

Risk Management

We are working on enriching and strengthening risk management for global business activities. The aim is to ensure that the company will be on a long-lasting track for growth, while reducing and minimizing various risks inherent in diversifying business activities.

Risk Management System

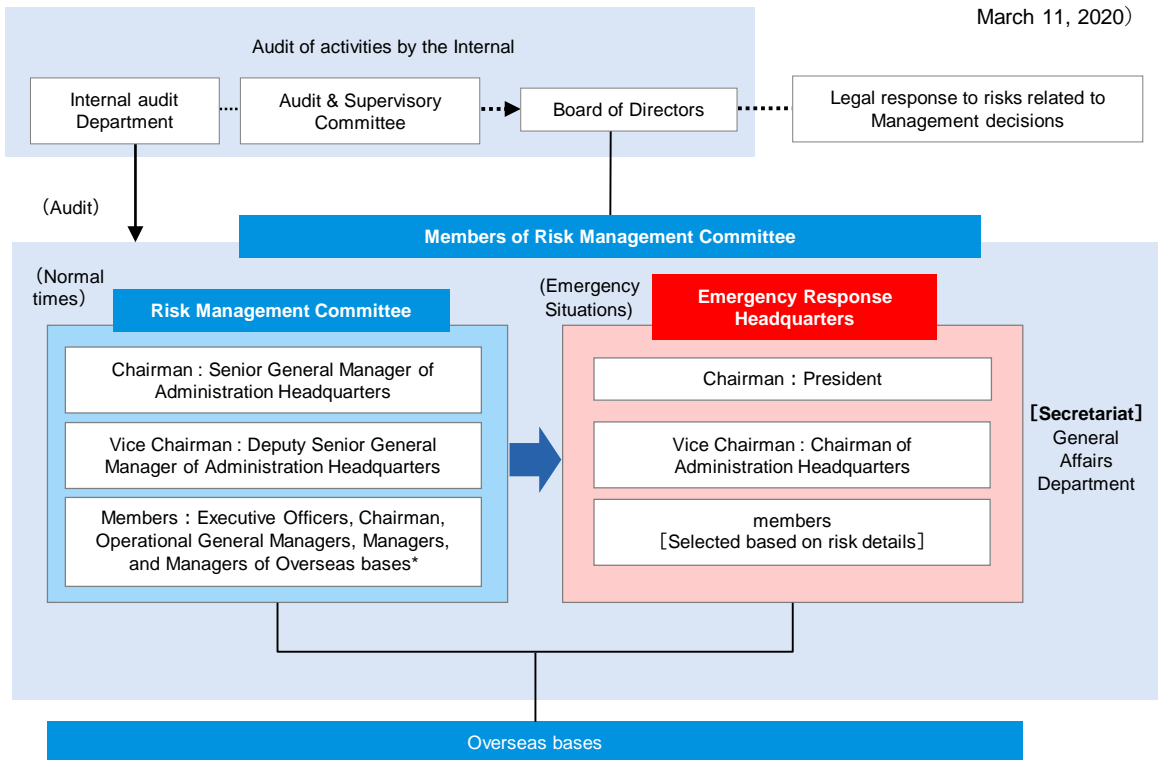
In accordance with our basic policy for internal regulation, we have appointed a director in charge of company-wide risk management and a department in charge of relevant affairs, and have established and maintained the internal rules and procedures necessary for the suitable risk management, and have taken necessary measures such as informing and educating all employees about these rules and procedures.

Product Safety

We consider it a matter of course to meet quality standards, safety requirements, and compliance with environmentally hazardous substances, and in the unlikely event that a defect or fault is found in our products, we will explain the issue to our customers and take countermeasures without arbitrarily hiding the problem. We prevent issues from spreading by responding promptly.

Structure of the Risk Management Committee

March 11, 2020)



* General Managers of overseas bases are part-time members
(Information necessary for risk management is shared on an as-needed basis.)

Expected risks

[External factors]

Natural disasters, social crimes, global/political situations, and risks of market uncertainty, including interest rates, currencies, and material prices

[Internal factors]

Product quality and safety, compliance, information communication systems, intellectual property rights, labor accidents, facility accidents, environment, labor issues, human rights, rumors, suppliers, supply chains, M&A, etc.

Actions of the members of Risk Management Committee

1. Securing lives (safety) of people
2. Compliance
3. Information security
4. Production and supply shutdown Categorized and specified into

Leader sections are specified for these risks to implement risk management activities as the entire Mabuchi Group while cooperating with the management section and related executive employees.

Information security policy

Mabuchi Motor Co., Ltd. and our affiliated companies (this "Group") earnestly consider what effect our actions have on our stakeholders, aiming to be a trustworthy organization in all aspects of business. This Group recognizes that it is our social obligation as a business to manage the information resources we possess and take appropriate information security measures to prevent leakage, alteration, destruction, or theft of information. Along with ensuring that all our workers including our executives deepen their understanding of the necessity and responsibility of information security, this group is establishing this information security policy in the expectation of guaranteeing infallible information security.

■System

This Group will establish a "risk management committee" through which we will build security systems and structures that allow for continuous application, evaluation, and improvement.

■Preservation and maintenance of information resources

This Group will appropriately classify and organize information, and will take security measures in accordance with that information's importance. This Group will take the utmost care in handling information and will manage it strictly.

■Compliance

This Group's executives, employees, and other workers (this "Group's Employees, etc.") will strictly adhere to the information security obligations established by the law, company regulations, and client contracts.

Privacy Policy

Recognizing that it is an important obligation to adequately handle and protect information that can be used to identify individuals (hereinafter referred to as "personal information"), the Mabuchi Group will strive to protect personal information based on "Privacy Policy".

Basic Policy

Mabuchi commits to disclose information to shareholders and investors in fair and timely manner, in order to ensure a proper assessment and to increase trust in its corporate value. Mabuchi provides useful information with devising or improving the methods of disclosure so as to promote understanding of our diverse business activities.

■Disclosure Standards

Mabuchi discloses information based on relevant laws and regulations, such as the Companies Act, the Financial Instruments and Exchange Law including the "Fair Disclosure Rules," and on the rules of Tokyo Stock Exchange. In addition, when Mabuchi regards disclosure of information not prescribed under the laws and rules, as necessary and useful to shareholders and investors, Mabuchi discloses such information on a timely, accurate, just and fair way.

Emergency Response Training

In order to ensure safety when disasters and other emergencies occur and to prevent environmental pollution and its spread, we conduct emergency procedure and report drills that assume various cases according to the characteristics of each business.

We prepared and distributed the "Emergency Response Manual for Employees in Case of a Disaster" and "Emergency Response Cards for Large-scale Disasters," in addition to the "Initial Response and Instructions Manual for Managers." We also introduced the "Safety Confirmation System (for all head office employees)." Furthermore, a response manual was prepared for each department that plays an important role in the event of a disaster, such as the Emergency Response HQ.

We also educate our personnel about disaster prevention and carry out various disaster drills (drills for evacuation, reporting, fire extinguishing, disaster relief, safety confirmation, and safe return to home) so that employees can calmly take the appropriate action in the event of a disaster.



Left column: Overseas bases (Taiwan)
Right column: Headquarters

In addition, we keep in stock disaster supplies such as protective items, equipment, food and drinks, and daily necessities to ensure safety, and accept employees in the company who are unable to return home. We are securing a large amount of drinking water at the Headquarters even when the water supply is disrupted because we use groundwater as source of regular drinking water. We are now preparing to conclude a water supply agreement with the Matsudo municipal government so that we can support the local community's drinking water supply.

Storing supplies, materials, equipment, drinking water, and food (Headquarters.)

- Set up two priority telephone lines in the Head Office building.
- Provide a Personal Handy-phone System (PHS) for emergency use as a means of communication during power outages.
- As measures for power outages, keep an emergency power generator and the fuel necessary for the operation of the Emergency Response Headquarters and the protection of the computer system, as well as emergency toilets.
- Store the helmets necessary for emergency evacuation.
- Stockpile drinking water for those who are returning home.
- Stockpile three days worth of food and drinks as well as water for toilets in case employees are unable to return home.
- Measures to prevent the collapse of facilities, furniture, and equipment
- Equipment and tools that can be used for recovery and urgent repair of facilities, apparatuses, and furniture and to support the affected employees and local communities.

Seismic isolation system to protect corporate activities from earthquakes (Headquarters)

Seismic isolators and flexible joints are installed to protect the indoor environment even against damage even from large earthquakes of class 7.