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.

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.

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 2021
  • 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 2039. 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.

Emissions from our plants and other facilities

- Fuel combustion, PFC
  - 78,000 t-CO₂
- Electricity usage
  - 770,000 t-CO₂

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

- Fuel combustion, PFC
  - 78,000 t-CO₂

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.

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.

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

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Green Products' sales targets

- Percentage of net sales of Green Products
  - 90% or more

Green Products certification system

- Environmentally friendly products
  - Designation as Green Products
    - Development and design
    - Product planning

- Green Products commercialization
  - Beakers
  - Connectors and switches
  - Power supplies
  - Analog semiconductor
  - Motors
  - Access products
  - Software
  - Wireless communications

MinebeaMitsumi Group Environmental Management

- Materials issue
  - Analog semiconductor
  - Beakers
  - Connectors and switches
  - Power supplies
  - Wireless communications

Criteria for designation as Green Products

- In designing
  - Selection of environmentally friendly materials
  - Selection of energy-efficient materials
  - Use of recycled and reused materials
  - Consistent on disposal of products
  - Confirmation of tonnage of prohibited substance
- In manufacturing
  - Reduction of electric power consumption
  - Reduction of raw and indirect materials
  - Reduction of waste
  - Reduction of chemical substances
  - Reduction of water usage
- In shipment
  - Use of packaging materials with high contribution for the environment
  - Reuse of packaging materials
  - Reduction of CO₂ in logistics
- In using
  - Reduction of electric power consumption
  - Smaller products
  - Lighter products
  - Longer product life

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Chapter IV Initiatives to Support Value Creation

Initiatives for the Environment

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

\[
\text{Volume of avoided CO2 emissions} = \frac{C_d \times H_p \times L \times \text{Sold volume in the fiscal year}}{\text{Coefficient for CO2 emissions}}
\]

- \(C_d\): Volume of emissions directly avoided by CO2 (t-CO2)
- \(H_p\): Reduction of electric power consumption in a rated condition (KW)
- \(L\): Load factor during actual state of operation compared with rated usage conditions
- \(\text{Coefficient for CO2 emissions}\): Coefficient for CO2 emissions from power consumption (S-5001 kg-CO2/kW•h)
- \(F\): Sales volume

■ Actual volume of avoided CO2 emissions and target

| Fiscal year ending March 2021 | 1,759,000 t-CO2 | Approx. 30% increase |
| Fiscal year ending March 2031 | Approx. 2,300,000 t-CO2 |

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.

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.

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.
Chapter IV Initiatives to Support Value Creation

Initiatives for the Environment

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

Goverance

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.

Board of Directors

- President and Chief Executive Officer
  - Having final responsibility, the President and Chief Executive Officer appoints someone to be responsible for managing climate change risks and opportunities and allocates the necessary resources.

Environmental Management Committee

- The Environmental Management Committee reports the results of assessments and reassessments of risks and opportunities related to climate change, the status of implementation of response plans, and the results of analysis of the impact on business strategies to the Risk Management Committee and the Board of Directors.

Risk Management Committee

- The Risk Management Committee promotes company-wide risk management to achieve business targets and mount a company-wide response to factors impeding business management. It also coordinates with the Environmental Management Committee on risks and opportunities related to climate change to promote integrated management.

Group Environmental Management Office

- The Group Environmental Management Office is responsible for the work of identifying and assessing risks and opportunities related to climate change and implementing management processes within the Group.

Senior Executive Officer Council

- As the person with final responsibility for addressing risks and opportunities related to climate change, the officer in charge of sustainability identifies and assesses risks and opportunities, supervises the management process, and reports the necessary information to the President and the Senior Executive Officer Council.

Carbon Neutral Steering Committee (CNSC)

- The CNSC works to reduce "electric power consumption" at plants and the "electric power that is consumed" using our products.

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."

<table>
<thead>
<tr>
<th>Item</th>
<th>Impact on business</th>
<th>Assessment</th>
<th>Response to risks/opportunities</th>
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</thead>
<tbody>
<tr>
<td>Intensification of abnormal weather (Supply chain interruptions and suspension of our operations)</td>
<td>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.</td>
<td>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.</td>
<td>We will develop and implement a BCP to 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.</td>
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<tr>
<td>Introduction of carbon taxes and emissions trading, carbon emissions targets in each country, and government policies (Increase in costs associated with addressing government policies)</td>
<td>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&amp;D to respond to this situation will be significant.</td>
<td>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.</td>
<td>We will promote advanced technological development and R&amp;D to meet decarbonization demand and will actively make calculated investments so as not to fall behind our competitors.</td>
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<tr>
<td>Advances in technology associated with transition to carbon-free society</td>
<td>Changes in product and service needs</td>
<td>Achieving resilience by responding to risks</td>
<td>Entry into new markets</td>
</tr>
<tr>
<td>- With the spread of clean energy, there is a possibility that the sales volume of bearings, motors, etc., which are important components of high efficiency equipment (such as drones and robots), will expand substantially as a result.</td>
<td>- 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.</td>
<td>- 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).</td>
<td>- The introduction of carbon taxes will increase in conjunction with the introduction of carbon taxes, GHG emissions trading, green electric power purchasing, etc.</td>
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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.

Preparing and assessing risk inventory | Calculating financial impact and determining severity | Indicators and objectives | Determination, implementation and checking progress of measures within risk response plans | Reporting to Board of Directors |
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<td>- We established a long-term environmental target of &quot;reducing CO2 emissions by 30% (SBT) compared to the fiscal year ended March 2021&quot;.</td>
<td>We will contribute to the realization of a sustainable society by taking up the challenge of becoming &quot;carbon neutral by 2050&quot; through &quot;decarbonization of energy&quot; and &quot;promotion of energy conservation.&quot;</td>
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| Initiative for TCFD recommendations |

Recognizing 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.

TCFD Task Force on Climate-related Financial Disclosures

- Governance
  - The Senior Executive Officer Council supervises the company’s approach to risks related to climate change and governance and challenges it as necessary. It is also responsible for ensuring 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.
- 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." 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."
Chapter IV Initiatives to Support Value Creation

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,” “practicing responsible procurement,” and “coexisting with local communities” as our initiatives for society.

Reinforcement of quality control systems

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

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<tr>
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<tr>
<td>Product Safety Council</td>
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<td>Safety Regulation Council</td>
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*The Quality Assurance Managers Council, Green Procurement Council, Product Safety Council, and Safety Regulation Council are comprised of members from each business unit and the Quality Assurance Headquarters.

Reinforcement of quality control systems

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.

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 data information, distribution and inventory information, and loading and unloading information to optimize storage bases and distribution methods.

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 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.
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.

We also conduct internal education on CSR procurement for our procurement and logistics divisions, and in the fiscal year ending 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 their business activities, we believe it is necessary to ensure responsible mineral procurement.

In the fiscal year ending 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.

“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.

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-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.

Human Rights Policies

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

- Respect for basic human rights
- Compliance with applicable laws
- Respect for international human rights agreements
- Prohibition of child labor and restrictions on employment of young workers
- Prohibition of forced labor
- Prohibition of discrimination
- Prohibition of harassment
- Respect for freedom of association and the right to collective bargaining
- Human rights due diligence
- Education
- Requests for suppliers to provide support and cooperation
- Information disclosure
- Scope

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

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 school-aged 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.

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 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, Karusawa Plant, Fujisawa Plant, Hamamatsu Plant, Hiroshima Plant, Chitose Plant, and other facilities around the globe.

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.

Cambodia Plant receives the “ASEAN-OSHNET Excellent Award”

Cambodia Plant was awarded the “Aisan-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.
Initiatives for Material Issues (Materiality) at MinebeaMitsumi

As the Company in the eyes of Outside Directors.

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 of 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 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 tomorrow. Leveraging our strengths in each of these areas, 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.

Matsumura: Are there any challenges when it comes to “contributing to solutions to environmental issues”?

Katase: 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 in order 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 target 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 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: We now need to continue 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.

Yoshida: 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, 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.
current priorities are focused on environmental, social, and governance (ESG) issues, and the company is committed to improving its environmental footprint and promoting sustainable practices throughout its operations. The company is also investing in research and development to develop new technologies and products that can help address global challenges such as climate change and resource depletion.

At the same time, the company is focused on its human resources strategy, with a particular emphasis on diversity, equity, and inclusion. The company has implemented various initiatives to attract and retain a diverse workforce, including programs to promote diversity in hiring and development, and efforts to create a more inclusive workplace culture. The company is also committed to ensuring that all employees have the opportunity to grow and develop their skills, with a focus on providing ongoing training and development opportunities.

In terms of sustainability, the company is committed to reducing its environmental impact and promoting sustainable practices throughout its operations. This includes initiatives such as reducing energy consumption, improving waste management, and promoting sustainable supply chains.

Overall, MinebeaMitsumi Group is focused on creating a sustainable and inclusive future, with a commitment to meeting the needs of both current and future generations. The company’s focus on sustainability and its dedication to creating a more sustainable future are examples of how corporations can play a role in shaping a more sustainable and just world.
## 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

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<tbody>
<tr>
<td>President</td>
<td>John Doe</td>
<td>Jane Smith</td>
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<tr>
<td>Board of Directors</td>
<td>12 Directors</td>
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### Corporate governance system

- **General Meeting of Shareholders**
  - **Report**
  - **Corporate Governance Report**
  - **Executive Officers and other equivalent officers**
  - **Third party evaluation on the Board of Directors**

- **Board of Directors**
  - **Established “MinebeaMitsumi Group Integrated Report”**
  - **Established “MinebeaMitsumi Group Integrated Governance”**
  - **Established “MinebeaMitsumi Group Code of Conduct”**
  - **Established “Rules for Management of Group Companies”**
  - **Established “Anti-Corruption/Anti-Bribery Rules”**
  - **Established “Global Rules for IP”**

- **Corporate Governance Audit**
  - **Established “Code of Conduct”**
  - **Established “MinebeaMitsumi Group Basic Rules for Risk Management”**
  - **Established “MinebeaMitsumi Group Basic Rules for Risk Management”**

- **Evaluation of the effectiveness of the Board of Directors**
  - **The Board of Directors 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 (G2) in the Company.”

### 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 performance. 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.

### Highlights of corporate governance

- **Increase percentage of Outside Directors (+1; 5 out of 12 Directors)**
- **Publish skills matrix of all Directors and Audit & Supervisory Board Members**
- **Third party evaluation on the Board of Directors**
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 recommendation of Directors, the committee also 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 report.

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Function</th>
<th>Corporate Governance</th>
<th>CBA</th>
<th>Decker</th>
<th>G&amp;A</th>
<th>C&amp;A</th>
<th>Corporate Finance</th>
<th>Tax</th>
<th>Internal Control</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kohshi Murakami</td>
<td>Outside Director, Chairman, Representative Director</td>
<td>☑</td>
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<tr>
<td>Ryoko Hirano</td>
<td>Director, Vice President Executive Officer</td>
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<tr>
<td>Tatsuya Kawai</td>
<td>Executive Director, Senior Managing Officer</td>
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<tr>
<td>Katsuhiko Moribe</td>
<td>President, Managing Director</td>
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<tr>
<td>Hiroshi Acu</td>
<td>Representative Director, Chairman of Representative Director</td>
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<tr>
<td>Takafumi Komatsu</td>
<td>Outside Director</td>
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<td>Takuji Matsuoka</td>
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<tr>
<td>Shinya Honda</td>
<td>Representative Director, Representative Director</td>
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<tr>
<td>Okiyama Shun</td>
<td>Representative Director, Representative Director</td>
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<tr>
<td>Hiroshi Fujita</td>
<td>Director, Senior Managing Officer</td>
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<tr>
<td>Michiya Endo</td>
<td>Director, Managing Director</td>
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<tr>
<td>Koichi Kainuma</td>
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<tr>
<td>Kisho Kagami</td>
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<tr>
<td>Yoichi Yoshino</td>
<td>Outside Director</td>
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<tr>
<td>Naoyuki Shibasaki</td>
<td>Outside Director</td>
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</table>

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 thereon 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 in order 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: Calculation is 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.

**Incentive remuneration**

Incentive remuneration is introduced in order 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 53.1 billion yen, market capitalization at the end of the fiscal year of 1,208.2 billion yen.

Calculation method: Calculation is 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 each Internal Director.

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Members</th>
<th>Basic remuneration</th>
<th>Performance-linked monetary compensation</th>
<th>Performance-linked stock compensation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>4</td>
<td>314 (42)</td>
<td>389</td>
<td>719 (42)</td>
<td>1,414</td>
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<tr>
<td>Audit &amp; Supervisory Board Members</td>
<td>3</td>
<td>38 (23)</td>
<td>Not applicable</td>
<td>48 (23)</td>
<td>130</td>
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<tr>
<td>Total</td>
<td>17</td>
<td>353 (23)</td>
<td>389</td>
<td>769</td>
<td>1,511</td>
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</table>

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

Chapter IV Initiatives to Support Value Creation

### Results indicators

- **Consolidated results (mainly the profit for the year)***

  - **Results**: Consolidated profit for the year of 38.7 billion yen.
  - **Consolidated results (mainly the profit for the year)**

- **Consolidated profit for the year of 38.7 billion yen**

  - **Calculation method**: Calculation is 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 monetary compensation**

  - **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.

- **Performance-linked stock compensation (non-monetary compensation)**

  - **Results**: Consolidated profit for the year of 38.7 billion yen.
  - **Calculation method**: Calculation is based on the bonus calculation table separately established depending on results. Furthermore, the calculation table reflects the results, responsibilities, and outcomes based on the positions of each Internal Director.

- **Incentive remuneration**

  - **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 53.1 billion yen, market capitalization at the end of the fiscal year of 1,208.2 billion yen.

- **Calculation method**: Calculation is 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 each Internal Director.

- **Note**: This incentive remuneration came to an end with the remuneration linked to the results of fiscal year ended March 2021.
## List of Officers (As of August 2021)

### Board of Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mr. Yoshihisa Kainuma</strong></td>
<td>Executive Officer</td>
<td>Jun. 2009 - current</td>
</tr>
<tr>
<td><strong>Mr. Katsuhiko Yoshida</strong></td>
<td>Director, Vice President Executive Officer</td>
<td>Apr. 2021</td>
</tr>
<tr>
<td><strong>Mr. Shigeru None</strong></td>
<td>Director, Senior Managing Executive Officer</td>
<td>Jun. 2017 - current</td>
</tr>
<tr>
<td><strong>Ms. Atsuko Matsumura</strong></td>
<td>Outside Director</td>
<td>Dec. 2015 - current</td>
</tr>
<tr>
<td><strong>Mr. Hirofumi Katase</strong></td>
<td>Outside Director</td>
<td>Nov. 2003 - current</td>
</tr>
<tr>
<td><strong>Mr. Koichi Moriyama</strong></td>
<td>Outside Director</td>
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</tr>
</tbody>
</table>

### Independent Outside Directors

<table>
<thead>
<tr>
<th>Name</th>
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<tbody>
<tr>
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<td>Independent Outside Director</td>
<td>Oct. 2015 - current</td>
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<tr>
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<td>Independent Outside Director</td>
<td>Oct. 2015 - current</td>
</tr>
</tbody>
</table>

## Corporate Governance

### Financial Strategy and Capital Policy

- **Initiatives to Support Value Creation**
- **Chapter I** (Financial Strategy and Capital Policy)
- **Chapter II** (Value Creation Story of MinebeaMitsumi)
- **Chapter III** (Activities for Value Creation)
- **Chapter IV** (Initiatives to Support Value Creation)

### Directors

- **CEO's Message/CGO's Message**
- **Chapter I** (Introduction)
- **Chapter II** (Value Creation Story of MinebeaMitsumi)
- **Chapter III** (Activities for Value Creation)
- **Chapter IV** (Initiatives to Support Value Creation)

### Independent Outside Directors

- **Outside Director**
- **Koichi Moriyama**
- **Outside Director**
- **Koichi Moriyama**
- **Outside Director**
- **Yuji Makino**
- **Outside Director**
- **Kenji Kato**
- **Outside Director**
- **Takeshi Matsuoka**

### Directors

- **CEO's Message/CGO's Message**
- **Chapter I** (Introduction)
- **Chapter II** (Value Creation Story of MinebeaMitsumi)
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- **Chapter IV** (Initiatives to Support Value Creation)

### Independent Outside Directors

- **Outside Director**
- **Koichi Moriyama**
- **Outside Director**
- **Koichi Moriyama**
- **Outside Director**
- **Yuji Makino**
- **Outside Director**
- **Kenji Kato**
- **Outside Director**
- **Takeshi Matsuoka**
Audit & Supervisory Board Member  

Mr. Naoyuki Kimura has a wide range of business experience, including in personnel, labor affairs, and other related areas. He was appointed to the Board of Directors on April 1, 2012. The Board of Directors approved his appointment on January 31, 2012, and he was elected as the representative of the Government of Japan on April 1, 2012. Mr. Kimura has been active in various fields, including the government, industry, and academia. He has held numerous positions, including as a director at the National Tax Agency, a member of the Board of Directors at the National Tax Agency, and a member of the Board of Directors at the National Tax Agency's Taxation Bureau. He has also been involved in various governmental and non-governmental organizations, including as a member of the Board of Directors at the National Tax Agency's Taxation Bureau, a member of the Board of Directors at the National Tax Agency's Taxation Bureau, and a member of the Board of Directors at the National Tax Agency's Taxation Bureau.

Independent Outside Audit & Supervisory Board Members  

Shinichiro Shibasaki

Mr. Shibasaki has been appointed to the Board of Directors on April 1, 2012. He is well-versed in corporate legal affairs as an attorney-at-law. He was appointed to the Board of Directors on January 31, 2012, and he was elected as the representative of the Government of Japan on April 1, 2012. Mr. Shibasaki has held various positions, including as a director at the National Tax Agency, a member of the Board of Directors at the National Tax Agency, and a member of the Board of Directors at the National Tax Agency's Taxation Bureau. He has also been involved in various governmental and non-governmental organizations, including as a member of the Board of Directors at the National Tax Agency's Taxation Bureau, a member of the Board of Directors at the National Tax Agency's Taxation Bureau, and a member of the Board of Directors at the National Tax Agency's Taxation Bureau.

Makoto Hoshino

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 the activities of the Company. He was appointed to the Board of Directors on January 31, 2012, and he was elected as the representative of the Government of Japan on April 1, 2012. Mr. Hoshino has held various positions, including as a director at the National Tax Agency, a member of the Board of Directors at the National Tax Agency, and a member of the Board of Directors at the National Tax Agency's Taxation Bureau. He has also been involved in various governmental and non-governmental organizations, including as a member of the Board of Directors at the National Tax Agency's Taxation Bureau, a member of the Board of Directors at the National Tax Agency's Taxation Bureau, and a member of the Board of Directors at the National Tax Agency's Taxation Bureau.

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

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Corporate Governance

Initiatives for Group governance

Mitsubishi Electric, U-Shin, and ABIC over the years 2017 to 2020.

Established in 2009 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 also enhancing risk management and compliance frameworks of the entire Group, and also seeking to improve effectiveness of our governance.

Reason for appointment

Mr. Shibasaki has a wide range of business experience, including in personnel, labor affairs, and other related areas. He was appointed to the Board of Directors on January 31, 2012, and he was elected as the representative of the Government of Japan on April 1, 2012. Mr. Shibasaki has held various positions, including as a director at the National Tax Agency, a member of the Board of Directors at the National Tax Agency, and a member of the Board of Directors at the National Tax Agency's Taxation Bureau. He has also been involved in various governmental and non-governmental organizations, including as a member of the Board of Directors at the National Tax Agency's Taxation Bureau, a member of the Board of Directors at the National Tax Agency's Taxation Bureau, and a member of the Board of Directors at the National Tax Agency's Taxation Bureau.

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Compliance

<b>Basic approach</b>

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

<b>Compliance promotion structure</b>

The President and Chief Executive Officer of the MinebeaMitsubishi 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 ABIC Inc., which joined the Group as a result of business integration.

Compliance framework

The President and Chief Executive Officer of the MinebeaMitsubishi Group has final responsibility for risk management, with major decisions regarding risk management being made by the Risk Management Committee. As a precautionary measure, MinebeaMitsubishi 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, MinebeaMitsubishi 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.

<b>BCP initiatives</b>

In the event of a major disaster, infectious diseases such as influenza, acts of terrorism or other emergency, we believe that our social responsibility includes confirming the safety of our employees and their families with the highest priority, as well as ensuring that, as a components manufacturer of products with worldwide market leadership, we can continuously 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 MinebeaMitsubishi Group’s core plants, we acquired the international standard ISO22301 for our business continuity management system (BCMS) at the Bang Pa-in Plant, Lap Buri Plant, Raja 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 MinebeaMitsubishi Group has set up a headquarters to take swift action. We have accordingly managed to keep damage to a minimum by promptly 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.

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Corporate Governance

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.

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.

1. External environment

1.1 Risk related to natural and other disasters

Disasters 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.

1.2 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 overseas bases and are working to enhance our preparation for unexpected situations, and 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 revenue via a product mix that is effective against changes in the external environment and global production bases that complement each other.

1.3 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.

1.4 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, audio and telecommunication equipment, household electrical appliances, automobiles, and aircraft components, are subject to extraordinary levels of competition 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.

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 care to environmental compliance to the extent that such laws and regulations require, 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 Group’s “Corporate Governance Policy,” and appointed a Manager of Environmental Management. The Committee engages in rigorous risk mitigation and other activities designed to proactively prevent environmental pollution.

9. Risk related to M&A 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 and new alliances with such partners as the cornerstone of our management strategy with the strategy of the other partner in alliance 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 fails to achieve 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.

Introduction/ CEO’s Message/CGO’s Message

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Value Creation Story of MinebeaMitsumi

Chapter III

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Chapter V

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