

English

MIKUNI CSR REPORT



2021

Contents

PROFILE

Contents	01
Message from Top Management	02
Corporate Information	03
History	05
Mikuni Group	07
Business Models	09
CSR Approach	11
Identifying Environmental Issues	15
Carbon Minimization	16
Our Products	17
Digital Transformation	19

ENVIRONMENTAL

Environmental

Environmental Management	21
Structure Targets and Results	22
Compliance Evaluation	24

SOCIAL

Social

Employees	27
Suppliers	35
Local Communities	36

GOVERNANCE

Governance

Corporate Governance	37
Compliance / Risk Management	38
Business Continuity	39

DATA

Data

ISO Certification Status	41
Material Balance	42
Environmental Data	43



Editorial note

This report is published to introduce Mikuni Group's CSR initiatives, to improve communication with its stakeholders, and to deepen their understanding of Mikuni Group.

Reporting scope and boundaries

In this report, the philosophy, policies, etc., are common to the entire Mikuni Group, and the activity reports are of consolidated companies in principle.

Reporting period

This report covers the following period. However, where it is appropriate to present historical background and data or recent examples, we report on content outside of this period.
April 1, 2020 - March 31, 2021

Publication

Current issue: September 2021
Next issue : September 2022 (scheduled)

Guidelines used as reference

This report uses the following guidelines as a reference.

- Ministry of the Environment (Japan): Environmental Reporting Guidelines (2018 Edition)
- Global Reporting Initiative (GRI): Sustainability Reporting Standards
- Japan Auto Parts Industries Association: CSR Guidebook(2010)

English version

This booklet is a reference translation of the Japanese version of the CSR Report issued in September 2021.

Message from Top Management



To contribute to the goal of carbon neutrality
by 2050 set by Japan and other countries,
Mikuni will continue to promote carbon minimization.

Dear Readers,

I would like to express my sincere gratitude for your continued support of the activities of Mikuni. Our first CSR Report was published in 2020. Before we have been focusing on reporting our environmental activities in the Environmental Report, but now we thought it was important to report not only on the environment but also on our social responsibilities to our stakeholders more broadly, so we compiled the CSR Report by organizing information on our relations to the local communities and corporate governance in addition to what we had reported in the Environmental Report. In the process of compiling this report, we reaffirmed that the steady implementation of our action plan based on our corporate philosophy, "with a global perspective, Mikuni will contribute to the realization of an affluent society by making full use of our human resources and technology" will enhance our own value and lead to the realization of the Sustainable Development Goals (SDGs).

The social chaos caused by the spread of COVID-19 and the impact on the economy due to restrictions on our daily activities have prompted a transformation of lifestyles, including the way we work, and raised people's health awareness. On the other hand, the frequent occurrence of natural disasters in various parts of the world has raised concerns about climate change and accelerated the global movement toward decarbonization (carbon neutrality). As we expand our business globally, we are constantly aware that no country or company can be sustainable without addressing these global issues. We hope that this CSR Report will convey to you the awareness that underlies the activities of the Mikuni Group.

In this CSR Report, we have disclosed the CO2 emissions of Mikuni's global production sites. Based on this quantitative information, Mikuni will strive to achieve carbon minimization by minimizing not only the CO2 emitted during the manufacturing process, but also the actual CO2 emissions throughout the product life. We will soon finalize a plan to reduce CO2 emissions, including Scope 3. We look forward to hearing your frank opinions.

Mikuni will continue to think seriously about changes in the environment surrounding the company and various issues considering its own social responsibility. We would like to ask for your continued support.

Yours sincerely,

Hisataka IKUTA
President, CEO & COO

A handwritten signature in black ink, appearing to read 'H. Ikuta'.



Corporate Information



Profile

As of March, 2021

Name of Company	MIKUNI CORPORATION
Establishment	October 1, 1923
Incorporation	October 1, 1948
Representative	Masaki IKUTA Chairman Hisataka IKUTA President, CEO&COO
Address	Mikuni Building, 6-13-11 Sotokanda, Chiyoda-ku, Tokyo 101-0021, Japan
Capital	JPY 2,215.3 million
Stock Listed	First Section of Tokyo Stock Exchange
Number of employees	7,489 (consolidated) 1,933 (non-consolidated) *Includes temporary employees
Main Line of Business	Manufacture and sale of fuel supply devices and engine functional parts for various types of automobiles, motorcycles, and general purpose engines, control devices for gas appliances, welfare and care equipment, and spray equipment Import and sales of aerospace equipment, parts and materials, lawn mowers and turf-care equipment

Business Domain



Products for Motorcycles and Power Products >>>



We develop a wide range of products from intake system and valve system products for large motorcycles to fuel injection systems for small motorcycles, and manufacture and sell them around the world. For overseas customers, we directly sell products developed and manufactured by local Mikuni Group companies to customers in each region. We also supply intake systems, valve systems, and pump systems to outboard motor manufacturers.

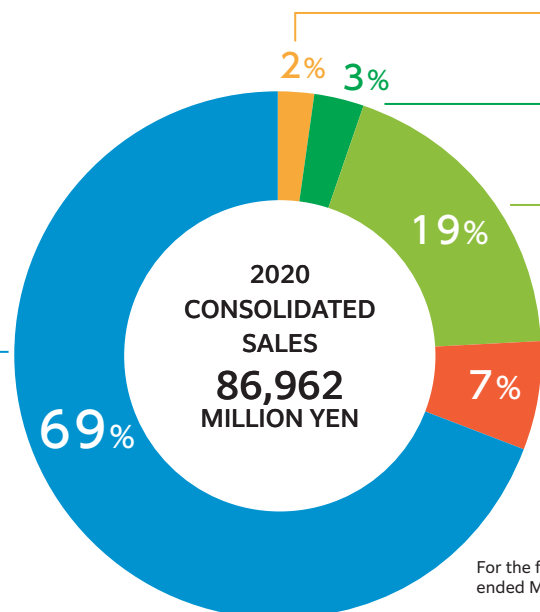
Mikuni Group has expanded its business into various fields. The following is a breakdown of its business domain.

We develop and manufacture electronically controlled fuel injection systems and components for various engines, as well as automotive parts such as carburetors and pumps. In particular, our superior "engine control technology" contributes greatly to the reduction of CO2 emissions, and is therefore attracting high expectations from the industry.

Products for Automobiles >>>



Based on the fluid control, electromagnetic drive, and calibration technologies that we have accumulated over the years, we evaluate and analyze the entire system and vehicle. We are working on the development of environmentally friendly, high-performance automotive products. We have a lineup of many system products to achieve energy conservation and low emissions.

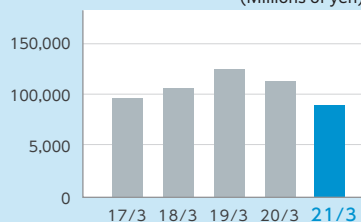


For the fiscal year ended March 31, 2021

Financial Highlights

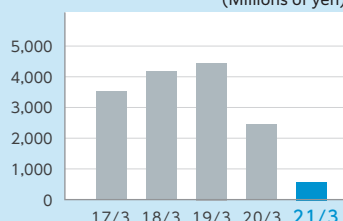
Consolidated Sales

(Millions of yen)



Consolidated Operating Income

(Millions of yen)



Balance Sheet

for the fiscal year ended March 31, 2021

(Millions of yen)	End of March 2020	End of March 2021	Change in amount
Current asset	43,178	46,474	3,295
Fixed asset	47,217	47,417	199
Total assets	90,396	93,891	3,495
Current liabilities	31,206	31,218	11
Fixed liabilities	32,462	34,276	1,814
Net Assets	26,726	28,396	1,669
Total liabilities and net assets	90,396	93,891	3,495
Shareholder's equity ratio	28.6%	29.4%	—
Net assets per share	767.72 Yen	822.12 Yen	—

Household Appliances Device Products

We develop and manufacture gas control equipment such as gas shut-off safety devices, functional parts for household water equipment used in bathrooms, toilets, and kitchens, and auxiliary parts for fuel cells.



Safety Shut-off Device for Gas Appliances

Proportional Gas Control Valve

Pilot Solenoid Valves



Aircraft Parts Import and Sales

We import large-sized castings and large-sized precision castings with complex shapes from U.S. manufacturers and other sources, and sell them to major Japanese heavy industry manufacturers engaged in aerospace business.



Turf-Care Equipment

We purchase turf-care equipment from domestic and overseas manufacturers and sell them to domestic golf courses and stadiums.



Other Business

Mikuni Life & Auto, a group company, manufactures and sells driving assistive devices that assist the driving of people with disabilities as well as products to assist wheelchair users in getting on and off the vehicle.



History

In 1923, founder Masakazu Ikuta founded the limited partnership Mikuni Shoten, and Mikuni's history started as an importer of automobiles, bicycles, and their parts. For over three quarters of a century since Mikuni's first factory opened in 1936, the company has continued to grow by keeping up with changes in the times through its focus on manufacturing.

1923

Limited Partnership Mikuni Shoten founded
Import of automobiles, bicycles and their parts



合資
三國
商店



1936
Kamata Plant started production



1939
The Company renamed to Mikuni Shoko Co., Ltd.

三國商工株式會社

1950
No.2 Mikuni Shoko Co., Ltd.
renamed Mikuni Shoko Co., Ltd.



1944
Odawara Plant started production

三國工業株式會社

1961
The Company renamed to
Mikuni Kogyo Co., Ltd.



1972
Established Tohoku
Mikuni Kogyo Co., Ltd.



1968
Established Mikuni
American Corporation



1978
Started production at
Kikugawa Plant

Established Plants in Japan

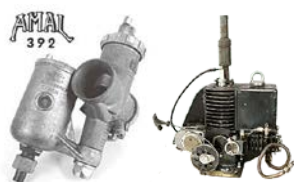
1923 1930 1940 1950 1960 1970

ミクニキャブレター

Carburetors

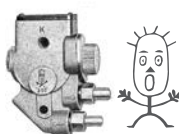
Products for
Automobiles
and
Motorcycles

- 4** Products for Automobiles (4-wheelers)
- 2** Products for Motorcycles (2-wheelers)
- P** Products for Power Products



1932

- 2** Acquired manufacturing license from Amal of UK for carburetors and Galery of Italy for compressors



1949

- 2** Started production of carburetors and mechanical oil pumps for small cars



1960

- 4** Acquired manufacturing license from Solex of France and started production of Solex carburetors.
- Mitsubishi 500 equipped with the first Mikuni carburetor for four-wheeled vehicles



1957

- 2** Started production of VM-type carburetor in addition to Amal-type



26-30DID



DAIHATSU Compagno Berlina



BSW23-2



HONDA T360



1966

- 4** Started production of BS-type carburetors for automobiles



BS32



SUBARU 360



1967

- 4** Mikuni Solex PHH type carburetors installed in the flagship models of major Japanese vehicle manufacturers

DAIHATSU 500



PHH40

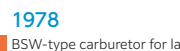
TOYOTA 2000GT

1970

- 2** Started production of BS-type carburetors for motorcycles



BS38x2 (for XS-1)



1978

- 2** BSW-type carburetor for large motorcycles begun production



BSW32x3 (for KZ1300)



1979

- 4** Production of throttle bodies for automobiles started

Main Products / History of our Technology



Devices for
Gas
Appliances

1971

Acquired manufacturing license from SIT of Italy for the gas burner safety devices and started production

1973

Completed in-house production facilities and started operation



Mikuni's 98 Years of History

A history of growth through technology

MIKUNI CORPORATION



1991

1991

Renamed Mikuni Kogyo Co., Ltd. to Mikuni Corporation

Completed new head office building
Established Mikuni Thailand

2003

Merger and acquisition of Mikuni Shoko Corporation
Established Mikuni Zhejiang

2006

Established PT. Mikuni Indonesia



2007

2007

Completed construction of PC building at Kikugawa Plant.

2008

Established Mikuni India

2015

The Company was listed on The First Section of Tokyo Stock Exchange



2015

Established Seoul Branch Office

2019

Established Paris Branch Office

100th Anniversary

1980 1990 2000 2010 2020 2023

Expansion of overseas operations

Established group companies in Japan

Fuel injection system for automobiles

Fuel injection system for large motorcycles

1984

2 TM-type carburetor adopted for massproduced motorcycle sports models



TM (for RM250)

1985

4 Launched production of Superchargers



1992

2 High-performance TMR-type carburetor for motorcycles began production



1993

4 Vacuum Pump production for automobiles started



1996

2 Throttle body for motorcycles started production



1997

4 Electronic throttle body for automobiles started production



1998

4 Variable Valve Timing for automobiles started production



2002

4 Non-Contact Acceleration Pedal Module production started
P Plastic Intake Manifold production started



2004

2 Discharge Pump, a fuel injection device for small motorcycles, began production



2005

2 The world first Electronic Throttle Body for motorcycle started production



2006

2 Mikuni's first Electronic Fuel Injection System for motorcycles began production



2009

4 Electronic Active Pedal production started
4 Electric Vacuum Pump production started



2012

4 Electronic Oil Pump production started



2014

4 Coolant Control Valve production started
2 Variable Valve Timing for motorcycle production started



2016

2 Electronic Plastic Intake Module production started



1990

Tohoku Mikuni Kogyo Co., Ltd. renamed to Mikuni Adec Corporation



MIKUNI ADEC CORP.

2002

Merger and acquisition of Mikuni ADEC Corporation

2003

Proportional Gas Control Valves



2008

Gas Shut-off Valve



2013

Motor-Driven Gas Shut-off Valve (for built-in stove)



2017

Motor-Driven Gas Shut-off Valve (for stove)



2020

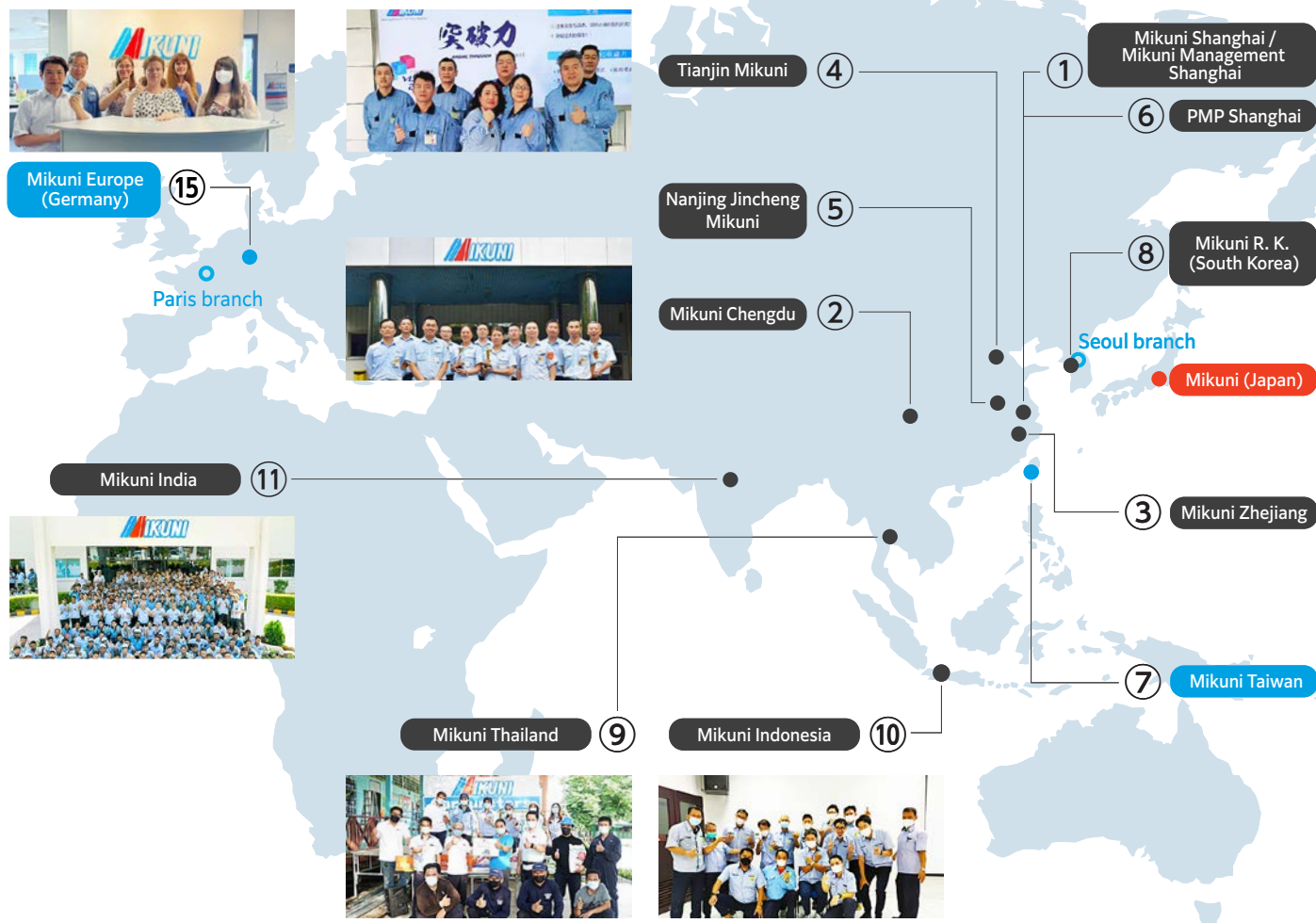
Small Solenoid Valve (for air control)



Gas Control valve

Water Shut-off valve

Mikuni Group



Overseas

Auto Automotive Products
Gas Household Appliances Device Products
Air Aircraft Parts
Turf Turf-Care Equipment

ASIA

- ① Mikuni Management (Shanghai) Co., Ltd. Auto
- ② Mikuni (Chengdu) Machinery & Electronics Co., Ltd. Auto
- ③ Mikuni (Zhejiang) Co., Ltd. Gas
- ④ Tianjin Mikuni Co., Ltd. Auto
- ⑤ Nanjing Jincheng Mikuni Machinery & Electronics Co., Ltd. Auto
- ⑥ Pierburg Mikuni Pump Technology (Shanghai) Corporation Auto
- ⑦ Mikuni Taiwan Corporation Auto
- ⑧ Mikuni R.K Corporation Gas

- ⑨ Mikuni (Thailand) Co.,Ltd. Auto
- ⑩ PT. Mikuni Indonesia Auto
- ⑪ Mikuni India Private Limited Auto

AMERICAS

- ⑫ Mikuni American Corporation Auto
- ⑬ Mikuni American Corporation Auto
- ⑭ Mikuni Mexicana S.A.de C.V. Auto

EUROPE

- ⑮ Mikuni Europe GmbH Auto Gas

Japan

Manufacturing

- Mikuni Partec Corporation Auto
- Mikuni Life and Auto Co., Ltd. Others
- Pierburg Mikuni Pump Technology Corporation Auto

Sales and Services

- Eberspächer Mikuni Climate Control Systems Corporation Auto
- Asahi Air Supply, Inc. Air
- Sunrise Medical Japan Co., Ltd. Others

Services

- Mikuni Green Service Co., Ltd. Turf
- Mikuni Xymas Corporation Others
- Mikuni Living Service Corporation Others

11 COUNTRIES and REGIONS 39 BASES



12 Mikuni American, L. A.

13 Mikuni American, Chicago

14 Mikuni Mexicana



Sales Office

Production Plant

Our overseas strategy is focused on the Americas, Europe, Asia, and the entire world.

We aim to establish a worldwide group network and to revitalize technology through personnel exchanges.

Mikuni Corporation

- Sales Office for Automotive Products
- Sales Office for Household Appliances Device Products
- Sales Office for Aircraft Parts



Headquarters Auto Gas Air
Mikuni Building, 6-13-11 Sotokanda, Chiyoda-ku, Tokyo 101-0021, Japan

It plays a central role in the Mikuni Group's comprehensive planning and sales activities.



Odawara Operation (R&D Center) Auto

2480 Kuno, Odawara, Kanagawa 250-0055, Japan
ISO9001 ISO14001

Comprehensive technological development and new business development base



Kikugawa Operation Auto

2828 Hansai, Kikugawa, Shizuoka 439-0019, Japan
ISO9001 IATF16949 ISO14001 ISO45001

Major plant for motorcycle and automobile products



Morioka Operation Auto Gas

309 Sotoyama, Takizawa, Iwate 020-0698, Japan

ISO9001 IATF16949 ISO14001 ISO45001

Technology development base and main plant for household appliances device products and functional element products



Morioka Operation / Ogama Plant Auto Gas

58-1 Ogamatakamori, Takizawa, Iwate 020-0756, Japan

ISO9001 IATF16949 ISO14001 ISO45001

Precision product assembly plant with clean rooms

Sales Offices

Auto Automotive: Tokyo Branch Office, Hamamatsu Branch Office, Okazaki Branch Office, Hiroshima Sales Office, Seoul Branch Office, Paris Branch Office

Gas Household Appliances Device Products: Nagoya Sales Office, Global Sales Office

Air Aircraft Parts: Tokyo Sales Group, Nagoya Sales Office

Business Models

CAPITALS (INPUT) as of March 31, 2021

Mikuni Group Total

Human Capital

Employees **7,489**
Mikuni Corporation alone 1,933

Social and Relationship Capital

Sales Destinations
30 countries and regions

Intellectual capital

Number of Patent including
Utility Model **480**
R&D Expenses **5,081** million yen

Manufactured capital

Capital Investment
3,284 million yen

Business Model

(Automotive / Household Appliances Device Products)

Based on the fluid control, electromagnetic drive, and calibration technologies that we have accumulated over the years, we have developed and produced products that meet customer and social demands, and have contributed to solving social issues. Going forward, we will continue to contribute to the creation of a sustainable and prosperous society with pride by building on what "only Mikuni can do" and taking on the challenge of new creativity.

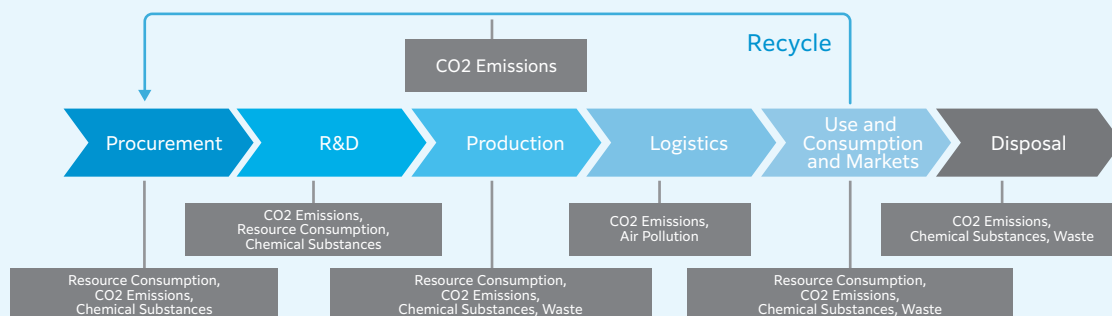
BUSINESS MODEL



Value Chain Management

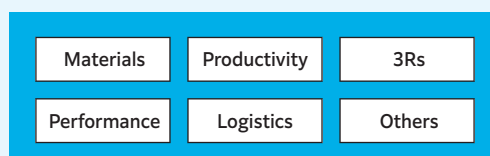
1 Value Chain Overview Map by Activity

We will reduce the amount of environmental loads associated with our products throughout their life cycles.



Saving
resources
Energy
conservation
Long life, etc.

Environmentally friendly manufacturing,
more than ever.



3Rs: Reuse, Reduce, Recycle



2 Value Chain Overview by Economic Entity

Value Chain	Further Upstream Businesses	Suppliers	Mikuni	Customers	End Users
Key Environmental Issues	- Climate change - Biodiversity	- Climate change - Electrification of vehicles	- Climate change - Energy issues - Fuel efficiency and electrification of vehicles	- Climate change - Resource circulation - Fuel efficiency and electrification of vehicles	- Climate change - Resource circulation
Risks	- Strengthening of environmental regulations - Resource depletion - COVID-19 infection	- Strengthening of environmental regulations - Occurrence of legal violations - Damage caused by large-scale disasters - COVID-19 infection	- Strengthening of environmental regulations - Occurrence of legal violations - Damage caused by large-scale disasters - COVID-19 infection	- Strengthening of environmental regulations - Damage caused by large-scale disasters - COVID-19 infection	- Natural disaster - Wastes - COVID-19 infection
Opportunities			- Improvement of environmental technology - Increase in order volume	- Increase in sales of environment regulation compliant vehicles - Damage caused by large-scale disaster	

3 Environmentally Friendly Products

As part of our environmentally friendly design, we have classified environmental considerations into the following categories and are developing products that take the Life Cycle Assessment (LCA) into account.

Value Chain	Procurement of Materials	Suppliers	Mikuni	Logistics	Customers	End Users
Applicable Rules	EMS/MES/Guidelines/Laws	MES/Guidelines/Laws	EMS/MES/Customer Requirements/Laws	EMS/Laws	Customer Requirements/Laws	Laws
Design for Environment						
Resource Conservation	●	●	●	—	○	—
Environmental Protection	●	●	●	—	●	●
Energy Conservation and Efficiency	—	○	●	●	●	●
Long-term Use	—	—	●	—	○	—
Environmental Friendliness of Packaging Materials and Transportation	—	○	●	●	○	—
Ease of Disassembly	—	○	●	—	○	—
Ease of Disposal Processing	—	●	●	—	○	—

EMS: Environmental Management System
MES: Mikuni Engineering Standard

● : Items implemented directly by Mikuni
○ : Items that are indirectly implemented through instructions given by Mikuni

CSR Approach

Our Basic Approach

The Mikuni Group is promoting business activities with the aim of becoming a sustainable, highly profitable company that is needed by society with "safety and quality," "compliance," and "health and education" as the foundation of all our activities. The Mikuni Group recognizes its responsibility as a global corporation to its current and future stakeholders not only in our business activities, but in all our activities as well, and have established various policies* such as the Compliance Code of Conduct, and each and every employee of the Group is committed to faithfully following these policies. Although the terms "CSR" and "sustainability" were not explicitly used in the activities of the Mikuni Group, we have been working on individual items for many years.

Corporate Philosophy

With a global perspective,
Mikuni will contribute to the realization of an affluent society
by making full use of our human resources and technology.



MANAGEMENT POLICIES

- Management that learns from the market, whether internal or external, with "our customers first" in mind.
- Management for manufacturing and service with the highest priority to Quality, with due consideration to both safety and protecting and improving the environment.
- Management that aims at "providing a company that adds value to the lives of our employees."
- Management that abides by the laws, values individual initiative and mutual trust, and treats other parties with dignity and respect.
- Management that pursues dreams, promotes increased effort for self-improvement and meets challenge of ambitious goals.

GUIDELINES FOR ACTION

- Always keep in mind our commitment to our customer satisfaction.
- Always strive to improve, set challenges, and be creative.
- Always think in a positive manner.
- Always maintain high ethical standards and put oneself in another's place.
- Always set specific and lofty goals.

CORPORATE STATEMENT

Making Dreams an Exciting Reality

* Various policies

- Compliance Code of Conduct and Code of Ethics Declaration
- Basic Quality Policies
- Basic Safety Philosophy and Occupational Health and Safety Policy
- Basic Environmental Philosophy and Environmental Policy
- Disclosure Policy
- Basic Policy on Disaster Management and Code of Conduct for Disaster Management
- Basic Information Security Policy and Code of Conduct on Information Security
- Procurement Policy and Mikuni Supplier CSR Guidelines



CSR Issues to be Addressed (Materiality)

The automotive parts business accounts for the majority of the consolidated net sales of the Mikuni Group. The Japan Auto Parts Industries Association (JAPIA), of which Mikuni is a member, has published the CSR Guidebook (last revised in 2010) based on CSR-related communication with its customers. The guidebook is consistent with the Charter of Corporate Behavior issued by the Japan Business Federation (Nippon Keidanren) and initiatives to achieve the SDGs adopted by the United Nations. The Mikuni Group believes that the content of the CSR Guidebook represents the CSR issues expected by customers and society. The Mikuni Group recognizes the eight areas outlined in the Japan Auto Parts Industries Association's CSR Guidebook as "materiality" CSR issues that must be addressed and conducts activities accordingly.



1 Safety and Quality

The products, goods, and services ("products") of the Mikuni Group are related to the safety of our direct customers and end users who use the customer's products. "Safety and Quality" is one of the foundations of all our business activities. We strive to improve the safety and quality of all our products through quality management activities.



2 Human Rights and Labor

The Mikuni Group respects the Universal Declaration of Human Rights and International Labor Standards, and prohibits human rights violations such as child labor, forced labor, discrimination, and other similar acts. "Health and Education" is one of the foundations of all our business activities. We strive to improve the working environment for all workers, including temporary and outsourced workers, through Occupational Health and Safety Management activities.



3 Environment

We have established a long-term environmental vision, in addition to our Basic Environmental Philosophy and Environmental Policy, and we are working to resolve various environmental issues such as climate change and minimize the adverse effects of extreme weather on our business. We comply with each country and region's environmental laws and regulations. We also identify chemical substances that may severely impact the environment and human health and manage them safely.



4 Compliance

The Mikuni Group has positioned "compliance" as one of the foundations of all our activities. We strive to raise compliance awareness of all workers through compliance promotion activities, including temporary employees and outsourced workers. We operate a whistleblowing system that prohibits any disadvantage to the whistle-blower to make the system more effective.



5 Information Disclosure

The Mikuni Group's basic policy is to disclose appropriate information in a timely and fair manner in order to deepen the understanding of shareholders, investors, and other stakeholders. In accordance with this basic policy, we provide information to our stakeholders through our website, the media, and various other means. This CSR report is also a part of our information disclosure.



6 Risk Management

In addition to identifying and analyzing the factors that cause risks to the Mikuni Group's business activities in various fields and working to avoid the emergence of risks, we have established and are operating a system to minimize losses and continue our business operations while placing the highest priority on protecting human life in the event that a risk emerges.



7 Social Contribution

As corporate citizens, we actively participate in local events in order to coexist with the communities in which our business sites are located, and we invite local residents to our events in order to promote better communication.



8 Development of CSR issues in-house and with suppliers

Through various training programs based on our corporate philosophy and Code of Conduct for Compliance, we ensure that all employees are familiarized with the basic concept of CSR. We have also issued the Mikuni's Supplier CSR Guidelines for our suppliers (business partners) to promote understanding of CSR issues and to share awareness throughout the supply chain.

Stakeholder Engagement

In order to coexist and grow sustainably with the society that surrounds Mikuni Group, we have been working on VISION2023, a mid-term management plan targeting 2023, the 100th anniversary of our founding, since fiscal 2013 as the foundation of our management. We believe that in order to be recognized and needed as a company that contributes to a society where sustainable development is possible, it is important to continue to manufacture products that please our stakeholders as well as to engage in dialogue with them. To achieve this goal, we will continue to accurately understand the needs of our stakeholders through dialogue, address the issues of the community and society, and promote "quality-first manufacturing and service management with consideration for safety and the environment," which is one of our management policies, in order to contribute to the "realization of an affluent society" as stated in our corporate philosophy.

Customers

The Mikuni Group's customers include individuals and a variety of corporate customers. We have a wide range of businesses, such as automotive, living environment equipment, consumer products, welfare and nursing care equipment, aerospace, and golf course and greenery related products.

Shareholders, Investors, and Financial Institutions

The number of shareholders is 5,673. The total number of shares issued is 34 million. Financial institutions hold 42% of the shares, individuals and others hold 38%, and foreign corporations and other legal entities hold 20%. (As of March 31, 2021)

Employees

The Mikuni Group has 7,489 employees on a consolidated basis and 1,933 employees on a non-consolidated basis. (As of March 31, 2021, including temporary employees)

Suppliers

The Mikuni Group has established a procurement policy for purchasing products and is promoting "green procurement" and compliance with conflict mineral regulations based on our own guidelines.

Local Communities

The Mikuni Group has a wide range of businesses in Japan and overseas. We conduct our activities in accordance with the culture and customs of each region.

Government

The Mikuni Group is also developing its business in overseas locations. In addition to complying with domestic and foreign laws and regulations.

Affiliations

Because of the wide range of Mikuni Group's business activities, we belong to a variety of organizations. We are working to build good relationships with each organization through communication.

Environment

We recognize that global environmental conservation activities are the most important management issue. In order to realize a sustainable and developing society, we are committed to environmental protection in all our production activities and products based on our environmental policy.



Opportunities for Dialogue
with Stakeholders

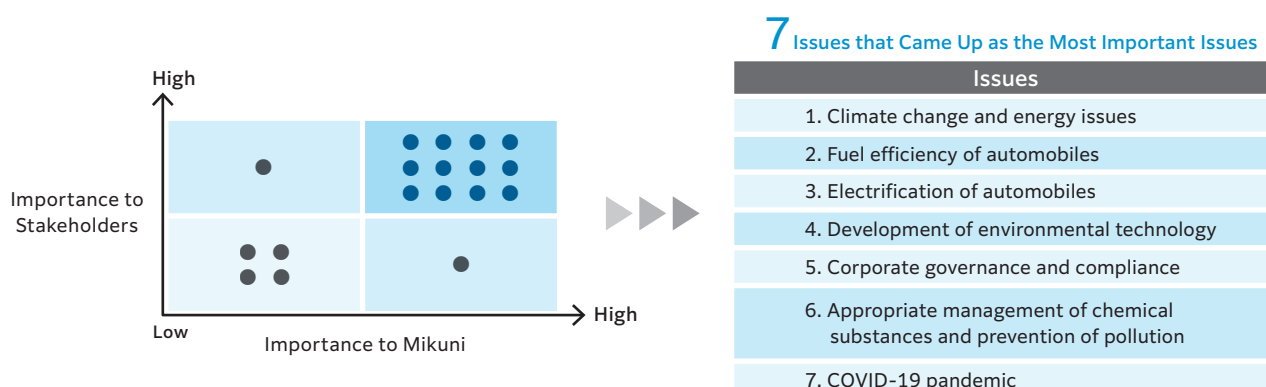


Stakeholders	Main responsibilities of Mikuni	Main methods and opportunities for dialogue (frequency)
Customers	<ul style="list-style-type: none"> - Improve customer satisfaction in all areas, including quality, cost, and delivery - Provide appropriate and prompt response and support to customers - Provide accurate and appropriate information on products 	<ul style="list-style-type: none"> - Daily sales activities (as needed) - E-mail distribution, website (as needed) - Exhibitions
Shareholders, Investors, and Financial Institutions	<ul style="list-style-type: none"> - Maintaining and improving corporate value Timely and appropriate disclosure of corporate information - Appropriate return of profits 	<ul style="list-style-type: none"> - General Meeting of Shareholders (once a year) - Issuance of Annual Securities Report (once a year) - Issuance of Corporate Governance Report (once a year)
Employees	<ul style="list-style-type: none"> - Improve knowledge of environmental issues - Respect for human rights - Promotion of safety and health maintenance and promotion - Promotion of diversity 	<ul style="list-style-type: none"> - Implementation of education and training - Labor-Management Consultations - Target management interviews (2 times/year) - Intranet (as needed)
Suppliers	<ul style="list-style-type: none"> - Fair and equitable transactions - Support and cooperation for promotion of greenprocurement - Appropriate provision and sharing of information 	<ul style="list-style-type: none"> - Daily procurement activities (as needed) - Supplier briefing (as needed)
Local Communities	<ul style="list-style-type: none"> - Prevention of accidents and disasters, environmental conservation - Contribution to local communities - Respect for and contribution to the development of culture and customs 	<ul style="list-style-type: none"> - Plant tours and opening of facilities (as needed) - Community contribution activities by employees (as needed) - Various types of mutual aid (as needed)
Government	<ul style="list-style-type: none"> - Compliance with laws and regulations - Payment of taxes - Cooperation with policies 	<ul style="list-style-type: none"> - Compliance with laws and regulations Response to various notifications, surveys and questionnaires (as needed) - Hearing and provision of information (as needed)
Affiliations	<ul style="list-style-type: none"> - Collaborate with organizations to achieve their goals - Compliance with requirements 	<ul style="list-style-type: none"> - E-mail distribution, Web site (as needed) - Participation in seminars and training sessions (as needed)
Environment	<ul style="list-style-type: none"> - Reduction of greenhouse gas emissions - Promotion of energy saving, resource saving, and recycling - Reduction of hazardous chemical substances 	<ul style="list-style-type: none"> - Compliance with various laws and regulations (as needed) - Publication of environmental reports (once a year) - Environmental conservation activities (as needed)



Identifying Environmental Issues

We have identified the key issues that Mikuni Group must address in response to the environment, social conditions, and customer demands that are changing rapidly and have applied the following mapping to identify items of high importance.



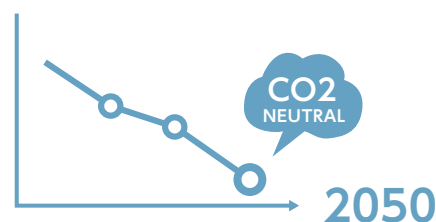
Long-term Environmental Vision

At a meeting of the Board of Directors held in March 2021, the Company partially revised its medium-term management plan "Vision 2023 Final STAGE" and formulated the "Long-term Environmental Vision."

"We will continue to be a valuable entity in solving the environmental issues of countries, regions, and customers."

by **2030** the Paris Agreement and SDGs

by **2050** the carbon neutrality

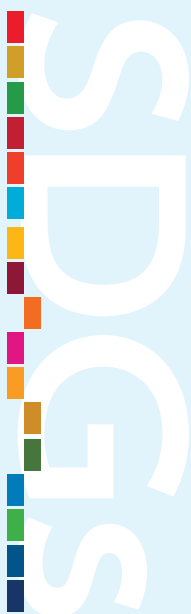


Initiatives to Contribute the SDGs

Mikuni will realize a cycle of improving the sustainability of the earth and society, as well as our own development, by carrying out activities in accordance with our corporate philosophy.

SUSTAINABLE DEVELOPMENT GOALS
17 GOALS TO TRANSFORM OUR WORLD

3 goals that are closely related to our business activities.



Target to focus on:

- ▶ Strengthen R&D capabilities
- ▶ Environmentally friendly manufacturing with clean technology
- ▶ Increasing the efficiency of resource use
- ▶ Improving knowledge and capabilities to cope with climate change
- ▶ Reduce emissions of chemical substances and waste throughout the product life cycle

Initiatives for Carbon Minimization

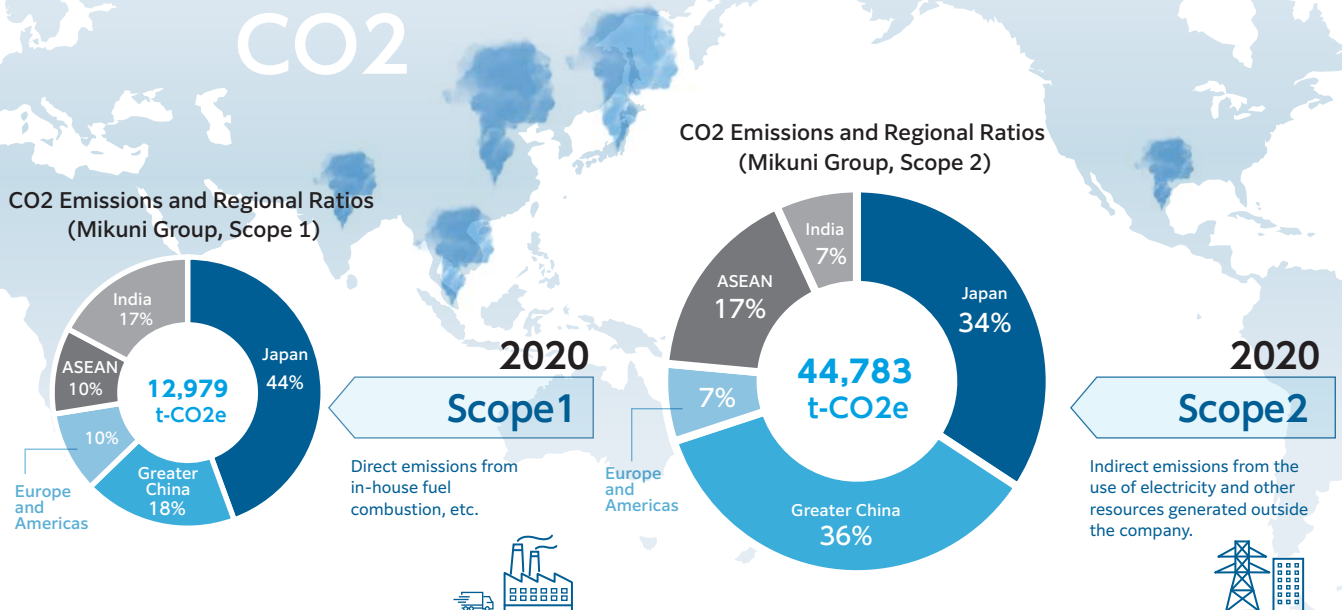
As a measure to mitigate climate change, which is one of the most important issues, the Mikuni Group is working toward carbon minimization.

CO2 Emissions (Mikuni Group)

The figure below shows the Mikuni Group's CO2 emissions (Scope 1 + Scope 2) and the regional ratios.

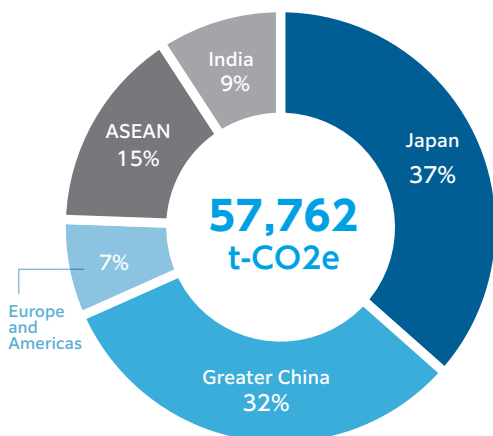
The first step is to understand the current situation, followed by setting the Group's CO2 emission reduction target.

We are also working to identify Scope 3 emissions.



CO2 Emissions and Regional Ratios (Mikuni Group)

Scope 1+2



2020 CO2 Emissions and Regional Ratios (Mikuni Group, Scope 1 + Scope 2)
Total of consolidated manufacturing companies

- Number of consolidated manufacturing companies by region
Japan: 2 companies, Greater China: 4, Europe and Americas: 1, ASEAN: 2, India: 1
- CO2 emission factors:
Figures announced by the country where the company is located.

Case Studies

CO2 NEUTRAL

1. Low CO2 emission factor fuels

- ▶ LNG storage facility in Kikugawa plant (Shizuoka Prefecture)



LNG

2. Renewable energies

- ▶ Solar power generation facility in Mikuni Thailand



SOLAR

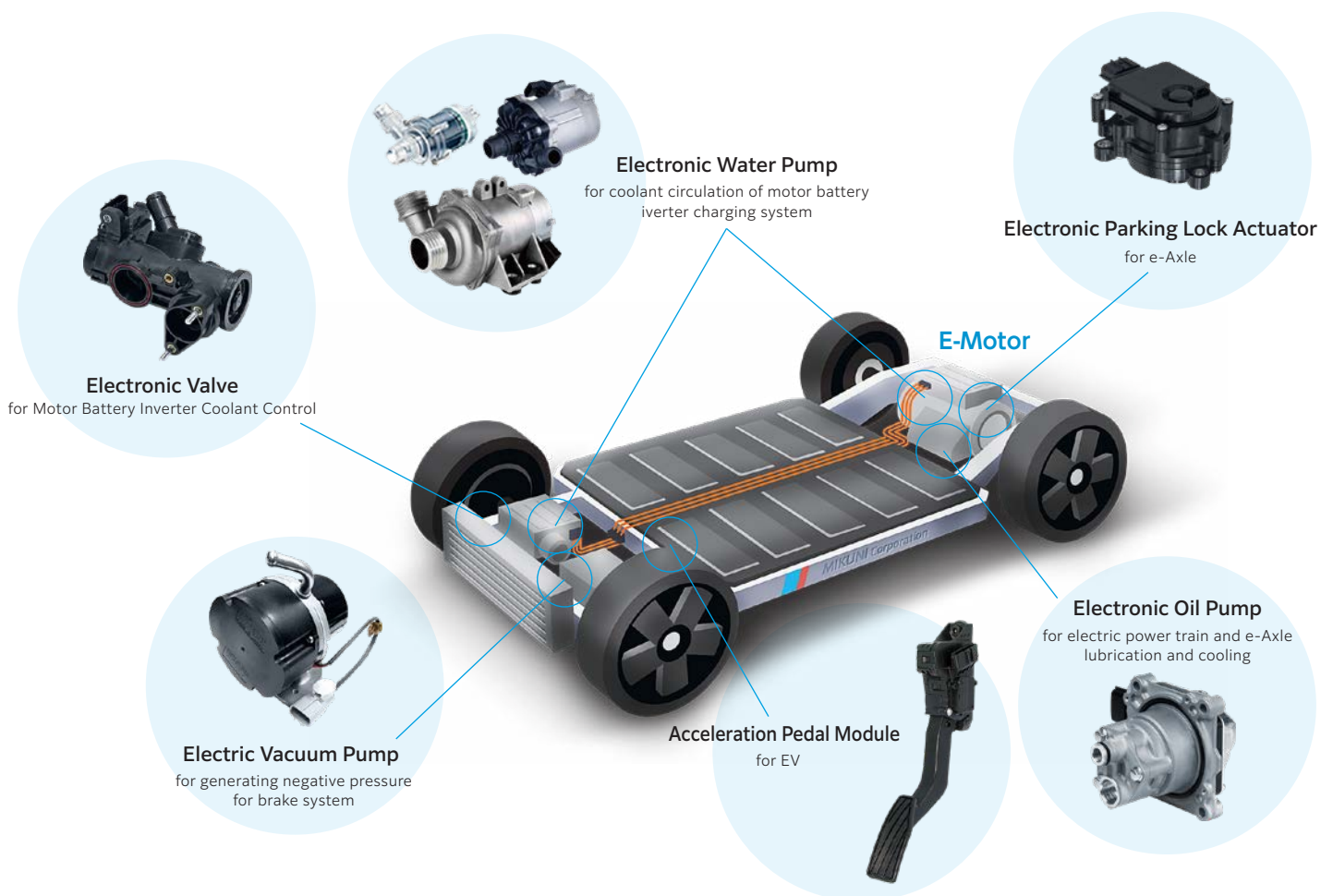


Products for automobiles



Turning electrification into new business opportunities

Strategic investment of organization's resources in advanced development of products for electric vehicles utilizing Mikuni's core technologies



Toru HASHIMOTO

Member of the Board Senior Executive Officer
CTO (Chief Technology Officer) / CQO (Chief Quality Officer)

Mikuni's R&D Strategy

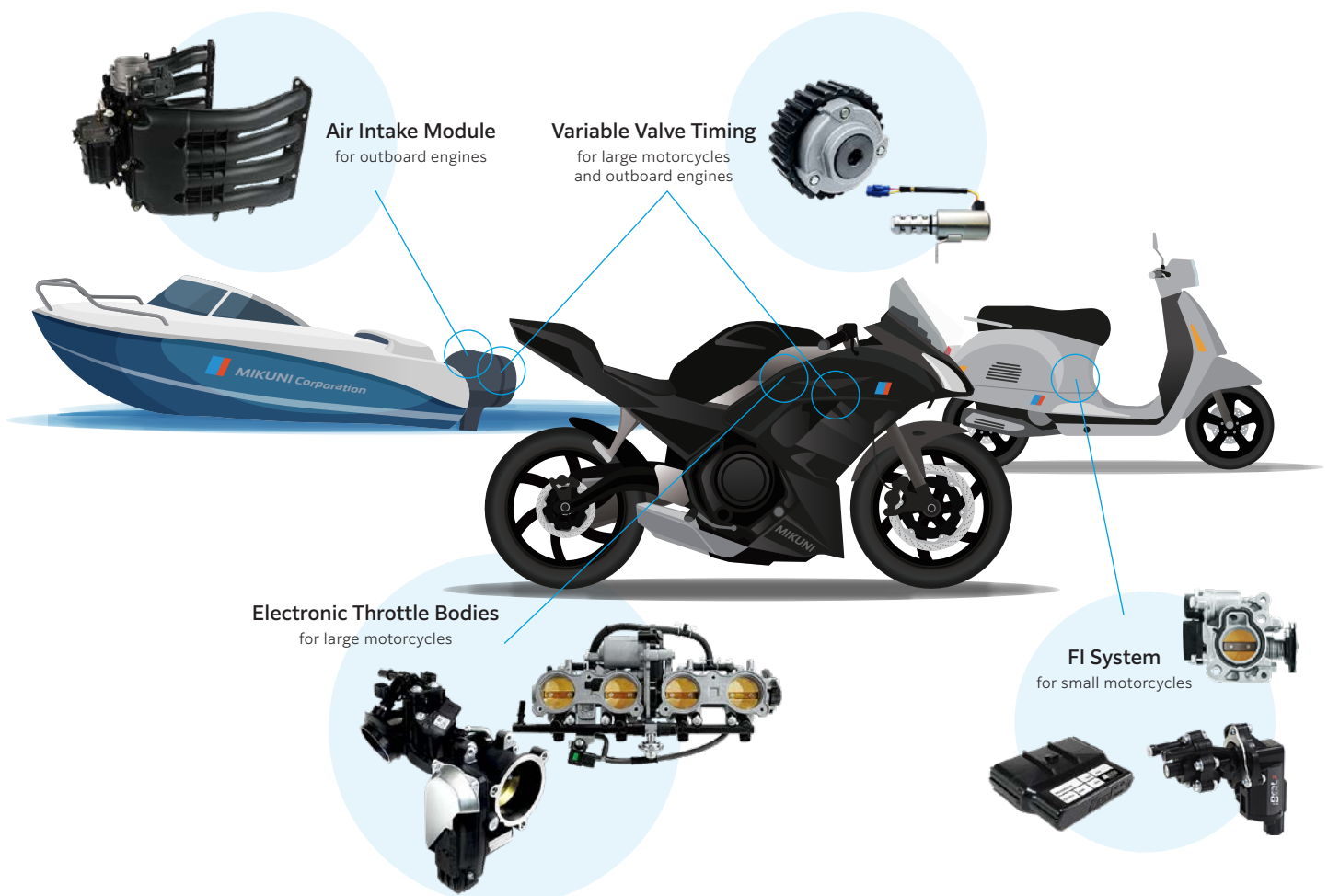
In order to achieve the goal of the Paris Agreement, which is to "limit the global warming to well below 2 degrees Celsius compared to pre-industrial levels," the realization of a carbon neutral society is required. To contribute to carbon neutrality, Mikuni, as a manufacturer of automotive parts, is actively promoting the development of products to be used in electric vehicles. Electric vehicles, such as HEVs and EVs, are expected to account for about 60% of the total powertrain by 2030. The percentage of Mikuni's products for electric vehicles is not very high at present,



Products for motorcycles
and marine products, etc.

Enhancing our presence in the market

Improving environmental performance of motorcycles
and marine products around the world by introducing
Mikuni technologies and further enhancing our
presence in the market.



but we have set a goal of increasing the percentage to 70% by 2030 by accelerating development. We will also work on LCA (Life Cycle Assessment) to reduce CO2 emissions from the manufacturing process as well. We aim for carbon minimization by adopting materials that minimize the environmental impact of the manufacturing process, devising processing methods, and using renewable energy as much as possible. Mikuni will make every effort to contribute to the goal of carbon neutrality in 2050!

Digital Transformation



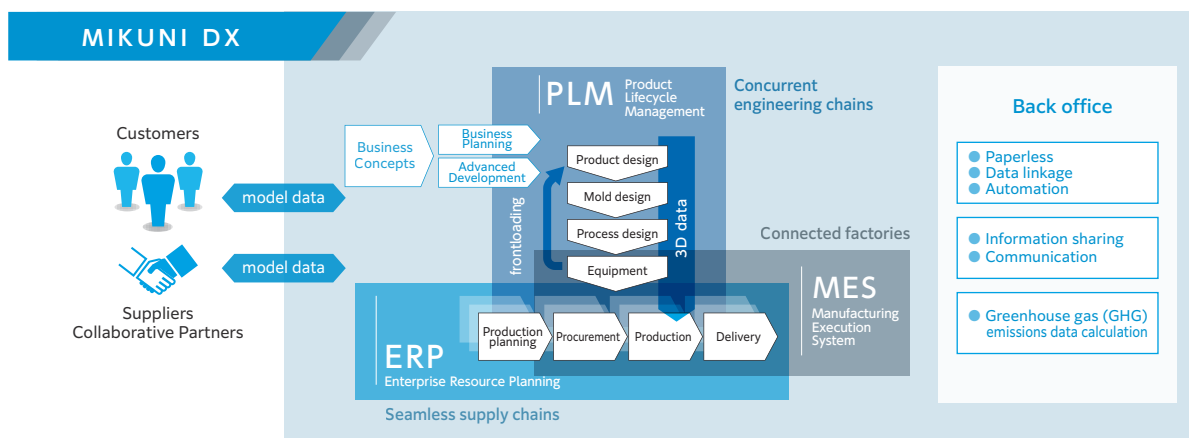
Mikuni's Digital Transformation

One of the key initiatives in the Mikuni Group's mid-term management plan "Vision 2023 the final stage (FY2019-FY2023)" is the promotion of Digital Transformation (DX) in order to improve our competitiveness.

1 Mikuni DX Vision

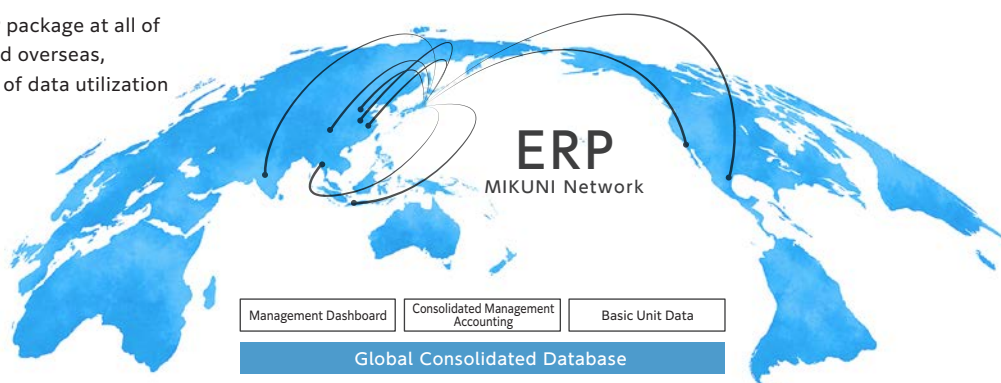
Mikuni DX will shorten the time required for all processes and increase competitiveness and value of our presence by connecting with customers, inside and outside the group through digital data.

2 Overview of Mikuni DX



3 What we've done so far

We have implemented the same ERP package at all of our manufacturing bases in Japan and overseas, and are promoting the advancement of data utilization through our global ERP network.



4 Actions to be taken from now on

Mikuni DX will strengthen the promotion of digitalization of manufacturing processes, the "core" of the company. We will recreate the flow of design information in the engineering chain, the process from product design to mass production. Starting with model-based development, which we have been promoting for some years, we will share design information in the form of 3D drawings and consolidate the knowledge of related departments. This approach will minimize design changes, reduce losses, shorten development lead time, and enhance the ability to adapt to changes and digitally reconcile them.

5 DX Promotion Teams

In FY2021, we launched the DX Promotion Department and also established the DX Promotion Liaison Committee, which is led by the CDO (Chief Digital Officer). The DX Promotion Liaison Committee will report directly to the CEO (Chief Executive Officer) to strongly accelerate promotion and provide optimal steering.



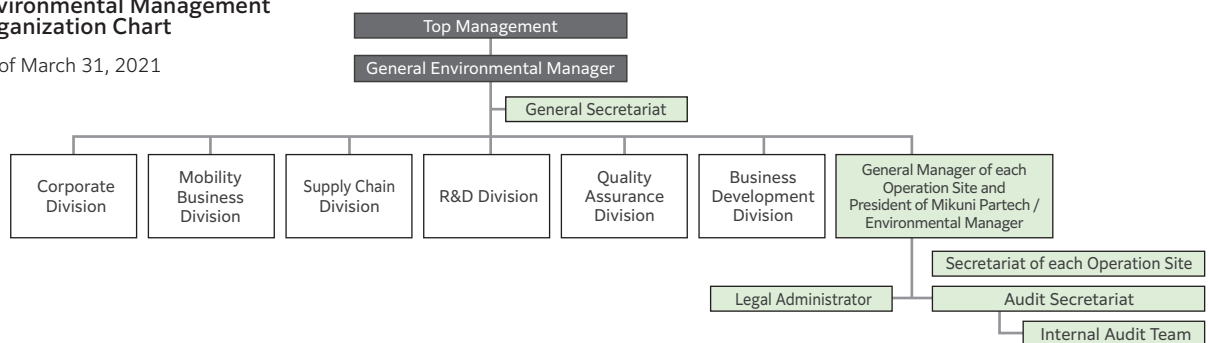


Mikuni's Environmental Management Organization (Japan)

The director in charge of environmental management, appointed by the board of directors, serves as the top management, and under the supervision of the general environmental manager (executive officer) who oversees each division and office of Mikuni and Mikuni Partech, environmental activities are carried out under the system shown below. The environmental manager and secretariat of each operation site participate in environmental meetings to discuss and monitor the progress of environmental activities. The results of activities are regularly reported to top management through management reviews, and important environmental issues, such as reducing CO2 emissions and energy consumption, are discussed at meetings of the board of directors and executive officers and reflected in management.

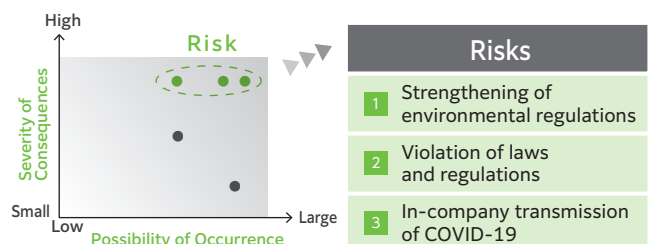
■ Environmental Management Organization Chart

As of March 31, 2021



Risk Assessment

In addition to the risks related to the seven items listed in "Identification of Environmental Issues," we are working to avoid the following three items based on the results of our evaluation of the frequency of occurrence and severity of consequences.



1 Response to Strengthening of Environmental Regulations

Mikuni Group is subject to a number of environmental regulations, including those related to climate change, environmental pollution prevention, and environmentally hazardous substances (chemical substances). In order to obtain information on revisions to these regulations as quickly as possible, we check and monitor

information from the environmental law database services of companies specializing in laws and regulations, as well as from industry organizations. The monitors are the environmental secretariats of each operation site, energy conservation personnel, General Affairs sections, and other environmental personnel.

2 Measures to Prevent Violations of Laws and Regulations

In order to ensure compliance with laws and regulations related to the prevention of environmental pollution, we have established our own voluntary control standard values, which are stricter than the regulated values, and monitor them. Even if the measured value is less than the regulated value but exceeds our voluntary control standard value, we regard it as non-conformance and correct it.

Since the regulation on environmentally hazardous substances covers the ingredients of the raw materials and parts that we procure, we have created the Mikuni Green Procurement Guidelines and distribute them to our suppliers to manage them throughout the supply chain. We also share information on GADSL* and other environmental load substance regulations with our suppliers.

* GADSL : Global Automotive Declarable Substance List

3 Prevention of In-house Infection of COVID-19

We have taken up the issue as one of the risks because the occurrence of internal infection would have a significant impact on the achievement of our environmental management system goals. We have issued a "Manual for Prevention and Countermeasures," which stipulates measures to prevent infection and its spread, as

well as what to do if an employee or a family member is suspected of being infected, and all employees are required to comply with the manual. We have also introduced teleworking, which allows employees to work outside the office by utilizing IT, and staggered work hours, along with new operational rules.

Targets and Results - Mikuni Corporation

	Activity Items	Outline of Activities	Targets	Actual Results
1	Reduction of CO2 emissions			
	1. Improved productivity	Improve efficiency not only in direct operations but also in indirect operations to increase overall productivity.	Short-term targets FY2019 compared to FY2013 10.1% reduced Total emissions per marginal profit ¹ 1.041t/million yen Long-term target FY2030 compared to FY2013 26% reduced Total emissions per marginal profit ¹ 0.843t/million yen	Compared to FY2013 7.0% reduced 1.009t/million yen
	2. Fewer defects and complaints	Reduce product defects inside and outside the factory to prevent remanufacturing.		
	3. Reduced breakdowns	Production facilities, utilities and infrastructure		
	4. Logistics improvement	Efficient transportation in logistics		
	5. Sales increase	Increase sales of our products		
	6. Value Analysis (VA) and Value Evaluation (VE)	Propose and implement measures to improve productivity and reduce the occurrence of product defects		
2	Environmentally Friendly Design			
	1. Lightweighting	Reduce the size and weight of products, parts, and materials to contribute to improved productivity and fuel efficiency of vehicles equipped with them.	50 items	80 items
	2. Platform design	Standardize parts to improve design efficiency and productivity.		
3	Reduction of Environmentally Hazardous Substances			
	1. Reduction of Environmentally Hazardous Substances	Eliminate, substitute with safe substances, or reduce the amount of chemical substances that affect the environment and human health.	Replacement or reduction of products containing substances regulated by laws ² .	Completed substitution of one product containing a substance subject to the Ordinance on Prevention of Organic Solvent Poisoning.

¹ Total emissions per marginal profit refers to total emissions/marginal profit (sales - variable costs).

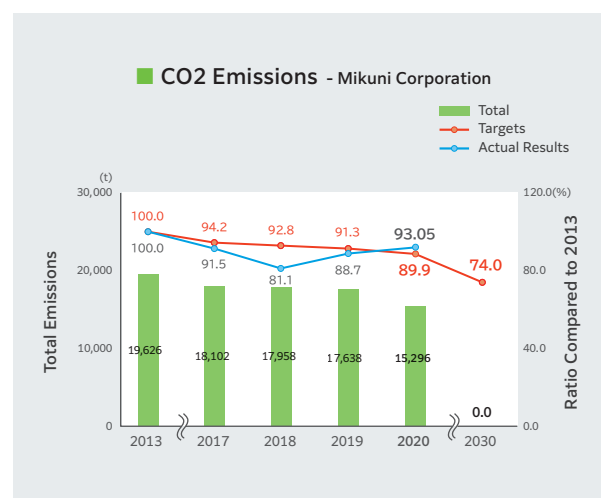
² the Industrial Safety and Health Act, the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (Law concerning Pollutant Release and Transfer Register / PRTR) etc.

Details of Each Initiative >>>

1 Reduction of CO2 Emissions

In accordance with the Japanese government's Plan for Global Warming Countermeasures approved by the Cabinet in May 2016, Mikuni has set a mid-term goal of reducing greenhouse gas emissions by 26% by FY2030 compared to FY2013. In order to achieve this goal, each department aims to make all kinds of improvements (reduction of waste and loss) in accordance with their respective roles.

In FY2020, we promoted various improvements as shown in the table above and were able to reduce emissions itself despite the impact of the COVID-19 pandemic, but we were unable to meet our unit requirement target due to the impact of the sales decline. In October 2020, the Japanese government declared the country to be carbon neutral by 2050, and in April 2021, it announced the goal of reducing greenhouse gas emissions by 46% from the FY2013 level in FY2030, and is currently revising its Plan for Global Warming Countermeasures. In response to these developments, the entire Mikuni Group is also working to revise its CO2 reduction targets.



1. Initiatives for Production

In addition to our existing efforts to "increase production speed," "maximize the ratio of value-added work," "eradicate product defects," and "reduce air leaks and other waste," we have started to verify the introduction of the following items that will further directly reduce CO2 emissions.

- Solar power generation using existing buildings and land
- CO2-free electricity
- Switching from heavy oil to other fuels with lower CO2 emissions

Through these measures, we are working to achieve our long-term goal of reducing CO2 emissions by 2030.

2. Efforts to Reduce Breakdowns

We aim to achieve "zero" sudden breakdowns through our "zero-stop manufacturing" activities, and are working to reduce the amount of energy and other resources used to rework products and restore facilities.

3. Initiatives for Sales

Our products are made up of parts and sub-materials that comply with our own green procurement guidelines, meet various regulations, and are designed to be environmentally friendly. We contribute to the environment by selling automotive parts that help improve fuel efficiency and exhaust emissions, and gas appliance parts that help user safety and reduce product size.

2 Environmentally Friendly Design

In order to purify exhaust gas and improve fuel efficiency of automobiles and motorcycles, we are considering the environment through advanced control, high functionality, weight reduction, etc., based on the technology we have cultivated with our carburetors. We are also actively working

to control and reduce the amount of environmentally hazardous substances contained in our products (pollution prevention), minimizing the impact on the environment through high performance, high quality products, and producing products that guarantee optimal service life.

Activities >>>

We conducted green design activities based on the concept of LCA. We developed products that contribute to fuel efficiency improvement, weight reduction, energy saving, reduction of environmentally hazardous substances in exhaust gas, and reduction of CO2 emissions, and also improved ease of manufacturing and energy saving during manufacturing by promoting product platforms. In the area of green procurement, we have set targets for the reduction and total abolition of environmentally hazardous substances used in our products.

1. Initiatives at the R&D Division

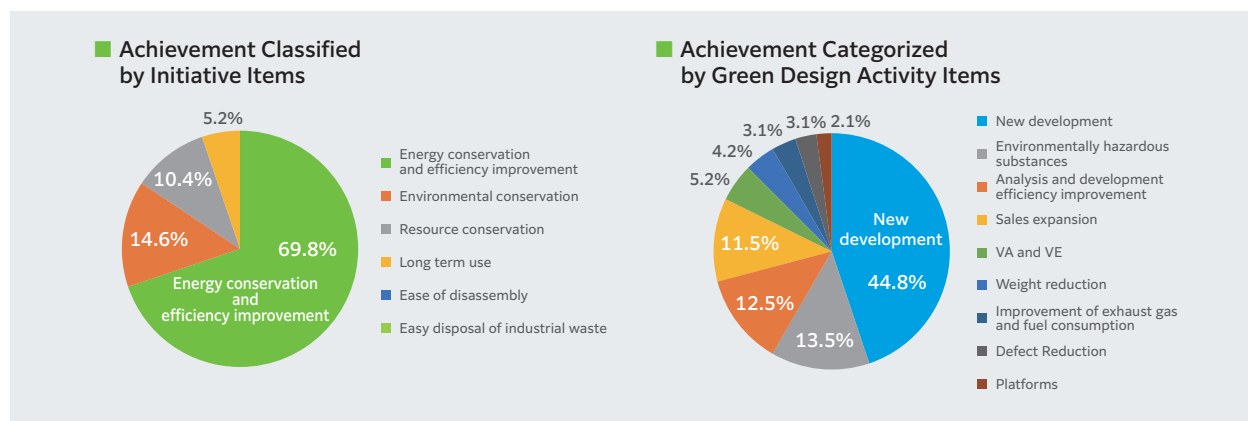
Objectives	Activities (Specific Examples)	
Green Design (Product Assessment) Product development and design in accordance with the concept of LCA Environmentally Friendly Design	Resource Saving (downsizing of products, minimization of use of scarce resources, improvement of orthogonal rate)	Environmental Conservation Measures (non-use of regulated chemical substances, reduction and substitution of hazardous substances, and suppression of heat, noise, and vibration)
	Ease of Disassembly (ease of sorting and recycling of disassembled materials)	Energy Conservation and Improvement of Efficiency (energy saving during use, transportation, and manufacturing)
	Ease of Disposal (ease of destruction of products and consideration of safety during disposal)	Long Term Use (minimized resource use, easier repair and replacement, maintenance-free, and improved robustness through long service life)

2. Target and Achievement

In FY 2019, based on the concept of LCA, we examined the impact of Mikuni's products on the environment at the development and production stages, as well as in the marketplace, and selected fuel efficiency improvement, exhaust gas performance improvement, CO2 reduction, productivity improvement, and response to environmentally hazardous substances as items for green design in order to respond to the results.

Target	Achievement
56 items or more	77 items

The following pie chart shows the achievement shown in the upper table, classified by activity item and by specific green design activity item.



3 Reduction of Environmentally Hazardous Substances

Mikuni is promoting the abolition or substitution of substances designated by various environmental regulations, while giving maximum consideration to product quality and safety. In FY2020, we replaced one product containing isopropyl alcohol (IPA),

which is specified in the Organic Solvent Poisoning Prevention Regulations, with one that contains less than the regulated value.

Compliance Evaluation - Mikuni Corporation

The results (average values) of water quality and exhaust gas measurement at each operation site are shown below.

1 Water Quality

Water quality measurement results at the final drainage outlet based on the Water Pollution Prevention Act (based on the measurement certificate from the measurement company)



● Water quality at our head office and branch offices is not measured because of sewage drainage.

		pH	BOD (mg/L)	COD (mg/L)	Results
Odawara (R&D)	Standards	6.0~8.2	54 or less	54 or less	✓
	Measured Values	7.5	1.4	1.0	
Kikugawa (Plant)	Standards	6.0~8.2	18 or less	18 or less	✓
	Measured Values	7.1	2.5	7.1	
Takizawa, Morioka (Plant)	Standards	6.1~8.3	24 or less	24 or less	✓
	Measured Values	6.9	10.0	13.4	
Ogama, Morioka (Plant)	Standards	6.1~8.3	16 or less	24 or less	✓
	Measured Values	6.8	6.8	9.4	

2 Air Quality

Measured at a facility that generates soot and smoke based on the Air Pollution Control Act (From the measurement certificate provided by the measurement company)



- Since all boilers used at Mikuni fall under the category of small boilers, the application of the regulation has been suspended based on a government ordinance.
- At Kikugawa plant, we use LNG as fuel for the cogeneration system, which has low CO₂ and NO_x emissions and does not produce SO_x. However, due to the structure of the system, a small amount of lubricating oil penetrates the combustion chamber and burns, which is the cause of the measured values in the table.
- Odawara, head office, and branch offices do not have specific facilities stipulated in the Air Pollution Control Act, so no measurements have been taken.

			SO _x (Nm ³ /h)	NO _x (ppm)	Soot and dust (g/Nm ³)	Results
Kikugawa (Plant)	Boiler	Standards	—	Suspended	Suspended	—
		Measured Values	—	22.0	Less than 0.003	
	Hot and Chilled Water Generator	Standards	—	100 or less	0.08 or less	✓
		Measured Values	—	30.6	Less than 0.002	
Takizawa, Morioka (Plant)	Cogeneration System	Standards	0.2 or less	500 or less	0.04 or less	✓
		Measured Values	Less than 0.09	245.0	Less than 0.003	
	Boiler	Standards	2.55 or less	Suspended	Suspended	✓
		Measured Values	0.03	75	0.01	
Ogama, Morioka (Plant)	Hot and Chilled Water Generator	Standards	0.21 or less	144 or less	0.24 or less	✓
		Measured Values	0.03	64	0.01	
	Boiler	Standards	0.46 or less	Suspended	Suspended	✓
		Measured Values	0.02	67	0.01	

Remarks: 1. The above data represent annual average values.
2. The above standard values are based on our voluntary control standard values of each operation site.

Environmental Accounting - Mikuni Corporation

We monitor and disclose the costs of our environmental conservation activities in order to promote and maintain them efficiently and effectively.



Categories		Main Initiatives	Invested Amount (thousand yen)
(1) Business Area Cost Environmental conservation cost to control environmental impacts which result from key business operations within the business area.	① Pollution prevention cost	- Air and water pollution prevention activities (including periodic analysis) - Noise and vibration prevention activities - Maintenance and inspection of pollution prevention facilities (including those related to septic tanks)	25,779
	② Global environmental conservation cost	- Global warming prevention activities - Energy conservation activities - Ozone depletion prevention activities	28,802
	③ Resource circulation cost	- Waste recycling and resource recycling activities - Maintenance and inspection of waste treatment facilities, reduction of energy generation	6,552
(2) Upstream and Downstream Cost Environmental conservation cost to control environmental impacts which result from production and service activities upstream or downstream		- Green Procurement Activities	50,329
(3) Administration Cost	① Cost for the setup and operation of the environmental management system	- Maintaining the environmental management system - Environmental education for employees	42,918
	② Cost of environmental improvement measures	- Maintaining the environment through nature conservation, greening, and cleaning of company premises	29,348
	③ Cost of environmental impacts monitoring	- Monitoring of water quality, air quality, noise and vibration, soil, PRTR, etc.	4,228
(4) Social Activity Cost		- Cleaning up the local area environment - Supporting local environmental activities and donations	55
(5) Environmental Remediation Cost		- Restoration of natural destruction, insurance fees to cover damage to the environment	200
Total			188,212

KAIZEN Presentation World Meeting

Mikuni Group is working on KAIZEN (a Japanese term meaning "improvement") activities to improve quality and productivity every day in order to meet the expectations of our customers and end users of our products. Every year, we hold the "KAIZEN Presentation World Meeting" as an opportunity to showcase the best examples of improvement activities conducted by each group company. At this meeting, a variety of languages are spoken, including Japanese, English, Chinese, Hindi, Thai, Indonesian, and Spanish, and active discussions are held to enhance consumer reliance on Mikuni products, goods, and services. In addition, the "Kaze no Wa" (meaning "harmony of wind" in Japanese), a cooperative association of suppliers, is invited to participate and share examples of improvements. Due to the impact of the COVID-19 pandemic, we were unable to gather for the Kaizen Presentation World Meeting 2020, so all 18 participating teams each submitted a video of their presentation, which was then evaluated. The first place was awarded to the "Mikuni Supply Chain Division Takizawa Plant Manufacturing Group 1" from Japan.



■ Award ceremony via remote conference

Hiroyuki CHIBA

Leader, Manufacturing Group 1,
Takizawa Plant, Supply Chain Division

The Challenge of Kaizen

Mikuni Group aims to be a sustainable, highly profitable company based on "monozukuri" (manufacturing), and those of us in charge of production are constantly working to improve the profitability of our products. Shohei Ohtani, who is now very active in the American Major League Baseball, created a "MandalArt*" when he was a freshman at Hanamaki Higashi High School with the goal of being selected first in the draft, and thought of specific actions he could take in baseball and in his daily life. We, the Manufacturing Group 1 at the Takizawa Plant, created a "MandalArt" with the goal of improving the profitability of trochoid oil pumps, and reviewed not only the manufacturing process but also all other processes such as material procurement and logistics.

* MandalArt, also known as a mandala chart or goal achievement sheet, is an idea generation framework that uses nine 3x3 grid cells to develop ideas.



VOICE



Employees



Human Rights and Labor

The Mikuni Group respects human rights and labor and values each and every employee in order to promote our management policies, "Management that aims at 'providing a company that adds value to the lives of our employees.'" Our employment regulations clearly state, "respect for the Universal Declaration of Human Rights and international labor standards" and "prohibition of human rights violations such as child labor, forced labor, and other similar acts." In addition, "respect for human rights" and prohibition of discrimination" are clearly stated in the Mikuni Group's Compliance Code of Conduct and Code of Ethics Declaration, and we are working to create a culture in which human rights are respected by raising employee awareness through regular training and other means.

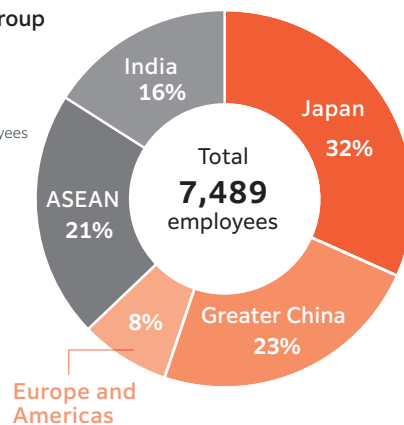
1 Number of Employees (Mikuni Group)

The figure below shows the number and regional percentage of employees of the Mikuni Group as of March 31, 2021.

Employees of the Mikuni Group (by region)

As of March 31, 2021

Total of consolidated group companies:
Full-time employees + temporary employees



2 Paid Leaves

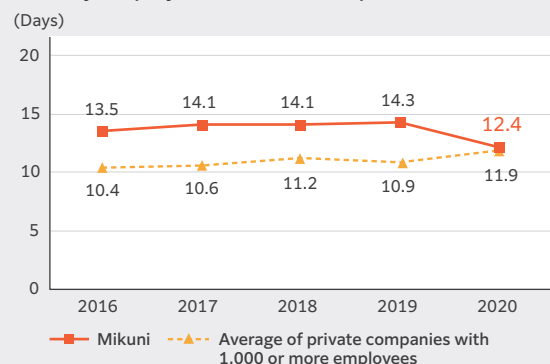
The average numbers of paid leaves taken by employees of Mikuni Corporation per year are shown in the graph on the right. In FY2020, it dropped due to the impact of the company shutdown for almost 20 days (excluding Saturdays and Sundays, which were originally closed) to prevent the spread of COVID-19.

The results for the Mikuni Group (by region) are shown in the table below. As in Japan, there were shutdowns at group companies in each region. In India and Mexico in particular, there have been lockdowns implemented by the government.

Average numbers of paid leave taken by employees of the Mikuni Group in each region in FY2020

Region	Japan	Greater China	Europe & Americas	ASEAN	India
Days	12.1	10.2	5.1	10.9	14.5

Average numbers of paid leave taken per year by employees of Mikuni Corporation



Based on the General Survey on Working Conditions conducted by the Ministry of Health, Labour and Welfare of Japan

Health and Wellness

1 The Health and Productivity Management

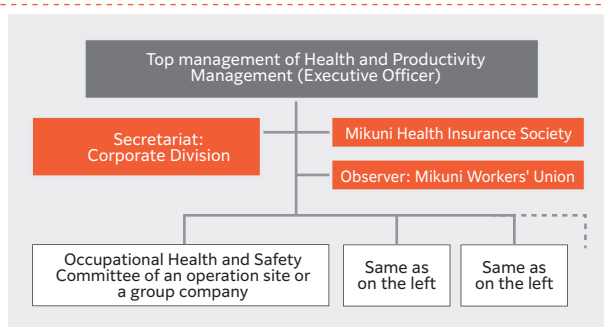
The Mikuni Group has made a "Declaration of Health and Productivity Management" to raise the health awareness of each and every employee, and is developing a variety of initiatives in cooperation with the Mikuni Health Insurance Association. For the second year in a row, Mikuni has been awarded the "Excellent Health and Productivity Management Corporation (Large-Scale Corporation Category)" by the Ministry of Economy, Trade and Industry of Japan and the Nippon Kenko Kaigi (Japan Health Council), which jointly selects corporations that are strategically

addressing employee health from a corporate perspective. Our efforts in health and productivity management are not limited to Japan, but extend to the entire group, including overseas operations. We will continue to support the maintenance and promotion of the health of our employees and further enhance our management capabilities.



2 Promotion Organization

As the top management of the Health and Productivity Management, an executive officer is assigned to ensure the thorough implementation of policies and various measures. Mikuni Health Insurance Society also takes part in Japan, and Occupational Health and Safety Committee of each operation site or group company, including overseas subsidiaries, plays a central role in promoting the Health and Productivity Management.



3 Health Initiatives

1) Walking

The first step of the initiative is walking.

- We hold a company-wide walking event every autumn. The first-place winner in FY2020 walked approximately 1,698,000 steps in three months
- A walking track was prepared for employees in Odawara Operation, the R&D base, this year and an average of 60 people a day enjoy walking.



■ Walking Route Map at Mikuni Odawara Operation

2) Supports to stop smoking

Smoking is a health hazard not only to the smoker but also to the people around them.

It is also said to increase the risk of serious illness and fatality when infected with COVID-19.

Mikuni has launched the "Smoke-Free Activity" at all of its offices to encourage smokers to quit smoking and to further improve the health of employees.

- Seminars on smoking cessation by medical specialists
- Subsidies for smoking cessation expenses
- Staged smoking cessation (closing of smoking areas) on the business premises



■ Smoke-Free Activity logo

3) Health checkups

Health checkups have been conducted for all employees of Mikuni Group companies in Japan, and we are aiming to do the same for all employees of Group companies overseas.

Diversity and Inclusion

Aiming for further growth as a global company, Mikuni has set up the Diversity Promotion Department within its Corporate Division and is working to promote diversification of working environments so that each and every employee, regardless of nationality, gender, educational background, or disability, can think freely, work comfortably, and fully utilize their abilities.

1 Promotion of Gender Equality

One of Mikuni's efforts to recruit diverse human resources is to promote Gender Equality. We have established an action plan based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace to create a working

environment where women can play an increasingly active role. In recognition of these efforts, we have received various certifications from the Ministry of Health, Labor and Welfare of Japan and various local governments.



"Eruboshi" certification by the Ministry of Health, Labor and Welfare of Japan

In recognition of Mikuni's efforts in developing a work environment that encourages women to fully demonstrate their talent by meeting certain criteria, we received the highest grade (level 3) of the "Eruboshi"* certification under the Act on Promotion of Female Participation and Career Advancement in the Workplace in 2018 and keep certified every year.

* Meaning "L Star": L stands for Lady, Labor and Laudable



Women's Advancement Certified Company of Iwate Prefecture

Our Morioka operation site has been certified as a "Women's Advancement Certified Company of Iwate" at the highest level, Step 2, as a company that is actively working to promote the advancement of women.



Odawara L Yale

Our Odawara operation site has been certified as a Gold Stage company, the highest level of the "Odawara L Yale" (Odawara City's certification system for excellent companies that promote woman's advancement).

1) Action Plan Based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace



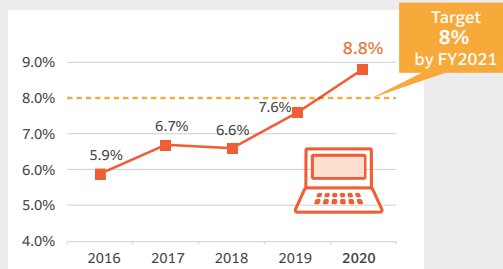
Link to the Database of Companies Promoting Women's Activities, Ministry of Health, Labor and Welfare-Japan (Japanese site)

2) Initiatives to Promote Gender Equality

Mikuni has been implementing various measures such as creating a workplace where women can play an active role and various training programs.

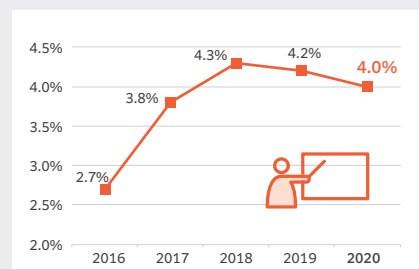
As a result of these activities, the ratio of female employees in career-track positions has increased from 5.9% (FY 2016) to 8.8% (FY 2020), which is in line with the target of "increasing the ratio of female employees in career-track positions to 8% by 2021" set in the action plan. Female employees in career-track positions are taking a leading role in sales, R&D, management, production, and many other departments.

Ratio of Femal Career Track Employees¹
Mikuni Corporation



¹ Career Track Employees: Employees who are considered as candidates for future management positions

Ratio of Female Managers²
Mikuni Corporation



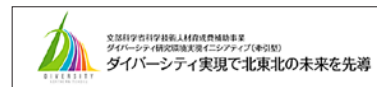
² Managers: Employees of section manager rank and above

Ratio of female employees
(Mikuni Group by region)

	Japan	Greater China	Europe & Americas	ASEAN	India	Total
Parmanent Employees	21.3%	59.0%	42.1%	39.4%	6.1%	36.1%
Temporary Employees	29.7%	40.3%	75.0%	48.9%	8.2%	29.1%
Total	22.9%	57.2%	42.3%	43.2%	7.4%	34.3%
Managers	4.7%	22.2%	20.0%	10.5%	0.0%	11.9%

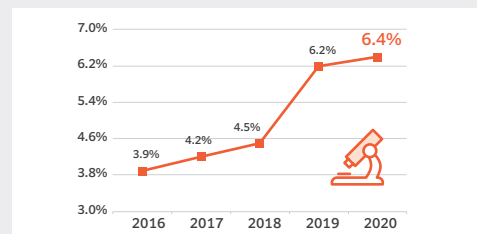
3) Participation in the Initiative to Support Research Activities of Female Researchers

From FY2016, Iwate University has been selected as the representative institution and Hirosaki University, National Institute of Technology-Hachinohe College, National Institute of Technology-Ichnoseki College, Tohoku Agricultural Research Center-NARO (TARC/NARO) and Mikuni have been selected as one of the joint project partners for the "Diversity, Initiative for Realizing Research Environment (leading type)" (project period: FY2016-FY2021), a grant program for human resource development in science and technology by Ministry of Education, Culture, Sports, Science and Technology-Japan (MEXT). Our goal is to establish a cycle that will increase the number of excellent female applicants who aspire to become researchers and high-ranking positions by creating a region where female researchers can demonstrate their abilities in the entire North Tohoku region. We are implementing a variety of initiatives, including development of diverse research environments, improvement of the research capabilities of female researchers and fostering of leaders through these efforts, and the active promotion of female researchers to high-ranking positions.



Link to the official website (Japanese)

Ratio of Female Researchers Mikuni Corporation



2 Support for Work and Family Life Balance

We have established an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children in order to create a comfortable working environment where all employees can fully demonstrate their abilities and balance work and family life.

Initiatives to support work and family life balance

- Reemployment under the Return to Work System (from FY2015)
 - Rehire talented former regular employees as regular employees, including those who have left the company for childcare or nursing care.
- Publication of a Childcare Support Guidebook to familiarize employees with systems related to childcare.
- Establish a staggered work schedule (Childcare Slide Work) system for childcare purposes.
- Disseminate internal information to employees on childcare leave.



Link to the Company database, Ministry of Health, Labor and Welfare-Japan (Japanese site)



Childcare Support Guidebook

Rate of female employees taking childcare leave

100%

Rate of return to work after taking childcare leave

100%

Number of male employees who took childcare leave in the last two years

5
2019-2020

3 Foreign Nationality Employees

We hire regardless of nationality, and our foreign national employees are highly active in many departments, including sales, R&D, IT, and administration.

Number of Foreign Nationality Employee recruited in the last five years (2017-August, 2021)

9



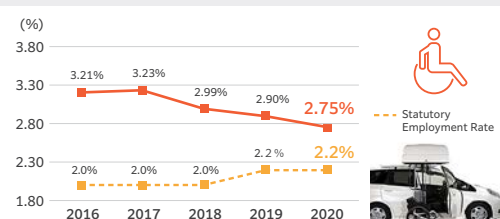
4 Employees with Disabilities

In Mikuni Group, many employees with disabilities are taking active roles in various departments. Mikuni's special subsidiary, Mikuni Life & Auto Co., Ltd., utilizes the experience and knowledge of employees with disabilities to meet the needs of our customers through welfare vehicles and other welfare care services.

Number of Employees with Disabilities (Mikuni Group by region)

Japan	Greater China	Europe & Americas	ASEAN	India	Total
45	14	2	6	0	67

Employment Rate of Persons with Disabilities (Total of Mikuni Corporation and Mikuni Life & Auto Co., Ltd.)



Occupational Health and Safety



A joint labor-management "Occupational Health and Safety Committee" is organized at each operation site and Mikuni Group company to improve employees' occupational health and safety environment.

The committee regularly patrols workplaces (safety patrols) to check for safety, investigates the causes of occupational accidents, and develops countermeasures for the entire Group. Mikuni Corporation is leading the effort for all group companies to obtain ISO 45001 certification.

1 Occupational Health and Safety Committee

The Occupational Health and Safety Committee holds monthly discussions on health and safety. Although the number of employees who come to the office has been decreasing due to the spread of teleworking, we strive to prevent occupational accidents by conducting safety patrols every month. We pay special

attention to "anything out of the ordinary," identifying dangerous areas and confirming the progress of improvements. We organize information on the safety and health activities of each operation site and group company to help improve the safety and health system of the entire group.

2 Preventing the Recurrence of Occupational Accidents and Sharing Information

In an occupational accident, our priority is to treat the victims and prevent the accident from spreading. We then analyze the cause of the accident and formulate measures to prevent a recurrence, thereby preventing similar occupational accidents. Information on

occupational and commuting accidents that occur at any of the Mikuni Group companies is promptly shared with the entire group, and preventive activities are carried out at each site.

3 Risk Assessment

In addition to safety patrols, we conduct risk assessments to identify, analyze, and evaluate the sources of danger and risks that could lead to occupational accidents, and implement countermeasures one by one, starting with high risk items.

4 In-house Licensing System for Specific Work

In 2019, we began implementing an in-house licensing system for work that can lead to serious injury. For industrial robotics, crane operations, and other work that poses a risk of serious injury as a result of unsafe behavior, we have established an in-house system

to certify work qualification in addition to public qualifications and require employees to attend periodic training conducted once a year.

No.	設備名称	取得日	有効期限
1	産業用ロボット	2019.10.01	2020.10.01
2	クレーン	2019.10.01	2020.10.01
3	溶接機	2019.10.01	2020.10.01
4	圧入機	2019.10.01	2020.10.01
5	圧入機	2019.10.01	2020.10.01
6	圧入機	2019.10.01	2020.10.01
7	圧入機	2019.10.01	2020.10.01
8	圧入機	2019.10.01	2020.10.01
9	圧入機	2019.10.01	2020.10.01
10	圧入機	2019.10.01	2020.10.01

■ Sample of in-house license

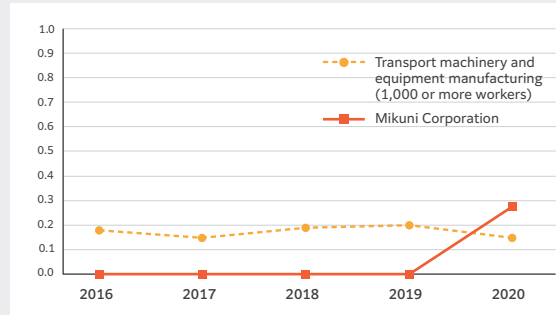
5 Occupational Accidents

As shown in the graph on the right, the Lost Time Injury Frequency Rate* for Mikuni Corporation was 0.00 from FY2016 to FY2019 but exceeded 0.20 in FY2020 due to one lost-time injury caused by a contractor who tripped and fell and broke a bone.

As countermeasures to be implemented in FY2021, we will promote the acquisition of ISO 45001 system certification for the operation site where this accident occurred, and we will also implement risk assessment of operations not only for Mikuni employees but also for contractors who come and go to the site, in order to reduce occupational accidents.

* **Lost Time Injury Frequency Rate (LTIFR):** Number of fatalities and injuries due to workplace accidents resulting in lost work time per 1 million total actual working hours

■ Transition of LTIFR (Mikuni Corporation)



Values in the "Transportation machinery and equipment manufacturing" are for transportation machinery and equipment manufacturing establishments with 1,000 or more employees, based on statistical tables from the Ministry of Health, Labour and Welfare's Survey on Industrial Accidents.

Takayuki OSHITA

Education Team, Production Planning Group,
Production Planning Center, Supply Chain Division

Raising awareness of safety and quality

Mikuni Group places "safety and quality," "health and education," and "compliance" at the foundation of all our activities. At the production site, we can feel the importance of "safety and quality" in particular firsthand every day. Amid such a situation, the Kikugawa and Morioka Plants have acquired ISO 45001 certification in 2020, further improving our awareness of safety and quality.

The Education Team of the Production Planning Group, to which I belong, prepares educational programs on occupational health and safety in cooperation with the Human Resources and General Affairs Group, and conducts education at opportunities such as new employee training. Not only do we provide education, but we also conduct our own tests to check for understanding. For those who failed the test, we try to follow up with more careful training and work to improve the awareness of our employees.

We will continue to think about how to raise employee awareness of occupational health and safety, and work with the relevant departments to create and implement educational programs to ensure that we continue to have zero occupational accidents.



VOICE

Education and Training

At the Mikuni Group, we focus on "health and education" as one of the foundations of our management so that each employee can play more active roles.

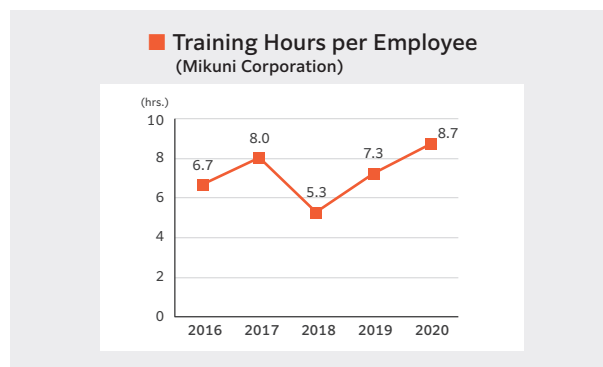
1 Various Learning Methods by the HR Department

1) Seminars

In addition to basic training for new and mid-career employees, we systematically provide seminars by job level to acquire the skills requirements by each position and job group and seminars by objectives such as mental health, career design, and gender equality. In addition, as teleworking is increasing, we have been extending to bring these training programs online.

2) E-learning

E-learning is an on-demand self-study system that is conducted online. Employees can study a wide range of topics, including mental health and labor management for managers, anytime, anywhere, as many times as they want.



3) Independent Study Courses

As a tool to support employees in improving their skills and careers, we have provided a total of 355 self-learning courses (as of FY2020) offered by external educational institutions. Employees who take these courses receive subsidies for course fees depending on their completion time and performance.

2 Various Subjects of Study

1) Compliance

We conduct and complete the compliance e-learning program repeatedly every year for all employees. We also provide annual training for personnel in charge of compliance. In addition, we conduct regular compliance awareness surveys and individual training sessions such as the Subcontract Act* seminar for those who need it for their work every year. Group companies also provide various programs on compliance, legal knowledge, anticorruption etc., to their employees.

* Subcontract Act: Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors

2) Information Security

We provide e-learning training regularly to keep employees informed about information security and related regulations.

3) Computer Virus

We regularly drill all internal e-mail users by the pseudo-targeted virus training e-mails.

4) Environment

Based on our "Environmental Policy", we repeatedly provide training and drills to all employees of the Mikuni Group, aiming to improve the skill level of each individual and to achieve our environmental goals. The main content of the training includes the basics of environmental management, methods for handling chemical substances, noxious organisms and medical waste, environmental laws and various regulations, requirements from stakeholders, and environmental management system improvement. In addition, we have prepared a manual for emergency cases such as environmental pollution and conduct drills by related departments every year.



■ EMS internal auditor skillup training

5) Occupational Health and Safety

We conduct safety training for new employees and other employees assigned to a plant for the first time. Even after assignment, safety training is repeated in various situations, such as one-point lessons and hazard prediction training, to improve each individual's skills. We also provide other training and drills regarding the basics of OH&SMS, how to conduct a risk assessment, handling of safety protective equipment, OH&SMS laws, and various regulations. These training programs are also conducted at all manufacturing Group companies, regardless of whether they have ISO 45001 certification. In addition, we reaffirm the rules and understanding of Occupational Health and Safety on occasions such as National Occupational Safety Week and National Occupational Health Week in Japan.



■ Safety training

6) Machine Maintenance Skills

As part of our Total Productive Maintenance (TPM) activities, we hold in-house seminars and study sessions to increase the number of employees who have been qualified as Certified Skilled Worker of Machine maintenance. In recent years, we have seen an increase in the number of female employees who wish to take the certification.

Mikuni Group has 817 nationally certified machine maintenance technicians (624 in Japan and 193 overseas).



■ In-house seminar of machine maintenance skills

7) Off-JT (Off-the-Job Training)

In addition to OJT (On-the-Job Training), which involves practical workplace training, we provide Off-JT by in-house trainers in various fields, including product structure, quality control, environmental conservation, IT skills, and accounting knowledge.

The total number of courses held by Mikuni Group companies in FY2020 was 672 (110 courses in Japan and 562 courses overseas).



■ Off-JT

Suppliers

Sustainable Procurement

Mikuni Group is striving for sustainable procurement by referring to CSR activities that involve the entire supply chain, such as the publication of the CSR Guidebook by JAMA¹ and JAPIA², surveys on conflict minerals, and compliance with the GADSL³. Reflecting on the impact of our own procurement on the supply chain, we have established our own basic procurement policy and share the Mikuni Supplier CSR Guidelines and Green Procurement Guidelines with our suppliers.

1 Guidelines and Various Surveys

Mikuni Supplier CSR Guidelines

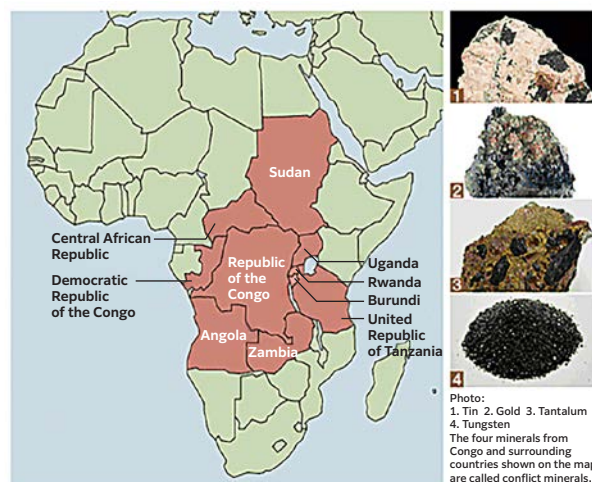
In July 2020, we published the "Mikuni Supplier CSR Guidelines," which summarizes the CSR-related activities we have been undertaking with our suppliers. It is a guideline for Mikuni Group to fulfill its "corporate responsibility" to present and future generations with the cooperation of its suppliers, and that our business activities contribute to a sustainable society. The guidelines are based on the CSR Guidebook issued by the JAPIA, which was last revised in 2010, and consider the CSR items required by each of our customers. However, most of the content is a compilation of information that we requested to suppliers individually for some time. For example, chemical substance management (Green Procurement Guidelines) and conflict minerals (Conflict Minerals Survey) described on this page.

Green Procurement Guidelines

We conduct green procurement activities in accordance with chemical substance management (Green Procurement Guidelines) and conflict minerals (Conflict Minerals Survey) described on this page, and our basic policy for green procurement that is "In order to provide environmentally friendly products to our customers, we have established methods for reducing and managing legally regulated chemical substances (environmentally hazardous substances), and are implementing these methods worldwide." The environmentally hazardous substances to be covered are based on items listed in the GADSL, the environmental regulations of countries and regions, and customer requirements not listed in the GADSL. We have published Green Procurement Guidelines based on these policies. We ask our suppliers to register their information in the IMDS⁴ or report on the JAPIA Standard Material Data sheet as evidence of containing no environmentally hazardous substances.

Conflict Minerals Survey

Some of our products include parts and raw materials that contain tin, tantalum, tungsten, gold (Conflict Minerals 3TG) and cobalt. With the cooperation of our suppliers, we conduct a survey using the Conflict Minerals Reporting Template (CMRT), a standardized format of the Responsible Minerals Initiative (RMI), and report the results to our customers.



¹ JAMA: Japan Automobile Manufacturers Association

² JAPIA: Japan Auto Parts Industries Association

³ GADSL: Global Automotive Declarable Substance List is the global standard of chemical substances to be managed for the automotive industry.

⁴ IMDS: International Material Data System is a supply chain environmental information communication system developed mainly by the German Automobile Manufacturers Association.

2 SCM System

The automotive industry is introducing Supply Chain Management System (SCM System). Mikuni has also introduced an SCM System, which is widely used in the Japanese automotive industry to collect information from primary suppliers and secondary and subsequent suppliers. In the event of earthquakes, windstorms, floods, infectious diseases, etc., we can quickly assess the status of

suppliers and respond as necessary. In 2020, we conducted a total of 14 checks on the impact of natural disasters and infectious diseases on our suppliers.

Local Communities

Combating COVID-19 Pandemic

In 2020, we continued to provide relief supplies to local governments to reduce damage caused by the COVID-19 infection.

- To support single-parent households, we donated food stockpiled for emergencies at our Morioka Operation Site to the Social Welfare Council of Takizawa City.
- Mikuni Partech donated masks and relief money to Makinohara City.
- Mikuni Life & Auto donated 3,000 masks to the medical corporation Fuyo-kai when masks were in short supply.

Support for Welfare Organizations

We provide various support to welfare organizations, including regular donations.

- Mikuni Thailand conducted improvement activities with employee volunteers at a nearby school.
- Mikuni Life & Auto participates in the activities of the Spinal Injuries Japan and its regional branch in Saitama Prefecture, and the Shinjuku Lions Club that supports people with disabilities.
- Mikuni Indonesia made donations to neighboring villages and non-governmental organizations (NGOs).
- Mikuni India deposited 2% of its net profit to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund).
- Each branch of Mikuni Labor Union donated 30,000 yen each in summer and winter to five welfare facilities.
- In cooperation with the JAPW¹ and the JAW², both of which are upper organizations of the Mikuni Workers' Union, donated vehicles to welfare facilities on a rotating basis (donated vehicle to a welfare facility in Odawara in 2019).

¹ JAPW: Federation of Japan Auto Parts Workers' Unions

² JAW: Confederation of Japan Automobile Workers' Unions



■ Mikuni Thailand -Before



-After



■ Mikuni Indonesia

Rugby

Mikuni supports the Kamaishi Seawaves professional rugby team as a Partner B. Mikuni has also become the new "Official Partner for the 2022 Season" of the Shizuoka BlueRevs (formerly Yamaha Motor Jubilo). The Top League, which has been the driving force of Japanese rugby, has been reborn as Japan Rugby League One, and we will support the activities of both teams as they prepare for the opening of the season in January 2022.

In addition, although intermittently suspended activities due to the spread of the COVID-19 infection, the Mikuni Odawara Operation has opened its practice field to a rugby school in Odawara City. The Odawara rugby school has participants of all genders, from kindergarteners to adults, and the Mikuni Odawara

Operation is cooperating in developing local rugby players and rugby fans.



■ Shizuoka BlueRevs



■ Rugby school in Odawara

Volunteer Activities

Local community cleanup activity hosted by labor unions was held on the banks of the Kikugawa River (December 19, 2020). The Mikuni Workers' Union and other local companies took the lead in the cleanup campaign.

Mikuni Partech also participated in the activities of an environmental group and conducted road cleaning activities around the plant. We also participated in a local traffic safety campaign (traffic patrol).

Mikuni Zhejiang carried out environmental beautification activities in guzhen, the ancient town.



■ Mikuni
Cleanup activities around the Kikugawa River bank



■ Mikuni Zhejiang
Environmental beautification activities

Basic Approach

The corporate philosophy of the Mikuni Group is to contribute to the realization of a prosperous society, and we aim to become a sustainable, highly profitable company based on manufacturing. To be faithful to our corporate philosophy and move closer to the corporate image we aim for, we make decisions under the following system and provide opportunities for objective evaluation.

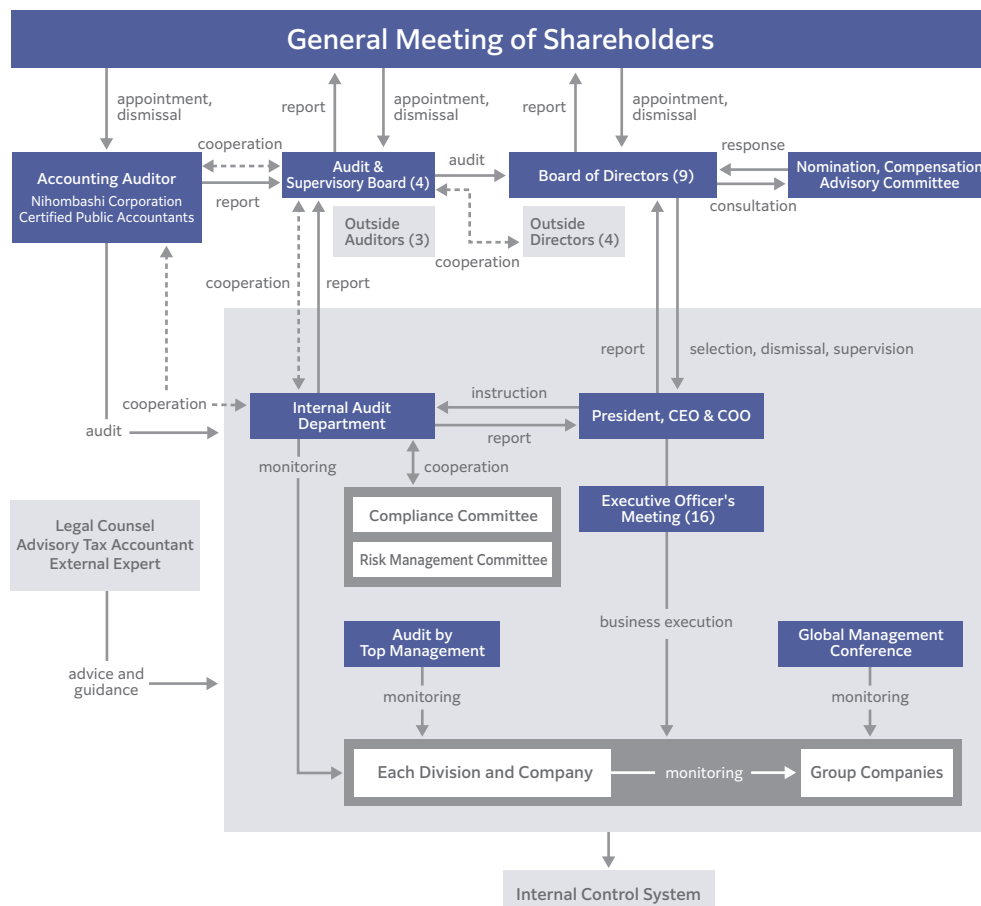
The Structure of Corporate Governance

We have adopted a structure of corporate governance in which the Board of Directors, consisting of directors who are familiar with the business of the Mikuni Group and outside directors who are independent, makes decisions on and supervises the execution of business, and corporate auditors, who have the right to audit, fairly audit the execution of duties by directors. Regarding the nomination and remuneration of senior management, directors, and executive officers, the Company has established a system whereby a voluntary Nomination and Remuneration Advisory Committee, the majority of whose members are independent outside directors, advises and makes proposals to the Board of Directors in response to inquiries from the Board of Directors. In addition to the above, the Company has established an "Opinion Exchange Meeting" between outside directors, corporate auditors and representative directors in order to utilize the deep insight of outside parties when considering particularly important matters.

We have adopted an executive officer system for efficient business execution and clarification of responsibilities, and are promoting the delegation of authority to executive officers. In order to ensure the appropriateness of business operations, the Compliance Committee, consisting of directors, executive officers, and others, has created the Compliance Code of Conduct, and confirms compliance through educational activities and other means. In the same way, the Risk Management Committee identifies the factors that cause risk, conducts training to minimize losses in the event that risk materializes, and maintains a risk management system.

The company's institutions and internal controls (Relationship diagram)

As of March 31, 2021



Compliance

Based on the management policy of "management that complies with the law, respects the autonomy and mutual trust, and respects others," we have established the "Compliance Code of Conduct" and "Code of Ethics Declaration" that are common to the entire Mikuni Group, and we always give priority to compliance in our activities.

Our concept of "Compliance" does not refer not only to compliance with laws and regulations, but also we had nothing to be ashamed of in light of the world's norms, and to conducting business activities that we can be proud of to our current and future stakeholders.

The Compliance Committee, chaired by a director appointed by the Board of Directors, is responsible for promoting compliance at Mikuni and the Mikuni Group and responding to compliance issues when they arise.



Whistleblowing System

We have set up an internal reporting channel (helpline) in an external law firm and in the Compliance Committee office to accept reports not only from employees but also from suppliers (business partners).

For more information, please visit
<https://www.mikuni.co.jp/en/esg/purchase/>

Creating a Corporate Culture

Compliance at the Mikuni Group is not limited to observing laws and regulations, but also refers to "conducting corporate activities with a high sense of ethics". In order to achieve this, the invisible things such as the corporate culture and atmosphere play an even more important role than the visible things such as education and systems. For this reason, Mikuni's president and CEO stresses the importance of "Mikuni's Compliance" at every opportunity, and strives to raise the awareness of each and every employee within the group.

Compliance Manual

We have prepared and distributed a Compliance Manual to promote and improve the awareness of compliance among all employees of the Mikuni Group.

Elimination of Antisocial Forces

Mikuni and the Mikuni Group will not have any relationship with antisocial forces. We require our suppliers (business partners) and employees to submit a written pledge that they have no relationship with antisocial forces.

Risk Management

The Board of Directors is responsible for the risk management of the Mikuni Group. While each executive officer is responsible for risks associated with normal operations, risks beyond each executive officer's control are discussed and addressed by the Risk Management Committee, chaired by a director appointed by the Board of Directors.



Other risks for which each executive officer is responsible include the following.

- Risks related to competition, demand fluctuation, etc.: sales division
- Risks related to financial markets fluctuations such as exchange rates and interest rates: finance division
- Risks related to product quality: QMS Secretariat
 - ISO9001/IATF16949 (Automotive products business, Household appliances device products business)
 - ISO9001/IISQ9100 (Aircraft parts import and sales business)
- Risks related to Environment: EMS secretariat
 - ISO 14001
- Risks related to occupational health and safety: OH&SMS secretariat
 - ISO 45001
- Risks related to raw materials, etc.: procurement division

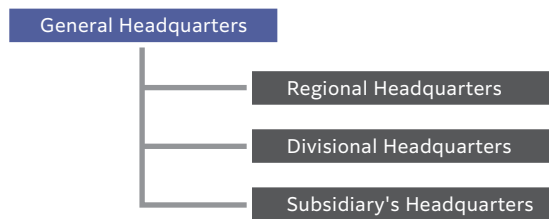
Business Continuity

In the automobile industry, which has a huge supply chain network, the just-in-time system functions, and a disaster in one region can affect automobile production all over the world (such as the Niigata Chuetsu Offshore Earthquake in 2007 and the flooding in Thailand in 2011). The Mikuni Group promotes business continuity activities in cooperation with its suppliers in order to improve business continuity throughout the supply chain.

1 Crisis Response and Recovery

In the event of a significant crisis, such as a wide-area disaster, a large-scale accident, an incident of non-compliance, a crime, a dispute, an act of terrorism, or any other serious problem in Japan or overseas that may have a significant impact on the management

of the Mikuni Group (after this referred to as a "crisis"), the General Headquarter of Crisis Response headed by the CEO, will be established to respond quickly and appropriately, which will mobilize the entire company's knowledge.



Response and Recovery task force headed by the general manager of the operation site.

Response and Recovery task force headed by the division head.

Response and Recovery task force headed by the representative of the subsidiary.

Company-wide Drills of Comprehensive Crisis Response

Since 2012, we have conducted company-wide crisis response drills at least once a year to transfer and develop the knowledge gained from the Great East Japan Earthquake and the 2011 Thailand floods. Without being bound by past cases, we examine initial response and recovery measures in the event of a crisis, assuming a variety of situations, and confirm the effectiveness of our crisis response and recovery system.

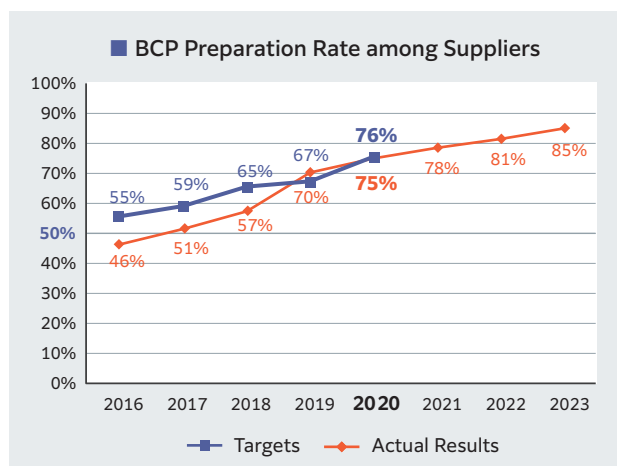
Crisis Response System and Risk Management System

In the Mikuni Group, the crisis response and recovery system responds to significant crises, while the risk management system and compliance system are in charge of preemptive measures against disasters and incidents with relatively little impact. We have established a flexible system in which the risk management system and compliance system are responsible for responding to crises according to the type of crisis.

2 BCP Subcommittee

We have established a BCP subcommittee in "Kaze no Wa," a cooperative association of Mikuni suppliers, and have been conducting BCP creation activities with about 10 companies every year since FY 2014 under the theme of "Profitable BCP". We certify suppliers who have created their own BCPs by continuing the BCP subcommittee activities for one year as "BCP Meister®" and invite them to participate in the following year's BCP subcommittee meetings as advisors.

We believe that it is important not only to create a BCP, but also to develop it into BCM, Business Continuity Management, which is a continuous improvement activity that involves applying the BCP to drills and actual disasters, analyzing the shortcomings, and reflecting them in the new BCP. Mikuni has established a system to certify suppliers who have achieved remarkable results through BCM as 4-Star BCP Meister, and suppliers who have achieved remarkable results through continuous BCM as 5-Star BCP Meister. In March 2020, the BCP Subcommittee was certified by the Ministry of Economy, Trade and Industry as a Collaborative Business Continuity Capacity Enhancement Plan.



Logo for Business Continuity Capacity Enhancement Plans Certification, Japan Ministry of Economy, Trade and Industry



>>> Response to COVID-19, the novel Coronavirus



In response to the spread of COVID-19 that began at the end of 2019, we are continuing our business activities under a global system that places the safety of our employees first and takes care not to cause any inconvenience to customers and local communities.
In Japan, we are implementing the following policies to prevent infection and spread of COVID-19.

1. Prevention of infection and spread of COVID-19

Manual for Preventive Measures

- (1) A manual on preventive measures was compiled and disseminated to the entire company, along with warnings:
 - Mandatory physical distance in the workplace and install partitions if it is not possible to do so,
 - Mandatory temperature check before coming to work and prohibition of coming to work if the temperature is 37.5°C or higher,
 - Prohibition of business trips that cross prefectural borders in principle and Mandatory implementation of antigen testing when business trips are inevitable,
 - Recommendation to install COCOA to smartphone owners.
- (2) In addition to general instructions such as taking care of one's physical condition and washing hands, detailed instructions on how to behave during visits and breaks are provided.
- (3) In the manual, flowchart instructions were given on what to do in the event of a fever or other outbreak in the person or a family member, and what to do when a suspected infected person occurs.

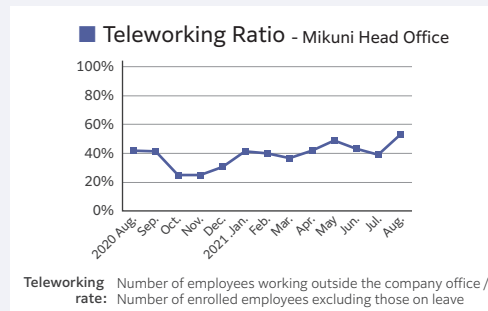
2. Introducing new working styles

Teleworking

We have introduced teleworking in earnest to control infection and spread of COVID-19 and to realize diverse working styles. The teleworking ratio has been maintained at a certain level and has taken root.

Staggered work hours

We have introduced a staggered work schedule. Employees can request to come to work in 30-minute increments.



3. Utilization of IT infrastructure

Attendance Management System

The newly introduced attendance management system keeps track of the results of teleworking and staggered work hours. We have introduced a system that allows employees to report their arrival and departure times online.

Online Conference

We have upgraded our IT infrastructure and are making extensive use of online conferences to help prevent the infection and spread of COVID-19. Online meetings are used not only for internal meetings, but also for meetings with suppliers and customers. In order to promote the use of online meetings with telecommuters, we have taken measures such as increasing the capacity of the Virtual Private Network (VPN).

4. Connecting with local communities

As in the previous fiscal year, we continue to provide masks, donations, and emergency food supplies to the local communities and medical corporations where our site is located.
(For more information, please see the "Local Communities" section.)

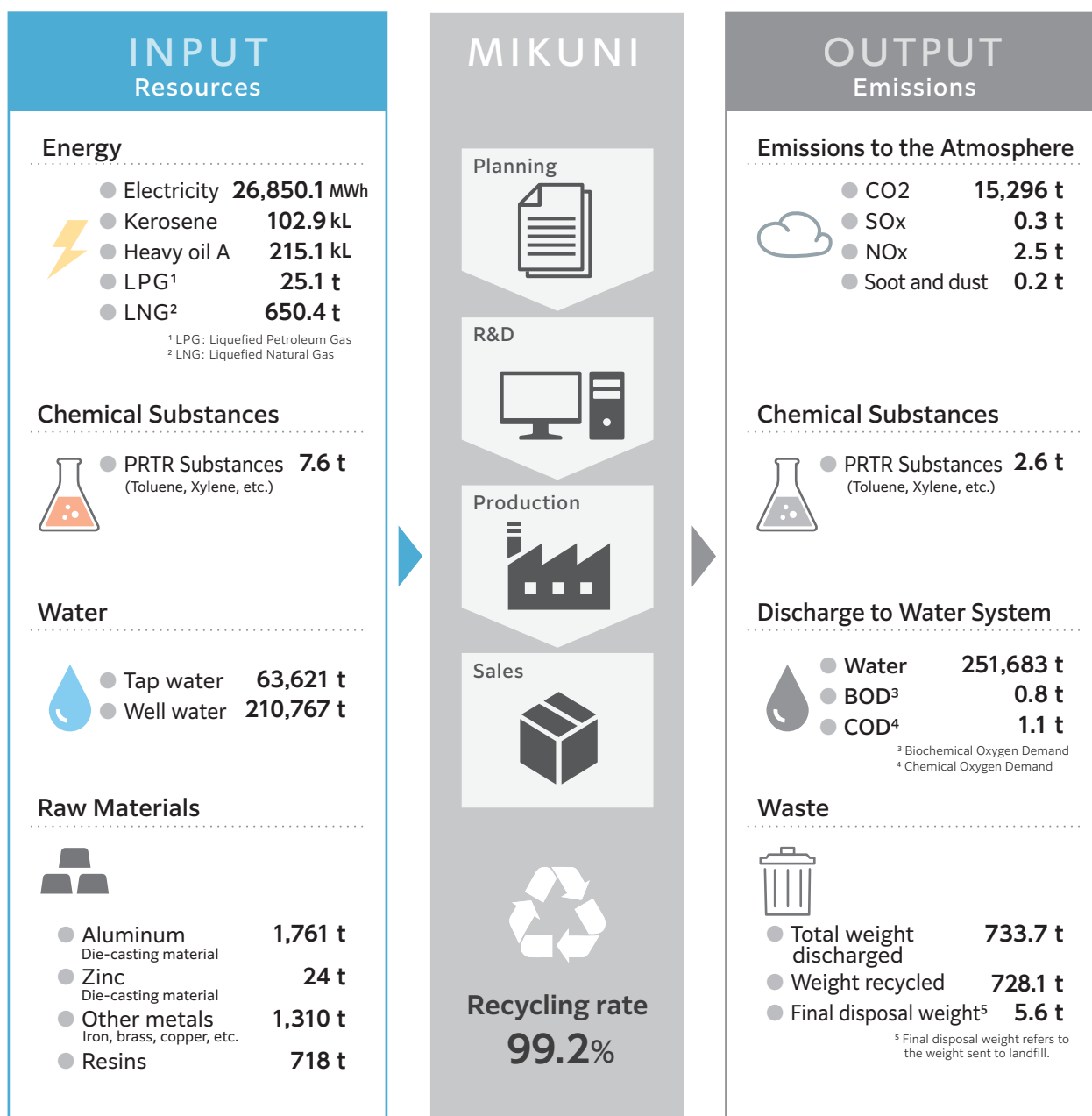


ISO Certification Status

As of March 31, 2021

Name of Company	Region	Voting Rights Ratio	Status of Certification				
			Quality ISO9001	Quality (Auto) IATF16949	Quality (Aero) JIS Q 9100	Environment ISO14001	OH&SMS ISO45001
Parent Company							
Mikuni Corporation	Japan	—	✓	✓	✓	✓	✓
Consolidated Subsidiaries							
Mikuni Partec Corporation	Japan	100%	✓			✓	
Mikuni Life & Auto Co., Ltd.	Japan	100%					
Asahi Air Supply Inc.	Japan	100%	✓		✓		
Mikuni Green Service Co., Ltd.	Japan	100%					
Tianjin Mikuni Co., Ltd.	Greater China	100%	✓	✓		✓	
Mikuni (Chengdu) Machinery & Electronics Co., Ltd.	Greater China	100%	✓	✓		✓	✓
Mikuni (Zhejiang) Co., Ltd.	Greater China	100%	✓			✓	
Mikuni Management (Shanghai) Co., Ltd.	Greater China	100%					
Mikuni (Shanghai) Co., Ltd.	Greater China	90%	✓	✓		✓	
Mikuni Taiwan Corporation	Greater China	100%	✓				
Mikuni American Corporation	Europe & Americas	99%					
Mikuni Mexicana S.A. de C.V.	Europe & Americas	100%	✓	✓		✓	
Mikuni Europe GmbH	Europe & Americas	100%					
Corbin Properties Incorporated	Europe & Americas	100%					
Mikuni India Private Limited	India	100%	✓	✓		✓	✓
Mikuni (Thailand) Co., Ltd.	ASEAN	92%	✓	✓		✓	✓
PT. Mikuni Indonesia	ASEAN	100%	✓	✓			
Entity Accounted for Using Equity Method							
Mikuni R. K. Corporation	South Korea	70%	✓			✓	
Pierburg Mikuni Pump Technology Corporation	Japan	49%					
Pierburg Mikuni Pump Technology (Shanghai) Corporation	Greater China	49%	✓	✓		✓	
Other Group Companie							
Mikuni Xymas Corporation	Japan	100%					
Sunrise Medical Japan Co., Ltd.*	Japan	51%					
Nanjing Jincheng Mikuni Machinery & Electronics Co., Ltd	Greater China	35%	✓	✓		✓	✓
Mikuni Living Service Corporation	Japan	33%					
Eberspächer Mikuni Climate Control Systems Corporation	Japan	13%					

* Consolidated subsidiary from the first quarter of 2021

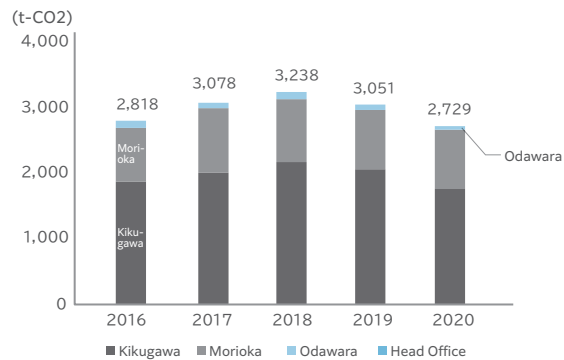


Environmental Data 1 - Mikuni Corporation



Greenhouse Gas (GHG) Emissions

Direct GHG Emissions (Scope 1)



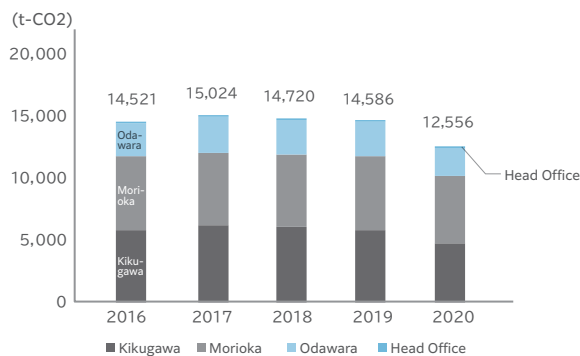
Calculation Method

Emission : Purchased electricity × CO2 emission factor

Emission Factor : Market-based method of GHG Protocol is adopted.

Emission factors for each electric supplier based on the Act on Promotion of Global Warming Countermeasures

Direct GHG Emissions (Scope 2)



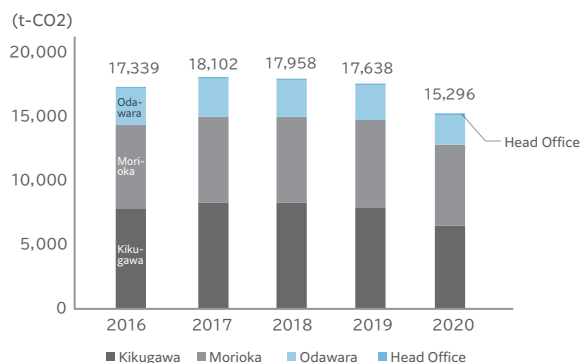
Calculation Method

Emission : Purchased electricity × CO2 emission factor

Emission Factor : Market-based method of GHG Protocol is adopted.

Emission factors for each electric supplier based on the Act on Promotion of Global Warming Countermeasures

Total GHG Emissions



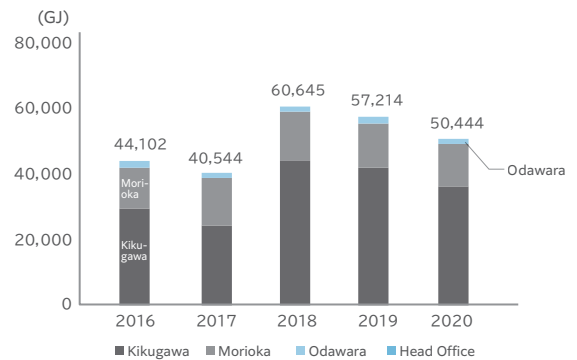
Calculation Method

Total GHG emission : Direct GHG emission + Indirect GHG emission



Energy Consumption

Direct Energy Consumption

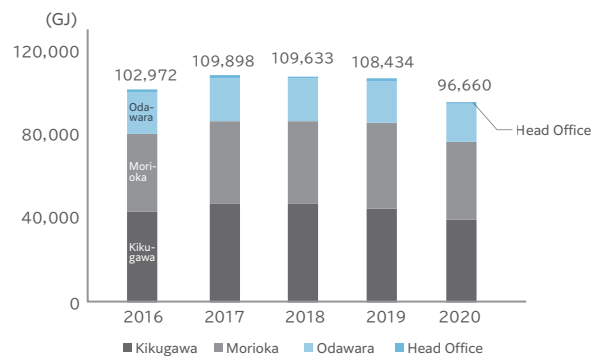


Calculation Method

Consumption : Fuel consumption × unit calorific value

Unit Calorific Value : Calorific value as defined in the "Explanation of the GHG Emissions Accounting, Reporting, and Disclosure System," in accordance with the Act on Promotion of Global Warming Countermeasures.

Indirect Energy Consumption

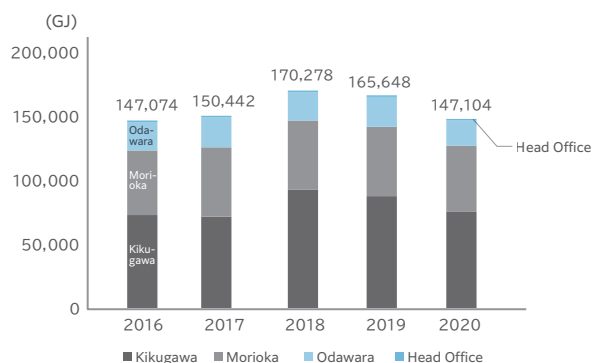


Calculation Method

Consumption : Electricity consumption × unit calorific value

Unit Calorific Value : Calorific value as defined in the "Explanation of the GHG Emissions Accounting, Reporting, and Disclosure System," in accordance with the Act on Promotion of Global Warming Countermeasures.

Total Energy Consumption



Calculation Method

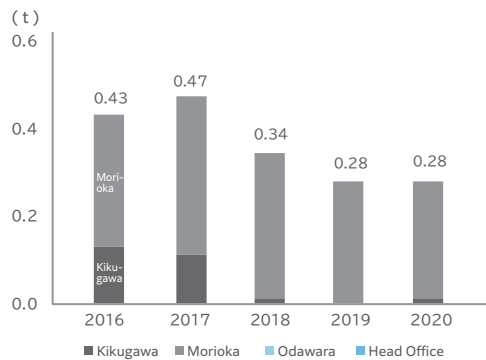
Total Energy Consumption : Direct energy consumption + indirect energy consumption

Environmental Data 2 - Mikuni Corporation



Air Pollutant Emissions

Sulfur Oxide (SOx) Emissions



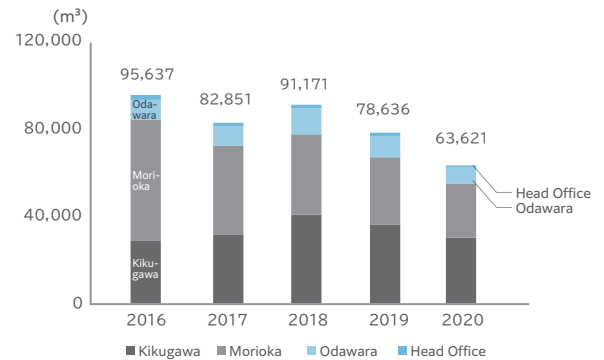
Calculation Method

Emission : Fuel consumption × density × sulfur content ratio × 64/32

Sulfur Content Ratio : Value listed in the characteristics table at the time of delivery of fuel containing sulfur



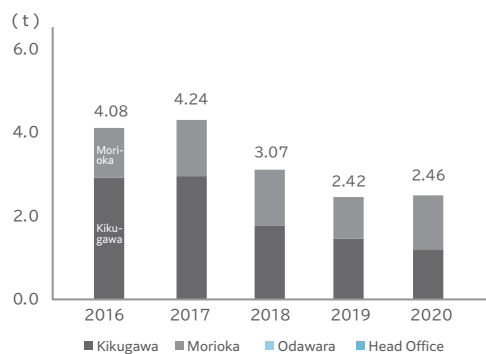
Water Consumption



Calculation Method

Water Consumption : Amount purchased from water utilities

Nitrogen Oxide (NOx) Emissions

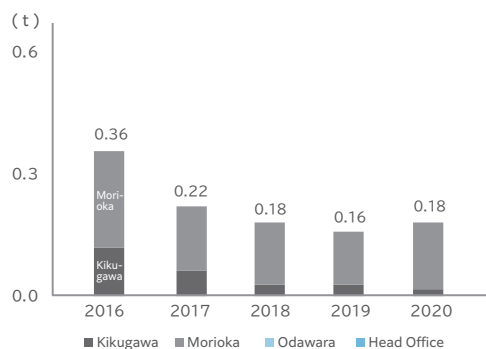


Calculation Method

Emission : Calculated from the results of exhaust gas measurement (twice a year) based on the Air Pollution Control Act.

Average dry exhaust gas flow × average measured concentration × combustion time × 30 × 106/22.4

Soot and Dust Emissions



Calculation Method

Emission : Calculated from the results of exhaust gas measurement (twice a year) based on the Air Pollution Control Act.

Average dry exhaust gas flow × average measured concentration × combustion time/1000

MIKUNI

CSR REPORT 2021

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Please visit our official website.
<https://www.mikuni.co.jp/en/>



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