

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Corporate Governance Report

Last Updated: July 2, 2026

OILES CORPORATION

Yoshikazu Sakairi, President

Contact: Corporate Planning & Administrative Division

+81-466-44-4901

Securities Code: 6282

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

The corporate governance of **OILES CORPORATION** (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Views

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 in a timely manner to ensure transparency.

[Reasons for Non-compliance with the Principles of Japan’s Corporate Governance Code]

The Company complies with every principle of Japan’s Corporate Governance Code (June 2021 edition).

[Disclosure Based on the Principles of Japan’s Corporate Governance Code] [Updated]

[This information is presented based on the Corporate Governance Code (June 2021 edition).]

[Principle 1.4 Cross-shareholdings]

(Basic policy on cross-shareholdings)

The Company, in the event of holding shares of listed companies as cross-shareholdings, holds issues that lead to building, maintaining and strengthening medium- to long-term transactional and collaborative relationships and issues, which through such holding, are anticipated to increase the Company’s corporate value.

Specifically, the Board of Directors verifies the rationality of holding cross-shareholdings and the appropriateness of each individual issue annually, specifically scrutinizing that the benefit and risks are in line with the capital costs, etc. in light of the qualitative aspects of the business strategy such as maintaining and securing a smooth and favorable transactional and collaborative relationship with the portfolio company and for quantitative aspects such as dividend income and other medium- to long-term economic rationality. As a result of the verification, consideration is given to reducing the holdings of issues that are no longer considered to have rationality as cross-shareholdings.

In light of the above basic policy, at the Board of Directors meeting held in December 2025, the Board of Directors verified cross-shareholdings held at that date, decided to reduce the holdings of some issues, and is proceeding with the procedures to sequentially sell the issues.

(Basic policy on exercising voting rights)

The Company decides to exercise its voting rights for each agenda item, respecting such companies’ management policies, with the criteria that it will lead to medium- to long-term improvement of, or not damage, the corporate

value of the Company and the portfolio company. In addition, in the event of circumstances such as where the portfolio company is deemed to have seriously violated laws and regulations, breached compliance or have a relationship with anti-social forces, the Company carefully considers its exercise of voting rights also taking into account the response of such company to the relevant circumstances.

The handling of matters in relation to the exercise of voting rights on cross-shareholdings is consolidated at the General Affairs Department, Corporate Planning & Administrative Division with a unified response in line with this basic policy.

[Principle 1.7 Related Party Transactions]

The Company takes transactions between directors and the Company to be matters for a resolution of the Board of Directors in accordance with laws and regulations and internal rules such as the Board of Directors Regulations.

Note that, as persons of interest, the relevant directors do not participate in such a resolution.

In addition, the details of the actual transaction conducted following such approved resolution are reported at the Board of Directors.

[Supplementary Principle 2.4.1 Ensuring Diversity in the Promotion to Core Human Resources, etc.]

(Views on ensuring diversity)

The Oiles Group positions promoting diversity as one of its important business challenges. The Oiles Group will foster a corporate culture and work environment that are pleasant to anyone so that human resources who have diverse perspectives and values can display their respective abilities and originality, leading to a sustained improvement of corporate value.

In addition, for “voluntary measurable targets for ensuring diversity,” “status of ensuring diversity,” “policies for developing human resources and developing internal environment to ensure diversity, and status thereof,” please refer to “Integrated Report.”

(Integrated Report - Contributing through +X “Enhancing our management foundation”:

https://www.oiles.co.jp/en/sustainability/integrated_report/)

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company strives to prepare an appropriate investment environment for reserves through the regular monitoring of the management status of pension assets by multiple departments involved in investment, while also aiming to develop human resources by participating in various training programs so that the corporate pension funds can fulfill the function expected of asset owners.

In addition, any conflicts of interest between the beneficiaries of the corporate pension funds and the Company are managed with appropriate procedures.

[Principle 3.1 Full Disclosure]

(1) Management Concept, management strategy and management plan

The management concept, management policy and the Company’s medium- to long-term management strategy are disclosed on the Company’s website and in financial results briefing materials, etc.

(2) Basic views and basic policy on corporate governance

Described in this Report “I. 1. Basic views”

(3) Policy and procedures for determining compensation

The policy and procedures when determining compensation for directors are described in this Report II 1. “Policy for Determining Compensation Amounts or Calculation Methods Thereof.”

(4) Policies and procedures for appointment and dismissal of top management and nomination of candidates for directors

(Nomination policy)

The Company’s Board of Directors appoints as top management (Directors and Operating officers) persons who can help make the Board of Directors effective and who can contribute to the sustainable growth of the Company and increase its value in the medium to long term.

Directors who are not Audit and Supervisory Committee Members and Operating Officers are elected based on their specialized knowledge regarding their respective divisions and outstanding abilities, after evaluating their ability to make sound business decisions, foresight, insight, leadership, personality, physical and mental health,

etc. Directors who are Audit and Supervisory Committee Members are elected from among persons who possess knowledge of finance, accounting, legal affairs, etc., necessary for their duties. Also, it shall be deemed sufficient grounds for dismissal regarding Directors and Operating Officers, if: 1) he/she is found to have engaged in acts that constitute a serious violation of laws and regulations or noncompliance; 2) he/she is found to have ties with antisocial forces; or 3) he/she has caused significant damage to corporate value through dereliction of duty.

(Nomination procedures)

In order to establish an independent, objective, and transparent nomination process for top management, the Company established a voluntary Nominating Committee, comprised of a majority of independent outside Directors, at the Board of Directors meeting held on October 25, 2018. With this, after going through the process of consultations and findings with the Nominating Committee, we have resolved at a meeting of the Board of Directors to make nominations for top management. Furthermore, to ensure validity, etc. of the deliberation process for the aforementioned details, deliberations are also conducted during a meeting of the Audit and Supervisory Committee prior to resolution by the Board of Directors. Candidates for Directors are then put forward in the form of a proposal to the General Meeting of Shareholders. In addition, the system requires that, when submitting a proposal to the General Meeting of Shareholders regarding the election of Directors who are Audit and Supervisory Committee Members (including substitute Directors who are Audit and Supervisory Committee Members), the consent of the Audit and Supervisory Committee be obtained in advance.

(5) Explanation of appointment and dismissal of top management and appointment, dismissal and nomination of candidates for directors

When nominating and appointing directors, the career history of each candidate has to date been listed in the “Notice of the General Meeting of Shareholders” together with the reason for appointment in relation to outside directors, and the “Reason for appointment” has been listed for all candidates since the Company’s 65th Ordinary General Meeting of Shareholders with the addition of the “Outline of the expected role” from the 70th Ordinary General Meeting of Shareholders in light of amendments to the Companies Act (Japanese only). In addition, in the event of circumstance corresponding to a reason for dismissal, the appropriate procedures and reasons are explained in light of the circumstances.

[Supplementary Principle 3.1.3 Sustainability Initiatives, etc.]

Please refer to our “Integrated Report” for comprehensive information on our sustainability initiatives. Relevant disclosures are provided under the sections titled “Governance,” “Environmental Initiatives,” and “Social Initiatives.” In addition, disclosures related to climate change, which is required for companies listed on the Prime Market, have also been made in “Information Disclosure Based on TCFD Recommendations” and the “Integrated Report” in accordance with the framework of the TCFD, etc.

(Information Disclosure Based on TCFD Recommendations:

<https://www.oiles.co.jp/en/sustainability/environment/tcfd/>)

(Sustainability: <https://www.oiles.co.jp/en/sustainability/>)

(Integrated Report: https://www.oiles.co.jp/en/sustainability/integrated_report/)

[Supplementary Principle 4.1.1 Scope of Delegation from the Board of Directors to Operating Officers]

In addition to matters prescribed by laws and regulations and in the Articles of Incorporation, the Company’s Board of Directors approves important matters prescribed by the Board of Directors Regulations such as important management issues including the management policy and business plan. In addition, the scope of assignment of authority to operating officers was reorganized through revision of the agenda standards of the Management Meeting and the Board of Directors that resolve important matters and agenda items for discussion and reporting at the Board of Directors were newly revised. In April 2023, the Bearing Division was split into the General Bearing Division and the Automotive Bearing Division with the aim of speeding up decision-making and clarifying business responsibility, and the Production Division was newly established to strengthen the production system. Furthermore, by appointing an operating officer to be responsible for each division, we have clarified the roles and responsibilities of the Board of Directors and operating officers, strengthening supervisory functions for the supervision of management while enhancing management’s agility by delegating authority to execute business to operating officers.

[Principle 4.9 Independence Standards and Qualifications for Independent Outside Directors]

The Company appoints four independent outside directors with extensive knowledge and experience that can contribute to advancing the Oiles Group's business, and in accordance with requirements for outside directors prescribed by the Companies Act and independence standards prescribed by the financial instruments exchange.

[Supplementary Principle 4.10.1 Use of Optional Approach]

The Company established a voluntary Nominating Committee and Compensation Committee in October 2018. In regard to the nomination procedures for directors and operating officers, a voluntary Nominating Committee was established with independent outside directors comprising the majority of committee members to ensure independence, objectivity and transparency. The chairperson of the Nominating Committee is an independent outside director, and members include directors who are Audit and Supervisory Committee Members. Consequently, the Company has a structure in which directors and operating officers are determined at the Board of Directors through a process of consultation and report on findings from the Nominating Committee. Note that for candidates for directors, the matter is referred to the General Meeting of Shareholders as an agenda item.

In addition, to ensure the effectiveness of the compensation system for directors and operating officers, the Company has also established a voluntary Compensation Committee, which comprises a majority of independent outside directors. The chairperson of the Compensation Committee is an independent outside director, and members include directors who are Audit and Supervisory Committee Members. In regard to the determination of details of compensation, etc., for directors who are not Audit and Supervisory Committee Members, the Board of Directors delegates the determination of the details of compensation, etc., for individual directors (excluding those who are Audit and Supervisory Committee Members) to the President, upon consultation and report on findings from the Compensation Committee. The delegated President respects the details of the findings reported by the Compensation Committee and determines the details of compensation, etc., for individual directors (excluding those who are Audit and Supervisory Committee Members) within the limit of the ratio of compensation for each type indicated in such report.

In fiscal 2025, the Company held the Nominating Committee meeting four times and the Compensation Committee meeting three times, and operates these committees appropriately.

Please also refer to the Supplementary Explanation for II-1. Voluntary Establishment of Committee(s) Equivalent to Nominating Committee or Compensation Committee in this report.

[Supplementary Principle 4.11.1 The Overall Balance, Diversity and Size of the Board of Directors]

To achieve the Oiles Group's sustained growth and improvement of medium- to long-term corporate value, the Company's Board of Directors comprises diverse directors with different expertise and experience, etc. based on identified skills, etc. required for the Board of Directors with the number of directors appropriate to fulfill the supervisory function effectively.

In appointing candidates for directors, the Board of Directors determines the candidates in light of the balance of knowledge, experience and ability as well as the diversity and composition of the overall Board of Directors, through a process of deliberation and report on findings of the voluntary Nominating Committee, more than half of whose members are independent outside directors with an independent outside director as chairperson. Considering the corporate governance structure of the company, the number of directors is prescribed in its Articles of Incorporation as up to ten (including up to four directors who are Audit and Supervisory Committee Members).

Currently, in addition to three executive directors well-versed in each area of the Company's business, there are two independent outside directors who are not Audit and Supervisory Committee Members with considerable knowledge and experience in specialist areas such as corporate management and three directors who are Audit and Supervisory Committee Members, for a total of eight. As a result, the Company has secured four independent outside directors (of which two are female directors), making up one-half of the total. For the skill matrix listing the expected skills based on expertise and experience of each director which was developed through deliberation of the Nominating Committee, please refer to "Notice of the 75th Ordinary General Meeting of Shareholders."

(Notice of the 75th Ordinary General Meeting of Shareholders:

https://www.oiles.co.jp/en/files/notice_260605_en.pdf)

[Supplementary Principle 4.11.2 Concurrent positions of Directors]

Concurrent positions at other companies are listed in the Notice of the General Meeting of Shareholders and securities reports (Japanese only).

[Supplementary Principle 4.11.3 Assessment of Board of Directors Effectiveness]

The Company has analyzed and evaluated the effectiveness of the Board of Directors annually since fiscal 2015, which is aimed at improving the function of the Board of Directors.

(1) Method for analyzing and evaluating the effectiveness of the Board of Directors as a whole

The Company conducted a survey as follows using a questionnaire, and the Board of Directors referenced the results of the survey when analyzing and evaluating the effectiveness of the Board of Directors as a whole.

- Survey method: Named questionnaire
- Survey respondents: Directors (nine directors) who were in office as of March 31, 2026
- Applicable period: From April 2025 to March 2026
- Evaluation items: “Composition of the Board of Directors,” “Effectiveness of the Board of Directors,” “Operations of the Board of Directors,” “Deliberation Process of the Board of Directors,” “Information Gathering, and Support Structure,” etc.

(2) Overview of the results of the analysis and evaluation of the effectiveness of the Board of Directors as a whole

In the results of the evaluation for FY 2025, the “status of statements by outside directors” in “Effectiveness of the Board of Directors,” and the “status of hearing opinions of outside directors” in the “Deliberation Process of the Board of Directors” were rated highly. Additionally, active comments by directors have steadily increased, continuing the same trend from the previous fiscal year. Based on this, the Company confirmed the effectiveness of the Board of Directors.

On the other hand, opinions were expressed concerning the enhancement of deliberation concerning medium- to long-term management issues and growth strategies, as well as director training, making it clear that the directors recognize common issues regarding further improvements of effectiveness of the Board of Directors.

In light of these results, the Company sincerely accepted the issues and opinions voiced to further increase the effectiveness of the Board of Directors, and is implementing initiatives to appropriately implement the necessary measures, and further enhance and strengthen the corporate governance structure.

[Supplementary Principle 4.14.2 Training Policy for Directors]

If directors are appointed from within the Company, appointments are made of people who are familiar with the Company’s business, finances and organization, as well as being able to sufficiently fulfill such responsibilities. The study of laws and regulations such as the Companies Act and knowledge of management required as directors is provided following appointment through in-house training courses and external training courses such as seminars.

In addition, explanation of the Company’s business is provided for new outside directors when initially appointed and opportunities are provided to deepen their understanding of the Company’s business.

Furthermore, training courses are held for directors at least once a year such as training courses on the latest business law and tax matters with outside experts as lecturers.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

The Company believes the understanding and support of its shareholders and investors is vital to increase the Company’s medium- to long-term corporate value. Therefore, the Company wants to build a long-term relationship of trust with shareholders and investors by making every effort to provide timely, appropriate and accurate information in a fair manner.

The operating officer, general manager of the Corporate Planning & Administrative Division is responsible for IR, and the General Affairs Department is the IR contact that coordinates with relevant departments. Furthermore, apart from convening two financial results briefings where the Company’s President provides explanation each year (for interim and final results), the financial results briefing materials are posted on the Company’s website in Japanese and English. We will strive to strengthen IR activities in future. In addition, opinions and points, etc. raised by shareholders and investors, etc. through IR activities are regularly reported and discussed at the Board of Directors and the Management Meeting.

The financial results briefing for the fiscal year ended March 2026 was held on May 21, 2026, at the venue of the Securities Analysts Association of Japan, and the relevant materials and explanatory video have been posted on the Company’s website. Additionally, on September 27, 2025, we held a company presentation conducted by our President, Yoshikazu Sakairi, at the Nikkei-TSE IR Fair 2025. Furthermore, a video of a company presentation for individual investors hosted by Rakuten Securities, Inc. on February 2, 2026 has been released.

In regard to the management of insider information, to prevent insider trading, we have prepared Group Internal Information Management Regulations and aim to appropriately manage the standards for handling the management of internal information and related matters.

[Status of Dialogues with Shareholders]

Having taken into account matters of interest to shareholders and investors, we have engaged in dialogue with them primarily under the leadership of the operating officer, general manager of the Corporate Planning & Administrative Division, who is responsible for IR. The dialogues have been held mainly with domestic institutional investors, and with whom we have repeatedly discussed our growth strategy and our approach to sustainability, etc. Opinions and other information from shareholders and investors are also reported to the meetings such as the Board of Directors Meeting and the Management Meeting.

Additionally, the Company's dialogue with shareholders and investors takes place mainly through the following venues.

- General Meeting of Shareholders

The Notice of the Ordinary General Meeting of Shareholders includes not only statutory matters, but also matters related to corporate governance initiatives, and the shareholder bulletins to actively disclose corporate information. We have also published the shareholder bulletins for the interim results in order to provide information to shareholders and investors.

- Financial results briefing

Twice a year the Company holds financial results briefings at which the President explains the interim and year-end results to analysts and institutional investors. In addition to information on the results themselves, the financial results briefing materials cover the corporate information, information about shareholder return and other matters of interest. Moreover, a video showing the financial results briefing is made available on the website, and details from the question and answer session are included in the financial results briefing materials.

- Website

In April 2023, we refreshed the website to enable financial and non-financial information related to the Company's business to be conveyed to shareholders and investors more clearly and in a form more easily understood. Since then, we have been working on updating information and expanding content to clearly convey information about the Company, taking into account the importance of information disclosure.

- Integrated Report

The "Integrated Report" has been published as a tool for dialogue with shareholders and investors, and provides wide-ranging explanations of our thinking on various subjects.

- English Disclosure

We strive to supply information to overseas shareholders and investors by disclosing documents in English mainly in relation to the following documents.

Notice of the Ordinary General Meeting of Shareholders (so-called Notice of Convocation notice in narrow sense and reference documents), summary of consolidated financial results, supplementary material on financial results, financial results briefing materials, integrated report, corporate governance report, timely disclosure documents, the website

[Action to Implement Management That is Conscious of Cost of Capital and Stock Price]

- (1) Content : ☐ Disclosure of efforts (initial) ☒ Disclosure of efforts (update) ☐ Disclosure of review status
(2) Availability of English disclosure : ☒ Yes ☐ No
(3) Date of update [Updated] : July 2, 2026

Explanation of related items [Updated]

The Company has formulated a new Medium-Term Management Plan 2024-2026 covering the three years from FY 2024 to FY 2026 as we advance towards the “OILES 2030 VISION,” our new Long-Term Vision, and the vision of how we want to be in 2030. In the “Medium-Term Management Plan 2024-2026,” we are promoting the following initiatives towards improving the return on equity as actions to implement management that is conscious of costs of capital and stock price.

- Target for ROE, an indicator of return on capital, is
 - (i) 8% or more by FY 2026, the period of the Medium-Term Management Plan
 - (ii) aimed to achieve 10% or more by FY 2030, the goal of the OILES 2030 VISIONWe have set a target of achieving 15% or more of the ratio of operating profit to net sales by FY 2030. For reference, in FY 2025, the ratio of operating profit to net sales was 10.1% and ROE was 6.4%.
- Promote balance sheet management
From the perspective of capital efficiency, in FY 2025, in addition to stable dividends, we also controlled the accumulation of equity capital to a certain extent through the purchase of treasury shares. Moving forward, we will actively invest in future growth, including the construction of OILES INDIA’s second plant and the introduction of large-scale testing equipment at the Ashikaga Plant. We will also manage our balance sheet with a focus on capital efficiency, including the appropriate use of borrowings.
- Reduce cross-shareholdings to a certain extent
Due to the partial sale of listed shares, the market value of cross-shareholdings in listed shares as of March 31, 2026, decreased by 6.6% compared to the end of the previous fiscal year.
- Returning profits to shareholders is executed according to the following policy
 - As a basic policy, we aim to make stable and continuous dividend payments to shareholders, targeting a consolidated dividend payout ratio of 40% or more
 - Also consider agile responses regarding the purchase of treasury shares based on market trends, comprehensively considering internal reserves for medium- and long-term growthAs shareholder returns for the fiscal year ended March 31, 2026, we set annual dividends at ¥85 per share, which was the same as the previous fiscal year. The forecast for annual dividends for the fiscal year ending March 31, 2027 is ¥95, an increase of ¥10. Furthermore, at the Board of Directors meeting held on May 12, 2026, we resolved to purchase treasury shares with an upper limit of 1 million treasury shares or ¥2.5 billion for the purpose of enhancing shareholder returns and improving capital efficiency. As a result, we are forecasting a total shareholder return of 104.3% for FY 2026.

For the details of action to implement management that is conscious of cost of capital and stock price, please refer to the financial results briefing materials for the fiscal year ended March 31, 2026.

https://ssl4.eir-parts.net/doc/6282/ir_material_for_fiscal_ym11/206285/00.pdf

For details on the Medium-Term Management Policy, refer to Notice Concerning Formulation of “OILES 2030 VISION” and “Medium-Term Management Plan 2024-2026” and Changes to Shareholder Return Policy (Dividend Policy) released on May 10, 2024.

<https://ssl4.eir-parts.net/doc/6282/tdnet/2468200/00.pdf>

[Translation]

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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[Status of Major Shareholders] [Updated]

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
Tokyo Small and Medium Business Investment & Consultation Co., Ltd.	2,966,450	9.86
The Master Trust Bank of Japan, Ltd. (Other trust account)	1,620,500	5.39
Mizuho Bank, Ltd.	1,200,505	3.99
Nippon Life Insurance Company	969,600	3.22
Custody Bank of Japan, Ltd. (Trust Account E)	873,480	2.90
Keisuke Kawasaki	829,641	2.76
Oiles Employee Shareholding Association	723,173	2.40
Keita Kawasaki	721,099	2.40
Oiles East Japan Mutual Prosperity Association	563,929	1.87
Gun Ei Chemical Industry Co., Ltd.	528,960	1.76

Controlling Shareholder (except for Parent)	—
Parent (Listed Stock Market)	N/A

Supplementary Explanation [Updated]

1. The “Status of Major Shareholders” describes the current status as of March 31, 2026.
2. In addition to the above, the Company holds 3,222,978 treasury shares.
3. The number of shares held by The Master Trust Bank of Japan, Ltd. (trust account) includes 1,620,500 shares in other trust account, 456,900 shares in investment trust account and 18,800 shares in pension trust account, totaling 2,096,200 shares.
4. As of March 31, 2025, Tokyo Small and Medium Business Investment & Consultation Co., Ltd. was a major shareholder, but as of March 31, 2026, it is no longer a major shareholder.
5. Although the large shareholding report provided by Mitsubishi UFJ Financial Group, Inc. for public inspection as of April 18, 2022 states that shares were held as follows as of April 11, 2022, the Company cannot confirm beneficial ownership of the number of shares as of March 31, 2026.
[Name/number of shares held/holding ratio]
MUFG Bank, Ltd. and two other companies/1,246 thousand shares/3.63%
6. Although the large shareholding report provided by Mizuho Bank, Ltd. for public inspection as of September 22, 2025 states that shares were held as follows as of September 15, 2025, the Company cannot confirm beneficial ownership of the number of shares as of March 31, 2026.
[Name/number of shares held/holding ratio]
Mizuho Bank, Ltd. and two other companies/2,679 thousand shares/8.05%

[Translation]

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime
Fiscal Year-End	March
Type of Business	Machinery
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	From ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	From 10 to less than 50

4. Policy for Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Special Circumstances Which May Have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management

1. Organizational Composition and Operation

Organization Form	Company with an Audit and Supervisory Committee
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10 persons
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board [Updated]	President
Number of Directors [Updated]	8 persons
Appointment of Outside Directors	Appointed
Number of Outside Directors	4 persons
Number of Independent Officers Designated from among Outside Directors	4 persons

Outside Directors' Relationship with the Company (1) [Updated]

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Rika Miyagawa	From another company											
Takeo Sakakibara	From another company											
Masaki Noro	From another company											
Maiko Hagiya	Attorney											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past;

* "●" when a close relative of the director presently falls or has recently fallen under the category; and

"▲" when a close relative of the director fell under the category in the past

a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary

b. Non-executive director or executive of the parent of the Company

c. Executive of a fellow subsidiary of the Company

d. Party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

h. Executive of a client or supplier of the Company (which does not correspond to any of d., e., or f.) (the director himself/herself only)

i. Executive of a corporation to which outside officers are mutually appointed (the director himself/herself only)

j. Executive of a corporation that receives a donation from the Company (the director himself/herself only)

k. Other

Outside Directors' Relationship with the Company (2) [Updated]

Name	Designation as Audit and Supervisory Committee Member	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Rika Miyagawa		○	—	In addition to her knowledge and experience in management as a corporate officer, she has a proven track record in developing legal compliance systems. Furthermore, she possesses a high level of expertise and extensive knowledge and experience in the field of information systems. In addition to the opinions and advice that have been presented at Board of Directors meetings, we believe that her experience and insight will further contribute to the strengthening of the Company's corporate governance from the perspectives of DX and HR.
Takeo Sakakibara	○	○	—	In addition to his knowledge and experience gained from many years as a corporate officer responsible for management, he also has a high level of expertise and extensive knowledge regarding corporate accounting. He has also provided timely and appropriate opinions and suggestions at Board of Directors meetings and other important meetings from a management and marketing perspective. We believe he will contribute in strengthening corporate governance from an objective and neutral perspective as demonstrated by his efforts to audit and supervise the execution of business as an outside Audit & Supervisory Board Member and outside director who is an Audit and Supervisory Committee Member of the Company.

[Translation]

Name	Designation as Audit and Supervisory Committee Member	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Masaki Noro		○	—	In addition to his knowledge and experience gained from many years as a corporate officer responsible for management, he also has a high level of expertise and a wealth of knowledge based on his experience as a manager of the production and R&D departments of a manufacturing company. Based on these experiences and abilities, we believe that he will contribute to ensuring and improving the fairness and strengthening the supervisory function of the Company's management.
Maiko Hagiya	○	○	—	Although she has never been involved in corporate management other than as an outside officer, she has held various positions and public offices based on abundant experience and a high level of knowledge gained from many years as an attorney. Based on such experience and abilities, we believe that she will be able to contribute to the strengthening of the Company's corporate governance from an objective and neutral perspective.

[Audit and Supervisory Committee]

Committee's Composition and Chairperson's Attributes					
	Total Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	3	1	1	2	Inside director

Presence of directors and employees to assist with the duties of the Audit and Supervisory Committee	Yes
If "Yes": Matters concerning the independence of such directors and employees from executive directors	One employee is allocated who concurrently assists with the duties of the Audit and Supervisory Committee. In addition, the Company needs to obtain consent from the Audit and Supervisory Committee in advance to ensure the independence from Board of Directors concerning human resource related matters including personnel changes and evaluations of the employee assisting with the duties of the directors who are Audit and Supervisory Committee Members.

Cooperation among Audit and Supervisory Committee, Accounting Auditor and Internal Audit Department	The Company transitioned to a company with an audit and supervisory committee as of the 73rd Ordinary General Meeting of Shareholders held on June 27, 2024. The Audit and Supervisory Committee comprises three members, of which one is a full-time director who is an Audit and Supervisory Committee Member and two are outside directors who are Audit and Supervisory Committee Members. In addition, one employee is concurrently assigned to assist with the duties of the Audit and Supervisory Committee. To execute the duties of the Audit and Supervisory Committee, reports such as the status of audit implementation for the accounting audit are received from the accounting auditors in a timely manner, and a system has been built for cooperation with internal audit departments, including internal controls.
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[Voluntary Committees]

Voluntary Establishment of Committee(s) Equivalent to Nominating Committee or Compensation Committee	Established
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Committee's Name, Composition, and Chairperson's Attributes

	Committee Equivalent to Nominating Committee	Committee Equivalent to Compensation Committee
Committee's Name	Nominating Committee	Compensation Committee
Total Committee Members	4	4
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside director	Outside director

Supplementary Explanation [Updated]

The "Nominating Committee" and "Compensation Committee," which are voluntary advisory bodies of the Board of Directors comprising a majority of independent outside directors, were separately established by resolution of the Board of Directors in October 2018.

Both committees have the purpose of aiming to enhance and strengthen corporate governance, clarifying the objectivity, transparency and fairness of procedures concerning the nomination and compensation of directors and operating officers. The members of both committees are appointed by resolution of the Board of Directors in light of achieving these purposes. Currently, both committees comprise four members, with the majority being independent outside directors. Rika Miyagawa (independent outside director) serves as chairperson of both committees, with members comprising Yoshikazu Sakairi (President), Masaki Noro (independent outside director), Takeo Sakakibara (independent outside director and Audit and Supervisory Committee Member). Both committee meetings are held at least once per year and each member has

[Translation]

attended all committee meetings during the term of office. (Masaki Noro was appointed at the 75th Ordinary General Meeting of Shareholders held in June 2026 and at the time of updating this report, there was no attendance to report.) The details of deliberation at Nominating Committee are reported to the Board of Directors, with the decisions made at the Board of Directors. In regard to the determination of details of compensation, etc., for directors who are not Audit and Supervisory Committee Members, the Board of Directors delegates the determination of the details of compensation, etc., for individual directors (excluding those who are Audit and Supervisory Committee Members) to the President, upon consultation and report on findings from the Compensation Committee. The delegated President respects the details of the findings reported by the Compensation Committee and determines the details of compensation, etc., for individual directors (excluding those who are Audit and Supervisory Committee Members) within the limit of the ratio of compensation for each type indicated in such report.

The specific roles and functions of each committee are described in the Notice of the Ordinary General Meeting of Shareholders and securities reports (Japanese only).

The establishment of both committees ensures the transparency and objectivity of the evaluation and decision-making process relating to matters such as nomination and compensation of top management, and aims to strengthen the Board of Directors' supervisory function and accountability to shareholders, striving to further enhance the corporate governance structure.

[Independent Officers]

Number of Independent Officers	4 persons
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Matters relating to Independent Officers
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All outside directors who meet the qualifications for independent officers are designated as independent officers.
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[Incentives]

Implementation of Measures to Provide Incentives to Directors	Performance-linked compensation
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Supplementary Explanation

As described in the "Policy for Determining Compensation Amounts or Calculation Methods Thereof."

Recipients of Share Options	
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Supplementary Explanation

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[Director Compensation]

Disclosure of Individual Directors' Compensation	No individual disclosure
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Supplementary Explanation [Updated]

The total amount of compensation, etc. for FY 2026 were as below. Compensation for directors who are not Audit and Supervisory Committee Members Number of persons paid: 6, Amount paid: ¥274 million (including outside directors)

Compensation for directors who are Audit and Supervisory Committee Members Number of persons paid: 3, Amount paid: ¥48 million (including outside directors)
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Policy for Determining Compensation Amounts or Calculation Methods Thereof	Established
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Disclosure of Policy for Determining Compensation Amounts or Calculation Methods Thereof

1. Policy on Deciding Individual Compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members)

(1) Basic policy

The basic policy shall consist of linking compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) to shareholder interests, etc., so that it will function as a sufficient incentive to strive for sustainable improvement of corporate value, and determining compensation for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) within the scope approved at the General Meeting of Shareholders, setting it at appropriate levels that take into account the position and responsibilities of each Director (excluding Directors who are Audit and Supervisory Committee Members). Specifically, compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members and other Directors who are outside Directors (hereinafter referred to as “Non-Executive Directors” regarding this Plan)) shall consist of fixed compensation, performance-based compensation (bonuses), and performance-based stock compensation, while compensation for Non-Executive Directors shall consist of fixed compensation only, in consideration of their duties.

(2) Policy on deciding the amount of individual fixed compensation, etc.

Fixed compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be determined by taking into consideration a comprehensive range of factors such as the Director’s abilities, motivation and level of involvement in realizing plans, achievements, degree of contribution to business performance, and future roles to be taken, with monthly compensation for the period from the 1st to the last day of each month paid on the same day the employees are paid their salaries, in accordance with the Officer Regulations.

(3) Policy for deciding the content of performance-based compensation, etc., and non-monetary compensation, etc., and the method for calculating their amount or number

The amount of performance-based compensation, etc. (bonuses) for Directors (excluding Non-Executive Directors) shall reflect their responsibilities and achievements, using profit (loss) attributable to owners of parent as the main indicator in order to reflect the business performance of each consolidated fiscal year, and paid within one week from the conclusion of the Ordinary General Meeting of Shareholders.

Non-monetary compensation, etc., shall be separate from fixed compensation and performance based compensation (bonuses), and provided as a Board Benefit Trust (BBT) for Directors, etc. (excluding Non-Executive Directors but including Operating Officers) with the aim of increasing their motivation to contribute to the enhancement of medium- to long-term business performance and corporate value, and the indicator for this shall be the consolidated operating profit set out in the Medium-Term Management Plan, in order to contribute to the improvement of medium- to long term business performance. In addition, stock compensation shall be determined each fiscal year in accordance with the Officer Stock Benefit Regulations, in which points are determined taking into consideration the position and degree of achievement regarding indicators, etc., and granted to eligible persons. In principle, those eligible shall receive the Company’s Shares, etc. at the time of their retirement.

(4) Policy for deciding the ratio of the amount of fixed compensation, the amount of performance-based compensation, etc., and the amount of non-monetary compensation, etc., in the amount of individual compensation, etc. for each Director (excluding Directors who are Audit and Supervisory Committee Members)

The ratio by compensation type for Directors (excluding Non-Executive Directors) shall be deliberated by the Compensation Committee, with compensation levels benchmarked against companies of a similar business scale or related industry or business type as the Company, and structured so that the weight of

performance-based compensation increases with the level of seniority. The Board of Directors shall consult with the Compensation Committee and, after receiving its findings, shall delegate the decision regarding the individual compensation, etc. for each Director (excluding Directors who are Audit and Supervisory Committee Members) to the President. The President, delegated the decision, shall respect the findings of the Compensation Committee and determine the individual compensation, etc. for each Director (excluding Directors who are Audit and Supervisory Committee Members) within the ratio by compensation type indicated in said findings.

The approximate ratio by compensation type for Directors (excluding Non-Executive Directors) shall be as follows:

Fixed compensation: Performance-based compensation, etc. (bonuses): Non-monetary compensation, etc. (Board Benefit Trust) = 55:25:20

Non-Executive Directors shall be paid fixed compensation only, as described above in (1).

(5) Matters concerning delegation of decisions regarding individual compensation, etc. for each Director (excluding Directors who are Audit and Supervisory Committee Members)

Individual compensation, etc. for each Director (excluding Directors who are Audit and Supervisory Committee Members) shall be determined by the President, delegated by a resolution of the Board of Directors. Such authority shall consist of deciding the amount of fixed compensation for each Director, and evaluating and allocating bonuses based on the performance of the business for which each Director is responsible. In order to ensure the appropriateness of the compensation, etc., and the transparency of the decision-making process, the President shall determine the individual compensation, etc. for each Director (excluding Directors who are Audit and Supervisory Committee Members) in accordance with the Policy on Deciding Individual Compensation for Directors, respecting the findings of the Compensation Committee and keeping within the scope of matters related to compensation, etc., for Directors (excluding Directors who are Audit and Supervisory Committee Members) resolved at the General Meeting of Shareholders. Performance-based stock compensation shall be governed by the Officer Stock Benefit Regulations.

2. The maximum amount of directors' compensation, etc.

(1) The maximum amount of compensation, etc. for the Company's directors is as follows.

1) Monetary compensation: For directors who are not Audit and Supervisory Committee Members, up to ¥350 million per year (including up to ¥50 million per year for outside directors. However, this does not include the proportion of compensation as an employee), and for directors who are Audit and Supervisory Committee Members, up to ¥70 million per year, which was approved at the 73rd Ordinary General Meeting of Shareholders held on June 27, 2024.

2) Share-based compensation: A performance-linked share-based compensation system for directors who are not Audit and Supervisory Committee Members (excluding outside directors) was approved at the 73rd Ordinary General Meeting of Shareholders held on June 27, 2024. Additionally, at the 74th Ordinary General Meeting of Shareholders held on June 27, 2025, it was resolved that the maximum number of points to be awarded per fiscal year under the performance-linked share-based compensation system for directors who are not Audit and Supervisory Committee Members (excluding outside directors) is set at 34,450 points.

[Supporting System for Outside Directors]

There are currently no staff to support the operations of outside directors, and support is provided as necessary in the same way as is provided to other officers. Specifically, the General Affairs Department, Corporate Planning & Administrative Division, which is the Secretariat for the Board of Directors, provides administrative support for the smooth execution of outside directors' duties including the preparation of materials for distribution to the Board of Directors in advance, as well as negotiating schedules and providing information concerning various meetings, and responding to requests from outside directors.

[Status of Persons Who Have Retired from a Position Such as Representative Director and President]

Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company

[Translation]

Name	Title/ Position	Responsibilities	Working Form and Conditions (Full-time/Part-time, Paid/Unpaid, etc.)	Date of Retirement from Position Such as President	Term of Office
—	—	—	—	—	—

Total Number of Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company
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0 persons

Other Matters

The Company had advisory and consultation system, but this system was revised in the Board of Directors meeting held on May 25, 2018. It has been decided that persons with experience as representative director will not be appointed as an advisor or consultant following retirement as a director.

2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Compensation Decisions (Overview of Current Corporate Governance System) [Updated]

The Company introduced an operating officer system from June 2003, and aims to strengthen the Board of Directors' function by clarifying the division between the business execution function and the supervision and oversight function and increasing the speed and efficiency of decision-making on management strategies. In April 2023, the Bearing Division was split into the General Bearing Division and the Automotive Bearing Division with the aim of speeding up decision-making and clarifying business responsibility, and also the Production Division was newly established to strengthen the production system. Furthermore, by appointing an operating officer to be responsible for each division, we have clarified the roles and responsibilities of directors and operating officers, and enhanced flexible management by strengthening management supervisory function and delegating authority to execute business to operating officers. The Company transitioned from a company with an audit & supervisory board to a company with an audit and supervisory committee to further enhance corporate governance and strengthen the supervision function of the Board of Directors by appointing directors who are Audit and Supervisory Committee Members with voting rights, etc. at the Board of Directors while enabling faster management decision-making and business execution by the resolution of 73rd Ordinary General Meeting of Shareholders held on June 27, 2024. The current management structure comprises eight directors and eight operating officers, which includes one person who is a concurrent director.

In addition, the Company's Board of Directors chaired by the President, convenes at least once a month (twice in the month that the financial results are released), and as the highest decision-making body for management matters, in addition to matters prescribed by laws and regulations and the Articles of Incorporation, determines the Company's important business execution and assigns business execution to the operating officers by resolution of the Board of Directors, and while receiving reports on the status of business execution from the operating officers, supervises the execution of the operating officer's duties. Specifically, the Board of Directors engages in discussions that contribute to the growth strategy of the Oiles Group, such as matters related to the medium-term management strategy, matters related to the group management, matters related to the organization and personnel, and matters related to shareholder return. In terms of the status of attendance of individual officers, all directors have attended all Board of Directors meetings.

In addition to the above, the Management Meeting, which is comprised of all directors and persons nominated by the President, meets once a month (twice in the month that the financial results are released) as an opportunity for discussing policy for execution of the Company's operations. The Management Meeting has practical discussion that is utilized for appropriate and prompt management decision-making. In regard to the governance structure, the Company adopts a company with an audit and supervisory committee structure, and the Audit and Supervisory Committee comprises three members, of which one is a full-time director who is an Audit and Supervisory Committee Member and two are outside directors who

are Audit and Supervisory Committee Members. Reports such as the status of audit implementation for the accounting audit are received from the accounting auditors in a timely manner, and a system has been built for cooperation with internal audit departments, including internal controls. In addition, Audit and Supervisory Committee Members undertake a strict audit, attending the Board of Directors and other important committees and browsing important documents. They also audit the decision-making process of directors and the status of business execution by directors. Furthermore, two outside Directors who are Audit and Supervisory Committee Members are concurrently members of the special committee for the response to large-scale purchases of the Company's shares, etc. They are independent of the management that undertakes the Company's business execution and are deemed able to make fair and impartial judgements. The system is judged to function adequately in terms of the external oversight of management. The two outside Directors who are Audit and Supervisory Committee Members are appointed as independent officers.

In regard to the Audit and Supervisory Committee's audit, the three members of the Audit and Supervisory Committee, including two outside directors, monitor and verify the appropriate architecture and operations of the internal control systems approved by the Board of Directors based on the internal controls basis policy, and strive to ensure effectiveness of the audit, acting in accordance with the Audit and Supervisory Committee Regulations prescribed by the company's Audit and Supervisory Committee, standards for Audit and Supervisory Committee audits and implementation standards for the audit of internal control systems by the Audit and Supervisory Committee.

In regard to the internal audit, the Internal Audit Department, which sits under the direct control of the President, has one internal audit manager, beneath whom are two administrators (including one employee who concurrently assists with the duties of the Audit and Supervisory Committee) and four persons responsible for the internal audit, and conducts regular audits of all the Company's divisions and Group companies. This is in an effort to contribute to the achievement of the Company's management plans and sound development of business so that operations are legal, appropriate as well as rational and fitting to increase the management efficiency and safety of assets. In addition, the person responsible for internal audits attends the monthly Audit and Supervisory Committee to ensure these are progressed appropriately and reports on matters including the implementation details of the internal audit, identified matters and the status of their follow up.

The accounting audit operations have been assigned to Deloitte Touche Tohmatsu LLC since fiscal 2016. The certified public accountants who undertook the operations for fiscal 2025 were Naofumi Yamazumi and Naoko Nose. In addition, the assistants involved in the audit operations comprised 23 persons in addition to six certified public accountants. In addition, apart from the regular audit, the Company continues to strive for the appropriate adjustments of accounting treatments such as with appropriate exchange of opinions concerning various accounting issues. Note that there is no conflict of interest between the Company and such accounting auditors and business execution personnel that should be recorded pursuant to the Certified Public Accountants Act.

Pursuant to Article 427, Paragraph 1 of the Companies Act, and Article 27, Paragraph 2 of the Company's Articles of Incorporation, the Company has entered into agreements with each director who is an Audit and Supervisory Committee member and outside director to limit his/her liability for damages under Article 423, Paragraph 1 of the said Act. The maximum amount of liability for damages under these agreements is the minimum liability amount provided for under Article 425, Paragraph 1 of the Companies Act.

3. Reasons for Adoption of Current Corporate Governance System

The Company believes the current system, as outlined above, is an adequate execution and audit system and adequately contributes to improving the Company's corporate governance.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Energize General Shareholders Meetings and Smooth Exercise of Voting Rights [Updated]

	Supplementary Explanations
Early Notification of General Shareholders Meeting	The Notice of the Ordinary General Meeting of Shareholders held in June 2026 was sent 17 days prior to the meeting date. In addition, as an initiative to quickly provide information to shareholders, the information was posted to the TDnet service of the Tokyo Stock Exchange and the Company's website 13 days prior to the dispatch date (i.e., 30 days prior to the meeting date for the Ordinary General Meeting of Shareholders).
Allowing Electronic or Magnetic Exercise of Voting Rights	To enable many shareholders to exercise their voting rights, the Company has adopted the exercise of voting rights by electronic or magnetic means since 2005.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company has adopted the electronic voting system platform operated by ICJ, Inc. since 2015.
Providing Convocation Notice in English (Translated Fully or Partially)	An English translation of a so-called Notice of Convocation in narrow sense has been posted on the TDnet and the Company's website since the 70th Ordinary General Meeting of Shareholders held in June 2021. Since the 72nd Ordinary General Meeting of Shareholders held in June 2023, we have expanded the scope of English translation to reference documents in addition to a so-called Notice of Convocation in narrow sense.
Other	To increase the ratio of individual shareholders exercising their voting rights, the Company has, since the 67th Ordinary General Meeting of Shareholders held in June 2018, introduced arrangements to simplify and facilitate voting by smartphone, printing a QR code in the Voting Form which can then be read and exercised with a smartphone.

2. IR Activities [Updated]

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	The basic views and information disclosure for the Oiles Group is described in this report at "V. Other 2. Other Matters Concerning Corporate Governance System."	
Holding Regular Investor Briefings for Individual Investors	On September 27, 2025, we held a company presentation conducted by our President, Yoshikazu Sakairi, at the Nikkei-TSE IR Fair 2025. In addition, a video of a company presentation for individual investors hosted by Rakuten Securities, Inc. on February 2, 2026 has been released.	Yes

Holding Regular Investor Briefings for Analysts and Institutional Investors	The Company holds a financial results briefing for analysts and institutional investors for these financial results and at the time of the interim financial results, and President Yoshikazu Sakairi provides an explanation at such time. The briefing was held on May 21, 2026, at the venue of the Securities Analysts Association of Japan, and the relevant materials and explanatory video are posted on the Company's website.	Yes
Posting IR Materials on Website	Financial information, shareholder bulletins and timely disclosure materials including securities reports are posted on the "Investor Relations" page of the Company's website. In December 2025, we also launched a dedicated page titled "For Individual Investors" to further strengthen our information disclosure efforts.	
Establishment of Department and/or Manager in Charge of IR	Control of the Company's IR is handled at the Corporate Planning & Administrative Division, and the operating officer, general manager of the Corporate Planning & Administrative Division is responsible for IR. In addition, the manager responsible for IR administration is the department manager of the General Affairs Department, Corporate Planning & Administrative Division.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	Prescribed in the "Oiles Group Corporate Conduct Charter."
Implementation of Environmental Activities, CSR Activities, etc.	Environmental protections are prescribed in the "Oiles Group Corporate Conduct Charter," while the Environmental Health and Safety Office has been established and environmental conservation activities are companywide initiatives. Based on our perception that the Company's initiatives aimed at resolving issues of sustainability, described in SDGs set out by the United Nations and elsewhere, not only help to achieve a sustainable society but also drive improvements in corporate value, we have put measures that address sustainability issues, exemplified by Environmental, Social, and Governance programs, at the center of our corporate activities. For these activities, etc., please refers to "Integrated Report." https://www.oiles.co.jp/en/sustainability/integrated_report/ To better fulfill our corporate social responsibility, the Company strives to further strengthen activities.
Formulation of Policies for Information Provision to Stakeholders	Prescribed in the "Oiles Group Corporate Conduct Charter."

IV. Matters Related to Internal Control System

1. Basic Views on Internal Control System and Progress of System Development [Updated]

1. Basic views

Under the management concept of “to become a world leader as a general manufacturer of oil-less bearings and serve society through technology,” the Oiles Group’s objective is to expand the meaning of bearing not only as a reference to the product but also to the term “Bear” (i.e., withstand, sustain, convey, and carry), with the aim of contributing to society through technology and also building good relations with many stakeholders to increase corporate value. To achieve this objective, the Company ensures an appropriate management structure that is sound and highly transparent by preparing and operating a structure with nimble management decision-making that responds to market changes, rational delegation of authority, and appropriate and useful financial reports. To maintain such management structure, the Company strives to strengthen the supervision structure at the Board of Directors, while the Audit and Supervisory Committee supervises matters such as the procedures for nominating and the procedures for determining compensation for directors and operating officers, including the details of discussion and findings of reports by the voluntary Nominating Committee and Compensation Committee, which are advisory bodies of the Board of Directors.

Note that Oiles Group subsidiaries apply the basic policy for internal control system prescribed by the Company. The Company’s Audit and Supervisory Committee confirm the status of adherence through internal audits, etc.

2. Current status

(1) Structure for ensuring that the execution of duties by directors and employees conforms with laws and regulations and the Articles of Incorporation

(i) Based on the Company’s recognition that thorough compliance is vital for the ongoing existence of a company, the Company strives to establish a compliance management system founded on “Liberty & Law,” which is one of the Company’s policies.

(ii) The Company promotes, educates and conducts training courses on compliance in accordance with the “Oiles Group Corporate Conduct Charter,” “Oiles Group Corporate Code of Conduct,” “Group Compliance Regulations,” and “Compliance Implementation Guide of the Oiles Group” that were mainly formulated by the “Compliance Sub-Committee” as the organization with control of overall compliance. We strive to build a transparent corporate culture that is more just with officers and employees having high ethical standards.

(iii) The Company operates an internal reporting system for consulting on compliance matters and reporting unfair practices, etc. Specifically, in addition to the in-house reporting desk for the Oiles Group as a whole located in the Compliance Committee Secretariat, we have also established an outside reporting desk for all Oiles Group employees (at a law firm), with thorough protection of the reporting person. In addition, the Company prepares a structure for reporting the details of internal reporting to the Audit and Supervisory Committee.

(iv) The Company determines important matters at the regular Board of Directors meeting and supervises the status of business execution by directors. In addition, the Audit and Supervisory Committee supervised the Board of Directors and execution function, and has authority to view all traces of operations such as documents within the Oiles Group.

(v) The Audit and Supervisory Committee appoints full-time Audit and Supervisory Committee Members and strengthens the supervision function for execution.

(vi) The Company investigates and verifies whether or not operations are reasonable, appropriate and rational in compliance with laws and regulations, the Articles of Incorporation and internal rules through the internal audit conducted by the Internal Audit Department, with such results reported to the President. For the purpose of fulfilling the roles of the Board of Directors, the Company has made arrangements for the Internal Audit Department to report results of internal audits and others directly to the Board of Directors as needed.

(2) System for storing and managing information pertaining to the execution of directors' duties

The Company appropriately records information pertaining to the execution of directors' duties such as records pertaining to decision-making of important committees including the General Meeting of Shareholders and the Board of Directors and documents approved by each director and operating officer in accordance with the Approval Regulations and stores and manages for the prescribed period with the manager responsible for handling documents in accordance with laws and regulations and "Document Management Regulations."

(3) Regulations and other structures for managing the danger of a loss to the Company and the Oiles Group

(i) The Company takes a systemic response necessary to minimize risks through measures such as conducting a risk assessment for the Company and the Oiles Group, grasping the level and likelihood of various risks and preparing the appropriate measures in advance.

(ii) The Company's Board of Directors monitors the status of response to material risks related to business execution by the Company and Oiles Group subsidiaries through internal audit, etc.

(iii) The Company has built a risk management structure for the Oiles Group, establishing the Risk Management Committee as an organization for overall control of the risks at the Company and the Oiles Group, assigning a director in charge, and establishing "Group Risk Management Rules."

(iv) In regard to the environment, safety and health, the Company's Environmental Health and Safety Office monitors the management status of internal controls for quality from the specialist viewpoint of the Company's Quality Assurance Office.

(v) In regard to accounting matters, the independent management by each of the Company's departments and the Oiles Group is the basis, with the Company's financial & accounting department managing the figures for the Oiles Group as a whole.

(4) Structure to ensure the efficient execution of duties by the directors of the Company and the Oiles Group

(i) To strengthen the function of the Board of Directors and increase management efficiency, the Company and the Oiles Group hold committees such as the Management Meeting, which comprise all directors and employees nominated by the President, and the Strategy Meeting as needed, and make careful and nimble decisions with consideration and deliberation of basic matters concerning business execution and important matters, while at the same time spending time to discuss important management themes.

(ii) The Company sets the Group's targets based on the Oiles Group long-term vision and establishes medium-term management plans and annual plans to achieve them. The Company and subsidiaries of the Oiles Group establish and implement specific measures to achieve such targets and plans.

(iii) To ensure management flexibility, the Company separates the decision-making and supervision function for operations and the business execution function through an operating officer system. The term of office of the director in charge of the former decision-making and supervision function is one year for directors who are not Audit and Supervisory Committee Members and two years for directors who are Audit and Supervisory Committee Members.

(5) The Structure for ensuring the properness of operations in the Company and in the Oiles Group

(i) The Company has established common "Oiles Group Corporate Conduct Charter" and "Oiles Group Corporate Code of Conduct" for the Oiles Group and assigned compliance promotion members and a practical leader to each Company in the Oiles Group, with the Compliance Sub-Committee controlling and promoting compliance for the Group as a whole.

(ii) The Company appropriately manages management with the Corporate Strategy Department coordinating with each business planning department in accordance with the "Management Rules for Group Affiliates and Other Entities" receiving the required prior discussions and reports from each Company in the Oiles Group, etc.

(iii) The Company ensures the properness of operations with the Audit and Supervisory Committee and the Internal Audit Department regularly auditing subsidiaries, and the Company's employees, etc. who have been appointed as auditors auditing major subsidiaries of the Oiles Group.

(iv) The Company has established the "Oiles Group Audit & Supervisory Board" in which directors who are Audit and Supervisory Committee Members and auditors (or directors) of subsidiaries participate.

(v) The Company ensures the properness of operations of the Oiles Group on a group-wide basis by having subsidiary auditors (or directors) report the status of compliance at each subsidiary at the Oiles Group Audit & Supervisory Board and taking the necessary measures.

(vi) The Audit and Supervisory Committee maintains close cooperation with internal control departments (the Company's Internal Audit Department and other departments with responsibility for the monitoring function of Oiles Group internal controls systems; the same applies hereinafter), receives reports on the management status of internal control systems and requires investigation as necessary.

(vii) Internal control departments shall provide audit assistance to the Audit and Supervisory Committee as necessary, and obey instructions.

(6) Matters concerning employees where the Audit and Supervisory Committee has requested employee assistance with such duties

The Company assigns staff, etc. to assist with audit operations in accordance with a request from the Audit and Supervisory Committee, and such staff serve under the command and order of the Audit and Supervisory Committee. In addition, such personnel, and their conditions and benefits are discussed with the Audit and Supervisory Committee. The Company obtains consent from the Audit and Supervisory Committee in advance concerning the personnel changes, evaluations and discipline of the staff, etc. assisting the Audit and Supervisory Committee.

(7) The structure for directors and employees reporting to the Audit and Supervisory Committee and other structures concerning reporting to the Audit and Supervisory Committee

(i) Officers and employees of the Oiles Group shall, when they find facts that could badly hurt the Company, or illegal or fraudulent acts by officers and employees, directly or by utilizing the internal reporting system, immediately report to the Audit and Supervisory Committee Members or the Audit and Supervisory Committee.

(ii) The structure is that the Audit and Supervisory Committee Members attend important committees in addition to the Board of Directors such as the Management Meeting to understand the important decision-making process and execution status of operations, browse important approval documents and other important documents concerning business execution, and request explanation thereof from directors or employees as necessary.

(iii) The Department Manager of the Internal Audit Department shall report the implementation status of the internal audit at the Audit and Supervisory Committee and accept instruction to investigate as necessary.

(8) The structure for persons who receive reports from directors and auditors, etc., and the employees of the Oiles Group to report to the Audit and Supervisory Committee of the Company

(i) When officers and employees of the Oiles Group request reports on matters concerning business execution from the Audit and Supervisory Committee, there is prompt and appropriate reporting.

(ii) Officers and employees of the Oiles Group immediately report compliance violations to the Compliance Committee Secretariat when found, and report to the Company's Audit and Supervisory Committee through the secretariat.

(iii) The Company prohibits disadvantageous treatment of officers and employees of the Oiles Group who filed a report on the basis of such report and aims to protect the reporting person while making this stance known to all officers and employees of the Oiles Group.

- (9) Other structures for ensuring an effective audit by the Audit and Supervisory Committee
- (i) The Company and the Oiles Group strive to create an auditing environment for the Audit and Supervisory Committee, deepening the understanding of each department of the Oiles Group about the audit by the Audit and Supervisory Committee.
- (ii) The Company's President holds regular meetings for exchange of opinions with the Audit and Supervisory Committee with the aim of gaining mutual understanding. In addition, regular meetings for exchange of opinions are held with accounting auditors.
- (iii) So that the Audit and Supervisory Committee can conduct an effective audit, the Audit and Supervisory Committee shall receive an explanation of the details of the accounting audit from accounting auditors in addition to a report on the internal audit from the Internal Audit Department on a regular basis, ensuring close coordination through information exchange as necessary.
- (iv) When the Audit and Supervisory Committee requests the Company to make advanced payment of expenses, etc. on the basis of Article 399-2, Paragraph 4 of the Companies Act for executing its duties, the Company shall promptly process such expenses or liabilities.

2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

- (i) The Oiles Group Corporate Conduct Charter resolutely enforces that there shall be absolutely no relationship with anti-social forces and organizations that threaten the social order and safety.
- (ii) The Compliance Implementation Guide is distributed to officers and employees of the Oiles Group and the aim is to make the Oiles Group Corporate Conduct Charter, which includes the elimination of relationships with anti-social forces, etc. known to all. We aim to coordinate with the relevant authorities such as the police and the Council for the Prevention of Specific Violations and are gathering the necessary information concerning corporate defense.
- (iii) The Oiles Group defends to the maximum extent possible officers and employees who are resolute against anti-social forces and organizations.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Adopted
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Supplementary Explanation

1. Details of basic policy

The Company's Board of Directors will not, as a rule, oppose a large-scale purchase of the Company's share (in this report, hereinafter, "Large-scale Purchase") by a specific person if it contributes to the Company's corporate value and, more importantly, shareholders' common interests. In addition, we believe that whether or not to accept a Large-scale Purchase should ultimately be determined based on the intent of shareholders. However, a person who makes a Large-scale Purchase that does not contribute to the corporate value and, more importantly, shareholders' common interests, shall be the exception and not appropriate for a person who controls the determination of the Company's financial and business policies. We believe that we need to ensure the Company's corporate value and, more importantly, shareholders' common interests by taking the necessary and appropriate measures against Large-scale Purchases by such persons.

2. Initiatives to prevent inappropriate control and judgement by the Board of Directors

(1) Measures for increasing corporate value

Under the management concept of “to become a world leader as a general manufacturer of oil-less bearings and serve society through technology,” the Company’s business is founded on mastering the core technologies of tribology—friction, wear, and lubrication—and damping for vibration control through creative R&D, deploying these globally, and thereby contributing to society. Furthermore, based on our management philosophy and towards realization of sustainable improvement in corporate value, the Oiles Group has formulated the following new Long-Term Vision “OILES 2030 VISION,” the vision of how we want to be in 2030. The Company formulated a new “Medium-Term Management Plan 2024-2026” covering the three years from FY 2024 based on this Long-Term Vision, as we advance towards how we want to be in 2030. This is linked to the annual management plan, and we are implementing initiatives towards establishing the Oiles brand in the global market.

[Long-Term Vision “OILES 2030 VISION”]

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

Targeted management indicators

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

(2) Policy for responding to Large-scale Purchase of the Company’s share

With the approval of shareholders obtained at the 55th Ordinary General Meeting of Shareholders held on June 29, 2006, the Company introduced measures to deal with advanced-warning type Large-scale Purchases of the Company’s share (which includes changes made by resolution at the Company’s 73rd Ordinary General Meeting of Shareholders held on June 27, 2024; hereinafter the “Policy”). The Policy is, in principle, to not trigger countermeasures against Large-scale Purchases where the person conducting the Large-scale Purchase (hereinafter, “Large-scale Purchaser”) complies with the Large-scale Purchase rules prescribed by the Company in advance. However, where a Large-scale Purchaser does not comply with this rule, the Company’s Board of Directors may trigger countermeasures (specifically, the gratis allotment of share acquisition rights) for the purpose of protecting shareholders’ common interests to oppose the Large-scale Purchase.

Triggering countermeasures shall, in principle, be through a resolution of the General Meeting of Shareholders.

(3) The above initiatives are in line with the Company’s basic policy on control, do not damage shareholders’ common interests and are not for the purpose of maintaining the status of the Company’s officers and such reasons

Since the initiatives in (1) above are basic measures to increase corporate value and, for the following reasons, the initiatives in (2) above are all in line with the basic policy in 1. above, we believe this does not damage shareholders’ common interests and is not for the purpose of maintaining the status of the Company’s officers.

a) The Policy satisfies the three principles (the principle of enhancing corporate value and securing shareholder’s interests, the principle of prior disclosure and shareholders’ intent, and the principle of ensuring necessity and reasonableness) set forth in the “Guidelines Regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholder’s Common Interests” released by the Ministry of Economy, Trade and Industry (METI) and the Ministry of Justice on May 27, 2005, as well as the three principles (the principle of corporate value and shareholders’ common interests, the principle of shareholders’ intent, and the principle of transparency) set forth in the “Guidelines for Corporate Takeovers” released by the Fair Acquisition Study Group established within METI on August 31, 2023, and is highly reasonable.

The contents of the Policy are also based on the contents of “Takeover Defense Measures in Light of Recent Environmental Changes” released by the Corporate Value Study Group established within METI on June 30, 2008, and of “Principle 1.5 Anti-Takeover Measures” in Japan’s Corporate Governance Code released by Tokyo Stock Exchange, Inc. on June 1, 2015, and other practices and discussions regarding policies for responding to acquisitions.

b) The Policy has been introduced and maintained to ensure and increase the Company’s corporate value and, more importantly, shareholders’ common interest so that shareholders can judge when there has been a Large-scale Purchase of the Company’s share whether or not to accept such Large-scale Purchase or to

enable matters such as securing time and information necessary for the Company's Board of Directors to indicate an alternative proposal or negotiating with the purchaser for the benefit of shareholders. In addition, the continuation of the Policy is conditional on the acceptance of shareholders, and the Policy may be terminated in accordance with the intent of shareholders, so we believe the Policy is ensuring no damage to the shareholders' common interests.

c) The Policy has been effective since being approved by shareholders at the 73rd Ordinary General Meeting of Shareholders and reflects the intent of shareholders.

In addition, in the case of a resolution with the aim of terminating the Policy at a Company's General Meeting of Shareholders during the term of the Policy's validity, the Policy would be terminated at such time, which would reflect the intent of shareholders.

Also, under the Policy, if the Large-Scale Purchaser adheres to the Large-Scale Purchase Rules, we have limited the instances in which the Company's Board of Directors may trigger countermeasures to instances where a resolution to trigger countermeasures has been passed at the General Meeting of Shareholders. In addition, even if the Large-Scale Purchaser does not adhere to the Large-Scale Purchase Rules, when the Company's Board of Directors triggers countermeasures under the Policy, it has been established as a principle that a resolution to trigger countermeasures must be passed at the General Meeting of Shareholders. In this way, the Policy reflects the will of the shareholders in determining whether the triggering of countermeasures is appropriate as well.

d) In invoking the countermeasures in the Policy, advice is taken from the Special Committee comprised of members who are independent of the management that executes the Company's business, with maximum respect given to that committee's recommendations. There are also procedures in place to ensure transparent operations of the Policy, so that the Policy operates appropriately, arbitrary judgements by the Board of Directors are prevented and it contributes to the Company's corporate value and, more importantly, shareholders' common interests.

e) The Policy can be terminated at any time by the Board of Directors, which comprises directors appointed at the Company's General Meeting of Shareholders. Therefore, the Policy is not a dead-hand type of response policy (a response policy in which the triggering of countermeasures cannot be halted even if a majority of the constituent members of the Board of Directors are replaced). In addition, while the term of office for Directors (excluding those who are Audit and Supervisory Committee Members) is one year, and the term of office for Directors who are Audit and Supervisory Committee Members is two years, since the Company does not have a staggered term system for Directors, it is not a slow-hand type of response policy either (a response policy in which it takes time to halt the triggering of countermeasures, since the constituent members of the Board of Directors cannot be replaced at once).

Even in relation to the requirements for a resolution to dismiss directors, the Company has not weighted the requirements for the resolution so that a special resolution is required.

2. Other Matters Concerning Corporate Governance System [Updated]

[Outline of timely disclosure structure]

(1) The attitude of managers and the general knowledge and awareness of policies, etc.

The Company defines in the Group Corporate Conduct Charter that corporate information is to be properly managed and disclosed in a timely and proactive manner.

In addition, based on the recognition of a common understanding at the Company and each Group company through this Group Corporate Conduct Charter, there is general knowledge and awareness of the importance and necessity for timely disclosure.

(2) Recognition and analysis of the features and risks concerning timely disclosure

The Oiles Group promotes business in Japan and overseas mainly in the general bearing division, automotive bearing division, structural devices division and architectural devices division, so there are concerns that a lack of appropriate information disclosure will affect stakeholders. Therefore, initiatives are in place for relevant departments such as the Corporate Strategy Department, which controls Group companies in Japan and overseas, and the General Affairs Department, which acts as the secretariat for the Company's Board of Directors, to mutually coordinate and provide timely and appropriate information disclosure.

(3) Organization in charge of disclosure

The disclosure of timely disclosure information at the Company has a structure for prompt disclosure with the general manager of the Corporate Planning & Administrative Division responsible for handling information and the General Affairs Department, Corporate Planning & Administrative Division prescribed as the principal department pertaining to timely disclosure operations.

In addition, a structure has been prepared for the systemic dissemination of information across the Company and the establishment of the Disclosure Committee under the direct control of the President chaired by the general manager of the Corporate Planning & Administrative Division in a structure to ensure integrated information disclosure to stakeholders.

Note that Group Internal Information Management Regulations have been prepared that define standards for handling the management of internal information and related matters for the Company and the Oiles Group, which strive for appropriate operations and prevention of insider trading.

(4) Preparation of timely disclosure procedures

Matters that could be subject to timely disclosure by the Company and the Oiles Group are resolved by the Company's Board of Directors, so the information is collected at the General Affairs Department, which is also the secretariat for the Board of Directors.

In addition, departments that draft matters that could be subject to timely disclosure and the General Affairs Department consider the requirements for timely disclosure and the disclosure documents referring to the Timely Disclosure Rules of the Tokyo Stock Exchange.

As a result, matters subject to timely disclosure are promptly announced and disclosed (TDnet registration, press conferences, etc.) by the General Affairs Department, the principal department, following the approval of the Board of Directors, and on the occurrence of material facts, the general manager of the Corporate Planning & Administrative Division confirms and promptly announces and discloses (TDnet registration, press conferences, etc.) the facts at the same time as reporting to the President.

Note that the Company identifies and comprehensively gathers information subject to disclosure categorized as information on decisions made, occurrence of material facts, and financial information with reference to the Timely Disclosure Rules of the Tokyo Stock Exchange.

(5) Preparation of monitoring subject to the timely disclosure structure

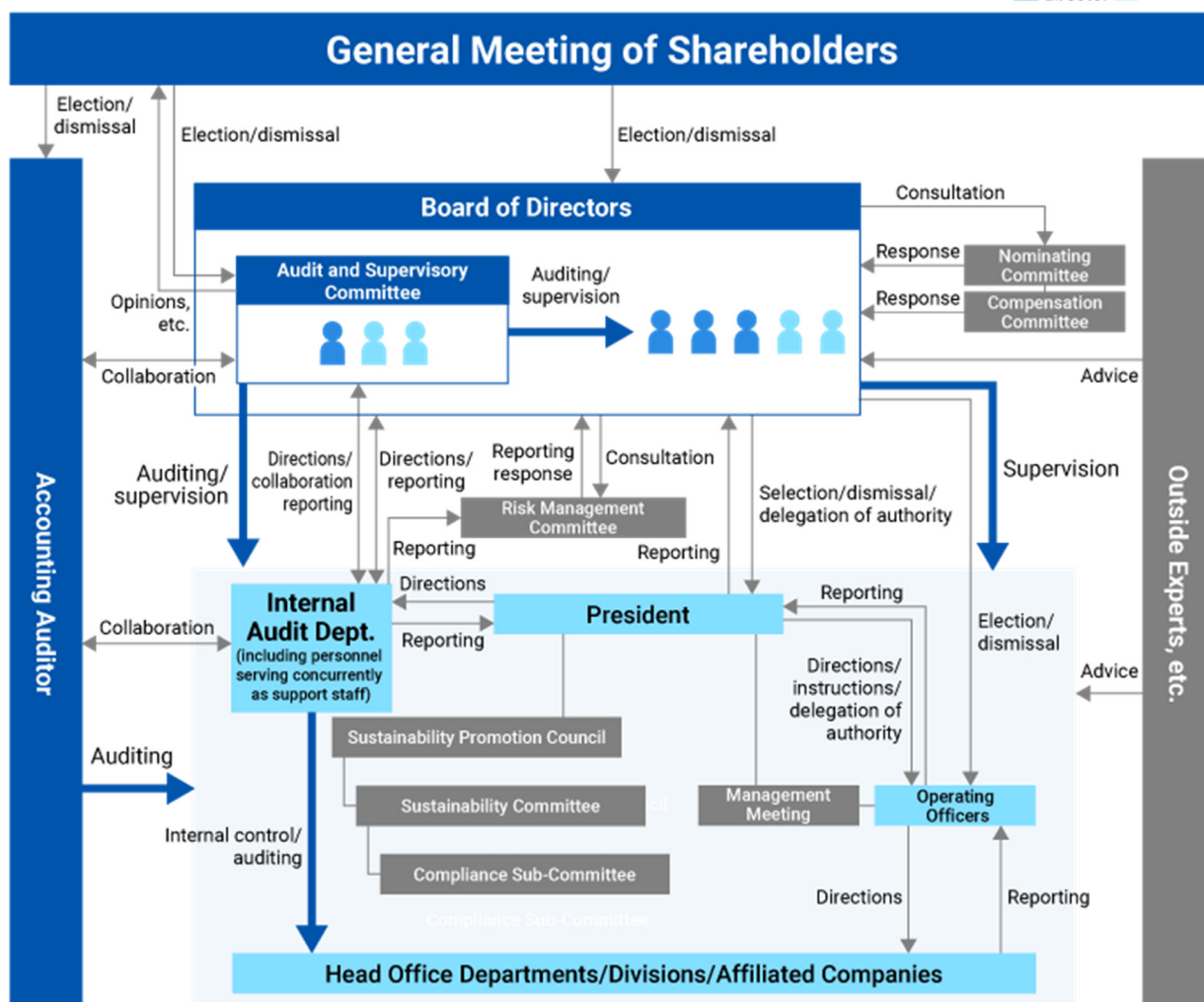
The Audit and Supervisory Committee which is independent from management attends important committees including the Board of Directors and the Management Meeting, audits the properness of business execution and, through its audit, monitors the directors' execution of business in relation to the preparation and operation of the timely disclosure structure.

In addition, an audit is conducted by the Internal Audit Department, which sits under the direct control of the President, and through this audit of the properness of business execution regularly monitors the Company's business departments, etc. in relation to the preparation and operation of the timely disclosure structure.

The Audit and Supervisory Committee and the Internal Audit Department both coordinate and ensure the effectiveness of monitoring.

Corporate Governance Structure Diagram

Inside director Outside director



Schematic Diagram of the Timely Disclosure Structure

