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OILES CORPORATION
INTEGRATED REPORT
2024

Management Philosophy

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

Company Vision

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



Long-Term Vision

OILES 2030 VISION

“Contributing to the realization of a sustainable society with the technology of friction, wear, and vibration control +X”

“Generating new technology and new business” and “Enhancing our management foundation”

Editorial Policy

The OILES Group reports to all stakeholders on our initiatives for realizing a sustainable society. Since 2017, we have published our CSR report in PDF format for promoting such initiatives with the aim of communicating more broadly with all stakeholders. To disclose an even more extensive set of information, the OILES Group has started publishing this integrated report combining financial and non-financial information since 2021. This integrated report has been translated into English based on the original Japanese version which is published in Japan. In the event of any discrepancy between the Japanese and translated English versions, the Japanese version shall prevail.

● Reporting Period

Fiscal 2023 (April 1, 2023 to March 31, 2024)
Some information outside this period has also been included with indication of the date.

● Publication Date

October 2024 (next issue: planned for Autumn 2025)

● Scope of Report

This report covers Oiles Corporation and consolidated subsidiaries in Japan and overseas, adopting the following notations.
•“Oiles Corporation,” “the company” and “non-consolidated” refer to Oiles Corporation
•“Domestic Group companies” collectively refers to Oiles Corporation with its eight consolidated subsidiaries in Japan
•“Overseas Group” collectively refers to the eight Group companies outside Japan
•“Oiles Group,” and “we” collectively refer to Oiles Corporation with all companies in the Oiles Group

● Publication on the Website

This report is also available on our website at:
https://www.oiles.co.jp/en/sustainability/integrated_report/

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

● Guidelines Used as Reference

- IFRS Foundation, “International Integrated Reporting Framework”
- Ministry of Economy, Trade and Industry, “Integrated Disclosure / Dialogue Guidance for Value Collaborative Creation”
- Ministry of the Environment, “Environmental Reporting Guidelines 2018 Edition”
- GRI, “GRI Sustainability Reporting Standard”
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

● Note on Forward-Looking Statements

This report contains forward-looking statements, projections regarding the business plans, performance and management strategies of Oiles Corporation. These statements are based on the views of the company's management in light of information available at the time. Therefore, please note that actual results and management strategies may significantly differ from the projections due to changes in the business environment.

● Note on Financial Figures

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

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Our DNA & History

Corporate Chronology

1930s to 1950s

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

1960s to 1970s

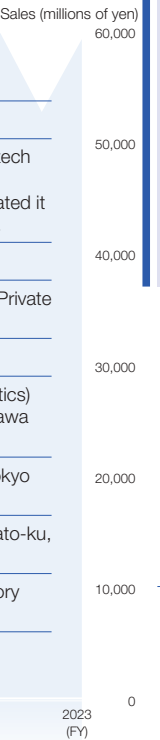
- 1966** Changed the company name to Oiles Industry Co., Ltd.
- 1967** Moved the company's headquarters to the newly established Fujisawa Plant in Fujisawa City, Kanagawa.
- 1970** Established Shiga Plant in Ritto-cho (currently Ritto City), Shiga.
- 1971** Started selling the WINDOW OPERATOR™ window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

1980s to 1990s

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

2000s

- 2002** Established Oiles (Thailand) Co., Ltd. in Thailand.
- 2003** Established Oiles Czech Manufacturing s.r.o. in the Czech Republic. Spun off the architectural devices business and integrated it with a sales subsidiary to form Oiles ECO Corporation.
- 2005** Established Oiles Suzhou Corporation in China.
- 2011** Established the business currently named "Oiles India Private Limited" in India, building a new plant in 2013.
- 2018** Extended Oita Plant Building No. 2.
- 2021** Built the new NP (New Production of Engineering Plastics) Building as part of efforts to enhance R&D at the Fujisawa Plant.
- 2022** Transferred to the Prime Market segment when the Tokyo Stock Exchange restructured its markets.
- 2023** Changed the registered head office address from Minato-ku, Tokyo to Fujisawa City, Kanagawa.
- 2024** Transitioned to a company with an audit and supervisory committee.



History of Oiles Technologies

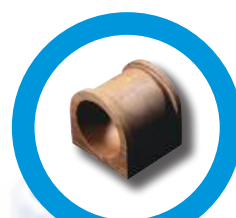
It all started with a small wooden bearing.

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



Founder Sozo Kawasaki

● Bearings



Wooden Bearings

#100

Metallic Bearings

#300

#500

Plastic Bearings

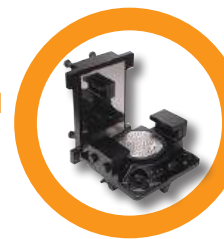
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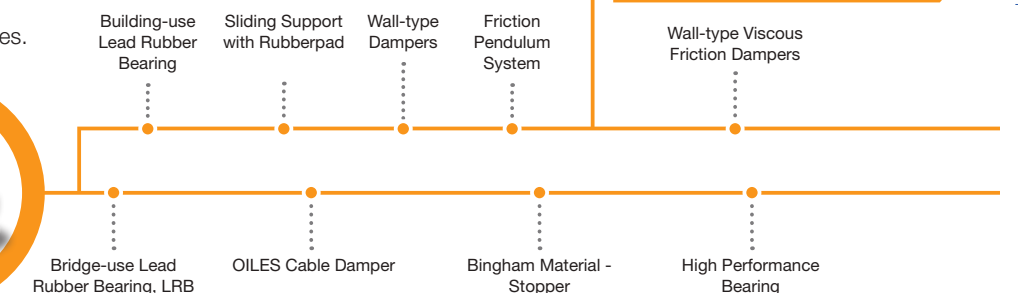
● Structural devices

Seismic Isolators and Vibration Control Devices

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



Bridge-use Bearing (bearing plate)



Air Bearings

Oiles Air Bearing

● Architectural devices

Control Cables

By coating a wire with oil-impregnated resin, we developed a remotely operated window opening/closing device(s) for air ventilation and smoke exhaust.

Further, we expanded our business by applying the controlling technology of this device to dimming blinds.



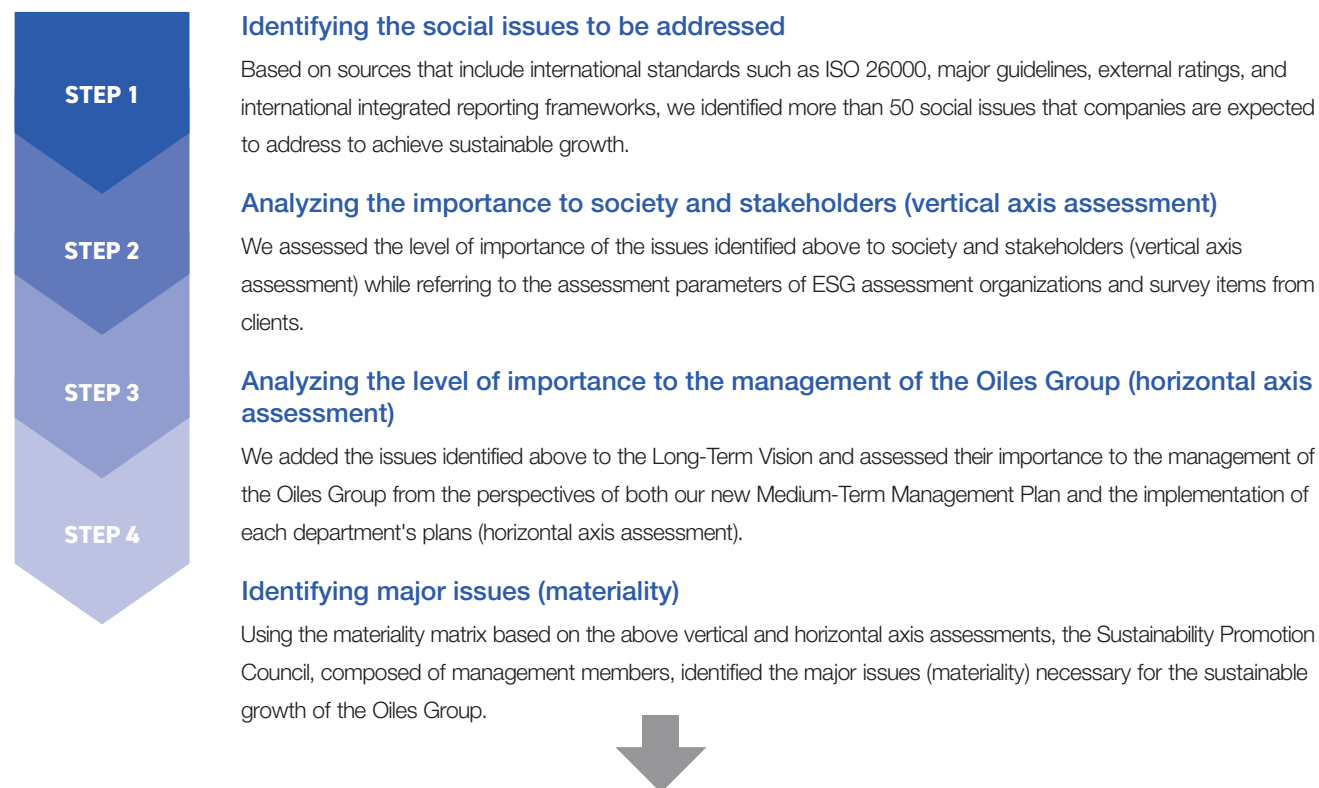
Window opening/closing device for air ventilation and smoke exhaust, WINDOW OPERATOR™



Identifying Materiality for Sustainable Growth

The Oiles Group recognizes that sustainable corporate growth based on the further evolution of non-financial capital, such as human, intellectual, manufacturing and natural capital, is important for realizing the creation and development of new corporate value. We have therefore identified the major issues (materiality) necessary for our sustainable growth. By strengthening our efforts to address materiality, we will contribute to addressing the SDGs and other social issues to achieve sustainable growth (increase corporate value) of the Oiles Group.

Reviewing Materiality from the Perspective of Sustainable Growth



Identifying Major Issues (Materiality) for Sustainable Growth



Major Issues (Materiality) for Sustainable Growth

Materiality	Opportunity	Risk	Major Initiatives
S: Society Developing and providing advanced products and technologies that contribute to the resolution of social issues (See pages 19-34) <div> </div>	Developing advanced products and technologies to satisfy and surpass customer needs Contributing to the evolution of the mobility society Improving product quality	<ul style="list-style-type: none"> Strengthening competitiveness and enhancing corporate value as a market-creating company Sustainable enhancement of corporate value by achieving <i>sanpo-yoshi</i> (good for three parties) for customers, society, and the Oiles Group 	<ul style="list-style-type: none"> Decreased competitiveness as a company due to a weakened ability to innovate Continue prioritizing the allocation of management resources (R&D expenses, HR) to research and technology development Significantly expand floorspace for technology and R&D by restructuring the Fujisawa Plant (construct new plant building) Promote the development of products and technology that contribute to solutions to climate change issues in areas such as EV readiness and renewable energy
E: Environment Environmental initiatives (See pages 45-50) <div> </div>	Preventing global warming (addressing climate change issues) Sustainable use of environmental resources	<ul style="list-style-type: none"> Increasing corporate value by providing products and technologies that help resolve climate change issues Gaining stakeholder confidence through recognition of the company's environmental responsiveness 	<ul style="list-style-type: none"> Loss of business opportunities if the company fails to develop and enhance products that address climate change Possibility of losing credibility with customers, shareholders and others if our CO₂ emissions reductions are inadequate Interruption to the Group's production activities due to unprecedented natural disasters (especially wind and water damage) Promoting initiatives to achieve environmental targets for carbon neutrality by 2050 <ul style="list-style-type: none"> Implementing full-scale solar power generation at the Fujisawa Plant and other initiatives Implementing renewable energies Promote the development of products and technology that contribute to solutions to climate change issues in areas such as EV readiness and renewable energy
S: Society Human resource initiatives (See pages 51-56) <div> </div>	Human Resource Development Diversity and inclusion Respect for Human Rights and Appropriate Labor Practices	<ul style="list-style-type: none"> Gaining growth opportunities as a company by securing talented and diverse human resources who share the company's vision Increased corporate value achieved by improving employee engagement 	<ul style="list-style-type: none"> Difficulty in securing talented human resources due to the decline in the working age population and increased competition in recruitment Damage to corporate value due to penalties and criticism of inappropriate labor practices Promote initiatives to diversify our workforce <ul style="list-style-type: none"> Improve our ratio of female employees, not only by setting targets for female managers, but also by setting targets for the hiring ratios of female new graduates Promote health and productivity management initiatives so that our employees can work in good physical and mental health Establish an environment and culture for employees to grow together with the company and raise employee engagement
G: Governance Corporate governance (See pages 37-42) <div> </div>	Enhanced governance Solid compliance management Risk Management	<ul style="list-style-type: none"> Gaining trust from stakeholders by enhancing corporate governance Achieving stable management through appropriate risk management and the establishment of a robust compliance system 	<ul style="list-style-type: none"> Damage to corporate value due to inadequate corporate governance Occurrence of scandals due to inadequate compliance Enhance the effectiveness of our Board of Directors <ul style="list-style-type: none"> Increase the diversity of the Board of Directors and transition to a company with an Audit and Supervisory Committee Improve how the Board of Directors and other management meetings operate based on questionnaires assessing the effectiveness of the Board


Value Creation Process

Management Philosophy

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

Long-Term Vision Oiles Group's vision in accordance with our management philosophy

OILES 2030 VISION

“Contributing to the realization of a sustainable society with the technology of friction, wear, and vibration control  ”

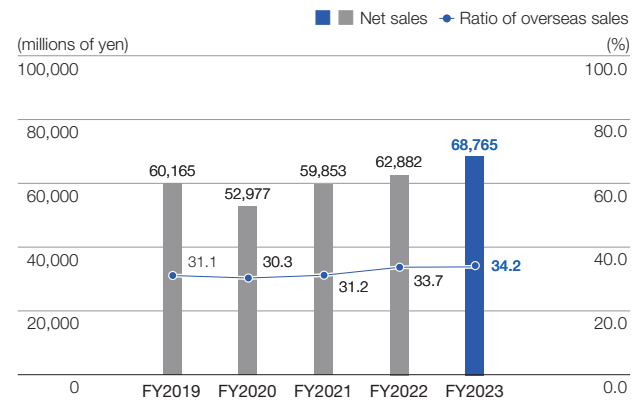
“Generating new technology and new business” and “Enhancing our management foundation”



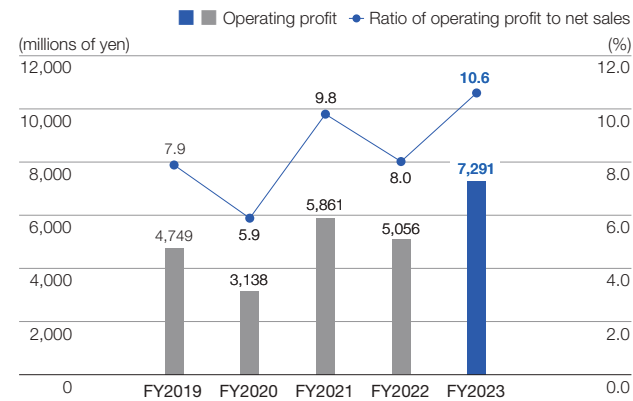
* Data as of March 31, 2024 or FY2023

Financial & Non-Financial Highlights

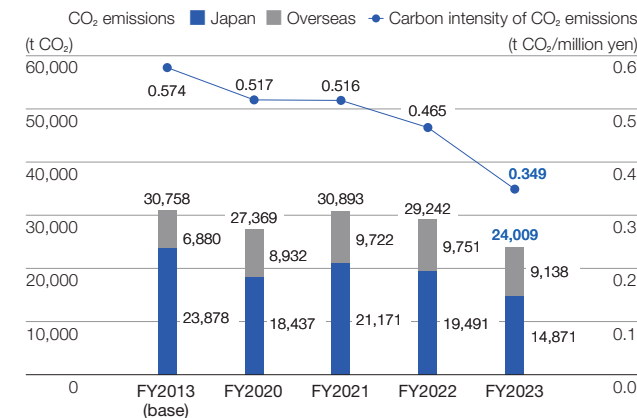
Net sales / Ratio of overseas sales (consolidated)



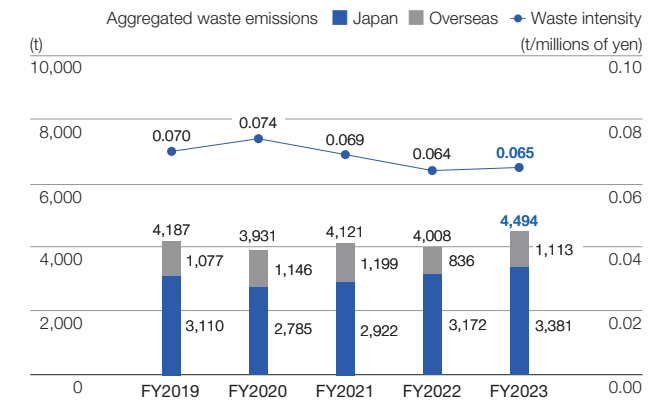
Operating profit / Ratio of operating profit to net sales (consolidated)



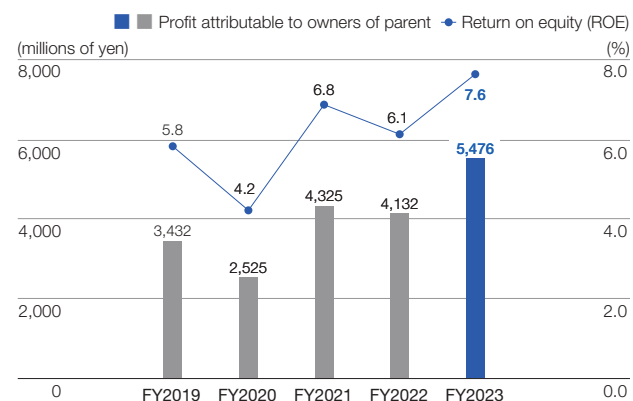
CO₂ emissions and intensity (Oiles Group)



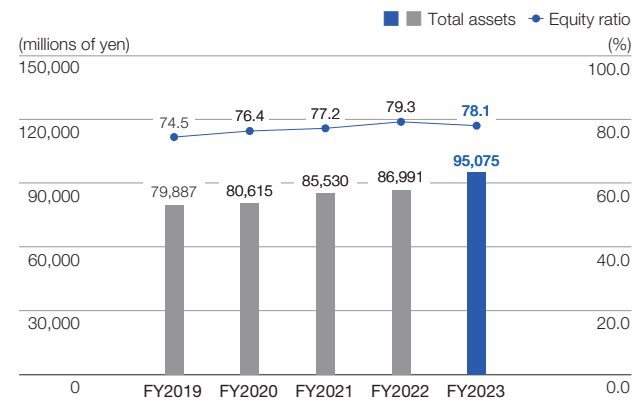
Aggregated waste emissions and intensity (Oiles Group)



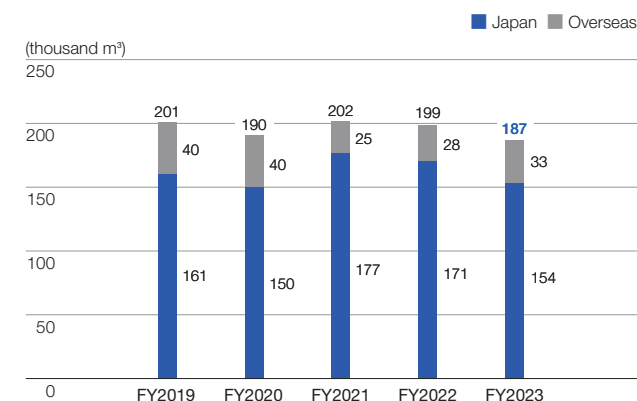
Profit attributable to owners of parent / Return on equity (ROE) (consolidated)



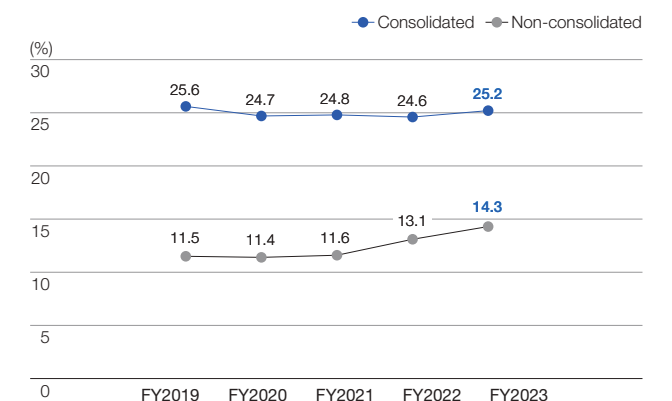
Total assets / Equity ratio (consolidated)



Water usage (Oiles Group)

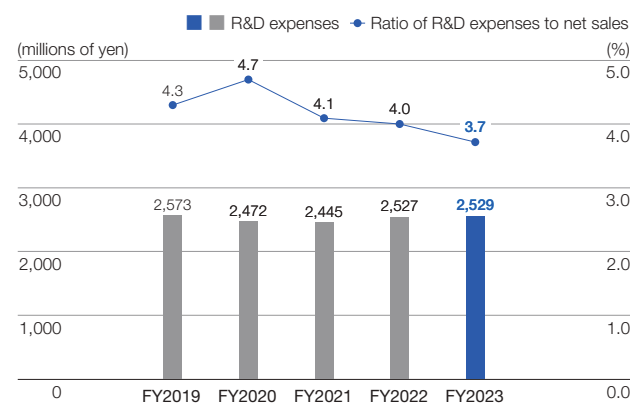


Ratio of female employees (Oiles Group)

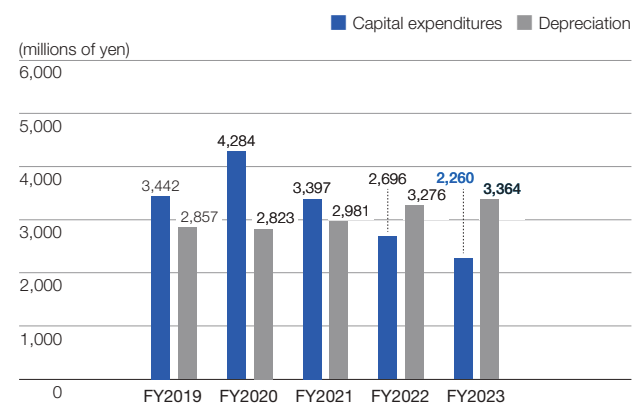


*All data is end-of-period data

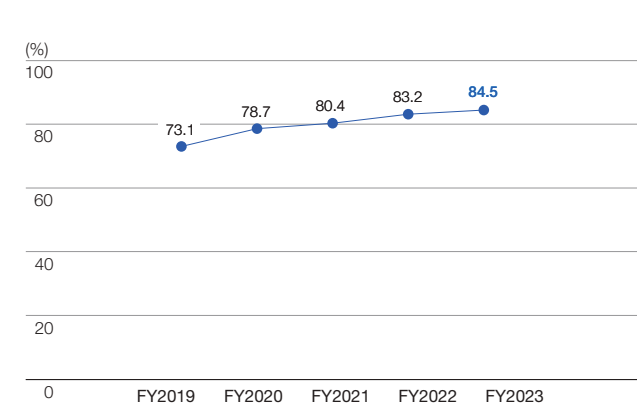
R&D expenses/Ratio of R&D expenses to net sales (consolidated)



Capital expenditures/Depreciation (consolidated)

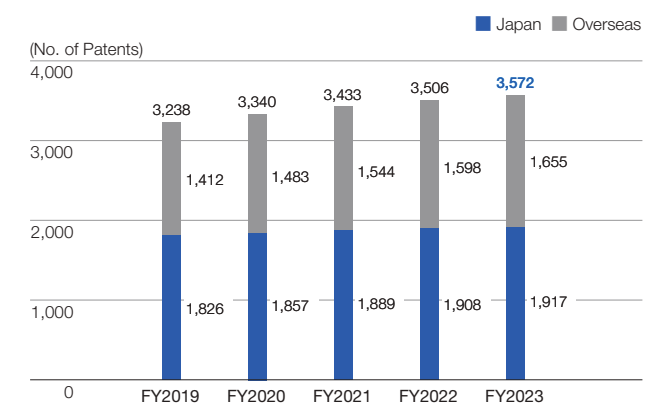


Average rate of paid leave taken (non-consolidated)



*All data is end-of-period data

Acquired in Japan and overseas



Message from the President

Striving to be a global pioneer & global leader with our customers

Pursuing increased corporate value by solving social issues

President

Yoshikazu Sakairi



On my appointment as President

My name is Yoshikazu Sakairi and I had the privilege of being appointed as the new President of Oiles Corporation on April 1, 2024. I have mainly been involved in our bearing business since joining the company in 1989. When I entered Oiles Corporation, I recall that our net sales were 25.4 billion yen and our overseas presence was limited to a single subsidiary in the U.S. Since then, our stock was listed on the OTC market and we took our first step towards becoming a publicly traded company. Having just graduated from university, I could not have imagined that our company would grow to what it is today, but I am deeply moved to be a part of this history as our company has continued to develop over more than 70 years, and I am humbled by the responsibility of carrying this history into the future.

As the new President of Oiles Corporation, I consider it crucial to establish a foundation for growth for the next 100 years while maintaining our company's core value of "serving society through technology" as stated in our management philosophy. In a rapidly changing world, I believe that we can achieve growth by continuously challenging ourselves to increase corporate value while constantly leveraging our creativity with new perspectives and flexible thinking. It is vital that we take bold but measured steps and continue moving forward.

In recent years, Japanese companies including our own have faced severe headwinds including the coronavirus pandemic, major natural disasters within Japan, and ongoing tragic global conflicts. However, I am confident that facing these challenges head-on and overcoming them one step at a time is what leads to corporate sustainability and development, and what makes a company strong. While the performance of many of our products may not be immediately obvious when viewed in isolation, their strengths become clear when incorporated into the products of our customers. The key to our technologies and products lies in their ability to enhance the technologies and products of our customers to world-pioneering and world-leading heights, and I see this as an important role of our company as a parts manufacturer.

I believe that we can continuously improve our corporate value by clarifying our role and reason for being, and by facing social issues in a genuine and unflinching manner.

Serving society through technology Carrying on our founding values

Since founder Sozo Kawasaki established our predecessor Nippon Oilless Bearing Research and Development Co., Ltd. on March 11, 1952 and invented Japan's first wooden oil-less bearing, we have leveraged our proprietary technologies to bring many products to market, with tribology technology (friction, wear and lubrication) and damping technology (vibration control) at the core.

Our management philosophy is "to become a world leader as a general manufacturer of oil-less bearings and serve society through technology." Our stated value of serving society through technology has continued unabated from our founding and is still firmly ingrained in our corporate mindset today, thus demonstrating how our founder's DNA has been passed on to the current generation of our employees.

As a market-creating company, Oiles Corporation develops proprietary products and materials, and engages in R&D and sales operations based on the aspirational mindset of helping customers who use our components and technologies to realize world-pioneering and world-leading finished products. Specifically, we believe that the source of our strength lies in our unique business model in which our sales, engineering, and R&D departments work together to provide value to our customers. We refer to this business model as "Technical Direct Sales (TDS)" in which the sales department and engineering department work together 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, and develop new materials together with the research department that enable the customer to become a world pioneer and world leader.

We also have a proprietary technical service called "EK" (derived from the Japanese initials for "eigyo kenkyu" meaning "sales and research"). By performing system evaluations on behalf of the customer that better approximate their actual machinery and equipment, we are able to proactively provide proposals that meet the customer's needs and help resolve their issues. Through this proprietary approach and research and technological development, we have maintained an R&D investment to consolidated net sales ratio of around 4% to 5%. This is a relatively high ratio within our industry, and is the result of our proactive efforts to allocate resources to R&D.

Our stated corporate value of "serving society through technology" is an unchanging principle that, despite changes in our approach to achieving it, has continued for more than 70 years and is still alive and well today, and will continue to underpin our corporate value into the future.

Message from the President

Three businesses that help to solve social issues

Our business comprises three major segments: our bearings business which contributes to reducing environmental impact with a primary focus on plain bearings; our structural devices business which protects people, buildings and property from large-scale earthquakes with a primary focus on seismic isolation and vibration control devices; and our architectural devices business with a primary focus on the WINDOW OPERATOR™ which not only protects human lives from smoke inhalation due to fire but which has also recently been used for building ventilation as a countermeasure against infection.

Each of these three business segments can contribute to solving the social issues identified in the United Nations' Sustainable Development Goals (SDGs), and embodies our management philosophy of serving society through technology. The fact that these businesses have continued to make a significant social contribution for more than 70 years is a testament to the considerable awareness and technical proficiency of our predecessors and employees that have been passed down over generations.

Our company's development has been underpinned by our tribology technology of friction, wear and lubrication. The rotating and reciprocating parts of automobiles and machinery inevitably involve physical contact that produces friction and wear. When the loss due to friction and wear becomes significant, machinery and component wear and energy loss can occur. As friction and wear can also affect product life and increase energy use, our company has pursued tribology technology in order to create technologies and products that contribute to reduced environmental impact and lower friction. This technology has made a significant albeit unseen contribution to realizing more comfortable lifestyles and a sustainable society.

By applying this tribology technology, we have developed damping techniques as the fundamental technology for seismic isolation and vibration control devices, and have also contributed to delivering security and safety to people's lives. We launched our damping and isolation business by using plain bearings to support bridge girders and, after the Niigata Earthquake struck Japan in 1964, we attempted to manufacture devices with seismic isolation function. This in turn sparked the technological evolution to today's seismic isolation and vibration control devices that support social infrastructure such as buildings and bridges, thus providing essential technology not only to Japan but also to the world, and delivering safety and security to people's lives.

By leveraging these tribology and damping technologies, and by remaining true to our founder's core value of "serving society through technology," we are striving to achieve sustainable growth.

Pursuing the "OILES 2030 VISION"

In May 2024, we formulated a new Medium-Term Management Plan for FY2024 to FY2026.

As the premise for this plan, we established the "OILES 2030 VISION" as our long-term vision with the year 2030 as a milestone, and we redefined what we want our company to become. Under the theme of "contributing to the realization of a sustainable society through friction, wear and vibration technologies +X," we aim to provide new value by "creating new technologies and new businesses" and "enhancing our management foundation" (which we have expressed as "+X") while further enhancing corporate value through our core tribology and damping technologies. We are striving to create new technologies and new businesses by thinking of new ways to leverage our significant portfolio of intellectual property. In terms of our inorganic growth, we will explore growth opportunities from various angles over the three-year period of FY2024 to FY2026 with the goal of bringing them to fruition from FY2027 to FY2030. In terms of enhancing our management foundation, we will enhance corporate value by improving our internal infrastructure, upgrading our management infrastructure, encouraging and promoting human capital management, improving our IT infrastructure, and accelerating efforts to promote digital transformation (DX).

Our management targets consist of achieving an operating profit of 15% or more and ROE of 10% or more, realizing financial management based on a mindset of increased profitability and capital efficiency, and achieving sustainable growth and increased corporate value by contributing to the realization of a sustainable society.



What we aspire to be



Long-term vision OILES 2030 VISION

"Contributing to the realization of a sustainable society with the technology of **friction, wear, and vibration control** +X"

Further enhancement of corporate value with core technology of "Tribology & Damping" (friction, wear, vibration control)

"Generating new technology and new business" and "Enhancing our management foundation"

Management Goal of OILES 2030 VISION

- Ratio of operating profit to net sales of **15% or more**
- ROE (return on equity) of **10% or more**

Contributing to the realization of a sustainable society, and aiming for sustainable growth and increased corporate value



Message from the President

Achieving our Medium-Term Management Plan FY2024–FY2026

In FY2023 we achieved our best-ever business performance. I would like to thank our shareholders for their positive appraisal of our company amidst a booming Japanese stock market. I am also acutely aware of our responsibility to meet their future expectations. In May 2024 we announced the Medium-Term Management Plan to meet our shareholders' expectations. I believe that the key factor for increasing our corporate value is our growth strategy. Our newly stipulated medium-term management policies will promote the following four themes.

First, we will focus our management resources to growth markets in order to achieve the leap forward to our next generation growth. Under this commitment, we will proactively invest in strategic products and growth markets. Second, we will enhance productivity across all departments by pursuing operational reforms and production technologies. As Japan is currently facing a labor shortage, improved operational efficiency will be essential for growth. To this end, we will take inventory of all operations and reposition them in valuable business areas. Third, we will enhance our corporate value in order to contribute to all stakeholders. Specifically, we will enhance our corporate value to become the Oiles Corporation that all our stakeholders can be proud of. Fourth, we will achieve financial management with a capital efficiency in mind to promote improvements in our financial structure.

We will strive to achieve our 2030 long-term vision with a core focus on these four management policies. For further details on our “business strategy for sustainable growth” in our three businesses of bearings, structural devices and architectural devices, refer to page 17 and our “Medium-Term Management Plan FY2024–FY2026” on our website.

https://www.oiles.co.jp/en/files/Medium-Term_Management_Plan-FY2024-FY2026-.pdf

Organizational Structure and Human Capital Initiatives

From April 2023, we established a system in which operating officers are assigned to lead our business divisions with the ultimate aim of promoting dynamic business management. Under this system, we have clarified the roles and responsibilities of the Board of Directors and executive departments, strengthened the management supervisory function, and delegated executive

business decisions to operating officers. Following the 73rd Ordinary General Meeting of Shareholders held in June 2024, Oiles Corporation changed its governance structure from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee in order to enable more dynamic management decisions and to enhance the supervisory function of the Board of Directors. The company has started developing a corporate governance structure that, as well as expediting decision-making and business execution, will bolster the supervisory function of the Board of Directors towards even greater corporate value by appointing members of the Audit and Supervisory Committee as directors with voting rights to the Board of Directors.

In addition to developing this new governance structure, I believe that we must also undertake human capital initiatives. In our pursuit of increased corporate value and sustainable corporate growth, it will be essential to foster and develop the people (i.e., our employees) who will drive these efforts. While our corporate philosophy states that we will “serve society through technology,” I believe that our people (i.e., our employees) embody this technology creation and social contribution. In other words, our human resources are the source of our corporate value. We are also actively pursuing human capital investments and initiatives such as diversity promotion and human resource development, and we recognize that creating a comfortable working environment, promoting work-life balance and diversity, and increasing the ratio of women in the workforce are all important issues. Moreover, I believe that increasing employee engagement, wherein the company and our employees move forward along the same vector and are independently motivated to contribute to achieving our vision, will help drive our business.

Creating an environment that is conducive to corporate development and growth is an important element in promoting sound management. That is why we are constantly striving to find flexible solutions suited to the times and the circumstances in which we operate based on a strong determination to transform and evolve.



To Our Stakeholders

Pursuing further transformation & evolution in accordance with our management philosophy



Chairman
Masami Iida



President
Yoshikazu Sakairi

Amidst the strong shift in awareness to a recycling-oriented society in order to realize a sustainable society, we believe that the products grounded in our core technologies can contribute to security, safety, and comfort in human life., and contribute to the realization of a sustainable society. Specifically, our bearings enable greater efficiency and longer lifespan of our customers' products by reducing both friction and weight, our structural devices protect people and buildings from earthquakes and other natural disasters, and our architectural devices protect people from smoke inhalation due to fire and also enable ventilation and healthy air conditioning. Furthermore, we consider that our founding predecessors have entrusted us with the mission of increasing our corporate value

as a socially indispensable company by continuing to envisage and deliver technologies and services that can contribute to resolving social issues. We are confident that enhancing our corporate value will enable us to play a part in realizing a sustainable society and creating a brighter future.

Although our company marked its 70th anniversary in March 2022, we are not content to rest on our laurels as a storied company. Rather, we intend to double our efforts to remain an important company to our stakeholders while increasing corporate value by solving social issues around the world. I look forward to your continued support and patronage in the future.

Mid-term Management Plan 2024-2026

OILES 2030 VISION

In order to realize our management philosophy of “becoming a world leader as a general manufacturer of oil-less bearings and serving society through technology,” we set the “OILES 2030 VISION” with the year 2030 as a milestone to define what we want our company to become. This vision is “Contributing to the realization of a sustainable society with the technology of friction, wear, and vibration control +X”. We aim to create new corporate value by “Generating new technology and new business” and “Enhancing our management foundation,” in addition to increasing our corporate value with our core technologies of tribology and damping (friction, wear and vibration). We are pursuing sustained growth and increased corporate value with a strong determination to achieve transformation and evolution.

Medium-Term Management Plan FY2024–FY2026

We formulated the Medium-Term Management Plan FY2024–FY2026 by backcasting from the “OILES 2030 VISION.”

Medium-Term Management Policies

- (1) Focus management resources on growth markets to achieve the leap forward to our next-generation growth
- (2) Enhance productivity in all divisions by pursuing work reforms and production technique
- (3) Enhance corporate value in order to contribute to all stakeholders
- (4) Manage finances with capital efficiency in mind

Quantitative Indicators

In FY2026 we plan to achieve record-high sales of ¥75 billion and operating profit of 7.35 billion yen.

We also plan to achieve record-high core earnings (operating profit + depreciation) in FY2026 through aggressive growth investments.

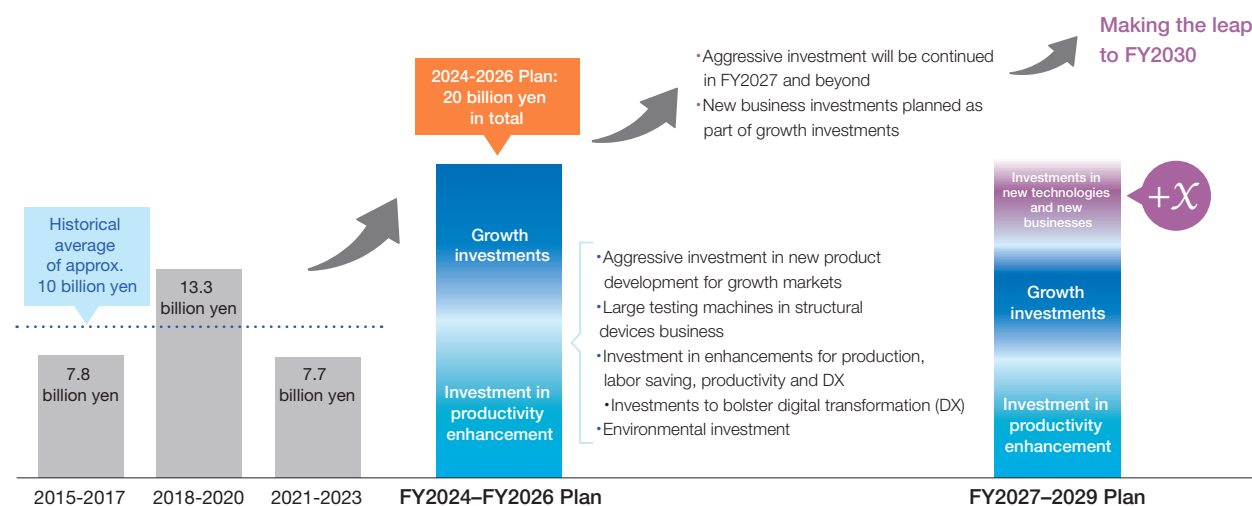
	FY2024	FY2025	FY2026
Net sales	67.7 billion yen	71.2 billion yen	75.0 billion yen
Operating profit	5.7 billion yen (Core earnings*: 9.1 billion yen)	6.35 billion yen (Core earnings*: 10.35 billion yen)	7.35 billion yen (Core earnings*: 11.85 billion yen)
ROE	—	—	8.0% or more

*Core earnings = Operating profit + Depreciation

- Operating profit of **15% or more**
- ROE of **10% or more**

Capital Expenditures

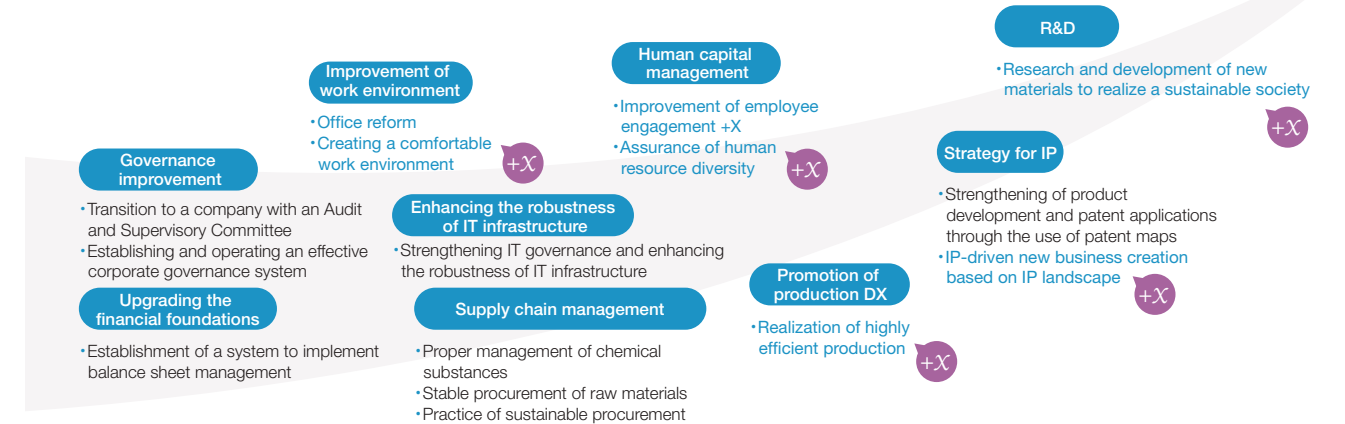
We will make proactive investments for “Generating new technology and new business” and “Enhancing our management foundation”



Balance between Advancing In-house Base and Management Infrastructure and Enhancing Productivity

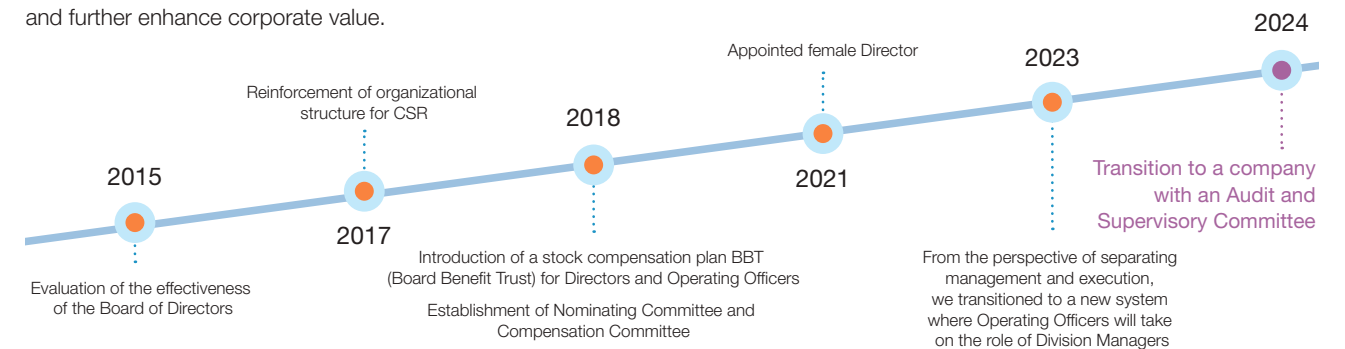
In order to realize the OILES 2030 VISION, each department works together with a strong determination to achieve “transformation” and “evolution” during the period of Medium-Term Management Plan, enhancing our company’s in-house base and management foundation. We also launch +X initiatives that will lead to the creation of new value.

In terms of “Generating new technology and new business”, we will conduct R&D on new materials to realize a sustainable society and will create new businesses that reflect the IP landscape. In terms of “Enhancing our management foundation”, we will undertake initiatives that: focus on human capital management by ensuring diversity of human resources; realize highly efficient production by promoting production DX; and create a comfortable work environment.



Initiatives to Improve Corporate Governance

Transition to a company with an Audit and Supervisory Committee enables prompt management decision-making and business execution, while strengthening the supervisory function of the Board of Directors by appointing Directors who are Audit and Supervisory Committee Members with the right to vote, etc., at Board of Directors meetings. We aim to enhance corporate governance and further enhance corporate value.



Financial Management with a Capital Efficiency in Mind

While our cost of shareholders’ equity is in the 7% range, our average ROE over the past five years has been around 6%. The equity spread is negative, indicating that there are still challenges in return on equity.

We promote initiatives to improve return on equity in light of the Tokyo Stock Exchange’s request regarding “Action to Implement Management that is Conscious of Cost of Capital and Stock Price.”

- Targets for ROE, an indicator of return on capital, are (1) 8% or more by FY2026, the period of the new Medium-Term Management Plan, and (2) 10% or more by FY2030, the goal of the OILES 2030 VISION.
- Promote balance sheet management
- Reduce cross-shareholdings to a certain extent
- In terms of shareholder returns, we will (1) make stable and continuous dividend payments to shareholders, targeting

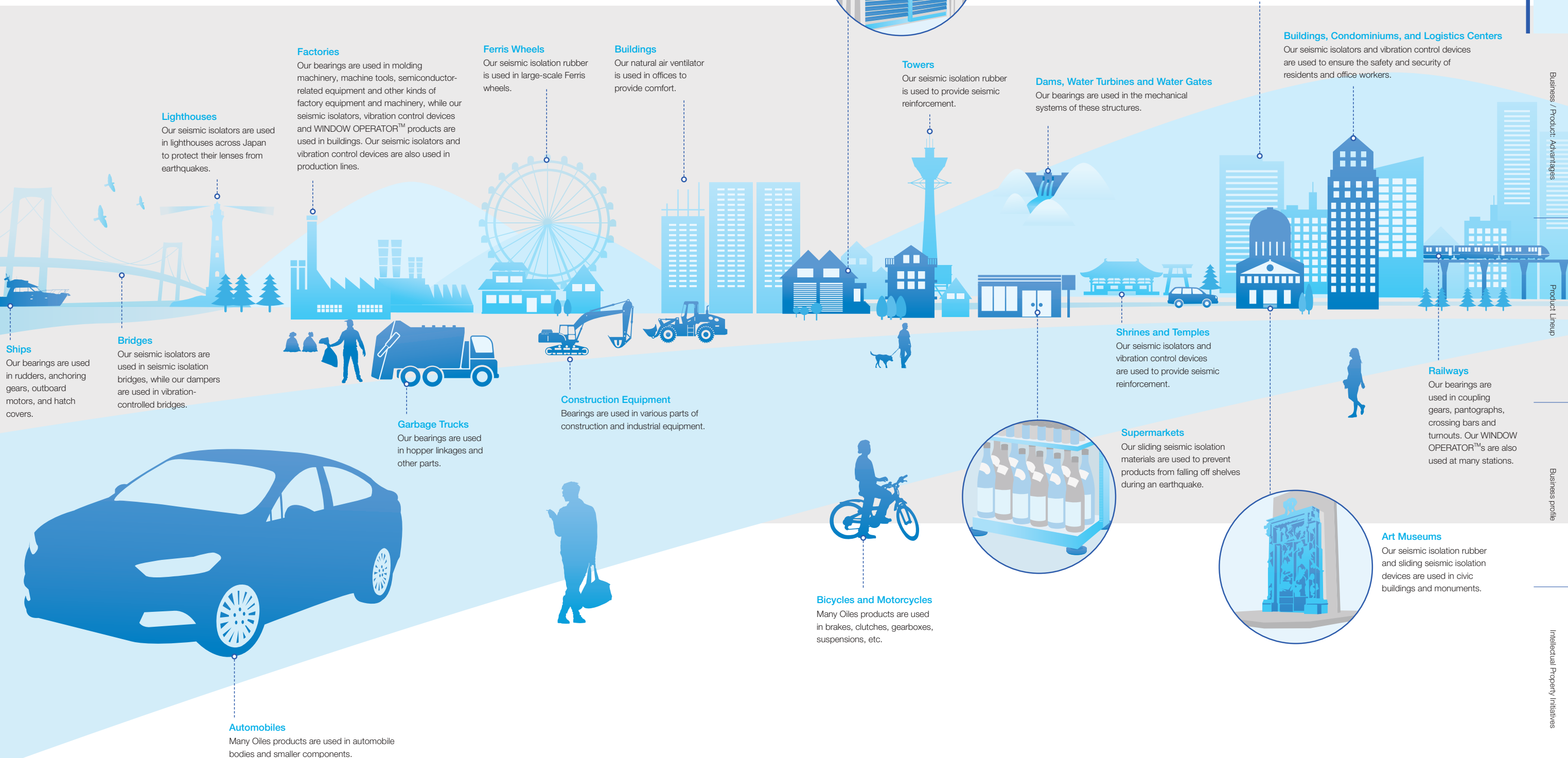
a consolidated dividend payout ratio of 40% or more, and (2) consider agile responses regarding the purchase of treasury shares based on market trends, comprehensively considering internal reserves for medium- and long-term growth.

See the following web page for more details.

[Medium-Term Management Plan \(FY2024–FY2026\)](https://www.oiles.co.jp/en/files/Medium-Term_Management_Plan-FY2024-FY2026-.pdf)
https://www.oiles.co.jp/en/files/Medium-Term_Management_Plan-FY2024-FY2026-.pdf

Oiles Business Activities

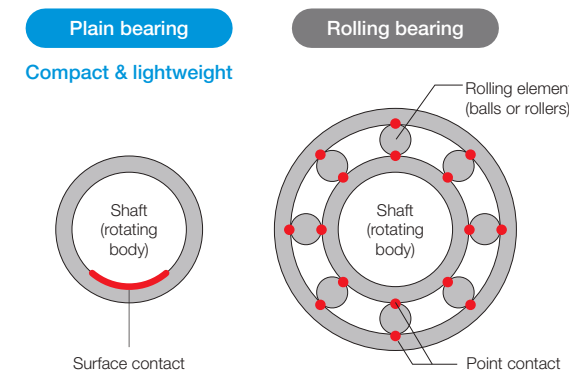
Oiles Group products, based on the two core technologies of tribology and damping, are vital components for various mechanisms that support the safety and security of society and people's daily lives, including many buildings and other structures. We continue to strive and hone our techniques so that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



Business / Product: Advantages

Bearings (Oiles bearings)

Bearings are broadly classified into plain bearings and rolling bearings. Oiles bearings are the plain type with self-lubrication that can be used with less quantity of lubricating oil and frequency of lubrication than others. They can be also used with no lubrication at all. 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. We learn tribology (friction, wear, and lubrication) technologies completely and provide unique bearing products with oil-less (self-lubricating) characteristics to contribute to society and economic growth by reducing the various losses associated with friction and wear. As the world strives to achieve carbon neutrality by 2050, we are helping to achieve that goal with Oiles bearings, which have less of an environmental impact.



Features Comparison

	Oiles bearing	Rolling bearing
Lubrication	◎	○
Load-bearing capacity	◎	○
Speed tolerance characteristics	Suitable for low speeds	Suitable for medium and high speeds
Coefficient of friction	△	○
Sliding motion	◎	△
Reciprocating motion	○	△
Impact resistance	○	×
Fretting resistance	○	×
Heat resistance	◎	△
Corrosion resistance	○	△
Change in shape	◎	×
Dimensional accuracy	△	◎

◎: Highly superior ○: Superior/use possible △: Somewhat inferior ×: Inferior/use not possible

Main Features

No oil injection system, filler neck or oil groove machining required

Significantly reduce costs by reducing excess costs and workload such as expenses for lubrication systems and processing or assembly.

Reduce running costs

Minimize lubrication consumption and facility maintenance costs to only what is necessary, and considerably reduce running costs.

Maintenance-free

Significantly reduce the costs of maintenance, including lubrication and the inspection of lubrication systems. There are also none of the problems involved with defective lubrication.

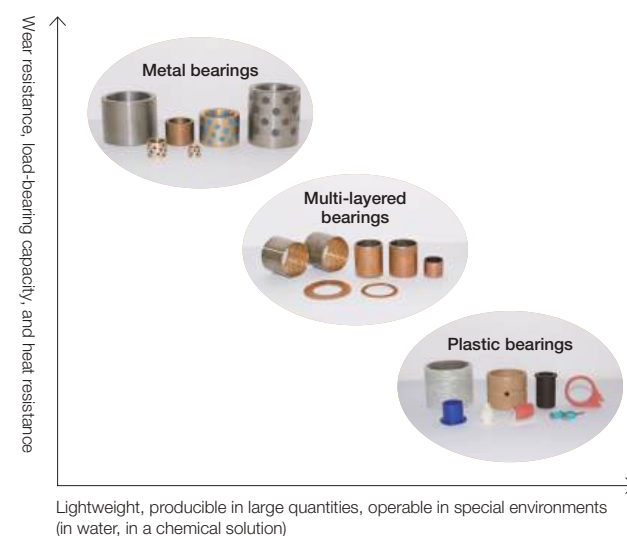
Shorten design time

Design and structures can be simplified by reducing lubrication, which enables significant reductions of time and cost.

Recycling lubrication oil and environmental protection

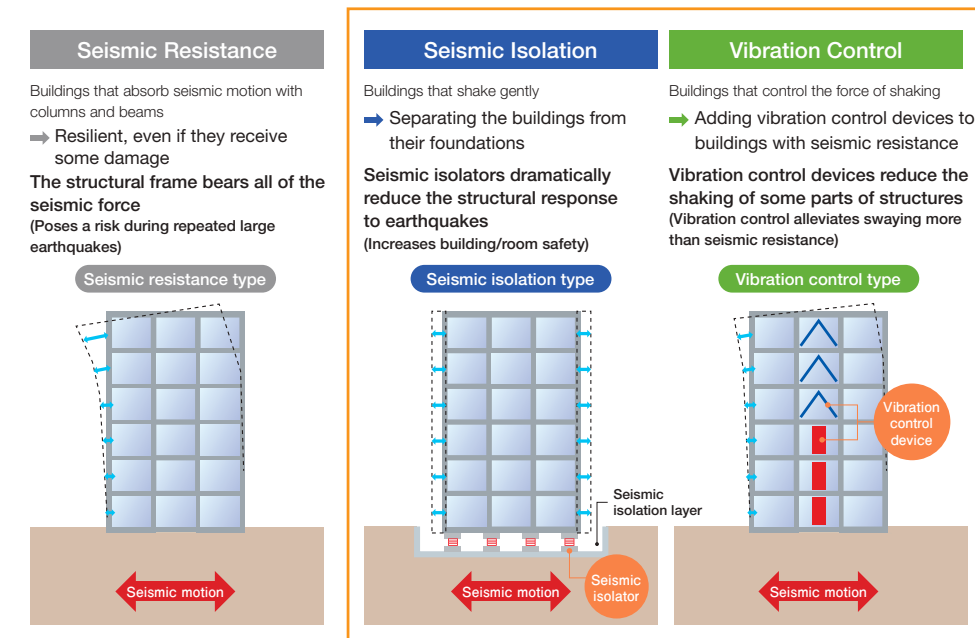
Save on the time and cost required for oil recycling while also protecting the environment from pollution caused by oils.

Classification of bearings by material used



Structural devices

Structural measures to protect buildings against earthquakes can be broadly classified into “seismic resistance,” “seismic isolation,” and “vibration control.” By establishing damping (vibration control) technology, we are contributing to solve social issues as a pioneer in “seismic isolation” and “vibration control.”



Architectural devices

Oiles ECO offers a variety of products that increase safety and comfort in buildings, such as the WINDOW OPERATOR™. In the event of a fire, this air ventilation and smoke exhaust device vents harmful smoke outside in order to ensure the safety of building occupants. We have a lineup of environmentally friendly products, such as natural air ventilators that bring fresh air into a building to reduce the building's air conditioning load, and external blinds that, like traditional Japanese bamboo screens, block sunlight outside a window and ensure privacy by moderately concealing the interior.

Window opening/closing device for air ventilation and smoke exhaust WINDOW OPERATOR™

The WINDOW OPERATOR™ is installed to open and close smoke exhaust windows high up in a room. Over the past few years, its use as a ventilation system for “tighter” buildings with less air leakage has expanded.

Features

- Highly durable to withstand constant use for ventilation
- Good construction quality nationwide

Point

- We can propose systems that combine control devices and products
- We can also handle custom-made products

External electric blinds ECOSHIDE® BRILL®

Aluminum external blinds that block sunlight outside a window and ensure privacy by moderately concealing the interior. In addition to helping conserve energy in buildings, the blinds have an enhanced design that is simple and stylish.

Features

- Blocks heat from solar radiation and improves the efficiency of heating and cooling
- Ensures privacy without compromising on design

Point

- We can also propose custom-made and customized products
- We can offer proposals based on experimental data, such as solar radiation shielding performance

Product Lineup

Bearings

Starting with the first wooden bearing that was manufactured in Japan by our founder Sozo Kawasaki, we have developed and manufactured Oiles bearings, which are bearings that require no lubrication. As a general manufacturer of Oiles bearings, we offer various products in different materials and shapes and deliver them to customers in a wide range of industries.

For general industry

In addition to metal, multi-layered, and plastic bearings, we also have a lineup of non-contact bearings called "Oiles Air Bearings (OABs)" for use in locations requiring high-precision control and ultra-high speeds. We have also developed BIOLIGHT®, which are Biomass Plastic Bearings that originated from plastic bearings and that are also environmentally friendly, and we suggest the best bearings to customers from among various product lines.



Oiles Air Bearing (OAB)



BIOLIGHT®

Typical products

#500SP1-SL464 (metal)



Example of use: Hydroelectric power generation facilities

DRYMET® ST (multi-layered)



Example of use: Machine tools

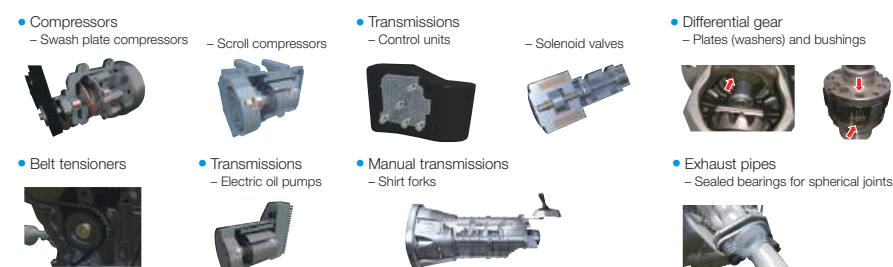
#80 (plastic)



Example of use: Office automation equipment

For the automotive industry

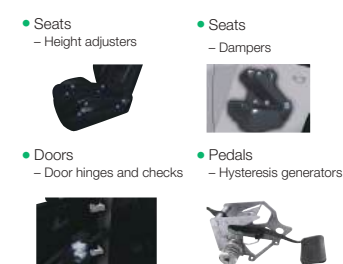
Powertrains/exhaust systems



Steering/suspension



Body/seats/pedals



Structural devices

Products for bridges

- **Seismically isolated bridges**
Use LRB® to lengthen the period of vibration and dampen swaying
- **Vibration-controlled bridges**
Use LRB® and BM-S to control vibration and dampen swaying
- **Load-dispersing bridges**
Use RB and LRB® to distribute horizontal forces to each pier



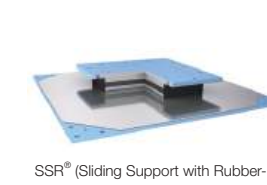
BM-S
(Bingham Material-Stoppers for Bridge)



Bridge-Use Lead Rubber Bearing
(LRB®)

Products for buildings

- **Seismic Isolation**
Seismic isolators (SSR®, LRB®, etc.) for use in various buildings
For detached single-family houses as well (e.g., FPS)
- **Vibration control**
For skyscrapers and high-rise condominiums (e.g., wall-type dampers)



SSR® (Sliding Support with Rubber-Pad)



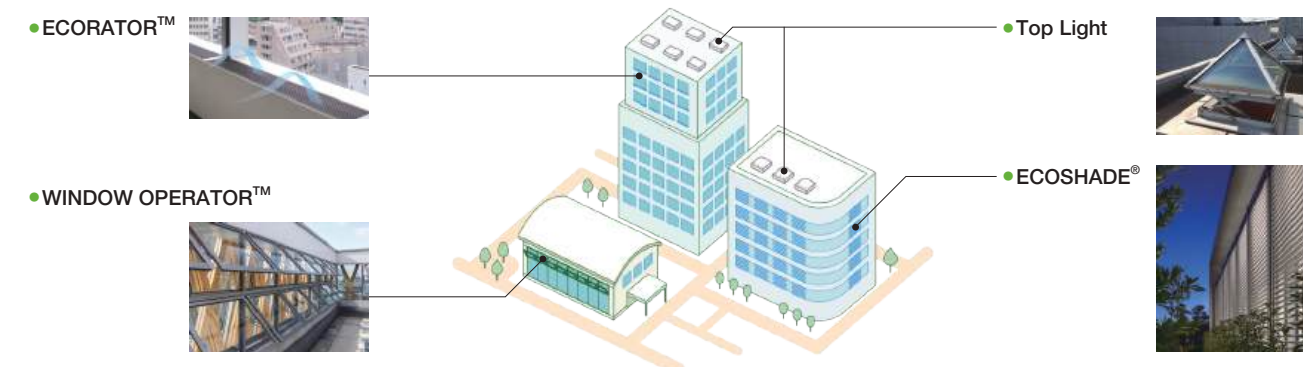
LRB® (Building-Use Lead Rubber Bearing)



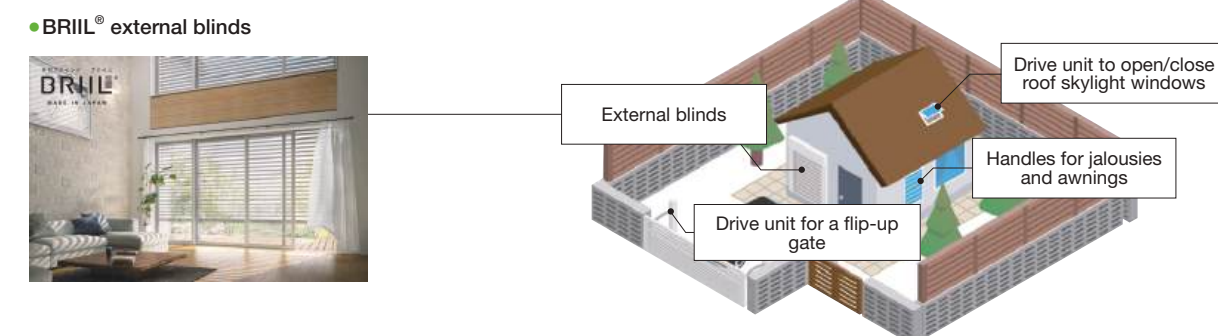
WVD® (Wall-type damper)

Architectural devices

Building Ecology System



Residential Amenity System



Business profile

As of April 2023, we split the Bearing Division into the General Bearing Division and the Automotive Bearing Division in order to promote swift decision-making and clarify business responsibilities.

General Bearing Division



In response to climate change on a global scale, we are helping to create a decarbonized and recycling-oriented society with tribology technology

Operating Officer and Division Manager, General Bearing Division

Toshihiko Sekine

An introduction to our business: Oiles bearings are used in a variety of fields

Oiles bearings are used in a variety of fields in everyday life, from production equipment and infrastructure facilities to office equipment, including injection molding machines, construction machinery, dams, water turbines, water gates, and wind power generators, and we offer extensive product lines for a range of specific applications. Our products come in various shapes, materials, and sizes, from components of precision equipment such as semiconductor manufacturing equipment to large products several meters in size for use in dams and water gates.

Oiles Air Bearings (OABs) create a film of air between the shaft and bearing to provide non-contact movement, enabling ultra-high-precision positioning control and ultra-high-speed machining by achieving a coefficient of friction of virtually zero (air resistance only). Thus, demand for such bearings is increasing in various fields such as precision equipment like semiconductor manufacturing equipment and electronics.

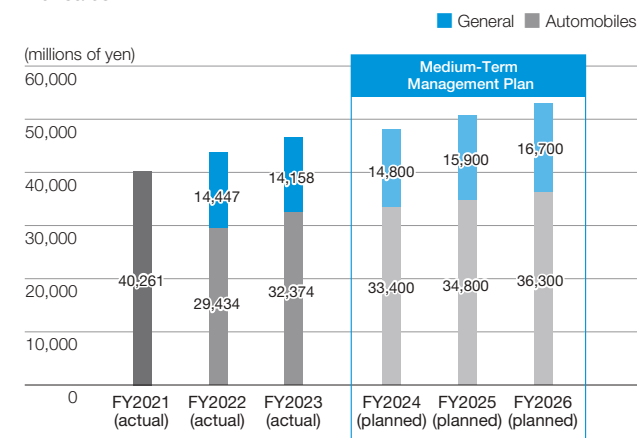
In the area of semiconductor manufacturing equipment, where Japan has a large market share, our technologies help customers create products that are world-pioneering and world-leading.

In addition, Oiles bearings help to reduce environmental impact in various areas of industry. An example of an environmentally sound product we developed is the BIOLIGHT®, which are biomass plastic bearings made from sugar cane and castor oil beans, with fillers added to improve sliding performance. Combining excellent performance and a high biomass content, these bearings reduce CO₂ emissions compared to conventional, petroleum-based products.

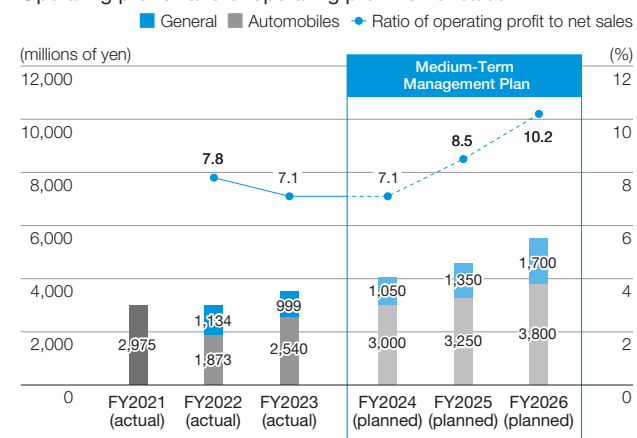
In the field of renewable energy, we are promoting the sale of our products to the market of next-generation energy supply including bearings for hydroelectric and wind power generation facilities to get new order worldwide.

Actual results by segment

Net sales



Operating profit/Ratio of operating profit to net sales



Medium-Term Business Strategy 2024-2026

1) Contribute to the realization of a decarbonized and sound material-cycle society through the deployment and supply of strategic products for growth markets, including strengthening overseas efforts

(1) Stronger focus of activities toward growth markets

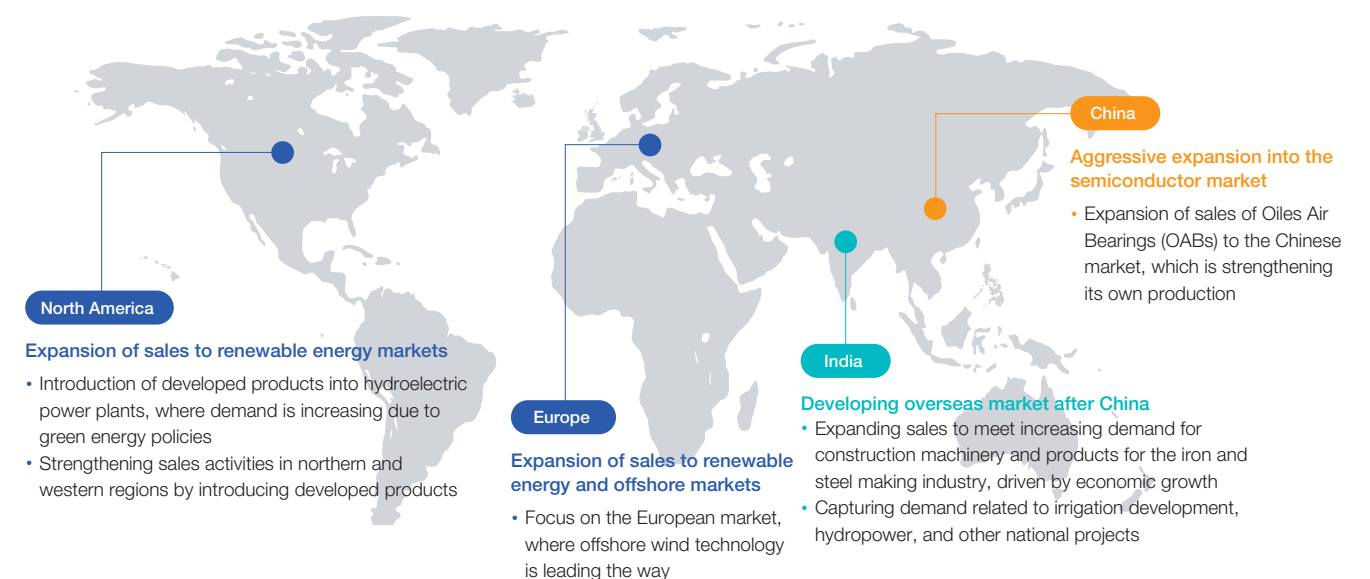
- Introduce strategic products and aggressively strengthen activities in growth areas such as the electronics market represented by semiconductor manufacturing equipment, the renewable energy market, including pumped storage and other hydroelectric power generation and wind power generation, and the offshore market

(2) Selection and focus to improve profitability

- Aggressive investment for growth of Oiles Air Bearings (OABs) that achieve ultra-high speed and ultra-high precision
- Profitability improvement through streamlining of existing products

2) Focus on growth markets (semiconductor-related, renewable energy, etc.) and expand overseas markets

- Develop global markets and expand sales by setting regional priority strategies



Topics

• Oiles Air Bearings Contribute to Satellite Development

Oiles Air Bearings can levitate objects without contact and with high precision under a certain condition. Using the bearings enable to create the situation similar to weightlessness in space, which is needed to develop satellites. In fact, we provided Oiles Air Bearings for Tokyo Denki University to use them in the HATOSAT testing equipment. We will continue to propose products for use in rockets and satellites.

*HATOSAT: A nanosatellite to acquire positional information when climbers are in distress at a location where their radio signals cannot be received



HATOSAT testing equipment

Business profile

Automotive Bearings



We will accelerate routine advances in our products and strive to create more value to contribute to the adoption of EVs and vehicle electrification in the automotive market.

Operating Officer and Division Manager, Automotive Bearing Division

Hikaru Ozaki

An introduction to our business: Helping to increase value in the automotive industry

Oiles bearings are most widely used in the automotive industry. Our products are employed by all of the automobile manufacturers in Japan and major automobile manufacturers overseas, and they are found in many components of automobiles, such as the suspension, steering, transmission, exhaust pipes, and interior. The use of products featuring our technology is also increasing in the expanding electric vehicle ("EV") market.

The automotive industry is undergoing a massive transformation, as represented by CASE^{*1} vehicles and MaaS^{*2}, and we are striving to provide products that help create new value as part of this transformation. As an example, EVs have to be lighter in weight to increase their range in order to accelerate their widespread adoption. Oiles bearings, which are both

compact and lightweight, can reduce the weight of some items by 50% or more compared to rolling bearings, enabling us to contribute significantly to the adoption of EVs.

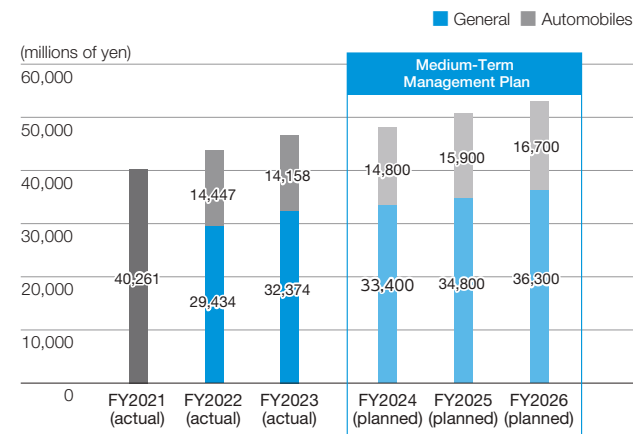
As the use of EVs spreads and automated driving becomes more practical, there is a growing trend to view the automobile as a living space rather than just a transportation. The demand for soundproofing and vibration control is increasing as people place more importance on the quietness and comfort of riding inside a vehicle. In recent years, the functions for bearings have also been required that are lighter, heat-resistant, or rotating at speeds. We are developing products to meet those needs by capitalizing on our core technologies and knowledge.

^{*1} CASE: Connected, Autonomous/Automated, Shared, and Electric

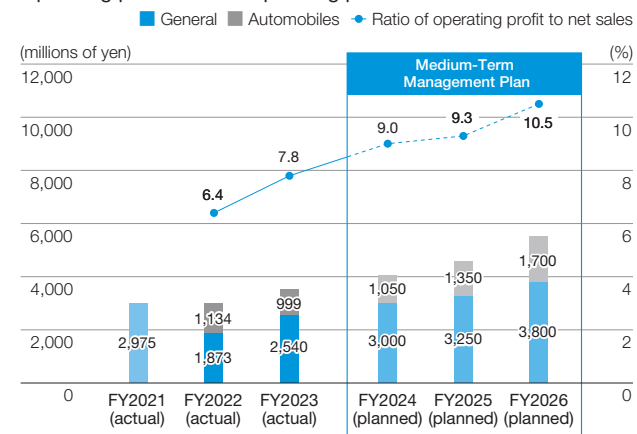
^{*2} MaaS: Mobility as a Service integrates various means of transportation and makes them more efficient and convenient

Actual results by segment

Net sales

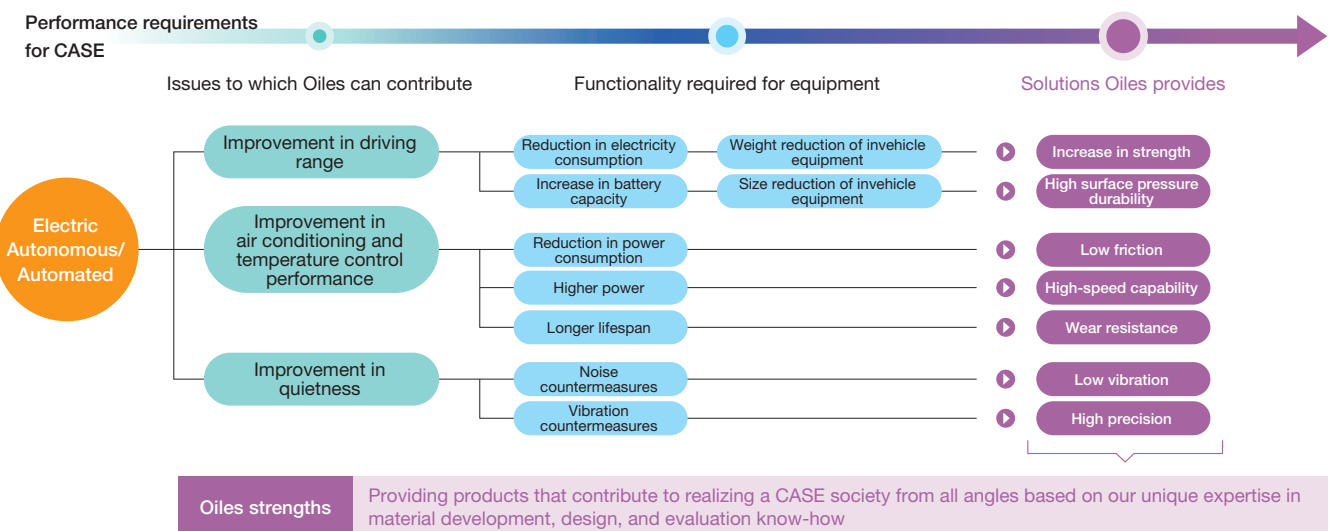


Operating profit/Ratio of operating profit to net sales



Medium-Term Business Strategy 2024-2026

- 1) Responding to the evolving mobility field, we will continue to provide new value in response to diverse needs ranging from electric vehicles (EVs) to hybrid electric vehicles (HEVs) and internal combustion engine vehicles (ICEVs).
 - (1) Development of new products and materials for growing EVs and autonomous/automated vehicles, and aggressive investment for future leaps forward
Main targets: EVs (bearings for suspension), Electric equipment (bearings for water pumps and compressors)
 - (2) Strengthening global sales collaboration
Strengthening global sales collaboration and increase orders for EVs and electric equipment through the activities of key task teams in overseas operations
- 2) In the era of CASE, Oiles Bearings provide products that contribute to creating new value amid the transformation of the automotive industry by seizing business opportunities in autonomous/automated and electric.



Topics

Many Oiles Products Used in PHEVs at Major New Energy Automobile Companies in China

New energy vehicles (BEVs, PHEVs, and FCVs) have developed markedly in China, with PHEVs in particular increasing over the past few years. PHEVs are both energy-efficient and practical vehicles equipped with a battery, motor, and engine, and they are positioned as an effective means of achieving carbon neutrality. By saving space, our sealed bearings for spherical joints in exhaust pipes have facilitated the rerouting of exhaust pipes in conjunction with increased battery capacity, and they are helping to improve the battery range of PHEVs. Moreover, our bearings are well regarded for reducing the weight and cost of the exhaust system. Sales have continued to grow since they were first adopted in 2019 and are expected to increase 350% year-on-year in FY2024.

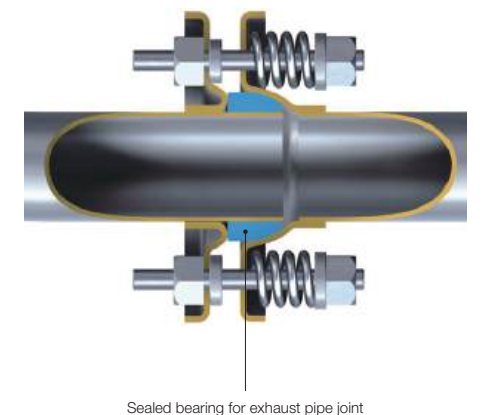


Illustration of the exhaust pipe

Business profile

Structural devices



We will implement new initiatives and take on challenges in new areas to provide everyone with safety and security through our seismic isolation and vibration control technology.

Operating Officer and Division Manager, Damping & Isolation Division

Koichi Masuda

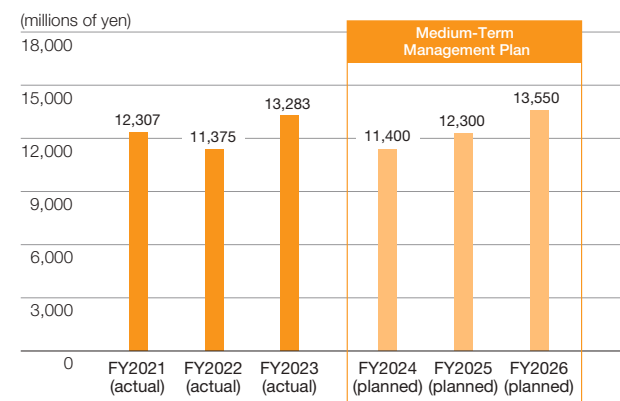
An introduction to our business: A Pioneer in Seismic Isolators and Vibration Control Devices

A number of our bearing plates had been used to support bridges for expressways and Shinkansen bullet trains since the 1960s. In the midst of that situation, the collapse of bridge girders during the Niigata Earthquake in 1964 inspired us to begin developing earthquake-proofing devices. Having established damping (vibration control) technology, we became the first company in Japan to adopt it for Lead Rubber Bearings (LRBs), seismic isolators that integrate vibration isolation and energy absorption. We subsequently established and developed the associated production techniques. As the leading pioneer in the field of seismic isolation and vibration control in Japan, we are fulfilling our heavy responsibility to protect people's lives and the safety of cities from natural disasters such as earthquakes and strong winds. Oiles' seismic isolators and vibration control devices are used in

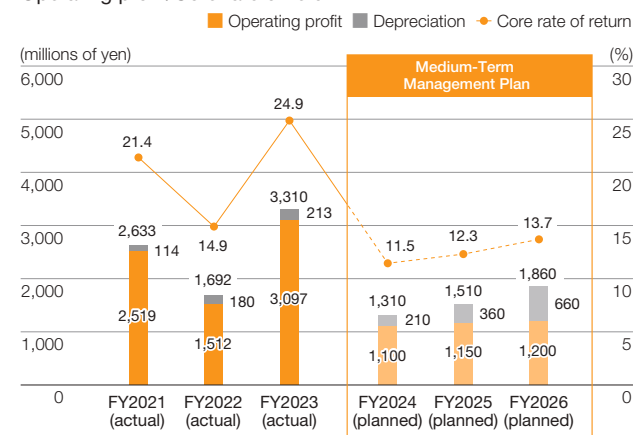
social infrastructure such as expressways and elevated bridges (including renewals to improve seismic resistance and repairs due to aging) and in high-rise buildings as part of urban redevelopment. They are also used in various structures such as public facilities, like government buildings, fire stations, and hospitals, that need to continue operating as key facilities in the event of a disaster, critical infrastructure, and logistics centers that are expanding as a result of e-commerce. The United Nations sets the goal of "sustainable cities and communities" as one of the Sustainable Development Goals (SDGs) We are contributing to addressing the social issue of creating safe and resilient infrastructure by thoroughly studying damping technology and providing society with seismic isolators and vibration control devices.

Actual results by segment

Net sales



Operating profit/Core rate of return



Medium-Term Business Strategy 2024-2026

1) Expanding business in the areas of infrastructure renewal, urban redevelopment and urban data centers where future increases are expected, as well as in overseas markets and other new areas, and we will make large capital investments to strengthen our business foundation.

- (1) Expanding demand capture for seismic isolation and vibration control and developing overseas markets
 - Capturing demand for seismic isolation and vibration control of existing bearings in the infrastructure renewal market
 - Capturing demand for quadruple-lane expressway networks
 - Active proposal of seismic isolators for logistics centers, urban data centers, etc. and vibration control devices for high-rise buildings
 - Expansion into new areas such as overseas markets

2) Large capital investment to strengthen business foundation

- Introduction of one of the largest performance testing machines in Japan to meet the demand for large seismic isolators, which has increased due to the shift to high-rise buildings during urban redevelopment and the increase in urban data centers. and urban data centers
- Continuing to provide reliable products that meet increasingly stringent inspection standards
- (2) Strengthen sales of seismic isolation rubber products and increase performance evaluation capacity
 - Introduced one of Japan's largest performance testing machines to Ashikaga Plant (start of operation: FY2027)

Topics

Our Wall-type Dampers (VWD) Used in AZABUDAI HILLS® Mori JP TOWER®, the Tallest Building in Japan

Mori JP TOWER® is a 64-story skyscraper at about 330 meters, which opened as part of the AZABUDAI HILLS® on November 24, 2023. Three hundred and two of our wall-type dampers are placed into the walls of this new landmark in the heart of Tokyo.

Our wall-type dampers are effective against a variety of vibrations, including slight and intense swaying.

We will continue to provide our users with safety and security through our seismic isolators and vibration control devices.



©DBOX for Mori Building Co., Ltd.- Azabudai Hills
*AZABUDAI HILLS® is a registered trademark of Mori Building Co., Ltd., and JP TOWER® is a registered trademark of Japan Post Co., Ltd.

Business profile

Architectural devices



We will seek to create ideal conditions by developing and proposing products in the areas of disaster prevention, energy conserving, the environment, and comfort

President, Oiles ECO

Takayuki Nakajima

An introduction to our business: Facilitating safe living through smoke exhaust and air ventilation devices

A series of large-scale building fires in Japan in the early 1970s led to the requirement for buildings to be able to exhaust smoke in order to protect people from the harmful smoke produced by a fire. Smoke exhaust windows allow smoke to escape, but there was a problem with the operability of these windows during an emergency since they are usually installed in high, out-of-reach places. To address this, the Oiles Group applied its tribology technology to smoke exhaust devices to develop the WINDOW OPERATOR™, a device that opens and closes windows to exhaust smoke and ventilate air. In the event of a fire, the smoke exhaust window will quickly vent toxic smoke,

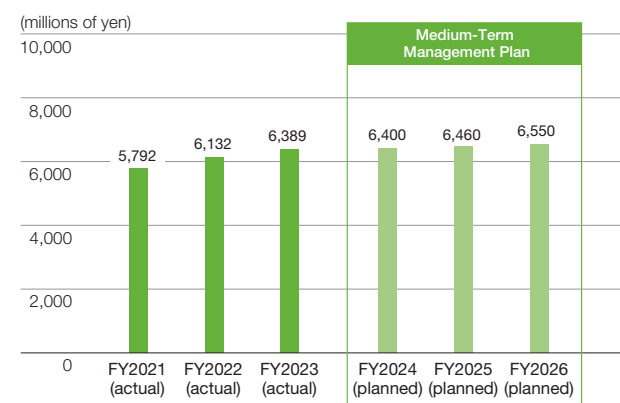
thereby providing a safe and sound building.

Our subsidiary, Oiles ECO develops and sells products that control natural conditions such as air flow. They are therefore helping to reduce environmental impact (energy conserving) and create comfortable living conditions, which is difficult for air conditioning systems to do on their own, in all sorts of structures, from high-rise buildings to homes.

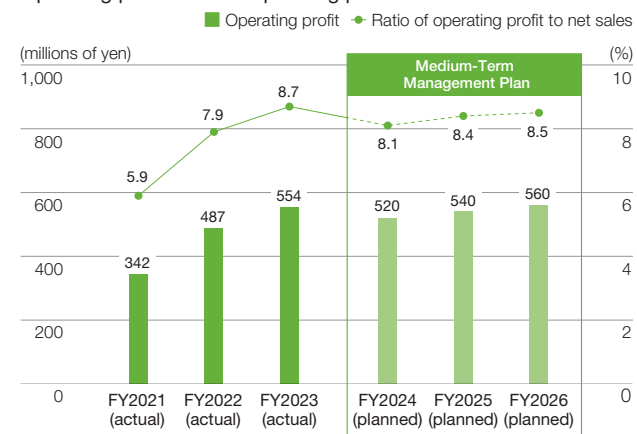
Oiles ECO seeks to meet its customers' ventilation needs, which are now apparent amidst the COVID-19 pandemic, and it seeks to achieve consistent and sustainable growth by "providing health and comfort" and "conserving energy."

Actual results by segment

Net sales



Operating profit/Ratio of operating profit to net sales



Medium-Term Business Strategy 2024-2026

1) Shifting our focus to the growing renewal market associated with longer lifespan of buildings, we will provide safety and security, comfort, and energy savings to society

(1) Strengthening the renewal and renovation market

- To aggressively expand into the growing renewal market associated with longer lifespan of buildings, while protecting our share of the new construction market, which is our business foundation
- To accelerate technological development and usage application development based on the No. 1 track record of external blinds sales to strengthen sales and improve the revenue base.

2) Improving existing products and developing new products

- Expanding sales for both buildings and residential homes by improving value-added and reducing costs through enhancement and development of existing products
- Developing products for IoT and electronic control

Topics

Products Such as ECOSHADE® Used in the Head Office of Tokai Rika Service Co., Ltd.

The head office of TOKAI RIKI SERVICE CO., LTD. is located in a densely populated residential area. After a series of design changes in consideration of the influence on the neighboring environment, the building was completed as "nearly ZEB" which means an environmentally friendly building. The new building is for nearby residents as well as the employees of Tokai Rika Service. It has an open area that neighbors can casually visit. In addition, they can use the office as an evacuation site in the event of an emergency.

Our products equipped in the building are ECOSHADE® external blinds and the WINDOW OPERATOR™ device to open/close windows for air ventilation and smoke exhaust. ECOSHADE® can control solar radiation, which was its original purpose, but it also serves to reduce light spillover from the building's offices into neighboring homes after dusk.

*Nearly ZEB (a nearly net-zero energy building): A building with annual primary energy consumption close to zero through measures to save and generate energy



Intellectual Property Initiatives

The Oiles Group's management philosophy is to "serve society through technology," and one of our major issues (materiality) for sustainable growth is to develop and provide advanced products and technologies that contribute to resolving social issues. Our initiatives for intellectual property are closely related to our relentless pursuit of the new technologies exemplified by "+X" in the OILES 2030 VISION as well as the two core technologies of 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 FY2023 were 2.529 billion yen on a consolidated basis, accounting for 3.7% of consolidated net sales. The ratio averaged approximately 4.1% 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 196 employees in charge of R&D in Japan and overseas as of the end of March 2024.

Main R&D Themes of Each Division

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

Intellectual Property Policy

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

Acquisition of Necessary Rights

The Oiles 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 Oiles group constantly checks if its products and technologies violate the industrial property rights of others.

Exercise of Our Own Rights

In the event that others infringe on the Oiles 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 treat data from experimental results of hundreds or thousands of combinations of various materials and additives in materials development as valuable information for developing new materials. For existing products, we have set up comprehensive databases of bench test results and actual equipment evaluation results under various conditions. The results have been gathered through our business activities over the past several decades. With these databases, we quickly and effectively prepare proposals in response to customer requests. The databases accumulate data on a daily basis over the course of conducting business activities and are used for creating value through such activities as closely managing the new material development and key intellectual property.

In product fields mainly related to mechanical design,

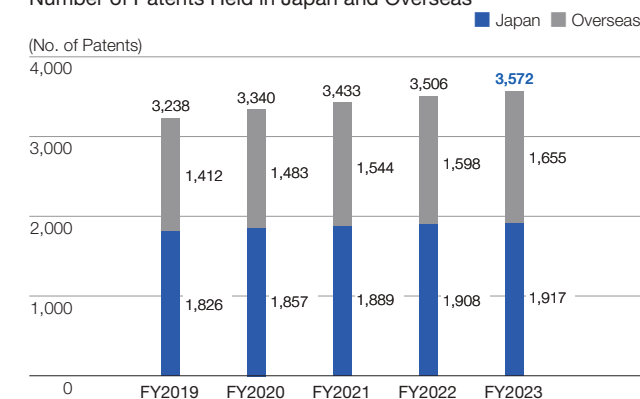
such as damping (vibration control) technology, we engage in multifaceted activities to protect our rights through a mixed IP strategy in which we aggressively apply for design patents. In addition, we have developed a patent map for each product, which we use to reinforce our patent applications. To achieve sustainable growth, we will promote activities to create new value and new businesses based on intellectual property, in consideration of the IP landscape.*

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

Total Number of Industrial Property Rights Acquired (For Oiles and Oiles ECO, as of March 31, 2024)

	Patents	Utility Models	Designs	Trademarks
Rights acquired	3,572	612	75	837
Japan	1,917	607	73	526
Overseas	1,655	5	2	311

Number of Patents Held in Japan and Overseas



Local Commendation for Invention

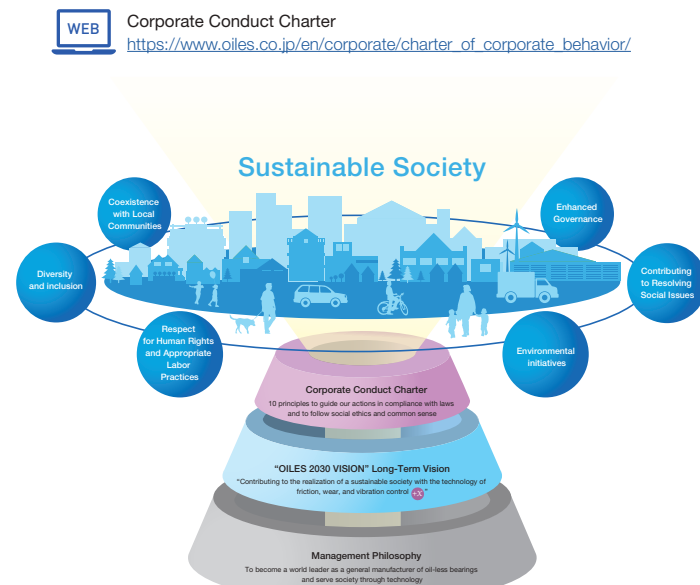
Our 500SPR product, which is a hard special copper alloy bearing embedded with solid lubricant, is not only patented (patent number: 5342882), but also received a local commendation for invention at the FY2023 Kanto Regional Invention and Innovation Award held by the Japan Institute of Invention and Innovation. This event is held each in eight regions of Japan, Hokkaido, Tohoku, Kanto, Chubu, Kinki, Chugoku, Shikoku and Kyushu, to commend excellent inventions, great efforts to invent, or contributions to engineer education. We will continue to actively strive to develop the next product to win this award after 500SPR as one of our goals.

Corporate Management and Sustainability

Oiles Group Sustainability Philosophy

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

Through sincere and fair business activities based on the Long-Term Vision and Oiles Group Corporate Conduct Charter, we will implement six sustainability material topics: 1. Enhanced Governance, 2. Contributing to Resolving Social Issues, 3. Environmental Initiatives, 4. Respect for Human Rights and Appropriate Labor Practices, 5. Diversity and Inclusion, and 6. Coexistence with Local Communities to fulfill our responsibilities as a company toward sustainability issues.

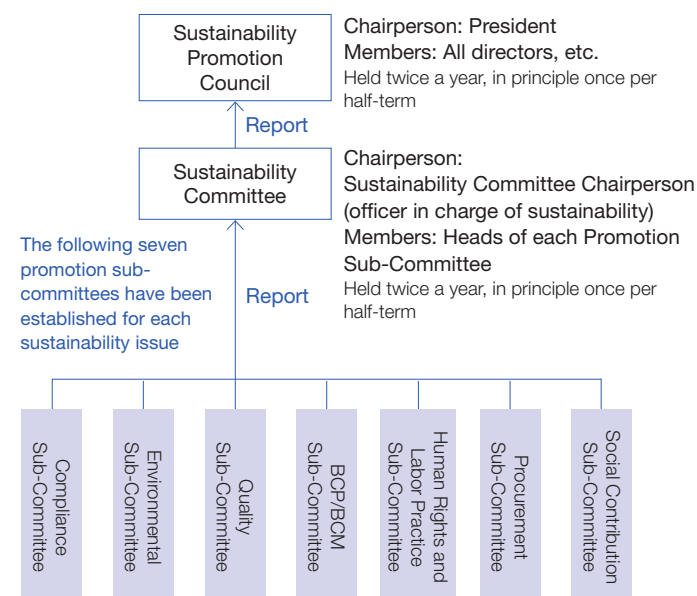


Sustainability Promotion Structure

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

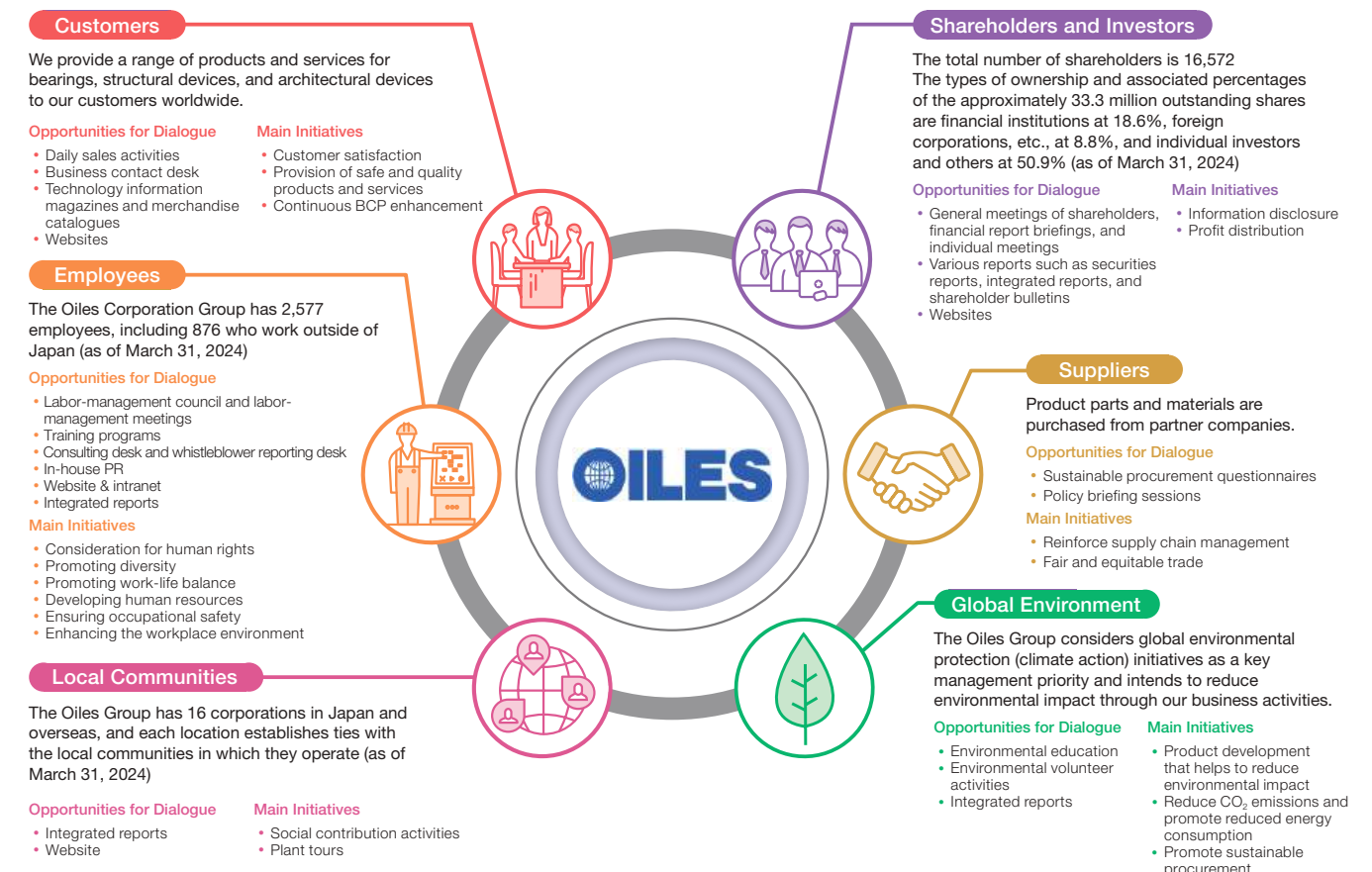
The Sustainability Committee, chaired by the officer in charge of sustainability, has been established directly under the Sustainability Promotion Council. The committee promotes the Oiles Group's priority sustainability topics, discusses concerns identified in the PDCA cycle, and reports important matters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

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



Stakeholder Engagement

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



Participation in External Initiatives

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

We also expressed our support for the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD, now inherited by the ISSB) in September 2023. We will disclose information according to the TCFD recommendations and thereby strengthen the relationship of trust that we have with our stakeholders.

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



Corporate Governance

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

Basic Policy

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

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

Overview of Corporate Governance

In order to enhance the supervisory function of the Board of Directors and improve the speed of decision-making by transferring authority to directors and operating officers, Oiles Corporation became a company with an Audit and Supervisory Committee in June 2024. The Board of Directors makes decisions on key management matters and oversees the management of directors' execution of business. As of June 30, 2024, the Board of Directors has nine directors (including four outside directors), eight of which are men and one of which is a woman. The Audit and Supervisory Committee has developed a collaborative system with the accounting auditor and internal auditing including internal control. One employee is also concurrently in charge of assisting the duties of the Audit and Supervisory Committee. (See page 40 for the List of Directors and Directors' Skill Matrix.)

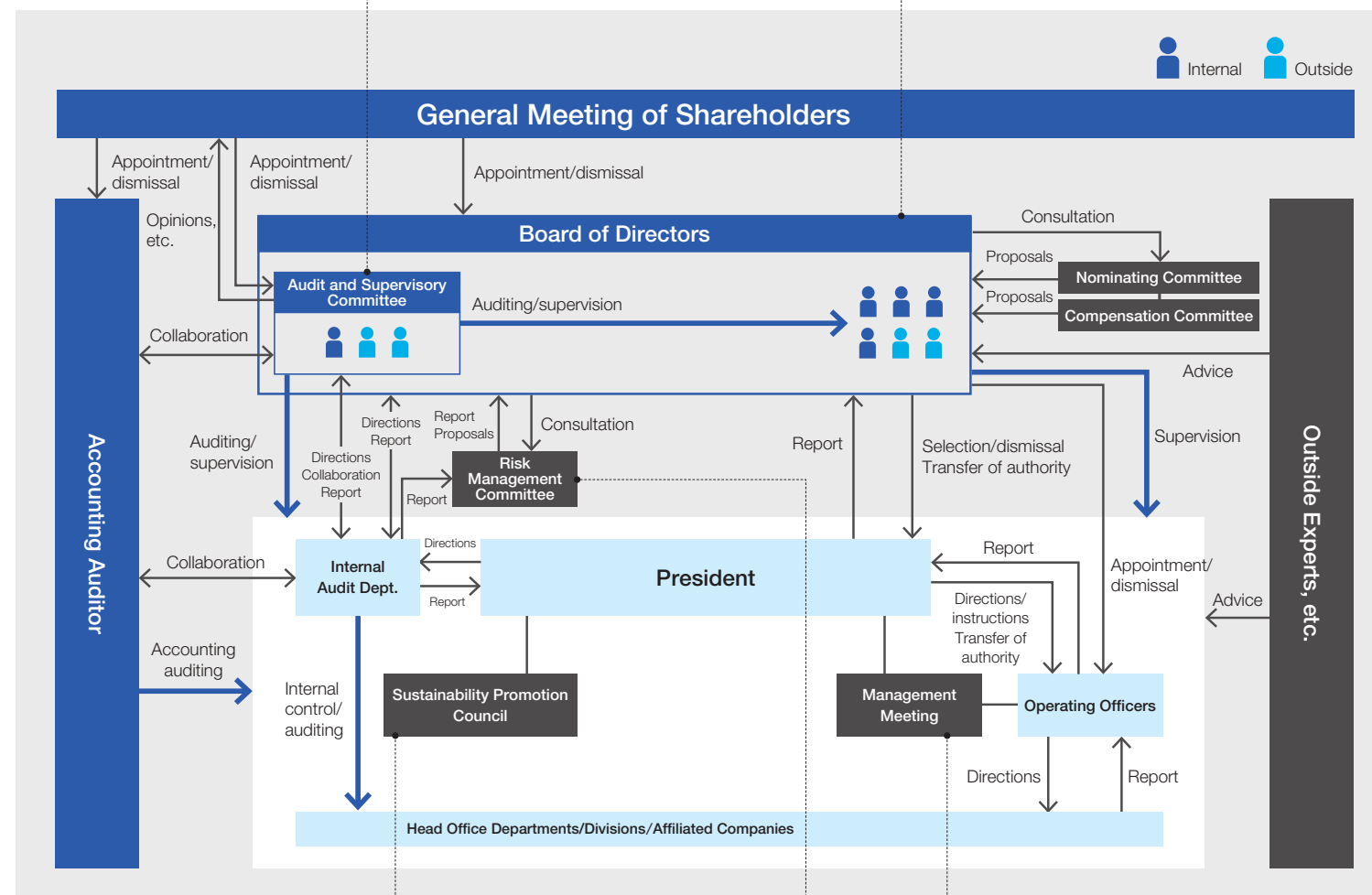
From June 2003, we employ an operating officer system with the intent to clarify the separation of business execution functions and supervisory/oversight functions, as well as to bolster the functions of the Board of Directors through speedier, more efficient decision-making on management strategies. From March 2023, we also clarify the roles and responsibilities of the directors and executive department by appointing operating officers responsible for each business department, and promote flexible management and enhancing the supervisory function of management.

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three Audit and Supervisory Committee members, including two outside directors, and in principle meets once a month. The Committee determines the Audit and Supervisory Committee regulations and Audit and Supervisory Committee standards on auditing and other matters. It audits the directors' execution of duties and creates audit reports, thereby fulfilling the audit function for management. The General Meeting of Shareholders appoints outside directors so that it may draw on their abundant experience outside the company and strengthen the objectivity and independence of its auditing function.

Board of Directors

The Board of Directors consists of nine directors, and in principle meets every month. The board makes decisions on management policies and important management matters. Additionally, the board supervises the execution of business and decides on matters stipulated by or under discussion with respect to applicable laws, regulations and the Articles of Incorporation. Outside directors are appointed to provide advice on management policies and important matters based on their considerable experience.



Sustainability Promotion Council

This body discusses important sustainability issues such as environmental initiatives and is chaired by the president and attended by all directors and operating officers including independent outside directors. The meeting is in principle held twice a year, in the first half and second half.

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 all directors including independent outside directors and operating officers in attendance.

Risk Management Committee

For the purpose of responding to diverse risks across the entire Group, in April 2024 the Risk Management Sub-Committee under the Sustainability Committee was reassigned as the Risk Management Committee, an advisory body to the Board of Directors. The Risk Management Committee has the officer in charge of quality as its chairperson and the general manager of the Corporate Planning & Administrative Division as its vice-chairperson, and in principle meets twice a year.

Initiatives for Effective Corporate Governance

Assessment of the Board of Directors' Effectiveness

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

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

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

- Method: Signed questionnaire
- Target: Six directors and four Audit and Supervisory Committee members in office at the end of March 2024
- Period: April 2023 to March 2024
- Assessed: Composition, effectiveness, operation, and discussion process of the Board of Directors, as well as systems for obtaining information and providing assistance, etc.

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

The results of the FY2023 assessment showed higher scores for items regarding discussion from the stakeholder perspective and the appropriate transmission of information to shareholders, as well as reflecting information in management plan analysis and formulation of the next management plan. The Board of Directors meetings had more active discussion and incorporated the ideas expressed by outside directors and outside Audit & Supervisory Board members into the board decisions under the smooth facilitation of the chairperson. These findings supported the conclusion that the board's effectiveness had been ensured.

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

Nominating Committee and Compensation Committee

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

We established a voluntary Nominating Committee with a majority of independent outside directors to ensure the independence, objectivity and transparency of nomination procedures of directors and operating officers. The Nominating Committee is chaired by an independent outside director. Directors and operating officers are determined by the Board of

Corporate Governance

Directors after undergoing a consultation and reporting process with the Nominating Committee (candidates for directors are submitted in proposals at general meetings of shareholders).

In addition, to ensure the effectiveness of the compensation system for directors and operating officers, a voluntary Compensation Committee is being established, with a majority of independent outside directors. The Compensation Committee is chaired by an independent outside director. As a result, the composition of and policies on compensation are determined by the Board of Directors after consulting and reporting to the Compensation Committee. In FY2023, the Nominating Committee met four times, and the Compensation Committee met three times. They are operating as intended.

• Performance-Based Stock Compensation Plan

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

Under the plan, company shares are acquired through a trust that we have funded. Company shares and money equivalent to the market value of the shares are provided to eligible directors and officers through the trust.

Based on a resolution made at the 73rd Ordinary General Meeting of Shareholders held on June 27, 2024 to become a company with an Audit and Supervisory Committee, we discontinued the existing compensation granted to directors under this plan, and adopted a new system for compensating operating officers and directors (other than outside directors) that are not Audit and Supervisory Committee members.

• Training for Directors and Operating Officers

At least once a year, the company provides directors and operating officers with continuous training sessions given by outside experts regarding the latest corporate legal affairs and taxation.

• Dialog with Shareholders

The president of the company holds financial results briefings for analysts and institutional investors twice a year, after the interim financial results and full-year financial results are announced.

Efforts for dialog with shareholders and investors are focused on the director in charge of IR, who reports opinions received from shareholders and investors at Board of Directors meetings and the Management Meeting, in order to utilize that information in our corporate management.

Internal Control

The Oiles Group is taking various steps to improve the system and strengthen the effectiveness of internal control.

The Internal Audit Dept., an organization under the direct control of the president, periodically conducts audits on all our departments and Group companies.

With the goal of enabling the Board of Directors and Audit and Supervisory Committee to fulfill their functions, mechanisms have also been established for the Internal Audit Dept. to report directly to the Board of Directors and Audit and Supervisory Committee as needed about matters such as the results of internal audits. In addition, the person responsible for internal audits exchanges opinions with the Audit and Supervisory Committee and the accounting auditor, and that person also provides corrective instructions and improvement suggestions to each workplace and follows up on this advice.

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

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

Reasons for the Appointment of Outside Officers

The company has selected four independent outside directors with extensive knowledge and experience to contribute to promoting the business of the Oiles Group, according to the requirements for outside directors stipulated in the Companies Act and independence standards stipulated by financial instruments exchanges.

List of Officers and Directors' Skill Matrix



Photo number		Position, Name		Committee		Area of Expertise								
				Nomi-nating	Com-pensa-tion	Corporate Management	Finance, Accounting	Legal, Risk	Technology, R&D, Production	Marketing	Global Business	IT, DX	Sustainability	Human Capital
Directors who are not Audit and Supervisory Committee members	1	Chairman	Masami Iida			●	●	●	●					
	2	President	Yoshikazu Sakairi	○	○	●	●	●	●	●				●
	3	Director	Kazuharu Tanabe					●	●	●	●		●	
	4	Director	Misao Yoneyama				●	●				●	●	●
	5	Independent Outside Director	Yasuji Omura	◎	◎	●		●	●	●	●			
	6	Independent Outside Director	Rika Miyagawa	○	○	●		●				●		●
Directors who are Audit and Supervisory Committee members	7	Director (Full-time Audit and Supervisory Committee Member)	Satoshi Miyazaki				●	●					●	●
	8	Independent Outside Director (Audit and Supervisory Committee Member)	Tatsuhiro Maeda	○	○	●	●	●						
	9	Independent Outside Director (Audit and Supervisory Committee Member)	Takeo Sakakibara			●	●	●		●				●

*The ● symbol indicates items that the person is particularly skilled at, and does not indicate all the knowledge or experience of that person.

*The ○ symbol indicates that the person is a member of the corresponding committee, and the ◎ symbol indicates that the person is the chairperson of the committee.

Director Yasuji Omura

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.

Director Rika Miyagawa

Ms. Miyagawa was appointed because we believe that she will provide useful opinions, proposals and advice based on her knowledge and experience in management as a corporate officer and her expertise in the fields of internal auditing and information systems. We also believe that her experience and insight will contribute to further enhancing corporate governance from the perspective of digital transformation (DX) and HR.

Director (Audit and Supervisory) Tatsuhiko Maeda

Mr. Maeda is a certified public accountant with extensive knowledge and experience in corporate accounting and related fields, and he can facilitate proper auditing of the Group.

Director (Audit and Supervisory) Takeo Sakakibara

Mr. Sakakibara has a high level of expertise and extensive knowledge of corporate accounting and related fields, as well as knowledge and experience in management as a corporate officer for many years, and he can facilitate proper auditing of the Group.

Independent Outside
Director

Rika Miyagawa

Rika Miyagawa assumed her role as director after working in roles involving BPI, internal auditing, and information systems at "K" Line Air Service, Ltd. (now "K" Line Logistics, Ltd.) She has served as an outside director of Oiles since June 2021.

Independent Outside
Director

Yasuji Omura

After joining Mitsui Petrochemical Industries, Ltd. (now Mitsui Chemicals, Inc.), Yasuji Omura worked in roles involving production techniques, corporate planning, sales, and the promotion of new businesses, before becoming executive vice president. Now, he is an outside director at Gunee Chemical Industry Co., Ltd. He has also served as an outside director of Oiles since June 2021.

Stimulating discussion under the new corporate structure to continuously enhance governance and contribute to the growth of the company.

In FY2024, Oiles Corporation reformed its governance and announced its new Medium-Term Management Plan. We took a look back at FY2023 and asked outside directors Rika Miyagawa and Yasuji Omura about their opinions on future expectations for the company and issues it may face.

Corporate Governance Assessment

Omura: Compared to four years ago when I took on this role, officers have been speaking their mind more freely and there has been more debate on the direction and future vision of the company. The appointment of Yoshikazu Sakairi as president in April 2024 means that the young generation is now in charge, and debate has become livelier than ever before. Since FY2024, Oiles has become a company with an Audit and Supervisory Committee system, and this has bolstered the functions of the Board of Directors. Up until now, Audit & Supervisory Board members would express their opinions as required, but under the new corporate structure, Audit and Supervisory Committee members have a heightened awareness of problems. I believe this has enabled corporate governance to function more robustly.

Miyagawa: I also feel that debate has become livelier. In order to promote more active debate, I would like to continuously express neutral and objective opinions. Furthermore, I believe that my role is to contribute to ensuring that there is good communication between officers and employees.



Omura: I always think that my role in accelerating the growth of the business is also important. I will continue to make efforts to contribute to improved profit and company growth.

Formulation Process for the Medium-Term Management Plan

Omura: Unfortunately, our share price has not gone up in the last 10 years. This means that our company has not been growing, and also that our previous Medium-Term Management Plan did not function well. In order to accelerate growth, we need to set high targets, plan concrete growth strategies for the future, and invest capital and human resources. "OILES 2030 VISION" is our new Long-Term Vision formulated in FY2024, and it sets the unprecedented and challenging target of achieving a ROE of 10% or more. We debated many times about how to set this target, and I believe that those careful discussions have transformed our awareness on achieving targets.

Miyagawa: I also felt changes in awareness when formulating the strategies announced together with the Medium-Term Management Plan. The Corporate Strategy Dept. performed SWOT analysis and comparisons with competitors by analyzing our past results more than ever before. Another striking feature of the new Medium-Term Management Plan is that capital expenditures have doubled to 20 billion yen. It promotes measures to address the deterioration of facilities and aging of engineers, and I expect our productivity to improve, including at our overseas manufacturing sites.

Omura: Oiles has used its original technologies to increase stable income, but we need to aim for further growth, rather than being satisfied with our current level of income. One future challenge will be identifying businesses to grow and businesses in need of reorganization.

Miyagawa: We are about to get to work on achieving our Medium-Term Management Plan, but everyone is very serious and cautious. I hope that our employees can reaffirm the strengths of Oiles and cultivate a competitive mindset that will enable us to swiftly aim for further growth.

Omura: We focus on transformation and evolution in the new Medium-Term Management Plan though Oiles had a tendency to focus on stability so far. The efforts of each and every employee will be important for executing this plan. We need officers to carefully explain the idea of growth to all our employees, so that they can understand what needs to be done and make efforts to do so.

Efforts to Address Sustainability

Miyagawa: In June 2023, we received Kurumin certification from the Minister of Health, Labour and Welfare as a company supporting child-raising, and in January 2024, we received Eruboshi certification as an excellent company for promoting the empowerment of women. Child-raising assistance programs and enhanced activities for empowering women are major achievements, and I believe that it is important for us to of course increase employment of women, but also develop/

nurture candidates for female managers and maintain an environment where female employees can flourish.

Omura: We need to think about how we can support ambitious women. Having people like Ms. Miyagawa in top positions may help in doing so. It would motivate women and encourage them to think "Maybe I can do that too."

Miyagawa: I believe that showing female managers enjoying their jobs with satisfaction is the best kind of education we can provide. We are currently holding meetings where female managers gather to exchange opinions to encourage awareness raising and voice concerns, and they have various opinions regarding their career. I hope that we can continue to empower women.

Omura: In addition to efforts to empower women, initiatives to address environmental and other sustainability issues are important. Oiles is implementing various initiatives, including the reduction of CO₂ emissions, but I hope that we can also further promote how our business itself contributes to solving social issues, both inside and outside the company.

Miyagawa: It is wonderful that we have products and technologies for reducing environmental impact, such as oil-less bearings and seismic isolation/vibration control technologies, but I also feel that we are not promoting them enough. Although this may be somewhat natural for a company with a history as long as ours, I believe that increasing the recognition of Oiles via its products and technologies will also lead to increased motivation for our employees.

Omura: The company has great possibilities. Our new corporate structure and Medium-Term Management Plan is a chance for us to transform the company and demonstrate the real value of Oiles. Both of us have high hopes for all our employees.



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 and a Compliance Sub-Committee (headed by the general manager of the Legal Dept.), which serves as a Promotion Sub-Committee under the Sustainability Promotion Council. In addition, each division and each Group company has a member on the Compliance Sub-Committee and a compliance promoter. Compliance promotion, education and training based on the Oiles Group Corporate Conduct Charter and Corporate Code of Conduct ensure that all business activities are conducted in accordance with laws and regulations and that the behavior of all employees is grounded in our corporate ethics.

Initiatives to Promote Compliance

• Distribution of the Compliance Implementation Guide and Training

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

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

• Whistleblowing System

The Oiles Group has established an internal whistle-blowing system to identify compliance issues at an early stage and take countermeasures. Specifically, we have set up an internal reporting window at the Compliance Committee Secretariat (Legal Dept.) and an outside reporting window at a law office for

compliance-related consultations and to report unfair practices. We thereby strive to not only thoroughly protect whistleblowers, but also identify and resolve problems at an early stage.

• Fair Competition

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

• Prevention of Corruption and Bribery

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

• Response to Antisocial Forces

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

Risk Management

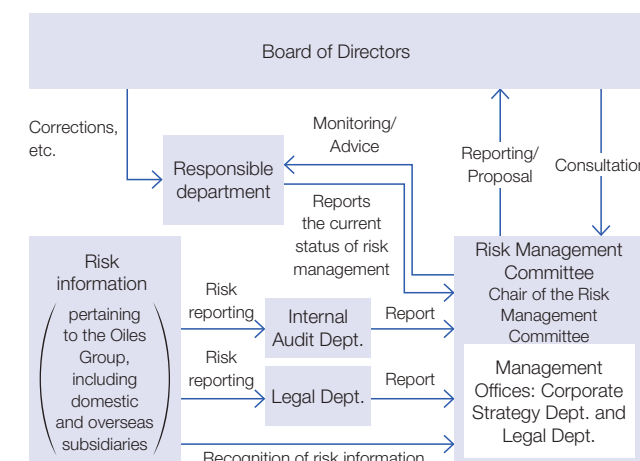
Basic Policy

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

Risk Management System

Due to the increasing diversification of risks, in April 2024 we reassigned the Risk Management Sub-Committee under the Sustainability Promotion Council to the Risk Management Committee, which is an advisory body to the Board of Directors. The Risk Management Committee enhances information gathering and management and strives to reduce the impact and likelihood of risks occurring. The Committee has a comprehensive understanding of the risks facing the Oiles Group, and periodically checks how we are responding to them. It also promotes the strengthening of risk mitigation measures across the Group according to the impact and likelihood of risks occurring, and periodically reports to the Board of Directors.

Risk Management Structure Chart



Identification of Business Risks

Using a variety of risk information, we identify business risks through questionnaires and interviews with all parties concerned, including the relevant business departments.

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

Initiatives for Information Security

The Oiles Group properly manages and protects all information assets related to our business operations, and the entire Group addresses information security measures based on various regulations to counter cyber attacks and other threats. Considering the importance of information assets, we also continually offer training to all employees in order to ensure thorough management of those assets.

In order to maintain and improve information security, we acquired ISO/IEC 27001:2013 information security management system certification in June 2022, and we are striving to prevent breaches in information security. We are also further enhancing our cyber security in light of the unauthorized access that occurred in June 2024.

Business Continuity Planning and Management (BCP/BCM)

The Oiles Group has formulated a business continuity plan (BCP) to prepare for large-scale earthquakes and other contingencies. The basic policy of the BCP is to aim for the early restoration of business operations while placing the highest priority on ensuring the safety of human life. To this end, we promote the development of action plans for emergencies and the advance preparation of disaster mitigation measures. We also conduct BCP training to prepare for large-scale earthquakes and other contingencies. In order to mitigate flood damage caused by linear precipitation bands, which have been increasing in recent years, we are strengthening measures to counter the risk of flooding, with a focus on our manufacturing sites in Japan. Going forward, we aim to continue developing our BCP and BCM (business continuity management).

Environmental Initiatives

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

Environmental Policy

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

[You can see the Oiles Group Environmental Policy at https://www.oiles.co.jp/files/Oiles_Group_Environmental_Policy\(EN\).pdf](https://www.oiles.co.jp/files/Oiles_Group_Environmental_Policy(EN).pdf)

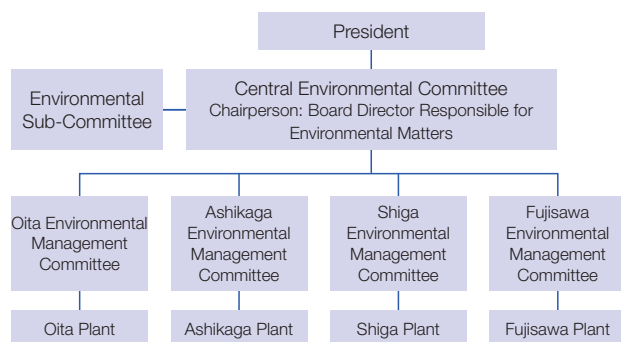
Environmental Management System

Promotion Structure

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

Furthermore, company-wide support is provided for environmental initiatives through the establishment of an Environmental Sub-Committee (chaired by the head of the Quality Assurance & Environmental Safety Dept.) to share information such as policies, targets, issues and progress related to activities while also building a structure for reporting to the president and the Central Environmental Committee (chaired by the board director responsible for environmental matters). The Central Environmental Committee cooperates with the Environmental Sub-Committee to enhance environmental protection activities throughout the company and promotes sharing of the environmental management systems with domestic and overseas affiliated companies.

Environmental Management System Promotion Structure



[You can see our ISO 14001 certification acquisition status at https://www.oiles.co.jp/en/sustainability/iso/](https://www.oiles.co.jp/en/sustainability/iso/)

Responding to Climate Change: Preventing Global Warming

Governance

The Oiles Group has established the Sustainability Promotion Council as the body for discussing sustainability issues such as climate change. Chaired by the president and attended by all directors, the Sustainability Promotion Council convenes twice a year to deliberate on formulating Oiles Group policies and targets to respond to climate change-related risks and opportunities.

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

In addition, the Board of Directors exercises oversight over the risks and opportunities of climate change. We address climate change through this multi-tiered organizational structure.

Strategy

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

Climate Change-Related Risks and Opportunities

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

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

Main Transition Risks

	Impact / Time Frame	Countermeasures
Removal from customers' supply chains due to slow action to address climate change	Significant / medium to long term	Promote initiatives to achieve CO ₂ emission reduction targets
Loss of earning opportunities due to slow development of eco-friendly products	Significant / medium to long term	Continue developing products and technologies that contribute to creating a low-carbon society
Loss of market due to innovative changes in raw materials required for products	Significant / medium to long term	• Expand sales of Biomass Plastic Bearings • Develop new materials • Procurement of carbon-free raw materials
Introduction of carbon taxes	Intermediate / long term	Reduce CO ₂ emissions

Main Physical Risks

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

Main Opportunities

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

Risk Management

The Sustainability Promotion Council, chaired by the president and attended by all directors, assesses and identifies risks related to climate change issues based on reports from the

Sustainability Committee and decides the overall direction for management. In addition, we established the Environmental Sub-Committee under the umbrella of the Sustainability Promotion Council and Sustainability Committee as the administrative organization for addressing climate-related risks. In light of the risks and opportunities involved, we are pressing forward with measures to address climate change issues, with a particular focus on reducing CO₂ emissions. The status of our efforts to address climate-related risks is regularly reported to management via the following process: Environmental Sub-Committee → Sustainability Committee → Sustainability Promotion Council. Furthermore, the BCP/BCM Sub-Committee under the Sustainability Promotion Council and Sustainability Committee also follows up on the physical risk of flooding caused by climate change, although the possibility of its occurrence is low. (See page 35 for details about the Oiles Group's Sustainability Promotion Structure.)

The Risk Management Committee regularly reports to the Board of Directors on the overall picture of risks that the Oiles Group should be aware of, including climate change risks.

Indicators and Targets

In 2023, the Oiles Group once again revised its environmental targets, which we previously revised in 2021, in order to achieve carbon neutrality by 2050. We have divided our efforts to achieve those targets into two steps. The first step is to reduce total CO₂ emissions by 46% from their FY2013 level (total CO₂ emissions of 16,609 t-CO₂) by FY2030, which is the existing target, and the second step is for the Oiles Group as a whole to achieve carbon neutrality by 2050.

Environmental Targets

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

*This applies to Scope 1 and Scope 2

Status of Initiatives

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

We have mostly completed the conversion to LED lighting at our domestic plants and we are systematically upgrading to energy-efficient air conditioning and production equipment. We started solar power generation at our Fujisawa Plant in FY2021, and are now planning to adopt on-site PPA at multiple sites overseas. We also began procuring renewable energy in FY2022, and are expanding this to our domestic affiliated

Environmental Initiatives

companies in addition to our four domestic plants, as we strive to reduce our group-wide CO₂ emissions.

Raising the awareness of each and every employee is also important to achieving our environmental targets. In addition to working to reduce energy loss and defects at our manufacturing sites and continuing to educate employees on environmental issues through training, we have made devising “environmental approaches” a mandatory item on the annual plans of each department since FY2023 to raise awareness of environmental approaches. At our Fujisawa Plant and Oita Plant, we achieved energy saving via the centralized management of gas air conditioning, and this has enabled us to successfully reduce CO₂ emissions. We are also switching the production equipment and air conditioning equipment at our Fujisawa, Shiga, Oita, and Ashikaga Plants to energy saving equipment in order to reduce our CO₂ emissions. The office of the Environmental Management Committee takes visually presented data of energy consumption over Oiles corporation and notifies each workplace of its monthly consumption. For the workplaces using large amounts of energy, the office also encourages them to identify reasons for that use through a comparison with the data of the previous year and other workplaces and to reduce their energy consumption by themselves.



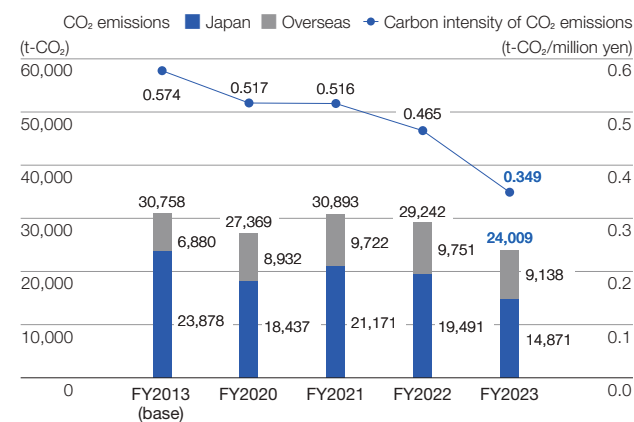
Solar power generation at the NP Building of the Fujisawa Plant

These actions enabled us to reduce the Group's total CO₂ emissions. In FY2023, the Group's total CO₂ emissions were 24,009 t-CO₂, an 18% decrease from the previous fiscal year, although consolidated net sales increased 9.3% from the previous fiscal year. In addition, CO₂ intensity (CO₂ emissions per unit of energy) was 0.349 t-CO₂/million yen. That figure was lower than that in the base year of FY2013, and the same was true in the previous fiscal year. Moreover, the CO₂ emissions of our domestic manufacturing sites in FY2023 were 14,871 t-CO₂, a 23.7% decrease from the previous fiscal year. In order to achieve our plan for 2030 (Step 1), we will promote various measures in Japan and overseas, including further promotion of energy saving company-

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

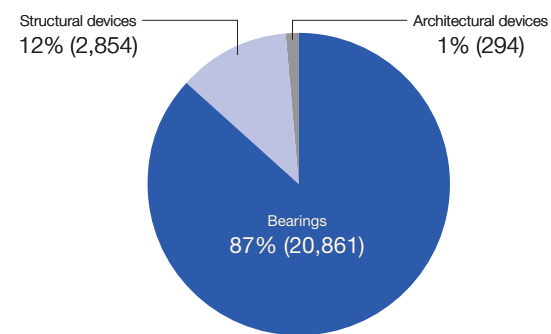
To achieve our target of achieving carbon neutrality by 2050 (Step 2), we need to review our energy procurement system company-wide, implement energy-efficient production lines, and fundamentally review our methods of production. To provide products and technologies that help solve the world's issues,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

CO₂ Emissions and Intensity (Oiles Group)



* Figures have been revised as a result of recalculating the CO₂ emissions of FY2013 (the base year).

FY2023 CO₂ Emissions by Business (t-CO₂)



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

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

Supply Chain CO₂ Emissions

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

CO₂ Emissions

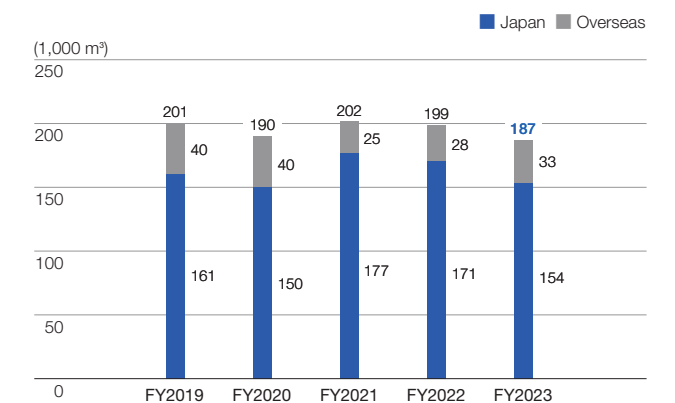
Category		FY2022 CO ₂ emissions (t-CO ₂)	FY2023 CO ₂ emissions (t-CO ₂)	Ratio of FY2023 total (%)
Scope1	Our direct CO ₂ emissions	7,435	5,899	3
Scope2	Our indirect CO ₂ emissions	21,808	18,110	10
Sum of Scopes 1 & 2		29,242	24,009	13
Scope3	1. Purchased products & services	124,696	131,379	72
	2. Capital goods	8,631	7,233	4
	3. Fuels, etc., not included in Scopes 1 & 2	5,349	5,041	3
	4. Transportation & deliveries (upstream)	12,233	12,846	7
	5. Emissions from businesses	1,144	1,117	1
	6. Business travel	264	268	0
	7. Employee commuting	913	932	1
Sum of Scope 3		153,230	158,817	87
Total Supply Chain CO ₂ Emissions		182,473	182,826	100

Conservation of Water Resources and Waste Disposal

Controlling Water and Preventing Water Resource Pollution

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

Water Usage (Oiles Group)



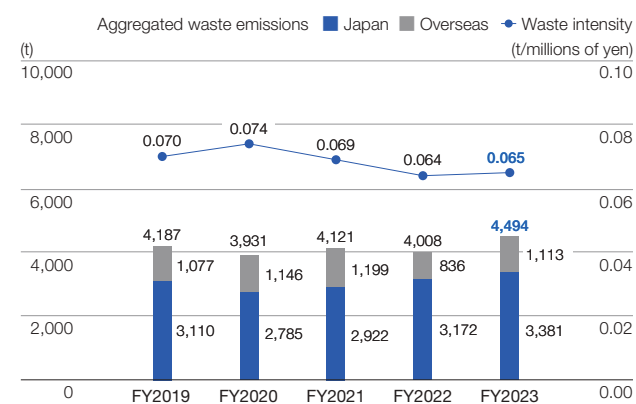
Environmental Initiatives

Waste Disposal and Reduction

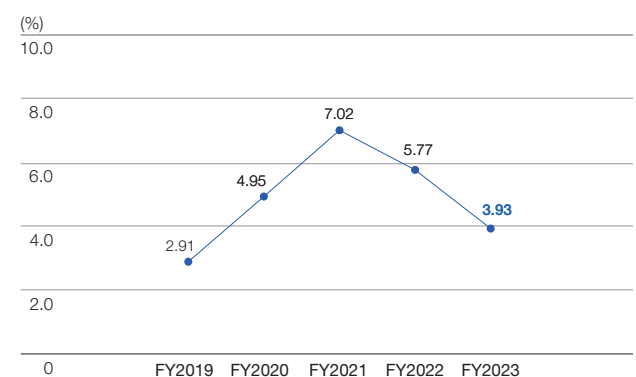
To ensure the proper disposal of waste at each plant, the Oiles Group conducts on-site checks of contracted waste disposal service providers and manages waste through manifests. In FY2022, we reduced the volume of landfill waste by, for example, disassembling and processing products consisting of different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

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

Aggregated Waste Emission and Intensity (Oiles Group)



Landfill Rate (Domestic Group Companies)



Proper Management of Chemicals

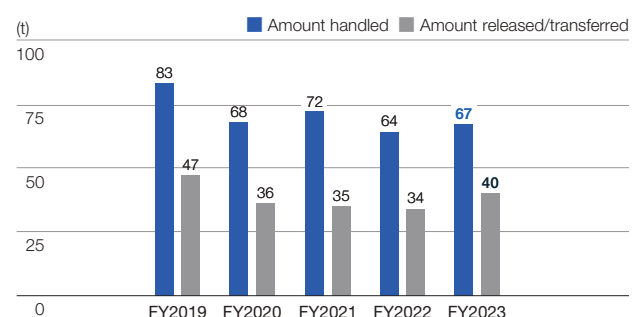
The Oiles Group operates in accordance with its internal Management of Chemical Substances in Products regulations and strives to properly manage chemical substances in order to comply not only with laws and regulations but also to meet customer requirements and protect the global environment.

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

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

Concerning the RoHS 2 regulations (additional regulations for RoHS) that went into force in July 2019, we have surveyed the included chemical substances and have completed the response.

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



Independent Assurance Statement



Independent Assurance Statement

August 30, 2024

Mr. Yoshikazu Sakairi
President
Oiles Corporation

1. Purpose

We, Sustainability Accounting Co., Ltd., have been engaged by Oiles Corporation ("the Company") to provide limited assurance on the following data of the Company group for the fiscal year 2023: 5.89 kt-CO₂ for Scope1, 18.1 kt-CO₂ for market-based Scope2, 159 kt-CO₂e for Scope3 (Categories 1,2,3,4,5,6,7) and 129 thousand m³ of water withdrawal (fresh surface water) (collectively, "the Environmental Performance Indicators"). The purpose of this process is to express our conclusion on whether the Environmental performance indicators were calculated in accordance with the Company's standards. The Company's management is responsible for calculating the Environmental performance indicators. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

2. Procedures Performed

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

- Interviewing the Company's responsible personnel to understand the Company's standards and reviewing the Company's standards
- Performing cross-checks on a sample basis and performing recalculation to determine whether the Environmental performance indicators 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 Environmental performance indicators 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 Rights / Human Capital Initiatives


Based on the idea that human capital is the source of enhanced corporate competitiveness and increased corporate value, we consider efforts for human capital to be an important management priority in addition to our efforts for respecting human rights. We have therefore established the Human Rights and Labor Practice Sub-Committee (chaired by the head of the Human Resources Dept.) under the Sustainability Promotion Council. This sub-committee promotes initiatives for human rights and human capital. As we maintain an environment for reinforcing human capital, we actively promote efforts that contribute to increased corporate value, from the perspectives of respecting human rights, diversity and inclusion, human resource development, and occupational health and safety.

Human Rights Policy

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

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

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

 You can read the Oiles Group Human Rights Policy at [https://www.oiles.co.jp/files/Oiles_Group_Human_Rights_Policy\(EN\).pdf](https://www.oiles.co.jp/files/Oiles_Group_Human_Rights_Policy(EN).pdf)

• Human Rights Due Diligence

We mapped the likelihood and impact of the risk of human rights violations occurring at the Oiles Group, which led us to identify harassment, human rights problems at overseas supply chains, and insufficient/unpaid wages as priority risks that we should address. We identify and assess the negative impacts of these human rights risks, including potential impacts, based on a human rights due diligence process. We also plan to assess remaining risks after risk countermeasures are implemented and continuously review the mapping, via efforts such as questionnaires.

Oiles Group Basic Policy on Human Resources

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

 Oiles Group Basic Policy on Human Resources
[https://www.oiles.co.jp/files/Oiles_Group_Basic_Policy_on_Human_Resources\(EN\).pdf](https://www.oiles.co.jp/files/Oiles_Group_Basic_Policy_on_Human_Resources(EN).pdf)

• Respect for Human Rights of Employees and Prohibition of Discrimination

We will respect the human rights of employees and never unfairly discriminate on grounds such as race, skin color, gender, language, religion, political and other opinions, nationality, statelessness, property, family origin, or other status. We offer equal access to recruitment and other employment opportunities and treat applicants and employees the same, based on fair evaluations in accordance with clear evaluation standards. In FY2023, we expanded the range of employees eligible for stipends such as housing allowances available to married employees, by recognizing the Partnership Oath System of local municipalities as being equivalent to marriage.

• 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. In addition to talks on the prohibition of harassment given during training programs, we also periodically include topics on preventing harassment in our monthly compliance training. We are increasing the effectiveness of our efforts to prohibit harassment, via initiatives such as conducting questionnaires on harassment every spring and holding anti-harassment training programs based on the results of those questionnaires.

Topics of Anti-Harassment Training Programs by Year

	Topic
FY2021	Assertive communication to avoid becoming a harasser
FY2022	Sexual minorities and SOGI harassment
FY2023	Workplace behavior which is not harassment yet unpleasant

Diversity and Inclusion

To enable human resources with diverse backgrounds to fully exploit their capabilities and express their individuality, we will foster a comfortable corporate culture and working environment as the cornerstone for raising sustainable corporate value. We also make sure to provide new employees with training for promoting understanding and awareness on the meaning of promoting diversity, in order to raise our employees' level of awareness.

• Promoting the Empowerment of Women

We believe that the participation of women in management is extremely important for improving corporate value. In order to discover the current issues facing the company, we have created units comprised only of women at departments with few female employees, and encouraged those units to identify issues and exchange opinions from their own perspectives. As our employees discuss how to solve these challenges via such discussions, we have been able to create an environment that makes it easier for female employees to work, such as with the adoption of a staggered working hours system. This system also helps male employees participate in childcare, and has therefore had a positive impact on both male and female employees.

In regard to developing female leaders, we have been conducting career training programs at least once a year, and more of our female employees have been joining than ever before. In FY2023, we expanded the training programs to our affiliated companies, so these efforts are now being conducted across the entire Oiles Group.

In regard to recruitment, we aim for about 30% of our new graduate hires to be female employees and are actively involved in efforts to achieve this target, such as increasing the frequency of information sessions for female students. In FY2023, in recognition of our efforts for promoting the empowerment of women, we received Eruboshi certification from the Minister of Health, Labour and Welfare for the first time.

As part of our efforts outside the company, we have held science events for elementary school children (called "Oiles Workshop") from FY2022, in order to help increase the number

of female students studying science. We promote these events across a wide area, and even held them at our Shiga Plant in August 2024.

• Recruitment of Foreign Nationals

We strive to recruit foreign nationals and develop foreign nationals who are qualified for managerial positions. As a result, we were able to recruit two new graduates in FY2024. One new foreign national qualified for a managerial position arose in both FY2023 and FY2024.

• Promoting Employment of Persons with Disabilities

With the goal of continuing to hire more people with disabilities than the statutory employment rate, we focus on recruitment activities as well as improving work and our working environment. In April 2023, we introduced the Special Leave for Regular Hospital Visits by Persons with Disabilities program as part of our efforts to support the work styles of employees with disabilities. If employees with disabilities require hospital visits on weekdays, they are eligible to receive one or more days of paid leave each month, depending on the disability and frequency of visits required.

	FY2021	FY2022	FY2023
Number of new employees with disabilities (non-consolidated)	2	3	2
Percentage of employees with disabilities (non-consolidated)	2.1%	2.1%	2.4%

Numeric Targets and Current Status of Diversity and Inclusion Efforts

Based on the principles of the Tokyo Stock Exchange's Corporate Governance Code, the Oiles Group has set the following targets to ensure diversity.

• Female Employees

Oiles Corporation

- Target** Increase the ratio of new graduate female employees to around 30% because it is important to increase the ratio of female employees to ensure diversity in appointing managers.*¹
- Target** Increase the ratio of female managers to around 3% by FY2025 and 5% or more by FY2030 through the promotion of diversity measures and other means. Also, increase the ratio of female employees in managerial positions and those qualified for managerial positions*² to around 10% by FY2025.

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

*² "Those qualified for managerial positions" refers to those in categories qualified to become managers.

Human Rights / Human Capital Initiatives

Results

	End March 2022	End March 2023	End March 2024
Percentage of female employees (regular employment)	11.6%	13.1%	14.3%
Ratio of female managers	1.9%	2.7%	2.7%
	April 2022	April 2023	April 2024
Ratio of females among new graduate hires	25.0%	47.4%	29.6%

Oiles Group

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

	End March 2022	End March 2023	End March 2024
Ratio of female managers	5.6%	6.1%	7.4%
Ratio of female managers at overseas subsidiaries	21.8%	22.0%	27.6%

Foreign Employees

Oiles Corporation

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

	End March 2022	End March 2023	End March 2024
Number of foreign employees	6	7	8

Number of Mid-Career Hires

Oiles Corporation

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

	End March 2022	End March 2023	End March 2024
Ratio of mid-career hires in management positions	40.0%	40.7%	40.4%

Human Resources Development

To improve our corporate competitiveness and corporate value, we are actively developing the abilities of each individual by calling upon their unique qualities and characteristics, and we are creating an environment in which employees can maximize their abilities through systematic development, utilization, evaluation,

and treatment. Because people are the source of enhanced corporate competitiveness and increased corporate value at a company, we strive to allocate management resources to human resources development.

Training System

We have adopted a training system for different employee levels and ages. Our training programs for new employees include On-the-Job Training at their assigned workplace after initial training is complete, as well as follow-up training that is conducted every three months, to ensure that new employees are fully supported in their first year at the company. We also provide training programs to the senior employees who train new employees, and focus on improving the skills of those in charge of education to ensure a curriculum that is valuable for both sides.

In FY2023, we added training at outside companies as a new type of selective training. This involves launching projects with employees at other companies, so that our employees can gain new perspectives and ideas that they might not encounter at Oiles, and thereby have an opportunity to diversify their ways of thinking. In FY2024, we adopted pre-management training for future management candidates to further enhance the training programs that we provide.

Assisting Personal Development

In addition to the training programs provided by the company, our employees can also receive training to spur personal development. Our employees can take correspondence education, with all expenses incurred by the company and with no restrictions on the course, as long as it is related to work. From FY2021, we provide free one-on-one online English conversation lessons to employees who wish to learn. We also have a qualification incentive system that pays incentives to employees who obtain the corresponding qualifications.

Educational Training Structure

Training by Year	Training by Position	Selective Training
New graduate training (classroom learning/on-site practice)	Newly appointed supervisor training	Pre-management training
New employee training before official assignment	Assessment training	Training at outside companies
New employee follow-up training	Newly appointed manager training	Oiles School for Management
2nd year employee training	Manager upskill training	Executive training
3rd year employee training	Occupational Ability Training	Global Education
Mid-career training	Basic skills training (machine processing, maintenance, etc.)	Training prior to overseas assignment
Career ownership training	Engineer training (special, first, and second levels)	Overseas dispatch training
	Outside lectures by job type (sales, CAD, etc.)	Language training

Maintaining Occupational Safety and Health

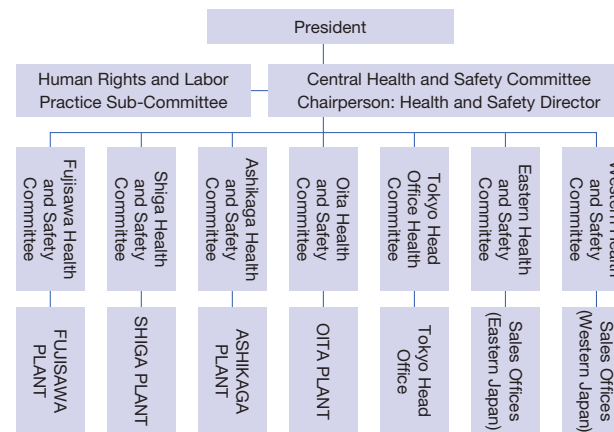
We strive to establish safe, secure and comfortable working environments under the basic principle of protecting the health and safety of all our employees. All employees work together to create a safe climate based on our occupational health and safety management system, which was set up in accordance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

Policy and System for Occupational Health and Safety

To prevent industrial accidents and illnesses, the Oiles Group formulated its Health and Safety Management Standards, which are the standards necessary for the management of safety and health. The Group is working to promote the safety and health of employees and to create a comfortable working environment. We are also executing our health and safety action policy to fulfill our social obligation to ensure safe operations and a sound working environment by protecting the health and well-being of employees and to achieve sustainable growth by engaging every employee in health and safety initiatives.

As a management system, our Central Health and Safety Committee is in place to examine and deliberate on various health and safety issues and share feedback with the company, while the Fujisawa, Shiga, Ashikaga and Oita Plants each maintain their own committees. In addition to the Tokyo Head Office with its own health committee, sales branches across the country are categorized into either the eastern or western zones, each of which has its own health and safety committee. Under this system, the entire company is actively involved in health and safety activities.

Health and Safety Organization Chart



Eliminating Industrial Accidents

We fully comply with laws and regulations on health and safety. Every fiscal year, each department formulates its own health and safety action plans and they establish voluntary rules on an as-needed basis to improve the level of safety management. Moreover, each workplace conducts risk assessments to identify potential hazards at work and takes action on a daily basis to reduce such risks based on the results of the assessments. The cause of an industrial accident at a business site is promptly determined and measures are devised to prevent its recurrence. Information is also shared with other sites in an effort to eliminate industrial accidents company-wide. (Refer to Safety and Health Data on page 66)

Health and Safety Education

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

Initiatives for Health and Productivity Management

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

Health Promotion System

Together with the Central Health and Safety Committee, the Human Rights and Labor Practice Sub-Committee strives to create a foundation on which employees can work joyously. We strive to promote health and productivity management through work style reforms, mental health measures, and activities for the maintenance and promotion of health. In November 2020, we set up the Health and Productivity Management Promotion Team in the Human Resources Dept. We have enhanced our health promotion system, we have incorporated items to be addressed based on the Health and Productivity Management Strategy Map into our safety and health activity plans, and we have created a system that can be promoted at all of our sites. As a result of these efforts, we were also certified as an Organization with Outstanding Health & Productivity Management by the Ministry of Economy, Trade and Industry in 2023 and 2024.

Human Rights / Human Capital Initiatives

Employee Wellness Support

We prioritize the prevention, early detection and early treatment of lifestyle-related diseases and other ailments among our employees. We have assigned occupational health personnel to all of our sites. In cases where an employee's health checkup reveals a (potential) health issue, we are enhancing their consultations that they can have with a public health nurse. In FY2021, we introduced iCARE's health information management system, Carely®, to centralize the health data of all employees in Japan and to build an analysis platform, thereby enhancing the efficiency of information sharing and collaboration between business sites. Health education is provided by video to employees to improve their health literacy, allowing enough flexibility for employees working at plants to participate. In addition, we are bolstering measures to support the improvement of employee health, such as subsidizing the expenses of further examinations after regular health checkups and fees for full medical examinations.

From FY2023, we have expanded our measures to provide health assistance to employees stationed overseas, which includes stress checks, interviews with those who need advice after health checks, and follow-up on secondary examinations. Before and after being stationed overseas, our employees receive consultations with a public health nurse to make the transition to their new environment smoother.

Carely® is a registered trademark of iCARE Co., Ltd.

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. We also established an Oiles Group personnel consultation desk. This system allows any employee in the Oiles Group to discuss his or her concerns regarding their work or private life. Since FY2021, a clinical psychologist has been assigned to the Human Resources Dept. to provide professional support. In accordance with the Industrial Safety and Health Act, we have employees undergo a stress check once a year, and we perform a group analysis by workplace every year. From FY2024, we have increased the number of questions regarding engagement as we place further focus on improving the working environment.

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

Effects of Investment in Health

	FY2022	FY2023
Rate of secondary examinations taken	60.0%	55.0%
Rate of consultations by public health nurses with those who need treatment	100.0%	100.0%
Rate of health-related training programs taken	72.5%	96.0%
Rate of stress checks taken	91.0%	94.3%
Rate of mental health training programs taken	69.5%	94.5%
Rate of consultations by public health nurses with new employees	100.0%	100.0%
Rate of smoking	30.1%	29.8%
Rate of drinking	17.1%	18.1%
Absenteeism* ¹	1.99 days	1.94 days
Work engagement* ²	2.31	2.66

*1 Average number of days taken off with sick leave system among all employees

*2 Average value of two items (in FY2022) and three items (in FY2023) based on the Utrecht Work Engagement Scale

Work-Life Balance

We intend to enhance our support programs to enable more efficient and flexible working patterns so that every employee can maintain a healthy balance between their work and personal lives and continue to work with vitality and peace of mind.

Paid Leave

As part of the reform of working patterns, the Labor Standards Act was revised in 2019, imposing obligations on companies regarding the use of paid leave by employees, and interest in taking paid leave has increased. Before the Act was revised, Oiles' labor and management collaborated to encourage employees to take paid leave. The average rate of annual paid leave taken by employees (full-time and contract employees) in FY2023 was 84.5%, which is well above the government target (70% by 2025). (See page 10 for the average rate of paid leave taken)

Promoting Childcare Leave for Male Employees

Since conducting training for managers and male employees in or around their 30s on the need to balance childcare and work in FY2022, the number of male employees taking childcare leave has been increasing year by year. Both male and female employees who take childcare leave attend prior meetings held by the Human Resources Dept. with their superiors, where they receive information on childcare and other practical information on utilizing the childcare leave system that will be useful for the

employees. In June 2023, we received Kurumin certification from the Ministry of Health, Labour and Welfare as a company supporting child-raising.

	FY2021	FY2022	FY2023
Rate of childcare leave taken by male employees	46.2%	51.7%	68.4%
Average length of childcare leave taken by male employees	80.5 days	59.5 days	63.1 days

Support for Balancing Work with Home Life

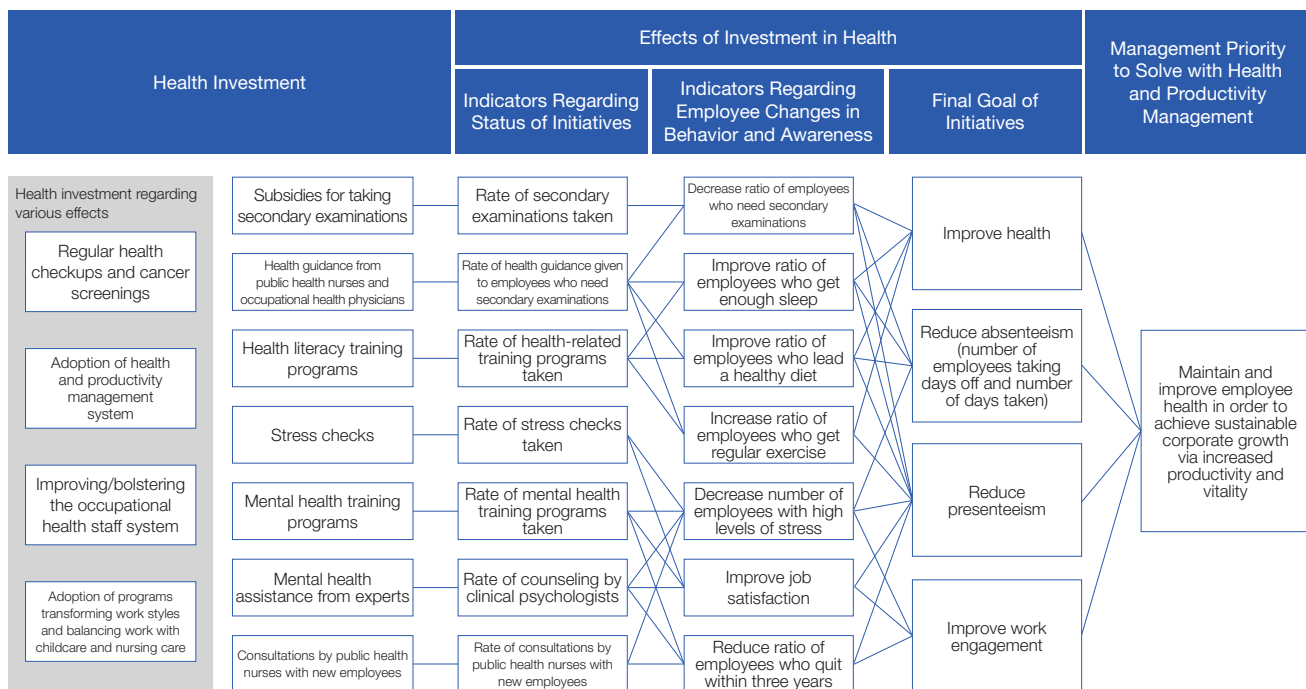
All eligible employees have actively utilized the spousal maternity leave system for supporting the childcare efforts of male employees, and the rate of taking this leave was over 76.5% in FY2023. From FY2024, we have changed the name of the system to "Special Maternity Leave for Employees and Their Spouses," increased the length of the leave from three to five days, and expanded the applicable scope of the leave to cover the period of hospital visits during pregnancy. We have also established an "Infertility Treatment Assistance Hotline" for employees that wish to receive infertility treatment, which provides explanations to managers, support on using internal systems, and support regarding physical and mental health.

Healthy Labor-Management Relations

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

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

Health and Productivity Management Strategy Map



Product Quality Initiatives

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

Toward Improving Product Quality Reliability

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

Our employees understand their roles and responsibilities for product development, manufacturing and their services. In addition, they strive to improve the reliability of our product quality by promoting cross-organizational business activities and taking the kaizen approach of constantly running PDCA cycles.

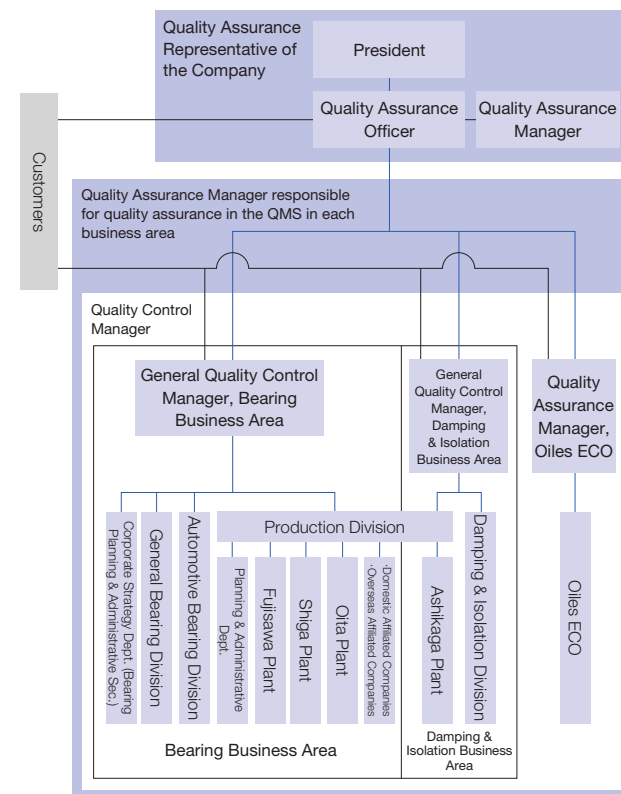
[WEB Oiles Group Quality Policy](https://www.oiles.co.jp/en/files/Oiles_Group_Quality_Policy(EN).pdf)
[https://www.oiles.co.jp/en/files/Oiles_Group_Quality_Policy\(EN\).pdf](https://www.oiles.co.jp/en/files/Oiles_Group_Quality_Policy(EN).pdf)

Quality Assurance System

The quality assurance officer supervises the quality assurance system of each business unit within the Group and holds an annual management review to check the quality of products from the entire Oiles Group and provides guidance on the quality assurance system. Moreover, the quality control managers assigned to each manufacturing, sales, and engineering & design department regularly hold a Quality Control Committee to resolve various quality-related issues together with all sections. Moreover, the quality assurance officer holds an annual management review to check the quality of products from the entire Oiles Group and provides guidance on the quality assurance system.

A Quality Management Secretariat has been established in both the Bearing Business Area and the Damping & Isolation Business Area, with the Division Manager serving as the chief product quality reliability manager (Quality Assurance Manager). Each secretariat is working to maintain the quality and safety of its products by creating a Quality Assurance System tailored to the particular characteristics of the division's business. In addition, we have established and operate a Quality Assurance System in which the heads and presidents of each plant and affiliate are also the quality control managers.

The Quality Assurance System



[WEB ISO 9001 and IATF 16949 certification acquisition status](https://www.oiles.co.jp/en/sustainability/iso/download/)
<https://www.oiles.co.jp/en/sustainability/iso/download/>

Complaint Prevention and Response System

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

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

Sustainable Procurement Initiatives

The Oiles Group is pursuing sustainable procurement initiatives and has established the Oiles Group Corporate Conduct Charter declaring our commitment to building fair and equitable relationships with our suppliers and working toward socially and environmentally responsible procurement.

Oiles Group Procurement Policy

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

[WEB Oiles Group Procurement Policy](https://www.oiles.co.jp/en/files/Oiles_Group_Procurement_Policy(EN).pdf)
[https://www.oiles.co.jp/en/files/Oiles_Group_Procurement_Policy\(EN\).pdf](https://www.oiles.co.jp/en/files/Oiles_Group_Procurement_Policy(EN).pdf)

Sustainable Procurement System

To pursue sustainable procurement throughout the entire Oiles Group, we have established the Procurement Sub-Committee (chaired by the Procurement Dept. Manager) as a promotion sub-committee under the Sustainability Promotion Council, and are performing supply chain management in accordance with our Procurement Policy.

Supply Chain Management

While we believe that our products and technologies can contribute to achieving a sustainable society, the activities needed to realize this contribution cannot be carried out by the Oiles Group alone. Rather, we must undertake these activities while seeking the understanding and cooperation of our suppliers. To this end, we established the Oiles Group Sustainable Procurement Guidelines and are sharing information with our suppliers on any changes in our fundamental approach and in the business environment in response to changes in society's expectations for sustainability and changes in our operating environment.

In accordance with the Oiles Group Sustainable Procurement Guidelines, we share information with our suppliers on our fundamental approach in response to changes in society's expectations for sustainability and changes in our operating environment, and also request that our suppliers address matters such as compliance, human rights and labor practices, the environment, product quality and safety, information security and business continuity management (BCP). We conduct a "Sustainable Procurement Questionnaire" of our suppliers to obtain their consent and promote interactive communication.

Supplier Questionnaire Survey and Follow-Up Status

	Oiles Corporation		Overseas affiliated companies	Oiles ECO
	(First survey)	(Second survey)	(First survey)	(First survey)
Survey period	May 2022	May 2024	January 2024	June 2024
No. of responding companies	324	298	186	55
Planned follow-up (No. of companies)	58	(23)	(5)	(9)

[WEB Oiles Group Sustainable Procurement Guidelines](https://www.oiles.co.jp/en/files/Oiles_Group_Sustainable_Procurement_Guidelines_EN.pdf)
https://www.oiles.co.jp/en/files/Oiles_Group_Sustainable_Procurement_Guidelines_EN.pdf

Stable Securing of Raw Materials

In the event of a large-scale disaster such as a major earthquake, business continuity throughout the supply chain is an important issue. In order for the Oiles Group to continue to develop its business, it is essential to secure a stable supply of raw materials. Therefore, in the event of a disaster, we are building a system that can quickly grasp the damage status and problems of our suppliers. We are also moving forward with efforts toward sustainable raw material procurement through initiatives such as a decentralized procurement system that can procure raw materials from multiple areas.

Our Position on Responsible Mineral Procurement

There are concerns that mineral resources such as tantalum, tin, tungsten, gold, cobalt, and mica that are mined in conflict-affected and high-risk areas (CAHRAs) are being used to fund armed groups engaged in human rights abuses and environmental destruction.

We recognize that measures to ensure responsible mineral procurement are a major issue in the supply chain of global society. For that reason, we are investigating the materials and components used in Oiles Group products and making sure that minerals of the target area are not used.

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

Corporate Data

Corporate Information

Name of company	OILES CORPORATION
Established	March 11, 1952
Share capital	8,585 million yen
Registered Head Office / Fujisawa Head Office	8 Kiriara-cho, Fujisawa-shi, Kanagawa 252-0811, Japan
URL	https://www.oilesglobal.com/us/

Basic Stock Information

Stock listing	Tokyo Stock Exchange Prime Market
Industry	Machinery
Securities code	6282
Shares per trading unit	100 shares
Fiscal year	April 1 to March 31 of following year
(Interim) Dividend record date	March 31 (September 30)
Total number of authorized shares	153,200,000 shares
Total number of issued shares	33,300,505 shares

Domestic affiliated companies (8 companies)*¹

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

Overseas affiliated companies (8 companies)*¹

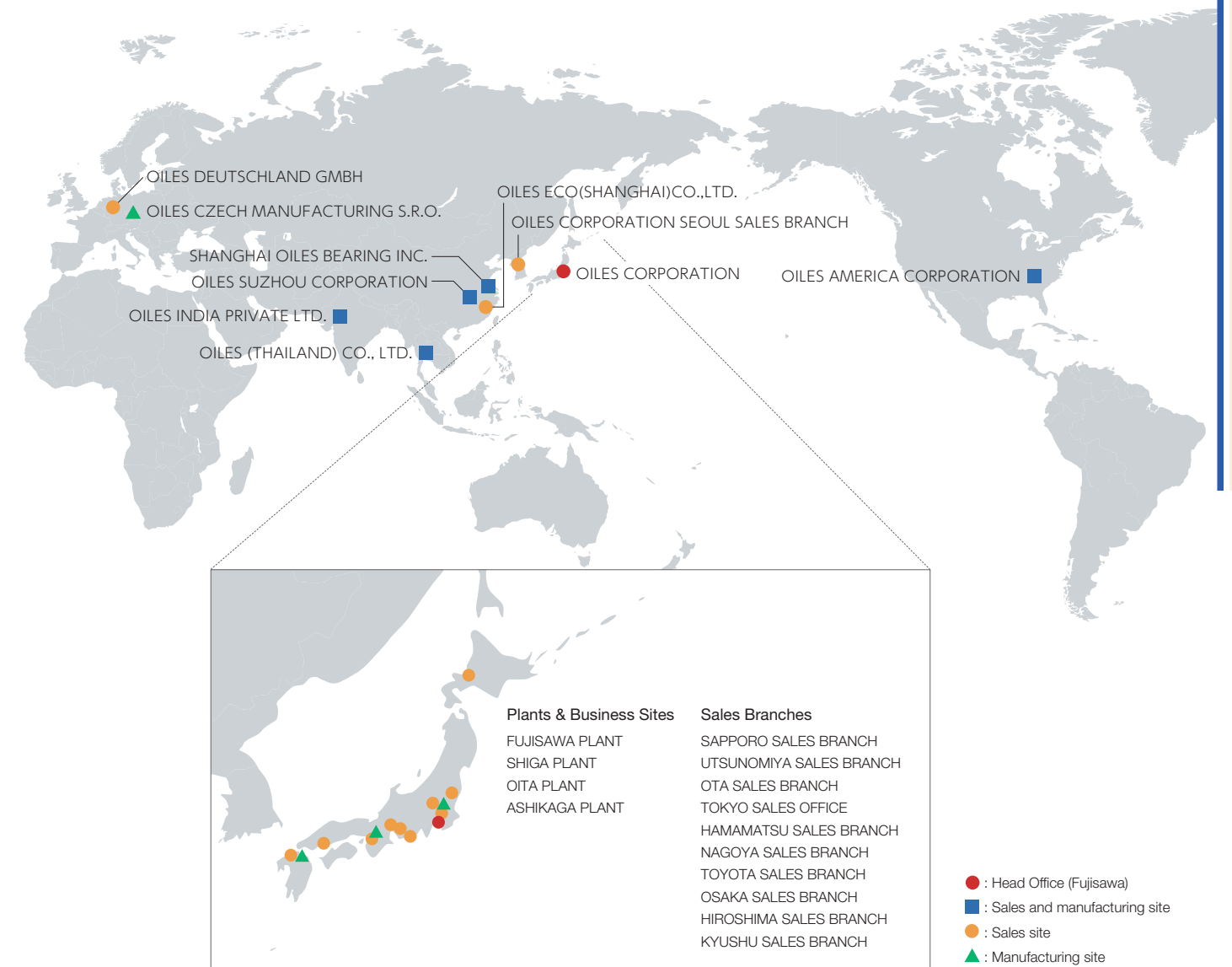
Name of Company	Location (Head Office)	Major Business Segments* ²
OILES AMERICA CORPORATION	North Carolina, USA	Bearings
OILES DEUTSCHLAND GMBH	Hesse, Germany	Bearings
OILES CZECH MANUFACTURING S.R.O.	Kadan, Czech Republic	Bearings
SHANGHAI OILES BEARING INC.	Shanghai, China	Bearings
OILES SUZHOU CORPORATION*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

*1 No subsidiary has submitted a securities registration statement or securities report

*2 The name of the segment is listed in the "Major Business Segments" column

*3 Corresponds to a specified subsidiary

Global Network



External Ratings and Evaluations



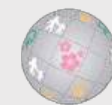
In recognition of our efforts to promote the active participation of women, such as increasing the number of qualified female employees through career training, the Oiles Group received the Eruboshi Certification (second level) from the Ministry of Health, Labour and Welfare (MHLW) on January 31, 2024.



In recognition of our efforts to promote balance between work and family life, such as our training in support of balancing work and childcare and other measures encouraging employees to take childcare leave, the Oiles Group received the Kurumin Certification (one-star) from the MHLW on June 5, 2023.



In recognition of our efforts to maintain and promote employee health, such as our proactive mental health measures, the Oiles Group has been certified as an "Excellent Health and Productivity Management Corporation" by the Ministry of Economy, Trade and Industry (METI) for two consecutive years since 2023.



In April 2022, we were selected for the first time as a constituent of FTSE Russell's FTSE Blossom Japan Sector Relative Index, a leading ESG investment index, as a Japanese company that excels in ESG (environment, society, and governance) performance. We have now been selected for three years in a row.



We are committed to contributing to achievement of the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015. We also endorse the 10 principles of the UN Global Compact, the world's largest sustainability initiative for building a healthy global society, and have participated in this compact since July 2019.

Changes in Business Performance and Management Indicators (Full Year)

* The figures in this report have been calculated based on Japanese GAAP.
 * We have applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020) from the beginning of the fiscal year ended March 31, 2022, and the figures for each of the fiscal years ended March 31, 2015 through March 31, 2021 are calculated after retroactively applying the "Accounting Standard for Revenue Recognition".
 * We have applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16th, 2018) from the beginning of the fiscal year ended March 31, 2019, and the figures for each of the fiscal years ended March 31, 2015 through March 31, 2018 are calculated after retroactively applying the "Partial Amendments to Accounting Standard for Tax Effect Accounting".

Non-Financial Data

Employee demographics

Employees

		Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees (consolidated)	Total	people	2,591	2,517	2,506	2,512	2,577
	Regular employment	people	2,085	2,046	2,035	2,030	2,064
	Non-regular employment	people	506	471	471	482	513
Number of employees in Japan (consolidated)	Total	people	1,701	1,670	1,668	1,674	1,701
	Regular employment	people	1,285	1,276	1,269	1,277	1,302
	Non-regular employment	people	416	394	399	397	399
Number of employees (non-consolidated)	Total	people	1,105	1,083	1,070	1,080	1,107
	Regular employment	people	794	789	773	785	813
	Non-regular employment	people	311	294	297	295	294

*As of the end of March 2024

Employment status of regular employees (non-consolidated)

		Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees	Total	people	794	789	773	785	813
	Male	people	703	699	683	682	697
	Female	people	91	90	90	103	116
Average age	Total	years old	42.4	42.7	42.8	42.4	42.2
	Male	years old	42.7	43.0	43.2	42.9	42.7
	Female	years old	40.0	39.8	39.9	39.3	39.1
Average years of service	Total	years	19.1	19.4	19.6	19.0	18.5
	Male	years	19.4	19.8	20.0	19.6	19.1
	Female	years	16.9	16.8	16.7	15.4	14.7
Number of new graduate hires	Total	people	20	22	16	24	19
	Male	people	16	15	15	18	10
	Female	people	4	7	1	6	9
Number of mid-career hires	Total	people	7	1	4	25	44
	Male	people	6	0	3	19	37
	Female	people	1	1	1	6	7

*As of the end of March 2024

Diversity

			Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Percentage of female employees (regular employees)	Percentage of female employees	Consolidated	%	25.6	24.7	24.8	24.6	25.2
		Domestic group	%	13.9	13.7	13.9	15.0	15.7
		Non-consolidated	%	11.5	11.4	11.6	13.1	14.3
	Number of female managers	Consolidated	people	17	15	17	18	21
		Domestic group	people	3	3	5	5	5
		Non-consolidated	people	1	1	3	4	4
	Percentage of female managers	Consolidated	%	5.5	5.0	5.6	6.1	7.4
		Domestic group	%	1.2	1.2	2.0	2.1	2.2
		Non-consolidated	%	0.7	0.7	1.9	2.7	2.7
Percentage of employees with disabilities (non-consolidated)			%	2.2	2.1	2.1	2.4	

*As of the end of March 2024

Work-life balance (non-consolidated)

			Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Childcare leave and shortened working hours taken	Number of employees who took childcare leave	Male	people	0	11	17	15	13
		Female	people	3	5	5	2	5
	Number of employees who shortened working hours for childcare	Male	people	1	0	1	0	1
		Female	people	10	9	9	10	12
Average total annual working time			hours	1,777.4	1,758.6	1,750.6	1,733.1	1,723.5
Average number of paid leave taken			days	14.9	15.2	15.6	15.9	15.9
Average rate of paid leave taken			%	73.1	78.7	80.4	83.2	84.5
Average monthly overtime			hours	8.3	6.1	7.5	7.2	6.0

*As of the end of March 2024

Human resource development (non-consolidated)

	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Average annual training time	hours	32.2	31.3	33.0	34.5	33.9

*As of the end of March 2024

* For regular employees

Occupational health and safety (non-consolidated)

		Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Number of industrial accidents	Serious (absent from work for 4 days or more)	accidents	2	1	1	3	0
	Minor (absent from work for 3 days or less)	accidents	1	4	4	2	1
	Not absent from work	accidents	7	7	5	7	16
Frequency of lost-worktime injuries*1	OILES		1.53	2.61	2.66	2.67	0.53
	Manufacturing industry average*2		1.20	1.21	1.31	1.25	1.29
Severity rate of lost-worktime injuries*3	OILES		0.01	0.01	0.00	0.08	0.01
	Manufacturing industry average*2		0.10	0.07	0.06	0.06	0.08

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

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

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

Environmental data (Oiles Group)

		Unit	FY2019	FY2020	FY2021	FY2022	FY2023
CO ₂ emissions & intensity	Total	t CO ₂	30,297	27,369	30,893	29,242	24,009
	Domestic group	t CO ₂	20,751	18,437	21,171	19,491	14,871
	Overseas group	t CO ₂	9,546	8,932	9,722	9,751	9,138
	Carbon intensity of CO ₂ emissions	t CO ₂ / millions of yen	0.504	0.517	0.516	0.465	0.349
Aggregated waste emission and intensity	Total	t	4,187	3,931	4,121	4,008	4,494
	Domestic group	t	3,110	2,785	2,922	3,172	3,381
	Overseas group	t	1,077	1,146	1,199	836	1,113
	Waste intensity	tons / millions of yen	0.070	0.074	0.069	0.064	0.065
Water usage	Total	1,000 m ³	201	190	202	199	187
	Domestic group	1,000 m ³	161	150	177	171	154
	Overseas group	1,000 m ³	40	40	25	28	33