

# GREEN BOND / GREEN BOND PROGRAMME INDEPENDENT EXTERNAL REVIEW FORM

## Section 1. Basic Information

Issuer name:	MinebeaMitsumi Inc.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Green Bond Framework
Independent External Review provider's name:	Japan Credit Rating Agency, Ltd.
Completion date of this form:	May 11, 2022
Publication date of review publication:	May 11, 2022

## Section 2. Review overview

### SCOPE OF REVIEW

*The following may be used or adapted, where appropriate, to summarise the scope of the review.*

The review assessed the following elements and confirmed their alignment with the GBPs:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

### ROLE(S) OF Independent External REVIEW PROVIDER

- |   |  |
|---|--|
| <input type="checkbox"/> Second Party Opinion             | <input type="checkbox"/> Certification             |
| <input type="checkbox"/> Verification                     | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |  |

*Note: In case of multiple reviews / different providers, please provide separate forms for each review.*

## EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

MinebeaMitsumi Inc. (MinebeaMitsumi) is a comprehensive precision parts manufacturer founded in 1951 that develops a wide range of products globally. In 2017, MITSUMI ELECTRIC CO., LTD., a major electronic components manufacturer, became a wholly owned subsidiary and changed its name from Minebea to MinebeaMitsumi. Leveraging its core technologies, including ultra-precision machining technologies and mass production technologies, the Company is involved in eight core businesses and three sub-core businesses, and is diversifying around niche fields. MinebeaMitsumi calls itself an “INTEGRATION” manufacturer of precision components, which means “combining” rather than “simple gathering” of its proprietary technologies to evolve its core business and to create synergies in various fields through the INTEGRATION of its advanced product.

In the mainstay machined products business, it holds a majority of the global market for miniature ball bearings and pivot assemblies for HDDs, and also holds a high share of the market for rod ends and fasteners for aircraft. The Electronic Equipment business handles motors, LED backlights, measuring equipment, and other products. The MITSUMI business focuses on optical devices for smartphones, mechanical components for game consoles, and analog semiconductors. The U-Shin business will be centered on the automotive parts manufacturer U-Shin, which was acquired in 2019. Products defined as core businesses, such as miniature ball bearings, motors, and analog semiconductors, are not easily replaced even with technological innovations, and the earnings base is stable. Currently, in addition to domestic production and sales of products, the Company is expanding its business globally in Asia, U.S., and European countries, including China, Thailand, the Philippines, Malaysia, Cambodia, South Korea, and Singapore.

MinebeaMitsumi's management philosophy is "To contribute to realization of a sustainable, eco-friendly and prosperous society by providing better products, at a faster speed, in larger numbers, at a lower cost and by smarter means." They have also set "Contributing to solutions to environmental issues" as a key management issue (materiality). Based on this philosophy, the Company has set "QCDESS: Quality, Cost, Delivery, Eco/Efficiency, Service, Speed" as the foundation for its strategic initiatives. By placing not only quality, price, delivery time, and service, but also the development, manufacture, and sale of products thoroughly considering the environment and efficiency at the center of the management strategy, it hopes to contribute to the improvement of the global environment through its corporate activities themselves. Furthermore, as environmental targets, the Company has set up a 30% increase (approximately 2.3 million metric t-CO<sub>2</sub>, target for fiscal 2030) in the volume of CO<sub>2</sub> emissions reduced by its products compared to fiscal 2020, a 90% or more sales ratio of Green Products (target for fiscal 2028), and a 30% reduction (target for fiscal 2030) in its own CO<sub>2</sub> emissions compared to fiscal 2020.

At MinebeaMitsumi, the Head of Sustainability Management Division takes the lead in promoting efforts related to sustainability, and the Group Environmental Management Office belonging to the Head of Sustainability Management Division conducts calculations of CO<sub>2</sub> emission reductions, etc. In addition, Carbon Neutral Steering Committee (CNSC), the Environmental Management Committee, and the Risk Management Committee have been established as committees that do not belong to the department.

MinebeaMitsumi also acknowledges the importance of climate-related financial disclosure and endorses the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in 2020. Furthermore, the Company has received external evaluations of "A-" in both "CDP Climate Change 2021" and "CDP Water Security 2021." The Company's internal environmental management is certified by an external ISO 14001 audit. Therefore, JCR has evaluated that internal and external experts with expert knowledge are involved in sustainability initiatives as an organization.

Among the measures that will help MinebeaMitsumi achieve its environmental targets, the Green Bond Framework (the Framework) was established with the purpose of appropriating funds for investment and R&D expenses to produce power-saving high quality bearings and ultra-high performance bearings, investment and R&D expenses to produce bearings for EV main motors, and the cost of capital investment or power purchase to convert electricity used in the Company's business activities to clean energy in order to promote the The Framework meets the standards for the items required in the Green Bond Principles, the Ministry of the Environment's Green Bond Guidelines, and the Green Loan Principles.

<https://www.jcr.co.jp/en/greenfinance/>

## Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

### 1. USE OF PROCEEDS

**Overall comment on section** (if applicable):

#### **a. On the environmental improvement effects of the project**

- i. The qualified criteria listed in this framework as the use of proceeds are targeted at the following, and are expected to have an environmental improvement effect.

Classification A: Production and Research and Development of ball-bearings

A-1 ; Power-saving high quality bearings and ultra-high performance bearings

A-2; Bearings for main motors of EVs

Classification B: Procurement of decarbonized power sources. The cost of capital investment or power purchase to convert electricity used in the Company's business activities to clean energy in order to promote the Company's reduction of CO<sub>2</sub> emissions in order to achieve carbon neutrality.

- ii. These uses of proceeds fall under the category at the following.

A-1; the category of “Circular economy adapted products, production technologies and processes and/or certified eco-efficient products” in the Green Bond Principles, and “Projects concerning eco-efficient products, production technologies, and processes” in the Ministry of the Environment's Green Bond Guidelines.

A-2; the category of “Clean transportation” in the Green Bond Principles, and “Projects concerning clean transportation” in the Ministry of the Environment's Green Bond Guidelines.

B; the category of “Renewable energy” in the Green Bond Principles, and “Projects concerning renewable energy” in the Ministry of the Environment's Green Bond Guidelines.

#### **b. Negative impact on Environment**

MinebeaMitsumi specifies in the Framework that all eligible candidate projects are addressing environmental and social risk reduction issues with respect to:

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

Most of MinebeaMitsumi's manufacturing facilities are electrified, and the environmental impact on the atmosphere associated with manufacturing is small. In addition, efforts are being made to exceed the level required by regulations to minimize waste and wastewater from factories through the adoption of highly energy-efficient equipment and processes.

Based on the above, JCR assesses MinebeaMitsumi as dealing appropriately with the negative impact on the environment.

### Use of proceeds categories as per GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy   | <input type="checkbox"/> Energy efficiency   |
| <input type="checkbox"/> Pollution prevention and control  | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation   | <input checked="" type="checkbox"/> Clean transportation   |
| <input type="checkbox"/> Sustainable water and wastewater management   | <input type="checkbox"/> Climate change adaptation   |
| <input checked="" type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and                            | <input type="checkbox"/> Green buildings   |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other ( <i>please specify</i> ):  |

*If applicable please specify the environmental taxonomy, if other than GBPs:*

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

### Overall comment on section (*if applicable*):

The Investment Corporation has established clear environmental objectives, project selection criteria, and processes for the use of proceeds.  
Such matters are disclosed in the JCR's evaluation report.

### Evaluation and selection

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives            | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available       | <input type="checkbox"/> Other ( <i>please specify</i> ):   |

### Information on Responsibilities and Accountability

- |   |   |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other ( <i>please specify</i> ):   |   |

### 3. MANAGEMENT OF PROCEEDS

**Overall comment on section (if applicable) :**

For all projects, MinebeaMitsumi for the appropriation plans to target projects that have been implemented and put into operation within two years from the issuance of the green bonds in the case of refinancing, and that the appropriation in the case of new financing will be completed within three years from the issuance of the bonds. Proceeds from the Green Bonds will be invested in cash or cash equivalents in a safe manner until they are fully appropriated for eligible projects. It will track and manage the Green Bonds issued in this Framework on a regular basis using an accounting control system developed in-house until redemption by the Corporate Finance Department so that an amount equal to the Green Bonds issued under this Framework is appropriated to any of the eligible projects. The Chief of Tokyo Head Office makes final approval for the management of fund

**Tracking of proceeds:**

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

**Additional disclosure:**

- |  |   |
|--|---|
| <input type="checkbox"/> Allocations to future investments only                  | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements                  | <input type="checkbox"/> Allocation to a portfolio of disbursements                     |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify) :                                       |

## 4. REPORTING

Overall comment on section (if applicable):

### a. Reporting on proceeds allocation

MinebeaMitsumi plans to annually disclose the appropriation of the proceeds from the Green Bond either on its website or in its integrated report, or both. In the event that there is a major change in the target of appropriation of the financing, such as a loss, and the unappropriated funds arise, the content will be disclosed in the same way.

### b. Impact reporting for environmental benefits

MinebeaMitsumi plans to annually disclose the content includes concrete and quantitative data on the effects of environmental improvement either on its website or in its integrated report, or both as a reporting item for environmental improvement effects.

### Use of proceeds reporting:

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis     |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other ( <i>please specify</i> ): |

### Information reported:

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts     | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |  |

### frequency:

- |   |                                      |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual                | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |                                      |

### Impact reporting:

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis     |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other ( <i>please specify</i> ): |

### frequency:

- |   |                                      |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual                | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |                                      |

**Information reported (expected or ex-post):**

GHG Emissions / Savings

Energy Savings

Decrease in water use

Other ESG indicators (please specify):

*Status of Environmental Certification Acquisition*

**Means of Disclosure**

Information published in financial report

Information published in sustainability report

Information published in ad hoc documents

Other (please specify):

*Show either on its website or in its integrated*

Reporting reviewed

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

Website of MinebeaMitsumi	<a href="https://www.minebeamitsumi.com/csr/">https://www.minebeamitsumi.com/csr/</a>
JCR's website about green finance evaluation methodology	<a href="https://www.jcr.co.jp/en/greenfinance/">https://www.jcr.co.jp/en/greenfinance/</a>

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

Second Party Opinion

Certification

Verification

Scoring/Rating

Other (please specify):

**Review provider(s):** Japan Credit Rating Agency, Ltd.

**Date of publication:** May 11, 2022

## ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- 1. Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds. 1.
- 2. Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- 3. Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- 4. Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.