

MinebeaMitsumi's Sustainability

Our approach to sustainability

We believe that diversification serves as the essence of sustainability, premised on the notion that sustainability acts as the starting point of business management. The Company builds and refines multifaceted and decentralized frameworks across areas that include manufacturing sites, markets, technological development, in addition to products, in a manner whereby such frameworks act as a source of the Company's competitiveness.

Our policy is to boldly invest our business resources in a manner that reinforces our efforts relating to the environment, society and corporate governance, encompassing execution of such business activities.

Philosophical profile: Instilling the corporate philosophy

The MinebeaMitsumi Group believes that the mission of a company is to contribute to the sustainable development of the global environment and of humanity, not only through strict adherence to laws and regulations, but also through fair and proper business management in accordance with business ethics. To achieve this mission, we have established our company credo "The Five Principles" which is our basic management policy based on our corporate philosophy, "to contribute to society by 'Producing better products, with faster speed, in larger numbers, at lower cost and by smarter means,'" and on the basis of this credo, we have formulated the "MinebeaMitsumi Group Basic CSR Policy" and the "MinebeaMitsumi Group's CSR Implementation Principles" to guide our CSR activities.

Corporate philosophy

To contribute to society by "Producing better products, with faster speed, in larger numbers, at lower cost and by smarter means."

Basic Management Policy: Our Company Credo "The Five Principles"

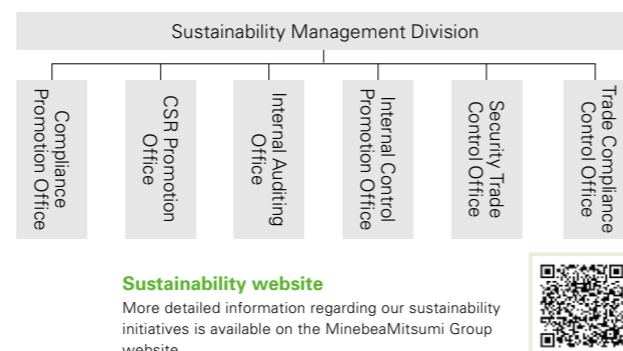
- Be a company where our employees are proud to work
- Earn and preserve the trust of our valued customers
- Respond to our shareholders' expectations
- Work in harmony with the local community
- Promote and contribute to global society

MinebeaMitsumi Group Basic CSR Policy

As a manufacturer of precision products supporting society, the MinebeaMitsumi Group is "working toward stable supply and making reliable products with low energy consumption widely available," to contribute to the sustainable development of the global environment and of humanity.

Approach to sustainability and framework for its promotion

The Sustainability Management Division was established in April 2019 for the purposes of contributing to the development of a sustainable society and separating auditing functions from executive functions to reinforce governance within the MinebeaMitsumi Group.



The MinebeaMitsumi Group's CSR Implementation Principles

1. "The Five Principles" and Our "Code of Conduct"

In promoting CSR activities, the MinebeaMitsumi Group will appropriately manage the organization in accordance with "The Five Principles," and adhere to its "Code of Conduct."

2. Creation of Social Value through Products

As a manufacturer of precision products supporting society, the MinebeaMitsumi Group is actively developing "reliable products which reduce energy consumption," and making them widely available.

3. Continuous Improvement and Raising of Awareness

We will put forth goals to be achieved, based on understanding the MinebeaMitsumi Group's social responsibilities and the key problems that need to be addressed, and continue to improve our CSR activities through implementation and continual review.

We will also strive to raise awareness of CSR among all employees through CSR activities.

4. Dialogue with Stakeholders

Constructive dialogue with stakeholders (employees, customers, shareholders, local communities, global society, suppliers, and the environment) allows us to meet expectations and respond to requests, and we will improve transparency and accountability in our corporate activities.



Initiatives for material issues (Materiality)

We have set goals to be achieved with respect to material issues identified in 2019, with the aims of fulfilling our social responsibilities as a global enterprise and improving sustainability of our operations. Going forward, we will continue to promote initiatives in a manner that involves implementing the cyclical plan-do-check-act (PDCA) management approach.

Priority Topic 1

Creating environments where all employees can demonstrate their maximum capabilities

Material issues	Reasons why it was determined to be significant	Targets for the fiscal year	Medium-term targets	Main SDGs that it contributes to
1 Ensuring employee safety and health	Ensure the safety and raises the productivity of employees, the Group's most important management resource	Reduce workplace injuries: 0 incidents of workplace injuries Encourage employees to undergo health checkups: 100% compliance	• 0 incidents of workplace injuries • Employee health maintenance	3
2 Creating positive and rewarding work environments	Raise the motivation, satisfaction, and productivity of employees, the Group's most important management resource	Examine and introduce systems for achieving diverse styles of work Reduce extended working hours: Achieve 5% reduction in average amount of overtime worked per employee	• Achieve diverse styles of work that enable employees to work enthusiastically	8
3 Human resources development worldwide	Achieve growth of employees, the Group's most important management resource Secure human resources as a global enterprise	Strengthen training to nurture next generation of executive leaders Develop locally-based leaders overseas	Strengthen human resources development to actively promote expansion and development of business operations worldwide leveraging benefits of the integration serving as the MinebeaMitsumi Group	8
4 Diversity promotion worldwide	Secure employees, the Group's most important management resource Promote respect for human rights and INTEGRATION among employees	Continuously promote empowerment of our female employees Achieve statutory rate of employment with respect to hiring people with disabilities and retain such employees: More than 2.2% employment of people with disabilities	• Develop an environment that empowers employees irrespective of their nationality, cultural background, origins, etc. • Increase the proportion of female managers (aim to achieve double the number in 2021 relative to 2016)	5 10

Priority Topic 2

Creating new value that contributes to the development of society

Material issues	Reasons why it was determined to be significant	Targets for the fiscal year	Medium-term targets	Main SDGs that it contributes to
5 Creating environmentally friendly products	Contribute to solutions to increasingly severe environmental issues Respond to increasing calls from customers to enhance environmental performance	Green Products to account for 81% of net sales	Increase the proportion of net sales attributable to Green Products (at least 90% in the fiscal year ending March 2029)	7
6 Contributing to dialogue with and the development of local communities	Gain trust at business sites around the world Maintain business continuity through regional development	Develop and reinforce the Group's sustainability management framework in line with the business integration Set goals for each relevant division in relation to material issues Continue to promote dialogue with communities at our domestic and overseas locations Engage in public relations through the media in a manner that enables our stakeholders to gain a deeper understanding of the Company's business operations Continue to actively disclose information regarding business plan progress and measures Continue to actively communicate with domestic and overseas investors	• Promote CSR management based on material issues relating to sustainability through an understanding of stakeholder expectations and requests • Continue initiatives that instill the notion of sustainability at our domestic and overseas locations Contribute to improving corporate value over the medium to long term and furthermore gain the understanding and trust of our stakeholders by promoting information disclosure and communications	1 4 6
7 Creating solutions to social issues	Respond to increasing calls from customers to solve social problems Raise productivity through technological advances	Incorporate a social issue perspective into processes for evaluating technology development	Develop key components and technologies in fields that include labor savings and automation in factories	8 9 10

Priority Topic 3

Ensuring stable supplies of the precision products that support society

Material issues	Reasons why it was determined to be significant	Targets for the fiscal year	Medium-term targets	Main SDGs that it contributes to
8 Providing safe and reliable products	As a manufacturer of parts used in all types of products, ensure improvement and reliability of product performance	Create mechanisms tailored to improving skills of employees Introduce and develop unified bar code labels for MITSUMI products Improve packing for marine shipping containers to improve loading efficiency and quality	Build and standardize a unified quality management system to support expansion and development of business operations worldwide Improve loading efficiency by introducing unified bar code labels across the Minebea Group	9
9 Practicing responsible procurement	Ensure the continuity of the entire supply chain Reduce reputation risks	Confirm status of efforts to promote CSR achieved by MITSUMI ELECTRIC's suppliers in Malaysia, Thailand, and the Philippines by using the "CSR Procurement Self-assessment Checklist"	Confirm U-Shin's status of CSR procurement, confirm status of efforts to promote CSR achieved by its suppliers based on the "CSR Procurement Guidelines," and promote initiatives in that regard	12
10 Reinforcing risk management	Avert crises and minimize loss incurred at times of crisis by pre-identifying risks facing the enterprise	Implement compliance training as part of rank-based training: 100% enrollment Implement e-learning drawing on awareness survey findings: Enrollment of more than 90% Reinforce training on power harassment Strengthen the framework for gathering information on compliance worldwide Reinforce training on trade compliance Upgrade BCP relating to epidemics at the Shanghai Plant in China, and extend it to the Group's major locations Acquire certification under the ISO 22301 international standard for business continuity management systems at the Ayutthaya Plant and Ban Wa Plant in Thailand Confirm and coordinate with the risk management framework of ABLC	Build and reinforce the global compliance framework in a manner that supports expansion and development of business operations worldwide Sufficiently reinforce trade compliance as a global enterprise Develop BCP at locations of the MinebeaMitsumi Group upon its expansion due to the business integration	13

Initiatives for the Environment



The MinebeaMitsumi Group has established an environmental management system based on the “MinebeaMitsumi Group Environmental Policy,” and all Group companies are striving to contribute to the protection of the earth’s environment and the realization of sustainable society.

The environmental policy can be viewed from here.



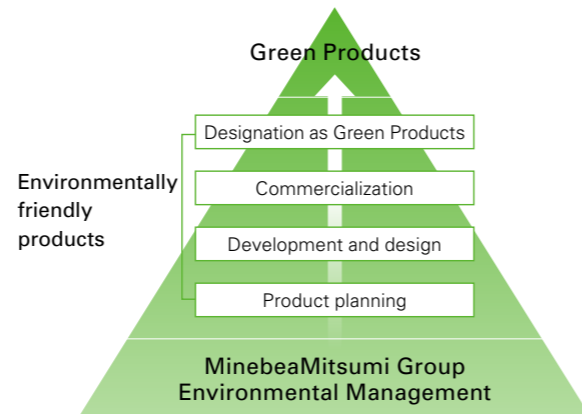
Creating environmentally friendly products

Conclusion of the second year of the “MinebeaMitsumi Green Products Certification Program”

Almost all our products are environmentally friendly products which are originally small sized and allow precise downsizing, and contribute to saving energy and space.

In the “MinebeaMitsumi Green Products Certification Program,” which selects products that are particularly environmentally friendly and certifies them as MinebeaMitsumi Green Products, percentage of net sales of Green Products increased by 6.4% to 85.8% in comparison with the fiscal year ended March 2019 after careful selection of target products in the fiscal year ended March 2020. We plan to create products that contribute to energy conservation and global environmental improvement through our corporate activities, and to increase the ratio of Green Products to over 90% of our sales in the fiscal year ending March 2029.

Green Products certification system



Criteria for determining Green Products

In designing	In manufacturing	In shipment	In using
<ul style="list-style-type: none"> Selection of materials with consideration for the environment Selection of energy-efficient parts Use of recycled and reused materials Consideration for disposal of products Confirmation of non-use of prohibited substance 	<ul style="list-style-type: none"> Reduction of electric power consumption Reduction of raw materials and secondary materials Reduction of waste Reduction of chemical substances Reduction of water usage 	<ul style="list-style-type: none"> Use of packaging materials with consideration for the environment Reuse of packaging materials Reduction of CO₂ in logistics 	<ul style="list-style-type: none"> Reduction of electric power consumption Smaller products Lighter products Longer product life

Certified Green Products
(Below is a partial listing of our certified Green Products.)



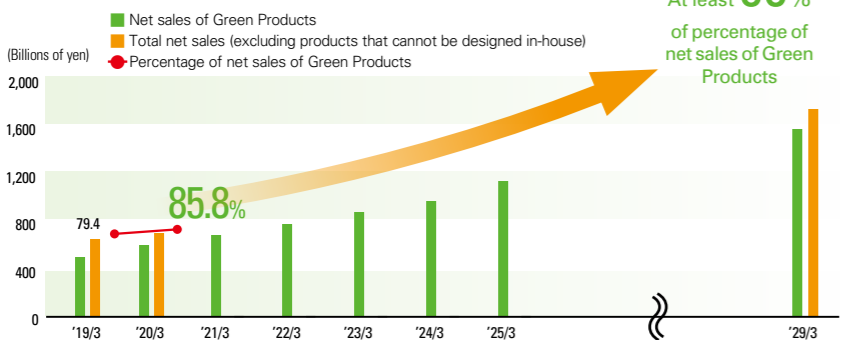
AC adapters Smart City Solutions



The details on Smart City Solutions can be viewed from here.



Green Products sales targets



Highlights of environmental initiatives

<p>Target of Green Products Fiscal year ending March 2029</p> <p>At least 90% of percentage of net sales</p>	<p>CDP Scores</p> <p>Awarded “B” in Climate Change 2019 and “A-” in Water 2019</p>	<p>August 2020</p> <p>Declaration on support for the TCFD recommendations</p>
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Initiatives for reducing environmental burden

Operation of Plant Wastewater Zero System (Thailand and China)

The Group operates plants which use large amounts of water in the processing of manufactured products and take measures to reduce discharges of wastewater. Our plants purify used water to reduce the impurities to below standards required by environmental laws and regulations of each country and locality, before releasing the water into the environment. Despite these measures, we cannot guarantee that the released water has zero impact on the surrounding environment. At our plants in Thailand and China, which use large amounts of water, we have adopted the Plant Wastewater Zero System to reduce the wastewater to be released, its impact on the environment to as close to zero as possible, and amount of water purchased from external suppliers.



Rainwater basin and rainwater recycling equipment at the Bang Pa-in Plant in Thailand

Waste plastic reduction program (Thailand)

No Plastic Bags Project

The MinebeaMitsumi Group has been actively taking steps to reduce waste plastic amid concerns in recent years over the issue of marine plastics.

Since February 2019, our Thai Plant operations have been carrying out the No Plastic Bags Project whereby days are specified during which the facility will not use plastic bags. As a result, we have reduced our consumption of plastics by 5,447.29 kilograms (3,704,154 plastic bags) over the months February to December, 2019. Furthermore, we have discontinued use of the plastic bags since January 2020.

Moreover, the coffee shop inside the facility has started using paper cups without lids, thereby ending its use of plastic lids and plastic straws.



Declaration on support for the TCFD recommendations

In August 2020, the Company declared its support for the TCFD (Task Force on Climate-related Financial Disclosures) recommendations, and going forward, will disclose and send information in accordance with the TCFD recommendations as well as strengthen initiatives to contribute to the realization of a sustainable society.



<h4>Governance</h4> <p>Established the following systems related to climate change issues in its corporate governance</p> <ul style="list-style-type: none"> The Risk Management Committee and the Environmental Management Committee, which are responsible for responding to climate change, function as an organization directly under CEO. Matters decided by the Risk Management Committee and the Environmental Management Committee are periodically reported to the Board of Directors, and its Chairperson, CEO has the responsibility of monitoring and supervising risks and opportunities related to climate change as well. 	<h4>Strategy</h4> <p>Include climate change issues into strategy formulation processes</p> <p>Taking risks and opportunities related to climate change into consideration for the resilience and growth strategy for MinebeaMitsumi.</p> <table border="1"> <tr> <td> <h5><Risks></h5> <p>Response to physical risks: Promotion of BCP for intensifying disasters</p> <p>Response to transition risks: Energy efficiency that provides for the strengthening of regulations as well as a carbon pricing system, and reduction of CO₂ through the introduction of renewable energy</p> </td> <td> <h5><Opportunities></h5> <p>Response to opportunities due to market changes, etc. due to climate change: MinebeaMitsumi will promote strategy related to products laid out in “Next Ten Years of MinebeaMitsumi,” the growth strategy looking over the next ten years</p> </td> </tr> </table>	<h5><Risks></h5> <p>Response to physical risks: Promotion of BCP for intensifying disasters</p> <p>Response to transition risks: Energy efficiency that provides for the strengthening of regulations as well as a carbon pricing system, and reduction of CO₂ through the introduction of renewable energy</p>	<h5><Opportunities></h5> <p>Response to opportunities due to market changes, etc. due to climate change: MinebeaMitsumi will promote strategy related to products laid out in “Next Ten Years of MinebeaMitsumi,” the growth strategy looking over the next ten years</p>
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<h4>Risk Management</h4> <p>Integrate climate related issues into company-wide risk management processes</p> <ul style="list-style-type: none"> Climate change issues are integrated into the various risk elements in company-wide risk management processes. <p>Overview of Risk Management Process</p> <pre> graph LR A[Examination of risks and opportunities from a value chain perspective] --> B[Material issue analysis, which includes the possibility of occurrence and the severity of the financial impact] B --> C[Periodic reporting of the formulation and results of response plans to the Board of Directors] </pre>	<h5><Scenario analysis></h5> <p>In order to study what kind of impact climate change will have on MinebeaMitsumi’s business, the Company is currently performing scenario analysis using the time-related perspectives of 2030 and 2050 with the scenario of 4 °c of global warming and the scenario of being sufficiently under 2°c of global warming, and the Company will increase the effectiveness of its strategy.</p>		
<h4>Indicators and Objectives</h4> <p>[Indicators and objectives related to climate change]</p> <ul style="list-style-type: none"> Formulation of objectives for 2030 and 2050 with regard to scope 1 and 2 is being considered (objectives are considered keeping SBT achievement levels in mind in light of trends for the transition to a carbon-free society). Formulation of objectives for the introduction of renewable energy is being considered. 			



The details on environmental data can be viewed from here.

Initiatives for the Society



Highlights of social initiatives

Creating positive and rewarding work environments

Reinforcement of quality control systems

Response to COVID-19

The MinebeaMitsumi Group believes that the mission of a company is to contribute to the sustainable development of the global environment and of humanity, not only through strict adherence to laws and regulations, but also through fair and proper business management in accordance with business ethics and works continuously on social issues.

Ensuring employee safety and health

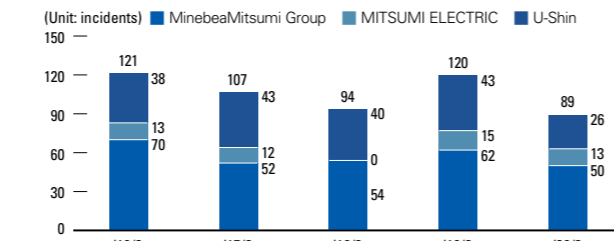
Given that the Group has regarded employees as its most valuable resource since its founding, we accordingly state that we are to "be a company where our employees are proud to work" as the first of "The Five Principles" of our company credo which is our basic management policy.

We encourage employees to undergo health checkups and take steps to reduce workplace injuries underpinned by our target of zero such incidents—with the aim of ensuring that each of our employees can work safely and in good health, and fully exercise his or her abilities.

The details on our relationship with employees can be viewed from here.



Workplace injuries and other accidents in the MinebeaMitsumi Group



*1 The results for FY3/16 and FY3/17 are the combined results for the Minebea Group and MITSUMI ELECTRIC from before the business integration.
*2 MITSUMI ELECTRIC only refers to production sites in Japan

Creating positive and rewarding work environments

We have made it possible for our employees to enlist various styles of work thereby enabling them to work enthusiastically, with the aims of increasing the motivation, satisfaction, and

productivity of our employees. Accordingly to such ends, we have been reducing extended working hours while also evaluating and introducing programs that give rise to diverse styles of work.

MITSUMI ELECTRIC's Yamagata Business Division certified as an excellent (Diamond) company under the "Yamagata Childcare and Nursing Care Support Lively Company" program

The Yamagata Business Division of MITSUMI ELECTRIC CO., LTD. has been certified as an excellent (Diamond) company under the "Yamagata Childcare and Nursing Care Support Lively Company" program implemented by Yamagata Prefecture. The excellent (Diamond) company certification constitutes the top ranking granted to companies working on more than four of the five certification criteria.

Under the program, Yamagata Prefecture registers and certifies companies that meet certain criteria in terms of undertaking initiatives in areas such as working to promote women's empowerment and furnishing support for balancing work and family life. Companies that have gained the certification receive support that includes grants and public relations initiatives enlisting various types of public relations media.

The details on other CSR initiatives can be viewed from here.



Providing safe and reliable products

We strive to improve performance of our products and ensure their reliability serving as a manufacturer of parts used in all types of products. To such ends, we have been building and standardizing a unified quality management system, while also taking steps to enhance loading efficiency and quality by introducing unified bar code labels across the Group and improving packing for marine shipping containers.

The details on our relationship with customers can be viewed from here.



Practicing responsible procurement

We confirm the status of initiatives undertaken by our suppliers to promote CSR pursuant to the "MinebeaMitsumi Group CSR Procurement Guidelines," with the aims of ensuring continuity of the entire supply chain and reducing reputation risk.

The details on our relationship with suppliers can be viewed from here.



Response to COVID-19

Amid facing a worldwide crisis, we will continue to fulfill our responsibilities as a parts manufacturer to supply products for all business activities, including production and sales, as well as work to prevent the spread of the disease outside the Group and to ensure the safety of our employees.

Actions taken by MinebeaMitsumi

From January 29, 2020
Established an ad hoc committee headed by Representative Director, CEO & COO Yoshihisa Kainuma

Sessions of the ad hoc committee held three times a week; sharing of specific details, and stringent implementation of measures in China
→ Our efforts have been profiled in the media which portrayed our plants as model factories in Shanghai and Zhuhai Cities.

Best practices from China carried out in a consistent manner worldwide
→ We safeguard the health of our employees, but furthermore carry out our responsibility to furnish products in a manner that results in consistent supply of components used in medical products and other such items.

Launched production of masks in-house on April 1
Donated items to more than 150 medical institutions worldwide, including N95 masks that had been stored for use in the event of an epidemic, volcanic eruption or other such natural disaster
→ Contributed to relieving shortages of medical supplies



April 30, 2020
Business integration with ABLIC
→ Integration successfully achieved ahead of schedule despite adversities

May 8, 2020
Announcement of financial results
→ Posted record-high net sales, and released a range of profit and loss forecasts

June 26, 2020
Launched sales of masks on Amazon.co.jp
→ We have been manufacturing the masks in a domestic clean-room environment enlisting our knowhow in ultra-precision machining technology. Received a 99% filter trapping efficiency rating performance evaluation in a Viral Filtration Efficiency (VFE) test performed by Nelson Laboratories, LLC!

Further details can be viewed from here.



Note: Masks do not completely safeguard against the possibility of infection and viral infiltration.
* 99% of VFE, PFE, BFE. Tested by Nelson Laboratories, LLC.

June 29, 2020
Joined "IP Open Access Declaration Against COVID-19"



July 17, 2020
Introduced recruitment program offering tuition support

Newsworthy developments

January 2020
COVID-19 begins to spread

February 2020
Epidemic hits its peak in China

March to April 2020
Infection spreads to other countries worldwide
Global shortage of medical supplies

May 2020
COVID-19 hits the economy
Companies are increasingly postponing earnings announcements

June 2020
Cumulative total number of people infected by COVID-19 worldwide tops 10 million



Outside Director
Atsuko Matsumura

Outside Director
Kohshi Murakami

Outside Director
Yuko Haga

Outside Directors in Roundtable Discussion

Sustainable Management at MinebeaMitsumi Looking Back, Looking Forward

We took the opportunity to discuss MinebeaMitsumi's sustainable management and corporate governance with existing Outside Directors Kohshi Murakami and Atsuko Matsumura, and newly appointed Outside Director Yuko Haga.

— As an Outside Director, what are your views on the growth of the Company up to this point, and on the leadership of the President?

Murakami: I believe that the driving forces behind the threefold increase in net sales and the fivefold increase in operating income over the past ten years are the superb management skills of the President, his powerful leadership, and the fact that the corporate philosophy, "to contribute to society by 'Producing better products, with faster speed, in larger numbers, at lower cost and by smarter means'" has been instilled in all employees. With a short-termist approach to management the focus is put only on profitable businesses, and the unprofitable areas tend to get squeezed out—but that is not the case with this company, which has built a portfolio of businesses with an eye on the long term, and which I think is linked to the way it maintained its performance despite the recent coronavirus crisis.

Matsumura: My feeling is that the President has supported the sustainable growth of the Company through the strength of his belief in various difficult times, and the speed with which he reacts to situations. The President conveys his vision to all employees through a regular publication called "Navigation," which explains the current situation of the Company and gives a sense of reassurance and motivation to employees. In addition, at meetings held twice a year for nearly a week (Top Meeting and business plan review meeting), the thoughts of the President are conveyed to the heads of each department, and in this way the organization of this large group is unified. Moreover, the President proposes a variety of initiatives based on his own unique ideas. For example, he is promoting plans for teambuilding from the perspective of utilizing human resources. Employees react to the President's enthusiasm, for example by coming up with effective ideas of their own, and I think this interaction between the President and staff is one of the strengths of the Company.

Haga: My research themes are M&A and management strategy, so I have seen a variety of cases over the years. My understanding is that there are almost no companies that

have managed to implement such a number of mergers and acquisitions while also continuing to grow organically. I was impressed by the President's responses to questions put to him at my first meeting of the Board of Directors in June. Rather than simply responding to the questions related to the issue at hand, he gave a solid explanation of his positions from a future-oriented perspective. It gave me a sense of the abilities that have allowed him to drive growth while conducting M&A over a span of many years, and of the strength of the leadership that supports it.

— As someone who has repeatedly succeeded as an M&A expert, the President often uses phrases like "on-site strength" and "discernment." How do you feel about this?

Matsumura: With regard to the growth of the Company through M&A, I would point to two factors. The first is that we prepare meticulously for integration, and we consider synergies very carefully. The second is the way that the President communicates with all the employees in the newly integrated company directly after the integration has taken place. In addition to discussing the post-integration positioning of the new business within the organization of the Company, these communications include details on the utilization of human resources after integration, which is conducted in a spirit of equality. We believe that this ability to communicate inspires the employees of the other company, and helps enhance synergistic effects.

Haga: I think the reason for the President's success in so many M&A transactions is that he forms a clear idea of the objective of the acquisition beforehand, as well as having a well-defined vision for after the purchase has been completed. I imagine that he is careful to use negotiation and due diligence to ascertain whether those objectives can be achieved or not. What is important in M&A-driven growth is not whether the company succeeds in coming to an agreement and acquiring another, but to what degree the combining of the acquired management resources with the company's own resources results in the expected synergies being achieved. From the perspective of

portfolio management, another important factor is the ability to make appropriate decisions with regard to businesses for which there is no rationale for continuing to hold, even if the operations are profitable. At the PMI stage, I would expect the extent to which the synergy effects originally envisaged are achieved to be verified by setting KPIs that are checked at regular intervals.

Murakami: As both of you have pointed out, PMI is also important. In addition, the President places great importance on personal relationships and trust relationships on the side being acquired. Many times we have heard comments such as "If we're going to be acquired anyway, we'd like to be acquired by Minebea." Even after the acquisition, he takes good care of the acquired company, and I think it's fair to say that the ability to cultivate these trust relationships is also a factor in our success. In addition, the President's background is the relative approach taken by lawyers and attorneys, and rather than listening to just one side, he also pays attention to the opinions of outside officers, and acknowledges their arguments. Previously we Outside Directors have seen a number of projects that we thought were problematic, and that were canceled as a result of discussions; or project decisions that, after questioning by Directors, were postponed by the President until the next time to allow time for consideration. Nevertheless, if after such discussions we encounter a project that we think should go forward, even if it entails assuming a certain amount of risk, as Outside Directors, we have taken the approach of providing encouragement to the President as board members. It is because the President has properly responded to this encouragement that the Company has grown into what it is today, in my opinion.

— Our next topic is the Board of Directors. We would like to hear your views on what areas could be enhanced and on how it could evolve going forward, including themes such as sustainability.

Matsumura: I see discussions by the Board of Directors to promote sustainability as being an important part of improving corporate value when pursuing challenging targets. The Company has identified material issues (Materiality) in relation to the promotion of sustainability and set priority topics by category, such as creating workplaces that maximize the abilities of employees, contributing in various ways to society, and ensuring stable supplies of precision products that support society. In

relation to these topics, which have not previously been fully discussed at meetings of the Board of Directors due to time constraints, I think we need an opportunity to discuss specific initiatives to address them and the methods by which we develop them. As an example, I would point to our unique and highly efficient global system for human resources development, which includes the full utilization of female talent. With regard to the use of female talent, I myself traveled to factories in Karuizawa, Hamamatsu and Fujisawa at the beginning of the year to speak with female employees. I was able to confirm that various opportunities are provided to women looking to advance their career, and that various routes to managerial roles are open to them. I hope that the existence of such role models will lead to more extensive use of women's abilities within the Company going forward. On the other hand, I also feel it is important to discuss the Company's support structure for achieving a balance between work and child rearing, caring for family members, etc.

Haga: At the Board meetings there is a trade-off between the number of items on the agenda and the amount of time for discussion, so I think achieving a balance there is important. I also feel that one valuable function of the Board of Directors is not just to say whether it is "for" or "against" a project, but to discuss the logic leading up to those decisions, and the thinking behind them. Using the example of material issues mentioned by Ms. Matsumura, I think that information can be provided right from the investigative stage, such as by holding interviews to ask Outside Directors which viewpoint we should take into account, then based on that, we can work to deepen discussions at meetings of the Board of Directors. I would also like the Company to consider how to create time for discussions by streamlining the number of agenda items.

— What about mutual communication with Internal Directors, and the sharing of information with Outside Directors?

Matsumura: Partly because one of our goals is to deepen discussions at the Board of Directors, new opportunities for Outside Directors to have regular face-to-face meetings with the President have been established. In cases where we get information directly from the President, we will be sure to use it effectively. In addition, liaison councils between the Audit & Supervisory Board Members and Outside Directors have also become more energized, and the amount of information offered at such meetings has increased. I feel that the cooperation between Audit & Supervisory Board Members and Outside Directors is becoming stronger. This can be seen in the way that points made during discussion at meetings of the Board of Directors which need to be followed up are deliberated in more depth at the liaison councils immediately following the Board meetings.

Haga: This is partly an aspiration for the future, but Outside Directors want to fully understand in advance the agenda items presented at meetings of the Board of Directors, so at the very least it would be good to be able to secure time for that. With regard to providing explanations beforehand, I think it should be possible to go through the Secretariat to ask for explanations

Our strategy of building a portfolio of businesses with an eye on the long term bore fruit during the coronavirus crisis





My highest priority is to maintain my objectivity from an independent viewpoint

directly from the department that is tabling the agenda item. Beginning this fiscal year, there has been one additional independent Outside Director, so that independent Outside Directors account for one third of the Board of Directors. This has resulted in a further strengthening of the governance structure. This will probably require some consideration of the number of people working in the Secretariat that supports the Board of Directors, and of the structure of the Secretariat.

Murakami: Rather than being constrained by previous practice, we should exchange opinions throughout the Company regarding what is needed for more substantial discussions at the Board of Directors, while moving forward with mutual cooperation between Outside Directors.

— Finally, the Nomination and Compensation Committee that was set up as an advisory body to the Board of Directors is now in its second year. How do you view its prospects going forward?

Murakami: The Company's voluntary Nomination and Compensation Committee will utilize the freedom it was designed to have. As mentioned by Ms. Haga just now, its structure strengthens the involvement of independent outside officers, and its members include one Outside Audit & Supervisory Board Member. As a Committee, it is involved in the decision-making process for nominating and compensating Directors and I believe that its opinions have carried considerable weight in compensation-related matters. There is room for debate on whether the compensation of Directors should include an indicator representing corporate value over the medium to long term, or whether greater weight should be given to the contribution of recent performance, but I think this is an area where trial and error will continue to be required going forward. I believe that deliberating matters at the Nomination and Compensation Committee has led to greater objectivity, transparency and fairness, and it seems to me that Directors are also convinced that this is the case.

Matsumura: Under the leadership of Mr. Murakami, who chairs the Nomination and Compensation Committee, we have dealt with a considerable volume of compensation-related matters over the nine meetings of the Committee that have been held since it was established. Moreover, this time we introduced a new share granting trust system. The compensation system for Directors consists of a mechanism whereby shares of the Company are granted in accordance with the degree of achievement towards the Company's performance, and the level of individual contribution. The Committee has conducted discussions from a variety of viewpoints, and we expect to see results from incentives aimed at improving the performance of officers, and further increasing their contribution to the Company. In terms of nominations, we conducted interviews with candidates in relation to the most important personnel matters, and we were also given opportunities to receive appropriate training in relation to succession plans. Through training such as this, I came to feel the necessity of recognizing the various possibilities in relation to succession plans. In addition, I feel it is important to implement

appropriate monitoring of the optimal planning for the Company.

Haga: I consider that my experience in giving advice related to management is the reason why I was asked to be newly appointed as an Outside Director. The composition of the current Board of Directors is such that when viewed in terms of a skills matrix, there are outside officers from a really wide range of fields, and this suggests that monitoring and the provision of advice can be implemented from a variety of angles and perspectives.

As a member of the Nomination and Compensation Committee, I think it is important to consider our objective to be not the nomination itself, but rather the proper management of the succession plan. This is a point that is often misunderstood by the outside world, but the Nomination and Compensation Committee does not create the succession plan. Instead it periodically monitors whether the actions taken by the personnel and human resources development departments are following appropriate processes and methods. Interviews with the candidate are a way of confirming their reasonableness, and I believe that this should be the role taken by the Nomination Committee with regard to succession planning. What is difficult in the case of the Company is not that it is an organization that has grown to be large through a single business, but that due to the integration of businesses we have many companies all working together. Rather than only having a plan for nurturing new graduates, I believe we must consider how to provide equal opportunities to those people who have joined us through integrations, and if we are still unable to acquire the human resources we need, we must look at hiring from outside the Company.

Murakami: I agree. With regard to the nomination of officers, we have begun interviews and so on with the Executive Officer class that provides the candidates. And in addition to nominating candidates for officers, we must also consider how to set up an appropriately functioning compensation system of incentives for officers.

Haga: This performance-linked stock compensation system is just the sort of thing that aligns interests with those of shareholders, and I feel it is the kind of system that will be well received even from the perspective of investors. How much of an incentive this provides to Directors is something that we must verify going forward. With regard to the weightings assigned to the evaluation of individual contributions and the evaluation of the Company's results respectively, I think it should also be possible to change this proportion somewhat, depending on the role of the officer and their experience. Compensation for officers will vary according to their position. Depending on the role taken by the officer, I think we must consider what percentage of total compensation is fixed, and what percentage is performance-linked.

Murakami: When we talk about incentives for Directors, we do not mean the next one to two years. The issue is more about taking into account medium- to long-term factors. We have introduced a performance-linked stock compensation system, but we must continue to focus on this to ascertain whether the overall compensation structure provides appropriate incentives to Directors.

— Thank you.

It is important for the Nomination Committee to implement proper management of the succession plan



List of Officers (As of August 2020)

Directors



Attendance at the Board of Directors Meeting
100% (12/12)

Representative Director, CEO & COO
Yoshihisa Kainuma

- Apr. 1983 Member of Daini Tokyo Bar Association
- Dec. 1988 Director, General Manager of Legal Department of the Company
- Sep. 1989 Member of New York State Bar Association
- Dec. 1992 Managing Director and Deputy General Manager of Operations Headquarters
- Dec. 1994 Senior Managing Director, General Manager of European and American Regional Sales Headquarters, Deputy General Manager of Operations Headquarters
- Jun. 2003 Director, Senior Managing Executive Officer
- Apr. 2009 Representative Director, President and Chief Executive Officer
- Jan. 2017 Director, Chairman of the Board of Directors, MITSUMI ELECTRIC CO., LTD.
- Jun. 2017 Representative Director, CEO & COO (Present)
- Aug. 2019 Representative Director, Chairman of the Board of Directors, U-Shin Ltd. (Present)
- Apr. 2020 Representative Director, Chairman, ABLIC Inc. (Present)

Reason for appointment
Mr. Yoshihisa Kainuma has been in command of management of the entire Group since 2009, expanding the Group's operations and steadily implementing and achieving an improvement in corporate value. He was appointed since the Company considered that his management skills would contribute to a further sustainable growth of the Group.



Attendance at the Board of Directors Meeting
100% (12/12)

Representative Director, Vice Chairman
Shigeru Moribe

- Mar. 1980 Joined MITSUMI ELECTRIC CO., LTD.
- May 1990 General Manager of Development Headquarters, MITSUMI ELECTRIC CO., LTD.
- Apr. 1991 Director, Head of Singapore branch, MITSUMI ELECTRIC CO., LTD.
- Apr. 1994 Managing Director, MITSUMI ELECTRIC CO., LTD.
- Oct. 1999 Senior Managing Director, General Manager of Sales Headquarters, MITSUMI ELECTRIC CO., LTD.
- Apr. 2002 Representative Director, President, MITSUMI ELECTRIC CO., LTD.
- Jan. 2017 Adviser of the Company
- Apr. 2017 Director, Chairman of the Board of Directors, MITSUMI ELECTRIC CO., LTD. (Present)
- Jun. 2017 Representative Director, Vice Chairman (Present)

Reason for appointment
Mr. Shigeru Moribe served as Representative Director, President of MITSUMI ELECTRIC CO., LTD. for many years until the business integration between the Company and the said company in 2017, and he has a wealth of experience and keen insight as a corporate manager. He was appointed since he properly oversees the management of the Group as Representative Director, Vice Chairman.



Attendance at the Board of Directors Meeting
100% (12/12)

Director, Vice President Executive Officer
Ryoza Iwaya

- Apr. 1981 Joined the Company
- Dec. 1989 Head of Tokyo Sales Division at Tokyo Branch
- Jun. 2009 Executive Officer, Head of Lighting Device Business Unit at Electronic Device & Component Business Headquarters
- Jun. 2013 Managing Executive Officer
- Apr. 2015 Deputy Chief of Electronic Device & Component Manufacturing Headquarters, Officer in charge of Electronic Device Division at Electronic Device & Component Manufacturing Headquarters, Head of Lighting Device Business Unit
- Jun. 2015 Director (Present), Senior Managing Executive Officer
- Jan. 2017 Chief of MITSUMI Business Headquarters (Present)
- Apr. 2017 Representative Director, President and Chief Executive Officer, MITSUMI ELECTRIC CO., LTD. (Present)
- Jun. 2017 Chief of Electronic Device & Component Manufacturing Headquarters (Present)
- Aug. 2019 Director, U-Shin Ltd. (Present)
- Oct. 2019 Vice President Executive Officer, Officer in charge of Electronic Device & Component related Business (Present)
- Apr. 2020 Director, ABLIC Inc. (Present)

Reason for appointment
Mr. Ryoza Iwaya has held important positions in the Sales Division, the electronic devices & components manufacturing business, etc. for many years, and he has a wealth of experience and keen insight. He was appointed since he, as Director, Officer in charge of Electronic Device & Component related Business, supervises Electronic Device & Component Manufacturing Headquarters, MITSUMI Business Headquarters, and U-Shin Business Headquarters and properly fulfills his role at present.



Attendance at the Board of Directors Meeting
100% (12/12)

Director, Senior Managing Executive Officer
Tetsuya Tsuruta

- Apr. 1981 Joined the Company
- Oct. 2005 Head of Mechanical Assembly Business Unit
- Jun. 2007 Executive Officer
- Jun. 2015 Managing Executive Officer
- Jan. 2016 Deputy Chief of Machined Component Manufacturing Headquarters
- Jun. 2016 Director, Senior Managing Executive Officer (Present)
- Sep. 2017 Chief of Machined Component Manufacturing Headquarters, Officer in charge of Production Support Division
- May 2018 Deputy Chief of Sales Headquarters (Present)

Reason for appointment
Mr. Tetsuya Tsuruta has held important positions in the Sales Division and the machined components manufacturing business for many years, and he has a wealth of experience and keen insight. He was appointed since he mainly oversees sales of machined components as Director, Deputy Chief of Sales Headquarters and properly fulfills his role.



Attendance at the Board of Directors Meeting
100% (12/12)

Director, Senior Managing Executive Officer
Shigeru None

- Apr. 1982 Joined the Company
- Sep. 1999 Manager of Osaka Branch
- Jun. 2007 Executive Officer
- Apr. 2011 Deputy Officer in charge of Sales Division
- Jun. 2012 Managing Executive Officer
- Jun. 2015 Director (Present)
- Jun. 2016 Senior Managing Executive Officer (Present)
- Jun. 2017 Officer in charge of Sales Division
- May 2018 Chief of Sales Headquarters (Present)

Reason for appointment
Mr. Shigeru None has held important positions in the Sales Division for many years, and he has a wealth of experience and keen insight. He was appointed since he mainly oversees sales of electronic devices and components as Director, Chief of Sales Headquarters and properly fulfills his role.



Attendance at the Board of Directors Meeting
100% (12/12)

Director, Senior Managing Executive Officer
Michiya Kagami

- Jan. 1989 Joined the Company
- Jul. 2005 Head of Electronics Development Division at Engineering Headquarters
- Jun. 2009 Deputy Chief of Electronic Device & Component Business Headquarters
- Jun. 2011 Executive Officer
- Mar. 2013 Head of Engineering Development Department of Electronic Device Division at Electronic Device & Component Manufacturing Headquarters
- Jun. 2015 Managing Executive Officer
- Aug. 2015 Deputy Chief of Electronic Device & Component Manufacturing Headquarters, Officer in charge of Engineering Development Division at Electronic Device & Component Manufacturing Headquarters
- Jun. 2017 Director, Chief of Engineering Headquarters (Present), Officer in charge of Engineering Development Division at Electronic Device & Component Manufacturing Headquarters (Present)
- May 2018 Senior Managing Executive Officer (Present)

Reason for appointment
Mr. Michiya Kagami has held important positions in the development branches of the electronic devices & components business for many years, and he has a wealth of experience and keen insight in research and development. He was appointed since he properly fulfills his role as Director and Chief of Engineering Headquarters.

Directors



Director, Senior Managing Executive Officer
Katsuhiko Yoshida
(Assumed the office on June 26, 2020)

- Apr. 1984 Joined the Company
- Dec. 2010 General Manager of Cambodia Business Promotion Office of Corporate Planning Department of Operation and Planning Division
- Dec. 2013 Head of Operation Department at Electronic Device & Component Manufacturing Headquarters, General Manager of Vertical Integration Improvement Office, General Manager of Business Support Office
- Jun. 2014 Executive Officer
- Jun. 2016 Deputy Chief of Business Administration Headquarters, General Manager of Business Administration Department (Present)
- Jun. 2017 Managing Executive Officer
- Jun. 2018 Deputy Chief of Tokyo Head Office, Deputy Officer in charge of Business Administration and Accounting & Corporate Finance Division
- Apr. 2019 Officer in charge of Business Administration and Corporate Planning Division, Deputy Officer in charge of Accounting & Corporate Finance Division, Deputy Officer in charge of Sustainability Management Division
- Oct. 2019 Senior Managing Executive Officer
- Apr. 2020 Director, ABLIC Inc. (Present)
- Jun. 2020 Director, Chief of Tokyo Head Office, Officer in charge of Sustainability Management Division (Present)
- Jun. 2020 Director, Vice President and Chief Executive Officer, MITSUMI ELECTRIC CO., LTD. (Present)
- Jun. 2020 Director, U-Shin Ltd. (Present)

Reason for appointment

Mr. Katsuhiko Yoshida has held important positions in the business administration division, the corporate planning division, the procurement division, etc. for many years, and he has a wealth of experience and keen insight. He was appointed since he is well-versed in general administrative tasks and properly fulfills his role as Deputy Chief of Tokyo Head Office.



Attendance at the Board of Directors Meeting
100% (12/12)
Director, Managing Executive Officer
Hiroshi Aso

- Mar. 1981 Joined Kyushu MITSUMI CO., LTD.
- Oct. 2007 Head of Power Supply Business Unit, MITSUMI ELECTRIC CO., LTD.
- Jun. 2010 Director, General Manager of Semiconductor Business Headquarters, MITSUMI ELECTRIC CO., LTD.
- Apr. 2016 Director, Managing Executive Officer (Present), General Manager of Development Headquarters and Semiconductor Business Headquarters, Officer in charge of Automotive Devices Business Unit, MITSUMI ELECTRIC CO., LTD.
- Jan. 2017 Deputy Chief of MITSUMI Business Headquarters, Officer in charge of Engineering Development Division (Present), Officer in charge of Semiconductor Business Division, Officer in charge of Automotive Devices Business Division of the Company
- Jun. 2017 Director, Managing Executive Officer, Deputy Chief of Engineering Headquarters (Present)
- Sep. 2018 Officer in charge of IoT Business Development Department of Business Development Division (Present)
- Apr. 2020 Officer in charge of Semiconductor Division at MITSUMI Business Headquarters (Present)
- Apr. 2020 Director, ABLIC Inc. (Present)

Reason for appointment

Mr. Hiroshi Aso held important positions in the development division, the power supply business, the semiconductor business, etc. of MITSUMI ELECTRIC CO., LTD. until the business integration between the Company and the said company in 2017, and he has a wealth of experience and keen insight. He was appointed since he properly fulfills his role as Director, Deputy Chief of Engineering Headquarters, Deputy Chief of MITSUMI Business Headquarters.

Independent Outside Directors



Attendance at the Board of Directors Meeting
100% (12/12)
Outside Director
Kohshi Murakami

- Apr. 1967 Assistant Judge, Tokyo District Court
- Apr. 1999 Presiding Justice of the Division (Acting Chief Justice, Specialized Economic and Financial Affairs Department), Tokyo High Court
- Apr. 2005 Professor, Graduate School of Law, Kyoto University
- Jun. 2005 Joined TMI Associates as Advisor Attorney (Present)
- Nov. 2005 Outside Corporate Auditor of SANEI-INTERNATIONAL CO., LTD.
- Apr. 2008 Visiting Professor, Yokohama National University
- May 2008 Member of the Independent Committee of the Company
- Jun. 2008 Outside Director of the Company (Present)
- Apr. 2010 Professor, Juris Doctor Program, Daito Bunka University

Reason for appointment

Mr. Kohshi 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 was appointed so that he would provide guidance to ensure the sound management of the Company and promote compliance.



Attendance at the Board of Directors Meeting
100% (12/12)
Outside Director
Atsuko Matsumura

- Apr. 1978 Joined Japan Center for Economic Research
- Apr. 1981 Visiting research fellow, Economic Research Institute, Economic Planning Agency (currently Economic and Social Research Institute)
- Apr. 1987 Part-time Lecturer, Jissen Women's Junior College
- Apr. 1988 Full-time Lecturer, OTSUMA WOMEN'S UNIVERSITY
- Apr. 1991 Full-time Lecturer, Faculty of Economics, Tokyo International University
- Apr. 1999 Associate Professor, Faculty of Economics, Tokyo International University
- Apr. 2006 Professor, Faculty of Economics, Tokyo International University (Present)
- Apr. 2010 Part-time Lecturer, Department of Social and Family Economy, Faculty of Human Sciences and Design, Japan Women's University (Present)
- Apr. 2015 Part-time Lecturer, Department of Politics, Faculty of Law, Keio University (Present)
- Jun. 2016 Outside Director, RENESAS EASTON Co., Ltd. (currently Glosel Co., Ltd.) (Present)
- Jun. 2018 Outside Director of the Company (Present)

Reason for appointment

Ms. Atsuko Matsumura has expertise in international economics as well as broad knowledge and experience. She was appointed so that her abundant knowledge and experience would be reflected in the management of the Company.



Outside Director
Yuko Haga
(Assumed the office on June 26, 2020)

- Apr. 1989 Senior Consultant, Tokyo Office, Price Waterhouse Consultants
- Apr. 1991 Representative, Haga Management Consulting Office (Present)
- Apr. 2008 Executive Officer, Sompō Japan Healthcare Services Inc.
- Feb. 2010 Director, Social Welfare Corporation Fujikenikukai (Present)
- Apr. 2010 Visiting Professor, Department of Policy Management, Faculty of Policy Management, Shobi University
- Apr. 2017 Associate Professor, Graduate School of Management, NUCB Business School
- Jun. 2017 Board Member, Non-Profit Organization Japan Abilities Association (Present)
- Mar. 2019 Outside Director of the Board, Kyowa Hakko Kirin Co., Ltd. (currently Kyowa Kirin Co., Ltd.) (Present)
- Apr. 2020 Professor, Graduate School of Management, NUCB Business School (Present)
- Jun. 2020 Outside Director of the Company (Present)

Reason for appointment

Ms. Yuko Haga has expertise in corporate strategy as well as broad knowledge and experience accumulated as a management consultant. She was appointed so that her abundant knowledge and experience would be reflected in the management of the Company.



Attendance at the Board of Directors Meeting
100% (12/12)
Outside Director
Takashi Matsuoka

- Apr. 2003 General Manager of Planning Division, KEIAISHA Co., Ltd.
- Jun. 2003 Director, KEIAISHA Co., Ltd.
- Jun. 2004 Managing Director, KEIAISHA Co., Ltd.
- Jun. 2005 Outside Director of the Company (Present)
- Jun. 2007 Senior Managing Director, KEIAISHA Co., Ltd.
- Jun. 2011 Director and Senior Managing Executive Officer, KEIAISHA Co., Ltd.
- Jun. 2014 Director, Vice President Executive Officer, KEIAISHA Co., Ltd. (Present)

Reason for appointment

Mr. Takashi Matsuoka has been in charge of the Planning Division, etc. of KEIAISHA Co., Ltd. for many years, and he has broad insight and experience in business operation. He was appointed so that his abundant knowledge and experience would be reflected in the management of the Company.

Audit & Supervisory Board Member



Attendance at the Board of Directors Meeting
100% (12/12)
Attendance at the Audit & Supervisory Board Meeting
100% (14/14)
Standing Audit & Supervisory Board Member
Naoyuki Kimura

- Apr. 1983 Joined the Company
- May 2008 Deputy General Manager of Personnel & General Affairs Department at Karuizawa Plant, Personnel & General Affairs Division
- Sep. 2011 General Manager of Personnel & General Affairs Department at Operation and Planning Division
- Jul. 2012 General Manager of Personnel Department and General Affairs Department at Personnel & General Affairs Division
- Jun. 2019 Audit & Supervisory Board Member of the Company (Present)

Reason for appointment

Mr. Naoyuki Kimura has a wide range of business experience, including in personnel, labor affairs and overall general affairs, from serving at Personnel & General Affairs Division for many years. He was appointed so that his abundant experience and accumulated knowledge would be reflected in audits of the Company.

Independent Outside Audit & Supervisory Board Members



Attendance at the Board of Directors Meeting
100% (10/10)
Attendance at the Audit & Supervisory Board Meeting
100% (10/10)
Standing Outside Audit & Supervisory Board Member
Koichi Yoshino

- Apr. 1985 Joined Marubeni Corporation
- Apr. 2000 General Manager of Consumer Products Division, Marubeni (Shanghai) Co., Ltd.
- Apr. 2002 General Manager of Textile Materials Division, Marubeni Textile (Hong Kong) Co. Ltd.
- Apr. 2007 Vice President, Marubeni Textile (Shanghai) Co., Ltd.
- Apr. 2010 Assistant to President, SUPER TOOL CO., LTD. (Temporary transferred)
- Oct. 2010 President, Super Tool (Shanghai) Co., Ltd. (Temporary transferred)
- Apr. 2015 Chief Examiner of Audit Department, Marubeni Corporation
- Jul. 2018 Joined Kyoto Robotics Corporation
- Acting CFO and General Manager of Internal Audit Office, Kyoto Robotics Corporation
- Jun. 2019 Outside Audit & Supervisory Board Member of the Company (Present)

Reason for appointment

Mr. Koichi Yoshino has a wealth of overseas experience and practical management experience at a general trading company and in the manufacturing industry, as well as a qualification as a Certified Internal Auditor and considerable knowledge of finance and accounting. He was appointed so that his abundant experience and broad knowledge would be reflected in audits of the Company.

Independent Outside Audit & Supervisory Board Members



Attendance at the Board of Directors Meeting
100% (12/12)
Attendance at the Audit & Supervisory Board Meeting
100% (14/14)
Outside Audit & Supervisory Board Member
Shinichiro Shibasaki

- Apr. 1989 Registered as attorney-at-law, Joined Inami and Ota
- Apr. 1993 Inami and Ota changed its name to Inami, Ota and Shibasaki (Partner)
- Oct. 2010 Member of Dispute Resolution Committee of The General Insurance Association of Japan (Present)
- May 2011 Inami, Ota and Shibasaki changed its name to Law Office Juricom (Partner) (Present)
- Apr. 2012 Part-time Professor, Tokai University School of Medicine
- Jun. 2014 Outside Audit & Supervisory Board Member of the Company (Present), Independent Committee Member of the Company
- Apr. 2015 Visiting Professor, Tokai University School of Medicine (Present)

Reason for appointment

Mr. Shinichiro Shibasaki is well-versed in corporate legal affairs as an attorney-at-law. He was appointed so that his abundant experience and keen insight would be reflected in audits of the Company.



Attendance at the Board of Directors Meeting
100% (10/10)
Attendance at the Audit & Supervisory Board Meeting
100% (10/10)
Outside Audit & Supervisory Board Member
Makoto Hoshino

- Apr. 1980 Joined Kantoshinetsu Regional Taxation Bureau
- Jul. 2006 Chief Examiner, Large Enterprise Examination and Criminal Investigation Department, Kantoshinetsu Regional Taxation Bureau
- Jul. 2007 Special Officer, Management and Co-ordination Department, Kantoshinetsu Regional Taxation Bureau
- Jul. 2009 District Director, Fukagawa Tax Office
- Jul. 2010 Senior Internal Inspector, Kantoshinetsu Regional Taxation Bureau, Commissioner's Secretariat of the National Tax Agency
- Jul. 2012 District Director, Ota Tax Office
- Jul. 2013 Director, Planning Division, Management and Co-ordination Department, Kantoshinetsu Regional Taxation Bureau
- Jul. 2014 Chief Internal Inspector, Kantoshinetsu Regional Taxation Bureau, Commissioner's Secretariat of the National Tax Agency
- Jul. 2016 Chief Internal Inspector, Osaka Regional Taxation Bureau, Commissioner's Secretariat of the National Tax Agency
- Jul. 2017 Deputy Commissioner, Large Enterprise Examination and Criminal Investigation Department, Kantoshinetsu Regional Taxation Bureau
- Jul. 2018 Retired from Kantoshinetsu Regional Taxation Bureau
- Aug. 2018 Registered as a certified tax accountant
- Director, Makoto Hoshino Certified Tax Accountant Office (Present)
- Jun. 2019 Outside Audit & Supervisory Board Member of the Company (Present)

Reason for appointment

Mr. Makoto Hoshino has considerable knowledge of finance and accounting as well as abundant experience with tax services. He was appointed so that his abundant experience and keen insight would be reflected in audits of the Company.

Skills Matrix of Independent Outside Officers

	Independent Outside Directors				Independent Outside Audit & Supervisory Board Members		
	Director Mr. Murakami	Director Ms. Matsumura	Director Ms. Haga	Director Mr. Matsuoka	Audit & Supervisory Board Member Mr. Yoshino	Audit & Supervisory Board Member Mr. Shibasaki	Audit & Supervisory Board Member Mr. Hoshino
Corporate management			●	●	●		
Global		●	●		●		
Legal affairs	●					●	
Finance and accounting					●		●
Tax services	●						●

Corporate Governance

We are continuing to enhance and reinforce the corporate governance, which will be the basis of sustainable growth.

Basic approach to corporate governance

MinebeaMitsumi has adopted our company credo "The Five Principles" as our basic management policy. "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, MinebeaMitsumi will aim to increase corporate value as well as fulfill its social responsibilities to its various stakeholders, including shareholders, business partners, local communities, international society and employees.

History of corporate governance

(years)	~2000	2003	2005	2007	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2030				
Emerging crises					Global Financial Crisis			Great East Japan Earthquake														
Symbolic M&A (no. of Group companies)					(39)			Thailand Floods			(69)		Integration with MITSUMI ELECTRIC (89)	Integration with U-Shin (118)		Integration with ABLIC (123)						
President	From 1999 President Yamamoto		From 2005 President Yamagishi		From 2009 President Kainuma																	
Chairperson for the Board of Directors/CEO			President and Chief Executive Officer begins serving concurrently as Chairperson																			
Board of Directors	2002 25 Directors	2003 Number of Directors reduced (25 → 10) due to introduction of Executive Officer System		10	9	10							12	11		12						
Compensation System for Directors			Abolition of the executive retirement benefits system	Introduced stock options									Introduced incentive compensation			Introduced performance-linked stock compensation system						
Outside Directors		2												3		4						
Outside Audit & Supervisory Board Members		2			3																	
Advisory committee																Established the Nomination and Compensation Committee						
Group Governance			Established "Minebea Group Basic Rules for Risk Management"										Established "MinebeaMitsumi Group Basic Rules for Risk Management" (abolished "Minebea Group Basic Rules for Risk Management")									
			Established "Code of Conduct"	Established "Compliance Guidelines"	Established "Compliance Management Rules"																	
					Established "Rules of contact with competitors"																	
					Established "Rules for Management of Group Companies"																	
					Established "Anti-Corruption/Anti-Bribery Rules"										Established "Global Rules for IP"							
Takeover Defense Measures			Introduced	(updated)	(updated)	(updated)	(updated)	(updated)	(updated)	(updated)	(updated)	(updated)	(updated)	(updated)	(not updated)							

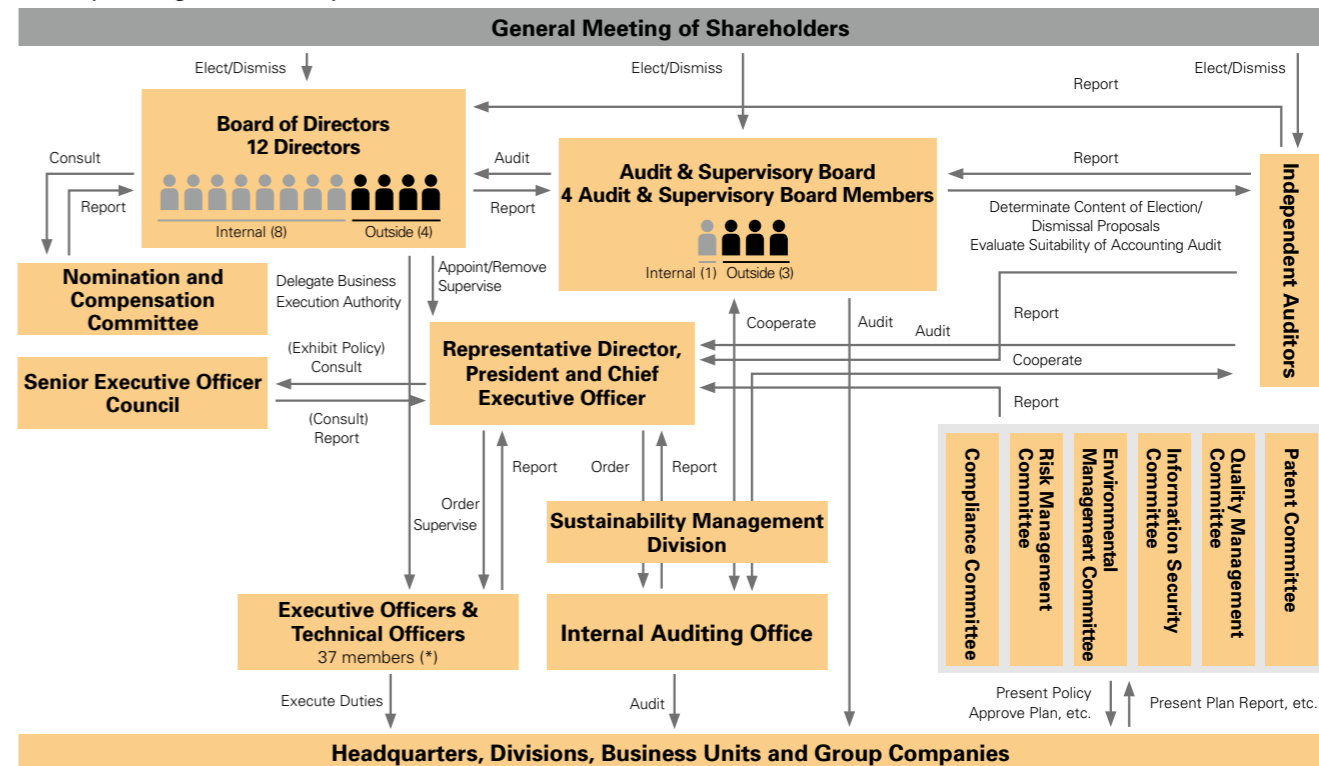
Highlights of corporate governance

Introduced performance-linked stock compensation system for Directors

Number of female Outside Directors Increased by **One** (Two out of 12)

Takeover Defense Measures were not updated

Corporate governance system



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

Status of the Board of Directors

In accordance with the basic policy of respecting diversity on the Board of Directors, the Company shall appoint Directors to provide the knowledge, experience, ability and internationalism required, irrespective of nationality, race or sex. As a rule, ordinary meetings of the Board of Directors shall take place once a month and extraordinary meetings shall be held as

appropriate, with 12 Directors (including four Outside Directors) enabling prompt and highly strategic decision-making, in addition to oversight of management.

In the fiscal year ended March 31, 2020, multiple M&A projects were screened and in December 2019 the acquisition of ABLIC Inc. was decided.

Evaluation of the effectiveness of the Board of Directors

In order for the Board of Directors to effectively discharge its duties, an evaluation of the effectiveness of the Board of Directors was conducted to check whether the Board of Directors as a whole was functioning appropriately, to verify the composition of the members, the agenda items discussed, and the status of the operation of the Board of Directors, and to identify issues and acknowledge problems and strengths.

In March every year, written self-evaluation questionnaires are distributed to all Directors and Audit & Supervisory Board Members with the aim not only of looking back at progress made on points for improvement raised in the previous fiscal year, but also of unearthing key themes to be addressed over the following fiscal year. The results and analysis of the questionnaire were reported at the May 2020 Board of Directors meeting. After an exchange of opinions among Directors and Audit & Supervisory Board Members, the assessment of the Board,

based on the grades given in the questionnaire and the content of the comments, was that the effectiveness of the Board of Directors has generally been secured.

[Points for improvement this fiscal year]

It was decided that in order to further deepen deliberations at meetings of the Board of Directors, regular discussions will be held on themes such as "corporate strategy," "initiatives to promote sustainability" and "human resources development." The background to this decision is that in addition to performance and capital efficiency (ROE, etc.), human resources development and the further promotion of sustainability will become an important part of preparations for achieving long-term targets of 2.5 trillion yen in net sales and 250 billion yen in operating income, and it was recognized that these are issues that must be addressed by the Board of Directors.

Nomination and Compensation Committee

<Composition of members> (as of August 2020)
Chairperson: Kohshi Murakami (Independent Outside Director)
Members:
Yoshihisa Kainuma (Representative Director, CEO & COO)
Atsuko Matsumura (Independent Outside Director)
Yuko Haga (Independent Outside Director)
Shinichiro Shibasaki (Independent Outside Audit & Supervisory Board Member)

<Activities of the committee>
The Company held meetings of the committee six times during the period from April 2019 to March 2020. The committee deliberated and reported to the Board of Directors on the following matters.
(1) Proposal of candidates for Director to be submitted at General Meeting of Shareholders
(2) Proposed bonuses for Directors based on the consolidated results and stock price levels, and proposed revision of basic compensation
In June 2020 the introduction of a stock-based compensation system was considered.

Processes for determining the compensation of Directors and Audit & Supervisory Board Members

(i) Compensation for Directors
The compensation for Directors is determined by a resolution of the Board of Directors after deliberation by the Nomination and Compensation Committee, by the following compensation composition and calculation methods and within the maximum amount authorized by the General Meeting of Shareholders.

<Basic compensation>
Basic compensation comprises job responsibility compensation according to the Directors' individual positions and performance compensation revised each fiscal year in consideration of individual performance, the performance of the Company and other factors, and is determined in a reasonable amount.

<Performance-linked monetary compensation>
Bonuses for Directors are structured to reflect the Company's performance, job responsibilities, and performance, and the amount of bonuses to be paid is determined based on the bonus calculation table, which is based on consolidated results, primarily on the profit for the year, and stock price of the Company. The reason for selection of these indicators is to include in the Directors' evaluations corporate value represented by stock prices, while emphasizing the final result of each fiscal year in the form of profit for the year.

The amount of incentive compensation to be paid is determined based on the degree of achievement of the Midterm Business Plan aimed at 1 trillion yen in net sales and 100 billion yen in operating income, and market capitalization of the Company, at the end of the fiscal year. The reason for the selection of these indicators is to enhance the incentive to increase the Company's performance and corporate value by achieving the Midterm Business Plan. Targets for the fiscal year ended March 2020 were 900 billion yen in consolidated net sales, 80 billion yen in consolidated operating income, and market capitalization of 1 trillion yen, whereas results were consolidated net sales of 978.4

billion yen, consolidated operating income of 58.6 billion yen, and market capitalization at the end of the fiscal year of 689.3 billion yen. Having taken various circumstances into account, incentive compensation disbursed in relation to achieving the consolidated net sales target of 900 billion yen for the current fiscal year will be returned.

<Performance-linked stock compensation>
At the 74th Ordinary General Meeting of Shareholders held on June 26, 2020, approval was obtained for the introduction of a new stock-based compensation system for Directors of the Company (excluding Outside Directors).

Under this system, the Company pays cash through a trust to acquire the Company's shares. The Company's Directors are granted a number of the Company's shares equivalent to points conferred to them according to the level of contribution to business performance, etc. The goals of adopting the system are to help improve corporate earnings over the medium and long term and to enhance an awareness of contributions to corporate value gains by more clearly linking the Company's Director's compensation to corporate earnings and share value of the Company. This will expose the Company's Directors to the same benefits and risks associated with share price fluctuations as shareholders. In principle, the Company's shares would be granted upon retirement of Directors.

(ii) Compensation for Audit & Supervisory Board Members
Compensation for Audit & Supervisory Board Members consists solely of the basic compensation, which is paid in a fixed amount on a monthly basis, and is determined through discussions by the Audit & Supervisory Board Members, within the maximum amount of compensation, as authorized by the General Meeting of Shareholders.

Actual compensation for Directors and Audit & Supervisory Board Members (fiscal year ended March 2020)

Categories	Number of payees	Amount of compensation (millions of yen)			
		Basic compensation	Performance-linked monetary compensation	Performance-linked stock compensation	Total
Directors (Outside Directors)	11 (3)	309 (33)	319 (Not applicable)	- (Not applicable)	629 (33)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	7 (5)	50 (34)	Not applicable (Not applicable)	Not applicable (Not applicable)	50 (34)
Total	18	359	319	-	679

The above table includes amounts paid to Mr. Kazunari Shimizu, Mr. Kazuyoshi Tokimaru, and Mr. Hisayoshi Rikuna, who retired from the position as Audit & Supervisory Board Member at the conclusion of the 73rd Ordinary General Meeting of Shareholders held on June 27, 2019.

Initiatives for Group governance

Under its Basic Policy for the Formulation of an Internal Control System, the Company has been developing various regulations applicable across the Group (Group regulations). We need to further reinforce our corporate governance through efforts that include overhauling various rules amid a scenario where the number of companies in the Group has increased more than threefold relative to the number in 2012, upon having integrated the businesses of

MITSUMI ELECTRIC, U-Shin, and ABLIC over the years 2017 to 2020. Established in 2019 with the aim of enhancing initiatives pertaining to governance of the entire Group, the Sustainability Management Division will furthermore overhaul Group regulations going forward, while otherwise enhancing risk management and compliance frameworks of the entire Group, and also seeking to improve effectiveness of our governance.

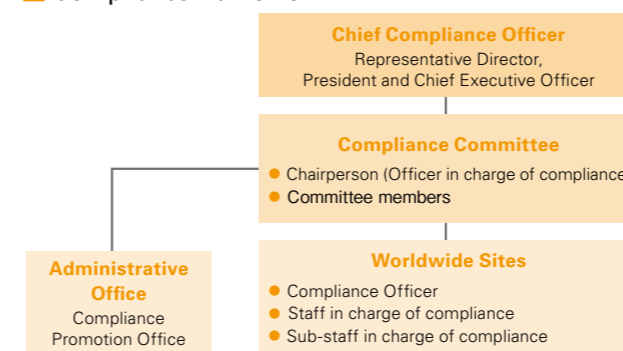
Compliance

<Basic approach>
To continue to act appropriately as a corporate citizen, the Company has established the "MinebeaMitsumi Group Code of Conduct" and "MinebeaMitsumi Group Officer and Employee Compliance Guidelines," and on the basis of these policies, we strive to achieve fair, appropriate and highly transparent management.

<Compliance promotion structure>
The President and Chief Executive Officer of the MinebeaMitsumi Group has ultimate responsibility for compliance. He is supported directly by the Compliance Committee. Meeting twice a year, the committee ensures implementation of the Code of Conduct and makes decisions on emergency response measures in the event of significant violations of the code. The Compliance Promotion Office acts as the administrative body for the Compliance Committee, creating various policies for the promotion of compliance.

Additionally, we appoint compliance officers at each site in order to enhance the group management. To reinforce the structure throughout the Group, in the fiscal year ending March 2021 we appointed a compliance officer as well as staff and sub-staff in charge of compliance at ABLIC Inc., which joined the Group as a result of business integration.

Compliance framework



The details on initiatives for compliance promotion can be viewed from here.

Risk management

<Basic approach>
Because our response to risk could profoundly affect the MinebeaMitsumi Group's business fundamentals, we believe that risk management is vital to the management of the company. We established the "MinebeaMitsumi Group Basic Rules for Risk Management" which define preventive measures we should have in place, our response in crisis situations, and the type of system the group should put in place.

<Risk management system>
The President and Chief Executive Officer of the MinebeaMitsumi Group has final responsibility for risk management, with major decisions regarding risk management being made by the Risk Management Committee. As a precautionary measure, MinebeaMitsumi attempts to predict and classify tangible risks in advance, and remains vigilant against such risks. In the unlikely event that an incident occurs, a management headquarters and local countermeasures office will be established according to the severity category of the circumstances as defined in the "MinebeaMitsumi Group Basic Rules for Risk Management" to respond rapidly and effectively to the situation. Further, MinebeaMitsumi has established a system under which, depending on the nature of the risk, a supervisory division can be appointed to handle a situation to draft and implement risk prevention measures.

<BCP initiatives>
In the event of a major disaster, infectious diseases such as influenza, act of terrorism or other emergency, we believe that our social responsibility includes confirming the safety of our employees and their families with top priority, as well as ensuring that, as a parts manufacturer of products with world-leading market shares, we can continually supply our customers and minimize the impact to our business. For that reason, we have formulated business continuity plans (BCP) for major business sites in and outside Japan and are implementing training drills, etc.

In terms of specific activities, BCP encompass the creation of emergency response manuals, earthquake strengthening of facilities, storage of food and drinking water, establishment of an internal fire brigade, disaster drills, and safety confirmation drills, among other measures. BCP drills are conducted at the Karuizawa Plant three times annually in anticipation of an earthquake or other emergency.

In addressing the prevailing threat of COVID-19, the MinebeaMitsumi Group has set up a headquarters to take swift action. We have accordingly managed to keep damage to a minimum by thoroughly implementing shared measures globally, with the first of such efforts having taken place in China. Going forward, we will draw on our measures to contend with the pandemic as an opportunity to upgrade BCP pertaining to infectious disease at our Shanghai Plant in China, and will extend such plans to the Group's major locations.

Business and other risks

The Group defines risks as uncertain events that could affect the execution of its operations, or its business activities, either directly or indirectly, and describes the content and response to major risks that could have an impact on the Group's operating results and financial position from the perspective of external environment and internal environment.

The following future major risks are those recognized by the Group as of March 31, 2020.

External environment

(1) Risk related to natural and other disasters

Even in normal times, the Group headquarters and various locations work closely together to respond to risks by strengthening their disaster prevention training, which assumes the occurrence of a natural disaster or similar, and their crisis management system.

(2) Latent risk related to operations overseas

Our Group's manufacturing activities are conducted primarily in Thailand, China, Philippines and Cambodia. While we have been operating in these countries for quite some time, overseas operations are always subject to the following risks (any of which could have a negative impact on our operating results and financial position):

- (a) Unexpected changes to laws or regulations
- (b) Difficulty in attracting and securing qualified human resources
- (c) Acts of terrorism or war, or other occurrences that could disrupt social order.

For this reason, we have arranged for crisis management manuals to be provided in overseas locations in order to deal with potential risks associated with expanding overseas, and are strengthening preparations to deal with unforeseen situations.

In addition, we are working closely with the relevant authorities in the countries and regions in which the Company operates, and are striving to ensure the safety of the Company and its employees by taking prompt action based on accurate information collected in the event of an incident.

Moreover, by expanding mass production factories overseas and building a global research and development structure, we have established a risk diversification system in which product mixes that are effective in combating changes in the external environment and global production sites mutually complement each other, resulting in profits being supported.

(3) Risk associated with exchange rate fluctuation

Since a significant portion of our consolidated net sales (66.1%) and production (87.7%) occur outside Japan, our business is vulnerable to risks associated with fluctuations in foreign currency exchange rates. For that reason, we use hedging, primarily using currency exchange contracts, to mitigate the risk of sharp movements in exchange rates.

(4) Risk of sudden changes in the market environment and low-price competition

The principal markets for our Group products, including those for PCs and peripheral devices, information and telecommunications equipment, household electrical appliances, automobiles, and aircraft components, are subject to extraordinary levels of competition both in Japan and overseas, and there is the risk of significant fluctuations in demand.

In order to prepare for sudden contractions in demand, and competition with low-priced products manufactured overseas, the Group operates in accordance with the management strategies of "Reinforcing Core Businesses," "Diversified Niches (the Eight Spears)," and "Generating Synergies through the INTEGRATION" to reduce as much as possible the risk of concentration on individual customers. With regard to credit, in addition to strengthening our debtor management, such as by negotiating debt protection activities with counterparties for which there are concerns, and focusing on creating one-of-a-kind high value-added products that are resistant to price competition in order to mitigate the risk of market environments and low-price competition.

(5) Risk related to supply chain

In order to build healthy partnerships with its suppliers, the Group has established "Basic Procurement Policies," and accepts new suppliers only after it has confirmed that they accept the Group's views on procurement, such as by being able to maintain continuous transactions, by complying with requirements and standards in relation to chemical substances used in the Group's products, and by endorsing the "MinebeaMitsumi Group CSR Procurement Guidelines."

We also work to diversify the procurement sources of raw materials necessary for production over multiple suppliers so as to enhance the stability of the supply chain, and take various measures to deal with risk, such as reducing costs by improving productivity.

(6) Risk related to accrued post-retirement benefit and pension costs

If the fair value of pension assets declines due to a low rate of return on a pension fund, or if the discount rate falls, or if the rate of salary increase changes, or if other assumptions used in the actuarial calculations change, there is a risk that this could result in increases in the retirement benefit obligation and a deterioration in the funded status, leading in turn to a rise in pension costs. For that reason, the Group maintains multiple defined benefit pension plans, and seeks to mitigate risk by concentrating management in specific assets.

(7) Legal risk

The Group has developed its operational activities over a wide range both in Japan and overseas, and there is a risk that material legal action or lawsuits could be brought against it at some point in the future. We envisage legal risks associated with a variety of statutes, such as the Antimonopoly Act, the Product Liability Act, or the Intellectual Property Laws. In the event that a material legal action is brought against the Group, the response is managed entirely by the Legal Department, in conjunction with legal advisers.

Internal environment

(1) Risk related to compliance

The Group conducts its business activities while being subject to laws and regulations in each country of the world, and in the event that these laws and regulations, etc. are infringed, or if there is behavior, etc. that violates social requirements, there is a risk that legal punishment, legal action, or social sanctions could be taken against the Group, leading in turn to a loss of trust among customers. The Group has established the "MinebeaMitsumi Group Code of Conduct," which covers labor, health and safety, environmental conservation, and ethical management, and it has additionally formulated the "MinebeaMitsumi Group Officer and Employee Compliance Guidelines," which is a specific standard that must be followed by all officers and employees. In order to instill these concepts, a Compliance Committee has also been established to exert cross-sectional control of compliance initiatives across the Group, and it is this Committee that plays the central role in educating officers and employees.

(2) Quality risk

Our products are used across a wide range of industries, especially for applications including advanced products that could affect human health and safety such as automobiles, aircraft, medical devices, etc. For these reasons, high levels of quality assurance are required in addition to an acceptance of social responsibility, and there are risks associated with quality defects. The Group seeks to instill the corporate philosophy based on the "MinebeaMitsumi Group Quality Policy," and is working to establish quality assurance structures and to ensure that quality can be guaranteed. In addition to activities to improve quality undertaken at production sites by the Quality Assurance Headquarters, the Group practices risk management by taking out various types of insurance to cover damage in preparation for unforeseen situations.

(8) Risk related to environmental laws and regulations

Our business is vulnerable to risks associated with various environmental laws and regulations that are in effect in the regions where we operate. For this reason, the Group has established an environmental management structure (Environmental Management Committee) under the "MinebeaMitsumi Group Environmental Policy," as well as appointing a Manager of Environmental Management, and it promotes rigorous activities to prevent environmental pollution even in normal times and mitigate risk.

(9) Risk related to M&As and alliances

The Group considers M&A and alliances to be one of its most important policies and promotes such opportunities, but changes in the market environment, etc., as well as the occurrence of mismatches with the strategy of the other party in alliances, may lead to the non-materialization of the effects that were originally expected. In order to respond to such risks, the Group emphasizes the blending of human resources and organizations during M&A, and in alliances places great importance on mutual use of know-how to generate synergies.

(3) Risk related to information security

Since we obtain large amounts of important information, including personal information through the course of our business operations, we are vulnerable to risks associated with information security. For this reason, the Group established the Information Security Committee with the aim of verifying that the information security system is operating appropriately. In addition, we strictly enforce tests to check levels of understanding as part of information security education, and we implement countermeasures to avoid risk by working to prevent information leaks resulting from the loss or theft of equipment, or carelessness.

(4) Risk related to R&D

The Group introduces a continuous flow of new products to the market, and in order to make a contribution to achieving net sales and profit targets, it conducts research and development activities that include basic research, key technology development, product development and production process development. It is uncertain whether research and development efforts will bear fruit, but in order to obtain results within the projected range, the Group efficiently and effectively manages the progress and costs of R&D projects in accordance with the "Research and Development Management Manual" and other documents.