

MIKUNI CSR REPORT 2023



On the Publication of the Mikuni CSR Report 2023

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

Thank you for your ongoing support of the Mikuni Group. We pursue business activities based on the corporate philosophy above. In March 2022, we announced an initiative to achieve carbon neutrality by 2050, committing ourselves to achieving a sustainable society through specific group-wide efforts. Scope 3 differs from Scope 1 and Scope 2 in that it includes categories over which the Mikuni Group itself has little control, but we are nevertheless proceeding with product development without hesitation. Regarding the social aspects of our corporate activities, we are working with local communities to promote health and productivity management as well as diversity as the core of human capital management. With regard to corporate governance, we include in this report a skills matrix of the directors and auditors appointed at the June 2023 General Meeting of Shareholders so that readers may gain an understanding of the soundness of our corporate governance system.

The Mikuni Group celebrates its centennial anniversary in October 2023. We are grateful for the warm support that has been given over the past 100 years, and we seek your continued support for our success over the next 100 years.

CSR Report 2023 Editorial Board

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 the 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, 2022 – March 31, 2023

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 2023

Next issue: September 2024 (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)

Contents



Profile

- 01** Editorial note
- 02** Contents
- 03** History of Social Value Creation
- 05** Business Model of the Mikuni Group
- 07** Message from Top Management
- 11** Mid-term Management Plan
- 13** Corporate Information
- 15** Mikuni Group
- 17** CSR Approach
- 19** Identifying Priority Issues and Strategy
- 21** Initiatives for Carbon Neutrality
- 23** Turning Electrification into New Business Opportunities
- 25** Digital Transformation
- 27** Stakeholder Engagement

Environmental

- 29** Environmental
- 31** Targets and Results
- Mikuni Corporation
- 33** Compliance Evaluation /
Environmental Accounting
- Mikuni Corporation
- 34** KAIZEN Presentation World Meeting

Social

- 35** Employees
- 45** Local Communities
- 47** Suppliers

Governance

- 49** Corporate Governance
- 50** Board Skills Matrix
- 51** Compliance / Risk Management
- 52** Business Continuity

Data

- 53** External Evaluation Awards
- 54** ISO Certification Status
- 55** Material Balance - Mikuni Group
- 56** Data

How Our System Works

The Mikuni Group's Value Creation

Our Strengths and Business Model

The Mikuni Group has developed along with the automobile industry. Our path forward will continue to revolve around mobility.

- History of Social Value Creation
- Business Model of the Mikuni Group
- Mid-term Management Plan

Management Strategy

Explanation of Our Growth Strategy

Considering the many risks and opportunities in these times of unpredictability, we will follow our corporate philosophy faithfully to achieve growth.

- Message from Top Management
- Identifying Priority Issues and Strategy
- Corporate Governance

Data Section

Progress on Our Strategy

We introduce the progress being made in activities to fulfill our corporate philosophy.

- Environmental
- Social
- Data

History of Social Value Creation

1920–1940
Founding – Turbulence of the pre-/post-WWII era

1941–1960
High economic growth – Era of stability

1961–1980
Diversification – Global age

1923

Mikuni Shoten Inc. founded.
Import of automobiles,
bicycles and their parts.



1936
Kamata Plant began
production.



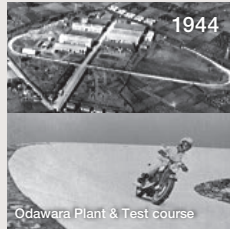
三國商店



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

三國商工株式會社

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



1944
Odawara Plant began
production.

三國工業株式會社

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



1972
Established Tohoku Mikuni
Kogyo Co., Ltd.



1968
Established Mikuni American
Corporation.

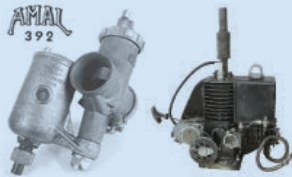


1978
Began production at
Kikugawa Plant.

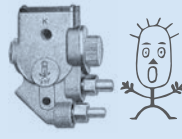
>1920 >1940 >1960

Automotive

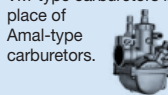
4-w 4-wheel vehicles (automobiles)
2-w 2-wheel vehicles (motorcycles)
PP Power products



1932
2-w Acquired manufacturing license
from Amal of UK for carburetors
and Galery of Italy for compressors.



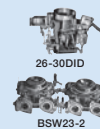
1950
2-w Resumed production
of carburetors and
mechanical pumps for
two-wheeled and
three-wheeled vehicles.



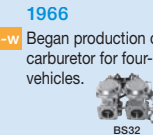
1957
2-w Began production of
VM-type carburetors in
place of
Amal-type
carburetors.



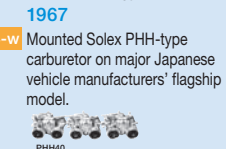
1960
4-w Acquired manufacturing
license from Solex of
France and began
production of Solex
carburetors.



1964
4-w Began production of DID-
and BSW-type carburetors
for four-wheeled vehicles.



1966
4-w Began production of BS-type
carburetor for four-wheeled
vehicles.



1967
4-w Mounted Solex PHH-type
carburetor on major Japanese
vehicle manufacturers' flagship
model.

Carburetors

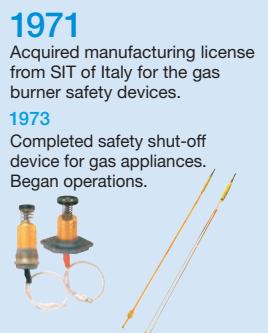
1970
2-w Began production of the
BS-type carburetor for
two-wheeled vehicles.



1978
2-w Began production of
BSW carburetors for large
two-wheeled vehicles.



1979
4-w Began production of
throttle bodies for
four-wheeled vehicles.



Gas and Water

1971
Acquired manufacturing license
from SIT of Italy for the gas
burner safety devices.

1973
Completed safety shut-off
device for gas appliances.
Began operations.

1981–2000
Toward further globalization

2001–2020
Toward the building of a sustainable world

2020–
The next 100 years

株式会社 **ミクニ**



1991

1991
Renamed Mikuni Kogyo Co., Ltd. to Mikuni Corporation.

Completed new head office building.
Established Mikuni (Thailand) Co., Ltd.



1988

1988
Established Mikuni Partec Corporation.

1994
Established Tianjin Mikuni Co., Ltd.
Established Chengdu Mikuni Hongguang Machinery & Electronics Co., Ltd.
Established Shanghai Mikuni Changhang Machinery & Electronics Co., Ltd.

1996
Established Mikuni Mexicana S.A. de C.V.

2003
Merger and acquisition of Mikuni Shoko Corporation.
Established Mikuni Zhejiang Co., Ltd.

2006
Established PT. Mikuni Indonesia.



2007

2007
Completed Kikugawa PC Plant.

2008
Established Mikuni India Private Limited.

2015
The Company was listed on the First Section of Tokyo Stock Exchange.



2015

Established Seoul Branch Office.

2016
Established Mikuni Green Service Co., Ltd.

2019
Established Paris Branch Office.

2022
Established Mikuni Aerospace Corporation.

100
years of Mikuni
1923-2023

>1980 >2000 >2020

Fuel injection for four-wheeled vehicles

Fuel injection for large two-wheeled vehicles

Electrification

1984

2-w Adopted TM-type carburetor for mass-produced two-wheeled sports models.



1985

4-w Began production of superchargers.



1993

2-w Began production of TMR-type high-performance carburetor for two-wheeled vehicles.

4-w Began production of vacuum pumps for four-wheeled vehicles.

1996

2-w Began production of throttle bodies for two-wheeled vehicles.

1997

4-w Began production of electronic control throttle bodies for four-wheeled vehicles.

1998

4-w Began production of variable valve timing systems for four-wheeled vehicles.

2002

4-w Began production of non-contact sensor type accelerator pedal module.

PP Began production of plastic vacuum pump intake manifolds.

2004

2-w Began production of fuel injector discharge pumps for small two-wheeled vehicles.

2005

2-w Began production of the world's first electronic control throttle bodies for two-wheeled vehicles.

2006

2-w Began production of Mikuni's first electronic fuel injection system for two-wheeled vehicles.

2009

4-w Began production of electronic control active pedals.

4-w Began production of electric vacuum pumps.

2012

4-w Began production of electronic control oil pumps.

2014

4-w Began production of coolant control valves.
2-w Began production of variable valve timing systems for two-wheeled vehicles.

2016

2-w Began production of electronic control plastic intake modules.

1990
Tohoku Mikuni Kogyo Co., Ltd. renamed to Mikuni Adek Corporation.

2002
Merger and acquisition of Mikuni Adek Corporation

2003
Proportional Gas Control Valve

2008
Motorized gas shut-off valve

Gas control valve
Water shut-off valve

2013
Motor valve (for built-in stoves)

2017
Motor valve (for grills)

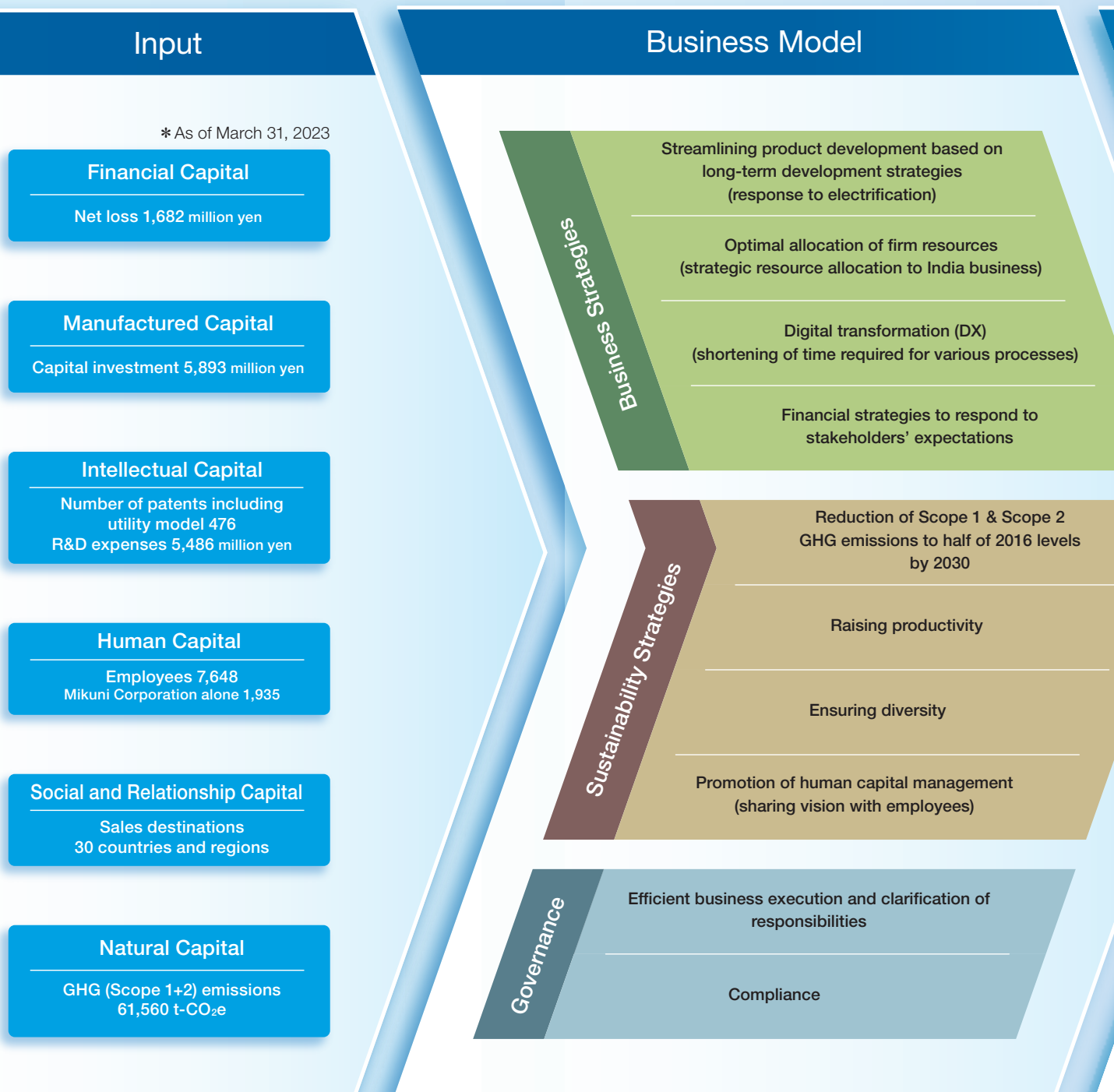
2020
Small solenoid valve (for air)



株式会社 **ミクニ アデック**

Business Model of the Mikuni Group

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.” To achieve this, the Mikuni Group carries out business with the aim of becoming a sustainable, highly profitable company whose presence creates value for industry and the region. We follow the strategies presented below that value “safety and quality,” “compliance,” “health and education” as the foundation of all of our activities.



Output

Achieve carbon neutrality

Build sales ratio of EV products to over 70%

High engagement

Achieve ROE that exceeds cost of equity (earn revenue and improve profit margins)

Fulfilling our Corporate Philosophy

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.

Three goals that are closely related to our business activities

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



Priority Targets

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



Upon Our 100th Anniversary Year Making Steady Progress in Effective CSR Management

Hisataka IKUTA
President, CEO & COO

A handwritten signature in black ink, appearing to read 'Hisataka IKUTA'.

Uncertainty in the present offers the best chance to reevaluate for the future

The year 2023 marks the 100th anniversary of the Mikuni Group. Our main business is the development and manufacturing of automotive products, which account for approximately 80% of company-wide sales. The automotive industry, however, has entered a period of consequential change, and with its susceptibility to geopolitical influences, the future is quite uncertain. My view is that such times of uncertainty present a unique opportunity. Mikuni has just reached the special milestone of 100 years in business. This juncture also provides an excellent chance to look back on the progress we have made and reexamine our direction for the coming decade and century ahead.

Looking back at FY2022, our overall revenue increased, but this was due in large part to currency exchange rates, and we actually experienced no gains

in many regions. The one region where I can emphatically state that revenue increased was India. We have always been convinced that India would grow into a major market, so from an early stage we invested in plant construction and built an R&D infrastructure. India is Mikuni's largest market in the world not only for automobiles but also for motorcycles, which is our particular strength. Our increased sales in India can also be attributed to our contracts with automakers that hold a large share of the market in India, together with increased sales to local firms. These results were planned, but India offers many options in the area of mobility, so we will continue to focus on India in our strategy over the next 10 years while keeping a close watch on the trend toward electrification.

FY2023—the final year of our mid-term management plan—and our well-defined India/China strategy

FY2023 is the final year of our long-term management plan VISION 2023, launched in 2013, and we are currently mapping out a long-term strategy that will begin in the next fiscal year. Both the mid-term management plan that we are creating and the brand message that we intend to communicate broadly will be based on this strategy. But one area that we will be focusing on for certain is the reorganization of our business in China. The year 2024 will mark exactly 30 years since we established our first manufacturing site in China. We face many concerns in China, such as the expiration of land leases and the conflict between the U.S. and China, and we must consider how to strengthen our supply chain and proceed with manufacturing. Although we are aware of the risks involved, Mikuni has decided to give it a renewed effort.

We are determined to penetrate these two markets—India and China—and raise our share of electric vehicle-related products in the ASEAN market. We will pursue a well-defined regional strategy while keeping an eye on geopolitical contingencies and progress in vehicle electrification.

Seeing new directions clearly and changing flexibly; an unchanging commitment to *monozukuri**

In FY2022, Japan was still unexpectedly suffering the effects of the COVID-19 pandemic, more than the rest of the world. Global inflation also had a major impact. In such a business environment, the key to success will be how we can convince people of the essential nature of Mikuni and how clearly we can express the importance and value of what we bring to the economy.

In the 100-year history of the Mikuni Group, many of our enduring products and technologies have been utilized in succeeding generations of products and technologies. We also take pride in being able to change with the times, adapt to emerging market needs, and properly ascertain the direction in which change is headed.

But our spirit of craftsmanship and excellence in *monozukuri* remains unchanged. We adhere to the philosophy of *sangen shugi*, which means seeing for oneself and grasping the situation; we engage in *kaizen*—continuous improvement activities; and above all, assure high quality and safety. These things are the essence of *monozukuri*, and we recognize

them as key values that must not be allowed to slide in a company that manufactures products upon which people's lives depend.

We are also keenly aware that *monozukuri* does not take place in a vacuum. We are involved with a great many people, including partner firms, collaborating companies, local communities, and stakeholders. We are dependent on myriad relationships and will continue to be grateful for them as we work diligently to manufacture superior goods.

Aiming to amplify our corporate value through model-based development

To amplify our corporate value while maintaining an unflagging commitment to manufacturing excellence, an evolution must take place based on digital technologies. For over a decade we have been making steady progress on model-based development. This means much more than simply employing digital tools. We have been able to achieve development in very short periods of time by improving the skills and technical knowledge of the people using the digital tools to maximize the tools' efficacy.

Shorter periods of time for development and fewer prototype iterations naturally contribute to carbon neutrality. Model-based development allows us to demonstrate our special talent and originality in generating customer-centered solutions. As a result of these efforts, in recent years we have been getting an increasing number of orders from customers for contract development. They are willing to outsource development to Mikuni, trusting us to provide them with an optimum proposal. This kind of business model is not at all common among medium-sized suppliers like Mikuni. The contract development business involves the frequent exchange of important data, so I am convinced that this increased business stems in part from a growing trust in us and our reliability as a company.

Our strength lies in our ability to respond flexibly to the diverse demands of our customers. Our customers know that they can rely on us to always come up with a solution. Inspiring that confidence is our value. For example, even as the production of internal combustion engines declines, Mikuni will be able to handle small-lot orders for products that megasuppliers would be unwilling to accept. If we proceed on the premise that the internal combustion engine will never completely die out, it is quite possible that we could do good business from the EV holdouts.

**Monozukuri* is a Japanese term to describe the process of creating superior products through the pride of workmanship, manufacturing excellence, and continuous improvement.

Of course, we will not neglect the development of new products, including for electric vehicles. That is why model-based development, which requires fewer human resources, is so important. We believe that to turn a profit going forward, parts manufacturers will need to engage in the flexible manufacturing of diverse products in small quantities.

Carrying out effective CSR management; carbon zero development in Odawara

At this point, I would like to address the main issue of this report—carrying out effective CSR management.

First, regarding the environment, we are working toward meeting the goals set in the Paris Agreement and the 2030 Sustainable Development Goals, and further, we are working toward achieving carbon neutrality by 2050. Toward these ends, in our mid-term management plan revised in 2021, VISION 2023 Final STAGE, we established this long-term environmental vision: “We will continue to be a valuable entity in solving the environmental issues of countries, regions, and customers.”

Of the 17 SDGs, we are focusing on goals that are closely related to our business activities, which include these targets: strengthening our R&D capabilities, environmentally friendly manufacturing with clean technology, and reducing emissions of chemical substances and waste throughout the product life cycle. In such areas we are taking responsible steps to achieve results.

We also consider carbon neutrality to be a key issue that directly affects our competitiveness. Previously, we had been aiming for a 50% reduction in CO₂ emissions by 2030 and a 100% reduction by 2050, but we are concerned that if we do not achieve carbon neutrality by around 2045, we will fall significantly behind our competitors. We have therefore begun investing in the early actualization of carbon neutrality.

As part of this effort, the Odawara Operation has begun a focused effort in FY2023 on carbon zero development. As a project to commemorate the 100th anniversary of the Company’s founding, the Company’s aging 70-year-old building in the Odawara operation that had housed development efforts is planned to be torn down and replaced with a new building to be tentatively named the “Inspire Center.” At this new facility, we plan to integrate research and development, production technology, and procurement functions. First, for the health of our workers, the facility’s air conditioning system will take advantage of plenty of available spring water from Mt. Fuji. We also envision a plan for the near future to produce electricity for local consumption in cooperation with Odawara-based companies using

solar panels together with car batteries for storage.

For plants outside of Odawara, we are promoting renewable energy by renting out roofs and parking lots for solar power, and we expect that some of the generated power will become available for use by the end of this fiscal year.

Offering a healthy environment and health-promoting systems for all employees to work in good health

Next, I would like to discuss our promotion of human capital management, which is a key part of our human resource strategy in VISION 2023 Final STAGE. The shrinking workforce in Japan due to a declining birthrate and aging population is becoming a serious problem, and although we employ people from other countries, it is vital that we produce high output with a small workforce. This is where digital tools can be of great assistance, but using such tools requires digital literacy and training to improve skills, so I feel it is essential to focus on reskilling and retraining. On the administrative side, we are carrying out training on how to manage an organization to be inclusive to people with diverse perspectives, which includes non-Japanese employees.

Health management is also a key component of human capital management. As our business cards state, we are certified as an Excellent Health and Productivity Management Corporation by the Ministry of Economy, Trade and Industry, and we renew our application annually. As everyone knows, health extends to both physical and mental health. Poor health can be a considerable detriment to workers themselves and to a company, so we will be investing additional firm resources in health management.

One initiative we will pursue is the building design of the Inspire Center (mentioned earlier). The design will be based on an open space for working, but we are considering adding separate rooms and soundproof spaces to support diverse work styles. Other unique ways in which we plan to promote good health to enhance work performance include the effective use of greenery, playing sounds from nature, and creating walking paths with rewards given to employees who achieve certain walking goals. Mikuni is also promoting health initiatives tailored to each region, such as yoga classes at the plant in India. Plus, we are working on uploading videos to our intranet site on health-related topics—all efforts to provide a healthy environment and health-promoting systems that encourage all of our employees to work in good health.

Last year, we also began to work on improving engagement levels, so we initiated a system for quantifying employee engagement. The numbers will



give us a quantitative, visual understanding that can then be used to improve the work environment and deepen communication.

Board of Directors energized by talking freely; group governance also being strengthened

Next, regarding governance, I wish to first state that the effectiveness of the Board of Directors has been rated as adequate. Five of the ten directors on the Board and three of the four corporate auditors are outside directors. There is one woman in each group. All members are actively engaged in discussions, and the Board of Directors meeting itself has undeniably become energized. The chairperson of the voluntary Nomination and Remuneration Advisory Committee is also an outside director. This committee is responsible for the nomination and remuneration of senior management based on internal discussions. Additionally, Opinion Exchange Meeting between Outside Directors, Audit & Supervisory Board Members and Representative Directors are convened roughly twice a year to talk freely to one another. The Board's actions, reflecting suggestions from the outside directors as much as possible, are likely part of the reason for the Board's high effectiveness assessment.

Still, strengthening the governance of our group companies is an issue for Mikuni. This year, we reviewed all aspects of governance in our group companies and made improvements, including the selection of directors and the training of personnel involved in auditing. We also put an executive officer in charge of the Internal Control Department and are working to create a framework and follow-up system to focus on group governance.

Further building on 100 years as a company in collaboration with communities and partner companies

Another key to corporate social responsibility for the future is an area we have always paid attention to—continuing to strengthen our collaboration with local communities and partner companies. Good relations with the communities in which we have business sites are essential for carrying out business smoothly. This holds true whether in Japan or in any other country. We maintain good communication with local authorities and governments in the districts where we operate and cooperate with the measures they are trying to promote. For example, one major reason for setting the goal of carbon zero development at our Odawara site is that Odawara City had been selected by Japan's Ministry of the Environment as a leading area for decarbonization. We are confident that our Inspire Center will become a landmark of this “leading decarbonization area” and thereby contribute to the region.

We have also organized a cooperative association of suppliers, called “Kaze no Wa,” meaning harmony of the winds in Japanese, through which we are working with our partner companies to create a business continuity plan, conduct energy-saving activities in manufacturing to work toward carbon neutrality, and build a digital system. About 100 of Mikuni's main suppliers participate in “Kaze no Wa,” working together with shared interest. We will continue to enhance these friendly relations among members, at the same time carrying out activities that will lead to improvements in the quality of our products and management.

Our mission is nothing less than to build upon Mikuni's 100 years in business and perpetuate success well into the future. Toward this end, we have already been taking various measures and setting targets, changing what needs to be changed to ensure sustainability. We ask all of our stakeholders for understanding and support in these efforts. We will continue to make every effort to reach the goals we have announced so that you can look forward to seeing what Mikuni achieves in the future.

Mid-term Management Plan

VISION 2023 Final STAGE

In 2021, we revised the last three-year part of our long-term management plan, launched in 2013, to become our current mid-term management plan—VISION 2023 Final STAGE. In this plan, we are working with a focus on the three goals described below.

Management Policies

In March 2022, we announced an initiative to achieve carbon neutrality by 2050 to commit ourselves towards achieving a sustainable society. The Group is monitoring CO₂ emissions and disclosing quantitative information. Since most of our Scope 3 emissions are in Category 11, i.e., from the use of sold products, we will increase the sales ratio of EV products to more than 70% of our automobile (four-wheeler) business segment by 2030.

Our Business Strategies

Streamlining product development based on long-term development strategies (response to electrification)

Optimal allocation of firm resources
(strategic resource allocation to India business)

Digital transformation (DX)
(shortening of time required for various processes)

Financial strategies to respond to stakeholders' expectations

Categories

1

Raise corporate value

2

Maintain a sound financial position

3

Secure profits and improve profit margins

Our Business Direction

Targets (for the year ending March 31, 2024)

- Increase the value of our presence in the industry and the region
- Continue activities to achieve ROE above the cost of equity capital

- Increase return on equity to 33%
- Lower net D/E ratio to 0.9

- Consolidated sales of 99 billion yen, consolidated operating income of 4 billion yen, 4% operating profit margin

VISION 2023 Final STAGE

3 priority targets

1.
Raise corporate
value

2.
Maintain a
sound financial
position

3.
Secure profits
and improve
profit margins

3 pillars in our strategy

1.
Optimal
allocation of
firm resources

2.
Improve
competitiveness

3.
Promotion of
human capital
management

Corporate Information

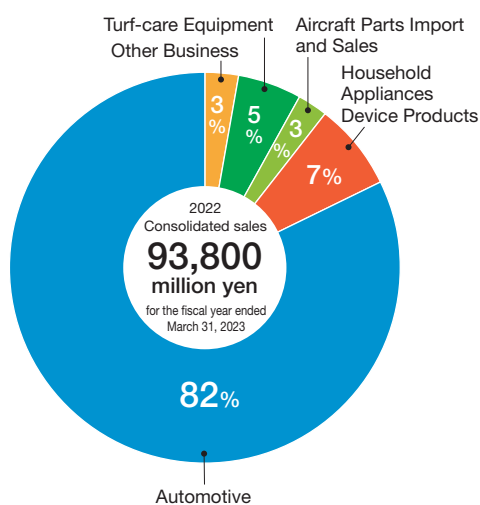


Profile

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	Standard 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

Business Domain

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

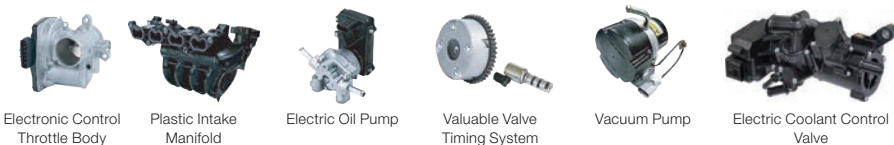


Automotive



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



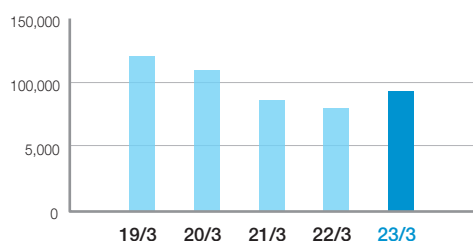
Products for Motorcycles and Power Products



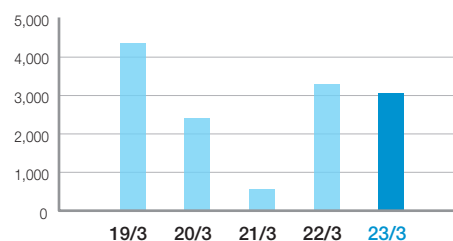
Financial Highlights

Since the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) and other standards were applied from the beginning of the fiscal year ended March 31, 2022, the below results are for the same period after the application of said accounting standards.

■ Consolidated Sales (Millions of yen)



■ Consolidated Operating Income (Millions of yen)



■ Balance Sheet (Millions of yen) for the fiscal year ended March 31, 2023

	End of March 2022	End of March 2023	Change in amount
Current asset	51,010	53,402	2,391
Fixed asset	45,906	46,705	799
Total assets	96,917	100,108	3,191
Current liabilities	33,553	37,579	4,025
Fixed liabilities	31,444	30,330	(1,114)
Net Assets	31,918	32,199	280
Total liabilities and net assets	96,917	100,108	3,191
Shareholder's equity ratio	32.1%	31.4%	—
Net assets per share	¥925.67	¥936.50	—

Household Appliances Device Products



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



Safety Shut-off Device for Gas Appliances



Proportional Gas Control Valve



Pilot Solenoid Valves

Aircraft Parts Import and Sales



Mikuni Aerospace, a group company, imports large-sized precision castings with complex shapes from the U.S. and other sources and supplies them to major Japanese heavy industry manufacturers.

Turf-care Equipment



Mikuni Green Service, a group company, purchases turf-care equipment from domestic and overseas manufacturers and sells 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 in and out of a vehicle.

Mikuni Group

Operations in Japan

Mikuni Corporation

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

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



Headquarter

Auto Gas Air

6-13-11 Sotokanda, Chiyoda-ku, Tokyo 101-0021, Japan
It plays a central role in the Mikuni Group's comprehensive planning and sales activities.



Odawara Operation (R&D Center)

Auto

2480 Kuno, Odawara, Kanagawa 250-0055, Japan

ISO9001 ISO14001

Comprehensive technological development and new business development base



Kikugawa Operation

Auto

2828 Hansai, Kikugawa, Shizuoka 439-0019, Japan

ISO9001 IATF16949 ISO14001 ISO45001

Major plant for motorcycle and automobile products



Morioka Operation

Auto Gas

309 Sotoyama, Takizawa, Iwate 020-0698, Japan

ISO9001 IATF16949 ISO14001 ISO45001

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



Morioka Operation / Ogama Plant

Auto Gas

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

ISO9001 IATF16949 ISO14001 ISO45001

Precision product assembly plant with clean rooms

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

Overseas



11 countries and regions



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.

Asia

① Mikuni Management (Shanghai) Co., Ltd.	Auto
② Mikuni (Shanghai) 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
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Our Basic Approach / 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.

The Mikuni Group is committed to following this corporate philosophy in our business activities. The philosophy expresses consideration for the global environment and reflects the Mikuni Group's intention to face the risks and opportunities arising on a global scale. It incorporates our desire to generate a cycle whereby Mikuni contributes to enhancing the sustainability of Earth and society alongside the Company's own growth. We believe that by adhering to our corporate philosophy, the Mikuni Group enhances its own sustainability and contributes to the sustainability of the planet and society.



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.

<p>1</p> 	<p>Safety and Quality</p> <p>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.</p>	<p>5</p> 	<p>Information Disclosure</p> <p>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.</p>
<p>2</p> 	<p>Human Rights and Labor</p> <p>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. We strive to improve the working environment for all workers, including temporary and outsourced workers, through Occupational Health and Safety Management activities.</p>	<p>6</p> 	<p>Risk Management</p> <p>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.</p>
<p>3</p> 	<p>Environment</p> <p>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 also identify chemical substances that may severely impact the environment and human health and manage them safely.</p>	<p>7</p> 	<p>Social Contribution</p> <p>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.</p>
<p>4</p> 	<p>Compliance</p> <p>The Mikuni Group has positioned "compliance" as one of the foundations of all our activities. We strive to raise the 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.</p>	<p>8</p> 	<p>Development of CSR issues in-house and with suppliers</p> <p>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 are also working to share awareness throughout the entire supply chain by distributing Mikuni's Supplier CSR Guidelines to all of our suppliers (business partners).</p>

Identifying Priority Issues and Strategy

Risks of Business and Others

The Sustainability Committee is made up of directors, executive officers, and others of the Mikuni Group. Its responsibilities cover environmental management and occupational health and safety management and it is charged with anticipating and analyzing a wide range of risk factors, preventing risk from manifesting, and taking measures to keep any losses to a minimum from the materialization of risk. In addition to the above, the Sustainability Committee anticipates and addresses long-term risks from an environmental, social, and governance (ESG) perspective. With regard to compliance risks, including violations of corporate ethics or laws or regulations, the Compliance Committee takes measures to minimize risk through training and other means, and ensures that compliance is being observed by making our internal reporting system widely known to employees. Major risks that have the potential to materially affect the financial position of the Mikuni Group or its business performance or cash flows are listed below.

9 risks of business and others

① Risks related to infectious diseases

Social activities finally begin to return to normal around the world after the COVID-19 pandemic.

② Geopolitical risks

Geopolitical tensions persist, and especially after Russia's invasion of Ukraine many countries are making adjustments to their energy policies, making it difficult to predict what changes may take place in industry in the long term.

③ Rising costs risk

The economic recovery from the pandemic and heightened geopolitical risk are causing resource prices to soar, which is bumping up the cost of raw materials, transportation, fuel, etc.

④ Risks related to the global environment

As discussions about the global environment progress worldwide, there is a possibility that environmental regulations will change, affecting the development and production activities of the Mikuni Group, such as restrictions imposed to control vehicle exhaust emissions or pollutant emissions from factories.

⑤ Risks related to competition, demand fluctuations

The business of the Mikuni Group is affected by economic trends inside and outside Japan. Through our supply chain we are also affected by the production conditions of other parts manufacturers and suppliers. In our mainstay automotive products business, we expect to see further progress over the long term in the electrification of vehicles and in demonstration research on self-driving vehicles, which will increase the opportunities for firms from other industries to enter the automotive industry.

⑥ Risks associated with fluctuations in financial markets such as exchange rates and interest rates

Based in Japan, the Mikuni Group also operates businesses in North America, Europe, and Asia, and exchange rate fluctuations may affect the Group's financial position. Operations in Japan and at subsidiaries outside of Japan can

be financially affected by the monetary policy and inflation measures taken by other countries. Even fluctuations in financial markets can affect the financial status of the Mikuni Group.

⑦ Risks related to product quality

Even though quality is the top priority in the design, production, and marketing of Mikuni products, a risk still exists that some unexpected factor could cause a product defect. And because a decline in trust toward the quality of our products could lead to a drop in demand for Mikuni products, we recognize the profound impact that risks related to quality could have on the Mikuni Group.

⑧ Risks related to large-scale disasters

Many of the Mikuni Group's domestic operations are located in districts subject to a Tokai earthquake or urban inland earthquake. We are utilizing networks to try to link operations among our plants and also anticipate the risk of impact from a cyberattack.

⑨ Risks associated with global business operations

The following are types of possible risks in the countries or regions in which the Mikuni Group operates. Appropriate measures are being taken toward each risk, but the materialization of any risk could affect the Mikuni Group's business performance or financial position.

The risk of:

- A new infectious disease getting out of control
- Armed conflict erupting
- Changes in laws, regulations, taxation systems, etc.
- Disputes or the like arising from differences in the labor environment
- Cyber-terrorism or other terrorist attack, war, economic collapse, etc.
- Infringement of intellectual property rights held by the Mikuni Group, such as imitation goods
- Unforeseen litigation

Issues to be Addressed

Mikuni Group aims to be a sustainable and highly profitable company based on *monozukuri*. 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 While appropriately passing on costs to prices and addressing cost increases, maintaining cash and stability of funds procurement
- ⑥ Maintaining a structure for business continuity, addressing changes in the business environment due to infections, geopolitical risks and other factors

8 items of priority measures

- ① Activities for achieving carbon neutrality by 2050
- ② Optimal allocation of firm resources
- ③ Responding to cost increases
- ④ Streamlining product development based on long-term development strategies
- ⑤ Customer and production strategies to enhance our existence value in the global market
- ⑥ DX to enhance competitiveness and the power of self-improvement
- ⑦ Promotion of human resource strategy to improve employee engagement
- ⑧ Financial strategies to respond to stakeholders' expectations

Disclosure Based on TCFD

With regard to enhancing the quality and quantity of disclosures based on the Task Force on Climate-related Financial Disclosures (TCFD) and similar frameworks, we started calculating the group's Scope 3 emissions in FY2022 and are taking concrete steps to meet parameters and targets under our existing governance structure.

Governance

At the start of FY2022, we replaced our Risk Management Committee with the Sustainability Committee to create a mechanism for assessing and controlling the comprehensive risks and opportunities of the Mikuni Group (including climate-related risks).

Strategy

For the automotive products business, which is the core business of Mikuni Group, we are developing and selling products with the goal of increasing 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, we set a 2030 target of reducing Scope 1 and Scope 2 emissions by 50% compared to 2016 and have set clear indicators and targets. In addition, to reduce Scope 3 emissions, we are striving to reduce greenhouse gas emissions from raw materials, transportation, etc. To reduce greenhouse gas emissions from products sold, we are strengthening our sales and development systems with the aim of increasing the use of our products in highly efficient and clean end products.

Initiatives for Carbon Neutrality

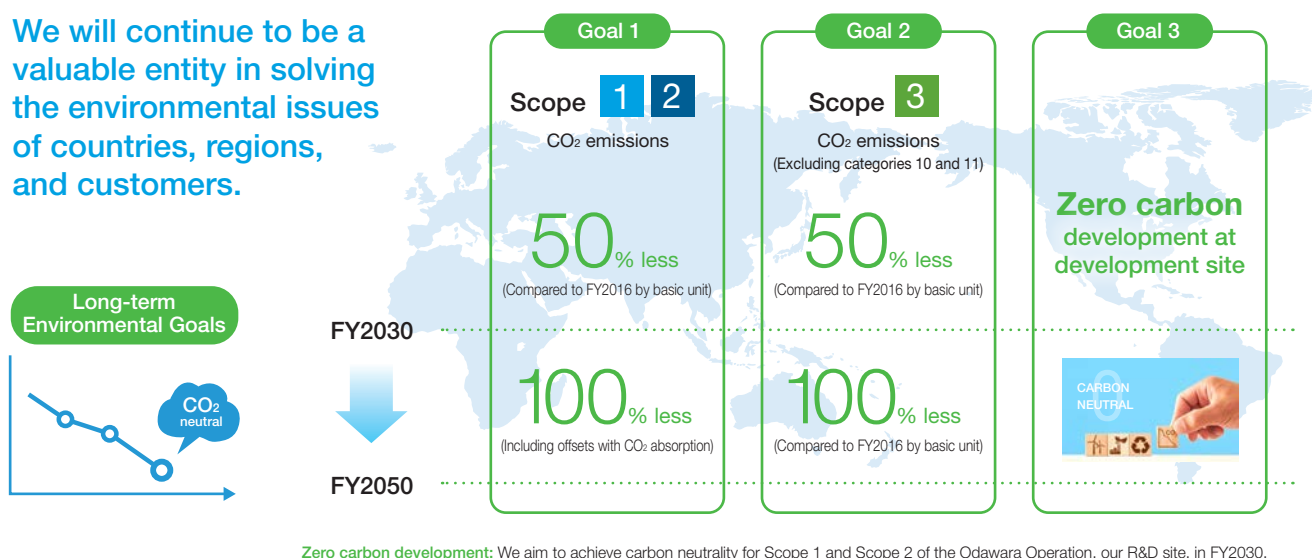
We aim to reach carbon neutrality in 2050.

Based on our long-term environmental vision, we have declared that the Mikuni Group will reach carbon neutrality by 2050.

To reduce Scope 1 and Scope 2 emissions, the total amount of energy used is being reduced and other key measures are being taken that include replacing fossil fuels with renewable energy sources and generating renewable electricity in-house. In Scope 3 emissions, we are trying to reduce greenhouse gas emissions from raw materials and transportation, for example, and strengthening our sales and development systems with the aim of increasing the use of our products in highly efficient and clean end products. These efforts are being managed and run primarily by the Carbon Neutrality Subcommittee.

Long-term Environmental Vision / Goals

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



Specific Efforts

We are taking specific steps toward achieving carbon neutrality by 2050.

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

CO₂ Emissions (Mikuni Group)

The Mikuni Group is reducing the emissions from its production activities.

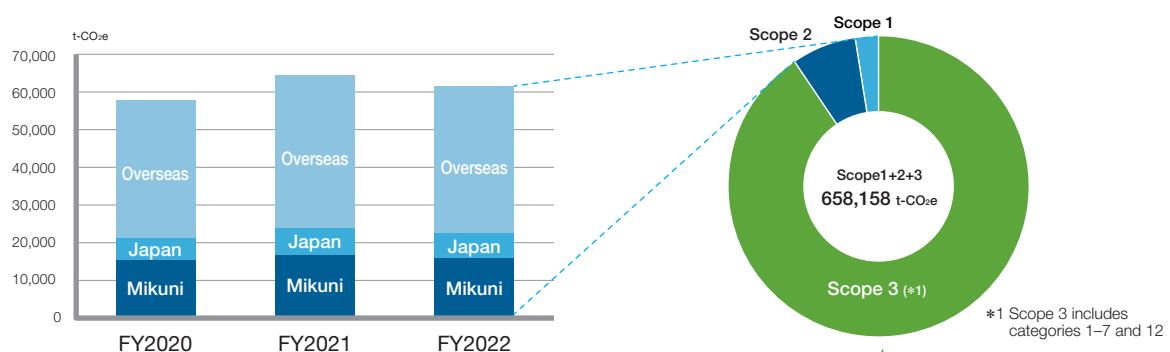
The CO₂ emissions from the Mikuni Group are shown in the figure below.

Regarding Scope 1 and 2 emissions, production volume increased again in FY2022 as it had in FY2021, but the emissions decreased from the previous year thanks to such measures as energy conservation and the use of renewable electricity. On the other hand, Scope 3 emissions increased with the increase in production volume as they were calculated by multiplying secondary data by emissions units of measure.

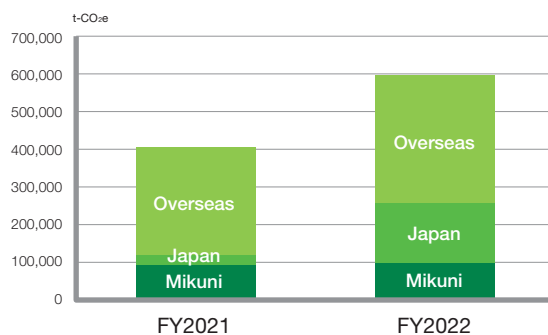
* For detailed values, please see the DATA section at the end of this document.

Scope 1 + 2 **61,560** t-CO₂e (FY2022)

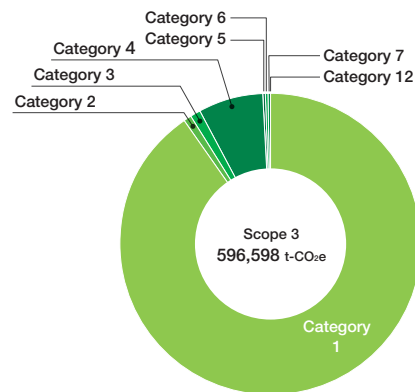
Scope 1 + 2 + 3 **658,158** t-CO₂e (FY2022)



Scope 3 **596,598** t-CO₂e (FY2022)



* Scope 3 emissions are calculated by multiplying secondary data by emissions units of measure according to the "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain" formulated by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.



Category 1: Purchased goods and services
 Category 2: Capital goods
 Category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)
 Category 4: Upstream transportation and distribution
 Category 5: Waste generated in operations
 Category 6: Business travel
 Category 7: Employee commuting

Turning Electrification into New Business Opportunities

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



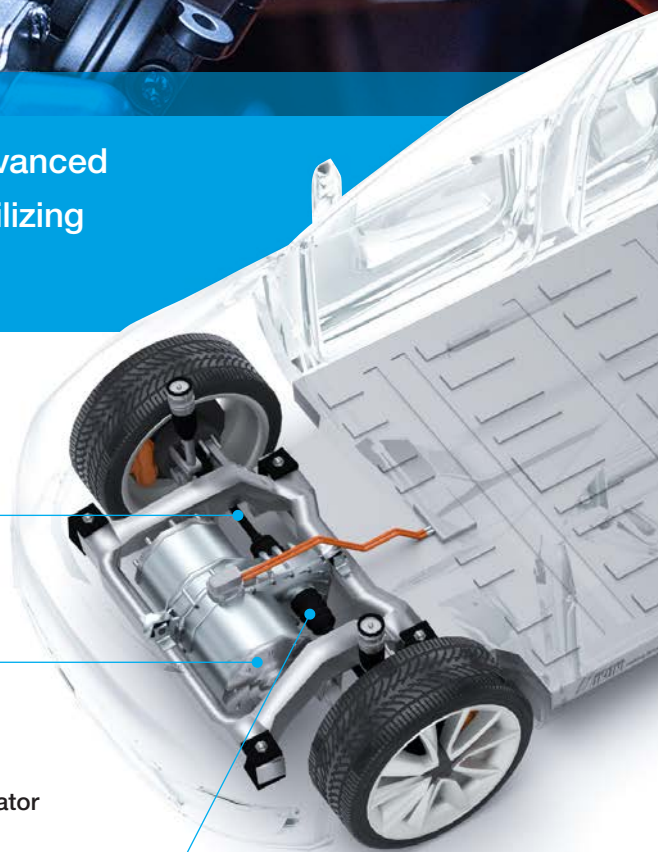
Acceleration Pedal Module for EV



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



Parking Lock Actuator for e-Axle



Researcher, R&D Division,
Mikuni Corporation

塩川 寿

SHIOKAWA Hisashi



The shift to electric vehicles is gaining momentum.

In order to mitigate global warming, there is a growing trend to shift from gasoline-powered vehicles to electric vehicles powered by motors. In line with this trend, peripheral auxiliary products that used to be powered by engines are being replaced by electrically powered products.

In the Electric Motor Development Department, we are developing products such as electric oil pumps and parking lock actuators, in which the motor and control board are integrated into a single unit.

Electric oil pumps are used to cool running motors and lubricate reduction gears with oil, and are indispensable for running motors that require high performance such as compactness and high efficiency.

Parking lock actuators are expected to be used in mechanisms that automatically lock the vehicle body when parking due to the expected spread of autonomous driving in the future.

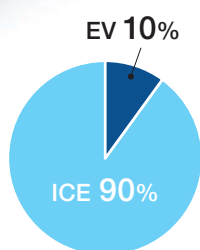
In addition to automobiles, other forms of mobility are also becoming increasingly electrified, and we will continue to provide products that meet different needs and contribute to the creation of a carbon-neutral society.



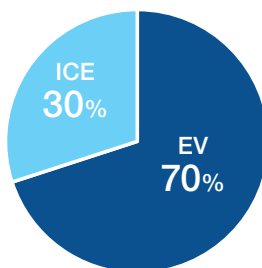
Electric Vacuum Pump
for generating negative pressure for brake system



Electric Coolant Control Valve for motor battery inverter



FY2021



FY2030



Group Leader, R&D Division,
Mikuni Corporation

菅原 秀幸

SUGAWARA Hideyuki



We contribute to achieving a carbon-neutral society by taking a whole systems perspective on vehicles.

In recent years, the automotive industry has been racing to develop electric vehicles to become carbon neutral, and thermal management to effectively utilize heat is important for electric vehicles that generate little heat. At the same time, in order to be a reliable supplier, it is important to be able to discuss technology from the same system perspective, and to consider and propose systems that solve shared problems. Given this situation, we have been seriously questioning whether or not it is good enough to wait for customer specifications to reach us. Therefore, we have been improving our vehicle testing technology using a four-wheel chassis dynamometer and our model-based study technology. At the Vehicle Systems Development Department, we will conduct benchmark measurements and system studies in the field of thermal management, and by implementing engineering services with a small number of elite members utilizing a model base, we will propose efficient thermal systems and provide feed-back to product development, so that we can do our part to create a carbon-neutral society.

Digital Transformation



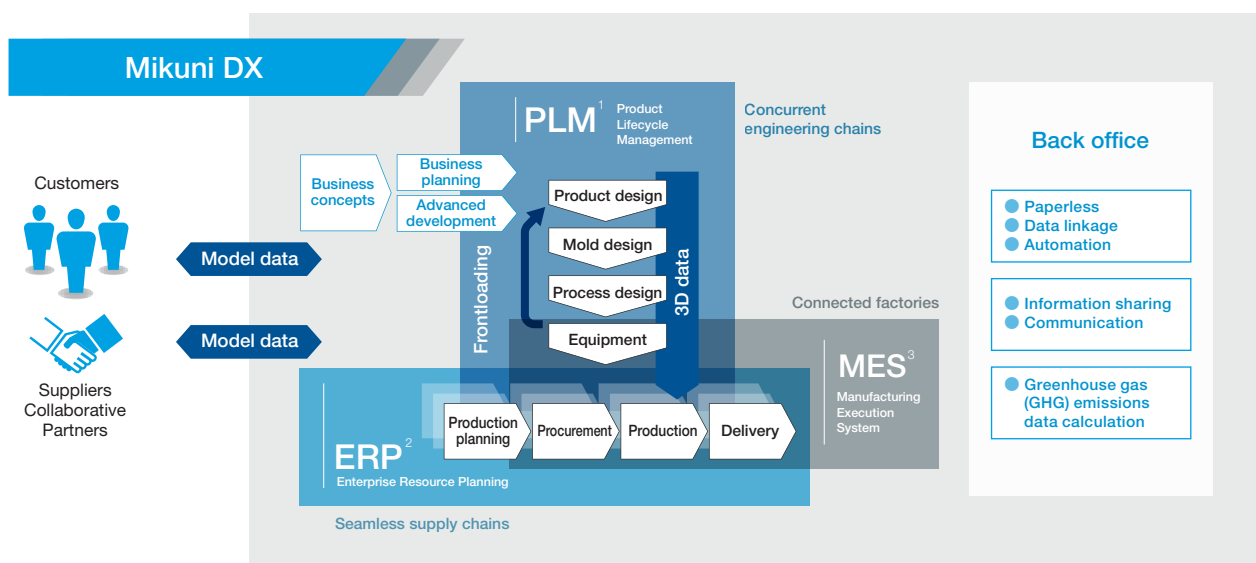
Mikuni's Digital Transformation

Mikuni's DX encourages activities aimed at backcasting the digitization of future manufacturing so as to provide our customers with new 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 firm 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. We began using digital twins in part to simulate, predict, and optimize products and manufacturing systems throughout a product's life cycle, before investing in actual prototypes and assets.

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. In the future, customers will switch to placing orders via 3DA (3D annotated) models. We are promoting efforts to backcast this 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.

7 Digital Transformation Literacy Education

In order to promote a digital transformation (DX), we conducted DX literacy training for all employees in accordance with the Ministry of Economy, Trade and Industry's DX Literacy Standards to enable each employee to view DX as their personal responsibility and act accordingly. We also visualized their literacy level after the training. We will create a foundation to accelerate Mikuni's DX through continuous education and practice appropriate to the level of literacy.

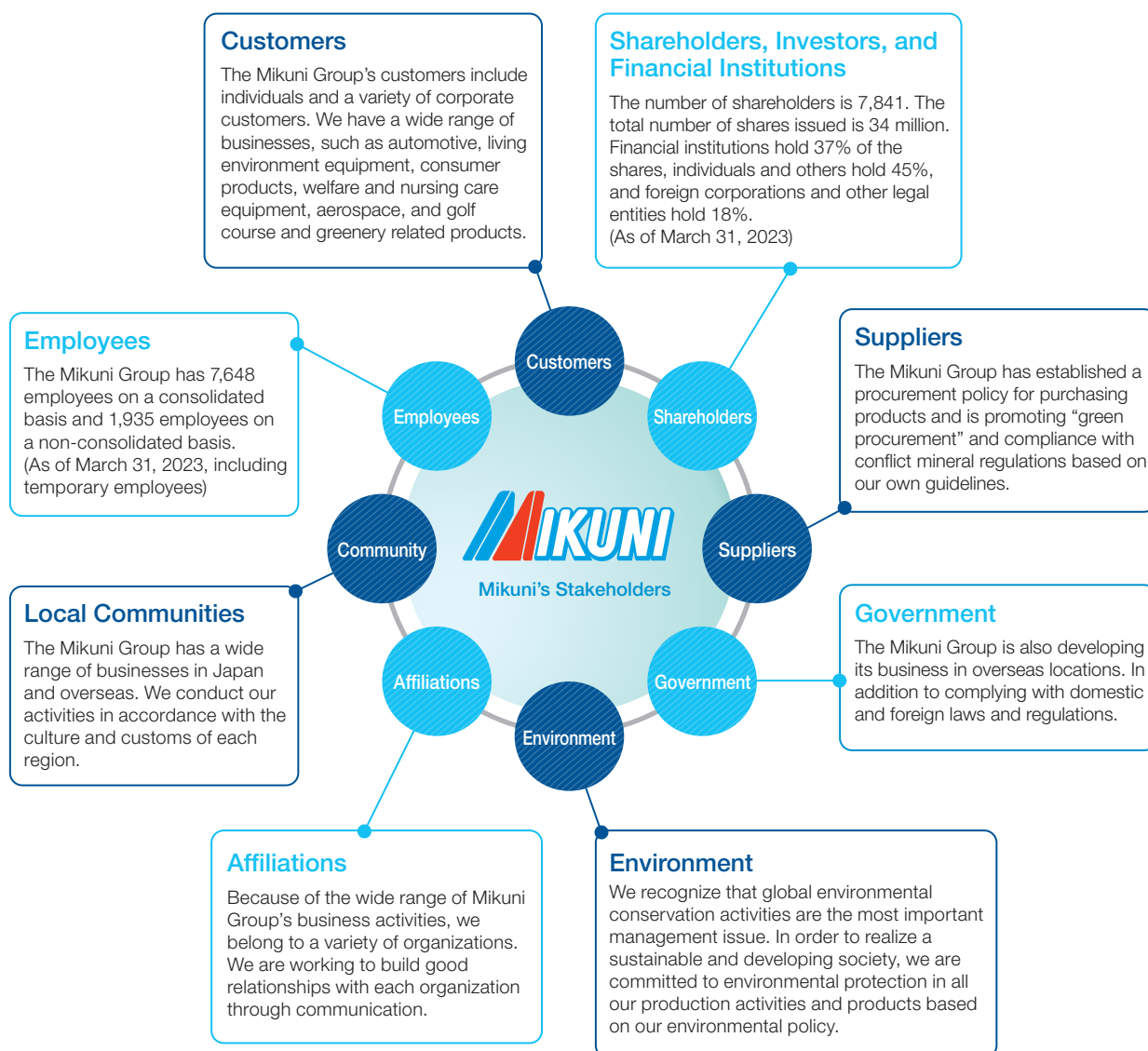
Indicators	Goals	FY2022 results
DX human resource development results	100% e-learning participation rate for all employees by FY2023	84.5%

* The above are indicators, targets, and results for Mikuni (non-consolidated).

Stakeholder Engagement

We will accurately understand the needs of our stakeholders through dialogue and promote “Management for manufacturing and service with the highest priority to Quality, with due consideration to both safety and protecting and improving the environment.”

In order to coexist and grow sustainably with the society that surrounds Mikuni Group, we have been working on VISION 2023, mid-term management plan targeting 2023, the 100th anniversary of our founding. 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 “Management for manufacturing and service with the highest priority to Quality, with due consideration to both safety and protecting and improving 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.



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"> - Maintain and improve 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) - Financial results briefing (2 times/year) - Issuance of annual securities report (once a year) - Issuance of corporate governance report (once a year)
Employees	<ul style="list-style-type: none"> - Improve knowledge of environmental issues - Respect for human rights - Promotion of safety and health maintenance and promotion - Promotion of diversity 	<ul style="list-style-type: none"> - CEO and employees dialogue (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 green procurement - 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"> - 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)



Environmental

Environmental

We are striving to reduce environmental impact in our business activities through environmental communication.

Basic Approach

The Mikuni Group will follow 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—and face the associated risks and issues head-on.

One issue is how to mitigate environmental impact, as climate change is affecting the entire planet. We are committed to resolving this issue as we push to reach the goal of carbon neutrality by 2050, and we pursuing that end not just internally but through close communication with our stakeholders, including those upstream and downstream in our supply chain.

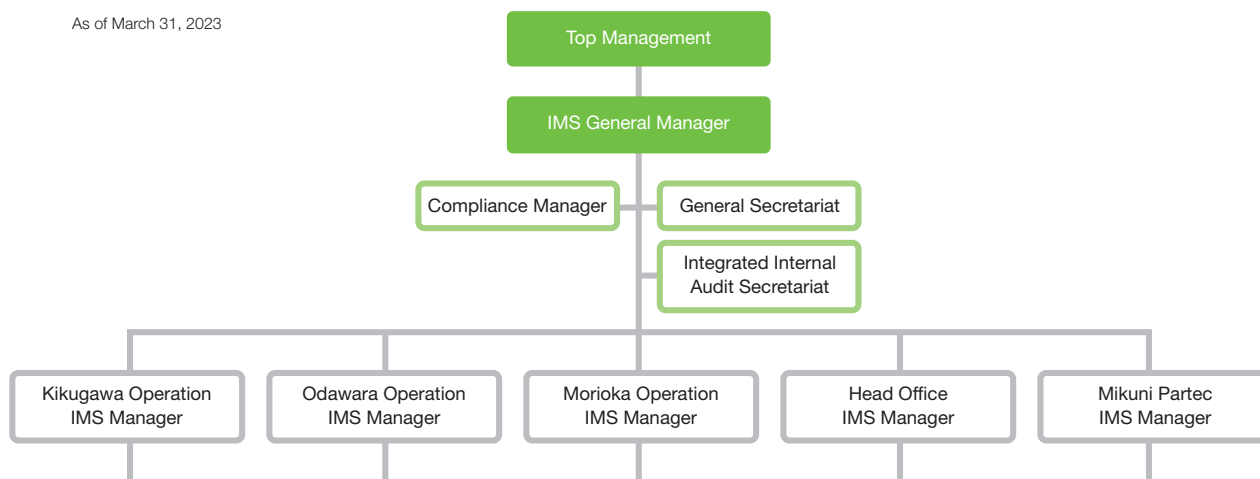
Policy in Business Activities

- Efficiency improvement and energy conservation are to be achieved by shortening process times in our business activities.
- Manufacturing is to be built that maximizes the use of renewable energy, low-carbon energy, etc., as we reduce CO₂ emissions on the path to carbon neutrality.
- Green procurement and environmentally friendly design will be employed to avoid environmentally hazardous substances and we will develop products for electric vehicles to expand our environmentally friendly products, with the ratio of such products to be 70% or more by FY2030.

Integrated (EHS) Management System - Japan

Integrated Management System (IMS) Organization Chart

As of March 31, 2023



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

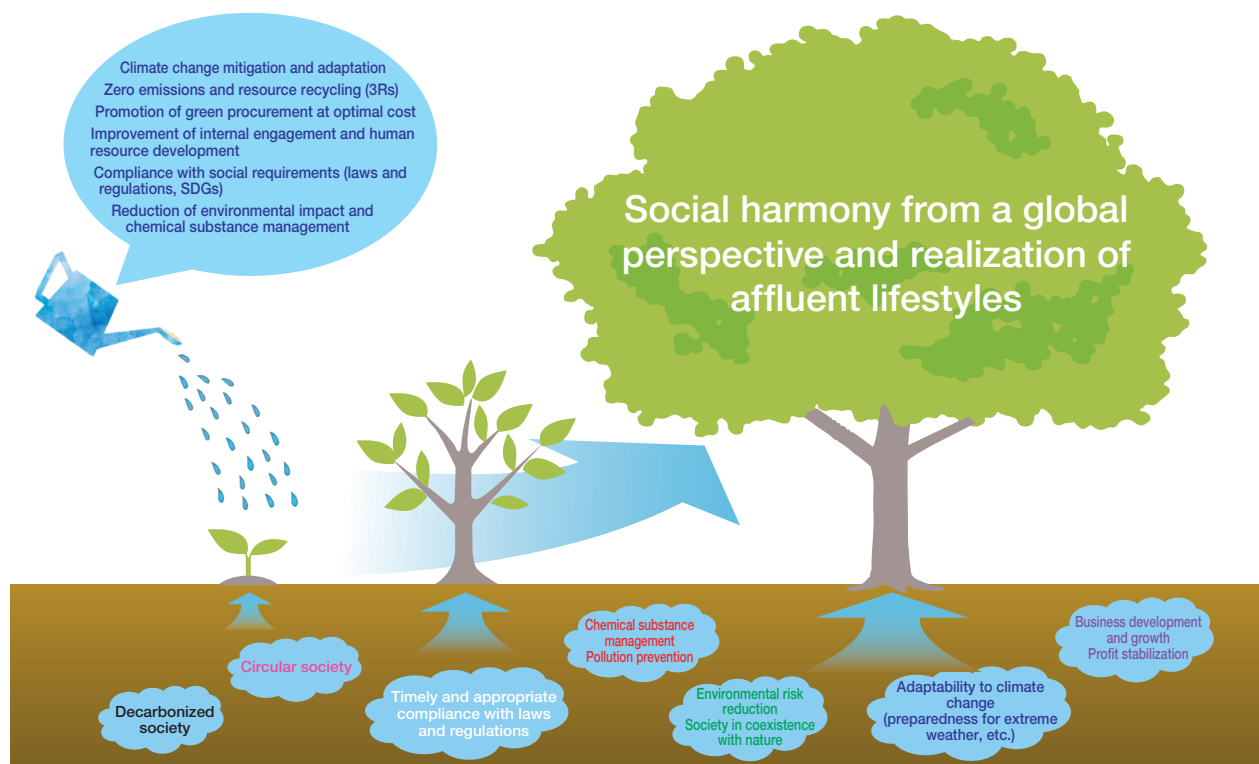
Regarding “priority issues to be addressed” as described in the “Identifying Priority Issues and Strategy” section, we picked up all issues regarding the operation of environmental and occupational health and safety management systems, classified them into external and internal issues, and then identified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

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

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)	✓	
Reinforcement of governance and ensuring of compliance	✓	✓
Stable profitability and growth	✓	
Provision of a safe, secure and comfortable work environment		✓
Proper management of chemicals and the prevention of pollution	✓	✓
Improvement of energy efficiency, including the expanded use of renewable energy	✓	
Reinforcement of awareness of sustainability	✓	✓
Plastic resource recycling	✓	
Preparation for and response to water risks (flooding, drought, landslide, liquefaction, etc.)	✓	

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

Environmental Activities



Targets and Results - Mikuni Corporation

	Activity Items	Outline of Activities	Targets	Actual Results
① Reduction of CO ₂ Emissions	1. Improved productivity	Increase productivity utilizing DX to improve efficiency in operations both directly and indirectly	Short-term targets FY2022 compared to FY2016 21.4% reduced Total emissions per marginal profit ¹ 0.816 t/million yen Long-term target FY2030 compared to FY2016 50% reduced Total emissions per marginal profit ¹ 0.519 t/million yen	Compared to FY2016 6.9% decreased 0.966 t/million yen
	2. Fewer defects and complaints	Reduce product defects inside and outside the factory to prevent waste and losses from re-manufacturing		
	3. Logistics improvement	Efficient transport in logistics (upstream, downstream and in-house)		
	4. Utility low-emission improvements	Promote conversion to lower-emission energy sources and substitute in high-efficiency equipment		
	5. Sales increase	Increase sales of our environmentally friendly products		
	6. Introduction of CO ₂ -free energy	Introduce CO ₂ -free energy at some sites to reduce emissions		
② Environmentally Friendly Design	1. Resource conservation (weight reduction)	Reduce the size and weight of products, parts, and materials to contribute to improved productivity and fuel efficiency	50 items	96 items
	2. Development of products for EVs	Promote shift from ICE products to EV products to reduce environmental impact with consideration for ease of production		
	3. Improvement of development efficiency	Improve efficiency through MBD ² , Digital Twin ³ , etc.	Completed compliance with regulations for both automotive and gas and water 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	Substitution or reduction of products containing substances regulated by the Industrial Safety and Health Law, PRTR Law ⁴ , etc.	Completed substitution of one product containing substances regulated by 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 to 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

We are taking action to reach carbon neutrality by 2050.

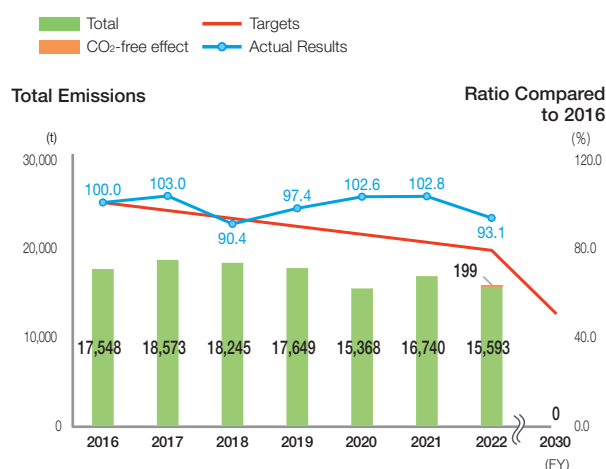
① Reduction of CO₂ Emissions

In line with the Carbon Neutrality Declaration announced by the Japanese government in October 2020, Mikuni changed its greenhouse gas emission reduction targets “to reduce greenhouse gas emissions by 50% by FY2030 from a 2016 benchmark in the effort to achieve carbon neutrality by FY2050.” We began new initiatives to follow this path in FY2022.

Mikuni considers all improvement efforts through kaizen (reduction of waste and loss) to be indispensable means to achieve these goals and is proceeding further based on kaizen targets which assume that each department will strive to perform its processes in a short amount of time according to its specific duties.

Thanks to kaizen improvement activities carried out in FY2021, the Company had been recovering from the effects of the COVID-19 pandemic, although sales had not rebounded fully. As a result, we were still unable to meet our basic unit targets for reducing CO₂ emissions. Nevertheless, while total emissions increased in comparison to FY2020 due to the large impact of the pandemic in that year, overall they are trending downward from the benchmark year of FY2016.

CO₂ Emissions - Mikuni Corporation



2 Environmentally Friendly Design

Based on the technologies we have developed in carburetors to purify exhaust gas and improve the fuel efficiency of automobiles and motorcycles, we are working to safeguard the environment through advanced control, weight reduction, computerization, etc. We are also actively working on the 3Rs

in our products and to control and reduce the amount of environmentally hazardous substances they contain (to prevent pollution), minimizing the impact on the environment through high performance and manufacturing products that guarantee optimal service life.

Activities

Our environmentally responsible design activities are based on the concept of LCA¹. We have been developing products that contribute to electrification, better fuel efficiency, weight reduction, energy conservation, reductions of environmentally hazardous substances in exhaust gas, reductions of CO₂ emissions, and also improved ease of manufacturing and energy conservation during manufacturing through Value Analysis/Value Engineering (VAVE). 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)	
Environmentally Friendly Design (Product Assessment) Product development and design in accordance with the concept of LCA Environmentally Responsive Design Environmentally Friendly Design Environmentally Compatible Design	Resource Conservation (downsizing of products, minimization of use of scarce resources, improvement of first-pass yields)	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, Improvement of Efficiency, and Electrification (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)

* Zero carbon development (development for achieving carbon neutrality by 2050) and environmental conservation efforts

2. Target and Achievement

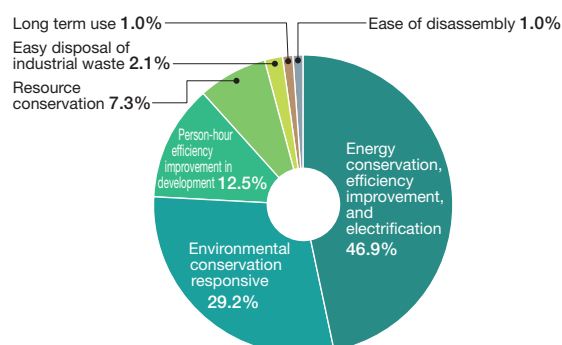
In FY2022, based on the LCA approach, we examined the environmental impact of Mikuni products at the development and production stages and in the marketplace and selected the following as environmentally friendly design items to address the results of this study: CO₂ reduction, productivity improvement, development efficiency improvement, addressing environmentally hazardous substances, energy conservation, VAVE², and the development of electrification products.

Targets	Achievements
50 items or more	96 items

The following pie charts show our achievements—classified by initiative category on the left and specific green design activity on the right.

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

■ Achievements by Initiative Category



■ Achievements by Green Design Activity



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	7.4	1.0	1.0	
Kikugawa (Plant)	Standards	6.0–8.2	18 or less	18 or less	✓
	Measured Values	7.0	3.1	6.8	
Takizawa, Morioka (Plant)	Standards	6.1–8.3	24 or less	24 or less	✓
	Measured Values	6.8	6.6	10.5	
Ogama, Morioka (Plant)	Standards	6.1–8.3	16 or less	24 or less	✓
	Measured Values	6.9	10.2	9.5	

2 Air Quality

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



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

			SO _x (Nm ³ /h)	NO _x (ppm)	Soot and dust (g/Nm ³)	Results
Kikugawa (Plant)	Boiler	Standards	0.2 or less	180 or less	0.1 or less	✓
		Measured Values	—	21.6	Less than 0.002	
	Hot and Chilled Water Generator	Standards	0.2 or less	150 or less	0.1 or less	✓
		Measured Values	—	26	Less than 0.002	
Takizawa, Morioka (Plant)	Cogeneration System	Standards	0.2 or less	600 or less	0.05 or less	✓
		Measured Values	—	142.5	Less than 0.002	
	Boiler	Standards	2.55 or less	Suspended	Suspended	✓
		Measured Values	0.015	72	0.01	
Ogama, Morioka (Plant)	Hot and Chilled Water Generator	Standards	0.21 or less	144 or less	0.24 or less	✓
		Measured Values	0.02	64	0.02	
	Boiler	Standards	0.46 or less	Suspended	Suspended	✓
		Measured Values	0.01	68.5	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)	33,875
	② Global environmental conservation cost	- Global warming prevention activities - Energy conservation activities - Ozone depletion prevention activities	51,394
	③ Resource circulation cost	- Waste recycling and resource recycling activities - Maintenance and inspection of waste treatment facilities, reduction of energy generation	8,284
(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	47,393
(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	32,540
	③ Cost of environmental impacts monitoring	- Monitoring of water quality, air quality, noise and vibration, soil, PRTR, etc.	3,677
(4) Social Activity Cost		- Cleaning up the local area environment - Supporting local environmental activities and donations	55
(5) Environmental Remediation Cost		- Restoration of natural destruction, insurance fees to cover damage to the environment	200
Total			220,476

KAIZEN Presentation World Meeting

Conducting kaizen throughout the Group

The 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.



KAIZEN Presentation World Meeting 2022



Award ceremony via remote conference

Mikuni Thailand
Head of Casting
Technology Dept.

ชัยยา แข็งแรง

Chaiya KHEANGRAENG



On an Exciting Path Toward Carbon Zero—Reducing CO₂ Emissions through the 3Rs of the Mikuni Environmental Policy

As employees of Mikuni Thailand, we are determined to create production processes that are gentle on the global environment. Based on our ISO 14001:2015 certification, we have come up with improvements in line with Mikuni’s environmental policy. The process of melting aluminum ingots for die casting uses a lot of LPG, which causes air pollution and CO₂ emissions, so we came up with the idea of using waste heat to reduce the amount of LPG used. So, before the aluminum ingots are fed into the melting furnace, we apply waste heat to heat the aluminum. This reduces the amount of LPG used during melting and has helped reduce CO₂ emissions. It has also reduced the amount of heat generated in the workplace, thereby improving the work environment. We will continue striving to make environmental improvements in the future. In this way, we can guarantee that using the products of Mikuni Thailand is environmentally friendly. We are participating in a lasting reduction of CO₂ emissions and wish to show how Mikuni Thailand’s products will benefit the environment.

Social

Employees

Our management policies aim to build a company that values and adds value to the lives of every one of our employees.

Basic Approach

Clearly stated in our employment regulations are respect for the Universal Declaration of Human Rights and international labor standards and the prohibition of human rights violations such as child labor, forced labor, and other similar acts. In addition, respect for human rights and the 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.

Policy in Business Activities

- Health and education, safety and quality, and compliance are the foundation of all of our business activities
- Engagement improvement programs are to be run company-wide to maximize added value in human capital management
- Work environments and systems are to be created that expand inclusive hiring practices and focus on work styles and career plans
- Initiatives are to be proactively developed that lead to improved health literacy

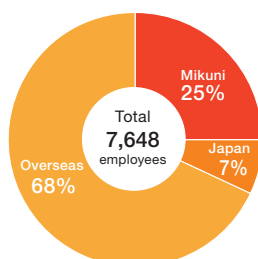
Number of Employees

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, 2023.

Employees of the Mikuni Group

As of March 31, 2023
Total of consolidated group companies:
Full-time employees
+ temporary employees





Promotion of Human Capital Management

We are running a company-wide engagement improvement program to maximize added value in human capital management and we will continue to create comfortable work environments!

1 Basic Approach

When faced with a declining working-age population, unless some kind of change is made, output will also decline. For this reason, as shown in the diagram below, Mikuni's human capital management is based on the concept that the labor force and its productivity determine the creation of added value.

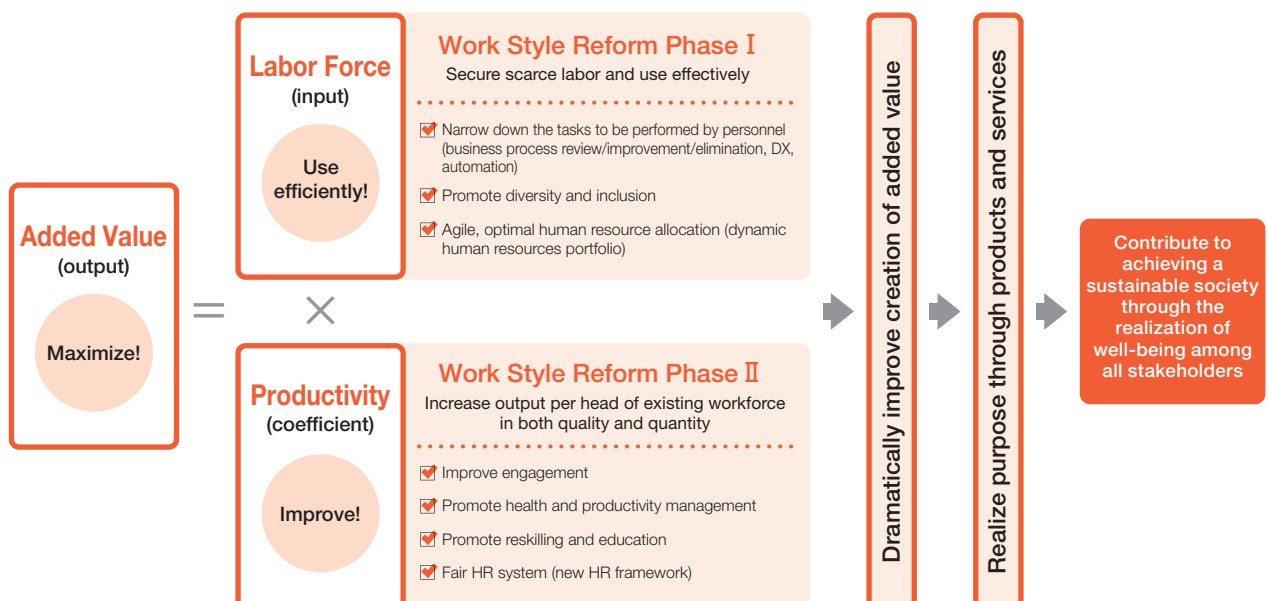
To maximize the added value and strengthen labor and productivity respectively, we are implementing measures that we consider appropriate for each of the listed items, based on Mikuni's Human Capital Management Approach, explained in this section.

Of those measures, we are currently most focused on improving engagement, listed in the diagram under Phase II of our work style reform efforts. We started the engagement program in February 2022 as a two-year program. First, we conducted a company-wide survey on engagement to clarify the issues in each part of the organization, and have since been aiming to gradually improve each workplace to be more worker-friendly by sharing issues and making improvements in iterative cycles.

● Mikuni's Human Capital Management Approach: The Positioning of Measures

Added Value = Labor Force × Productivity

Below is Mikuni's approach to maximizing added value when facing the structural problem of a declining working-age population



Promoting Health and Productivity Management

We are actively developing initiatives to improve health literacy as a priority item in Phase II of our work style reform efforts in human capital management!

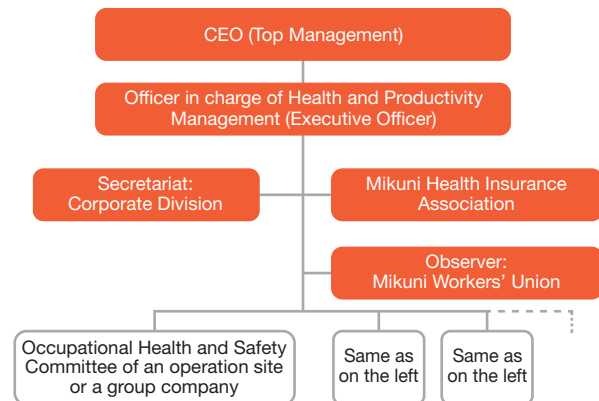
The Mikuni Group has positioned health and productivity management as a priority issue in its human capital management, aiming to achieve the well-being of all stakeholders and contribute to the realization of a sustainable society. We have established a Declaration of Health and Productivity Management to raise the awareness of each and every employee toward health and are 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. We also believe that health and productivity management should involve the entire supply chain to maximize existing human resources for future growth, so we are sharing our efforts and approach with suppliers.

1 Promotion Organization

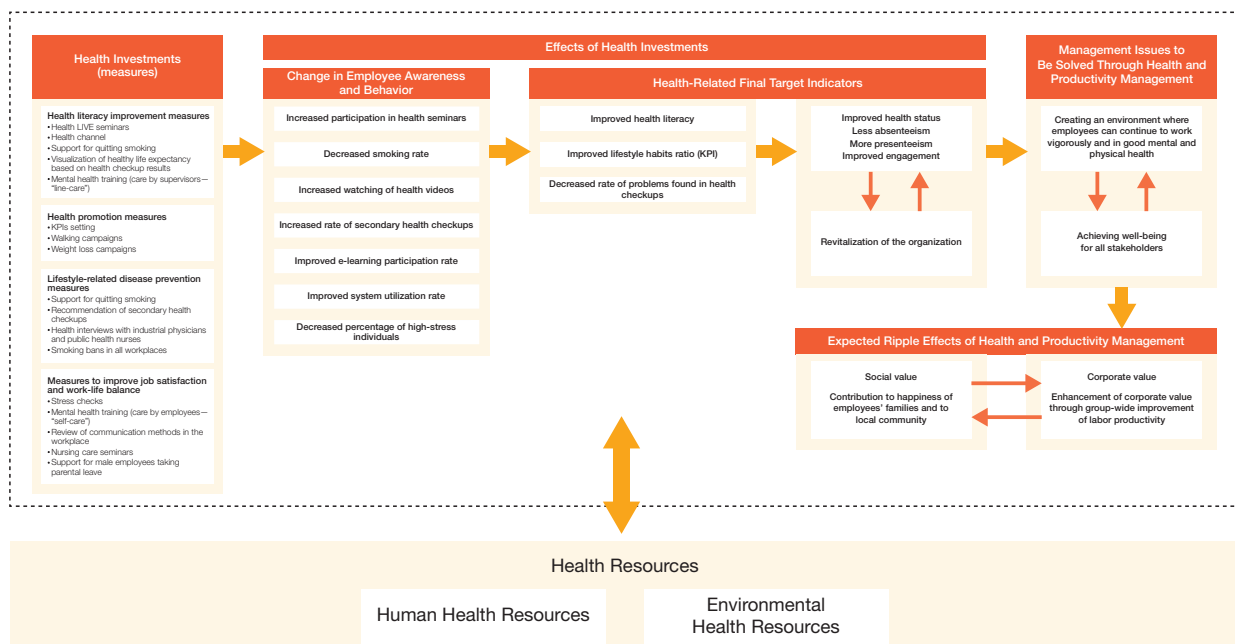
An executive officer is assigned as the top person in charge of health and productivity management to ensure the thorough implementation of policies and measures.

To further expand activities, we set goals for each measure based on our strategy map.



2 Strategy Map

The following diagram shows what kind of effect each measure will have on promoting health and productivity management at Mikuni.



3 Health Measures and Results

This chart shows the state of implementation of health measures and KPI targets. Although we have not yet achieved our targets, we will monitor the state of implementation every year and steadily promote activities to improve health literacy.

Health Measures	Content of Measures	KPI Target Level	FY2021 Results	FY2022 Results
Health literacy improvement measures	Health LIVE seminars (obesity, alcohol consumption, immunity improvement)	Number of viewers 1,000 persons/year	Not implemented	Number of viewers 430 people
	Establishment of a health channel (diet, sleep, mental health, lifestyle, etc.)	Total number of views per year More than 4,000	Not implemented	Total number of views 2,630 accesses
	Mental health “line-care” (supervisor) training	Attendance rate 100% retention	Attendance rate 86%	Attendance rate 100%
	Understanding absenteeism * Survey on the number of days of leave due to mental/physical illness in the last year	Less than 5 days on average	Average of 2.8 days	Average of 8 days
	Understanding presenteeism * SPQ (Single-Item Presenteeism Question)	Average of 85% or more	Average of 81.8%	Average of 80.3%
Health promotion measures	Walking campaign (spring and autumn) (number of participants and average number of steps) * Mikuni Health Insurance Association as a whole	300 people 920,000 steps	111 people 772,125 steps	211 people 809,213 steps
	Weight loss campaign (number of participants and average weight loss rate) * Mikuni Health Insurance Association as a whole	Participants 300 persons (-3.0%)	Participants 66 persons (-1.9%)	Participants 82 persons (-1.5%)
Disease prevention measures	Grasping the rate of periodic health checkups	Percentage of receiving medical examinations 100% continuation	Percentage of receiving medical examinations 100%	Percentage of receiving medical examinations 100%
	Determining the percentage of employees with problems found in periodic health checkups	30.0% or less	34.6%	33.0%
	Determining the percentage of employees required to undergo reexamination during periodic health checkups	100%	61.3%	67.7%
	Enforcing non-smoking in all business locations	—	No smoking at headquarters	No smoking in all offices
	Providing support for quitting smoking	Smoking rate 30% or less	Smoking rate 32.4%	Smoking rate 31.4%
	Grasping the amount of time employees spend sleeping	Percentage of sleeping for 6 hours or more 50% or more	Percentage of sleeping for 6 hours or more 46.3%	Percentage of sleeping for 6 hours or more 45.4%
	Having industrial physicians and insurance nurses provide health counseling	Conducted on a case-by-case basis	Conducted on a case-by-case basis	Conducted on a case-by-case basis
Measures to improve job satisfaction and work-life balance	Conducting stress checks	Percentage of receiving medical examinations 100%	Percentage of receiving medical examinations 97.3%	Percentage of receiving medical examinations 98.0%
	Mental health “self-care” (employee) training	Attendance rate 100%	Attendance rate 98%	Attendance rate 97.7%
	Conducting an engagement survey	FY2023 Engagement score 40 or more	Engagement score 37.1	Engagement score 36.4
	Holding life planning seminars	Next seminar attendance rate 100%	Not implemented	Attendance rate 97.0%

Diversity and Inclusion

As part of our efforts to promote diversity and inclusion in Phase I of our human capital management, we are creating a work environment and systems that not only expand inclusive hiring practices but also focus on work styles and career plans!

Mikuni's diversity initiatives are part of our human capital management, being conducted to encourage growth in our employees and generate value.

Considering personnel to be a form of capital, to maximize their value, we have set up a human resources strategy consistent with our management strategy and business model that will enhance our corporate value over the medium to long term. The strategy addresses diversity in recruitment (women, senior employees, foreign nationals, people with disabilities, etc.) as well as diversity in work styles, with efforts to create more comfortable working environments and systems.

1 Mikuni's Systems Related to Work Styles

Mikuni has the following systems in place.

- Telecommuting
- Staggered working hours
- Maternity and childcare leave
- Sliding work hours for childcare
- Menstrual leave
- Fertility treatment leave
- Family care leave
- Nursing care leave
- Volunteer leave
- Leave for exercising civil rights
- Marriage leave
- Bereavement leave

2 Promotion of Gender Equality

Mikuni's ratio of female employees in senior management positions is 3.1% (8.7% for the entire Mikuni Group), which exceeds the average of 2.0% 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	32.6%	23.6%	29.0%	36.3%
Permanent Employees	35.9%	21.0%	30.3%	43.7%
Temporary Employees	27.0%	31.0%	25.7%	26.2%
Managers	12.1%	2.2%	10.6%	17.2%
Senior Managers (manager and above)	8.7%	3.1%	3.3%	14.3%
Junior Managers (assistant manager, assistant section chief, etc.)	14.0%	1.5%	16.3%	18.4%

3 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.

FY2022

Rate of female employees taking childcare leave

100%

Rate of return to work after taking childcare leave

100%

Number of male employees who took childcare leave

9

Rate of male employees taking childcare leave

50%



Team Leader
(Assistant Manager),
Production Technology Center,
Supply Chain Division,
Mikuni Corporation

佐藤 雄太

SATO Yuuta



Supported by my peers and a company system that encourage you to “value this precious time while you have it,” I was able to take childcare leave and feel good about.

When my second son was born in August 2022, I took two months of parental leave. In contrast to when my first son was born, when I had left everything to my wife, this time thanks to being able to take a leave of absence, I was able to share many precious moments with my child and deepen our bonds as a family. When I told others in my department that I was taking childcare leave, they all encouraged me, telling me to cherish the time. Childcare leave strengthens ties within a family and promotes personal growth. It also has a positive effect on a company. To encourage even more men to take childcare leave, it is important to expand the support system, which would include sharing best practices and introducing flexible work styles. Mikuni is working to improve its systems and raise awareness to encourage more men to take childcare leave, but I hope they do even more to make it easier.

4 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.

Number of foreign nationality employee recruited in the last five years (2018 - 2022)

13



Mikuni

5 Employees with Disabilities and Support for Participation in Society

In Mikuni Group, many employees with disabilities are taking active roles in various departments. As a “special subsidiary” designated for the purpose, Mikuni Life and Auto Co., Ltd. employs many people with disabilities, leveraging their unique knowledge and experience. Also,

the welfare and care products manufactured by the company offer many people with disabilities around the world greater freedom of movement, helping them to participate in society.

* The number of people with disabilities employed at Mikuni is listed in the Data section at the back of this publication.

We produce assistive vehicles as our main task with the motivation of making more people happy by enabling them to drive.

Hand controls for disabled drivers are a main product of Mikuni Life and Auto Co., Ltd., and the company has incorporated plenty of wisdom from people with lower limb disabilities in their manufacture. People with various disabilities play an active role in the Assembly Section of the Production and Quality Control Division, and this time we would like to introduce one such employee with a hearing disability. At first, I found it difficult to communicate with him by writing and I couldn't figure out how to communicate my ideas well. What I did was to make videos of the work procedures. Even though he wears a hearing aid, he appears not to be able to hear much, but he can speak, so recently I've been using an app to convert my speech into text, and now we can talk about almost anything. He has already reached the point where he understands the details of each job thoroughly and I can trust him with many tasks. His cheerful personality and wholehearted, positive attitude have brightened up the assembly floor.

Assembly Section,
Production and Quality Control
Division,
Mikuni Life and Auto Co., Ltd.

山田 泰裕

YAMADA Yasuhiro



Occupational Health and Safety

“We recognize the importance of occupational health and safety as one of the foundations of our management, and strive to create a workplace where employees can work with peace of mind and vigor, and ensure the health of all employees.”

Following this Basic Health and Safety Philosophy, we are committed to promoting occupational health and safety as part of our social responsibility (CSR). Our goal is to protect the health and safety of our employees and business partners, toward which end we are implementing the following initiatives.



1 Occupational Health and Safety Training

Occupational health and safety training is provided to employees and managers to ensure the safety and health of employees. There are two types—training based on legal compliance and training conducted on a voluntary basis. Occupational health and safety education based on legal compliance includes training at the time of hiring, periodic training, and special training. Voluntary education includes safety

patrols, safety meetings, and safety slogans. The purpose of occupational health and safety training is to enable employees and managers to recognize hazards and risks associated with their work and to take appropriate measures. Occupational health and safety training helps to prevent accidents and illnesses and also to improve work efficiency and quality.

2 Occupational Health and Safety Management

The purpose of occupational health and safety management is to prevent workplace accidents and occupational diseases and to ensure a comfortable and healthy working environment by eliminating or reducing hazards and adverse elements. There are two types of health and safety management: mandatory, based on compliance with laws and regulations, and voluntary. Mandatory activities include health and safety training, risk assessment,

and accident investigation. Voluntary activities include health and safety committee meetings, patrols, and improvement proposals. Health and safety management requires the active involvement of people at all levels—employees, managers, and supervisors. Health and safety management boosts worker motivation and productivity and prevents losses due to accidents and lawsuits.

3 Occupational Health and Safety Examinations

Health and safety examinations are the process of checking the work environment and health of workers in order to prevent work-related accidents and occupational diseases and to improve workplace conditions. Health and safety examinations are conducted in accordance with laws and regulations,

but we have set our own high standards. The results of health and safety examinations are disclosed within and outside the Company to enhance transparency and build reliability. Through health and safety examinations we aim to promote the happiness of our employees and the advancement of society.

4 Occupational Health and Safety Improvements

Occupational health and safety improvements are made to the work environment and to work methods, aiming to protect the health and safety of employees. There are two types of occupational health and safety improvements—those based on compliance with laws and regulations and those that are voluntary. Occupational health and safety improvements based on legal compliance involve the business owner and employees taking measures as required by laws and regulations such as the Labor Standards Law and the Industrial Safety and Health Law. Voluntary occupational

safety and health improvements are those in which the business owner and employees voluntarily review and improve the work environment and work methods beyond the minimum standards set by law. Occupational health and safety improvements are intended not only to ensure the health and safety of employees but to improve workplace comfort and productivity. It is important for the business owner and employees to work together to improve occupational health and safety.

5 Occupational Health and Safety Activities

Occupational health and safety activities are activities in which the business owner and employees cooperate to protect the health and safety of employees. Activities to promote occupational health and safety include the prevention of accidents and illnesses, making improvements to the work environment, and the implementation of health

management. Promoting occupational health and safety requires voluntary efforts beyond mere compliance with laws and regulations. Occupational health and safety activities protect the lives and health of employees and also contribute to higher business productivity and better quality.



These five interrelated efforts play an important role in ensuring the health and safety of our employees. Based on these efforts, we formulate specific health and safety action plans to meet individual conditions and apply them as we work toward our goals.

6 Occupational Accidents

The Mikuni Group is working with an aim of zero occupational accidents, including commuting accidents. However, we had as many as 55 accidents (including 16

with lost time) across the Group in FY2022.

We will work all together as employees of the Group to eliminate work-related accidents.

	Group	Mikuni	Japan	Overseas
LTIFR ¹	0.905	0.000	0.000	1.267
LTISR ²	0.021	0.000	0.000	0.030

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

Education and Training

At the Mikuni Group, we focus on “health and education” as one of the foundations of management so that each employee can play a more active role. Various training programs are conducted at each group company. One type of reskilling conducted for all employees is “DX literacy improvement training” to develop digitally savvy personnel.

1 Status of Training

Throughout the Mikuni Group, a total of 34,529 courses have been offered to a total of 89,582 employees. This equates to approximately 12 courses per employee. These employees

include contract employees and temporary employees. In addition, e-learning is offered, along with off-the-job training courses and self-learning courses for those who wish to take them.

Categories	Classroom lectures			e-Learning/self-learning courses	
	Courses	Total no. of hours	Participants	Courses	Participants
General	1,736	13,533	28,159	3	327
Quality and Product Safety	1,024	6,396	25,086	57	535
Occupational Health and Safety	724	7,043	19,565	17	219
Human Rights and Labor	76	567	1,011	6	3,911
Human Resources	106	502	2,420	13	2,065
Environment	114	2,823	2,955	1	1
Compliance (Business Ethics)	168	1,973	2,981	6	4,740
Risk Management	451	224	4,067	1	318
DX and Information Management	312	1,426	3,048	5	3,004
Procurement	25	43	290	4	62
Total	4,736	34,529	89,582	113	15,182
Off-JT trainings, self-learning courses, etc.	124	536	2,087	330	154

General

- Corporate Philosophy, Management Policy, and Action Guidelines
- CSR
- Internal control
- In-house rules and regulations (including 5S, etc.)
- Accounting
- Other items not included elsewhere

Quality and Product Safety

- Basic quality policies
- ISO9001
- Quality standards (IATF, Aerospace Quality System, etc.)
- Quality control
- Product safety
- Other items of quality and product safety

Occupational Health and Safety

- Basic Safety Principles and Health and Safety Policy
- ISO45001
- Laws and regulations related to OHS
- Safety and healthy working environment
- OHS Risk Assessment
- Emergency response
- Mental health
- Other items of OHS

Human Rights and Labor

- International Bill of Human Rights, International Labor Standards
- Respect for human rights
- Prohibition of discrimination and harassment
- Prohibition of child labor and forced labor

Human Resources

- Work rules, labor contracts, and employee rights and obligations
- Appropriate management of working hours
- HR development and subordinate training
- Wage system
- Personnel evaluation system, career map
- Other items of HR

Environment

- Basic Environmental Philosophy and Policy
- ISO14001
- Greenhouse gas emissions reduction
- Environmental laws and regulations, prevention of environmental pollution
- Resource conservation and waste reduction
- Appropriate chemical substance management
- Ecosystem protection
- Emergency response

Compliance

- Compliance Code of Conduct, Declaration of Conduct
- Anti-bribery and other forms of corruption
- Export trade controls
- Conflicts of interest
- Cutting off relations with antisocial groups
- Whistle-blower system
- Other items of compliance

Risk Management

- Risk management
- Business continuity plan, emergency response (preparedness for disasters and other risks)
- Other items of risk management

DX and Information Management

- Basic Information Security Policy, Code of Conduct on Information Security
- Appropriate information management
- Protection of its own and others' intellectual property
- Appropriate information disclosure (including quality information)
- DX literacy improvement training
- Other (information management items)

Procurement

- Prohibit abuse of a superior position
- Avoid using raw materials that may cause social problems such as conflict minerals
- Green procurement
- Promoting CSR in the supply chain
- Other items of procurement

2 Contents of Training

1. Quality and Product Safety

We offer regular educational and training sessions on a range of topics that include: quality control knowledge and methods, the structure and function of products we handle, knowledge of production technology, lessons learned from past failures, and internal rules to ensure quality. We pay particular attention to regular on-the-job training sessions for workers at production plants aimed at improving product quality.

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.



Screwdriver training



Licensed work training (tensile and compression testing machine)

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.

4. Human Resources

We plan and implement a variety of training programs aimed at maximizing the value of our capital—our human resources. In addition to tier-specific and purpose-specific training, we provide training to improve the abilities of individual employees and boost organizational capabilities—sessions such as DX training to develop digitally savvy personnel, manager training to develop junior staff and assessors, and in-house lectures by our directors aimed at future executive candidates.

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.

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.



Training for newly hired employees

Local Communities

Donations and Other Contributions

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

- Mikuni Thailand held a charity run with 64 employees participating, earning donations for a hospital.
- Mikuni Indonesia made donations to support the construction and improvement of roads in neighboring communities.
- Mikuni India has contributed 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 Zhejiang paid a consolation visit to firefighters.
- Mikuni Europe places a sponsor ad in a police union newsletter twice a year.
- The 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, and received a letter of gratitude.



Charity run event
Mikuni Thailand



Firefighter consolation visit
Mikuni Zhejiang



Road improvement at nearby village
Mikuni Indonesia

Volunteer Activities

The Group companies actively perform various volunteer activities.

- Mikuni Thailand participated in a tree-planting event.
- Mikuni Indonesia participated in a mangrove tree planting event at Happy Beach.
- Mikuni Chengdu performed environmental maintenance activities, including moving derelict shared cycles on pedestrian corridors around the company to specified parking areas.
- The Mikuni Workers' Union participated in a sports event for people with disabilities and cleanup campaigns, including the Clean Up Japan Campaign.



Tree-planting event
Mikuni Thailand



Mangrove tree planting event
Mikuni Indonesia



Sports event for people with disabilities
Mikuni Workers' Union



Convex traffic mirror cleaning event
Mikuni Workers' Union

Contribution to Local Communities

We are taking action in cooperation with local communities.

- In March 2023, Mikuni Odawara Operation signed an agreement for support in case of disasters with Odawara City and the community association of the Kuno district. It was agreed that in the event of a typhoon or other wind or flood disaster, the cafeteria or other facilities at Mikuni's business site would serve as evacuation facilities for local residents. In the event of a natural disaster such as an earthquake, the playing fields and other facilities would be made available to the local community and Odawara City. In July 2022, Mikuni Kikugawa Operation signed "The Agreement for Support in Case of Disaster" with Kikugawa City. (Published in the 2022 CSR Report)



Signing ceremony of the agreement for support in case of disasters
Odawara City Hall



Signing ceremony of the agreement for support in case of disasters
Kikugawa City Hall

Other Activities

Our employees and their families are part of the community.

- Mikuni Thailand received a health activities award and a smoking control activities award.
- Mikuni and its group companies hold various events such as plant tours and summer festivals to which employees' families and local residents are invited.
- Mikuni's Morioka Operation/Takizawa Plant held a 50th anniversary celebration to which local residents and others were invited.



Health activities award ceremony
Mikuni Thailand



Smoking control activities award ceremony
Mikuni Thailand



Seminar for local residents
Mikuni Kikugawa Operation



Event for the families of employees
Mikuni Mexicana



Plant tour for family members of employees
Mikuni Kikugawa Operation



50th anniversary commemorative event
Mikuni Morioka Operation



New Year's Party
Mikuni Thailand

Sustainable Procurement

We are promoting sustainable procurement together with suppliers.

The 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 the Mikuni Group to fulfill its corporate responsibility to present and future generations with the cooperation of its suppliers, through business activities that 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.

Every year we have our main suppliers conduct a self-assessment survey regarding progress on the items stated in the Mikuni Supplier CSR Guidelines, and we will continue working with suppliers to make further improvements in the future.

Green Procurement Guidelines

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

Conflict Minerals Survey

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

1 JAMA: Japan Automobile Manufacturers Association

2 JAPIA: Japan Auto Parts Industries Association

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

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

2 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

● Carbon Neutrality Subcommittee

Shares information related to achieving carbon neutrality and performs improvement activities to boost the level of decarbonization (in energy conservation, transportation, packing and shipping, etc.)

● BCP Subcommittee (see “Business Continuity” section for details)

Works 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)

● Quality Subcommittee

Works to improve analytical methods to strengthen the Company’s ability to resolve quality issues (correction with greater speed and accuracy)

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 2021, we conducted a total of 27 checks on the impact of natural disasters and infectious diseases on our suppliers.

Partnership Building Declaration

Mikuni endorses the objectives of the Council on Promoting Partnership Building for Cultivating the Future, whose members include the chairman of the Japan Business Federation (Keidanren), the president of the Japan Chamber of Commerce and Industry (JCCI), the president of the Japanese Trade Union Confederation (RENGO), and relevant government ministers—of the Cabinet Office, Ministry of Economy, Trade and Industry (METI), Ministry of Health, Labour and Welfare, Ministry of Agriculture, Forestry and Fisheries (MAFF), and Ministry of Land, Infrastructure, Transport and Tourism (MLIT). Mikuni formulated and announced the Declaration of Partnership Building to express our commitment to building mutually beneficial relationships with our business partners, aimed at adding value throughout the supply chain.

Governance

Corporate Governance

We have set management policies that aim to build a company that values and adds value to the lives of every one of our employees.

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.

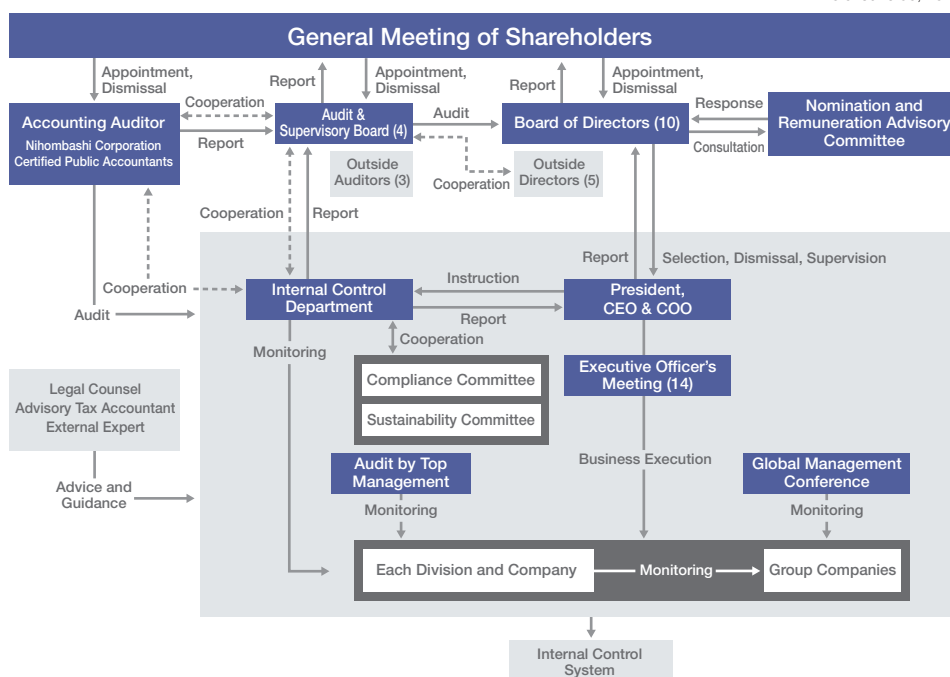
Policy in Business Activities

- Our basic policy is 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."
- We have established criteria for decision-making authority in accordance with our internal regulations, and except for matters falling under the authority of the directors, the decision-making on important policies and plans related to business execution is delegated to the Executive Officer's Meeting.
- The Board of Directors regularly reviews the status of the Company's corporate governance and other matters at its Board meetings.

The Structure of Corporate Governance

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

As of June 30, 2023



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 and Remuneration Advisory Committee
Directors	Masaki IKUTA	✓				✓			
	Hisataka IKUTA	✓	✓	✓	✓	✓			Member
	Ichiro SUGIYAMA	✓				✓	✓	✓	
	Toru HASHIMOTO	✓				✓	✓		
	Satoshi FUJIMORI	✓	✓	✓		✓			
	Hideo YAMADA*	✓	✓		✓				Chairperson
	Takao SUZUKI*	✓				✓			Member
	Shigeru SHIINA*	✓				✓	✓	✓	
	Masumi SHIRAIISHI*		✓		✓				
	Kiyoshi FUJIWARA*	✓				✓	✓		
Audit & Supervisory Board Members	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.

Directors					
	Masaki IKUTA	Hisataka IKUTA	Ichiro SUGIYAMA	Toru HASHIMOTO	Satoshi FUJIMORI
					
	Hideo YAMADA*	Takao SUZUKI*	Shigeru SHIINA*	Masumi SHIRAIISHI*	Kiyoshi FUJIWARA*
Audit & Supervisory Board Members					
	Kazushige SUZUKI	Hideya SHIMOYAMA*	Tsukasa MIYAJIMA*	Junko YAMAUCHI*	

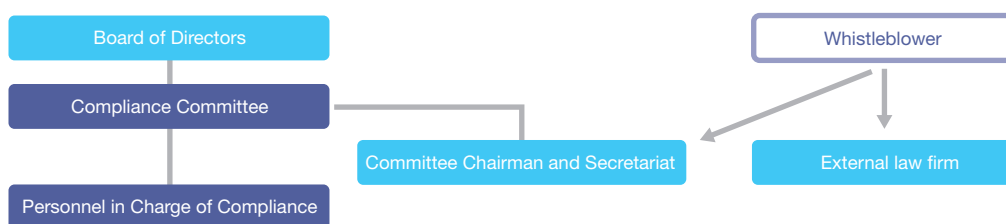
Reasons Why the Skills Are Required

	Reasons why the skills are required
Corporate management and organizational operation	Experience and 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 and experience in legal and internal controls are needed in order to set up a system to ensure appropriate business operations and to establish a corporate culture that places importance on compliance.
Financial accounting and capital policy	Knowledge and skill in financial accounting and capital policy are needed in order to ensure the reliability of financial reports and to plan and proceed with long-term capital policies.
HR, labor control, and talent development	Knowledge and experience in human resources, labor control, and talent development are 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 and 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 and skill in production and development are 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 a range of information by using IT technologies and promoting DX, as well as to continue to transform business operations and improve productivity.

Compliance

Compliance is the foundation of all business activities.

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.”



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 Group shall pursue sustainability as a whole.

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.



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

- Risks related to competition, demand fluctuation, etc.: sales division
- Risks related to financial markets fluctuations such as exchange rates and interest rates: finance division
- Risks related to product quality: QMS secretariat
 - ISO9001/IATF16949 (Automotive products business, household appliances device products business)
 - ISO9001/JISQ9100 (Aircraft parts import and sales business)
- Risks related to the environment: EMS secretariat
 - ISO 14001
- Risks related to occupational health and safety: OH&SMS secretariat
 - ISO 45001
- Risks related to raw materials, etc.: procurement division

Business Continuity

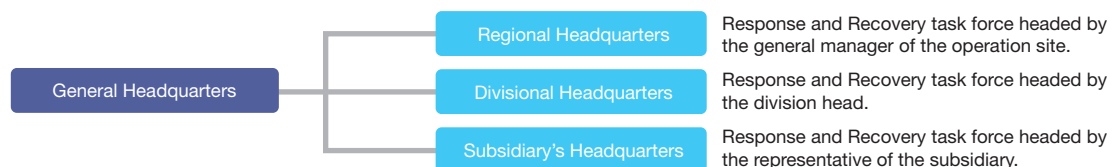
We will respond immediately to materialized risk and carry out business continuity activities.

In the automobile industry, which has a huge supply chain network, the just-in-time system is in operation, 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.

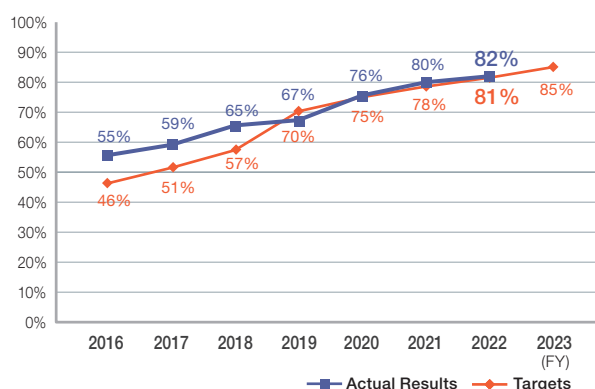
Crisis Response System and Risk Management System

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.

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 FY2014 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.

BCP Preparation Rate among Suppliers



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 2023

For the fourth 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 The Environment and CSR in General



We have received the following rating from CDP, a non-profit organization that guides environmental reporting.

2022 Climate Change C, Water Security C



We have received the following rating from EcoVadis, a world-leading ratings platform.

2022 Silver Medal



We have received the following ratings from the Development Bank of Japan.





2022 Environmental Rating: B 2022 BCM Rating: A

ISO Certification Status





As of March 31, 2023

Region								
Type of Company	Consolidation	Voting Rights Ratio	Business Segment	Status of Certification				
Name of Company				QMS	EMS	OH&SMS		
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%	Others					
Sales								
Mikuni Aerospace Corporation	✓	100%	Air	ISO9001 JIS Q 9100				
Asahi Air Supply, Inc.	✓	100%	Air	ISO9001 JIS Q 9100				
Sunrise Medical Japan Co., Ltd.	✓	51%	Others					
Eberspächer Mikuni Climate Control Systems Corporation	—	13%	Auto					
Services								
Mikuni Green Service Co., Ltd.	✓	100%	Turf					
Mikuni Xymas Corporation	—	100%	Others					
Mikuni Living Service Corporation	—	33%	Others					
Asia								
Manufacturing								
Tianjin Mikuni Co., Ltd.	✓	100%	Auto	ISO9001 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	ISO9001 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%	Others					
Europe								
Sales								
Mikuni Europe GmbH	✓	100%	Auto Gas					

Material Balance – Mikuni Group

Input Resources		Mikuni	Japan	Overseas
 Energy				
● Electricity	90,955 MWh	✓	✓	✓
● Kerosene	88 kl	✓	✓	✓
● Heavy oil A	252 kl	✓	✓	—
● LPG ¹	1,468 t	✓	✓	✓
● LNG ²	1,029 t	✓	✓	✓
¹ LPG: Liquefied Petroleum Gas ² LNG: Liquefied Natural Gas				
 Chemical Substances				
● PRTR ³ Substances (Toluene, Xylene, etc.)	12.1 t	✓	✓	—
³ PRTR: Pollutant Release and Transfer Register				
 Water				
● Tap water	310,634 t	✓	✓	✓
● Groundwater	230,913 t	✓	✓	✓
● Rainwater	154,441 t	✓	✓	✓
● Recycled water	6,805 t	✓	✓	✓
 Raw Materials				
● Aluminum (Die-casting material)	8,061 t	✓	✓	✓
● Zinc (Die-casting material)	302 t	✓	✓	✓
● Other metals (Iron, brass, copper, etc.)	3,619 t	✓	✓	✓
● Resins	2,289 t	✓	✓	✓



Output Emissions		Mikuni	Japan	Overseas
 Emissions to the Atmosphere				
● CO ₂	61,560 t	✓	✓	✓
● SO _x	0.5 t	✓	✓	✓
● NO _x	4.8 t	✓	✓	✓
● Soot and dust	0.9 t	✓	✓	✓
 Chemical Substances				
● PRTR Substances (Toluene, Xylene, etc.)	7.5 t	✓	✓	—
 Discharge to Water System				
● Water	248,406 t	✓	—	—
● BOD ⁴	7.8 t	✓	✓	✓
● COD ⁵	11.5 t	✓	✓	✓
⁴ BOD: Biochemical Oxygen Demand ⁵ COD: Chemical Oxygen Demand				
 Waste				
● Total weight discharged	6,552 t	✓	✓	✓
● Weight recycled	3,867 t	✓	✓	✓
● Final disposal weight	2,685 t	✓	✓	✓

Data 1

Environmental

Environmental

		FY2020	FY2021	FY2022				
		(Mikuni)	Group	Group	Mikuni	Japan	Overseas	
① Energy consumption	Actual electricity consumption	(MWh)	31,062	92,729	90,755	28,936	7,436	54,383
	Purchased electricity	(MWh)	26,850	89,117	85,110	28,441	7,436	49,233
	In-house power generation	(MWh)	4,212	2,371	44	0	0	44
	Purchased electricity (Renewable energy)	(MWh)	0	562	4,940	495	0	4,445
	In-house power generation (Renewable energy)	(MWh)	0	679	0	0	0	0
	Purchased heat	(MWh)	0	34	0	0	0	0
	Gasoline	(kl)	176	187	222	34	125	63
	Diesel oil	(kl)	91	138	171	8	159	4
	Kerosene	(kl)	103	131	88	75	13	0
	Heavy oil A	(kl)	215	317	252	224	28	0
	Liquefied petroleum gas (LPG)	(ton)	25	1,566	1,468	32	1,002	434
	Liquefied natural gas (LNG)	(ton)	650	465	1,029	769	0	260
	Other combustible natural gas	(1000 Nm³)	0	1,257	1,667	0	0	1,667
	City gas	(1000 Nm³)	0	1,455	939	0	2	937
		(Group)	Group	Group	Mikuni	Japan	Overseas	
② CO ₂ emissions	Scope 1	(ton-CO ₂ e)	12,979	15,456	14,822	3,061	3,818	7,944
	Scope 2 (market-based)	(ton-CO ₂ e)	44,783	48,888	46,738	12,532	2,913	31,292
	Scope 2 (location-based)	(ton-CO ₂ e)	—	—	48,987	12,587	3,235	33,165
	Scope 3	(ton-CO ₂ e)	—	2,042,306	2,210,969	347,297	258,416	1,605,256
	Category 1	(ton-CO ₂ e)	—	319,579	495,413	84,780	144,459	266,174
	Category 2	(ton-CO ₂ e)	—	49,058	55,465	5,692	1,238	48,536
	Category 3	(ton-CO ₂ e)	—	9,751	10,016	2,589	1,512	5,915
	Category 4	(ton-CO ₂ e)	—	22,042	28,274	3,077	11,442	13,754
	Category 5	(ton-CO ₂ e)	—	92	89	15	13	60
	Category 6	(ton-CO ₂ e)	—	1,144	1,574	518	182	874
	Category 7	(ton-CO ₂ e)	—	4,585	4,625	816	733	3,077
	Category 8	Not relevant						
	Category 9	Not relevant						
	Category 10	(ton-CO ₂ e)	—	616	515	3	504	7
	Category 11	(ton-CO ₂ e)	—	1,634,912	1,613,856	249,651	98,321	1,265,885
	Category 12	(ton-CO ₂ e)	—	525	1,142	156	13	974
	Category 13	Not relevant						
	Category 14	Not relevant						
	Category 15	Not relevant						
* The following emission factors are used in the calculation of location-based Scope 2 emissions. Japan: Alternate values from the Ministry of the Environment's "Emission Factors by Electric Utility for FY2022 Submission" Outside of Japan: Emission factors for 2021 (2020 for Taiwan only) from IEA Emissions Factors 2022								
		(Mikuni)	Group	Group	Mikuni	Japan	Overseas	
③ Environmentally hazardous substance emissions	Chemical substances emissions							
	PRTR substances	(ton)	2.6	7.2	7.5	5.0	2.5	—
	Discharge to water system							
	BOD	(ton)	0.8	6.0	7.8	0.8	0.8	6.3
	COD	(ton)	1.1	13.2	11.5	1.2	1.1	9.2
	Total other water pollutants			12.9	38.6	0.5	0.7	37.3
	Emissions to the atmosphere							
	Sulfur oxide (SO _x)	(ton)	0.3	0.5	0.5	0.3	0.0	0.3
	Nitrogen oxide (NO _x)	(ton)	2.5	29.1	4.8	3.8	0.0	1.1
	Particulate matter (PM), soot and dust	(ton)	0.2	8.2	0.9	0.1	0.0	0.8
	Carbon monoxide (CO)	(ton)	—	2	3.4	0.0	0.0	3.4
	Hydrocarbon	(ton)	—	1	0.1	0.0	0.0	0.1
	Total other air pollutants	(ton)	—	0	0.0	0.0	0.0	0.0
		(Mikuni)	Group	Group	Mikuni	Japan	Overseas	
④ Water consumption	Water input	(ton)	274,388	641,838	702,793	266,538	190,063	246,192
	Tap water	(ton)	63,621	317,128	310,634	62,168	35,622	212,844
	Groundwater	(ton)	210,767	192,731	230,913	204,370	0	26,543
	Rainwater	(ton)	0	123,807	154,441	0	154,441	0
	Recycled water (in-house recycled)	(ton)	0	8,172	6,805	0	0	6,805
		(Mikuni)	Group	Group	Mikuni	Japan	Overseas	
⑤ Raw materials	Aluminum (die-casting material)	(ton)	1,761	7,375	8,061	2,127	1,953	3,981
	Zinc (die-casting material)	(ton)	24	376	302	12	0	290
	Other metals (iron, brass, copper, etc.)	(ton)	1,310	6,863	3,619	1,611	700	1,309
	Resin used	(ton)	718	4,687	2,289	1,144	1	1,144
		(Mikuni)	Group	Group	Mikuni	Japan	Overseas	
⑥ Waste	Total weight discharged	(ton)	734	3,900	6,552	858	457	5,237
	Recycling weight	(ton)	728	2,532	3,867	853	445	2,570
	Recycling rate	(%)	99%	65%	59%	99%	97%	49%
	Final disposal weight	(ton)	6	1,368	2,685	5	12	2,667
	Hazardous waste final disposal weight	(ton)	0	487	1,641	0	0	1,641
	Non-hazardous waste final disposal weight	(ton)	6	882	1,043	5	12	1,026

Data 2

Social

1 Employees¹

		FY2020	FY2021	FY2022			
		(Group)	Group	Group	Mikuni	Japan	Overseas
Employees		7,489	7,350	7,648	1,935	507	5,206
Male		4,923	4,857	5,095	1,478	360	3,257
Female		2,566	2,492	2,493	457	147	1,889
Other		0	1	60	0	0	60
Female ratio (%)		34.3%	33.9%	32.6%	23.6%	29.0%	36.3%
Permanent employees		5,486	5,077	4,803	1,435	363	3,005
Male		3,503	3,262	3,078	1,133	253	1,692
Female		1,983	1,815	1,725	302	110	1,313
Other		0	0	0	0	0	0
Female ratio (%)		36.1%	35.7%	35.9%	21.0%	30.3%	43.7%
Temporary employees		2,003	2,273	2,845	500	144	2,201
Male		1,420	1,595	2,017	345	107	1,565
Female		583	677	768	155	37	576
Other		0	1	60	0	0	60
Female ratio (%)		29.1%	29.8%	27.0%	31.0%	25.7%	26.2%
Senior managers (manager and above)		437	469	446	161	61	224
Male		385	426	407	156	59	192
Female		52	42	39	5	2	32
Other		0	1	0	0	0	0
Female ratio (%)		11.9%	9.0%	8.7%	3.1%	3.3%	14.3%
Elementary managers (assistant manager, etc.)		—	598	788	198	80	510
Male		—	501	678	195	67	416
Female		—	97	110	3	13	94
Other		—	0	0	0	0	0
Female ratio (%)		—	16.2%	14.0%	1.5%	16.3%	18.4%
Disabilities		67	66	62	26	21	15
Total working hours (hours per year/person)		1,865	2,354	2,310	2,022	2,225	2,426
Average numbers of paid leave taken (Days)		10.8	11.6	11.4	16.7	14.3	8.8

¹ The number of temporary employees of Mikuni on a non-consolidated basis as of March 31, 2023, which differs from the average number of temporary employees stated in the financial report.

The number of employees of Mikuni Group is as of March 31, 2023 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	Group	Mikuni	Japan	Overseas
LTIFR²	0.275	0.405	0.905	0.000	0.000	1.267
LTISR³	0.000	0.019	0.021	0.000	0.000	0.030

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

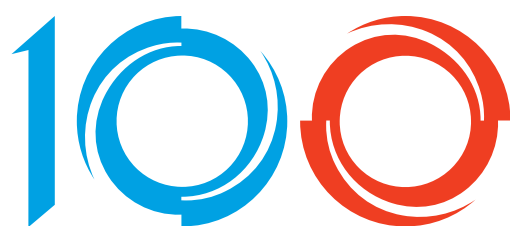
	(Mikuni)	Group	Group	Mikuni	Japan	Overseas
Classroom lecture						
Courses	—	1,665	4,736	267	122	4,347
Total number of study hours	—	—	34,529	547	122	33,860
Participants	—	44,830	89,582	5,056	789	83,737
e-Learning						
Courses	—	Included above	113	7	3	103
Participants	—	Included above	15,182	11,858	732	2,592

4 Purchase

	(Mikuni)	Group	Group	Mikuni	Japan	Overseas
Ratio of suppliers located domestically	—	89%	90%	98%	91%	84%
Ratio of purchase amount from domestic suppliers	—	90%	71%	100%	38%	82%

* Excluding Mikuni Group companies





years of Mikuni
1923-2023

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