

Chapter V

Corporate Governance

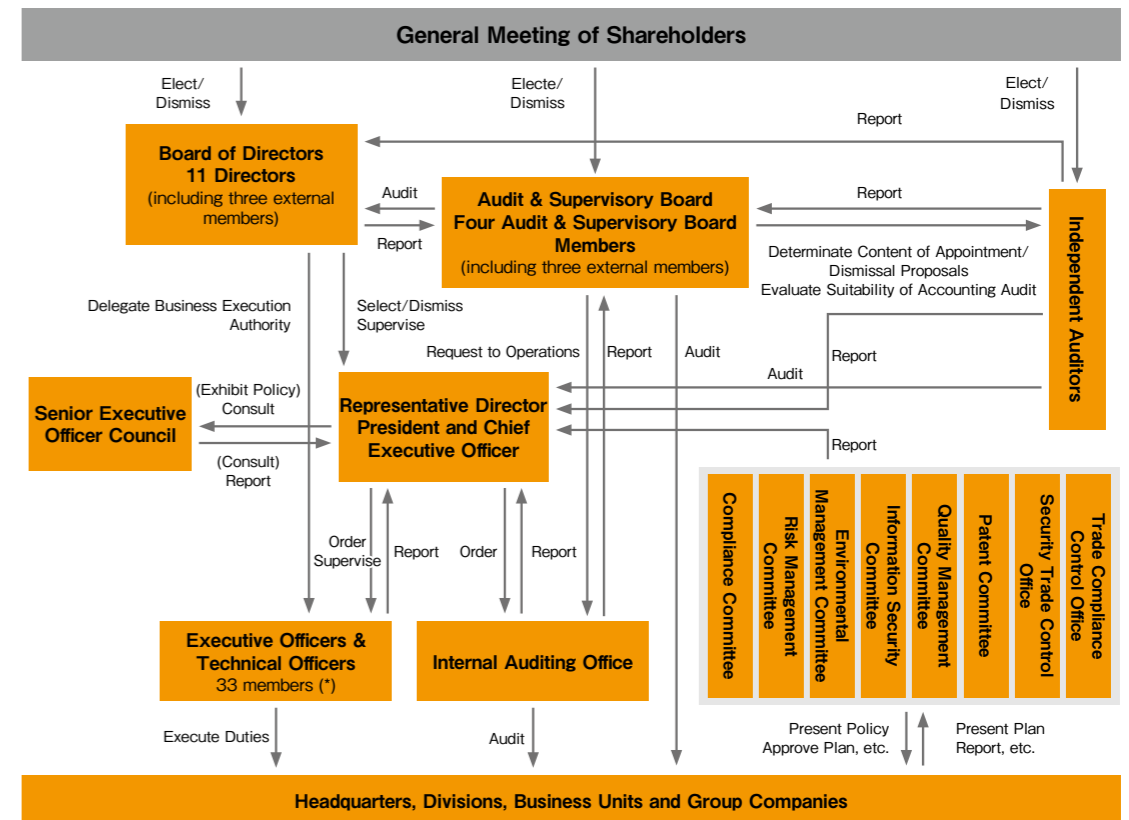
MinebeaMitsumi has adopted 'The Five Principles' as our company credo. The Five Principles are; "be a company where our employees are proud to work"; "earn and preserve the trust of our valued customers"; "respond to our shareholders' expectations"; "work in harmony with the local community"; and "promote and contribute to global society."

Consistent with this company credo, the Company's basic management policy is to maximize corporate value by fulfilling its social responsibilities to its various stakeholders, including shareholders, business partners, local communities, international society and employees.

In accordance with this basic management policy, the Company considers the enhancement and reinforcement of corporate governance to be a key management issue. Also, to ensure the sound management of the Company and to strengthen corporate governance, the Company is promoting the establishment, maintenance and expansion of its internal control system.



Corporate Governance System



(*) Excluding seven Executive Officers concurrently hold a post of Director of the Company

Position	Name	Responsibilities	Status of attendance at the Board of Directors meeting for the fiscal year ended March 2018
① Representative Director, Chairman & President (CEO & COO)	Yoshihisa Kainuma	-	100% (13/13)
② Representative Director, Vice Chairman	Shigeru Moribe	-	100% (11/11) ^{*1}
③ Director, Senior Managing Executive Officer	Ryozo Iwaya	Chief of Electronic Device & Component Manufacturing Headquarters; Chief of MITSUMI Business Headquarters	100% (13/13)
④ Director, Senior Managing Executive Officer	Tetsuya Tsuruta	Deputy Chief of Sales Headquarters	100% (13/13)
⑤ Director, Senior Managing Executive Officer	Shigeru None	Chief of Sales Headquarters	100% (13/13)
⑥ Director, Senior Managing Executive Officer	Shuji Uehara	Chief of Tokyo Head Office, Chief of Business Administration and Accounting & Corporate Finance Headquarters; Officer in charge of Business Management Div. at MITSUMI Business Headquarters	100% (11/11) ^{*1}
⑦ Director, Senior Managing Executive Officer	Michiya Kagami	Chief of Engineering Headquarters; Officer in charge of Engineering Development Div. at Electronic Device & Component Manufacturing Headquarters	100% (11/11) ^{*1}
⑧ Director, Managing Executive Officer	Hiroshi Aso	Deputy Chief of Engineering Headquarters Deputy Chief of MITSUMI Business Headquarters Officer in charge of Engineering Development Div. Officer in charge of Semiconductor Business Div. at MITSUMI Business Headquarters	100% (11/11) ^{*1}
⑨ Outside Director	Kohshi Murakami	-	100% (13/13)
⑩ Outside Director	Atsuko Matsumura	-	(assumed the post in June 2018) ^{**}
⑪ Outside Director	Takashi Matsuoka	-	100% (13/13)
⑫ Standing Audit & Supervisory Board Member	Kazunari Shimizu	-	100% (13/13)
⑬ Standing Outside Audit & Supervisory Board Member	Kazuyoshi Tokimaru	-	100% (13/13)
⑭ Outside Audit & Supervisory Board Member	Hisayoshi Rikuna	-	100% (13/13)
⑮ Outside Audit & Supervisory Board Member	Shinichiro Shibasaki	-	100% (13/13)

*1. Figures stated represent attendance at meetings since assuming respective position in June, 2017.
*2. Not applicable because the individual assumed the position in June 2018.

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Conversation between Two Outside Directors

Outside Director
Kohshi Murakami

Assumed office as an Outside Director of the Company in June 2008. Mr. Murakami has a wealth of experience and keen insight as a former Presiding Justice of the Division of the Tokyo High Court and as an attorney-at-law. He works on ensuring the sound management of the Company and promoting its compliance management.

Outside Director
Atsuko Matsumura

Assumed office as an Outside Director of the Company in June 2018. Ms. Matsumura has expertise in international economics as a university professor as well as extensive achievements as an educator. She is reflecting her abundant knowledge and experience in the management of the Company.

In June 2018, the Company adopted a system of appointing three Outside Directors. On this occasion, we heard frank opinions from Kohshi Murakami, who has been involved in strengthening the governance of the Company, and from the newly appointed Atsuko Matsumura, on the Company's corporate culture, the impression it makes, the role required of Outside Directors, and their aspirations.

MinebeaMitsumi's corporate culture and the impression

Employees share a firmly held sense of purpose and awareness of the direction in which the Company is headed (Matsumura)

The distinguishing features of the Company include technological capabilities, global management, leadership and a sense of speedy decision-making, and M&A (Murakami)

Matsumura : I have only just been appointed, in June 2018, but I am surprised by the speed of decision-making in the Company as a whole. The Company has expanded globally both in terms of its customers and its manufacturing bases, and it responds with genuine rapidity to the issues it has encountered. I also feel the severity of the challenges imposed by the awareness of its heavy responsibility as a manufacturing company. The other impression I have is the strength of the shared sense of purpose among employees, and their keen awareness of the direction in which the Company is headed. Company slogans are presented unambiguously, in easily understood language, and I am genuinely impressed by the way they succeed in motivating employees.

Murakami : I completely agree with the points you have raised. I see the characteristics that make the Company stand out as being summarized in the four key concepts of technological capabilities, global management, leadership and a sense of speedy decision-making, and M&A. The products in which the Company is involved, including the mainstay products of miniature and small-sized ball bearings, are indispensable to the world of industry, but what makes them possible are its advanced technological capabilities. Global management is what enables these products to be manufactured in overseas locations and supplied across the world. What drives this is strong leadership and a sense of speedy decision-making by the management team. I see the shared sense of purpose as being additional evidence of leadership. Specifically, the president himself has done a good job of conveying the course of the Company both internally and externally primarily by sending messages to all employees at regular intervals, and holding dialogues directly with investors.

Matsumura : I think it is very important that the management explain in their own words the purpose and the outcomes of the measures taken. For example, beginning this fiscal year, the

Company will be transitioning to international financial reporting standards (IFRS) and the background leading up to this decision has been conveyed unambiguously to employees. It seems to me that it is this accumulation of communication that plays an important role in the shared awareness that is corporate culture.

Murakami : That is my feeling also. With regard to the transition to IFRS, I feel it is a perfectly natural development for a global company that is involved in significant cross-border M&A. In addition to the skills of the management in conveying and communicating their ideas, they have real passion and what you might call horsepower to get things done.

Matsumura : In terms of the further development of the Company, I believe that increased diversity will also be key. As a global organization, the Company committed to strengthening its human resource capabilities on the assumption of increased diversity, irrespective of race or nationality, and I would like them to continue to treat this as a matter of great importance. In addition, my understanding is that I am the first female director appointed by shareholders, and I hope that this new flow of women's empowerment will accelerate going forward.

Murakami : Yes, you are quite right. I think you can say that diversity is indeed part of the corporate culture of the Company. The Outside Directors have also seen increased diversity, into three individuals. In addition, there are two persons of foreign nationality registered among the executive officers, and highly competent individuals of various nationalities, including some who are female, are playing active roles as Executive Officers within the MinebeaMitsumi Group and at its subsidiaries. If the Company had not taken the attitude that diversity is a natural consequence of being a global organization, I doubt that it would have achieved the growth that it has done in the past. I also feel that it will remain important for its development going forward.

Corporate governance system

My goal is to offer assessments and advice from a fair, impartial and conscientious perspective (Matsumura)

I would like to see closer cooperation and more information sharing between the three outside directors (Murakami)

Murakami : My view is that the role required of Outside Directors is to monitor whether the organization is permeated by a good attitude to corporate governance. There are also two aspects to governance. One is a kind of defensive governance, involved with compliance with laws and regulations. The other is a more proactive approach to governance, involving functions for checking the management decision-making process, and aimed at enhancing corporate value. I think in the case of the Company, both are functioning correctly. In reality, thorough materials are prepared for meetings of the Board of Directors, and these are organized and explained appropriately. The atmosphere is conducive to speaking frankly, irrespective of the identity of the other person, about doubts you may have or, conversely, to express encouragement for management decisions.

Matsumura : I have also formed an impression of an organization with a robust corporate governance system. I have already attended meetings of the Board of Directors several times since being appointed. Sufficient time was allocated to deliberations, and the meetings were conducted efficiently, making it easy for an Outside Director to understand what was going on.

Murakami : In terms of transparency of management, the individual business units go through a PDCA cycle of drawing up plans, checking progress and revising them as necessary. So, at the end of the fiscal year and midway through the fiscal year, more than 200 managers and people in positions of responsibility from around the world, including Outside Directors, gather to meet under one roof. The venue for these meetings is not limited to Japan, and they are also held in places overseas such as Thailand, the Philippines and

Cambodia. These are truly global events during which, over the course of several days, people of different nationalities engage in concentrated and uninhibited discussion, in response to which the management team clarifies the direction to take, so these meetings are certainly the highlight of the year. I also have a great deal of admiration for the leadership of top management in the way they deliver the final summary of the meeting. I feel that the direction of the Company is formed through this process, based on extensive discussions that include voices representing the operations' front lines. Moreover, I feel that going through this procedure results in a sharing of perceptions and meaningful discussion at subsequent meetings of the Board of Directors.

Matsumura : It is the duty of Outside Directors to develop a grasp of the company as a whole, and I too would like to create opportunities to exchange opinions with a variety of people within the Company. With regard to the corporate governance system, I believe it is important to offer assessments and advice from a fair, impartial and conscientious standpoint. Management duties are shouldered by the internal directors, so it is my aim to engage with management from the outlook and the standpoint of an ordinary shareholder.

Murakami : It is as you say, and in order to also get a firm grasp on the overall picture of where the Company is headed, I intend to actively seek out relevant information. We do hold regular liaison meetings in cooperation with the Audit & Supervisory Board and the Independent Auditors, but now that there are three Outside Directors, I think it would be desirable to take measures to implement closer collaboration and more information sharing.

Working towards sustainable growth

My goal is to offer advice closely linked to the specifics on the ground at Company locations and production sites and act in accordance with the expectations of shareholders (Matsumura)

As a member of the Board, it is also important to nudge the management and encourage certain amount of risk taking (Murakami)

Matsumura : I feel very strongly that one important issue that must be tackled in preparation for sustainable growth is diligent, everyday R&D that leverages the Company's technological capabilities so that it can continuously develop indispensable products to be used in the outside world. In addition, from my perspective as an Outside Director, I feel that we need to keep the Company's various stakeholders in mind. Specifically, we must of course pay attention to environmental concerns such as purifying water and air, and global warming, but in developing countries in particular, another important element is the contribution made to the region. I believe that the Company has already made a good deal of progress on these points, but I will do my best to pursue further improvements.

Murakami : My views coincide with yours. I think you refer here to the importance of so-called ESG management. The foundation of sustainable growth for the Company is to obtain the trust of a variety of stakeholders, and in order to achieve that I believe the focus should be put on management that takes into consideration environmental, social and corporate governance issues. In that sense, you could say that new products recently launched by the Company (such as SALIOT, bed sensor systems and smart city solutions) contribute to reduced energy consumption and a reduced environmental burden, and thus embody the ESG management philosophy. From the perspective of keeping in mind stakeholders also, it seems to me that the development of a steady stream of products demanded by society would link to sustainable growth for the Company.

Another important issue is ensuring the inheritance of the Company's corporate culture and its know-how. Following the

business integration in 2017 with MITSUMI ELECTRIC, the scale of the Group increased further. Due to the Company's skills in post-merger integration, which were derived from its experience in M&A, it has achieved improvements in business performance in a short period of time, as well as the harmonization and integration of the two companies.

Matsumura : I feel it is important to explain facts such as these to stakeholders.

Murakami : I agree. As well as moving steadily forward with dialogues with stakeholders, I would like the management to be transparent, by which I mean I intend to continue monitoring management so that it remains a company that is easily understood by stakeholders as well. Next, in order to fully utilize the proactive approach to corporate governance, my goal is to pay attention to whether management risks are put on the table for proper discussion. Management decisions are always accompanied by risk, but in order to make rational decisions based on confronting that risk head-on, we Outside Directors must, as members of the Board, give the management a push from behind to encourage them to take risks, and that in my opinion is an important role.

Matsumura : I too would like to contribute opinions from wide range of perspectives, with the aim of further enhancing management in such a way as to leverage the Company's strengths as a global organization. By viewing with my own eyes a variety of Company locations and production sites, my aim is to link this to analysis, research, evaluation and ultimately opinions, so that I can meet the expectations of stakeholders.

Chapter V Corporate Governance

Corporate Governance Initiatives

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<p>Needs of society</p> <ul style="list-style-type: none"> Ensuring management transparency Enhancing capital efficiency Strengthening the functions of the Board of Directors 	<p>Approach of MinebeaMitsumi</p> <ul style="list-style-type: none"> Stakeholder engagement based on the Five Principles, our corporate credo Appropriate information disclosure, active dialogue with investors Formulation of Midterm Business Plan for sustainable growth Fair compensation and incentives based on performance Strengthening Group governance
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Corporate governance highlight

<p>Number of Directors</p> <p>11 persons <small>(including one female Director)</small></p>	<p>Number of independent Outside Directors</p> <p>3 persons <small>(including one female independent Outside Director)</small></p>	<p>Number of meetings of Board of Directors held</p> <p>13 times <small>* Results of fiscal year ended March, 2018</small></p>	<p>Rate of attendance at Board of Directors meetings</p> <p>100% <small>* Results of fiscal year ended March, 2018 (all members)</small></p>
<p>Number of Audit & Supervisory Board Members</p> <p>4 persons</p>	<p>Number of independent Outside Audit & Supervisory Board Members</p> <p>3 persons</p>	<p>Number of meetings of the Audit & Supervisory Board held</p> <p>15 times <small>* Results of fiscal year ended March, 2018</small></p>	<p>Rate of attendance at Audit & Supervisory Board meetings</p> <p>100% <small>* Results of fiscal year ended March, 2018 (all members)</small></p>

Basic policy for corporate governance

- 1 Securing the rights and equal treatment of shareholders**

The Company shall secure the rights of shareholders and improve a proper environment enabling the shareholders to exercise their rights in order to substantially secure shareholder's right and equality.
- 2 Appropriate cooperation with stakeholders other than shareholders**

The Company shall be aware of the presence of its stakeholders and build appropriate cooperation with them, following our company credo.
- 3 Ensuring appropriate information disclosure and transparency**

The Company shall disclose information properly based on laws and regulations, and proactively offer any other information including non-financial information.
- 4 Responsibilities of the Board**

The Board of Directors shall understand and perform the roles and duties of itself, based on fiduciary duty and accountability to the shareholders.
- 5 Dialogue with shareholders**

The Company shall develop policy and structure that enable us to constructively communicate with the shareholders and give plain explanations to them.

Corporate governance system

Overview of management decision-making, supervision, execution and auditing system

By delegating the business execution authority of Directors to Executive Officers and the Technical Officers, we are aiming to revitalize and accelerate execution of business looking toward achieving our managerial objectives under the firm leadership of our CEO. The Board of Directors makes decisions on important matters of management, obtaining advice on all aspects of management from three independent Outside Directors, and also supervises business execution in a manner geared to achieving our goals.

Moreover, in addition to attending Board of Directors' meetings, Executive Officer Council meetings and other important meetings, the Audit & Supervisory Board Members, including three independent Outside Audit & Supervisory Board Members audit the Directors' execution of their duties, which involves auditing domestic offices and Group companies in conjunction with the Independent Auditors and the Internal Auditing Office.

Nominating process of Director and Audit & Supervisory Board Member candidates

When nominating a Director candidate, we comprehensively conduct reviews from the perspective of assigning the right person to the right position, which involves considering an individual's capabilities with respect to making appropriate and swift decisions, adequately managing risk, monitoring business execution, and overseeing respective corporate functions and business divisions.

Moreover, when nominating an Audit & Supervisory Board Member candidate, we gain consent of the Audit & Supervisory Board upon electing a candidate after having comprehensively conducted reviews with consideration placed on factors that include an individual's expertise regarding finance and accounting, knowledge regarding the Company's fields of business, and knowhow regarding risk management and corporate management.

Based on these policies, such matters are resolved at a Board of Directors' meeting, after having been deliberated on by the Senior Executive Officer Council, upon review by the President and Chief Executive Officer and the Executive Officer in charge of personnel.

Compensation for Directors and Audit & Supervisory Board Members

Compensation for Directors and Audit & Supervisory Board Members, and its decision processes

Regarding compensation for Directors and Audit & Supervisory Board Members, limits for Directors and Audit & Supervisory Board Members as a group have been set by the resolution of the General Meeting of Shareholders and compensation is set at a certain amount within these limits.

Directors' compensation packages consist of performance-linked incentive compensation introduced in 2017 and stock options, in addition to basic compensation paid in a fixed amount on a monthly basis, and performance-linked bonuses determined according to performance achieved in respective business years. A suitable amount for each Director's compensation package is determined by a resolution passed by the Board of Directors according to his/her duties, performance, the performance of the Company, and other factors. The performance-linked bonuses are structured to reflect corporate performance as well as job responsibilities and accomplishments, with payment standards determined using a bonus calculation table that is based on the consolidated results and stock price levels for respective fiscal years. Moreover, amounts of performance-linked incentive compensation are determined based on the extent of achievement with respect to the Midterm Business Plan's aim of achieving net sales of 1 trillion yen and operating income of 100 billion yen.

In the case of Outside Directors, certain amounts for compensation packages are determined according to their professional backgrounds and other factors.

The performance-linked incentive compensation and stock options are not offered to Outside Directors.

Based on the above policy, upon consulting with the President and Chief Executive Officer, the head Outside Director, and the head Audit & Supervisory Board Member, the Board of Directors has resolved to set compensation for Directors to within the range of 1.5 billion yen as has been resolved by resolution of the General Meeting of Shareholders.

Audit & Supervisory Board Members' compensation packages consist solely of the basic compensation, which is paid in a fixed amount on a monthly basis. Compensation of the respective Audit & Supervisory Board Members is decided upon consulting with the Audit & Supervisory Board Members, and is to be within the range of 100 million yen as has been resolved by resolution of the General Meeting of Shareholders.

Compensation of Directors and Audit & Supervisory Board Members for fiscal year ended March, 2018

Categories	Number of payees	Amount of compensation, etc. (thousands of yen)		
		Basic compensation	Bonuses	Total
Directors (Outside Directors)	14 ¹⁾ (2)	309,946 (17,026)	666,851 ²⁾ (-)	959,797 (17,026)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	4 (3)	51,796 (35,340)	- (-)	51,790 (35,340)
Total	18¹⁾	361,742	666,851²⁾	1,028,593

*1. Includes 2 Directors who have retired as of June 29, 2017.
*2. Includes performance-linked incentive compensation.

Group governance

Our aim of achieving the Company's medium-to long-term goals and continually generating sustainable growth requires that we persist with efforts that involve orchestrating M&As and alliances, while at the same time focusing on establishing large-scale overseas mass production facilities as well as global R&D capabilities in light of regional risk assessment findings. As a result, the risks surrounding the Group have diversified. In response to this, we will seek to enhance our risk management and compliance systems, while also redoubling efforts to develop and operate our internal controls including those of our Group companies overseas.

The Company takes steps to ensure that governance practices take hold. To that end, we have established the MinebeaMitsumi Group Code of Conduct, which extends to all Group companies, and otherwise take steps to instill business ethics across the entire Group. Also, having established the Rules for Management of Group Companies, we make sure that our Group companies, including those overseas, are well aware of rules stipulating matters that must be decided by the Company and those that require preliminary reporting to the Company.

Furthermore, our Audit & Supervisory Board Members and Internal Auditing Office regularly perform audits with respect to all aspects of management encompassing compliance and risk management practices of our Group companies, including those overseas. Meanwhile, we appropriately identify and take remedial action with respect to any issues revealed by such audits.