

# Corporate Governance



## Basic Approach

Under its basic management policy of the Five Principles, the Minebea Group's management objective is to fulfill its social responsibilities to its diverse stakeholders, and to maximize its corporate value. To achieve this management objective, Minebea regards the enhancement and reinforcement of corporate governance as a key management theme.

## Corporate Governance System

Minebea maintains a ten-member Board of Directors to meet our need for high-level strategic business judgments and prompt action. At the same time, our executive officer system enables the Board of Directors to delegate significant responsibility, and clearly divides management and supervision functions from executive functions.

Moreover, our ten-member Board of Directors includes two external members who provide advice on all aspects of our corporate management. These external members also strengthen the Board's oversight function relating to the conduct of our business.

Furthermore, for a stronger, comprehensive auditing function, three of our four corporate auditors are external auditors (one of whom is a standing auditor).

In addition to conducting Board of Auditors meetings and attending Board of Directors and other important meetings, the corporate auditors, in conjunction with independent auditors and the Internal Auditing Office, conduct audits of domestic offices, subsidiaries, and overseas subsidiaries as well as auditing the activities of directors.

### ● Supervision of Management

Minebea's supervision of management is performed by our ten-member Board of Directors, whose responsibility it is to make critical strategic business judgments in a timely manner. The Board of Directors includes two external members who provide advice on all aspects of our corporate management. These external members also strengthen the Board's oversight function relating to the conduct of our business.

### ● Management Execution Function

Minebea employs an Executive Officer system to delegate the management authority of the Board of Directors to Executive Officers, and promote responsive, timely, enhanced management.

### ● Management Monitoring System

Minebea has adopted a management monitoring system consisting of four corporate auditors, of whom three are external auditors.

In addition, members of the Minebea Board of Directors do not have titles. This is intended to enhance overall monitoring of board members.

## Enhancement of Internal Control System

Minebea's Board of Directors makes decisions on basic policies for the internal control systems in order to implement specific measures to ensure the soundness of management. On the basis of this approach, the Group has established a Compliance System, Information Storage System, Risk Management System, System for an Efficient Execution of Duties, System for the Management of Group Companies, and various other auditing structures. The Group is striving to bolster all of these systems.

### ▶ Internal Control System Structure

- 1 Structure to assure that the execution of duties by board members, executive officers and employees are in conformance with the law and Minebea's 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 managing loss risk and other rule structures (Risk Management System)
- 4 Structure to assure efficient execution of duties by board members and executive officers (System for an Efficient Execution of Duties)
- 5 Structures to ensure that the operations of the company and its affiliates are appropriate (Management of Group Companies)
- 6 Structures to ensure that audits by the Corporate Auditors are effective (Audit System Matters)

## Internal Controls over Financial Reporting

To ensure the reliability of its financial reporting, Minebea has established internal control structures and systems which are improved on a continual basis. Regarding internal controls over financial reporting required by Japan's Financial Instruments and Exchange Law, the Group has striven to comply with the law in its basic internal control framework and establish and operate controls appropriately.

Management assesses the status of the establishment and operation of internal controls, and as of March 31, 2012, management had determined that the Minebea Group's internal controls over financial reporting were effective. In addition, as required by the Financial Instruments and Exchange Law, Minebea reported on the results of this assessment in its Report on Internal Control Systems and submitted the report to its auditor, KPMG AZSA LLC, which audited the report and concluded that the contents demonstrates that Minebea was operating in conformity with the aforementioned law.

For further details on the Minebea Group's corporate governance system, please visit the corporate website: [http://www.minebea.co.jp/english/company/aboutus/governance/policy\\_system/index.html](http://www.minebea.co.jp/english/company/aboutus/governance/policy_system/index.html)