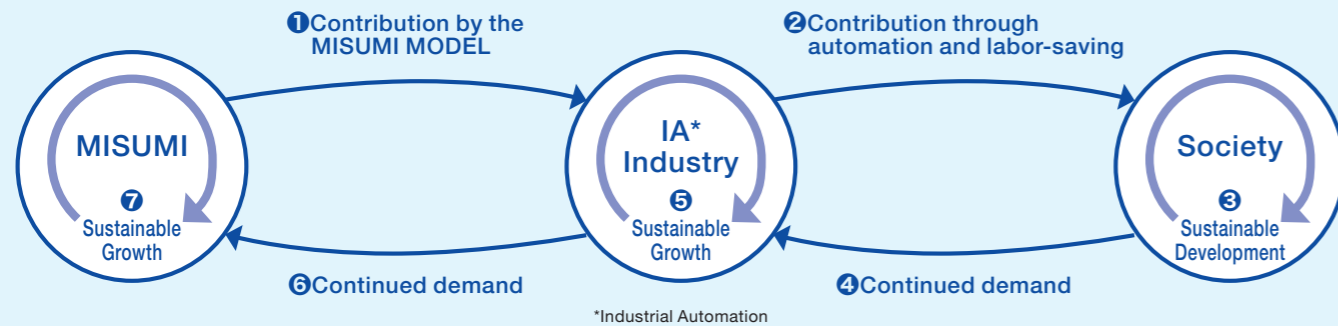


Basic Policy of Sustainability

MISUMI Group has developed a unique Business MODEL which encompasses businesses like “FA” and “Die components” with business like “VONA” which distributes a wide range of products from production auxiliary materials to consumables.

Our business is focused on the industrial automation industry. We contribute to eliminating inefficiencies in this industry by helping customers and suppliers eliminate waste of all kinds. In addition, the industrial automation industry has realized automation and labor-saving of various economic activities and is indispensable in contributing to the sustainable development of society. The sustainable development of society creates demand in the industrial sector, creating new opportunities for MISUMI.

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



Our approach to sustainability

We contribute to the development of the industrial automation industry by eliminating inefficiencies in the entire supply chain and business processes from the “time” perspective. We have built a supply chain that serves more than 300,000 customers globally. We provide “time value” that reduces various wastes and man-hours in the industrial world by realizing “reliable and quick delivery”. To continuously improve the value of time, 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 infrastructure, including production, logistics, and IT, and the establishment of human resources infrastructure to support this Business MODEL.

Initiatives to support the sustainable growth of the industrial automation industry

The parts for automation equipment and devices are unique. Creating drawings, quotations, 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 realizing reliable, quick delivery on a global scale, even for a single part, we can reduce unnecessary inventory and eliminate production and operation opportunity losses. Furthermore, by providing digital services linked to 3D CAD, we have reduced the amount of waste and man-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 innovation” in the industrial automation industry.

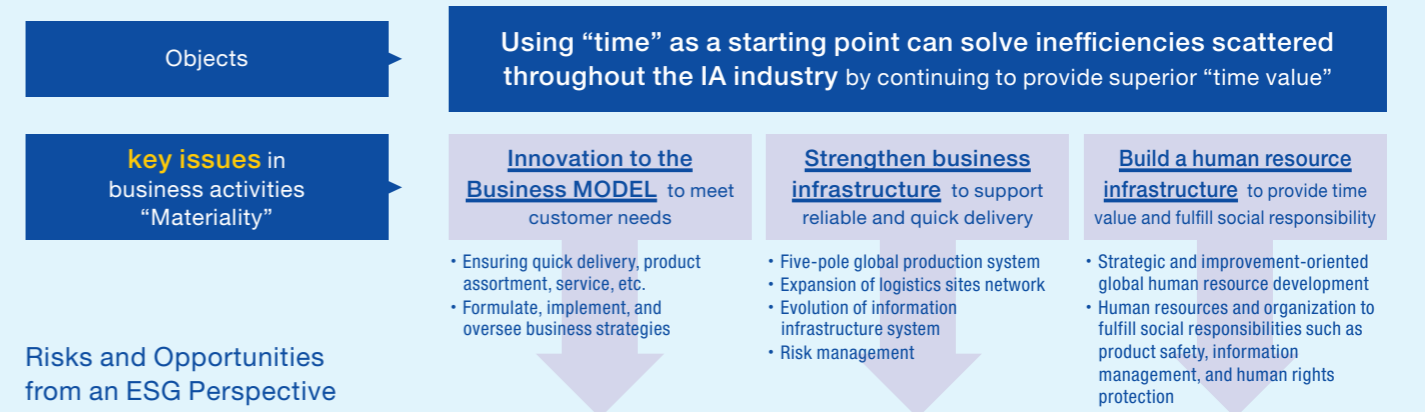
Contributing to the Sustainable Development of Society

Our business development provides added value that reduces resource input and consumption in the industrial automation industry. By fundamentally eliminating all kinds 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.

Our Key Issues in Sustainability

- In determining the key issues, we identify the most important issues for the sustainable growth of our business activities. We set out the issues for our business as well as the issues for fulfilling our social responsibilities for each issue.
- In addition, risks and opportunities associated with key issues are extracted from the many issues from an ESG perspective.
- Based on the process described above, the key issues decided through discussions at the Board of Directors meeting.



Risks and Opportunities from an ESG Perspective

ESG Category	Key Issues	Risks	Opportunities
Environment	Climate change Resource depletion Air pollution, etc.	Impact on IA industrial activities and execution of MISUMI's business strategy Impact on MISUMI's supply chain (Threat to the continuity of reliable and quick delivery)	Increasing demand for automation Labor productivity reform and efficiency demands
Society	Product quality and safety A decline in the working population Human rights protection Data security	Restrictions on supplier transactions, product assortment Increased production costs, product assortment Under-utilization of human resources Supplier human rights protection	Diversification of automated equipment components due to globalization and blocking Interest in products and services to solve social issues Importance of human capital such as specific knowledge
Governance	Corporate governance Ethical behavior Stakeholder engagement	Execution and oversight of MISUMI's business strategy Technology threats to information assets Technology threats to information assets	Increased need for BCP measures

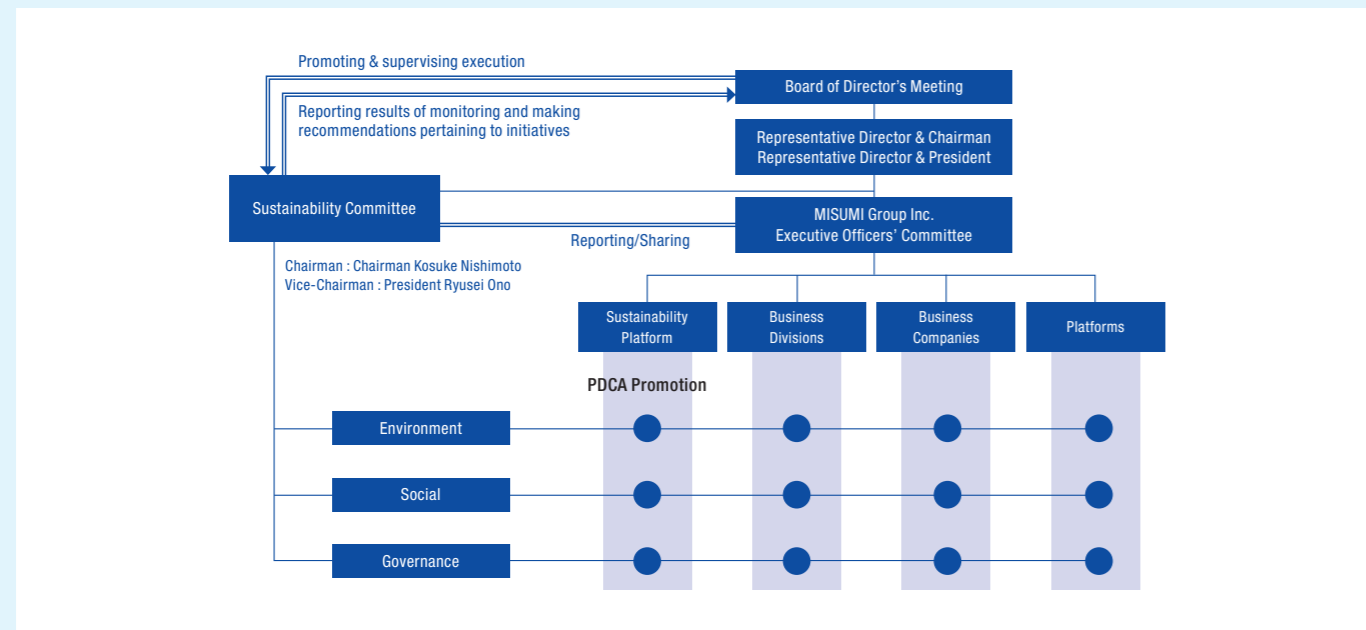
Establishment of the Sustainability Committee

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 sustainability policy of 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 entire Group, the Sustainability Committee, under the supervision of the Board of Directors, has appointed an officer in charge of sustainability promotion, cooperates with Business Divisions, Business Companies, and Platforms which are the Group’s executive organizations to monitor ESG-related goal setting, progress, and evaluations, etc. and continue to develop sustainability initiatives.

Sustainability Management System



Status of Sustainability Committee Meetings

<As of May 2023>

	Dates	Topics		Dates	Topics
1st	March 16, 2022	• Evaluation and improvement from external rating agencies Discussion 1st	7th	August 1, 2022	• Procurement Guidelines and Code of Conduct update
2nd	April 20, 2022	• Evaluation and improvement from external rating agencies Discussion 2nd	8th	August 18, 2022	• Procurement Guidelines and Code of Conduct discussion
3rd	May 18, 2022	• Scope 3 Initiative Policy Discussion 1st	9th	October 20, 2022	• Code of Conduct • Establishment of Procurement Guidelines and supply chain management system • Disclosures about human capital indicators
4th	June 14, 2022	• Report on progress on GHG emission reduction • Scope 3 Initiative Policy Discussion 2nd	10th	December 22, 2022	• Report of climate change countermeasures • Disclosures about human capital indicators • Future initiatives
5th	June 23, 2022	• Report on improvement measures in the evaluation of the Sustainability Committee and rating agencies • Countermeasures on climate change	11th	February 15, 2023	• Review of activities and future direction
6th	July 28, 2022	• Sustainability training for executives	12th	May 18, 2023	• Status Report <GHG/Supply Chain Management/Human Capital/Update of Rating Agencies>



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 “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.

We will work to prevent global warming and other climate change measures through our business activities, manage and implement environmental measures in the total supply chain, including suppliers, and promote environmental management that includes product quality and safety.

1. Reduce social/environmental impact and prevent pollution in business activities
2. Comply with environmental laws, regulations, and other requirements
3. 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 conscious products. The Sustainability Committee cooperates with Business Divisions, Business Companies, and Platforms, which are the Group’s executive organizations, to monitor progress and evaluations and develop 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 of 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) <https://www.misumi.co.jp/english/esg/environment/climate.html>

Identifying Risks and Opportunities

Transition Risks

MISUMI views major risks as including increased sales prices and transportation expenses due to power consumption constraints and rate hikes; a reputational damage from insufficient disclosure of information on GHG emission reductions.

Category	Subcategory	Specific Potential Business Impact	Severity
Policy, regulations	Introduction of carbon pricing	Increased costs of introducing carbon taxes and emissions trading schemes for production auxiliary materials	Small
		Strong regulations on power conservation and GHG/emissions	Large
	Strong regulations on power conservation and GHG/emissions	Suspended power supply due to Chinese government energy consumption regulations	Large
		Requests by EU companies to disclose GHG emissions to non-EU companies	Large
Technology	Degraded performance of existing products and lower market competitiveness	Production auxiliary materials and services become less competitive due to lower environmental performance compared to rivals	Medium
	Delayed product development investments and lower market competitiveness	Lower market competitiveness and lower revenue due to delayed technology development investments to make production auxiliary materials and services more sustainable	Large
Market	Changes in customer behavior	Decline in customers due to environmental consciousness impacting purchasing decisions	Small
		Decline in customers due to insufficient disclosure of climate change information	Large
		Decline in customers from higher product sales prices accompanying rising costs caused by soaring metal prices	Large
	Increased cost of enhancing environmental performance of own products	Higher costs associated with calculating GHG emissions from production auxiliary materials and services	Small
	Higher raw material costs	Higher transportation costs from higher gasoline prices and the introduction of fuel-efficient vehicles	Large
Reputation	Reputational damage among investors and other stakeholders due to insufficient responses	Damaged reputation among stakeholders due to insufficient disclosure of climate change information	Medium

Physical Risks

Although enormous damage to business locations is projected, we are hedging risks by dispersing production between multiple locations. On the other hand, some suppliers of externally procured products have not taken measures against anticipated harm, so we believe there are still risks from disaster damage.

Category	Subcategory	Specific Potential Business Impact	Severity
Sudden	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.	Large
		Suspended functions from disaster damage to our non-factory locations at risk from typhoons, tsunamis, flooding, etc.	Large
		Delayed procurement and suspended production for suppliers from disaster damage caused by typhoons, tsunamis, flooding, etc.	Large
	Damage at our business locations from violent storm and flood damage	MISUMI assets lost from typhoons, tsunamis, flooding, etc.	Medium
		Increased recovery costs accompanying damage to facilities caused by typhoons, tsunamis, flooding, etc.	Medium
Chronic	Higher costs from revising procurement networks due to rising sea levels	Costs from relocation and other responses to reorganizing current business locations due to rising sea levels	Small
	Higher energy costs from rising average temperatures	Higher energy costs from increased air-conditioning use that accompanies rising temperatures	Small
	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	Medium
Costs arising when we expand our global network to cope with frequent natural disasters		Medium	

Opportunities

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	Severity
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	Small
		Installation of equipment to reduce power consumption in the production phase	Small
		Improved processes at our factories and logistics facilities from data analysis that utilizes equipment diagnostic systems to reduce CO ₂ emission	Medium
Energy sources	Renewable energy sources	Lower costs and expenses by using affordable renewable energy sources	Large
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 CO ₂ for customers	Large
		Promoting value from our products' improved environmental friendliness	Large
	Higher demand for our products that contribute to improving disaster resilience	Development and sale of products that reduce GHG emissions, such as by recycling our products	Medium
		Increased demand for products that use carbon-free metals	Medium
Market	Expanded market for environmentally friendly products	Increased demand for highly corrosion-resistant and durable products that don't age easily, even under higher temperature from global warming	Medium
		Expanded sales by establishing globally optimal production and reliable quick delivery that contribute to prompt recoveries for customers suffering disaster damage	Large
Market	Expanded market for environmentally friendly products	Efficiencies gained by a modal shift from a focus on quick delivery and its costly shipments (i.e., from shipping by air to highly efficient rail and ships)	Small
Resilience	Efficiency gains and process design	Sustained delivery functions through logistics sites that are resilient against storms and flooding	Small

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.

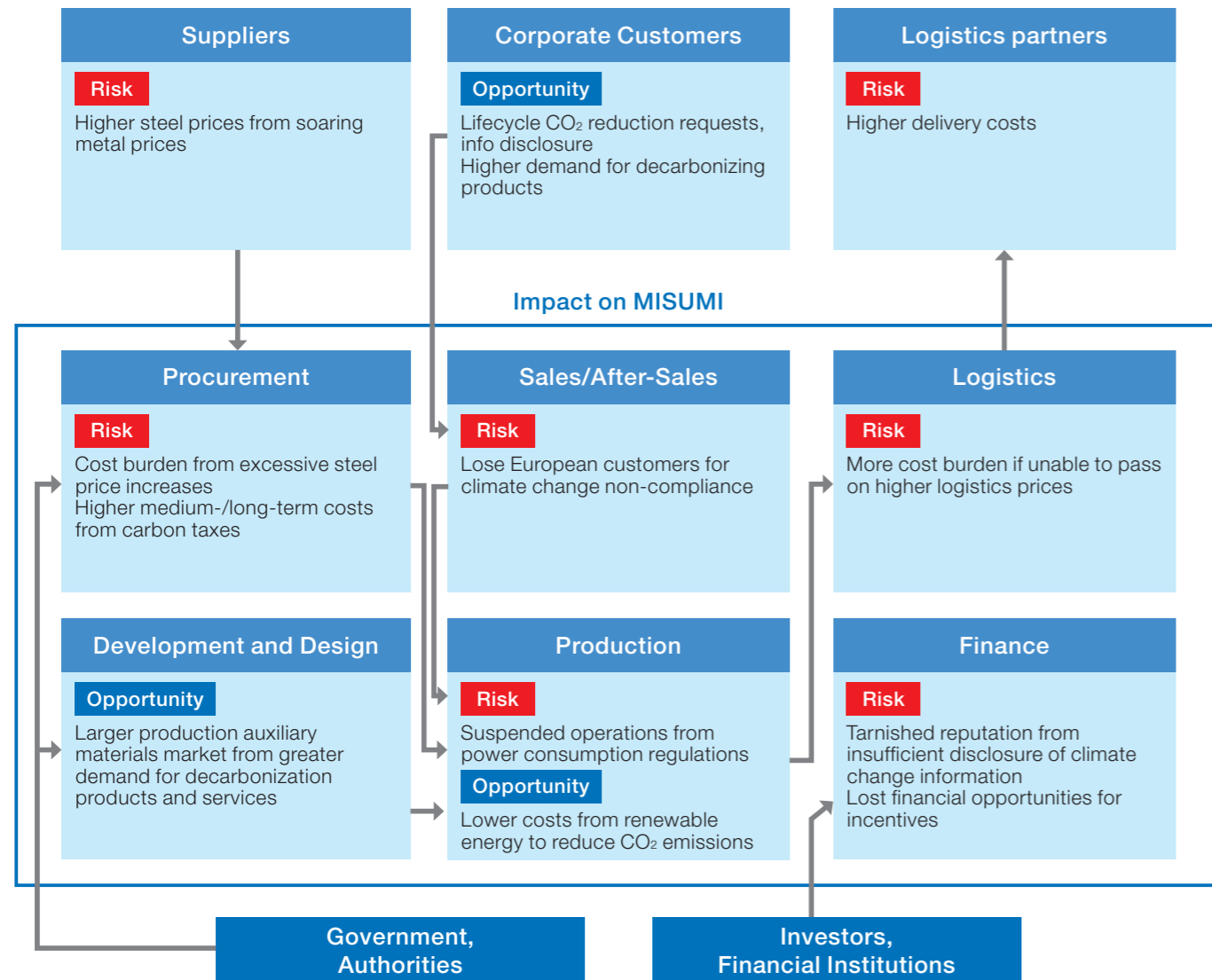
On the other hand, with regard to stronger energy conservation regulation we have seen from governments in China and elsewhere, if a company with locations in the area were to be subject to an order to stop supplying power or suspend a project, our global network of 107 business location for sales, logistics, and production facilities may have to reduce or halt operations. In our primary markets 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 shareholders and other stakeholders. Elsewhere, we expect the decarbonization trend to boost demand for electronic appliances and lightweight products and to significantly push up 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 recycling-based society by eliminating excess production and idle time at customers' worksites.

Improving the Business MODEL with MISUMI Group's advantage of reliable quick delivery will support the sustainable development of the entire industrial automation industry.

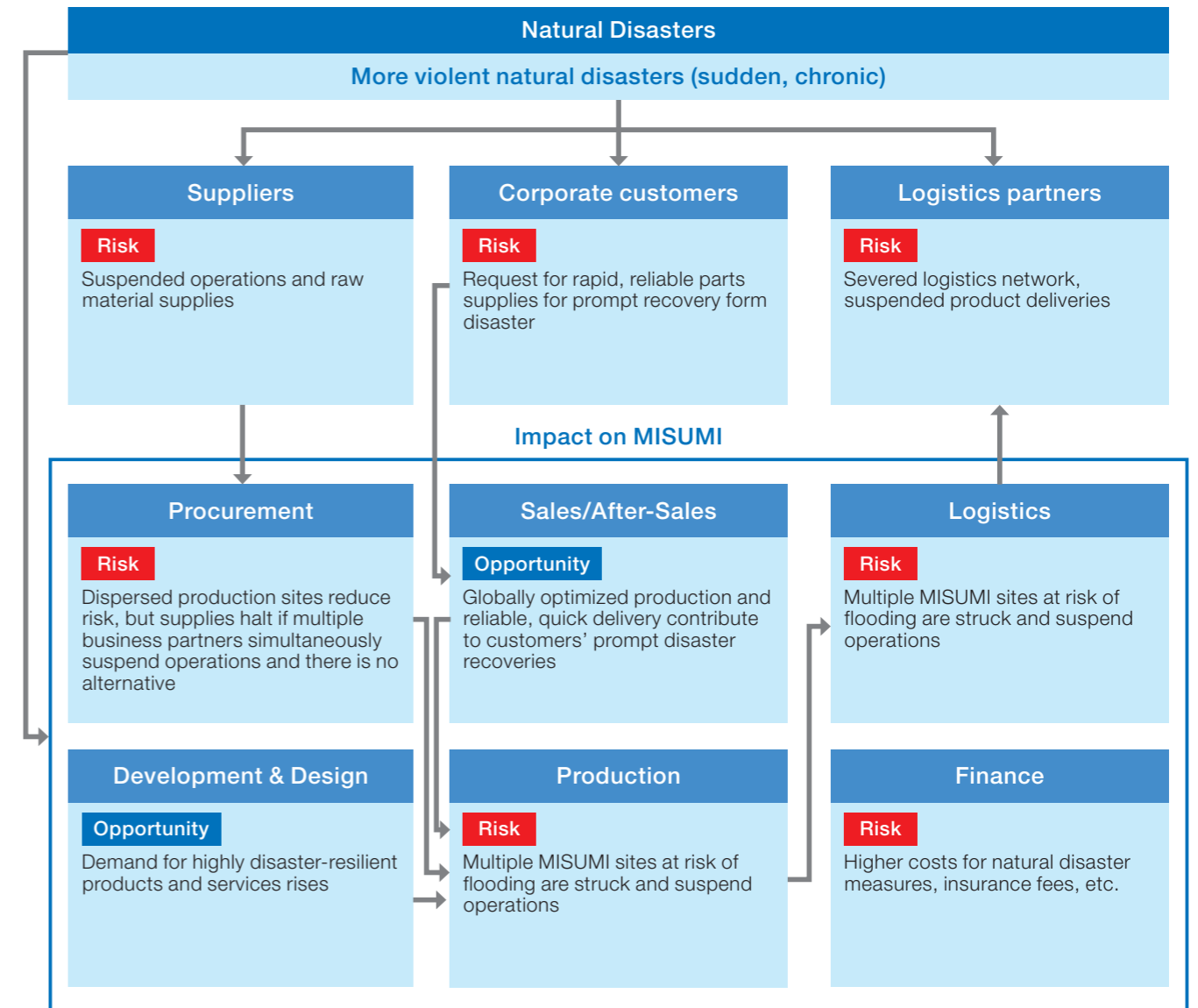


Scenario: Temperatures 4 Degrees

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 is expanding its operations not only in Japan, but also in China, Asia, Europe, and the Americas, and has established a global network of 107 business locations. If a location were to be struck by a natural disaster such as a typhoon or flood, it may suspend operations and harm assets such as our product and semi-finished product inventory, mechanical devices, and logistics equipment. 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 very resilient during disasters. Reliable quick delivery is a system we built to significantly reduce customer time and effort involved in placing orders and to reliably meet deadlines. Therefore, we believe it can contribute to prompt reconstruction and recovery for industry in general during disasters.



Review of Measures

Based on the results of the scenario analysis, we considered what direction to take with climate change measures. During that discussion, we assigned priority to two categories: necessary measures that can be taken quickly, and measures for which plans are implemented gradually.

Priority	Direction of Measures		
High	Market research	Short-term	<ul style="list-style-type: none"> Build information networks to infer behavioral changes, and take action on ways to address environmental issues for each region and customer Market products that comply with energy consumption and GG emission regulations before they come into force
	Change and replace specifications and designs for environmental product and service development	Medium-term	<ul style="list-style-type: none"> PR and supplies of 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
	Improvements to globally optimal production and reliable quick delivery	Long-term	<ul style="list-style-type: none"> Monitoring of carbon pricing in countries where MISUMI does business Develop models for prompt recovery and proper supplies in the event of disaster damage and stoppages at business locations
	Investor engagement	Long-term	<ul style="list-style-type: none"> Stronger communication for PR and publicity directed at investors
Medium	Select appropriate suppliers	Medium-term	<ul style="list-style-type: none"> Reduce costs by lowering purchase quantities and VA to lower the cost of materials expected to rise steeply in price Ascertain the technology Select and ensure steady procurement from renewable energy providers

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 CO₂ 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 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.

We have built a system for business continuity planning that includes pandemics such as infectious diseases, in addition to the impact of escalating disasters.

In addition to the existing corporate entity in Japan, we also established a system of documents, processes, and communication 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.

Our Company has disclosed the "Sustainable Procurement Guidelines" that we have developed to our main suppliers in Japan and encouraged them to agree to these guidelines. In addition, we have requested a questionnaire to verify their efforts in environmental activities including greenhouse gas (GHG) emissions, as well as confirming the state of their management system implementations. These measures are part of a fact finding survey.

We will continue to focus on the entire supply chain, quantitatively identify risks and opportunities, and plan and implement practical countermeasures.

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 waste 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.

Additionally, we take climate change response through our business activities that mitigate global warming, while managing and carrying out environmental measures in the total supply chain, including suppliers, in addition to promoting environmental management that also addresses product quality and safety.

Carbon-Neutral Plan and Implementation Measures

MISUMI Group has set emission targets for 2030 so as to reach zero carbon emissions by 2050. MISUMI Group's Scope 1 and Scope 2 emissions will drop by 42% compared to fiscal 2020.

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.

Environmental management KPIs <https://www.misumi.co.jp/english/esg/environment/iso.html#KPI>

Greenhouse Gas(GHG)Emissions

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

	Input	Unit	FY2019	FY2020	FY2021
	Grid-connected Electric Power	MWh	118,704	113,616	116,741
Gasoline	kℓ	986	820	636	
Diesel	kℓ	203	151	149	
Kerosene	kℓ	9	13	10	
LPG	t	69	62	66	
LNG	t	2,036	1,781	1,625	
City gas	Thousand m ³	759	614	652	
Other supplied energy (Including steam, hot water)	GJ	9,577	8,544	6,833	
	Output	Unit	FY2019	FY2020	FY2021
	Scope1	Thousand t-CO ₂ e	10	9	8
GHG emissions	Scope2	Thousand t-CO ₂ e	66	61	63
	Scope3	Thousand t-CO ₂ e	1,524	1,399	1,637
	Total (Scope1+2+3)	Thousand t-CO₂e	1,600	1,469	1,708

*Scope1 emissions: Unit calorific value and emission factors are based on the Law Concerning the Promotion of the Measures to Cope with Global Warming (Japan). These Japanese values/factors also apply to sites outside Japan

*Scope2 emissions: Japanese sites are market-based figures and other sites are Location-based figures. Location-based emission factors for electricity are based on country-specific factors from "IEA Emission Factors"

*Calculated GHGs of Scope1 and 2: CO₂ emissions from energy use. Other GHGs (6.5 gases) are excluded

*Boundary: MISUMI Group Inc. and subsidiaries inside/outside Japan. 37 companies in total

Greenhouse Gas(GHG)Emissions <https://www.misumi.co.jp/english/esg/environment/climate.html#GHG>

Reduction Results

In FY2022, we implemented measures to reduce greenhouse (GHG) gas emissions for the entire Group by more than 60% compared with emissions in FY2020.

Specifically, we introduced photovoltaic Onsite PPAs (*1) at our production site in Vietnam, promoted energy conservation related to air conditioning at our domestic production site (Shizuoka), introduced CO₂-free electricity (*2) at domestic production sites and our Head Office building, and purchased renewable energy certificates (I-REC, TIGR, etc.*3) for our production sites in Vietnam, China, Thailand, and India.

The actual greenhouse gas emissions (GHG) for FY2022 cannot be determined until late 2023. Therefore, obtaining emission factors for electricity and other resources is necessary to decide on the precise amount.

*1 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 the said power generation facilities

*2 Carbon-free electricity is generated from renewable energy sources that do not emit CO₂ during generation

*3 I-RECs (International Renewable Energy Certificates) are certificates of renewable electricity generated under the rules and system provided by the I-REC Standard Foundation (Netherlands). Similarly, TIGR (Tradable Instrument for Global Renewables) is a certificate of renewable electricity generated and certified under the rules and system provided by APX (USA). The I-RECs and TIGRs purchased by our Company are certificates limited to renewable electricity generated within the respective country's market

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.

Advancing Green Procurement Activities

MISUMI and Suruga Production Platform has formulated Green Procurement Guidelines to observe the legal restrictions and other requirements concerning environmental chemical substances, playing a part in the building of a recycling based society. We are advancing green procurement activities on these basis. With the cooperation and understanding of all our cooperative manufacturers/ suppliers, we are continuously expanding our efforts and aiming to eliminate the use of environmental chemical substances in our products.

Survey of Environmental Chemical Substances Content

Controls over environmental chemical substances are tightening each year under the Restriction of Hazardous Substances (RoHS) Directive in Europe and similar directives in China, as well as Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Directive in Europe. MISUMI Group recognizes that management of environmental chemical substances is an important factor in a customer's product selection. As such, MISUMI Group has been testing product content based on RoHS and REACH and discloses RoHS Directive compliance in its catalogs and on its website.



FA Businesses (Single Axis Unit)

RoHS

RoHS Compliance

MISUMI Group puts "RoHS compliant product" mark on its catalogs to guarantee that it is a compliant product. To guarantee that the product is compatible, we carry out self-inspection of products and periodic supplier surveys based on strict internal control standards.



Expanding Lineup of Environmentally Conscious Products

Concern about reducing environmental load is increasing globally, and MISUMI Group is also experiencing stronger customer interest in environmentally conscious products. One example of our response to such customer needs is our non-halogen-type cable (electrical wiring). Non-halogen-type cable does not produce harmful halogen gases when the cable is incinerated upon disposal, and its use is expected to grow in the future. We currently carry not only MISUMI brand products, but also third-party brands, and our selection continues to expand. MISUMI Group will continue to build its product lineup as the use of environmentally conscious products becomes more popular.



Non-halogen-type cable (electrical wiring)

MISUMI Group's Environmental Activities

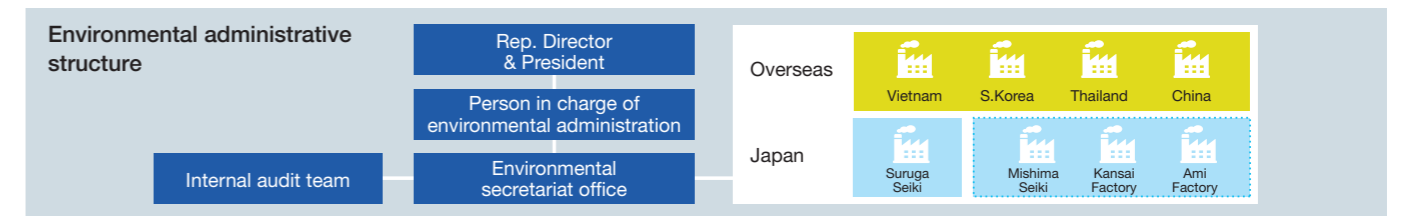
As a global company handling MISUMI Group's manufacturing, SURUGA Production Platform is firmly aware of its social responsibilities and has agreed to comply with environment-related laws and regulations, and other requirements.

We promote a sustainable society through environmental activities under the slogan "Coexistence of Technology and Ecology". Therefore, we established the following "Environmental Policy" and strive in our business activities to achieve these goals.

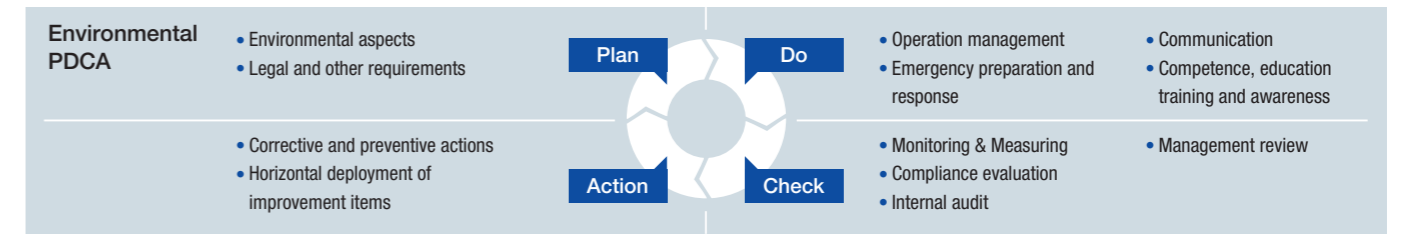
Environmental policy

1. Compliance with domestic and international environment-related laws and regulations and other requirements
2. Reduction of CO₂ emissions in production activities
3. Initiatives to control waste generation and recycling
4. Product development and production activities with low environmental impact
5. Prevention of environmental pollution
 - 1) Leakage of oils and harmful substances
 - 2) Leakage of noise from the site boundary

Environmental Management



*Acquired ISO14001 at our factories in Japan and overseas *Production sites within the dotted box is expected to receive certification



Environmental management KPIs <https://www.misumi.co.jp/english/esg/environment/iso.html#KPI>

Environmental Committee

The Environmental Committee meetings are held regularly to promote practical environmental improvement activities. The committee shares environmental activity policies, environmental management KPIs, environmental improvement activity plans and results, etc., to strengthen environmental management.

Internal audit / External audit

To confirm the operational status and effectiveness of the Environmental Management System and laterally deploy good environmental activities practices, we conduct an internal audit every year and undergo an external audit by the ISO14001 certification body.

The results of internal and external audits reported by the Environmental Committee lead to continuous improvement of the Environmental Management System.

Environmental education

We provide environmental education to employees based on the environmental education training plan. In addition, to strengthen the environmental management system, we carry out regular environmental education activities, such as taking internal audit training every year, centered on on-site managers.

<https://www.misumi.co.jp/english/esg/environment/iso.html>

Introduction of CO₂-free Electricity

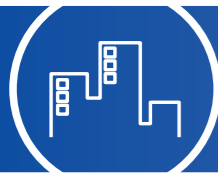
We Introduced CO₂-free Electricity* at seven sites, including the Head Office of SURUGA Production Platform, in April 2022.

As a result, we will reduce the greenhouse gas (GHG) emissions from our production sites in Japan by approximately 6,000 tons a year. That will be an 8.6% reduction in GHG emissions (Scope 1 and 2) over our entire group compared to FY2020.

*Electricity with CO₂-free value derived from renewable energy sources that do not emit CO₂ during generation

Initiatives in Logistics

To reduce GHG emissions in logistics, we introduced EV vehicles to one of our delivery routes in the Chubu region in July 2022. Preparations are underway for a nationwide rollout as we advance.



Social Initiatives

Supply Chain Management

MISUMI Group is continuously improving the customer time value and growing its business activities.

Today, corporate supply chains are expanding globally, and our business activities and responses to social demands are something our Group cannot complete on our own. Therefore, the cooperation with our business partners, who provide us with products and services, is essential.

We have developed the “MISUMI Group Sustainable Procurement Guidelines” to align with the values of our Group and collaborate with our suppliers in a fair, unbiased, and transparent manner. We aim to fulfill our social responsibility throughout the supply chain by building mutual trust with our suppliers.

MISUMI Group Sustainable Procurement Guidelines https://www.misumi.co.jp/assets/doc/csr/news/SP_Guidelines_en.pdf

Procurement Policy

MISUMI Group provides customers around the world with “convenience in selection and purchasing” and “time value” to reduce waste and person-hours in the industrial world through the “reliable quick delivery” of products. We are committed to continuously improving time value. We are constantly evolving our Business MODEL and working to strengthen our business foundation, including production, logistics, and IT, and building the human resources to support these efforts.

We will seek out and procure from suppliers in an open, fair, and impartial way, both domestically and internationally. In selecting suppliers, we will make rational decisions based on a comprehensive evaluation of the time value of services provided, including quality, price, and delivery time, as well as organizational and technical capabilities for continuous improvement, and in addition, compliance with laws and regulations, environmental conservation, health and safety, and protection of human rights.

We value good communication with our suppliers and will work with them to improve sustainable procurement activities. We may ask for their cooperation in providing “time value” and periodic or irregular reporting and audits as appropriate. We may also ask that our suppliers’ supply chain endorse our Procurement Guidelines.

Measures to Enhance Human Capital

It is MISUMI Group’s mission to innovate the MISUMI MODEL constantly to increase the time value of our customers in the industrial automation industry. We aspire to “sustainability management” (Growth Chain-reaction) that achieves sustainable development for industry and society.

The Group’s employees perform the role of a “starting point” for sustainable growth chains. The constant pursuit of the “next challenge” by our employees will lead to the innovation of the MISUMI MODEL and, by extension, the improvement of time value for our customers in the industrial automation industry and the further development of society. Therefore, we regard employees who pursue the next challenge with a strong orientation towards growth, strategy, and autonomy, as well as the human resources environments that inspire them to take challenges and grow, as vital components of “human capital.” The Group constantly aspires to be an environment that is the “best place to grow” for our employees, and we will establish a chain where our employees’ growth contributes to the further development of society.

Specifically, we will provide opportunities for voluntary internal personnel transfers and promotions to encourage employees to take the “next challenge,” establish a global human resources environment including evaluation and compensation systems that recognize and reward employees for their achievements, and provide an extensive range of human resource development programs to strengthen employees’ strategic thinking and enable them to acquire the knowledge and skills necessary for their work. By providing opportunities such as these, the management team is directly engaged in strengthening the organization and human resources.

We regard the enhancement of human capital as a central focus of management. We will strive to further enhance our human capital by returning to employees the “profits” achieved by contributing to customers and actively investing in further human resources training and development and better workplace environments. We will also aim for even greater

workforce diversity to strengthen our human capital. As part of this, we have established a target of raising the percentage of female managers in the entire Group from the current level of 23% to 28% by the end of FY2028, and we will proceed to implement a range of initiatives to achieve this.

Respect for Human Rights

MISUMI Group Inc. has established the following basic policy on respect for human rights in its Code of Conduct.

Code of Conduct <https://www.misumi.co.jp/english/esg/governance/compliance.html>

- MISUMI Group companies respect the human rights of executives and employees to the maximum extent possible, realizing and cultivating a safe and friendly work environment.
- Executives and employees will take the initiative to cooperate in realizing and cultivating a safe and friendly work environment.
- We will not discriminate against, harass, or violate the human rights of any of our stakeholders, including executives and employees, for any reason, including race, nationality, gender, religion, creed, birth, age, or physical disability.

Providing a Safe and Friendly Work Environment

Try to provide safe and rewarding work environment to all the executives and employees, both in Japan and overseas, in compliance with the relevant or equivalent laws pertaining to health and safety.

Prevention of Divulgence of Personal Information

Personal Information obtained through the course of business activities will ONLY be used for the purposes of the business activities. Information disclosure will not take place to any third party without the prior consent of the individual, by thorough management.

Act on the Protection of Personal Information	Related Regulations / In-house Rules	Rules of Employment	Personal Information Handling Rules
---	--------------------------------------	---------------------	-------------------------------------

Monitoring of Ethical Issues and Regular Audits

The Company strictly stipulates the following in its Rules of Employment which is thoroughly enforced with all officers and employees. Violators will be punished.

Compliance with laws and company regulations and rules	Retention of confidentiality	Retention of honor and credibility	Prohibition of unauthorized use of management information, etc.	
Prohibition of unjust enrichment, etc.	Prohibition of unauthorized use of equipment and systems, etc.	Restrictions on the use of company facilities	Restrictions on side jobs	Prohibition of harassment

In addition to providing guidance and education to subordinates through the reporting line, the company is also focusing on discovering violations through the whistleblowing system. Responding to cases of work rule violations, decisions will be made at the “Human Resources Compliance Meeting” in which the Chairman and President participate, and results will be disclosed internally.

In addition, we also manage in-house information through security patrols.

MISUMI Group Human Rights Policy

MISUMI Group Inc. has established a Human Rights Policy after deliberations by the Board of Directors.

All Officers and employees of the companies in MISUMI Group will act in accordance with this policy, and we will promote understanding and initiatives throughout the entire supply chain, including suppliers.

MISUMI Group Human Rights Policy https://www.misumi.co.jp/assets/img/esg/social/misumi_humanright_en.pdf

Diversity and Inclusion

MISUMI Group recruits, trains, and develops human resources at each of its global locations, emphasizing diversity in terms of background, skills, gender, and nationality, as well as equal opportunities. In female empowerment, especially, the global male to female ratio as of March 2023 is 64%:36% and the percentage of female managers is 23%.

Globally, our Company promotes and implements remote working, flexible work schedules, and the promotion of women to management positions, further strengthening diversity, especially in expanding opportunities for women to play an active role.

Harassment Prevention Policy

Since 2017, MISUMI Group Inc. as a whole has declared “No Harassment” and ensured that all Group companies are thoroughly aware of it. It stipulates that employees are strictly prohibited from workplace harassment under the guise that harassment is unacceptable and will be subject to punishment.

In addition, “Human Resources Compliance Training” (for managers and employees), including prevention of harassment, is periodically conducted for all employees.

For more information regarding whistle-blowing system, including harassment, please refer to Whistle-blowing system.

(Training content)

Each year, the following training programs are offered globally.

- Responsibilities of management leaders
- Definition of harassment
- The actual situation at MISUMI
- Harassment precautions
- Process when harassment occurs

Rules have been established for reporting cases within the Company.

Compensation and Benefits

Salary System

The salary system of MISUMI Group Inc. and MISUMI Corporation is on an annual basis, which is determined by the weight of responsibility and performance of employees. In addition, we have a performance bonus system designed to motivate employees towards business growth achievement based on the growth company-wide and the growth of division to which the employee belongs.

Pension and Retirement Benefit Plan

To reward employees for their long-term contributions, MISUMI has introduced a retirement benefit plan for full-time employees and a Defined Contribution Pension Plan to help employees build assets for their retirement. Each group company has implemented a retirement allowance system based on local labor legislation and social environment, and also has introduced a Defined Contribution Pension Plan that allows receipt of pension payments to guarantee their lives after retirement and working to design and operate the system to be attractive to employees.

As specific examples, MISUMI Group Inc. and MISUMI Corporation offer the following plans to full-time employees.

1. In-house funded cash payment retirement benefit plan
 - Eligible after 3 years of service
 - Calculated by multiplying the ratio determined for each position’s tenure by total tenure and annual salary
2. Defined contribution pension plan

Stock Options for Executives

MISUMI Group Inc. and MISUMI Corporation grant stock options as a form of stock-based compensation to executives in charge of management to motivate the improvement of their performance and retain them. The top management decides the number of shares to be granted based on the previous year’s performance, future performance expectations over the mid- to long- term, and the degree of contribution to the company.

Incentive System for Stock Ownership

By becoming a shareholder, the hope is for employees to pursue work with the same perspective as shareholders, further heightening their ownership of the company. At the same time, the company provides incentives and support to employees for acquiring their own shares as part of the company’s benefit. Full-time employees of MISUMI Group Inc. and MISUMI Co., Ltd., are eligible for this program, the details of which are as follows.

1. Support program for acquisition of share unit (with repayment exemption clause)
 - Employees who are not shareholders can use the system only once
2. Cumulative stock investment incentive system
 - Employees can purchase shares of MISUMI Group Inc. at a fixed monthly price (employees who are already shareholders may also purchase shares)
 - Company provides incentive payments

Labor-Management Agreement

There are no labor unions at MISUMI Group Inc., MISUMI Co., Ltd., and group companies in Japan. For cases requiring a labor-management agreement, it is concluded between the company and the person who represents the majority of the employees.

In-House Massage Facility

Once a month, one can receive a 40-minute massage +10-minute consultation for 500 yen. Many employees use it, and such comments have been received- “in-house massages are great as it enables one to get treatment in-between work-related tasks”, “massage relieves fatigue making one feel that they can go the extra mile”.



Benefits

MISUMI has enhanced its benefits programs to support employees who continue to take on challenges with a positive attitude, so they can feel refreshed and enjoy a change of pace.

Recreational Facility

Contract is in place with a recreational facility provider called Laforet Club. It owns and manages hotels in 13 locations, as well as partnering with approximately 70 hotels nationwide. In addition to corporate membership pricing, corporate subsidies are also provided. Many employees use it when traveling with their family and colleagues, with feedback such as “reasonable pricing” and “delicious food”, as characterized by the fact that there are many repeaters.



Human Resource Development

MISUMI Group considers the development of management leaders to be an important management issue in addition to business growth. Employees with leadership qualities, such as logic and passion, will gain experience in the field and refine themselves. We are convinced that this process will nurture management leaders.

MISUMI Group has established a variety of training programs for employee development. At the same time, we are actively recruiting outside personnel who have experienced many difficult situations to form a strong management team. The main training programs are as follows.

- **MISUMI Strategy School**
The top management itself serves as the head of the school, which provides training in the perspectives and strategic thinking skills necessary for management leaders.
- **Management Forum**
Management forums are held periodically where participants can interact with senior management at lectures on strategy and high-level discussions on actual management experiences.

- **Presentation of results**
Presentation of results show the contribution to the innovation of MISUMI’s Business MODEL, with qualifying rounds held in each global region and a global final. In addition, case studies are shared globally and play a significant role as a learning opportunity.
- **Management training**
Training to recognize the role of managers and to acquire the thinking and skills necessary for organizational management.
- **Logical thinking training**
Training to acquire logical thinking skills as a basis for solving business problems.
- **Supporting self-development training**
The Company will pay a portion of the course fees for employees who attend and complete external training programs to improve their business abilities and skills.
- **In-house English conversation class**
Native English speaker provides in-house English conversation classes.

Health and Safety

Health and Safety Committee Meetings

In accordance with laws and regulations, the Health and Safety Committee meets monthly, and the minutes are available within the company. In addition to sharing information on health and safety issues in daily work and the results of annual stress checks, the committee members discuss topics such as infection prevention measures in the workplace and at home in the event of the spread of COVID-19 under the guidance of industrial physicians. Also, health maintenance during remote work is discussed; by bringing the results back to the workplace, we strive to maintain and improve a healthy and sustainable work environment.

Ensuring Employee Health and Safety in Emergencies

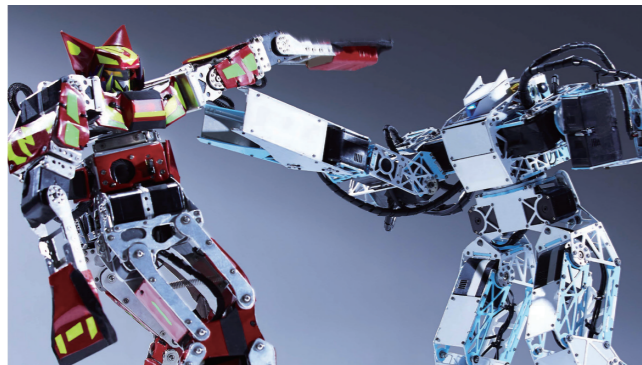
In the event of a sudden natural disaster, such as a typhoon or earthquake, we have a safety confirmation system in place to confirm the safety of our employees. At the same time, confirm physical damage to offices, warehouses, and other facilities, so that we can quickly determine whether or not to continue operations.

In response to the spread of COVID-19, we set up a task force at the Headquarter in February 2020. In addition,

by utilizing the same safety confirmation system used in a disaster, we have established a system to monitor the physical condition of employees (including temporary employees) at all global sites on a daily basis since that same month and reports the results to BCP managers at the Headquarter and the Human Resource department.

Moreover, we have established a system shifting to remote work (including temporary employees and outsourced workers) to the extent possible in each country. We distribute masks to employees and their family members according to the spread of infection in each country, share best practices of infection prevention measures among all global sites, provide online health consultation to Japanese employees stationed overseas, and support the purchase of daily necessities; working to ensure health and safety and business continuity globally. In addition, we are committed to providing health and safety measures that include families of our employees, our business partners, neighboring companies, and residents, such as being among the first in Japan to provide inoculation services at workplaces with the COVID-19 vaccine and encourage vaccination.

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



MISUMI Group has been sponsoring “ROBO-ONE”, since FY2016 as the main sponsor, organized by the Biped Robot Association, in order to support the passion of people involved in manufacturing, such as engineering students and corporate engineers.

ROBO-ONE (organized by the Biped Robot Association) is a biped robot battle tournament that has been held since 2002. The objective of the tournament is to improve manufacturing technologies and popularizing biped robots. Wide range of people from students to professional engineers are entering the tournament.

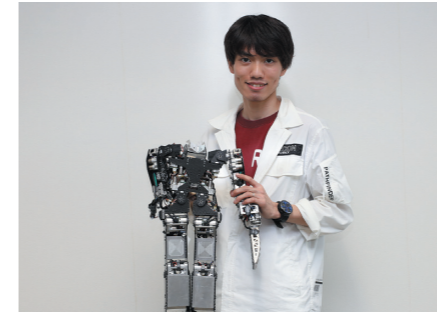
The robots throw punches and employs throwing techniques to defeat their opponents. Each contestant competes in a three-minute round to determine the strongest biped robot. The first contestant to score three knockdowns wins the match.

“MISUMI Presents the 41st ROBO-ONE” was held from September 24–25, 2022. The event has been held online since the 37th ROBO-ONE in September 2020 due to the impact of COVID-19. This time, although it was held without an audience and broadcast online, it was a “real” event with direct contact between the robots.

The upper limit for robot mass has been relaxed from 3kg to 4kg, and the rules has also been revised to allow powerful and attractive new techniques. We also added a new Performance Section where creators can show off their robots’ mechanisms, movements, and innovations.

The following three robots were selected for the ‘MISUMI Award,’ which is presented to robots that have captivated spectators with their striking design and dynamic movements.

41st ROBO-ONE MISUMI Award Winners



Robot name: Raptor
Junpei Mizunoya



Robot name: KAGRA-SUMIRE
Hida-Kamioka High School Robotics Club



Robot name: ex machina
Taiki Tsuno

Manufacturing Support for Student Groups

In the “MISUMI Student Manufacturing Support” initiative, open invitation applications are accepted from a wide range of student groups that take on challenges in manufacturing at universities, technical colleges, etc., providing MISUMI products free of charge.

Since the program’s inception in 2008, we have supported more than 2,200 student organizations.

Since FY2018, we have been supporting the activities of “SAKURA Tempesta”, a team of junior and senior high school students competing in the “FIRST® Robotics Competition (FRC),” an international robotics competition

The team has continued its remarkable success, winning awards in five consecutive tournaments and qualifying for the World Championships on three occasions since its first year of the team’s inception.

We also provide many middle and high school students with opportunities to learn about engineering and the appeal of manufacturing.

MISUMI Group will continue to actively support students who will be the next generation of leaders in the manufacturing industry.

Activities to Convey the Appeal of Manufacturing

Summer vacation manufacturing class

In August 2019, “MISUMI x SAKURA Tempesta Summer Vacation Manufacturing Class” for junior and senior high school students was held in order to foster manufacturing human resources. Participants endeavored in assembling machines and games using MISUMI’s full-fledged components. After the event, many students said that they became “interested in engineering” and experienced the enjoyment of manufacturing.



Summer Vacation Manufacturing Class



Junior/ Highschool team
SAKURA Tempesta



Corporate Governance

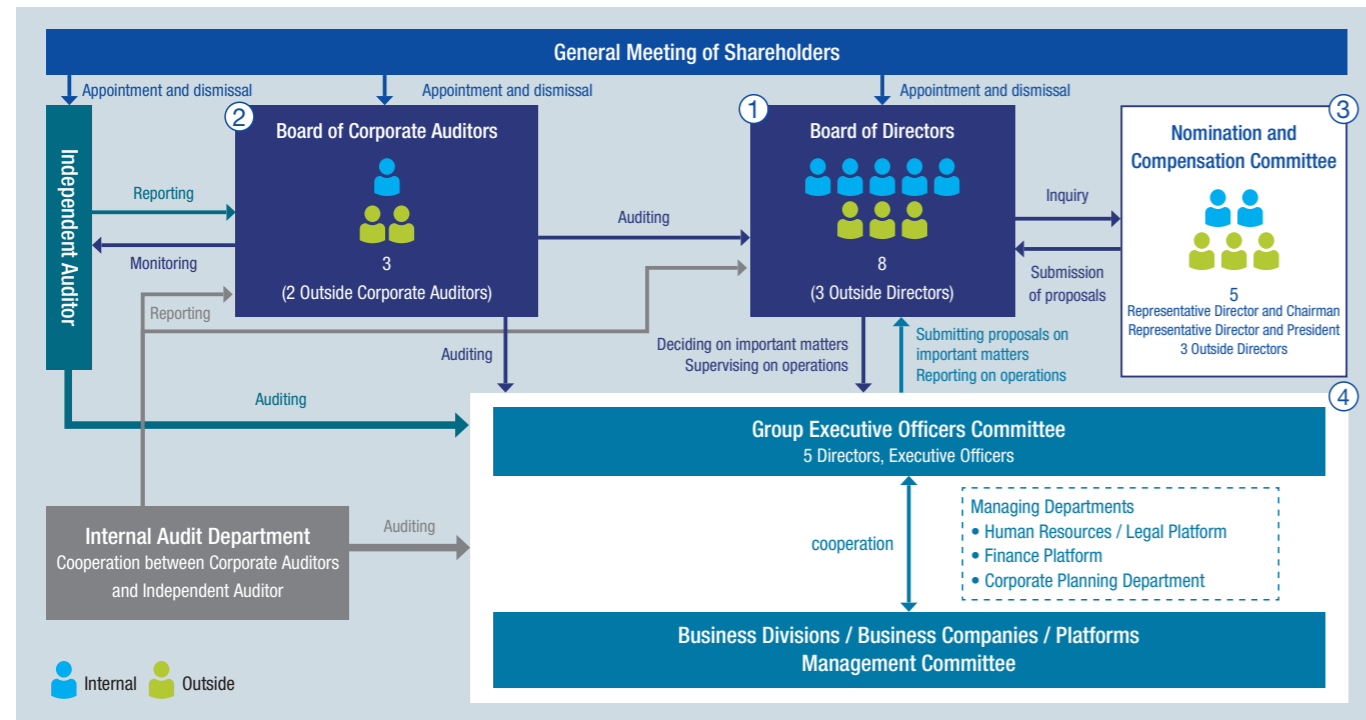
MISUMI Group enacted and disclosed the MISUMI Group Corporate Governance Basic Policy with the aim of contributing to the Group's continuous growth and medium- to long-term enhancement of its corporate value.

MISUMI Group Corporate Governance Basic Policy https://www.misumi.co.jp/english/company/governance_compliance/corporate_governance.html

Said policy states that each principle provided in the Corporate Governance Code will be implemented.

Corporate Governance System

MISUMI Group directs and audits its business practices through its Board of Directors, Group Executive Officers' Committee and Audit Committee.



Overview of the Corporate Governance System

Organizational format	Company with a Board of Corporate Auditors	Number of Corporate Auditors [of which, Outside Corporate Auditors]	3 [2]
Number of Directors [of which, Outside Directors]	8 [3]	Adoption of corporate officer system	Yes
Term of office of Directors	1 year	Existence of voluntary committees	Yes (Nomination and Compensation Committee)
Number of Outside Directors designated as independent executives	3	Compensation system for Directors and other officers	(1) Basic compensation (2) Performance-linked compensation (bonuses) (3) Stock options

(1) Board of Directors

The Board of Directors determine the strategic direction of MISUMI Group and decide upon important business executional matters. Concurrently, they are responsible for supervising and instructing Corporate Officers and Representative Corporate Officers in charge of the Business Divisions, Business Companies and Platforms, as well as for putting in place suitable internal control systems.

The Board of Directors also regularly review MISUMI Group's operation pertaining to the Internal Control System and Code of Conduct, as well as the Internal Reporting System, making evaluations and changes as required. The Board of Directors comprise eight Directors, including three Outside Directors. As a rule, they hold regular meetings once a month, as well as Extraordinary Board Meetings as deemed necessary, during which they make important decisions regarding management and business and supervise operational execution.

Composition of the Board of Directors

Name	Position	Corporate management	Business strategy	Global experience (Overseas business management, Management of regional subsidiaries, etc.)	DX / IT	Manufacturing /Operations (Logistics, Customer service etc.)	Organizational/ Human resource strategy	Finance/ Accounting	Legal/ Governance/ Risk management
Kosuke Nishimoto	Representative Director	○	○				○	○	○
Ryusei Ono	Representative Director	○	○	○	○	○			
Tomoki Kanatani	Director		○	○	○	○			
Shigetaka Shimizu	Director		○	○	○	○			
Shaochun Xu	Director			○			○	○	○
Yoichi Nakano	Outside Director	○		○			○	○	
Arata Shimizu	Outside Director	○	○		○	○			
Tomoharu Suseki	Outside Director	○		○		○			○
Takaaki Wada	Corporate Auditor			○		○	○		
Juichi Nozue	Outside Corporate Auditor			○					○
Nanako Aono	Outside Corporate Auditor	○						○	

*Male: 9 persons, female: 2 persons; Japanese national: 10 persons, foreign national: 1 person

(2) Board of Corporate Auditors

The Board of Corporate Auditors comprises three Corporate Auditors including two Outside Corporate Auditors. The Board of Corporate Auditors audit Directors' execution of their duties and closely cooperate with the Independent Auditor and the Internal Audit Department to improve the effectiveness and efficiency of the auditing process.

(3) Nomination and Compensation Committee

To strengthen the supervisory function of the Board of Directors and increase the transparency of the decision-making process, the Company has established a Nomination and Compensation Committee in which the majority comprises independent Outside Directors. It serves as an advisory body, making deliberations and submission of proposals to the Board of Directors on evaluation/remuneration matters and election/dismissal of Directors, including Representative Directors, and succession planning of Representative Directors.

The Nomination and Compensation Committee objectively discusses, considers regarding important matters, such as nomination and compensation, from the different perspectives including diversity and skills.

Members of Nomination / Compensation Committee

Representative Director and Chairperson	Kosuke Nishimoto (Chairperson)
Representative Director and President	Ryusei Ono
Outside Director	Yoichi Nakano
Outside Director	Arata Shimizu
Outside Director	Tomoharu Suseki

(4) Group Executive Officers' Committee / Business Divisions, Business Companies and Platforms Management Committee

The Group Executive Officers' Committee is composed of Five fulltime Directors (excluding Outside Directors of the Board) from MISUMI Group Inc., and Representative Corporate Officers from Business Divisions, Business Companies and Platforms. As a rule, they hold regular meetings once a month to reinforce both supervision and execution. "Business Divisions" and "Business Company" oversees MISUMI Group's business side, and "Platforms" was established for business support and service functions.

Authority and responsibility have been delegated to these entities. In so doing, MISUMI Group has attempted to realize integrated management of manufacturing and sales with SURUGA Production Platform, thereby expediting the decision-making process. To clarify the decision-making process, meetings such as Business Divisions, Business Companies and Platforms Management Meetings, take place within MISUMI Group's respective Business Divisions, Business Companies and Platforms.

Outside Directors and Outside Corporate Auditors

Functions and Roles of Outside Directors and Outside Corporate Auditors in Corporate Governance

MISUMI Group Inc.'s Board of Directors have the function of supervising management, decision-making and operational execution by the Executive Directors and Corporate Officers. The Board of Directors comprise eight Directors, three of whom are Outside Directors, and of the three Corporate Auditors, two are Outside Corporate Auditors. With respect to corporate governance, MISUMI Group Inc. believes that the function of management monitoring by an external and neutral party with an objective viewpoint is important and has determined that the current system of supervision and checking of management by Outside Directors and independent auditing by Outside Corporate Auditors allows for sufficient monitoring from the outside.

Standards or Policies Related to Autonomy from Submitting Company in the Appointment of an Outside Director or Outside Corporate Auditor

MISUMI Group's standards for appointment as an Outside Director or Outside Corporate Auditor are the same as those of an independent executive as stipulated by the Tokyo

Stock Exchange rules. MISUMI Group's reasons for the appointment of respective Outside Directors and Outside Corporate Auditors and their record of attendance at Board of Directors' meetings in FY2022 are as indicated in the table below. We determine that these individuals can carry out the role of supervising and checking MISUMI Group's management and carry out the role of auditing fairly and objectively from an independent standpoint on the basis of their expert knowledge and experience.

Supervision or Auditing by Outside Directors and Outside Corporate Auditors

Outside Directors participate in the monthly Board of Directors' meetings and primarily ask questions and provide advice regarding proposals and deliberations from an objective standpoint independent from the management team that is engaged in operational execution.

Outside Corporate Auditors attend the monthly Board of Directors' meetings and the Board of Corporate Auditors meetings and ask questions and provide advice regarding proposals and deliberations from the standpoint of having expert knowledge and experience.

Outside Directors

(As of June 15, 2023)

Outside Director	Reason for Appointment	Number of Board of Directors' Meetings Attended in the Fiscal Year Ended March 2023
Yoichi Nakano	Extensive experience in various industries on a global basis, namely, finance, consulting and executive search, and possessing ample experience and broad knowledge of management personnel development	14 out of 14
Arata Shimizu	Ample experience and broad knowledge through his extensive career in strategic consulting and business management	14 out of 14
Tomoharu Suseki	Has held management positions of various global companies primarily in electronics field for many years and has extensive experience and broad knowledge in business management	14 out of 14

Outside Corporate Auditors

Outside Corporate Auditor	Reason for Appointment	Number of Board of Directors' Meetings Attended in the Fiscal Year Ended March 2023	Number of Board of Corporate Auditors Meetings Attended in the Fiscal Year Ended March 2023
Juichi Nozue	Expertise and experience in legal affairs as a lawyer and ample experience as Outside Director and Outside Corporate Auditor of MISUMI Group Inc. and other companies	14 out of 14	26 out of 27
Nanako Aono	A considerable degree of knowledge concerning financial accounting as a certified public accountant, and extensive insight cultivated through her career as a business manager and Corporate Auditor	14 out of 14	27 out of 27

Assessing the Effectiveness of the Board of Directors

Evaluation Process (year ended March 31, 2023)

With respect to self-evaluation of the Company's Board of Directors' effectiveness, questionnaires were distributed to the Directors and Auditors and obtained their responses. Designated evaluation 'members' conducted analysis and evaluation pursuant to discussions based on the aggregated response results, status of the Board of Directors meeting for the current fiscal year, as well as briefs on various matters and statements expressed.

Evaluation Results (year ended March 31, 2023)

The Board of Directors of the Company has assessed that the effectiveness has been sufficiently ensured, as follows:

- Sufficient time has been devoted to the discussion of proposals submitted to the Board of Directors, with serious and vigorous discussions among those present, and appropriate decisions have been made and oversight has been properly exercised with respect to executive matters.
- Outside Directors and Outside Corporate Auditors are actively engaged in discussions by proactively speaking out from their respective professional viewpoints. Their opinions are fully reflected in our Management's decision-making process.
- The function and management method of the Company's Board of Directors are continuously innovated to enhance their effectiveness. This leads to the enrichment of active deliberation of the Board of Directors, the strengthening of supervision and the guidance of execution.
- There are three independent Outside Directors, which meets the Prime Market requirement for more than one-third of directors to be independent Outside Directors.
- At the Annual General Meeting in June 2022, the election of a female and a foreign Director was approved, increasing the diversity of the Board.
- The Nomination and Compensation Committee has been established as an advisory body, which deliberates and submits proposals to the Board of Directors on evaluation/compensation matters and on the election/dismissal of members of Directors, including the Representative Directors. It also discusses and implements succession planning for the Representative Directors.

Going forward, we will continue to discuss the roles, functions, operations, and agenda of the Board of Directors to establish an appropriate Board that addresses further business growth and globalization. Additionally, we will consider the number and composition of internal and external Directors and the balance of knowledge, experience, and capabilities.

Basic Policy on the Internal Control System

MISUMI Group Inc.'s Board of Directors agreed on "Basic Policy on the Internal Control System" at the Board of Directors' meeting held on May 14, 2015, on the basis of the Companies Act Article 362, Paragraph 4(6) and the Ordinance for Enforcement of the Companies Act Article 100, Paragraph 1 and 3. The decisions are as follows.

Systems for the retention and management of information concerning the execution of Directors' duties	<ul style="list-style-type: none"> • Minutes for meetings of the Board of Directors, the Group Officers' Committee and other important meetings will be compiled and retained appropriately, as stipulated by laws, regulations and rules.
Rules and other systems pertaining to management of risks that could cause losses to the Company or its subsidiaries	<ul style="list-style-type: none"> • Various regulations, internal rules, manuals, and risk management systems will be formulated to address risks faced by MISUMI Group Inc. and its subsidiaries (hereinafter referred to collectively as the "MISUMI Group"), including risks relating to regulatory compliance, the environment, information, export controls and natural disasters. • Task forces will be established to take timely action and report to the Board of Directors in the event of unforeseen contingencies affecting the MISUMI Group.
Systems to ensure the efficient execution of duties by Directors of the Company and its subsidiaries	<ul style="list-style-type: none"> • Management plans will be subject to final approval by the Board of Directors, and progress on such plans will be monitored at monthly meetings of the Group Officers' Committee. • Important issues identified through the monitoring of progress on management plans, or through other processes, will be discussed at meetings of the Board of Directors or the Group Officers' Committee, etc. • At its monthly meetings, the Board of Directors will hear reports, monitor business results, and provide advice and guidance on important matters.

Systems to ensure that the duties of Directors and employees of the Company and its subsidiaries are performed in accordance with laws, regulations and the Articles of Incorporation	<ul style="list-style-type: none"> Directors and employees of the MISUMI Group will ensure observance of the MISUMI Group Code of Conduct and compliance with laws, regulations, and the Company's Articles of Incorporation. Systems has been established to ensure that duties are carried out appropriately in accordance with the occupational authority rules and other decision-making rules of the MISUMI Group. An internal reporting ("whistleblowing") system has been established for the entire MISUMI Group to ensure the early discovery of actual or suspected violations of laws, regulations and/or internal rules. Steps will be taken to guarantee that whistleblowers will not be disadvantaged.
Systems for ensuring that the business operations of the Company and the subsidiaries that make up the Group are conducted appropriately, including systems for reporting to the Company on the execution of duties by the subsidiaries' directors, etc.	<ul style="list-style-type: none"> MISUMI Group Inc. will require each subsidiary to submit a monthly report concerning its business execution and operations. MISUMI Group Inc. will ensure the appropriateness of the business operations of each subsidiary by obtaining business reports and monitoring progress on management plans at Group Officers' Committee meetings. The business operations of each subsidiary will be audited regularly by the Internal Audit Department. Provisions will be included in the MISUMI Group Code of Conduct requiring the repudiation of relationships with antisocial forces, and resolute opposition to such forces by the entire MISUMI Group.
Matters pertaining to employees who assist the Company's Corporate Auditors	<ul style="list-style-type: none"> Corporate Auditors will be free to appoint audit assistants and will be involved in transfers and evaluations, etc., of audit assistants. When assisting the Corporate Auditors in the performance of their activities, audit assistants will act in accordance with instructions from the Corporate Auditors.
Systems for reporting to the Company's Corporate Auditors	<ul style="list-style-type: none"> The Corporate Auditors will attend important meetings, including meetings of the Board of Directors and the Group Officers' Committee. Directors and employees will inform the Corporate Auditors immediately of any situation that could have a serious impact on the MISUMI Group, or of the risk that such a situation might arise. Officers and employees of the MISUMI Group will provide accurate reports about the execution of their duties at the request of the Corporate Auditors. The Corporate Auditors will meet regularly with the independent auditor and the Internal Audit Department to share opinions and information. Corporate Auditors will seek reports from the independent auditor whenever necessary. The unit in charge of the internal reporting ("whistleblowing") system will report on a regular basis to the Corporate Auditors about the status of internal reporting within the MISUMI Group. A guarantee will be provided to the effect that no officer or employee of the MISUMI Group who reports to the Corporate Auditors will be disadvantaged as a result of that action.
Matters pertaining to policies concerning the treatment of costs resulting from the execution of duties by Corporate Auditors of the Company	<ul style="list-style-type: none"> A fixed budget will be provided each year for costs, etc., incurred in the execution of duties by the Corporate Auditors. Any other essential costs incurred by the Corporate Auditors in the execution of their duties will be either paid in advance or settled promptly on request from the Corporate Auditors.

Ethics and Compliance

Code of Conduct

MISUMI Group Inc. and its subsidiary and affiliates, ("MISUMI Group") has established the "MISUMI Group Code of Conduct" as a set of MISUMI Group's fundamental policies and rules that is a model of the processes, activities and conducts of the directors, executives, officers and employees of MISUMI Group, (the "Employees") in terms of compliance with the laws, regulations, and the internal rules, the corporate mission and business ethics. The Employees are informed and fully aware of the Code of Conduct.

Code of Conduct
<https://www.misumi.co.jp/english/esg/governance/compliance.html>

Employee Training on Ethical Standard

MISUMI Group has established the training program for compliance and business ethics, (the "Training Program") and provided the training sessions regularly, mostly once a year. Post-training tests are also conducted to ensure the comprehension of each training and to promote employees understanding of the contents.

Bribery and Anti-Corruption Policy

In the Code of Conduct, MISUMI Group prohibits the Employees from bribing government or administrative officials, and from committing illegal financial transaction with business partners.

Code of Conduct
<https://www.misumi.co.jp/english/esg/governance/compliance.html>

Protection on Personal Information

MISUMI Group complies with the laws and regulations related the protection of personal information and handles personal information appropriately.

Privacy Policy for Shareholders
<https://www.misumi.co.jp/english/utility/privacy/shareholders.html>

Information Security

MISUMI Group has recognized importance of the information security as to roll out business globally. To protect the

information assets from various threat, MISUMI Group has established Basic Policies for Information Security and improved information security.

Basic Policy on Information Security
<https://www.misumi.co.jp/english/ir/policy/security.html>

Oversight for Ethics Compliance and Legal Issues

Corporate Officer responsible for the legal and compliance issues reports the legal, compliance and business ethics activities to the Board of Directors of MISUMI Group Inc., twice a year. The Board of Directors discusses the reports, supervises and instructs the measures to be corrected or strengthened.

Furthermore, Legal Department makes reports on important legal and compliance cases every month.

Regular Audits of Ethical Standards

The Board of Directors of MISUMI Group Inc. adopted a resolution on the Basic Policy on systems to ensure that MISUMI Group's business operations are conducted in compliance with laws, regulations and the articles of incorporation, and other systems to ensure that MISUMI Group's business operations are conducted in an appropriate manner (the "Internal Control System").

Internal Control System
https://www.misumi.co.jp/english/esg/governance/internal_control.html

The Board of Corporate Auditors reviews the administration of the Internal Control System every year.

The Internal Audit Department sets approximately ten sites or organizations for the audit target every year and conducts an audit to find out whether such sites or organizations are executed or operated appropriately complying with laws, regulations, and internal rules.

Additionally, since 2019, Legal Department has conducted action called "Legal Risk Review Rounds" to locate legal risks and potential violations of law in the early stage and resolve the issues with the targeting organization.

Internal Whistle-Blowing System of MISUMI Group

Whistle Blowing System and Whistleblower Protection

MISUMI Group has established Whistle Blowing System called "MISUMI Compliance Helpline," in which the Employees can report or consult illegal or inappropriate and questionable matters and incidents.

In addition to MISUMI Compliance Helpline, HR department has established a consultation desk where the Employees can consult harassment and any other inappropriate behavior in workplace. Those who have reported or consulted to this consultation desk are also guaranteed with anonymity and no disadvantages.

Whistle Blowing System "MISUMI Compliance Helpline"
<https://www.misumi.co.jp/english/esg/governance/whistleblower.html>

Investigation and Decision on Whistleblowing Case

When a report is made to MISUMI Compliance Helpline, local helpline desk, or HR's consultation desk, HR Department and Legal Department investigate the facts and background with the utmost consideration on anonymity and protection of the whistleblowers.

For important cases, HR Compliance Committee including Representative Director of MISUMI Group Inc. decides whether to penalize an employee who is responsible for inappropriate behavior, and/or what penalty should be given based on the investigation. After deciding the penalty, the department which the penalized person belonged to and the fact of the penalty are disclosed internally to secure the transparency of process, however, individual name is not disclosed.