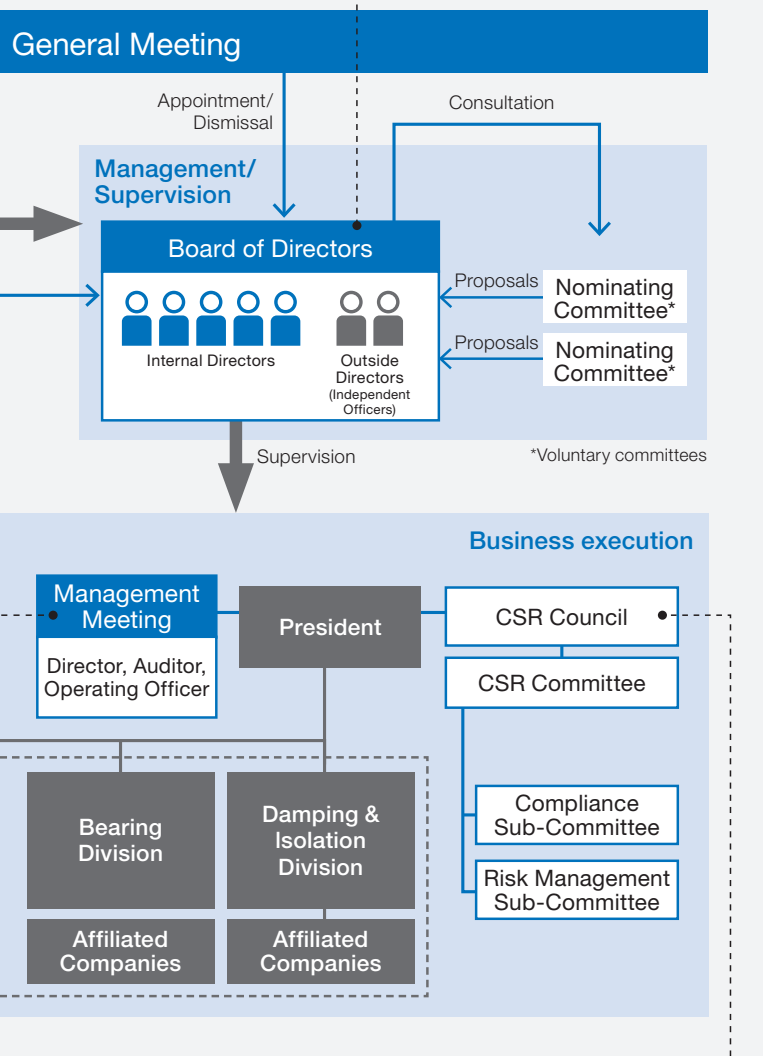
**Tatsuhiko Maeda, Auditor**

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

**Initiatives for Effective Corporate Governance**

**Assessment of the Board of Directors' Effectiveness**

Since fiscal 2016, Oiles Corporation has been analyzing and evaluating the effectiveness of the Board of Directors every year using a questionnaire method,



**CSR Council**

This body discusses important CSR (ESG) issues such as environmental measures and is chaired by the president and attended by all directors and auditors. The meeting is in principle held twice a year (first half and second half).

Corporate Management and CSR (ESG)

Corporate Governance

Compliance

Risk Management

Environmental Initiatives

Human Resource Development Initiatives

Product Quality/Reliability

Fair and Equitable Trade

Coexistence with Local Communities

including self-assessments by directors, to enhance board functions. The results of the fiscal 2021 evaluation of board effectiveness showed higher scores for the composition, effectiveness, operation, and discussion process of the Board of Directors, confirming that the overall quality of the board had improved. In addition, the board was evaluated to be effective based on the active participation of outside directors and outside auditors in their deliberations, and the meeting was evaluated to be a place where they could speak frankly under the confident facilitation of the chairperson. On the other hand, in terms of issues that need to be addressed, the board should more actively discuss medium- to long-term strategies and directions and provide feedback on the progress of these discussions to ensure that the management direction is thoroughly disseminated throughout the workplace.

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

### ● Nominating Committee and Compensation Committee

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

We 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, to ensure the effectiveness of the compensation system for directors and operating officers, a voluntary Compensation Committee was established with majority of independent outside directors. As a result, the composition of compensation, policies, etc., are determined by the Board of Directors after consulting and reporting to the Compensation Committee. In fiscal 2021, the Nominating Committee met twice and the Compensation Committee met three times.

### ● Performance-Based Stock Compensation Plan

In accordance with the resolution of the 67th Ordinary General Meeting of Shareholders held on June 28, 2018, the company adopted a performance-based stock compensation plan, the Board Benefit Trust (BBT), for directors, excluding outside directors, and operating officers (eligible directors and officers) in order to raise their awareness of contributions to improving the medium- to long-term business performance and increasing corporate value.

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

### ○ Internal Control

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

In addition, we are taking steps to improve the system and strengthen its effectiveness. Internal audits are conducted by the Internal Audit Office to investigate and verify whether operations are conducted in accordance with laws and regulations, 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.

# Interview with an Outside Director

As the first female outside director of Oiles Corporation, I am committed to enhancing governance and promoting diversity.

## Rika Miyagawa

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



### What is your impression of Oiles Corporation?

Oiles products are used in a variety of fields and serve as a sort of power supporting society from behind the scenes. My first impression of the company was that it was somewhat unassuming yet steadily moving forward and growing with its advanced technological capabilities. That impression has not changed, even after I took office. However, this is my first time to work in the manufacturing industry, so I find it difficult to develop a business plan from a long-term perspective to generate stable profits while maintaining the correct balance between supply and demand.

I attended a board meeting not long after assuming my current post, and I listened to the sound advice of senior outside directors during that spirited discussion. Although I was the only female director, I received warm support and felt very comfortable expressing my opinions.

I also have the impression that the company is focusing on disseminating information to employees.

The latest newsletter provides articles on difficult topics such as the mid-term management plan, commentary on financial results, and revisions to the Corporate Governance Code in an easy-to-understand manner, demonstrating our commitment to communicating to employees. Also, I will refer to various internal information to gain a deeper understanding of the operations and environment of Oiles and strive to provide the best possible advice.

### What is your view of corporate governance?

I believe that Oiles is willing to listen to all sorts of wise advice from outside the company and actively adopt multifaceted and objective perspectives. I think this is reflected in the fact that it appointed me as an outside director, even though I'd been in charge of information systems and other administrative

departments in a different industry. In my previous job, I was also responsible for internal auditing and compliance, and I'd like to apply that experience in my current role as well. Oiles is firmly committed to compliance, and I'll keep a close eye on the organization to make sure it functions well.

### What is the current status of diversity at Oiles and what challenges does the future hold for the company?

It is common knowledge that the manufacturing industry has few women. Oiles is no exception, where the percentage of female managers falls below 1%. While the company has been promoting initiatives for diversity, I'd like to see it make further headway in helping to advance the careers of its female employees with an eye to increasing the number of female managers. But no matter how much effort is put forward, if women themselves aren't motivated, they won't advance. That's why we have to create a supportive environment and change the awareness and working styles of all the employees. I believe I've been able to build my career while maintaining a healthy work-life balance because of the understanding and cooperation of my supervisors and subordinates in addition to being entrusted with a major business improvement project. Now I'd like to help create such an environment and opportunities at Oiles. To do this, I'll put forth all my effort so that my comments, coming from an outside director, will be respected and not simply viewed as the opinions of women. I believe this will also help to ensure continued diversity at Oiles.

# Compliance

## ○ Basic Policy

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

## ○ Compliance System

Our organizational structure for overseeing overall compliance includes a director in charge of compliance as well as a Compliance Sub-Committee, which serves as a promotion unit under the CSR 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 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 and Training

The Compliance Implementation Guide, which contains the background of the Oiles Group Corporate Conduct Charter and keywords and explanations of compliance-related items, has been distributed to all employees to serve as a guide for their daily work. In addition, the Oiles Group Corporate Conduct Charter and Corporate Code of Conduct have been translated into English and Chinese to extend employees' awareness about compliance on a global basis. Moreover, we offer regular, employee level-based Compliance Training programs, and each department conducts training on a topic-by-topic basis under the leadership of the department's promotion leader. These efforts help deepen employees' understanding of compliance.

### ● Whistleblowing System

We have established an "internal whistleblowing system" as a mechanism to identify compliance issues at an early stage and take countermeasures. Specifically, we have set up an internal reporting window at the Compliance Committee Secretariat (Legal Office of the Legal Department) and

an outside reporting window at the law office to ensure thorough protection of whistleblowers during compliance related consultations and reporting unfair practices. By improving the convenience of whistleblowers, we strive to identify and resolve problems at an early stage.

### ● Fair Competition

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

### ● Prevention of Corruption and Bribery

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

### ● Response to Antisocial Forces

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



# Risk Management

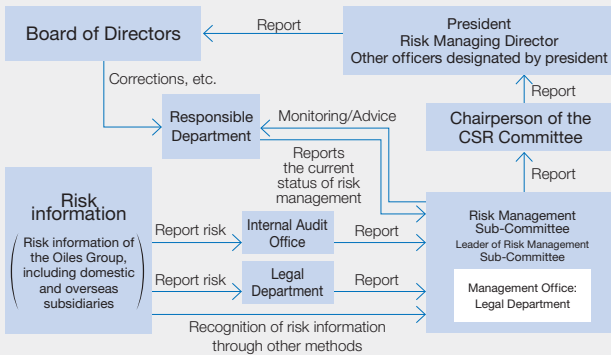
## Basic Policy

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

## Risk Management System

Our Risk Management Sub-Committee is headed by the general manager of the Legal Department (operated as a promotion unit under the CSR Committee) and enhances the collection and management of information for reducing the frequency and impact of risks. The Sub-Committee in principle meets every six months and discusses risks that have occurred during the corresponding period. This enables us to evaluate details and probability of such risks and their impact on the Group in order to avoid risks.

### Risk Management Structure Chart



## Identification of Business Risks

With a variety of information, we identify business risks by conducting questionnaires and interviews with all related departments. 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 to deepen understanding with our investors and receive the appropriate market evaluation.

## Initiatives for Information Security

The Oiles Group properly manages and protects information assets related to all resources, including people, things, and environments associated with our business operations. It also formulates regulations on information security to counter cyber attacks and other threats. The entire Group addresses security measures in accordance with the regulations. Moreover, from the perspective of the importance of information asset management, we offer ongoing training to all employees handling information assets to ensure thorough information asset management.

As part of our efforts to strengthen information security, we are planning to acquire ISO 27001 (ISMS certification), an international standard for information security management, by the end of fiscal 2023.

## Business Continuity Planning (BCP/BCM)

The Oiles Group formulates a business continuity plan (BCP) to prepare for large-scale 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 and to develop action plans for emergencies and prepare for disaster mitigation. In addition, we are promoting infection prevention measures against breakouts of COVID-19 in the workplace.



# Environmental Initiatives

The Oiles Group recognizes that responding to the environment is an important management issue to improve its corporate value in the medium to long term. The Group will step up its efforts to address sustainability issues such as climate change and other global environmental problems.

## Actions to Protect the Environment

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

### Environmental Policy (translation of excerpts)

Oiles Corporation Group is deeply aware of the importance of preserving the global environment and therefore strives for reduction of the environmental load and consideration of water environment to achieve the realization and coexistence of a sustainable society through our business operations of bearings, seismic isolation and vibration control products, construction equipment and product lifecycles.

1. Environmental Protection
2. Effective Resource Utilization and Measurements Against Global Warming
3. Compliance with Environmental Regulations
4. Invention of Environment-friendly Products and Measurement for Recycling
5. CSR Procurement (Green Procurement)
6. Thorough Dissemination to All Concerned Parties
7. Promotion of Information Disclosure

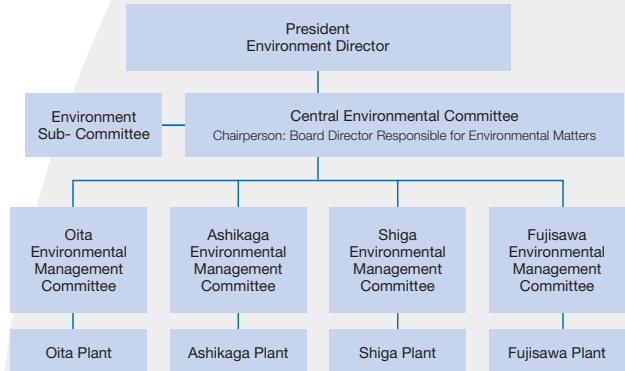
## Environmental Management System

### 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



WEB

ISO 14001 certification acquisition status  
<https://www.oiles.co.jp/en/corporate/iso/>

## Responding to Climate Change: Toward the Prevention of Global Warming

### Governance

We oversee the risks and opportunities related to climate change issues at Board of Directors and other meetings such as the Management Meeting attended by all directors. The CSR Council, chaired by the president and attended by all directors, discusses policies and measures related to climate change issues and our environmental response to continue to enhance our environmental response.

### Strategy

For risks and opportunities related to climate change issues, our medium- to long-term strategy would be as follows, assuming the 2°C scenario, in which the average temperature in 2100 is expected to be approximately 2°C higher than the pre-industrial level.

## Risks and Opportunities Related to Climate Change Issues

### Risks Related to Climate Change Issues

- Loss of profit opportunities if the development and enhancement of products that address climate change issues do not proceed
- Possibility of losing credibility with customers, shareholders, and other stakeholders if the company's response to climate change issues is inadequate
- Interruption to the Group's production activities due to unprecedented natural disasters (especially wind and water damage) caused by global warming

### Opportunities Related to Climate Change Issues

- **Bearings Business:** Creation and expansion of new demand by using product characteristics that contribute to reducing environmental load
- **Structural Devices Business:** Growing demand in the infrastructure sector, including bridges, to prevent and mitigate disasters and carry out restoration work
- **Architectural Devices Business:** Growing demand for products from the perspective of reducing air conditioning load to save energy

If the Group's environmental response to climate change is perceived as inadequate by its customers, there can be a risk of losing customer trust and decreasing sales by increments of 10%. There is also a risk of decreased corporate value due to a loss of credibility with shareholders. With regard to opportunities related to climate change issues, all three businesses of the Oiles Group are considering opportunities to expand demand. We believe that the bearings business can create new demand in various fields by further evolving the characteristics of products that help reduce environmental load.

In light of the risks and opportunities related to the climate change issues, we have positioned our environmental response as one of our material management issues (materiality) for sustainable growth beginning in fiscal 2022, and we will promote strategic initiatives to prevent global warming or climate change.

Under the medium-term management plan for fiscal 2022 to 2024, we are implementing various measures. For example, in the general industrial field of the bearings business, we have positioned renewable energy a growth area and are working to create demand. In the automotive field of our bearings business, we see the progress of EVs as a big opportunity for our products that contribute to reducing environmental impact. We have therefore established the New Technology Development Office to step up our efforts to develop

new mainstay products required in the Case era.

In the structural devices business, we are working to renovate infrastructure such as bridges as one of our focus areas. In the architectural device business, we are striving to expand sales of energy-saving products such as external blinds BRILL.

### ● Risk Management

With regard to the most important stakeholder confidence risk, we established the Environment Sub-Committee, under the CSR Council and headed by the General Manager of the Quality Assurance & Environmental Safety Dept., and are strengthening our environmental response in light of the risk. The sub-committee formulates measures for the Oiles Group to address climate change issues and regularly reports to management on the progress of environmental measures. The BCP/BCM Sub-Committee, under the CSR Council, also follows up on the risk of flooding caused by climate change, although the possibility of its occurrence is low.

### ● Indicators and Targets

With regard to environmental targets, we set CSR mid- and long-term targets and KPIs in fiscal 2019. Additionally, we have been working on climate change issues with an aim to reduce total CO<sub>2</sub> emissions by 26% from the fiscal 2014 level by 2030. As global efforts to address climate change continue to intensify, the Japanese government in October 2020 revised its greenhouse gas reduction target by making a formal commitment to achieving carbon neutrality by 2050. The Oiles Group also reviewed its environmental target in line with that of the government and set a new target for fiscal 2022: to reduce total CO<sub>2</sub> emissions by 46% by fiscal 2031 from the fiscal 2014 level. To this end, we will implement it first for domestic production sites and then for overseas production sites, taking into account the environmental target of each country where the sites are located.

While this target is a high hurdle, we will work toward achieving it with recognition that addressing climate change is an important management issue in creating a sustainable society.

### New Environmental Target

Reduce total CO<sub>2</sub> emissions by 46% from the FY2014 level by FY2031.

# Environmental Initiatives

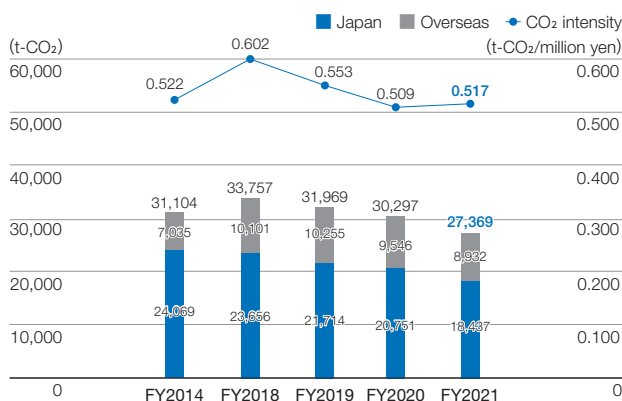
## ● Status of Initiatives

In order to achieve our environmental target, the Environment Sub-Committee under the CSR Council is taking the lead in promoting initiatives in cooperation with our production bases. The sub-committee has been implementing efforts such as reducing energy loss and defects at each production site. It has also promoted measures such as introducing energy-saving equipment, increasing the efficiency of production lines, switching to LED lighting, and managing power demand. In addition, we installed solar panels on the roof of the new plant building (NP building) at the Fujisawa Plant, which was completed in November 2021. We plan to start full-scale solar power generation using our own facilities for the first time in December 2021.

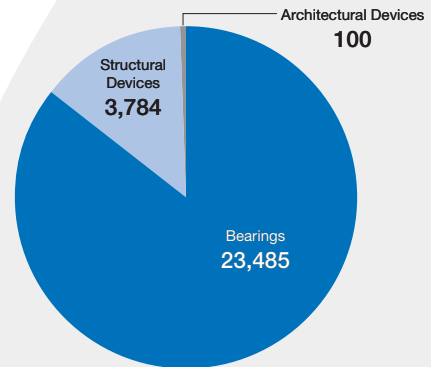
Raising environmental awareness and an energy saving mindset among all of our employees is important for addressing climate change issues. To enhance the company-wide environmental response within the framework of the environmental management system, we are also continuously working to educate our employees on environmental issues through ESG training and other programs.

In fiscal 2021, the CO<sub>2</sub> emissions of the entire Group, including overseas, were 27,369 t-CO<sub>2</sub>, a 9.7% reduction from the previous fiscal year. In addition, The CO<sub>2</sub> emissions intensity was 0.517 t-CO<sub>2</sub>/million yen, which was lower than that of the base year of 2014. Moreover, the CO<sub>2</sub> emissions of our domestic production sites in fiscal 2021 were 18,437 t-CO<sub>2</sub>, an 11.2% reduction from the previous fiscal year. We will continue to work toward reducing CO<sub>2</sub> emissions in order to achieve our environmental target.

## ● Change in CO<sub>2</sub> Emissions and intensity (Oiles Group)



## ● 2020 CO<sub>2</sub> emissions by business (t-CO<sub>2</sub>)

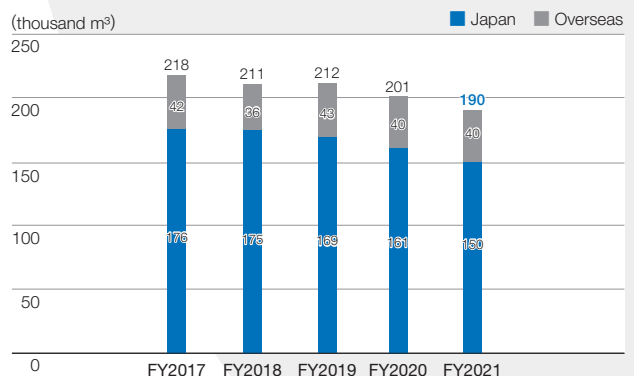


## ○ Conservation of Water Resources and Waste Disposal

### ● Controlling Water and Preventing Water Resource Pollution

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

### ● Water Usage (Oiles Group)



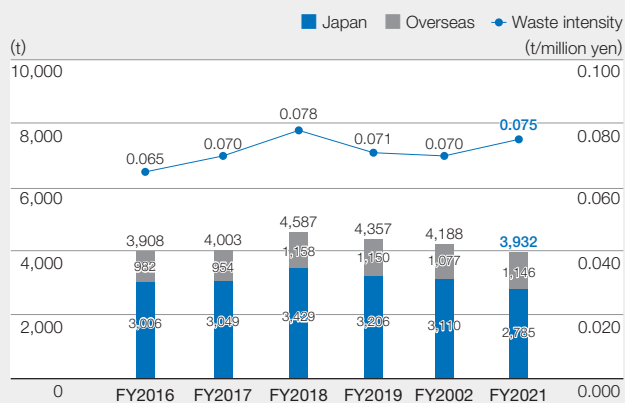
● **Waste Disposal and Reduction**

To ensure the proper disposal of waste at each of its establishments and plants, the Oiles Group conducts on-site checks of contracted waste disposal service providers and manages waste through manifests. In addition, to reduce waste generation, we promote recycling, reducing incineration and landfill waste, and

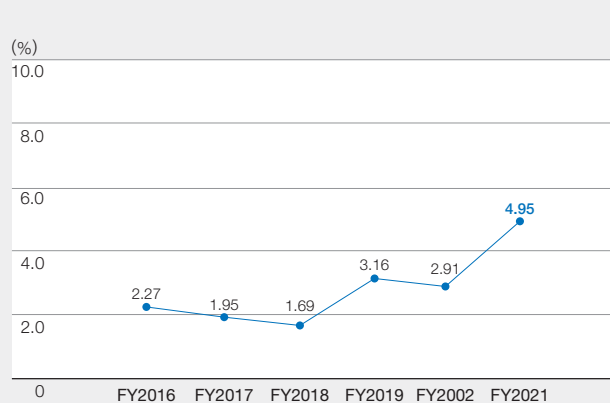
developing products that are easy to sort at the time of disposal.

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 establishment and plant.

● **Aggregated Waste Emission and intensity (Oiles Group)**



● **Landfill Rate (Domestic Group)**



○ **Independent Assurance Statement**



**Independent Assurance Statement**

November 29, 2021

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 (Oiles Group), were 27,369 t-CO<sub>2</sub> in FY2021. 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). The key procedures we carried out included:

- Interviewing the Company's responsible personnel to understand the Company's standards.
- Reviewing the Company's standard
- Performing cross-checks on a sample basis and performing a recalculation to determine whether the CO<sub>2</sub> emissions were calculated in accordance with the Company's standards.

**3. Conclusion**  
Based on the procedures performed, nothing has come to our attention that causes us to believe that the CO<sub>2</sub> emissions have not been calculated in all material respects in accordance with the Company's standards.

We have no conflict of interest relationships with the Company.



Takashi Fukushima  
Representative Director  
Sustainability Accounting Co., Ltd.

# Human Resource Development Initiatives

The Oiles Group recognizes that its human resources initiatives are an important management issue for enhancing corporate value over the medium to long term. The Group supports the growth of all employees and promotes the creation of a comfortable working environment through efforts to respect human rights, promote diversity, develop human resources, and implement appropriate labor practices.

## ○ 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 (excerpt)

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.

The Oiles 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 Group signed the "UN Global Compact" in July 2019.

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 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.

### ● 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. 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, we established a system by setting up an OILES Group personnel consultation desk for all OILES Group companies so that anyone can discuss their concerns.

## ○ Promoting Diversity

### ● Policy for Ensuring Diversity

The Oiles 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.

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



### Basic Policy on Human Resources

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

#### Human Resource Development

The Oiles Group requires that all employees do the following and encourages them to grow for the reasons described below.

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

#### Respect for Human Rights

We will respect the human rights of each individual and never unfairly discriminate on such grounds as skin color, gender, language, religion, political and other opinions as well as nationality or its absence, property, and status. We will ensure equal opportunity at all times and strive to prevent all forms of harassment.

#### Respect for Diversity

We will promote the creation of a corporate culture in which everyone can feel valued, so that each individual with a diverse background can fully demonstrate their abilities and individuality.

#### Human Resource Development

We will actively develop the abilities of each individual,

enhanced by their unique qualities and characteristics, and strive to ensure that employees can achieve maximum performance through systematic human resource development, utilization, evaluation, and treatment.

#### Improving the Internal Environment

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

#### Creating a Safe and Healthy Workplace

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

#### Work-Life Balance

To create an environment where all employees can balance their work and private lives and also lead vibrant lives, we have enhanced our support system for balancing work and family life events such as childbirth, childcare, and nursing care. We also have an employment support system in place to enable flexible and efficient work styles.

## Targets for Ensuring Diversity

The Oiles Group has established targets for ensuring diversity (Diversity Targets) based on the purpose of the Tokyo Stock Exchange's Corporate Governance Code, which was revised in June 2021. To achieve these targets, we promote initiatives to ensure diversity.

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

### Female Employees

Oiles Corporation

- **The ratio of female employees** was 11.6% as of the end of March 2021, partly due to the nature of our

business as a manufacturer.

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

- **The ratio of female managers** was 0.7% as of the end of March 2021.

**Targets** Increase the ratio of female managers to around 3% by FY2026 and 5% or more by FY2031 through the promotion of diversity measures and by other means. Also, increase the ratio of female employees in managerial positions and those qualified for managerial positions\*2 to around 10% by FY2026.

\*1 Managers are those who hold the rank of section manager or higher.

\*2 Those qualified for managerial positions are those in a certain qualification category and are therefore qualified to be managers.

# Human Resource Development Initiatives

## Consolidated

- As of the end of March 2021, **the ratio of female managers** in the Group was 5.0%, partly because overseas subsidiaries are making progress in appointing female managers.

**Target** Increase the ratio of female managers to around 10% by FY2031.

## Foreign Employees

### Oiles Corporation

- The company currently has approximately 5 **foreign employees** in their 20s to early 30s.

**Targets** Increase the number of foreign employees and develop multiple managers and those qualified for managerial positions by FY2026, with a view to appointing managers in the future.

## Mid-Career Employees

### Oiles Corporation

- We are actively hiring mid-career workers to strengthen our human resource portfolio, and the ratio of mid-career employees to management positions as of the end of March 2021 was 38.9%.

**Target** Increase the ratio of mid-career employees to management positions to 30–40% over the medium to long term.

## 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, in fiscal 2019, we established a re-employment system, which is targeting female employees who had left the company due to reasons such as childbirth, childcare, nursing care, and job relocation of a spouse.

## Diversity Promotion Seminar

Promoting diversity is one of our management strategies, and we are striving to create an environment in which diverse human resources can fully demonstrate their abilities and individuality. As part of this effort, we are also focusing on promoting the active participation of women, and thus conducted “personal designed training” to support the career development of female employees.

We looked back on our past work, learned the concept of career development, and exchanged our views on women’s advancement.

We also conducted career follow-up interviews with participants and provided opportunities to discuss career development with their superiors.

## Promoting Employment of Persons with Disabilities

As part of our diversity efforts, we support the work styles of people with disabilities and are striving to improve our operations and working environment. With the goal of continuing to hire more people with disabilities than the statutory employment rate of 2.3%, we will promote the creation of a workplace that encourages respect for the individuality of people with disabilities and enables them to make the most of their characteristics. We will also step up our recruitment activities so that more people with disabilities can work vigorously at our company.

## 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 Childcare and Nursing Care

One of our efforts to support a sound work-life balance is enhancing our childcare and nursing care leave programs by introducing the following options. All eligible spouses have actively taken maternity leave, and the rate of taking this leave was over 95%.

### Childcare

Childcare	
Childcare leave	•Before child turns 3 years old
Spouse’s maternity leave	•3 days
Shortened working hours	•Short working hours, less than 2 hours •Application for overtime exemption •Exempt from late-night shift
Childcare leave	•Before child enters elementary school •5 days per year per person, maximum 10 days
Special childcare leave	•Individuals raising children with disabilities or multiples •12 days a year (can be obtained in half-day units), of which 1 day of the month is paid

### Nursing care

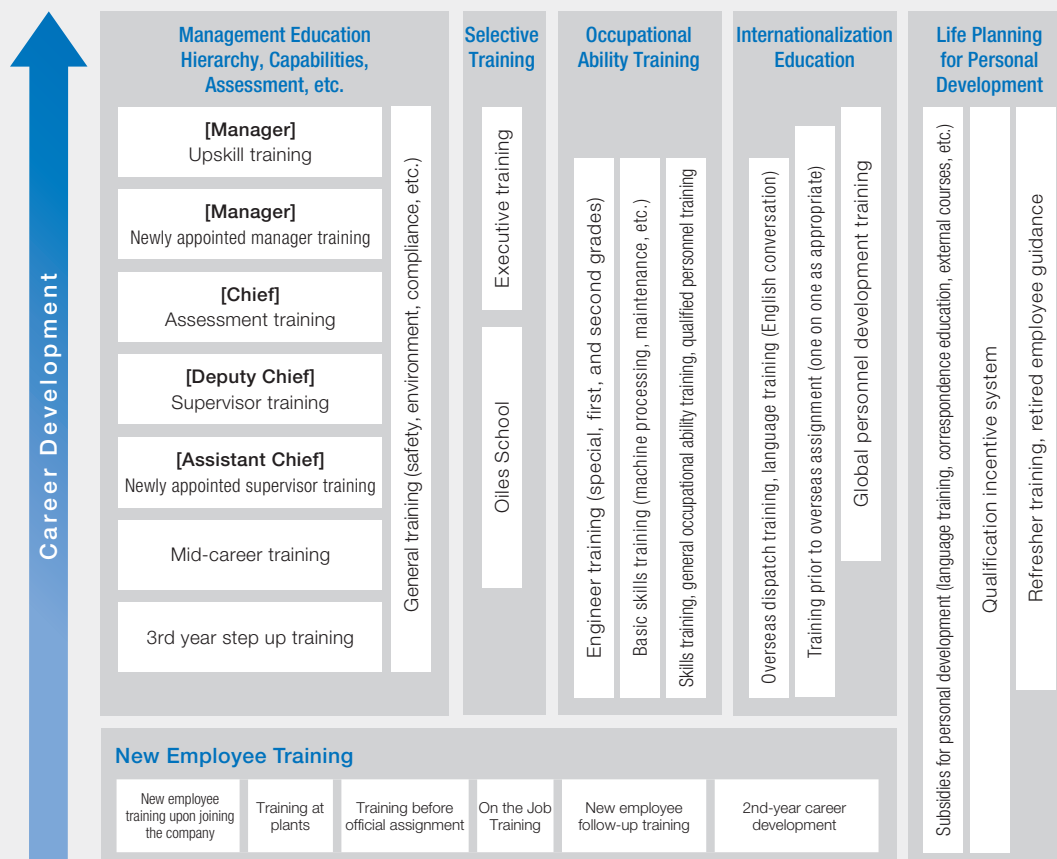
Caregiver leave	•Total of 93 days
Nursing care support measures	•Short working hours, less than 3 hours a day, up to 10 hours a month is paid* •Application for exemption of overtime and holiday work •Exempt from late-night shift
Nursing care leave	•12 days per year (can be taken every six months), one day a month is paid

Common	
Post-retirement and reemployment system	• 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

• Work-Life Balance Support Systems

Item	Detail
Minimum time off between work shifts	• 10 hours between work shifts
Promotion of leaving work on time	• Two days per week (Wednesdays and Fridays)
Support for paid leave plan	• One day off a month upon plan application • Consecutive leave of more than 2 days a year
Paid leave accumulation system	• Accumulate up to 3 days a year from expired days, maximum 60 days
Birthday month holiday	• 1-day special holiday during the birthday month
Refreshment leave	• 10 years of service: 3 consecutive days, 20 years of service: 5 consecutive days, 30 years of service: 7 consecutive days • When rehired after retirement: 10 consecutive days
Support for volunteer activity	• Special leave: 7 days per year • Subsidy for expenses: travel expenses for activity (up to 100,000 yen per year)

• Educational Training Structure



○ Human Resource Development Initiatives

To develop our employees into exemplary personnel as set forth in the Human Resources Development Policy (see page 38), we strive to actively develop their abilities by calling upon their unique qualities and characteristics and maximizing their abilities through systematic development, utilization, evaluation, and treatment.

• Training System

To improve employees' skills and to support their personal career development plans, we offer a wide range of training programs to suit their needs, including management, occupational abilities, internationalization, personal development, and life planning. In addition, we are conducting a selective training program for future executive candidates through measures such as the Oiles School for Management where candidates gain a comprehensive range of skills. In fiscal 2020, we created a training program for the setting of management targets.

# Human Resource Development Initiatives

## ● 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 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.

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

## ○ Health and Safety Initiatives

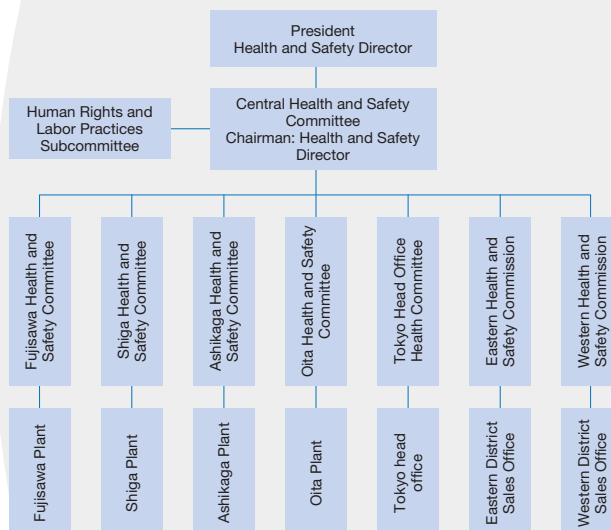
We strive to establish safe, secure, and comfortable working environment under the basic principle of protecting employee health and safety. All employees work together to create a safe climate based on our occupational health and safety management system, which was set up in accordance with the relevant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

### ● Policy and System for Occupational Health and Safety

To 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 can gain a comprehensive range of skills. In fiscal 2018, we created a new training program for developing executives and for department- and section-level managers. To prevent industrial accidents and diseases, the Oiles Group formulated its Health and Safety Management Standards, which designate responsibilities for improving employee health and safety and establishing a clean and wholesome work environment. We are also executing our health and safety action policy to fulfill our

social obligation for ensuring safe operations and a sound work environment but 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.

### ● Health and Safety Organization Chart



### ● 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.

Although the number of occupational accidents increased in fiscal 2021, we promptly investigated the cause and after ensuring safety reported it to the Labor Standards Inspection Office to prevent recurrence.

### ● 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.

## Initiatives for Health Management

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.

### Health Promotion System

Together with the Safety and Health Committee, the Human Rights and Labor Practices Subcommittee strives to create a foundation on which each employee can work lively. We aim to improve the development of the company by promoting health management through work style reforms, mental health measures, and health maintenance and promotion activities. In November 2020, we set up the Health Management Promotion Team in the Human Resources Department to strengthen our health promotion system.

As we realize that COVID-19, which has spread around the world, may seriously affect business continuity, we have placed as top priorities both “health and safety” and “product supply responsibility.”

### Employee Wellness Support

We place a priority on preventing employee lifestyle-related diseases and other illnesses through early discovery and treatment and are enhancing the health nurse interviews for those whose health checks have found something abnormal. In fiscal 2022, we introduced iCARE’s health information management system, Carely, to centralize the health data of all employees in Japan and build an analysis platform, thereby enhancing the efficiency of information sharing and collaboration among bases. In addition, we are bolstering measures to support the improvement of employee health, such as subsidizing complete medical checkup fees.

### Mental Health Measures

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

## Dialogues with employees

The Oiles Group respects employees’ freedom of association, union membership, collective bargaining, and the right to participate in peaceful gatherings under international treaties and decree. We ensure collective bargaining and other arrangements that enable employees to communicate openly with management without fear of discrimination, retaliation, intimidation, or harassment. Based on sufficient discussion, labor and management will work together to realize the corporate philosophy.

### Employee Awareness Survey

In May 2019, we conducted the first employee awareness survey for executives, regular employees, and senior employees in order for us to grow together with them and to become a strong company that can continue to take on challenges in the future. By knowing how our employees perceive the current situation and what they expect, we can implement the necessary measures for our further growth.

In July 2020, we conducted a survey for male employees with children to understand the status of male employees’ childcare and housework (and leisure) in order to promote work style reforms and diversity.

Believing that employees are an important asset of the company, we will continue to make improvements by identifying issues and understanding the current situation from various perspectives so as to support the growth of all employees and promote the creation of comfortable workplaces.



# Product Quality Reliability

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

## Toward Improving Product Quality Reliability

The Oiles Group has built and operates a quality assurance system based on the three pillars: people, systems, and workmanship in order to meet the demands of the market and customers. At each stage of product development and production preparation, we evaluate the risks of these three pillars and carry out activities to prevent defects.

In addition, employees are aware of their role and responsibility related to product development, manufacturing, and service, and through PDCA are striving for improvement and cross-organizational business activities to ensure reliability of the product quality.

### Quality Policies

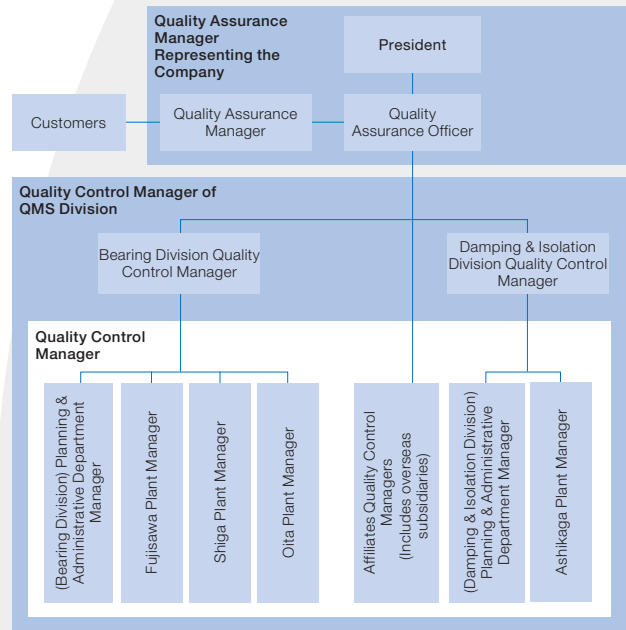
1. We develop and deliver high-quality products that meet customer expectations.
2. We continue to improve the quality of our products to respond to customer trust.
3. We establish a quality assurance system and pledge to comply with laws and regulations.

## Quality Assurance System

The quality assurance officer of the Oiles Group supervises the quality assurance system and convenes a quality control manager in each manufacturing, sales, and engineering department. The Quality Control Committee, whose meetings are held regularly by the quality managers of each department, manufacturing, sales and engineering, work together to address quality-related issues. Moreover, the quality assurance officer holds an annual management review to check the quality of products from the entire Oiles Group and provides guidance on the quality assurance system.

Meanwhile, each manager of the division is designated as a chief quality control officer, and 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, we have established and operate a quality assurance system in which the heads and presidents of each plant and affiliates are also the quality managers.

### Quality Assurance System



### WEB

ISO 9001 and IATF 16949 certification acquisition status  
<http://www.oilesglobal.com/iso/en.html>

## Complaint Prevention and Response System

The president and the quality assurance officers of the Oiles Group are conducting “Top Management’s Quality Control Diagnosis” to achieve the set quality targets, and to promote evaluation, guidance and improvement of the quality system. In addition, in order to achieve one of the quality targets, “zero complaints”, in both product and process design, we use the “why-why analysis” of the “Failure Mode Effects Analysis” to prevent recurrence of the past quality defects by extracting the true cause and taking permanent measures.

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

## ○ Proper Management of Chemicals

The OILES Group operates in accordance with the Management of Chemical Substances in Products and strives for proper management of chemical substances in order to comply with laws and regulations as well as customer requirements while working to protect the global environment.

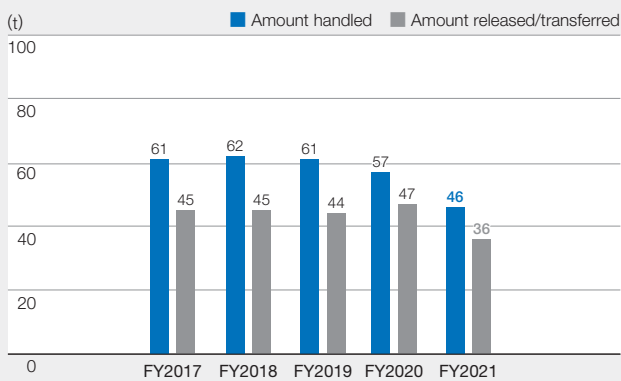
The volumes of chemical substances generated, handled, released, and transferred from each establishment and plant in Japan are managed in accordance with the law concerning the Pollutant Release and Transfer Register/PRTR (Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances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

We will dispose of PCBs at the Fujisawa Plant, the only plant in Japan, which stores them in April 2020, and all the storage of PCB oil-impregnated equipment stored within our domestic group will be eliminated.

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 RoHS 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)



# Fair and Equitable Trade

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

## Procurement Policy

With respect for the CSR norms, the Oiles Group will work with its business partners in accordance with laws, social norms, and corporate ethics. We will further promote the carried out procurement activities such as respecting human rights (including conflict minerals), and considering occupational safety, health, and environmental conservation.

### Oiles Corporation Group Procurement Policy

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

#### 1. Compliance

We will conduct procurement activities in compliance with laws and regulations in Japan and overseas, with due respect for international codes of conduct.

#### 2. Transactions Based on Economic Rationality

We will make rational decisions on procurement that are based on properly considering aspects such as quality, reliability, price, delivery, and procurement period.

#### 3. Sound, Fair and Equitable Trade

We will conduct procurement through fair, equitable, and transparent transactions and will not participate in cartels or bid-rigging.

#### 4. Environmental Protection

We will conduct procurement in compliance with environmental laws, regulations, and agreements and engage in activities that pay due consideration for protecting the environment.

#### 5. Respect for the Code of Ethics

We will engage in procurement activities with an awareness of ethical conduct.

#### 6. Promotion of Corporate Social Responsibility (CSR)

We will engage in procurement activities with an emphasis on CSR.

## Supply Chain Management

The Oiles Group signed the United Nations Global Compact (UNGC) in July 2019. UNGC has 10 principles that span the four areas of “human rights,” “labor,” “environment,” and “anticorruption,” and encourages companies to act responsibly. In addition, since the United Nations Sustainable Development Summit has set a common goal for the international community called “Sustainable Development Goals (SDGs)”, the Corporate Social Responsibility (CSR) has become more important than ever.

We believe that the products and technologies of the

Oiles Group can contribute to the goals of the SDGs and will strive to contribute to the realization of a sustainable society.

However, these activities cannot be carried out by the Group alone. It is necessary to work on them with the understanding and cooperation of our suppliers and for that reason we enacted The Oiles Group CSR Procurement Guidelines in July 2017. Going further, we have conducted a “CSR Procurement Questionnaire” for our suppliers.

Moreover, we revised the Oiles Group CSR Procurement Guidelines to share with our suppliers our basic approach to CSR procurement and changes in the business environment. We will also promote two-way communication with our suppliers through the CSR Procurement Questionnaire. We will collaborate to build mutual trust and aim to create a healthy and prosperous society by addressing the SDGs with a view to achieving coexistence and co-prosperity.

## 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
2. Human rights and labor
3. Environment
4. Quality and safety
5. Information security
6. Business continuity management

## Stable Securing of Raw Materials

In the event of a large-scale disaster such as a big earthquake, business continuity throughout the supply chain is an important issue. In order for the Oiles Group to continue and develop its business, it is essential to secure stable raw materials. Therefore, in the event of a disaster, we are building a system that can quickly grasp the supplier’s damage situation and take necessary measures in cooperation with them.

We also carry out regular training so that we can make effective use of the system. We are also aiming for sustainable raw material procurement through initiatives such as decentralized procurement that procure raw materials from multiple areas.

## Response to Conflict Minerals

Concern has focused on the possible use of the mineral resources (tantalum, tin, tungsten, gold) mined in the Democratic Republic of the Congo and the nine adjoining countries as the source of funding for armed groups that are causing human rights abuses and environmental destruction.

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

This investigation is a part of the risk assessment process based on the due diligence concept presented in the OECD Guidance. Specific steps are as follows.

1. **Confirming the usage status of conflict minerals.**  
Every year, parts that need to be investigated are extracted from the purchase results of the factory.
2. **Requesting an investigation from a suppliers**
3. **Comparing the smelters in the survey responses with the smelter list published by RMI and the risk-free certified smelter list to confirm the contents of the responses and confirming the country of origin.**

Should use of minerals or concern of their using in the target area be found, we will take prompt corrective measures to avoid its use.

# Coexistence with Local Communities

The Oiles Group conducts business through its 16 subsidiaries and is engaged in social contribution activities to serve the development of local communities.

## Philosophy and Policy for Social Contribution Activities

The Oiles Group Corporate Conduct Charter declares that “We shall actively apply ourselves to contribute to society and shall work broadly for the mutual benefit of society.” Under the charter, 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 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 600 people participated in the 34th event, held in July and August 2021, and played passionately while taking sufficient COVID-19 measures. We are also cosponsoring the Rubber Baseball Federation Chairperson’s Cup (for junior high schools). The All Japan Softball Baseball Oita Prefectural Tournament Nakatsu Branch Qualifying was held in spring.



### ● Sponsoring Student Formula Japan

The company has been co-sponsoring Student Formula Japan since the 13th event in 2014. Due to the spread of COVID-19, however, Student Formula 2021 was held online with only a static review.

The tournament aims to nurture students aspiring to take on active roles in the field of automotive technology toward becoming highly creative engineers, by allowing them to actually touch and create things. We also hope they will become professional engineers with a wealth of creativity.



### ● 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.







# DATA BOOK

# Corporate Data

## • Corporate Information

Name of Company	OILES CORPORATION
Established	March 11, 1952
Capital	8,585 million yen
Head Office	Kirihara-cho 8, Fujisawa-shi, Kanagawa-ken, 252-0811, Japan
URL	<a href="https://www.oiles.co.jp/">https://www.oiles.co.jp/</a>
Stock Listing	Tokyo Stock Exchange First Section

## • Consolidated Subsidiaries in Japan (8companies)\*<sup>1</sup>

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

## • Consolidated subsidiaries in overseas (8companies)\*<sup>1</sup>

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

\*<sup>1</sup> No subsidiary has submitted a securities registration statement or securities report.

\*<sup>2</sup> The name of the segment is listed in the "Major Business Segments" column.

\*<sup>3</sup> Corresponds to a specified subsidiary.

## List of officers

### • Director

**Toshio Okayama**

Chairman

**Hiroshi Suda**

Director, Managing Operating Officer

**Satoshi Miyazaki**

Director, Managing Operating Officer

**Rika Miyagawa**

Outside Director

### • Inspector

**Masaru Yokoyama**

Auditor

**Norihiro Kimijima**

Outside Auditor

**Masami Iida**

President, Chief Operating Officer

**Kazuharu Tanabe**

Director, Managing Operating Officer

**Yasuji Omura**

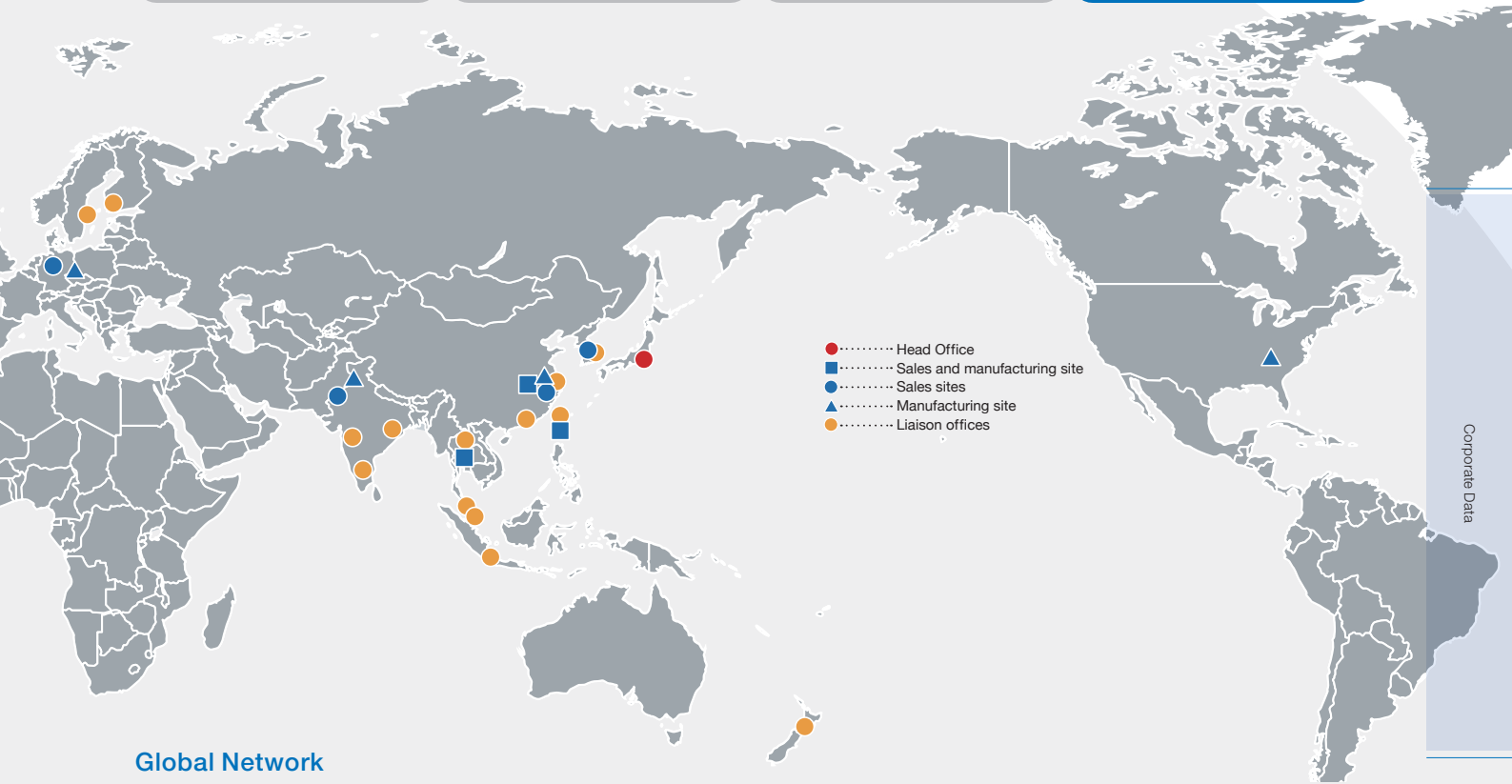
Outside Director

**Katsuhiko Mizoguchi**

Auditor

**Tatsuhiko Maeda**

Outside Auditor



### Global Network

• OILES CORPORATION

- HEAD OFFICE
- FUJISAWA PLANT
- SHIGA PLANT
- OITA PLANT
- ASHIKAGA PLANT

• Consolidated Subsidiaries in Japan

- OILES ECO CORPORATION
- OILES NISHI NIHON HANBAI CO., LTD.
- OILES HIGASHI NIHON HANBAI CO., LTD.
- UNIPLA CORPORATION
- RIKO KIHARA CORPORATION
- LUBY INDUSTRIAL CO., LTD.
- MENSHIN ENGINEERING CO., LTD.
- OK INDUSTRIAL CO., LTD.

• Consolidated Subsidiaries in Overseas

- North America**
- OILES AMERICA CORPORATION
- Europe**
- OILES Deutschland GmbH
- OILES CZECH MANUFACTURING S.R.O.
- Asia**
- OILES SUZHOU CORPORATION
- SHANGHAI OILES BEARING INC.
- SHANGHAI OILES BEARING INC. BUSINESS OFFICE
- OILES (THAILAND) COMPANY LIMITED
- TAIWAN OILES INDUSTRY COMPANY LIMITED
- OILES INDIA PRIVATE LIMITED
- OILES INDIA PRIVATE LIMITED NEEMRANA PLANT

Corporate Data

Financial Data

### Directors' Skill Matrix

Name	Current Position and Responsibilities at the Company	Areas of Expertise and Experience (Top 4s*)							
		Corporate Management	Finance, Accounting	Legal, Risk, Compliance	Technology, R&D, Production	Sales, Marketing	Internationality	IT Digital	Society, Environment (incl. ESG)
Toshio Okayama	Chairman	●	●	●		●			
Masami Iida	President, Chief Operating Officer	●	●	●	●				
Hiroshi Suda	Director, Managing Operating Officer		●	●	●		●		
Kazuharu Tanabe	Director, Managing Operating Officer			●		●	●		●
Satoshi Miyazaki	Director, Managing Operating Officer		●	●		●			●
Yasuji Omura	Outside Director	●		●	●		●		
Rika Miyagawa	Outside Director	●		●				●	●

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

Non-Financial Data

# Financial Data

## Consolidated balance sheet

Unit: Millions of yen

Subject	FY2020 End of consolidated accounting period (As of March 31, 2020)	FY2021 End of consolidated accounting period (As of March 31, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	21,679	21,572
Notes and accounts receivable - trade	18,207	17,889
Securities	999	—
Merchandise and finished goods	3,800	3,844
Work in process	3,283	3,247
Raw materials and supplies	2,723	2,535
Other	838	861
Allowance for doubtful accounts	△45	△44
<b>Total current assets</b>	<b>51,486</b>	<b>49,905</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	9,909	9,330
Machinery and Equipment, net	5,344	5,071
Tools, furniture and fixtures, net	1,353	1,431
Land	2,915	2,895
Leased assets, net	31	23
Construction in progress	968	3,058
Other, net	296	264
<b>Total property, plant and equipment</b>	<b>20,819</b>	<b>22,075</b>
Intangible assets		
Other	388	369
<b>Total intangible assets</b>	<b>388</b>	<b>369</b>
Investments and other assets		
Investment securities	5,095	6,128
Long-term loans receivable	—	0
Long-term time deposits	20	20
Deferred tax assets	356	306
Retirement benefit asset	126	113
Other	1,609	1,710
Allowance for doubtful accounts	△14	△15
<b>Total investments and other assets</b>	<b>7,192</b>	<b>8,264</b>
<b>Total non-current assets</b>	<b>28,400</b>	<b>30,709</b>
<b>Total assets</b>	<b>79,887</b>	<b>80,615</b>

Unit:Millions of yen

Subject	FY2020 End of consolidated accounting period (As of March 31, 2020)	FY2021 End of consolidated accounting period (As of March 31, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	5,839	5,423
Current portion of long-term borrowings	545	1,090
Lease obligations	86	89
Accrued expenses	1,983	1,722
Income taxes payable	858	494
Accrued consumption taxes	541	137
Provision for bonuses	1,074	1,026
Provision for bonuses for directors	109	88
Provision for shareholder benefit program	130	118
Other	908	760
Total current liabilities	12,077	10,950
<b>Non-current liabilities</b>		
Long-term borrowings	5,455	5,297
Lease obligations	151	133
Deferred tax liabilities	98	495
Provision for retirement benefits for directors	59	63
Provision for share awards for directors	76	69
Retirement benefit liability	778	478
Asset retirement obligations	41	42
Other	505	527
Total non-current liabilities	7,167	7,107
<b>Total liabilities</b>	<b>19,245</b>	<b>18,058</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	8,585	8,585
Capital surplus	9,728	9,610
Retained earnings	45,758	46,955
Treasury share	△ 5,411	△ 5,144
Total shareholders' equity	58,659	60,006
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	987	1,835
Foreign currency translation adjustment	248	△ 65
Remeasurements of defined benefit plans	△ 374	△ 187
Total accumulated other comprehensive income	860	1,582
<b>Non-controlling interests</b>	1,121	967
<b>Total net assets</b>	<b>60,642</b>	<b>62,557</b>
<b>Total liabilities and net assets</b>	<b>79,887</b>	<b>80,615</b>

Corporate Data

Financial Data

Non-Financial Data



# Financial Data

## Consolidated income statement

Unit:Millions of yen

Subject	FY2020 End of consolidated accounting period (As of March 31, 2020)	FY2021 End of consolidated accounting period (As of March 31, 2021)
Net sales	60,165	52,977
Cost of sales	40,000	35,834
Gross profit	20,165	17,142
Selling, general and administrative expenses	15,416	14,004
Operating profit	4,749	3,138
Non-operating income	489	831
Non-operating expenses	166	208
Ordinary profit	5,072	3,762
Extraordinary income	14	79
Extraordinary losses	196	114
Profit before income taxes	4,890	3,727
Income taxes-current	1,320	1,156
Income taxes-deferred	43	12
Total income taxes	1,363	1,168
Profit	3,526	2,559
Profit attributable to non-controlling interests	94	33
Profit attributable to owners of parent	3,432	2,525

## Consolidated

Unit:Millions of yen

Subject	FY2020 End of consolidated accounting period (As of March 31, 2020)	FY2021 End of consolidated accounting period (As of March 31, 2021)
Profit	3,526	2,559
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	△ 628	847
Foreign currency translation adjustment	△ 349	△ 371
Remeasurements of defined benefit plans, net of tax	△ 108	187
Total other comprehensive income	△ 1,086	663
<b>Comprehensive income</b>	2,439	3,222
<b>Comprehensive income attributable to</b>		
Comprehensive income attributable to owners of parent	2,289	3,247
Comprehensive income attributable to non-controlling interests	150	△ 24

## Consolidated statement of changes in equity

FY2021 End of consolidated accounting period (As of March 31, 2021)

Unit: Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
<b>Balance at beginning of period</b>	8,585	9,728	45,758	△ 5,411	58,659
<b>Changes during period</b>					
Dividends of surplus			△ 1,256		△ 1,256
Profit attributable to owners of parent			2,525		2,525
Purchase of treasury shares				△ 934	△ 934
Disposal of treasury shares		△ 117	△ 71	1,201	1,012
Net changes in items other than shareholders' equity					
<b>Total changes during period</b>	—	△ 117	1,197	266	1,346
<b>Balance at end of period</b>	8,585	9,610	46,955	△ 5,144	60,006

Unit: Millions of yen

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
<b>Balance at beginning of period</b>	987	248	△ 374	860	1,121	60,642
<b>Changes during period</b>						
Dividends of surplus						△ 1,256
Profit attributable to owners of parent						2,525
Purchase of treasury shares						△ 934
Disposal of treasury shares						1,012
Net changes in items other than shareholders' equity	847	△ 313	187	722	△ 153	568
<b>Total changes during period</b>	847	△ 313	187	722	△ 153	1,915
<b>Balance at end of period</b>	1,835	△ 65	△ 187	1,582	967	62,557

# Financial Data

## Consolidated statement of cash flows

Unit: Millions of yen

Subject	FY2020 End of consolidated accounting period (As of March 31, 2020)	FY2021 End of consolidated accounting period (As of March 31, 2021)
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,890	3,727
Depreciation	2,857	2,823
Impairment losses	—	42
Increase (decrease) in retirement benefit liability	△ 47	△ 27
Increase (decrease) in provision for retirement benefits for directors	4	4
Increase (decrease) in provision for bonuses	49	△ 49
Increase (decrease) in provision for bonuses for directors	△ 0	△ 20
Increase (decrease) in provision for shareholder benefit program	50	△ 12
Increase (decrease) in provision for share awards for directors	35	△ 7
Increase (decrease) in allowance for doubtful accounts	△ 8	△ 0
Interest and dividend income	△ 233	△ 201
Interest expenses	21	18
Loss (gain) on disposal of non-current assets	195	71
Loss (gain) on sales and valuation of investment securities	△ 14	△ 79
Decrease (increase) in trade receivables	895	339
Decrease (increase) in inventories	131	149
Increase (decrease) in trade payables	△ 759	△ 420
Increase (decrease) in accrued expenses	△ 223	△ 242
Other, net	798	△ 669
<b>Subtotal</b>	<b>8,643</b>	<b>5,447</b>
Interest and dividends received	249	240
Interest paid	△ 21	△ 18
Income taxes paid	△ 577	△ 1,530
<b>Cash flows from operating activities</b>	<b>8,292</b>	<b>4,139</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	△ 1,475	△ 2,220
Proceeds from withdrawal of time deposits	1,424	2,115
Proceeds from withdrawal of time deposits	△ 3,743	△ 4,238
Proceeds from sale of property, plant and equipment	19	86
Purchase of intangible assets	△ 33	△ 37
Purchase of investment securities	△ 8	△ 8
Proceeds from sale of investment securities	18	255
Purchase of insurance funds	△ 179	△ 172
Proceeds from maturity of insurance funds	440	53
Other	△ 11	△ 5
<b>Cash flows from investing activities</b>	<b>△ 3,549</b>	<b>△ 4,171</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	—	932
Repayments of long-term borrowings	—	△ 545
Dividends paid	△ 1,570	△ 1,257
Dividends paid to non-controlling interests	△ 34	△ 129
Purchase of treasury shares	△ 2	△ 934
Proceeds from disposal of treasury shares	—	1,012
Repayments of lease obligations	△ 137	△ 110
<b>Cash flows from financing activities</b>	<b>△ 1,744</b>	<b>△ 1,030</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>△ 25</b>	<b>△ 182</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,972</b>	<b>△ 1,245</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>18,860</b>	<b>21,832</b>
<b>Cash and cash equivalents at end of period</b>	<b>21,832</b>	<b>20,587</b>

# Non-Financial Data

## Environmental Accounting

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

Unit: Millions of yen

Environmental protection cost category	Major initiatives	FY2017		FY2018		FY2019		FY2020		FY2021	
		Amount invested	Cost incurred <sup>1</sup>	Amount invested	Cost incurred	Amount invested	Cost incurred	Amount invested	Cost incurred	Amount invested	Cost incurred
I. Business area cost	Sum of (1) to (3)	84.2	720.5	52.8	536.2	83.2	622.2	47.0	693.0	30.2	149.1
(1) Pollution prevention	Activities to prevent air and water pollution, etc.	14.7	28.3	3.0	39.6	0.0	47.5	0.0	87.0	0.0	38.9
(2) Global environmental protection	Activities to save energy, etc.	68.4	453.7	47.7	221.8	83.2	259.2	47.0	293.0	30.2	39.4
(3) Resource circulation	Recycling and waste disposal, etc.	1.1	238.5	2.1	274.9	0.0	315.5	0.0	313.0	0.0	70.6
II. Upstream/downstream	Difference between environmentally-sound products and general products	0.0	10.0	0.0	4.9	0.0	5.9	0.0	10.0	0.0	1.6
II. Administration <sup>2</sup>	Cost relating to maintaining ISO, environmental education, planting of greenery, beautification, etc.	0.0	83.7	0.0	145.3	0.0	137.5	0.0	148.0	0.0	15.9
IV. R&D	—	0.0	22.9	0.0	29.5	0.0	24.9	0.0	10.0	0.0	6.1
V. Social activities	Donations to environmental groups, cleaning rivers, etc.	0.0	0.3	7.9	0.2	7.9	0.1	0.0	1.0	0.0	0.0
IV. Environmental remediation	—	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>		<b>84.2</b>	<b>837.5</b>	<b>60.6</b>	<b>716.1</b>	<b>91.1</b>	<b>790.7</b>	<b>47.0</b>	<b>862.0</b>	<b>30.2</b>	<b>172.7</b>

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

\*2 Includes examination and registration fees.

- Environmental protection results (non-consolidated)

		FY2017	FY2018	FY2019	FY2020	FY2021	YoY(%)
Total production by domestic plants (billion yen)		179	186	188	205	180	88
Input	Electricity (thousand kWh)	25,111	24,718	24,398	24,993	22,600	90 <sup>*1</sup>
	City gas (thousand m <sup>3</sup> )	2,048	1,971	1,878	1,900	1,727	91
	LPG (t)	5	5	53	167	199	119 <sup>*2</sup>
	Kerosene (kl)	133	102	123	1	1	100 <sup>*3</sup>
	Heavy oil (kl)	11	16	0	0	0	—
	Gas oil (kl)	9	10	11	12	11	92
	Gasoline (kl)	—	19	18	9	7	78
	Water resource (thousand m <sup>3</sup> )	165	165	165	152	141	93
Output	CO <sub>2</sub> (t-CO <sub>2</sub> )	17,685	16,608	15,672	14,562	12,947	89
	Class I designated chemical substance (t)	61	62	61	57	46	81
	Total waste (t)	1,286	1,669	1,652	1,802	1,626	90
	Recycled (t)	1,009	1,375	1,605	1,750	1,522	87 <sup>*4</sup>
	Disposed (t)	277	294	47	52	104	200

\*1 A decrease due to reduced operations at the Fujisawa, Shiga, and Oita plants in response to the COVID-19 pandemic

\*2 An increase due to a change of energy source for air conditioning at the Oita Plant's building No. 2, from electric power to LPG

\*3 A decrease due to lower production at the Fujisawa, Shiga, and Oita plants

\*4 An increase due to a change from thermal recycling to final disposal of composite metal materials at the Shiga Plant

- Economic benefits of environmental protection

Unit: Millions of yen

	FY2017	FY2018	FY2019	FY2020	FY2021	YoY(%)
Gain on sale of valuables converted from waste materials	30	40	41	33	30	91
Cost associated with recycling waste materials	25	29	34	34	35	103
Cost associated with disposal of waste materials	17	16	15	20	20	100

## Non-Financial Data

### • Environmental data (Oiles Group)

		FY2017	FY2018	FY2019	FY2020	FY2021
Change in CO <sub>2</sub> emissions and intensity	Total(t-CO <sub>2</sub> )	33,940	33,757	31,969	30,297	27,369
	Japan(t-CO <sub>2</sub> )	24,535	23,656	21,714	20,751	18,437
	Overseas(t-CO <sub>2</sub> )	9,405	10,101	10,255	9,546	8,932
	Change in CO <sub>2</sub> emissions and intensity(t-CO <sub>2</sub> / Millions of yen)	0.597	0.572	0.521	0.504	0.517
Aggregated waste emission and intensity	Total(ton)	4,003	4,587	4,356	4,187	3,932
	Japan(ton)	3,049	3,429	3,206	3,110	2,785
	Overseas(ton)	954	1,158	1,150	1,077	1,146
	Aggregated waste emission and intensity(ton / Millions of yen)	0.070	0.078	0.071	0.070	0.075
Water Usage	Total(1,000m <sup>3</sup> )	218	211	212	201	190
	Japan(1,000m <sup>3</sup> )	176	175	169	161	150
	Overseas(1,000m <sup>3</sup> )	42	36	43	40	40



## Employee demographics

### • Employees (Oiles group)

		FY2017	FY2018	FY2019	FY2020	FY2021
Number of employees (Consolidated)	Total	2,566	2,573	2,633	2,591	2,517
	Permanent	2,089	2,051	2,092	2,085	2,046
	Temporary	477	522	541	506	471
Number of employees in Japan (Consolidated)	Total	1,687	1,680	1,714	1,701	1,670
	Permanent	1,269	1,278	1,289	1,285	1,276
	Temporary	418	402	425	416	394
Number of employees (non-consolidated)	Total	1,097	1,075	1,106	1,105	1,083
	Permanent	779	778	794	794	789
	Temporary	318	297	312	311	294

\* As of the end of March 2021

### • Employment status of regular employees (non-consolidated)

		FY2017	FY2018	FY2019	FY2020	FY2021
Number of employees	Total	779	778	794	794	789
	Male	702	696	702	703	699
	Female	77	82	92	91	90
Average age	Total	41.9	42.4	42.2	42.4	42.7
	Male	42.1	42.7	42.6	42.7	43.0
	Female	40.1	39.7	39.3	40.0	39.8
Average length of service	Total	18.8	19.1	18.8	19.1	19.4
	Male	18.9	19.3	19.2	19.4	19.8
	Female	18.3	17.7	16.3	16.9	16.8
Number of new graduate employees	Total	21	22	22	10	22
	Male	20	15	19	16	15
	Female	1	7	3	4	7
Number of mid-career employees	Total	10	11	16	6	1
	Male	7	9	10	6	0
	Female	3	2	6	1	1
Number of rehired employees	Total	8	12	9	7	4
	Male	8	11	8	7	4
	Female	0	1	1	0	0

\* As of the end of March 2021

# Non-Financial Data

## Diversity (Oiles Group)

			FY2017	FY2018	FY2019	FY2020	FY2021
Percentage of female employees (Permanent employees)	Percentage of female employees	Consolidated(%)	23.0	23.0	24.2	25.6	24.7
		Domestic group(%)	12.0	12.8	13.7	13.9	13.7
		non-consolidated(%)	9.9	10.5	11.6	11.5	11.4
	Number of female managers (Consolidated)	Consolidated	14	15	16	17	15
		Domestic group	2	2	2	3	3
		non-consolidated	0	0	0	1	1
	Percentage of female managers (Consolidated)	Consolidated(%)	4.7	4.9	5.5	5.5	5.0
		Domestic group(%)	0.9	0.8	0.9	1.2	1.2
		non-consolidated(%)	0.0	0.0	0.0	0.7	0.7
Number of rehired employees (non-consolidated)	Total	8	12	9	7	4	
	Male	8	11	8	7	4	
	Female	0	1	1	0	0	
Employment rate of persons with disabilities (non-consolidated)			2.0	1.9	2.0	2.2	2.1

\* As of the end of March 2021

## Work-life balance (non-consolidated)

			FY2017	FY2018	FY2019	FY2020	FY2021
Childcare leave and short working hours status	Number of employees who took Childcare leave	Male	1	0	0	0	11
		Female	4	3	0	5	5
	Number of employees who shortened working hours for childcare	Male	0	0	0	1	0
		Female	9	8	10	10	9
Annual average of total working time (hours)			1,805.9	1,788.2	1,803.8	1,770.8	1,763.4
Average number of paid holidays used (days)			13.1	13.3	13.3	13.9	13.9
Average rate of paid holidays taken (%)			67.0	68.1	69.4	72.3	72.1
Average monthly overtime (hours)			11.2	11.1	11.3	9.6	7.1

## Human resource development (non-consolidated)

	FY2017	FY2018	FY2019	FY2020	FY2021
Annual training time per Person (hours)	29.2	29.8	30.1	32.2	31.3

## Safety and health (non-consolidated)

		FY2017	FY2018	FY2019	FY2020	FY2021
Number of industrial accidents	Serious (absent from work for 4 days or longer)	1	1	0	2	1
	Minor (absent from work for 3 days or less)	1	1	2	1	4
	Not absent from work	10	8	10	7	7
Frequency rate of lost-worktime injuries*1	OILES	1.01	1.01	1.01	1.53	2.61
	Manufacturing industry average*2	1.15	1.02	1.20	1.20	1.20
Frequency rate of lost-worktime injuries*3	OILES	0.24	0.01	0.00	0.01	0.01
	Manufacturing industry average*2	0.07	0.08	0.10	0.10	0.10

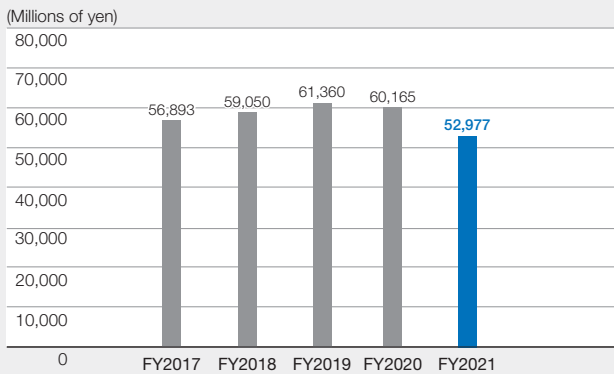
\*1 Frequency rate: represents the frequency of industrial accidents based on casualties per actual working time of 1 million hours.

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

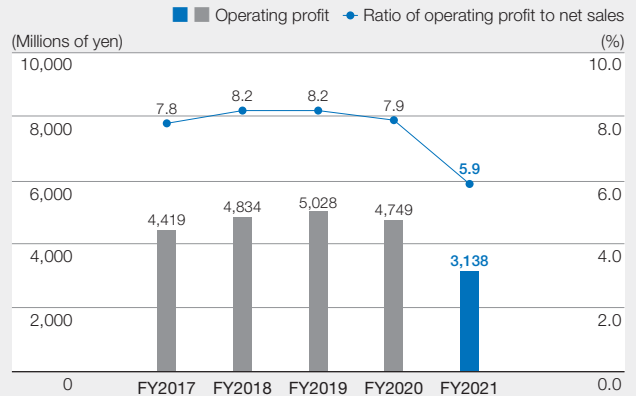
\*3 Frequency rate: represents the frequency of industrial accidents based on labor days loss per actual working time of 1 million hours.

# Financial Highlight

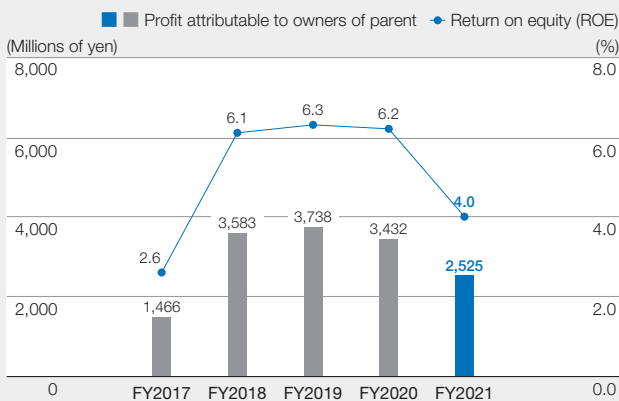
## • Net sales



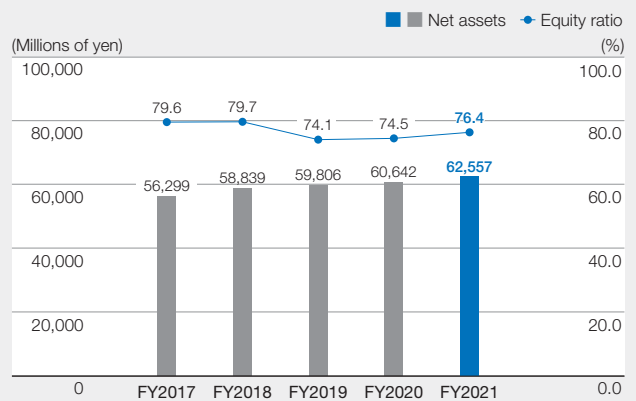
## • Operating profit / Ratio of operating profit to net sales



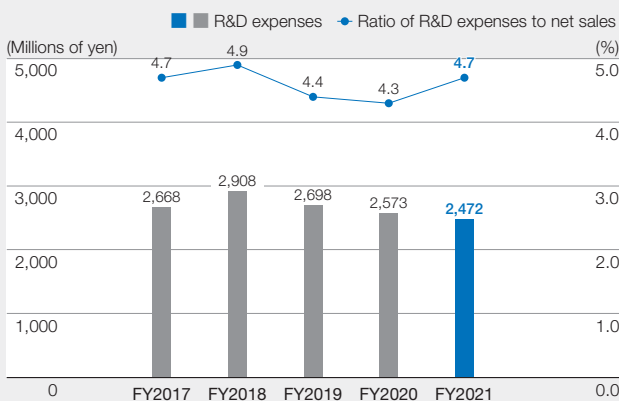
## • Profit attributable to owners of parent / Return on equity (ROE)



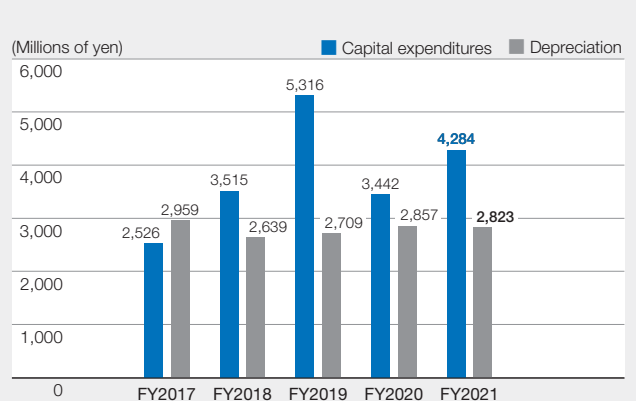
## • Net assets / Equity Ratio



## • R&D expenses / Ratio of R&D expenses to net sales



## • Capital expenditures / Depreciation



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