

English

MIKUNI CSR REPORT



2022

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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. In graphs and tables, references to "Mikuni," "Japan," and "Overseas" refer to "Mikuni's nonconsolidated figures," "the total of consolidated companies located in Japan excluding Mikuni," and "the total of consolidated companies located outside Japan," respectively.

Reporting period

This report covers the following period.
April 1, 2021 - March 31, 2022
However, where it is appropriate to present historical background and data or recent examples, we report on content outside of this period.

Publication

Current issue: September 2022
Next issue : September 2023 (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)

Message from Top Management

Mikuni Group contributes
to the creation of a sustainable society.



Dear Readers,

In March 2022, we announced an initiative to achieve carbon neutrality by 2050 to commit ourselves towards achieving a sustainable society. For the purpose of understanding the current situation of the Group's CO2 emissions and for making specific efforts, this CSR Report describes the Group's CO2 emissions in Scope 3, in addition to Scope 1 and Scope 2, toward enriching quantitative information.

Since the most of Scope 3's emissions are represented by Category 11, i.e., emissions from use of sold products, we have set up the goal to increase the sales ratio of EV products to more than 70% of our automobile (four-wheeler) business segment by 2030. On the other hand, we do not believe that EVs are the only solution. We will continue to utilize the knowledge and experience we have accumulated over the years to meet diverse market demands. Additionally, we will make efforts to achieve a "zero-carbon development" initiative, which means no CO2 emissions in development operations.

In addition to quantitative information, this CSR Report describes our efforts for health and productivity management, diversity and inclusion, and social activities in local communities. For details on corporate governance, please see the skill matrix of the directors and Audit & Supervisory Board members to check the validity of the structure. Our business environment is becoming more complex due to the spread of COVID-19 and geopolitical risks. However, even in such an environment, we believe it is essential to accomplish what we have decided to do. We hope that this CSR Report will help stakeholders understand that such intention has been shared across the Group. At the same time, we hope that our employees also read this report and recognize mutually how each of us is contributing to their respective societies, so that we can all continue to carry out the activities with pride and confidence.

Mikuni Group will continue to think seriously about the company's social responsibility and will perform activities to enhance its own value in the industry and in communities, aiming for the creation of a sustainable society. We would like to ask for your continued support.

Yours sincerely,

Hisataka IKUTA
President, CEO & COO



English version

This booklet is a reference translation of the Japanese version of the CSR Report issued in September 2022.



Profile

As of March, 2022

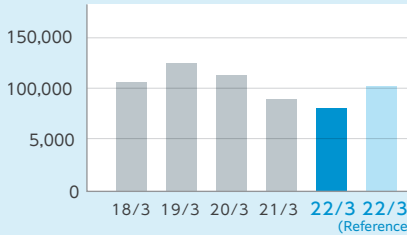
Name of Company	MIKUNI CORPORATION	
Establishment	October 1, 1923	
Incorporation	October 1, 1948	
Representative	Masaki IKUTA Chairman Hisataka IKUTA President, CEO&COO	
Address	6-13-11 Sotokanda, Chiyoda-ku, Tokyo 101-0021, Japan	
Capital	JPY 2,215.3 million	
Stock Listed	Prime Market of Tokyo Stock Exchange	
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	

Financial Highlights

Since "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and others have been applied from the beginning of the fiscal year ended March 31, 2022, the below results for the same period is after the application of the said accounting standard and others. The figures for "Reference" are based on the previous accounting standard.

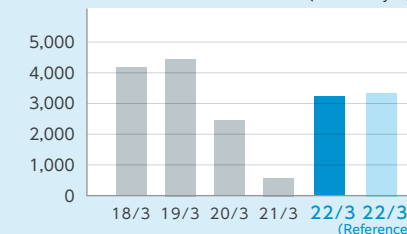
Consolidated Sales

(Millions of yen)



Consolidated Operating Income

(Millions of yen)



Balance Sheet

for the fiscal year ended March 31, 2022

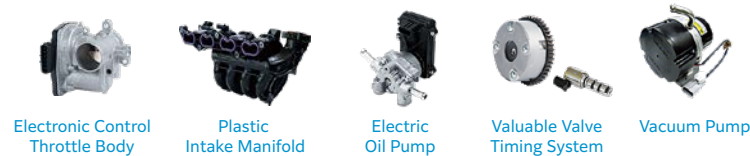
(単位：百万円)	End of March 2021	End of March 2022	Change in amount
Current asset	46,474	51,010	3,295
Fixed asset	47,417	45,906	199
Total assets	93,891	96,917	3,495
Current liabilities	31,218	33,553	11
Fixed liabilities	34,276	31,444	1,814
Net Assets	28,396	31,918	1,669
Total liabilities and net assets	93,891	96,917	3,495
Shareholder's equity ratio	29.4%	32.1%	—
Net assets per share	822.12Yen	925.67Yen	—

Business Domain

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.

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.



Aircraft Parts Import and Sales

Mikuni Aerospace¹, a group company, import large-sized precision castings with complex shapes from U.S. and other sources, and supply them to major Japanese heavy industry manufacturers.

¹ Mikuni Aerospace was established on April 1, 2022 as a spin-off from Mikuni Corporation.

Turf-Care Equipment

Mikuni Green Service, a group company, purchase turf-care equipment from domestic and overseas manufacturers and sell them to domestic golf courses and stadiums.

Other Business

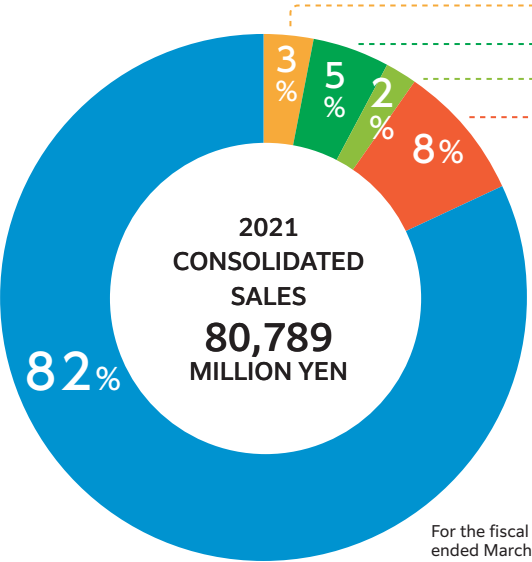
Mikuni Life & Auto, a group company, manufactures and sells driving assistive devices that assist the driving of people with disabilities as well as products to assist wheelchair users in getting on and off the vehicle.



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.



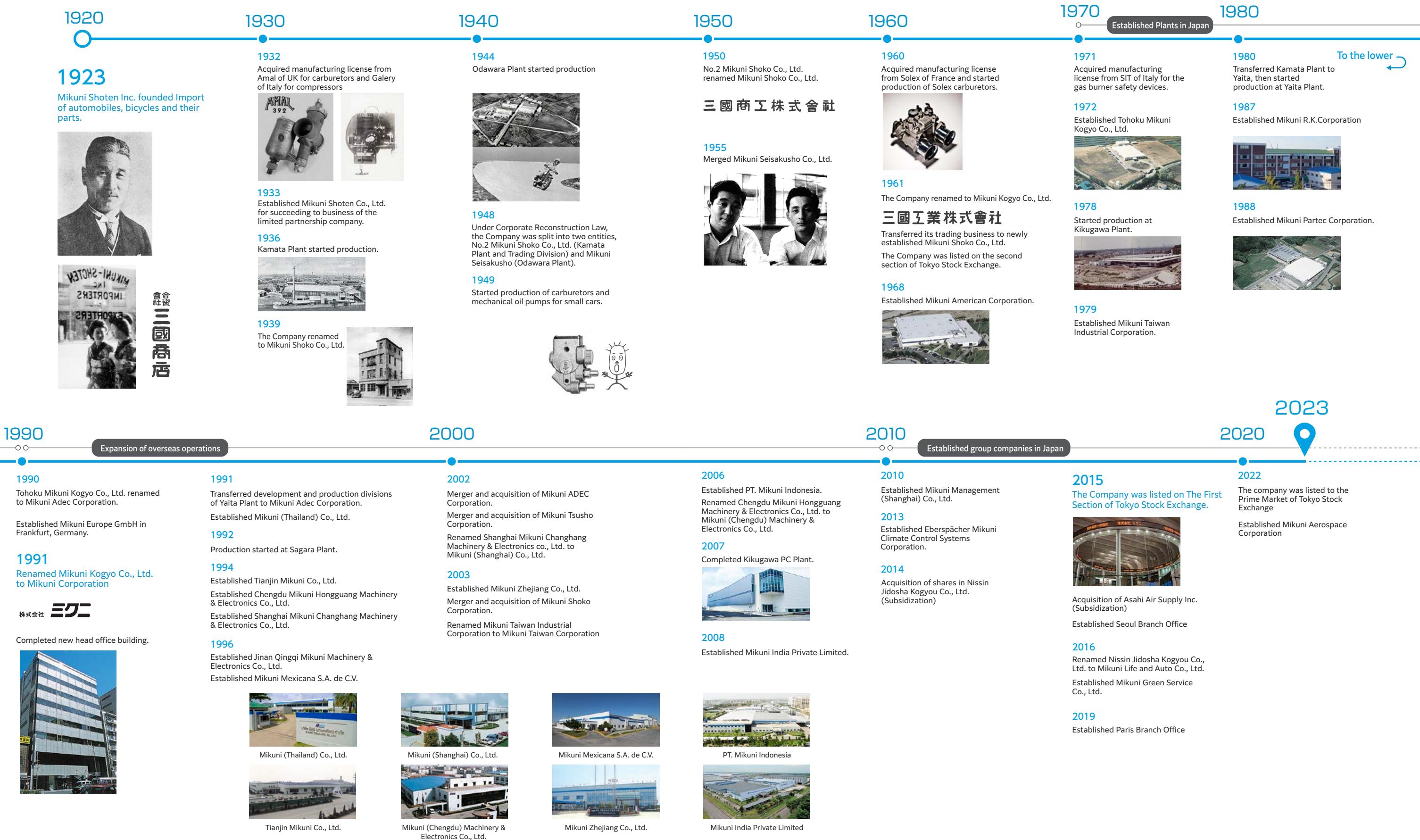
For the fiscal year ended March 31, 2022



History

In 1923, Mikuni Shoten Inc. was founded as an importer and distributor, and our history began. Since the factory started operation in 1936, we have continued to grow and respond to the changing times through "Monozukuri", the art of craftsmanship.

Mikuni's 99 Years of History





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.

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

Mikuni Corporation

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

Headquarter Auto Gas Air
6-13-11 Sotokanda, Chiyoda-ku, Tokyo 101-0021, Japan
ISO9001 ISO14001 ISO45001
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 ISO45001
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, Osaka Sales Office, Hiroshima Sales Office, Seoul Branch Office, Paris Branch Office
- Gas Household Appliances Device Products: Nagoya Sales Office, Global Sales Office

Overseas

ASIA

- ① Mikuni Management (Shanghai) Co., Ltd. Auto
Mikuni (Shanghai) Co., Ltd.
- 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 Mikuni Taiwan Corporation Auto
- ⑦ Mikuni R.K Corporation Gas

- ⑧ Mikuni (Thailand) Co.,Ltd. Auto
- ⑨ PT. Mikuni Indonesia Auto
- ⑩ Mikuni India Private Limited Auto

AMERICAS

- ⑪ Mikuni American Corporation Auto Air
- ⑫ Mikuni American Corporation Auto
- ⑬ Mikuni Mexicana S.A.de C.V. Auto

EUROPE

- ⑭ Mikuni Europe GmbH Auto Gas

Japan

Manufacturing

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

Sales and Services

- Eberspächer Mikuni Climate Control Systems Corporation Auto
- Mikuni Aerospace Corporation Air
- 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

CAPITALS(INPUT) as of March 31, 2022

Human Capital

Employees 7,350
Mikuni Corporation alone 2,048

Social and Relationship Capital

Sales Destinations
31 countries and regions

Intellectual capital

Number of Patent including
Utility Model 461
R&D Expenses 5,368 million yen

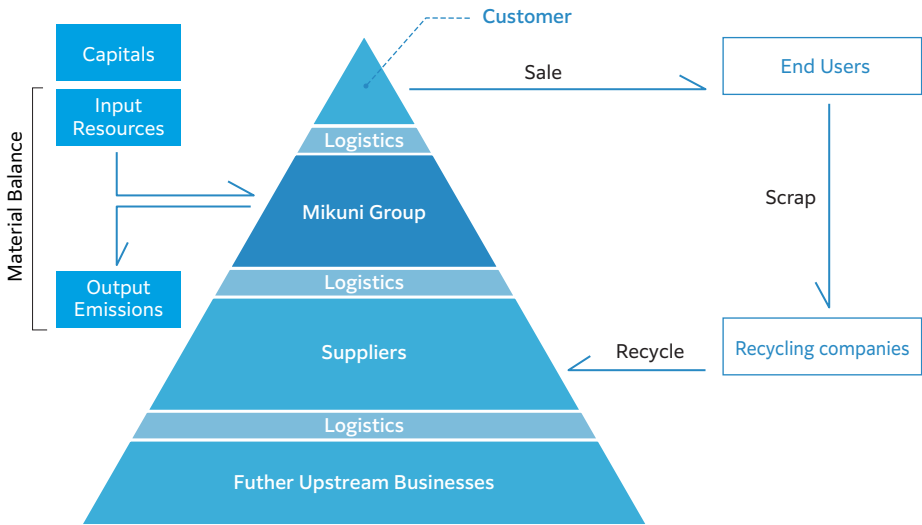
Manufactured capital

Capital Investment
3,163 million yen

Mikuni Group Total

Value Chain Overview by Economic Entity

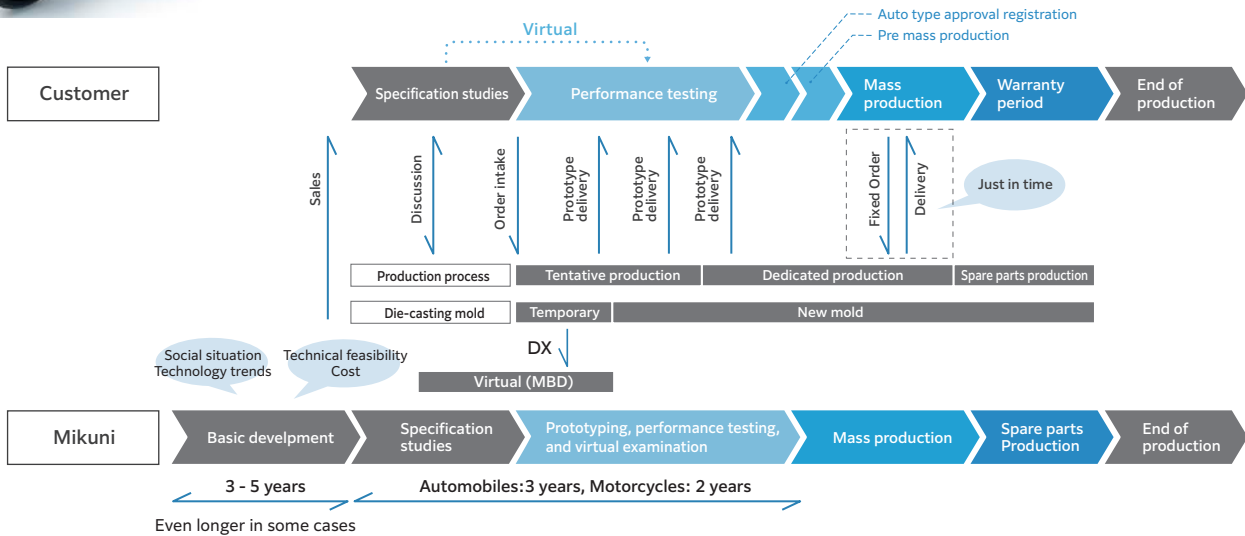
Value Chain	Further Upstream Businesses	Suppliers	Mikuni	Customers	End Users
Key Environmental Issues	- Climate change - Biodiversity	- Climate change - Electrification of vehicles	- Climate change - Energy issues - Fuel efficiency and electrification of vehicles	- Climate change - Resource circulation - 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 largescale 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	



Business Model (Automotive)



Mikuni Group's products affect the safety of end users that use the final products. Therefore, we repeatedly conduct performance testing and durability testing in collaboration with the manufacturers of the final products. In case of automotive products, the tests take about three years for automobiles and two years for motorcycles until being brought to mass production. For the safety of the people riding in/on the vehicles, we continue to manufacture the products for a certain period, even after our customers finish selling the vehicles. Facing a once-in-a-century transformation in the automotive industry, we are determined to go beyond past achievements and rush into a new era, while appreciating our founder's foresight 100 years ago. And we will deliver safety and comfort to vehicle users via strong relationships with our customers and suppliers. We are proud of being a part of the automotive industry.



Basic development: Mikuni is an auto parts manufacturer independent of any automobile manufacturer and performs basic developments for future products based on its own decision-making. The basic development typically takes 3-5 years, or even longer in some cases, until commercialization.

Specification studies: We hold discussion with the customer while creating the detailed specifications, such as performance and dimensions, so as to mount our products onto the new product that the customer is planning to produce.

Order intake: We receive a notification from the customer that it would adopt our solutions for its products. We consider this point in time as "order intake."

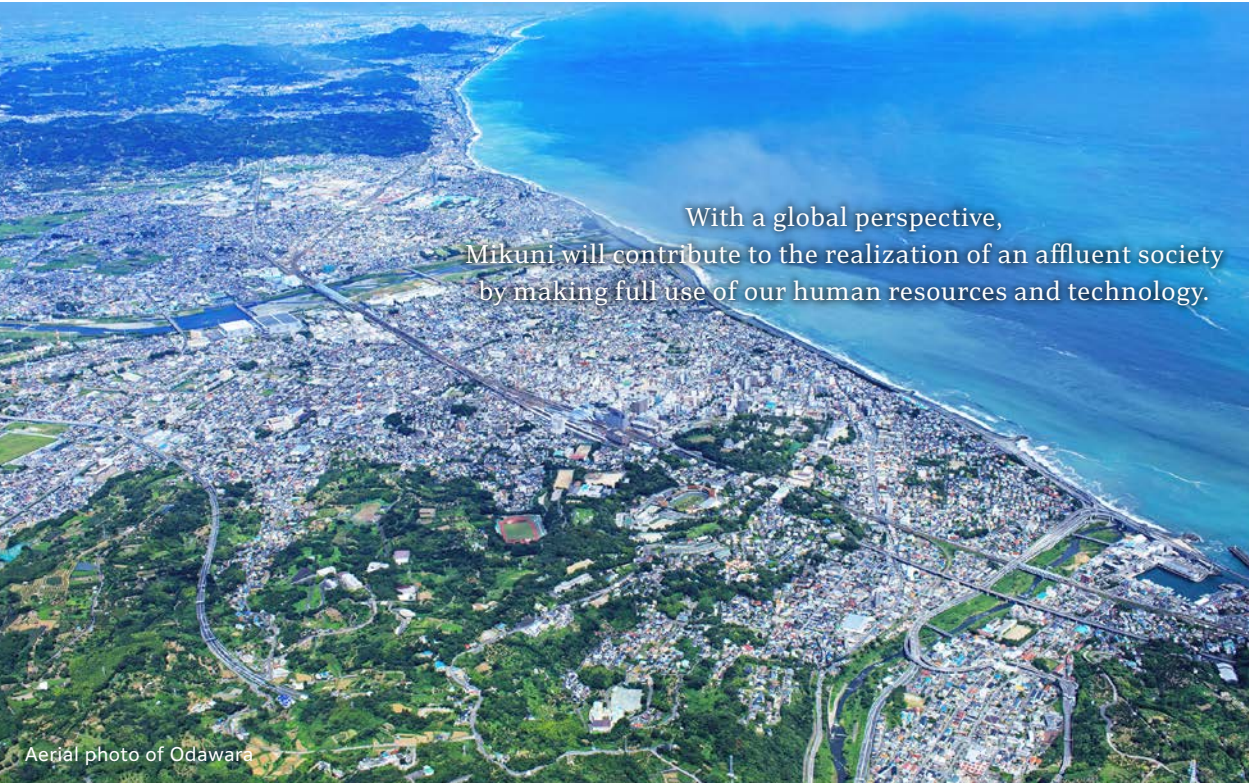
Prototyping, performance testing, and virtual examination: Many of our products are produced via machining aluminum die-cast bodies and mounting various auto parts. However, the molds for this aluminum die-casting are so expensive and take substantial time to produce; therefore, we usually make initial prototype parts using temporary molds, such as molds for existing products or sand molds. Recently, there are increasing cases in which initial prototype parts are not produced, and we and the customer conduct virtual performance testing using computers. This process is called model-based development (MBD). Next, we produce the body using the newly created mold and produce a few prototype parts on the tentative production line. The customer assembles prototype vehicles using our prototype parts and conducts performance testing with these vehicles. Then, we set up our dedicated production line and produce prototype parts equivalent to mass-produced parts. The customer also sets up a dedicated production line, produces vehicles equivalent to those that it would sell, and conducts various performance testing. And finally, the vehicles are registered for certifications based on the systems of the respective countries to which the vehicles are sold.

Mass production: We receive a fixed order from the customer specifying the date (weekly or every 10 days), the time, and the quantity of the delivery. Then, we produce auto parts to meet the customer's instructions considering the capacity of our production line and suppliers, and then we deliver the products, on a just-in-time basis. In most cases, we place orders to the suppliers beforehand based on the customer's long-term order plan and on our experience over the years, because we cannot deliver the products in time if we place orders to the supplier after receiving fixed orders. The mass-production period varies depending on the sales of the vehicles and the time until model change.

Production of spare parts: Automobiles are very long-life products. For end users to be able to use them for a long period of time with security, our products comprising the automobiles are required to have adequate durability. However, we still produce the necessary quantity of spare parts based on the forecast discussed with the customer, in the event of that the spare parts are required due to malfunction. When we receive an order for spare parts, we ship them after performance inspection.

Our Basic Approach / Corporate Philosophy

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. Our policies are based on our commitment to be faithful to 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."



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

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.

Identifying Priority Issues and Strategy

Business and Other Risks

The Mikuni Group's Risk Management Committee, consisting of directors, executive officers, and others, has identified and analyzed the causes of risks in various areas to avoid the occurrence of risks and to minimize losses when risks do materialize. In April 2022, the Risk Management Committee was reorganized as the Sustainability Committee as a result of our reassessment of risks in the view of global and social sustainability. The committee will promote sustainability beyond risk management. The following is a list of major risks that we recognize as having the potential to materially affect the financial position, operating results, and cash flows of the Mikuni Group, consideration the "CSR issues to be addressed" described on the previous page.

8 risks of business and others

1. Risks Related to COVID-19
2. Geopolitical Risks and Associated Risks from Energy Price Fluctuation
3. Risks Related to the Global Environment
4. Risks Related to Competition, Demand Fluctuations
5. Risks Associated with Fluctuations in Financial Markets such as Exchange Rates and Interest Rates
6. Risks Related to Product Quality
7. Risks Related to Large-Scale Disasters
8. Risks Associated with Global Business Operations

Management Strategy (Mid-term Management Plan)

In 2013, we commenced our 10-year long-term management plan, VISION 2023. The last 3-year part of it was revised in 2021 to become our mid-term management plan, VISION 2023 Final STAGE, which we are currently promoting. In this mid-term plan, we are working with a focus on the three goals described at right. Additionally, we are promoting business, regional, and human resources strategies, via the three pillars described at right as well.



In adversity, improvement will never stop

Head, TPM Promotion Division,
Mikuni(Shanghai) Co., Ltd.

2021 was a challenging year for our Mikuni(Shanghai). The Covid-19 situation was basically in a relief trend, but our epidemic prevention work has not slackened, and we are still doing it as always. Although Covid-19 has significantly impacted us, we have not stopped because of Covid-19. We did our best to make a series of KAIZEN(improvements). In addition, a priority KAIZEN, accumulating minor KAIZEN, turning them into KAIZEN of line, and finally achieving KAIZEN of the surface. For example, the daily production capacity and the investigation and analysis of bottleneck processes have improved the equipment program, inconvenient operation, tools, processing methods, and mold exchange. Through these kaizens, daily production capacity has been improved, enabling us to improve our ability to work with various departments to address bottlenecks in production. In terms of quality, the abrasive flow deburring has been improved, which has finally achieved the effect of reducing working hours. A one-step setup of fixtures is also implemented, significantly shortening the switching time between master molds. To spend more time and energy on improvement, we will adopt centralized education for new employees to reduce the education time, increase the time for managers to improve productivity, and accumulate more minor improvements.



Issues to be Addressed

Mikuni Group aims to be a sustainable and highly profitable company based on "Monozukuri (manufacturing)." In achieving this goal, we recognize "safety and quality," "compliance," and "health and education" as the foundation of all our activities and address the following issues with priority.

6 priority issues to be addressed

1. Generating a cycle that Mikuni makes a contribution to enhance the sustainable earth and society, whereas the contribution promotes our growth
2. Continuous enhancement of development capabilities and competitiveness
3. Promotion of DX (Digital Transformation)
4. Improving employee engagement
5. Cash conservation and stable financing
6. Promotion of business based on "new normal" while the convergence of COVID-19 remains uncertain

We deal with the issues through the measures as mentioned below based on the mid-term management plan.

7 items of priority measures

1. Activities for Achieving Carbon Neutrality by 2050
2. Optimal Allocation of Firm Resources
3. Streamlining Product Development based on long-term development strategies
4. Customer and Production Strategies to Enhance Our Value in the Global Market
5. DX to Enhance Competitiveness and the power of Self-Improvement
6. Human Resource Strategy to Improve Employee Engagement
7. Financial Strategies to Respond to Stakeholders' Expectations

Disclosure Based on TCFD

Based on the recommended disclosure by the Task Force on Climate-related Financial Disclosures (TCFD), we disclose the following information.

Governance

In April 2022, we replaced our Risk Management Committee, which was the Board of Directors' advisory committee, with the Sustainability Committee, so as to devise a scheme to assess and control the comprehensive risks (including climate-related risks) and opportunities of Mikuni Group, under the control of the Board of Directors.

Strategy

For the automotive products business, which is the core business of Mikuni Group, we are developing and selling products with the goal to increase sales for EV products to more than 70% of the Group's sales for automobiles by 2030. We are creating mid- and long-term business strategies considering the risk of climate change, in addition to analyzing the influence of the risk of climate change on finances. We hold discussion to incorporate the results of the analysis into the next mid-term management plan.

Risk Management

The physical risks, including more devastating meteorological disasters, are addressed by the Disaster Countermeasure Subcommittee under the Sustainability Committee. For risks pertaining to business, such as the reinforcement of regulations for fuel efficiency and exhaust gas, and for the electrification of automobiles and motorcycles, the division tasked with planning leads discussions on the response and cooperates with the divisions tasked with R&D and sales. The results are reviewed by the Board of Directors and are then incorporated into the management plans.

Metrics and Targets

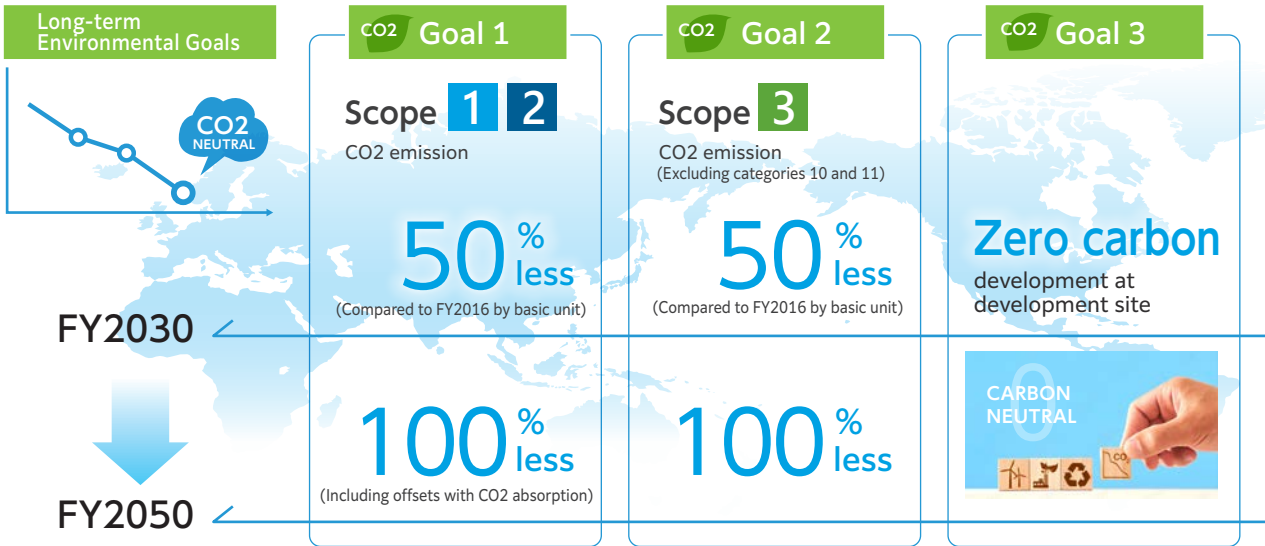
With the aim of achieving carbon neutrality by 2050, the Board of Directors has decided on a mid-term target to reduce each of Scope 1 and Scope 2 emissions, along with Scope 3 emissions (the portion that can be controlled by the Mikuni Group), by 2030, by 50% compared to 2016. For details, please see "Initiatives for Carbon Neutrality" section on the next page.

Initiatives for Carbon Neutral

In March 2022, Mikuni Corporation held its Board of Directors meeting and decided on the Group's long-term environmental goals for carbon neutrality by FY2050, based on the long-term environmental vision created in 2021. Mikuni Group currently excludes Category 10 and Category 11 of Scope 3 from the reduction target due to the difficulty of control. However, the company is taking actions to reduce carbon emissions for these categories, such as in the development of products for EVs. For details, please see the next section: "Turning electrification into new business opportunities."

Long-term Environmental Vision / Goals

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



Zero carbon development : We aim to achieve carbon neutrality for Scope 1 and Scope 2 of the Odawara Operation, our R&D site, in FY2030.

Specific Efforts

To promote efforts toward carbon neutrality as controlled across the Group, we have established the Carbon Neutrality Subcommittee under the Sustainability Committee, along with the Sustainability Promotion Department which is responsible for practical operations, all to take the actions described at right.

Approach	Examples
1. Reduce total energy used	Change production methods, change equipment with higher energy efficiency, etc.
2. Convert fossil fuels to renewable energy	Convert fossil fuels to renewable fuels or electricity
3. Implement renewable power	
(1) Generate renewable power in-house	Implement solar power systems, etc.
(2) Purchase renewable power	Convert to green power



To Be Impressed by Nature even 30 Years Later

Sustainability promotion department, Mikuni Corporation

KAWANO Chizuru

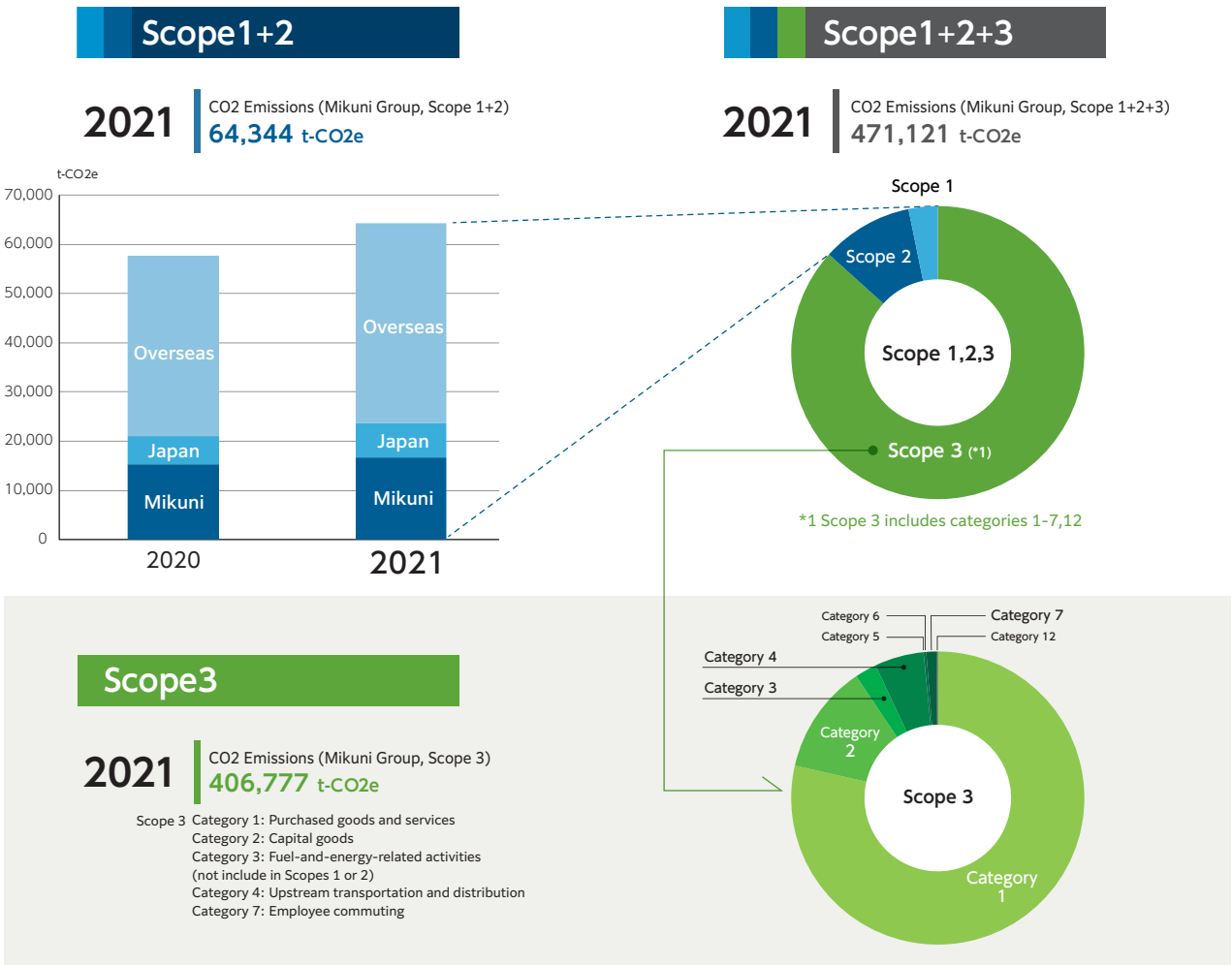
I feel that global warming has severe effects on nature. In addition to working on the risk management, I enjoy outdoor activities on holidays and have been impressed by the beauty of the nature. But I often feel insecure as I see news of natural disasters due to global warming. Every time it rains heavily, I check on employee safety during business. And besides that, I feel anxious about any next mountain excursion on which I'm going next and the trails that might be trekked, i.e., whether landslides are going to occur due to heavy rains. Recently, I'm hearing more information on snowslides during the winter months, which indicates that the environment surrounding us is surely changing. I realize again that there is no guarantee that what I have taken for granted would be retained in the future. With thankfulness for the past opportunities to see various amazing nature scenes, I will renew my serious attitude toward carbon neutrality so that I can still be impressed by such scenes even 30 years later.



CO2 Emissions (Mikuni Group)

The CO2 emissions from Mikuni Group are shown in the figure below. The emissions falling under Scope 1 and Scope 2 in FY2021 increased from those of FY2020 because of recovery from the reduction of production due to the closure of factories caused by the COVID-19 pandemic. Scope 3 emissions are disclosed in this report for the first time. The value indicates emissions from the categories related to the Group's business minus those from Category 10 and Category 11, which were excluded from the longterm environmental goals.

*For detailed values, please see the DATA section at the end of this document.



Energy Reduction and Environmental Protection



นางสาว วีรยา อุดธุระ

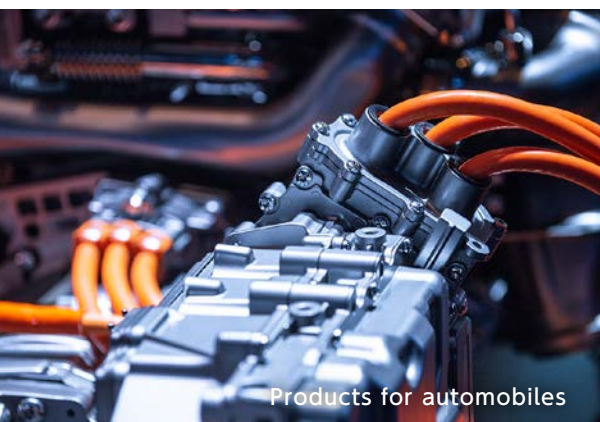
Human resource division, Mikuni(Thailand) Co., Ltd.

Ms. Weeraya OOD-TURA

Energy is playing an increasingly important role in our quest for development. Industry and transportation require more and more energy, but there are also concerns about energy depletion and price hikes. At my company, we are making efforts to save energy by turning off unnecessary lights and setting the air conditioning to 25 degrees Celsius. For the sake of the environment, we are making efforts to separate garbage and recycle. We are also reducing paper consumption by digitizing documents. What I find most impressive is that the company has also launched a CSR project to promote reforestation. I believe it is important for everyone to be aware of energy conservation and environmental protection.



Turning electrification into new business opportunities



Products for automobiles

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

NEW

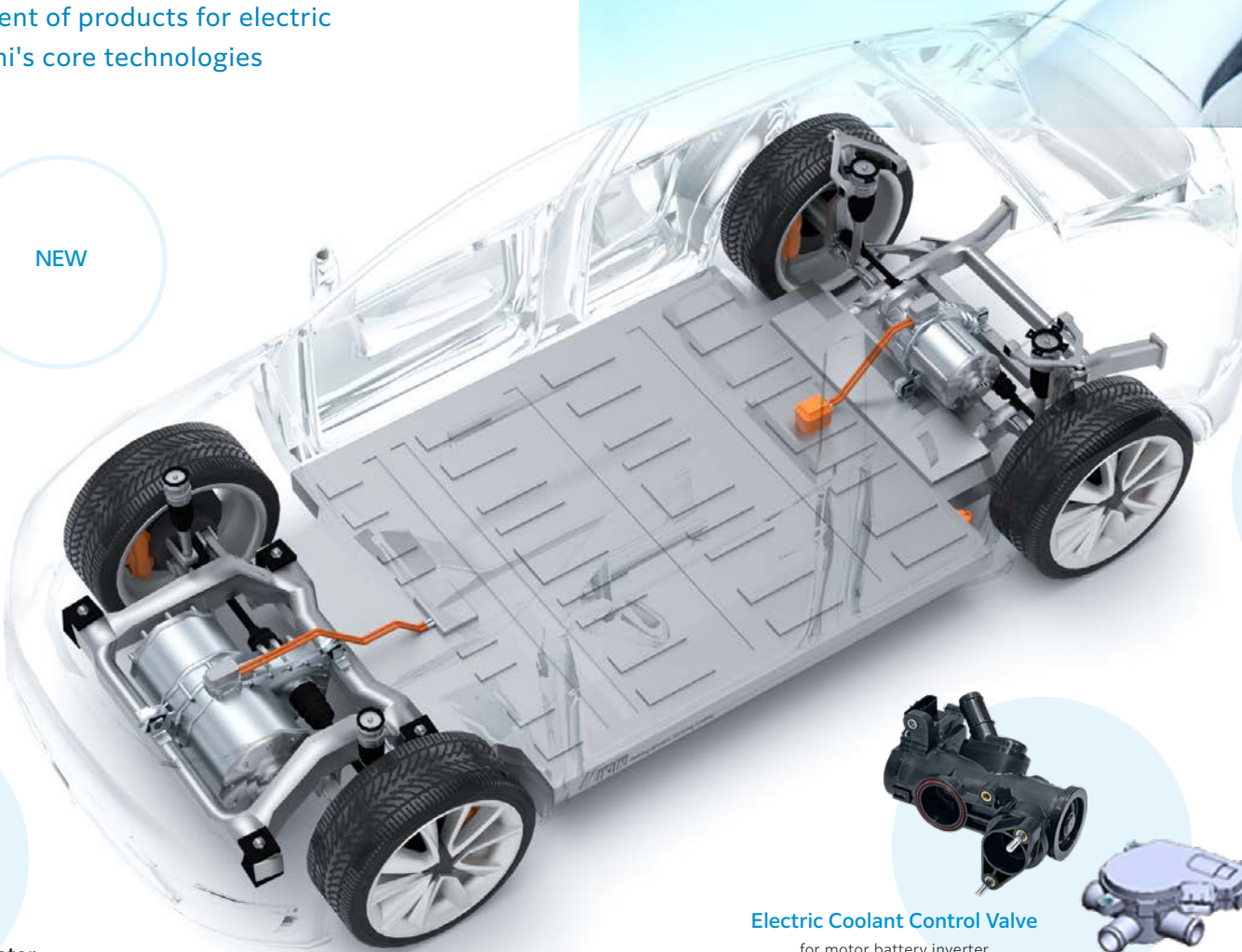
Acceleration Pedal Module
for EV



Electronic Oil Pump
for electric power train and e-Axle
lubrication and cooling



Electronic Parking Lock Actuator
for e-Axle

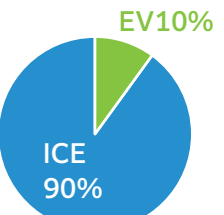


Electric Vacuum Pump
for generating negative pressure
for brake system

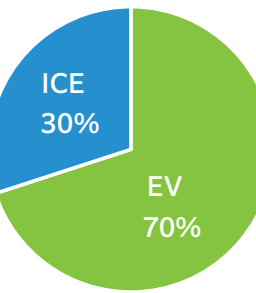


Electric Coolant Control Valve
for motor battery inverter

NEW



FY2021



FY2030



Product Development Aiming for Carbon Neutrality

Researcher, R&D Division,
Mikuni Corporation

金澤 富洋

KANAZAWA Tomihiro

With increased awareness of environmental issues, we have more opportunities to see HVs and EVs on the street. These vehicles are equipped with traction motors while electric oil pumps supply oil for the cooling of heated motors and lubrication of drive gears. As autonomous driving becomes more common, a system to automatically lock the vehicle when it is parked will be required. Therefore, we are expecting that the electronic parking lock actuator we are currently developing would be used for more vehicles. These products feature BLDC (brushless direct current) motors to achieve higher efficiency, small-form factor, and low power consumption, in order to support EVs toward carbon neutrality. To provide our customers with our products quickly, the Electric Motor Development Department has proactively adopted model-based development (MBD). Simulation tools enable us to develop products in shorter time and contributes to a reduction of the amount of prototyping. Currently, we are also developing software using models for more-efficient processing to commercialization. Mikuni is home to diverse engineers skilled in hardware and software for pumps, motors, and controllers, and who are teaching and giving opinions to younger engineers so as to proceed with development together. Based on the new digital technologies and element technologies that we have cultivated, we will continue to develop products that can contribute to carbon neutrality.



Product Development for EVs

Researcher, R&D Division,
Mikuni Corporation

石口 翔一

ISHIGUCHI Shoichi

In this once-in-a-century transformation in the industry, we are facing a change in demand for automotive products. It is predicted that EVs will represent about 60% of global new car sales by 2030. We are also putting effort into development to increase products for EVs to more than 70% of all our products. Components Development Department Group 7, where I reside, is developing the CCV (coolant control valve) as one of the products meant for EVs. The function required for CCV for EVs is to switch the flow channel of coolant for motors and batteries, which is effective for thermal management. The added value includes low power consumption, low pressure loss, and small and light-form factor. We are determined to achieve these goals at a higher level in order to imbue higher value into our products and to contribute to carbon neutrality. Our CCV has a track record such that it was also adopted as the CCV for ICEs (internal combustion engines) in 2014 for the first time in Japan. The CCV has contributed to a reduction of CO2 emissions since earlier stages, as a product that can improve warm-up efficiency and actual fuel efficiency. We have a wide product portfolio to meet diverse needs, along with technical competence capable of flexibly taking on the development of new products. We are determined to utilize our core technology that we have built into products for ICE for the development of products for EVs, all to ensure higher contribution toward achieving a carbon neutral society.





Mikuni's Digital Tranformation

Mikuni's DX encourages activities aimed at backcasting the digitization of future manufacturing so as to provide our customers with new value.

5 Efforts to Backcast Future Demand for 3DA Models as Formal Drawings

Current automotive development has been shifting to a style of using 3D CAD design. With the prediction that customers would place orders via 3DA (3D annotated) models, we are promoting efforts to backcast the process.

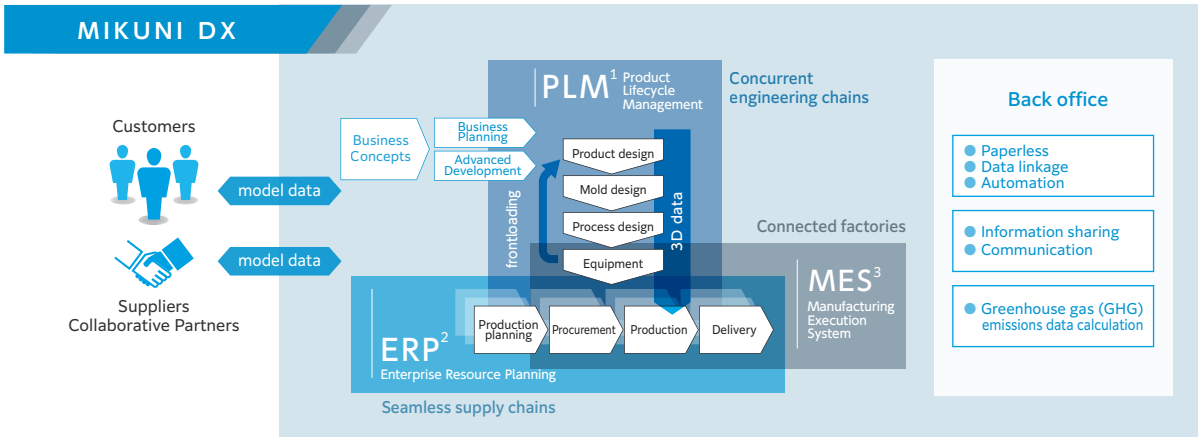
6 Automation by Linking Machine-readable Data Across the Cyberworld

Representation of annotation (information attached to an actual model) must be both human-readable and machine-readable. The digital model chain formed around the 3DA model and the digitization of design verification and production preparation processes using machine-readable data will improve product quality, reduce development time, and create new added value.

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



1 PLM: A method for managing a series of processes from product planning and development to disposal.
2 ERP: A system for managing a company's business resources.
3 MES: A system that visualizes the manufacturing process and provides instructions and support to workers.

3 Mikuni's DX: Digitization of MANUFACTURING, the CORE of the Company

Mikuni's DX is proceeded with via the digitization of manufacturing processes as the core of the company, along with the digitization of back-office operations at the same time, linking both activities to each other.

4 Mikuni's Digital Twin Initiative for Manufacturing

The digitization of manufacturing is specifically achieved via digital twins, i.e., the representation of real-world entities in the cyberworld as digital data. Digital twins are used for simulation, predictive analysis, and optimization of product and manufacturing systems throughout a product's life cycle, before investing in actual prototypes and assets.

Stakeholder Engagement

In order to coexist and grow sustainably with the society that surrounds Mikuni Group, we have been working on VISION2023, mid-term management plan targeting 2023, the 100th anniversary of our founding. 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.

Employees

The Mikuni Group has 7,350 employees on a consolidated basis and 2,048 employees on a non- consolidated basis. (As of March 31, 2022, including temporary employees)

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.

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.

Shareholders, Investors, and Financial Institutions

The number of shareholders is 7,148. The total number of shares issued is 34 million. Financial institutions hold 42% of the shares, individuals and others hold 41%, and foreign corporations and other legal entities hold 17%. (As of March 31, 2022)

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.

Government

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

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.



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)- Financial Results Briefing (2 times/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">- CEO and Employees Dialog (2 times/year)- 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)

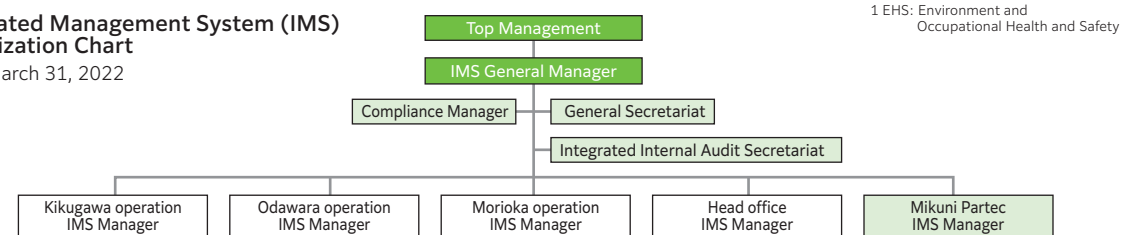




Integrated (EHS') Management System - Japan

As illustrated below, Mikuni has a management organization that puts the president as the Top Management, with IMS General Manager (directors) controlling Mikuni's operation sites, including Mikuni Partec, in order to proceed with environmental activities and occupational health and safety activities. An IMS Manager, environmental secretariat, and OH&S Promotion Secretariat from each operation site participate in the meeting, in order to discuss environmental activities and occupational health and safety activities and to monitor the progress of such activities. The results of these activities are periodically reported on to the Top Management at the Management Review. Important issues are discussed by the Board of Directors and Executive Officer's Meeting and are then fed back to management.

■ Integrated Management System (IMS) Organization Chart As of March 31, 2022



Under each operation site, there are departments, subcontractors, Occupational Health and Safety Promotion Secretariat, Environmental Secretariat, Occupational Health and Safety Committee, Internal Audit Team, Disaster Preparedness and Prevention Commission, and Statutory Manager.

Issues in the Management System

Regarding "Priority Issues to be Addressed" as described in the "Identifying Priority Issues and Strategy" section, we picked up all issues regarding the operation of environmental and occupational health and safety management systems, classified them into external and internal issues, and then identified most-important issues.

External issues	EMS	OH&SMS
Climate change and energy	✓	
Fuel efficiency of vehicles	✓	
Electrification of vehicles	✓	
Worldwide COVID-19 pandemic	✓	✓
Rapid changes in laws, regulations, and related requirements	✓	✓
Occurrence of unpredictable natural disasters	✓	✓
Lack and price increase of fuel and other materials	✓	

EMS: Issues to Address by Environmental Management System
OH&SMS: Issues to Address by Occupational Health and Safety Management System

Internal issues	EMS	OH&SMS
Development of green technology	✓	
Enhancement of risk management	✓	✓
Enhancement of information management	✓	
Improvement of product quality (in development, production, sales, and service)	✓	
Reinforcing governance and ensuring compliance	✓	✓
Stable profitability and growth	✓	
Enhancement of a safe & secure work environment		✓
Proper management of chemicals and the prevention of pollution	✓	✓
Prevention of the internal spread of COVID-19	✓	✓
Reinforcement of awareness of sustainability	✓	✓



Reduction in carbon emission and EHS awareness

Manager, Facilities Division,
Mikuni India Private Limited (MID)

Vir Vijander SINGH

Mikuni India is continually working on improving its Environment, Health & Safety standards. Being an ISO 14001:2015 & ISO 45001:2018 certified company, its our moral obligation to set the new benchmarks every year. In continuation to this, we are focusing on a reduction in carbon emission and planning to meet the target of net zero carbon emission by 2050.

On employees' health and safety standards, we at MID focusing on zero accident, a green environment, and the best hygienic workplace to work. This can be possible only by imparting educational training & new skill development among employees. We are providing DOJO training to new joiners, MID 55 rules, Employees' involvement in the TPM - SHE pillar, monthly safety committee meetings, EHS audits & top management reviews are some examples where we involve, consult and participate at each level of our organization for EHS awareness. We also strictly adhering all applicable legal compliances with cross-functional teams on a timely basis. Through these activities, we strongly believe to make the MID the best workplace to work and the best profitable automotive company in the automotive sector.



Safety and Environment are the cornerstones developing and building a high-quality enterprise

张 箴

Assistant Manager, Safety and Environment Division,
Mikuni (Chengdu) Machinery & Electronics Co., Ltd.

ZHANG Chi

Safety and environmental protection, the core value in the production and operation process, is the foundation of enterprise behavior and the cornerstone of development.

1. Strengthen safety and environmental awareness.

Safety and Environment are the prerequisite and foundation of high-quality enterprise development. We should highly clarify the importance of safety and environmental protection, continuously strengthen the awareness of safety production and environmental protection, and strengthen safety management in all aspects and links. Make adequate preparations, develop effective countermeasures, and strictly prevent the occurrence of safety and environmental risks.

2. Fulfill the responsibility to supervise and strictly implement the primary safety responsibility.

Responsibility implementation is the core of safety production, resolutely eliminates all kinds of work-related accidents, and curbs personal casualties and environmental incidents. To implement the responsibility to each post, each employee, to ensure that the primary responsibility for safety is to perform, to achieve safety investment, safety training, essential management, and emergency rescue.

3. Do our best to eliminate environmental safety risks.

With ISO45001 and ISO14001 management systems as our standard, we are improving the system, strengthening environmental protection management and control capabilities, standardizing environmental protection and safety management, and strengthening the operation and maintenance of environmental protection facilities. Strictly implement the emergency plan for heavily polluted weather, and strictly implement the environmental protection requirements for critical areas. Strengthen the management of unorganized discharges and hazardous waste, effectively control the emissions of pollutants, and ensure that all environmental risks are eliminated; Establish an environmental protection benchmark for the standard management system, accurate management, and ensure watertight environmental protection and safety.

Then, ensure the continuous and smooth development of safety and environmental work, and work hard for the company to achieve high-quality, sustainable development!



Establishing the QHSE culture

Manager, QHSE Division,
Mikuni Mexicana S.A. de C.V. (MMEX)

Jorge CAMACHO

"Quality in every step. In MMEX, we don't compromise on the health, safety of our people. We are committed to protecting the environment where we live and work". Jorge A. Camacho M.

These words represent our Quality, Health, Safety & Environment (QHSE) values in Mikuni Mexicana, for which our long-term business success depends in our ability to continually improve the quality of our products while protecting people and the environment.

This commitment is in the best interests of our customers, our employees and contractors, our stockholders, and the communities in which we live and work. Which was demonstrated in 2021 results, with zero (LTI) accidents, zero Non Conformities in ISO-14001 external audit after one year of implementation and the re-certifications of our IATF / ISO9001 systems.

MMEX started establishing an Integrated Management system (IMS), since 2020, with plans to achieve by 2023 the certification of ISO-45001:2018 and maintain our IATF, ISO9001 & ISO14001 certifications under one IMS, by establishing a solid QHSE culture with the commitment from all Mikuni Mexicana staff.



Targets and Results - Mikuni Corporation

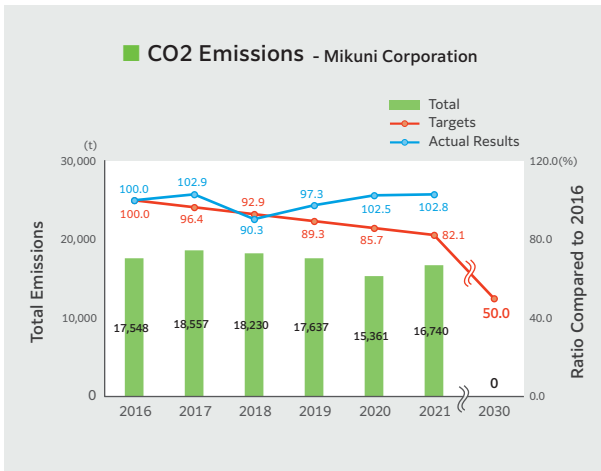
	Activity Items	Outline of Activities	Targets	Actual Results	
1	Reduction of CO2 emissions	1. Improved productivity	Short-term targets FY2021 compared to FY2016 17.9% reduced Total emissions per marginal profit¹ 0.853t/million yen	Compared to FY2016 2.8% increased 1.067t/million yen	
		2. Fewer defects and complaints			Reduce product defects inside and outside the factory to prevent losses from re-manufacturing and waste.
		3. Reduced breakdowns	Production facilities, utilities and infrastructure (include IT)		
		4. Logistics improvement	Efficient transport in logistics (upstream, downstream and in-house)		
		5. Sales increase	Increase sales of our environmentally friendly 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	50 items	94 items	
		2. Platform design			Standardize parts to improve design efficiency and productivity.
		3. Phthalic acid compatible	Improve efficiency through MBD², Digital Twin³, etc.		Completed compliance with regulations for both automotive and gas related products.
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 the Industrial Safety and Health Law, PRTR Law⁴, etc.	Completed substitution of one product containing substances regulated by the PRTR Law and the Ordinance on Prevention of Organic Solvent Poisoning.

1 Total emission per marginal profit refers to total emissions/marginal profit (sales - variable costs).
2 MBD refers Model-Based Development.
3 Digital Twin refers to reproducing the real world in a virtual space and making it correspond to the real world.
4 PRTR Law is the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement.

Details of Each Initiative >>>

1 Reduction of CO2 Emissions

Mikuni has agreed with the Japanese government's declaration of October 2020 to achieve carbon neutrality by 2050, and in March 2022, the Board of Directors set up a new target for the Mikuni Group for the reduction of CO2 emissions to "reduce greenhouse gas by 50% by FY2030 and to achieve carbon neutrality by FY2050, with FY2016 as the reference year." There is no change in our action plans centered on the reduction of energy usage. We will further reinforce our efforts for the activities to "improve everything (reduction of waste and loss)" and to "shorten the time required for all processes," which we have already been performing. In FY2021, Mikuni Corporation could not achieve its intensity target, as sales had not recovered to the level before the COVID-19 pandemic, even though the recovery was on track. However, overall emissions have decreased from FY2016, the reference year, as a result of various improvement activities.



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 LCA¹. 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 LCA (Life Cycle Assessment): This refers to analyzing and evaluating the environmental impact of a product during the entire life cycle, from raw materials to manufacturing, use, and waste.

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)

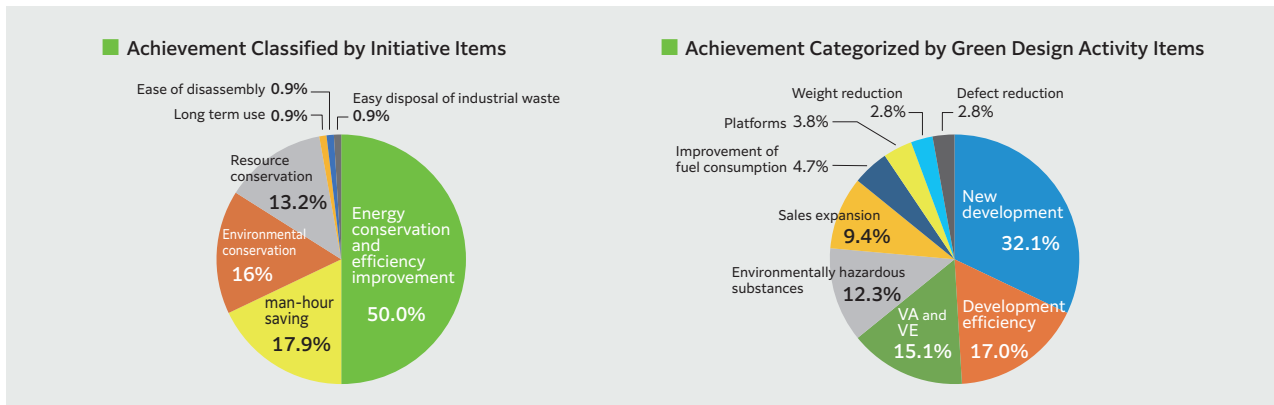
2. Target and Achievement

In FY2021, based on the LCA approach, we examined the environmental impact of Mikuni products at the development and production stages and in the marketplace and selected CO2 reduction, productivity improvement, development efficiency improvement, environmentally hazardous substances, fuel efficiency improvement, VAVE², and electrification product development as environmentally friendly design items to address the results of this study.

2 VAVE (Value Analysis, Value Engineering): It is one of the cost reduction methods.

Target	Achievement
50 items or more	94 items

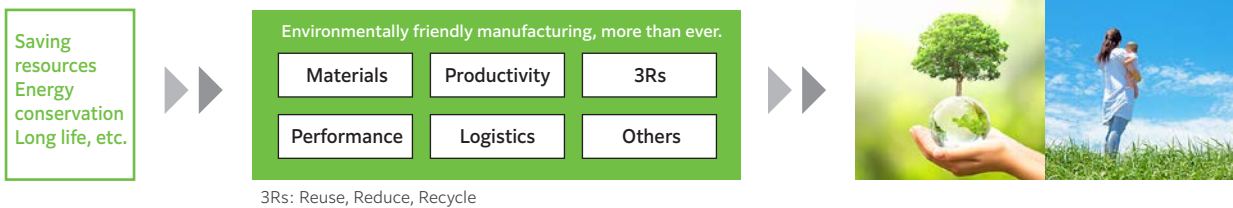
The following pie chart shows the achievement shown in the upper table, classified by activity item and by specific green design activity item.



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 FY2021,

we replaced one product containing n-hexane, which is specified in the Organic Solvent Poisoning Prevention Regulations and the PRTR Law, with one that does not contain the regulated substance.



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	1.3	1.0	✓
Kikugawa (Plant)	Standards		6.0~8.2	18 or less	18 or less	
	Measured Values		7.1	2.2	6.7	✓
Takizawa, Morioka (Plant)	Standards		6.1~8.3	24 or less	24 or less	
	Measured Values		6.9	7.5	14.3	✓
Ogama, Morioka (Plant)	Standards		6.1~8.3	16 or less	24 or less	
	Measured Values		7.0	9.6	13.1	✓

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 NOx emissions and does not produce SOx. 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.

			SOx (Nml/h)	NOx (ppm)	Soot and dust (g/Nm)	Results
Kikugawa (Plant)	Boiler	Standards	—	Suspended	Suspended	—
		Measured Values	—	20.3	Less than 0.003	—
	Hot and Chilled Water Generator	Standards	—	100 or less	0.08 or less	
		Measured Values	—	35.9	Less than 0.002	✓
	Cogeneration System	Standards	0.2 or less	500 or less	0.04 or less	
		Measured Values	Less than 0.09	277.5	Less than 0.003	✓
Takizawa, Morioka (Plant)	Boiler	Standards	2.55 or less	Suspended	Suspended	✓
		Measured Values	0.01	72	0.01	
	Hot and Chilled Water Generator	Standards	0.21 or less	144 or less	0.24 or less	
		Measured Values	0.02	65.5	0.01	✓
Ogama, Morioka (Plant)	Boiler	Standards	0.46 or less	Suspended	Suspended	
		Measured Values	0.01	43	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)	45,677
	② Global environmental conservation cost	- Global warming prevention activities - Energy conservation activities - Ozone depletion prevention activities	52,285
	③ Resource circulation cost	- Waste recycling and resource recycling activities - Maintenance and inspection of waste treatment facilities, reduction of energy generation	8,764
(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	47,946
(3) Administration Cost	① Cost for the setup and operation of the environmental management system	- Maintaining the environmental management system - Environmental education for employees	43,057
	② Cost of environmental improvement measures	- Maintaining the environment through nature conservation, greening, and cleaning of company premises	32,719
	③ Cost of environmental impacts monitoring	- Monitoring of water quality, air quality, noise and vibration, soil, PRTR, etc.	4,067
(4) Social Activity Cost		- Cleaning up the local area environment - Supporting local environmental activities and donations	5
(5) Environmental Remediation Cost		- Restoration of natural destruction, insurance fees to cover damage to the environment	200
		Total	234,720

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. The COVID-19 pandemic once again prevented us from gathering in 2021 for the Kaizen Presentation World Meeting, so as last year, all 22 participating teams submitted a video of each of their presentations, which were then evaluated. The first place was awarded to the "Mikuni Supply Chain Division Takizawa Plant Manufacturing Group 1" from Japan, continued in 2020.



Award ceremony via remote conference

KAIZEN Activities

In addition to the kaizen activities introduced at the World Meeting, a variety of other kaizen activities are being implemented at all Mikuni Group companies. The following is just an example.

Production Efficiency and Quality Improvement

Assistant Section Chief, Production Division, Tianjin Mikuni Co., Ltd.

1. During the manufacturing process of the new long shaft, due to the limited tool position of the machine tool, the burr removal efficiency is low, and the quality requirements cannot be 100% guaranteed. Through experiments and continuous attempts, it has been found that the use of a table grinder can effectively remove burrs and improve work efficiency at the same time. The original working efficiency of 220 /h is increased to 880 /h, and the improvement effect is four times that of the original, which can maximize the stability of production. The resulting economic efficiency reached 52800 yuan (RMB).

2. The system's internal broach section retooling process amounted to more than 200 times per month, and the number of defective pieces was about 100. To improve this problem, we managed all the tools by classifying them according to the type of order and the suffix after the tool classification, made the selection and used them according to the target, and achieved the final result of "0" defective segment retooling process. The immediate improvement amounted to 6,000 Yuan/year.

We are MIKUNI



Human Rights and Labor

The Mikuni Group respects human rights and labor standards and cares about 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.

Health and Wellness

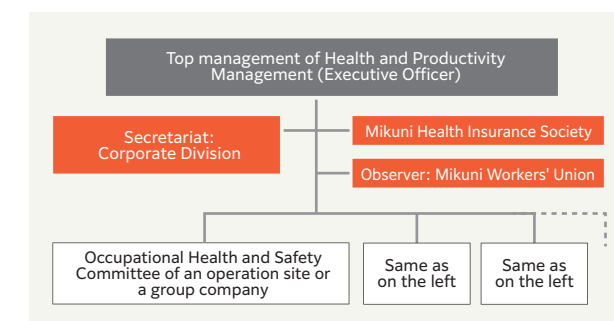
1 The Health and Productivity Management

The Mikuni Group has positioned "Health and Productivity Management" as one of the priority issues in its human capital management, aiming to achieve the wellbeing of all stakeholders and contribute to the realization of a sustainable society. We have 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. 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. To further expand the activities, we established the Diversity Promotion Department in FY2021.



3 Core Activities

Mikuni Group's core activities and their essence are as follows:

1. Consistent monitoring of employees' health statuses

- Achieving a participation rate of 100% in annual checkups
- Increasing the rate of secondary health examinations

2. Improvement of employees' awareness of health

- Organizing health seminars related to lifestyle diseases
- Organizing anti-smoking and other educational events
- Providing information to reduce the risk of infectious disease

3. Creation of a comfortable working environment

- Serving health-conscious dishes at the company cafeteria
- Removing noise, odors, and other issues so as to improve the work environment
- Providing employees with opportunities for exercise, including athletic meets and weight-loss events



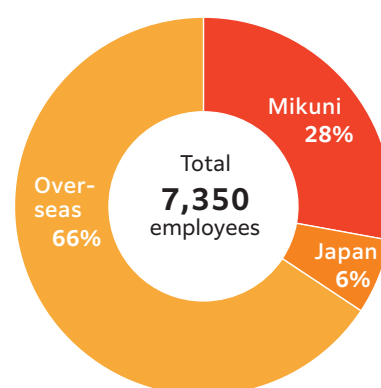
Jump rope competition Mikuni (Shanghai)

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, 2022.

Employees of the Mikuni Group

As of March 31, 2022
Total of consolidated group companies:
Full-time employees
+ temporary employees



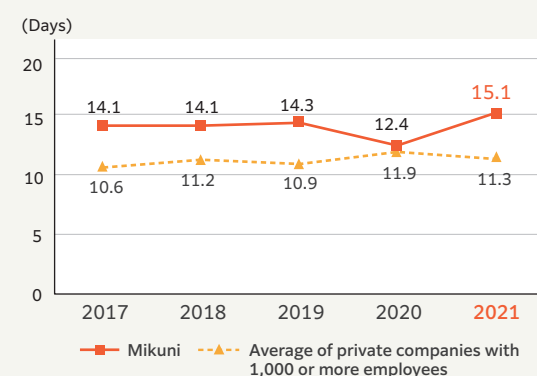
2 Paid Leaves

The average numbers of paid leaves taken by employees of Mikuni Corporation per year are shown in the graph on the right. The results for the Mikuni Group (by region) are shown in the table below.

Average numbers of paid leave taken by employees of the Mikuni Group in FY2021

Group	Mikuni	Japan	Overseas
	15.1	11.4	10.0

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

Aiming for the Creation of Healthy and Comfortable Workplaces

Group Leader, General Affairs and Accounting Division, Mikuni Partec Corporation

伊藤 和昭

ITO Kazuaki



We are
MIKUNI

We at Mikuni Partec are working daily on manufacturing as a member of Mikuni Group. Our employees commute from neighboring communities every day. However, it is getting more difficult to recruit new employees due to the reduction of the workforce; therefore, it is a difficult issue for us to obtain human resources. In this circumstance, we are working on health and productivity management, such as what Mikuni is doing, aiming for improvement of labor productivity by ensuring the long-term retention and performance improvement of current employees. The General Affairs and Accounting Group, to which I belong, has worked on many actions for health and productivity management, including increasing the receipt rate of secondary health examinations, setting up and upgrading the sitting areas in the offices, and conducting the Smoke-free Activity in collaboration with Mikuni. In addition to these actions, we are determined to continue to create and adopt new activities, all to make the workplaces healthier and more comfortable for our employees.

Diversity and Inclusion

As an approach to human capital management, Mikuni considers human resources to be the "capital" of the company, as Mikuni obtains substantial value from these resources, such that it leads to the mid- and long-term improvement of corporate value and helps build a human resources strategy that meets the company's management strategy and business models. In this situation, Mikuni considers the promotion of diversity and inclusion as a capital reinforcement method and recruits new and mid-career employees with diverse experience regardless of gender or nationality throughout the year, all toward creating a work environment where diverse talent can make full use of skills. In July 2021, we set up the Diversity Promotion Department to facilitate this initiative and declared the promotion of health and productivity management and employee engagement. We will continue to promote diversity and inclusion via both approaches of reform and education.



Our Efforts on Diversity and Inclusion

Assistant Manager,
Diversity Promotion Department, Mikuni Corporation

佐々木 朗典

SASAKI Akinori

Mikuni's efforts on diversity and inclusion are part of its human capital management efforts, which encourage the growth of human resources and lead to value creation. The Diversity Promotion Department, to which I belong, leads actions for diversity in collaboration with the HR and GA Department. One of the largest issues of ours is how to make the environment and system more comfortable for employees, not only from the perspective of diversity of employees (gender, age, nationality, disability, etc.) but also from the perspective of promoting a diversity of work styles. Mikuni introduced teleworking and staggered work hours as part of the creation of comfortable workplaces. Additionally, we provide various welfare schemes, including special leave for employees infected by COVID-19, maternity and parental leaves, shorter workdays for parents, staggered work hours for parents, fertility treatment leave, care leave/shorter workdays, leave for employees accompanying their spouses on overseas assignments, and social service leave, which are all made use of as occasion demands. Among all actions in human capital management efforts, we focus on health and productivity management and employee engagement. For the latter, we commenced the two-year engagement improvement program in February 2022, starting from the engagement survey with all employees. This program intends to repeat actions to clarify issues within the organization through the survey and to share the results across workplaces so as to improve them. We expect that these series of actions would lead to solutions for the issues that I describe above. The Diversity Promotion Department will act as a secretariat to promote these actions so that employees can feel that workplaces are more open and comfortable to work than before.



1 Promotion of Gender Equality

Mikuni's ratio of female employees in senior management positions is 3.6% (9.0% for the entire Mikuni Group), which exceeds the average of 1.9% for transportation equipment manufacturers. However, we still put our focus on recruitment, reassignment, and education of female employees, with an aim to further increase

female senior managers. We received the highest grade (level 3) of the "Eruboshi" certification in 2018 and are staying certified every year, which indicates that our efforts have been recognized by external people.



For details about our action plan based on Japan's Act on the Promotion of Female Participation and Career Advancement in the Workplace, please see the Database of Companies Promoting Women's Activities issued by Japan's Ministry of Health, Labor and Welfare.

Ratio of female employees

	Group	Mikuni	Japan	Overseas
Total	33.9%	22.5%	28.5%	39.3%
Permanent Employees	35.7%	19.9%	26.7%	44.7%
Temporary Employees	29.8%	31.0%	33.9%	29.1%
Managers	13.0%	2.4%	10.3%	21.1%
Senior Managers (manager and above)	9.0%	3.6%	3.6%	13.8%
Elementary Managers (assistant manager, assistant section chef etc.)	16.2%	1.4%	14.8%	27.1%

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.



Balancing the Home and Work

Line Leader (Assistant Section Chief), Production Division,
Mikuni Corporation

堀川 亜也斗

HORIKAWA Ayato

I'm in the position of line leader of the manufacturing group since this April. In the same month, my second child was born, and I took parental leave for a month from this July. You may think it is difficult for line leaders to take parental leave, but Mikuni has a corporate culture that enables employees to take parental leave. During the leave from July, I was able to spend precious and meaningful time with my wife and children. My jobs were temporarily taken up and performed as scheduled with no problem during my leave. As a result, I could balance my job and household without sacrificing my family. I became the first line leader that took parental leave; therefore, I believe that Mikuni will continue to be a company that enables employees to take parental leave at their own discretion, giving them a comfortable work environment.



3 Foreign Nationality Employees

We hire regardless of nationality, and our foreign national employees are highly active in many divisions, including sales, R&D, IT, and administration. There is still one senior manager in Japan, but we have an aim to increase senior managers of foreign nationality by elevating high performers.



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

Group	Mikuni	Japan	Overseas
66	25	20	21



Freedom of Mobility for all People

Technical and Quality Control Division,
Mikuni Life and Auto Co., Ltd.

前田 桃子

MAEDA Momoko

I'd like to present some aspects of my job at Mikuni Life & Auto, a member of Mikuni Group. I work on driving assistance devices for disabled people. Currently, my main job is to mount devices onto vehicles. I had thought that the company had always been focusing on manufacturing, sales, and mounting of driving assistance devices; however, I recognized that the company was more varied than I thought, going through many twists and turns to reach the current state, in which many employees with various backgrounds work. When I saw the situations where our products are actually used, and when I saw our users and their vehicles with the devices mounted by Mikuni Life & Auto on the street, I couldn't stop observing them. Our company offers a one-stop process, from design, manufacturing, and sales to mounting, and therefore we can create products with a good understanding of the end users. I work with diverse people, some of whom have disabilities, but when I see them, I think there is nothing impossible for them. I feel that they embody the quality of this company. I believe that this is one of the virtues of this company, as we can make products from the users' perspective. I think that our company is the only one that can have "Freedom of mobility for all people" as its mission, with real meaning behind it. I like this phrase because it clearly represents the virtue of Mikuni Life & Auto.



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 Certification Related to Machine Maintenance

Among all employees of Mikuni, 848 employees in Japan are Certified Skilled Workers of Machine Maintenance, which is the national certification to recognize the skill to maintain machines used at industrial facilities, and 77 overseas employees have equivalent official certifications. In addition to those official certifications, we have another in-house licensing system since FY2019 to certify work qualification, all for work using industrial robotics, cranes, and others that pose risk of severe injury as a result of unsafe behavior.

The employees that passed the certification receive an Equipment Officer's License and are obliged to participate in annual follow-up training. Currently, 242 employees have the Equipment Officer's License.



Sample of in-house license

5 Occupational Accidents

Mikuni Group is working with an aim of zero occupational accidents, including commuting accidents. However, we had as much as 39 accidents (including seven with lost time) across the Group in FY2021. About half of such accidents occurred during work time, and many of them occurred when employees fell or were caught in equipment during irregular tasks. As described in

the previous page, when an occupational accident occurs, we take care of the injured and prevent the accident from spreading on a top-priority basis, and we analyze the cause and create a preventive measures, and then we share the information across the Group to prevent the occurrence of similar occupational accidents.

	Group	Mikuni	Japan	Overseas
LTIFR ¹	0.405	0.000	0.957	0.490
LTISR ²	0.019	0.000	0.191	0.010

1 LTIFR (Lost Time Injury Frequency Rate): Number of fatalities and injuries due to workplace accidents resulting in lost work time per 1 million total actual working hours
2 LTISR (Lost Time Injury Severity Rate): Total number of lost workdays per 1,000 total actual working hours



Aiming to be the Company Free of Work-related-accidents

นางสาว จิราพร สินสูงค์วัฒน

Assistant Section Chief, OHS and Environmental Division
Mikuni (Thailand) Co., Ltd.

Ms. Jiraporn SINSUWONGWAT

Mikuni (Thailand) focuses on operating safety by striving to be an accident-free organization by instilling a safety culture and giving importance to safety in both the production process and the safety of people. Although this year, the company also had an accident. The company will be proactive in helping find and improve unsafety operations. And it enhances the safety culture within the organization by promoting and developing tools for activities, training, and instilling safety awareness among employees and those who work within the company. The company has assessed health risks from work to plan to prevent and take care of health problems that may arise, including developing standards for occupational health management systems procedures and guidelines for promoting a hygienic and safe workplace for health. The company is determined to operate its business with social and environmental responsibility. This year, the company increased responsibility for safety, occupational health, and the environment, including strictly complying with the law and continuous improvement to be an organization where employees are mentally and physically healthy.



Occupational Health and Safety

林 保則

Group Leader, Business Division,
Mikuni Green Service Co., Ltd.

HAYASHI Yasunori

In June, Mikuni Green Service conducted the Occupational Health and Safety Training Session. The session covered the following topics: how to drive trucks, how to handle products (lawn mowers and other work equipment), and how to handle work tools and electric tools for field staff. Japan's Ordinance on Health Standards in the Office, related to air conditioning, lighting, and office facilities, (including restrooms and lavatories) is also clearly explained to clerical staff. These discussions were performed including explanations about Mikuni's risk management system. However, two occupational accidents occurred this year - one of them was minor, but the other was a severe accident that caused injury equivalent to Class 12 in the Disability Class Table. The minor accident was caused by an unskilled elderly employee that used a cutter carelessly. The severe accident was caused by a mid-level experienced employee that used a work tool improperly due to bad habit. I felt it was necessary to focus on ensuring that all employees understand the concept of occupational health and safety continuously and repeatedly, by training unskilled employees and instructing skilled employees to get rid of their own bad habits and complacency regarding their skills. Additionally, we need some improvements in the work environment. For field workers, we should install a rugged lashing belt tightener for loading and fixing merchandise onto trucks, so as to ensure safety and higher efficiency, and to reduce worker fatigue. And for clerical workers, we should ensure appropriate air conditioning and lighting so as to improve work efficiency. We will make further efforts toward occupational health and safety with an awareness of the importance of continuing these improvements.



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 Status of Training

Throughout the Mikuni Group, a total of 1,665 courses have been offered to a total of 44,830 employees. This equates to approximately 6 courses per employee. These employees include contract employees and temporary employees. In addition, off-the-job training and self-learning courses are also offered to those who wish to take them.

Categories (during working hours)	Courses	Participants	Types (outside of working hours)	Courses
General	437	6,171	Off-JT trainings or other courses	87
Quality and Product Safety	463	8,210	Correspondence Courses etc.	330
Occupational Health and Safety	367	8,208		
Human Rights and Labor	21	2,261		
Human Resources	61	4,070		
Environment	177	3,582		
Compliance (Business Ethics)	72	6,579		
Risk Management	9	829		
Information management	31	4,599		
Procurement	27	321		
Total	1,665	44,830	Total	417

General <ul style="list-style-type: none">Corporate Philosophy, Management Policy, and Action GuidelinesCSRInternal controlIn-house rules and regulations (including 5S,etc.)AccountingOther items not included elsewhere	Environment <ul style="list-style-type: none">Basic Environmental Philosophy and PolicyISO14001Greenhouse Gas Emissions ReductionEnvironmental Laws and Regulations, Prevention of Environmental PollutionResource conservation and waste reductionAppropriate chemical substance managementEcosystem ProtectionEmergency Response
Quality and Product Safety <ul style="list-style-type: none">Basic quality policiesISO9001Quality standards (IATF, Aerospace Quality System, etc.)Quality controlProduct safetyOther items of quality and product safety	Compliance <ul style="list-style-type: none">Compliance Code of Conduct, Declaration of ConductAnti-bribery and other forms of corruptionExport Trade ControlsConflicts of interestCutting off relations with antisocial groupsWhistle-blower systemOther items of compliance
Occupational Health and Safety (OHS) <ul style="list-style-type: none">Basic Safety Principles and Health and Safety PolicyISO45001Laws and Regulations Related to OHSSafety and healthy working environmentOHS Risk AssessmentEmergency ResponseMental HealthOther items of OHS	Risk Management <ul style="list-style-type: none">Risk managementBusiness Continuity Plan, Emergency response (preparedness for disasters and other risks)Other items of risk management
Human Rights and Labor <ul style="list-style-type: none">International Bill of Human Rights, International Labor StandardsRespect for human rightsProhibition of discrimination and harassmentProhibition of child labor and forced labor	Information Management <ul style="list-style-type: none">Basic Information Security Policy, Code of Conduct on Information SecurityAppropriate information managementProtection of its own and others' intellectual propertyAppropriate information disclosure (including quality information)Other (information management items)
Human Resources (HR) <ul style="list-style-type: none">Work rules, labor contracts, and employee rights and obligationsAppropriate management of working hoursHR development and subordinate trainingWage SystemPersonnel evaluation system, career mapOther items of HR	Procurement <ul style="list-style-type: none">Prohibit abuse of a superior positionAvoid using raw materials that may cause social problems such as conflict mineralsGreen ProcurementPromoting CSR in the Supply ChainOther items of procurement

2 Contents of Training

1. Quality and Product Safety

We repeatedly learn the rules to ensure product quality, and we join programs including hands-on workshops so as to learn the structure of our products and the important processes necessary to ensure quality. Additionally, we join these workshops so as to learn how to use manufacturing and inspection equipment to improve product quality, also from the perspective of occupational health and safety.

2. 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. 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.



■ Slinging and crane operation training



■ Machine maintenance license (in-house license) training

3. Environment

We repeatedly provide training and drills to achieve our environmental goals, aiming to improve the skill level of each individual. We provide training to improve our environmental management system, including the basics and rules of the system, environmental laws and various regulations, activities to reduce greenhouse gas emissions, handling of chemical substances and hazardous and biomedical waste, and requirements from interested parties. In addition, we conduct annual drills by relevant departments in accordance with a manual for emergency situations such as environmental pollution.

4. Human Resources

We provide programs to all employees regarding employment regulations, wage system, employment contracts, personal evaluation systems, the career mapping of employees; programs for managers regarding the education and evaluation of their subordinates, programs regarding compliance including proper work hour management and prevention of harassment, and mental health programs for managers, all to enhance the power of every employee and the organization itself.

5. Compliance

We conduct the compliance program repeatedly every year for not only legal compliance but also corporate ethics, based on Mikuni Group's Compliance Code of Conduct. We also conduct individual training sessions for those that need such for their work regarding the prohibition of bribery, conflicts of interest, and abuses of a dominant position. Additionally, we conduct surveys periodically so as to grasp employee awareness about compliance.

6. Risk management and Information Management

Considering recent cyber-attacks against many companies including those related to the automotive industry, we are making efforts for the improvement of the information literacy of employees by regularly drilling all internal e-mail users using pseudo-targeted virus training e-mails. Additionally, we regularly conduct emergency response drills based on the business continuity plan (BCP) on an assumption of natural disasters and cyber-attacks, all to improve response capability against emergencies. We also repeatedly conduct training on proper information management, including the protection of our intellectual property and that of others.

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. In addition, to support employees' voluntary skill development, the company introduces correspondence courses and subsidizes course fees.



■ Safety training for new employees

Donations and Other Contributions

Mikuni Group companies make donations to local governments, welfare organizations, and other related facilities.

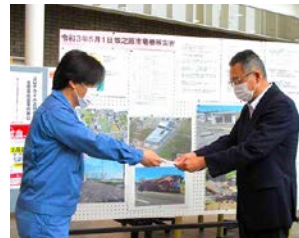
- Mikuni Thailand donated food and water to a temporary hospital established in the Ayutthaya region for fighting against COVID-19. Additionally, the company participated in occupational safety activities in the Ayutthaya region where it is located and donated food and water.
- Mikuni Indonesia made donations to NGOs and neighboring communities to support construction and improvement of roads and recovery from flood damage.
- Mikuni India contributes 2% of its average net profit for the last three years to the Prime Minister's National Relief Fund in accordance with the CSR regulations of the Companies Act of India.
- Mikuni (Shanghai) made a donation to a welfare organization that participated in a charity sale in the Shanghai Jinqiao Economic and Technological Development Zone where it is located.
- Mikuni Zhejiang, in cooperation with a local committee, donated to people in dire need and donated condolence money to firefighters.
- Mikuni Partec made monetary donations to neighboring cities that suffered tornado damage.
- Mikuni Workers' Union donated money to five welfare facilities and food to people in dire need from its lodges at Mikuni's main operation sites. Additionally, the union received a letter of gratitude from the Iwate Prefecture Social Welfare Service Corporation for its past support activities.



■ Donate food and water
Mikuni Thailand



■ Support neighboring communities
to improvement of roads
Mikuni Indonesia



■ Donate money
Mikuni Partec

Volunteer Activities

The Group companies actively perform various volunteer activities.

- Mikuni (Shanghai) performs cleaning activities at neighboring subway stations on a regular basis.
- Mikuni Zhejiang hosted a motorcycle safe riding seminar on a voluntary basis.
- Mikuni Chengdu performed environmental maintenance activities, including moving derelict shared cycles on pedestrian corridors around the company to specified parking areas.
- Mikuni Life & Auto brought two welfare-use vehicles to neighboring elementary schools to perform a hands-on program to learn how to use driving assistance devices, of which accelerators and brakes are operated by hands only, how to put wheelchairs into a vehicle, and how to get into the driver's seat.
- Mikuni Workers' Union cleaned up the roadside mirrors around neighboring city halls and participated in a cleanup activity as part of a country-wide cleanup campaign.
- Mikuni Thailand conducted a blood donation activity with employees on a voluntary basis.
- Mikuni Kikugawa Operation was awarded the Japanese Red Cross Society Gold Merit Award its 25-year-long contribution to blood donation activities.



■ Cleaning activity
Mikuni Shanghai



■ Safe riding seminar
Mikuni Zhejiang



■ Environmental maintenance activity
Mikuni Chengdu



■ Hands-on program for elementary school
Mikuni Life and Auto



■ Blood donation activity
Mikuni Thailand



■ Japanese Red Cross Society
Gold Merit Award
Mikuni Kikugawa Operation

Contribution to Local Communities

- In July 2022, Mikuni Kikugawa Operation concluded the Agreement for Support in Case of Disasters with Kikugawa City, stating basic actions to provide emergency support in response to (potential) disasters, such as large-scale earthquakes, including using the operation site's facilities as evacuation sites for residents, providing food and fuel stored at the operation site, and lending out its vehicles.
- Mikuni Odawara Operation installed Odawara SDGs promotion vending machines at its facilities to contribute to Odawara City's SDGs actions as an Odawara SDGs partner.



■ Conclusion Ceremony
of Agreement with Kikugawa City
Mikuni Kikugawa Operation



■ ODAWARA SDGs Promotion
Vending Machine
Mikuni Odawara Operation

Sports Promotion

- Mikuni is the official supporter of the professional rugby teams Kamaishi Seawaves and Shizuoka BlueRevs (formerly Yamaha Motor Jubilo), along with the professional football team, Jubilo Iwata.
- Mikuni Odawara Operation supports local sports promotion by opening its playing field to Odawara Rugby School and local softball teams.



■ Open Ground to Odawara Rugby School
Mikuni Odawara Operation



Cultural Promotion

- Mikuni Odawara Operation participated in Odawara Music Festival by Citizens, both as an entrant and co-sponsor.
- Mikuni Odawara Operation co-sponsored the Charity Concert for Humanitarian Aid for Ukraine on May 8, 2022.
- Mikuni Odawara Operation supplies prizes every year as the cosponsor of the Odawara Smart City Project Poster Competition targeting elementary and junior high school students.



■ Odawara Music Festival by Citizens
Mikuni Odawara Operation

Others

- Mikuni Europe posted a sponsored ad in the local police union's magazines twice a year.
- Mikuni Life & Auto is a co-sponsor of Spinal Injuries Japan and its regional branch in Saitama Prefecture, and of the social services group, Shinjuku Lions Club, which supports people with disabilities.
- Mikuni Kikugawa Operation accepted a factory bus tour in response to demand from Kikugawa City.
- Since 2018, Mikuni has been supporting Formula SAE Japan hosted by the Society of Automotive Engineers of Japan (JSAE), which is a competition for teams from universities and other higher professional schools focusing on the development and production of small formula-style racing cars.



■ Factory bus tour
Mikuni Kikugawa Operation



■ Mikuni's booth at the Formula
SAE Japan

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. In July 2022, we conducted a self-assessment survey with our main suppliers regarding the progress of the items stated in the "Mikuni Supplier CSR Guidelines." We will conduct activities with suppliers toward further improvements in the future.

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.

2 Collaboration with suppliers

"Kaze no Wa": A Cooperative Association of Suppliers

We organized a cooperative association of suppliers, called "Kaze no Wa," with about 100 of Mikuni's main suppliers. This was done to build better relationships between members and to conduct various activities with subcommittees for the improvement of the quality of products and management.

Currently active subcommittees

- **DX Subcommittee**
Performs improvement activities mainly in the digitization of monitoring and control of manufacturing equipment and processes
- **Energy Conservation Subcommittee**
Performs improvement activities mainly in the energy conservation of manufacturing toward achieving carbon neutrality
- **BCP Subcommittee** (see "Business Continuity" section for details)
Performs activities to make suppliers more resilient to disasters and to increase profitability and heighten the societal position of suppliers through the creation of a business continuity plan (BCP)

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.

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.



Basic Approach

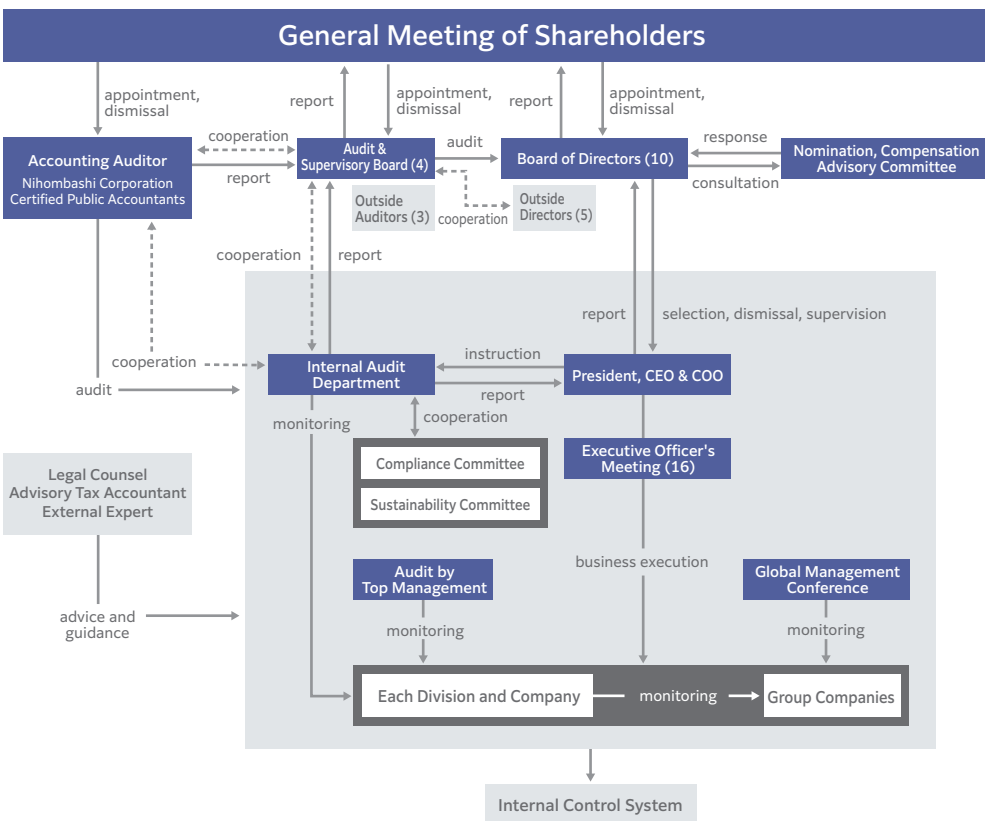
The corporate philosophy of the Mikuni Group is to contribute to the realization of a prosperous society, and we aim to become a sustainable, highly profitable company based on manufacturing. Concerning corporate governance, we believe it is important to establish and operate a system appropriate to our corporate philosophy and the corporate image we strive to achieve.

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. In appointing directors and audit & supervisory board members, we clearly define the skills they should possess and confirm that the skills of each director and audit & supervisory board member are appropriately combined in the skills matrix. 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 Sustainability 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 June 30, 2022



Board Skills Matrix

		Corporate management and organizational operation	Legal and internal controls	Financial accounting and capital policy	HR, labor control, and talent development	Global business	Technology (for production, development, and innovation)	IT and DX	Nomination, Compensation Advisory Committee
Directors	Masaki IKUTA	✓				✓			Member
	Hisataka IKUTA	✓	✓	✓	✓	✓			Member
	Ichiro SUGIYAMA	✓				✓	✓	✓	
	Toru HASHIMOTO	✓				✓	✓		
	Satoshi Fujimori	✓	✓	✓		✓			
	Masayuki TAKAHASHI *	✓				✓			Chairperson
	Takao SUZUKI *	✓				✓			Member
	Hideo YAMADA *	✓	✓		✓				Member
	Shigeru SHIINA *	✓				✓	✓	✓	
Audit & Supervisory Board Members	Masumi SHIRAIISHI *		✓		✓				
	Kazushige SUZUKI	✓	✓	✓	✓				
	Hideya SHIMOYAMA *	✓	✓	✓					
	Tsukasa MIYAJIMA *		✓						
	Junko YAMAUCHI *	✓	✓		✓				

(Note 1) The above list is based on the expected skill items in addition to each person's experience, etc., and does not represent all the knowledge and experience each person has.
(Note 2) * is an outside director and independent director.



Reasons Why the Skills Are Required

	Reasons why the skills are required
Corporate management and organizational operation	Experience & skill in corporate management, including organizational operation, is needed in order to make important business decisions for a wide variety of business sectors and to implement the company's management philosophy, in this industry amid a time of rapid transformation.
Legal and internal controls	Knowledge & experience in legal and internal controls is needed in order to set up a system to secure appropriate business operations and to establish a corporate culture that places importance on compliance.
Financial accounting and capital policy	Knowledge & skill in financial accounting and capital policy is needed in order to secure the reliability of financial reports and to plan and proceed with long-term capital policies.
HR, labor control, and talent development	Knowledge & experience in human resources, labor control, and talent development is needed because, to become a sustainable and highly profitable company, it is required to set up appropriate human resources management functions, secure diversity, and develop talent from a long-term perspective.
Global business	Experience in management abroad and experience & skill in overseas business are needed for more-efficient operation of a global management system amid this circumstance of close economic connection between countries and rapid changes in operational environments.
Technology (for production, development, and innovation)	Expertise & skill in production and development is needed in order to keep up with the electrification of automobiles and motorcycles, as well as to accomplish the carbon neutrality of gas control products by 2050 based on our long-term environmental vision.
IT and DX	Expertise, experience, and skill in the IT sector are needed in order to reduce operation process time and efficiently capitalize on various information by using IT technologies and promoting DX, as well as to continue to transform business operations and improve productivity.

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.

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.



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/>

Compliance Manual

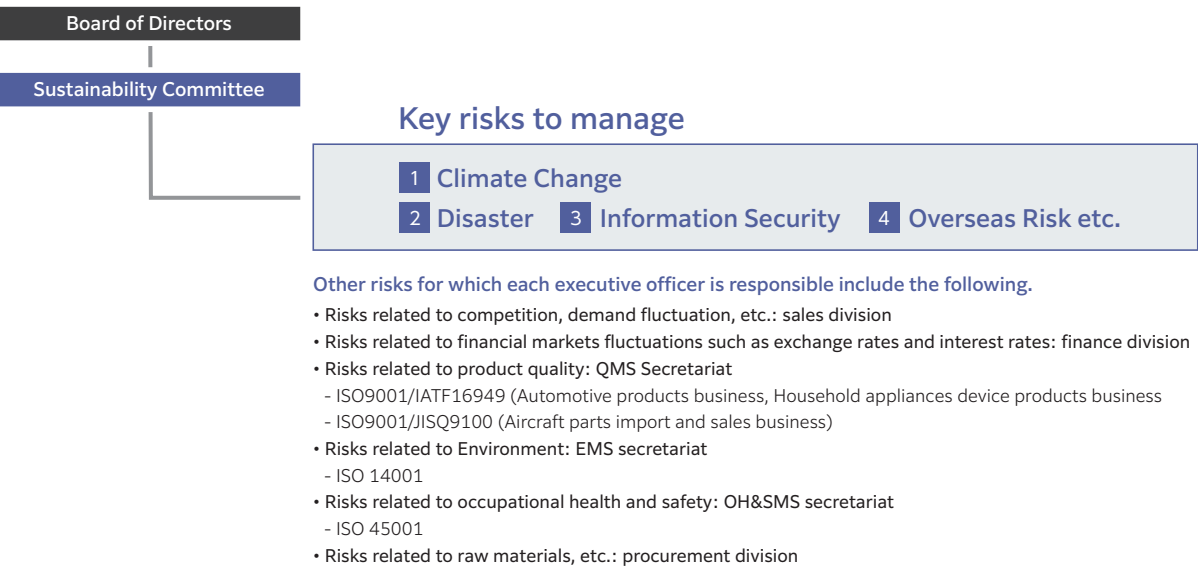
We have prepared and distributed a Compliance Manual to promote and improve the awareness of compliance among all employees of the Mikuni Group.

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 Sustainability Committee, established to promote sustainability comprehensively.



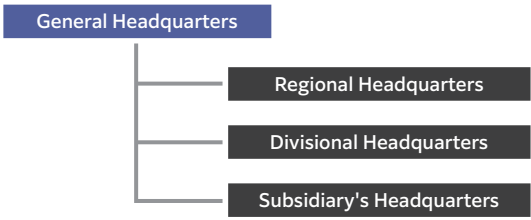
Business Continuity

In the automobile industry, which has a huge supply chain network, the just-in-time system functions, and a disaster in one region or a city blockade due to infectious disease 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.



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.

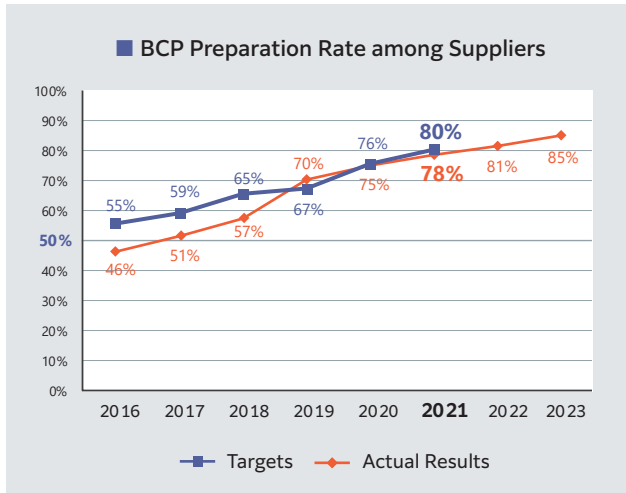
Crisis Response System and Risk Management System

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.



External Evaluation Awards

1 Promotion of Gender Equality



Eruboshi

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).

2 Support for Work and Family Life Balance



Kurumin

In September 2021, we received "Kurumin" certification from Japan's Ministry of Health, Labour and Welfare as a "child-rearing support company" based on the Act on Advancement of Measures to Support Raising Next-Generation Children.

3 Initiatives for the Health and Productivity Management



Excellent Health and Productivity Management Corporation 2022

For the third 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.

4 Environment and CSR in general



2021 Climate Change C, Water Security C



Business sustainability ratings for global supply chains
2022 Silver (upper 25%)



The Development Bank of Japan's Environmentally Rated Loan Program
2022 B

ISO Certification Status

As of July 31, 2022

Region							
Type of Company	Consoli- dation	Voting Rights Ratio	Business Segment	Status of Certification			
				QMS	EMS	OH&SMS	
Name of Company							
JAPAN							
Manufacturing							
Mikuni Corporation	✓	100%	Auto Gas	ISO9001 IATF16949	ISO14001	ISO45001	
Mikuni Partec Corporation	✓	100%	Auto	ISO9001	ISO14001	ISO45001	
Mikuni Life and Auto Co., Ltd.	✓	100%	Other				
Sales							
Mikuni Aerospace Corporation ¹	✓	100%	Air	ISO9001 JIS Q 9100			
Asahi Air Supply, Inc.	✓	100%	Air	ISO9001 JIS Q 9100			
Sunrise Medical Japan Co., Ltd.	✓	51%	Other				
Eberspächer Mikuni Climate Control Systems Corporation	—	13%	Auto				
Services							
Mikuni Green Service Co., Ltd.	✓	100%	Turf				
Mikuni Xymas Corporation	—	100%	Other				
Mikuni Living Service Corporation	—	33%	Other				
ASIA							
Manufacturing							
Tianjin Mikuni Co., Ltd.	✓	100%	Auto	ISO9001 IATF16949	ISO14001	ISO45001	
Mikuni (Chengdu) Machinery & Electronics Co., Ltd.	✓	100%	Auto	IATF16949	ISO14001	ISO45001	
Mikuni (Zhejiang) Co., Ltd.	✓	100%	Gas	ISO9001	ISO14001	ISO45001	
Mikuni (Shanghai) Co., Ltd	✓	95%	Auto	ISO9001 IATF16949	ISO14001	ISO45001	
Nanjing Jincheng Mikuni Machinery & Electronics Co., Ltd	—	35%	Auto	IATF16949	ISO14001	ISO45001	
Mikuni R.K. Corporation	(Equity method)	70%	Gas	ISO9001	ISO14001		
Mikuni (Thailand) Co., Ltd.	✓	92%	Auto	ISO9001 IATF16949	ISO14001	ISO45001	
PT. Mikuni Indonesia	✓	100%	Auto	ISO9001 IATF16949	ISO14001	ISO45001	
Mikuni India Private Limited	✓	100%	Auto	IATF16949	ISO14001	ISO45001	
Management and Sales							
Mikuni Management (Shanghai) Co., Ltd.	✓	100%	Auto				
Mikuni Taiwan Corporation	✓	100%	Auto	ISO9001			
AMERICAS							
Manufacturing							
Mikuni Mexicana S.A. de C.V.	✓	100%	Auto	ISO9001 IATF16949	ISO14001		
Sales							
Mikuni American Corporation	✓	99%	Auto Air				
Services							
Corbin Properties Incorporated	✓	100%	Other				
EUROPE							
Sales							
Mikuni Europe GmbH	✓	100%	Auto Air				

1 Mikuni Aerospace Corporation : April 1, 2022 Spun off from Mikuni Corporation Aerospace Division

Material Balance - Mikuni Corporation

INPUT Resources		Mikuni	Japan	Overseas
Energy				
● Electricity	92,729 ^{MWh}	✓	✓	✓
● Kerosene	137 ^{kL}	✓	✓	✓
● Heavy oil A	317 ^{kL}	✓	✓	—
● LPG ¹	1,566 ^t	✓	✓	✓
● LNG ²	465 ^t	✓	✓	✓
1 LPG : Liquefied Petroleum Gas 2 LNG: Liquefied Natural Gas				
Chemical Substances				
● PRTR ³ Substances (Toluene, Xylene, etc.)	12.5 ^t	✓	✓	—
3 PRTR : Pollutant Release and Transfer Register				
Water				
● Tap water	317,128 ^t	✓	✓	✓
● Groundwater	192,731 ^t	✓	✓	✓
● Rainwater	123,807 ^t	✓	✓	✓
● Recycled water	8,172 ^t	✓	✓	✓
Raw Materials				
● Aluminum (Die-casting material)	7,375 ^t	✓	✓	✓
● Zinc (Die-casting material)	376 ^t	✓	✓	✓
● Other metals (Iron, brass, copper, etc.)	6,863 ^t	✓	✓	✓
● Resins	4,687 ^t	✓	✓	✓

MIKUNI

Planning

R&D

Production

Sales

Recycling rate

65%

OUTPUT Emissions		Mikuni	Japan	Overseas
Emissions to the Atmosphere				
● CO ₂	64,344 ^t	✓	✓	✓
● SO _x	0.5 ^t	✓	✓	✓
● NO _x	29.1 ^t	✓	✓	✓
● Soot and dust	8.2 ^t	✓	✓	✓
Chemical Substances				
● PRTR Substances (Toluene, Xylene, etc.)	7.2 ^t	✓	✓	—
Discharge to Water System				
● Water	231,927 ^t	✓	—	—
● BOD ⁴	6.0 ^t	✓	✓	✓
● COD ⁵	13.2 ^t	✓	✓	✓
4 BOD: Biochemical Oxygen Demand 5 COD: Chemical Oxygen Demand				
Waste				
● Total weight discharged	3,900 ^t	✓	✓	✓
● Weight recycled	2,532 ^t	✓	✓	✓
● Final disposal weight ⁶	1,368 ^t	✓	✓	✓
6 Final disposal weight refers to the weight sent to landfill				

Data 1



Environment

1. Energy Consumption

		FY2020	FY2021		
		(Mikuni)	Group	Mikuni	Japan Overseas
Actual electricity consumption	(MWh)	31,062	92,729	31,921	7,819 52,990
Purchased electricity	(MWh)	26,850	89,117	30,328	7,819 50,970
Purchased electricity (Renewable energy)	(MWh)	1,443	2,371	1,593	0 778
In-house power generation	(MWh)	0	562	0	0 562
In-house power generation (Renewable energy)	(MWh)	0	679	0	0 679
Purchased heat	(MWh)	0	34	0	0 34
Gasoline	(kL)	18	187	21	104 62
Diesel oil	(kL)	9	137	5	117 16
Kerosene	(kL)	103	131	104	9 18
Heavy oil A	(kL)	215	317	288	29 —
Liquefied petroleum gas (LPG)	(ton)	25	1,566	33	1,037 496
Liquefied natural gas (LNG)	(ton)	650	465	465	0 0
Other combustible natural gas	(1000Nm ³)	0	1,257	0	0 1,257
City gas	(1000Nm ³)	0	1,455	0	1 1,454



2. CO₂ Emissions

		(Mikuni)	Group	Mikuni	Japan	Overseas
Scope 1	Direct emissions (ton-CO ₂ e)	12,979	15,456	3,296	3,759	8,401
Scope 2	Indirect emissions from the use of energy (ton-CO ₂ e)	44,783	48,888	13,443	3,215	32,230
Scope 3	Indirect emissions other than Scope 1 and 2 (ton-CO ₂ e)	—	2,005,952	357,255	112,142	1,536,555
Category 1	Purchased goods and services (ton-CO ₂ e)	—	319,579	78,429	20,557	220,593
Category 2	Capital goods (ton-CO ₂ e)	—	49,058	3,841	766	44,451
Category 3	Fuel- and energy-related activities not included in Scope 1 or Scope 2 (ton-CO ₂ e)	—	9,751	2,750	1,521	5,480
Category 4	Upstream transport and delivery (ton-CO ₂ e)	—	22,042	5,387	1,481	15,174
Category 5	Waste generated in operations (ton-CO ₂ e)	—	92	21	12	60
Category 6	Business travel (ton-CO ₂ e)	—	1,144	170	37	938
Category 7	Employee commuting (ton-CO ₂ e)	—	4,585	1,761	681	2,143
Category 8	Leased assets (upstream) Not relevant	—	—	—	—	—
Category 9	Downstream transportation and delivery Not relevant	—	—	—	—	—
Category 10	Processing of sold products (ton-CO ₂ e)	—	616	4	603	9
Category 11	Use of sold products (ton-CO ₂ e)	—	1,598,557	264,754	86,478	1,247,325
Category 12	End-of-life treatment of sold products (ton-CO ₂ e)	—	525	138	6	381
Category 13	Downstream Leased Assets Not relevant	—	—	—	—	—
Category 14	Franchises Not relevant	—	—	—	—	—
Category 15	Investments Not relevant	—	—	—	—	—



3. Environmentally Hazardous Substance Emissions

		(Mikuni)	Group	Mikuni	Japan	Overseas
Chemical substances emissions						
PRTR substances	(ton)	2.6	7.2	4.0	3.2	—
Discharge to water system						
Biochemical oxygen demand (BOD)	(ton)	0.8	6.0	0.8	0.4	4.8
Chemical oxygen demand (COD)	(ton)	1.1	13.2	1.3	0.8	11.1
Total other water pollutants	(ton)	—	12.9	0.5	0.0	12.4
Emissions to the Atmosphere						
Sulfur oxide (SO _x)	(ton)	0.3	0.5	0.3	0.0	0.2
Nitrogen oxide (NO _x)	(ton)	2.5	29.1	3.6	0.0	25.5
Particulate matter (PM), soot and dust	(ton)	0.2	8.2	0.2	0.0	8.0
Carbon monoxide (CO)	(ton)	—	2.0	0.0	0.0	2.0
Hydrocarbon	(ton)	—	0.5	0.0	0.0	0.5
Total other air pollutants	(ton)	—	0.0	0.0	0.0	0.0



4. Water consumption

		(Mikuni)	Group	Mikuni	Japan	Overseas
Water input	(ton)	274,388	641,838	255,502	155,374	230,962
Tap water	(ton)	63,621	317,128	76,446	31,567	209,115
Groundwater	(ton)	210,767	192,731	179,056	0	13,675
Rainwater	(ton)	0	123,807	0	123,807	0
Recycled water (in-house recycled)	(ton)	0	8,172	0	0	8,172



5. Raw materials

		(Mikuni)	Group	Mikuni	Japan	Overseas
Aluminum (die-casting material)	(ton)	1,761	7,375	2,117	1,836	3,423
Zinc (die-casting material)	(ton)	24	376	38	0	338
Other metals (iron, brass, copper, etc.)	(ton)	1,310	6,863	1,709	676	4,478
Recycled water (in-house recycled)	(ton)	718	4,687	1,014	1	3,671



6. Waste

		(Mikuni)	Group	Mikuni	Japan	Overseas
Total weight discharged	(ton)	734	3,900	990	370	2,540
Recycling weight	(ton)	728	2,532	981	365	1,186
Recycling rate	(%)	99%	65%	99%	99%	47%
Final disposal weight	(ton)	6	1,368	9	5	1,354
Hazardous waste final disposal weight	(ton)	0	487	0	0	487
Non-hazardous waste final disposal weight	(ton)	6	882	9	5	867

Data 2



Social	FY2020		FY2021		
	(Mikuni)	Group	Mikuni	Japan	Overseas
1. Employees ¹					
Employees	7,489	7,350	2,048	474	4,828
Male	4,923	4,857	1,588	339	2,930
Female	2,566	2,492	460	135	1,897
Other	0	1	0	0	1
Female ratio (%)	34.3%	33.9%	22.5%	28.5%	39.3%
Permanent employees	5,486	5,077	1,571	359	3,147
Male	3,503	3,262	1,259	263	1,740
Female	1,983	1,815	312	96	1,407
Other	0	0	0	0	0
Female ratio (%)	36.1%	35.7%	19.9%	26.7%	44.7%
Temporary employees	2,003	2,273	477	115	1,681
Male	1,420	1,595	329	76	1,190
Female	583	677	148	39	490
Other	0	1	0	0	1
Female ratio (%)	29.1%	29.8%	31.0%	33.9%	29.1%
Senior managers (manager and above)	437	469	168	55	246
Male	385	426	162	53	211
Female	52	42	6	2	34
Other	0	1	0	0	1
Female ratio (%)	11.9%	9.0%	3.6%	3.6%	13.8%
Elementary mangers (asistant manger, etc.)	—	598	214	81	303
Male	—	501	211	69	221
Female	—	97	3	12	82
Other	—	0	0	0	0
Female ratio (%)	—	16.2%	1.4%	14.8%	27.1%
Disabilities	67	66	25	20	21
Average numbers of paid leave taken (Days)	10.8	11.6	15.1	11.4	10.0

1 The number of employees of Mikuni on a non-consolidated basis includes employees seconded to companies within and outside the Group, and differs from the number of employees stated in the financial report.
The number of employees of Mikuni Group is as of March 31, 2022 and differs from the number of employees at the end of the fiscal year as shown in the financial report.



2. Occupational accidents	(Mikuni)	Group	Mikuni	Japan	Overseas
LTIFR ²	0.275	0.405	0.000	0.957	0.490
LTISR ³	0.000	0.019	0.000	0.191	0.010

2 LTIFR (Lost Time Injury Frequency Rate): Number of fatalities and injuries due to workplace accidents resulting in lost work time per 1 million total actual working hours
3 LTISR (Lost Time Injury Severity Rate): Total number of lost workdays per 1,000 total actual working hours



3. Education and training	(Mikuni)	Group	Mikuni	Japan	Overseas
Cources	—	1,665	190	37	1,438
Participantes	—	44,830	15,446	1,902	27,482



4.Purchase	(Mikuni)	Group	Mikuni	Japan	Overseas
Ratio of suppliers located domestically (%)	—	89%	99%	95%	75%
Ratio of purchase amount from domestic suppliers (%)	—	90%	99%	79%	87%

* Excluding Mikuni Group companies

MIKUNI CSR REPORT 2022



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<https://www.mikuni.co.jp/en/>

