

Corporate Governance

Corporate Governance Initiatives

We believe that our significance lies in the realization of our Management Principle “Contributing to International Society and Continuously Increasing Our Contribution” through the small DC motor business. We have set our purpose of establishing an appropriate corporate governance system to continuously contribute to the interests of its stakeholders through the resolution of social issues, the creation of appropriate profits, and the enhancement of corporate value, and we are working to enhance our corporate governance.

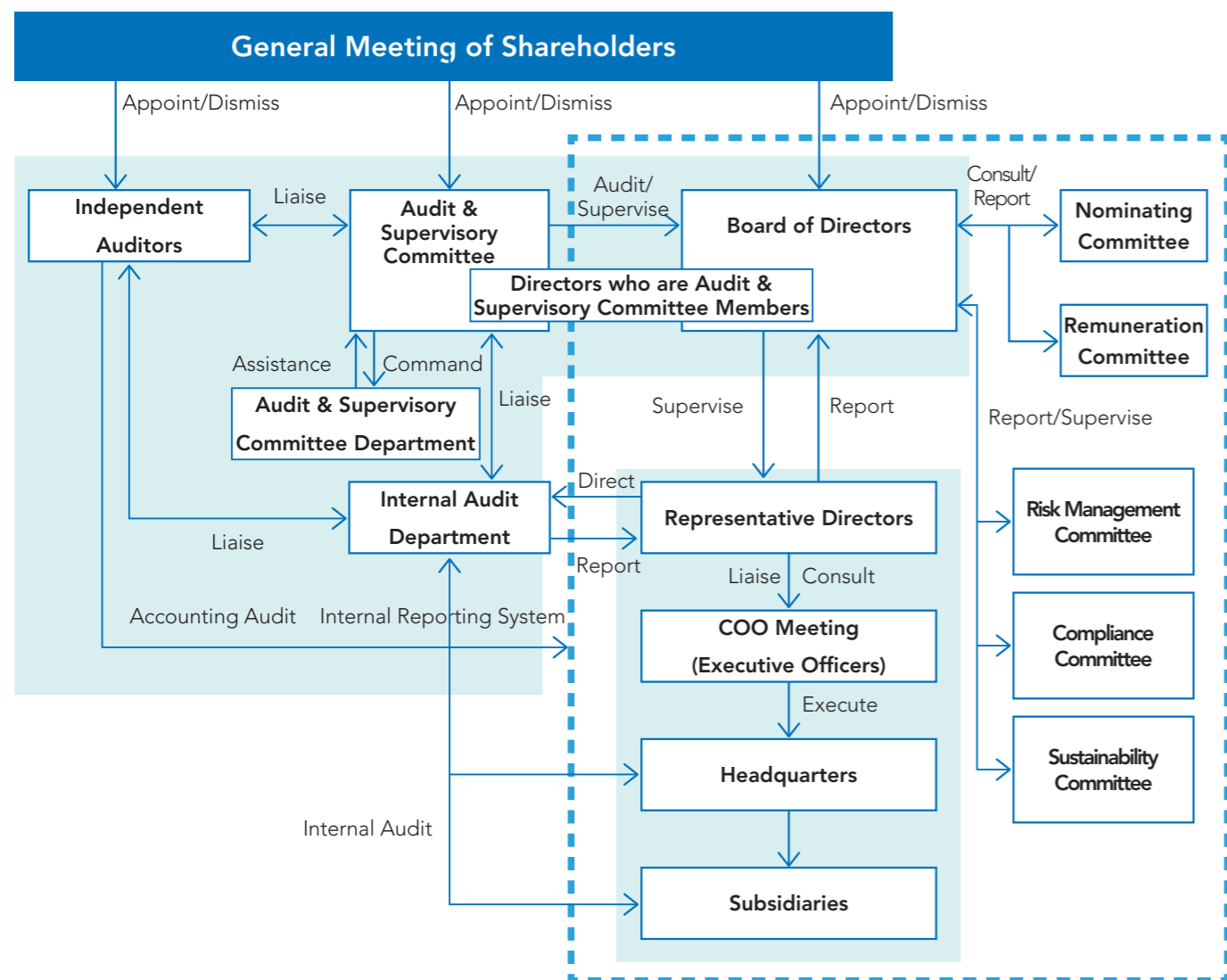
In 2019, with the aim of enhancing the auditing and supervisory functions of the Board of Directors and speeding up decision making by delegating some of the Board of Directors’ executive decision-making authority to the directors, we transitioned from having an Audit & Supervisory Board to an Audit & Supervisory Committee. In 2021, the chairpersons of our Audit & Supervisory Committee, Nominating Committee, and Remuneration Committee were replaced with outside directors. We also enhanced the transparency and objectivity of the decision-making process for each committee by making the majority of Nominating Committee and Remuneration Committee members outside directors.

We will continue working to build a better corporate governance system.

Corporate Governance Structure

Mabuchi Motor has adopted the institutional structure of a Company with Audit & Supervisory Committee, as provided for under the Companies Act.

To clarify the decision-making and supervisory functions and executive functions of management we have also introduced an executive officer system, and established a system in which the Board of Directors and each of its member directors are responsible for decision-making and supervisory functions, while executive officers are responsible for execution of business.



Directors, the Board of Directors, COO Meeting and the Executive Officer System

Important management decisions are made by the Board of Directors, which is composed of 13 directors: seven internal directors and six outside directors. The Board of Directors plays a central role in making management decisions and supervising the directors’ execution of business, and as required by law, it makes decisions regarding the execution of important business matters and reports on the status of execution of these important matters. Matters decided by the Board of Directors are then executed via the representative directors and executive officers. In principle, the Board of Directors meets once a month and as needed. Independent outside directors understand that they are responsible for supervising and advising on the overall management at the Board of Directors and they contribute to ensure and improve the transparency of management.

In addition, we have introduced an executive officer system to concentrate strategic decision-making and supervisory functions in the hands of directors, while giving executive officers the authority and responsibility for the day-to-day execution of business, thereby strengthening both functions.

Furthermore, to complement the functions of the Board of Directors, we have established a COO Meeting, which is mainly composed of executive officers, to consult on important agenda items prior to their being submitted to the Board of Directors, make decisions regarding the execution of business that are considered to be outside the scope of the Board of Directors under laws and regulations, and report on the status of the execution of business, etc. This enables the Board of Directors to place greater emphasis on decision-making and the monitoring and supervision of the execution of business in their deliberations on reports and proposals at the Board of Directors meetings, and to enhance these functions.

Moreover, we have established the Appointment Criteria for Director Candidates and established the Nominating Committee and the Remuneration Committee as advisory bodies to the Board of Directors. The Nominating Committee deliberates matters related to the appointment of directors, executive officers and associate directors, while the Remuneration Committee deliberates matters such as remuneration for directors, executive officers and associate directors. We are strengthening our corporate governance system by reporting the results of these Committees’ deliberations to the Board of Directors, thereby increasing the transparency of the decision-making process regarding the nomination and remuneration of directors.

Composition and Main Roles of Each Organization

Organization	Board of Directors	Audit & Supervisory Committee	Nominating Committee	Remuneration Committee
Composition	Chairperson 13 (Internal: 7, Outside: 6)	Chairperson 4 (Internal: 1, Outside: 3)	Chairperson 5 (Internal: 2, Outside: 3)	Chairperson 5 (Internal: 2, Outside: 3)
Main roles	<ul style="list-style-type: none"> Making management decisions and supervising the execution of business Electing representative directors and appointing and dismissing executive officers and associate directors Determining the remuneration of directors who are not Audit & Supervisory Committee members, executive officers, and associate directors Determining important matters related to the execution of business and reporting the status of these matters 	<ul style="list-style-type: none"> Auditing 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 who are not Audit & Supervisory Committee members, executive officers and associate directors, the remuneration, etc. of individuals, and others, and reporting the results of these deliberations to the Board of Directors

Members of Each Organization

Position	Name	Board of Directors	Audit & Supervisory Committee	Nominating Committee	Remuneration Committee
Representative Director CEO	Hiroo OKOSHI	○ (25/25, 100%)		○ (5/5, 100%)	○ (5/5, 100%)
Representative Director COO	Shinichi TANIGUCHI	◎ (25/25, 100%)		○ ^{*2} (3/4, 75%)	○ ^{*2} (3/3, 100%)
Member of the Board	Hiroto KATAYAMA	○ (25/25, 100%)			
Member of the Board	Tadahito IYODA	○ (25/25, 100%)			
Member of the Board	Kazuaki MIYAJIMA	○ ^{*2} (18/19, 95%)			
Member of the Board	Toru TAKAHASHI	○ ^{*2} (19/19, 100%)			
Member of the Board ^{*1}	Naoki MITARAI	○ (25/25, 100%)		◎ (5/5, 100%)	◎ (5/5, 100%)
Member of the Board ^{*1}	Kazuhiko TSUTSUMI	○ (25/25, 100%)		○ (4/5, 80%)	○ (5/5, 100%)
Member of the Board ^{*1}	Akira OKADA	○ ^{*3}		○ ^{*3}	○ ^{*3}
Member of the Board (Full-time Audit & Supervisory Committee member)	Katsumi KOBAYASHI	○ ^{*3}	○ ^{*3}		
Member of the Board ^{*1} (Audit & Supervisory Committee member)	Takashi ASAI	○ (25/25, 100%)	◎ (14/14, 100%)		
Member of the Board ^{*1} (Audit & Supervisory Committee member)	Yoko TOYOSHI	○ (23/25, 92%)	○ (13/14, 92%)		
Member of the Board ^{*1} (Audit & Supervisory Committee member)	Yasuko FUKUYAMA	○ ^{*3}	○ ^{*3}		

*1 Outside Board Member

*2 The number of meetings is different as the directors and committee members were elected at the March 2022 General Meeting of Shareholders.

*3 The numbers and percentage are not shown for directors appointed at the March 2023 General Meeting of Shareholders.

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Composition of the Board of Directors

The Board of Directors is composed of diverse directors from different backgrounds in terms of their expertise and experience, with due consideration given to gender, internationality, etc. As a result, the Board of Directors engages in constructive and lively discussions from a variety of perspectives, including perspectives from outside the Company.

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	○※	○	○	○	○	○	○	○		○
Shinichi TANIGUCHI	○※	○	○	○	○		○	○	○	○
Hiroto KATAYAMA	○※	○		○	○	○	○	○	○	○
Tadahito YODA	○※	○	○	○	○	○	○	○		○
Kazuaki MIYAJIMA		○							○	○
Tohru TAKAHASHI	○※	○								○
Naoki MITARAI	○		○	○	○		○	○		
Kazuhiko TSUTSUMI	○	○						○	○	○
Akira OKADA	○		○					○		
Katsumi KOBAYASHI	○※	○		○	○	○	○			○
Takashi ASAI				○	○	○	○			
Yoko TOYOSHI				○	○	○				
Yasuko FUKUYAMA		○		○	○	○				

(Note) The asterisk (*) indicates that the person has an experience as President of the Company or its Group company.

Outside Directors

Mabuchi Motor appoints outside members to its Board of Directors who are professionals from diverse backgrounds and fields, including law, 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 Member	Independent Director	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.
Akira OKADA	—	●	Private sector	Serving in corporate management as a director of All Nippon Airways Co., Ltd. and its group company, provides many years of experience in the aviation industry, where insight into changes in the external environment and advanced safety is necessary, and contributes with a wealth of experience in corporate governance combined with a high level of insight.
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.
Yoko TOYOSHI	●	●	Accounting and Finance	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.
Yasuko FUKUYAMA	●	●	Law	As a practicing lawyer in Japan and overseas, provides authoritative expertise and experience and a wealth of experience as an outside officer in other companies.

Training of Directors

The Company provide our directors with opportunities to receive training that is necessary for the fulfillment of their roles and duties.

Our measures to deepen outside directors' understanding of our business and other issues include providing them the information and explanations necessary from the relevant departments. We also give them opportunities to visit our bases outside Japan (including remote tours).

Evaluating the Effectiveness of the Board of Directors

We have analyzed and assessed the effectiveness of our Board of Directors with the goal of enhancing corporate governance and our corporate value. The following is an outline of the results of the analysis and evaluation of the effectiveness of the Board of Directors, disclosed in March 2023.

Evaluation method	As our evaluation method, we conducted an anonymous questionnaire survey of directors (including those who are also members of the Audit & Supervisory Committee) regarding the effectiveness of the Board of Directors, aggregated the survey responses and held discussions with directors, including independent outside officers at Board of Directors' meetings, and summarized our analysis and evaluation of the effectiveness of the Board of Directors.
Overview of analysis and evaluation results	As a result of the questionnaire, it was confirmed that the effectiveness of the Board of Directors as a whole is ensured, given that the Board has established a system for appropriate management decision making and supervision of business execution; and that discussions and opinions are actively exchanged among directors (including outside directors and those who are also members of the Audit & Supervisory Committee). Based on the previous evaluations of the Board of Directors and its effectiveness, it was confirmed that the provision of information to each member of the Board has been enhanced by, for example, providing opportunities to explain agenda items to outside directors in advance, and that cooperation with the headquarters has been strengthened by reviewing the operation of overseas facilities' meeting bodies while enhancing information sharing with overseas facilities.
Future issues to be addressed	In terms of issues that should be addressed to further enhance the effectiveness of the Board of Directors, it was recognized that an issue is the achievement of more effective meeting management by continuing to enhance background explanations to outside directors regarding important proposals in order to stimulate more active discussions at the Board of Directors meetings.
Major past issues and responses	One issue raised in the 2021 evaluation of the effectiveness of the Board of Directors was to enhance information provided to each member of the Board of Directors and collaborate with overseas facilities. In 2022, we reviewed the members of the Board and the operation of meeting bodies of our overseas bases and outside directors inspected overseas facilities.

Audit & Supervisory Committee

The Audit & Supervisory Committee is composed of four members, including three outside directors. Outside Director Takashi ASAI serves as chairperson of the committee. The three outside directors and Audit & Supervisory Committee members are attorneys at law and certified public accountants, each of whom possesses advanced expertise, abundant experience and high-level insight, enabling the committee to carry out well-balanced auditing and supervisory activities. In addition, in order to ensure the effectiveness of audits performed by the Audit & Supervisory Committee, we have selected Mr. Katsumi KOBAYASHI as a full-time committee member and assigned one employee to the Audit & Supervisory Department to assist the Audit & Supervisory Committee in its duties, based on our belief that it is necessary to improve the auditing and supervisory environments, smoothly collect internal information by attending important internal meetings, etc., cooperate closely with the internal auditing departments and monitor the internal control system on a day-to-day basis.

Ms. Yoko TOYOSHI—an outside director and Audit & Supervisory Committee member—is qualified as a certified public accountant, while Mr. Katsumi KOBAYASHI—a director and full-time Audit & Supervisory Committee member—has many years of experience in Mabuchi Motor's business management and has considerable finance and accounting knowledge.

Audit & Supervisory Committee Activities

The Audit & Supervisory Committee attends important meetings including those of the Board of Directors, views important approval documents, investigates the state of operations and assets of the head office and major subsidiaries. It also coordinates with the Internal Audit Department (our internal auditing department), other internal control departments and accounting auditors, etc., to conduct audits and prepare audit reports on the legality and adequacy of directors' execution of duties, as well as the appropriateness of auditing methods and results of audits performed by accounting auditors, in accordance with formulated audit policies, audit plans and division of duties, etc.

The Audit & Supervisory Committee also examines the appointment and remuneration of directors who are not Audit & Supervisory Committee members, including confirmation of discussions by the Nominating and Remuneration committees. The opinions of the committee are finalized and presented at the General Meeting of Shareholders.

The Audit & Supervisory Committee meets once a month and on an

extraordinary basis as needed. In the fiscal year ended December 31, 2022, the committee met 14 times. The committee examined the state of the execution of duties by directors, etc., the state of development and operation of the internal control system, and the state of compliance, risk management, and other matters. The committee also exchanges opinions with management and accounting auditors and expresses necessary opinions from professional, objective, and multifaceted standpoints.

A full-time Audit & Supervisory Committee member works to enhance the Group's auditing activities by attending important meetings such as Group Compliance Officers' Meetings, requesting reports from executive divisions as necessary, auditing the state of the execution of duties by directors, etc., by means such as onsite inspections and interviews of directors and key employees of subsidiaries using video conferencing systems, and reporting the results of such audits to the Audit & Supervisory Committee.

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Nominating Committee and Remuneration Committee

In order to ensure the transparency and objectivity of the deliberation process in the appointment of officers, and the remuneration system, the Company has voluntarily established a Nominating Committee and a Remuneration Committee, as advisory bodies to the Board of Directors. Both committees are chaired by outside director Mr. Naoki MITARAI, and the majority of committee members are outside directors.

The Nominating Committee deliberates regarding the appointment and dismissal of directors, executive officers and associate directors, while the Remuneration Committee deliberates regarding remuneration for directors (who are not Audit & Supervisory Committee members), executive officers and associate directors; with both committees reporting the results of their respective deliberations to the Board of Directors. In this way, we are working to make the decision-making process for nomination and remuneration for directors and other officers more transparent and enhance the corporate governance system.

Nominating Committee and Remuneration Committee Activities

In the fiscal year ended December 31, 2022, the Nominating Committee and Remuneration Committee met five times each. The Nominating Committee deliberated on the selection of directors, executive officers and associate directors, including next-generation personnel, and also deliberates on performance evaluations of each director, executive officer and associate director, and reflects the results in performance-linked remuneration.

The Remuneration Committee deliberated on important matters such as the formulation of policies and revisions to the system for the remuneration of directors, executive officers and associate directors, and partially reviewed the remuneration system. In both committees, active discussions are taking place among the committee members, including outside directors, and we recognize that transparency and objectivity of their deliberation processes have been ensured.

Succession Planning

The Nominating Committee deliberates regularly on the development of successor candidates for CEO, referring to our Management Principle, management strategy, and other foundational considerations. Potential successors to top leadership positions are assessed on both performance and learning trajectories. The Nominating Committee reports on the development of candidates to the Board of Directors as appropriate, enabling the Board of Directors to supervise the progress.

Policy on Determining Remuneration for Executives

The Company's Board of Directors, at its meeting held in March 2021, adopted a policy for determining the details of remuneration for individual directors. The policy was reported to the Board of Directors after a thorough discussion by the Remuneration Committee. The Board of Directors has also confirmed that the method of determining the content of remuneration, etc. and the content of remuneration, etc. determined for each individual director for the current fiscal year are consistent with such determination policy and that the report from the Remuneration Committee has been respected, and has determined that the policy is in line with such determination policy.

Basic Policy

(1) Level of Remuneration

- We will set remuneration levels that will enable us to secure diverse human resources with the experience and skills necessary to realize global business growth.
- In order to ensure the appropriateness of remuneration levels, we will refer to the remuneration survey data of external research organizations and determine appropriate levels of remuneration with consideration for the Company's business performance, economic environment and industry trends, etc.

(2) Structure of Remuneration

- Executive remuneration shall consist of base remuneration, which is a fixed remuneration, and performance-linked remuneration, which reflects company performance and individual evaluations.
- Performance-linked remuneration shall be structured in consideration of the short-term reflection on the Company's business performance and the medium- to long-term enhancement of corporate value.
- In order to enhance value sharing with shareholders and to increase incentives to increase corporate value from a medium- to long-term perspective, a portion of remuneration will be stock-based remuneration.
- Remuneration for outside directors and directors who are Audit & Supervisory Committee members shall consist only of base remuneration, from the viewpoint of their roles and ensuring their independence.

(3) Governance of Remuneration

- In deciding the policy for determining remuneration for officers and amounts of remuneration, we place importance on ensuring fairness and transparency, and hold an annual Remuneration Committee meeting with the majority of the committee members being outside directors to make decisions at the Board of Directors based on the reports of the Remuneration Committee.
- To ensure objectivity and transparency, the Board of Directors delegates decisions regarding the amount of individual remuneration for each director to the Remuneration Committee.
- Individual evaluations reflected in performance-linked remuneration are decided by a Nominating Committee meeting with at least half of all committee members consisting of outside directors.
- Both the Remuneration Committee and the Nominating Committee are chaired by outside director Mr. Naoki MITARAI, and consist of five people including representative director and chairman Mr. Hiroo OKOSHI, representative director and president Mr. Shinichi TANIGUCHI, outside director Mr. Kazuhiko TSUTSUMI and outside director Mr. Akira OKADA.

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
Payment Schedule	Paid monthly	Paid once a year in March	In principle, once every 3 years, paid in the next year after the end of Mid-Term Plan	Paid once a year and transfer restriction lifted upon retirement
Basic Composition Ratio	50%	30%	20%	
Maximum Amount of Total Remuneration	Annual amount of 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 indicates the basic ratio in the system design, and the ratio shown on the left fluctuates depending on the state of the Company's business performance and other factors.
 2. The total limit of monetary remuneration includes the base remuneration for outside directors (excluding directors who are Audit & Supervisory Committee members).

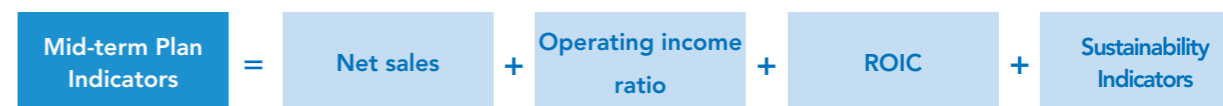
(2) Performance-based Remuneration

1. Bonus

As a form of short-term incentive remuneration, we have adopted profit attributable to owners of parent as an evaluation index, with the aim of raising awareness of contributing to the improvement of business performance in each fiscal year. The amount of remuneration is calculated in the range of 0-200% of the fluctuation range, according to the amount of consolidated net income, and the final determination is made reflecting the results of individual evaluations.

2. Trust-type stock remuneration

As a form of medium-term incentive remuneration, we have introduced trust-type stock remuneration with the aim of raising awareness of the enhancement of corporate value by achieving the requirements of the mid-term plan, by linking it with the state of achievement of the indicators set forth in the mid-term plan set every three fiscal years. The amount of remuneration is calculated within the range of 0-240% of the fluctuation range, according to the state of achievement of the evaluation indicators, and the final determination is made reflecting the results of individual evaluations.



(3) Non-monetary remuneration

Regarding stock-based remuneration, in addition to the trust-type stock remuneration described above, the Company has introduced restricted stock remuneration with the aim of enhancing incentives to improve corporate value from a long-term perspective. Restricted transferable shares calculated based on the stock price on a predetermined date are allocated in accordance with the amount of restricted transferable share remuneration determined for each position. The transfer restriction is lifted at the time of retirement.

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

In the event of dismissal or resignation of a director during the term of office (except in cases deemed justifiable by the Board of Directors), the Remuneration Committee's deliberations and reports shall be taken into account, and the payment of stock-based remuneration shall be restricted by resolution of the Board of Directors.

(5) Approach to holding Company shares

In principle, the Company's shares granted through stock-based remuneration shall continue to be held for the duration of the director's term of office. By encouraging employees to hold more than a certain amount of the Company's shares through the separately established "Guidelines for Shareholding of the Company's Shares" we are also working to share value with shareholders and raise awareness of the medium to long-term enhancement of corporate value.

Remuneration Paid

Category	Number of persons remunerated	Remuneration paid	Total amount of remuneration			
			Base remuneration	Performance-based		Non-performance-based
				Bonus	Trust-type Stock Remuneration	
Directors (excluding Audit & Supervisory Committee members) (Outside Directors)	11 (3)	452 million yen (31 million yen)	242 million yen (31 million yen)	121 million yen (-)	37 million yen (-)	51 million yen (-)
Directors (Audit & Supervisory Committee members) (Outside Directors)	4 (3)	53 million yen (31 million yen)	53 million yen (31 million yen)	- (-)	- (-)	- (-)
Total (Outside Directors)	15 (6)	506 million yen (63 million yen)	296 million yen (63 million yen)	121 million yen (-)	37 million yen (-)	51 million yen (-)

* The above includes directors who retired at the conclusion of the 81st Ordinary General Meeting of Shareholders held on March 30, 2022.

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Message from Outside Director



I will use my knowledge to make proposals for further growth of the whole company.

Outside Director
Chairperson of the Nominating Committee
Chairperson of the Remuneration Committee

Naoki MITARAI

How are our outside directors involved in the Board of Directors and the Nominating Committee?

The Board of Directors discusses the Mid-Term Management Plan, business policies, performance, M&A activities and other important issues. In addition, the Board receives regular reports regarding business units, administrative divisions, the Mabuchi Group's companies and other organizations and thus is able to stay up to date on the status of our business operations. In my understanding, an outside director's role is to straightforwardly express their views and give advice from the perspective of an outside third party, based on their diverse knowledge and experience. Outside directors express opinions to deepen the discussions of the Board of Directors.

Looking forward at our business in the future, the Nominating Committee annually discusses the suitable form and structure of management, selects the right candidates for that purpose and reports the results of its repeated discussions to the Board of Directors. It is important for us to develop the people who will lead future generations and be officer candidates. The Nominating Committee is deeply involved in the development of leaders. For example, it systematically interviews candidates to examine the degree of their development as a leader and discusses the experiences necessary for the leaders' improvement.

What do you think about the policy of focusing on the 3 M fields?

Mabuchi Motor has cultivated an application market based on small DC motors and it defines the mobility, machinery and medical areas as the three growing domains it calls the 3 M fields that we focus on in particular. We are accelerating these efforts. Achieving this should require that we change existing frameworks in terms of R&D, business development and other matters and that we optimize resource allocation. We are raising these questions. We also see a need to incorporate outside knowledge and accelerate technical solutions to problems. In this regard, we place high expectations on the leadership of Mr. TANIGUCHI, the president, who is knowledgeable in the area of technology.

What are your views or advice regarding our recent M&A efforts?

Collaboration with outside parties, including M&A activities, technological tie-ups and joint development, is important and provides supplemental technologies and resources that we lack. The Board of Directors maintains and periodically checks the list of M&A candidates and actively examines the projects that may improve our core business or generate synergy for growth in the 3 M fields. Oken Seiko's becoming our subsidiary in 2023 was preceded by in-depth discussion on issues such as its necessity, business trends, risks, synergy, prices and our PMI* policy. To our understanding, the PMI process is very important. The PMI of Mabuchi Electromag, a company that became our subsidiary in 2021, involved the discussion of many different phases such as the cultural fusion of the two companies, organic growth and the status of the creation of synergy.

How do you rate our commitment to human capital management? What will we need to do about it in the future?

As our Management Principle positions people as the most important management resources, we value people and have educational systems and programs in place on different levels, including succession programs. We have very strong systems in terms of, for example, increasing understanding of and sharing our Management Principle and Management Policy, developing leaders and programs to improve business skills. Going forward, we will utilize the developed systems to increase the commitment of our human capital. The results of the engagement survey which has been regularly conducted since 2022, including the issues they identify, are reported to the Board of Directors and many different measures to improve engagement are introduced.

It is important for employees to properly understand the goals of the personnel measures and the measures to improve engagement. We are deepening our discussion of how to increase employee job satisfaction, including ways to disseminate information. As I have a lot of experience in the area of human resources, I will leverage my knowledge and give proper advice to increase the empowerment of Mabuchi Motor's employees and the entire company's ability to grow.

* PMI: An abbreviation for Post Merger Integration. It is the process of business integration after an M&A is completed.

Sustainability Committee

As an organization directly under the Board of Directors, the Sustainability Committee is responsible for the cross-sectional examination and discussion of sustainability issues and the formulation of specific measures. It is chaired by the president and consists of executive officers and senior general managers of business units and the headquarters. A system is in place to ensure that the oversight provided and decisions made by the Board of Directors are appropriately integrated throughout the company by reporting the results of the Committee's deliberations to the Board of Directors.

Since its establishment in July 2020, the Committee has set specific key issues and targets for solving social issues in accordance with the Management Markers, expressed its endorsement of the TCFD (Task Force on Climate-related Financial Disclosure) as a climate change-related initiative, and discussed specific measures to address these issues.



Compliance Committee

As demand for compliance increases every day, we established the new Compliance Committee on January 1, 2023 in order to elevate compliance activities to a higher stage. As an organization directly under the Board of Directors, the Compliance Committee is responsible for setting cross-sectional compliance targets and key issues and creating compliance education programs for employees to prevent compliance violations.

