

Corporate Governance

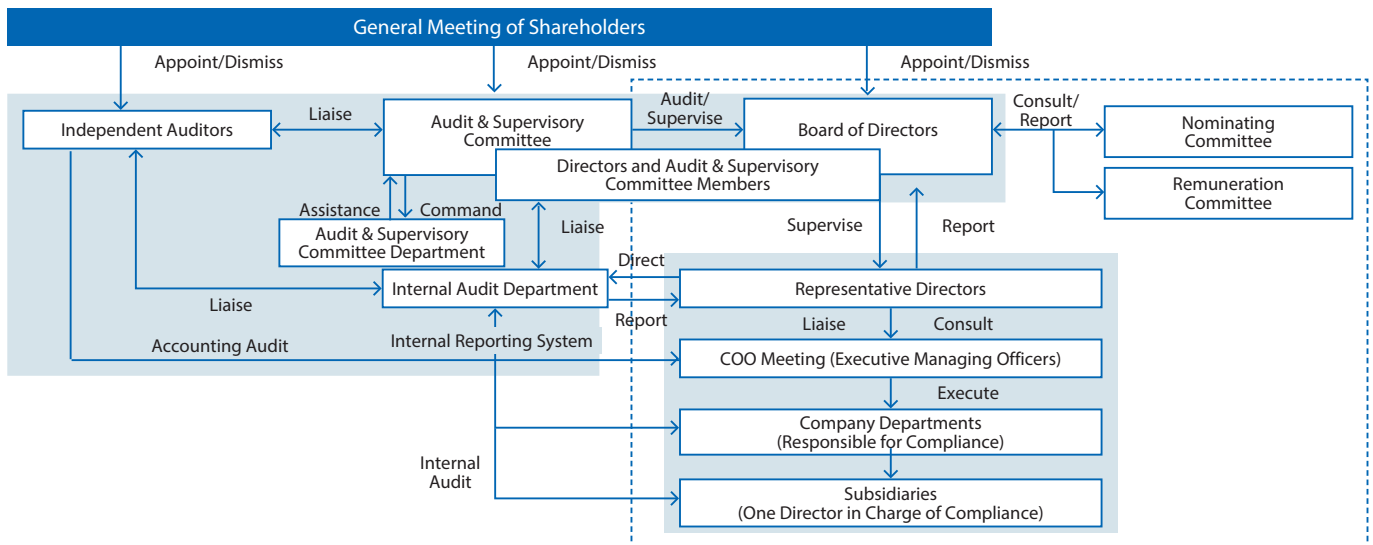
Corporate Governance at the Mabuchi Group

The management principle of the Mabuchi Group — "Contributing to international society and continuously increasing our contribution" — sets out the reason for our existence in the small DC motor business. Corporate governance at the Mabuchi Group operates through an organizational design, a system of Management Markers, and business policies that help us practice the Management Principle each and every day. The essential purpose of corporate governance is to increase benefits sustainably to all stakeholders, including shareholders, through achieving profits and improving corporate value. As a listed company, Mabuchi Motor believes fully and strongly in the mission-critical mandate of sound corporate governance.

- To clearly separate management decision-making and efficient business execution, and to clarify the scope of accountability
- To build and operate a sound internal control system
- To appoint a suitable number of independent corporate officers whose interests do not conflict with those of general shareholders, to ensure the objectivity and neutrality of management supervision functions
- To foster a corporate culture in which all Group employees recognize and share the understanding that the practices of corporate ethics and compliance support the organization's social impartiality and are fundamental to living up to the trust and expectations of all stakeholders
- To disclose corporate information to stakeholders such as all shareholders in an appropriate, fair, timely and clear manner and to ensure accountability through the Board of Directors, the Audit & Supervisory Committee and other bodies

Corporate Governance Structure

As an organizational design under the Companies Act, Mabuchi Motor has adopted the system of a company with an Audit & Supervisory Committee. Further, in order to clarify the decision-making and supervisory functions of management and the functions of business execution, we introduces the Executive Officer System. The Board of Directors and its members are responsible for the decision-making and supervisory functions, and each executive officer is responsible for the business execution function.



Composition and Roles of Each Body

Organization	Board of Directors	Audit & Supervisory Committee	Nominating Committee	Remuneration Committee
Composition	Chairman 13 (Internal: 7, Outside: 6)	Chairman 4 (Internal:1, Outside: 3)	Chairman 4 (Internal:2, Outside: 2)	Chairman 4 (Internal:2, Outside: 2)
Role	<ul style="list-style-type: none"> • Making management decision and supervising business execution • Nominating representative directors and appointing executive officers and associate directors • Determining the remuneration of directors, executive officers, and associate directors who are not Audit & Supervisory Committee members • Making important decisions on the execution of business and reporting status 	<ul style="list-style-type: none"> • Supervising directors' execution of their duties • Advising the appointment, remuneration, and other matters regarding directors who are not Audit & Supervisory Committee members • Exercising authority on the appointment, dismissal and remuneration of independent auditors 	<ul style="list-style-type: none"> • Deliberating on matters related to the appointment and dismissal of directors, executive officers, and associate directors and reporting the results of these deliberations to the Board of Directors 	<ul style="list-style-type: none"> • Deliberating on policies related to decisions on the remuneration, etc. of directors, executive officers, and associate directors who are not Audit & Supervisory Committee members, the remuneration, etc. of individuals, and others, and reporting the results of these deliberations to the Board of Directors

Members of Each Institution

◎ : Chairman

Position	Name	Board of Directors	Audit & Supervisory Committee	Nominating Committee	Remuneration Committee
Representative Director CEO	Hiroo OKOSHI	◎		○	○
Representative Director COO	Masato ITOKAWA	○		○	○
Director	Hirotarō KATAYAMA	○			
Director	Shinichi TANIGUCHI	○			
Director	Tadahito IYODA	○			
Director	Takashi KAWAMURA	○*			
Outside Director	Naoki MITARAI	○		◎	◎
Outside Director	Kazuhiko TSUTSUMI	○			○
Outside Director	Jody L. ONO	○		○	
Director (Full-time Audit & Supervisory Committee)	Kazuyuki SOMEYA	○	○		
Outside Director (Audit & Supervisory Committee)	Takashi ASAI	○	◎		
Outside Director (Audit & Supervisory Committee)	Kyoko UEMURA	○*	○*		
Outside Director (Audit & Supervisory Committee)	Yoko TOYOSHI	○*	○*		

(Note) The director with an asterisk(*) is newly appointed at the General Meeting of Shareholders in March 2021.

The attendance rate of reappointed directors from the date of the general meeting of shareholders in March 2020 to the day before the general meeting of shareholders in March 2021 is 100%.

Board of Directors

The Board of Directors consists of 13 members, 7 internal directors and 6 independent outside directors. In accordance with laws and regulations, the Board makes important business execution decisions and reports on the status of key business operations and results. Matters decided by the Board of Directors are moved into business execution of through the Representative Director and each Executive Officer. The Board of Directors meets regularly once a month and as appropriate. Independent outside directors recognize that they are responsible for oversight of and advice to management at the Board of Directors meetings, and contribute to ensuring and improving management transparency.

Evaluating the Effectiveness of the Board of Directors

Since 2016, we have analyzed and assessed the effectiveness of our Board of Directors with the goal of enhancing corporate governance and our corporate value. Based on the results of the assessment, we discuss ways to improve Board effectiveness and governance.

Evaluation method	Results of the evaluation (2020)	Future initiatives
<ul style="list-style-type: none"> Participants: All directors (including Audit & Supervisory Committee members) Method: Anonymous questionnaire. Survey responses collected and evaluation report prepared. Discussions held with all directors, including independent outside officers, at the Board of Directors' meeting. 	<p>The evaluation results confirmed the Board of Directors' effectiveness, noting that:</p> <ul style="list-style-type: none"> The company has an established and well-functioning system for rigorous management decision-making and the diligent supervision of business execution. Directors, including outside directors, discuss and exchange opinions actively. Meetings are conducted in a way that is appropriate for the diverse composition of the Board of Directors. Information is provided and understanding ensured, especially to and among outside directors. 	<p>We are working to further improve Board effectiveness through the following actions:</p> <ul style="list-style-type: none"> Providing more explanations and information to outside directors about important matters and strategic issues, such as medium- and long-term plans and budgets, to increase their understanding prior to Board meetings. Making changes to meeting structure and implementation that meet the needs of a more diverse Board composition.

Corporate Governance

Skill Matrix for Directors

Name	Corporate Management Experience	Global Experience	Corporate Planning / Strategy	Internal Control / Governance	Legal Affairs / Risk Management	Finance / Accounting	HR Labor Management / HR Development	Business / Sales	Technology / Quality	Purchasing / Production
Hiroo OKOSHI	○*	○	○	○	○	○	○	○		○
Masato ITOKAWA	○	○		○	○			○	○	○
Hiroto KATAYAMA	○*	○		○	○	○	○	○	○	○
Shinichi TANIGUCHI	○*	○						○	○	○
Tadahito IYODA	○*	○	○	○	○	○	○	○		○
Takashi KAWAMURA	○	○	○			○		○		
Naoki MITARAI	○		○	○	○		○	○		
Kazuhiko TSUTSUMI	○	○						○	○	○
Jody L. ONO		○	○				○			
Kazuyuki SOMEYA	○*	○		○	○	○				
Takashi ASAI				○	○	○	○			
Kyoko UEMURA				○	○	○				
Yoko TOYOSHI				○	○	○				

(Note) An asterisk(*) indicates a person who has experience as president of the Company and Group companies.

Training for Directors

We provide the training opportunities necessary for Directors to fulfill their roles and responsibilities. In order to deepen outside directors' understanding of our business issues, we provide them with the necessary information and input from our internal departments and units, as well as opportunities to visit our overseas bases (including remotely).

Board of Directors: Outside Directors

Mabuchi Motor appoints outside members to its Board of Directors who are professionals from diverse backgrounds and fields, including law, academia, finance and accounting, and (other companies in) the private sector. We select people who bring different perspectives to our company. From them, we expect and value insights that are both high-level and experience-based.

Name	Audit & Supervisory Committee	Independent Officer	Field	Professional Profile
Naoki MITARAI	-	●	Private sector	Served for many years in corporate management as an executive officer of Hitachi, Ltd. and its group companies. Offers a wealth of experience and insight into global management systems and practices, corporate governance, and human resource management.
Kazuhiko TSUTSUMI	-	●	Private sector	Contributes technical field expertise as a doctor of engineering, as well as deep experience from product development, management, and corporate governance at Mitsubishi Electric Corporation, where he served as an executive managing director for many years.
Jody L. ONO	-	●	Academia	From an international career in management and teaching in university-level education in Japan and other countries, offers deep expertise in people development, post-graduate business education, and leadership development.
Takashi ASAI	●	●	Law	As a practicing lawyer, offers authoritative expertise and experience related to laws, regulations, and legal and regulatory systems, as well as corporate governance.
Kyoko UEMURA	●	●	Law	As a lawyer, she offers a high level of expertise and experience in corporate legal affairs, and possesses the depth of insight and personal character necessary to contribute substantively to corporate governance.
Yoko TOYOSHI	●	●	Accounting and Finance	She brings many years of accounting auditing experience at accounting firms, advanced expertise cultivated as a certified public accountant, and extensive experience as an outside officer at other companies.

Independence Criteria for Outside Directors

The Company prescribes criteria for the independence of outside directors. To be considered sufficiently independent from Mabuchi Motor outside directors must not be:

1. Current or former employees or officers of the Company or its subsidiaries (collectively, the "Mabuchi Group");
2. Business executives for whom a Major Business Partner is the Mabuchi Group, or business executives who are Major Business Partners of the Mabuchi Group ("Major Business Partners" means customers or suppliers of Mabuchi Group products, etc., accounting for, in either case, more than 2% of consolidated net sales for a given fiscal year);
3. Consultants, accounting professionals, or legal professionals who receive a Significant Sum of money or other assets, other than executive remuneration, from the Mabuchi Group, including persons who belong to a business organization of the person who receives the assets is an organization, such as a corporation or partnership (a "Significant Sum" means the annual total of 10 million yen or more of monetary or asset benefits other than executive remuneration);
4. A certified public accountant who belongs to an auditing firm that serves as the accounting auditor of the Mabuchi Group or an auditing firm's employee, partner, member of staff, or worker;
5. A major shareholder who owns 10% or more of the voting rights in the Company;
6. A person who receives a large donation or loan, etc., amounting to 10 million yen or more, annually from the Mabuchi Group (including a person who belongs to a business organization if the person who receives the donation or loan is an organization, such as a corporation or partnership);
7. Business executives with which the Company has a reciprocal employment relationship as each other's outside officers;
8. Persons who fall under any of (2) to (7) above in the past 3 years;
9. The close relative of a person if that person falling under (1) to (8) is a Person in an Important Position, including a spouse, a relative within the second degree of kinship, or a relative of a Person in an important Position's household (a "Person in an Important Position" means a director other than an outside director, an executive officer, an associate director, or a general manager of higher ranked manager).

Audit & Supervisory Committee

The Audit & Supervisory Committee consists of four Audit & Supervisory Committee members including three Audit & Supervisory Committee members who are outside directors. The Chairman of the Committee is Mr. Takashi ASAI, who is an outside director. The three outside directors and Audit & Supervisory Committee members are lawyers and certified public accountants, each of whom has extensive expertise, experience, and insight, and who carry out comprehensive auditing and supervisory activities. In addition, we have selected Mr. Kazuyuki SOMEYA as a full-time Audit & Supervisory Committee member, in order to facilitate the collection of information through important internal meetings and balanced reporting and through cooperation between the Committee and the internal audit division, which monitors internal control systems on a daily basis. We ensure the effectiveness of audits conducted by the Audit & Supervisory Committee,

Ms. Yoko TOYOSHI who is an outside Audit & Supervisory Committee member is a certified public accountant. Mr. Kazuyuki SOMEYA who is an internal Audit & Supervisory Committee member has many years of experience in business management of the Company and considerable knowledge of finance and accounting.

Activities of the Audit & Supervisory Committee

In accordance with the formulated audit policy and audit plan, the Audit & Supervisory Committee is present at important meetings including the Board of Directors meetings; it reviews important approval documents, investigates the status of operations and property of the head office and major subsidiaries, and cooperates with the Internal Audit Department, the Corporate Audit Office, other internal control departments, and accounting auditors to conduct Audits of the appropriate standard and method. Based on a comprehensive review of the results, an audit report is made.

In addition, the Audit & Supervisory Committee considers the appointment and remuneration of directors who are not Audit & Supervisory Committee members. This includes confirmation of discussions at each advisory committee for nominations and remuneration, determination of opinions of the Audit & Supervisory Committee, and statements of these at the General Meeting of Shareholders.

The Audit & Supervisory Committee meets once a month and as necessary, and the Committee held 12 meetings in the fiscal year ended December 31, 2020. The Committee examined the status of the execution of duties by directors, the status of the establishment and operation of the internal control system, compliance, and the status of risk management. In addition, the Committee exchanges opinions with management and accounting auditors, and expresses necessary opinions from a professional point of view, objectively and from a multi-angle standpoint. A full-time member attend important meetings such as the Group Compliance Officers' Meeting, request reports from the Business Execution Department as necessary, audit directors of subsidiaries and key employees by conducting on-site inspections or hearings through video conferencing systems, and report the results to the Audit & Supervisory Committee. We are working to enhance the Group's audit activities.

Corporate Governance

Nominating Committee and Remuneration Committee

In order to ensure transparency and objectivity in our selection and remuneration systems for directors and executive officers, the Company has established a Nominating Committee and a Remuneration Committee as voluntary advisory bodies to the Board of Directors.

The Nominating Committee deliberates on the appointment and dismissal of directors, executive officers, and board members, and the Remuneration Committee deliberates on the remuneration of directors, executive officers, and board members who are not members of the Audit Committee.

Activities of the Nominating Committee and Remuneration Committee

During the fiscal year ending December 31, 2020, the Nominating Committee met five times and the Remuneration Committee four times. Each member of each committee attends all committee meetings. In addition to considering the selection of directors, executive officers and board members, the Nominating Committee discussed the development of next-generation leaders, the performance evaluation of each director, executive officer and board member, and ensured that the Committee's conclusions are reflected in performance-based remuneration. The Remuneration Committee deliberated on the remuneration policies and reviewed the remuneration system for Directors, Executive Officers and Executive Board Members, then reported to the Board of Directors on its review.

The meetings of both of these committees feature active discussions among members, which include outside directors.

Fostering Next Generation Leadership

It is the purview and duty of the Nominating Committee to continuously and actively conduct CEO succession planning activities in alignment with the Company's management philosophy and management strategy. The Nominating Committee reports on the development of successor candidates to the Board of Directors as appropriate, and the Board of Directors monitors its progress.

Policy on Determining Remuneration: Organizing Principle

Basic Policy

(1) Level of Remuneration

- In order to ensure the appropriateness of the remuneration level, we will set a remuneration level that enables us to secure a diverse workforce with the experience and skills necessary to achieve global business growth.
- In order to ensure the appropriateness of the remuneration level, we will determine an appropriate level by referring to remuneration survey data from external research organizations and taking into consideration the Company's business performance as well as economic conditions and industry trends.

(2) Structure of Remuneration

- Remuneration for directors and corporate auditors consists of base remuneration, which is a fixed remuneration, and performance-linked remuneration, which reflects corporate performance and individual evaluation.
- Performance-based remuneration will be structured to reflect both short-term corporate performance and medium- to long-term corporate value enhancement.
- A portion of the remuneration will be in the form of stock-based remuneration in order to increase the incentive to share wins with shareholders and to enhance corporate value from a medium- to long-term perspective.
- Remuneration for outside directors and audit committee members shall consist of basic remuneration only, from the perspective of the independence of their roles.

(3) Governance of Remuneration

- In determining the policy and amount of remuneration for directors and corporate auditors, we will place importance on ensuring objectivity and transparency. The Remuneration Committee, where more than half of the members are outside directors, will meet regularly throughout the year.
- Individual evaluations reflected in performance-based remuneration will be determined by the Nominating Committee, where more than half of the members are outside directors.

Overview: Remuneration System

(1) Breakdown of Remuneration

Type of Reward	Monthly Remuneration	Bonus	Trust-type Stock Remuneration	Restricted Stock Remuneration
Features	Base remuneration	Short-term incentives	Medium-term incentives	Long-term incentives
Cash/Shares	Monetary remuneration		Stock-based remuneration	
Link to Performance	Non-performance-based	Performance-based	Performance-based	Non-performance-based
Basic Composition Ratio	50%	30%	20%	
Maximum Amount of Total Remuneration	Annual amount/ 550 million yen		Over 3 business years, 600 million yen (up to 150,000 shares)	Annual amount of 60 million yen (up to 50,000 shares)

(Notes)

1. The basic composition ratio of remuneration represents the basic ratio in the system design. The above ratio may vary depending on the Company's business performance and other factors.
2. The maximum amount of total monetary remuneration includes the base remuneration for outside directors (excluding directors who are the Audit & Supervisory Committee members).

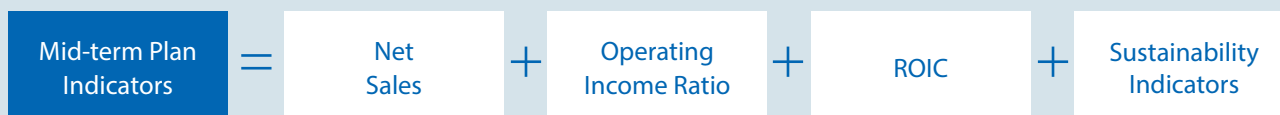
(2) Performance-based remuneration

1. Bonus

As a short-term incentive remuneration, the Company has adopted consolidated net income as the evaluation index with the aim of raising awareness of contribution to improving business performance in each fiscal year. The amount of remuneration is calculated within a range of 0 to 200% depending on the amount of consolidated net income, and the final decision is made in consideration of the individual performance evaluation.

2. Trust-type stock remuneration

As a medium-term incentive remuneration, this remuneration is linked to the achievement of indicators set out in the Mid-term plan for each of the three fiscal years, with the aim of raising awareness of the need to increase corporate value by achieving the Mid-term plan. The amount of remuneration is calculated within a range of 0 to 240% depending on the achievement of the evaluation index, and is further determined in consideration of the individual performance evaluation.



(3) Restrictions on the payment of stock-based remuneration

In the event that a director is dismissed or resigns during his or her term of office (except in cases where the Board of Directors recognizes a justifiable reason), the payment of stock-based remuneration shall be restricted by a resolution of the Board of Directors based on the deliberation and report of the Remuneration Committee.

(4) Approach to holding Company shares

In principle, we will continue to hold the Company's shares granted as stock-based remuneration during the term of office. In addition, the Company encourages employees to hold a certain amount of the Company's shares in accordance with the "Guidelines for Shareholding of the Company's Shares," which is separately stipulated, in order to share value with shareholders and raise awareness of the need to enhance corporate value over the medium to long term.

Remuneration Paid

Category	Number of persons remunerated	Total amount of remuneration paid
Directors excluding Audit & Supervisory Committee members (Outside Directors)	9 (3)	400 million yen (28)
Directors Audit & Supervisory Committee members (Outside Directors)	4 (3)	48 million yen (28)

(Notes)

1. The amount of remuneration, etc. shown on the left includes 87 million yen in expected benefits of the Company's shares, etc. based on the points expected to be granted to Directors (six excluding Outside Directors and Audit & Supervisory Committee members) in the current fiscal year under the performance-linked stock remuneration plan.
2. The amount of remuneration and stock benefits shown on the left includes ¥35 million of restricted stock granted to Directors (six excluding Outside Directors and Audit & Supervisory Committee Members) as remuneration for the grant of restricted stock.
3. The amount of remuneration paid to Directors (excluding Audit & Supervisory Committee members) includes ¥106 million recorded as allowance for bonuses to Directors in the current fiscal year.

Meet our Outside Directors



Outside Director
Audit & Supervisory
Committee Member
Kyoko UEMURA

Outside Director
Jody L. ONO

Outside Director
Audit & Supervisory
Committee Member
Takashi ASAI

Outside Director
Audit & Supervisory
Committee Member
Yoko TOYOSHI

Outside Director
Naoki MITARAI

Representative Director,
President & CEO
Hiroo OKOSHI

Representative Director & COO
Masato ITOKAWA

Outside Director
Kazuhiko TSUTSUMI

Effectiveness of outside directors and transparent governance



Naoki MITARAI
Outside Director
Chairman of the Nominating Committee
Chairman of the Remuneration Committee

—Please comment on the discussion at the Mabuchi Motor Board of Directors meetings and on the contributions of the external directors to these meetings.

In our board meeting discussions, there is no distinction between inside and outside directors of the company, and the management issues we face are openly discussed, making for a fulfilling meeting. Each member of the Board of Directors expresses their honest opinions on the Long-term management policy and the Mid-term management plan from their unique perspective and vital role. As I have said from the beginning of my appointment, external directors serve as a camera lens, viewing the company through the eyes of various stakeholders. Our company's team of external directors is well-composed in terms of diversity and areas of expertise, and I feel strongly that each of us brings our own experience and awareness to the discussions.

—Would you like to share your opinion of our company, based on your career experience as a human resources professional?

Our company's HR system focuses on how to engage and motivate employees. It has been undertaking very challenging initiatives, such as the introduction of job descriptions in 2020. One might expect our company to be quite conservative because of its history and profile but in reality, we have a culture of taking on new challenges which

I truly appreciate. As a support for this culture, I believe it is important that the president and other members of senior management communicate actively to employees their underlying rationale and purpose when introducing new systems.

—Please offer your evaluation of the Nominating Committee and Remuneration Committee.

The Nominating Committee conducts the appointment and dismissal of directors in accordance with the appropriate standards. I appreciate how the Nominating Committee is active in succession planning and training of potential successors in top management. External directors, including myself, have the opportunity to talk directly with future management candidates, and I feel that talented and capable directors are being fostered.

The role of the Remuneration Committee is to determine whether the remuneration is linked to business performance, is consistent with the world standard, incentivizes executives properly, and is clear and acceptable to stakeholders. We have also recently added sustainability indicators. This is an extremely important matter, and I feel that it is very typical of our company to include it.



Kazuhiko TSUTSUMI
Outside Director
Member the Remuneration Committee

—What has been your experience of communication and information-sharing among the internal directors, for example in discussions of the Board of Directors?

All of our directors express frank opinions on each agenda

Meet our Outside Directors

item in the board meetings. As the only external director with a technical background, I am particularly conscious of technology related issues. The dialogue can be vigorous, but without dividing the group into internal and external "camps."

There are ample opportunities for communication and information-sharing. For example, if I want to talk to someone in the company, the executive support team will act promptly to set up a meeting for me. In this way I am able to meet directly with future management candidates. It is true that the onset of COVID-19 pandemic made some communication more difficult. But, just among the external directors, we sometimes exchange views and opinions from our individual perspectives and unique experiences. Our group communication works very well.

— What is your view of the Long-term management policy and the Mid-term management plan?

Our core competence remains the motor itself and that isn't going to change anytime soon.

However, in the current plan we clarify our future direction: to focus on unitization and solution proposals. From the time I was appointed as an external director, I have been proposing that we need to offer not only hardware but also software; that our company can maximize its strength only when we offer both. Software here can be best described as our consulting ability. We believe that identifying 'what our customers want to do' and 'what they think would be good to do' and then proposing these ideas to them will generate our profitability.

When starting something new in a company, it is necessary to change the mindset of the employees. In addition, I think it is a good idea to promote joint research and other creative activities not bound by the current framework, making use of external capabilities such as industry-academia collaboration. I am promoting such efforts with the help of my professional background.

— Please comment on the discussions of the Remuneration Committee.

As an external director in the Remuneration Committee, I ensure that the analytical approaches and decision-

making processes are effected properly. I believe that by doing so, our company is able to ensure both fairness and transparency.

In 2021, executive remuneration was clarified and sustainability indicators were incorporated. I think this shows the seriousness of Mabuchi's approach to sustainability in a time when companies are required to fulfill their social responsibilities and are questioned as to whether the company is necessary for society. In the future, I would like to continue to contribute new ideas that will lead to safe and healthy lives for people, as well as strengthen our company's social contribution through our business activities.



Jody L. ONO
Outside Director
Member of the Nominating Committee

— In what ways are you involved in sustainability initiatives?

The company's Sustainability Committee considers matters and monitors activities through the lens of sustainability. The Committee also, of course, was instrumental in developing the Mid-term sustainability targets announced in February 2021. I participated in preparatory meetings to discuss the formation of these goals, along with internal directors and the other external directors. These discussions were very collaborative, as have been my interactions with the company since I joined in April 2019 as the only non-Japanese director, I've valued this openness greatly.

To share some background, I spent about 15 years of my earlier career in Sweden. Sustainability consciousness and initiatives in northern Europe have been in place since the 1990s, well ahead of many other places. Having developed

as a young professional in that setting, I have a foundation and readiness for thinking about business sustainability and importantly, about the mindset needed to enhance sustainability in multiple dimensions and for the long term. With several Mabuchi teams, I helped formulate a sustainability policy, talked about SDGs-related initiatives, and provided advice in the preparation of the integrated report.

In the realm of social sustainability and contribution I am working with the HR department on measures – and again, mindsets – to increase diversity in our workforce, including to welcome more female engineers and management professionals into the company. We want to create a big impact by formulating recruitment appeals and strategies that resonate with the different types of applicants that we are looking for. By encouraging a fresher conception of the company’s prospective talent pool. I hope also to develop more strategies to widen the scope of diversity in our workforce, beyond gender to other dimensions such as nationality, race and so on. Working with various teams during my first two years as an external director has deepened my understanding and appreciation of our

company and its employees. Just as important, I feel that my close contact with employees has expanded and refined my contribution to the board of directors.

—What is your take on diversity at Mabuchi?

Mabuchi is a global company: 100% of its production and 90% of its sales take place outside Japan. Our board is composed of directors with varied and rich international experience, and as a group we are always mindful of global perspectives in our various management decisions. Still, I believe that we will be required to consider an even broader range of perspectives in the future in order to engage optimally in a world where the pace change, especially social change, appears to be accelerating. I also believe that the key to strengthening diversity is for employees at all levels, not just upper management, to be exposed to the experiences and ideas of people with different lifestyles and backgrounds so that unfounded assumptions or biases, whether explicit or implicit, can be broken down and replaced with a mindset of inclusion. Going forward, I would like to see interactions between our people at Headquarters and our people at overseas bases being further facilitated.

Outside Directors, Audit & Supervisory Committee Members



Takashi ASAI
Outside Director
Chairman of the Audit & Supervisory Committee

—What is your sense of our company's governance structure and practices?

Since we have many production and sales locations outside Japan, our governance must be globally oriented

to encompass these activities overseas. The Internal Audit Dept., an in-house organization, and the Audit & Supervisory Committee members, are fully aware of how important this is. I believe that our overseas offices are governed well, as we make continuous efforts to ensure a shared understanding of our Management Principle and Management Markers, and our code of conduct is thoroughly enforced. We have a very positive practice of setting a company-wide slogan every year. It is an unifying message from the president to all Mabuchi Group employees. Last year, I was not able to visit the offices directly due to COVID-19 pandemic, but when I visited the offices in earlier years, I saw that the Management Principle, Management Markers, and the slogan posters that are sent out every year are always placed where everyone can see them, and also that the goals and policies for each fiscal year are shared.

Meet our Outside Directors

In the future, in order to make governance more effective at our overseas locations, I think it is necessary to share mid- and long-term management plans to realize our Management Principle and business plans more widely with those locations too, and to apply our Job Description system overseas as well. Cultivating full awareness of the role employees are expected to fulfill, in effect, a way of putting our activities into Management Principle.

— Please describe how communication and information sharing works among and internal and external directors, beyond the Audit & Supervisory Committee members.

We, the Audit & Supervisory Committee members, are able to share and view all proposals for approval, including those from overseas offices. If we have concerns, we can ask questions at any time, and we are sometimes consulted by full-time Audit & Supervisory Committee member. In addition, we have shared the whistle-blowing system with our overseas offices. There is always a system in place, but the operational aspect of that system is very important. Therefore, critical factors are the extent to which the system is recognized, whether its purpose is shared, and whether awareness of it is high. We check whether information is being collected from the field at overseas location too, and sometimes alert the person in charge there. There is a well established process for the Internal Audit Dept., an in-house organization, and for the Audit & Supervisory Committee members to gather views and opinions from within the company and report on these to management. There are also information exchange meetings just for external directors, where we discuss not only risk management, but also future developments in the business environment and other management issues.

— How do you perceive your role on the Board of Directors?

I am a lawyer, so I sometimes use my expertise to ask questions and to be asked to give my opinion from a legal perspective. Compliance with the law is a matter of course, but we can also avoid risks by dealing with various issues on an individual basis. We have a system in place that allows me to play a role as an external director, utilizing my expertise, in cooperation with the company's in-house Legal Dept.



Kyoko UEMURA
Outside Director
Audit & Supervisory Committee Member

— You were appointed as an outside director and member of the Audit & Supervisory Committee in March 2021. What kind of role do you think you will undertake?

As an outside director and member of the Audit & Supervisory Committee, I believe that one of my most important roles is to strengthen governance. In order to do so, it is necessary for me to provide different perspectives from within the company on whether our organizational structure is well-balanced, whether the environment is open to employees' opinions, and whether risk management is in place. I would also like to be actively involved in growth strategies, such as strengthening the global structure, investment strategies for new products, and issues that our company is trying to solve, based on my understanding of the current situation.

— How do you plan to make the most of your professional background?

At first, as a judge, I was in charge of a variety of cases, and I loved thinking about the causes of disputes and how to resolve them. I also have happy memories of being transferred to different regions. After that, I decided to end to my 14 years as a judge and to restart my career as a lawyer. Together with other senior attorneys, I was involved in many business revitalization cases, and through investigations into the causes of bankruptcy and accounting problems, interviews with management and others, and surveys of attitudes in the field, I once again recognized the difficulties of management. Even now, I think it is

very important to continue self-improvement. Since each company has a different culture and atmosphere, I would like to take as many opportunities as possible to listen to the opinions of the people in the field, although there are some difficulties with COVID-19. The business environment has become more complex and is changing rapidly, but as a member of our company, I will contribute to its sustainable development.



Yoko TOYOSHI
Outside Director
Audit & Supervisory Committee Member

—How did you feel when you were appointed as an external director of our company?

At the time of my appointment, I felt that the company was both a good and rational company based upon how easy it was to understand how the company got to this current situation based on an explanation of the company's past. When I read last year's integrated report, I was able to see what kind of company this company was aiming to be. Especially in the midst of the change in people's sense of values during COVID-19 pandemic, the report specifically described the connection between the Management Principle, Management Markers, and SDGs, as well as the issues that needed to be resolved. I was able to understand that the company has a clear narrative and plan to solve the issues through its products and business practices.

In terms of communication after assuming the Outside Director, I feel very reassured because I can tell them what kind of information I want to know about the company or what issues I want to discuss, and they will assign the necessary people to provide me with the information.

— From your background, what kind of mindset do you have when trying to fulfill your role?

In terms of expertise, I believe I can play a role in the fields of law, governance, business and accounting. In addition to these, there is one thing that I have become convinced of through my 30 years of experience as a certified public accountant after working for a bank for about six years after graduating from university. When I was working at the Financial Services Agency, I experienced a huge accounting fraud case, which made me realize that in order for society to be healthy and prosperous, it is essential to enhance the credibility of the capital market, and for that, the governance of each company needs to be strong.

In order for governance to be strong, it is necessary for the board of directors to consider a variety of viewpoints. For this reason, I would like to be conscious of conveying perspectives, ideas, and triggers that will be new discoveries for the company. What I try to keep in mind is that I want to make sure that the intentions of what I say are conveyed correctly to everyone in the company, and that they understand that it is true. This includes having an honest understanding of our company's way of thinking and culture.

Although we specialize in motors, we have opened up new markets, new customers, and new applications, and I strongly believe that I can contribute to the sustainable development of our company with my diversity, including my expertise and experience, by working closely with all of our executives and employees.