

Minebea has adopted five basic management principles as its basic policy for management, which are to “be a company where our employees are proud to work,” “earn and preserve the trust of our valued customers,” “respond to our shareholders’ expectations,” “work in harmony with the local community” and “promote and contribute to global society.” Under this basic management policy, Minebea’s business objective is to fulfill its social responsibilities to the various stakeholders—such as shareholders, business partners, local communities, employees and society—and maximize its corporate value. To achieve this business objective, Minebea has approached the enhancement and reinforcement of corporate governance as a key management theme. Also, to ensure the health of the management of the Company and strengthen corporate governance, Minebea is promoting the establishment, maintenance and expansion of an internal control system.

1. Basic Explanation of the Company’s Organization

In response to the need for highly strategic business judgments and timely action, we changed the Board of Directors to a 10-member system in June 2003. At the same time, by introducing an executive officer system, we have delegated significant authority from the Board of Directors to executive officers, and clearly divided the role of management/supervision functions from execution functions.

Moreover, with the aim of obtaining advice on all aspects of corporate management and strengthening the Board of Directors’ functions to supervise organizations responsible for execution of duties, we have included two external Board members in the 10-member Board of Directors.

To strengthen the auditing function of the Board of Auditors, a proposal to increase the number of external auditors on the Board was approved at the Ordinary General Meeting of Shareholders held in June 2006. As a consequence, the Board of Auditors currently comprises five members, of which three are external auditors. In addition to holding the Board of Auditors’ meetings and attending the Board of Directors’ meetings and other important meetings, the auditors—in conjunction with the accounting auditors and the Internal Audit Department—audit domestic offices and subsidiaries, overseas subsidiaries and directors’ execution of duties.

2. Enhancement of the Internal Control System

As set forth in the Basic Policy for the Internal Control System, Minebea has comprehensively implemented compliance, information storage, risk management, efficient performing duties, Group company control and auditing systems, and is working to further strengthen them. (For details, please refer to “4. Basic Policy for the Internal Control System and its Enhancement Situation.”)

Furthermore, to ensure the smooth establishment and handling of the internal control system for financial reporting and to link it organically and efficiently to the internal control system based on Company Law, on April 1, 2008, Minebea established an internal audit management headquarters, which is independent of the Company’s execution function and comprises the internal control administration office and the internal auditing office.

3. Summary of Management Decisions, Supervision and Various Functions

(1) Supervision of Management

Minebea’s supervision of management is done by the 10-member Board of Directors, which makes significant strategic business judgments that can facilitate prompt and highly strategic decision making. We have included two external Board members in the Board of Directors with the aim of obtaining advice on corporate management and strengthening the Board of Directors’ functions to supervise the organizations responsible for execution of duties.

(2) Execution Function of Management

Minebea is building a system for the execution function of management that will reinforce diligent attendance of each division’s operations in accordance with the Company’s management policy, and revitalize and enhance the speed of management by introducing an executive officer system.

(3) Monitoring of Management

Minebea has built a monitoring system comprising five corporate auditors, of which three are external.

Also, there are no titles or ranks for the Board members in an effort to enhance the monitoring of each Board member.

Five Basic Management Principles

Minebea shall...

Be a company where our employees are proud to work

Earn and preserve the trust of our valued customers

Respond to our shareholders’ expectations

Work in harmony with the local community

Promote and contribute to global society

4. Basic Policy for the Internal Control System and its Enhancement Situation

In line with the Company Law, enforced May 1, 2006, to substantiate the health of Company management, Minebea finalized the Basic Policy for the Internal Control System after the resolution of the Board of Directors.

The Company's internal control system is necessary to ensure that the Board members' execution of duties conforms to laws and the Articles of Incorporation, and that the other operations of the Company are appropriate for a publicly listed corporate entity.

By establishing an internal control system that disciplines business management, we will reinforce corporate governance and strongly fulfill the Company's social responsibilities, as well as further increase corporate value.

For this purpose, to ensure the health of management Minebea resolved the basic policies for the internal control system, based on the Company Law, at a Board of Directors' meeting. The structure of this system is as follows:

Structure of the Internal Control System

- (1) Structure to assure that Board members', executive officers' and employees' execution of duties conforms to laws and the Articles of Incorporation (compliance system)
- (2) Storage and management of information related to execution of duties by Board members and executive officers (information storage system)
- (3) Rules for management of loss risk and other structures (risk management system)
- (4) Structure that assures the execution of duties by Board members and executive officers are efficiently done (system for the efficient performance of duties)
- (5) Structure to ensure that the operations of the Company and its affiliated companies are adequate (system for management of Group companies)
- (6) Structure to ensure that audits by the corporate auditors are effective (audit system and related matters)

Minebea's Corporate Governance System

