



OILES CORPORATION
CSR REPORT
2020

Editorial Policy

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

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

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

Scope of Report

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

- “Oiles Corporation,” “the company,” and “non-consolidated” refer to Oiles Corporation
- “Domestic Group companies” collectively refers to Oiles Corporation with its consolidated subsidiaries in Japan
- “Overseas Group” collectively refers to 10 Group companies outside Japan
- “Oiles Group” and “the Group” collectively refer to Oiles Corporation with all companies in the Oiles Group

Reporting Period

Fiscal 2019 (April 1, 2019 to March 31, 2020) Some information outside this period has also been included with indication of the date.

Publication Date

October 2020 (next issue: Autumn 2021)

Guidelines Used as Reference

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

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Top Message

Strengthen research & technology development, production technology, and strive to provide value that leads to solutions of social issues.

Masami Iida
President

Three Segments with High Potential to Contribute to Society

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

The “oil-less bearings”, which is our core product, is a sliding material that leads to the reduction of environmental load. Because of this, our bearings are easy to maintain and are widely used not only in

automobiles, construction and production machineries or information devices, but also in structures such as dams or water gates. Meanwhile, damping techniques derived from our tribology expertise mitigate seismic isolators and vibration dampers, which reduce the damage of buildings during large-scale earthquakes, and our smoke elimination, and air ventilation devices, help secure lives in the event of a fire. Consequently, our core technologies support urban functions and the development and maintenance of social infrastructure.

Oiles Group is defined by its three main pillars,

Bearings, Structural and Architectural Devices, but it also contributes to energy saving by reducing energy consumption. From the perspective of providing safety, security and comfort, our business highly contributes to society, which I believe is our role.

Aiming to Propose Value that Leads to The Resolution of Social Issues

Our management policy is “To become a world leader as a general manufacturer of oil-less bearings and serve society through technology.” The policy of “Serving society through technology” also represents our strong desire to solve various social issues with our technology and products. For example, we are a part of the SDGs (Sustainable Development Goals) adopted by the United Nations Summit in September 2015, which set goals in the environmental fields such as response to climate change, the realization of sustainable cities, and the development of resilient infrastructure, etc. We believe that our technologies and products can contribute to the solution of these social issues.

In the automobile industry, which is the largest demand of the Bearing Equipment, structural reforms such as the progress of EVs (electric vehicles) that reduce CO₂ emissions are underway. Our products contribute to long-distance running of EVs due to weight reduction and low friction and for our company, the

progress of EV is a great business opportunity. In Japan, an earthquake-prone country, seismic isolation, and seismic control devices play an important role in securing cities. However, from the perspective of infrastructure development in Japan as whole, responding to aging bridges is a major issue, to which our products and technologies also contribute. Furthermore, the global spread of the New Coronavirus has increased interest in the ventilation function of buildings. Building equipment products such as window operators can provide new values such as ventilation and healthy air conditioning.

With our strengths in technology and research & development, we believe that contributing to the resolution of social issues and providing value to society, is the significance of our existence. By achieving the above, we aim to grow hand in hand with society and improve sustainable corporate value.

Strengthen Research & Technology Development and Production Technology

In order to continue providing value to society, strengthening capabilities of Research & Technology Development and Production Technology is an essential requirement, and we are taking measures to strengthen them.

As for Production Technology, the Oita Plant, which completed its building extension in March 2019, is making full use of IoT to promote automation through

new production technologies. In addition, we are proceeding with the reorganization of the Fujisawa Plant, aiming for completion in the fall 2021. By expanding the Research & Development Area, we will further strengthen our research and technology development capabilities. Many of our products have a long period of 3 to 5 years from the start of development to contributing to sales. By sharpening our research and technological development capabilities, we will continue to “develop materials and products that are one step ahead”, products that society and customers need, and continue to aim for producing the “only one” products needed for sustainable growth.

Review of The Long-Term Vision

To share what we should aim for as a company and to share the ideal corporate image within the Group, we have renewed our Group's “long-term vision” from fiscal 2020.

Our newly established long-term vision is, as shown further, to contribute to society with the two core technologies, to solve social issues, and to be a market-creating company that responds to customer needs. In addition, the company's commitment to promoting corporate social responsibility (CSR) is also expressed in clear words.

○ Long-Term Vision

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

We will share the long-term vision with the entire Group and move forward toward its realization.

We would like to ask all of you for your continued support.



President

Corporate Information (as of March 31, 2020)



R&D Building in the Fujisawa Plant

Name of Company	Oiles Corporation
Head Office	Kirihara-cho 8, Fujisawa-shi, Kanagawa-ken, 252-0811, Japan
Established	March 11, 1952
Representative	Masami Iida, President
Capital	8,585 million yen
Stock Listing	Tokyo Stock Exchange First Section
Major Business Segments	Bearings, structural devices, and architectural devices
Number of Employees	1,105 people (non-consolidated); 2,591 people (consolidated)
Sales and Manufacturing Sites	Headquarters (Fujisawa Plant/Tokyo Head Office) 17 sales offices 4 manufacturing plants
Consolidated Subsidiaries (Major Business Segments)	<p>8 companies in Japan:</p> <ul style="list-style-type: none"> • Oiles Eco Corporation (architectural devices) • Oiles Nishi Nihon Hanbai Co., Ltd. (bearings, etc.) • Oiles Higashi Nihon Hanbai Co., Ltd. (bearings, etc.) • Unipla Corporation (bearings and structural devices) • Riko Kihara Corporation (bearings and structural devices) • Luby Industrial Co.,Ltd. (bearings and structural devices) • OK Industrial Co.,Ltd. (bearings) • Menshin Engineering Co., Ltd. (structural devices) <p>10 companies outside Japan:</p> <ul style="list-style-type: none"> • Oiles America Corporation (bearings) • Oiles Deutschland GmbH (bearings) • Oiles France SAS (bearings) • Oiles Czech Manufacturing s.r.o. (bearings) • Shanghai Oiles Bearing Inc. (bearings) • Oiles Suzhou Corporation (bearings) • Oiles (Thailand) Company Limited (bearings) • Oiles India Private Limited (bearings) • Oiles Brasil Eireli (bearings) • Oiles Eco (Shanghai) Co.,Ltd. (architectural devices)

Corporate Chronology

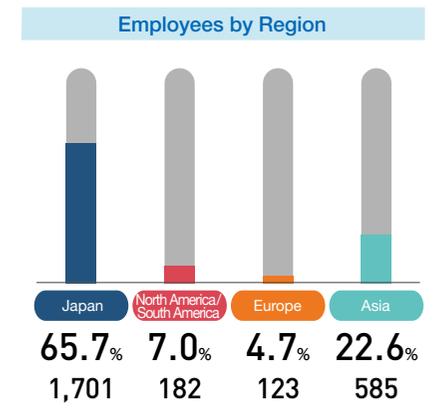
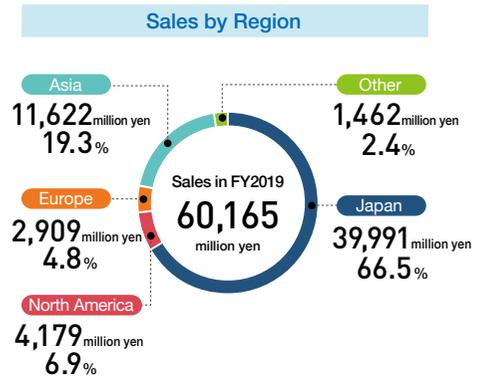
1939	“Japan Oilless Bearing Research Laboratory” established by Sozo Kawasaki (1907-1977). Production and sales of “Oilless Bearings” began.
1952	Establishment of “Nippon Oilless Bearing Research and Development Co., Ltd.”
1958	Name of company changed to “Japan Oiles Corporation”
1962	Yamato Plant established in Kanagawa Pref. Production and sales of “Oiles Bridge Bearings” began
1966	Name of company changed to “Oiles Industry Co., Ltd.”
1967	Headquarters of company transferred to Fujisawa Plant established in Fujisawa City, Kanagawa Pref.
1970	Production and sales of “Oiles Drymet”. Shiga Plant established in Shiga Pref.
1971	Oiles 500SP successfully tested at Bureau of Reclamation, U.S. Dept. of the Interior.
1976	“Oiles America Corporation” established in Michigan U.S.
1983	Oita Plant established in Oita Pref.
1987	The earthquake isolation structured Technical Center completed in the Fujisawa Plant.
1988	Invested in Oiles Tribomet Gleitelemente GmbH (Present name: Oiles Deutschland GmbH) in the Federal Republic of Germany
1991	“Oiles America Corporation” established in North Carolina U.S.
1993	Ashikaga Plant established in Tochigi Pref. Production
1995	“Menshin Engineering Co., Ltd.” established.
1998	Obtained ISO9002 quality system certification “Shanghai Oiles Bearing Inc.” established in China.
1999	Obtained ISO9001 quality system certification
2000	Obtained ISO14001 environmental management system certification
2002	“Oiles (Thailand) Company Limited” established in Thailand.
2003	“Oiles Czech Manufacturing s.r.o.” established in Czech. Split the construction equipment business and integrate it with OILES CORP Ecosystem Co., Ltd., and change the company name to Oiles ECO Co., Ltd.
2005	“Oiles Suzhou Corporation” established in China.
2011	“Oiles Self Lubricating Bearings Manufacturing Private Limited (Present name: Oiles India Private Limited)” established in India.
2013	“Oiles India Private Limited” plant established in Neemrana.
2014	“Oiles ECO (SHANGHAI) CO., Ltd.” established in China.
2018	“Oiles Brasil Eireli” established in Brazil.

Financial and Non-Financial Highlights (Consolidated)



Global Network

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



Business Segments

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

Bearings

Oiles bearings are environmentally friendly plain bearings that require either no lubrication, or a reduced frequency and amount of lubrication. They are widely used in various industrial machines, including automobiles.



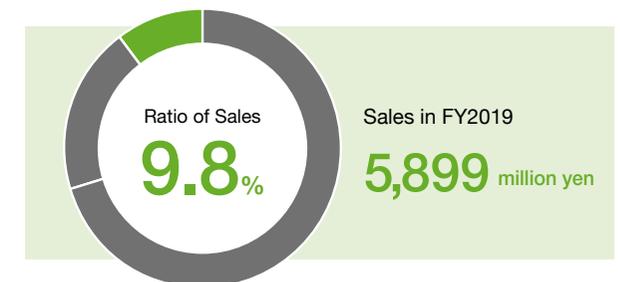
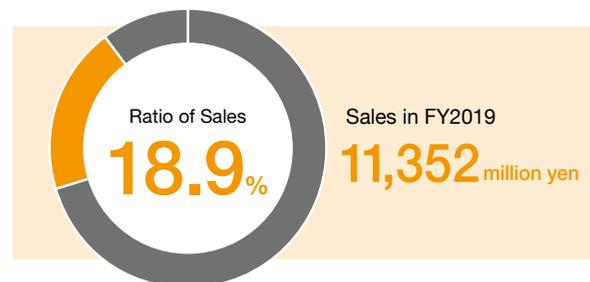
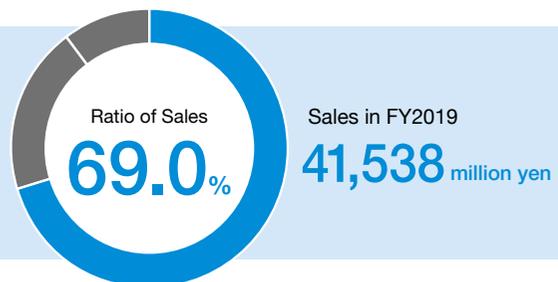
Structural Devices

Seismic isolation and vibration control technologies protect human life, community property and urban functions from earthquakes. Seismic isolation and vibration control are technologies that have been developed by applying our tribology (friction, wear, and lubrication) technology, which has been cultivated through many years of research and development during Oiles bearing production.



Architectural Devices

We are providing new value to the architectural device market, pursuing comfort and safety in residential environments, and contributing to the conservation of energy with technologies and services that use natural wind and solar.



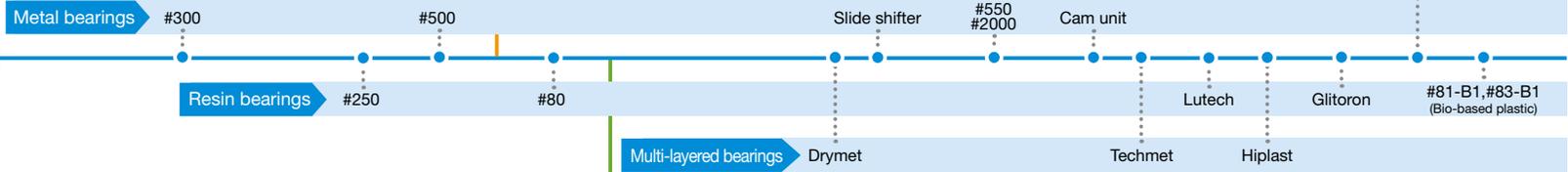
*1. Sales from transactions among segments are offset.
 *2. Consumption tax is not included.
 *3. Sales from segments other than the main three segments amounted to 1,374 million yen in addition to the figure displayed above.

History of Oiles Technologies

Japan's First Oil-less Bearing

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

Bearings



Series of Epoch-making Products

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

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

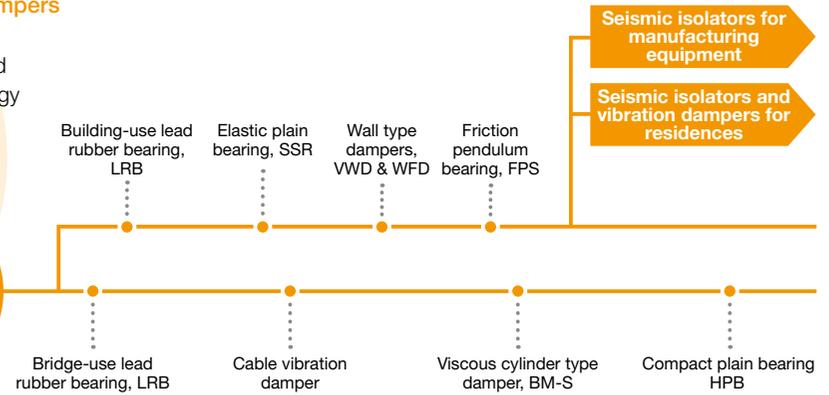
Seismic Isolators and Vibration Dampers

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

Structural Devices



Bridge-use bearing (bearing plate)



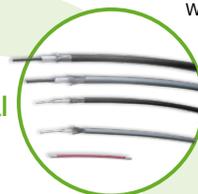
Seismic isolators for manufacturing equipment

Seismic isolators and vibration dampers for residences

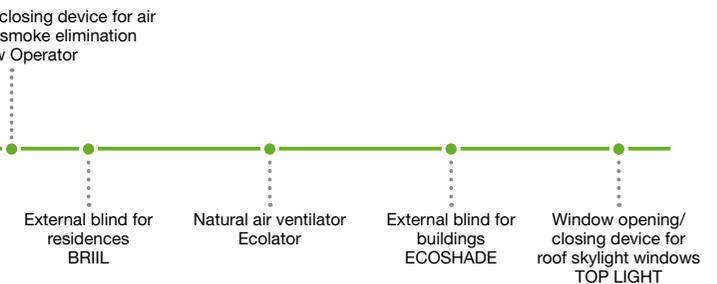
Architectural Devices

Control Cables

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



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



Oiles in Our Daily Life

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

Ships

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

Bridges

Our seismic isolators and vibration dampers protect bridges from earthquakes.

Lighthouses

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

Factories

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

Ferris Wheels

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

Trash Collectors

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

Automobiles

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

Towers

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

Buildings

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

Dams, Waterwheels, and Water Gates

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

Bicycles and Motorcycles

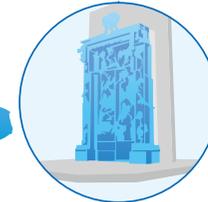
Many Oiles products are used in brakes, clutches, gearboxes, suspensions, etc.

Residences

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

Shrines and Temples

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



Art Museums

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

Railways

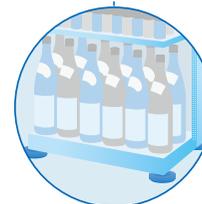
Our bearings are used in coupling gears, pantographs, crossing bars, and turnouts, and our window opening/closing devices are used at many stations.

Buildings and Condominiums

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

Offices

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



Supermarkets

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



● Philosophy System

We integrate management and CSR (Corporate Social Responsibility) to realize a sustainable society. We have established the “Corporate Motto” as the basic policy for embodying the “Management Philosophy”, share the ideal corporate image via the “long-term vision”, and encourage concrete actions in the Oiles Group Corporate Conduct Charter. The long-term vision was renewed from fiscal 2020, expressing our determination to promote CSR in clear terms.

● Management concept

As a world leader in the field of self-lubricating bearings we, at Oiles Corporation, are determined to become a world leader as a general manufacturer of oil-less bearings and serve society through technology.

● Company Vision

We have come together under the Oiles name. Let us grow together with Oiles that communicates with the world.

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

● Long-term Vision

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

● Oiles Group Corporate Conduct Charter

— To continue being the company with social confidence —

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

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

01 June 2017 OILES Corporation

Interview with officers | Toward the promotion of CSR activities

Promote CSR as a universal value and work toward the realization of its goals



Satoshi Miyazaki, Senior Executive Officer

In the current position since June 2018. Responsible for planning management, CSR, compliance, risk management, environment & safety and health, etc. Chairman of the CSR Committee.

Toward the realization of CSR medium- to long-term goals

It has been four years since the first CSR report was published in 2017. By disseminating information on CSR, we feel that many people, including customers, investors, analysts, and job-hunting students, have come to a better understanding of the social contribution of our business, and I think that employees' awareness of CSR and ESG (environment, society, governance) is gradually deepening as well.

Our company has established a CSR promotion system with discussions at the top by arranging CSR meetings in which all directors participate. We have strengthened our efforts, such as identifying important CSR issues of the Oiles Group and setting medium- to long-term targets. In fiscal 2020, in order to further deepen the internal awareness of contributing to society through our business, we have reviewed the content of the “long-term vision” that shows what we should aim for as a company, and in those words, I clarified we desire to contribute to society with technology and we determination to promote CSR.

The most important thing is what kind of efforts can be made to achieve the medium- to long-term goals of the important CSR issues. The medium- to long-term CSR goals, including the prevention of global warming, will not be easy to achieve, but we would like to steadily promote them in line with the roadmap. We believe that it is still necessary to further strengthen the system of supply chain management to realize sustainable procurement, and we are working on it as a priority issue for the current fiscal year.

Universal values

Unfortunately, the global spread of the New Coronavirus has not yet reached a state of convergence, and for the time being, we have no choice but to continue to live with the virus. The New Coronavirus will cause a paradigm shift (dramatic change) in traditional values such as working styles, urban styles, and it will have a major impact on lifestyles, individual behavior, economic conditions, and corporate activities.

On the other hand, even with the virus I do not think that the universal values of companies should change. Our universal values include our corporate philosophy of “contributing to society with technology” and our long-term vision newly established this year. As stated in the Top Message, by providing products and technologies that lead to the solution of social issues such as environmental problems, we will continue to grow sustainably. I would like to value the idea that society and companies coexistence and co-prosperity are in a win-win relationship.

Achieving CSR while realizing our corporate philosophy is a universal value of our company that will not change. We will continue to make constant efforts so that CSR will take root as a natural and universal matter in our corporate activities.

CSR Philosophy

The Oiles Group will contribute to the creation of a sustainable society by seeking to advance our unique technologies as we pursue the Group's management concept of becoming a world leader as a general manufacturer of oil-less bearings and serve society through technology. In carrying out our mission, we will adhere to our longterm vision as well as faithful and fair business activities undergudged guided by the Oiles Corporation Group Corporate Conduct Charter. Moreover, we will practice the six CSR material topics: 1.Enhanced Governance, 2.Responding to Consumer Issues, 3.Environmental Protection, 4.Respect for Human Rights and Appropriate Labor Practices, 5.Fair and Equitable Trade, 6.Coexistence with Local Communities, to continue to earn recognition as a reliable company in the global market.



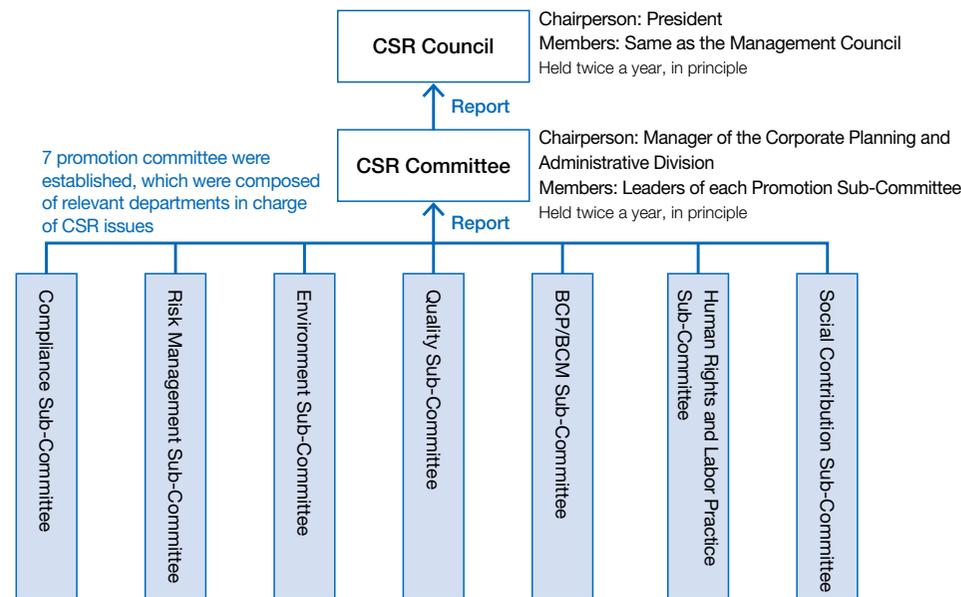
CSR Structure

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

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

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

CSR Promotion Structure



Stakeholder Engagement

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



Signing of the United Nations Global Compact

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



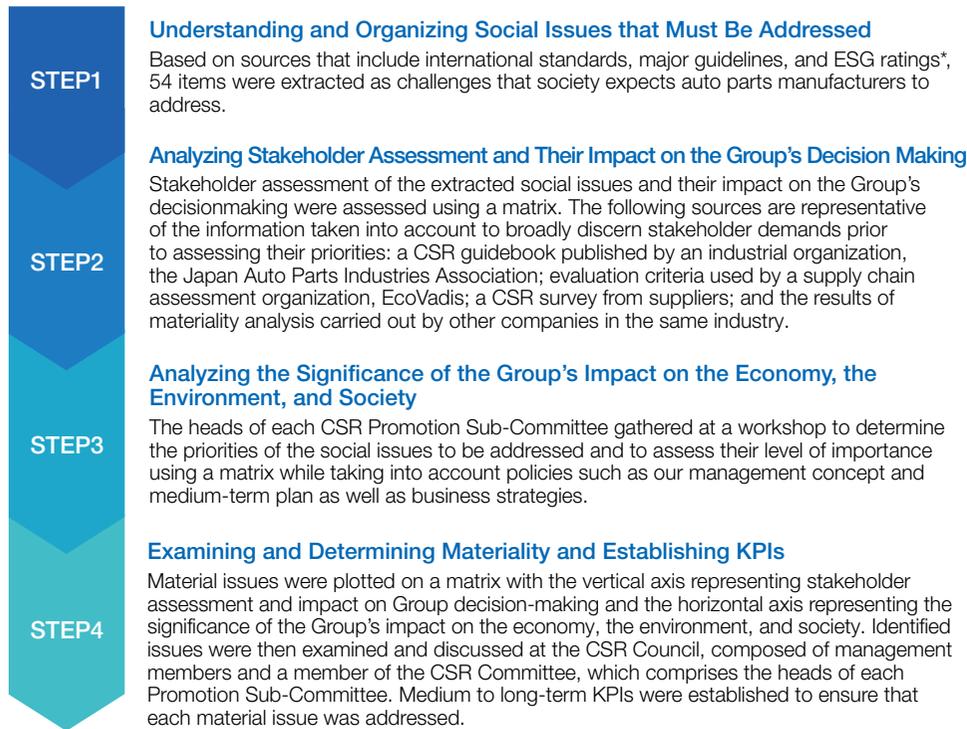
Initiatives for SDGs

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



Identifying Materiality

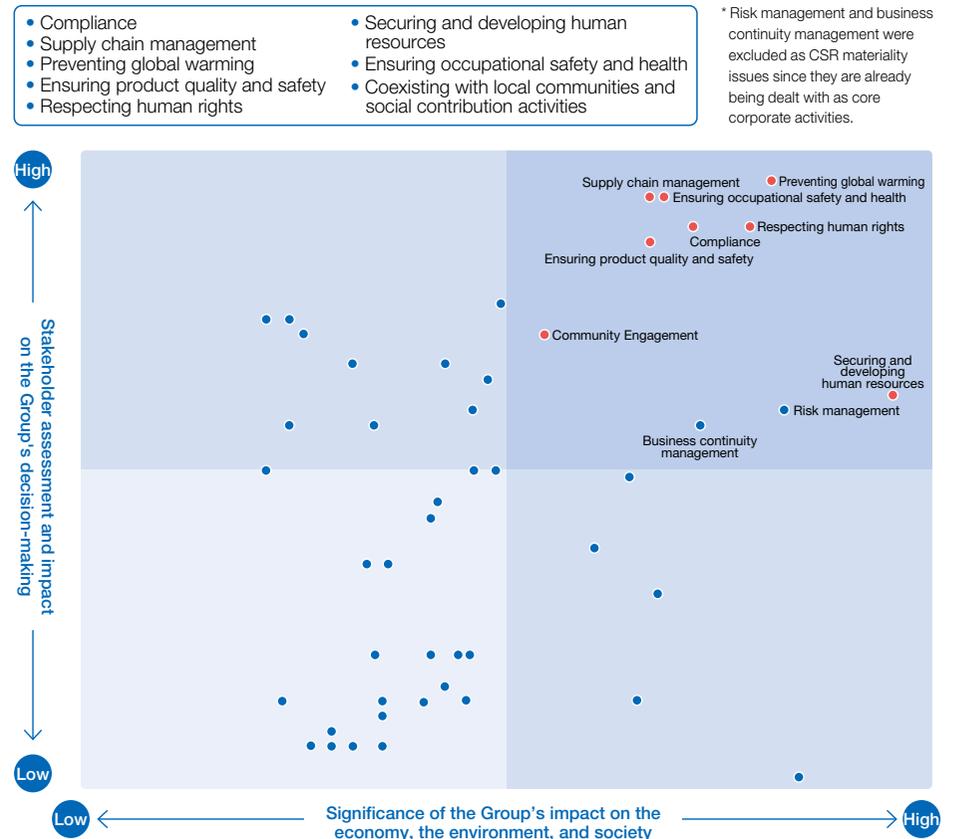
The Oiles Group has established medium to long-term targets and an annual target pertaining to its ISO26000-based CSR activities and is working to achieve these goals. In 2018, to address social issues and the needs of society considered especially important in relation to our business, and to contribute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



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

Materiality Matrix

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



● **Material Issues of the Oiles Group**

Governance

Compliance

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



Governance

Supply Chain Management

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



Environment

Preventing Global Warming

The signing of the Paris Agreement in November 2016 has advanced the efforts of the global community to reduce greenhouse gases by saving energy and shifting to renewable energy sources. The Group is working to reduce CO₂ emissions throughout our entire supply chain as well as within the Group's business processes.



Society

Ensuring Product Quality and Safety

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



Society

Respecting Human Rights

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



Society

Securing and Developing Human Resources

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



Society

Ensuring Occupational Safety and Health

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



Society

Community Engagement

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



CSR Medium- to Long-term Targets and KPIs

Oiles Group set, the CSR medium-to long-term targets and KPI set as follows, working towards achieving.

Categories	Material Issues	Medium- to Long-term Targets and KPIs	FY2019 Targets	FY2019 Results	FY2020 Targets	Relevant SDGs
Governance	Compliance	<ul style="list-style-type: none"> Thorough compliance based on international framework Adhere to the Oiles Group Corporate Conduct Charter 	<ul style="list-style-type: none"> No serious compliance violations 	<ul style="list-style-type: none"> Implementation of level-based compliance education and training (no serious compliance violations) Continued implementation of monthly enlightenment activities Revision of "Compliance Implementation Guide" 	<ul style="list-style-type: none"> Conduct contract (confidentiality, transaction basics, etc.) research for the purpose of ensuring thorough contract compliance Develop group contract management system 	
	Supply chain management	<ul style="list-style-type: none"> Promote sustainable procurement throughout the supply chain 	<ul style="list-style-type: none"> Conduct CSR procurement questionnaires with at least 95% of our suppliers (based on transaction value) 	<ul style="list-style-type: none"> Identification of target suppliers 	<ul style="list-style-type: none"> Conduct CSR procurement questionnaires with at least 95% of our suppliers (based on transaction value) 	8 12
Environment	Preventing global warming	<ul style="list-style-type: none"> Contribute to alleviating climate change and its impact by reducing aggregate CO₂ emissions by 26.0% by 2030, compared to FY2013 	<ul style="list-style-type: none"> Reduce annual CO₂ emissions by more than 2.0% compared to the previous year 	<ul style="list-style-type: none"> Reduced aggregate CO₂ emissions by 30,628t (8.2%, compared to FY2018) 	<ul style="list-style-type: none"> Reduce aggregate CO₂ emissions by more than 2%, compared to FY2019 	7 11 13 15
Society	Ensuring product quality and safety	<ul style="list-style-type: none"> Promote initiatives to ensure product quality and safety 	<ul style="list-style-type: none"> No customer complaints 	<ul style="list-style-type: none"> Continuing efforts to achieve zero customer complaints 	<ul style="list-style-type: none"> No customer complaints 	9 11 12
	Respecting human rights	<ul style="list-style-type: none"> Raise awareness among employees to reinforce initiatives for respecting human rights Double the number of foreign national employees by the end of FY2022, compared to FY2016, to 10 or more Ratio of female managers to be 2.2% by the end of FY2022 (3 out of 135 employees) Double the ratio of female employees in the position of assistant manager or higher to 7.6% or more by the end of FY2022, compared to FY2016 Continue to exceed the statutory employment rate of persons with disabilities 	<ul style="list-style-type: none"> Attendance rate for human rights training: 100% Completion rate of elearning course for assistant managers and presidents of domestic affiliated companies: 100% Follow-up Interviews for career-oriented women Entry rate of female students: 20% Enhance childcare and nursing care leave system (expanded to a period longer than legal requirements such as short working hours) Maintain the statutory employment rate of persons with disabilities 	<ul style="list-style-type: none"> Attendance rate for human rights training: 100% Completion rate of elearning course for assistant managers and presidents of domestic affiliated companies: 100% Follow-up Interviews for career-oriented women (7 female employees) Entry rate of female students: 27.9% Expansion of the system for reduced working hours: - Employment rate of persons with disabilities: 2.2% (FY2019 average) 	<ul style="list-style-type: none"> Implement harassment education at all domestic bases Number of male childcare leave: 2 or more Implement a revision of the working hours system Review the content and hold training for re-employment after retirement Establish a management system for foreign employees Number of interviews for persons with disabilities: 4 or more Acceptance of work experience for persons with disabilities: 2 or more Expand the application of benefits to employees with same-sex partners 	4 5 8 10
	Securing and developing human resources	<ul style="list-style-type: none"> Develop human resources to allow employees to demonstrate their abilities Develop global human resources 	<ul style="list-style-type: none"> Total annual training hours for each employee on human resource development: 30 hours or more Implement a global human resource development training 	<ul style="list-style-type: none"> Training hours: 32.2 hours/person/one year Implement a global human resource development training: - 	<ul style="list-style-type: none"> Hold training for persons who have not attended long-term training Enforce the cost subsidy system of the language class Create opportunities for learning about culture in the area where the local corporation is located 	4 8
	Ensuring occupational safety and health	<ul style="list-style-type: none"> Reinforce activities for safe and healthy workplaces 	<ul style="list-style-type: none"> No major accidents and no emergency shutdowns 	<ul style="list-style-type: none"> No major accidents and no emergency shutdowns 	<ul style="list-style-type: none"> No major accidents and no emergency shutdowns 	3
	Coexisting with local communities and social contribution activities	<ul style="list-style-type: none"> Continue social contribution activities in a way that only Oiles can and by leveraging the Group's management resources 	<ul style="list-style-type: none"> Promote social contribution activities in Japan and overseas and support employee social contribution activities Promote new initiatives aligned with the management policy for social contribution activities 	<ul style="list-style-type: none"> Implemented various social contribution activities in Japan and overseas, and start new community contribution activities 	<ul style="list-style-type: none"> Promote social contribution activities in Japan and overseas and support employee social contribution activities Promote new initiatives aligned with the management policy for social contribution activities 	9 17

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

Special Feature: Technology and R&D Section Roundtable Discussion

Technology That Continues to Respond to Society

Our management philosophy is “To serve society through technology”. The Oiles Group has developed many unique products through the Technology and R&D Department, which supports the originality of Oiles. We asked six employees who are engaged in the business to talk about their passion for the aim of developing “technology that can respond to society” that leads to the solution of social issues such as the SDGs.

What kind of work are you in charge of?

Okawa: The section I belong to is developing technology for exhaust system bearings used in automobiles. We handle bearings that are used in high-temperature environments with an ambient temperature of 1,000 °C or higher.

Takahashi: I am in charge of bearing development. We have developed a biomass plastic bearing that was launched in 2019. It is a product that uses plant-derived materials and exhibits wear resistance while being environmentally friendly.

Narao: I am involved in the development of dampers for automobiles. It is a part mainly used to adjust the falling speed of automobile seats. The large seat will slowly fall over, so it will provide a sense of security even to a person with a smaller body or weaker strength.



OILES ECO CORPORATION,
Design Department

Toshihiro Kikuchi

In charge of the development and design of smoke exhaust window ventilation, opening & closing devices, and window operators, which has also been gaining interest in terms of the New Coronavirus countermeasures.

Takegawa: I am developing bearings used for water turbines and dams in hydroelectric power plants. I am also involved in the development of bearings used in wave power generation equipment that uses sea waves as energy.

Kikuchi: I am involved in the smoke exhaust window switchgear which is installed mainly in high-rise buildings such as office and commercial buildings. It is a useful device used in an emergency, as it will let smoke escape in the event of a fire, by which it will ensure time for evacuation. Apart from the smoke release, it is also used for air conditioning management as ventilation.



Ichimura: I am involved in the design of seismic isolation and damping devices that protect buildings and bridges from the vibrations of large-scale earthquakes, wind tremors and reduce their damage. Naturally, it would be the best if there were no earthquakes at all, but the risk management in the event of an emergency is a major theme common to all humankind.

How do the technologies and products of your department contribute to the solution of social issues?

Takahashi: Oiles bearings are either completely oil-free or greatly reduce the need of lubrication, therefore environmentally friendly. However, we have also developed biomass plastic equipment to further reduce the environmental burden. To create something that has never existed before and is contributing to society is very rewarding.

Takegawa: We have developed a resin bearing that can be used with water lubrication instead of oil. Hydroelectric power generation, which generates electricity from the energy of a stream of water, is a clean power generation method with a low environmental impact. Grease and oil are still used in hydroelectric power plants, and in the event of an abnormality, there is a risk of environmental pollution due to the outflow of oil into the water. Air bearings that utilize the power of air eliminate that risk and contribute to environmental protection.

Okawa: In terms of environmental protection, the demand for bearings with high heat resistance and sealing properties is increasing due to the tightening



Bearing Division, 2nd Engineering
Department, Engineering Section 1

Takenori Okawa

In charge of the technological development of bearings in the automobile sector. Focusing on the development of bearings that are required only for EVs

of exhaust gas regulations in all countries as a preliminary step to the shift to EV (electric vehicles). Even with EVs, multiple control structures are required to cool batteries and motors and demands for Oiles bearings that can withstand special environments such as high temperatures, oil, and water are expected to increase. They are compact, lightweight, and maintenance-free, so I think they will greatly contribute to fuel efficiency and environmental protection.

Narao: Since it is my second year in the company, the dampers I have made are yet to be installed in automobiles and released to the world, but I am glad that I will be able to provide people with peace of mind with the products I have made.



Research & Development
Department, 2nd Laboratory

Kohei Takahashi

In charge of the development of biomass plastic bearings using naturally derived materials that do not use petroleum

Kikuchi: Recently, the importance of indoor ventilation has been appreciated as a mean of countermeasure against the New Coronavirus. The smoke exhaust window opening & closing device is also used for ventilation, which not only helps to prevent infectious diseases from spreading, but also keeps the indoor air clean and contributes to maintaining good health. Expectations for products of Oiles are changing along with the society.

Ichimura: The seismic control device that I am in charge of can reduce the damage caused by large-scale earthquakes, which have been considered urgent in recent years. For that reason, I believe it can provide safe and secure life to people.

What are you aiming for through Oiles technology in the future?

Takegawa: It can be said that Oiles contributes to two major areas: environmental protection and safe and secure society. This is a major theme that will lead to the achievement of the United Nations SDGs. We aim for the complete elimination of use of oil in hydropower plants. Since the bearings near the generator are soaked in water and the usage conditions are harsh, oil is used as the lubricating medium, but the oil would flow out into the river. We would like to solve this problem by utilizing air bearing technology. By using air bearings, it might become possible to reduce the use of oil to zero.



If this was realized, it would be for the very first time in the whole world and it would have a large environmental impact, and for that we would like to accelerate their development.

Okawa: We see the shift to EVs for automobiles, which is progressing as a measure against climate variability, as an opportunity to utilize Oiles technology. Armed with the speed and lightness of footwork, we are enthusiastic to meet the needs of our customers and install Oiles products in all EVs. We would also like to lead to the progress of EV and reduction of CO₂ emissions.

Takahashi: In the future, I would like to convert all Oiles products from petroleum to biomass to contribute to the reduction of environmental impact. In terms of safety, I am looking to build a bearing mechanism that allows us to grasp the state of wear without performing laborious inspections. For example, when the



Bearing Division, 1st Engineering Department, Engineering Section 1
Shunsuke Takekawa
 In charge of technological development of bearings in the general industrial field. Mainly dedicated to the development of bearings used for hydroelectric power generation equipment and floodgates



Bearing Division, 2nd Engineering Department, Engineering Section 2
Chie Narao
 In charge of automobile dampers (two years since joining the company). Aiming to develop products that pursue ride comfort and luxury

bearing is worn to a certain level, it could be detected by the smell. Thanks to this, people would be able to avoid the risk of not being aware of its worn.

Narao: We would like to propose the most suitable dampers in order to respond to the variety of seat arrangements that are further advanced by automatic driving. In the future, we hope to provide comfort anywhere with dampers that can be, apart from automobiles, mounted on trains and airplanes, as well as on vehicle seats of spacecrafts etc.

Kikuchi: Smoke exhaust window switchgear is often installed in high places in buildings, therefore it is dangerous and takes time to construct, so our current goal is to develop a device that can be installed more easily. We are also envisioning devices such as remote controls that can be easily operated by customers.

Ichimura: We aim to develop products of seismic isolation and vibration control devices that can be used in not only large buildings but also in ordinary houses and to export them overseas.

Although there are fewer earthquakes overseas than in Japan, high-rise buildings would be more damaged in the event of a collapse, so we aim to develop products that can be used in case of such risk. In the future, we hope to contribute to the creation of cities where people can continue to live safely by developing new technologies while pursuing ways to utilize the existing technological capabilities of Oiles.



Seismic Control Division, Engineering Department, Design Section
Yoshihiro Ichimura
 Responsible for designing seismic control devices that are directly linked to the social issue of protecting cities from large earthquakes. Aiming for overseas expansion of seismic isolation and damping devices



Governance

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



Corporate Governance System

Basic Policy

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

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

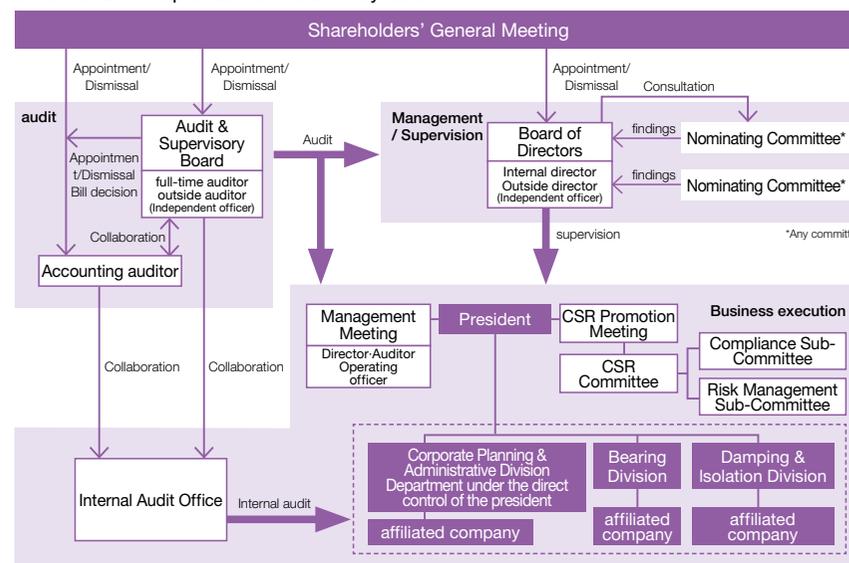
Overview of Corporate Governance

The company uses an audit system consisting of seven directors, including two independent outside directors, and four auditors, including two independent outside auditors, as of the end of June 2020. The Board of Directors makes decisions on key matters and oversees the execution of business by managers. The Audit & Supervisory Board supervises the Board of Directors and execution functions, and auditors have developed a collaborative internal control system with accounting auditors and the Internal Audit Office.

The company has an operating officer system to clearly distinguish business execution from supervisory and monitoring functions while also strengthening the role of the Board of Directors through faster, effective decision-making on management strategies.

The current system consists of 10 operating officers, including those concurrently serving as directors.

Overview of the Corporate Governance System



Initiatives for Effective Corporate Governance

Assessment of Board of Directors Effectiveness

Since fiscal 2015, Oiles Corporation has been analyzing and evaluating the effectiveness of the Board of Directors every year using a questionnaire method, including self-assessments by directors, to enhance board functions.

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

Establishment of Nominating Committee and Compensation Committee

In October 2018, the Company established a voluntary Nominating Committee with majority of independent outside directors to ensure the independence, objectivity, and transparency of nomination procedures of directors and operating officers. Directors and operating officers are determined by the Board of Directors after undergoing a consultation and reporting process with the Nominating Committee. (Candidates for directors are submitted in a proposal at the General Meeting of Stakeholders.) In addition, to ensure the effectiveness of the compensation system for directors and operating officers, a voluntary Compensation Committee was established with majority of independent outside directors. As a result, the composition of compensation, policies, etc., are determined by the Board of Directors after consulting and reporting to the Compensation Committee.

Internal Control

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

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

The Audit & Supervisory Board and auditors, who are independent of the Board of Directors and directors, collaborate by exchanging necessary information, including the details of accounting audits and reports from the Internal Audit Office. The auditors attend Board of Directors meetings as well as other appropriate meetings to understand the decision-making process and status of business operations. The auditors have access to major documents and other critical documents with approval from the Board. If necessary, they can request an explanation for the documents from directors or employees.

Moreover, the president exchanges opinions with auditors and accounting auditors at regular meetings.

I want to help strengthen governance and develop human resources that are essential for the growth and development of the company.



Koji Omura Outside Director

Joined Mitsui Petrochemical Industries, Ltd. (currently Mitsui Chemicals Inc.)
Served as Representative Director and Vice President.
In 2020 appointed as an outside director of Oiles Corporation.

I have worked for chemical manufacturer for a long time and have been involved in production, sales, corporate planning, overseas business, and supply chain management. The businesses are different, but they have many things in common such as management strategy and risk management. I would like to contribute to Oiles by making use of my experience.

Although I have attended the Board of Directors only a few times, I can tell that the president and officers are close to each other and the discussions are led in positive and active mood. In general, the role of directors is to make final decisions and supervise business execution, but in the case of Oiles, where business execution and supervision are closely related, it is important to have a mechanism in which mutual checks would work well. As an outside director, I think it is important to separate the internal circumstances from the social perspective and understand a different perspective or policy from the standpoint of customers and shareholders.

On the other hand, strengthening governance has a strong image as a brake to curb scandals, but it is also necessary to have an accelerator that aims for the growth of the company. With the sustainable growth of our business in mind, we would like to contribute to our future-oriented decision-making while keeping balance with social ethics.

In addition, taking in consideration the various risks such as natural disasters and the New Coronavirus, we believe that strengthening supply chain management will become an important theme in the future. Our company also goes in this direction of strengthening the substitution of suppliers in an a case of such emergencies, but we think it is also necessary to invest management resources in consideration of the balance of cost effectiveness, while keeping in mind the profit chain.

We have contributed to society by using our unique technology, but we will continue to polish our technological development capabilities, and the management vision of “contributing to the realization of a sustainable society through our business.” To realize this vision, it is necessary for all employees to share it and thoroughly implement it. The end it all depends on the power of each employee. I would like to help to develop the “human resources” who will bear the future of the company. The company values its employees and their families and wants them to aim to realize their management vision, so the society would say, “Oiles is a good company.”

Compliance

Basic Policy

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

Compliance System

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

Initiatives to Promote Compliance

Distribution of the Compliance Implementation Guide

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



Compliance Implementation Guide of the Oiles Group

Compliance Training

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

Operation of the Whistleblowing System

We have established an “internal whistleblowing system” as a mechanism to identify compliance issues at an early stage and take countermeasures. Specifically, we have set up an internal reporting window at the Compliance Committee Secretariat (Legal Affairs Office of the Legal Department) and an outside reporting window at the law office to ensure thorough protection of whistleblowers during compliance related consultations and reporting unfair practices. By improving the convenience of whistleblowers, we strive to identify and resolve problems at an early stage.

Fair Competition

Adherence to Antimonopoly Act

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

Adherence to Subcontract Act

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

Prevention of Corruption and Bribery

We have set up a sound relationship with politics and administration, prohibiting acts that could be misunderstood as providing profits or adhesions. Moreover, we have established “Bribery Prevention Regulations” to prevent bribery. The “Bribery Prevention Regulations” not only prohibit bribery by employees of the Group to public officials, but also prohibits providing splendor entertainment and gifts to private operators. When entertaining or giving gifts, we thoroughly follow the guidelines established in accordance with domestic and foreign laws and regulations.

Response to Antisocial Forces

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

Risk Management

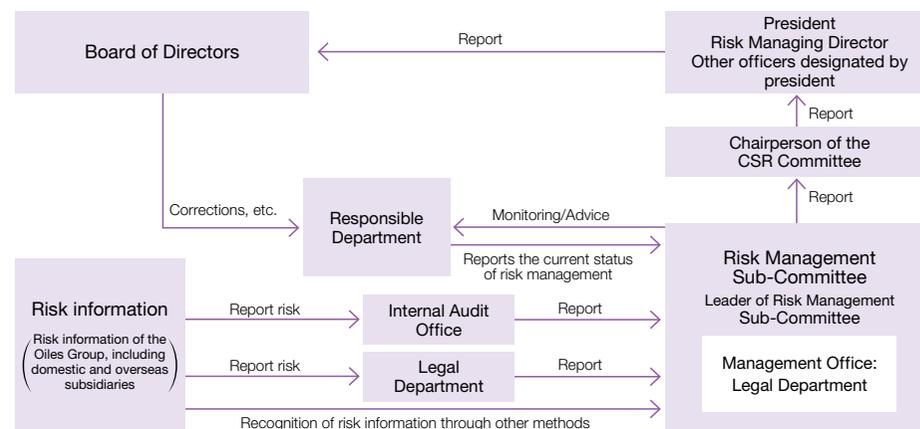
Basic Policy

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

Risk Management System

Our ‘Risk Management Sub-Committee’ is headed by the general manager of the Legal Department (operated as a promotion unit under the CSR Committee) and enhances the collection and management of information for reducing the frequency and impact of risks. The Committee meets in principle every six months and discusses risks that have occurred, along with their impact on company management, finance, and other operations during the corresponding period. This enables us to evaluate details and probability of such risks and their impact on the finance, credit, and other managerial aspects of Oiles Corporation and the Group and demonstrates how we are making every effort to avoid risks and their potential effects.

● Risk Management Structure Chart



Identification of Business Risks

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

Business Continuity (BCP/BCM)

The Oiles Group formulates a business continuity plan (BCP) to prepare for largescale earthquakes and other contingencies. The basic policy of our BCP is to prioritize the safety of human life while striving for early recovery of business and to develop action plans for emergencies and prepare for disaster mitigation.

We also conduct regular trainings to strengthen employees' awareness of the BCP and to improve the crisis response abilities of BCP personnel. Since we are engaged in the damping and isolation business, we continue to improve our BCP and BCM (business continuity management) as a disaster-resistant company.

In addition, we recognize that the world spread of the New Coronavirus may affect business continuity, and for that reason we are promoting infection prevention measures by putting top priority on "health and safety" and "product supply responsibility".



BCP disaster response team training

Initiatives for Information Security

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

Moreover, to improve employee awareness about information security as well as their

technical skills, we offer ongoing training to all employees handling information assets to ensure compliance.

Via remote work, which was promoted as a measure to prevent the spread of the New Coronavirus, we are working on thorough information security based on new behavioral patterns and training for employees.

Investor Relations

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

Initiatives for Research and Development and Intellectual Property

Oiles Corporation, as a technology development-driven company, holds a variety of technical patents obtained in pursuit of proprietary intellectual property. We conduct research and development from a medium to long-term perspective. In addition, we recognize that our intellectual property rights are key corporate assets and thus endeavor to maintain and effectively use them. At the same time, we respect and try to avoid any infringement of the intellectual property rights held by other companies. The above is stipulated in the Oiles Group's Corporate Conduct Charter and Intellectual Property Management Rules. Patent developed by the Oiles Group, currently counts 2,751 and is continuing to secure new ones. Of these current patents, 1,343 are overseas, including 294 in the U.S., 212 in China, 166 in Germany, 140 in South Korea, and 137 in France. By building and maintaining our global patent network, we have earned worldwide recognition as an enterprise driven by technological development.

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

Note: Number of patents acquired are as of March 31, 2020.

Response to Consumer Issues

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



Toward Improving Product Quality Reliability

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

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

Quality Policies

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

To Deliver Safe and Reliable Products

In compliance with laws, regulations and customer requirements, the Oiles Group, strives to take measures against global warming and consideration for the global environment, including environmentally hazardous substances. Moreover, we are aiming for delivery of safe, secure, and highly reliable products, and thus thoroughly manage chemical substances contained in products from the purchase of material to production and distribution. We are further promoting efforts to improve the design review and quality assurance system to strengthen our corporate structure.

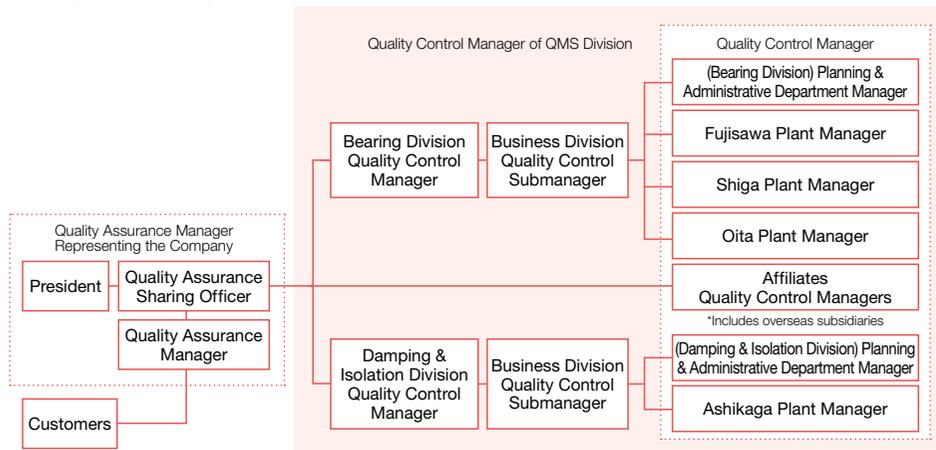
Quality Assurance System

Promotion System

The president of the Oiles Group appoints the “Quality Assurance Sharing Officer” from the directors who supervises the quality assurance system, and convenes a quality control manager in each manufacturing, sales, and engineering departments. Together they form the “Quality Control Committee” and conduct activities with the aim of addressing important quality issues. In addition, we hold an annual management review meeting, headed by the highest- level quality assurance managers who oversees and provide provides guidance to the overall quality assurance system.

Meanwhile, each manager of division is designated as the chief quality control officer and the Bearing Division and Damping & Isolation Division have each established a quality management department with their own quality assurance system and are working to maintain the quality and safety of their products. In addition, we have established and operate a quality assurance system in which the heads and presidents of each plant and affiliates are also the quality managers.

● Quality Assurance System



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

● IATF16949

<http://www.oilesglobal.com/iso/ja.html>



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

Quality Management System Certifications (ISO9001 and IATF16949)

● ISO9001

<http://www.oilesglobal.com/iso/ja.html>



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

Complaint Prevention and Response System

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

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

In fiscal 2019, we received minor complaints, but zero serious complaints.

Environmental Protection

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



Actions to Protect the Environment

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

Environmental Policy (translation of excerpts)

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

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

WEB Oiles Corporation Group Environmental Policy https://ssl4.eir-parts.net/doc/6282/ir_material6/143012/00.pdf

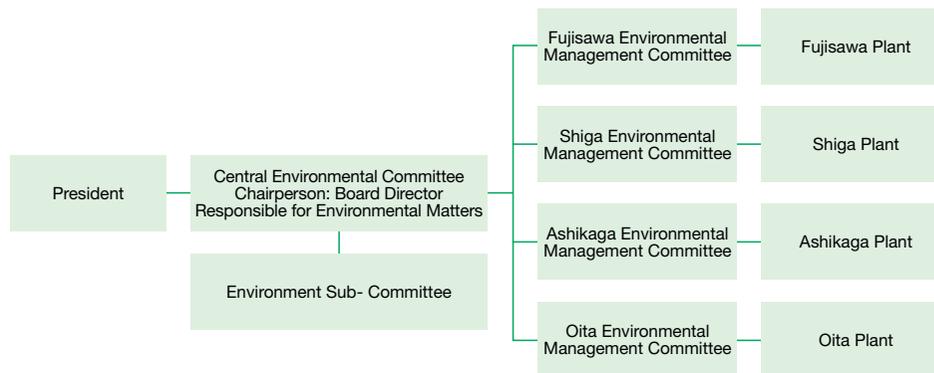
Environmental Management System

Promotion Structure

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

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

Environmental Management System Promotion Structure



Acquisition of ISO14001 Certification

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

Six overseas companies have also acquired ISO14001:2015 certification.



<http://www.oilesglobal.com/iso/ja.html>

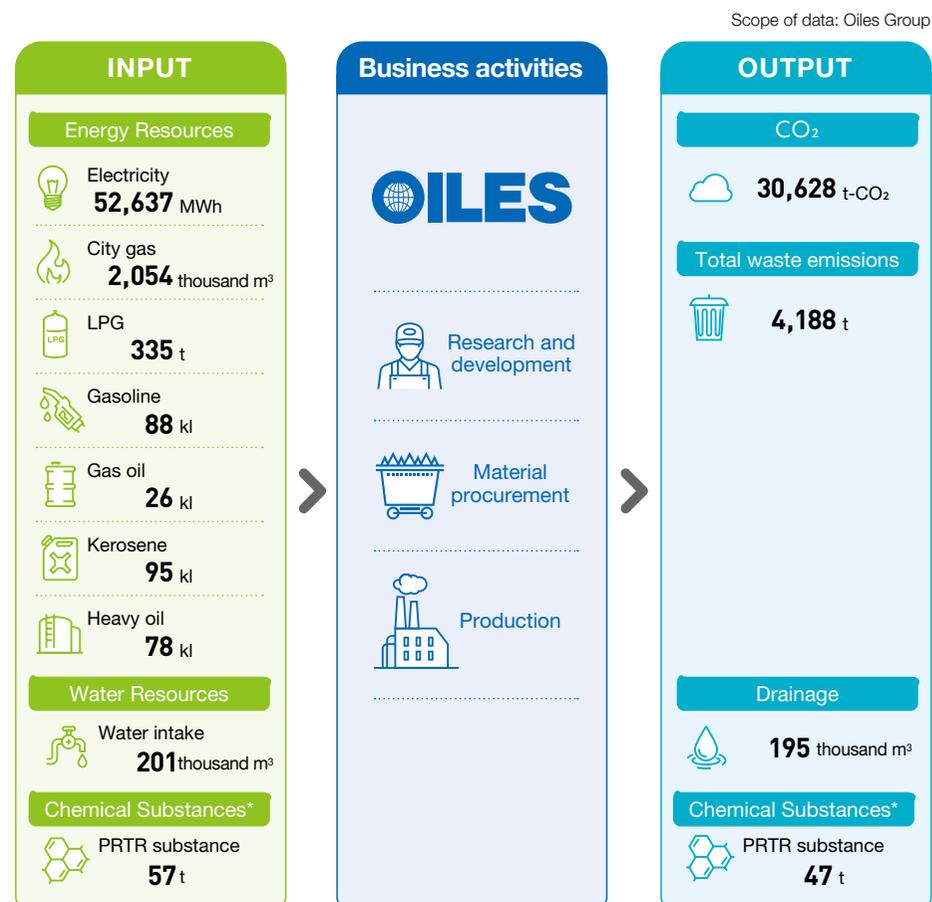
● Japan

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

● Overseas

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

Material Balance



*Figures for chemical substances reflect only Oiles Corporation data.

Environmental Accounting

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

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

Environmental Protection Costs

Environmental protection cost category	Major initiatives	(million yen)	
		Amount invested	Cost incurred* ¹
		FY2019	FY2019
I. Business area cost	Sum of (1) to (3)	47	693
(1) Pollution prevention	Activities to prevent air and water pollution, etc.	0	87
(2) Global Environmental Protection	Activities to save energy, etc.	47	293
(3) Resource circulation	Recycling and waste disposal, etc.	0	313
II. Upstream/downstream	Difference between environmentally-sound products and general products	0	10
II. Administration* ²	Cost relating to maintaining ISO, environmental education, planting of greenery, beautification, etc.	0	148
IV. R&D	—	0	10
V. Social activities	Donations to environmental groups, cleaning rivers, etc.	0	1
IV. Environmental remediation	—	0	0
Total		47	862

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

*2 Includes examination and registration fees.

Environmental Protection Results (non-consolidated)

Item		FY2018	FY2019	YoY
Total production by domestic plants (billion yen)		188	205	109%
Input	Electricity (thousand kWh)	24,398	24,993	102%* ¹
	City gas (thousand m ³)	1,878	1,900	101%
	LPG (t)	53	167	315%* ²
	Kerosene (kl)	123	1	1%* ³
	Heavy oil (kl)	0	0	0%
	Gas oil (kl)	11	12	109%
	Gasoline (kl)	18	9	50%
	Water resource (thousand m ³)	165	152	92%
Output	CO ₂ (t-CO ₂)	15,672	14,562	93%
	Class I Designated Chemical Substance (t)	61	57	92%
	Total waste (t)	1,652	1,802	109%
	Recycled (t)	1,605	1,750	109%* ⁴
	Disposed (t)	47* ⁵	52	113%* ⁶

*1 Increase due to expansion of the Oita plant and expansion of production facilities

*2 Increase due to change of air conditioning energy from electric power to LPG in the extended building of the Oita plant

*3 Decrease due to change of fuel for preheating furnace equipment at the Ashikaga Plant from kerosene to city gas

*4 Increased due to change of some valuable resources of the Shiga plant to thermal recycling

*5 Revised the counting method and revised it back to the past 3 years

*6 Increase due to disposal of specially controlled industrial waste at the Fujisawa plant (every 3 years)

Economic Benefits of Environmental Protection

Item		FY2018	FY2019	YoY
Gain on sale of valuables converted from waste materials		41	33	80%* ¹
Cost associated with recycling waste materials		34	34	100%
Cost associated with disposal of waste materials		15	20	133%* ²

*1 Decreased due to change of some valuable resources at Shiga Plant to thermal recycling

*2 Increase due to disposal of specially controlled industrial waste at Fujisawa Plant (every 3 years)

Initiatives to Prevent Global Warming

Actions to Decrease CO₂ Emissions

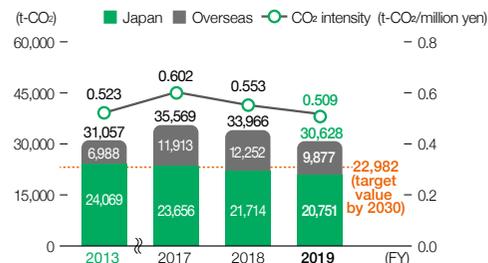
The Oiles Group, as a responsible manufacturing company, is committed to reduce its CO₂ emissions and create a low-carbon society in accordance with principles defined in the Oiles Group Corporate Conduct Charter, “We shall actively engage in the protection of the global environment,” and the Oiles Group Environmental Policy; “We shall strive to reduce CO₂ emissions from our business activities and thereby reduce environmental load.

Our company goal is to contribute to mitigation of climate change and its impact by setting environmental targets. We set CSR mid- and long-term targets and KPIs in FY2018, and until 2030 we aim to reduce CO₂ emissions by 26.0% compared to FY2013. In order to achieve the medium-to long-term targets, in FY2018 we reduced total CO₂ emissions by more than 2% compared to the previous year. The Environmental Committee has been considering measures such as reducing energy loss and defects in production activities at each production site, introducing energy-saving equipment, increasing the efficiency of production lines, switching to LED lighting, managing power demand and introducing solar power generation facilities.

As a result, in fiscal 2019, CO₂ emissions of the entire Group, including overseas, were 30,628t-CO₂, a 9.8% reduction from the previous fiscal year. In addition, The CO₂ emissions intensity was 0.509t-CO₂/million yen, which was lower than the base year of 2013.

We will continue to work toward reducing CO₂ emissions.

Change in CO₂ Emissions and intensity



Calculating Scope 3 Emissions

In fiscal 2016, the Oiles Group began calculating greenhouse gas (GHG) emissions throughout its supply chain using Scope 3 to constrain the environmental impact of our business operations. We will contribute to continuously reducing GHG emissions by promoting transparency in reporting the volume of CO₂ released throughout supply chain activities, upstream to downstream.

Breakdown of Scope 3 Emissions for Fiscal 2019 (Oiles Group)

Category	CO ₂ emissions (t-CO ₂)	Ratio(%)
SCOPE1	6,313	2.9
SCOPE2	24,314	11.2
SCOPE3	185,834	85.9
1 Purchased goods and services	154,187	71.2
2 Capital goods	11,007	5.1
3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	5,059	2.3
4 Upstream transportation and distribution	12,460	5.8
5 Waste generated in operations	1,912	0.9
6 Business travel	271	0.1
7 Employee commuting	938	0.4
Total	216,462	100

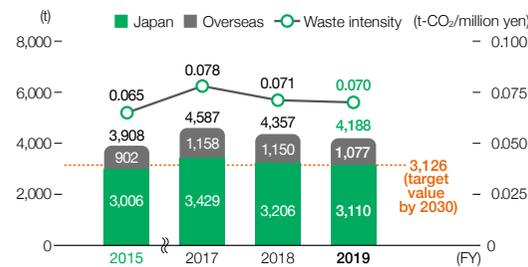
Actions to Save Resources

Waste Disposal

The Oiles Group is working to ensure the reduction and proper disposal of industrial waste at each of its establishments, including the plants. Our goal is to reduce the landfill rate of industrial waste generated from our domestic group by 20.0% from fiscal 2015 levels by fiscal 2030. The final disposal rate in fiscal 2019 was 2.91%, a decrease of 8.0% from the FY2018.

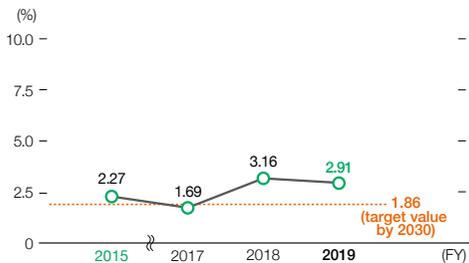
We will maintain control over industrial waste disposal service providers and keep current on wastes generated from our business operations in order to reduce waste across the entire Group while promoting reduction at each site.

● Aggregated Waste Emission and intensity (Oiles Group)



*Valuable substances are included in the total amount of waste emission

● Landfill Rate (Domestic Group)



Addressing Substances of Concern

Proper management of chemical substances

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

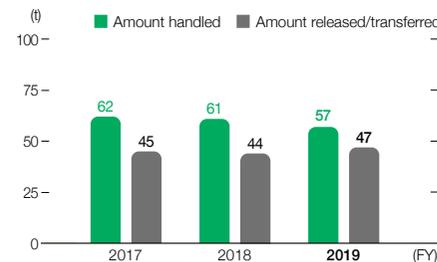
The volumes of chemical substances generated, handled, released, and transferred from each establishment and plant in Japan are managed in accordance with the law concerning the Pollutant Release and Transfer Register/PRTR (Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances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

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

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

Concerning RoHS regulations (additional regulations for I RoHS) that will be enforced in July 2019, we have conducted a content survey and have completed the response.

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



Water Resources and Biodiversity Conservation

Preventing Water Resource Pollution

To ensure the effective use of water resources in production activities and prevent pollution, the Oiles Group manages water resources under an environmental management system that incorporates water management. Before draining water used in the production process into the public water system, we ensure that it has been purified to prevent water contamination. We have also begun analyzing water-related risks and will further promote water management.

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

Biodiversity Conservation

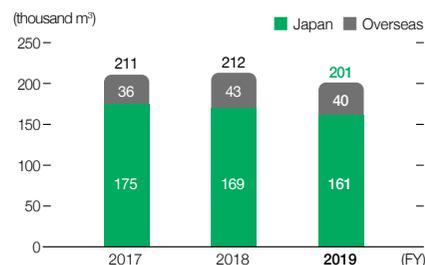
As part of our initiatives for biodiversity conservation, the Fujisawa Plant maintains a biotope for naturally propagating fujisawa-medaka, a species of fish indigenous to the Fujisawa area and once believed to have become extinct. The 30m² biotope was constructed in 2002 in response to the request of a civic group, the Society to Create School of Fujisawa-medaka. Since then, about 10,000 fujisawa-medakas have hatched in the biotope's waters. Every year the plant donates 500 fujisawa-medakas to the society, which the company continues to support.

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



Breeding guidance at "Fujisawa Medaka School Association"

Water Usage (Oiles Group)



Environment-friendly products

Development of Biomass Plastic Bearings

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

Biomass plastics are produced from renewable organic resources, they have a carbon neutral nature and thus do not affect the increase or decrease in CO₂. For this reason, they have been attracting attention as an effective material for fighting global warming. In the future, demand for biomass plastics is expected to increase and with this product we will reduce CO₂ emissions and contribute to the realization of the recycling society.

Product Name	Appearance	Mainly Used Plant	Biomass degree (Weight ratio)
OILES #81-B1		 Sugar cane	More than 90%
OILES #83-B1		 Castor oil bean	More than 45%

Our bearings are used in coastal wave power generators

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

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

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



#500AB

FF-OH

*Demonstration project of strengthening induction technology development for CO₂ emission reduction in 2016-2018

External blinds “Brill” leading to energy saving at home

Since its launch in 1984, Oiles ECO’s “Brill” external blinds has been improved over 30 years, and over 100,000 units have been delivered to customers. Brill is a product that combines the functions of a shutter and blinds. However, it controls natural light and cuts out about 80% of solar radiation heat outside the window (heat insulation). By suppressing the temperature rise by about 10 °C, the air conditioning load is reduced, making it a strong energy-saving ally for homes and low-rise buildings. In order to get more people to know the advantages of “Brill”, we are striving for further popularization using the B to C strategy through web advertisings and commercial broadcastings.



Independent Assurance Statement



Independent Assurance Statement

October 7, 2020

Mr. Masami Iida
President
Oiles Corporation

1. Purpose
We, Sustainability Accounting Co., Ltd., have been engaged by Oiles Corporation (hereinafter “the Company”) to provide limited assurance on the CO₂ emissions in FY2019, which are 6 thousand t-CO₂ for Scope1, 24 thousand t-CO₂ for Scope2 and 186 thousand t-CO₂ for Scope3 (collectively, “the CO₂ emissions”). The purpose of this task is to carry out our assurance procedures and express our conclusion on whether the CO₂ emissions were calculated in accordance with the Company’s standards. The Company’s management is responsible for calculating the CO₂ emissions. Our responsibility is to independently express our assurance conclusion.

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

- Interviewing the Company’s responsible personnel to understand the Company’s standards and reviewing the Company’s standards.
- Visiting to one of the Company’s sites.
- Performing cross-checks on a sample basis and performing a recalculation to determine whether the CO₂ emissions have not been calculated in all material respects accordance with the Company’s standards.

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

We have no conflict of interest relationships with the Company.



Takashi Fukushima
Representative Director
Sustainability Accounting Co., Ltd.

Respect for Human Rights and Appropriate Labor Practices

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



Respecting Human Rights

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

Human Rights Policy

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

WEB The Oiles Corporation Group’s Human Rights Policy
https://ssl4.eir-parts.net/doc/6282/ir_material2/134257/00.pdf

The Oiles Group’s Human Rights Policy was established in response to the rising expectations of international communities for corporate activities to demonstrate respect for human rights, as stated in the International Bill of Human Rights and international standards including the ILO Declaration on Fundamental Principles and Rights at Work by the ILO (International Labor Organization). In addition, the Oiles Group signed the “UN Global Compact” in July 2019.

Going forward, we will provide the necessary education through a variety of enlightenment and training programs on human rights to raise employee awareness and ensure this basic policy is deeply intergraded into and implemented throughout the business activities of Group companies. Every executive and employee of the Oiles Group bears responsibility to respect human rights. We also require our suppliers to accept this responsibility, and we will properly

address any infringement of human rights. In addition, we will respond to any potential or actual impact on human rights through dialogue or discussion with the stakeholders as the key element of corporate management’s specific responsibility to respect human rights.



Human rights training (Oita Plant)

Protecting Fundamental Rights at Work

Respect for Human Rights of Employees and Prohibition of Discrimination

We respect the human rights of each employee and will not discriminate anyone on the grounds of skin color, gender, language, religion, political or other opinions, nationality or its absence, property, family, or other status. We offer equal access to recruitment and other employment opportunities and treat applicants and employees the same, based on fair evaluations in accordance with clear evaluation standards.

Prohibition of Harassment

To protect employees’ human rights and their right to work, we prohibit all types of workplace harassment, including sexual and power harassment. We provide compliance training every month in every workplace and regularly set themes related to preventing harassment to promote awareness. In addition, our Human Resources Department provides a harassment consultation hotline staffed by male and female counselors so that employees can consult them in a comfortable environment.

Promoting Diversity

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

Employee Demographics

● Number of Employees

	FY2017	FY2018	FY2019
Number of employees (consolidated)	2,573	2,633	2,591
Permanent	2,051	2,092	2,085
Temporary	522	541	506
Number of employees in Japan	1,680	1,714	1,701
Permanent	1,278	1,289	1,285
Temporary	402	425	416
Number of employees (non-consolidated)	1,075	1,106	1,105
Permanent	778	794	794
Temporary	297	312	311

*As of the end of each FY

● Percentage of Female Employees (Permanent Employees)

	FY2017	FY2018	FY2019
Consolidated percentage of female employees (%)	23.0	24.2	25.6
Domestic group (non-consolidated)	12.8(10.5)	13.7(11.6)	13.9(11.5)
Consolidated number of female managers	15	16	17
Domestic group (non-consolidated)	2(0)	2(0)	3(1)
Consolidated percentage of female managers (%)	4.9	5.5	5.5
Domestic group (non-consolidated)	0.8(0.0)	0.9(0.0)	1.2(0.7)

*As of the end of each FY

● Oiles Corporation (Permanent Employees)

	FY2017	FY2018	FY2019
Number of employees*	778	794	794
Male	696	702	703
Female	82	92	91
Average age*	42.4	42.2	42.4
Male	42.7	42.6	42.7
Female	39.7	39.3	40.0
Average length of service (years)*	19.1	18.8	19.1
Male	19.3	19.2	19.4
Female	17.7	16.3	16.9
Number of new graduate employees	22	22	20
Male	15	19	16
Female	7	3	4
Number of mid-career employees	11	16	7
Male	9	10	6
Female	2	6	1
Number of rehired employees	12	9	7
Male	11	8	7
Female	1	1	0

*As of the end of each FY

Promoting Women's Participation and Advancement

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

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

VOICE

Utilizing career development even after childcare leave

I took childcare leave twice in 10 years since joining the company. After the first childcare leave, there was no job transfer and I returned to the sales position at the Osaka sales office. At the same time, I got in charge of sales affairs, and it was very helpful to be able to easily adjust working hours. After the second childcare leave, I was transferred to another department within the Osaka sales office. This transfer is part of women's job rotation, but I think that being involved in a new work without the need of moving will be beneficial for my future career development.



Osaka Sales Office Damping & Isolation Division

Saki Okano

After my first child's childcare leave, there was a time when I had trouble balancing work and childcare, but thanks to the understanding and cooperation of my colleagues, I was able to overcome it, and this experience put me at ease when I had the second child.

Compared to men, there are still fewer female employees, but we would like to work together regardless of gender to become a company that can play an active role.

Diversity Promotion Seminar

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

We looked back on our past work, learned the concept of career development, and exchanged our views on women's advancement. We also conducted career follow-up interviews with participants and provided opportunities to discuss career development with their superiors.



Personal designed training

Recruitment Activities

Following the Oiles Group Corporate Conduct Charter, we provide work environment and work opportunities where employees can demonstrate their various abilities. Moreover, we conduct fair, impartial, and transparent recruitment activities based on our management and personnel plans.

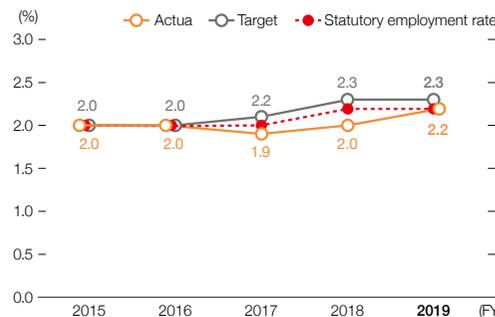
Conducting Online Company Information Sessions and Recruitment Interviews

With the spread of the New Coronavirus around the world, for the first time we have started to hold online company information sessions and recruitment interviews. By actively utilizing online interviews, we have gained the advantage of being able to approach human resources without the need of meeting them face-to-face.

Employment of Persons with Disabilities

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

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



*FY average

*Legal employment rate: 2.0% until the end of March 2018, 2.2% from April 2018

Work-Life Balance

We intend to enhance our support systems to enable more efficient and flexible work styles so that all employees can maintain a healthy balance between their work and personal lives and continue to work with vitality and peace of mind.

Support Programs for Balancing Work and Child Rearing

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

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

*Exceeds statutory mandates

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

		FY2017	FY2018	FY2019
Number of employees who took child-rearing leave	Male	0	0	0
	Female	6	3	4
Number of employees who shortened working hours for childcare	Male	0	0	1
	Female	8	10	10

Work-Life Balance Support Systems

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

Work-Life Balance Promotion Status (non-consolidated)

	FY2017	FY2018	FY2019
Annual average of total working time (hours)	1,788.2	1,803.8	1,770.8
Average number of paid holidays used (days)	13.3	13.3	13.9
Average rate of paid holidays taken (%)	68.1	69.4	72.3
Average monthly overtime (hours)	11.1	11.3	9.6

Human Resource Development

To develop our employees into exemplary personnel, we strive to actively develop their abilities by calling upon their unique qualities and characteristics and maximizing their abilities through systematic development, utilization, evaluation, and compensation.

WEB Oiles Corporation Group's Basic Policy on Human Resources
https://ssl4.eir-parts.net/doc/6282/ir_material2/134255/00.pdf

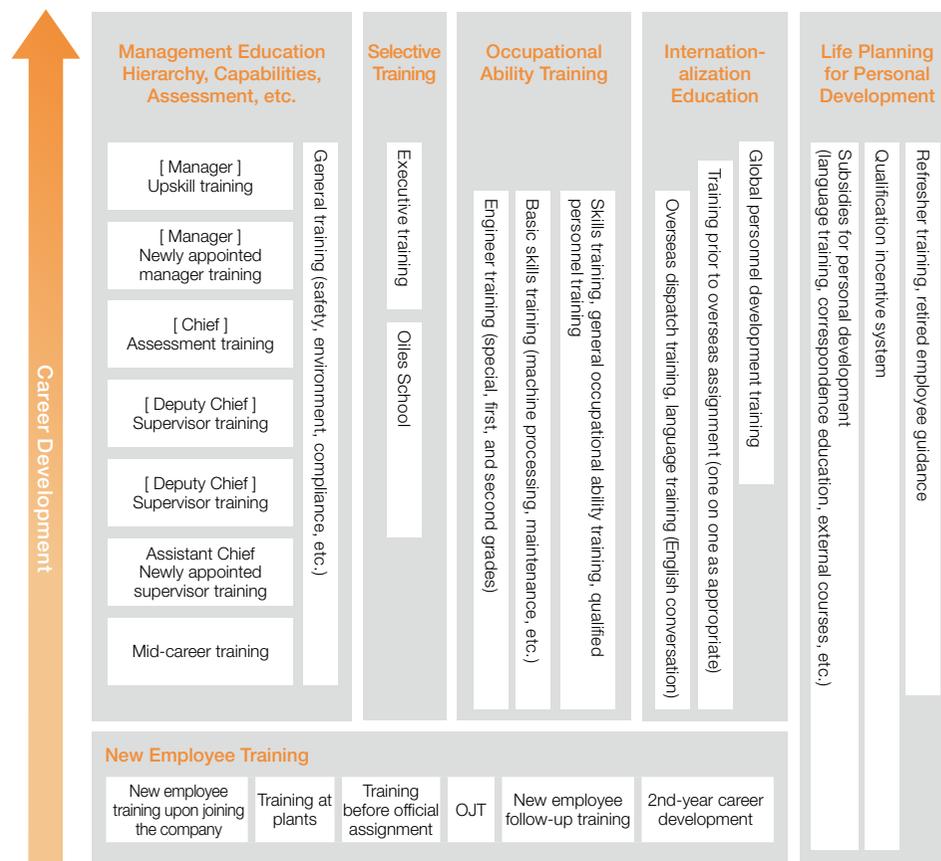
Training System

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

Annual Training Time per Person

	FY2017	FY2018	FY2019
Annual Training Time per Person (hours)	29.8	30.1	32.2

Educational Training Structure



VOICE

Extensive training and support system during overseas assignment

Before I went to Germany, where I was first assigned, I attended an English conversation class to supplement my English skills. Moreover, I had the opportunity to visit domestic bases which I later collaborate with. This especially became useful during the approach and strategic planning in German sales. In Brazil, where I am currently assigned, I have been involved in the establishment of the local corporation. Although it is a country with a unique culture, the anxiety of being assigned to work with a family has been alleviated by the implementation of pre-assignment training and support of the company. In addition, being able to attend a Portuguese class helped to build friendly relationships with local employees and customers. In the future, we will strive to create an environment where local employees and head office employees can directly collaborate.



Director of Oiles Brasil Eireli
Keisuke Mochida

Developing Global Human Resources

“We, at Oiles Corporation, are determined to become a world leader as a general manufacturer of oil-less bearings and to serve society through technology.” Under this management concept, the Oiles Group, which operates 10 companies and 6 plants overseas, continues to develop its human resources to make them capable of conducting business around the globe. We offer a variety of globalization training programs, including English language training in Japan, overseas dispatch training to improve language skills and broaden business experience by sending employees to overseas offices. Before heading overseas, employees receive specific training, so they are fully prepared for their designated location. Global personnel development training is also provided for department and section managers to gain basic knowledge about overseas business. In addition, our overseas offices are endeavoring to locally develop globally capable human resources through measures such as actively promoting local employees to managerial positions.



Language training

Health and Safety Initiatives

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

Policy and System for Occupational Health and Safety

To improve employees' skills and to support their personal career development plans, we offer a wide range of training programs to suit their needs, including management, occupational abilities, internationalization, personal development, and life planning. In addition, we are conducting a selective training program for future executive candidates through measures such as the Oiles School for Management where candidates can gain a comprehensive range of skills. In fiscal 2017, we created a new training program for developing executives and for department- and section-level managers. To prevent industrial accidents and diseases, the Oiles Group formulated its Health and Safety Management Standards, which designate responsibilities for improving employee health and safety and establishing a clean and wholesome work environment. We are also executing our health and safety action policy to fulfill our social obligation for ensuring safe operations and a sound work environment but protecting the health and wellbeing of employees and to achieve sustainable growth by engaging every employee in health and safety initiatives. Our central committee on health and safety is in place to examine and deliberate on various health and safety issues and share feedback with the company, while the Fujisawa, Shiga, Ashikaga, and Oita Plants each maintain their own committees. In addition, domestic offices across the country are divided into east and west zones, each of which has its own committee. Under this system, the entire company is actively involved in health and safety activities.



Director of Ashikaga Plant Safety Tour

● Safety and Health Organization Chart

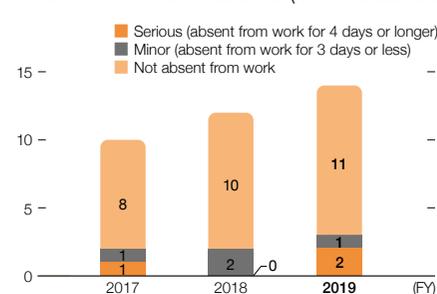


Eliminating Industrial Accidents

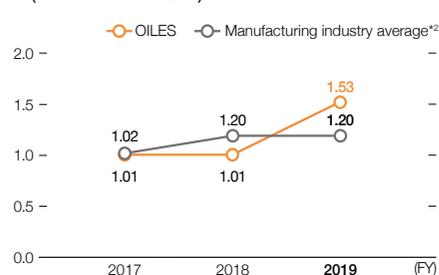
We fully comply with laws and regulations on health and safety. The Fujisawa, Shiga, Ashikaga, and Oita Plants each formulate health and safety action plans and voluntary rules as necessary for raising the level of safety management. Moreover, each office conducts risk assessment to identify potential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

Although the number of occupational accidents increased in fiscal 2019, we promptly investigated the cause and after ensuring safety reported it to the Labor Standards Inspection Office to prevent recurrence.

● Number of Industrial Accidents (non-consolidated)

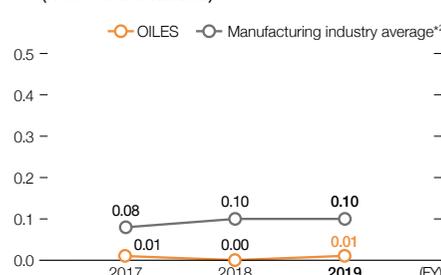


● Frequency Rate of Lost-worktime Injuries*1 (non-consolidated)



*1 Frequency rate: represents the frequency of industrial accidents based on casualties per actual working time of 1 million hours.
*2 Based on the results of the Survey on Industrial Accidents by the Ministry of Health, Labor and Welfare.

● Frequency Rate of Lost-worktime Injuries*3 (non-consolidated)



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

Health and Safety Education

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



Danger experience classroom

Initiatives for Health Management

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

Promotion of Health System

Together with the Safety and Health Committee, the Human Rights and Labor Practices Subcommittee we strive to create a foundation on which each employee can work lively. We aim to improve the development of the company by promoting health management through work style reforms, mental health measures, and health maintenance and promotion activities.

 Refer to the safety and health organization chart on page 39.

Mental Health Measures

An increasing number of employees have recently been taking leaves of absence from work due to mental health issues. Given this trend, we have been actively addressing the mental health of our employees. In accordance with the Industrial Safety and Health Act, we have employees undergo a stress check once a year and maintain a consultation system so that they can talk with industrial doctors and nurses or external institutions as needed. We also provide support programs for those who will be returning from leaves of absence to help them re-enter the workforce smoothly.



Mental health training

Employee Wellness Support

We place priority on preventing employee lifestyle-related diseases and other illnesses through early discovery and treatment. In fiscal 2019, we were raising employee health awareness by holding seminars at all factories in Japan that summarize the importance of diet from the perspective of preventing lifestyle-related diseases and the points in daily eating habit. In addition, we are enhancing measures to support the improvement of employee health, such as subsidizing complete medical checkup fees.



Dietary life improvement workshops

Health Promotion Examples

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

Prevention Measures Against The COVID-19

As we realize that the New Coronavirus, which has been spreading worldwide since the beginning of 2020, may seriously affect business continuity, we put top priority on both “health and safety” and “product supply responsibility”.

Considering the health and safety of not only employees but also customers and other related parties, while taking into account government measures, we prohibit employees with cold symptoms from going to work. Moreover, we are working on various infection prevention measures such as conducting remote work (working from home), enforcing ‘cough etiquette’ which includes washing hands and wearing masks, and keeping social distance in the workplace.

In addition, in summer 2020 we supported medical professionals who are fighting against the New Coronavirus, by donating to the New Coronavirus response fund in each region where our base is located.

It will take some time for the New Coronavirus to disappear, but we will continue to take constant precautions to prevent infection.



Body temperature check upon arrival to work



Partitions are set up in the office space

Dialogues with employees

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

Employee Satisfaction Survey

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

In July 2020, we conducted a survey for male employees with children about childcare and housework (and leisure) of male employees to promote work style reforms and diversity.

Believing that employees are an important asset of the company, we will continue to identify and grasp issues from various perspectives to support the growth of all employees and promote the creation of comfortable workplaces.

Sound labor relations

The Oiles Corporation and a part of the group's companies have their own trade unions. Our company and the labor union have a stable labor-management relationship, and have signed more than 60 agreements, and memorandums. We regularly set up opportunities for labor-management consultations to negotiate and discuss working conditions and personnel systems. The labor union membership rate of regular employees in the Oiles Corporation alone is 100%.

Fair and Equitable Trade

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



Procurement Policy

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

Oiles Corporation Group Procurement Policy

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

- 1. Compliance**
We will conduct procurement activities in compliance with laws and regulations in Japan and overseas, with due respect for international codes of conduct.
- 2. Transactions Based on Economic Rationality**
We will make rational decisions on procurement that are based on properly considering aspects such as quality, reliability, price, delivery, and procurement period.
- 3. Sound, Fair and Equitable Trade**
We will conduct procurement through fair, equitable, and transparent transactions and will not participate in cartels or bid-rigging.
- 4. Environmental Protection**
We will conduct procurement in compliance with environmental laws, regulations, and agreements and engage in activities that pay due consideration for protecting the environment.
- 5. Respect for the Code of Ethics**
We will engage in procurement activities with an awareness of ethical conduct.
- 6. Promotion of Corporate Social Responsibility (CSR)**
We will engage in procurement activities with an emphasis on CSR.

Supply Chain Management

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

We believe that the products and technologies of the Oiles Group can contribute to the goals of the SDGs and will strive to contribute to the realization of a sustainable society.

However, these activities cannot be carried out by the Group alone. It is necessary to work on them with the understanding and cooperation of our suppliers and for that reason we enacted The Oiles Group CSR Procurement Guidelines in July 2017. Going further, we have conducted a “CSR Procurement Questionnaire” for our suppliers to share with them the Group’s basic ideas of CSR. We will collaborate to build mutual trust through two-way communication, work on sustainability with the aim of coexistence and co-prosperity and promote the realization of a healthy and prosperous society.

Requests to Suppliers

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

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

WEB

Oiles Corporation Group's Procurement Policy
https://ssl4.eir-parts.net/doc/6282/ir_material2/134253/00.pdf

Stable Securing of Raw Materials

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

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

Response to Conflict Minerals

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

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

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

Specific steps are as follows.

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

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

Coexistence with Local Communities

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



Philosophy and Policy for Social Contribution Activities

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

Community Engagement

Cosponsoring the Ashikaga Fireworks Exhibition

As part of its efforts to serve the local community, the plant participates in the Yaba River cleanup every year as well as the cleanup campaign for the Watarase River, a well-known local clear stream. The plant also built a guesthouse that incorporates a seismic isolation system on its premises and hosts plant tours throughout the year. In addition, every August the plant cosponsors the Ashikaga Fireworks Exhibition as a tradition along the banks of the Watarase River to enliven the summer nights. The exhibition was canceled in 2020 due to the spread of the New Coronavirus, but we plan to continue to support it again from 2021.



Ashikaga Fireworks Festival

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

Since 1992, the Oita Plant, in Nakatsu City, Oita Prefecture, has been cosponsoring the Nakatsu City Parent and Child Night Soccer Game organized by the Nakatsu City Soccer Association. About 530 people participated in the 32nd event, held in August 2019. Participants were divided into three teams for boys, fathers, and mothers, and a boys’ team, fathers’ team, and mothers’ team played the game and competed with their total scores. The event, held at night under illumination with parents and children playing an exciting game together, has now deeply taken root in the region and become a summer tradition for the city. Unfortunately, the event was canceled in 2020 due to the spread of the New Coronavirus.

We are also cosponsoring the Rubber Baseball Federation Chairperson’s Cup (for junior high schools). Every spring the All Japan Softball Baseball Oita Prefectural Tournament Nakatsu Branch Qualifying” and every fall the Nakatsu Mayor Flag Competition Youth Baseball Tournament (for junior high schools) are held, but due to the spread of the New Coronavirus in 2020, only the fall tournament is planned to be held. We continue to support and interact with the local community.



Nakatsu City Parent-Child Soccer Night Tournament



Nakatsu Softball Baseball President’s Cup and Oiles Industrial Cup

Overseas Community Engagement

Social Contribution of Oiles America

Oiles America Corporation (USA) joined forces with Cabarrus Victims Assistance Network (C-VAN) that supports locally abused women and their children under the Honda Supplier Community Services Program established by US HONDA in June 2019. Together we have cleaned and pruned the garden and solicited donations from employees to provide C-VAN with necessary household items.

In addition, to help employees understand social issues, we carried out community-based service activities such as donating to the North East Foundation's children's hospital and cleaning shelters for female victims in the local community.



Employees participating in the garden cleaning and pruning



Donations to the Cabarrus Victims Assistance Network

Oiles Thailand's Donation Activities at Ray Children's Village

At Oiles (Thailand) Company Limited (Thailand), employees have been actively engaging in various social contribution activities of the region since 2011. Activities range from annual coral reef conservation and restoration of the local beaches, mangrove conservation and afforestation activities, and visits to support facilities for children with intellectual disabilities or donations to local temples.

In 2019, employees provided lunch and donated everyday items to children at the Ray Children's Village, which accepts more than 80 orphans.



Children in Ray Children's Village

Support for Students and External Organizations

Sponsoring Student Formula Japan

The company has been co-sponsoring Student Formula Japan since 2015. However, due to the spread of New Coronavirus Student Formula 2020 was canceled and our support for 2020 abandoned.

Goal of this tournament and our company's wish is to deepen students' understanding of technologies through their experience in creating and handling products, and to help them to become professional engineers with abundant creativity. We will continue to provide support when the tournament is held again from 2021.



Formula car sponsored by us

Supporting External Organizations

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

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Contact

- **Oiles Corporation**

8 Kirihara-cho, Fujisawa-shi, Kanagawa 252-0811, Japan
TEL: 0466-44-4901 FAX: 0466-44-4953

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

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

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

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

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



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.