



## MinebeaMitsumi Green Bond Framework

May 2022

### 1. Introduction

#### 1.1 Corporate Overview

MinebeaMitsumi (hereinafter “the Company”), was established in July 1951 in Itabashi-ku, Tokyo, as Japan’s first manufacturer specializing in miniature ball bearings. Over its 70-year history, the Company expanded into the field of electronic devices and components, and carried out business integration with MITSUMI ELECTRIC, U-Shin and ABLIC. We have since grown to become an “INTEGRATED\*\*” precision components manufacturer with a unique business portfolio based on our core business called “Eight Spears\*\*”, unlike any other in the world, encompassing everything from ball bearings to motors, sensors, access products and semiconductors. The Company currently produces and sells products in Asian countries such as China, Thailand, the Philippines, Malaysia, Cambodia, South Korea and Singapore, as well as the United States and European countries in addition to Japan.

\* INTEGRATED: “Combining” rather than “simple gathering” of the Company’s proprietary technologies to evolve the “Eight Spears” of our core businesses and to create new products in various fields through the INTEGRATION of our advanced technology

\*\* Eight Spears: The Company’s core products and businesses of bearings, motors, access products, analog semiconductors, sensors, connectors/switches, power supply components, wireless/communications/software which meet three criteria of the Company’s core business definition; ① serving niche fields in massive markets, ② capability of drawing on our ultra-high quality and ultra-precision machining technologies and ③ not readily displaced even as a result of technological innovation, also with larger market shares, higher profitability and higher competitiveness.

#### 1.2 Corporate Philosophy and Sustainability

The Company’s corporate philosophy reads “To contribute to realization of a sustainable, eco-friendly and prosperous society by providing better products, at a faster speed, in larger numbers, at a lower cost and by smarter means.” Based on the belief that “sustainability” is the essence of management, the Company has reviewed the expression of its corporate philosophy with the aim of achieving both further growth for the Company and sustainable development for the earth and society in the future.

In terms of management strategies, the Company newly adopted the QCDESS™\* strategy, which emphasizes “eco and efficiency,” as a solid foundation for the Company’s 100th anniversary. Furthermore, in order to respond quickly to changes in society such as GX (green transformation) and DX

(digital transformation), we have established new committees such as the Carbon Neutral Steering Committee and the Global Information Security Steering Committee.

In light of changes in the external environment, such as decarbonization, we have also reexamined “material issues (Materiality)” as an important management issue. We will clarify the volume of avoided CO<sub>2</sub> emissions by our products\*\* and our own CO<sub>2</sub> reduction target as “contributing to the resolution of global environmental issues.” In addition, we will focus on establishment of a mass-production and stable supply system and a safe and secure management system, promotion of procurement in consideration of environmental and human rights issues, and coexistence with local communities for “creating the high quality precision products that support society.” Furthermore, for “maximizing the power of employees,” we will promote bottom-up activities such as human resource development and the promotion of diversity.

\* QCDESS: The Company’s original strategy combines QCDS (Quality, Cost, Delivery, Service) with E (Eco/Efficiency) and S (Speed). Please refer to “1.3 QCDESS strategy and reducing environmental impact” for details

\*\* volume of avoided CO<sub>2</sub> emissions by our products: Calculated and visualized by following formula

<b>Calculation formula</b>	Volume of avoided CO <sub>2</sub> emissions	=	Reduction in electric power consumption at the time of use of products	×	Product lifespan	×	Coefficient for CO <sub>2</sub> emissions	×	Sales volume in the fiscal year
	<i>C<sub>d</sub></i>		$\Delta W_r \times L$		<i>H<sub>op</sub></i>		<i>Coef<sub>e</sub></i>		<i>S</i>

*C<sub>d</sub>*: Volume of emissions directly avoided (kg-CO<sub>2</sub>)     $\Delta W_r$ : Reduction of electric power consumption in a rated condition (kW)    *L*: Load factor during actual state of operation compared with rated usage conditions    *H<sub>op</sub>*: Hours of operation (h)    *Coef<sub>e</sub>*: Coefficient for CO<sub>2</sub> emissions from power consumption (0.5001 kg-CO<sub>2</sub>/kWh \*average emission coefficient in Japan)    *S*: Sales volume

<Corporate philosophy and pathway toward sustainable growth>

**Corporate philosophy**  
(Basic approach to growth and contribution to sustainability)

To contribute to realization of a sustainable, ecofriendly and prosperous society by providing better products, at a faster speed, in larger numbers, at a lower cost and by smarter means

<p style="text-align: center;"><b>Basic management policy</b> (Action guidelines for employees to realize the corporate philosophy)</p> <p><b>Transparent management based on our company credo “The Five Principles”</b></p> <ol style="list-style-type: none"> <li>1. Be a company where our employees are proud to work</li> <li>2. Earn and preserve the trust of our valued customers</li> <li>3. Respond to our shareholders’ expectations</li> <li>4. Work in harmony with the local community</li> <li>5. Promote and contribute to global society</li> </ol>	<p style="text-align: center;"><b>Corporate slogan</b> (Measures to achieve growth and sustainability)</p> <p><b>Create new value through “difference” that transcends conventional wisdom</b> <b>Passion to Create Value through Difference</b></p>
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<p style="text-align: center;"><b>Management strategy</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="padding: 2px;">Diversification of core businesses and synergies through INTEGRATION</td></tr> <tr><td style="padding: 2px;">Differentiation through INTEGRATION</td></tr> <tr><td style="padding: 2px;">Focus on organic growth and expand business through aggressive M&amp;As</td></tr> <tr><td style="padding: 2px;">Promote the QCDESS strategy</td></tr> </table>	Diversification of core businesses and synergies through INTEGRATION	Differentiation through INTEGRATION	Focus on organic growth and expand business through aggressive M&As	Promote the QCDESS strategy	<p style="text-align: center;"><b>Material issues</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="padding: 2px;">Priority Topic 1: Contributing to the resolution of global environmental issues</td></tr> <tr><td style="padding: 2px;">Priority Topic 2: Creating the high quality precision products that support society</td></tr> <tr><td style="padding: 2px;">Priority Topic 3: Maximizing the power of employees</td></tr> </table>	Priority Topic 1: Contributing to the resolution of global environmental issues	Priority Topic 2: Creating the high quality precision products that support society	Priority Topic 3: Maximizing the power of employees
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Priority Topic 1: Contributing to the resolution of global environmental issues								
Priority Topic 2: Creating the high quality precision products that support society								
Priority Topic 3: Maximizing the power of employees								

**Corporate governance**

Continuously strengthen corporate governance and ensure management transparency as the basis for sustainable growth

<p><b>Management targets</b> (by the fiscal year ending March 2029)</p> <p style="text-align: center;">Net sales <b>¥ 2.5 trillion</b> and/or Operating income <b>¥ 250.0 billion</b></p> <p style="text-align: center;">EPS growth rate <b>+15% or more</b> CAGR ROE <b>15% or more</b></p>	<p style="text-align: center;"><b>Environmental targets</b></p> <ul style="list-style-type: none"> <li>● Volume of avoided CO<sub>2</sub> emissions by products Fiscal year ending March 2031 Approx. <b>2.3 million tons</b> (Compared to the fiscal year ended March 2021)</li> <li>● Percentage of net sales of Green Products Fiscal year ending March 2029 <b>90% or more</b></li> <li>● CO<sub>2</sub> emissions Fiscal year ending March 2031 Total amount <b>-30%</b> (Compared to the fiscal year ended March 2021)</li> </ul>
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## <Initiatives for material issues>

Priority Topic 1		Contributing to solutions to environmental issues
Material issues		Primary medium-term targets (aiming for around fiscal 2025)
1	Reduction of global CO <sub>2</sub> emissions through environmentally friendly products	<ul style="list-style-type: none"> <li>Volume of avoided CO<sub>2</sub> emissions by products : Approx. 2.3 million tons (fiscal year ending March 2031)</li> <li>Percentage of net sales attributable to Green Products: 90% or more (fiscal year ending March 2029)</li> </ul>
2	Minimizing the environmental impact of business activities	<ul style="list-style-type: none"> <li>10% reduction of CO<sub>2</sub> emissions per unit sales compared to the fiscal year ended March 2020 (fiscal year ending March 2026)</li> <li>30% reduction of total CO<sub>2</sub> emissions compared to the fiscal year ended March 2021 (fiscal year ending March 2031)</li> </ul>
Priority Topic 2		Creating the high quality precision products that support society
Material issues		Primary medium-term targets (aiming for around fiscal 2025)
3	Strengthening the system for mass and stable supply of ultra-precision components	<ul style="list-style-type: none"> <li>Development of mass production system for ultra-high-performance bearings and other products through substantial improvement in precision</li> <li>Strengthen product safety management system capable of supporting products in new fields through business expansion</li> </ul>
4	Practicing responsible procurement	<ul style="list-style-type: none"> <li>Enhancement of CSR procurement guidelines considering environmental and human rights issues (introduction of RBA standards in guidelines and implementation of self-audits based on them)</li> </ul>
5	Coexistence with local communities	<ul style="list-style-type: none"> <li>Ongoing communication with local communities</li> </ul>
Priority Topic 3		Maximizing the power of employees
Material issues		Primary medium-term targets (aiming for around fiscal 2025)
6	Global human resources development	<ul style="list-style-type: none"> <li>Strengthen human resources development to actively promote expansion and development of business operations worldwide by leveraging benefits of the integration synergy of the MinebeaMitsumi Group</li> </ul>
7	Global promotion of diversity	<ul style="list-style-type: none"> <li>Percentage of women among new graduate hires: 20% or more</li> </ul>
8	Creating positive and rewarding work environments	<ul style="list-style-type: none"> <li>Achieve diverse styles of work that enable employees to work enthusiastically</li> </ul>
9	Employee health and safety	<ul style="list-style-type: none"> <li>0 incidents of serious workplace injuries (fatal accidents)</li> <li>100% compliance with regular health checkups</li> </ul>

### 1.3 QCDESS Strategy and Reducing Environmental Impact

As a manufacturer of ultra-precision components, efforts for green transformation (GX) pose an urgent challenge amid calls for reduction of CO<sub>2</sub> emissions throughout the entire supply chain. As a result, components and products which do not help to reduce CO<sub>2</sub> emission volume are likely to be weeded out from the market.

In response, we have announced that our management strategy will be centered on developing, manufacturing and selling products that are environmentally friendly and efficient, in addition to quality, cost, delivery date and service. This has entailed freshly laying a solid foundation for our 100th year – enlisting “QCDESS,” thereby adding “Eco/Efficiency and Speed” to “QCDS” (Quality, Cost, Delivery and Service), which serves as a source of competitiveness in the manufacturing industry.

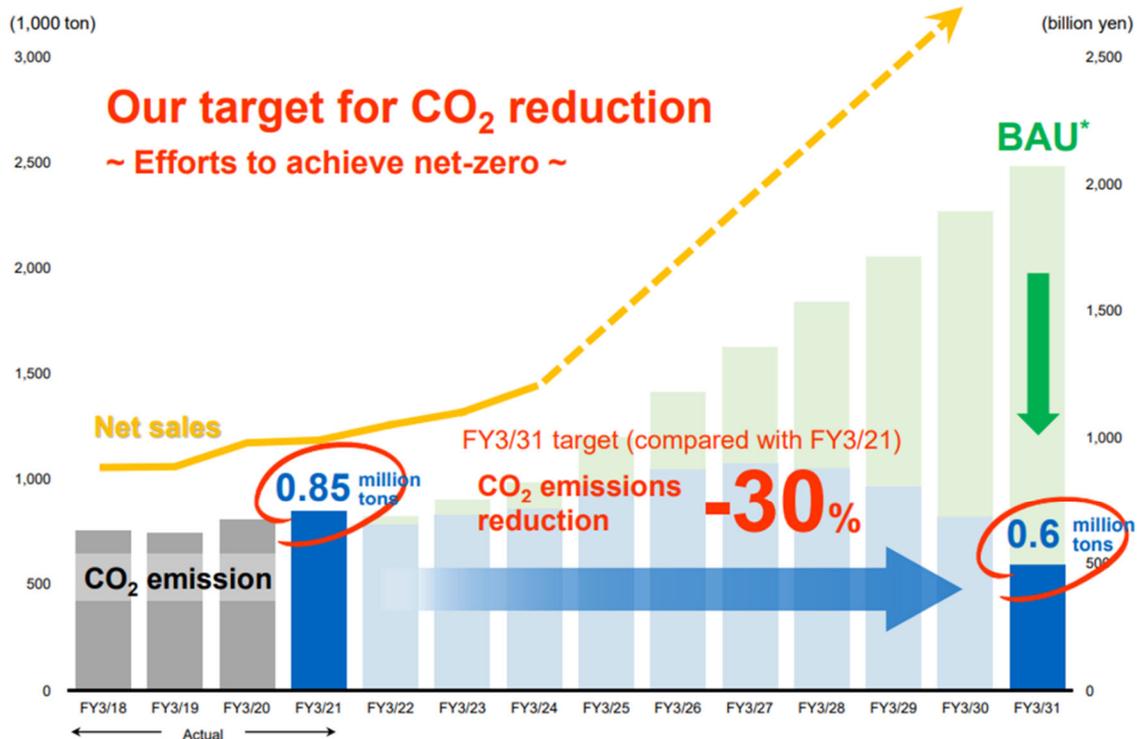
Specifically, two pillars of the QCDESS strategy are ①Challenges toward carbon neutrality and ②MMI beyond zero

#### 1.3.1 Challenges toward carbon neutrality

In order to realize carbon neutrality, the Company intends to promote reduction of own CO<sub>2</sub> emissions. The Company’s emissions are expected to be more than double the current level if it takes no measures against the CO<sub>2</sub> reduction during its steps towards achieving the sales target of JPY2.5trn in FY2030. Thus the Company will utilize renewable energies, including introduction of

solar power, and promote energy conservation, aiming to reduce CO<sub>2</sub> emissions by 30% from FY2020.

<The Company's CO<sub>2</sub> emission reduction target>



\*Business as usual (CO<sub>2</sub> emissions without specific measures)

1.3.2 Expand “MMI Beyond Zero”

“MMI Beyond Zero” is to contribute to carbon neutrality by improving energy-saving efficiency of our products. Specifically, by increasing the precision of the products, we will contribute to reduction of CO<sub>2</sub> emissions by our customers and their customers by reducing the power consumption of products that use our products.

The contribution was calculated in accordance with Japan Electronics and Information Technology Industries Association (JEITA) guidelines. “Effect of CO<sub>2</sub> emissions reduction at the time of use of our 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.

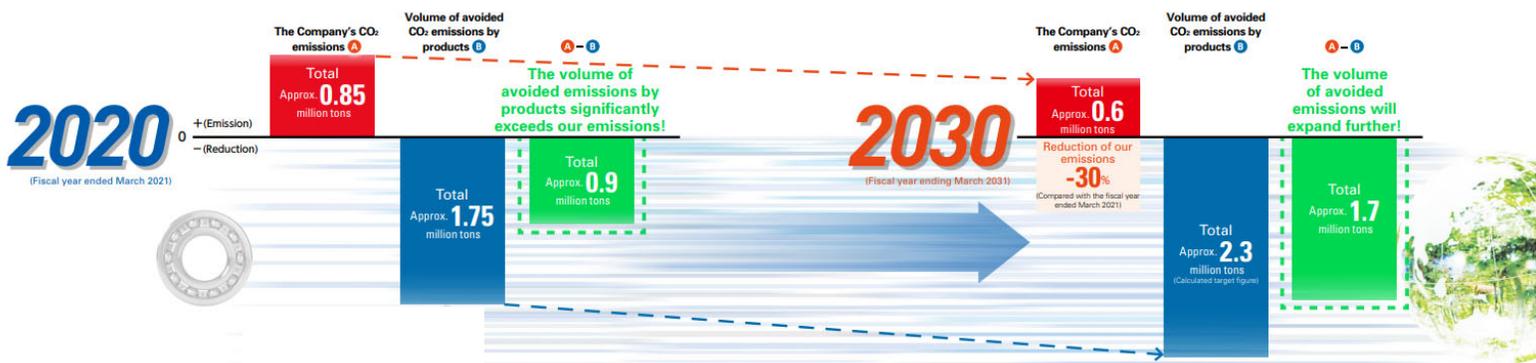
In FY2020, when the Company started to calculate the amount of reduction contribution, the amount of CO<sub>2</sub> reduced reached 1,759,000 t-CO<sub>2</sub>. By FY2030, the Company aims to increase the amount of this contribution by 30%.

In addition, the Company introduces MinebeaMitsumi Green Products Certification Program to develop and promote environmentally friendly products.

◆ MinebeaMitsumi Green Products

Almost all the Company's products are environmentally friendly, small-sized precision products that allow downsizing and also play a role in reducing friction and resistance with respect to mechanical rotation and contribute to energy and space saving. The Company's products and businesses themselves contribute to improve global environment. In 2019, the Company introduced the "MinebeaMitsumi Green Products Certification Program" which selects products that are particularly environmentally friendly and certifies them as MinebeaMitsumi Green Products. The Company 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 FY2028. Going forward, amid mounting social demand for ultra-high quality and greater energy savings, the Company's opportunities for contribution and growth are likely to increase.

<Effect of avoided CO<sub>2</sub> emissions due to carbon neutrality and MMI Beyond Zero>



Now more than ever before, companies are being called on to confront environmental and social issues, to bring about a carbon-free society and achieve the Sustainable Development Goals (SDGs). As an entity for the public, the Company believes it is important to solve social issues as a component manufacturer, not simply improving profits. The Company believes it is beneficial to the society to utilize its ultra-precision technologies, including products ranging from ball-bearings to semiconductors, at a time when half of global electricity consumption is stemming from use of motors.

In order to raise funds to support the Company's initiatives for Green Products Certification Program and carbon neutrality and further promote contribution to develop sustainable society through our products and business activities, the Company has established Green Bond Framework.

## 2. Green Bond Framework

The Company has established the framework in order to raise funds from a green bond offering to support corporate activities to contribute to global environment improvement.

This framework is aligned with the Green Bond Principles 2021 (International Capital Market Association/ICMA) and Green Bond Guidelines 2020 (the Ministry of the Environment in Japan) and defines four items as follows;

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

### 2.1 Use of Proceeds

The Company will allocate the amount equivalent to the net proceeds of the Green Bond to finance or refinance businesses that meet the following eligibility criteria. As for refinancing existing businesses, the proceeds will be allocated to businesses within two years before the issuance of the Green Bond.

<Eligible Projects>

Business Categories	ICMA GBP Categories	Eligible Projects	SDGs
<b>Production and Research and Development of ball-bearings</b>	<ul style="list-style-type: none"> <li>• Eco-efficient and / or circular economy adapted products, production technologies and processes</li> </ul>	Capital investment for production facilities of following products and for research and development <ul style="list-style-type: none"> <li>■ Power-saving high quality bearings</li> <li>■ Ultra-high performance bearings</li> </ul> <Expected final usage> <ul style="list-style-type: none"> <li>• Fan motors used in data centers</li> <li>• High-end home appliances (e.g. Air conditioners)</li> </ul>	 
	<ul style="list-style-type: none"> <li>• Clean Transportation</li> </ul>	Capital investment for production facilities of following products and for research and development <ul style="list-style-type: none"> <li>■ Bearings for main motors of EVs</li> </ul> <Expected final usage> <ul style="list-style-type: none"> <li>• xEV</li> </ul>	 
<b>Procurement of decarbonized power sources</b>	<ul style="list-style-type: none"> <li>• Renewable Energy</li> </ul>	Capital investment to transfer to clean energy to be used in the Company's business activities and to purchase renewable energy <ul style="list-style-type: none"> <li>■ Introduction, operation and maintenance of solar energy and other clean energy to the Company's facilities</li> <li>■ Purchasing renewable energy</li> </ul>	

### 2.2 Process for Project Evaluation and Selection

Business Headquarters in charge will map out business plans for projects defined above, a review committee consists of members of Business Administration Department and Corporate Finance Department will conduct a preliminary review and the Company's executive officers will make a decision. After that, Corporate Finance Department will select projects following discussions with divisions in charge to confirm eligibility before Chief of Tokyo Head Office will make the final decision.

In order to mitigate environmental and social risks, all the eligible candidate projects are confirmed to have met conditions as follows;

- Compliance with environment-related laws and regulations required by the national and local governments where the business is located
- Compliance with safety laws and regulations for the construction and introduction of plants and production equipment and construction and operation of solar power and other clean power generation plants required by the national and local governments where the business is located
- Providing sufficient explanations to local residents in the implementation of the project

### **2.3 Management of Proceeds**

The Company's Corporate Finance Department will track and monitor the proceeds from the Green Bond offering to be allocated to any of eligible projects through the Company's internal management system. The Company will manage the unallocated proceeds in cash or cash equivalent until the full amount of the proceeds will be allocated, and the proceeds will be fully allocated within three years from the offering.

### **2.4 Reporting**

The Company will report the allocation of the proceeds and environment improvement effect on an annual basis on our website, in an integrated report or both.

#### **2.4.1. Allocation Report**

The Company will report the allocation of the proceeds, including following items on allocation of proceeds to eligible projects, on an annual basis until all proceeds from the Green Bond are appropriated, to the extent practically possible.

- ✓ Amount of allocation of proceeds to eligible projects and amount of unallocated proceeds
- ✓ When to allocate if any unallocated proceeds
- ✓ Proportion of new financing and refinancing

The first allocation report will be published within one year from the date of issuance. If significant events occur after allocation and the impact of the events significant changes in the allocation plan, the Company will promptly disclose the information.

### 2.4.2. Impact Report

The Company will publish impact report, including following items, on an annual basis until maturity of the Green Bond to the extent practically possible. If significant events occur, the Company will promptly disclose the information.

Business Categories	ICMA GBP Categories	Eligible Projects	Impact Report Items (examples)
<b>Production and Research and Development of ball-bearings</b>	<ul style="list-style-type: none"> <li>Eco-efficient and / or circular economy adapted products, production technologies and processes</li> </ul>	<ul style="list-style-type: none"> <li>Power-saving high quality bearings</li> </ul>	<ul style="list-style-type: none"> <li>Overview of technologies and products</li> <li>Amount of CO<sub>2</sub> emissions reduced when used by customers (t- CO<sub>2</sub>/year)</li> <li>For R&amp;D purposes;               <ul style="list-style-type: none"> <li>Overview of the R&amp;D plan and its progress</li> <li>Overview of targeted business and target effect (expected purposes and products)</li> </ul> </li> </ul>
		<ul style="list-style-type: none"> <li>Ultra-high performance bearings</li> </ul>	
	<ul style="list-style-type: none"> <li>Clean Transportation</li> </ul>	<ul style="list-style-type: none"> <li>Bearings for main motors of EVs</li> </ul>	<ul style="list-style-type: none"> <li>Overview of technologies and products</li> <li>The number of xEVs embedded (units/year)</li> <li>For R&amp;D purposes;               <ul style="list-style-type: none"> <li>Overview of the R&amp;D plan and its progress</li> <li>Overview of targeted business and target effect (expected purposes and products)</li> </ul> </li> </ul>
<b>Procurement of decarbonized power sources</b>	<ul style="list-style-type: none"> <li>Renewable Energy</li> </ul>	<ul style="list-style-type: none"> <li>Introduction, operation and maintenance of solar energy and other clean energy to the Company's facilities</li> </ul>	<ul style="list-style-type: none"> <li>Reducing CO<sub>2</sub> emissions in the areas where such facilities are located (t- CO<sub>2</sub>/year)</li> </ul>
		<ul style="list-style-type: none"> <li>Purchasing renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>Reducing CO<sub>2</sub> emissions (t- CO<sub>2</sub>/year)</li> </ul>

<If there is a conflict between Japanese and English content, Japanese text takes precedence.>