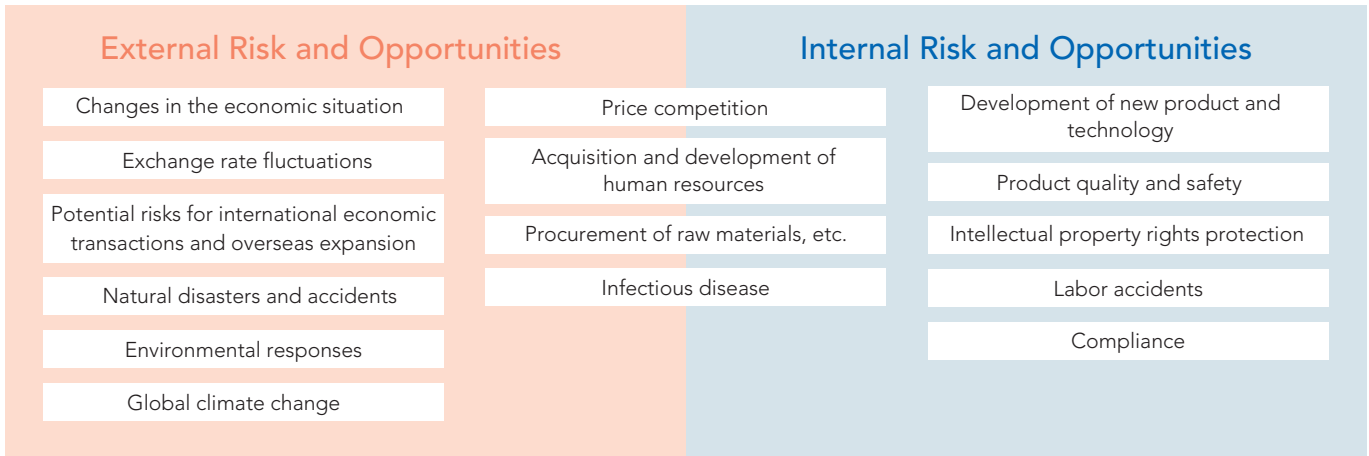


Risk Management

Basic Policy

We believe that it is our corporate responsibility to meet external and internal issues and the needs and expectations of all stakeholders as much as possible in any social environment.

We will thoroughly analyze each event, consider it not only as a risk, but also as an opportunity, decide on a response method, make reliable advance preparations, and then proceed with corporate activities.

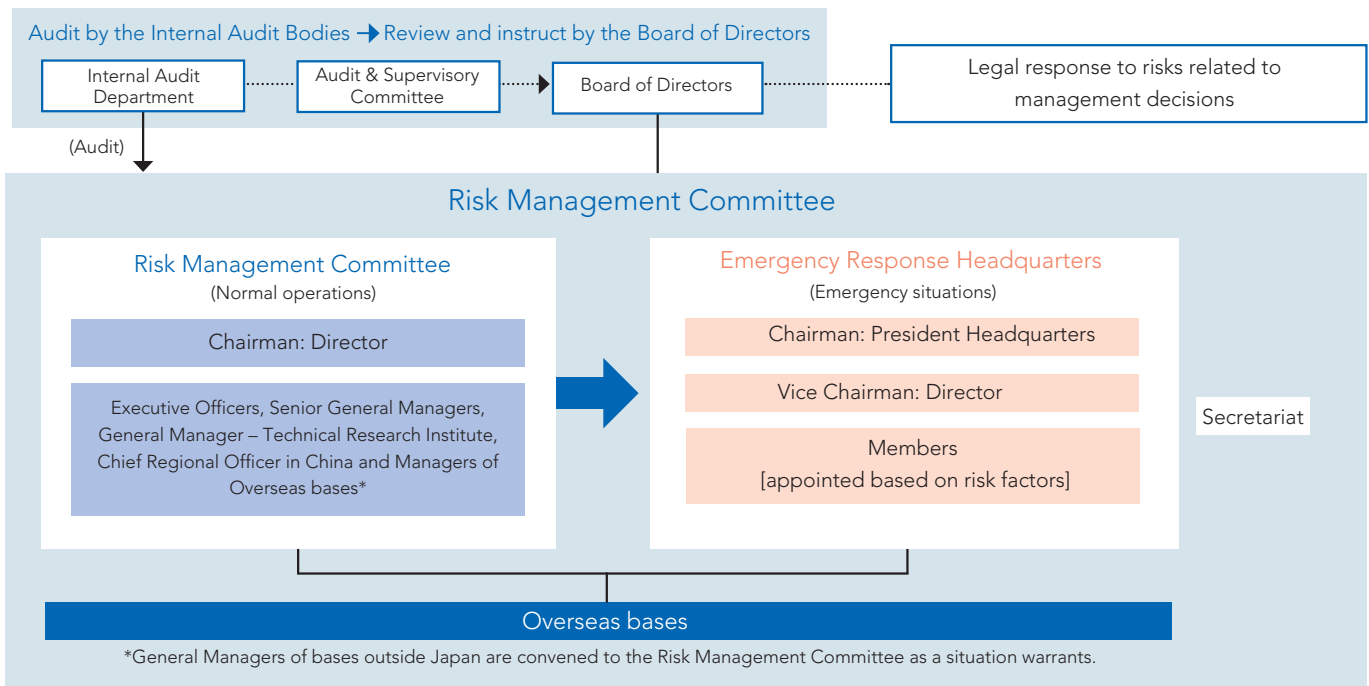


The Risk Management Committee: Purview and Approach

(1) Securing the lives and safety of people, (2) Verifying compliance, (3) Ensuring information security, (4) Effecting production and supply shutdown.

Specialized lead teams assess risks to identify and implement risk management activities group-wide in collaboration with senior management and executives.

Risk Management System



Business risks

Main matters	Main correspondence
Changes in economic situation	Always forecast the latest market trends and optimize capital investment, personnel and inventory, etc.
Exchange rate fluctuations	Use exchange contract after measuring the exchange effect and considering the hedging effect and cost.
Development of new products and technologies	Promote the establishment of an organizational structure for R & D activities aimed at further expanding competitive advantage and the strengthening and development of business division activities integrated with the sales department.
Price competition	Cost control from the product design or development stage by wisdom and technology such as standardization and labor saving, improvement of production technology, systematic cost reduction by globalization of parts procurement, and maintenance and improvement of the average unit price by continuous development of high value-added products.
Potential risk for international economic transactions and overseas expansion	Timely and appropriate response including the construction of the global five-pole business structure, in order to collect information on environment-related regulations, product safety / quality-related regulations, and import / export-related regulations in each country, in addition to the economic, political, and social conditions of the countries and regions in which we operate.
Product quality and safety	We have acquired the international standard ISO9001 for each business base, strive to continuously improve the management system, and comply with the quality system established by the Headquarters.
Intellectual property protection	Secure competitive advantage by actively acquiring and protecting intellectual property rights from a bird's-eye view and proactively aiming to expand sales of products and expand new applications.
Acquisition and development of human resources	In addition to systematic recruitment of new graduates, we carry out regular recruitment based on needs. Moreover, the education system to support skill development has been expanded, and arrangements have been made so that the abilities of diverse employees can be fully demonstrated.
Procurement of raw materials, etc.	Procurement of various raw materials and parts from multiple companies to maintain a stable supply and consideration for CSR procurement.
Natural disasters and accidents	Formulate a business continuity basic plan (BCP) to prevent the emergence of risks such as disasters and accidents.
Environmental responses	The Environmental Management Committee and the Environmental Managers Conference are held to promote measures for sharing environmental information, environmental conservation activities, and environmental management throughout the Group. In the mid-term sustainability targets, we recognize that reducing the environmental burden is an important issue and set specific targets.
Global climate change	Work on continuous energy conservation measures and introduction of renewable energy including solar power generation in order to reduce CO ₂ emissions, and promote information disclosure expressed in line with TCFD, which we endorsed in March 2021.

Emergency Preparedness

To protect people and the environment when natural disasters or other emergencies occur, we conduct emergency procedure and report drills that simulate scenarios affecting the various dimensions of our business operations.

Everyone at Mabuchi Motor is well instructed in emergency preparedness, through these drills and by on-hand resources like the Emergency Response Manual for Employees in Case of a Disaster, Emergency Response Cards for Large-scale Disasters, and First-Response and Instructions Manual for Managers. To monitor employee safety in the event of a disaster, all employees of the main office in Japan are covered by our Safety Confirmation System. Moreover, each department with a key role in disaster response, such as the Emergency Response Headquarters, maintains a specific response manual.

Equally important, we educate all our employees about disaster prevention and run drills for routines related to evacuation, fire, disaster relief, safety confirmation, and safe return to home. We do so in order to prepare employees to take the appropriate actions calmly and resolutely in the event of a disaster.

As a further support measure, we stock emergency supplies such as protective gear and equipment, food and drink, and daily necessities to ensure the safety of employees who may be unable to return home should a disaster strike. Because we use groundwater as a source of drinking water, even if the water supply is disrupted in our area our Headquarters still has an adequate supply. Currently we are concluding an agreement with the Matsudo municipal government so that we can support the supply of drinking water also for the local community.



Risk Management

The Mabuchi Motor Ethical Standard

The Mabuchi Group is guided in all aspects of its business by its chief Management Principle of "Contributing to international society and continuously increasing our contribution." This means conducting business activities in mindful compliance with laws and regulations in the countries and regions where we operate, and in a manner demonstrating good corporate citizenship.

The Mabuchi Motor Ethical Standard sets out specific rules for how we engage with society – specifically, requirements and standards of behavior that all of our people are to meet without fail. The Ethical Standard is a booklet kept by all executives and employees, providing clear guidance that both maintains and improves compliance and ethical stewardship within and across our company. Compliance education activities at our production bases around the world include study sessions and training programs focusing on laws, regulations, and social ethics. A director responsible for compliance at each Mabuchi Group base supervises the compliance activities of that base, with oversight provided by the director responsible for internal control at the main office in Japan. The base director takes the lead in strengthening internal control and promoting continuous, autonomous compliance locally.

To address and improve any inadequacies related to compliance in the Mabuchi Group, the Internal Audit Department conducts both regular and non-scheduled audits at all Group bases. These are designed to verify adherence to compliance-related rules and procedures and to identify any ethical violations. Results are reported directly to top management.

Ethical standards hotline

Through our Ethical Standards Hotline, any employee may inform or consult with the Internal Audit Department about compliance issues directly and under strict anonymity, outside ordinary communication channels (for example, senior managers or other identified contact persons).

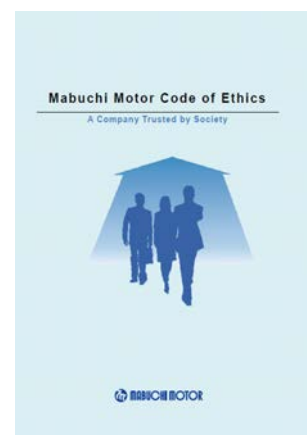
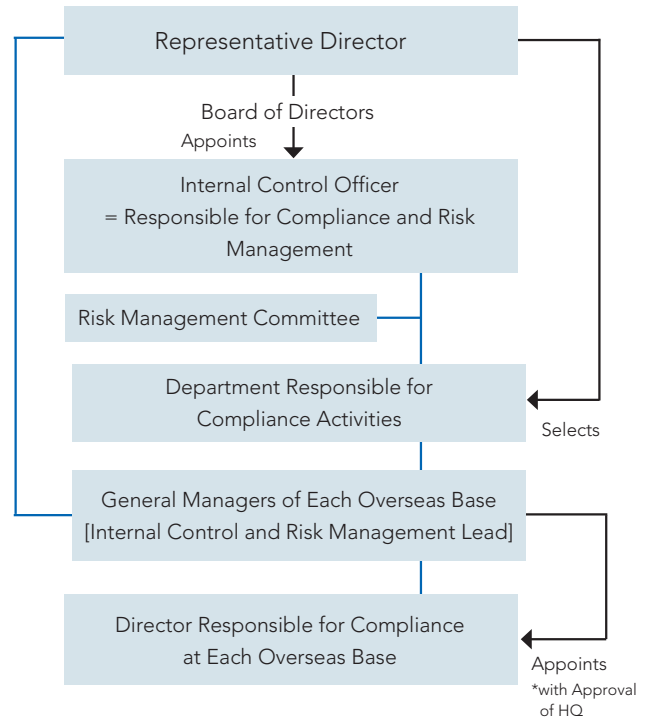
A clearly stated message from our top management promises employees that no person who makes use of the Hotline, or otherwise seeks to consult with us on ethical practices, will be treated disadvantageously because of that consultation, in full accordance with the Whistleblower Protection Act.

The Mabuchi Group strives always to conduct honest and fair business with our suppliers, because this is how we build relationships of trust.

Prohibition of bribery

Mabuchi Motor employees are clearly and strictly prohibited from offering or accepting money, gifts, or any other illegal favor to or from any political group, politician, or government official for the purpose of gaining special treatment for the company.

Compliance Assurance at Mabuchi Motor



Mabuchi Motor Code of Ethics

Non-association with "antisocial forces"

Mabuchi Motor has no relationships and does not associate with organized crime syndicates, or "anti-social forces" as these are denoted by the Japanese government.

Corporate citizenship is social stewardship

Our business activities depend on the local infrastructures of the countries where we operate.

Roads, ports, and water supply, for example, are services developed and maintained by tax revenues from the people and organizations of that country. It is a fundamental responsibility of our company to abide by the laws, and to contribute duly to the public revenues, of each country and region where we operate. This principle is consistent across the entire Mabuchi Group.

Information Security Policy

Mabuchi Motor and our affiliated companies consider in earnest the effects of our actions on our stakeholders. The Group recognizes that it is our social obligation as a business to manage responsibly the information resources we possess and to take appropriate information security measures to prevent leakage, alteration, destruction, or theft of information. Along with ensuring that all of our employees, executives included, deepen their understanding of the necessity and responsibility of information security, the Group maintains a specific policy guaranteeing information security.

Management of information resources

The Group's Risk Management Committee oversees the security systems and structures that allow for continuous application, evaluation, and improvement.

The Group takes utmost care in handling and managing information. It organizes and prioritizes the information it holds and takes protective and security measures accordingly.

Protection of personal information

The Mabuchi Group recognizes its important obligation to handle and protect, with greatest care, information that can be used to identify individuals. We do so following our comprehensive Privacy Policy.

Disclosure policy

The Mabuchi Group commits to disclose information to shareholders and investors in a fair and timely manner, in order to ensure a proper assessment and to increase trust in the company's corporate value. Mabuchi provides useful supplemental information so as to promote understanding of our diverse business activities.

Disclosure standards

Mabuchi Motor discloses information in accordance with the applicable laws and regulations, such as the Companies Act, the Financial Instruments and Exchange Law including the "Fair Disclosure Rules," and on the rules of the Tokyo Stock Exchange.