

Basic Approach to Corporate Governance

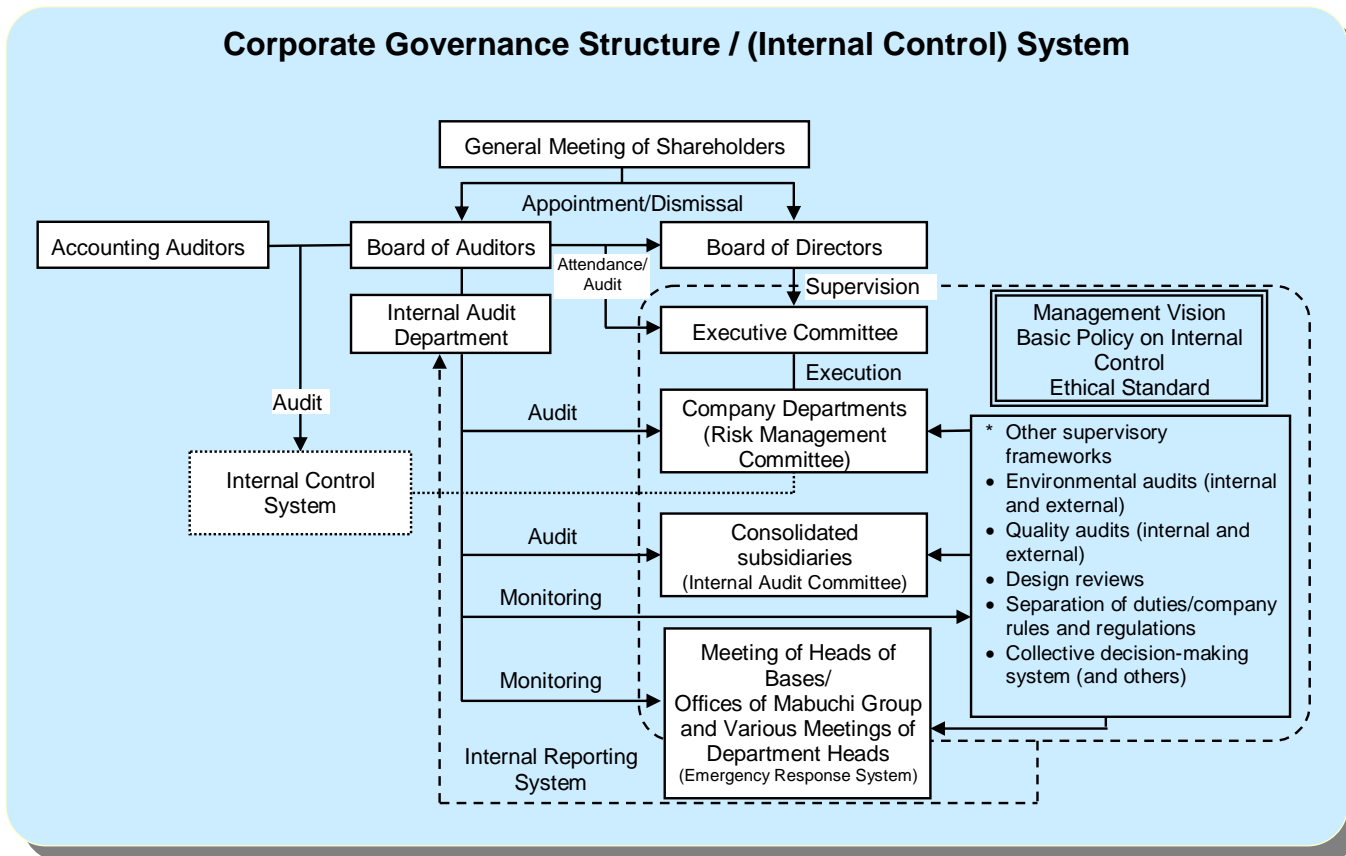
The Mabuchi Group recognizes that the fulfillment of the mission stated in our Management Principle “Contributing to international society and continuously increasing our contribution” through our small DC motor business forms the very basis of our existence. Therefore, we consider it is essential for us to establish a corporate governance structure consisting of the following elements:

- (1) Ensure that management decision-making and efficient business execution are clearly separated and the scope of responsibility is clear.
- (2) Build and operate a sound internal control system to establish an effective framework for checks and balances and management supervision.
- (3) Foster a corporate culture in which all Group directors and employees recognize that the implementation of compliance and adherence to corporate ethics form the basis of our organization, and are crucial to maintaining stakeholder trust and satisfying stakeholder expectations.
- (4) Disclose corporate management information to stakeholders in a fair, timely, and clear manner.

We will enrich various functions to ensure that these elements are duly implemented.

Establishment of a Structure and a System

The Mabuchi Group employs a system of corporate auditors in which corporate bodies, accounting auditors, and other organizations stipulated by the Companies Act fulfill their respective legal functions. In addition to these organizations, Mabuchi has independently established the Executive Committee, Internal Audit Department (internal audit division) and other organizations related



to business execution and internal control. With the participation of these organizations, we have established and are operating a Group-wide governance structure and system.

At each of our overseas related companies, we also conduct internal control through corporate bodies whose existence is required by the laws of the respective countries and through our internal organizations.

Through the Mabuchi Group Management Vision, we also share our corporate culture and values across the

world and are striving to improve our internal control functions throughout the Group by holding meetings for the management of overseas bases, holding Group-wide meetings, and having the Internal Audit Department conduct operational audits on overseas related companies.

Having established the Basic Policy on Internal Control, we are working to strengthen and enhance our risk management system and compliance system.