

May 10, 2024

Company name: MINEBEA MITSUMI Inc.
Representative: Representative Director, Chairman CEO
Yoshihisa Kainuma
(Code No.: 6479 TSE Prime)
Inquiries: General Manager of HR Department, HR &
General Affairs Division
Hiroshi Yamamoto
Phone: (03) 6758-6712

Notice of Revision of the Officer Compensation System and Partial Change and Continuation of the Performance-Linked Stock Compensation System for Directors

MinebeaMitsumi Inc. (hereinafter the “Company”) resolved at the Board of Directors meeting held today to revise the officer compensation system. It was resolved that the proposal (hereinafter the “Proposal”) concerning the continuation and partial revision of the performance-linked stock compensation system (hereinafter the “System”), which has been introduced since 2020 for Directors (excluding Outside Directors) will be submitted to the 78th Ordinary General Meeting of Shareholders (hereinafter the “Meeting”) scheduled to be held on June 27, 2024. Therefore, the Company announces the resolution with the contents of the revision to the officer compensation system as follows.

I. Revision of the Officer Compensation System

1. Purpose of Revision of the Officer Compensation System and the Basic Principle to the Officer Compensation System

(1) Purpose of revision

The revision of the officer compensation system this time aims to further enhance the willingness and sense of realization of Directors' contributions to the enhancement of corporate value by linking the evaluation indicators of officer compensation to management indicators in order to achieve the targets for the fiscal year ending March 2029 of 2.5 trillion yen in net sales and 250 billion yen in operating income and to ensure the achievement of these targets.

The revision of the officer compensation system this time was consulted with the Nomination and Compensation Committee, which is composed of a majority of Outside Directors, and was decided by the Board of Directors based on the results of the Committee's report.

(2) Basic principle to the officer compensation system

In light of the revision the officer compensation system this time, the Company established the following "Basic Principle to the Officer Compensation System."

- i. A balanced system that realizes a high incentive effect that draws out the full potential of individual Directors and a sustainable increase in corporate value from a medium- to long-term perspective
- ii. Aim for a level of compensation that is competitive in attracting talented domestic and overseas personnel and can be attractive to the Company's employees in their pursuit to be part of future management team

- iii. An appropriate framework that ensures transparency, fairness, and rationality in the fulfillment of accountability to shareholders, investors, and other stakeholders

2. Outline of the Revision of the Officer Compensation System

(1) Partial change in short-term performance-linked compensation (bonuses)

The basic payment amount calculated based on the level of achievement of consolidated profit for the year is added or subtracted according to the achievement level of the growth of the consolidated net sales, the Company's stock price performance compared to the Nikkei stock average, and market capitalization at fiscal year-end, and is added according to the success or failure of achievement of 8% in operating income margin. In order to achieve the current management indicator of a 10% operating income margin, the Company will set additional targets for the achievement of a 9% operating income margin and a 10% operating income margin.

(2) Partial change in performance-linked stock compensation

The basic payment amount calculated by the level of achievement of consolidated profit for the year is added or subtracted according to the individual's level of contribution evaluation (qualitative evaluation including the results of ESG and other initiatives). However, the system will be changed to one in which the basic payment amount is added or subtracted according to the achievement of quantitative evaluation indicators linked to consolidated management indicators. The new evaluation indicators to be set are as follows.

Evaluation indicator	Aim, etc.
Achievement of ROE 15%	The current system is centered on consolidated profit for the year and this aims to supplement the medium- to long-term perspective.
Achievement of GHG (scope 1-2) -5% YoY	A specific numerical target to be set in order to realize SBT targets (*1), which is the Company's external commitment.

(3) Establishment of medium- to long-term performance-linked compensation (cash/shares)

The new system will be added to the current system as a driving force for the realization of 2.5 trillion yen in net sales and 250 billion yen in operating income, the targets to be achieved in the fiscal year ending March, 2029. The evaluation indicators, etc. are as follows.

Evaluation indicator	Aim, etc.
Achievement of EPS growth rate of 15% (the latest 3-year average)	By using the achievement of an EPS growth rate of 15% or above, which is a management indicator, as an evaluation indicator based on the latest 3-year average, the Company will strengthen its motivation from a medium- to long-term perspective to continuously generate consolidated profit for the year, which is a source of growth. The Company will grant cash or shares according to the level of achievement of the indicator, ranging from 15% to 20%.

The medium- to long-term performance-linked compensation shall be granted in cash or shares. However, in principle, shares will be granted to Directors who do not hold the number of the Company's shares at the level required by the Company's "Stock Ownership Guidelines for Directors"(*2).

(*1) As a target of Science Based Targets (SBT) under the Paris Agreement, the Company has announced a reduction of GHG (scope1-2) by 42% compared to March 2021, and the achievement of this target needs to realize a reduction of 5% or more compared to the previous year.

(*2) Stock Ownership Guidelines for Directors

<https://www.minebeamitsumi.com/english/corp/investors/management/governance/>

3. Revision Date (Effective Date)

July 1, 2024

This is subject to approval at the 78th Ordinary General Meeting of Shareholders scheduled to be held on June 27, 2024, of a proposal on partial change and continuation of the performance-linked stock compensation system for Directors as described below.

<Reference: Comparison between before and after revision of evaluation indicators for the officer compensation system, etc.>

		Name	Before revision	After revision
Non-performance-linked		Basic compensation	Position-based compensation (fixed by position) Performance-based compensation (individual performance evaluation)	<No change>
Performance-linked	Short-term	Cash	Short-term performance-linked compensation (bonuses)	} <No change> Operating income margin: <u>8%-10%</u> <No change>
			Achievement of consolidated profit for the year Growth of the consolidated net sales Performance compared to the Nikkei stock average Market capitalization at fiscal year-end Operating income margin: <u>8%</u> Individual performance evaluation	
	Medium- to long-term	Stock	Medium- to long-term performance-linked compensation (cash/stock)	<u>EPS growth rate (the latest 3-year average): 15%-20%</u> <Newly established>
	Performance-linked stock compensation (the System)		Achievement of consolidated profit for the year <u>Individual's level of contribution evaluation (including results of ESG initiatives)</u> <No change> <u>ROE: 15%</u> <u>GHG (scope1-2): -5%</u>	

II. Partial Change and Continuation of the Performance-Linked Stock Compensation System for Directors

1. Partial Change of the System

The Company introduced the System based on the resolution of the 74th Ordinary General Meeting of Shareholders held on June 26, 2020, and has operated it up to the present time. The purpose is to further clarify the link between Directors' compensation and the Company's business performance and stock value and to raise awareness among Directors of the need to contribute to improving the Company's performance and enhancing its corporate value over the medium- to long- term by sharing with shareholders the benefits and risks associated with stock price fluctuations.

Under the System, as for an outline, a number of the Company's shares equivalent to the number of points the Company grants to each Director are delivered to each Director through the relevant trust. Currently, i) the Company grants only points on the standard for granting points of each Director's degree of contribution to the performance, etc. In line with the above-stated revision to the officer compensation system, the proposed revision will grant two types of points: i') points for which the degree of achievement of the quantitative evaluation indicators linked to consolidated management indicators are the standard for granting points (hereinafter "A. Standards Changed"); and ii) points for which the medium- to long-term transition of quantitative evaluation indicators are the standard for granting points (hereinafter "B. Standards Newly Established"). In addition, in conjunction with the change in the relevant method of granting points, the Company will request that the shareholders at the Meeting increase the maximum amount of shares to be delivered to Directors under the System by raising the maximum amount of money to be contributed by the Company to the trust to fund the acquisition of the Company's shares and the maximum number of points to be granted to Directors.

The main contents of the partial change of the System are as follows.

	The System (current)	Proposed revision (partial revision of the System)	
(i) Applicable period	From the fiscal year ending March 31, 2021 to the fiscal year ending March 31, 2023 (Extension of one fiscal year by resolution of the Board of Directors after the end of the above applicable period)	From the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027	
(ii) Maximum amount of money the Company will contribute to fund the acquisition of the Company's shares necessary to grant to the eligible Director during the three fiscal years of the applicable period of (i)	Total amount of 300 million yen	Total amount of 960 million yen	
(iii) Maximum amount of money the Company will contribute to fund the acquisition of the Company's shares necessary to grant to the eligible Director in the event that the applicable period is further extended	Total amount of 100 million yen	Total amount of 320 million yen	
(iv) Maximum total number of points to be granted to eligible Directors	100,000 points per fiscal year	160,000 points per fiscal year	
(v) Standard for granting points (Performance-linked indicators of the proposed revision are expected to be applied to the initial applicable period after the system change)	Points are granted according to the level of contribution to business performance, etc.	A. Standards Changed (*1)	Points are granted according to the degree of achievement of each target in terms of consolidated profit for the year, ROE, and GHG reduction ratio.
	<Newly established>	B. Standards Newly Established	Points are granted according to the degree of

		(*2)	achievement of EPS growth-rate targets
--	--	------	--

(*1) Corresponds to “performance-linked stock compensation” under the System (current).

(*2) Corresponds to the newly established “medium- to long-term performance-linked compensation (cash/stock).” Compensation for the Standards Newly Established to the Representative Director, Chairman and the Representative Director, Vice Chairman shall be paid separately in cash.

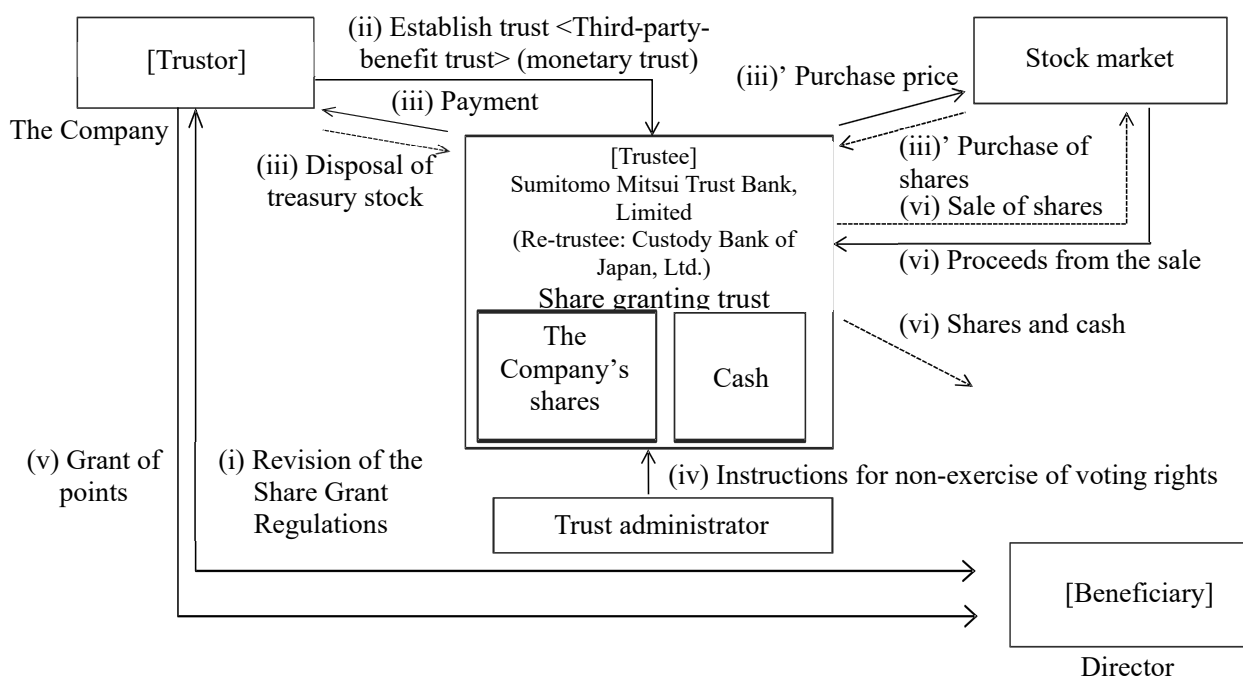
2. Outline of the System

(1) Structure of the System

As described above, the Company will establish the System by paying cash through a trust (already established; hereinafter the “Trust”) to acquire the Company’s shares. Through the Trust, the Company’s Directors would be granted a number of the Company’s shares equivalent to points conferred to them.

In principle, the Company’s shares would be granted upon retirement of Directors.

<Outline of the System’s Structure>



- i) At the Board of Directors meeting, the Company will establish the Share Grant Regulations for Directors (this time, the Company plans to revise the previously established regulations by resolution of the Board of Directors).
- ii) With respect to the Trust, which was already established on July 13, 2020 as a beneficiary of Directors meeting certain requirements, the Company will extend the trust term and make additional contributions (additional trusts) in an amount of money equal to the funds for the acquisition of the Company’s shares necessary for grant to Directors under the System (however, this shall be within the amount approved by the General Meeting of Shareholders).
- iii) The trustee will use the money (including the money additionally entrusted by the Company in accordance with ii) above as well as the money remaining in the Trust prior to the additional trust) in the Trust as a source of funds to acquire a substantial number of the Company’s shares in a lump sum that are expected to be granted in the future (by way of disposal of treasury stock or by way of acquisition from the stock market (including off-floor trades)).
- iv) A trust administrator (who shall be independent of the Company and its officers) shall be established to protect the interests of the beneficiaries subject to the Share Grant Regulations throughout the trust term and supervise the trustee. With respect to the Company’s shares in the Trust, the trust administrator shall instruct the trustee not to exercise the voting rights, and the trustee shall not exercise the voting rights throughout the trust term in accordance with such instructions.
- v) In accordance with the Share Grant Regulations, the Company will grant points to Directors.

vi) Directors who have met the requirements set forth in the Share Grant Regulations and the trust agreement pertaining to the Trust will acquire the beneficial interest in the Trust and receive the grant of the Company's shares from the trustee according to the points granted as the beneficiary of the Trust. In the event of a certain reason as set forth in the Share Grant Regulations and the trust agreement in advance, a portion of the Company's shares to be granted shall be sold to the stock market and money will be granted.

Of the residual assets of the Trust at the termination of the Trust, all of the Company's shares are scheduled to be retired by resolution of the Board of Directors after being acquired by the Company free of charge.

In addition, the Company plans to donate a certain amount of money from the residual assets of the Trust at the termination of the Trust to a specified public interest promotion corporation that has no interest in the Company's Directors by stipulating in the Share Grant Regulations and the trust agreement in advance.

Sumitomo Mitsui Trust Bank, Limited, as trustee under the System, will entrust (re-trust) the management of the trust assets to Custody Bank of Japan, Ltd.

(2) Money held in trust for the Trust

Subject to obtaining the approval of the Proposal at the Meeting, the Company will additionally trust the Trust with the funds necessary for the Trust to acquire the number of the Company's shares reasonably expected to be required for the grant in accordance with (6) below. As described in (5) below, the Trust will acquire the Company's shares using the money in the Trust (including money to be additionally entrusted by the Company as described above, as well as money remaining in the Trust from before the additional trust) as a source of funds.

Sumitomo Mitsui Trust Bank, Limited, as trustee under the System, will entrust (re-trust) the management of the trust assets to Custody Bank of Japan, Ltd.

(3) Period and trust term

Stock compensation under the System after the change will be paid to Directors who serve during the three fiscal years from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027 (hereinafter the "Period") (however, the Period may be extended as described in (4) below).

In addition, the trust term of the established Trust will be extended to the end of July 2027 (scheduled). However, as described in (4) below, the trust term may be further extended.

(4) Maximum amount of trust money to be contributed to the Trust as a fund for share acquisition

In order to fund the acquisition of the Company's shares necessary for the grant of compensation under the System after the change, the Company will make an additional trust in the amount of money up to a total of 960 million yen as compensation for Directors in office during the Period. The Trust would use the Company's entrusted funds (including the money remaining in the Trust from before the additional trust in addition to the money additionally entrusted by the Company as described above) to acquire the Company's shares through the disposal of treasury stock of the Company or through the stock market (including off-floor trades).

Note: The money that the Company actually additionally entrusts to the Trust will be the sum of the aforementioned funds for acquiring the Company's shares and the estimated required expenses, including trust fees and trust administrator fees.

Based on a resolution of the Board of Directors, the Company can extend the Period up to five fiscal years and accordingly further extend the trust term to continue the System (including through transferring trust assets in the Trust to another trust established by the Company for the same purpose as the Trust, thereby effectively extending the trust term; hereinafter the same). In such a case, the Company will, to secure funds needed to acquire the Company's shares for delivery to Directors under the System, additionally trust to the Trust during the extended Period an amount not exceeding that calculated by multiplying the number of fiscal years during the extended Period by 320 million yen, and will continue to grant points and the Company's shares as described in (6) below.

If the Period is not extended as described above, thus discontinuing the System, and a Director of the Company granted points remains in service at the expiry of the trust term, that term may extend until the delivery of the Company's shares is completed upon that Director's retirement.

(5) Method of acquisition of the Company's shares by the Trust, etc.

The acquisition of the Company's shares by the Trust is planned to be made through the disposal of treasury stock by the Company or from the stock market. The details of the acquisition method will be decided and disclosed after the resolution of the Meeting.

If there is a possibility that the number of shares of the Company's shares in the Trust may be insufficient to the number of shares corresponding to the number of points to be granted to Directors during the trust term due to the increase in the number of Directors and other reasons during the trust term, the Company may entrust additional money in the Trust and additionally acquire the Company's shares within the limit of the trust fund set forth in (4) above.

(6) Method for calculating the number of the Company's shares delivered to Directors, and the maximum amount thereof

i) Method of granting points to Directors

The Company will, pursuant to the Share Grant Regulations that the Company's Board of Directors has determined, grant each Director of the Company "A. a number of points corresponding to the Standards after Change" and "B. a number of points corresponding to the Standards for New Establishment" on the grant date set out under the Share Grant Regulations during the trust term. The Company's Board of Directors shall determine the specific evaluation indicators for both "A. the Standards Changed" and "B. the Standards Newly Established." For the time being, however, the Company plans to set "A. the Standards Changed" as "consolidated profit for the year," "ROE," and "GHG reduction ratio," while "B. the Standards Newly Established" as "EPS growth rate (the 3-year average)."

The total number of points granted each fiscal year to Directors will not exceed 160,000.

ii) Delivery of the Company's shares corresponding to points granted

Directors will, pursuant to the procedure in iii) below, receive the Company's shares corresponding to the number of points granted in i) above. However, in the event that a Director retires for personal reasons, etc., all or part of the points granted up to that point shall be forfeited, and the Company's shares corresponding to the forfeited points shall not be delivered to the Director.

One point will equal one share of the Company. If, however, it is deemed reasonable to adjust the number of the Company's shares for delivery, such as for a share split or share consolidation, the number of the Company's shares per point shall be adjusted according to such share split or share consolidation, etc.

iii) Delivery of the Company's shares to Directors

The Trust will, in principle, deliver the Company's shares to a Director under ii) above upon retirement in accordance with a prescribed beneficiary determination procedure.

However, a certain proportion of the Company's shares can be converted into cash through sale within the Trust for the Company to make deductions at source to fund such tax payments as withholding income tax, with payments to Directors being cash in lieu of the Company's shares. Payments can also be made in cash to Directors in lieu of the Company's shares if shares in the Trust are converted to cash, notably upon settlement of shares held in the Trust owing to acceptance of a tender offer.

(7) Exercise of voting rights

Voting rights for the Company's shares in the Trust will not be exercised altogether and will be subject to the instructions of the trust administrator who is independent from the Company and the Company's officers. The goal of this policy will be to ensure neutrality regarding the Company's management in exercising voting rights in the Company's shares held in the Trust.

(8) Treatment of dividends

The Trust will receive dividends on the Company's shares, appropriating them to cover such payments as the costs of acquiring the shares and the trust fees for the trustee of the Trust, etc.

(9) Treatment of the Company's shares and money at the termination of the Trust

Of the residual assets of the Trust at the termination of the Trust, all of the Company's shares are scheduled to be retired by resolution of the Board of Directors after being acquired by the Company free of charge.

In addition, the Company plans to donate a certain amount of money from the residual assets of the Trust at the termination of the Trust to a specified public interest promotion corporation that has no interest in the Company's Directors by stipulating in the Share Grant Regulations and the trust agreement in advance.

Reference: Outline of the trust agreement for the Trust

Trustor:	The Company
Trustee:	Sumitomo Mitsui Trust Bank, Limited (Re-trustee: Custody Bank of Japan, Ltd.)
Beneficiaries:	Company's Directors who meet the beneficiary requirements
Trust administrator:	Selection of independent third parties from the Company and its officers
Exercise of voting rights:	Voting rights pertaining to shares in the Trust will not be exercised throughout the term of the Trust.
Type of trust:	Monetary trust other than money trust (third-party-benefit trust)
Date of trust agreement:	July 13, 2020
Term of the Trust (after extension):	July 13, 2020 to July 31, 2027 (planned)
Date of additional trust of money to the Trust:	August 2024 (planned)
Purpose of the Trust:	Delivery of the Company's shares to beneficiaries in accordance with the Share Grant Regulations

###