

To chart a sustained growth trajectory, how should MinebeaMitsumi continue to evolve to “maximize the power of employees”?

While listening to the background and objectives of the new management structure from Director Katsuhiko Yoshida, who assumed the position of President, COO & CFO in April 2023 (hereinafter referred to as “President Yoshida”), an exchange of opinions was held at our new offices in the Tokyo X Tech Garden with female Outside Directors, Ms. Yuko Miyazaki, Ms. Atsuko Matsumura and Ms. Yuko Haga, on the theme of how the Company should continue to evolve to maximize the power of employees, a theme of “human capital.”

Today, I am asking you about your opinions on our expectations for the new management structure and for further strengthening of our human capital.

— Please tell us about your enthusiasm for the new management system.

Yoshida: Our Company has changed over to a new management system in which former Representative Director, Chairman & President (CEO & COO) Yoshihisa Kainuma has assumed the post of Representative Director, Chairman CEO (“Chairman Kainuma” hereinafter) and I, former Senior Managing Executive Officer CFO, have assumed the post of President COO & CFO since April this year. Chairman Kainuma approached me at the beginning of the year about transitioning to a new management structure and I must admit that I was a bit surprised. However, I believe that things I need to do for our Company would not change although the duties of COO are added to my duties. So I prepared to assume the important tasks.

In the new management structure, I will take over the duties of COO that Chairman Kainuma has worked on. As CFO for many years, I have had the great opportunity to observe and learn about Chairman Kainuma’s corporate philosophy, management policy, and how he executes management strategy at close range. Fortunately, I believe that investors have understood this new management system which I observed at while meeting with the investors. I will work on executing my duties in cooperation with Chairman Kainuma in the future to accelerate our Company’s growth.

One thing I am particularly conscious of in the new management structure is to make time for Chairman Kainuma. I wish to allot time to Chairman Kainuma for tasks that can be performed only by him, such as building relationships with government officials inside and outside Japan by using his personal connections, developing high level strategies, and training the next-generation of human resources, which is a key objective for our Company. Next generation human resources training cannot be achieved in a short time, though, so I wish to be deeply involved with this process.

Matsumura: Since Chairman Kainuma assumed the post of President in 2009, he had raised our technical prowess and management power by putting his innovative ideas into practice, by using both organic growth and M&A growth. As a result, our Company has seen dramatic growth in net sales and operating income as well as technological and management capabilities. I believe that with the new management structure established by Chairman Kainuma and President Yoshida, we are now well-positioned to move forward toward our high goals for the fiscal year ending March 2029. Until now, Chairman Kainuma has led the management structure under his strong leadership, but I can sense his intention to groom the next generation under a new structure. I expect that Chairman Kainuma will continue to formulate strategies



Director, President
COO & CFO
**Katsuhiko
Yoshida**

based on firm management policies, and that President Yoshida will fulfill the roles of both COO and CFO, and demonstrate leadership by forming a unique team that incorporates talented professionals. The division of roles, made possible by the cleverness of these two individuals, will promote the further development of the Company.

Haga: I think the new management system has two broad meanings: a message to those outside the Company and a message to those inside the Company.

First, to institutional investors, who are outsiders, I am concerned that the message has been conveyed that nothing has changed. As President Yoshida explained earlier, the roles of Chairman and President will be divided and Chairman Kainuma himself plans to devote more time to human resource development and building the next generation for the organization, which are key issues that the Company has been focused on, may not as of yet, been properly conveyed to investors. I hope this roundtable discussion would constitute an important opportunity to disseminate the significance of the new management system to institutional investors. We also hope that you, inside the Company, will actively communicate the significance of this new management structure throughout the Company, including the various measures that will be taken to enable our employees to further demonstrate their abilities effectively, not only in Japan but also to our overseas staff working globally. I think that since President Yoshida will have additional COO duties in addition to his existing CFO duties, we believe it is necessary to systematically hand over the CFO duties to the next generation. I hope that President Yoshida will play an active role in spreading our corporate philosophy throughout the entire MinebeaMitsumi Group, including overseas.

Miyazaki: Regarding the new management structure, I understand that we have gained grace. I believe that the succession plan pertaining to Chairman Kainuma is a very great concern of people in both outside and inside the Company. This time, the management has formed a system in which former Senior Managing Executive Officer CFO Yoshida, who has been long engaged in management with and under Chairman Kainuma, has been appointed as President and has concurrently assumed a role of COO. However, to make a success of the succession, our quest is to find a capable person who can realize our future growth from the new generation of managers that are rising in our Company. In the short term, the new management structure may appear to the outside world as “nothing has changed on the surface of MinebeaMitsumi,” but in the medium to long term, the challenge will be to make use of the grace period afforded by the new management structure to continue efforts to draw a new picture within the organization and to promote management reforms that will entrust management to the next generation.

Yoshida: Thank you for your valuable opinions. First of all, to Director Haga’s point that “nothing has changed,” I joined our Company as a new college graduate. Looking back, I believe that Chairman Kainuma has been the driving force behind our Company’s continued success and sustained growth. Therefore, I think the view that our Company remains unchanged in the least should not be thought of as a negative point but rather as a sign that the Company will continue to grow as it has in the past, which is an important point. Moreover, I think Director Miyazaki’s opinion that our Company has gained grace was very candid and to the point. Going forward, the Company will continue the challenge of growth, management reform, and human resource development at a faster pace than ever before.

Matsumura: I believe under the new management structure that President Yoshida has given investors a sense of reassurance and security by continuing the execution of duties in the style of Chairman Kainuma, which he has learned over the years. Thanks to the new system, I believe that a positive trend has been created in regards to our succession plan, which was a key issue for our Company. As President



Outside Director
**Yuko
Miyazaki**

Yoshida explained, I expect that by taking the time to strengthen the management structure through various strategies by the two individuals working closely together, the Company will be able to achieve even stronger growth.

— I would like to ask the President about what points he is considering to maximize the power of employees.

Yoshida: Our most important management goal is to exceed 2.5 trillion yen in net sales and 250 billion yen in operating income by the fiscal year ending March 2029. In a business environment where various innovations are progressing at a remarkable speed worldwide, future management candidates will be required to deliver higher quality work than current heads of business units. We cannot achieve our high management goals unless we increase the number and quality of management executives by handing over to the next generation the posts of the current “active management team” who have accumulated a variety of experience in implementing Chairman Kainuma’s management strategies. I believe that our Company is faced with a phase that needs to focus on human resource development.

At present, I have some candidates for leaders (Class 1) assigned to important positions in business headquarters as on the job trainees “OJT,” learning business execution. Our business headquarters are operated as a single company-like organization with technological development, production, and administration divisions, and each of those divisions is addressing tough issues on site as it operates to their particular areas. In addition to strengthening this type of first tier human resources, we select a second tier of talents who are expected to take on the role of heads of business units in the future (Class 2). These Class 2 talents are exposed to active managerial staff members who will teach and train them to their experience and management know-how. Moreover, since this fiscal year, we have introduced a three-class approach to the succession plan, and selected the next generation of capable persons who are the next group of talents expected to assume the post of heads of business units (Class 3). The Tokyo X Tech Garden has a large hall for training where candidates for executives have an opportunity to learn Chairman Kainuma’s management philosophy.

Director Haga has provided her opinion about transfer of my duties of CFO. Regarding that opinion, I have established the COO & CFO Office, for which I have selected four staff members. Those members participate in outside technical training as well as share in all of my daily duties. This activity is aimed at training the next generation of CFO and the training will continue over several years in the future.

Matsumura: Through this explanation of human resource development, I understand that human resource pools have been and continue to be developed at three levels using various initiatives, such as on-the-job training. Until last year, the evaluation and selection of human resources were based on different criteria in each division, but this human resource development program presents a strategy to identify employees who are expected to make a high degree of

contribution to the Company, and to pool and develop business leaders who have the ability to organize the employees around them. I believe that this will yield a continuous enhancement of corporate value.

The new policy also clarifies the type of human resources we are looking for. The vision of the program calls for “leaders who can enhance and evolve the business with their ability to think big and execute with a strong sense of vision” and “engineers who can boldly take on the challenge of the resolution of social issues through the use of technological deepening and INTEGRATION*1.” I believe that adding the “ability to look at the whole picture” applied to the conventional personnel evaluations is an important aspect of our growth as a company that is looked at by society favorably. It will lead to the effective INTEGRATION of technologies across the entire Company to solve social issues.

This time, a group of 61 future leaders has been formed by using such measures as a diagnostic test for logical thinking to find capable human capital. The results of the diagnostic test have concluded that each department includes a certain number of excellent high ranking employees; namely, these individuals can comprehensively examine management and business challenges. These high scorers are the Company’s strength, and by combining these employees with external appointments we hope to develop a strong talent pool through effective HR programs.

On the other hand, one of the issues to be addressed is the “promotion and advancement of women is and continues to be one of the Company’s D&I*2 initiatives. I have been involved in this issue since the launch of the Company’s promotion of women’s advancement project, but we still have a long way to go. In particular, one example is that the percentage of female managers is currently low at 3.2% (on the non-consolidated basis as of the end of June 2023). Using this example, the results of this diagnostic test also showed that many of our female employees are highly capable of being considered to be the next generation of managers in the future. Advice and support from their direct superiors are very effective in appointing female employees as managers. I wish those efforts will be supported in the whole Company. Again, using the example of female employees, regarding the percentage of career hires that are women, the fact that it exceeded 20% in the previous fiscal year is encouraging news. From this perspective, I believe that opportunities for the next generation, including for women to advance and play an active role are steadily expanding.

Haga: I think the following three points are given as concrete changes from the previous fiscal year in our human resource development.

The first step - to conduct an engagement survey. I asked whether MinebeaMitsumi is a place where its employees can be fulfilled, in the Integrated Report for the previous fiscal year. To become a place where employees can be fulfilled, the management needs to consider a talent system and foster its corporate culture after considering the thoughts of the present employees. It is important to continue to conduct surveys

on a regular basis, analyze the changes in detail over time, and follow up closely.

The second point is that a diagnostic test for logical thinking that has been introduced, as Director Matsumura pointed out. Our Company has planned a proper follow-up program according to the results of the test to connect the results to the human resource development thereafter.

And finally, I would like to discuss the selection of the next generation and the introduction of a training plan for them. I have received reports regarding the action plans for next generation human resource development from the Nomination and Compensation Committee. Please continue sharing the efforts and results thereof regularly in the future.

We also believe that D&I measures need to be taken not on an individual basis, but as a whole, including women, foreigners, people with disabilities, and other minorities. Many Japanese companies are not fully committed to hiring employees with disabilities. Our Company should actively consider what career paths are available for such employees from the perspective of human resource development. Furthermore, the most important matter in D&I is to understand that each person will provide a unique perspective. In designing a system, we need to consider that point.

Miyazaki: As a lawyer, I often look at legal journals, and since the publication of the “ITO Report for Human Capital Management,” there have been an increasing number of articles and papers on “human capital” in legal journals. Since business is done by humans, it is certain that “human capital” is an essential element for a company. It perhaps goes without saying that it is impossible to succeed in business without leveraging “human capital.” One thing that struck me about President Yoshida’s explanation of creating and nurturing a pool of human resources at the leadership level, which is divided into three layers, is that in order for the human element to function properly in a company, it is necessary not only to show that “leaders are like this,” but also to raise the awareness and quality of engagement of each and every employee, and create a framework for how to ignite the spirit of all employees, including young and mid-level employees. As Director Matsumura and Director Haga mentioned earlier regarding D&I, a company is not only a business entity, but also a group of individuals with different views on work-life balance and what creates a sense of happiness. Recently, I read an article by a CHRO (Chief Human Resources Manager)*3 of a certain company who wrote, “Human resource management or human resource strategy is like building a stone wall of a castle in the old days.” Stones are piled as if they are regular on the surface of a stone wall, but in fact they are rough on the back of it. The firmness of a castle wall depends on how to combine the rough stones. It is said that building a castle wall is a process of piling up a large number of unique stones, and I thought it is likely important that every single stone, including those that cannot be seen from the surface of the stone wall, is necessary to build a solid stone wall. Considering this application to corporate control, individual stones are individual employees. I think, if the management can grasp the characteristics of individual employees and make them show their abilities while connecting them with each other successfully, like the stones that form a solid castle wall, a company can maximize its value by building a strong company with good human resource management and strategy.

During the many factory visits I have made since assuming office a year ago, I was particularly impressed by the team building*4 initiatives being promoted by the employees on the manufacturing floors. I thought they were very wonderful activities in that they produce results as a business while our Company systematically gives employees a sense of satisfaction by asking them to solve a problem

through cooperation and team building which in turn provides employees with a proud feeling of team accomplishment. As for the establishment and implementation of a system that ignites the spirit of employees, I hope that President Yoshida’s recent reform of the Company’s human resource policies and systems will fuel the Company to continue to take on various challenges in the future, drawing from its past experience in team building activities and other factors. It may take time, but I believe that the Company will become much stronger if we can create various mechanisms to ignite people’s excitement as the Company properly reviews the efforts of each and every individual, not only on the manufacturing floors, but also in other areas that in turn will further develop these efforts into new and exciting human resource activities.

Yoshida: Thank you for your valuable suggestion. Discussions about human resource development are also at the central focus of management and I believe it is important not only to create an organizational chart, but also to determine who should do what and how. This is Chairman Kainuma’s personal theory and if we ask which is more important, the organization or human resources, I believe human resources come first, and the key is how to develop specific human resources that can be placed in that organization. The management has continuously discussed human resources, but I think there is always room for improvement in human resources. In the future, in order to share the status of our human resource development efforts with our Outside Directors, we will consider providing opportunities for the Outside Directors to interact with the next generation of management personnel on the factory floor when they visit the factory, so they can see that we are building the next generation of talents for the best interests of the Company. Moreover, to improve the effectiveness of efforts, I will also strengthen the responsiveness of the administrative staff while seeking to hire new employees.

The original strengths of our Company is the top-down management strategy of Chairman Kainuma, the speed of execution by the “active management team” led by Chairman Kainuma, and the ability to deploy the strategy in the organization. I think they are engraved in our corporate culture and DNA. We will add a “team building” initiative to this effort and respond firmly to make it a major strength of our Company, which can create value from both the top-down and bottom-up perspectives. Moreover, I will utilize this Tokyo X Tech Garden, to which headquarters functions have been transferred, as a place where communication will deepen among various human resources. Although that effort has been just started, I recognize it is important to systematically make efforts to train human resources in the whole Company, not only in leader groups. Our aim is to have a company in which all employees feel that their efforts are important and worthwhile by highlighting and sharing specific successful cases of their efforts.

— Please tell us what the Company’s expectations are regarding the future of our Company.

Haga: Promoting human resource development and women’s advancement are not purposes in themselves, but rather a means to increase economic value in the form of higher ROE and ROIC. The Ministry of Economy, Trade and Industry has provided the “Guidelines for Human Capital Visualization,” for example, it is important to visualize ROIC by breaking it down into its elements and assuming a reverse tree, and to link each of the human capital investment measures and KPIs that MinebeaMitsumi is currently trying to implement to its business strategy. I hope that you will proceed with all of your human resource strategies, including new initiatives in the past year, in conjunction with the management strategy, considering comprehensively what ROIC improvement



Outside Director

Yuko Haga

drivers you will use.

Matsumura: If we can maximize the power of our employees through strategies such as those discussed in this roundtable, we can use such power to create value in the Company’s sustainable growth trajectory. In other words, robust human resource development is what enhances the Company’s corporate value, and furthermore, it is what leads to our reputation for solving social issues and contributing to a sustainable society through the Company’s business. For example, the Company has made steady progress in addressing environmental issues. It will become increasingly important to have a strategy to further enhance our contribution to such environmental protection and to communicate this contribution to the outside world. I believe that the key to the Company’s future sustainable growth lies precisely in developing our future generations of employees who are facing a new era into the human resources that are needed by the Company.

Miyazaki: The team building is wonderful and I think our Company’s INTEGRATION is also wonderful. Some aspects of the results of INTEGRATION are difficult to see, but we look forward to the embodiment of such. Moreover, I think how to execute the business plan that the management including Chairman Kainuma considers and how to enhance human capital are something like a pair of wheels. I believe that President Yoshida will take the lead in working on the execution of these two prongs as COO & CFO. I think it would be a good idea to consider the establishment of a full-time post like CHRO in the not-too-distant future, as well as a structure to enhance top management’s ability to communicate about “human resources.”

Yoshida: Thank you. I have had in-depth discussions with Chairman Kainuma regarding the establishment of a CHRO. Regardless of whether or not to use the title of CHRO, we are aware that it will be difficult to move forward without a full-time person, and we plan to hire a new person to assume this position. Regarding INTEGRATION, we use it as a qualitative expression. It is difficult to quantitatively visualize INTEGRATION as you pointed out. I would like to speed up concrete efforts to determine the extent to which we can develop the next generation of multifaceted management personnel who can meet targets such as operating income.

Thank you for your participation today.

*1 INTEGRATION means “combining” rather than “simple gathering” of the Company’s proprietary technologies for the evolution of the “Eight Spears” of our core businesses and to create new products in various fields through the INTEGRATION of our advanced technology.

[INTEGRATION](#) Page 17

*2 D&I: Diversity & Inclusion

[Diversity & Inclusion](#) Page 48

*3 CHRO: Chief Human Resource Officer

*4 Team building: bottom-up initiatives to create and implement a variety of ideas

[Team building](#) Page 47