

Interviews with Outside Directors



Interview

Governance and value creation honed from a manufacturing perspective

Kunihiko Hara Outside Director, Audit & Supervisory Committee Member

Q. What do you focus on most in the governance and supervision of management of the Company?

As an outside director, I place importance on OSG solidly maintaining soundness and transparency in its management. Accurate disclosure of information and a shared understanding of issues are at the root of corporate value, and management risks escalate rapidly if trust is lost. As an example, when taking in reports from other countries, I pay close attention to whether these contain any leaps in logic, whether they are misaligned with prevailing views, and whether they are backed by real evidence.

I also look at whether the organization is one that allows employees to autonomously take on challenges. A company's management team needs to show a clear strategy for the medium to long term along with the vision set forth by the company, and must create conditions enabling everyone to head in the same direction. If the direction is clear, people will take positive action and the company's competitiveness will naturally increase.

OSG has a strong technological foundation by global standards. To connect its potential to the future, I intend, as an outside director, to responsibly keep watch over the Company and offer counsel while fulfilling the requirements of governance from an objective perspective.

Q. From your many years of experience in manufacturing, how do you evaluate the technical aspects that form the Company's strengths?

GREEN TAP won the 'CHO' MONODZUKURI Innovative Parts and Components Award in 2025. Behind this achievement lay the Company's excellence in defining issues. The key to technology development is a stance of thoroughly thinking about why an issue is occurring. Discerning the essence of the issue before applying technology leads to correct decisions. A major element in the development of GREEN TAP was the Company combining its long-cultivated machining technologies with advanced analysis using computational fluid dynamics. I rate the Company highly for the fact that by making the flow of cooling oil and areas of heat generation visible, it uncovered a way to break through the limits of existing technologies.

Repeating questions in the field and searching for the best solution while changing the conditions—companies in which this process properly functions have the ability to create entirely new

production technologies and design concepts, not mere extensions of existing technologies. OSG's initiatives demonstrate that the Company is solidly equipped with that ability, and taking the stance described above will be a source of future competitiveness.

Q. How do you view the creation of an environment that encourages human resource development and the taking on of challenges?

The strength of OSG lies in its environment where employees are able to understand their roles and their areas of contribution at an early stage and take on challenges without hesitation. This is an indication that OSG has a clear direction as a company.

Necessity is an essential element in taking on challenges. When people have a sense of purpose because they are working on something that's necessary, they can do so with a positive attitude even when the targets are high. On top of that, an environment in which people can openly say "I don't know" is indispensable for their growth. An attitude of asking for help from others and continuing to learn out in the field is crucial in promoting growth.

In addition, the culture of kaizen that is rooted in OSG represents not mere small improvements, but an endeavor to hone capabilities for discerning waste, overburden, and unevenness in the field. The accumulation of steady improvements nurtures the ability to grasp the essence of issues, which eventually becomes the starting point for major transformation. This culture forms the foundation of an organization that backs up people who take on challenges.

Q. Do you have a closing message for the Company's stakeholders?

OSG is a company that holds great potential in terms of both technology and human resources. I think that how the Company connects those strengths to sustainable growth will be a key theme for its future management. Toward that end, it is vital that the Company connect the capabilities it has developed in the field to solid strategy, and that it create conditions under which the organization as a whole can move in the direction of value creation. I will continue involving myself constructively in this process as an outside director so that such initiatives can be made even more effective through deliberation by the Board of Directors.



Interview

Connecting environmental action to the enhancement of corporate value

Yoshitsugu Hayashi Outside Director, Audit & Supervisory Committee Member

Q. What challenges does the Company face amid the advance of decarbonization and the strengthening of environmental regulations?

As an outside director, what I place the highest importance on is that the Company handles environmental action not as business unit-level initiatives but as a theme intertwined with the roots of management decision-making. As global regulations become increasingly advanced worldwide, it is vital that manufacturing companies like OSG create a foundation that enables the continual assessment of environmental impacts throughout the product life cycle, from raw material procurement to logistics, manufacturing, and disposal. In addition, as regulations and the market environment undergo rapid change in countries worldwide, it is crucial that companies codify mechanisms for collecting primary information from their overseas sites. While OSG has strengths in its end-to-end design and manufacturing capabilities and in its extensive global network, the Company is still in the process of establishing a structure for embedding those strengths into its data and mechanisms. The Board of Directors will continually supervise the quality and comprehensiveness of information and provide support for reducing the Company's environmental impact while enhancing its corporate value.

Q. GREEN TAP was a winner of the 'CHO' MONODZUKURI Innovative Parts and Components Award and the Energy Conservation Grand Prize. What sort of activities do you think are necessary to further advance the Company's environmental initiatives?

GREEN TAP is an undertaking that symbolizes OSG's environmental strategy. The product has won acclaim from outside the Company for its ability to clearly reduce energy consumption and CO₂ emissions in machining processes. Looking ahead, the Company will need to quantitatively organize data on the efficacy of introducing GREEN TAP, including data on tool life and the improvement of defect rates, and must actively communicate this data as value that includes benefits for customers. The Board of Directors also bears the role of linking the Company's development portfolio to environmental metrics and setting up mechanisms to ensure reliability, such as third-party verification.

Q. What do you think is needed to connect these environmental actions to continuous, not transitory, value creation?

Metrics indicating qualities such as environmental efficiency (sales ÷ environmental impact) are effective in changing environmental actions from a cost into value. Making market access, enhancement of customer productivity, and other positive effects of environmental measures visible facilitates their incorporation into decision-making throughout management. The Board of Directors must have an awareness of the connection to medium- to long-term value creation and must supervise the integrated operation of environmental and business KPIs.

Q. Do you have a closing message for the Company's stakeholders?

Since its founding, OSG has pursued both reducing its environmental impact and improving quality under its philosophy of "Global Presence." In modern corporate management, it is increasingly vital for companies to undertake environmental action, ensure the safety and security of employees, customers, and the community, and bring about conditions for the enjoyment of sustainable and vibrant living and working environments. This overall enhancement of quality of life and working environments, much discussed in recent years as "well-being," is a concept toward which OSG's business activities can make contributions.

The data management and kaizen that employees undertake every day strengthen competitiveness and form the foundation for the value provided to society. OSG will continue to address stakeholders through transparent information disclosure and assured technical capabilities. As a company that embraces its responsibilities toward the environment while working to enhance living and working environments, OSG will continue its efforts toward sustainable value creation.