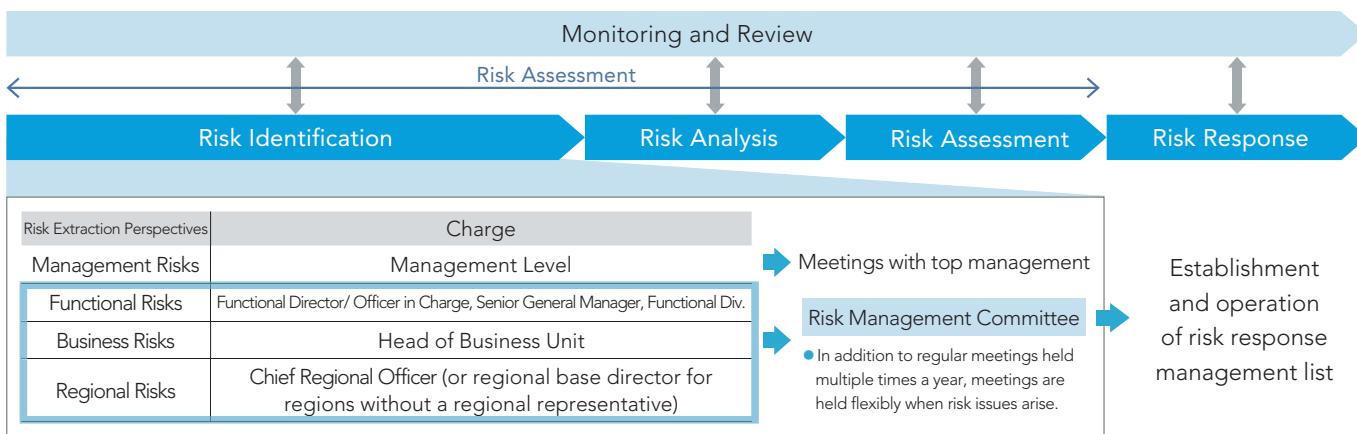


Risk Management

Basic Policy

Mabuchi Motor is working to enhance and strengthen risk management to mitigate and minimize various risks associated with its diversified business activities in order to carry out its business activities on a global scale and ensure sustainable growth.

Risk Management Process Overview Chart



We have established a Risk Management Committee, whose members include the head of each department and the head of each subsidiary, to enable cross-organizational activities in the recognition and evaluation of risks in daily business activities, response to risks, and communication of information, as well as to prepare for the emergence of risks and establish a communication and response system in the event of an emergency with a view to the business activities of the entire Group. The Internal Audit Department periodically audits the status of risk management and reports the results to the Board of Directors and the Audit Committee. The Board of Directors reviews the contents of such reports and takes necessary measures to continuously improve the risk management system.

The Risk Management Committee Actions

The following categories and identifications were used to categorize and identify the activities: "Ensuring Human Life (Safety)," "Compliance," "Information Security," and "Production/Supply Outage". Each of these departments will be designated as a leader, and management and related employees will work together to continuously implement risk countermeasure activities for the entire Mabuchi Group.

Risk Materiality Assessment Indicators		
Impact	Large	More than 1 billion yen
Impact	Medium	100 million yen to less than 1 billion yen
Impact	Small	Less than 100 million yen

Various policies for risk management

Information Security Policy

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

System, and the preservation and management of information assets are here. <https://www.mabuchi-motor.com/security>

Privacy Policy

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

Mabuchi Motor 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. We provide useful supplemental information so as to promote understanding of our diverse business activities.

Our disclosure policy is here. <https://www.mabuchi-motor.com/investor/management/disclosure.html>

Risk Management

Business Risks

We recognize the risks listed in the table below, and will strive to avoid these risks and mitigate damages in the event they arise and will make every effort to avoid these risks and to mitigate damages in the event that they do occur.

Main matters	Main correspondence
Changes in economic situation	Improve market responsiveness by constantly forecasting the latest market trends and optimizing capital investment, personnel, inventory, etc.
Exchange rate fluctuations	Use of foreign exchange forward contracts after measuring the foreign exchange risk and considering the hedging effect and hedging cost.
Development of new products and technologies	Establish an organizational structure related to research and development activities with the aim of further expanding competitive advantage. In addition, to realize quick decision-making, speedy response to changes in market needs, improvement in ability to develop new models by application market, and globalization of customer support and customer satisfaction activities, we will strengthen and develop business activities integrated with the sales division.
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.
International economic transactions and potential risks of overseas expansion	Consideration and implementation of timely and appropriate responses, including the establishment of the Five-Region Management Structure to collect and respond to information on environmental regulations, product safety and quality regulations, and import/export regulations in countries related to our business, in addition to economic, political, and social conditions in the countries where we do business.
Product quality	We have acquired the international standard ISO9001 and IATF16949 for each business base, strive to continuously improve the management system, and comply with the quality system established by the Headquarters. When a defect occurs, we investigate the root cause, and then implement and thoroughly implement measures to prevent recurrence and prevent the problem from occurring again.
Intellectual property protection	Secure competitive advantage by acquiring and protecting intellectual property rights in an overarching and proactive manner in order to expand product sales and new applications. Implementing measures to raise employee awareness of risks such as outflow and infringement of rights, such as employee education.
Acquisition and development of human resources	In addition to systematic recruitment of new graduates, we carry out regular recruitment based on needs. We will also enhance employee motivation and promote employee retention and development by expanding the education system to support skill development, assigning diverse employees to positions where they can fully demonstrate their abilities, and developing a system to foster specialists in each department at an early stage, as well as a work-life balance support system.
Procurement of raw materials, etc.	Various raw materials, parts, etc. are procured from multiple suppliers to maintain a stable supply, and CSR procurement is also taken into consideration. Promote measures to stabilize prices of certain materials through appropriate futures contracts, etc., and limit the impact on production costs.
Natural disasters, accidents, and infectious disease outbreaks	Formulate a basic business continuity plan (BCP) and implement measures to prevent the manifestation of risks such as disasters and accidents at the Headquarters and business sites, or to mitigate damages including insurance coverage. In response to infectious diseases such as the COVID-19, in countries and regions where we do business, we follow the guidance of local governments and local authorities, and promote infection prevention measures such as encouraging employees to work at home and staggered working hours, and utilizing online meetings.
Environmentally friendly	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 sustainability targets, we recognize that reducing the environmental burden is an important issue and set specific targets.
Global climate change	We set a mid-term goal of "reducing CO ₂ emissions by 30% from 2018 levels by 2030 and promote activities to realize our goal of carbon neutrality by the year 2050. We accelerate efforts to reduce CO ₂ emissions by installing solar power generation systems, adopting systems that recover and reuse waste heat, introducing an internal carbon pricing system, and reducing power consumption at production facilities. We also view climate change not only as a risk but also as an opportunity and promote solutions to social issues related to climate change through our business activities. We continuously assess the impact of climate change and disclose information about it, in line with the TCFD.
Information security	All employees, including directors and officers, deepen their understanding of the necessity and responsibility of information security, and ensure information security by establishing an information security policy. In addition, information assets are appropriately classified and organized, information security measures are taken according to their importance, and necessary education and training are provided on an ongoing basis.

Promoting Compliance

We have established the "Mabuchi Motor Ethical Standard" in the belief that it is a prerequisite to conduct activities in accordance with the corporate ethics required by society. It specifically outlines the social rules, including laws and regulations, that all directors and employees are required to observe. We are working to ensure that these rules permeate the company's operations.

Compliance education activities at our bases around the world include study sessions and training programs focusing on laws, regulations, and social ethics.

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



The Mabuchi Motor Ethical Standard

Compliance Committee

The Compliance Committee, established directly under the Board of Directors, sets compliance targets and priority issues across the Group and formulates compliance education for employees in order to prevent compliance violations.



Ethical Standard whistleblower system

An "Ethical Standard whistleblower system" has been established to communicate information and provide consultation on compliance issues, which is managed by the Internal Audit Department and ensures anonymity. In order to strengthen our system for preventing problems from occurring or expanding, we have expanded the scope of the "Ethical Standard whistleblower system" to include not only our employees but also some of our business partners. In addition, we comply with the Whistleblower Protection Act and send out a top message promising that we will not cause any disadvantages to those who consult with us. The Company introduced a whistleblower reception service provided by an external organization to establish a whistleblower contact point independent of management and to strengthen the protection of consultants.