

Actuating Your Dreams

The Mabuchi Group The 2017 Social & Environmental Report





Editorial Policy

As a corporate citizen, we will continue to be fully accountable for our CSR approach and the results of our activities through the publication of this Report. Also, we will further improve communication with all stakeholders of the Mabuchi Group and commit to making our future activities better.

This Report is no longer offered in hard copy but is available in digital form (PDF format) in light of environmental concerns.

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Period covered: Fiscal 2016 (January 1, 2016 – December 31, 2016) * Except for certain periods

Activities covered: Details of environmental and social activities related to the design, manufacture, and sales of motors and provision of services

Scope: The Mabuchi Group

[Japan]

- Mabuchi Motor Co., Ltd. (Head Office)

[North and Latin America]

- Mabuchi Motor America Corp. (America Mabuchi)

- Mabuchi Motor Mexico S.A.DE.C.V. (Mexico Mabuchi)

[Europe]

- Mabuchi Motor (Europe) GmbH (Mabuchi Motor Europe)

- MABUCHI MOTOR POLAND sp. z o. o. (Poland Mabuchi, established in January 2017)

[Asia Pacific]

- Mabuchi Taiwan Co., Ltd. (Taiwan Mabuchi)

- Mabuchi Motor Taiwan Ltd. (Kaohsiung Mabuchi)

- Mabuchi Motor Vietnam Ltd. (Vietnam Mabuchi)

- Mabuchi Motor Danang Ltd. (Danang Mabuchi)

- Mabuchi Motor (Singapore) Pte. Ltd. (Singapore Mabuchi)

- Mabuchi Motor Korea Co., Ltd. (Korea Mabuchi)

[China, Hong Kong]

- Mabuchi Industry Co., Ltd. (Hong Kong Mabuchi)

- Mabuchi Motor (Dongguan) Co., Ltd. (Dongguan Mabuchi)

- Mabuchi Precision (Dongguan) Co., Ltd. (Ludong Mabuchi)

- Mabuchi Motor Dongguan Daojiao Co., Ltd. (Daojiao Mabuchi)

- Mabuchi Motor (Jiangxi) Co., Ltd. (Jiangxi Mabuchi)

- Mabuchi Motor Dalian Co., Ltd. (Dalian Mabuchi)

- Mabuchi Motor Wafangdian Co., Ltd. (Wafangdian Mabuchi)

- Mabuchi Motor (Jiangsu) Co., Ltd. (Jiangsu Mabuchi)

- Mabuchi Motor (Shanghai) Co., Ltd. (Shanghai Mabuchi)

- Mabuchi Motor Trading (Shenzhen) Co., Ltd. (Shenzhen Mabuchi)

Management Principle

“Contributing to international society and continuously increasing our contribution.”

Management Guidelines

1. By bringing better and more reasonably priced goods to the market, we contribute to the creation of a more affluent society and more comfortable lives for everyone.
2. Contribute to eliminating international economic disparities and to economic development in other countries through the creation of employment opportunities and technology transfers.
3. People are the most important managerial resource.
4. Conduct corporate activities which preserve the earth's environment and protect human health.

Permanent vision that remains unchanged

Vision that would not be changed over a short period of time

Vision that changes according to the current of the times

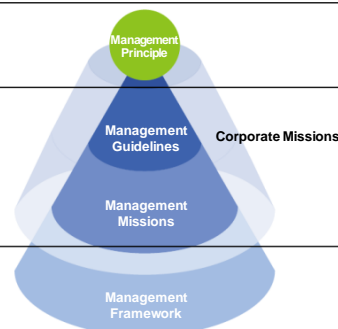
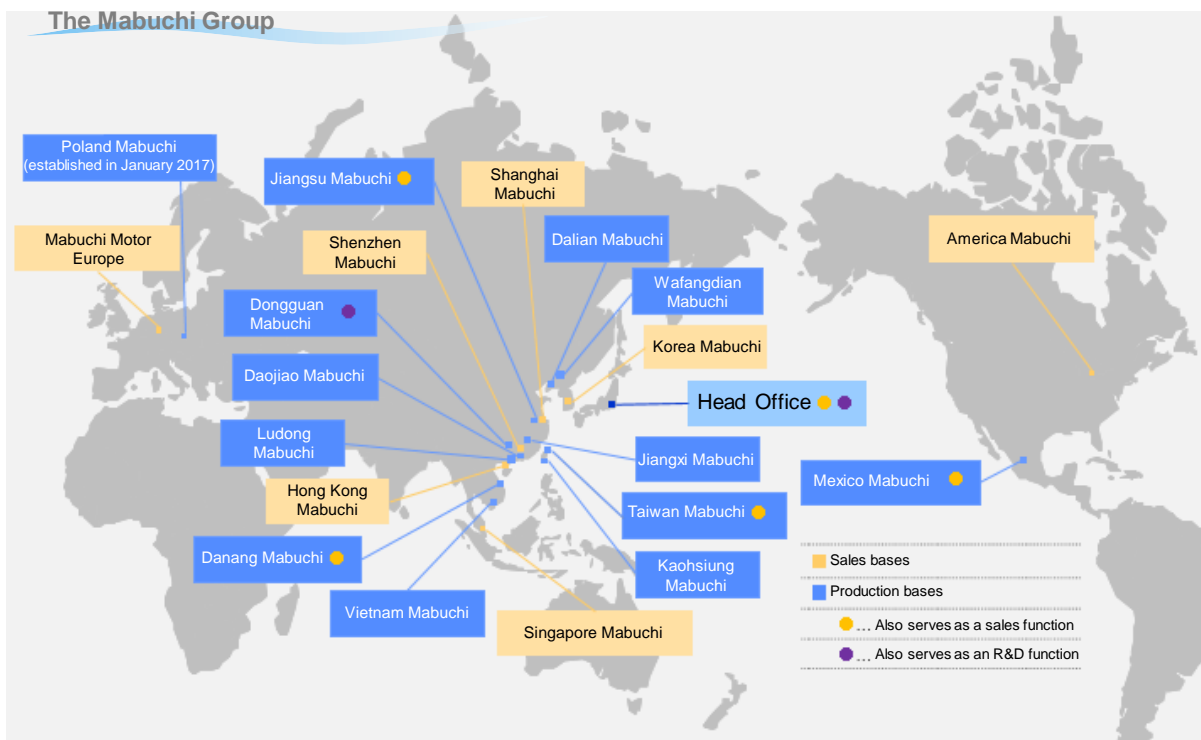


Diagram of Mabuchi Management Vision System

Corporate Outline

■ Trade name	Mabuchi Motor Co., Ltd. MABUCHI MOTOR CO.,LTD.	■ Consolidated Business Results	Net sales	140,699 million yen
■ Date of establishment	January 18, 1954		Net income	20,598 million yen
■ Contents of operations	Manufacture and sale of small electric motors	■ Location (Head Office)		(FY2016 ended Dec. 31)
■ Capital	20,704.81 million yen			430 Matsuhidai, Matsudo-shi, Chiba-ken, 270-2280 Japan Tel.: +81-47-710-1111(main)
■ President	President and Representative Director, Hiroo Okoshi			280 Ryufukuji, Inzai-shi, Chiba-ken, 270-2293 Japan Tel.: +81-47-710-1222 (main)
■ Employees	Head Office: 781, Mabuchi Group: 23,768 (as of December 31, 2016)			

The Mabuchi Group



For social contribution through motors

Mabuchi Motor was established in 1954 with the wish of enabling children around the world to enjoy high-quality and low-cost motors.

“Contribution to international society and continuous expansion of that contribution” is the management principle and the basic concept applied to all activities of Mabuchi Motor. All employees of the Mabuchi Group are working daily with a belief that companies exist to contribute to society and create happiness for people.

Our “contribution to international society” is intended to be rooted in local communities, innovate our technological and engineering capabilities and develop human resources together with local citizens in individual regions and countries, and make contributions to economic development and local communities.


The vision we have been and will be driving for is “true globalization.” This “true globalization” will be increasingly demanded. We are and will be providing our global-level service as a public entity of society.

At the same time, Mabuchi Motor’s mission as a specialized motor manufacturer is to supply better and cheaper products and contribute to reducing the size and weight of our customers’ final products, thereby conserving energy and resources society-wide. We aim to do this by utilizing our technology and wisdom, and in this way make the lives of our customers more convenient, comfortable, and safe. Therefore, we are striving to thoroughly develop the potential uses and benefits of motors and enhance their values.



President and
Representative Director

大越博雄



We have been working to realize both high quality and low price by developing motors that satisfy the largest number of desires of our clients as our standard products. We acquire standardized components and produce products using facilities fully equipped with automation technology near our clients around the world. This local procurement and local production system allows us to offer consistently high-quality motors anywhere in the world. This thorough standardization strategy is our unique strength.

Since the launch of operations in Hong Kong in 1964, Mabuchi Motor has rolled out its overseas operations, aggressively building global production and supply systems in China, Taiwan, and Vietnam. We have also contributed to developing economies and human resources in the regions of our global operations. Following the start of production at Mexico Mabuchi in 2016, Poland Mabuchi was established as our first production base in Europe in 2017. Our commitment to the development of our global production and sales systems has moved forward to a higher stage. We are going to further expand our social contribution to the world with this progress.

In addition, we are actively promoting social contribution activities as a corporate citizen, and are continuously supporting education using motors targeting young people and children who will become leaders of the future by offering them opportunities to develop their interest in **manufacturing, technology and science**. Children enjoy going to craft classes and visit classes. We find a great pleasure in seeing the future growth of children having a wonderful experience with motors and students working hard with great ideas in robot contests.

People are creators of societies, and it is extremely important for international society to foster and train the next generation of engineers. By offering educational opportunities for people to experience our motors and **technologies** used for the motors as well as **manufacturing**, we do and will keep making a commitment to fostering people who will play leading roles in the future.

Modern societies are facing various problems such as global environmental destruction caused by economic development, wealth disparities, and labor problems. No company can exist if it is isolated from society. Similarly, no company can sustain itself without a prosperous society. With our unchanged management principle, we are going to actively work on solving problems through our business operations with various stakeholders. We would appreciate your continued support.

Social contribution through manufacturing

We are committed to pursuing possibilities of motors and enhancing their value to expedite standardization and deliver better products with lower prices, all while maintaining their stable supply. We also seek to reduce the size, weight, and energy consumption of motors, and contribute to the conservation of resources and energy in our entire society.



Our products are environmentally friendly, high-performance and low-cost, and can be flexibly produced and supplied. They can be used in a wide range of fields in various applications. This is the world's top brand with a production rate of about 1.5 billion items a year.

Product Lineup



RS-4F5WA motor for components around an engine

RS-4F5WA features higher heat resistance and vibration resistance suitable for a harsh use environment around an automobile engine. It contributes to higher fuel economy and reduction of hazardous substances contained in emissions when it is used for electronic control such as engine intake/exhaust and coolant valves and turbo changer actuators.



Output shaft: End bell side



Output shaft: Housing side

[Features of the product]

1. Higher heat resistance
Heat-resistant material is used to withstand the harsh temperature environment around an engine (-40°C to +150°C).
2. Higher vibration resistance
The higher strength of each component delivers vibration resistance equivalent to 40 G in a sinusoidal vibration test (*1).
3. Compliant with electromagnetic interference standards
Electromagnetic interference standards are met, using a structure that allows choke coils, capacitors and other similar devices to be built in.

*1: It is a test that gives cyclic vibrations to products to check for performance degradation and mechanical weakness.



Motors for power windows GD-558RE/LE GD-558RF/LF

GD-558RE/LE that satisfies standards of European automobile manufacturers is added to the GD-558 series of motors for power windows. This reduces the body weight of a car and improves fuel efficiency as one eco-friendly product.



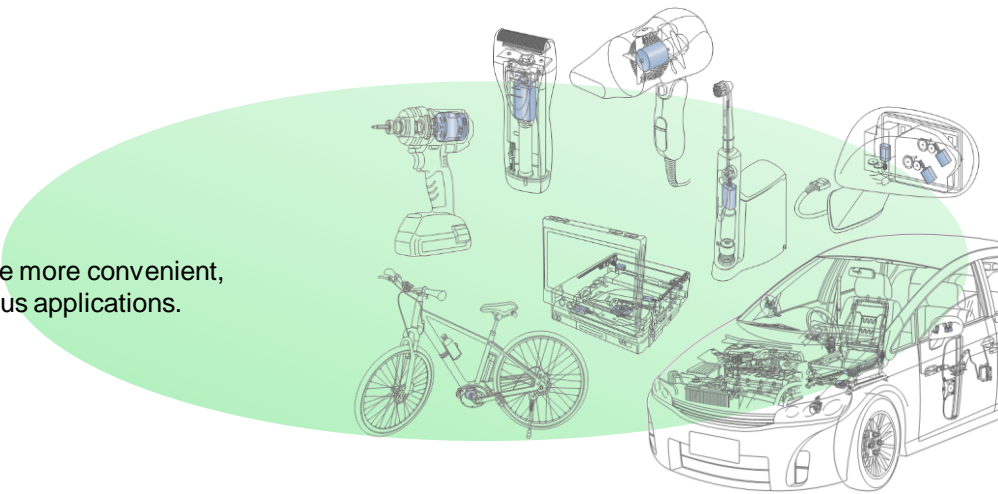
[Features of the product]

1. In compliance with the standard of European and American automobile manufacturers
2. Increased the torque by about 14% compared with the current products*
3. Downsized gear box (approximately 30% smaller than the current product *2) contributes to thinner doors
4. Design to reduce weight: Weight reduced to approximately 355 g, approximately 14% (approximately 59 g) lighter than the current product *2

*2: Comparison with our current product GA-558RN/LN



Our motors help make your life more convenient, comfortable and safer in various applications.



Motors for printers RS-655VA



It is a brushed motor typically used for laser printers, featuring higher compatibility with customers' products.

[Features of the product]

φ 38 brushed motor developed to meet requirements for downsizing, quietness and power saving of laser printers

1. Downsized: 16% torque improvement resulting in a smaller size than torque-required products, it contributes to more compact printers through a reduction of the gear ratio
2. Quieter: Optimized magnetic circuits and parts, leading to lower noise and higher controllability (torque ripple reduced)
3. Power saving: Power saved by 10% or more compared with the current product (*3)

*3: Comparison with our current product RS-555VC

Introduction to our manufacturing technology

Our manufacturing technology (development and improvement of production processes and facilities) also emphasizes a commitment to reducing environmental impacts (energy saving, resource saving, non-use of hazardous substances, etc.).



Reduced use of compressed air

Our production processes always take account of energy saving. For example, direct or periodic type air-blowing to part feeders (*4) was replaced with pulsed type air-blowing (*5) to reduce air consumption for the purpose of energy saving.

*4: Part feeder: A device designed to use attachments to align workpieces (parts and materials) and supply them to an assembly machine, an inspection machine, etc.

*5: Direct type = normally on, periodic type = stoppable when workpiece supply is finished, pulsed type = ON and OFF cycle repeated like pulse signals



Resource saving in tooling development

Our active resource saving can also be found in our tooling development.

<Concept for resource saving>

- Standardization
- Common parts used in all processes
- Reduced number of parts
- Downsizing
- Eradication of design failures
- Simple structure and shape requiring only minimum processing, etc.

Our ingenuity in these activities produced results; for example, our tooling developed in 2016 reduced 47% of the volume of materials used in comparison with the former tooling.

Corporate Governance

With this concept, we believe that strengthening corporate governance is an essential process of business. We are thus implementing every principle of the corporate governance and building a transparent governance system.

Basic Approach to Corporate Governance

At the Mabuchi Group, we recognize that 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. Our corporate governance consists of an organizational design to help us achieve the management principle, a business management system, and business policies to maintain them. Therefore, the basic purpose of developing and implementing proper corporate governance is to sustainably increase the profit to all stakeholders including shareholders by creating proper profits and improving corporate values. As a listed company, we believe that building and maintaining the following system is an essential part of proper corporate governance:

- To clearly separate management decision-making and efficient business execution, and to clarify the scope of accountability;
- To build and operate a sound internal control system, namely, to effectively operate the internal control system and the management supervision system;
- To appoint a suitable number of independent corporate officers whose interests do not conflict with those of general shareholders to ensure the objectivity and neutrality of management supervision functions;
- To foster a corporate culture in which all Group employees recognize and share the understanding that the practices of corporate ethics and compliance support the organization’s social impartiality and are fundamental to living up to the trust and expectations of all stakeholders; and

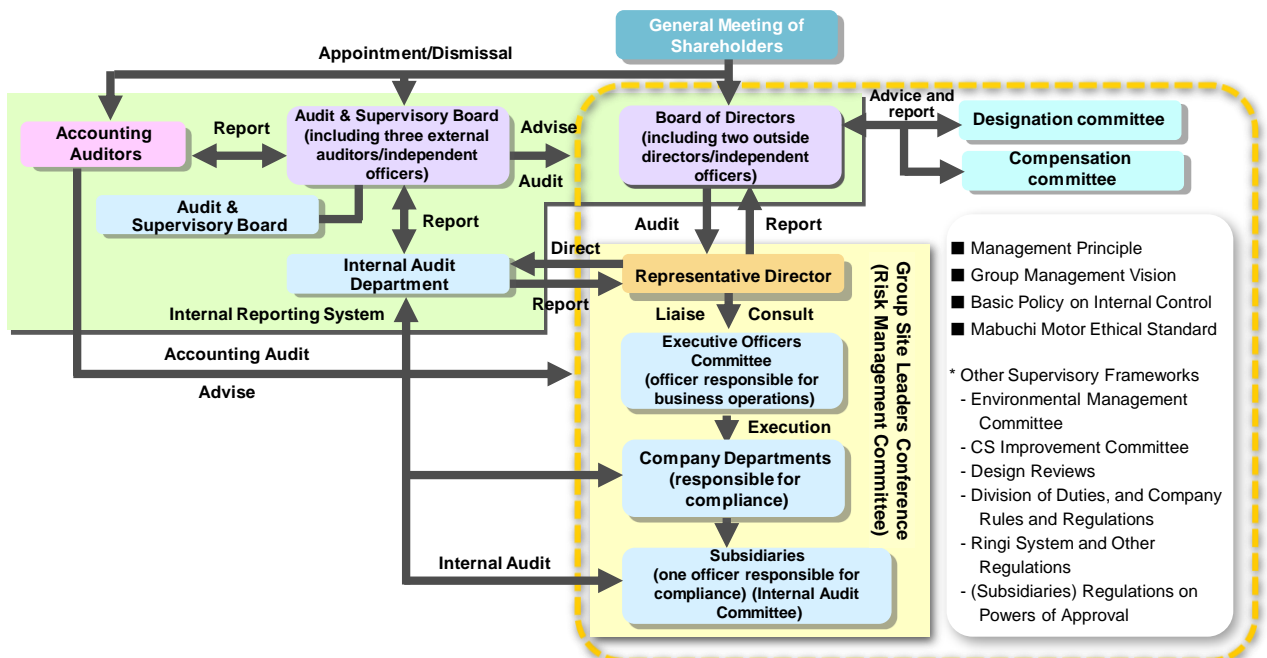
- To disclose corporate information to stakeholders such as all shareholders in an appropriate, fair, timely and clear manner and to ensure accountability through the Board of Directors, the Audit & Supervisory Board and other bodies.

Establishment of a Structure and a System

The Mabuchi Group employs a system of corporate auditors in which corporate bodies (including independent corporate officers), 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 Officers Committee, Internal Audit Department (internal audit division), designated committee, compensation committee, 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 bases, 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 globally, 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 bases.

Corporate Governance Structure (Chart)



Compliance

Legal compliance and the maintenance of corporate ethics are social obligations of companies and also the foundation for a company to continue operating and grow. We are strengthening the compliance system so that individual employees understand and comply with this concept.

Mabuchi Motor Ethical Standard

We set “Contributing to international society and continuously increasing our contribution” as our Management Principle and conduct business activities to remain true to it. Still, in order to realize this principle, we believe in remaining in compliance with laws and regulations in a given country and region and also to implement activities based on corporate principles that are expected in societies.

We thus established the Mabuchi Motor Ethical Standard and presented specific social rules such as laws and regulations that all executives and employees should follow to promulgate them. We compiled the Ethical Standard in a booklet and distributed it to all executives and employees to further improve associated activities and spread the knowledge of it.

Our compliance education activities also continued as required in overseas production bases in 2016.

We will provide various study sessions and training programs concerning compliance (compliance with laws, regulations, and social ethics) to bolster our compliance system.

The director responsible for compliance at each of the Mabuchi Group bases supervises compliance activities of that base under the overall control of the director responsible for internal control at the Head Office. They take a leading role in strengthening internal control and promoting continuous and autonomous compliance activities at each base.

To continuously rectify and improve inadequate points related to compliance activities in the entire Mabuchi Group, the Internal Audit Department of the Head Office conducts periodical and non-periodical audits on all Mabuchi Group bases to examine the conformance to compliance-related rules and procedures as well as acts of ethical violation and reports the results to the top management.

Ethical Standard Hotline

We have set up the Ethical Standard Hotline in the company to allow all employees to directly inform or consult with the Internal Audit Department about compliance-related information under strict anonymity without using ordinary communication routes (senior managers or existing contact points of each division).

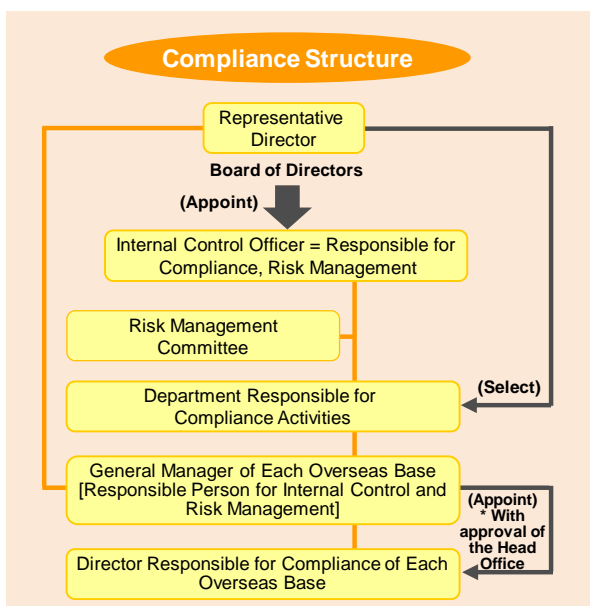
We are always striving to conduct honest and fair business with our suppliers and to build a relationship of trust with them. To address the current social situation, we extended the operational range of the Ethical Standard Hotline to some of our suppliers in addition to Mabuchi employees with a view to preventing problems in advance and strengthening the misconduct-prevention system.

We have also delivered a top management message promising that we will never allow those who have consulted with us to be treated disadvantageously because of their consultation, which is in accordance with the Whistleblower Protection Act.

[Basic Policy of Ethical Standard (Outline)]



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 the work of our companies.
2. We will strictly refrain from conduct that goes against social ethics by fully recognizing our responsibilities to various stakeholders, including our customers, partners, 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 make them widely known. All the directors and employees will observe those items sincerely.



Risk Management

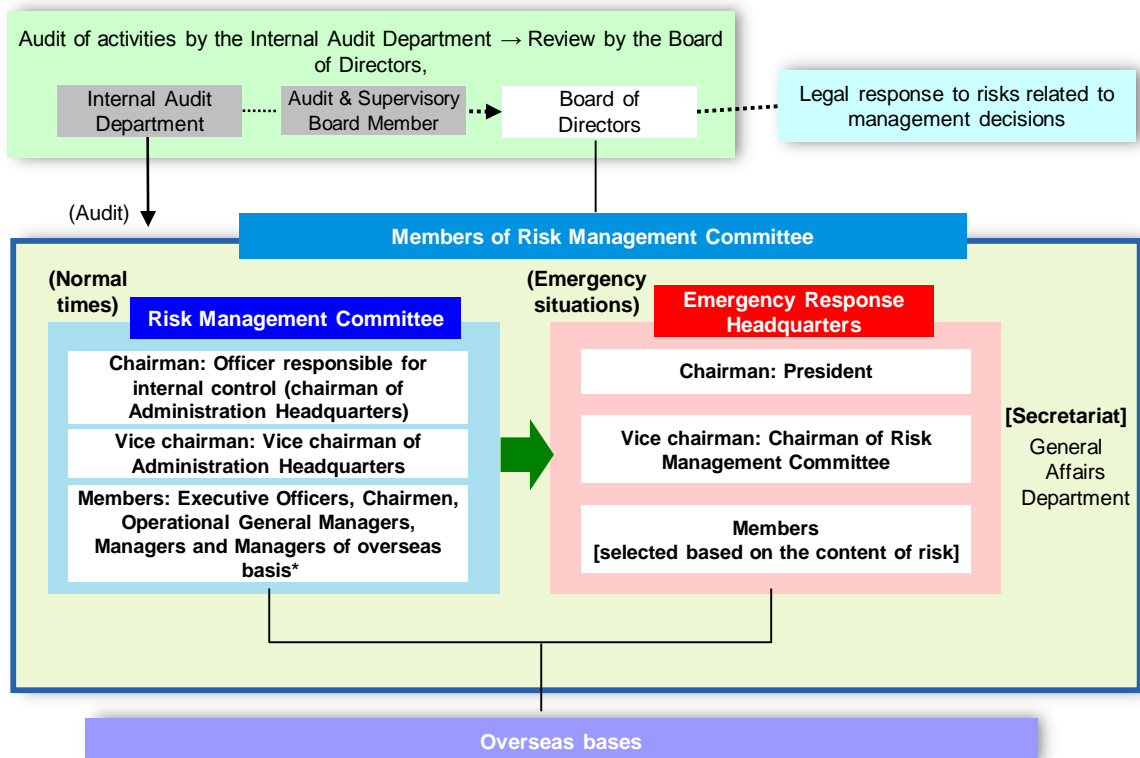
The Mabuchi Group is working on enriching and strengthening risk management for *global* business activities. The aim is to ensure that the company will be on a long-lasting track for growth, while reducing and minimizing various risks inherent in diversifying business activities.

Risk Management System

We established the Risk Management Committee to prevent risks from occurring and to minimize damage in the event that a risk has occurred. It is a system that enables us to take the most appropriate response as the entire Mabuchi Group. We have also prepared a response system, a

response policy, and various manuals for times of emergency on the basis of the risk management system.

Structure of the Risk Management Committee



* General Managers of overseas bases are part-time members
(Information necessary for risk management is shared on an as-needed basis.)

Expected risks

[External factors] Natural disasters, social crimes, international and political situations, and risks of uncertain aspects of markets including interest rates, currencies, and prices of materials

[Internal factors] Product quality and safety, compliance, information communication system, intellectual property rights, labor accident, facility accident, environment, labor issues, human rights, rumors, suppliers, distributions, M&A, etc.

Actions of the members of Risk Management Committee

- (1) Securing lives (safety) of people
 - (2) Compliance
 - (3) Information security
 - (4) Production and supply shutdown
- Categorized and specified into

Leader sections are specified for these risks to implement risk management activities as the entire Mabuchi Group while cooperating with the management section and related executive employees.

Disaster Response Manuals and Training

We prepared and distributed the “Emergency Response Manual for Employees in Case of a Disaster” and “Emergency Response Cards for Large-scale Disasters,” in addition to the “Initial Response and Instructions Manual for Managers.” We also introduced the “Safety Confirmation System (for all head office employees).” Furthermore, a response manual was prepared for each department that plays an important role in the event of a disaster, such as the Emergency Response HQ.

We also educate our personnel about disaster prevention and carry out various disaster drills (drills for evacuation, reporting, fire extinguishing, disaster relief, safety confirmation, and safe return to home) so that employees can calmly take the appropriate action in the event of a disaster.

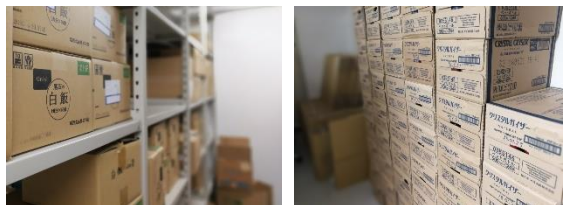
In addition, we keep in stock disaster supplies such as protective items, equipment, food and drinks, and daily necessities to ensure safety, and accept employees in the company who are unable to return home. The Head Office can secure a large amount of drinking water even when the water supply is disrupted because we use groundwater as our regular drinking water. We are now preparing to conclude a water supply agreement with the Matsudo municipal government so that we will provide drinking water to people in the community who are affected in the event of a disaster.



Emergency Response Cards for Large-scale Disasters

Storage of supplies, materials, equipment, drinking water, and food (Head Office)

- Set up two priority telephone lines in the Head Office building.
- Provide a Personal Handy-phone System (PHS) for emergency use as a means of communication during a power outage.
- Keep an emergency power generator and the fuel necessary for the operation of the Emergency Response Headquarters and the protection of the computer system as a way to be prepared for a power outage, as well as emergency toilets.
- Have the helmets necessary for an emergency evacuation
- Have drinking water to be given to those who are heading home
- Stockpile food and drinks and water for toilets sufficient for three days in case employees are unable to return home
- Take measures to prevent the collapse of facilities, furniture, and equipment
- Keep in stock equipment and tools that can be used to recover and urgently repair facilities, apparatus, and furniture and to support the affected employees and local communities.



Disaster & fire drill implemented with instructions from the fire station (at Head Office)
Fire drill (China)

Emergency Response Drills

We conduct drills related to emergency responses and reporting by projecting various scenarios appropriate for each location so that the occurrence and spread of environmental pollution can be prevented, even in a disaster.



(China)

(Head Office)

Information Security Policy

We consider it one of our corporate social responsibilities to manage our information assets and information security adequately and to prevent the leak, falsification, loss, and theft of information. Based on this concept, we established the “Information Security Policy.” With it, all the employees are deepening their understanding of the necessity of and responsibility related to information security to ensure a high level of information security.

Privacy Policy

Recognizing that it is an important obligation to adequately handle and protect information that can be used to identify individuals (hereinafter referred to as “personal information”), we will strive to protect personal information based on “Privacy Policy”.

Support for Manufacturing/Education

Mabuchi aims to contribute to the development of society by extending various types of support to local communities and international society. This is an effort in line with our management principle “Contributing to international society and continuously increasing our contribution.” As one such activity, we provide educational support to the young people who will lead the next generation to help them grow up surrounded by the joy of science and manufacturing.

Sponsoring Robot Contest

Mabuchi has been co-sponsoring the National Technical College Robot Contest and the ABU Robot Contest and the College Robot Contest by providing motors and funds for them. We support these events in the hope that we can help to foster future engineers and develop science and technology.



ABU Robot Contest 2016



Student Robot Contest 2016

Providing Motors

Support for National Technical College Robot Contest - approx. 21,300 motors in total



RS-555VC with gear head (top) JC/LC-578VA
RS-385PH with gear head (bottom), etc.



National Technical College
Robot Contest 2016



We are teaching the fun aspects of science to children.

Visiting classes

We have been sending our employees to elementary schools in the Head Office area (Matsudo City) as science instructors every year. We have received comments from children saying things such as they found science to be fun as they experimented with magnets using motor components.



Classes held in a local elementary school (Head Office)

Exhibition and Support for Events at the Science Museum

Mabuchi has been presenting a permanent exhibition at the Science Museum (Chiyoda-ku, Tokyo) to support scientific education for young people. Displays include an explanation on the mechanism of motors, various motors used in our daily lives, and handicrafts powered by a motor. And we offer a science experiment class in collaboration with the Museum.



Science experiment class in the Science Museum (Head Office)

Enjoying manufacturing with children!

Summer Vacation Handicraft Class

We hold the “summer vacation handicraft class for parents and children” every year for children (fourth through sixth graders) living in the area around the Head Office (Matsudo City). We are going to continue this handicraft class so that more students can enjoy the pleasure of creating something.



Summer Vacation Handicraft Class, “Let’s make a two-parallel-wheeler equipped with a hand-powered generator!”



Wooden craft event

Besides the summer vacation classes, children enjoyed wooden crafts with our motors in the Hobby Show held in Shizuoka in May and Chiba Museum of Science and Industry in September.



Handicraft event at Chiba Museum of Science and Industry

Wooden crafts

Workplace Experience and Observation

The Head Office regularly accepts pupils from elementary schools in the community to cooperate in their career education at school.

Overseas bases are also inviting local students to observe workplaces.



Work site observation (China)

Support for education at overseas bases

Our bases in China have continuously been providing educational support such as offering a scholarship program, and donating books and school supplies for students of various ages from local elementary school to college age.



Donations to elementary schools

Internship Program

We hold an internship program for college students to provide them with an opportunity to deepen their understanding of Mabuchi’s mind-set through actual work. The Head Office thus accepted advanced vocational school students, graduate students, and the U.S. college students as interns.



Accepting interns from advanced vocational schools every year (Head Office)



Interns from overseas (Head Office)

Support to Kashiwa Reysol Academy as a sponsor

As part of our local community contribution activities, we concluded a uniform sponsorship agreement with Kashiwa Reysol Academy established as an organization for helping human resources to become football players of Kashiwa Reysol, a professional football team. We also support the youth class of Kashiwa Reysol based in the Higashi Katsushika area where our Head Office is situated.



Supporting Local Communities

The Head Office is aiming to coexist with local communities.

When the Head Office building was being constructed, a gentle waterscape and field called the Bio Garden was built in the spacious front yard of the premises to convey one of the concepts of “coexistence with the local community.”

Vegetation management is still continuing today, 12 years after the construction of the building. Such management improves the regional environment by rebuilding vegetation that is unique to the region for biodiversity and eliminating alien species.

The entire Mabuchi Group has continuously been conducting various community activities including an activity to protect the environment and social and welfare activities.



Head Office rooftop greening

Bio-garden

Supporting Local Communities

We continuously visit and make donations to children’s homes and elderly care homes to extend a helping hand.



Consolatory activities including visits to a residential care home (photo on the left) and a rehabilitation hospital (photo on the right) (China)

Donation activity (Vietnam)



Donation of clothes (China)

Blood Donation

Mabuchi employees, including those in the Head Office, are actively cooperating in donating blood as a Group-wide activity.



(Head Office)



(China)

We are actively engaging in tree-planting, nature beautification, and cleanup activities.



Clean-up activities around factories (China)

Creating Lively Workplaces

The key to our company is “to position people as the most important business resource and effectively utilize them through work and nurture people who are useful for society.” We are also striving to create a stimulating work environment at every workplace, including overseas bases, by respecting the basic rights of employees and encouraging them to pursue self-development and self-fulfillment individually.

Personnel Performance Evaluation System and Self-assessment System

Mabuchi’s personnel evaluation system is aimed at ensuring the mutual growth of the company and employees by correctly identifying the contributions of all the employees that play a wide variety of roles in the company. We positively use the system not only as a management tool but also as a way to develop human resources.

In addition, we consider that the right person in the right place and the creation of a positive work atmosphere are very important in bringing out the best in each of our employees and making the best use of them. With this in mind, we have employees periodically carry out self-assessment to grasp their awareness of work and use the results to achieve these two elements.

Employee award system

The Mabuchi Group has an award system to give certificates in the anniversary ceremony every year to long-time employees (30, 20, and 10 years in employment), employees who contributed greatly to the company, employees who exhibited honorable behavior, and employees who contributed to regional communities. This applies to all the employees of the Mabuchi Group.



Prize given to the award winner (Vietnam)

Promoting Employment of Persons with Disabilities

The Head Office and the entire Group are promoting the employment of persons with disabilities. The aim is to realize a society in which they can work based on their ability and aptitude and lead an independent life in the community in the same way as persons without disabilities.

We are establishing measures which are friendly to persons with disabilities in all aspects including their activities and assignments in the company and building a comfortable work environment for them.

Work-life Balance

We are striving to create an environment in which employees can lead a flexible life at various stages of their lives, such as child-raising and middle-aged or elderly stages, both at home and in the community while continuing to work with a sense of fulfillment at the company.

We are promoting family-friendly policies such as setting longer childcare leave than legally designated and starting a short-work-hour system for employees raising small children. We are also participating in Chiba Prefecture’s “Lively Employees! Energetic Company Declaration” program. The Chiba Labor Bureau recognized the company as a “Complying Business” under the Act on Advancement of Measures to Support Raising Next-Generation Children. The company received the next-generation certificate symbol, “Kurumin.”



To build an employee-friendly environment

- Parental leave (three years) / Nursing leave (one year)
- Support for self-improvement during nursing leave and parental leave
- Leave for childbirth by spouse: Acquisition rate 100%
- Low-interest loans for fertility treatment
- Short working hours and exemption from overtime work for parental and nursing leave
- Encouragement for employees to take paid leave
- Enrichment of welfare facilities, etc.

Corporate award for workers

Danang Mabuchi received an award from the committee consisting of the Ministry of Labour, Invalids and Social Affairs, workers’ papers, and chambers of commerce as a company with excellent measures for workers.

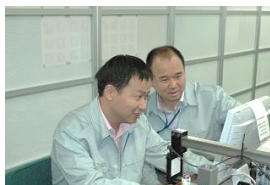
The award was given in recognition for the great social contribution made through businesses consisting of production and sales, such as paying tax and employing people. The recognition also included the effort to improve the labor environment through active union activities.



Overseas Bases Personnel Exchange System

We have been promoting the exchange of personnel to create unity as the entire Mabuchi Group, build a cooperation system, share information, and improve Mabuchi's overall capability through the increased opportunities. Specifically, staff members of overseas bases are provided with more opportunities to go on business trips to the Head Office.

We will continue to enhance the system while implementing it on an ongoing basis.



Training for employees to learn and grow

We regard our training system as one of the processes for employees to gain a self-regulating mindset and spontaneously learn and grow. We are providing training from various perspectives targeting persons from executives to new employees.



Holding various types of training (Head Office)

Human resources development at overseas bases

Representatives of individual production bases of the Mabuchi Group gather every year to hold a work skill competition and an award is given to employees who have demonstrated excellent performance. Similar events are held at individual bases, and employees are improving their skills through competitions.



2016 competition held at the base in Vietnam

Educational Support and Qualification Incentive System

◇ Support for English Learning

The Mabuchi Group is implementing the following programs to build a company-wide environment for employees to learn languages (especially English) so that employees can contribute to international societies.

- Providing opportunities for people to take the TOEIC test
- Holding TOEIC classes
- Providing opportunities for people to use an online English conversation system
- Running a short-term overseas study program
- Implementing a trainee system, etc.

We are also aiming to improve global communication abilities by holding English communication classes with interns from overseas and holding classes for people to learn technical knowledge.



Overseas study program for learning English in the Philippines

English lesson with internship participants from overseas countries

◇ Qualification Incentive System

We are promoting employees' self-development by establishing the Qualification Incentive System with a view to creating a self-learning atmosphere in the company and encouraging employees to acquire a wide range of knowledge useful for business operations.

Also, the Mabuchi Business School (home study system) is held twice a year, and the cost of the education is reimbursed to those who complete the program so as to create an environment where more employees can actively learn on their own.

◇ Self-Access Learning (SAL) Room

The in-house Self-Access Learning (SAL) Room was established for employees to learn foreign languages and study for certificate tests based on their levels as well as to have group discussions in the Head Office.

Computers, a wireless Internet connection, educational software and books, and English newspapers and magazines are provided for employees to use to improve themselves.

Various Events for Employees and Families

We hold a variety of events such as garden parties and bowling tournaments by teams of departments to enhance communication and build a sense of unity among all employees.



Garden party for the enjoyment of families of employees (Head Office)



Bowling tournament participated in by departments (Head Office)

Keeping a Healthy Body and Mind

We believe that employees' healthy bodies and minds are the base of their good social life and the source of Mabuchi's vitality. Therefore, we started a mental health program at the Head Office more than 20 years ago that includes mental health checks, care given by in-house counselors, and mental health seminars.

In addition, the company pays a portion of the expense when employees who are 35 years or older undergo a complete medical check and provides health counseling by industrial doctors after the medical check. The company also initiated an internal non-smoking program in 2015.

Overseas bases also strive to keep employees' bodies and minds healthy by implementing measures suitable for the conditions of each country or region.



Health lecture for employees (China)

Employee participation event at overseas bases

Many events are held regularly, including sports festivals, company trips, and cultural festivals.



(China)



(China)



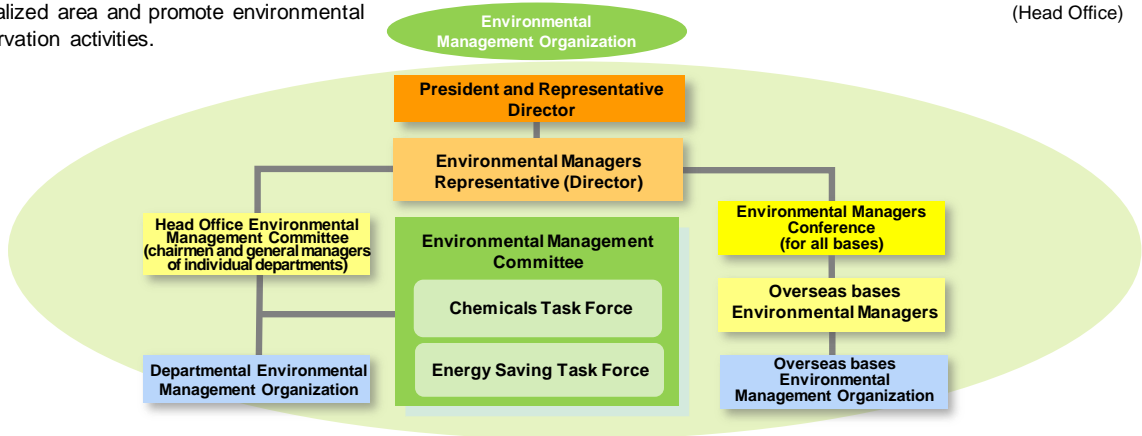
(Europe)

Environmental Management

We implemented “Environmental Management System ISO14001” at the Head Office and individual production bases and obtained the certification. And, we set environmental targets to be achieved by individual departments and bases, the Head Office and the Mabuchi Group, implement thorough PDCA management and make positive efforts to work on environmental management. Our improvements of the environmental management are and will be expedited to perform high-level environmental conservation activities.

Environmental Management System

The environmental management system of the entire Mabuchi Group is supervised by a director who holds the position of Environmental Management Representative. The Environmental Management Committee is established at the Head Office. This committee is comprised of the chairman, who is the Environmental Management Representative, chairmen and general managers of individual departments. They discuss and determine the Mabuchi Group’s environmental policy, objectives, and measures to be taken. Also, we have set up the Chemicals Task Force and the Energy Saving Task Force under the Environmental Management Committee. Those task forces propose measures in each specialized area and promote environmental preservation activities.



Environmental Audits

Conformance of our environmental management system to the ISO requirements and the current effective management status of the system are audited by an external certification body (third party) and the internal Audit Department. Through these audits, we maintain and improve the level of our environmental management continuously.



Third-party environmental audit (Head Office)

Environmental policy of the Mabuchi Group

We carry out our corporate activities without sacrificing the environment or human health. We also strive for continuous improvement through our environmental management system, and aim at achieving a sustainable society.

1. We observe environmental laws and regulations, and make diligent efforts to prevent pollution. We are always aware of the impact that our business activities have on the environment, and manage the impact by establishing our own standards.
2. In order to reduce environmental impacts associated with our business activities, we focus on the following:
 - 2.1 In order to reduce CO2 emissions and to effectively utilize limited resources, we actively work on energy saving, resource saving, recycling, and waste reduction.
 - 2.2 In our products and production processes, we thoroughly manage any substances of concern and seek to switch to equivalent alternative substances as much as possible.
 - 2.3 We perform green procurement activities positively using environmentally friendly parts and materials.
 - 2.4 Being aware that the protection of biodiversity is a significant corporate objective, we promote eco-friendly approaches.
3. In order to raise the environmental awareness of all our employees, we actively conduct environment-related educational activities.
4. We familiarize all of our employees with this environmental policy, and announce the policy to outside parties.

Mabuchi Motor Co., Ltd.
President and Representative
Director

大越博雄

Hiroo Okoshi

Established: September 27, 1998, Revised: March 28, 2013

Green Procurement

By setting our own special evaluation criteria in addition to laws, regulations, and customer requests, we at Mabuchi strictly control environmentally prohibited substances designated in those standards so that they will not be included in materials and parts of products that we procure from our suppliers. We also prioritize the use of materials and members with a lower environmental impact. We are also prioritizing purchases from suppliers certified with ISO14001, the environmental management standard.

Promotion of Green Procurement

Our own environmental conservation efforts are not enough for developing products with a low environmental impact throughout the life cycle of products, ranging from the extraction of material resources, production and processing, distribution and sales, consumption and uses to disposal and recycling. Thus, we also evaluate the environmental efforts of our suppliers to reduce environmental impact and avoid environmental risks.

We make it a rule that suppliers must follow the green procurement procedure shown in the flowchart below and submit documents certifying that environmentally prohibited substances are not contained in their raw materials and parts, in addition to an environmental activity survey sheet.

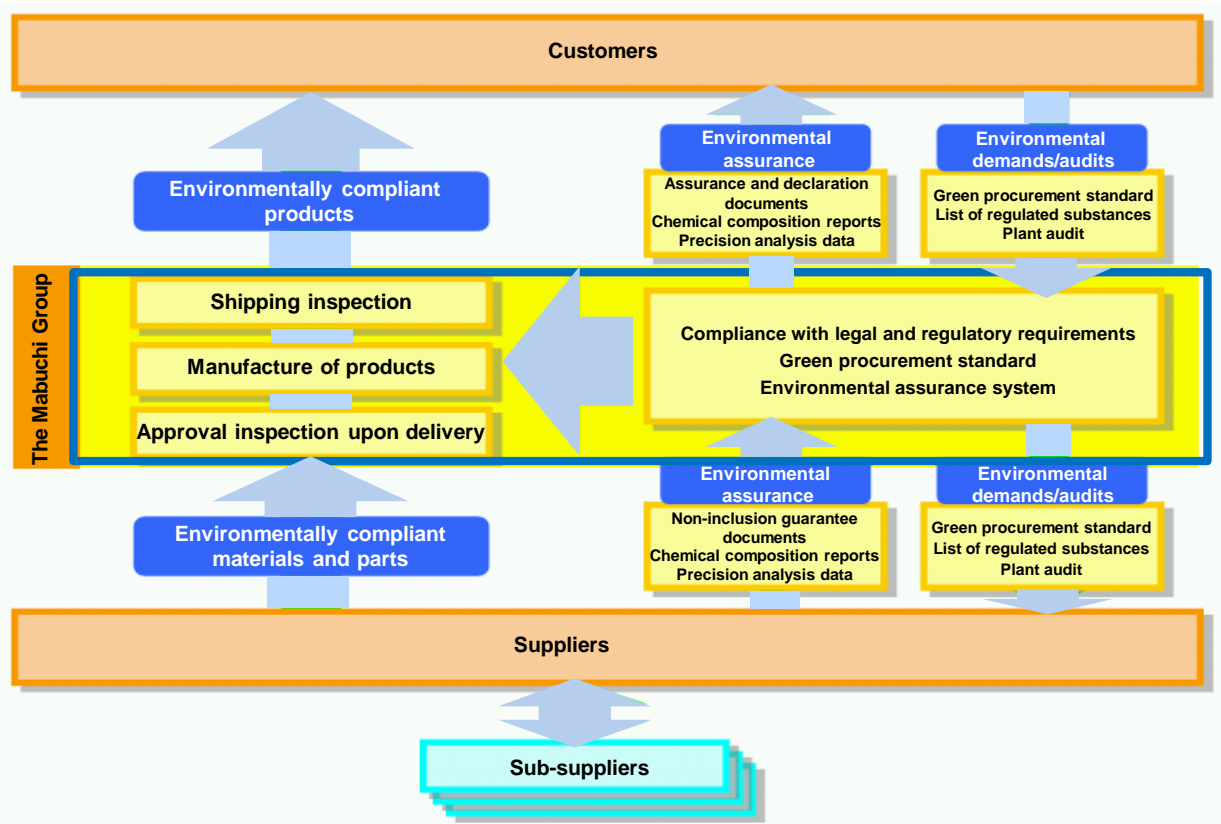
We are actively implementing environmental audits to check how environmentally influential substances are used and stored at our suppliers.

In fiscal year 2016, a “green procurement briefing” was held at three bases in China to encourage suppliers to procure environmentally sustainable raw materials and parts, reduce the risk of substances of environmental concern and enhance the environmental assurance system.

We are closely communicating with our suppliers on a daily basis and actively auditing the uses and storage conditions of environmentally hazardous products. Thanks to these efforts, we have received no environmental complaints since the enactment of the 2006 RoHS Directive in Europe up to now.

We will continue to promote green procurement activities with our customers and suppliers.

Green Procurement Flowchart



Eco-Friendly Business Activities

Resource consumption reduced by ingenious packing

Our Head Office and production bases standardize and improve the packing specifications to reduce consumption of resources. For example, we identified what does not need plastic bagging and determined not to use the plastic bags anymore as shown in the photos. Furthermore, the standardized shape of packing materials makes a contribution to lean transportation, leading to energy saving.



Kaohsiung Mabuchi was recognized as a company with excellent resource recovery for three years in a row

Kaohsiung Mabuchi received an award from Kaohsiung Government Organization, Taiwan in recognition for being a company with excellent resource recovery (waste recycling) for three consecutive years.



Reduced consumption of power supplied to air conditioning systems

The room temperature is kept at 28° C in summer to reduce the power consumed by the air conditioning systems at our Head Office and production bases. And, we also keep our hot water supply systems and toilet seat heaters off in summer for the purpose of power saving.

The progress of these power saving activities is shown on the intranet and posted at visible points for everyone to see in the plants so as to increase their awareness of the need for power saving.

The entire Mabuchi Group has been continuously taking a range of measures, improvements, and preventive measures to protect the global environment as a concerted effort from the perspective of corporate activities.

Activity to replace lights with LED lights

Our energy saving activities include replacement of incandescent bulbs and fluorescent lights with LEDs at our Head Office and production bases.



Power consumption reduced by changing equipment used

Rotary type tooling towers were replaced with dripping type towers at the production bases, and this reduced power consumption by 20%.



Recycling of water resource

Recycled water is used for greening and flushing toilets at our Head Office and production bases. The recycled water cannot be used for drinking. It is typically recycled from rainwater for subsequent use that would not cause any adverse effects on human health.



Environmental Communication

Mabuchi provides wide-ranging information on its environmental policy and environmental management activities to parties both inside and outside the company. We hope our customers and people at large in addition to our employees will have a deeper understanding of our approach to environmental conservation and related activities through our environmental communication.

Publication of Social & Environmental Report and Environmental Information on Our Website

As a corporate citizen, we will continue to be fully accountable for our CSR approach and the results of our activities through the publication of the Social and Environmental Report on the company website. Also, we will further improve communication with all stakeholders.

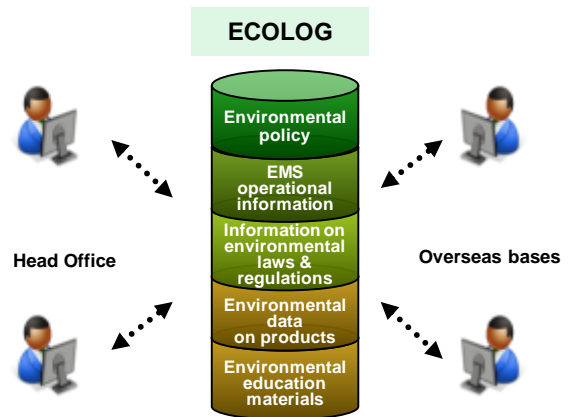


Information on social contribution and environmental activities on our website



Environmental Communication to Communities

To share environmental information and to efficiently implement environmental conservation in the entire Mabuchi Group, the Environmental Managers Conference has been held every year with the participation of environmental managers from the Head Office and overseas production bases. Our intranet has a database called "ECOLOG" containing environmental information so that all of our employees can share a broad range of environmental information with each other. They do this not only at Head Office but also at individual bases around the world. We also publish feature articles on environmental information in our company newsletter to introduce the present status of Mabuchi's environmental activities and the latest environmental information. The aim is to increase the environmental awareness of employees.



Environmental Managers Conference (held in China)



Article in our company newsletter (Head Office)



Environmental information posted in the employee dining hall (Head Office)

Slogan and Poster Contest for Environmental Consideration

To enhance the environmental awareness of employees, the Slogan and Poster Contest Promoting Environmental Consideration has been held annually as a Group-wide event. The first screening process selected approximately 120 works out of over 10,000 in total submitted from our Head Office and overseas bases to go through the second screening process. And award-winning works selected in the second screening process were displayed in the cafeteria of the Head Office to further increase people's awareness of the environment.



[Example of winning works]

Poster Category



Displayed winning works of the contest (Head Office)

Slogan Category

- 不只是生産馬達，更是造出綠色夢想！
(We make not only motors but also the future green.)
- 让万宝至绿色马达驱动美好人生！
(Mabuchi's green motors also drive your wonderful life!)
- 環保三不由己：不丟棄、不產出、不髒污。
(“Three no’s” activities for environmental conservation: No scrap, no emission, no contamination)

Environmental education

In order to enhance the environmental awareness among our employees, we are implementing environmental lessons according to specific goals.



Waste sorting lesson (Head Office)

「廃棄物」を削減する施策例



施策	詳細
廃棄物を出さない 元を断つ	①無駄なもの、必要なものを買わない ②ゴミの出るものを買わない ③社内で持ち込まない
抑制する	①買わなくてよい法を考える ②あるもので間に合わせる ③自分で作る
廃棄物の削減を考える	①紙、増での見直し、②編み、リターナル容器の採用、③簡易包装 ④大型容器の購入 ⑤食べ物を残さず、好まぬものをしない
再利用する	①廃棄する前に転用、改造、再活用を考える ②壊れたら直して使用する
長寿命化・長期間使用する	③中古品として転売を考える ④耐久性の高いものを買わない ⑤高くて良いものを買う
原材料や材料を有効に使用する	①不良品の削減 ②歩留率を向上させる ③最少の在庫量で管理する
管理による削減	①廃棄物の見える化 ②消耗品の使用量の削減活動 ③無駄な廃棄物の削減

あらゆる業務で、ゴミを減らす工夫をお願いします

A part of environmental education materials shared by all employees (Head Office)

Environmental Activities

- 1993 - The Management Guideline "Conduct corporate activities which preserve the earth's environment and protect human health" was explicitly stipulated.
- 1997 - The Environmental Management Committee was established to take specific measures against environmental problems.
- 1998 - Mabuchi Group's Basic Environmental Policy was established.
- 1999 - ISO 14001 Certification was acquired.
- 2000 - Green procurement activities started.
Selection and evaluation of alternative materials for the production of cadmium-free motors were completed.
- 2001 - Publication of the Environmental Report was started.
Preparations for the commercial application of lead-free soldering were completed.
- 2002 - Shipment of hexavalent chromium-free sample motors was started.
- 2004 - The new Head Office building incorporating advanced energy-efficient technologies was completed.
- 2006 - The production policy was switched to the production of motors complying with the EU's RoHS and ELV directives, and a green procurement explanatory meeting was held at all production bases.
- 2008 - "Environmental Report" was renamed "Social & Environmental Report"
(to contain the information on our social activities).
- 2012 - The Basic Environmental Policy was revised and established as "the Mabuchi Group Environmental Policy."
- 2015 - The construction of our new environment-friendly plant "Mexico Mabuchi" was completed.

Report of Environmental Data

	Unit	2012	2013	2014	2015	2016
Amount of electricity purchased	(10,000 kWh)	16,443	16,351	17,331	18,388	17,718
Amount of CO ₂ emissions	(t- CO ₂)	98,301	84,057	85,860	88,196	93,635
Waste generated	(t)	1,387	1,437	1,503	1,273	1,297
Water usage	(1,000 m ³)	1,191	942	886	815	816
Volume of coal used	(t)	8,551	2,876	1,650	0	0

These data are computed based on the data of Mabuchi Motor's Head Office and major overseas production bases.



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