SUSTAINABILITY

MISUMI's Sustainability

Contributing to the development of the IA industry and society by building and strengthening the global supply chain through products and services that create Time Value

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MISUMI's Business MODEL and Sustainability

Growth Chain-reaction Aspired Management and Business MODEL

Our Growth Chain-reaction Aspired Management means eliminating inefficiencies in the Industrial Automation (IA) industry, which is our customer, and increasing the value of time, so that MISUMI, the IA industry, and society can grow and develop together. To achieve this, the most valued ways of thinking, attitudes, and behaviors have been clearly stated in our "MISUMI Value's". Based on the two principles which comprise our customer's Time Value, reducing inefficiencies and Reliable, Quick Delivery, we provide products and services that match the needs of each region, each industry, and each customer while innovating the MISUMI MODEL. In addition to value provided through our existing businesses, we are reengineering the manufacturing supply chain through various new products and services, which is part of the Digital MODEL Shift.

Relationship Between Sustainability Transformation (SX) and Management Strategy

Society as a whole faces a variety of societal challenges, such as the declining workforce, resource depletion, and climate change; as a Company we aim to contribute to the IA industry through products and services that create Time Value helping to contribute to the society as a whole. In the IA industry supply chain, our initiatives help address these social challenges by building a global supply chain centered on digitalization, with over 3,000 suppliers through reengineering initiative (utilization of management resources), reduced Scope 3 greenhouse gas (GHG), and implemented human rights risk management. This is MISUMI's business strategy itself and is completely in synchronization with our sustainability initiatives. In promoting these initiatives, it is of the utmost importance that the our global sites have the dynamic capability (organizational adaptability) to detect, capture, and transform to market changes, as well as the ability to respond quickly to shifts in market conditions, business conditions, and geopolitical risks that differ from region to region and country to country. We believe it is vital to exemplify 'Change Responsiveness' by swiftly and effectively addressing each phase.

Materiality & KPI

The materiality and Basic Policy of Sustainability were defined and disclosed in 2021; however, amid the increasing uncertainty of the future business environment, the Board of Directors and Sustainability Committee have been discussing specific steps and a review of the existing framework, since the beginning of 2024. Based on our stakeholder's medium- to long-term expectations from MISUMI and what is necessary for growth, we would like to unlock the contribution to the IA industry's supply chain through the Time Value we provide, and disclose the newly identified materialities as soon as possible.

Risks and Opportunities in ESG Matters; Information Disclosure

The Company's current qualitative business opportunities include increasing demand for automation, labor productivity reforms, and efficiency demands. Going forward, in addition to achieving quantitative Customer's Time Value that the Company provides will directly address the declining workforce and have indirect spillover effects on the issues that accompany it, such as resource depletion and climate change. We will update these and revise our materiality while continuing to engage in dialogue with all our stakeholders. With regard to risks, the Company's supply chain is impacted by environmental issues and business continuity challenges, as well as rapid changes in globalization and regional blocs requiring us to adapt. We will strive to improve the supply structure, including BCP, in our Global 5-Pole Production Structure.

As it is imperative to bolster our capability to respond to change, we are also working to advance our human capital management and create opportunities for employees to challenge themselves as self-starters. IT investments geared at enhancing our digital responsiveness also present valuable growth opportunities for employees.

With respect to information disclosure, we are working diligently to conduct regular monitoring, disclose activities already implemented, and take action on those we plan to implement. We have established a process in which a dedicated sustainability organization provides feedback to each organization within the Company regarding stakeholder expectations, ESG rating agency evaluation, promotion of proactive actions, and disclosure of the results of these activities. Through this inaugural Integrated Report, we continue to improve our efforts to more clearly communicate the activities of each organization within the Company, relating to Growth Chain-reaction Aspired Management.

MISUMI's Sustainability

Basic Policy of Sustainability

MISUMI Group has developed a unique Business MODEL that encompasses businesses like FA, Die Components, and VONA, a business which distributes a wide range of products from production auxiliary materials to consumables that are used in production and automation environments.

Our business is focused on the Industrial Automation (IA) industry. We contribute to eliminating inefficiencies in this industry by helping customers and suppliers eliminate waste of all kinds. In addition, the IA industry has enabled automation and labor-saving in various economic activities, playing a crucial role in the sustainable development of society. This development creates demand in the industrial sector, leading to new opportunities for MISUMI.

By contributing to the establishment of this cycle, MISUMI Group aims to support the sustainable development of society and industry and achieve sustainable growth for the Company itself.

Our Sustainability Initiatives

We contribute to the development of the IA industry by eliminating inefficiencies in the total supply chain and entire business processes from the perspective of "time". We have built a supply chain that serves more than 300,000 customers globally. We provide "Time Value" that reduces various inefficiencies and labor-hours in the industrial world by realizing Reliable, Quick Delivery. To continuously improve Time Value, we are constantly innovating and developing our Business MODEL, including businesses, products, and services. At the same time, we are working to strengthen our Business Foundation, including IT, production, and logistics, and the establishment of Human Capital Foundation to support the Business MODEL.

Initiatives to Support the Sustainable Growth of the IA Industry

The parts for automation equipment and devices are unique. Creating drawings, quote provision, processing, and procuring parts are complicated and require extended delivery times, resulting in highly inefficient work. By standardizing the parts to be manufactured to order for automation equipment and devices, we eliminate the need to create drawings and significantly reduce the time spent on inefficient work for our customers. In addition, by Reliable, Quick Delivery on a global scale, even for a single part, we can reduce unnecessary inventory and eliminate production and operational opportunity losses. Furthermore, by providing various new products and services, included in our Digital MODEL Shift, we have reduced the amount of waste and labor-hours involved in the procurement process by approximately 90%, reducing energy consumption. We have also contributed to promoting the effective use of resources by eliminating paper drawings.

We will continue to contribute to the sustainable development of society through "Time-based Innovation" in the IA industry.

Contributing to the Sustainable Development of Society

Our business development provides added value that reduces resource input and consumption in the IA industry. By fundamentally eliminating all forms of waste for our customers and suppliers, we contribute to accelerating the transition from conventional mass production, mass consumption, and mass disposal to a circular economy.

In addition, we are actively adapting to ESG promotion, which is a social demand, and we strive to prevent global warming and other climate changes through our business activities. In addition to our own Company, we respect the diversity of cultures, histories, human rights, and human resources in the countries where our customers and suppliers are involved. We will continue to contribute to developing a sustainable society in cooperation with our stakeholders.

MISUMI's Sustainability

Our Key Issues in Sustainability

- In determining the key issues, we have identified the most important issues for the sustainable growth of our business activities, and each issue represents both a challenge to our business as well as a challenge to our social responsibility.
- In addition, risks and opportunities for key issues have been extracted from several ESG-oriented issues of high importance.
- The key issues were decided through discussions at the Board of Directors meeting in 2021. In 2024, the Board of Directors and Sustainability Committee have been discussing a review of the materiality, which is expected to be announced in 2025.

Objective

Eliminating inefficiencies in the IA industry from the perspective of "time"
by continuing to provide greater "Time Value"

Key issues
in business activities
"Materiality"

Innovation in the Business MODEL to meet customer needs	Strengthen the Business Foundation to support Reliable Quick Delivery	Build a Human Capital Foundation to provide time value and fulfill social responsibility
• Reliable, Quick Delivery, product assortment, services, etc. • Formulate, implement, and oversee business strategies	• Global 5-Pole Production Structure • Expansion of logistics sites network • Advancement of information infrastructure system • Risk management	• Strategic and improvement-oriented global human resources development • Human resources and organization to fulfill social responsibilities such as product safety, information management, and human rights protection

Risks and Opportunities from an ESG Perspective

		Innovation in the Business MODEL	Strengthen the Business Foundation	Build a Human Capital Foundation
E Environment	Climate change, resource depletion, air pollution, etc.	Risk: Impact on IA industrial activities and execution of MISUMI's business strategy Opportunity: Increasing demand for automation Labor productivity reform and efficiency demands	Risk: Impact on MISUMI's supply chain (Threat to the continuity of Reliable Quick Delivery)	
S Society	Product quality and safety A decline in the working population Human rights protection Data security	Risk: Restrictions on supplier transactions, inadequate product assortment	Risk: Increased production costs, inadequate product assortment Opportunity: Diversification of automation equipment parts due to globalization and bloc formation	Risk: Under-utilization of human resources Supplier human rights protection Opportunity: Interest in products and services to solve social issues Importance of human capital, such as specific knowledge
G Governance	Corporate Governance Ethical behavior Stakeholder engagement	Risk: Execution and oversight of MISUMI's business strategy	Risk: Technological threats to information assets Opportunity: Increased need for BCP measures	Risk: Technological threats to information assets

MISUMI's Sustainability

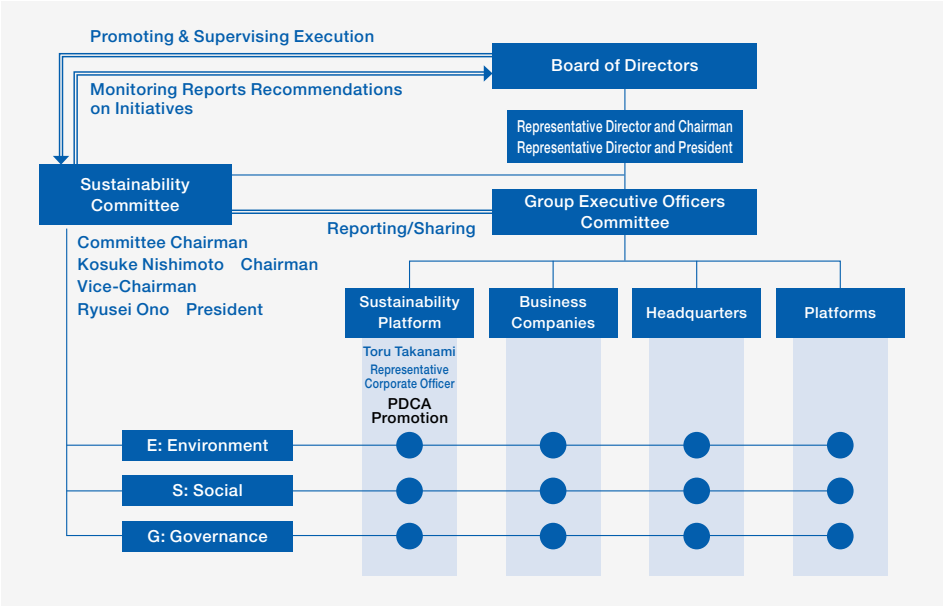
Sustainability Committee

MISUMI Group Inc. has resolved at the Board of Directors meeting to establish a "Sustainability Committee" from October 1, 2021, chaired by the Representative Director and Chairman, the Representative Director and President as Vice-Chairman, to further strengthen its sustainability initiatives.

This Committee formulates the Basic Policy of Sustainability for the Company, verifies the management plan and management policy, reports and makes recommendations regarding initiatives that address social issues to the Board of Directors.

To promote ESG management horizontally across the Group, the Sustainability Committee, under the supervision of the Board of Directors, which has appointed an Officer in charge of Sustainability, works with the Business Companies, Headquarters and Platforms, which are the Group's executive organizations, to monitor ESG-related target setting, progress and evaluation, and to further develop initiatives.

Sustainability Management Structure



Status of Sustainability Committee Meetings

(As of November 2024)

	Dates	Topics
1st	March 16, 2022	• First Evaluation and improvement from external rating agencies
2nd	April 20, 2022	• Second Discussion on Evaluation and improvement from external rating agencies
3rd	May 18, 2022	• First Discussion regarding Scope 3 Initiative Policy
4th	June 14, 2022	• Second Discussion regarding Report on progress on GHG emission reduction • Scope 3 Initiative Policy
5th	June 23, 2022	• Report on improvements in the evaluation of the Sustainability Committee and external rating agencies • Countermeasures on climate change
6th	July 28, 2022	• Sustainability training for executives
7th	August 1, 2022	• Procurement Guidelines and Code of Conduct update
8th	August 18, 2022	• Procurement Guidelines and Code of Conduct discussion
9th	October 20, 2022	• Revisions to Code of Conduct • Establishment of Procurement Guidelines and supply chain management system • Discussing disclosures about human capital indicators
10th	December 22, 2022	• Report on climate change countermeasures • Discussing disclosures about human capital indicators • Future initiatives
11th	February 15, 2023	• Review of Activities and Future Direction and Policy
12th	May 18, 2023	• Status Report on GHG/Supply Chain Management/Human Capital/ Update of Rating Agencies
13th	September 21, 2023	• GHG FY22 Flash Report, Progress of Supply Chain Management, Analysis of External Rating Agencies
14th	November 16, 2023	• GHG FY22 Performance Report, FY24 Supply Chain Management Activities CSRD of EU, CFP (carbon footprint of products) response
15th	March 19, 2024	• Review of Activities and Future Direction and Policy
16th	March 21, 2024	• Corporate Governance, Related survey report, Evaluation of the Board of Directors' Effectiveness
17th	May 16, 2024	• Materiality review, MISUMI Unique Index, Carbon Footprint
18th	September 18, 2024	• CBAM of EU/EUDR cooperation requirements, Evaluation of external rating agencies' results
19th	October 17, 2024	• First Discussion regarding Questionnaire for Materiality Evaluation
20th	November 21, 2024	• Second Discussion regarding the Questionnaire for Materiality Evaluation

Environmental Initiatives

MISUMI Group's Basic Environmental Policy

Our business development provides added value that reduces resource input and consumption in the Industrial Automation industry. By fundamentally eliminating all forms of inefficiencies for our customers and suppliers, we contribute to accelerating the transition from conventional mass production, mass consumption, and mass disposal to a circular economy.

We are committed to addressing climate change measures, such as preventing global warming, through our business activities.

In addition, we manage and implement environmental measures across the entire supply chain, including suppliers, while promoting environmental management that also encompasses product quality and safety. MISUMI Group Inc. and its business companies will promote environmental management based on the following policies.

1.	2.	3.
Reduce social/ environmental impact and prevent pollution in business activities	Comply with environmental laws, regulations, and other requirements	Regularly review environmental goals and continuously improve on them

*Our activities comply with ISO 14001: 2015

Environmental Promotion Structure

Efforts to address environmental issues focus on environmental policy formulation, GHG emissions, toxic substances, water resources, waste, and environmentally friendly products. The Sustainability Committee cooperates with Business Companies, Headquarters, and Platforms, which are the Group's executive organizations, which monitors and evaluates progress and develops sustainability initiatives.

Climate Change Initiatives (Align with TCFD, Greenhouse Gas (GHG) Emissions)

Approach to Climate Change Initiatives

MISUMI Group Inc. announced its support for the TCFD recommendations in September 2021. That same month, the Company made an announcement to join the TCFD Consortium of companies that support the TCFD recommendations. MISUMI then began formulating strategies for climate change initiatives focusing on the Manufacturing Businesses, which have significant environmental impact. These initiatives include conducting an analysis based on the two scenarios of temperatures rising 1.5 to 2 degrees Celsius or temperatures rising 4 degrees Celsius, identifying transition risks, physical risks, and opportunities under each scenario and addressing the impacts on the businesses for each scenario.

MISUMI has disclosed information according to the TCFD recommendations under its management policy, based on the details approved by the MISUMI Board of Directors on March 17, 2022. This information includes the establishment of risk management processes for risk identification, assessment, and mitigation, quantified risk and opportunity assessments, and action to establish a progress assessment mechanism.

Going forward, MISUMI will fully disclose information related to climate change, in line with the TCFD framework, and through our business activities, we will act to counter climate change by mitigating global warming and contribute to the development of a sustainable society.

Climate Change Initiatives (Align with TCFD)

Environmental Initiatives

Identifying Risks and Opportunities and Measures (disclosed in March 2022)

Transition Risks

MISUMI recognizes major risks including increased sales prices and transportation expenses due to power consumption constraints and rate hikes; reputational damage from insufficient disclosure of information relating to greenhouse gas (GHG) emission reductions.

Category	Subcategory	Specific Potential Business Impact	Significance	Measures
Policy, regulations	Introduction of carbon pricing	Increased costs of introducing carbon taxes and emissions trading schemes for manufacturing components.	Low	Monitoring of carbon pricing in countries where MISUMI operates in
	Stricter energy savings, GHG and emissions regulations	Suspended power supply due to Chinese government energy consumption regulations	High	• Explore renewable energy electricity suppliers and consider the introduction of in-house power generation equipment • Reduce electricity consumption by introducing energy saving equipment
		Requests by EU companies to disclose GHG emissions to non-EU companies	High	Continuous disclosure of Scope 1-3 GHG
Technology	Degraded performance of existing products and lower market competitiveness	Manufacturing components and services become less competitive due to lower environmental performance compared to rivals	Moderate	Monitor the development of environmental functionality in manufacturing components industry
	Delayed product development investments and lower market competitiveness	Lower market competitiveness and lower revenue due to delayed technology development investments to make manufacturing components and services more sustainable	High	Expand the line-up of high strength, durable and environmentally-friendly products
Market	Changes in customer behavior	Decline in customers due to environmental consciousness impacting purchasing decisions	Low	• Develop an information network to detect behavioral changes and take actionable measures to address environmental issues for each region and individual customer • Promote and supply necessary components in conjunction with customer-led final product development • Conduct necessary development and investment while responding to the needs of an environmentally conscious society
		Decline in customers due to insufficient disclosure of climate change-related information	High	Continuous disclosure of Scope 1-3 GHG
		Decline in customers from higher product sales prices caused by soaring metal prices	High	• Create a system to gain customer understanding to pass on cost-related price increases • Maintain or reduce product prices by reducing the amount of materials for which an unavoidable cost increase is expected, or by finding substitute materials
	Enhancing environmental performance of our own products, increased costs	Higher costs associated with calculating GHG emissions from manufacturing components and services	Low	We are considering calculating the Carbon Footprint of Products (CFP) for representative products and services, and examining the use of calculation systems to reduce the effort and cost involved in the calculation process.
	Higher raw material costs	Higher transportation costs from higher gasoline prices and the introduction of fuel-efficient vehicles	High	Revise the delivery cost structure for products or regions where delivery costs, as a percentage of the sales price, are high from a product with no delivery fee.
Reputation	Reputational damage among investors and other stakeholders due to insufficient responses	Damaged reputation among stakeholders due to insufficient disclosure of climate change-related information	Moderate	Strengthen IR activities, focusing on communication with investors

Physical Risks

Although we anticipate extensive damage to our business locations, we are mitigating our risks by deploying production in multiple locations.

Category	Subcategory	Specific Potential Business Impact	Significance	Measures
Acute	Suspended business from violent storm and flood damage	Delayed procurement and suspended production from disaster damage to our production sites at risk from typhoons, tsunamis, flooding, etc.	High	• Examine potential disaster risks at each location, and implement measures, such as strengthening high-risk facilities, expanding production functions to substitute other production sites, and securing new production sites to improve the reliability of product manufacturing and delivery. • Examine physical risks, both acute and chronic, for each location in our global network, and comprehensively consider cooperative response measures with the Company and suppliers as part of BCP response.
		Suspended functions from disaster damage to our non-factory locations at risk from typhoons, tsunamis, flooding, etc.	High	
		Delayed procurement and suspended production for suppliers from disaster damage caused by typhoons, tsunamis, flooding, etc.	High	
	Damage at our business locations from violent storm and flood damage	MISUMI assets lost due to typhoons, tsunamis, flooding, etc.	Moderate	
		Increased recovery costs accompanying damage to facilities caused by typhoons, tsunamis, flooding, etc.	Moderate	
Chronic	Altered long-term weather patterns due to climate change	Suspended factory operations due to intensified water and raw material shortages accompanying the effects of climate change	Moderate	
	Higher costs from revising procurement networks due to rising sea levels	Costs arising when we expand our global network to cope with frequent natural disasters	Moderate	
	Higher energy costs from rising average temperatures	Costs from relocation and other responses to reorganizing current business locations due to rising sea levels	Low	
		Higher energy costs from increased air-conditioning use that accompanies rising temperatures	Low	

Environmental Initiatives

Opportunity

MISUMI views changes to products and production processes for customers' decarbonization as a future opportunity to expand sales.
Furthermore, the Business MODEL MISUMI has built can contribute to strengthening social resilience against natural disasters.

Category	Subcategory	Specific Potential Business Impact	Significance	Measures
Resource Efficiency	Lower costs from MISUMI implementing energy and resource conservation	Receipt of tax exemptions, subsidies, and grants for reusing and conserving energy at our business locations that use our technology	Low	Monitor and examine how to utilize tax exemptions, subsidies, and subsidy programs for renewable energy and energy saving on a global basis
		Installation of equipment to reduce power consumption in the production phase	Low	• Reduction of electricity consumption/facility diagnostic systems/monitoring and utilization of renewable energy-related equipment, suitable for each of our Company's locations • Select and ensure steady procurement from renewable energy providers
		Improved processes at our factories and logistics facilities from data analysis that utilizes equipment diagnostic systems to reduce GHG emissions	Moderate	
Energy sources	Utilize renewable energy	Lower costs and expenses by using affordable renewable energy sources	High	
Products and services	Higher demand for our products that contribute to conserving energy and reducing GHGs for customers	Higher demand for products and services that contribute to conserving energy and reducing GHG for customers	High	Expanding the line-up of energy saving and environmentally friendly products
	Promoting the value of our products improved environmental friendliness	Development and sale of products that reduce GHG emissions, such as by recycling our products	High	
		Increased demand for products that use carbon-free metals	Moderate	Monitoring various GHG emissions-related businesses (products using Green Steel, providing Carbon Footprint information on e-Commercesite).
	Higher demand for our products that contribute to improving disaster resilience	An increase in demand for highly corrosion-resistant and durable products that are less prone to deterioration, even with humidity rises due to global warming.	Moderate	Expand the line-up of high strength, durable products
		Expanded sales by establishing globally optimal production and Reliable Quick Delivery that contribute to prompt recoveries for customers suffering disaster damage	High	Examine potential disaster risks at each location, and take measures such as strengthening high-risk facilities, expanding production functions to substitute other production sites, and securing new production sites to improve the reliability of product manufacturing and delivery.
Market	Expanded market for environmentally friendly products	Efficiencies achieved through a modal shift, transitioning from costly air shipments focused on quick delivery to highly efficient rail and seatransport.	Low	Consideration and development of more energy-efficient rail and ocean transportation, shifting away from dependence on air and land transportation
Resilience	Efficiency gains and process design	Sustained delivery functions through logistics sites that are resilient against storms and flooding	Low	Monitoring and considering the use of various technologies and measures to create a logistics site that is resilient to natural disasters

Environmental Initiatives

Scenario

Scenario: Temperatures 1.5-2 Degrees

An analysis of a scenario in which temperatures rise 1.5 to 2 degrees Celsius shows that our industry would also be affected by national decarbonization policies in response to the rising temperatures.

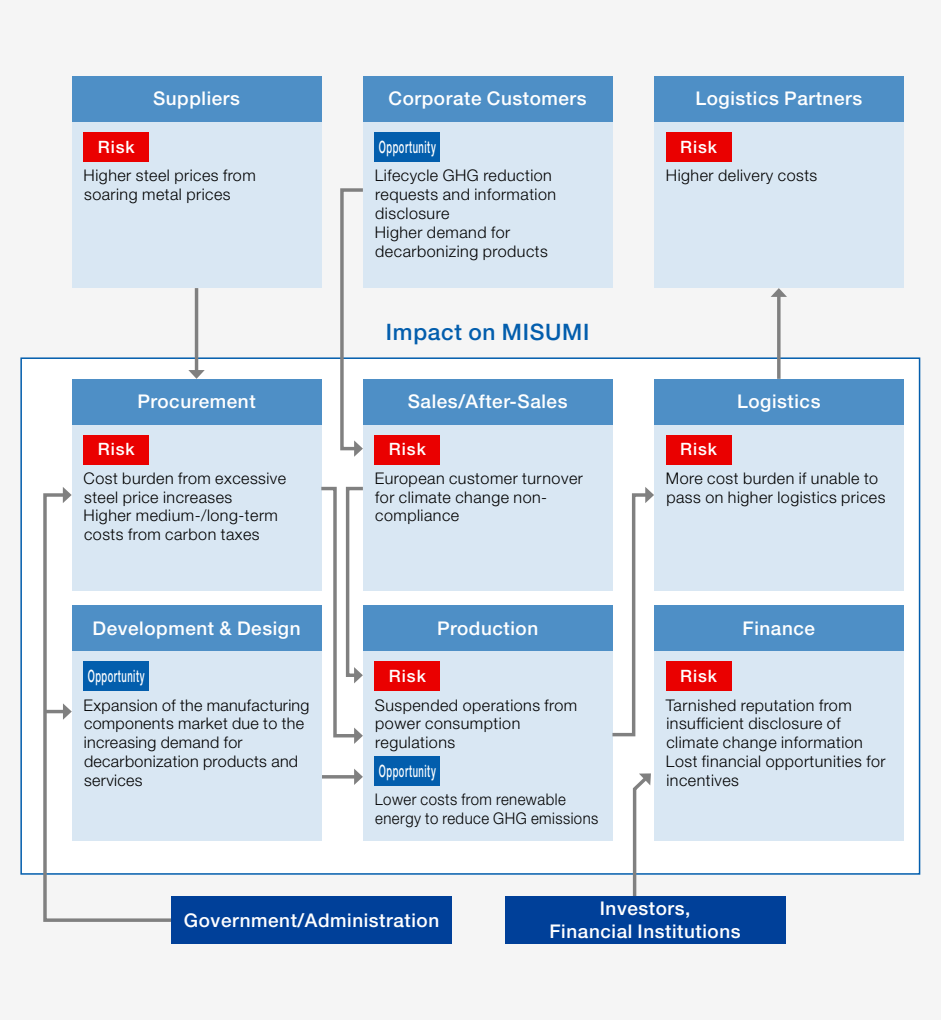
First of all, a zero-carbon society would likely impose a greater burden. Although our main products would incur some degree of carbon taxation, we believe this would be limited due to the nature of the products.

On the other hand, with regard to stronger energy conservation regulation we have seen from governments in China and elsewhere, if a company with locations in the area were to be subject to an order to stop supplying power or suspend a project, our global network of locations for sales, logistics, and production facilities may have to reduce or halt operations. Among our primary customers like the automotive industry, there is progress in disclosing information and requesting reductions concerning greenhouse gas emissions. A slow response to this development could mean we fail to meet customers' purchasing criteria, or there could be a risk of damage to our trustworthiness and reputation among investors and other stakeholders. Elsewhere, we expect the decarbonization trend to boost demand for electronic appliances and lightweight products and to significantly increase costs for the raw materials in our products. In addition, quickly rising fuel costs and the introduction of technology like EV trucks could impact our delivery cost structure.

If temperatures rise 1.5 to 2 degrees Celsius, customers may change their purchasing decisions while society and industry in general maintain climate change measures. We expect higher demand from customers for efficiency such as labor productivity reforms and energy cost reductions.

MISUMI Group's Business MODEL encourages a faster transition to a circular society by eliminating excess production and idle time at our customers' worksites.

Improving the Business MODEL with MISUMI Group's advantage of Reliable, Quick Delivery will support the sustainable development of the entire IA industry.



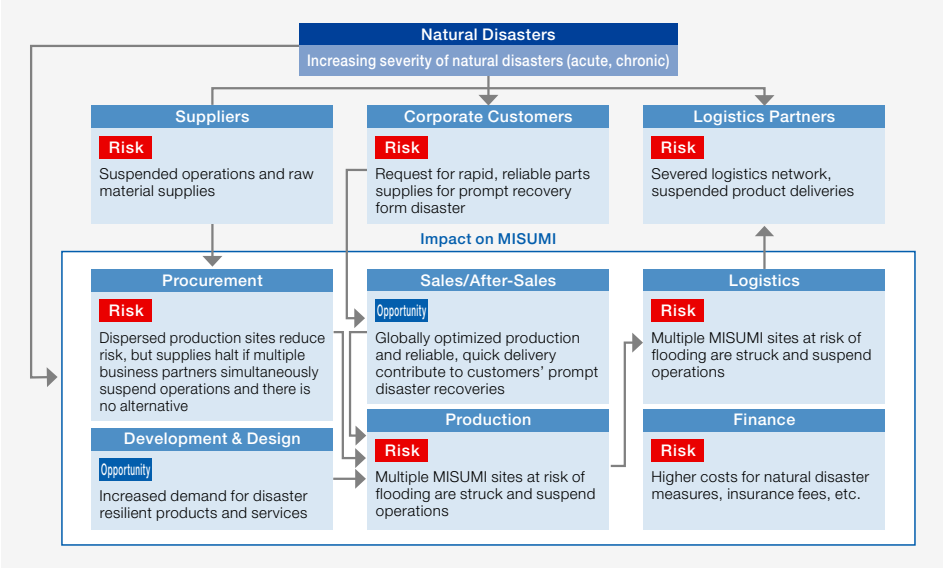
Environmental Initiatives

Scenario: Temperatures 4 Degrees

An analysis of a scenario in which temperatures rise 4 degrees Celsius shows decarbonization policies would not strengthen, average temperatures would continue to rise, and natural disasters would become more destructive, thus raising physical risks.

Our Company operates not only in Japan, but also in China, Asia, Europe, and the Americas, and building global network around the world. If a location were to be struck by a natural disaster such as a typhoon or flood, operations maybe suspended and assets such as our product and semi-finished product inventory, machinery, and logistics equipment maybe damaged. The globally optimal production and Reliable, Quick Delivery MISUMI has developed could also connect to a response to these risks. In addition, we believe that demand from customers and industry will increase for products and services that stand up well to temperature increase measures and disasters.

Globally optimal production is a system we built to disperse production sites around the world for optimization that determines what site will produce a customer's order when it is received. Therefore, the production system is designed to be resilient during disasters and Reliable, Quick Delivery is a system we built to significantly reduce customer time and effort involved in placing orders and to reliably meet deadlines. We believe it can contribute to prompt reconstruction and recovery for industry in general during disasters.



Risk Management Process

Risks are prioritized based on the likelihood, magnitude, and timing of financial impact. We are building a risk management system that focuses on the fact that the amount of GHG emissions associated with our customers' energy use is relatively high compared to our Company.

Our Company conducts a risk assessment once a year of Business Companies, Headquarters and Platforms that execute operations. We report significant cases and management issues to the Board of Directors. Climate change has also been identified as a high-priority risk.

In areas where damage from storms and flooding is expected, we are strengthening the resiliency of our facilities and conducting training focused on employee and facility safety. Meanwhile, in areas that have experienced little such risk or where risk is difficult to predict, we focus on daily monitoring while striving to minimize disaster damage and ensure rapid recovery.

The Sustainability Committee takes an integrated approach to managing climate change risks by setting targets, monitoring progress, and conducting assessments. As needed, the Committee draws on the opinions of outside experts and reports to the Board of Directors.

The Company has built a structure for BCP (Business Continuity Plan) based on the possible impacts of major disasters increasing in severity.

Alongside our existing corporate entity in Japan, we have implemented a comprehensive system of documentation, processes, and communication methods for disaster countermeasures at our overseas subsidiaries.

In preparation for physical risks such as severe storm and flood damage, we will enhance these systems and conduct necessary training.

We shared our internally developed "Sustainable Procurement Guidelines" with primary suppliers in Japan and requested their endorsement.

In addition, we conducted a survey to collect information on their environmental initiatives, including greenhouse gas (GHG) emissions and the development status of their management systems, in order to conduct a comprehensive fact-finding investigation.

We aim to fulfill our social responsibility throughout the supply chain by building mutual trust with our suppliers.

Environmental Initiatives

Metrics and Targets

Through its business, MISUMI Group provides customers with added value that reduces the quantity of invested resources and consumption related to Industrial Automation. We believe that fundamentally eliminating inefficiencies in our customers' operations will help accelerate the transition from the conventional economy of mass production, mass consumption, and mass disposal to a circular economy.

Moreover, we actively engage in climate change initiatives, including global warming prevention, through our business operations.

We also advance environmental management throughout the entire supply chain, encompassing suppliers, with a focus on executing environmental measures and ensuring product quality and safety.

Carbon-Neutral Plan and Implementation Measures

MISUMI Group has identified the greenhouse gas (GHG) emissions reduction targets set out in the table to the right. These conform to the reduction rates and standards required by the SBTi*1 to achieve the 1.5 degrees Celsius target*2.

Targets

Group-wide GHG emissions from business activities (Scope 1 and 2)

By FY2030	42% reduction compared to FY2020
By Year 2050	Carbon Neutral

To achieve this target, MISUMI Group will further promote energy conservation.

To reduce losses from defects in production processes at our production sites, we have installed new equipment and improved processes so as to minimize energy waste. We are endeavoring to reduce our environmental impact by properly sorting waste, sustaining a recycling ratio of at least 80%, as well as implementing paperless operations by introducing digital shipment collection and production order forms and providing tablets.

In the future, we will gradually switch to renewable energy not just at production sites, but also at logistics sites and sales locations.

*1 The SBTi (Science Based Targets initiative) is an initiative for promoting the setting of GHG reduction targets by companies that align with the standards laid out in the Paris Agreement concluded at the COP21 in 2015.

*2 The 1.5 degrees Celsius target is defined in the Paris Agreement as the maximum permissible rise in average global temperatures compared to pre-industrial temperatures.

Greenhouse Gas (GHG) Emissions

Energy consumption and greenhouse gas (GHG) emissions of MISUMI Group

Input		Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Energy Consumption	Grid-connected Electric Power	MWh	* 118,860	* 111,923	* 114,831	* 109,213	103,086
	Gasoline	kℓ	* 810	* 576	* 473	* 635	843
	Diesel	kℓ	* 353	* 347	* 319	419	315
	Kerosene	kℓ	9	* 14	* 11	6	7
	LPG	t	* 46	* 32	* 47	55	* 57
	LNG	t	* 0	* 0	* 0	* 0	* 0
	Natural gas	Thousand m³	* 1,317	* 1,184	* 1,010	* 1,156	* 1,096
	City gas	Thousand m³	* 610	* 506	* 518	* 511	* 461
	Other supplied energy (including steam, hot water)	GJ	9,577	* 8,545	6,833	6,978	6,847

Output			Unit	FY2019	FY2020	FY2021	FY2022	FY2023
GHG Emissions	Scope 1		Thousand t-CO_2e	* 7	* 6	* 5	6	6
	Scope 2		Thousand t-CO_2e	* 65	* 61	* 62	15	13
	Scope 3		Thousand t-CO_2e	1,524	1,399	1,637	1,528	1,260
	Scope 3 breakdown (categories)							
		1 Product and services purchased	Thousand t-CO_2e	1,350	1,258	1,463	1,346	1,067
		2 Capital stock	Thousand t-CO_2e	58	45	53	44	58
		3 Use of fuel and energy not within Scope 1 or 2	Thousand t-CO_2e	11	10	10	9	8
		4 Transportation, delivery (upstream)	Thousand t-CO_2e	87	73	96	112	108
		5 Waste generated from business operations	Thousand t-CO_2e	3	3	3	3	3
		6 Business travel	Thousand t-CO_2e	7	1	2	3	6
		7 Employee commuting	Thousand t-CO_2e	3	3	3	3	3
		8 Lease assets (upstream)	Thousand t-CO_2e	–	–	–	–	–
		9 Transportation, delivery (downstream)	Thousand t-CO_2e	–	–	–	–	–
		10 Processing of sold products	Thousand t-CO_2e	–	–	–	–	–
		11 Use of sold products	Thousand t-CO_2e	–	–	–	–	–
		12 Disposal of sold products	Thousand t-CO_2e	6	6	7	7	8
		13 Lease assets (downstream)	Thousand t-CO_2e	–	–	–	–	–
		14 Franchises	Thousand t-CO_2e	–	–	–	–	–
		15 Investments	Thousand t-CO_2e	–	–	–	–	–
Total (Scope 1+2+3)			Thousand t-CO_2e	* 1,597	* 1,465	* 1,704	1,549	1,279

- Scope 1 emissions: Unit calorific values and emission factors are based on figures from the Act on Promotion of Global Warming Countermeasures (Japan), and the same figures are applied to overseas business locations.
- Scope 2 emissions are calculated using the market-based method for domestic locations and the location-based method for international locations.For the location-based method, electricity emission factors are sourced from the "IEA Emission Factors" specific to each country.
- GHG calculated under Scope 1 and 2: CO_2 emissions from energy sources (other 6.5 gases are excluded from calculation).
- Scope 3 emissions: Calculated based on categories 1-7 and 12.
- Scope: MISUMI Group headquarters and 37 consolidated subsidiaries both domestically and internationally.

*Correction due to miscalculations in previously disclosed figures.

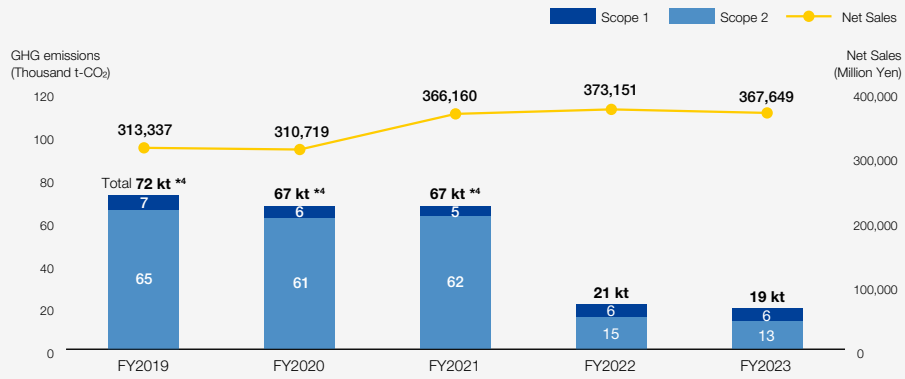
Environmental Initiatives

Reduction Results

Since FY2022, we have achieved significant reductions in greenhouse gas (GHG) emissions (Scope 1 and 2), with total Group emissions standing at 48 thousand t-CO_2*4 for FY2023, a 71%*4 decrease compared to FY2020. Specifically, we introduced solar power generation equipment at our production site in Vietnam, promoted a variety of energy conservation activities at our domestic and overseas production sites, introduced CO_2 -free electricity*1 at domestic production sites and our Head Office building, and purchased renewable energy certificates (I-REC, TIGR, etc.*2) for our main production sites in Vietnam, China, Thailand, and India.

Also, we have partially adopted calculations based on “primary-data-based emissions” (*3) for Scope 3 Category 1 and have requested our major suppliers to disclose their GHG emissions.

GHG Emissions (Scope 1 and 2), Group Net Sales



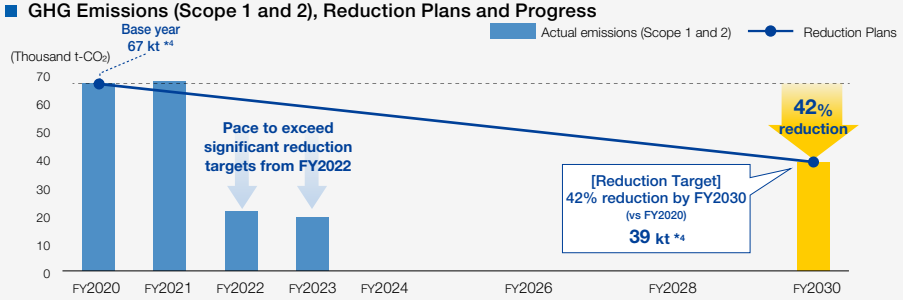
*1 Carbon-free electricity is generated from renewable energy sources that do not emit CO_2 during generation

*2 I-RECs (International Renewable Energy Certificate) is a renewable energy power certificate and issued under the rules and system provided by the I-REC Standard Foundation (Netherlands). Additionally, TIGR (Tradable Instrument for Global Renewables) is a renewable energy power certificate certified and issued under the rules and system provided by APX (USA). The I-RECs and TIGRs certificates purchased by our Company are certificates solely for electricity generated from renewable energy within each country’s market

*3 Primary data conversion: This refers to calculating emissions by using data directly obtained from business partners or other sources, rather than relying on emission factor data, such as those based on amounts, from the Ministry of the Environment’s database.

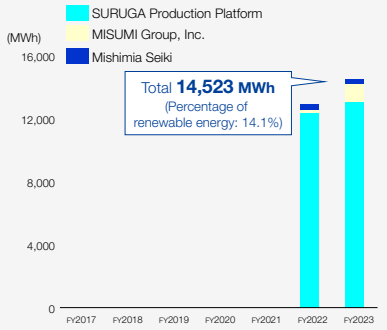
*4 Correction due to miscalculations in previously disclosed figures.

GHG Emissions (Scope 1 and 2), Reduction Plans and Progress



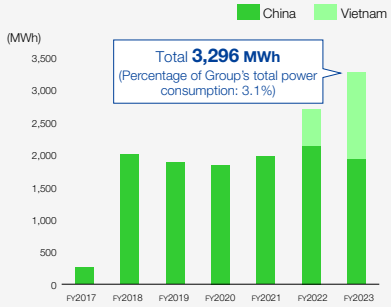
*4 Correction due to miscalculations in previously disclosed figures.

Amount of Renewable Energy Introduced



Since FY2022, we have started to use CO_2-free electricity at domestic manufacturing sites and the Head Office building. The domestic sites are SURUGA Production Platform’s Shimizu Factory, Ami Factory, Kansai Factory, and Mishima Seiki. Head Office building is located in Kudan Kaikan Terrace and includes MISUMI Group Inc. and a portion of MISUMI Corporation.

Amount of Solar Power Introduced



We have introduced Onsite PPAs for solar power at our Nantong Factory in China and SAIGON PRECISION in Vietnam.

Onsite PPA (Power Purchase Agreement) is a contractual arrangement in which a company has another company construct, own, operate, and maintain power generation facilities on its land, and the Company purchases the electricity generated from said power generation facilities.

Environmental Initiatives

Initiatives in Procurement of Products / Parts

We are expanding green procurement initiatives and offer environmentally friendly products (finished products, semi-finished products, parts, raw materials, auxiliary materials, packaging and wrapping materials) in order to meet the various environmental demands of customers.

Initiatives for Building a Circular Society

MISUMI and SURUGA Production Platform has formulated Green Procurement Guidelines as a way of participating in building a recycling based society. With the cooperation and understanding of all our cooperative suppliers in promoting green procurement in accordance with these Guidelines, we are continuously expanding our efforts and aiming to eliminate the use of environmentally harmful materials in our products.

MISUMI Green Procurement Guidelines
SURUGA Production Platform Green Procurement Guidelines

Survey of Chemical Substances in Products

Management standards for chemical substances in products have become stricter in recent years.

MISUMI Group recognizes the inspection and management of chemical substances in products as a critical factor for customers when selecting products and is proactively advancing investigations in compliance with major regulations such as RoHS, REACH, and TSCA.

Test results are disclosed on the Company's website, and responds to questions on the same in the Company's standard format.

For RoHS-compliant products, we carry out self-inspection of the products and periodic supplier surveys based on strict internal control standards.

FA Businesses (Single Axis Unit)

Initiatives for Responsible Mineral Procurement

To avoid the use of mineral resources that are deeply involved in human rights violations and environmental destruction in regions where conflicts persist in the Democratic Republic of Congo and its surrounding countries, we conduct investigations throughout our supply chain regarding the presence of conflict minerals and take appropriate actions.

We will address customer inquiries regarding inspection results upon request.

Expanding Lineup of Environmentally Conscious Products

Global interest in reducing environmental impact is rising steadily each year, leading to a growing demand from customers for environmentally friendly products. To meet these needs, we offer a range of non-halogen cables (wires). These cables are designed to prevent the emission of harmful halogen gases when incinerated during disposal, which is expected to drive their increased adoption in the future. Currently, we are expanding our offerings to include not only MISUMI brand products but also an increasing number of products within the VONA business, providing customers with a broader selection.

Moving forward, we will continue our efforts to broaden our product range in response to the growing adoption of environmentally friendly products.


Non-halogen-type cable (electrical wiring)

MISUMI Group's Environmental Activities

Initiatives at Production Sites

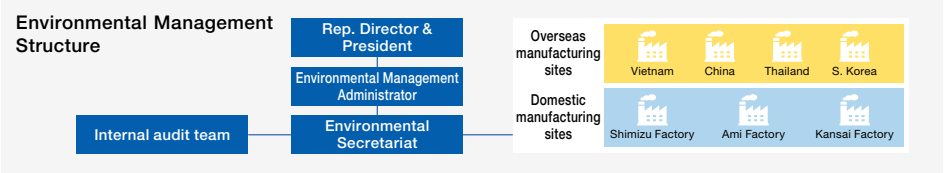
SURUGA Production Platform, as a global company, is responsible for MISUMI Group's production and is firmly aware. firmly aware of its social responsibilities and has agreed to comply with environment-related laws and regulations, and other requirements. We contribute to building a sustainable society by promoting environmental activities such as decarbonization, under the slogan "Coexistence of Technology and Ecology".

Environmental policy

1. Compliant to environmental laws, regulations, and other requirements both domestically and internationally
2. Acceleration of energy creation/energy saving to achieve carbon neutrality by 2050
3. Initiatives to minimize and recycle waste
4. Reducing environmental impact in product development and production activities
5. Prevention of environmental pollution
   1) Prevention of leakage of oils and harmful substances
   2) Prevention of noise leakage from the site boundary

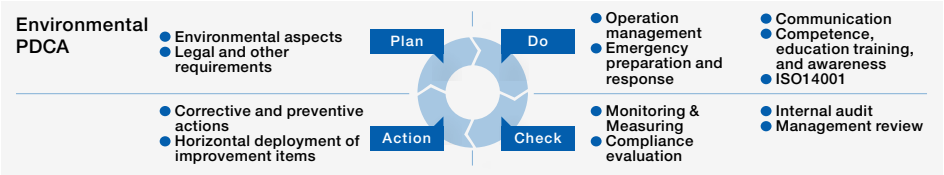
Environmental Initiatives

Environmental Management



*The above manufacturing sites have received ISO14001 certification (of our sales offices, MISUMI Group Inc. and MISUMI Europa GmbH have received ISO14001 certification)

ISO Certified Locations



Environmental management KPIs

Environmental Committee

To promote practical environmental improvement activities, the Environmental Committee regularly holds meetings and shares environmental activity policies, environmental management KPIs, and plans and achievements of environmental improvement activities to strengthen our environmental management.

Internal Audit/External Audit

To confirm the operational status and effectiveness of our Environmental Management System and horizontally deploy best practices in environmental activities, we conduct an internal audit annually and undergo an external audits by the ISO 14001 certification body. The results of both internal and external audits reported to the Environmental Committee, contributing to the continuous improvement of our Environmental Management System.

Environmental Education

In line with our environmental education and training plan, we provide environmental education to our employees. Additionally, to enhance our environmental management structure, we conduct regular training activities such as annual internal audit sessions, with a focus on on-site managers.

Initiatives in Logistics

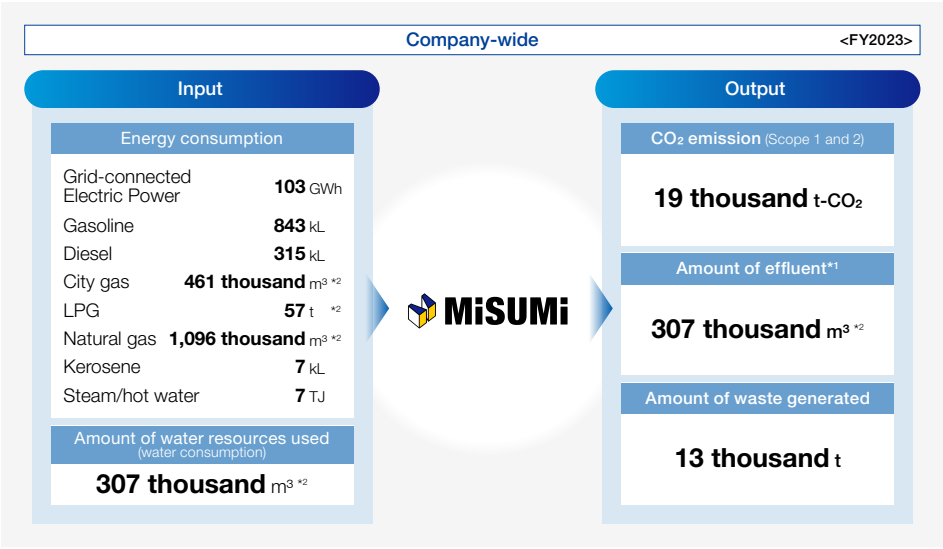
To reduce greenhouse gas (GHG) emissions in logistics, we are taking proactive measures by introducing EV vehicles to some of our delivery routes in Central Japan. Furthermore, we are optimizing logistics routes nationwide and transitioning some international shipments from air to sea freight to further lessen our environmental impact.

Initiatives for a Product-related Circular Economy

As part of our efforts to support customers' environmental measures, we launched a service in October 2023 to collect and recycle bobbins used for certain wire electrodes we sell. Rather than disposing of the collected used bobbins, we reuse them as fuel or repurpose them as packaging materials when collecting.

Business Activities and Environmental Impact (Material Balance)

MISUMI Group represents environmental inputs and outputs related to our business activities in the form of a material balance.This also includes water-related data, providing information on both amount of water intake and effluent produced.



*1 Calculation assumption: The amount of effluent = amount of water consumed as there is no water uptake into the products

*2 Correction due to miscalculations in previously disclosed figures.

Social Initiatives

Supply Chain Management

MISUMI Group has formulated and implemented “Sustainable Procurement Guidelines.” We actively encourage our primary suppliers to adhere to these Guidelines and conduct assessments on respect for human rights, promotion of occupational health and safety, and the development status of monitoring systems. With regard to environmental initiatives, the Group collaborates to enhance sustainable procurement activities by sharing energy consumption data and setting reduction targets to reduce greenhouse gas (GHG) emissions and plans to further expand these activities going forward.

We will continue to enhance our quantitative understanding of risks and opportunities, and develop and execute effective countermeasures, with a comprehensive view of the entire supply chain.

Procurement Policy

MISUMI Group provides customers around the world with convenience in selection and purchasing via our e-Commerce site and delivers products with Reliable, Quick Delivery, thereby offering Time Value by reducing various inefficiencies and work processes commonly required in the industrial sector.In our dedication to continuously enhance Time Value, we are persistently innovating our Business MODEL while strengthening the underpinning Business Foundation for production, logistics, and IT and establishing Human Capital Foundation.

We are committed to sourcing from suppliers in an open, fair, and impartial manner, both domestically and internationally. Our supplier selection process involves making rational and informed decisions based on a comprehensive evaluation of the Time Value of services provided, considering factors such as quality, price, and delivery time, organizational and technical capabilities for continuous improvement, as well as compliance with laws and regulations, environmental conservation, health and safety, and the protection of human rights.

We place great importance on communication with our suppliers and strives to work together to improve sustainable sourcing activities. To this end, we may request their cooperation in providing Time Value as well as periodic or ad hoc reporting and audits as appropriate. We may also ask them to extend similar requirements outlined in our Procurement Guidelines to their own supply chain and confirm compliance as required.

Initiatives for Enhancing Supply Chain Transparency: Supplier Survey Results

Selection of Primary Suppliers

Primary suppliers for our Group, are those providing MISUMI brand products, that constitute top 70% of the purchase value. These suppliers are chosen through a comprehensive evaluation of factors such as transaction volume and substitutability.

1. Supplier Survey on Sustainability Activities

We notified our suppliers in Japan of the Sustainable Procurement Guidelines*1 formulated in 2022 and conducted a survey on compliance.

Initiatives related to suppliers	Number of global suppliers of MISUMI Japan ①	Number of suppliers surveyed ②*2	Number of suppliers who consented/ responded ③	Response rate of consent forms and questionnaire (③÷①)	Return rate of consent forms and questionnaire among those surveyed (③÷②)	Target (FY2023) (③÷②)
Consent forms	1,143	960	No. of consenting suppliers 869	71.5% (of total value) 76.0% (of no. of suppliers)	96.9% (of total value) 90.5% (of no. of suppliers)	95%(of total value) 80%(of no. of suppliers)
Questionnaire	1,143	602	No. of responding suppliers 458	59.9% (of total value) 40.1% (of no. of suppliers)	95.0% (of total value) 76.1% (of no. of suppliers)	95%(of total value) 80%(of no. of suppliers)

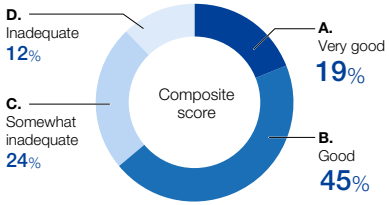
2. Items evaluated and clarification of risks

We carry out surveys on general ESG items and conduct due diligence on the responses.

April 2023	We interviewed 29 primary domestic suppliers to identify potential risk items. All the risks identified during this process were addressed and eliminated over the course of FY2023.
June 2023	Compliance status was investigated for the primary suppliers comprising the top 50% of domestic procurement amounts. As a result of a detailed investigation into the reported concerns, it was confirmed that there were no significant findings.
August 2024 to date	We are currently in the process of investigating the primary compliance status for the primary suppliers comprising the top 51-80% of domestic procurement amounts. Furthermore, MISUMI Europa GmbH is conducting a supplier questionnaire to address the key requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains.

3. Evaluation Criteria

In addition to compliance-related interviews, improvements are requested when evaluations of business continuity plans (BCP) and management systems are low.



4. Performance

In FY2023, responses to the questionnaire were received from 458 suppliers, with 64% being evaluated as B rank (Good) or above.

5. Initiatives in FY2025

In the fiscal year 2025, we will enhance collaboration with domestic and international group companies to boost the compliance rate with the Sustainable Procurement Guidelines throughout the MISUMI Group and as a unified organization systematically tackle social issues in procurement activities. Furthermore, we will promote the rollout of the Sustainable Procurement Guidelines and prepare for conducting surveys at overseas sites, while targeting the evaluation of the top 70% of suppliers by purchase value globally.

*1 Sustainable Procurement Guidelines
*2 MISUMI Japan’s global suppliers who were approached for consent form and the questionnaire, excluding certain suppliers

Social Initiatives

Manufacturing Support Activities

MISUMI Group is engaged in various manufacturing support activities, including support for students who will take on the next generation of manufacturing.

Sponsoring of the Biped Robot Battle Tournament (aka “ROBO-ONE”)

Since FY2016, MISUMI Group has served as the main sponsor of “ROBO-ONE,” an event organized by the Biped Robot Association to support students in technical disciplines and engineers from manufacturing companies. The competition features the MISUMI Awards, which are bestowed upon robots with outstanding design and dynamic movements. On September 21-22, 2024, the event titled “MISUMI Presents the 43rd ROBO-ONE” was held, attracting over 550,000 viewers on the live streaming platform “Twitch,” in addition to numerous on-site visitors.

ROBO-ONE special website

43rd ROBO-ONE MISUMI Award Winners
elephant/Nagaoka Zoo
Nijigasaki High School Robotics Club PUKUTAI
BigHead Ting/WETD KLN

Manufacturing Support for Student Groups

The “MISUMI Student Manufacturing Support” initiative provides products to student organizations as part of its program and have supported over 2,400 organizations since its launch in 2008. Since 2018, MISUMI has supported the robotics competition team named “SAKURA Tempesta” in the FRC robotics competition. Since its inception, the team has achieved 5 years of consecutive awards and has earned the right to participate in the world championship 3 times, and MISUMI has actively provided engineering learning opportunities to junior and senior high school students, fostering interest in the field of manufacturing. MISUMI will remain committed to actively support the next generation of the manufacturing industry.

“MISUMI Student Manufacturing Support” special website

Introducing One of the Supported Groups in FY2023
MISUMI Student Manufacturing Support (FY2023: 110 groups in total)

Team name: Tokyo University of Technology, Solar Energy Laboratory (Ohkubo Lab)

Comment from a student: We are working towards the practical application of “solar-pumped laser,” which generates laser light using only sunlight without the use of electricity. We are grateful for the support from the MISUMI Student Manufacturing Support Program, mainly in the form of tools for machining.

Dialogue and Co-creation with Our Stakeholders

MISUMI Group is dedicated to fostering co-creation with all stakeholders, aiming to drive social value creation and address social challenges through its business while pursuing sustainable growth.

Dialogue with Shareholders and Investors
We engage in proactive dialogue with institutional investors to build long-term partnerships. Management executives directly participate in discussions with shareholders and investors, fostering an open exchange of opinions. In FY2023, a total of 443 dialogue sessions were conducted. The valuable insights gained through interactions are effectively utilized to inform and enhance management decisions.

Dialogue with Suppliers
We conduct interviews and request suppliers to share data on the status of human rights and safety, and initiatives to reduce greenhouse gas (GHG) emissions. By accumulating this information, we are promoting initiatives to minimize environmental impact through supply chain as a whole.

Dialogue with Employees
In alignment with our human capital management philosophy, we embrace the concept of “Best Place To Grow,” underscoring our commitment to providing employees with abundant challenges and unparalleled potential for growth on a global scale. To realize this vision, we have implemented a variety of systems and measures that are unique to MISUMI.

Human Capital Management Philosophy P.29

Additionally, as part of regular efforts to monitor employee engagement, we periodically conduct engagement surveys and other surveys to gather feedback on various systems and measures. Based on the direct voice of employees received, we continuously explore and implement measures to address identified challenges.

Monitoring Engagement P.34

Dialogue with Regional Communities
MISUMI Group is engaged in supporting various activities that support the community, such as supporting students who will lead the next generation of manufacturing and as activities to promote the appeal of manufacturing. Through these efforts, we contribute to energizing regional communities.

FY2023 Results

Target Group	Main Activities	No. of Sessions
Analysts and Institutional Investors	Individual meetings with institutional investors	443
	(of which group meetings)	21
	(of which meetings for ESG/ engagement interviews)	7
	Financial results presentations	2
	Securities firm-sponsored conferences	2
Suppliers (Product suppliers)	Sustainability initiatives briefing	1
	Regarding sustainable procurement	1
	In-person GHG briefings	1
	Online GHG briefings	2
Employees (various engagement-related)	Monitoring Engagement	
	Management Forum: Direct Dialogue Between Top Management and Employees	
	M-Up/Q-Up: Global Awards and Sharing of Organizational Achievements	
Regional Communities	Sponsoring of the Biped Robot Battle Tournament	
	Various Support Activities for Students Challenging Themselves in Manufacturing	