

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 resources and the realization of a sustainable society.

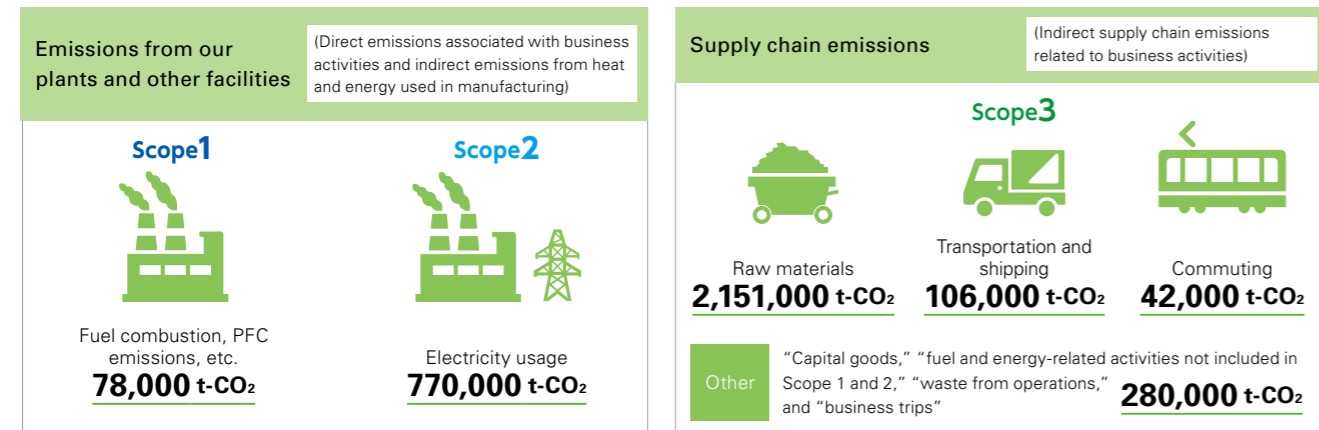


Material Issue
2

CO₂ equivalent greenhouse gas emissions

We consider "energy saving activities" and the "introduction of renewable energy" as two pillars to address the increasingly dire issue of climate change. We are working to reduce CO₂ emissions not only at plants in Japan but also at our affiliates, with locations across the globe.

Our supply chain emissions (Scope 1, 2, and 3)



* Out of the 15 categories in Scope 3, we use the seven categories above in our calculations.

The detailed environmental data can be viewed from here.

Initiatives to reduce greenhouse gas (GHG) emissions

Scope 1 and 2

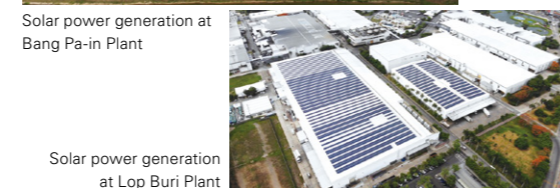
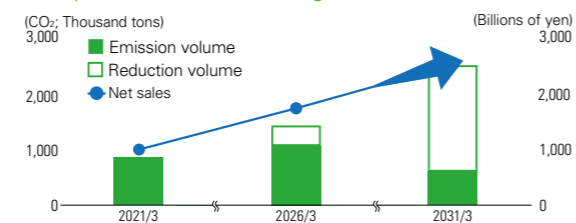
- **Medium-term target:** Reduce by 10% per unit sales by the fiscal year ending March 2026 compared to the fiscal year ended March 2020
- **Long-term target:** Reduce by 30% (SBT) by the fiscal year ending March 2031 compared to the fiscal year ended March 2021

The MinebeaMitsumi Group has a long-term management target of achieving net sales of 2.5 trillion yen in the fiscal year ending March 2029. While working toward this target, we will also work to substantially reduce GHG emissions from now until 2030. To bring this about, we have already installed megawatt-level solar power generation equipment at two overseas plants and have reduced annual emissions by 4,000 tons-CO₂. Going forward, we will introduce further carbon-free energy sources and conduct energy-saving activities and investments while monitoring the cost of GHG reduction.

Scope 3

We are working to reduce CO₂ emissions in our distribution operations by switching from air to railway transport for shipping products in Japan and overseas and thinking out loading methods when shipping by sea to improve the loading rate.

Scope 1 and 2 emission targets



Highlights of environmental initiatives

Target for reducing greenhouse gas emissions
Fiscal year ending March 2031
30% reduction
(Compared to the fiscal year ended March 2021)

Target Target volume of avoided CO₂ emissions by product
Fiscal year ending March 2031
Approx. 30% increase
(Compared to the fiscal year ended March 2021)

CDP Scores
Awarded "A-" in Climate Change 2020 and "A-" in Water Security 2020

Material Issue
1

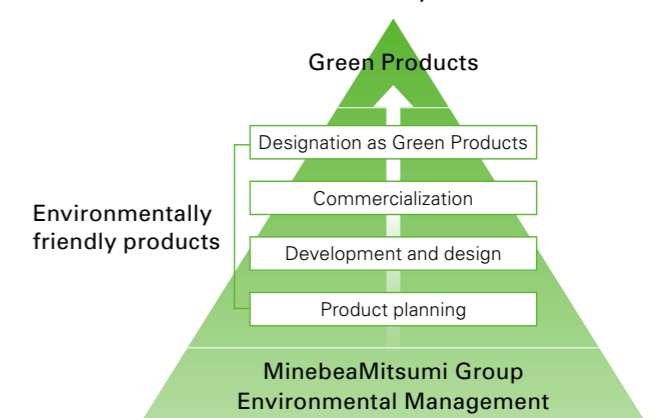
Green Products

Almost all MinebeaMitsumi products are environmentally friendly, small-sized precision products that allow downsizing, contributing to saving energy and space.

In 2019, we introduced the "MinebeaMitsumi Green Products Certification Program" which selects products that are particularly environmentally friendly and certifies them as MinebeaMitsumi Green Products. The Green Products logo depicts a lush green MinebeaMitsumi tree symbolizing our commitment to engaging in activities to conserve the global environment.

The big, lush green tree made of MinebeaMitsumi products symbolizes our expectations for further growth as a result of introducing the MinebeaMitsumi Green Products Certification Program and delivering a wide range of environmentally friendly products.

Green Products certification system



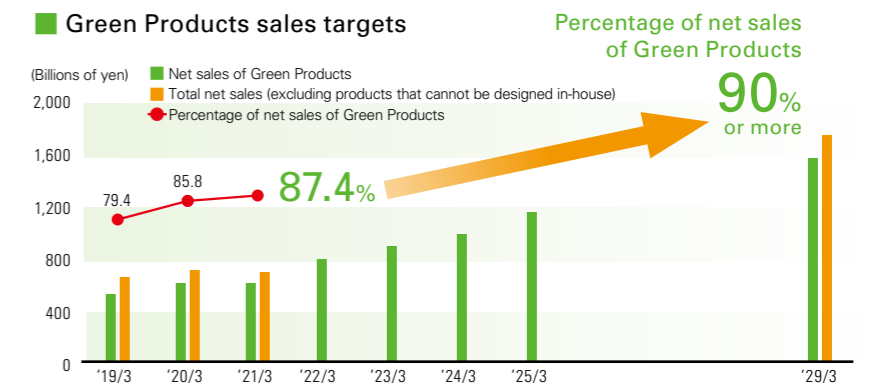
Criteria for designation as Green Products

In designing	In manufacturing	In shipment	In using
<ul style="list-style-type: none"> • Selection of environmentally friendly materials • 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 and indirect 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



MinebeaMitsumi plans to create even more 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 by the fiscal year ending March 2029.

Green Products sales targets



Material Issue
1

Initiative to calculate volume of avoided CO₂ emissions by product

As a part of our green transformation (GX) activities, we began quantifying the amount of CO₂ emission reduction contribution by our products this fiscal year.

We will continue to engage in technological development and expand "Beyond Zero," which refers to "the volume of avoided CO₂ emissions by our products that exceeds our own emissions."

Calculation method and results

The contribution was calculated in accordance with Japan Electronics and Information Technology Industries Association (JEITA) guidelines.

"Effect of CO₂ emission reduction at the time of use of products" indicates the amount of power consumption reduction when comparing the power consumption of the evaluated product with the power consumption of the same product equipped with previous generation parts.

Definition of the volume of avoided CO₂ emissions

$$Cd = \Delta W_r \times L \times Hop \times Coef_e \times S$$

Cd: Volume of emissions directly avoided (kg-CO₂) ΔW_r : Reduction of electric power consumption in a rated condition (kW)
L: Load factor during actual state of operation compared with rated usage conditions *Hop*: Hours of operation (h)
Coef_e: Coefficient for CO₂ emissions from power consumption (0.5001 kg-CO₂/kWh *average emission coefficient in Japan) *S*: Sales volume
 * We sell parts used in final products, so "product" refers to the final product.

Actual volume of avoided CO₂ emissions and target



Information and communications	Lifestyle and home appliances	Smart city infrastructure	Industry	Transportation
1,322	205	135	64	33
Telecommunication base stations Data centers Personal computers Smartphones and tablets	Refrigerator Washing machine Cooking appliances (IH cooktop, microwave, rice cooker) Vacuum cleaner Air conditioner Fan Air purifier/humidifier/dehumidifier Warm-water cleansing toilet seat Television Set-top box DVD/Blu-ray player Digital camera/action camera	Solar power generation Wind power generation Battery module Smart meter/valve Smart locks Ticket gate Smart lighting Smart streetlight Parking Security camera Elevator/escalator EV charging station	Industrial machinery Industrial measuring equipment ATM POS Vending machine 3D printer Multifunction printer Railroad crossing gate	Automobiles EV E-bike

(1,000 t-CO₂)

Our products are incorporated in various final products, contributing to the realization of a sustainable society

Fan motor bearings

Volume of avoided CO₂ emissions

Approx. **1,293,000 t-CO₂**



Bearings support rotating shafts and are the most important part of rotary components such as motors.

We specialize in miniature ball bearings, which are used widely in IT-related electronic devices and components for cooling.

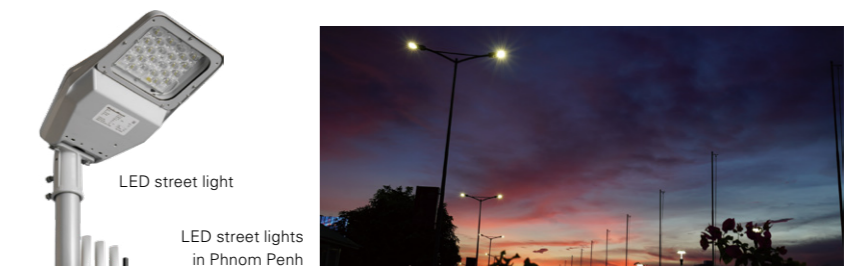
Technical strengths

Bearings fall into the category of precision technology and support precision and extended life of motors. In addition, leveraging tribology technology, they reduce friction, improving the energy efficiency of fan motors, in other words, contributing greatly to the reduction of CO₂ emissions.

Smart LED street lights

Volume of avoided CO₂ emissions

Approx. **135,000 t-CO₂**



Street lights ensure visibility so that roads can be driven safely and smoothly. The brightness and uniformity are regulated. Our LED street lights conform to these regulations and offer the industry's highest level of energy efficiency, contributing greatly to conservation of energy.

Technical strengths

Proprietary light distribution technology cultivated in development of backlights for smartphones is used to create high efficiency optical lenses. In addition, a wireless network allows the lights to be adjusted remotely according to time of day and traffic volume for further energy savings.

AC adapters, chargers, and built-in power supplies

Volume of avoided CO₂ emissions

Approx. **28,000 t-CO₂**



AC adapters and chargers are converters that supply the required voltage, current, and power to devices from power sources such as commercial power and batteries. We manufacture a wide variety of these products.

MinebeaMitsumi's products offer a high degree of energy savings, a major element of performance of these products.

Technical strengths

Our products use power controller ICs developed through in-house collaboration. While working on differentiation, including high efficiency and low standby power, we are also working to reduce resource consumption through miniaturization.

Material Issue
2

Initiative for TCFD recommendations

We recognize the importance of disclosing climate-related financial information and endorsed the recommendations of the Task Force on Climate-related Financial Information Disclosures (TCFD) in 2020. As such, we disclose information on mitigating the risks and seizing the opportunities brought about by climate change.



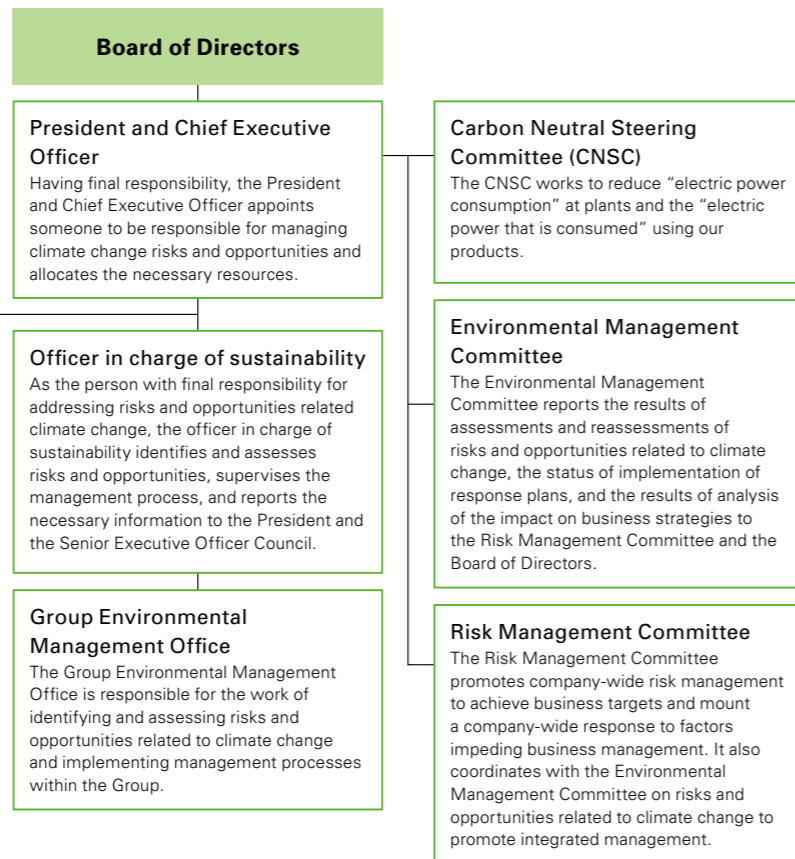
Governance

The Carbon Neutral Steering Committee, which is responsible for addressing climate change, the Environmental Management Committee, and the Risk Management Committee are organizations that answer directly to the President and Chief Executive Officer.

The Environmental Management Committee and the Risk Management Committee regularly report to the Board of Directors on climate change risks, opportunities, and the status of corresponding action.

Senior Executive Officer Council

The Senior Executive Officer Council supervises management's approach to risk owners related to climate change and governance and challenges it as necessary. It is also responsible for checking the program for effectively identifying, assessing, managing, and supervising risks and opportunities related to climate change.



Risk management

The Risk Management Committee manages the risks surrounding the business at the corporate level in accordance with the Rules for Risk Management. When conducting company-wide risk assessments, greater emphasis will be placed on climate change issues as part of the risks.

Recognizing that the issue of climate change requires a more specialized risk assessment, the Environmental Management Committee takes the lead in carefully considering climate change issues and conducting risk assessments.



Indicators and objectives

- We established a long-term environmental target of "reducing CO₂ emissions by 30% (SBT) compared to the fiscal year ended March 2021 by the fiscal year ending March 2031."
- We will contribute to the realization of a sustainable society by taking up the challenge of becoming "carbon neutral by 2050" through "decarbonization of energy" and "promotion of energy conservation."

Strategy

As a result of identifying climate change-related risks and opportunities and assessing their financial impact, we found that the risks with the biggest impact on the Company include physical ones such as "suspension of operations or supply chain interruptions caused by disasters arising from rising temperatures" and "increased costs arising from emissions regulations such as carbon taxes and emissions

trading schemes."

On the other hand, we clarified that our business opportunities include "increased demand for products offering higher energy efficiency" and the "creation of new technologies and markets by combining renewable energy with new technologies and IoT."

Item	Impact on business	Assessment	Response to risks/opportunities
Intensification of abnormal weather (Supply chain interruptions and suspension of our own operations)	Repair costs and decreased sales resulting from river flooding, storm surges, typhoons, and other weather events at our workplaces in Thailand, Cambodia, China, and the Philippines will have a serious impact.	Significant negative impact	Risks: We will develop and implement a BCP and establish a disaster-resistant production system. We will respond within the organization so that action can be taken quickly in the event of a disaster and investigate the status of suppliers' responses as well.
Introduction of carbon taxes and emissions trading, carbon emissions targets in each country, and government policies (Increase in costs associated with addressing government policies)	Costs related to energy and GHG emissions will increase in conjunction with the introduction of carbon taxes, GHG emissions trading, green electric power purchasing, etc.		Risks: We will take measures to avoid being subjected to regulations by reducing our CO ₂ emissions through the promotion of energy-saving investments and reducing our Scope 2 emissions through a higher ratio of renewable energy.
Advances in technology associated with transition to carbon-free society	If demand for energy-saving products increases and we are unable to keep up with technological innovation, our products will become obsolete. The cost of technological development and R&D to respond to this situation will be significant.		Risks: We will promote advanced technological development and R&D to meet decarbonization demand and will actively make calculated investments so as not to fall behind our competitors. Opportunities: Because demand for highly efficient products that contribute to lowering energy costs will grow substantially, we will aim to expand the market based on our energy-saving technology.
Changes in product and service needs	With the growing popularity of electric vehicles, it is expected that many new electric vehicle manufacturers will emerge. There is a possibility that the sales volume of bearings, motors, etc., which are important components of electric vehicles, will expand substantially as a result.	Significant positive impact	Opportunities: We will aim to expand our sales by incorporating our energy-saving technology into our business plan as a growth strategy and promoting technological development in pursuit of added value for our products.
Achieving resilience by responding to risks	It is expected that catastrophic disasters such as past floods in Thailand will increase in frequency. We believe that developing a BCP will improve our appeal to customers (controlling spending).		Opportunities: We will develop and implement a BCP, enhance communication so that our customers will recognize us as a reliable supplier, and disclose information on our system.
Entry into new markets	With the spread of clean energy, there is a possibility that the sales volume of bearings, etc., which are important components of high efficiency equipment (such as drones and robots), will expand substantially as a result.		Opportunities: We will aim to expand our sales by incorporating our energy-saving technology into our business plan as a growth strategy and promoting technological development in pursuit of added value for our products.

Addressing physical risks

We will respond quickly within our organization in the event of a disaster and investigate the status of suppliers' responses as well.

Realizing opportunities

Because demand for highly energy efficient products will grow significantly, we will work on advancing development leveraging our strength of INTEGRATION.

Initiatives for Society



To ensure management sustainability, the MinebeaMitsumi Group is working on the material issues (Materiality) of “strengthening the system for mass and stable supply of ultra-precision components,” “practicing responsible procurement,” and “coexisting with local communities.” Here we provide information on “reinforcement of quality control systems,” which supports our efforts of “strengthening the system for mass and stable supply of ultra-precision components” and the material issues of “practicing responsible procurement” and “coexisting with local communities” as our initiatives for society.

Material Issue 3

Reinforcement of quality control systems

Quality management framework

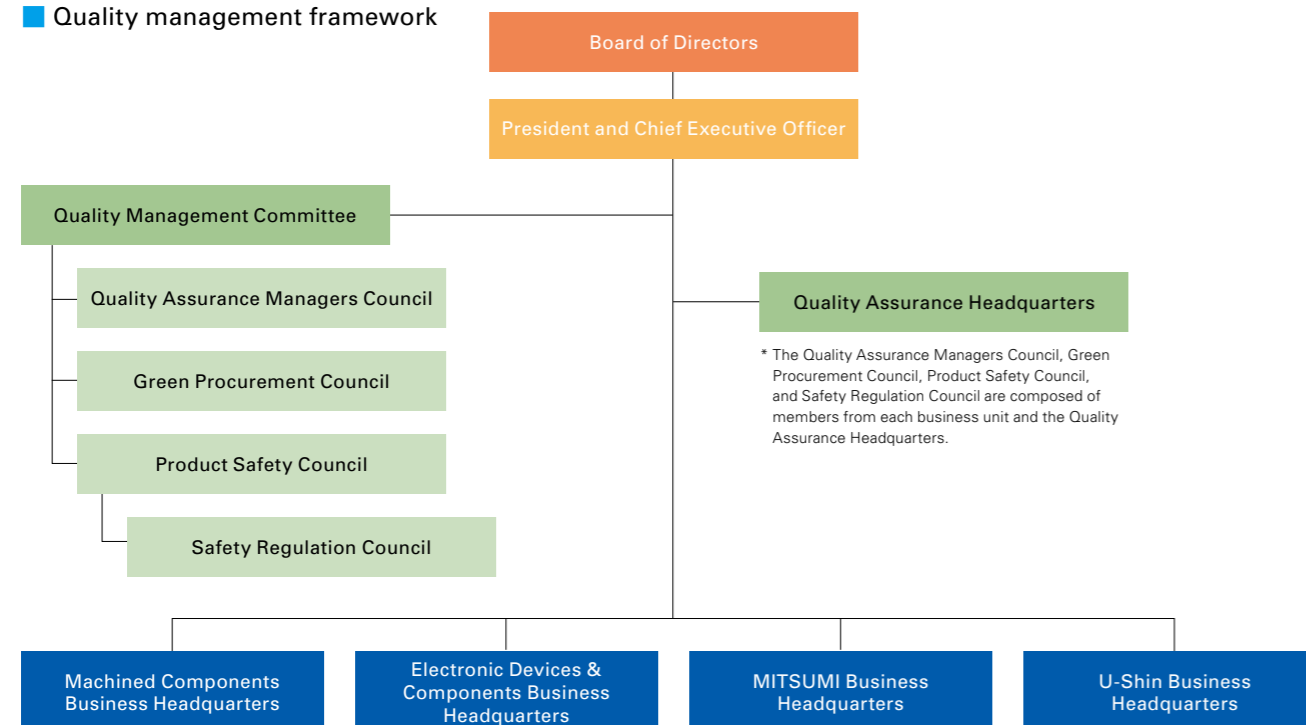
The Group has created “Group Quality Management Rules” covering the entire Group as part of our measures to ensure the safety of its products & services and to prevent accidents. We have also prepared “Group Product Safety Management Manual,” “Group Hazardous Substance Management Manual,” “Significant Quality Issue Handling Manual,” “Group Conflict Material Management Manual,” and “Supplier Quality Assurance Agreement (Standard Version)” to go with the Group Quality Management Rules and share them across the Group.

Final responsibility for the quality management framework lies with the President and Chief Executive Officer, and the “Quality Management Committee” has been established as an advisory body. As a subordinate organization, the “Quality

Assurance Managers Council,” comprised of managers responsible for quality in each business unit, holds meetings where managers regularly share information on specific quality issues and work to implement internal measures to ensure similar problems do not reoccur. In addition, the “Safety Regulation Council” ensures compliance with the Electrical Appliance and Material Safety Act (in Japan) and shares information on safety regulations in each region of the world to strengthen the Group’s response.

Going forward, as we shift from simple parts to more complex ones that are closer to final products or even final products themselves, which will see higher demand, we will establish a “Product Safety Council,” which will select members from each business unit, share information, and hold workshops.

Quality management framework



* The Quality Assurance Managers Council, Green Procurement Council, Product Safety Council, and Safety Regulation Council are composed of members from each business unit and the Quality Assurance Headquarters.

Highlights of social initiatives

Reinforcement of quality control systems

Practicing responsible procurement

Coexistence with local communities

Risk management

The Group takes steps to mitigate the risk involving end products in which the Group’s parts are commonly used and which could have a serious impact on society in the event of a problem. Accordingly, headquarters and the respective business units perform collaborative risk assessments to such ends.

Cooperating with suppliers

In order to meet the quality requirements of our customers throughout the supply chain, the Group has concluded basic transaction contracts and quality assurance agreements with our suppliers. We also provide them with our “Supplier Quality Assurance Manual,” which summarizes the Group’s standard requirements for the broad field of quality, and ask for their understanding and cooperation.

Promoting quality management system certification

The Group has obtained certification of the necessary quality management systems (QMS) at each business unit. We are also gradually working on obtaining certification in relation to the standards required for new products. In addition, the Quality Assurance Headquarters holds training for internal auditing personnel to provide ongoing education and maintain and improve the system.

Promoting visualization to improve quality of logistics

The Group is promoting visualization of logistics to improve the quality. We organize and analyze delivery date information, distribution and inventory information, and loading and unloading information to optimize storage bases and distribution methods.

Material issue target

In the fiscal year ending March 2022, we will create mechanisms tailored to improving the skills of our employees. We will also work to strengthen our product safety management system so that it is capable of supporting products in new fields through business expansion to be achieved around March 2026.

Promoting quality control examination certification

Based on our belief that improving the quality evaluation and management skills and improvement skills of each of our employees will lead to improvement of the quality of the Group’s products, the MinebeaMitsumi Group has been promoting the quality control examination (QC certification) since September 2008. This examination is organized by the Japanese Standards Association and the Union of Japanese Scientists and Engineers and is recognized by the Japanese Society for Quality Control. In addition to paying the examination fee, we ensure that all employees can get training materials and study using a shared database for improving quality management knowledge and hold pre-examination workshops twice a year.

Many employees were certified in the fiscal year ended March 2021 as well, bringing the group-wide total to 986 employees.

Standardizing name plate labels and converting to bar code labels

To prevent mistaken product shipments and improve the efficiency of checks, the Group began standardizing name plate labels and converting to bar code labels in the fiscal year ended March 2014 and completed the work for all former Minebea products. We are currently doing the same for MITSUMI ELECTRIC products.

Disclosing information on products

Most of the products supplied by the Group are parts that are built into the final products that are used by consumers. For that reason, we provide safety information based on customer request. In addition, when it comes to managing the chemical substances contained in our products, we communicate this information to requesting customers based on what we have obtained from our suppliers.

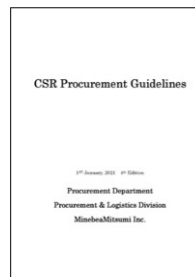
Material Issue

4

Practicing responsible procurement

CSR procurement

Considering the global scope of our business activities, we believe it is important to promote CSR throughout our supply chain. In March 2012, we took steps to establish a framework for CSR procurement with the formulation of the "MinebeaMitsumi Group CSR Procurement Guidelines," which is based on the "MinebeaMitsumi Group Code of Conduct." The basic transaction contracts we sign with our suppliers require observance of these guidelines and make violations cause for termination.



In the fiscal year ended March 2021, we sent it to 96 of the main suppliers to the four MITSUMI ELECTRIC plants in Thailand, Malaysia, and the Philippines. The response rate was 100%.

Questions on the checklist are divided into the five categories of "general promotion of CSR," "labor," "health and safety," "environmental conservation," and "ethical management" to assess risks in the supply chain. We have been meticulously verifying progress made with respect to CSR initiatives, which has involved providing feedback to our suppliers based on the survey results and otherwise communicating individually with suppliers who have encountered issues regarding some of these initiatives.

In order to avoid human rights violations in business relationships, we require a written pledge from our suppliers that they are not aware of any violations of procurement guidelines either by themselves or within their supply chains. We also have audits conducted by third-party agencies as necessary when human rights violations are suspected.

We also conduct internal education on CSR procurement for our procurement and logistics divisions, and in the fiscal year ended March 2021, 231 out of the 250 relevant employees at domestic group companies participated.

In addition, to ascertain the status of CSR promotion by our suppliers, we prepared the "MinebeaMitsumi Group CSR Procurement Self-assessment Checklist" and have asked our suppliers to complete it.

Promoting "responsible mineral procurement"

In August 2012, the U.S. Securities and Exchange Commission adopted a disclosure rule mandated by "U.S. financial reform legislation" requiring companies to disclose the use of conflict minerals. We responded by formulating a "MinebeaMitsumi Group Policy on Conflict Minerals" in October 2012, in which we summarized the Group's approach regarding "conflict minerals" from the Democratic Republic of the Congo and its neighboring countries.

We also added addressing "conflict minerals" to the

"MinebeaMitsumi Group CSR Procurement Guidelines." Later, we revised it in light of the social movement for "responsible mineral procurement" of recent years. We have asked our suppliers to promote initiatives to ensure that no tantalum, tin, tungsten, gold, cobalt, or other minerals that are related to conflicts or CSR risk are used as part of our efforts to ensure responsible mineral procurement.

In addition, we will continue to respond to requests from customers using our database.

assessment Checklist." In addition, we will introduce the RBA standard to our "CSR Procurement Guidelines" by the fiscal year ending March 2026 and carry out a self-audit accordingly to improve the CSR Procurement Guidelines, taking into account environmental and human rights issues.

Material issue target

In the fiscal year ending March 2022, we will confirm the status of CSR procurement at U-Shin, which was added to the Group in 2019, notify suppliers based on the "CSR Procurement Guidelines," and check the status of CSR promotion among Japanese suppliers using the "CSR Procurement Self-

Human Rights Policy

As a guideline for further promoting human rights initiatives throughout the Group and fulfilling our responsibilities, we recently established a human rights policy comprised of the items to the right. We support the Universal Declaration of Human Rights, the United Nations Global Compact, and other human rights principles.

MinebeaMitsumi Group Human Rights Policy

- 1 Respect for basic human rights
- 2 Compliance with applicable laws
- 3 Respect for international human rights agreements
- 4 Prohibition of child labor and restrictions on employment of young laborers
- 5 Prohibition of forced labor
- 6 Prohibition of discrimination
- 7 Prohibition of harassment
- 8 Respect for freedom of association and the right to collective bargaining
- 9 Human rights due diligence
- 10 Education
- 11 Requests for suppliers to provide support and cooperation
- 12 Information disclosure
- 13 Scope

Material Issue

5

Coexistence with local communities

Here, we provide information on our latest activities and external recognition. For past activities, see "ESG Initiatives" on our website.

The ESG Initiatives can be viewed from here.



Support for single parents

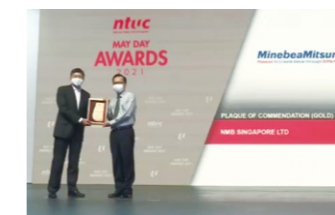
Due to the hardships many single parents have experienced due to COVID-19, MinebeaMitsumi made a donation to a certified NPO, Single Mothers Forum, to help support single-parent households with high school children. In July, we donated 50 million yen, and we plan to donate an additional amount of up to 100 million yen.



May Day Awards 2021 - Plaque of Commendation (Gold)

NMB Singapore was conferred the National Trade Union Congress (NTUC) May Day Awards 2021, Plaque of Commendation (Gold) for its many initiatives to support workers welfare, work prospects, and good labor-management relations.

This award exemplifies the strong labor-management relations that we have and reaffirms our commitment to improving workers' wages, welfare, training, and work prospects. These improvements are especially meaningful in light of business disruption amidst COVID-19 and NMB Singapore is glad for the support shown by Metal Industries Workers' Union (MIWU) during these challenging circumstances.



Cambodia Plant receives the "ASEAN-OSHNET Excellence Award"

Cambodia Plant was awarded the "ASEAN-OSHNET Excellence Awards" by the "ASEAN Occupational Safety and Health Network (ASEAN-OSHNET)." The "ASEAN-OSHNET Award" recognizes companies with good occupational safety and health systems and performance in each ASEAN country. Among them, the "Excellence Awards" is given to one company with the best occupational health and safety management system in each country, and we are the first Japanese company to receive the award in Cambodia.

The award started in 2016 and 2020 marked its third time. Though the award ceremony had been postponed for one year due to COVID-19, it was held online in July 2021.



Material issue target

We will look into safe and effective methods of communication for the new normal during and after the COVID-19 pandemic and continue to communicate with the local communities.

Response to COVID-19

The MinebeaMitsumi Group manufactures bearings, motors, sensors, power supplies, semiconductors, and connectors used in various medical equipment, including ventilators and artificial heart-lung machines. On January 29, 2020, we established a response headquarters under the CEO and shared information on best practices learned at our plant in China with our facilities around the world to ensure employee safety. Up to now, we have fulfilled our supply responsibility and have not had to suspend operations for internal reasons.

We donated 220,000 N95 masks that we had for disasters and other medical items, including goggles, face guards, clean suits, hoods, disposable gloves, and gauze to 150 agencies in 16 countries. We also launched production

of our own masks in April 2020 and began selling them in June 2020. As of July 2021, we have produced 50 million masks and sold 8 million. We also worked on making vaccines available at our workplaces and provided vaccinations to approximately 13,000 employees and their families and others at our Tokyo Head Office, Karuizawa Plant, Fujisawa Plant, Hamamatsu Plant, Hiroshima Plant, Chitose Plant, and other facilities around the globe.



Initiatives for Material Issues (Materiality) at MinebeaMitsumi



At the latest review of the Company's material issues (see pages 27 to 28 of this document), a roundtable discussion was held between Outside Directors, namely Atsuko Matsumura, Yuko Haga and newly appointed Hirofumi Katase, who shared their thoughts on the Company's initiatives as Outside Directors, and with Director Katsuhiko Yoshida, Head of Sustainability Management Division, with whom the Outside Directors exchanged opinions.



■ First, let's hear from newly appointed Outside Director Hirofumi Katase. Tell us about your background and what you hope to accomplish as an Outside Director at MinebeaMitsumi.

Katase: I worked in government for 35 years, primarily at the Ministry of International Trade and Industry and the Ministry of Economy, Trade and Industry. What I felt during that time was that with Japan's economy growing stagnant, many Japanese companies lacked sufficient energy for growth. In the midst of this, one company that demonstrated a very clear commitment to actively creating new added value and achieving growth was MinebeaMitsumi.

I recognized it as a company full of energy attempting to create synergy between organic growth and M&A. Up to now, I

have been involved in many measures in the fields of energy, environment, technology, trade, and aerospace. Leveraging this experience, I intend to provide advice for identifying material issues related to the Company's growth and how to address those in management policies. When I feel that the Company's initiatives do not line up with general trends, I will voice my opinion. I hope to contribute to the significant growth of the Company as a model for the Japanese companies of the future, both by actively providing encouragement and by putting on the brakes if necessary.

■ In this review of material issues, "contributing to solutions to environmental issues" and environmental issues were touched on heavily. Can you tell us about specific initiatives?

Yoshida: We announced a new slogan this year called QCDESS™ and, at the core of this, we are putting into practice management that aims for eco-friendliness and efficiency. By combining our ultra-precision technologies, which are our strength, with other core technologies, we will promote initiatives for "contributing to solutions to environmental issues."

—Mr. Katase, what role do you expect the Company to play in addressing the environmental issues identified?

Katase: For a time, it looked as though the global trend toward addressing global environmental issues had lost steam. I no longer believe this is the case, and the Company's technologies and products are benefiting from the overall trend toward carbon neutrality. For example, one of the important elements of working toward carbon neutrality is electrification of society. Key to making that happen will be bearings and motors for moving things by electricity along with sensors and analog semiconductors to control them. The Company possesses strengths in each of these areas, and by combining them, it will have a very strong competitive advantage, including in terms of environmental performance. It is universally recognized that the key to solving global environmental issues is innovation. Indeed, I believe that the Company will continue to come up with one innovation after another and quickly introduce new technologies to the world, which will contribute to solving global environmental issues.

On the other hand, just as a "green growth strategy" is being promoted around the world at the national level, as a company, it is essential that this contribution to the environment by products and technologies is tied into product value and that it embodies a vision for growth. To bring that about, I believe it is important to engage in efforts corresponding to the characteristics of the Company's business fields and products. For example, this might entail creating a new business model or an environment in which the environmental performance and benefits of the products can be presented in an easy-to-understand manner while taking advantage of standardization and other programs and then tying this into product value.

—Ms. Matsumura, are there any challenges when it comes to "contributing to solutions to environmental issues"?

Matsumura: Many countries, including Japan, have declared that they will become carbon neutral by 2050 amid the global movement to achieve carbon neutrality and the goal of keeping the global temperature from rising as set forth in the Paris Agreement. The Japanese government has set an ambitious medium-term goal for fiscal 2030.

Under these circumstances, decarbonization efforts are accelerating within corporate activities. I think it will be extremely important to clarify the details of the Company's activities to make an ongoing contribution to global environmental conservation and "visualize the efforts" to thoroughly disclose the information. There are two main aspects to the Company's efforts. The first is improving the production ratio of the Company's environmentally friendly products or so-called Green Products. To achieve that, I believe that it is important to present the CO₂ emission reduction effect in an easy-to-understand format and draw even more attention to its usefulness to get customers to adopt Green Products. The second is reducing CO₂ emissions associated with the Company's business activities. The Company has set a goal of reducing total CO₂ emissions by 30% compared to the fiscal year ended March 2021 by the fiscal year ending March 2031. Going forward, it will be necessary to further clarify the path for achieving that goal. I think it's important to quickly and thoroughly look into the feasibility and cost-effectiveness of various means to achieve it. The Company has already introduced a large-scale solar power generation

system at two major plants in Thailand and expects to reduce CO₂ emissions by around 4,000 tons per year. I expect to see progress on renewable energy at other facilities as well.

It's becoming increasingly important to clearly incorporate reduction of greenhouse gas emissions into corporate management goals. Last August, the Company announced its endorsement of the TCFD recommendations and is drawing attention to its steady progress on efforts to address global warming. Social demand related to SBT, science-based emissions reduction targets, and RE100, a collaborative, global initiative of influential businesses committed to 100% renewable electricity, will likely grow in the future. As an Outside Director, I hope to continue monitoring this.

Yoshida: Our products make a significant contribution to reducing the CO₂ emissions of our customers' final products. In addition, we will strive to further contribute to the realization of carbon neutrality by working to reduce CO₂ emissions associated with our own business activities.

■ What are your thoughts on "creating the high quality precision products that support society" from the standpoint of your business portfolio strategy?

Yoshida: Up to now, we have been enhancing our business portfolio to address changes in society. One of our missions is to contribute to society by improving the performance of our products and establishing a robust supply system. We believe it's important to build and maintain a decentralized production network while ensuring economic rationality so that we can fulfill our supply responsibilities even in the event of a contingency.

Haga: The Company's business portfolio is the source of its sustainable growth. I believe the core businesses, which are called the "Eight Spears," will be able to maintain their competitive advantage for a long time because they provide ultra-precision and ultra-high quality.

The first scenario for achieving further sustainable growth is strengthening those eight core businesses. Of course, as Mr. Katase mentioned, that will entail both organic growth and M&A, but I think the key to the portfolio strategy will be determining the priority of the eight core businesses. For example, last year, the Company determined that the analog semiconductor market would grow even further in the future, so it raised the priority of investments designed to increase the Company's competitive advantage and executed those investments last year and this year.

The second scenario for sustainable growth is creating new customer value by combining these eight businesses. The Company refers to this as "INTEGRATION initiatives." Because the basic technologies of each of the eight businesses are fairly closely related and yet diversified, it makes it easy to generate synergy between them. In addition, the wide range of customer industries has also facilitated the Company's steady and sustainable growth. I believe that



Outside Director
Atsuko Matsumura



Outside Director
Hirofumi Katase

Roundtable Discussion between Outside Directors and Head of Sustainability Management Division



Outside Director
Yuko Haga

this business synergy will allow the Company to capture new customer needs, which will, in turn, lead to the environmental

contribution and maximization of product value that Mr. Katase mentioned.

—What are the key points for you as an Outside Director when judging investments?

Haga: The priorities of the investments discussed by the Board of Directors are clear based on the business and customer portfolios. My impression is that they are carefully reviewed by the executive side of the management. When there are big investments, we are given explanations in advance and receive all the information we need to be able to judge them. If there are any questions, opportunities are provided not only to me but to the other Outside Directors as well to go over the details.

When making judgment calls about investments as an Outside Director, I check things such as compatibility with the medium- to long-term strategy, the contribution to sustainable growth and corporate value and the process thereof, and whether or not the business plan envisions post-investment synergy. Risk is always involved in any investment, so if you put the brakes on just because there are risks or step on the gas because there are no risks, you could miss a rare investment opportunity. If the risks are understood and proper risk mitigation measures are in place, I can approve of the investment. However, if I feel the risks have not been sufficiently verified, I will voice my opinion. I believe the other Outside Directors have made similar statements from the same standpoint.

—What about the review of the business portfolio for achieving sustainable growth?

Haga: In terms of timing, if there are significant changes in the external factors, the necessity of realigning the business portfolio will increase. As of right now, I don't see any problems with the focus on the core businesses in Eight Spears. However, there is a risk of sticking with these Eight Spears in perpetuity. Even if the assumption is that the business portfolio will remain unchanged for the time being, I think it's necessary to continually monitor the external environment for signs of change.

—Mr. Katase, what are your thoughts on how the businesses are prioritized?

Katase: As Ms. Haga mentioned, I believe everything is based on enhancing the respective strengths of the Eight Spears. The Company is seeking to achieve sustainable growth of the Eight Spears through a combination of organic growth and M&A. I feel that the Company's strength lies in its know-how of making one plus one equal more than two by successfully integrating new ideas and technologies and outstanding human resources from outside throughout the whole company through M&A. The corporate culture of sharing clear goals and working on them together under the leadership of the CEO serves as the foundation for that. I believe that if the Company is able to keep that up, it will continue to grow as a very unique

company. Japanese companies will inevitably continue to be reorganized and integrated, but I think one of the Company's biggest strengths is that it is able to enhance its business portfolio while successfully integrating management resources obtained through M&A.

—What things need to be addressed when it comes to "creating the high quality precision products that support society"?

Katase: Currently, the automotive industry and other industries that use semiconductors are being heavily impacted by the semiconductor shortage. In addition, the importance of risk management, including within the supply chain, is now universally recognized based on the concept of international "supply chain resiliency,"* and both governments and private companies have launched initiatives in that regard. As customer requirements for stable supply become increasingly strict, it is very important for management to continually look into whether the Company's response is sufficient and whether a satisfactory system is in place, and to take action as appropriate.

* Supply chain resiliency: Addressing risks in the supply chain (minimizing the impact of adverse events and ensuring robustness for improving business continuity)

Yoshida: I think it's important that the Company's executives properly recognize the strategy and direction and work on specific initiatives. For example, when expanding our business domain, we will promote expansion into neighboring domains where we can utilize our strengths or domains in which we can generate synergy. In addition, to promote "INTEGRATION," it is important to engage in efforts that go beyond the business unit level, so it is essential that we build a system to make it possible through improving the capabilities of upper management and promoting exchanges between organizations.

Under the strong leadership of the CEO, we will promote the strategy and maximize product value that were mentioned earlier through efficient management by means of a matrix organizational structure that integrates both vertical and horizontal workflows.

■ What are your thoughts on the material issue of "maximizing the power of employees"?

Yoshida: Enhancement of human capital is essential if we are to properly respond to the two material issues we have discussed. For example, when it comes to positions that require a wide range of advanced expertise in things such as AI and DX, we recruit external human resources in addition to internal promotions. We set up operations in the United States and Singapore in 1972 and later expanded into Southeast Asia, so we have a high percentage of overseas employees. Because of our global operations, we have taken up diversity as a management issue. Going forward, we will further enhance these efforts in response to the growing importance of strengthening human resources, while taking into account our management policies and customer needs.

—Ms. Matsumura, what are your thoughts on the sense of unity in global business development?

Matsumura: I believe that sharing a common awareness based on the corporate philosophy is important when it comes to uniting all employees to improve corporate value in global business development. At each of the locations in

Southeast Asia that I visited, I got a strong sense that the Company's corporate philosophy and company credo had been instilled in each of the local staff, leading to higher motivation among overseas employees.

I also feel that the shared sense of pride for the Company helps foster a sense of unity within the Group. At the same time, I feel that having Japanese employees trained to be global resources playing active roles at each location around the world is another strength of the Company. The Company's global human resources are regarded as ones that are passionate and curious, capable of independent thought, familiar with the basics of manufacturing, possess a global perspective, and act based on a spirit of challenge. By providing employees with opportunities to work around the world after receiving thorough training, I feel that the Company is gradually developing global human resources that are highly capable. I am also very happy to see that the number of women playing an active role is increasing overseas.

Up to now, I have been involved in international economics research, so I look at the Group's management from a global perspective. In my visits to Southeast Asia, my impression was that INTEGRATION was going very well between the Japanese expatriates and the local staff. I will continue to provide advice on matters such as global human resources development.

—What sense do you have of progress on diversity and inclusion efforts?

Matsumura: A project was launched last September to promote women's advancement, and in December, the Company held an online seminar on diversity. The purpose of the seminar was to foster awareness and a culture of promoting the active participation of women. In my lecture, I focused on the benefits brought about by diversity or, in other words, the positive effects of activating INTEGRATION capabilities of human resources and measures to realize activation of INTEGRATION capabilities. There were various reactions from both male and female employees, and I got a strong sense of progress. Project activities are moving forward favorably, and I believe one of the effects is the Company receiving the highest level of "Eruboshi" certification. Obtaining this certification will not only increase the social reputation of the Company but will also make for a selling point to stakeholders. I believe it will also have a very positive effect on hiring activities.

Nevertheless, obtaining the highest level of "Eruboshi" certification is only a check point along the way to further improvement. For example, the percentage of women in management positions at the Company in Japan is lower than the industry average. First, I think it is important to make an effort to increase the percentage of women hired and to expand the opportunities for women to play active roles, including by enhancing the training system for women. Through the activities that have been carried out up to this point, I feel that there are many female employees at the Company who have a strong desire to contribute to its growth.

At the same time, there are a certain number of female employees who are struggling to balance their work with child rearing. A network has been put in place to allow

employees facing these same difficulties to share opinions amongst themselves, and it is functioning effectively. I think it's also important to create an efficient system that will allow employees to continue to take advantage of networks such as this.

In addition to promoting women's advancement, I think it is vital that the Company aim to create workplaces that are comfortable for all employees so that all employees, regardless of gender, nationality, or other personal characteristics, can reach their maximum potential. I believe that improving diversity will also have a positive effect on business ideas and establishment of corporate strategies. As such, it is necessary to work on solving various problems faced by employees in each position, and the challenge will be coming up with a detailed response for creating a better working environment.

—Ms. Haga, what things do you think need to be addressed when it comes to "maximizing the power of employees"?

Haga: One of the distinctive characteristics of the Company is that it employs around 100,000 people, 90% of which are overseas employees. This size is a strength, but at the same time, when a company gets this big, some things can get overlooked by its headquarters, creating concern over compliance risks. I feel that it is necessary to conduct a survey on motivation at each workplace so that headquarters can properly track what's going on at the work sites. There are cases where risks become manifest when motivation drops, so compliance-related risks can be avoided by regularly checking for changes in motivation at each workplace. This will also confirm whether or not employees are reaching their maximum potential at each workplace.

I also think the Company needs to prepare an environment conducive to the younger generation being able to reach their potential and look into ways to reflect it in the business. It will also be important to utilize ideas from the younger generation in the innovation that Mr. Katase talked about.

Yoshida: We've launched a project for conducting a comprehensive review of the personnel system, and the CEO is participating.

By creating opportunities for everyone to play an active role, regardless of age, gender, or nationality and reviewing things such as medium- to long-term training and screening, we will establish an environment in which employees can reach their full potential. We will then tie this into sustainable growth.

—MinebeaMitsumi's Outside Directors leverage their specialized knowledge and high-level experience as they closely monitor efforts to address material issues, comparing them against outside values and global trends. In addition, by actively providing advice for management and supervising the execution of duties, they support solutions for the Company's material issues and work on ensuring sustainable growth and improving corporate value over the medium to long term.



Director,
Senior Managing
Executive Officer
Katsuhiko
Yoshida

Corporate Governance

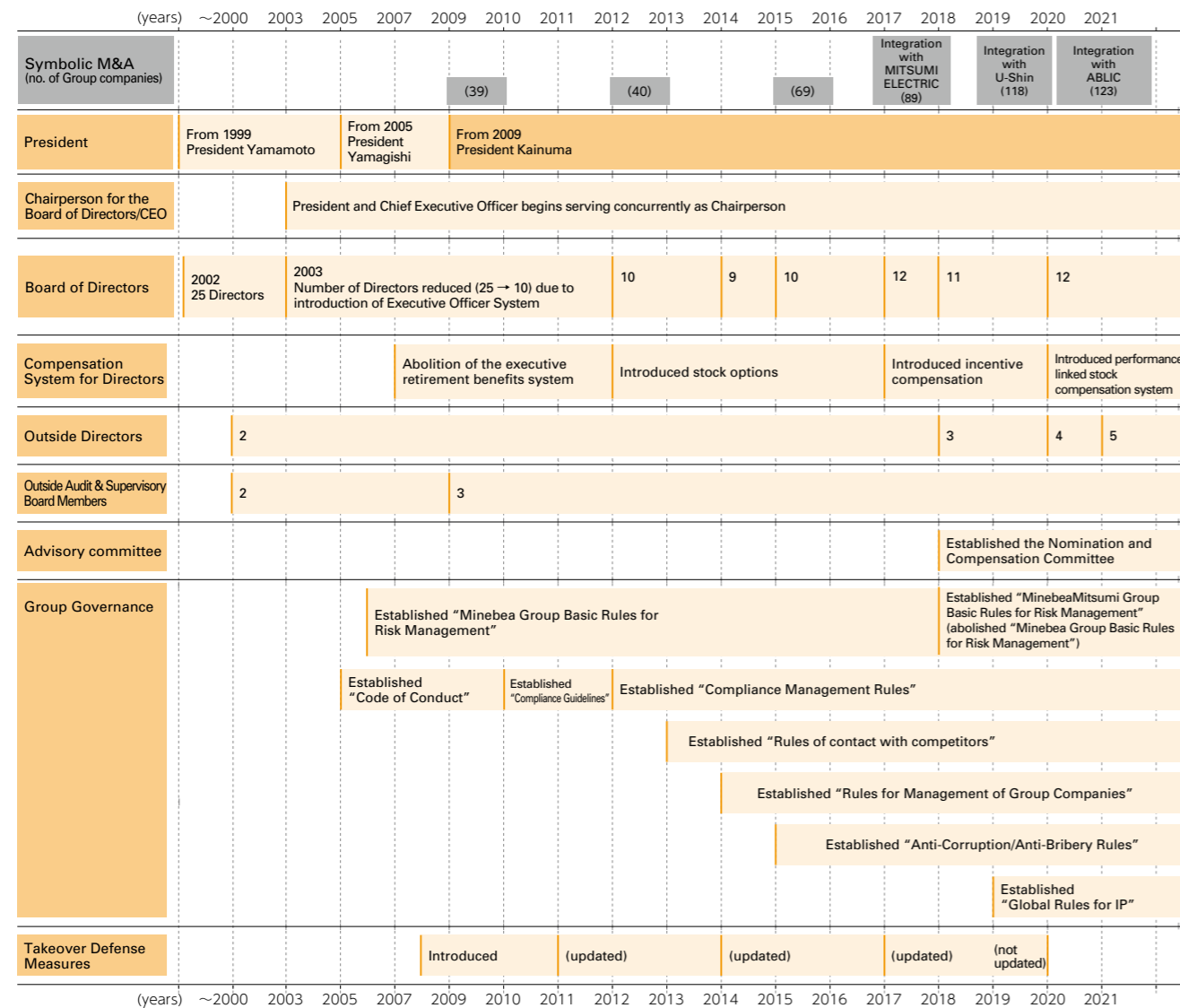
We are continuing to enhance and reinforce the corporate governance, which will be the basis of sustainable growth

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. In order to achieve this, MinebeaMitsumi is taking efforts to enhance our corporate governance system by maintaining transparency and objectivity of management as well as building management and supervisory function and business executing function.

History of corporate governance



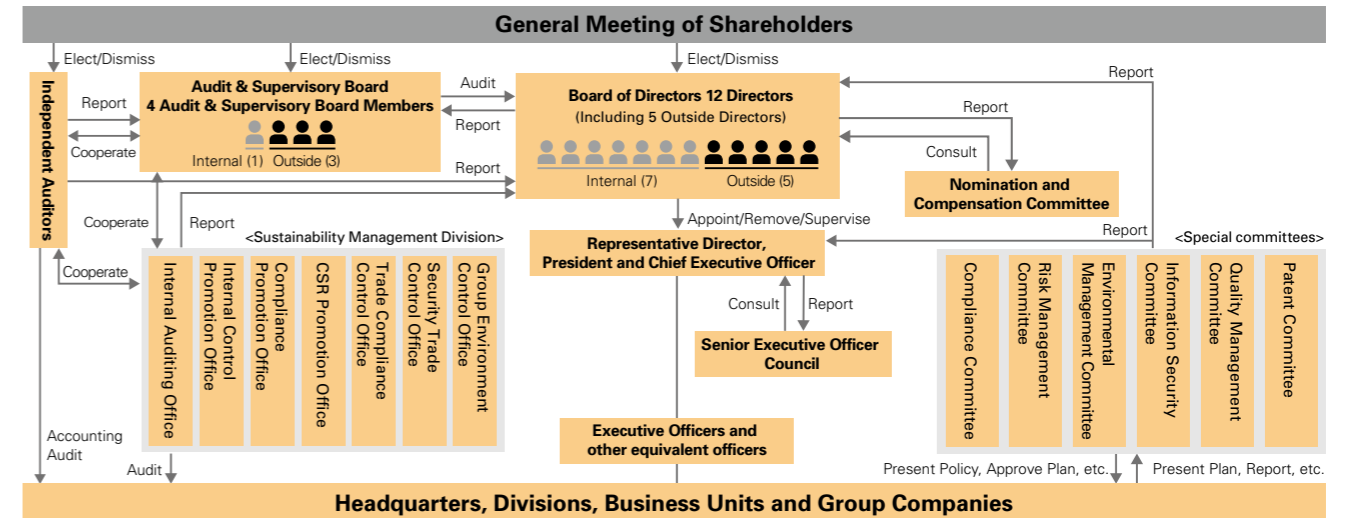
Highlights of corporate governance

Publish skills matrix of all Directors and Audit & Supervisory Board Members

Increase percentage of Outside Directors (+1; 5 out of 12 Directors)

Third party evaluation on the Board of Directors

Corporate governance system



Status of the Board of Directors

In order to place importance on the diversity of the Board of Directors and realize improved sustainable corporate value, the Nomination and Compensation Committee will recommend candidates who possess the required knowledge, experience, skill set, and international competence to the Board of Directors. The candidates will be approved by the Board of Directors and then submitted to the General Meeting of Shareholders for final approval. In order to boost the transparency and objectivity of

management, supervise business execution, and make highly strategic decisions, five of the 12 Directors are independent Outside Directors. Furthermore, the Company makes significant transfer of the authority from Directors to Executive Officers and other equivalent officers by introducing an Executive Officer System to facilitate a clear distinction between supervisory functions and executing functions of management, and to speed up the business execution.

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 is an important tool to check whether the Board of Directors as a whole is 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 to improve effectiveness. In fiscal 2020, a third party conducted a questionnaire for evaluating the effectiveness of the Board of Directors. Regarding the analysis and evaluation by a third party,

an opinion was received, which stated, "Due to the results of the questionnaire, we do not have any significant concerns regarding the effectiveness of the Board of Directors of the Company." As a result of a free discussion that took place between Directors and Audit & Supervisory Board Members at the Board of Directors meeting in June 2021 based on this, the Board of Directors evaluated as "The Board of Directors in fiscal 2020 functioned appropriately overall," and discussed initiatives in the current fiscal year for ensuring the effectiveness of the Board of Directors.

Initiatives carried out this fiscal year

The Company decided to regularly hold discussions in the Board of Directors meetings to more proactively discuss "initiatives to promote sustainability" and further deepen initiatives for sustainability issues, primarily the green transformation (GX) in the Company.

Message from Chairman of the Nomination and Compensation Committee (Kohshi Murakami, Outside Director)



Outside Director
Kohshi Murakami

The Nomination and Compensation Committee of the Company was established in December 2018 as a voluntary advisory body that complements the function of the Board of Directors. In order to strengthen its management supervisory functions, this committee has an independent Outside Director as Chairman, and independent Outside Directors comprising at least half of its members. Being independent from the Board of Directors, this committee strives to maintain objectivity and accountability to stakeholders on matters related to the nomination and remuneration to Directors. As the Corporate Governance Code was revised in June 2021, the committee is taking further efforts to enhance corporate governance. I will continue to serve as Chairman of the Nomination and Compensation Committee, recognizing that the committee is the main foundational support of the governance of the Company.

Status of main activities of Nomination and Compensation Committee (fiscal year ended March 2021)

In terms of nomination of Directors, the committee considered proposals for candidates for Director (new election and reappointments). Following interviews with the candidates for Director, the committee deliberated their eligibility as Directors of the Company and recommended their conclusions to the Board of Directors. The committee also considered the succession plan for CEO, etc. and started discussion on the ideal successor, the means of selecting candidates for successor, and their development plan.

It is extremely important to identify the ideal successor for CEO who is capable of driving the growth of the Company. Therefore, it has been decided to continue discussing this

matter within the committee.

In terms of remuneration to Directors, the committee conducted interviews with Directors, deliberated the appropriateness of remuneration to individual Directors, and recommended their conclusions to the Board of Directors. To motivate Directors toward ESG initiatives, the committee recommended to and received approval from the Board of Directors to newly add ESG initiatives as part of the qualitative evaluation of individual Directors. The committee also discussed the policy for determining remuneration to individual Directors in line with the revised Companies Act, as well as the level of remuneration to Directors.

Skills matrix of Directors and Audit & Supervisory Board Members

Name	Position	Expertise and background especially expected										
		Corporate management	M&A	Global	Manufacturing	Sales	Technological development	Environment and social	Legal affairs	Finance and accounting	Tax affairs	Government agencies
Yoshihisa Kainuma	Representative Director, Chairman & President (CEO & COO)	○	○	○	○	○				○		○
Shigeru Moribe	Representative Director, Vice Chairman	○		○		○						
Ryozo Iwaya	Director, Vice President Executive Officer	○		○	○	○						
Shigeru None	Director, Senior Managing Executive Officer	○		○		○						
Michiya Kagami	Director, Senior Managing Executive Officer	○		○			○					
Katsuhiko Yoshida	Director, Senior Managing Executive Officer	○	○	○						○		
Hiroshi Aso	Director, Managing Executive Officer	○			○		○					
Kohshi Murakami	Outside Director									○		○
Atsuko Matsumura	Outside Director			○					○			
Yuko Haga	Outside Director	○	○	○								
Hirofumi Katase	Outside Director	○		○						○		○
Takashi Matsuoka	Outside Director	○								○		
Naoyuki Kimura	Standing Audit & Supervisory Board Member			○								
Koichi Yoshino	Standing Outside Audit & Supervisory Board Member	○	○	○						○		
Shinichiro Shibasaki	Outside Audit & Supervisory Board Member									○		
Makoto Hoshino	Outside Audit & Supervisory Board Member									○	○	

The skills matrix is used not only for considering officer candidates, but also maintaining a skill balance in the overall Board of Directors.

Remuneration to Directors and Audit & Supervisory Board Members

In order to enhance the transparency and objectivity of processes for determining the remuneration of Directors, the Company has established the voluntary Nomination and Compensation Committee, which has an independent Outside Director as Chairman, and independent Outside Directors comprising at least half of its members. The remuneration to individual Directors is determined by a resolution of the Board of Directors after deliberation and recommendation thereto by the Nomination and

Compensation Committee, based on the following remuneration composition and calculation methods and within the maximum amount authorized by the General Meeting of Shareholders. The objectivity and transparency of the process of determining remuneration is maintained by the Nomination and Compensation Committee deliberating remuneration to individual Directors and recommending this to the Board of Directors.

<Basic remuneration>

Basic remuneration comprises job responsibility remuneration according to the Directors' individual positions and performance remuneration revised each fiscal year in consideration of individual performance, the performance of the Company and other factors, and is determined in a reasonable amount. As for remuneration of Outside Directors, the basic remuneration is determined by taking into consideration expected roles played by each Outside Director, etc.

<Performance-linked monetary compensation>

Bonuses for Directors are implemented to motivate Directors to increase corporate value, represented by stock prices, while emphasizing the final result of each fiscal year in the form of profit for the year.

Results indicators: Consolidated results (mainly the profit for the year), stock price levels, etc.

Results: Consolidated profit for the year of 38.7 billion yen, consolidated net sales growth rate of +1%, consolidated operating income of 51.1 billion yen, the Company's stock price performance of +14% compared to the Nikkei stock average.

Calculation method: Payment amount is calculated based on the bonus calculation table separately established depending on results. Furthermore, the bonus calculation table reflects the results, responsibilities, and outcomes based on the positions of each Internal Director.

<Performance-linked stock compensation (non-monetary compensation)>

The stock compensation system is introduced to enhance an awareness among the Company's Directors of contributing to improving corporate earnings over the medium and long term and growing corporate value by having them share with shareholders the same benefits and risks associated with share price fluctuations. The Company pays cash through a trust to acquire the Company's shares, and points are conferred to the Company's Directors according to the level of contribution to business performance, etc.

Performance indicator: Consolidated profit for the year
Results: Consolidated profit for the year of 38.7 billion yen

Calculation method: Calculated by combining quantitative and qualitative evaluation based on the point calculation table established in "Share Grant Regulations." The state of ESG initiatives have been partially incorporated into qualitative evaluations in order to increase sustainable corporate value. The number of points to be conferred in accordance with each Director's level of contribution to business performance, etc. is determined. They will be granted the number of the Company's shares equivalent to their total points at the time of their retirement.

Points conferred: Points conferred to eight Internal Directors as compensation in the fiscal year ended March 2021 totaled 8,192 points (equivalent to 8,192 of the Company's shares).

Incentive remuneration is introduced to motivate Directors to increase the Company's performance and corporate value by achieving the Midterm Business Plan.

Results indicators: Consolidated net sales, consolidated operating income, and market capitalization of the Company
Results: Consolidated net sales of 988.4 billion yen, consolidated operating income of 51.1 billion yen, market capitalization at the end of the fiscal year of 1,208.2 billion yen.

Calculation method: Payment amount is calculated based on the incentive remuneration calculation table separately established depending on results. Furthermore, the calculation table reflects the results, responsibilities, and outcomes based on the positions of Internal Directors.

Note that this incentive remuneration came to an end with the remuneration linked to the results of fiscal year ended March 2021.

Actual remuneration to Directors and Audit & Supervisory Board Members (fiscal year ended March 2021)

Categories	Number of payees	Amount of remuneration (millions of yen)			
		Basic remuneration	Performance-linked monetary compensation	Performance-linked stock compensation	Total
Directors (Outside Directors)	13 (4)	314 (42)	388 (Not applicable)	16 (Not applicable)	719 (42)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	4 (3)	48 (33)	Not applicable (Not applicable)	Not applicable (Not applicable)	48 (33)
Total	17	363	388	16	768

The above table includes amounts paid to Mr. Shuji Uehara, who retired from the position as Director at the conclusion of the 74th Ordinary General Meeting of Shareholders held on June 26, 2020.

List of Officers (As of August 2021)

Directors




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

Representative Director,
Chairman & President (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, Chairman & President (CEO & COO) (Present)
Dec. 2018 Member of the Nomination and Compensation Committee (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
Ryozo 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
Jun. 2015 Director (Present), Senior Managing Executive Officer
Jan. 2017 Chief of MITSUMI Business Headquarters of the Company (Present), Representative Director, Vice President and Chief Executive Officer, MITSUMI ELECTRIC CO., LTD.
Apr. 2017 Representative Director, President and Chief Executive Officer, MITSUMI ELECTRIC CO., LTD. (Present)
Jun. 2017 Chief of Electronic Device & Component Manufacturing Headquarters
Oct. 2019 Director, U-Shin Ltd. (Present)
Aug. 2019 Vice President Executive Officer, Officer in charge of Electronic Device & Component related Business (Present)
Apr. 2020 Director, ABLIC Inc. (Present)
Apr. 2021 Chief of Electronic Device & Component Business Headquarters (Present)

Reason for appointment

Mr. Ryozo 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 Business Headquarters, MITSUMI Business Headquarters, and U-Shin Business 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 oversees the entire sales division 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)
May 2018 Senior Managing Executive Officer (Present)
Apr. 2021 Head of Engineering Development Division at Electronic Device & Component Business Headquarters (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.



Attendance at the Board of Directors Meeting
100% (10/10)


Director, Senior Managing Executive Officer
Katsuhiko Yoshida

Apr. 1984 Joined the Company
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
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 (Present)
Apr. 2020 Director, ABLIC Inc. (Present)
Jun. 2020 Director, Chief of Tokyo Head Office (Present), Officer in charge of Sustainability Management Division
Director, Vice President Executive Officer, MITSUMI ELECTRIC CO., LTD. (Present)
Director, U-Shin Ltd. (Present)
Apr. 2021 Head of Business Administration and Corporate Planning Division, Head of Sustainability Management Division (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 oversees the entire administration division, including corporate planning and investor relations, as Director, Chief of Tokyo Head Office and properly fulfills his role.

Directors



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)
Apr. 2020 Officer in charge of Semiconductor Division of the Company, Director, ABLIC Inc. (Present)
Aug. 2020 Chief of INTEGRATION Promotion Headquarters of the Company (Present)
Apr. 2021 Head of Semiconductor Division (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, Head of Semiconductor Division, and Chief of INTEGRATION Promotion Headquarters.

Independent Outside Directors



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
Jun. 2016 Outside Director, RENESAS EASTON Co., Ltd. (currently Glosel Co., Ltd.) (Present)
Jun. 2018 Outside Director of the Company (Present)
Dec. 2018 Member of the Nomination and Compensation Committee (Present)

Reason for appointment

Ms. Atsuko Matsumura has expertise in international economics as well as broad knowledge and experience. She was appointed to provide supervision and advice that utilizes her knowledge and experience.

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
Jun. 2008 Outside Director of the Company (Present)
Apr. 2010 Professor, Juris Doctor Program, Daito Bunka University
Dec. 2018 Chairman of the Nomination and Compensation Committee (Present)

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 to provide supervision and advice that utilizes his insight and experience.




Attendance at the Board of Directors Meeting
100% (10/10)

Outside Director
Yuko Haga

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)
Member of the Nomination and Compensation Committee (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 to provide supervision and advice that utilizes her knowledge and experience.




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

Outside Director
Hirofumi Katase
(Assumed the office on June 29, 2021)

Apr. 1982 Joined Ministry of International Trade and Industry
Oct. 2000 Director, Economic Policy Unit, Minister's Secretariat, Ministry of International Trade and Industry
Jul. 2002 Director, Petroleum and Natural Gas Division, Agency for Natural Resources and Energy
Jul. 2006 Director, Aerospace and Defense Industry Division, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry
Aug. 2008 Director for International Industry Research, Minister's Secretariat, Trade Policy Bureau, Ministry of Economy, Trade and Industry
Jul. 2009 Deputy Director-General for Trade and Economic Cooperation Bureau and International Exhibitions, Minister's Secretariat, Ministry of Economy, Trade and Industry
Jul. 2010 Deputy Director-General, Secretariat of the Space Development Strategy Headquarters, Councillor, Cabinet Secretariat
Jul. 2012 Deputy Director-General for International Trade Policy, Minister's Secretariat, Ministry of Economy, Trade and Industry
Jun. 2013 Director-General, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry
Jul. 2015 Director-General, Trade Policy Bureau, Ministry of Economy, Trade and Industry
Jun. 2016 Vice-Minister for International Affairs
Jul. 2017 Special Advisor to the Ministry of Economy, Trade and Industry
Dec. 2017 Executive Vice Chairman & Director, I-Pulse Inc. (Present)
Jun. 2021 Outside Director of the Company (Present)

Reason for appointment

Mr. Hirofumi Katase has expertise in economy, industry, technological development, international trading, energy, environment, space development, etc. as well as broad knowledge and experience nurtured through holding important posts in the government agencies. He was appointed to provide supervision and advice that utilizes his knowledge and experience.



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 to provide supervision and advice that utilizes his insight and experience.

Audit & Supervisory Board Member



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

Attendance at the Audit & Supervisory Board Meeting
100%(16/16)

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 (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 is appointed so that his abundant experience and accumulated knowledge will 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%(16/16)

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)
Apr. 2015 Visiting Professor, Tokai University School of Medicine (Present)
Dec. 2018 Member of the Nomination and Compensation Committee of the Company (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.

Independent Outside Audit & Supervisory Board Members



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

Attendance at the Audit & Supervisory Board Meeting
100%(16/16)

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.



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

Attendance at the Audit & Supervisory Board Meeting
100%(16/16)

Outside Audit & Supervisory Board Member
Makoto Hoshino

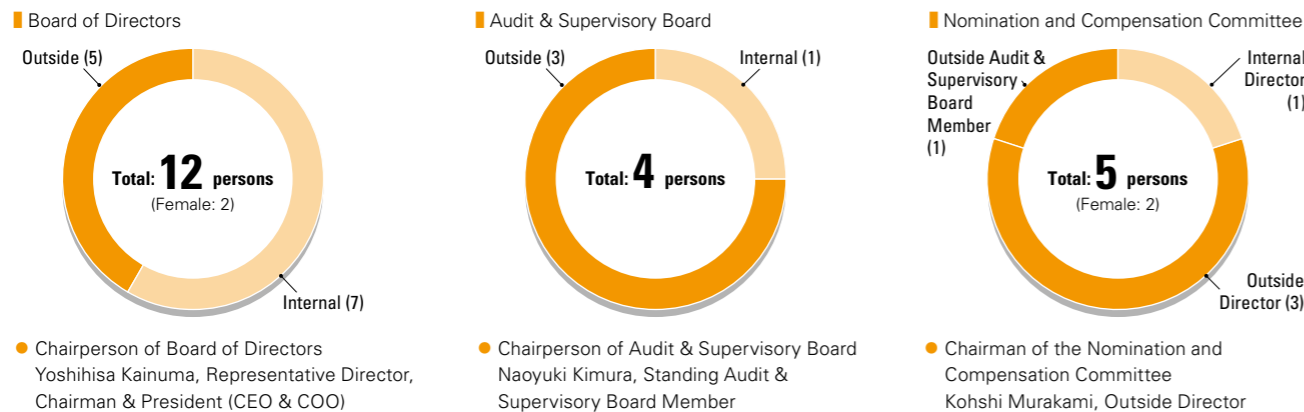
Apr. 1980 Joined Kantoshinetsu Regional Taxation Bureau
Jul. 2006 Chief Examiner, Large Enterprise Examination and Criminal Investigation Department, Kantoshinetsu Regional Taxation Bureau
Jul. 2007 Special Officer, Management and Co-ordination Department, Kantoshinetsu Regional Taxation Bureau
Jul. 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, Representative of 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.

Overview of organizational bodies (As of June 29, 2021)

Organization form: Company with Audit & Supervisory Board
(established the voluntary Nomination and Compensation Committee)



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 Group 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>

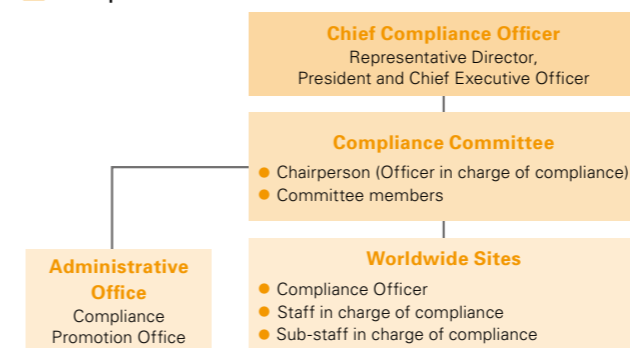
To continue to act appropriately as a corporate citizen, the Company has established the "MinebeaMitsumi Group Code of Conduct" and "MinebeaMitsumi Group Officer and Employee Compliance Guidelines," and on the basis of these policies, we strive to achieve fair, appropriate and highly transparent management.

<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, the administrative body for the Compliance Committee, implements 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 ended 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 are prepared for various risks based on 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 Rules 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 and 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 components 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 Thailand, which has the MinebeaMitsumi Group's core plants, we acquired the international standard ISO22301 for our business continuity management system (BCMS) at the Bang Pa-in Plant, Lop Buri Plant, Rojana Plant and Navanakorn Plant, followed by the Ayutthaya Plant and Ban Wa Plant in April 2021. We are working on activities that further promote business continuity.

In addressing the 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. We are striving to reduce risk by permeating BCP pertaining to infectious disease into production bases that are expanding globally as best practice and strengthening measures.

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, 2021.

External environment

1 Risk related to natural and other disasters

Damages or reduced operations at the operational bases of our Group or its suppliers arising from natural disasters such as typhoons, earthquakes, and floods, fires and other accidents, or the spread of new infectious diseases could impact our operating results and financial position.

In response, the Group tracks risks using the results of hazard maps, risk surveys, etc. related to natural disasters at each base, and implements countermeasures, stockpiling, disaster prevention drills, and other preparations during normal times. Additionally, the headquarters (Risk Management Committee) and each base work closely together to further strengthen the crisis management system.

2 Latent risk related to operations overseas

Our Group has 93 manufacturing facilities and 90 sales facilities in 27 countries, including regions where there are risks of unexpected changes to laws or regulations, large-scale labor disputes, acts of terrorism, war, or other occurrences that could disrupt social order. In response, we have established crisis management manuals for our overseas bases and are working to enhance our preparation for unexpected situations. At the same time, we coordinate closely with the relevant authorities in each country and region and work to ensure the safety of the companies and employees in the event of an emergency. In addition, we are working on gaining recognition as a community-based company not only from the relevant authorities but also from local residents by actively engaging in social contribution activities in each area.

Furthermore, through the development of overseas plants for mass production and our global R&D structure, we have established a risk diversification system that supports revenues via a product mix that is effective against changes in the external environment and global production bases that complement each other.

3 Risk associated with exchange rate fluctuation

Sudden, unpredictable fluctuations in the currencies may impact our operating results and financial position because a significant portion of our consolidated net sales and production occur outside Japan. For that reason, we use hedging, under certain rules, 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.

A sudden decline in demand or price competition with low-priced products manufactured overseas can affect our operating results and financial position. As such, the Group operates in accordance with the management strategies of "Reinforcing Core Businesses,"

"Diversified Niches (the Eight Spears)," and "Generating Synergies through 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 disputes over intellectual property and flooding of the market with counterfeit products

There is a risk that a third party may bring a lawsuit against us in relation to our products for infringement of intellectual property rights. In addition, were counterfeits of our products to be distributed, it could impact our sales and harm our brand or credibility.

In order to reduce the risk of lawsuits related to infringement of intellectual property rights, we research the intellectual property rights of other companies during the development and design stage and address intellectual property rights that could present a problem. Furthermore, we have registered our trademarks with customs and have established a system for monitoring counterfeit products. We also actively acquire intellectual property rights for our newly developed products. The Patent Committee manages and implements the above actions as appropriate.

7 Legal risk

As we engage in a wide range of business activities in Japan and overseas, serious disputes and lawsuits could potentially arise between our Group and its customers, consumers, suppliers, competitors, governments, and others in relation to contract violations, illegal activities, or other matters. We have established Guidelines for Consultations with the Legal Department in order to prevent serious disputes and lawsuits. Important management matters and contracts requiring legal review must be brought to the Legal Division in Japan and overseas beforehand. In addition, in the event of a serious dispute or lawsuit, the Legal Division and legal advisors will play a central role in coordinating with the related internal departments to resolve the dispute/lawsuit appropriately and in a timely manner.

8 Risk related to environmental laws and regulations

Our business is subject to various environmental laws and regulations that are in effect in the regions where we operate. Although we pay due attention to ensuring compliance with all such laws and regulations, we could be subject to losses in the event that an incident involving environmental contamination were to occur or in the event that the possibility of such an incident were to arise.

For this reason, the Group has established an environmental management structure (Environmental Management Committee) under the "MinebeaMitsumi Group Environmental Policy," and appointed a Manager of Environmental Management. The Committee engages in rigorous risk mitigation and other activities designed to proactively prevent environmental pollution.

Internal environment

1 Risk related to compliance

We engage in a wide range of businesses all around the world and are subject to the laws and regulations that are in effect in each region. As such, there is a possibility of future legal violations, and in addition, changes in laws and regulations, including the interpretation or enforcement thereof, may make compliance more complex and could even incur higher costs related to compliance.

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. To ensure thorough compliance with these, we have established a Compliance Committee and have built a system for verifying that the Group's legal compliance structure is properly managed. On the practical side, the department in charge, as stipulated within the MinebeaMitsumi Group Officer and Employee Compliance Guidelines, is in charge of complying with laws and regulations in operations and the Internal Auditing Office conducts audits. Meanwhile, on the internal control side of things, the Internal Control Promotion Office has primary responsibility for ensuring the reliability of financial reporting. These organizations work to increase the effectiveness of legal compliance throughout the entire Group.

2 Quality risk

Our products are used in applications that require a high degree of precision in the general market and many industrial fields, including products that could affect human health and safety such as automobiles, aircraft, and medical devices. We recognize the social responsibility we bear and have a system in place to ensure our products are of the highest quality. At the same time, we have a mission (expectations) to provide customers with environments, health, peace of mind, and safety by selecting primary materials, parts, and secondary materials and engaging in design and development that takes the application into careful consideration. If any of our products were found to be defective and resulted in a serious accident in the market, the suspension of our customers' manufacturing operations, or a product recall, we could incur significant expenses or lose public confidence, both of which could result in a material adverse effect on our operating results and financial status.

We have implemented the countermeasures below, fully recognizing our social responsibility based on the MinebeaMitsumi Group Quality Policy.

- Thorough action on lessons learned from quality problems (prevention of occurrence and recurrence)
- Investigation and verification in design stage and strengthening of management structure within supply chain

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. However, if the acquired company or alliance partner's business suffers a greater-than-anticipated decline in profitability or deterioration of its financial position due to changes in the business environment, this could impact our operating results and financial position.

- Thorough communication of and compliance with various laws and regulations and customer requirements
- Sharing of information and deployment of measures through company-wide meetings, on-site audits, etc.

3 Risk related to information security

Through the course of our business operations, we obtain large amounts of important information, including personal information. While we maintain information security policies that prevent the undesired disclosure as well as unintended use of information, a security breach could occur due to unforeseen circumstances. Addressing such an incident could incur huge losses and expose us to the risk of losing public confidence.

For this reason, we have put in place a system for verifying that our information security system is operating properly, which includes establishing an Information Security Policy and an Information Security Committee. We also implement information security education and administer tests to ensure comprehension, working to prevent information leaks resulting from loss or theft of devices, carelessness, etc.

In addition to the above, we address problems with security vulnerabilities in the network devices, computers, servers, etc. used in our operations by updating to the latest versions that have been confirmed to be stable. This is done as a measure to prevent suspension of operations and information leaks due to computer viruses, malware, unauthorized access and other cyberattacks or system intrusions. We have also installed anti-virus and anti-malware software and introduced 24/7 information security system that utilizes AI to ensure proper operations.

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. However, in the event that we were unable to bring our R&D efforts to fruition or a competitor were to create a superior product to ours, this could prevent us from achieving future sales and revenue targets, thereby impacting our operating results and financial position.

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.