

Environmental &
Social Report
2008

Message from the President



Advancing environmental efforts with greater social contributions

We are pleased to release our Environmental & Social Report 2008, highlighting the results of the social contributions and environmental activities that the Mabuchi Group undertook during 2007. Until last year, we had reported those activities in our Environmental Report, but we have upgraded it to the Environmental & Social Report from this year, enriching the documentation of our social contribution activities.

For some time, Mabuchi Motor has been actively engaged in social contributions through a wide range of activities. Last year, Dalian Mabuchi (Dalian, China) was selected as one of “50 foreign invested enterprises that are making excellent social contributions” by the Chinese government and honored with an award. We are very proud of this recognition as it signifies that our management principle of “Contributing to international society and continuously increasing that contribution,” which we have upheld as the underlying principle of our corporate activities, is highly acclaimed beyond national borders. Until last year, we reported these kinds of activities and achievements in the Environment Report. However, beginning this year, the report will cover not only contributions to communities but also other results in such areas as compliance and the work environment, as well as ongoing efforts for their improvements, thereby driving us toward greater social contributions.

As a natural demand, we need to improve our responses to environmental problems. These days, stricter restrictions are being imposed on environmental burdens in products and the manufacturing processes by tightened directives and regulations, such as RoHS and REACH, requiring us to take complicated and sophisticated responses. To gear for it, we have made it our policy that our key environmental response lies in the improvement of product quality, and we have had this concept penetrate into our all production bases, specifically by transferring the main body of the environmental promotion group to the quality assurance department two years ago, and by holding a conference of all environmental managers of respective production bases concurrently with the quality assurance managers' conference last year. From a broader perspective, environmental problems are the problems of the global environment, but for we who are manufacturing products and providing them to customers, what is crucial is the environmental quality of our products. With this in mind, we strengthened our environmental efforts mainly in the manufacturing arenas by extending environmental demands relating to the products to the quality control systems.

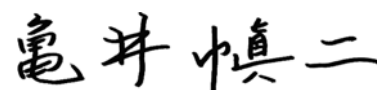
The G8 Summit held at Lake Toya in Hokkaido this year took up environmental problems such as global warming as its main agenda. Considering efforts for global warming to be one of our corporate social responsibilities for many years, Mabuchi Motor has strived to reduce CO₂ generation during manufacturing and develop energy-saving products throughout the company, including the overseas production bases. To raise awareness of not only our employees but also their families and involve them in our concerted effort, we are encouraging them to register in "Team Minus 6%," a national campaign to tackle global warming. I am also a registered member of that team.

Now, let me move on to the implications of today's environment from a business aspect. Our product lines were developed mainly in the audio and visual equipment market in the past, but today the core business has moved to the automobile-related market and, in line with this, our core products are changing dramatically. Because our products in the automotive market are large in shape, we anticipated a significant factory expansion would be required. But, actually we have increased the manufacturing capacity without expanding the factory scale at some production bases. This means that we succeeded in increasing capacity without increasing CO₂ generation. Although it may not be possible at every production base, we achieved it as a result of our approach to doing whatever improves the environmental situation.

Some say that we have already tried all the possible measures against global warming. But, in view of today's climatic condition, we cannot just sit and wait. As our manufacturing facilities are all located abroad, it is important to control CO₂ generation at those production bases. To that end, we will further reinforce our environmental structures and systems toward reducing CO₂ emissions by primarily enhancing environmental response efforts at our overseas manufacturing facilities.

This report describes environmental and social activities undertaken by Mabuchi Motor in 2007. It is our hope that the report will promote your understanding of our thinking and efforts. Your candid opinions are highly appreciated as invaluable feedback.

Shinji Kamei
President and Representative Director
Mabuchi Motor Co., Ltd.





Cover Photo

The cover photo shows Japanese zelkova trees in the garden at the Mabuchi Motor Head Office.

A variety of trees and flowers are planted in this garden. They provide greenery to the area and absorb CO₂ in the atmosphere, helping to prevent global warming.

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Editorial Policy for Environmental & Social Report 2008

- Mabuchi Motor has published the Environmental Report every year since 2001 to introduce the environmental conservation activities of the entire Mabuchi Group. However, in our 2008 report, we enhanced the report of our social contribution activities in addition to the previous contents. Concurrently, the report title was changed to the Environmental & Social Report. By publishing an easy-to-understand report, we will continue to perform our responsibilities for information disclosure and accountability concerning the environment and society.
- Danang Mabuchi is not included in the scope of the environmental data described in this report as it is now preparing to acquire the Environmental Management System certification (ISO 14001).

Period and Scope of the Report

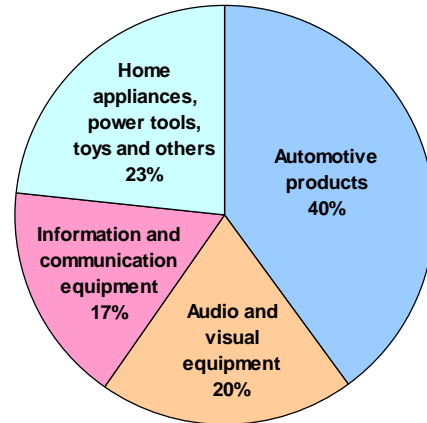
- Period: Fiscal 2007 (January 1, 2007-December 31, 2007)
- Scope: The Mabuchi Group
- Activities covered: Environmental and social contribution activities related to the design, manufacture, and sales of motors and provision of services

Remarks: The term “the Mabuchi Group” as used in this Report is a collective term for the Head Office and the following overseas bases (as of the end of December 2007):
 Mabuchi Industry Co., Ltd. (Hong Kong Mabuchi *including Guangdong Mabuchi)
 Mabuchi Taiwan Co., Ltd. (Taiwan Mabuchi)
 Mabuchi Motor Taiwan Ltd. (Kaohsiung Mabuchi)
 Mabuchi Motor Dalian Ltd. (Dalian Mabuchi *including Wafangdian Mabuchi)
 Mabuchi Motor (Jiangsu) Co., Ltd. (Jiangsu Mabuchi)
 Mabuchi Motor Vietnam Ltd. (Vietnam Mabuchi)
 Mabuchi Motor Danang Ltd. (Danang Mabuchi)

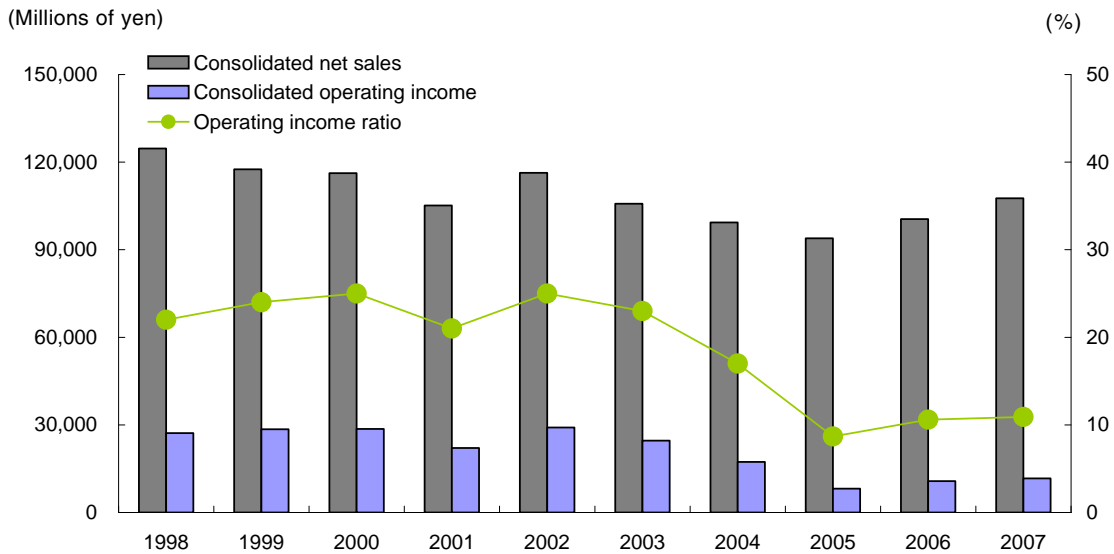
Corporate Outline

Trade name: Mabuchi Motor Co., Ltd.
 Established: January 18, 1954
 Field of Operations: Manufacture and sales of small electric motors
 Capital: 20,700 million yen (as of December 31, 2007)
 Employees: Head Office: Approximately 1,000
 Mabuchi Group: Approximately 45,000 (as of December 31, 2007)
 President: Shinji Kamei
 Address: Head Office
 430 Matsuhidai, Matsudo-shi, Chiba-ken, 270-2280 Japan
 Tel.: +81-47-710-1111
 Technology Center: 280 Ryufukuji, Motono-son, Inba-gun, Chiba-ken, 270-2393 Japan
 Tel.: +81-47-710-1222

Sales by application (fiscal 2007)



Changes in consolidated net sales, consolidated operating income, and operating income ratio



Environmental Management System

Mabuchi Motor's Basic Environmental Policy embodies our Management Principle in the environmental management area and represents the entire Group's basic approach to environmental issues.

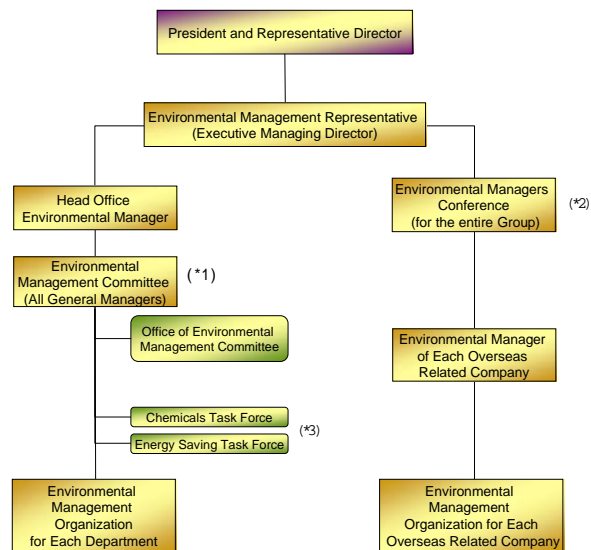
Basic Environmental Policy

1. We shall establish an environmental management system for taking business activities in consideration of the environment of the Earth, and continuously try to improve the system.
2. We will strictly observe legal regulations relating to environment and other requirements, and positively determine and control self-imposed regulations.
3. To make the best use of limited resources, we will positively make efforts in energy restriction, recycling and reduction in the amount of waste.
4. We will replace substances that cause a burden on the environment with substitutes.
5. We will positively conduct training and publicity activities to enhance the consciousness of the employees of environmental protection.
6. The Environment Policy will be penetrated to all employees and, if necessary, disclosed to the external parties concerned.

Environmental Organization

Mabuchi Motor regards environmental management as one of the most important themes for corporate management and has established an environmental management organization system with the Executive Managing Director as the Group's chief environmental manager (Environmental Management Representative). Under this environmental organization, the entire Group's environmental management system is implemented and various environmental conservation activities are promoted.

Environmental Organization



(*1) This committee consists of environmental management members and discusses environmental issues concerning the entire Mabuchi Group, including the Head Office and overseas related companies.

(*2) The members consist of environmental managers of the Head Office and related companies. The conference promotes the sharing of information on environmental issues and serves to spread the synergistic effects of environmental management across the group.

(*3) Environmental Expert Task Forces are established as advisory bodies to the Environmental Management Committee. The task forces conduct information gathering, research and study concerning specific environmental issues having an effect on the Head Office and the entire Mabuchi Group and develop related draft policies and draft implementation plans, which are then brought before the Environmental Management Committee for consideration.

Ensuring the Reliability of Environmental Responses

These years, compliance with environmental regulations such as ELV and RoHS Directives is drawing more attention than ever. As a manufacturer, we are required to not only reduce waste and CO₂ emissions as before but also tackle a new challenge, namely, preventing the discharge of environmental burden causing substances from products.

Reflecting this, we came to consider that environmental flaws are also quality problems, and changed our environmental management organization as follows.

- 1) As the Office of the Environmental Management Committee, the Product Environmental Quality Assurance Group was established in the Quality Assurance Department to manage the operation of the entire Group's environmental management system. The environmental management organization of each overseas related company was also transferred to its Quality Assurance Department.
- 2) The Environmental Managers



Quality Managers and Environmental Managers Conference of the Mabuchi Group held in 2007 (Guangdong, China)

Conference, attended by environmental managers of the Head Office and overseas related companies, was held concurrently with the Quality Assurance Managers Conference beginning in 2007. It promoted the sharing of information and served to increase cooperation for environmental management.

At the conference, the managers reconfirmed that society is increasingly demanding the evaluation of products by adding the Environment (E) to conventional evaluation factors, Quality (Q), Cost (C), and Delivery (D). They also deepened the understanding that environmen-

tal responses are a prime theme every company should address for corporate survival.

Based on this recognition, a working-level discussion was held on the environmental responses of the entire Mabuchi Group to achieve the goal of having zero environmental accidents regarding our products.

We will ensure the reliability of our environmental responses through these activities.

Acquisition of ISO 14001 Certification

Mabuchi Motor started activities to acquire ISO 14001 environmental management system certification in 1999, and completed its acquisition for the Head Office and all of its overseas bases by 2001. Since then, both external and internal audits have been conducted periodically to ensure conformance of our system to the standard.

Danang Mabuchi in Vietnam, which started operations in August 2006, is now preparing to acquire ISO 14001 certification in fiscal 2008.



Senior management being interviewed during the periodical ISO 14001 external audit in 2007

Environmental Accounting Report

Changes in Fiscal 2007

Environmental Accounting of fiscal 2007 is reported by incorporating the following changes.

- 1) The scope of environmental accounting data collection in fiscal 2007 was changed from the previous one of the Head Office plus Jiangsu Mabuchi, one of its overseas related companies, to the Head Office only.
- 2) In line with the above change, the data in the annual environmental cost table, namely the amounts of investment and expense in the current year and the similar amounts in the previous year for comparison, were changed to data of the Head Office only.

For details of the environmental effects, see the indicated pages.

- a. CO₂ emissions → Preventing Global Warming (p. 11)
- b. Generation of waste → Reducing and Recycling Waste (p. 13)
- c. Input of energy and water → Environmental Data (p. 18)

Environmental Cost

In fiscal 2007, the amount of environmental investment was about 0.6 million yen and the amount of environmental expense was about 584 million yen. Therefore, the total environmental cost we spent on environmental management activities was about 584.6 million yen, a 30% reduction over the previous year.

One of the factors behind this environmental cost reduction was the fact that we completed switching all motor products to ELV/RoHS-compliant models by the end of fiscal 2005. Because of this completion, it became unnecessary to expend additional R&D costs and substitute material costs. Another factor was a reduction in daily costs related to environmental management as a result of a cost reduction activity.

However, the R&D expense for environmentally compliant motors accounted for 57% of the total environmental cost reduced. This reflects the fact that we have concen-

trated our efforts on the creation of the environmentally compliant products.

Also, we are continuously conducting soil decontamination work at the site of the former Head Office and the site of the closed Tatebayashi Factory to execute our corporate social responsibility.

Fiscal 2007 Environmental Accounting

(Millions of yen)

Classification	Fiscal 2006		Fiscal 2007		Main Efforts (Fiscal 2007)	
	Amount of investment	Amount of expense	Amount of investment	Amount of expense		
Cost within business area	Pollution prevention cost	0.0	8.1		7.1	Management of septic tanks, quality analysis of wastewater for the prevention of water contamination, cleaning of wastewater tanks, depreciation of exhaust emission control equipment for diesel vehicles.
	Global environmental preservation cost	0.0	44.6		32.1	Depreciation, operation and management, and other handling of energy-saving equipment in office buildings
	Resources recycling cost	3.0	10.1		8.4	Recycling and proper disposal of waste, depreciation of facilities for rainwater use
	Subtotal	3.0	62.8	0.0	47.6	
Upstream and downstream costs	0.0	48.8		15.5		Operation of the green procurement system, switching to eco-motors, recycling and proper disposal of packing materials
Management activity cost	0.0	88.3		98.2		Maintenance and operation of the environmental management system, examination and analysis of contained chemical substances, disclosure of environmental information, environmental education to employees, management of greenery in the company
Research and development cost	0.0	544.7		334.0		Reduction and elimination of use of environmental burden causing substances, R&D of resource- and energy-saving motors, and other items.
Cost for remedying environmental damage	3.0	101.5	0.6	89.3		Decontamination of soil and groundwater
Total	3.0	846.1	0.6	584.6		

Promotion of Green Procurement

The Mabuchi Group is striving to manage chemical substances contained in our products by establishing various management systems. As the first step to attain this goal, the Green Procurement System has been established, continuously operated and improved to prevent our products from containing any environmental burden causing substances.

Green Procurement System

By setting our special evaluation criteria for the substances to be prohibited, restricted and reduced in addition to the requirements of laws, regulations, and customers, Mabuchi Motor confirms that environmentally prohibited substances that exceed those criteria are not included in the procured materials.

For confirmation, we made it a rule to attach the following documents to product specifications in addition to the submission of the environmental activity survey sheet.

When selecting suppliers, we add the Environment (E) to the conventional evaluation factors of Quality



Conducting an environmental audit of a supplier

(Q), Cost (C), and Delivery (D). Using these factors, we evaluate each supplier's environmental conservation activities are select eligible ones.

Documents to be attached:

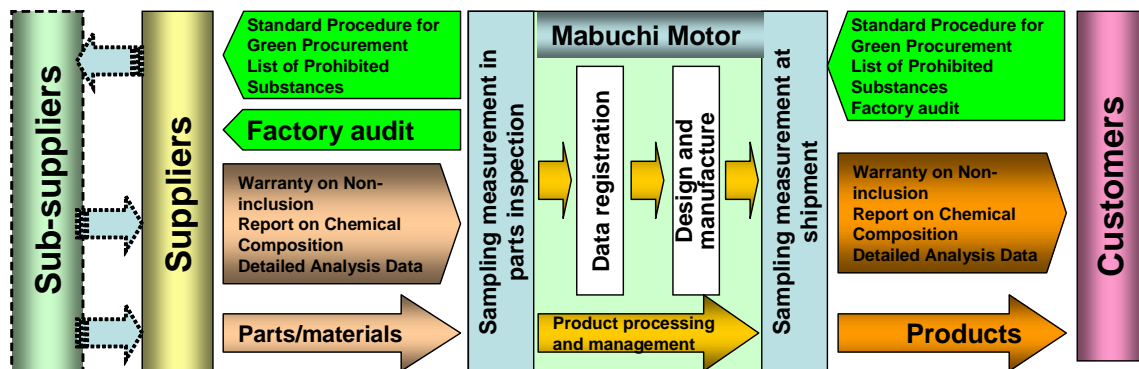
- (1) Warranty on Non-inclusion of Environmentally Prohibited Substances in Delivered Products and in the Manufacturing Processes of those Products
- (2) Report on Chemical Composition
- (3) Detailed Analysis Data of each homogeneous material

Improvements in Fiscal 2007

PFOS (perfluorooctane sulphonate) was newly added to the List of Immediate Prohibition of Use Required Substances in accordance with EU regulations. PFOA (perfluorooctanic acid), which is not included in regulated substances, was determined to be totally eliminated by December 31, 2010 as a reduced use required substance.

We will continue to promote green procurement so that we can manufacture environmentally friendly motors satisfying environmental demands in the world, ahead of the times.

Green Procurement Flowchart



Manufacture of Environmentally Conscious Products

R&D of Small Energy-saving Motors

Audio and Visual Equipment Field

Since the start of its operations, Mabuchi Motor, as a manufacturer specialized in small DC motors, has developed and supplied innovative motors to the market in response to various needs and in pursuit of new possibilities of motors, based on the basic policy of stably and more quickly providing better products at lower prices.

While improvement of quality and performance of motors is a prerequisite, we have also been conducting R&D of energy-saving motors for a long time as an important theme.

In the audio and visual equipment field, we supplied energy-saving motors, smaller in size but having



All Mabuchi Motor products are in compliance with ELV/RoHS Directives

equivalent torque, such as the RF series, to the market from the latter half of the 1980s through the latter half of the 1990s.

Small energy-saving motors in the audio and visual equipment field



RF-310TA



RF-300EA



RF-400EA

Latter half of the 1980s

Early half of the 1990s

Latter half of the 1990s

Automotive Products Field

In the 2000s, strong needs for energy-saving motors grow particularly in the automotive products market. Responding to them, in 2007, we developed small energy-saving motors, half the volume and weight of conventional motors.

Development of small and light-weight motors makes it possible to reduce the materials used and CO₂ emissions during manufacturing. If

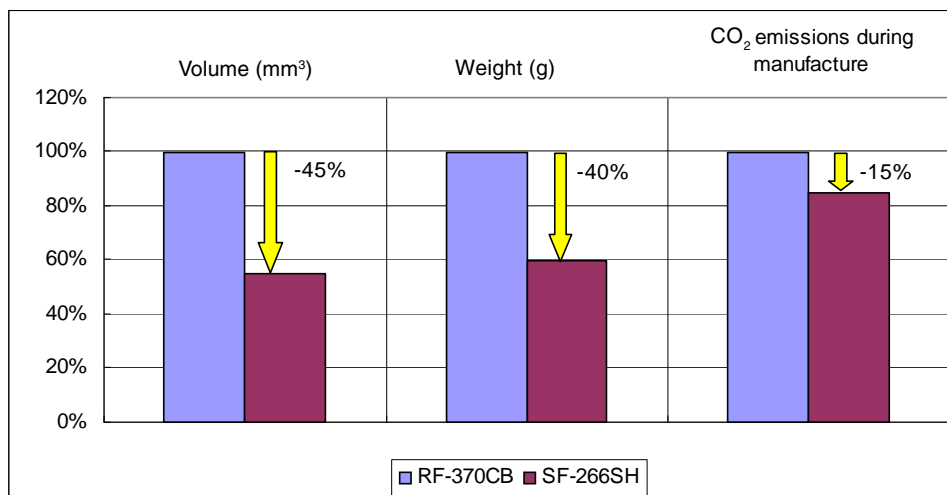
applied to automobiles and other uses, it results in the improvement of fuel efficiency.

Mabuchi Motor managed to reduce the size of motors while maintaining the same performance (torque and revolving speed), based on its magnetic circuit, winding, and parts accuracy technologies the company has accumulated as a manufacturer specialized in

small DC motors.

They are produced as low electric noise motors in consideration of the electromagnetic environment which has become an issue recently.

Estimation of environmental burdens reduced by energy-saving motors



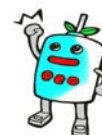
Small energy-saving motors in the automotive products field



RF-370CB



SF-266SH



2000s

We promote further R&D for greater energy savings.

Preventing Global Warming



Stop global warming by joining hands!

Team Minus 6%



The corporate management principle of the Mabuchi Motor Group is "Contributing to international society and continuously increasing that contribution." As the obligation of a company operating business in the 21st century society, we made it one of our universal management guidelines that "we conduct corporate activities promoting the preservation of our Earth's environment and our own human health." Activities of "Team Minus 6%" are effective for the practical applications of our management principle and management guidelines, and we are confident that participating in those activities will realize our contributions to society more reliably. Therefore, the Mabuchi Motor Group declares that we will maintain and continue our lasting contributions to international society by making various efforts for a reduction in GHG emissions of 6% through our business activities and employees' conducts in various countries in the world, and we act that way.

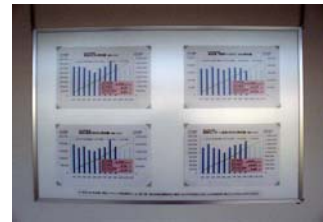
President and Representative Director Kamei also registered himself as a personal member (No. 330) of Team Minus 6%, and delivered the above message by representing the entire Group.

Efforts at the Head Office

Mabuchi Motor signed up with the "Team Minus 6%" campaign organized by the Ministry of the Environment (MOE) on August 15, 2007 as a company member, with the intention of familiarizing employees with CO₂ reduction activities that the company has undertaken for many years as a measure to prevent global warming and to increase employees' awareness even in their private lives, while further strengthening company's CO₂ reduction activities. Many employees also followed suit and signed up as personal members of the team. On the basis of six actions recommended by MOE's Team Minus 6%, we prepared our action guidelines with the phrase of "CO₂ reduction measures you can take at the company" and placed them on a company-wide bulletin board and the company intranet. We also posted CO₂ emission data every month to encourage employees' further cooperation.



A "Team Minus 6%" poster in the hallway at the Head Office



Monthly CO₂ emissions data posted in the company



A "Bring your handkerchief" campaign sticker on the air towel



A "Cool Biz" campaign poster beside the air control panel



A "stop idling" memo pad by the front seat of a company car



A "save water" sticker near the faucet

Results of fiscal 2007 efforts:

- 1. CO₂ emissions: more than 40 t reduction from the previous year**
- 2. Gasoline usage by company cars: 7.7% reduction from the previous year**
- 3. Consumption of OA paper: 9.4% reduction from the previous year**

We will continue to reduce CO₂ emissions in fiscal 2008 by promoting "Cool Biz" (a measure introduced by the Japanese government to reduce electric consumption) and taking every small power-saving measure.

Efforts in the Logistics Field

We are using Kobe Port and Kansai Airport to deliver products to some customers in Japan so that we can shorten the delivery distance and time from manufacturing facilities to their doors.

Also, we are preparing to set up a warehouse in the Chubu region in fiscal 2008 to reduce the transport distance to customers in that region.

The establishment of the Chubu warehouse will cut the transport distance by about 400 kilometers compared with shipments from our existing warehouse at the Head Office. This will reduce CO₂ emissions by 29.4 tons per year according to a calculation based on the total transport distance in fiscal 2007.

We are also using stackable nesting pallets to transport products. This reduces the pallet volume when they



Shipment from the warehouse at the Head Office

return to the company, thus helping to reduce CO₂ emissions during transport.

Efforts at Overseas Related Companies

Each factory of Guangdong Mabuchi started space-saving efforts in the latter half of 2006 through a production process review and layout change, aiming to increase productivity and reduce energy consumption, and completed the efforts at the end of 2007.

These efforts reduced the moving distance of both employees and parts and improved productivity.

The reduction of factory space and simplification of excessive mechanical equipment also resulted in less usage of electricity and water and reduced emissions of CO₂ at those factories.



The number of transparent plastic screens was increased to improve air conditioning (AC) efficiency. That reduced consumption of electricity for AC and lighting without affecting visibility (Guangdong Mabuchi)

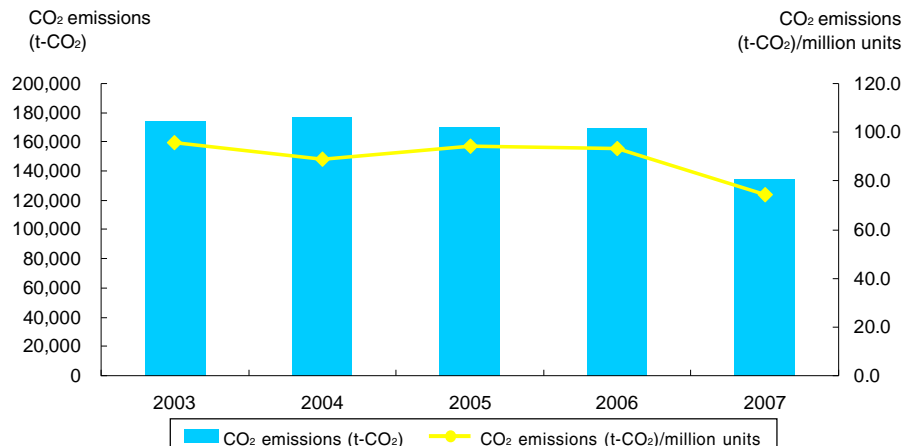


Stacking improvements and space reduction resulted in less consumption of electricity for AC and lighting in the warehouse (Guangdong Mabuchi)

Effects in the whole of Guangdong Mabuchi

- 1) Reduction in factory area: about 90,787 m²
- 2) Reduction in electricity: about 960,000 kWh/mo.
- 3) Reduction in CO₂ emissions: 598 t/mo.

Changes in total CO₂ emissions and CO₂ emissions per million units produced in the Mabuchi Group



Reducing and Recycling Waste

Recycling Packing Materials

As an effort to reduce waste, Mabuchi Motor is promoting the recycling of polystyrene packing materials used for delivering products to customers. We recycled about 7 tons of polystyrene packing materials in fiscal 2007.

Recently, we have also been promoting the use of "returnable containers," which can be used repeatedly, to further reduce waste.

We are currently working to establish a system to collect and treat packing materials at various locations close to customers, including in Japan, to minimize CO₂ generation during their collection and transport for recycling.



Polystyrene packing materials to be recycled



"Returnable containers" which can be used repeatedly

Recycling Sludge

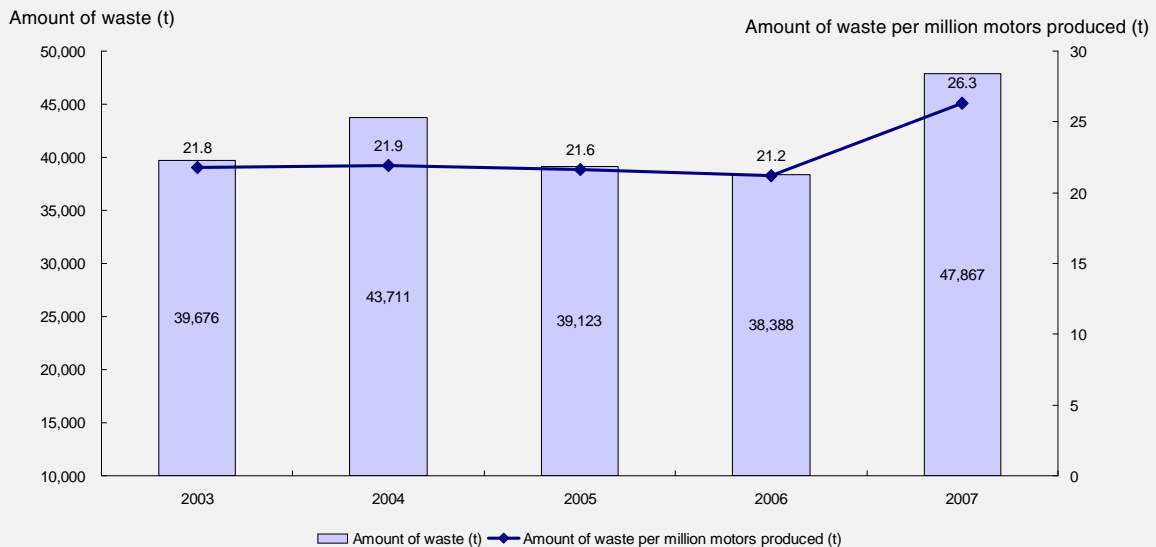
Considering that recycling every possible item of waste is an important measure to reduce waste, we found a recycling contractor and properly disposed of about 4.6 tons of sludge in fiscal 2007 which was generated from the biotope cleanup work at the premises of the Head Office, thereby preventing the sludge from becoming an environmental burden.

We will continue to recycle sludge produced by annual cleanup work to reduce environmental burdens.



Cleaning up biotope

Changes in the total amount of waste and the amount of waste per million motors produced in the Mabuchi Group between 2003 and 2007



Reducing Waste in the Production Process

A part called "shaft" is incorporated in a motor.

The shaft is an important part that takes out rotation output from the motor and transmits the power to the unit of customers. Chamfering is provided to the tip of the shaft so that customers can affix various parts to it easily. In the past, the tip of the shaft was processed using a stone that had a grinding effect, producing a large amount of grinding sludge which was disposed of as industrial waste.

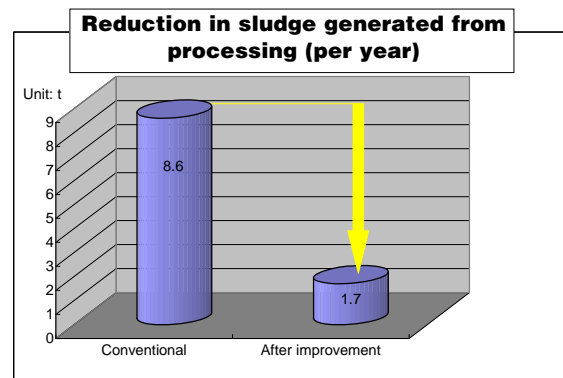
Our conversion from the conventional grinding process to the forging process in terms of waste reduction meant we generated 80.4% less sludge, from about 8.6 tons in previous years to 1.7 tons this year.

The significant reduction in sludge

generation made it possible to simplify our wastewater treatment equipment. We will continue to promote our activities for waste reduction based on Mabuchi Group's Basic Environmental Policy.



Simplified wastewater treatment equipment



Statistics of the Entire Mabuchi Group

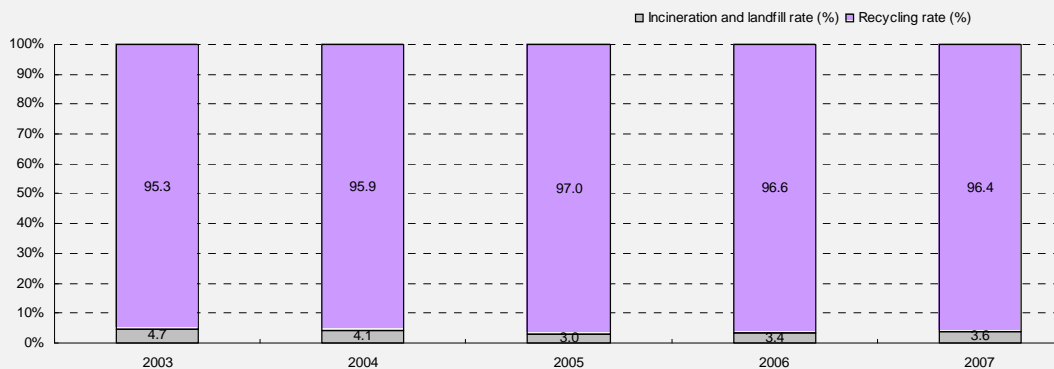
In fiscal 2007, various realignments were made at our overseas related companies, including improvement and simplification of factory layouts and relocations as a result of integration of production bases. Because of these activities, the total

waste of the entire Mabuchi Group increased from the previous year, primarily because of the increase of waste from the production process (such as metal, plastic and cardboard) plus other combustibles and incombustibles. The recycling

rate was 96.4%, which was a reduction of 0.2% from the previous year.

We will take steps to improve the situation from next year.

Changes in the waste recycling and landfill rates for the Mabuchi Group between 2003 and 2007



Environmental Communication with Employees

Communication by Company Newsletters

We are using company newsletters to communicate environmental information to our employees and raise their environmental awareness. In June every year, environment-related topics are featured in the newsletter. In the May/June issue of 2007, we introduced to our employees both Mabuchi's current state of environmental response and what ideal environmental response and assurance should be under the theme of "Mabuchi's Environmental Responses."



Company newsletter in 2007 featuring environmental responses

Communication via Intranet

To improve sharing of environmental information among employees, we have been operating a database called "ECOLOG" on Mabuchi's Intranet since fiscal 2004 with the management from the Head Office.

That database communicates a variety of environment-related information, including Mabuchi's environmental philosophy; basic environmental policy; environment-related regulations; environmental objectives, education, plans, performances; and internal and external environmental information, allowing all the employees to browse our environmental information. We update and manage the information continuously.

In fiscal 2007, we expanded the intranet to overseas related companies, enhancing information-sharing among the employees of the Group.

Holding Environmental Events

To improve the environmental awareness of all the employees of the Group, we held "The Third Catchphrase and Poster Contest Promoting Environmental Consideration" in fiscal 2007, following similar contests in fiscal 2005 and 2006. This year's theme was "Environmental burden causing substances - Strengthening their management and promoting their abolition and reduction."

A number of excellent pieces of work were sent to us during the entry period, which enhanced the awareness of Mabuchi Group employees about environmental burden causing substances.



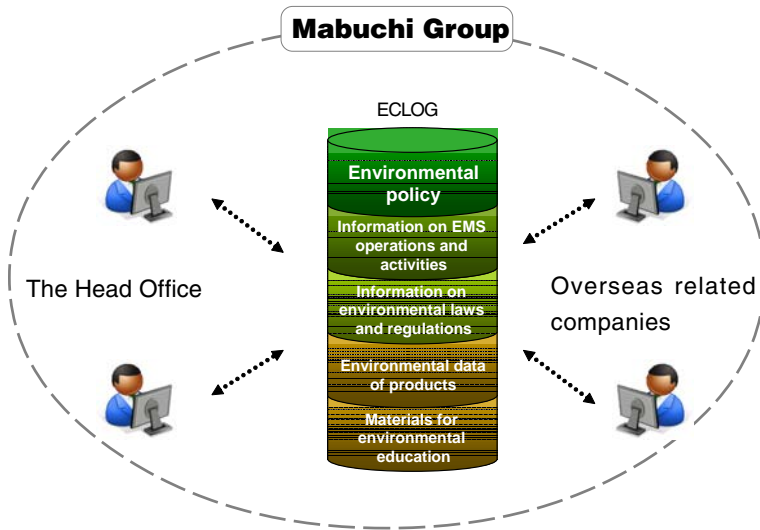
Environmental Manager awarding a certificate

Let's create 1,800 million ecologies!

No. 1 in the catchphrase division (In fiscal 2007, the total number of motors produced by the Mabuchi Group was about 1,800 million.)



No. 1 in the poster division (produced by an employee of Guangdong Mabuchi in China with the title of "Let's create a world without environmental burden causing substances for the future of our children!")



Concept of environmental information communication via ECOLOG

Environmental Communication with Society

Publication of Reports

We have been publishing the Environmental Report annually since 2001, introducing to society information such as the entire Mabuchi Group's global environment conservation activities, results of environmentally hazardous emissions, and future activity plans.

Reflecting the social trend of valuing corporate social responsibilities, we added the performance of the entire Mabuchi Group's social con-

tribution activities to the report beginning in this year, and in line with that we changed the report title to the "Environmental & Social Report."

We will continue our efforts to publish a better report.



Environmental reports published in the past

Provision of Information via Website

Mabuchi Motor is providing our environmental information on the website to communicate it to stakeholders outside the company.

We are constantly updating the information on the environmental compliance of products in particular.



Explanations of environmentally compliant motors on our home page
<http://www.mabuchi-motor.co.jp>

Environmental Communication with Local Communities

We are proactively advancing environmental communication with local communities.

We are receiving a range of messages such as inquiries about our environmental activities and requests to visit our environmentally friendly facilities, from environmental activity groups and public citizens in areas where our companies are located, and we are responding to them actively.

These photos show scenes from when we invited 20 elementary school students, fourth graders through sixth graders, in Matsudo City to our Head Office in August 2007, at the request of the environmental activity group "EarthCon Matsudo" in Matsudo, as part of the "Environmental Course for Children" sponsored by this group. The

students learned basic knowledge about motors and our environmental activities, and visited the environmentally friendly facilities in our premises.



Introducing Mabuchi Motor's environmental activities



Visit to "Wind Seagull" (street lighting system utilizing solar and wind powers) at the Head Office



Children listening to the explanations from the staff

Measures against Contamination

Efforts toward Soil Decontamination

In the soil contamination research conducted at the Head Office site in 2002, contaminated soil was found around the former cleaning room. We reported the situation to the authorities of Matsudo City and started decontamination work.

Under the guidance of Matsudo City, soil in the first aquifer, which was significantly contaminated, is being replaced while soil in the second aquifer is being decontaminated using water pumping and aeration/gas extraction methods. To prevent any outflow of contaminants from the premises, barrier wells have been installed downstream.

In 2004, we investigated whether there was any soil contamination at the factory site of our subsidiary,

Mabuchi Precision Industries, Ltd., upon its closure and detected soil contamination. We immediately reported the situation to the Gunma prefectural government and started decontamination work.

In this location, soil that was found to have high levels of contamination is being decontaminated completely by employing the oxidation catalytic method. In areas with low contamination concentrations, we are continuing decontamination work by installing barrier wells and sheet piles downstream to prevent any outflow of contaminants from the premises, in addition to employing groundwater pumping and aeration methods.

In 2007, we invested 89.3 million

yen in soil decontamination at the Head Office site and the former factory site of Mabuchi Precision Industries, Ltd., completing decontamination of about 300,000 tons of groundwater.

We used some of the groundwater decontaminated by the soil decontamination work at the Head Office site as sprinkling water for vegetation in the premises, reducing our tap water consumption.

We will seek various other measures to achieve prompt and complete decontamination while continuing current decontamination work.

Flow of Mabuchi Motor soil decontamination work (Case example of the Head Office)



The water pumping and aeration equipment installed in the premises of Mabuchi Motor Head Office.



Decontaminated groundwater is sampled periodically to examine its quality.



The quality of decontaminated water is examined by a specialty contractor.

Observing Laws and Regulations

Compliance with Environmental Regulations

The Mabuchi Motor Ethical Standard clearly states that "We will put more priority on observing laws, ordinances, and rules in the countries and regions where our companies are located as well as international rules than on the profits and operations of our companies."

In the environmental field, we are taking more strict responses by establishing self-imposed criteria as a system to make corrections even within the legally allowable range. Regarding the situation of observance of environmental laws and

regulations in Mabuchi Group in 2007, one violation of the laws and regulations was found and appropriate corrective measures were taken as shown below.

Office	Violation of law or regulation	Corrective measures
The Head Office	The phosphorus concentration in wastewater from the septic tanks exceeded the limit.	<ul style="list-style-type: none"> • We increased PAC injections into the wastewater. • We increased the volume and frequency of excessive sludge removal.

Environmental Data

The following tables show the energy consumption and waste volume of the Mabuchi Group in fiscal 2006 and 2007.

Fiscal 2006

Type	Unit	The Head Office	Hong Kong Mabuchi	Taiwan Mabuchi	Kaohsiung Mabuchi	Dalian Mabuchi	Jiangsu Mabuchi	Vietnam Mabuchi
Electricity purchased	10,000 kWh	913	9,906	483	926	2,975	1,101	2,567
Oil and Gas	t	5	17	9	10	470	19	53
City gas	t	129	0	0	0	0	0	0
Coal	t	0	0	0	0	10,861	0	0
Gasoline	kl	13	242	12	10	127	39	16
Diesel	kl	5	1,342	13	1	23	4	81
Fuel oil A	kl	0	0	0	0	2	0	0
Total amount of discharged waste	t	192	25,108	656	231	5,903	900	5,398
Amount of landfill waste	t	18	683	47	26	66	30	419

Fiscal 2007

Type	Unit	The Head Office	Hong Kong Mabuchi	Taiwan Mabuchi	Kaohsiung Mabuchi	Dalian Mabuchi	Jiangsu Mabuchi	Vietnam Mabuchi
Electricity purchased	10,000 kWh	918	9,350	543	989	3,176	1,472	2,378
Oil and Gas	t	5	18	9	8	477	13	68
City gas	t	98	0	0	0	0	0	0
Coal	t	0	0	0	0	9,841	0	0
Gasoline	kl	12	248	10	7	15	38	16
Diesel	kl	5	1,897	15	1	0	4	31
Fuel oil A	kl	0	0	0	0	0	0	0
Total amount of discharged waste	t	199	31,204	795	725	6,675	3,096	5,173
Amount of landfill waste	t	4	725	54	26	576	147	208

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 that contribution" through our small motor business forms the very basis of our existence. Therefore, we regard it indispensable to build and maintain a system that allows us to:

- (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.

A Structure and a System in Place

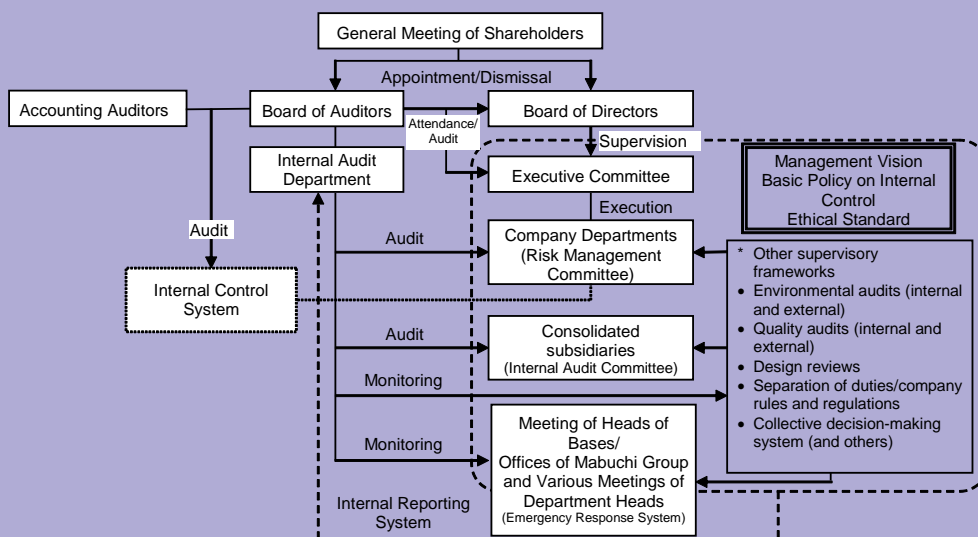
Mabuchi Motor employs a system of corporate auditors. Corporate bodies, accounting auditors and other organizations stipulated by the Corporate Law fulfill their respective legal functions. In addition to these organizations, Mabuchi has independently established an Executive Committee, an Internal Audit Department and other organizations related to business execution and internal control. Through the participation of these internal organizations and other means, we have established and are operating a Group-wide in-

ternal control system.

Establishing a "Basic Policy on Internal Control", we endeavor to further strengthen and improve our risk management system and compliance system.

At each of our overseas related companies, we also conduct internal control through corporate bodies required by the laws of the respective countries, and through internal organizations that complement these corporate bodies. We also share our corporate culture and values across the world through the Mabuchi Group Management Vision and are striving to improve our internal control functions throughout the Group by holding meetings for the management of overseas bases and for the heads of different Group departments, as well as through operational audits of overseas related companies conducted by the Internal Audit Department.

Corporate Governance Structure / (Internal Control) System



Compliance Activities

Ethical Standard Handbook

We have published a handbook "Mabuchi Motor Ethical Standard" and distributed copies of it to all directors and employees of the Head Office with a view to fulfilling our management principle "Contributing to international society and continuously increasing that contribution" which requires us to undertake business activities by observing laws, ordinances, rules as well as social ethics in each country and region.

As to the particularly important items in the Ethical Standard, we have developed compliance rules and procedures, and have been providing necessary education and training to employees (including new employees and management-level employees) to familiarize them with the standard.

In addition, we have established a mechanism, which allows our top management to take timely and appropriate measures based on the results of periodical and non-periodical audits conducted on not only the head office but also group companies by the internal audit department regarding observance of compliance rules and procedures, conducts not conforming to other ethical standards, and the like.

From now on, we will work hard to extend compliance activities to



The President and Representative Director himself communicates the importance of compliance to employees at the compliance seminar.

overseas related companies while enriching the contents of our education and enlightenment activities.

and employees promising that the company will never allow those who have consulted to be placed at a disadvantage because of their consultation, regardless of whether or not they used the hotline, by following Whistleblower Protection Act.

Ethical Standard Hotline

We have set up an Ethical Standard Hotline in the company, which allows all of our employees to directly convey information to or consult with our internal audit department concerning compliance without using our ordinary communication routes (senior managers or existing consultation contact points).

We have also delivered a top management message to all directors

Basic Policy of Mabuchi Group Ethical Standard



- (1) All the directors and employees of the Mabuchi Group will put more priority on observing laws, ordinances and rules in the countries and regions where our companies are located as well as international rules than on the profits and work of our companies.
- (2) We will strictly refrain from conducts against social ethics by fully recognizing our responsibilities to various stakeholders, including shareholders, investors, and local communities.
- (3) We will clearly describe particularly important items among laws, regulations and social ethics in such documents as in-house regulations and publicize them widely. All the directors and employees will observe those items sincerely.

Balancing Work and Life

We are striving to create a work environment enabling our employees to strike a good balance between their work and private life.

Responding to changes in Japanese society affecting families and communities, such as a declining birthrate, aging, and decreasing population, we have introduced various systems to the Head Office, including family-friendly measures and a reemployment system after retirement.



Our employees strike to balance work and life using a support system for childcare.

Family-friendly Measures

- 1) To support employees who need to balance their work and childcare, programs related to parental leave are set in place such as parental leave until their children become three years old, partial payment of salary, and support for self-improvement during parental leave.
- 2) As the support for childcare, the following programs are introduced: Low-interest loans for fertility treatment, leave for childbirth by spouse (paid leave of five days), and discount coupons for babysitting services.
- 3) To help employees who do nursing care while working, several programs are introduced: Allowing nursing leave two times for one care-requiring condition, up to 365 days as a combined maximum, support for self-improvement during nursing leave, cutting of working hours and being exempt from overtime work, and discount coupons for nursing care services.

Reemployment System after Retirement



Employees hired again after retirement convey know-how to younger employees.

Based on the reemployment system after retirement, which was introduced in 2001, most retired employees who so hoped were reemployed beginning in fiscal 2005, helping to create work environment in which employees of several generations can work together briskly while passing on accumulated know-how and skills.

Communication with Employees

About 1,000 Mabuchi Motor employees (including retired employees, temporary employees, and contractors' employees) and their families were invited to the garden party held

at the Head Office grounds in fiscal 2006 and 2007 with a view to increasing bonds and solidarity among all Mabuchi people, from top management and employees to their

families, by promoting mutual communication across organizational boundaries.



The garden party in fiscal 2007

Efforts at Overseas Bases

Recognizing that people are the most important resource for any company, each of our overseas bases is also endeavoring to create a work environment in which employees can work positively.

Efforts at Guangdong Mabuchi

In September 2007, Factory No. 2 of Guangdong Mabuchi, located in Shenzhen City, Guangdong Province, China, was commended as a “model company having harmonized labor-management relations” in the national-level public announcement, in recognition of the factory’s proper response to labor-management relations.

As one of only 16 companies chosen in 21 cities in Guangdong Province and as the only company chosen in Shenzhen City, Factory No. 2 received a commendation certificate from the Chinese government at the award ceremony held in Beijing.



Award-reporting session and a commendation certificate

Efforts at Dalian Mabuchi

Dalian Mabuchi has purchased group accidental injury insurance and group hospitalization support insurance for its employees with a support from the company, in addition to statutory insurance.

Also, to ensure rational and fair treatment of employees, a Labor Consultation Committee consisting of the representatives of management and the labor union has been set up, where matters related to labor and management are discussed jointly and executed in accordance with the agreement.

A range of education and training programs are prepared in the company for capacity building. They are being used to build diverse human resources from experts to managers.



A meeting of the Labor Consultation Committee



Winners of the company’s skill contest are commended.



Joint birthday party for dormitory employees sponsored by the company



To improve the health of employees, the company supports participation in the holiday walking activity in the community.

Contributions to Society

Dalian Mabuchi was selected as one of the "50 foreign-invested enterprises that are making excellent social contributions" from around China



Takayuki Kokon, General manager of Dalian Mabuchi, at the award ceremony



Plaque of recognition

In 2007, Dalian Mabuchi was selected as one of the "50 foreign-invested enterprises that are making excellent social contributions" in the award sponsored by the China Association of Enterprises with Foreign Investment (CAEFI), and received a plaque of recognition at the Great Hall of the People in Beijing on November 7.

Dalian Mabuchi was one of the first-time recipients of the award "50 foreign-invested enterprises that are

making excellent social contributions" which began in 2007. This award was established with a view to improving the quality of companies and creating a society harmonized with their sound development, by commending foreign-invested companies working for the economic growth of China and making social contributions.

The award was presented to Dalian Mabuchi in recognition of its balanced activities for various stakeholders, including legal compliance activities, environmental protection activities, activities for establishing sound labor-management relations, and activities for community and educational support programs, that the company has undertaken while pursuing its core business goals based on the Mabuchi Group management principle "Contributing to international society and continuously increasing that contribution" since its foundation in China in 1987.

Various Community Support Activities

As a corporate citizen, the Mabuchi Group is conducting various activities for communities to seek co-existence and co-prosperity toward realizing an affluent society.

Cooperation in community cleanup activities

We participate in cleanup activities around the company actively for the improved life of local people and a better environment.



Above: Cleanup activity around the company conducted by employees of Jiangsu Mabuchi (Wujiang, Jiangsu Province, China)

Below: Cleanup activity around the company conducted by employees of Dalian Mabuchi (Dalian, China)



Home Visit and Nursing Care Volunteer Activities

We actively engage in volunteer activities in the community by visiting the homes of single elderly persons and nursing homes for children and the elderly.



Employees of Guangdong Mabuchi Factory 2 visited the local Fuyung nursing home as volunteers.



Vietnam Mabuchi presented a seasonal gift (moon cakes) to the Bien Hoa children's nursing home.

Blood Donation Activities

As humanitarian support to society, we have proactively donated blood on various occasions and received a certificate of appreciation several times.

In recognition of our blood donation activities over the years, the Head Office of the Mabuchi Group was awarded the "Silver Medal for Merit" from the Japanese Red Cross Society in October 2007.

Blood donation by employees of the Head Office



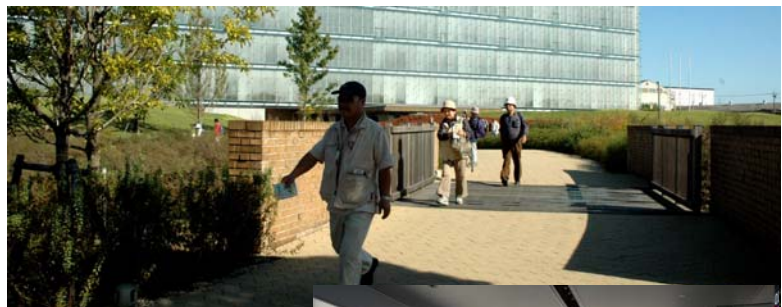
Blood donation by employees of Jiangsu Mabuchi

Opening Facilities for Communities

To promote communication with local people, various facilities of the Mabuchi Group are made open as much as possible.

At the Head Office, all the year round we make our tennis courts, which are welfare facilities for employees, available for use by neighboring junior high schools. We also organize company tours for elementary and junior high school students and allow local people to use our facilities for other local civil activities.

Each overseas base is also working to open its facilities to local communities.



In October 2007, we opened part of the Head Office building and the biotope to the participants of "hiking along the Shin-Keisei Line for improving health" sponsored by the Shin-Keisei Electric Railway Co., Ltd., as our way of cooperating with the event. Above: Participants walking through the biotope at the Head Office
Right: Participants visiting the gallery at the Head Office



Providing Educational Support

Mabuchi Motor is actively conducting educational support activities to foster young engineers who will lead the next generation and to contribute to the development of science and technology, by providing an opportunity to experience the importance and amazement of manufacturing to a wide range of people including the youth.

Co-sponsoring the Robot Contest

Every year since 2002, Mabuchi Motor has co-sponsored "Robocon: The Idea Battle-National Technical College Robot Contest" and "ABU Asia-Pacific Robot Contest" offering funds for running the contests and providing motors.

A total of 19 teams selected from 18 countries and areas in the Asia-Pacific region participated in the 2007 ABU Robot Contest held in Hanoi, Vietnam.



Above: The venue of the 2007 ABU Asia-Pacific Robot Contest (Hanoi, Vietnam)



Right: President Kamei of Mabuchi Motor presenting a commendation certificate to the Malaysia team which won the Mabuchi Prize (Hanoi, Vietnam).

Scholarships and Support for Schools

Dalian Mabuchi has designated three elementary schools - Zhuanghe, Wafangdian and Pulandian - near the company site as the recipients of its support, and provides scholarships and organizes factory tours for those students every year.

In fiscal 2007, one elementary school in Anshan City was added to the recipient list.

Setting up a scholarship system for non-elementary school students, Dalian Mabuchi is also providing financial support to junior high school students (9 students/year), high school students (120 students/year), college students (16 students/year), and disabled students (16 students/year).



Ground-breaking ceremony at Dalian Mabuchi's new Hope Elementary School



General manager of Dalian Mabuchi and scholarship recipients entering college in fiscal 2007

Vietnam Mabuchi is providing scholarships to the students of Dong Nai Secondary Technical School. The number of recipients was increased to 73 from 40 in fiscal 2007.



General Manager Kitahashi of Vietnam Mabuchi presenting scholarships to fiscal 2007 recipients (Dong Nai Province, Vietnam)

Supporting Science Education for Children

Mabuchi Motor has been presenting a permanent exhibition at the Science Museum (Chiyoda-ku, Tokyo) since 1983, and the exhibit corner was renewed to "World of Motors" in 2003. Targeting elementary school students, the basic mechanism of motors and handi-

works using motors are presented.

In addition, handiwork guide-books "Motorization Guide" are published and motors are offered for handiwork events free of charge to expose children to the joys of manufacturing.

The Head Office and each over-

seas base also organize company (factory) tours to provide an opportunity to learn about society.



The "World of Motors" corner at the Science Museum



Second graders of Matsudo City's Matsuhidai Elementary School learning the mechanism of motors during the tour of the Head Office.



Elementary school students touring Dalian Mabuchi



A class on motors at a local elementary school supported by our sales office in South Korea



Educational support extended to the Japanese School of Frankfurt from our sales office in Europe



A class on motors at a local elementary school supported by our sales office in Shanghai

Supporting "Electric Bicycles Eco-Run Race for Family Teams"

In August 2007, an electric bicycle manufacturing class for children entitled "Electric Bicycles Eco-Run Race for Family Teams" was held in Sendai by the Japan Environment and Energy Association, an organization aiming to reduce CO₂ emissions through the use of electric vehicles. The event was intended to broaden people's understanding of electric vehicle technologies and convey the pleasures of manufacturing.

Mabuchi Motor provided various products and technical guidance to this event.



Above: Children producing control circuits

Right: President Saito of the Japan Environment and Energy Association presenting awards to the participants





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