

# The Mabuchi Group The 2018 Social & Environmental Report

*Actuating Your Dreams*



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## 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 2017 (Jan. 1, 2017 - Dec. 31, 2017)

**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)

### [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

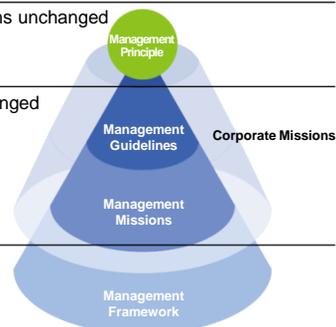


Diagram of Mabuchi Management Vision System

### Corporate Outline

■ Trade name	Mabuchi Motor Co., Ltd. MABUCHI MOTOR CO.,LTD.	■ Consolidated Business Results	Net sales 146,925 million yen Net income 20,303 million yen (FY2017 ended Dec. 31)
■ Date of establishment	January 18, 1954	■ Location (Head Office)	430 Matsuhidai, Matsudo-shi, Chiba-ken, 270-2280 Japan Tel.: +81-47-710-1111(main) 280 Ryufukuji, Inzai-shi, Chiba-ken, 270-2293 Japan Tel.: +81-47-710-1222 (main)
■ Contents of operations	Manufacture and sale of small electric motors		
■ Capital	20,704.81 million yen		
■ President	President and Representative Director, Hiroo Okoshi		
■ Employees	Head Office: 806; Mabuchi Group: 23,936 (as of Dec. 31, 2017)		



### 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.



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.

# Corporate Activities for Society and the Environment

Mabuchi Motor is promoting active societal and environmental efforts toward sustainable development goals (SDGs) in line with the concept of creating an affluent and robust future through SDGs.

## Sustainable Development Goals (SDGs)

In September 2015, at the United Nations Summit in New York, 193 countries adopted the Sustainable Development Goals (SDGs) and the 2030 global sustainability agenda consisting of 17 goals and 169 targets. This requires action from countries and people all over the world, as well as businesses.



**Public Private Action for Partnership!!**  
SDGsを通じて、豊かで活力ある未来を創る

## Environmental Considerations in Corporate Activities

### Power-Saving Efforts

The Mabuchi Group is working on company-wide power saving by promoting measures such as the replacement of existing lights on the premises with LED lights, strict management of air conditioner temperature settings, and summertime suspension of hot water supply and toilet seat heating.

The progress of these power saving activities is checked by the General Affairs Department and posted on the company intranet and in the plants so as to increase awareness of the need for power saving.



Promoting replacement of existing lights with LED lights

### Efforts in Introduction of Production Equipment

We are also constantly working on environmentally friendly activities in the production process.

For example, in order to develop plans for the introduction of production equipment, we investigate and list power specifications of the existing production equipment and create multifaceted environmental impact assessment tables incorporating the use of materials we prohibit in the manufacturing of the applicable equipment; the use volume of power, air, and water; the fuel consumption volume; the emission volume of air pollutants, ozone-depleting substances, and wastewater; the level of vibration and noise; the emission volume of waste and hazardous substances under the Industrial Safety and Health Law; the possibility of leaking hazardous substances during equipment disposal; and whether there are instructions or explanations on the collection of hazardous substances.

### Vaporizing Cooling Machine (ecobrid)

Mexico Mabuchi has significantly reduced its water use through completely sealed air cooling systems that use the heat of vaporization. This helped the company to optimize system operation to reduce operating time, thereby achieving environmentally friendly system operations. The company has also installed 23 outdoor solar-panel lights, which are well suited to Mexico's sunny climate.



### Utilization of Solar

**Power Generation**  
Daojiao Mabuchi is installing rooftop solar panels to utilize solar power generation, which can reduce both fossil fuel consumption and greenhouse gas emissions.



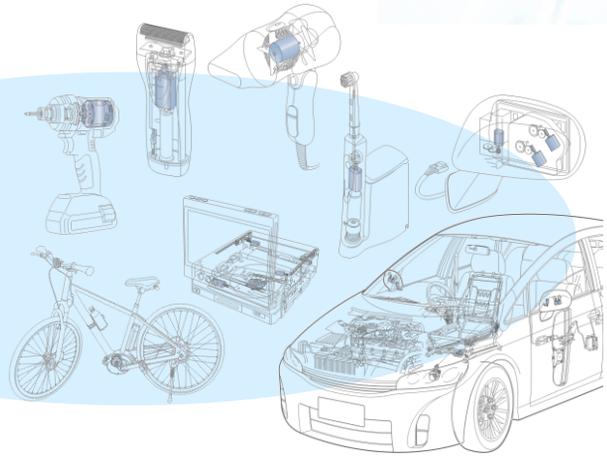
## Creating environmentally friendly products

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.

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



## New Product Lineup



### Motor for door closers RS-446VA



We are also continuously striving for automobile electric motors that are higher in torque, smaller, and lighter in order to contribute to reducing the size, weight, and power consumption of our customers' final products, thereby conserving energy and resources across society.

The new product RS-446VA is a model with a compact footprint and a structure that is compliant with electromagnetic interference standards. It is also high torque and low vibration. RS-446VA provides better design freedom for door closers and better cabin quietness. In addition to door closers, it can be used for a wide variety of applications, including seatbelt pretensioners, headrests, and sunshades.

#### [Product features]

1. Smaller and lighter
  - 30.0 mm diameter × 46.5 mm length and approximately 115 g weight (for comparison, RS-555, our general motor type for door closers measures 38.5 mm diameter × 57.0 mm length and approximately 250 g weight)
2. Higher torque and lower vibration
  - The bipolar six-groove magnetic circuit enables higher torque and lower vibration compared with products of a similar size. Quieter in practical environments
3. Compliant with electromagnetic interference standards
  - Electromagnetic interference standards are met, using a structure that makes it possible to build in choke coils, capacitors, and other similar devices, as well as burnout protection devices.

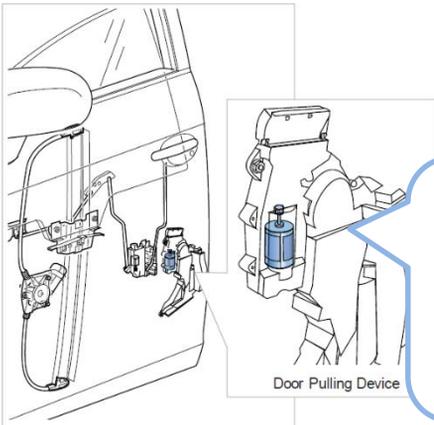
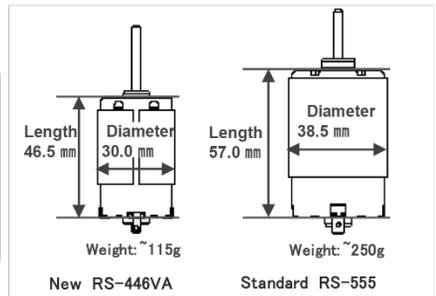


Image of a motor mounted to a door closer and the benefits of motorization

[Better Safety]  
Half-opened doors are closed automatically. This stops driving with a door ajar and eliminates the need to re-close, which mitigates the risk of collisions with vehicles approaching from behind.  
[Better Comfort]  
The door closes easily and securely even without much strength or force, contributing to a quieter cabin and less vibration.



# Corporate Governance

With this concept, we believe that strengthening corporate governance is an essential process of business. We are thus implementing every principles 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

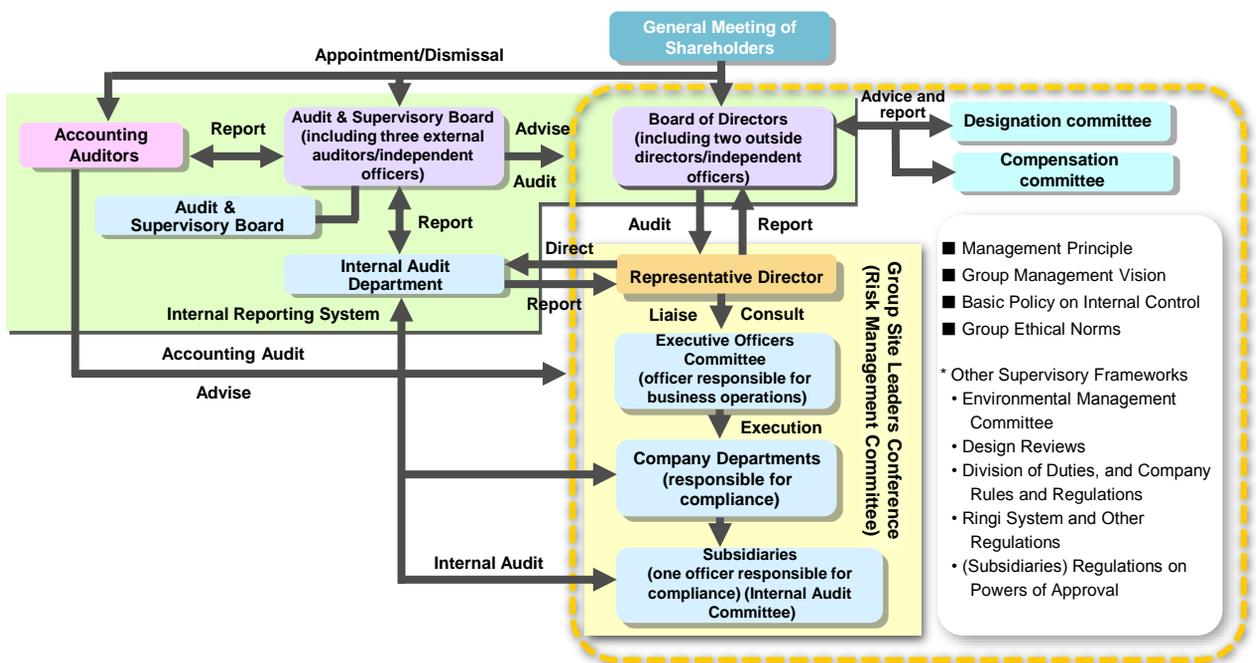
- To disclose corporate information to stakeholders such as all shareholders in an appropriate, fair, timely and clear manner and to ensure accountability through the Board of Directors, the Audit & Supervisory Board and other bodies.

## 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)



(as of March 31, 2018)

# 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 2017.

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).

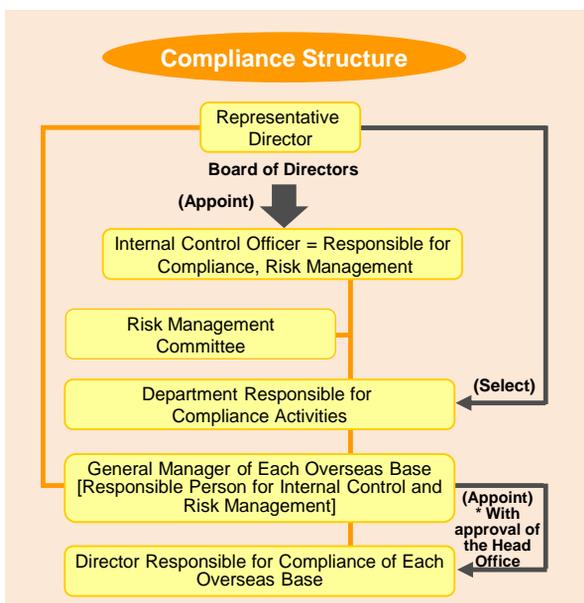
We are always striving to conduct honest and fair business with our suppliers and to build a relationship of trust with them. To address the current social situation, we extended the operational range of the Ethical Standard Hotline to some of our suppliers in addition to Mabuchi employees with a view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

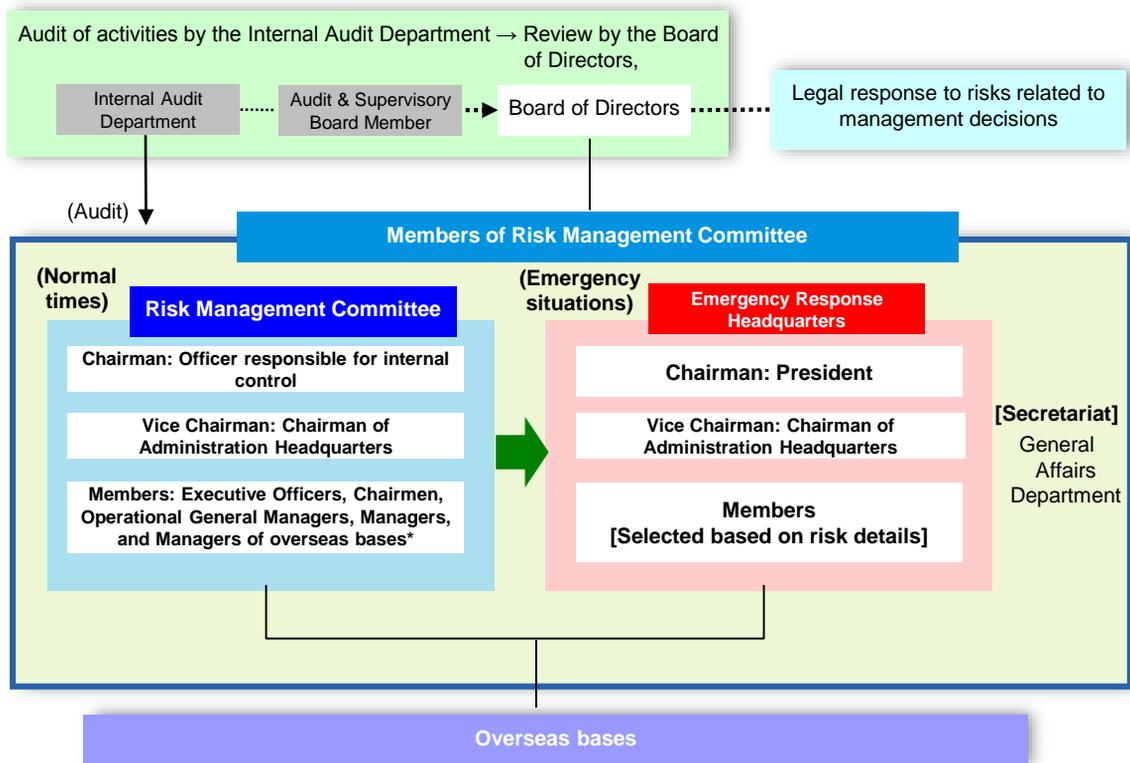
The Mabuchi Group is working on enriching and strengthening risk management for *global* business activities. The aim is to ensure that the company will be on a long-lasting track for growth, while reducing and minimizing various risks inherent in diversifying business activities.

## 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, global/political situations, and risks of market uncertainty, including interest rates, currencies, and material prices

##### [Internal factors]

Product quality and safety, compliance, information communication systems, intellectual property rights, labor accidents, facility accidents, environment, labor issues, human rights, rumors, suppliers, supply chains, 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 is able to secure a large amount of drinking water even when the water supply is disrupted because we use groundwater as regular drinking water. We are now preparing to conclude a water supply agreement with the Matsudo municipal government so that we can support the local community's drinking water supply.



Emergency Response Cards for Large-scale Disasters

### Seismic isolation system to protect corporate activities from earthquakes



Seismic isolators and flexible joints are installed to protect the indoor environment even against damage even from large earthquakes of class 7.

### Store 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 power outages.
- As measures for power outages, 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 well as emergency toilets.
- Store the helmets necessary for emergency evacuation.
- Stockpile drinking water for those who are returning home.
- Stockpile three days worth of food and drinks as well as water for toilets in case employees are unable to return home.
- Measures to prevent the collapse of facilities, furniture, and equipment
- Equipment and tools that can be used for recovery and urgent repair of facilities, apparatuses, and furniture and to support the affected employees and local communities.

## 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.



## 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

## Providing Motors

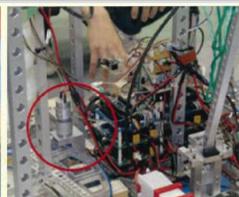
Support for National Technical College Robot Contest  
About 24,000 motors in total



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



National Technical College Robot Contest



## 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.



Wooden crafts

### Wooden craft events

In addition to summer vacation classes, children enjoyed wooden crafts using our motors at the Shizuoka Hobby Show in May and at the Chiba Museum of Science and Industry in late August.



Handicraft event at Chiba Museum of Science and Industry

## Workplace Experience and Company Observation

In Japan, we take in local elementary school students in cooperation with the career education programs at their schools. Our overseas bases are also inviting local students to observe workplaces.



Donations to elementary schools

Work site observation (China)



## Internship Program

Through our internship program, we continuously accept domestic and overseas students as interns to give them an opportunity to deepen their understanding of Mabuchi's philosophy through actual work.



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

## The Head Office is aiming to coexist with local communities.

The Head Office has an on-site Bio Garden to convey the concept of coexistence with the local community. Every year, migratory birds visit its gentle waterscape and field. 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.



## Supporting Local Communities

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



Donation activity (Vietnam)



Consolatory activities including visits to a residential care home and a rehabilitation hospital (China)

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



## Donating Blood

Mabuchi employees at the Head Office and other locations are actively cooperating in donating blood as a Group-wide activity. The Head Office has been receiving a letter of appreciation from the Red Cross Society every year.



# 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.



## 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
- Telework, etc.

## 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.

## 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 recognize Group employees who have made great contributions to the company, demonstrated outstanding performance in sales activities, proposed improvement plans, exhibited commendable behavior not only at work but also in society, or contributed to the local community.



## 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.

## Corporate award for workers

Danang Mabuchi received an award from the Vietnamese central social insurance for ensuring the implementation of social and medical insurance measures.

Dongguan Mabuchi in China received the Guancheng Subdistrict Employee Satisfaction Award (for companies with high employee satisfaction).



## 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.

### ◇ 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, Library Corner Biblio

The in-house Self-Access Learning (SAL) Room was established for employees to learn foreign languages and study for certification tests based on their own goals and levels, as well as to have group discussions. Individual employees use this area for self-improvement during break time as well as before and after work hours. The in-house library corner (commonly called Biblio) was also established to support employee learning. Its system allows employees to borrow any great works they want to read.



### 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.



## 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.



Representatives of individual production bases of the Mabuchi Group gather every year for a work skill competition, and employees who have demonstrated excellent performance are given awards. With similar events held at individual bases, employees are improving their skills through competition.



Skill competition held in the Head Office

### Employee participation event at overseas bases

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

In August 2017, Dalian Mabuchi held a ceremony to celebrate its 30th anniversary with all its employees.



Every year, Mabuchi Europe participates in the B2RUN Marathon as a team.

# Environmental Management

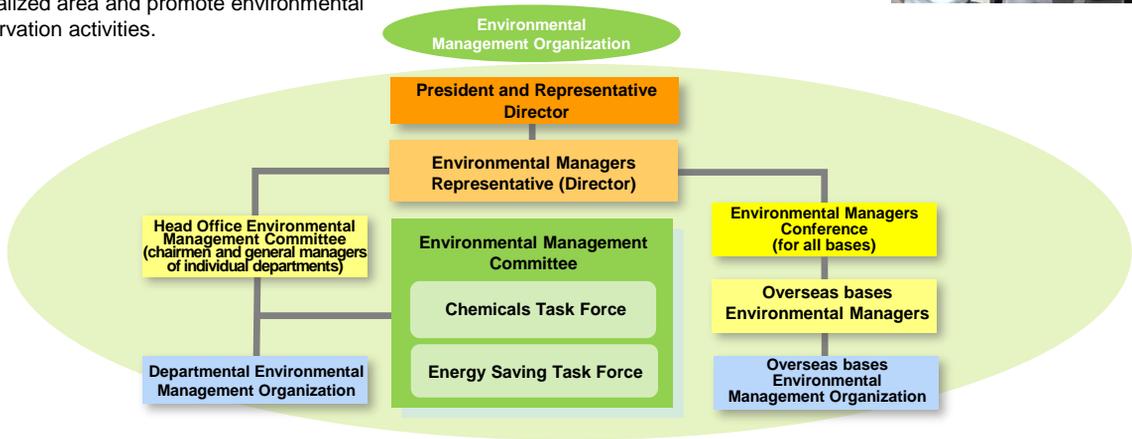
We implemented "Environmental Management System ISO14001" at the Head Office and individual production bases and obtained the certification. And, we set environmental targets to be achieved by individual departments and bases, the Head Office and the Mabuchi Group, implement through PDCA management and 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.



## 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.

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

Mabuchi Motor Co., Ltd.  
President and Representative  
Director

大越博雄

Hiroo Okoshi

# 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.

## 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.

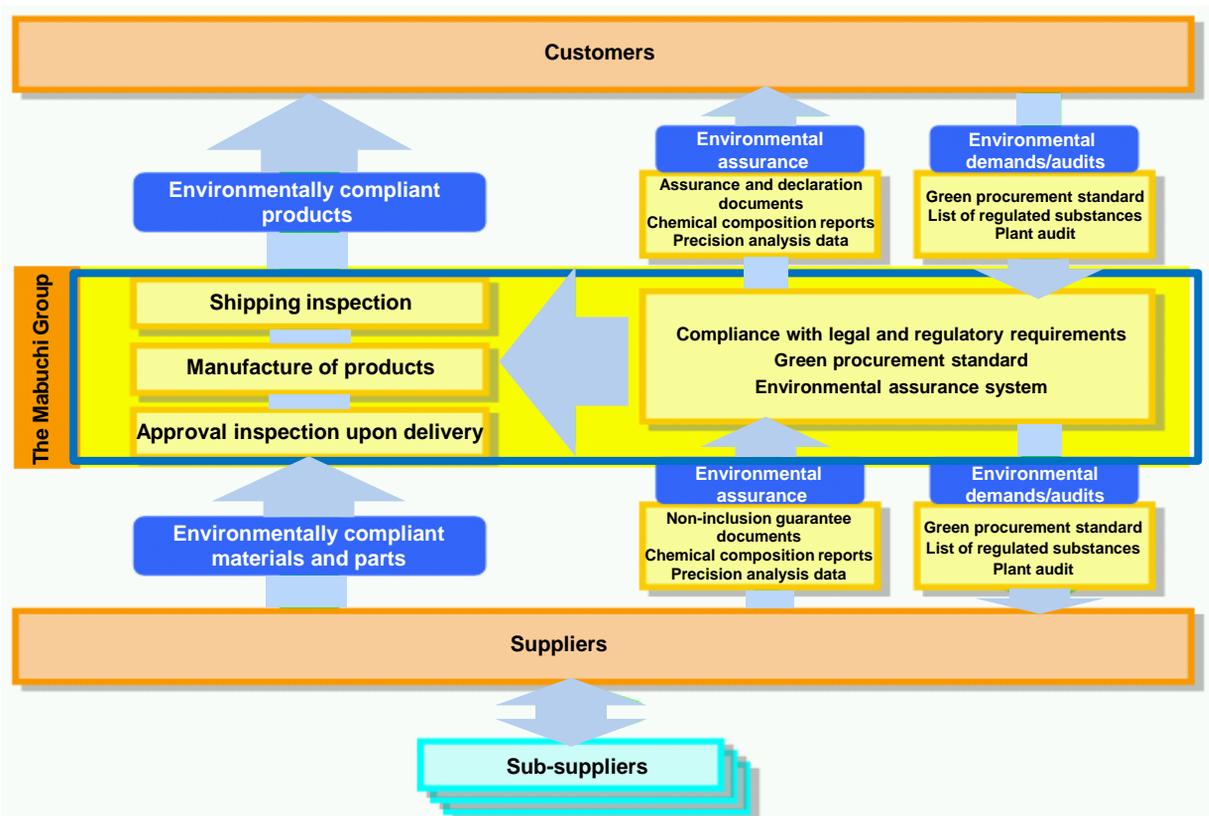
## Compliance with Laws and Regulations

In addition to the European RoHS Directive, the European ELV Directive, the European REACH Regulation · Substance of Very High Concern (SVHC), Japan's Chemical Substances Control Law -Class 1 Specified Chemical Substance, the Global Automotive Declarable Substance List (GADSL), other regulatory requirements, customer requests, Mabuchi voluntary standards, etc., we are taking action ahead of time by adding regulated substances and changing the prohibition rank, for example.

As conflict minerals are a source of monetary funds for armed groups, we are requesting our suppliers not to use them and also reporting the results of conflict mineral investigation to our customers.

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



# 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.

## 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.

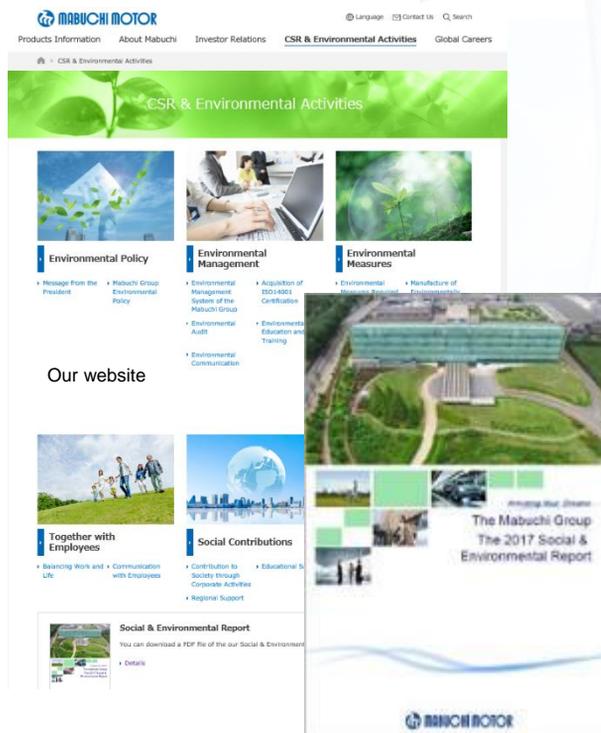
Our intranet has a database called "ECOLOG" containing environmental information so that all of our employees can share a broad range of environmental information with each other.

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 2017 to connect multiple bases via video conference

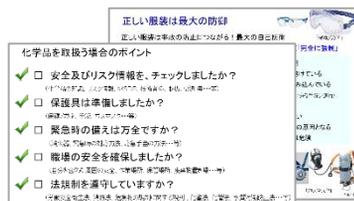


## Environmental education

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



Waste sorting lesson



Educational materials about the handling of chemicals

## Environmental Slogan and Poster Contest

To improve the environmental awareness of employees, the Environmental Slogan and Poster Contest is held yearly as a Group-wide event. This year, a total of over 10,000 works were submitted from our Head Office and overseas bases, and about 117 were selected to move on from the first screening process to the second. Award-winning works selected in the second screening process were displayed in the cafeteria of the Head Office to further increase environmental awareness.

Winner - 1st place in Slogan Category  
 少産一個不良，就是對環境多一份關愛。  
 (Make no defective products A company that works with consideration for the environment)



<1st place work and two 2nd place works, Poster Category>



## 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.
- 2017: Started construction of our new environment-friendly plant, Poland Mabuch

## Report of Environmental Data

	Unit	2013	2014	2015	2016	2017
Amount of electricity purchased	(10,000 kWh)	16,351	17,331	18,388	17,718	19,842
Amount of CO <sub>2</sub> emissions	(t-CO <sub>2</sub> )	84,057	85,860	88,196	93,635	98,529
Waste generated	(t)	1,437	1,503	1,273	1,297	1,381
Water usage	(1,000 m <sup>3</sup> )	942	886	815	816	814
Volume of coal used	(t)	2,876	1,650	0	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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