



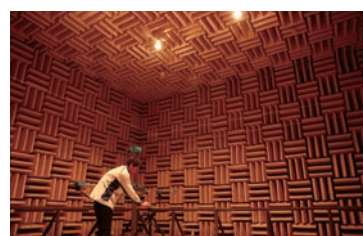


MABUCHI MOTOR CO., LTD.  
Integrated Report 2020  
Fiscal year ended  
December 2020



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# We are the No.1 Provider of Small DC Brush Motors

According to "January 2021 JMA Research Institute, Inc. Marketing Data Bank survey"

Mabuchi Motor enjoys the world's largest sales volume of small DC brush motors for automotive products. We've achieved this by responding effectively to the needs of our customers around the world, earning their trust with quality and reliability. Through supplying innovative and high-value products, we are fulfilling our mission to contribute ever more to the future.

## Management Principle

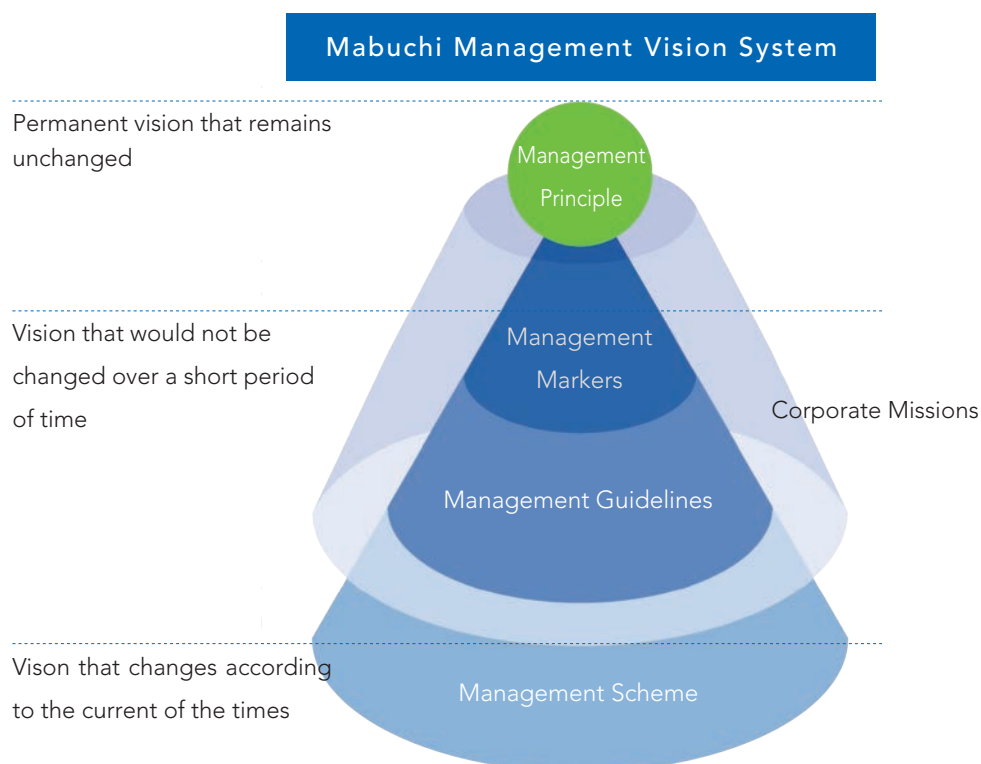
Contributing to International Society and Continuously Increasing Our Contribution

## Management Markers

1. By offering superior products that are reasonably priced, we contribute to the well-being, comfort, and convenience of people all around the world.
2. By fostering career opportunities and technological development, we address social and economic disparities around the world.
3. By placing highest value on our people, we empower and encourage them to realize their potential and contribute to society.
4. Through our corporate activities we protect our planet's ecosystem and the health of its inhabitants.

## Management Guidelines

1. Develop products that offer flexibility of application and optimize production conditions.
2. Improve product development based on thorough value analysis and standardization of parts and materials.
3. Realize cost reduction by using advanced processing technologies and by minimizing waste.
4. Pioneer new markets and secure sufficient market share in alignment with the company's values and strategy.
5. Cultivate the talent of our people by continuously matching the right person with the right opportunity.
6. Conduct business in a way that has the smallest possible environmental impact and that abides strictly by health and safety standards.
7. Enhance the company's sustainability through management policies and strategies that take a long-term view.



## Message from our CEO

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Mabuchi Motor's highly refined technology for small DC motors provides safe, environment-friendly, and reasonable-priced motive power that enhances safety and comfort in the lives of people everywhere.

Representative Director, President & CEO  
**Hiroo OKOSHI**

## Looking back on 2020

### Expanding future businesses

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In 2020, although we faced many difficulties caused by the spread of the COVID-19 around the world, all of our employees pulled together to overcome the ongoing crisis. At each of our facilities around the world, we were quick to procure masks, disinfectants, thermometers and other critical safety equipment, and to implement thorough safety measures to control the spread of infection. On the business end we delivered, in an incredibly short time, air purifier motors designed for vehicles transporting COVID-19 patients, earning an Excellent Supplier Award from the customer. For me, this is a clear manifestation of the Mabuchi Management Vision in action, and a direct practice of our core Management Principle: Contributing to International Society and Continuously Increasing our Contribution. We communicate both of these to our employees all over the world, and they have taken firm root in our corporate culture.

Our company, founded in 1954, attained a milestone in 2020 with cumulative production and sales of more than 50 billion motors. We aim to keep accelerating our growth through high-quality teamwork and wise adaptation to changes in the environment, all the while practicing our Management Principles and Markers. For the fiscal year ending in December 2020, with the spread of COVID-19 infection depressing global economic activity, consolidated sales reached ¥116.432 billion (down 11.7% from the preceding fiscal year) and operating income was ¥12.9 billion (down 26.5% from the preceding year). However, from the second half of the fiscal year and onwards, we saw a recovery in the automotive component market. In addition, we've made good progress toward future business expansion. In terms of production, our factory in Poland, the first production base we've established in Europe, has begun mass production. Meanwhile, the productivity and profitability of the Mexico factory has improved significantly. As for sales, we moved fast to accommodate changes in the competitive environment for power window motors and were awarded new orders

from two Japanese automobile manufacturers. We proceeded to the final stage of obtaining certification (\*) for the third major North American automobile manufacturer. All of these factors enabled us to lay the groundwork for future growth after 2021.

(\*Update: Certification obtained in January 2021.)

## "Long-Term Management Policy" and "Mid-Term Management Plan"

### Announcement for "Long-Term Management Policy" and "Mid-Term Management Plan" ending in 2023

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The "Long-term Management Policy" announced in February 2021 sets out our longer-term goals - on about a 10-year time horizon - and our policy to realize these in alignment with our core Management Principle. As a member of global society, we will continue and expand our contribution to the happiness of "all stakeholders." The "Mid-Term Management Plan" covers the first three years of the "Long-Term Management Policy," until the end of 2023, indicating priorities and actions to take during that period. It is a performance guide designed to ensure that we attain average annual sales growth of 8% to 10%, an operating profit margin of 15% or higher, and ROIC of 12% or higher. Our Long-Term Management Policy also aims to maintain the same high growth rate during the next 10 years.

To maintain this high growth rate, we will center our investment on our world-leading small motors. Using our accumulated technologies and know-how as a dedicated motor manufacturer, we will offer new problem-solving products, revolutionize technology, and expand the applications of our products. We have a history of successfully adapting our portfolio of applications, from toy centers to audio centers to automotive components. Going forward, we will continue to identify key needs for small motors that to emerge as society and times change, and expand the number of applications for their use. For example, we are focusing on developing and selling brushless motors for Collaborative robots(Co-bot) and light electric vehicles for transportation in factories.

# Message from our CEO

## "Unitization" and "Solution Proposals"

### Grasping customer's needs ahead of time to drive value

While expanding our business to the automotive component market, we have also promoted the unitization of attaching peripheral parts to our motors. Our policy of not interfering with our customer's business domain will not change; however, for efficiency more customers are asking us to provide motors integrated with peripheral parts as a single unit. By increasing the value of the products we provide to our customers, I believe that our profitability will improve, too, as a result.

Because unitization has deepened our understanding of issues facing customers in their various applications, we've been able to propose and provide solution proposals that expand business opportunities and add value to customers. One of our greatest strengths is our capability to provide quality backed by superior technology in small motors at a reasonable price, including in brushless motors. We have been developing brushless motors for a long time, but now are focusing on applications of these where future growth is expected and where major technological innovation is expected on the customer side. Compared to brush motors, brushless motors have a longer life, higher speed, and lower noise level. The wide range of standard products we offer, from general-



Drive unit  
MS-94BZC

purpose products to high-end products, including brush motors and brushless motors, is another strength supporting our solution proposal capabilities. As we've done consistently over time, we will anticipate the needs of society and of our customers to provide solutions that leverage our strengths and accelerate our growth through the success and expansion of our customers' business.

## Mabuchi's Standardization Strategy

### Standardized products for each application can meet differing requirements

The ideal version of our conventional "standardization strategy" was to have one product be used for all applications - consumer and industrial devices as well as automotive components. These days, the basic idea is to make a standardized product for each application, selecting applications that have a certain market size, or are expected to expand in the future, and offer one or two standard models for those applications. Although the tradition in the automotive industry has been customization, we have continued to develop competitive standards and offer them to our customers. What made us successful in our standardization strategy was that our request of our customers to compare our standard products with the products that they'd already adopted. Having done so, our customers came to know that our standard products are small, lightweight, high quality, and low cost compared to the products our customers were using. I believe this is the reason why we are now seeing new applications for our products increasing. We will keep developing products to meet our customers' needs so that our products can be recognized as standard not only for automobile equipment but also for consumer and business equipment, areas where we'd like to expand in the future.

## Entering new Business Areas

### New frontiers such as CASE and MaaS in the automotive industry

CASE and MaaS must be safe, environmentally friendly, comfortable, and convenient. We can expect such safety features to expand in the future - for example, haptics that vibrate the steering wheel when danger is detected, a parking brake that engages firmly regardless of your arm strength, and seatbelt pretensioners to brace your body in a collision. Until recently, power seats were used mainly for reclining the seat or moving the seat forwards or backwards, but as automobiles strive for improved safety and comfort, new functions will be needed. We expect that the number of motors needed will also increase and will focus on these promising areas. Even with the current shift from gasoline vehicles to EVs (electric vehicles), the need for these motors will not change much, and we do not expect a significant impact on the large global market share of our side mirror motors and door lock motors. We believe that electric vehicles will have a positive impact in providing new uses for motors, but will have little or no negative impact.

## Strengthening the Foundation of Business Management

### A long-term perspective

As we work to achieve our long-term vision, we strengthen our management base continuously. The global five-pole business structure we are creating is coming online with our Poland factory, the first production base in Europe, having begun mass production in October 2020.

Our policy of "local production for local consumption" guides us to procure materials for products to be manufactured and sold locally. It enables us to ensure a stable supply for customers, and to promote solution



proposals that solve problems specific to our customers. In the past few years, we've made major investments to establish factories in Mexico and Poland. To pursue our return on these capital investments, we have adopted ROIC as a business management index. We have three major objectives in adopting ROIC into our corporate group: (1) reinforce the importance of ensuring suitable profits, (2) emphasize the continued increase of sales and profits as a result of our contribution to society, and (3) optimize the efficient use of invested capital. By using the ROIC tree, we make everyone in the group actively aware of the connection between ROIC and the performance of all the organizations and employees in our corporate group. All of these are part of our "Group-wide participation in ROIC management," which entails reassessing how to use funds, our inventory and manufacturing steps for parts and products, and time utilization for high-efficiency business management. We are improving efficiency also through our IT infrastructure. The end of 2021 will be a break for ERP (enterprise resource planning). Going forward, we will work to strengthen the connections between regional bases of operation and to improve management efficiency through global response and business reforms in line with the relevant growth stage of our business.



# Message from our CEO

## Mid-term Sustainability Targets

### Sustainability targets align with our Management Principle

Mabuchi Motor has a history of strong envisioning. The company's first president, Kenichi Mabuchi, suffered serious burns when he tried to move a model steamship as a child, and thought: "for children around the world, I want to produce motive power that can be enjoyed safely." Somewhat later, Takaichi Mabuchi, the second president of Mabuchi Motor, voiced his aim "to supply better products at a lower price and in a stable manner." That desire has been passed down to the present day. Going forward, we will continue to contribute to a safe and comfortable life for all by providing safe and environmentally friendly power at low cost through the refined technology of small DC motors.

Our company's vision and purpose are directly applicable to helping the world meet the UN's Sustainable Development Goals (SDGs). To make our contribution to this effort tangible, we've identified a set of important sustainability goals. In our announced Mid-Term Management Plan, we set specific "Mid-Term Sustainability Targets." The progress of our sustainability activities toward these targets is monitored by our

Sustainability Committee, chaired by our President and reported to the Board of Directors. In March 2021, we announced our support for TCFD to further strengthen our efforts to address climate change by formulating and implementing more and more effective measures to reduce greenhouse gas emissions. In the realm of corporate governance, we have reviewed the remuneration system for company directors (excluding external directors and auditors) and incorporated the sustainability targets as one of the evaluation indexes for medium-term incentive compensation. We did so to emphasize that our commitment to the SDGs is part of increasing our corporate value as set out in the Mid-Term Management Plan.

## Cultivating Our People under the Long-Term Management Policy

### The employee mindset is key

To advance our business activities in line with our vision and strategy, and to promote the sustainable growth of our company, fostering the right mindset within our employees is key. As we state in our Management Markers, our people are our most precious resource. Until now, Mabuchi Motor has grown its business and

gained customer trust through rapid and reliable responsiveness to customer requests. To reinforce the trust we have cultivated, we must undertake to anticipate our customers' needs more actively and to present proposals for high-value products.

We must also take a wider perspective on our global role, for example through the SDGs framework and other social efforts. Naturally, looking only within the company will limit our ability to seize change and develop new ideas. We are strengthening dialogue and exchange for discussion and ideation between our company, the policy world, and academia. Moreover, diverse perspectives are vitally important: with 100% of our production and 90% of our sales taking place outside Japan, we know that a global perspective is more important than ever. To foster a global mindset within our ranks, we will initiate more personnel exchanges with overseas bases and





accelerate these activities in the future.

As I write, the COVID-19 pandemic is making it difficult to conduct such international exchanges. Still, we plan to make use of our trainee system for young employees to offer as many employees as possible the opportunity to work at overseas bases and experience diverse perspectives and ways of thinking. Meanwhile in 2020, our Headquarters introduced a job description system to enhance an international-standard human resource management approach. The new system will support managers as they engage in people development at overseas bases as well as at the Headquarters in Japan, further expanding career opportunities for our employees. At the Headquarters in Japan, we took the complex challenges created by the pandemic as a chance to reconfigure our work routines. In August 2020, we announced a guideline of "New Normal Working Style at Our Company." To promote telework, we've clarified our approach to performance evaluation and linked treatment according to roles and results more than ever before. We believe that by doing so, we'll create more diverse and flexible working styles that enhance both business results and productivity. Whether our people are based in Japan or overseas, by discovering and cultivating the talents of each individual, I want to nurture "Mabuchi-ness: people with unique strengths working together to make meaningful social contributions."

## Shareholder Returns and Capital Policy

### Contributing to greater happiness for all stakeholders

As stated in our Long-Term Management Policy, we aim to expand our contribution to the happiness of all stakeholders. Our objective is to provide steady and continued shareholder returns. The annual dividend for the fiscal year ending in December 2020 was set at 135 yen, because the same special measures as in the previous fiscal year were continued in consideration of the uncertainty of the short-term business environment. Regarding the dividend forecast for the fiscal year ending December 2021, we plan to take transitional measures to return to the basic dividend policy, back

from the special measures implemented in 2019 and 2020, in consideration of the expected recovery of business performance in the medium term. Specifically, as a transitional measure, we plan to add half of the difference from the dividend amount for the fiscal year ending December 2020 to the annual dividend amount calculation result based on the basic policy. As a result of this transitional measure, the expected dividend per share for the fiscal year ending December 2021 will be 107 yen per share.

Also, for the purpose of returning profits to shareholders and improving capital efficiency, we have decided on a treasury stock acquisition limit, which is scheduled to be implemented from February to December 2021 with a maximum amount of 3 billion yen and 1.2 million shares. The acquisition of treasury stock will be carried out for the seventh consecutive year from 2015, but the scale of this purchase has been decided through a comprehensive analysis of our future growth investment, our medium-term business plan, the market environment, and other factors. Meanwhile, we plan to cancel all of the newly acquired treasury stock.

The basis of Mabuchi Motor's capital policy, including the return of profits to shareholders, is the belief that a company is a public institution of society and that it must continue to fulfill its responsibility to contribute to society. We believe that it is our duty to provide the funds that are necessary to create a solid management foundation supporting the realization of our core Management Principle, "Contributing to International Society and Continuously Increasing our Contribution." In particular, since the sales ratio for automobile electrical equipment currently is high, we also have a responsibility to prepare for an emergency from the viewpoint of quality assurance and safety. However, we do not intend to passively accumulate excess cash. The cash we obtain during the Mid-Term Management Plan period ending in 2023 will be used for growth investments in existing and new businesses. At the same time, we will continue to pay steady dividends to shareholders and will be flexible in providing well-balanced returns to all our stakeholders.

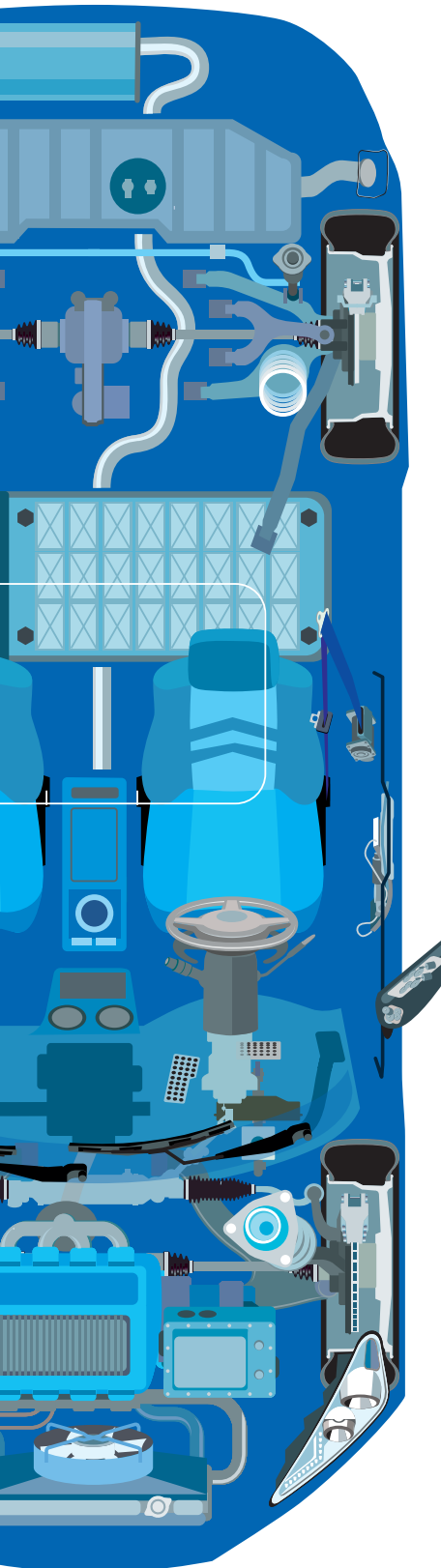
All of us at Mabuchi Motor will keep working together to ensure the sustainable growth of our company, and we ask for your continued support. Thank you very much.

# Our Business

## Motors for Automotive Products

For safe and comfortable driving

72.8%



Power Window Lifter



Power Seat



Electric Parking Brake



Valve Actuator



Power Lift Gate



Door Closer



Door Mirror



Door Lock Actuator



Air Conditioning Damper Actuator



Headlight



Steering Lock



Grille Shutter Actuator



Shift by Wire



20  
Motor  
11  
billion

Japan  
10.1%

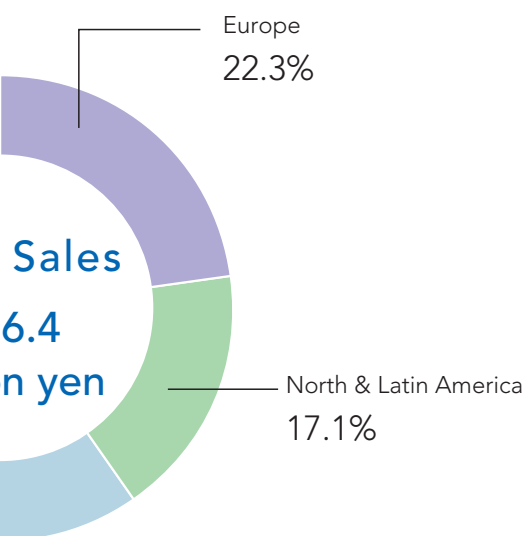
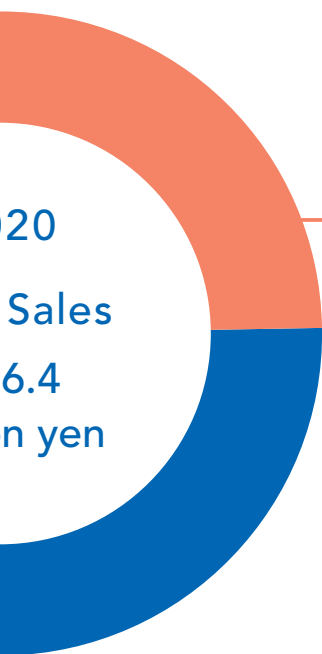
Asia Pacific  
18.4%

China  
31.9%

Motor  
11  
billion

Mabuchi Motor makes small DC motors with extremely high energy conversion efficiency. Specializing in these motors as our core business, we've excelled in refining technologies to develop products with more compact dimensions, lighter weight, and better efficiency. Having made our start in motors for models and toys, we entered the field of motors for automotive appliances 55 years ago, in 1966. Currently motors for automotive appliances account for 72% of our products in terms of application.

In almost every automobile in the world, Mabuchi Motor is at work, powering a function



or feature. The global market share of our products for door mirrors accounts for around 80%, and of our products for door lock actuators, it accounts for around 70%.

In the consumer and industrial products field, our motors support efficiency and convenience in people's daily lives all around the world. Our products for inkjet printers, shavers, toothbrushes, hair dryers, and more also hold large market shares.

Mabuchi Motor is keenly aware of the vital supply responsibility it holds in having earned these large market shares.

## 27.2% Motors for Consumer and Industrial Products

For better daily life

Small Mobile  
(AGV,AMR)



Co-bot



Communication  
Robot



Inkjet Printer



Vending Machine



Electric Lock



Medical Equipment



Vacuum Cleaner



Hair Dryer



Shaver



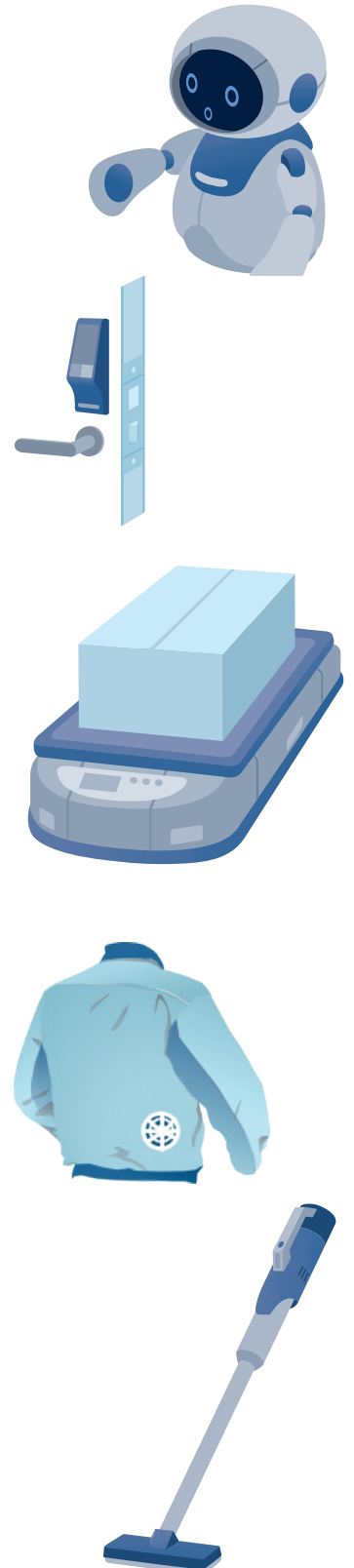
Toothbrush



Power Tool



Air-conditioning suit



AGV : Automated Guided Vehicle  
AMR : Autonomous Mobile Robot

# Our Management Principle in Action Over Time

The Evolution of Mabuchi Motor: Application markets and global operations

## Expanding applications to hi

1947

the world's first high-performance horseshoe magnet motors development



### Automotive Products

1966	1975	1981	1987	1988	1989
Window Shield Washer Pump	Door Mirror	Door Lock Actuator	Air Conditioning Damper Actuator	Head Light	Power Window Lifter

### Consumer and Industrial Products

1960	1963	1966	1975	1980	1981	1983	1985	1987	1988
Limteleco Slide Watch	Camera Hair Dryer	Shaver	Cassette Teleco Home Stereos Wending Machine	VTR	Electric Drill Mini Printer	CD	Printer	CD-ROM	VTR Camera
1953	1967	1974							
Teaching Materials Toys Model	Underwater motor, S-1 released	Airborne motor A-1 released							
									1989
									Motors for ra (Good Design)



1946	1954	1971	1984	1986	1988	1990
Kenichi Mabuchi develops a motor for teaching materials	Tokyo Science and Industry Co., Ltd. was established. (Mabuchi Foundation)	The trade name was changed to Mabuchi Motor Co., Ltd., and the Matsudo Headquarters building was completed.	Shares are open to the public by over-the-counter registration	Listed on the Second Section of the Tokyo Stock Exchange	Designated as the first section of the Tokyo Stock Exchange	End of m production 100% over production

### Japan

1946	1954	1965
Kagawa, Takamatsu	Tokyo, Katsushika	Chiba, Matsudo
Founded on the second floor of Nomura Toy's warehouse		



### East Asia

1964	1969	1979	1986	1987
Hong Kong, the first overseas production base	Taiwan, Taipei	Taiwan, Kaohsiung	China, Guangdong	China, Dalian
				1987
				Singapore (Representative office)
				1989
				Singapore (Sales compa)



### North & Latin America

1965	1977
America (Representative office)	America (Sales company)



### Europe

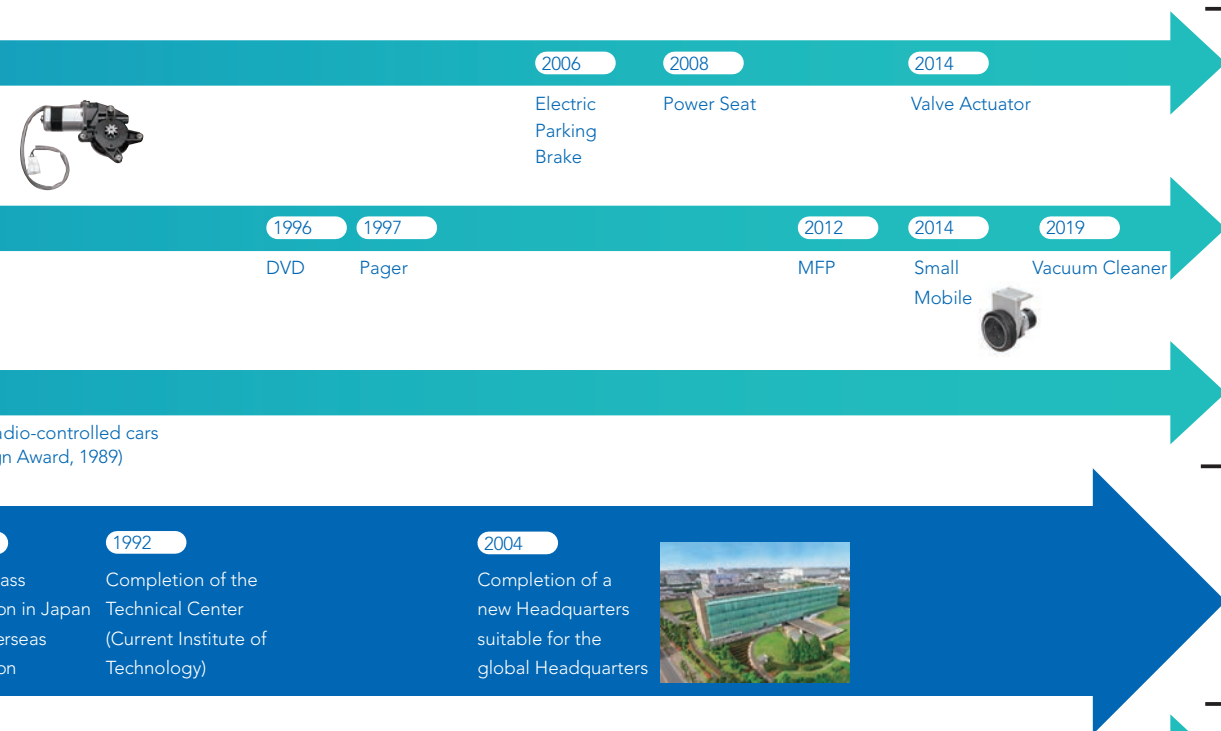
1968
Germany (Representative office)




From centralized production in Asia to optimal development, production



## High value-added areas



### Contributing to Society through Products

- Setting devices and equipment free from electrical outlets and long cords
- Enabling our customers' products to be smaller and lighter, and to use less power
- Making products using our motors widely accessible through lower prices

### Contributing to Society through Business Activities

- Creating jobs in countries and regions where we produce and operate
- Contributing to local civic development by forming the core of industrial clusters
- Increasing added value in countries and regions we enter through the transfer of technologies across our bases

and sales systems with the global five-pole business structure

# Our Strengths

High Profitability through Social Contribution: The Story of Mabuchi Motor

## Diversifying Applications while Specializing in Small DC Motors

Cumulative Production and Sales Volume of Small DC Motors Exceeded 50 billion!

### A Pioneer in Small DC motors

The story of Mabuchi Motor begins in 1946, well before the company's founding. In that year Kenichi Mabuchi, later to become the company's first president, created a motor for use in teaching science to school children in Takamatsu, Japan. In 1947, he succeeded in developing the world's first high-performance horseshoe-shaped magnetic motor. In those days, the magnetic field in a DC motor conventionally was created using an electromagnetic coil. But Kenichi was an out-of-the-box thinker, and came up with the idea of using a permanent magnet that would allow for smaller motors and lower power consumption. He proceeded to make this idea a reality. Working with his brother Takaichi who would later become the company's second president, Kenichi produced and sold horseshoe-shaped magnet motors for use in models. This motor was able to rotate continuously for one to two hours using only one battery, which was astounding at the time.



**The Horseshoe Magnet motor**

While building the foundation of the small DC motor business on these products for models, the Mabuchi brothers began to enter the toy parts market, which was larger than the model market. Back then toys were powered mainly by either springs or friction, power sources that dwindle quickly. Therefore, Kenichi and Takaichi developed a motor for toys. In 1953, they approached Nomura Toy, a toy wholesaler in Tokyo, to sell their new motor to the company. When Nomura Toy showed a motorized toy sample to a toy buyer from the United States, the buyer's eyes widened in surprise. This was the origin of Mabuchi Motor sales to Nomura Toy. Production and sales surged, and Kenichi and Takaichi moved their business to Tokyo, the hub of Japan's toy industry. They rented the second floor of Nomura Toy's

warehouse and set up a factory there. Then on January 18, 1954, they established Tokyo Science Industrial Co., Ltd. – the date we regard as the founding date of Mabuchi Motor.

### Small, High-performance, Affordable Motors

In the earlier days of the company, motors produced by Mabuchi were used mostly in toy cars made for export. The toy cars were too expensive for ordinary Japanese people to buy at that time: they cost 1,500 to 2,000 yen each at a time when the monthly salary of new junior high school graduates was 2,000 yen. The company decided to create a small, powerful, low-cost motor that could make toy cars affordable for children in Japan. Doing so was required reducing the cost of the motor from 120 yen to 20 yen, which was the cost of a spring (the existing power source for toy cars sold domestically). To get that cost reduction, we had to design the motor in a whole new way and use low-cost components. An expensive material named alnico (an alloy of aluminum, nickel, cobalt, and iron) normally was used for the magnet, the primary component of the motor. Mabuchi's engineers therefore worked to develop a motor using a low-cost ferrite magnet that a Japanese manufacturer had begun to produce. Using the new ferrite magnet, the company created the F-type motor, whose performance matched that of an alnico magnet motor - at half the weight and a cost below 20 yen. Production of the F-type motor began in 1958. It was an innovation that synced perfectly with the plastic model fad at the time - and "Mabuchi" became a household name.



### F-type Motor

The F-type motor, which uses a ferrite magnet, was developed in 1958

## Technological Innovation and Diversification of Applications

In 1960, we focused our attention on the trend in tape recorders toward more compact, lighter weight, and cordless designs and began to develop a motor for tape recorders. For this application, we needed to achieve silent, smooth rotation while reducing current consumption to 10% of its existing level, and extending service life 50 to 100 times. We did so through a threefold innovation that improved shaft precision, used a new oil-less bearing, and refined the motor technologies, including to enable contact between a commutator and brush – all of which reduced production costs. As a result, we succeeded in developing the FM-250 series of motors, which later gained an overwhelmingly large share of the tape recorder motor market. This is one

example of our innovation pattern. Mabuchi Motor has expanded applications for our small DC motors repeatedly through innovating in technologies and increasing the affordability of end-products.

Concentrating our management resources on small DC motors has been essential for Mabuchi Motor in creating unrivaled products. This is why we have limited our product range to small DC motors. We've grown our business by specializing in small DC motors, extending their applications into diverse markets, and expanding our business activities to markets and customers all over the world as well as in Japan.

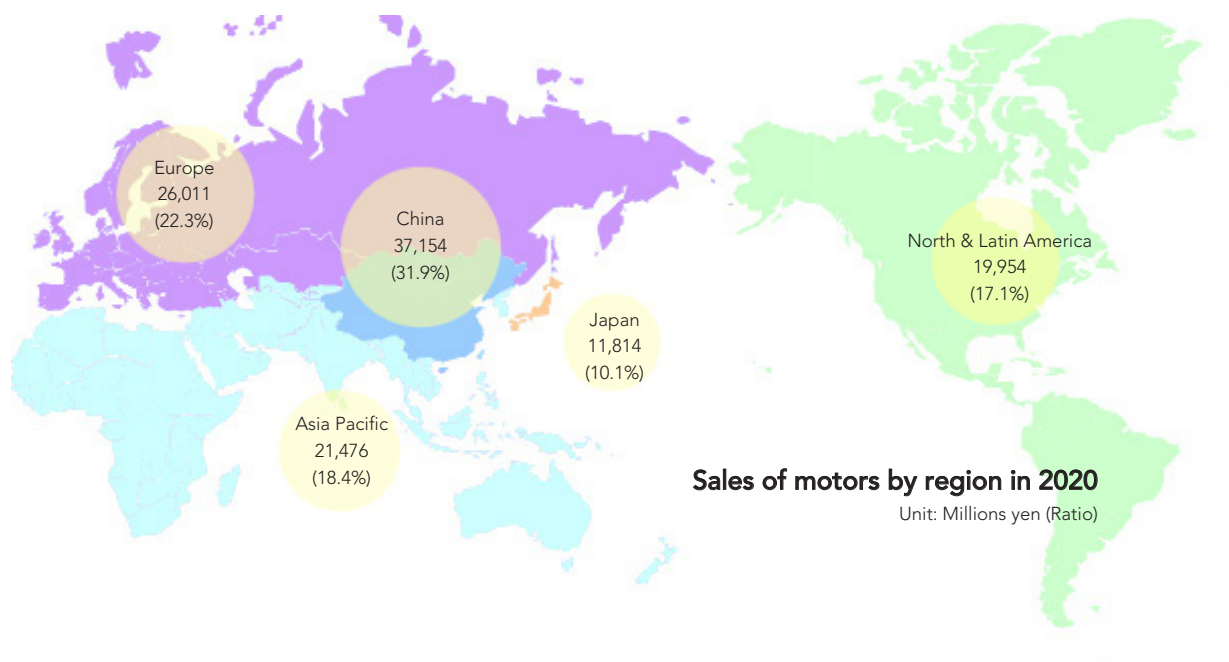
## Selling to Customers around the World

Overseas Sales ratio 90% (2020)

Since its very beginnings, Mabuchi Motor has proven its expertise in securing sales in new markets and applications. The primary export destination of toys, which were the major application of motors in our early days, was the United States. In 1956, two years after our foundation, Kenichi Mabuchi visited the United States. He stayed for 45 days, visiting customers to gain firsthand knowledge of the U.S. market. One of the customers he visited was a major toy manufacturer, the world leader in the industry at the time.

Five years after Kenichi's visit, Mabuchi Motor received a bulk order for 20 million motors per lot from that toy company. In the same year, orders came in for motors for toothbrushes and tape recorders from another U.S. company, one of the largest electric appliance manufacturers in the world.

As a result of these proactive sales activities to markets and customers around the world, the overseas sales ratio of motors has reached 90%.



# Our Strengths

## Stable and High Profitability

**Achievements in generating operating income:  
Securing profitability for 66 consecutive years since its foundation**

### Origin Story: The Mabuchi Management Principle

By 1963, from its beginnings as a small factory, Mabuchi Motor had grown into a medium-sized company with more than 1,000 employees. Takaichi Mabuchi resolved to articulate a basic philosophy for the company that would express "why Mabuchi Motor exists, and what we sweat over and work for."

Takaichi believed that, for the company to keep growing and developing, it needed a strong management team. To build that team, he further believed, the company needed to articulate a core philosophy that would guide and inspire all its employees. He looked back at the path the brothers had taken. They had dedicated themselves to developing a low-cost motor for toys, and achieved production at a low price, equivalent to that of a spring. Their innovation had expanded the market of electric toys, creating economies of scale that brought costs down even more. More children's dreams were coming true, with electric toys now more affordable and accessible to families.

The same was happening in other markets too. The family of Mabuchi Motor, in turn, was finding great worth and meaning in making substantive contributions to the lives of people, and to countries' economies, through its business activities. This idea became the core of our Management Principle that Takaichi Mabuchi formulated for Mabuchi Motor: "Contributing to international society and continuously increasing our contribution." This principle has been our constitution, guiding Mabuchi Group companies around the world, transcending limitations of time and location.

### Promote understanding of Management Principle

All Group employees are to cultivate an understanding of the Management Principle through e-book in Japanese, English, Chinese, Vietnamese, Spanish and Polish.

### Right level of profit as a result of contribution to society

Under our Management Principle, profit is not the company's ultimate objective. However, we attach great importance to profit. We believe that profit is a company's reward for contributing to society or to customers, as well as an indicator of the level of its contribution. Profit is also a source of energy for powering more and increasing social contributions. We believe that a company can remain in a virtuous cycle of increasing social contribution, which increases its profits, which then through more and better activities again increases its social contribution, and so on. And we believe that such a company will gain the support of people and communities local and global. It will find that its purpose has become timeless.

A company can contribute to society only when it provides unique value by creating products or services that are different from those offered by others. A company that only provides what others already do can compete only through price - which means that it cannot make a profit if costs remain unchanged. With this in mind, at Mabuchi Motor we always aim for the "right" level of profit. An appropriate level of profit is necessary for keeping our business stable over time. But the right level of profit is more meaningfully identifiable by observing our effectiveness as an institutional member of, and contributor to, society. When our profit exceeds appropriate levels, we return a share of our profit to customers to strengthen our relationship with them and to reinforce our competitiveness. We do not pursue any sales expansion which will not generate profit. Our objective is always sustainable growth accompanied by the right level of profit.



## The Standardization Strategy

In 1969, as the scale of motor production and sales grew rapidly, we experienced a shortage of parts and our assembly capacity proved insufficient. A significant production shortage ensued. In the toy industry of the time, that products were custom-made was taken for granted, and Mabuchi Motor was producing a wide variety of motors whose specifications differed slightly depending on the customer. The production failure hit during the summer, which was the peak production period ahead of the winter holiday shopping season. A number of our customers were dissatisfied and told us so. To rectify this situation – and just as importantly, to avoid its recurrence – Mabuchi Motor made the decision to standardize its products.

There were internal objections to this decision, as some believed that standardized motors would not sell well. Yet we proceeded, betting on the idea that standardization would be essential for developing our business over time: standardizing our motors would enable both production planning and cost reduction because it would allow for inventories. Further, we reasoned that by making operations more stable, standardization would help us maintain and improve the quality of our products. Higher quality would in turn increase value for our customers, who were committed to streamlining their operations in the face of fierce

competition.

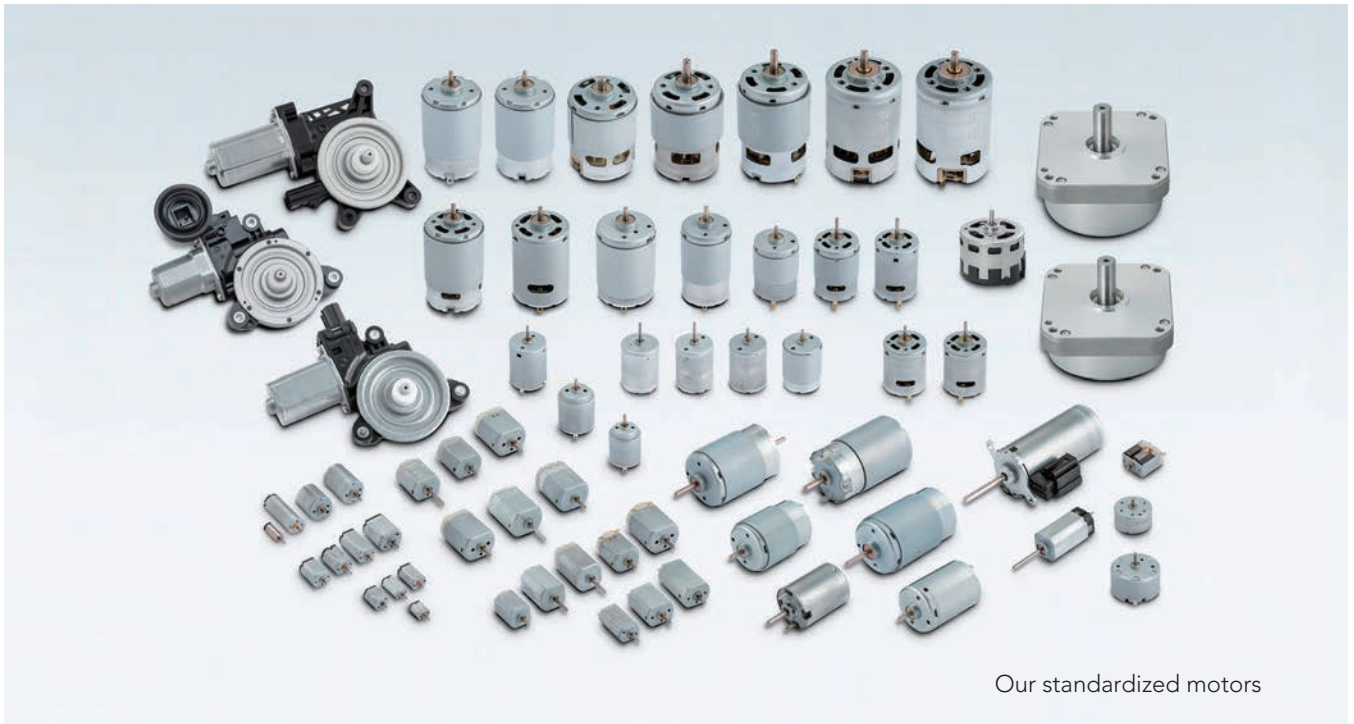
To make our new strategy a reality, Mabuchi Motor set out to propose our product standardization to our customers. Mattel, Inc. was the first to agree. The global industry leader, Mattel, Inc. was keenly aware of the tough competitive environment and recognized that standardization offered a smart and reasonable way forward.

After that first agreement with Mattel Inc., our standardization project clicked into gear.

Our increased capacity to supply high-quality motors at affordable prices enabled us to broaden the range of applications for small DC motors. More diverse applications led to increased mass production of standardized products and then to cost reductions, in a virtuous cycle.

Standardization, the starting point for that virtuous cycle, wasn't at all the standard thinking in the industry in Japan at the time. And it wasn't something our competitors, locked into the customization canon of the time, were ready or willing to imitate.

Product standardization was a bold and decisive move by Mabuchi Motor. It established and fortified our competitive edge over our competitors and brought high and sustained profitability.



Our standardized motors

# Our Strengths

## World Optimum Production

Overseas production ratio : 100%

### Global Expansion from an early stage

In 1964, as we celebrated our 10th anniversary, Mabuchi Motor's first production base outside Japan began operations in Hong Kong. Growing fast as a global center of toy production, Hong Kong had attracted our customers and competitors. There were also tax benefits to companies locating there. Under the Commonwealth preference system, products could be exported from Hong Kong to Europe via the UK, and of course to the UK itself, without being subject to tariffs. For Mabuchi Motor, entry into Hong Kong was essential to our competitiveness in exporting to Europe, relative to others in our industry who were already operating in Hong Kong. Subsequently we opened production bases in Hsinchu, Taiwan (1969), in Kaohsiung, Taiwan (1979), in Guangdong, China (1986), and in Dalian, China (1987). By about 1990, virtually all of our products were made outside Japan.



Hong Kong  
Mabuchi  
(Est. 1964)

In the 1990s, we added a production base in Suzhou, China, increasing our production capacity in coastal China, and entered also Bien Hoa, Vietnam. Expansion continued in the 2000s, with new production bases in Danang, Vietnam and Jiangxi, China, two new locations that served to reduce production concentration in the coastal China region. In the 2010s, when automotive appliances became the primary application of our motors, we set up production bases in the Americas and Europe -- in Aguascalientes, Mexico and Małopolski, Poland. With those in place, we established the global five-pole business structure with a focus on local production for local consumption.

Our expansion story shows how we've continuously updated our production infrastructure in response to the economic development of countries and regions, as well as to changes in our own business portfolio. Applications for our motors, initially limited to models and toys, expanded over time into home appliances, power tools, audio-visual equipment, precision and office equipment, automotive appliances, medical equipment, and light electric vehicles.

The result is an optimized, resilient global production system that provides excellent motors at reasonable prices. Thanks to our product standardization strategy, we can mass-produce and sell motors with a limited variety of specifications, thereby realizing both high quality and low cost. This is the unique capability that has made Mabuchi Motor the world's leading manufacturer of small DC motors, producing 1.2 billion units every year.

Our supply capacity is a tremendous strength. Our customers are leaders in their industries; they incorporate vast quantities of motors into their products. In our business, it is vital to have our products adopted by leading companies in each application market, because it is very effective in promoting our products to other companies in the same industry and results in gaining high market share and increasing competitive advantage.



Poland Mabuchi (Est.2017)

## Utilization of Human Resources in the World

Overseas human resources ratio of production base factory manager: 85%

Overseas human resources ratio of production base president: 62%

### Our Global Workforce

Mabuchi Group companies worldwide have garnered a large global workforce. Japanese employees support production, sales, and development activities, yet a high percentage of employees in our company workforce are non-Japanese.

Of our 13 production bases, 8 bases located in China and Vietnam are led by non-Japanese. Of factory managers responsible for manufacturing, 85% are non-Japanese.

Four of our sales bases, in Germany, China, Singapore, and South Korea, have non-Japanese leadership as well. In addition, two Chinese managers and one Vietnamese

manager serve as executive officers of the Mabuchi Group (as of March 2021).

Meanwhile, employees based either at Headquarters in Japan or at overseas bases have many opportunities to take on assignments in other countries or regions. At Mexico Mabuchi, for example, people from Headquarters, Jiangsu Mabuchi, Taiwan Mabuchi, and Vietnam Mabuchi are joining local Mexican teammates to form a global team at our newest base.





# Value Creation Process

## Management Principle

## Contributing to International Society and Continuously

### Management Marker 1

By offering superior products that are reasonably priced, we contribute to the well-being, comfort, and convenience of people all around the world.



### Management Marker 2

By fostering career opportunities and technological development, we address social and economic disparities around the world.



### Challenges facing global society

#### Facing global society

- Environmental stewardship
- Energy stability and security
- Safe transport
- Aging societies
- Poverty and economic inequality

#### Facing consumers

- Quality of life
- Safety and security
- Convenience
- Electrical and other energy conservation

#### Facing our customers

- Electrification
- Downsizing, weight reduction, and higher efficiency
- High quality
- Cost reduction

Solving problems

## Input

### Human capital

- Total employees, Mabuchi Group: 21,477
- Employees, Headquarters in Japan: 851
- Employees at Headquarters with past or present posts at bases outside Japan: 355
- Non-Japanese managers leading bases outside Japan: 12
- Non-Japanese group executive officers: 3

### Intellectual capital

- R&D bases: 2
- Sales and technological service bases: 14
- R&D employees: 481
- Industrial property rights held: 789

### Manufacturing capital

- Overseas production ratio: 100 %
- No. of production bases: 13

### Social capital

- Corporate customers: 1,378
- Parts and material suppliers: 380
- Shareholders: 19,845

### Natural capital

- Million kWh purchased: 184
- CO<sub>2</sub> emissions, in t-CO<sub>2</sub>: 87,137

### Financial capital

- Total capital, in billion yen: 239.1
- Capital adequacy ratio: 91.0 %

## Specialized in small DC motors

### Technology improvements

Global sales and technological support

Relationships with industry-leading customers

Consolidating market needs

### Product standardization

Standardizing and equalizing all processes

Stable procurement of standard materials and parts

Financial and capital policies supporting

Risk



## Increasing Our Contribution

### Management Marker 3

By placing highest value on our people, we empower and encourage them to realize their potential and contribute to society.



### Management Marker 4

Conduct corporate activity which preserves the earth's environment and protects human health.



### Contribution to global society

#### Contribution to global society

- Safe, comfortable, prosperous society
- Convenient goods that can be carried wherever the consumer would like
- Affordable prices
- Reduction of energy consumption and environmental impact
- Reduction of economic inequality

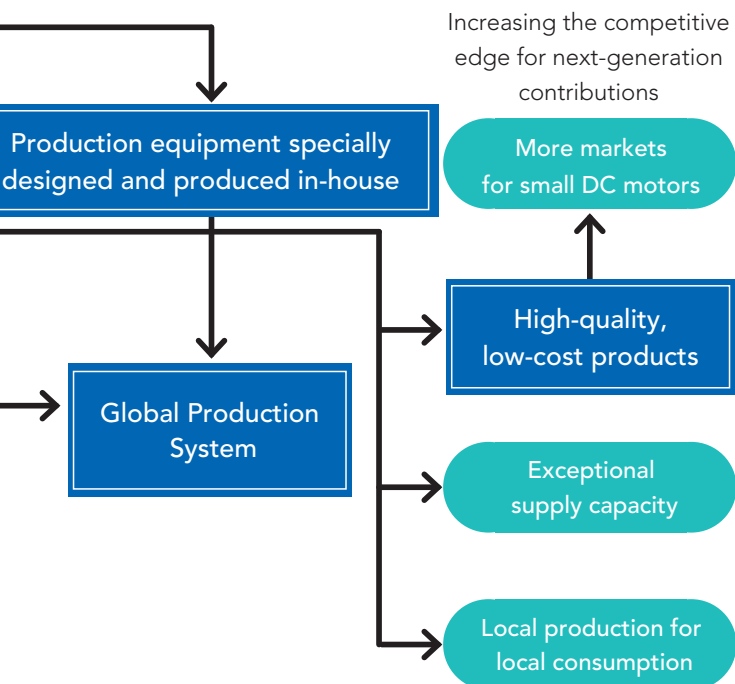
#### Contribution to customers

- Contribution to size and weight reduction, and to the improvement of product efficiency for customers
- Elimination of quality problems
- Providing low-cost products to customers

#### Creation of economic value

- Creating economic added value as a result of contribution to society and customers and redistributing it to our stakeholders

## Mabuchi Motor



long-term stability

management

## Output / Outcomes

### Human resources

- Education of top engineers
- Active roles of female employees
- Developing global human resources

### Intellectual assets

- We push the knowledge frontier of compact, lightweight, high-efficiency motors, and of the production processes and management approaches that optimize their potential
- We gain new knowledge through expansion to high-value added markets for our products

### Manufacturing assets

- Established of the global five-pole business structure covering China, Southeast Asia, the Americas, and Europe
- Expanding business in the Americas and Europe by utilizing new production bases of Mexico and Poland

### Impact on society & environment

- We reduce the environmental impact of our business activities through local production for local consumption
- We strive always to build an even stronger relationship with each stakeholder

### Financial achievements

- High operating income ratio
- Long-term and stable return to stakeholders
- Risk reserves
- Management control by ROIC

# Value Creation Process

66 years of focus on small DC motor technologies and products

Our Management Principle conveys our desire always to increase our contribution to society and to remain a company that is indispensable to the world.

Highly efficient small DC motors convert electric energy into mechanical energy. Better and better motor technology, and then even higher efficiency, lead to the conservation of energy, which reduces environmental impact. Moreover, production of small DC motors in developing countries and regions provides job opportunities, develops local economies, and fosters new engineering and managerial talent.

## Specialized in small DC motors

- We have limited our products and business domain intentionally to small DC motors, investing in human, intellectual, manufacturing and other capital in this domain. This is how we established and maintained our position as the leading small DC motor company despite the existence of competitors who are larger in scale.
- While focusing on these products and this business domain, we have watched markets all over the world. We've grown and preserved our competitiveness by satisfying the tough requirements of leading customers in the global market.
- We've expanded the markets where our products are used, securing business growth while adhering to our core business philosophy of being a contributor to society. Having started in the model and toy market, we expanded to other applications for our products, entering the home appliances, electric power tools, precision and office equipment, audio-visual equipment, and automotive appliances markets, among others.

## Technology improvements in small DC motors

- By concentrating our resources into the small DC motor business, we have developed not only our own core motor technologies but also technologies for motor products, motor production, parts, parts production (such as technologies for press, metal processing, resin molding and molds), and final production equipment (such as assembly equipment).
- Among our technologies for small DC motors, we have unrivaled brush motor technologies.
- We are equally capable of responding to our customers' needs for brushless motors with long service lives. We apply the core technologies we have cultivated for brush motors to achieve more compact, lighter weight, and higher efficiency also in our brushless motors.
- By developing and producing compact and lightweight eco-friendly model motors, we will contribute to curbing the use of global resources.



## Product standardization

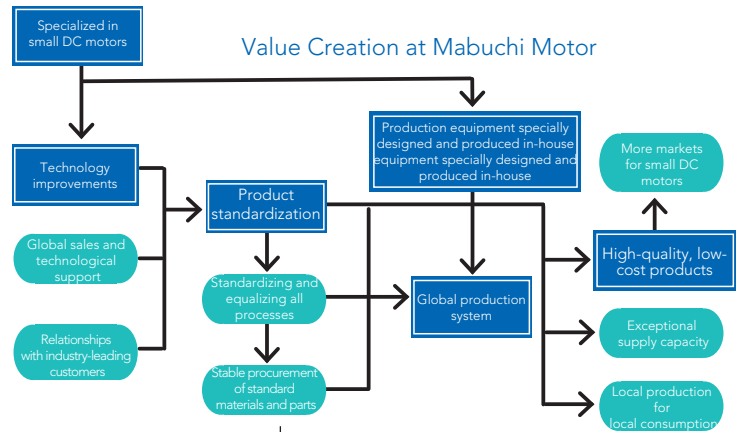
- Our product standardization strategy is the most important means through which we practice our Management Principle.
- The functions, sizes, and prices of motors that customers need and request are as diverse as the customers themselves. Yet, we have the necessary know-how, and the proven capability, to identify and produce motors that cater to multiple customers' needs.
- It is through our technological expertise and careful attention to customers' specific needs that we are able to meet their requests with our smaller, lighter, more affordable motors.
- Creating and making customized motors tailored to our customers requests would not be difficult - but the resulting products would cost a lot more. We help protect our customers' competitiveness by working with them to deliver the products they want at a good price.
- Our product development engineers commit to tough restrictions in order to achieve higher performance products using standard parts, keeping use of customized parts (which raise product prices) to a minimum.

## Our goals

Expand the applications of our products into markets that are positioned in domains with higher added value by utilizing human, intellectual and manufactured capital which have been cultivated.

Cultivate the two domains of peripheral parts technologies and brushless motor technologies and promote developing the market of high value added applications.

Position standard products in new application markets. At present, we are expanding sales of brushless motors into new applications in the fields of both automotive appliances and consumer and industrial products and aiming to build a standard at an early stage.



### Global production system

- To optimize our five-region global production system, we must improve the production efficiency of new bases to match that of our existing bases as quickly as possible. Achieving that will engage the cumulative skills and talents from all across Mabuchi Group companies. Fortunately, Mabuchi Motor has deep experience in bringing the capacities of its workforce to bear in creating new value globally. For example:
- In 1964, our first overseas production base opens in Hong Kong; 1986 we entered Guangdong Province, China. Headquarters and the Hong Kong office were instrumental.
- Our Taiwan office played an active role in launching our production base in Jiangsu, 1993.
- Our team at Bien Hoa, Vietnam put our production base in Danang, Vietnam on track.
- Today, the local team at our newest production bases in Mexico and Poland are collaborating with colleagues from Japan, China, Vietnam, and Taiwan.

### Production equipment specially designed and produced in-house

- Decades ago, production at our newly established bases outside Japan relied on labor-intensive processes. But as the company developed along with the areas where we were producing, we applied our accumulated expertise to design and build specialized equipment that automated more and more of our production processes.
- Through automation, we increase production efficiency and reduce production costs in our major production bases such as China and Vietnam. But automation has an additional important advantage: it helps us add value to the areas where we operate, through human capital investments. Automation creates more qualified, higher-paying jobs and multiplies career opportunities for employees.
- We have been focusing on this initiative as it is a win-win situation for the governance and the local people who want to reduce production costs, upgrade their jobs, and increase their salary levels.

### High-quality, low-cost products

- Typically, quality and cost are proportional to each other - if quality improves, costs increase accordingly; cost reductions would normally lead to lower quality.
- At Mabuchi Motor, high quality and low cost coexist. We achieve this through three fundamental strategies: specialization in small DC motors, product standardization, and a global production system.
- With high quality and low cost, we put approx. 1.2 billion motors in customers' products every year, motors that support safety and comfort in the lives of people around the world. This is the main substance of our contribution to society.
- We have achieved a high operating profit margin, and since our foundation have never posted an operating loss.
- Among our financial achievements, we place special emphasis on the operating profit margin. We view the operating profit margin as a key indicator of the contribution our products make to society. In product development, our engineers know that any new product we make must achieve a high operating profit margin.

- In the medium term, expand sales in the Americas and Europe by taking advantage of our new production bases in Mexico and Poland.
- For long-term expansion, assess the investment environment in new regions to identify opportunities.

Complete automation of the inspection process, still heavily dependent on human eyes and ears. We're dedicating research and development efforts to this task.

The operating income ratio of 15% or higher is our target. We pursue highly efficient management by introducing ROIC in order to achieve further growth by investing operating income in new areas.

# Long-Term Management Policy

Our Management Principle is "Contributing to International Society and Continuously Increasing Our Contribution", and we are making company-wide efforts to realize this Management Principle.

The Long-Term Management Policy embodies this Management Principle in a span of about 10 years and clarifies the Long-Term Management Policy, such as what we will realize and what value we will provide to our customers and other stakeholders.

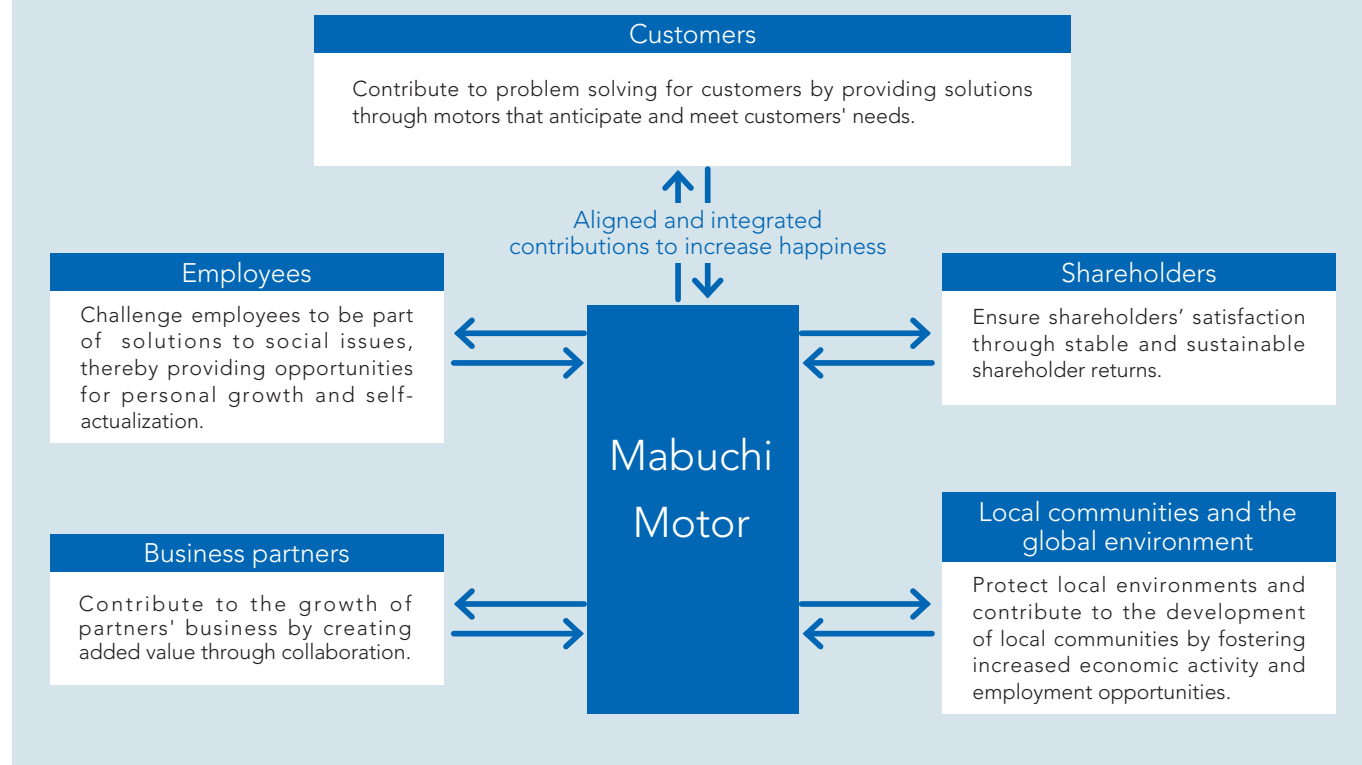
## Management Principle

Contributing to International Society and Continuously Increasing Our Contribution

Realized in a span of about 10 years

## Envisioning: Mabuchi Motor in the next 10 years

As a corporate citizen of the world, Mabuchi Motor increases the happiness of all our stakeholders.



## To Realize the Desired Vision

As a manufacturer specializing in motors, we will increase the ratio of consumer and industrial products while growing the applications of automotive products for brushed motors, brushless motors, and their units.

In such business areas, we are actively promoting the activities shown on the right based on "sustaining sound sales growth and stable, and reasonable profits" in order to realize our Long-Term Management Policy.

- Focusing investments on small motors, our field of specialization, while developing technology in this field. Create new products that contribute to problem solving and technological innovation in society and expand their use.
- Building our capacity to propose solutions in cooperation with business partners, in order to achieve growth together through enhanced added value of products.
- Preserving a balance between high quality and cost by pursuing standardization and promoting next-generation manufacturing.



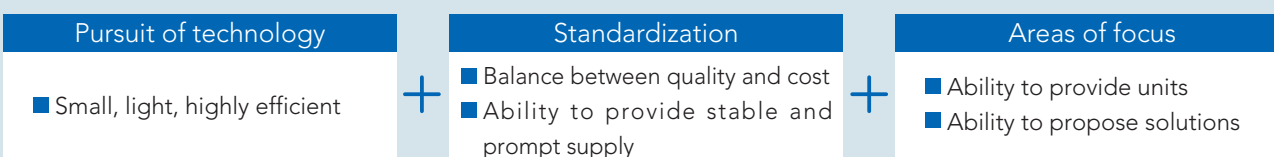
# Mid-Term Management Plan

The mid-term management plan is a breakdown of the initial three periods of the Long-Term Management Policy planning period regarding "what areas to do and what to achieve" in the Long-Term Management Policy. The mid-term management plan mainly consists of four points.

- In response to the Long-Term Management Policy, "**Vision to realize in 2023**" shows what we are aiming for after 3 years
- "**Mid-Term Management Plan Performance Guidance**" showing our company's three years later using various management indicators
- "**Mid-Term Sustainability Targets**" that plan responses to important sustainability issues and set goals for important issues (see pages 41-48 for details)
- "**Priorities**" in each area to achieve each goal

## Vision to realize in 2023

We aim to provide solutions to issues which society and customers are facing, while accelerating the growth of our business through the success and expansion of our customers' businesses.



## Performance Guidance

The performance guidance of the mid-term management plan is shown in the range of the period. By doing so, we believe that we will be able to work to achieve our goals from a medium- to long-term perspective without being overly aware of short-term business results such as semi-annual or simple.

### Mid-Term Management Plan Performance Guidance (2021 to 2023)

Net sales	Under the Long-Term Management Policy, we aim to achieve an average annual growth rate of 8 to 10%.
Operating profit ratio	Aim to achieve an operating profit ratio of 15% or more reflecting our contribution to customers and society.
ROIC	Introduce ROIC-oriented management and raise return on invested capital. Aim to achieve an ROIC of 12% or more.

Assumed exchange rate: USD = JPY 105

ROIC = (Operating profit × (1 - Effective tax rate)) / (Accounts receivable-trade + Inventories + Non-Current assets (excluding Investment securities) - Accounts payable-trade)

## Priorities

Among the priority efforts to achieve the mid-term management plan performance guidance, the main efforts to strengthen the management base are as follows.

- **The global five-pole business structure:** Expand business in Europe and North America, using production bases in Mexico and Poland.
- **Group-wide participation in ROIC management:** All employees in the Group contribute to improving ROIC.
- **Expanding units:** Create groups of external partners with whom to cooperate to innovate in units.
- **Ability to propose solutions:** Build a team that engages with customers to create proposals that exceed customers' expectations.
- **Change in work style:** Strengthen talent and skills within the organization, applying global standards and embracing diversity.

Initiatives in the automotive products (medium and small size) and the consumer and industrial products will be introduced on the following pages.

# Interview with the COO

## Towards the Achievement of the Mid-Term Management Plan



Representative Director  
& COO, Senior Managing  
Executive Officer

Masato ITOKAWA

### Towards the Mid-Term Management Plan

— What are your thoughts on the Mid-Term Management Plan the company announced in February 2021?

Our aim for 2023 is to propose solutions that address challenges that society and our customers face. We have mapped out a dynamic path of responsible growth through the success and expansion of our customers' business. I wish to emphasize that we are not aiming for a simple increase in sales. Global society is still dealing with the COVID-19 pandemic, which is not yet subsiding. It's at a time like this that we want to really think things through when setting new targets, and to show the perseverance inherent in great engineering as we continue to challenge ourselves.

We are fortunate to have built tremendous knowledge, steadily over the 66 years since our establishment as a dedicated motor manufacturer. We want to keep deepening that knowledge and our technological capabilities to explore and demonstrate how compact, lightweight, and efficient

our motors can be; to boost quality and balance cost through our standardization strategy; to maintain our stable and rapid supply capabilities; and to build our ability to offer unit and solution proposals as a driver of growth.

### Our standardization strategy and unitization capability

— You mentioned "ability to offer unit proposals." Yet there must be a need to customize according to customers' requests. How do you account for this need within the company's standardization strategy?

Yes, our company has pursued a standardization strategy, and we are able to boast high market shares thanks to the excellent cost-performance balance of our motors. Standardization of motors is a strategy that also has become our specialization. By bringing Mabuchi's expertise in standardization to bear, we believe we can provide unitization that both accommodates customers' requests and adds value. So far, under a policy of not entering into our customers' business domains, we have focused

on dealing solely in motors. Recently, however, we have received a growing number of requests from customers in areas peripheral to motors. We believe there are efficiencies to be found in such projects, and that we can continue our win-win relationships with customers by not moving into a certain business domain if the customer so requests.

We are advancing in brushless motors, and leveraging our track record of quality in automotive applications to expand sales in this area thanks to our sound business relationships and practices. Further, we are achieving reductions in size and weight in control circuits, and can offer these unitized together with brushless motors. Naturally, in units too we will strengthen our advantages in quality, delivery time, and cost through standardization.

Recently, our customers have begun matching their mechanical designs to standard unitized items. Especially in the consumer market, the turnover of products is fast, so there is an increasing demand for products that can be easily assembled and completed as end-products. To maximize our learning for unitization, we are collaborating with people in industry, government, and academia, and with our customers to expand our knowledge.

### **Solution proposal capabilities**

— Can you tell us more about the "solution proposal capabilities" you mentioned?

The word "solution" is heard a lot. Although essentially it means "problem solving," we are thinking farther beyond when we say "solution proposals." By this we mean anticipating needs that even customers may not have perceived, and offering proposals based on those. To add value in our customers' products, we aim to make proposals not only from the motor perspective but also from the perspective of customers' products and, more broadly, from the perspective of society, of the people using these products. We consider, for

example, what are the performance improvements and cost reductions obtained by using our motors, and how do these differ from or improve upon what other companies might achieve?

In addition to anticipating our customer's needs through trustful dialogue, we also intend to create new products that combine our specialized knowledge of motor utilization with the expanding body of knowledge in these new fields, thereby enhancing our capability to propose solutions of high value.

### **Manufacturing that enhances profitability**

— What measures are you undertaking to boost profitability and efficiency?

In recent years, we have moved more and more to machine-based line design. These more flexible, labor-saving lines have improved quality and productivity through improvements in production efficiency. To improve space efficiency and equipment utilization rates, we have conducted cost-reduction activities in production, such as mixed-flow production capable of producing multiple models on a single line. As part of our Next-Generation Manufacturing Innovation, we are developing new production methods aimed at further automation and unmanned operation that emphasizes versatility and maintainability. In doing so, we want to connect systematic production quantity increases in existing locations while controlling capital investment.

Through the internal production of equipment and components, we have accumulated production technologies that are unique to us as a dedicated motor manufacturer. These give us a great advantage. We are not fixated on internal production of equipment and components, but we do so when we can leverage our knowledge and good supplier relationships where appropriate. In this way we are enhancing profitability through manufacturing that is characterized by efficiency, low cost, and flexibility.

# Interview with the COO

## Solving problems facing society

— How do our motors contribute to solving issues confronting society?

Our motors excel in technologies requiring compact, low weight, and high efficiency motors. Our motors also contribute to safety improvements in automobiles, another major responsibility of the automotive industry.

Carmakers adopting our motors can reduce weight in automobiles, for example, which contributes significantly to fuel efficiency improvements. Motors for engine peripheral equipment also contribute directly to the improvement of engine efficiency. Our motors are used in lock mechanisms that prevent dislocation of electric vehicle power supply cables, and in electric parking brakes (EPBs) that enable easy and secure brake setting regardless of the driver's strength. This is a safety feature that has been very well received, resulting in an increasing installation rate.

To accommodate the needs of aging societies with shrinking workforces through consumer and commercial equipment applications, we provide brushless motors bundled with circuitry to drive an increasing variety of components and to expand sales. Electric locks that ensure home safety have become widespread, and we have leveraged our track record in automotive door locks to achieve adoption for home use as well.

We aim to achieve business growth while contributing to improvements in safety, comfort, and environmental performance in people's daily lives.

## Future activities by business applications

— Let's talk about the outlook for future activities in different business areas.

### Medium-sized automotive products:

#### ■ Power windows:

In the automotive industry, suppliers traditionally have been fixed within each affiliate company. In that setting, our company has been able to raise our market share through quality, cost, and stable supply, as well as through technology and capital for the developing new products. In addition to standardization, our company possesses unique structural designs and manufactures key components internally. These are all things that are not easily imitated, and it is hard to imagine other companies taking on sufficient equipment investments to compete with us in this realm. Accordingly, we plan to continue growing our markets share through more compact, lightweight, and efficient new products.

#### ■ Power seats, EPBs:

These items, developed and sold as strategic applications, have given us great confidence by capturing high-volume customers. When autonomous driving becomes commonplace, the question will be, what functions and features should self-driving cars have? We expect that features for power seats, such as reclining and silent operation, will expand. Our company has the technology to meet these expanding needs and features. EPBs too are also more and more common, and we are developing new products that can be adopted by more customers.

### Small automotive products:

For many years our company has held over 70% of the global share for door lock and mirror applications. How can we maintain this position and add new value? If we make wise and large-scale use of our strengths, we can expand our business

through cost reductions in existing businesses and through the deepening of local production for local consumption.

I think that mirrors will shift towards cameras in the future. If this happens, cameras will require a motor to drive the pump that cleans the lens. I believe that our relationships with manufacturers of audio-video equipment, previously a large market, will thrive again with the shift to cameras. Here, too, we can demonstrate our capabilities for solutions proposals and unitization.

#### Consumer and industrial products:

At present, over 70% of our company sales come from automotive products. However, we have considered an ideal sales ratio to be 6:4, that is, about 40% from consumer and industrial products. Rather than reducing the applications of automotive products, this means increasing the applications of consumer and industrial products to 40% of sales.

The diversification of usage applications constitutes risk management in the event of major technological

innovations. Moreover, in automotive electrical fittings and equipment applications, we look several years ahead, and we don't exclusively consider business results. In consumer and commercial equipment applications, products have short life cycles, new products appear one after another, and immediacy in sales results is expected. In addition, the evolution of home appliances in recent years has been noteworthy, with robots doing more of the work, and we feel there is strong potential for rapid growth in this market.

As some societies age, nursing, medical and healthcare products are gaining importance. Entering these markets now will lead to sales in the future as social change advances. We are envisioning how people's lifestyles will be changing and, based on what will become mainstream in the future, we will ensure useful roles for our motors, including brushless motors and other new products that expand our unit business.

## Priorities in the Mid-Term Management Plan

Medium-sized automotive products (PW)	<ul style="list-style-type: none"> <li>- Delivering products to two of three companies in Detroit; in January 2021, we received certification from the remaining one.</li> <li>- Having received orders from two more Japanese OEMs, we now manufacture for a total of five Japanese carmakers.</li> <li>- Our ambition is to further expand sales to automobile manufacturers in Japan, the U.S., Europe and China, and to gain orders from EV manufacturers increasing market share.</li> </ul>
Medium-sized automotive products (other than PW)	<ul style="list-style-type: none"> <li>- While expanding sales, we will gain the world's largest market shares for PS and door closer, and keep our top position for EPB.</li> <li>- We are developing new products with higher added value and expanding orders.</li> </ul>
Small automotive products	<ul style="list-style-type: none"> <li>- We are ramping up activity in automotive brushless motors and the unit business.</li> <li>- We are expanding business by cutting costs in existing business and pursuing local production for local consumption.</li> </ul>
Consumer and industrial products	<ul style="list-style-type: none"> <li>- Develop brushless motors for consumers (in particular, for small light electric vehicles and collaborative robots) and increase orders.</li> <li>- Expand uses in wellness and healthcare.</li> <li>- Expand units, including gear units and fan units.</li> </ul>



# Together with Employees

## Incorporating Global Standards, Strengthening the Organization through Diversity

Director, Managing Executive  
Officer, Assistant President, Chief  
Officer of Subsidiaries, Chief  
Administrative Officer, in Charge  
of Purchasing and Senior General  
Manager - Human Resources and  
General Affairs Headquarters

**Hiroto KATAYAMA**



### Developing people and nurturing careers

To continue stable, sound management and growth amid market changes and intensifying competition, it is essential that employees are engaged stewards of the company. Work styles have changed as AI technology has advanced and of course, with the COVID-19 pandemic. We are transitioning actively to a more global-standard, performance-oriented employment system with promotion and career development determined by roles and outcomes, and not by age or history with the company.

As stated in our Management Markers, our company values employees as our most important resource. It is important that we evaluate their achievements properly, looking beyond process alone to results and outcomes achieved. We believe that this approach will build our talent pipeline and enhance our growth as a business and as an organization. As always, we aim to enhance the quality and dignity of work and to develop individuals' contributions to society, along with our company's.

### New HR system:

Our new global HR system emphasizes clear performance standards, with compensation based on objective evaluation of outcomes and contribution to team achievement. It offers opportunities to people who aim high.

We make roles and responsibilities clear through a system of Job Descriptions (JD) with terms of employment determined by Job Grade (JG). The scale of work duties is measured and job grade set within a certain range. In 2020, we introduced this new system to apply to management positions as a "pre-adoption." After making some improvements, we plan to expand the system to employees at Headquarters, and then to our employees outside Japan.

### Strengthening learning opportunities

Our approach to education in the past typically has been geared towards enhancing effectiveness within specific departments or bases. But we've found that this approach sometimes leads to siloed forms of knowledge that can prevent fruitful cross-

departmental and cross-functional work.

We are excited about rebuilding our education system in the creation of the Mabuchi Learning Institute (MLI), which is designed to create broad and deep knowledge across the Mabuchi group, worldwide. Our aim is to ensure that all employees understand the importance of producing measurable results through their work and of achieving high productivity. Education is especially necessary for cultivating this mindset.

To help young recruits at home base more learning opportunities abroad, we are enhancing our trainee system. Overseas posts are usually three-year appointments that carry high expectations of practical professional achievements. Our trainee system now allows 6 months to one year of overseas experience during which employees can experience our operations outside Japan. Conversely, we also have a system by which employees of overseas bases are posted to Headquarters. We want to continue to globalize our HR system in a way that optimizes the deployment of our talent to Headquarters and bases outside Japan and fosters dynamic exchange of ideas and people development.

### The Long-term Management Policy and Mid-Term Management Plan

Employees deserve to have a clear understanding of the strategic direction the company is taking. I believe that the announcement of the Long-Term Management Policy has created a sense of challenge and excitement among our employees. Our company

has a longstanding culture of tackling challenges. I think that by tackling new things, we have formed a positive mindset of continuously acquire new skill sets, and this ambition has even increased recently. All workplaces face the usual constraints of time and heavy workloads, but as our new personnel system evaluates not only individual but also team performance it is my belief that people will overcome issues through collaboration and discovery.

### Diversity

To achieve our Management Principle of "Contributing to International Society and Continuously Increasing our Contribution," our company is building an environment in which all Mabuchi group employees can be active worldwide, without being limited by geographical or other boundaries. The diversity that we seek is one in which all employees possess a global sensibility regardless of nationality, age, gender, and so on, and apply their individuality to generate new value.

Our company has been expanding overseas since 1964. Through that long history of overseas operations, we have always upheld flexible, fair, and impartial thinking with regard to hiring, employment, and promotion. We will keep strengthening our initiatives to create an environment in which talent with diverse backgrounds can contribute at all levels and in all dimensions of our company.

(See p. 57 for more information on our people development initiatives.)

## Evolving Diversity in Mabuchi Motor

We would like to introduce the comments of the managers of the Mabuchi Group base.



America Mabuchi  
Ms. HOEF  
Accounting and Administration, Treasurer

We take the courage to take on the ever-changing business challenges, especially when we are afraid of failure. We believe that success is possible with clear instructions and guidance to team members.

Vietnam Mabuchi  
Ms. PHAM  
Information System Dept., Manager

I think that working voluntarily is one of the characteristics of employees who can play an active role. Rather than waiting for your boss's instructions, if you are aware that you will actively work on the task, you will be able to work more independently and gain the trust of your boss and colleagues.



# Intellectual Capital

## Expanding Intellectual Capital on the Strength of Our Unique Core Technologies



Director, Managing  
Executive Officer and  
Chief Technology Officer  
**Shinichi TANIGUCHI**

### Core technologies unique to our company

Mabuchi Motor's technologies include many areas of advantage: magnetic circuit technologies, brush and commutator contact technologies, and brushless motor control circuit technologies. We have made numerous improvements to magnetic circuit technologies, which are positioned as central to our core technologies. How to direct magnetic force and how to perform switching using copper wire, iron cores, and magnets are simple topics, yet the deeper we delve into these, the more these areas yield new discoveries. For that reason, we have accumulated a wealth of knowledge.

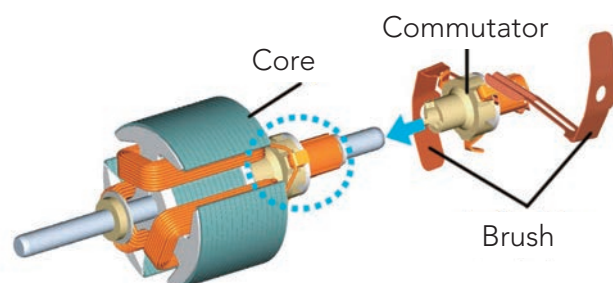
Even using the same magnets, a motor will have different characteristics depending on the arrangement, angle, circuit control, etc. of the motor. These technologies are common in brush motors and brushless motors alike. In regard to the contact points between brushes and commutators, technology that prevents friction of the components to produce as little sparking as possible during switching boosts durability and decreases electric noise, resulting in longer motor life.

As brushless motors do away with the physical contact involved with brushes, control circuitry is required. We perform optimal control for each motor and also enable fine control matched to the

application, enabling maximization of customers' product value.

Once electric vehicles (EV) have become mainstream, the voltage applied to motors may increase from 12V to 48V. Equipped with the accumulated knowledge in our core technologies, we can adapt successfully to this development.

Gear design technology is another of our strengths. Our company is able to maintain durability even when switching gear material from metal to plastic, to achieve lightweight, low cost, low noise, and high efficiency.



### Building intellectual capital

As a dedicated motor manufacturer, motors and motor technologies represent a large share of our know-how and intellectual capital. We intend to build

upon this strong foundation and to keep ahead of the accelerating technological progress in the world, by developing the core technologies I mentioned above through intellectual exchanges with outside parties. For example, we receive proposals from business partners for materials, equipment, and so on, and in other cases we engage in industry-academia joint research. The world until now has been one in which experience gained through trial and error has held sway, but with the advance of IT, simulations have become easy to perform. The speed of research and development has picked up considerably as a result. Through external collaboration, too, we can resolve technical challenges faster. In making decisions about internal manufacturing vs. outsourcing, we aim for efficiency that is balanced with technical value and competitive advantage.

### Unitization and solution proposals

Since our basic approach has been to refrain from entering the business domains of our customers, we have taken a cautious view of unitization. However, requests from customers for single packages have been increasing and we've developed and are selling unit products utilizing our core technologies of gears, fans, and rotational position detection mechanisms. We were able to meet an extremely short deadline in response to a request for fan unit motors for air cleaning equipment in transport vehicles for COVID-19 patients, an achievement that I believe was made possible by our strong development, production, and sales capabilities combined with our basic technological capabilities. In addition to meeting around 120% of our customers' requests, we hope to develop solution proposals that will enhance customers' products with added value possible only through our technological capabilities.

### Talent who creates intellectual capital and manufacturing capital

Since the global pandemic has prevented us from visiting our overseas production bases, opportunities to support our bases via IT technology have multiplied. In the early days of the pandemic we experienced some confusion, owing to time zone differences especially with production bases in

Poland and Mexico, but after a few months we found our stride. We believe that remote support, which we had positioned previously only as an alternative method, speeds decision-making by allowing the participation of many voices from Headquarters in Japan. As an example, for difficult issues that cannot be decided by one or two people traveling to the location, technicians from several related departments can attend meetings remotely and can make decisions more easily through a broader exchange of ideas.

We conduct 100% of our production overseas, and there are great distances between Headquarters in Japan and our overseas bases. We believe that while Headquarters can provide oversight and creation of new technologies, it is the on-site work that is essential for learning and applying those new technologies. When the pandemic subsides, we want to send more of our young employees overseas and bring more of our people from overseas bases to Japan so as to encourage and optimize exchange of approaches and experiences.

Regarding IT utilization, our introduction of AI-based inspection systems is tackling the quality disparities of inspections that rely on human eyes, and ears. Increasing the use of AI in conducting inspections has also led to a rapid deployment of factory workers into the production process. By making use of the latest IT technology therefore, we can upskill our talent and upgrade the content and quality of the work our people perform.

### Global R&D activities

Our research and development activities take place not only at our Headquarters in Japan but also overseas, such as in China and Europe. As a result, by actively and comprehensively acquiring and protecting intellectual property rights, we secure competitive advantages, expand sales and develop new applications for our products.

As of the end of 2020, our company held 789 industrial property rights (162 in Japan, 627 overseas), with 60 additional new and pending applications.

# Manufactured Capital

## Next-Generation Manufacturing with Unmanned Continuous Production

Executive Officer  
and Senior General  
Manager - Manufacturing  
Headquarters  
**Toru SHIBASAKI**



### Standardization of manufacturing

Even if our strategy shifts to application-specific standards, our basic mode of thinking about standardization - applying a single motor to multiple applications wherever possible – will stand. Customers' requirements are diverse, yes. We pursue standardization of components that incorporates the technologies and know-how to meet the needs of multiple customers from the product design stage onward; along with standardization of production technologies and standardization of equipment, we deliver motors that can meet diversified needs. The Mabuchi group as a whole has a strong ambition of continuous improvement. By drawing on the strengths and capabilities of each of our bases and by sharing stories of improvement across our group, standardization of our manufacturing is sophisticated, and strengthens our manufacturing capital.

For 10 years, we have promoted "next-generation manufacturing" in the form of labor-saving, automation, space-saving, and production lines that can run even unmanned. Our thinking on standardization also infuses our equipment design. The automated machinery lines that form the basis of our next-generation manufacturing have shifted from automating and connecting individual human actions, to realizing a total optimization of processes right from the beginning; these are now achieving flexible production and space-saving. Reducing the space required for production, while raising the production volume of a factory overall, makes for manufacturing that can earn profits more easily through low cost and high efficiency.



Automated motor performance inspection machine

### Management Policies for Overseas Operations

Mabuchi Motor is expanding overseas from a long-term perspective. To that end, we have set the following three points as "overseas base management guidelines" and are working to put them into practice.

1. To promote co-existence and mutual prosperity on a long-term basis.
2. Solidify the structure of international production lines that parallel the strengths of each branch, and preserve and expand international competition.
3. Promote the Mabuchi corporate culture of philanthropy and support the transfer of knowledge and technology.



## Globally Integrated Production for Scale

The Mabuchi Group's 13 production bases around the world deliver an outstanding production capacity and a stable product supply. Bases with various strengths work together as a group to produce high-quality, low-cost motors.

### Asia

#### ■ Dalian Mabuchi



Motor factory located in northern China

#### ■ Wafangdian Mabuchi



Satellite factory in Dairen Mabuchi specializing in motor assembly

#### ■ Jiangsu Mabuchi



Mother factory for motors for power windows

#### ■ Jiangxi Mabuchi



Motor factory located in Jiangxi Province, inland China

#### ■ Dongguan Mabuchi



Motor factory with R&D function and equipment and mold manufacturing function

#### ■ Daojiao Mabuchi



Motor factory located in southern China

#### ■ Jiangmen Mabuchi



Motor parts production plant

#### ■ Taiwan Mabuchi



Plants that mainly produce equipment and molds for each Group base

#### ■ Kaohsiung Mabuchi



Production plants for equipment, molds, and precision parts for each Group base

#### ■ Vietnam Mabuchi



Mother factory for small motors for automotive electrical equipment

#### ■ Danang Mabuchi



Motor factory located in central Vietnam

### Americas

#### ■ Mexico Mabuchi



Plant that supplies motors to various parts of the Americas

2014: Established  
2016: Mass production of power window motors for a Detroit 3 company  
2019: Mass production of power window motors for another Detroit 3 company

### Europe

#### ■ Poland Mabuchi



Plants that supply motors to various parts of Europe

2017: Established  
2020: Mass production of small motors for automotive electrical equipment

# Financial and Capital Policy

## Sustainable Growth from a Solid Financial Base



Executive Officer and in Charge  
of Accounting and Finance  
**Takumi TOMITA**

### Growth rooted in increasing contributions to society

Mabuchi Motor seeks to deliver lightweight, compact, power-efficient direct current motors to the world and thereby to contribute to society. To ensure our longevity, we seek to obtain appropriate profits and develop ourselves as a company.

Indeed, we consider operating income margin as the most important indicator of the level of our contribution to society. In the Mid-Term Management Plan we announced in February 2021, we look to an operating income ratio of 15% or more as guidance.

We consider it important to earn appropriate profits, create cash flows, engage in R&D investments and capital investments for further growth, and duly return profits to our shareholders.

### Introduction of ROIC management

In the Mid-Term Management Plan unveiled in February 2021, we announced the introduction of ROIC management, with the goal of increasing the return on invested capital and aiming for a ROIC of 12% or higher as a guide to performance. Within the company, we had considered adopting ROIC as a management metric in the past. A major reason why we are doing so now is that with our major investments in Mexico, Poland, and

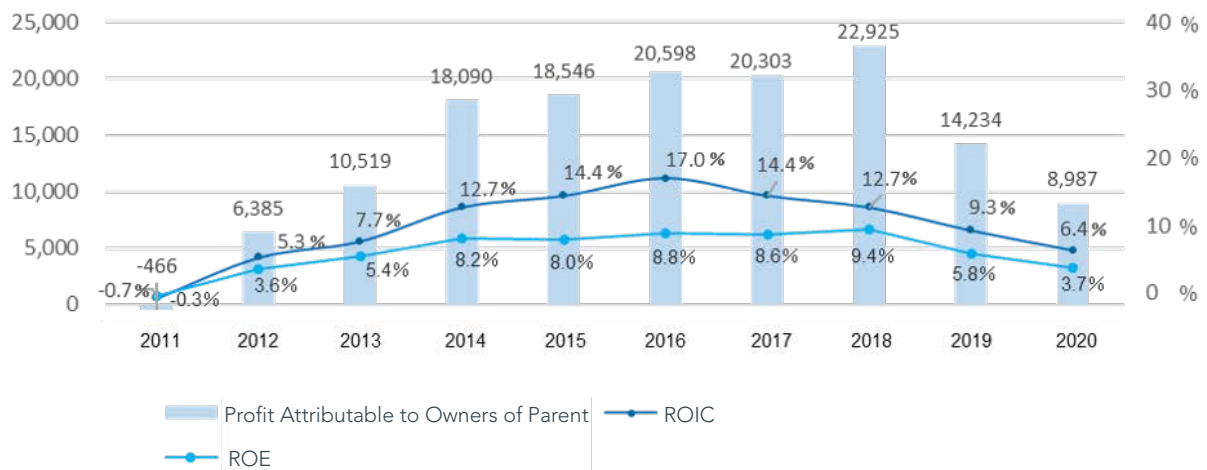
elsewhere made, we have entered a phase in which all employees should be thinking in terms of returns on invested capital.

### Group-wide participation in ROIC management

The purpose of ROIC management is to build awareness among all Group employees of three points: the importance of securing appropriate profits, the importance of generating sustainable growth in sales and profits through their own contribution to the company, and the importance of efficiently utilizing invested capital. By building such awareness, we aim to speed up the cycle of management resource turnover through which we invest management resources actively in dynamic fields, utilize the invested resources to increase value provided to customers, and reinvest the appropriate profits earned into high-potential fields. By evaluating return on investment in business and by focusing management resources in businesses with high returns, we will achieve sustainable growth for our company.

2021 is our first year of "Group-wide participation in ROIC management," and so the necessary training and education are happening now within the company. By utilizing the ROIC tree and empowering all employees to link their work to ROIC, we will build a system in which anyone can make proposals and make specific work improvements into concrete practice.

### Net Income Attributable to Owners of Parent / ROIC / ROE



ROIC = (Operating profit × (1 - Effective tax rate)) / (Accounts receivable-trade + Inventories + Non-Current assets (excluding Investment securities) - Accounts payable-trade)

### Growth investment

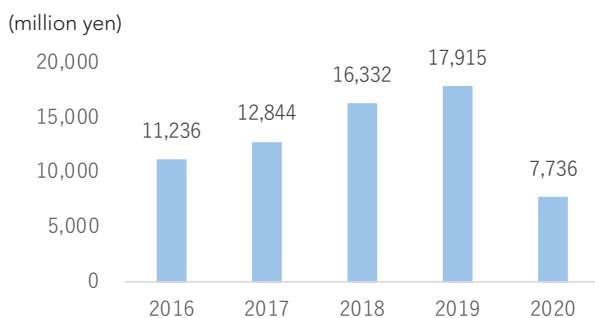
Mabuchi Motor has been investing in R&D and physical facilities in service to our Management Principle of "Contributing to international society and continuously increasing our contribution."

In recent years, as part of building out our global five-pole business structure, we have acquired land and buildings in Mexico Mabuchi and Poland Mabuchi and invested in production facilities there to establish a production and supply system in the Americas and

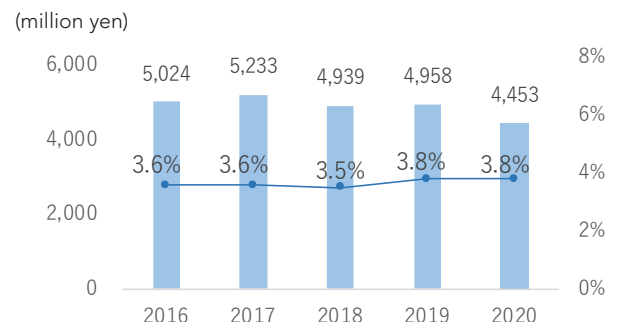
Europe.

Although the investment to expand the production and supply system has peaked out, we will continue to invest in production facilities for new products, increased production, labor saving, and more. We will also invest in R&D and IT to strengthen our intellectual and management capital and capabilities. The ROIC perspective will be key to this process.

### Capital Expenditures



### R&D Expenses and R&D Expenses to Net Sales Ratio

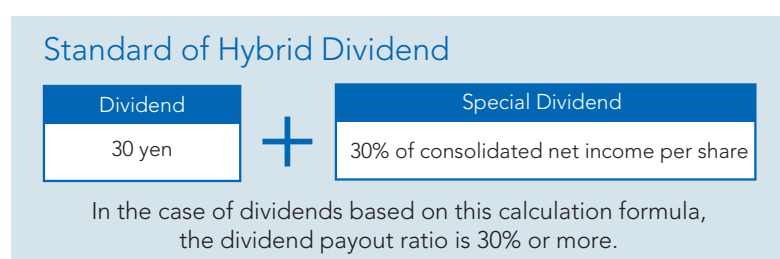


# Financial and Capital Policy

## Dividend Policy

Our basic policy is to return profits actively to our shareholders in accordance with our business performance, while maintaining financial soundness by using internal reserves to fund research and development and capital investment necessary for the growth and development of our company. Our company's basic policy is to pay dividends from surplus twice a year, an interim dividend and a year-end dividend. The decision-making bodies for these dividends are the General Meeting of Shareholders for the year-end dividend and the Board of Directors for the interim dividend.

Under this basic policy, our company has adopted the "Standard of Hybrid Dividend" as the formula for calculating dividend amounts, in which our company continuously pays an annual ordinary dividend of 30 yen per share. The ordinary dividend is a stable dividend for the long term, except when the company's performance is significantly sluggish due to a sudden deterioration in the business environment. The company also pays a special dividend of 30% of consolidated net income per share as a result of its business activities.



For dividends in 2019 and 2020, we set a dividend of 135 yen per share, regardless of consolidated net income, as a limited-time measure in consideration of the short-term uncertainty in the business environment. For dividends in 2021, we will discontinue these special measures and make adjustments aimed at a return to the criteria described further above. Specifically, in the event that the dividend amount based on those criteria is less than 135 yen, we will adjust the amount upward by half of the difference. This is a transitional measure to return to criteria-based calculation while we look ahead to performance recovery in the medium term.

## Financial Stability: Our Approach

In 2020, some companies have faced tight cash flow and severe financial conditions due to sudden changes in the business environment following the spread of the COVID-19 starting in early 2020.

Looking back over the past decade, we see that the world has faced several emergencies, and it has become increasingly important for corporate management to be prepared for situations that may hinder stable management. On the other hand, recently "Public Interest Capitalism," which takes into account social issues such as the environment, inequality, and human rights, and values all stakeholders, has been in the spotlight.

We have always believed that companies are public institutions and must endure to fulfill their duty of contribution to society and we have reserves to serve a stable financial foundation. More specifically, our approach rests on two observations;

1. The business environment changes drastically:  
A company should survive even under drastic changes in the environment.
2. Companies have a duty to set aside reserves necessary for institutional survival:  
A company should have the necessary funds to survive even under risk and to seize growth opportunities.

## Necessary Funds

Necessary funds to be reserved will increase according to the business growth, we rationally calculate the amounts of necessary funds.

### Contingency measures for growth

- Capital investment: Reserves to ensure continuity in capital and R&D investment
- M&A: Reserves to finance M&A activities that are necessary for investing in growth opportunities

### Large-scale risk contingency measures

- Operating funds: Working capital to prepare for the realization of a large, systemic risk
- Job security: Reserves to secure our ability to retain employees
- Dividends: Reserves to secure our ability to continue paying dividends based on a hybrid dividend policy, even if a risk event occurs

### Contingency measures to address rapid market changes

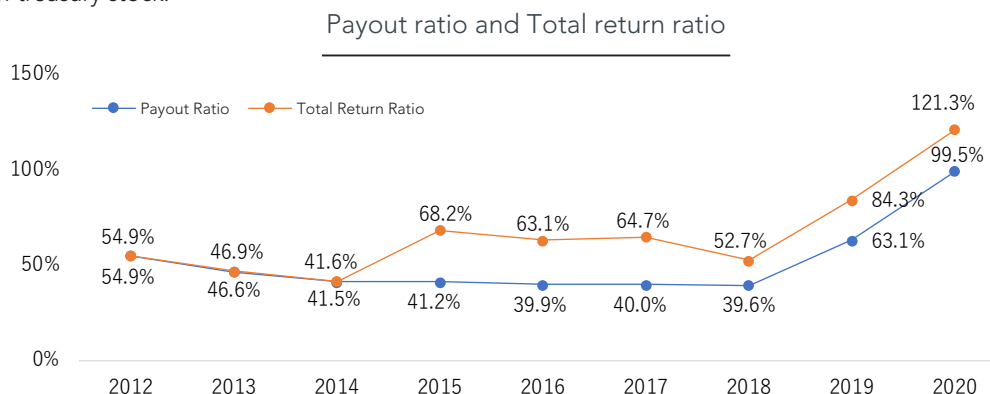
- Risk of commodity price hikes: Reserves to secure our ability to procure market-sensitive commodities for the medium to long term by means of futures trading or other activities
- Foreign exchange risk: Reserves to maintain stability in the face of severe foreign exchange disruptions

### Claim-related contingency measures

- Handling claims and disputes: Because the ratio of automotive appliance products in our sales is high, we keep reserves to prepare for claim-related risk

## Shareholder Returns

We will undertake to realize appropriate return of profits to shareholders based on the concepts noted above, with ongoing consideration of changes in the business and market environments and through agile and balanced capital policies that include the purchase of treasury stock.



## Our Approach to Cash Allocation in the Mid-Term Management Plan

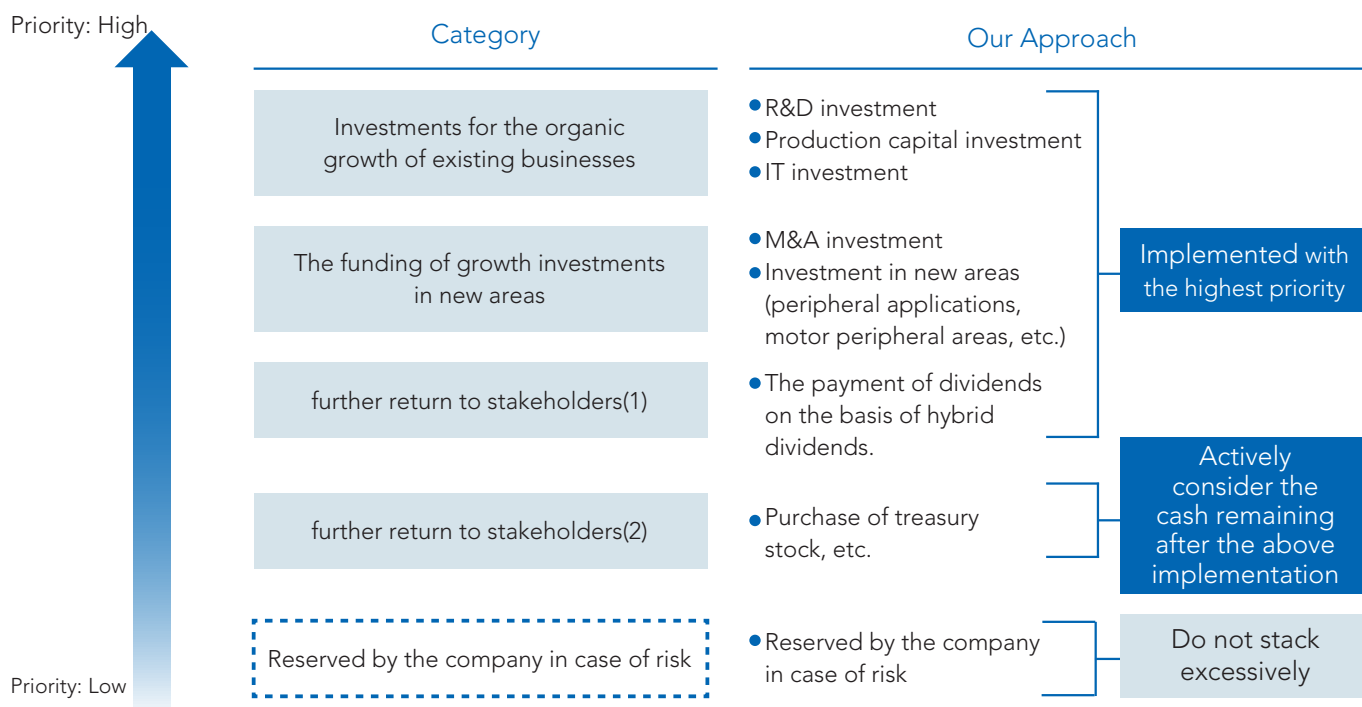
Our fundamental thinking on cash allocation is unchanged under the Mid-Term Management Plan. Cash newly acquired from business activities under the Mid-Term Management Plan will be used based on the order of the following priorities:

The first priority will be investments for the organic growth of existing businesses and the funding of growth investments in new areas (including M&A investments). The next priority

will be funds for the payment of dividends on the basis of hybrid dividends.

For cash remaining after the above spending, we will consider the portion exceeding necessary funds as calculated independently as a possible augmentation of return to stakeholders (purchase of treasury stock, etc.) that avoids excessive accumulation.

### Allocation of new cash obtained from the business during the period of the Mid-term management plan

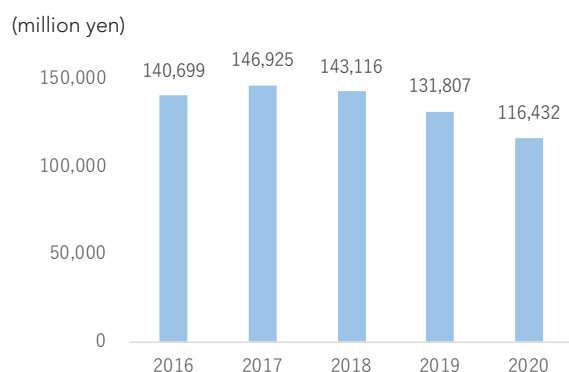




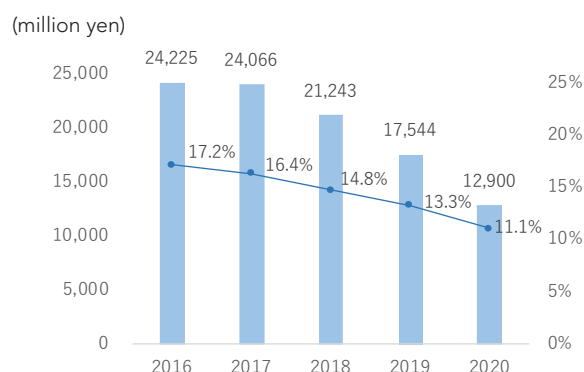
# Financial / Non-Financial Indicator Highlights

## Finance

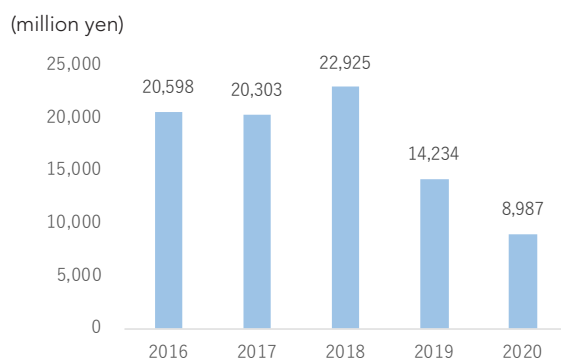
### ■ Net Sales



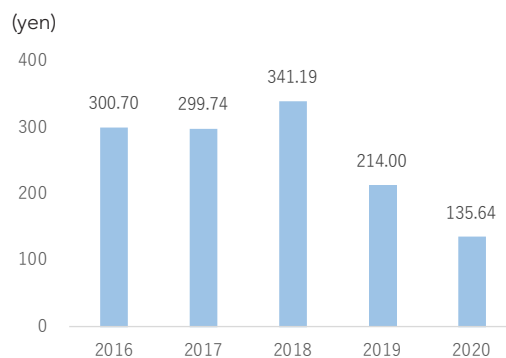
### ■ Operating Income



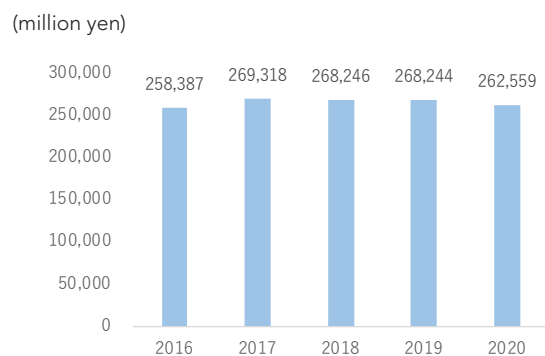
### ■ Profit Attributable to Owners of Parent



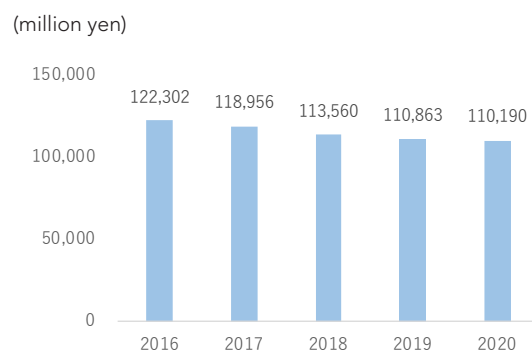
### ■ Profit per Share



### ■ Total Assets

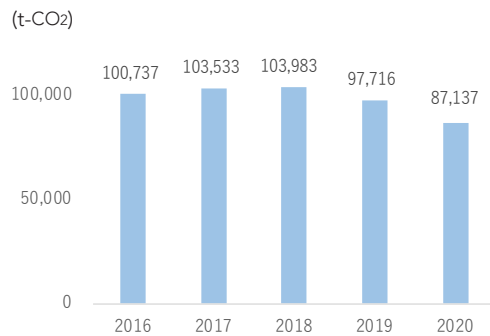


### ■ Cash and Cash Equivalents

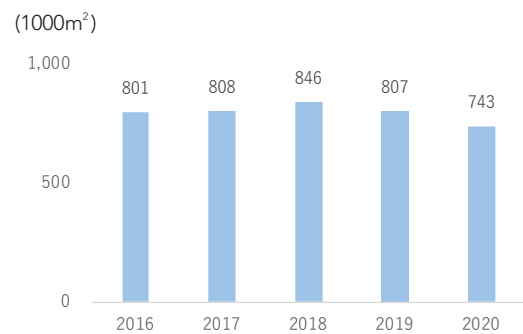


## E nvironment

### ■ Greenhouse Gas Emissions Consolidated

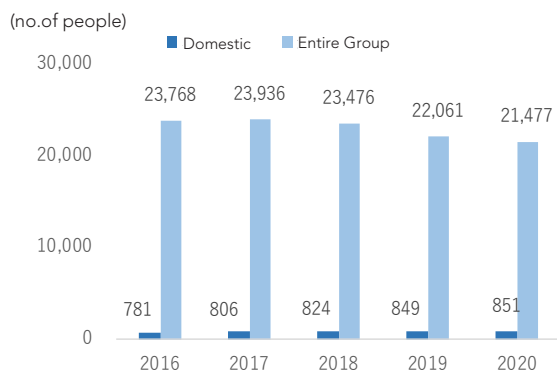


### ■ Water Input Volume Consolidated

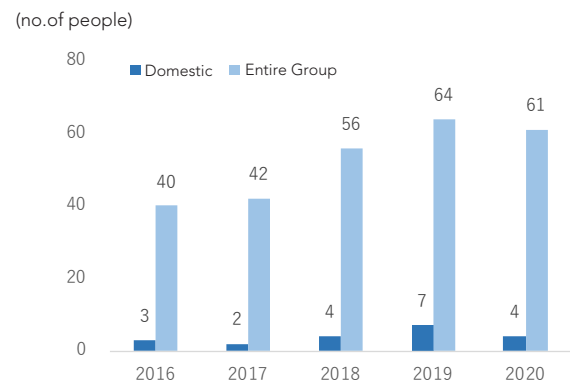


## S ocial

### ■ Number of Employees

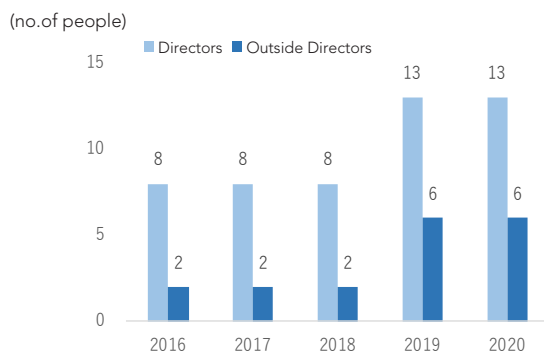


### ■ Number of Women with Managerial Roles

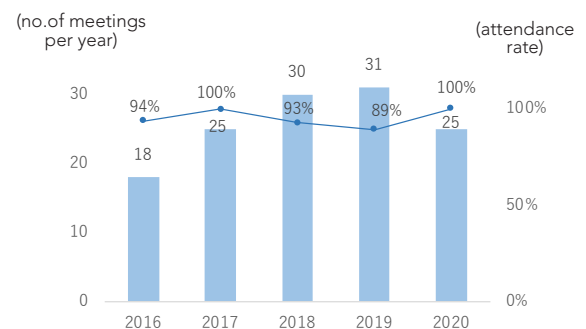


## G overnance

### ■ Directors and Outside Directors



### ■ Number of Board of Directors Meetings and Attendance Rate of Outside Directors



# Value Creation for a Sustainable Future

Applying our Management Principle towards the SDGs

Our Management Principle conveys our desire always to increase our contribution to society and to remain a company that is indispensable to the world. The Management Principle means that all our employees are to participate in contributing to society through their work at the company and through their growth as individuals: by caring for others and for nature, the environment, and all other things; and by cultivating themselves, developing their talents and engaging with society. We co-work with society towards an achievement of the SDGs through realizing the Management Principle.

## Sustainability Policy

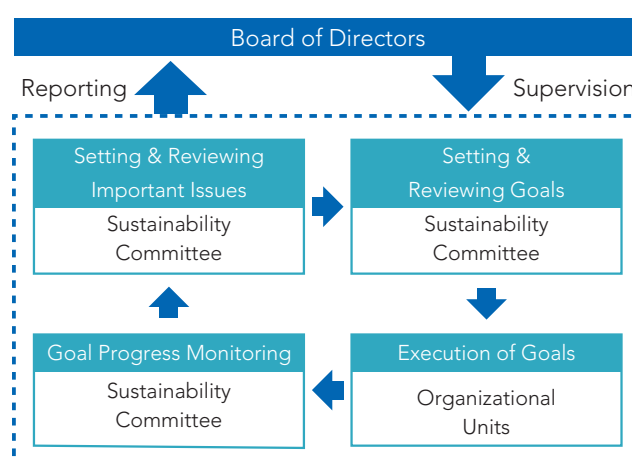
To realize our Management Principle of "Contributing to International Society and Continuously Increasing Our Contribution", we will follow our Management Markers and achieve sustainable enhancement of corporate value through resolution of the issues facing society

- We will pursue the full range of possibilities of small DC motors to help resolve issues confronting global society.
- Through all of our business activities, we will show respect not only for people but also for nature, the environment and all other things and fulfil our social responsibilities.
- To realize stable growth in the long term, we will maintain proper governance, quickly identifying risks and taking steps to eliminate or minimize these.
- We will build strong and lasting relationships of trust with all our stakeholders and contribute to our stakeholders in a sustainable manner.

## Sustainability Committee

The Mabuchi Motor Sustainability Committee was established in July 2020. Chaired by the company president, the Committee is composed of executive officers and senior general managers of business units and Headquarters. The Committee determines material issues, or the social issues that Mabuchi Motor shall be committed to solving. It also clarifies our sustainability goals and monitors progress towards achieving these. The Board of Directors supervises company initiatives for promoting sustainability, through direct reports from and oversight of the Committee and any relevant organizational unit.

Since the establishment of this Committee in July 2020, it has set specific important issues and goals for solving social issues in line with the Management Markers, and expressed our support for TCFD and concrete measures as an initiative related to climate change.



## Activities Towards Achievement of the Sustainable Development Goals (SDGs)



The Mabuchi Group can help in the global effort to achieve the SDGs, which envision a future of sustainable economic activity that enhances well-being for people.

In August 2020, we confirmed the connection between business activities and social issues and the goals and targets of the SDGs from the perspectives of our Management Markers 1 to 4, and set important issues unique to our company. In February 2021, we also set out the "Mid-Term Sustainability Targets" that planned the response to these important issues and their goals.

## Mid-Term Sustainability Targets

### Management Marker 1.

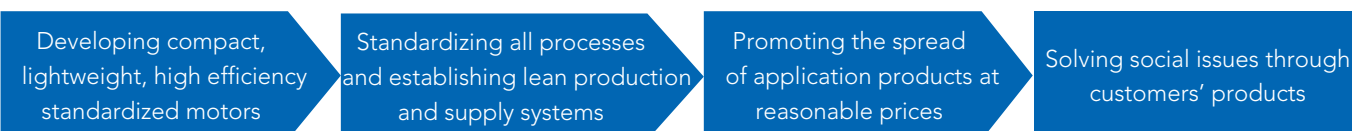
By offering superior products that are reasonably priced, we contribute to the well-being, comfort, and convenience of people all around the world.

We contribute to the reduction of environmental impact together with customers by developing and providing compact, lightweight, energy-efficient motors.

Our standardized compact, lightweight, high-efficiency motors help reduce environmental impact. We are able to achieve this through collaboration with customers on size, weight, and power consumption of our final products. Further, we supply these motors to our customers through lean production and sales systems.

Uncompromising in our pursuit of the possibilities of motors, we continue to improve their value in accordance with our mission as a manufacturer specialized in small DC motors: to help improve the convenience, comfort, and safety of people's lives.

### Solutions through products



#### Social Issues (1) Prevention of car traffic accidents and reduction of casualties



Our Impact Goals	Promote the manufacture of vehicles equipped with safe driving and traffic accident prevention functions in partnership with customers
Our Actions	Providing motors that contribute to the improvement of automobile safety, such as seat belt pretensioners, EPB, steering vibrations, head-up displays, etc.
KPI	Sales amount of target application motors
Targets	2021 Sales : ¥13.0 billion 2023 Sales : ¥16.0 billion

#### Social Issues (2) Global warming, climate change



Our Impact Goals	Promote the manufacture of fuel-efficient and environmentally-efficient automobiles in partnership with customers
Our Actions	Providing motors that contribute to improving the environmental performance of automobiles, such as valve actuators and grill shutters
KPI	Sales amount of target application motors
Targets	2021 Sales : ¥2.0 billion 2023 Sales : ¥4.0 billion

#### Social Issues (3) Maintaining human health in aging societies



Our Impact Goals	Increase availability of reasonably priced health equipment and medical devices through partnerships with customers
Our Actions	Providing motors for health equipment and medical devices
KPI	Sales amount of target application motors
Targets	2021 Sales : ¥4.0 billion 2023 Sales : ¥6.0 billion

# Value Creation for a Sustainable Future

## Management Marker 2.

By fostering career opportunities and technological development, we address social and economic disparities around the world.

By providing employment opportunities and transferring technology, we contribute to the economic development and improvement of living standards in the countries we enter.

Especially since the launch of our first overseas production base in Hong Kong in 1964, our corporate activities have reflected a global perspective. Today, our five-region operating structure enables local production for local consumption. We employ more than 20,000 people outside Japan. For our employees and their families, we raise incomes and living standards through technology transfers and skill development. In this way, we contribute to the broader social and economic development of each country and region where we operate.

The global expansion of Mabuchi Motor contributes also to revitalizing peripheral industries where we operate, such as for the production of raw materials, parts, and secondary materials needed for local production.

## Solutions through global production activities



### Social Issues (4) Global poverty and economic disparities



Our Impact Goals	Create gainful and enduring economic activity in the countries and regions we enter
Our Actions	Creation of opportunities for employment and skill-building at all bases and factories
KPI	Number of employees at Mexico Mabuchi and Poland Mabuchi
Targets	2021 1,600 HC 2023 1,800 HC

### Social Issues (5) Cultivation of management talent in developing countries and other countries around the world



Our Impact Goals	Foster sustainable operations and competitiveness of bases in the region through technology transfer
Our Actions	Integrated development of the company in sync with societies, through increasing added value and optimizing the functionality of each production base
KPI	Status of partial transfer of Headquarters production technology functions and the status of the transfer
Targets	2021 Partial transfer of Headquarters production technology operations to Vietnam has begun 2023 Vietnam bases are ready to conduct advanced work such as examination and launch support for new products



## Management Marker 3.

By placing highest value on our people, we empower and encourage them to realize their potential and contribute to society.

We invest in human capital all around the world. By cultivating our employees' talent and skills, we develop people who are both eager and prepared to contribute to society through our business.

At Mabuchi Motor, we regard work as an endeavor that should offer people progressive challenges. At a basic level, work engages our human capacities and underpins our human dignity. It is through work that we strive to solve problems, by exercising wisdom, applying ourselves, and cooperating with others. Success in overcoming more and more difficult challenges brings satisfaction and a deep sense of fulfillment. As we develop our skills and talents, we seek out new challenges that advance us towards mastery. Creating this positive cycle for people, we are convinced, is one of the most material social contributions we can make as a company.

### Solutions through investing in human capital



#### Social Issues (6) Cultivation of management talent in developing countries and other countries around the world



Our Impact Goals	Cultivate management talent at our bases in Japan and around the world
Our Actions	Enhancing our global capacity to offer education opportunities, with the establishment of the Mabuchi Learning Institute (MLI)
KPI	Number of employees who participated in management training courses
Targets	2021 10 + HC 2023 30 + HC (2021-2023 cumulative)

#### Social Issues (7) Cultivation of R&D talent to support economic growth



Our Impact Goals	Develop R&D talent at our bases in Japan and around the world
Our Actions	Developing R&D talent around the world through exchanges and secondments with Headquarters
KPI	Rate of increase in the number of R&D talent at overseas bases compared to 2020
Targets	2021 3% increase (compared to the end of December 2020) 2023 10% increase (compared to the end of December 2020)

#### Social Issues (8) Achieving gender equality



Our Impact Goals	Increase gender diversity at our bases in Japan and around the world
Our Actions	Providing more opportunities for women at all levels of our company, and supporting their career development over time
KPI	Ratio of female managers in the entire group : year end
Targets	2021 13.5% + 2023 15.0% +

# Value Creation for a Sustainable Future

## Social Issues (9) Science education for the next generation of children



Our Impact Goals	Foster interest in science and manufacturing among children and youth
Our Actions	Providing opportunities for children to deepen their interest in science through Robocon, craft classes, on-site classes, and more
KPI	1) Number of supporting schools for Robocon 2) Number of children participated in handicraft classes, on-site classes, motor supply programs, etc.
Targets	2021 1) Cumulative total: 1,320+ schools 2) Cumulative total: 164K+ HC 2023 1) Cumulative total: 1,560+ schools 2) Cumulative total: 186K+ HC

## Management Marker 4.

Through our corporate activities we protect our planet's ecosystem and the health of its inhabitants.

Our small DC motors' high energy conversion efficiency make a substantive contribution to preserving the global environment.

Mabuchi Motor's small DC motors achieve energy efficiency exceeding 90%. (Just as a point of reference, compare that to the energy conversion efficiency of common gasoline and diesel engines, which is around 30% to 40%.) We will continue to apply our expertise to create small DC motors with even more compact dimensions, lighter weight, and higher efficiency. In this way, we contribute substantively to improving the environmental performance of automobiles and other consumer products in large demand around the world.



Compact and lightweight power window motor

## Solutions through corporate activities



## Social Issues (10) Control of the use of global resources



Our Impact Goals	Reduce resources used and wasted by downsizing and standardizing motors
Our Actions	Miniaturization by improving motor efficiency and standardization by application
KPI	Number of compact models released
Targets	2021 2 + 2023 10 + (2021-2023 cumulative)

## Social Issues (11) Preventing pollution of water quality, soil, air



Our Impact Goals	Reduce the Environmental Impact of Corporate Activities
Our Actions	Reduction of environmental impact from all corporate activities, such as development, procurement, and production
KPI	Greenhouse Gas (CO <sub>2</sub> ) emissions compared to 2020 (output level; Sales) (2020 total 78,418 t)
Targets	2021 Reduce 1% (output unit per production efficiency) 2023 Reduce 3% (output unit per production efficiency)

## Social Issues (12) Ensuring the health and safety of people



Our Impact Goals	Ensure the health and safety of employees through development of facilities and enhancement of operating systems
Our Actions	Measures to prevent occupational accidents, improve the working environment in offices and factories, and promote work-life balance
KPI	Frequency rate (The number of deaths and injuries caused by industrial accidents per million hours of actual work)
Targets	2021 0.175 or less 2023 0.170 or less





## Social Issues (13) Achieving highly transparent corporate operations



Our Impact Goals	Strengthen governance in decision-making and ensure compliance
Our Actions	Education to enhance the governance system, information disclosure, permeation of our management philosophy, and understanding of laws and regulations
KPI	1) Management Principle education and Compliance education 2) Governance reinforcement (number of fraud cases) 3) Strengthening CSR Initiatives
Targets	2021 1) Education for the Group employees 2) Number of fraud cases : none 3) Sign the Global Compact and participate subcommittees 2023 1) Educating new employees on Management Principle at Group companies, establish a system to continuously implement reminding education 2) Number of fraud cases : none 3) Internal deployment of subcommittee activities based on the Global Compact

# Value Creation for a Sustainable Future

## Important Issues and Corresponding SDGs

	ESG	Our Impact Goals (Materiality)	1 NO POVERTY 	2 ZERO HUNGER 	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION 
Solutions through products	S	Promote the manufacture of vehicles equipped with safe driving and traffic accident prevention functions in partnership with customers			◎	
	E	Promote the manufacture of fuel-efficient and environmentally-efficient automobiles in partnership with customers			○	
	S	Increase availability of reasonably priced health equipment and medical devices through partnerships with customers			◎	
Solutions through global production activities	S	Create gainful and enduring economic activity in the countries and regions we enter	◎	○	○	○
	S	Foster sustainable operations and competitiveness of bases in the region through technology transfer	○			○
Solutions through investing in human capital	S	Cultivate management talent at our bases in Japan and around the world				◎
	S	Develop R&D talent at our bases in Japan and around the world				
	S	Increase gender diversity at our bases in Japan and around the world	○	○	○	
	S	Foster interest in science and manufacturing among children and youth			○	◎
Solutions through corporate activities	E	Reduce resources used and wasted by downsizing and standardizing motors			○	
	E	Reduce the environmental impact of corporate activities			○	○
	S	Ensure the health and safety of employees through development of facilities and enhancement of operating systems			○	
	G	Strengthen governance in decision-making and ensure compliance			○	

◎ Highly relevant to SDGs targets ○ Relevant to SDGs targets

	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
								◎					◎
			◎		○		◎	◎	○				◎
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## We received 3.5 stars of "Nikkei SDGs Management Survey 2020"

In November 2020, we received "3.5 stars" in the "Nikkei SDGs Management Survey 2020" sponsored by Nikkei Inc.

This survey evaluates and ranks companies' efforts toward the Sustainable Development Goals "SDGs" adopted at the United Nations Summit in 2015 to solve the challenges facing the world such as poverty and climate variability. It consists of questions related to the four areas of "SDGs strategy & Economic value," "Social value," "Environmental value," and "Governance." Efforts that lead to contributions through business and improvement of corporate value are defined as "SDGs management" and are evaluated on a 5-star scale.

We will keep aiming to achieve the SDGs and increase corporate value through our business activities.





# Environmental Stewardship

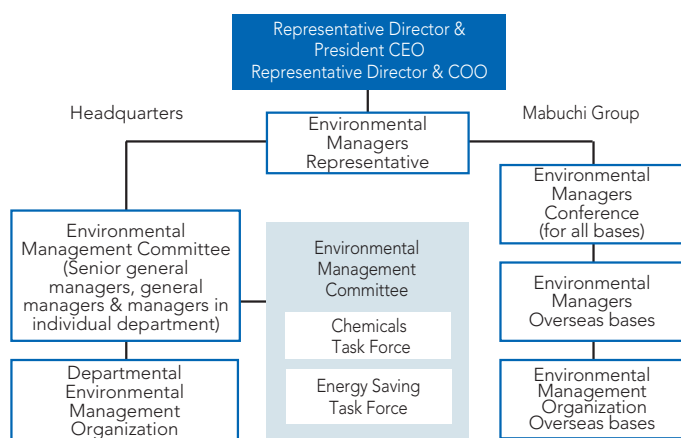
## Environmental Management System

In our company, the director supervises the entire group as quality and environment supervision, and the general manager of the quality assurance division of the Headquarters manages the environmental management system of the entire group as the environmental management manager.

The Environmental Management Committee, housed at Headquarters, is comprised of the Committee chair (the Environmental Representative) and chairmen and general managers of individual departments. The Committee determines the Mabuchi Group's environmental policy, objectives, and measures to be taken.

The Chemicals Task Force and Energy Saving Task Force operate under the purview of the Environmental Management Committee. These bodies propose measures in specialized areas and promote environmental preservation activities.

### Environmental Management Organization



## Environmental Audits

Conformance of Mabuchi Group's environmental management system with ISO requirements, and the effective management of the system, are audited periodically by an external certification body (third party) as well as by our internal Audit Department. These audits enable us to continuously improve the level and quality of our environmental management.



Environmental internal audit  
(Headquarters)

## Environmental Managers Conference

For the purpose of sharing environmental information throughout the Mabuchi Group and conducting environmental conservation activities efficiently, we hold an "Environmental Management Managers' Meeting" consisting of environmental managers at the Headquarters and overseas production bases.

We also publish the latest environmental information in our in-house newsletter on our company intranet to raise employees' environmental awareness.

## Mabuchi Group Environmental Policy

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 CO<sub>2</sub> 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

*Hiroyuki Okoshi*

Mabuchi Motor Co., Ltd.  
Representative Director & President CEO

## Initiatives towards Climate Change

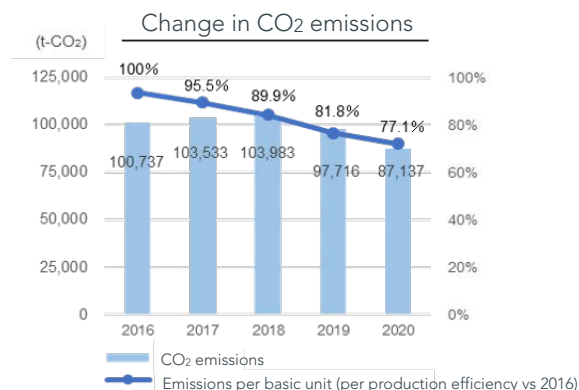
### Efforts to reduce greenhouse gas (CO<sub>2</sub>) emissions

Our basic unit (per production efficiency) CO<sub>2</sub> emissions have been declining over the past five years.

Total CO<sub>2</sub> emissions in 2020 have decreased by 11% due to the decrease in production affected by the COVID-19. Emissions per basic unit (per production efficiency) have also decreased by 6%, which is the result of CO<sub>2</sub> reduction activities through continuous production efficiency improvement and energy saving measures.

### Endorsement of the "Task Force on Climate-related Financial Disclosure (TCFD)"

In March 2021, Mabuchi has announced its support for the recommendations of the "Task Force on Climate-related Financial Disclosure (TCFD)" and participated in the "TCFD Consortium." In the future, based on the TCFD recommendations, we will analyze the risks and opportunities that climate poses to our business, and by proactively disclosing information. We will build strong and long-term relationships of trust with all of our stakeholders, including customers, business partners, and employees, and contribute to the realization of the sustainable society.



**Governance:** In order to promote activities for the reduction of environmental impact, including response to climate change, the Sustainability Committee, chaired by the President, clarifies issues and goals, monitors activities for the goals, and reports to the Board of Directors. The Board of Directors receives reports from the Committee and other organizations and supervises efforts to promote sustainability.

**Strategy:** Recognizing the important business risks and opportunities associated with climate change, we have set mid-term sustainability targets and are actively working to achieve them. In the future, we will proceed with verification of the impact on our business and strategies / goals based on scenario analysis.

**Risk management:** As risk management for the entire group, we analyze various risks surrounding management and take measures for events that have a significant impact.

**Indicators and Targets:** Within our mid-term targets, we are working to reduce greenhouse gas emissions per production volume. In the future, we will consider revising our goals from a medium- to long-term perspective.

## History of environmental efforts

1993: Clarified "To carry out corporate activities without sacrificing the global environment and people's health" in the "Management Markers"	overseas production bases
1997: Established "Environmental Management Committee" to take concrete measures to environmental issues	2008: Changed "Environmental Report" to "Social & Environmental Report"
1998: Established "Mabuchi Group Environmental Policy"	Obtained ISO14001 certification at "Danang Mabuchi"
1999: Headquarters acquired ISO14001 certification	2012: Revised the basic environmental policy to "Mabuchi Group Environmental Policy"
2000: Started green procurement activities. Completed evaluation of selection of alternative materials for motor cadmium-free	2013: Obtained ISO14001 certification at "Jiangxi Mabuchi"
2001: Started issuing "Environmental Report"	2015: Completion of new environmentally friendly factory "Mexico Mabuchi"
Lead-free solder ready for mass production	2018: Completion of new environmentally friendly factory "Poland Mabuchi"
Completed acquisition of ISO14001 certification at all production bases scheduled to be acquired	Obtained ISO14001 certification at "Mexico Mabuchi"
2002: Started shipping samples of hexavalent chromium-free motors	Started 10 substance guarantees under the European RoHS Directive
2004: Completion of new Headquarters building using the latest energy-saving technology	2019: Renewed disclosure of ESG information on the homepage
2006: Held "Green Procurement Information Session" at	2020: Obtained ISO14001 certification at a "Jiangmen Mabuchi"
	2021: Endorsement the TCFD recommendations

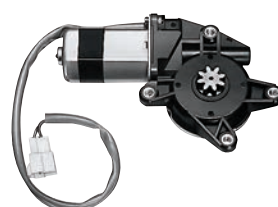
# Environmental Stewardship

## Contributing to the Global Environment through Our Business

### Contribution by reducing the size and weight of motors

We provide a stable supply of high-quality environmentally friendly products, and contribute to resource and energy conservation in society as a whole by reducing the size, weight, efficiency, and power consumption of our customers' final products.

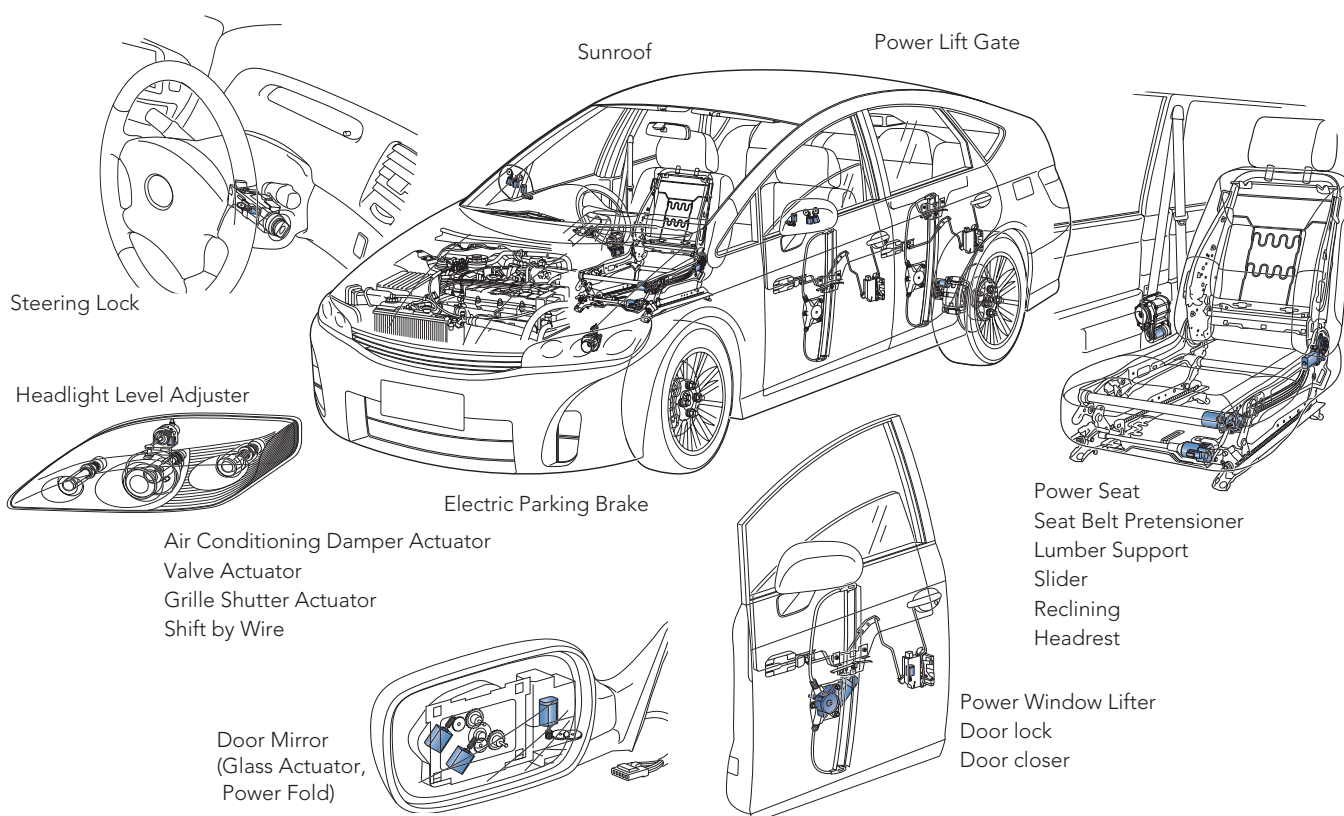
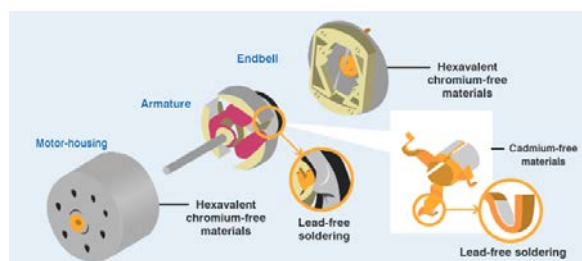
For example looking at the power window motor, the weight of the JC / LC-578 was 505g, but the GD-538 weighs 298g, which is 207g (about 41%) lighter, and four are used in one car. Therefore, the total weight is reduced by 828g. It contributes to improved fuel efficiency and CO<sub>2</sub> reduction by reducing the weight of automobiles.



JC/LC-578 (1989)  
505g



GD-538 (2019)  
298g



Our motors are used in every part of automobiles, and we are curbing the use of earth resources by reducing the size of motors by improving their efficiency and promoting standard products for each application.

## Efforts in Planning and Introduction of Production Equipment

Mabuchi group is also constantly working on environmentally friendly activities in the production process. For example, at the time of producing facility production, we conduct the following multifaceted environmental impact assessments and make plans for introducing production facility equipment:

1. Existence of banned substances
2. Usage volume of power, air, water, etc.
3. Fuel consumption
4. Emissions of air pollutants, ozone depleting substances and sewage
5. Vibration and noise level
6. Waste and hazardous material emissions to which the Industrial Safety and Health Act applies
7. Whether there is a possibility of toxic substance leakage at the time of equipment disposal
8. Presence or absence of instructions / explanation of harmful substance recovery - etc.

By verifying the above, we are working to reduce our environmental impact.

## Efforts to Reduce / Abolish Pollutants and Prevent Pollution

We thoroughly manage chemical substances to prevent environmental pollution, grasp the usage status, reduce or abolish the use of harmful chemical substances, and actively work to prevent pollution.

We have introduced a dedicated vehicle for transporting chemical substances. This dedicated vehicle is equipped with measures such as liquid leakage prevention for the purpose of minimizing environmental pollution in an emergency. In addition, the floor of the warehouse where chemical substances are stored is coated with a special coating to prevent the infiltration of liquid in the unlikely event of a liquid leak and to prevent soil and water quality from being polluted.

In addition, the R&D department manages the following chemicals used for R&D and testing of products and equipment.

- We have established and manage the storage management guidelines for chemicals.
- The chemical storage is installed so that it will not fall over due to an earthquake.
- A chemical storage manager has been appointed to carry out regular inventory.
- Chemical waste liquid is treated according to the manifest system.

## Resource Recycling

We use tens of thousands of tons of steel to manufacture motor housing (motor case) parts. The steel material is made into parts by press working through processes such as punching and drawing. From the viewpoint of efficient use of resources, we aimed to improve the material yield rate, minimized the punching width due to the difference in material thickness and material, and reviewed various processes such as feed accuracy in press working. As a result, the material yield rate has improved by 5%. In addition, 100% of the scraps generated during press working are reused.

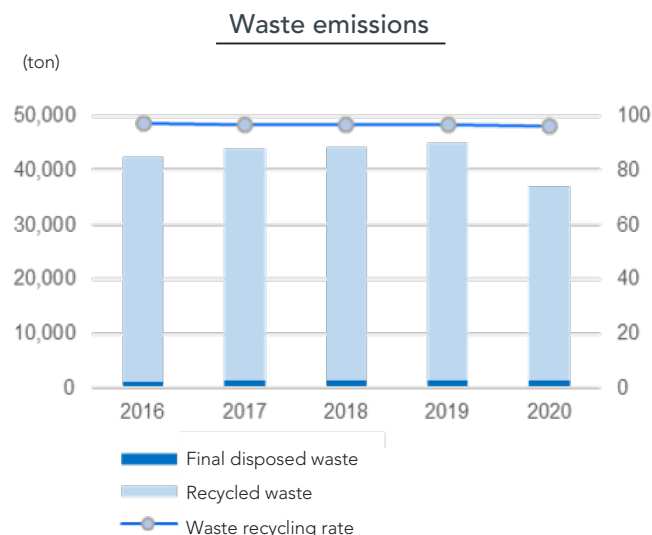


Punched residue collected for recycling

## Efforts to Reduce Waste

The Mabuchi Group as a whole is working on the "Challenge to Zero Emissions" in order to realize a recycling society in which waste is collected and reused as a resource and the amount of landfill waste is reduced.

Our "Challenge to Zero Emissions" aims to reduce the ratio of incineration / landfill waste to 1.0% or less by promoting reduction and reuse (recycling) of incineration / landfill waste. For that purpose, in addition to reducing these wastes themselves, it is important and indispensable to reuse the generated wastes as resources.





# Environmental Stewardship

## Utilization of Renewable Energy

### Solar power generation at overseas production bases

By installing a solar power generation system on the rooftops of factories in Dongguan Mabuchi and Daojiao Mabuchi in China, approximately 1.42 million kWh of electricity is generated and used at each factory. By using such natural energy, we are working to reduce CO<sub>2</sub> emissions for the entire Group.



Solar power generation panel on the roof of Dongguan Mabuchi



Solar power generation panel on the roof of Daojiao Mabuchi

### Reuse of waste heat at overseas bases

The hot water supply system at Dalian Mabuchi and Wafangdian Mabuchi in China has been changed to a system that can recover and reuse exhaust heat. By using hot wastewater and air-conditioning exhaust heat, power consumption has been reduced by more than 80% compared to hot water supply using only electricity.



Hot water supply unit  
(Dalian Mabuchi)



Hot water tank circulation unit  
(Wafangdian Mabuchi)

### Reuse of waste heat at Headquarters

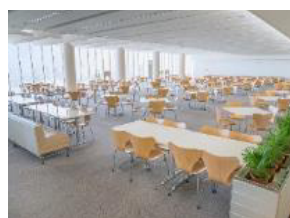
The shop has technologies such as double skin (window structure) to minimize heat load, skeleton heat storage (reduction of air conditioning load by utilizing air conditioning route), and ice heat storage (heat storage by making 300 tons of ice at night, used for daytime air conditioning). By pursuing energy saving by introducing the method, it has become a facility that is friendly to the global environment.



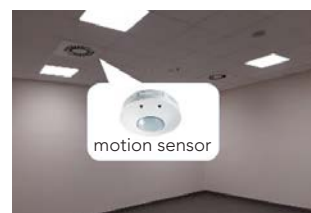
Double-skinned windows  
(Headquarters)

### Continuing energy conservation efforts

At the Headquarters and overseas production bases, we are continuously working on power saving company-wide by switching to LED lighting, automatically turning off the lights, thoroughly setting the temperature of the air conditioner, and restricting the use of hot water in the summer. The general affairs department manages the progress of power saving status and posts it on the company intranet or in the factory to raise awareness of power saving.



LED lighting fixtures  
(Headquarters)



Automatic lighting off  
(Poland Mabuchi)

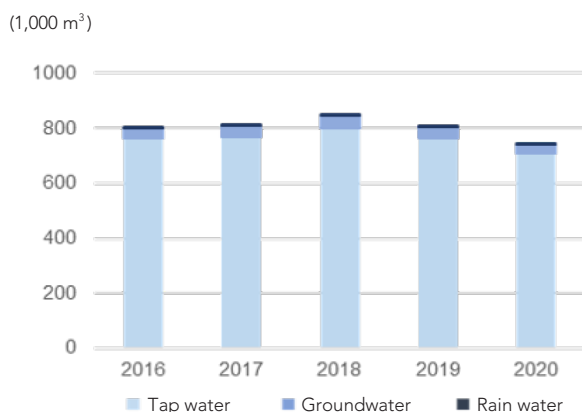


## Initiatives for Sound Water Management

We are actively using rainwater to cherish water resources. The Headquarters has been using rainwater since 1991, and each base in the group is also actively using rainwater.

In addition, at each base in the group, including Jiangxi Mabuchi, wastewater treatment facilities have been constructed in the factory, and part of the water treated here is reused for planting water and toilet water.

### Water resource input



## Biodiversity

### Environmental symbiosis in the region

In the front yard of the Headquarters, we have set up a "Bio Garden" with the concept of coexistence with the environment in the area, and we are considering restoring the natural environment of Matsudo City to the Matsuhidai Industrial Park.

In the bio garden, considering the impact of exotic species on the local ecosystem, we exterminate the exotic species *Solidago altissima* and plant wild plants such as *Jorohana* and *Otokohana* as plants that have traditionally grown around Matsudo City. At the same time, we are aiming to restore the original ecosystem.

Considering its position as a "biotope network" that maintains the connection of the local ecosystem, including the Yahashira Cemetery in the neighboring land and the passing of Yagiri, which is rich in nature over a wide area, we are continuing management with an awareness of environmental protection.



## Environmental Communication

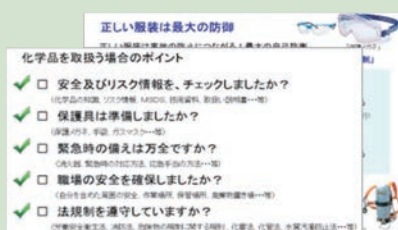
### Environmental Education

In order to raise employees' awareness of the environment, we carry out environmental education by rank and purpose.



Waste separation education

Educational materials for handling chemical substances



### Environmental Slogan / Poster Work Contest

In order to raise the environmental awareness of our employees, the Mabuchi Group annually holds an "Environmentally Friendly Motto / Poster Work Contest." The award-winning works selected from more than 1,000 works submitted from the Headquarters and overseas bases are shared on the intranet to further raise environmental awareness.



Winning works (poster category)

# Initiatives towards Environment and Society

## Promotion Green Procurement

In today's procurement activities, in order to develop products with less environmental impact throughout the product life cycle, from raw material resource extraction to manufacturing / processing, distribution / sales, consumption / use, and disposal / recycling, it is not sufficient to conduct environmental conservation activities only by our company. Therefore, we also evaluate the status of our business partners' efforts toward various environments, and work with them to reduce environmental burdens and avoid environmental risks.

As shown in the flowchart below, we ask our business partners to carry out green procurement activities and submit documents that guarantee that raw materials and parts do not contain environmentally banned substances, along with the environmental activity survey table. We also actively carry out environmental audits to check the usage and storage status of hazardous substances. In addition, we regularly analyze and investigate whether all the materials used by the Mabuchi Group contain environmentally banned substances.

## Compliance with Corporate Citizenship

We are taking measures with an eye on the future, such as adding regulated substances and changing prohibited ranks

according to European RoHS Directive, European ELV Directive, European REACH Regulation Restricted Substances / SVHC (Substances of Very High Concern), Japanese Chemical Substances Law \* 1 Class 1 Specified Chemical Substances, GADSL (Automotive Industry Voluntary Standards), other laws and regulations, requirements from customers. From the enforcement of the European RoHS Directive in 2006 to the present, environmental accidents have not occurred even once due to daily communication with business partners and active efforts to audit the use and storage status of environmentally hazardous substances. We will continue to promote green procurement activities together with our customers and business partners.

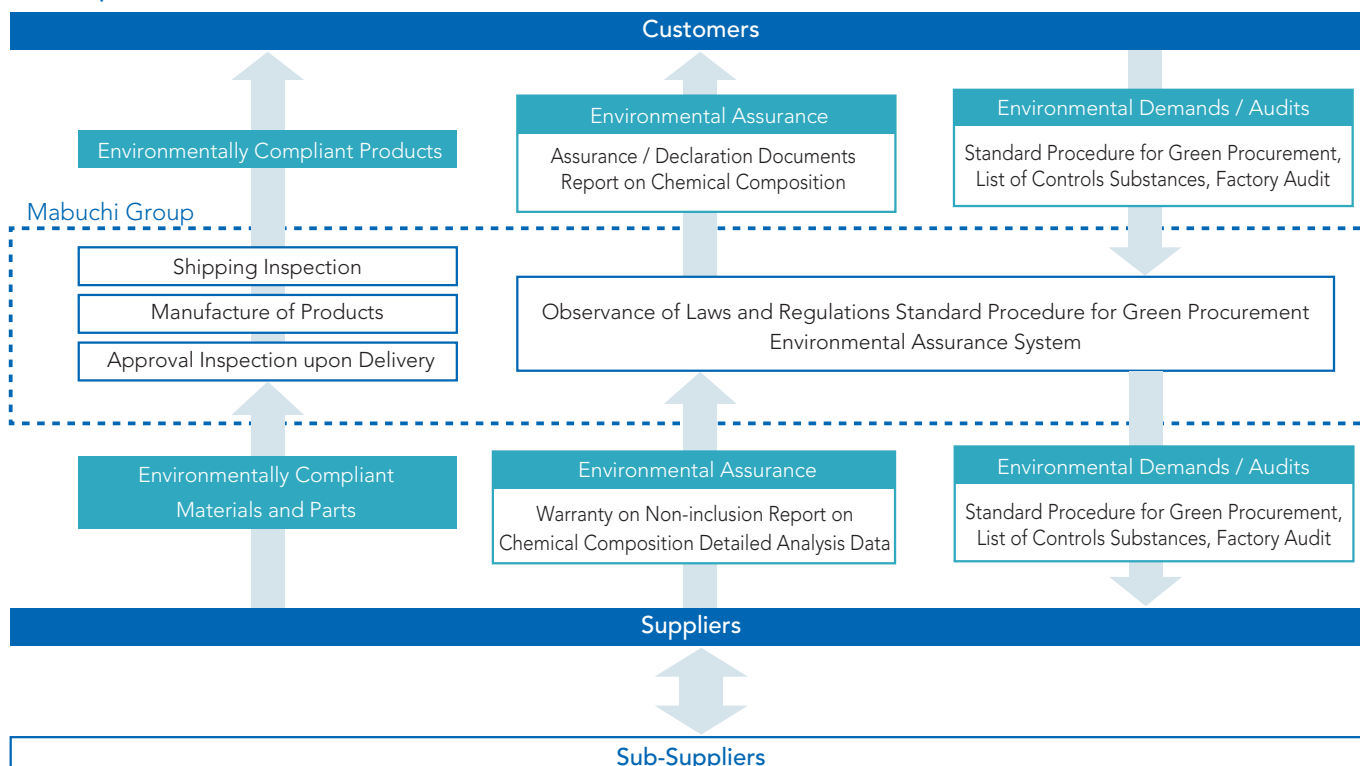
\* 1 Chemical Substances Control Law: Law concerning examination of chemical substances and regulation of manufacturing, etc.

## Promotion of Responsible Procurement

We also request our business partners to not use conflict minerals \* 2, which are considered to be a source of funds for armed groups, infringe human rights, and increase the environmental destruction, and provide our customers with the results of conflict mineral surveys regarding material procurement.

\* 2 Conflict minerals: Compatible with 4 minerals (tin, tantalum, tungsten, cobalt) currently called 3TG

### Green procurement flowchart



## Respect for Human Rights

We advocate "respect for human rights" in the "Mabuchi Motor Code of Ethics", respect the basic human rights of individuals and diverse values, individuality, privacy, and regarding race, religion, gender, nationality, physical disability, age, etc. We will not engage in discriminatory behavior, violent behavior, sexual harassment, power harassment, bullying, or other acts that ignore personality. In addition, child employment and forced labor are not permitted.

This includes respecting the basic human rights of workers around the world, not just Mabuchi Group employees, and not participating in human rights violations such as forced labor and child labor.

## Health and Safety

We believe that healthy and lively work of employees is the basis of social life and leads to improvement of corporate vitality. Our management policy states that we will carry out corporate activities that do not sacrifice the global environment and people's health. We respect the basic rights of our employees, including overseas bases, and we are actively working to create a healthy and secure workplace for each employee. As a result of these efforts, in March 2021, we were certified as a "good health management corporation (large-scale corporation sector)" selected by the Ministry of Economy, Trade and Industry and the Japan Health Council for the second time in a row.

We will continue to contribute to society as a united Mabuchi Group, putting the health and safety of our employees and other stakeholders first.

### Efforts for mental and physical health

At the Headquarters, we have been conducting mental health surveys for more than 20 years, setting up in-house counselors and holding "mental health seminars". Regarding new corona infection prevention measures, we will share information on the intranet that anyone can see, thoroughly wear masks, and thoroughly implement infection prevention measures such as equipping each floor with antiseptic solution and sheets for office space.

### Established Health Promotion Day

At the Headquarters, we have set "Health Promotion Day" for the purpose of preventing and improving lifestyle-related diseases of employees, and we are taking the following measures.

- Get enough rest both physically and mentally (until 17:00 on the day of health promotion)
- Encourage employees to leave work
- Improve eating habits with a well-balanced menu and amount of food
- Health promotion starting from walking (promote the use of stairs instead of elevators)
- Promotion of smoking cessation and habituation on holidays, etc.

### Smoking is prohibited in the entire building

Since January 2020, the Headquarters has completely banned smoking.

### Signed the "United Nations Global Compact"

In January 2021, we have endorsed and signed the United Nations Global Compact proposed by the United Nations.

The United Nations Global Compact calls on companies and organizations to act in a sound and responsible manner in order to achieve sustainable growth, based on the commitment of top corporate executives themselves to endorse ten principles related to the protection of human rights, the elimination of unfair labor practices, environmental responsibility, and anti-corruption.

We have established our Sustainability Policy in order to put into practice our management philosophy of "Contributing to International Society and Continuously Increasing Our Contribution." We view the United Nations SDGs (Sustainable Development Goals) as goals that will enable us to grow economically while respecting people, and we will strive for further growth together with our customers, business partners, employees, and other stakeholders to achieve them.



### Labor, safety and hygiene

A work environment that prioritizes the safety and hygiene of employees and related parties, while seeking guidance from government agencies and experts as necessary so that the health of employees and local people will not be impaired in business activities. We are trying to maintain and improve.

The Mabuchi Group as a whole holds a "Safety Enlightenment Poster Work Contest" as a means of calling for the creation of a safe and comfortable workplace free from occupational accidents with the aim of ensuring the safety of workers. In 2020, 13 works have been selected as award-winning works and posted on the intranet. Through these activities, we are working to prevent occupational accidents throughout the Mabuchi Group.

### Certified as "The Certified Health and Productivity Management Organization Recognition Program (Large Enterprise Category)"

Mabuchi Motor has recently been certified as "2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category)" by Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi in March 2021. This program endeavors to these outstanding enterprises engaged in efforts to advance Health and Productivity Management.



# Initiatives towards Society

## Diversity

By actively promoting diversity, we are working to create an environment in which the Mabuchi Group employees can be active around the world without being limited to countries or regions. We have always been hiring and promoting regardless of nationality or gender. In recent years, we have been putting more effort into it and aiming to create new value by taking advantage of each feature by having a global sense among all our employees.

### Promoting active role of Non-Japanese employees

We have recruited people with a sense of globalism, and many Non-Japanese employees are playing active roles. In addition, local employees overseas are promoting their activities all over the world through the short-term practical exchange system and the base head meetings of each functional department.



### Promoting active roles of female employees

Aiming to expand the appointment of female managers, we support for career development of females. In the mid-term sustainability targets announced in February 2021, a target for the ratio of female managers in the entire group is set 15.0% or higher at 2023 (The results of 2020 are 13.3%).



### Granted the highest grade of "Eruboshi" certification

In August 2020, we were certified as an "Eruboshi" with the highest grade by the Minister of Health, Labor and Welfare as a company promoting women's advancement. There are only about 700 certifications, mainly for major companies. We will continue to promote the activities of employees based on people rather than gender under the basic policy of "Placing highest value on our people."



### Support activities for diverse people

Employees with disabilities and illnesses also work in applying their own abilities and aptitudes. We have created a work environment where every employee can work with enthusiasm by setting flexible working hours, making facilities barrier-free, and providing education for managers.



## Balancing Work and Life

### Family-friendly measures

In addition to enriching work, we are promoting the creation of a work environment in which many employees can work for a long period of time so that they can work easily according to each stage of their child-rearing and middle-aged and older lives.

There are various leave systems, and we are raising the rate of taking childcare / care leave through efforts to deepen understanding in the workplace.

Going forward, we will continue to implement measures that can accommodate the diversification of lifestyles, build a system that enables each person to achieve a work-life balance, and create a rewarding workplace environment.

### 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
- Low - interest loans for fertility treatment
- Short working hours and exemption from overtime work for parental and nursing leave
- Flextime System and Discretionary Labor System introduced
- Encouragement for employees to take paid leave
- Enrichment of welfare facilities and services
- Introduction of Telework and Mobile Work

As a company that is working to create a work environment where employees can balance work and nursing care, we have acquired Tomonin from the Ministry of Health, Labor and Welfare. We will continue to improve the work environment where both work and nursing care can be solved, and we will solve social problems that increase the number of employees leaving for the care of their families.





## "Work Style Reform" at Mabuchi

Like our products, the Mabuchi workplace is a field for innovation. We seek continuously to increase productivity across the entire company by growing the number of work style options open to our employees. In addition to the efficiency of meetings, standardization of reporting procedures, digitization of materials, etc., we have introduced telework to all employees from 2019. Under the current epidemic of the COVID-19, we are working to prevent the spread of infection by further enhancing IT tools and implementing a work system in accordance with the government policy of keeping the attendance rate at 30% or less. We will continue to work in line with the diversification of work styles.

"4th Nikkei Smart Work Management Survey" was rated 3 stars

In November 2020, we received "3 stars" in the "4th Nikkei Smart Work Management Survey," which selects advanced companies that will challenge the productivity revolution through work style reforms.



## People Development

### Performance evaluation system

At the Mabuchi Group, we view high performance as a driver both for the growth of our company and for the development of our people. Our performance evaluation system is designed to identify the contributions of each individual employee and is consistent across the wide variety of job roles in the company. The system is not merely a management tool; it is an infrastructure for talent development featuring:

- Multidimensional evaluation criteria
- Self-assessment and evaluation
- Multi-track career development options
- Transparent compensation systems
- Introduction of job grade system
- Clarification of job description
- Clarification of compliance regulations such as power harassment and sexual harassment

### Employee education

To our employees, we make available a number of different educational programs that, altogether, create a Group-wide culture of learning. We place a strong emphasis on language proficiency (especially in English) so that our people can be effective globally.

- Training from various perspectives for each level from executives to new employees
- Practical exchange of employees at overseas bases
- Providing opportunities for TOEIC / CASEC exams, opening TOEIC preparation courses,
- Short-term study abroad system and overseas trainee system
- Strengthen English skills as a global communication tool through providing an online English conversation system and others
- Holding various public lectures that each employee can learn independently
- Self-development promotion support
- Qualification acquisition incentive system
- Establishment of multipurpose self-study room
- Lending in-house books (photo)



### Establishment of MLI (Mabuchi Learning Institute)

In March 2020, we established "MLI (Mabuchi Learning Institute, hereafter MLI)" as a new organization that will be the core of human resource development.

MLI is an organization that plays a central role in promoting educational activities to firmly permeate and acquire the philosophy and knowledge that our employees should have, in addition to the conventional education by rank.

In addition to in-house education, a new education system will be launched in May 2020 with the aim of enhancing programs to

develop future management leaders and programs to support employees who work in a new environment such as seconded employees. We also help meet promotion requirements and managerial job description development plans.

In 2020, due to the COVID-19, we conducted various training remotely, including new employee training. We are building an environment where educational content can be implemented as appropriate. In the future, we will utilize IT to expand globally, such as by utilizing videos and providing them on demand.



# Initiatives towards Society

## Our Approach to Social Contribution

We believe that the survival and development of a company will be realized by the continuation and expansion of social contributions. It goes without saying that profit is indispensable for the survival and development of a company, but the pursuit of profit itself is not the purpose of corporate activities. The ultimate purpose of our corporate activities is to increase social contribution and continue to be an indispensable company in the world.

As a corporate citizen, education centered on social contributions through corporate activities such as (1) social contribution by manufacturing and sale of small motors, (2) social contribution by global business development, and (3) contribution to society through contribution to the tax base. We are also focusing on support, social welfare and community contribution activities.

## Educational Support

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.

### Co-Sponsoring a robot contests

We have 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. In 2020, all tournaments were held remotely due to COVID-19.

We contribute about 28,000 motors for use by the teams competing in the National Technical College Robot Contest.

<Examples>



RS-555VC with gear head (top)  
RS-385PH with gear head (bottom)

JC/LC-578VA



### Mabuchi at the Science Museum

Mabuchi Motor presents a permanent exhibit at the interactive Science Museum in Tokyo (Chiyoda-ku). The exhibit explains motor mechanisms, highlights the uses of various motors in daily life, and demonstrates handicrafts powered by motors.

### Summer classes for kids

Every year, we hold "Summer classes for kids" for children (4th to 6th grade) and their parents who live in Matsudo City, where the Headquarters is located, so that many children can experience the joy of manufacturing. We have also conducted "Teaching science and experimentation" by our employees. In 2020, due to the COVID-19, we canceled these activities considering the health and safety of children and employees first, but we introduced some contents for kids on our homepage so that they can enjoy their work through online.

<https://www.mabuchi-motor.co.jp/motorize/>

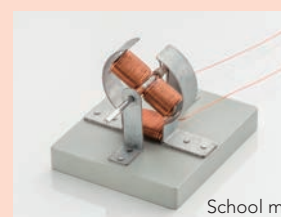
## Thoughts put into Our Motors

Mabuchi Motor started from a dream of a boy who loved models. Kenichi Mabuchi (hereinafter referred to as Kenichi), the first president who loved manufacturing since he was a child, created model airplanes and ships and devised various ways to move them. When he was in sixth grade, he used gasoline as fuel to move a model of a steamship with alcohol lamps faster, which ignited and caused severe burns. At that time, he thought he wanted to create a safe power for children in the world. This experience with enjoyment led to the later development of our motors.

In 1946, Kenichi created a motor for school teaching materials with the idea that "science education must be flourishing for the future development of Japan." That is the school motor.

In this way, our educational support has been handed down from before our founding.

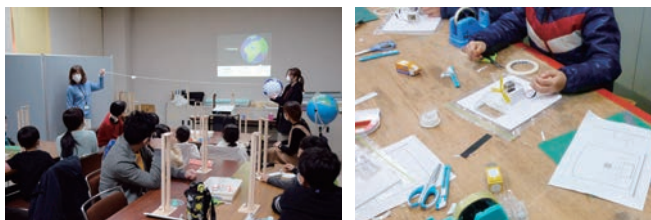
Our starting point is to realize the "dreams" of people and society.



School motor

### Supporting motors for craft events

Through the National Science Museum Cooperation Council, we continue to sponsor motors for work events at science museums in each region. At the event, which was held while taking measures against the COVID-19, many children seemed to enjoy creating things while making ingenuity.



### Supporting Kashiwa Reysol Academy

The Headquarters sponsors pro-style team uniforms for Kashiwa Reysol Academy, which develops and trains future players for Kashiwa Reysol, a major professional football team in our region.



### Education support activities at overseas bases

At overseas bases, we also continue to provide educational support such as constructing school buildings, supporting scholarships, and donating books and learning supplies to students from local elementary school to university.

In 2020, a charity was held by employees of Kaohsiung Mabuchi, and donated school bags, picture books, etc. to children in need of financial support.



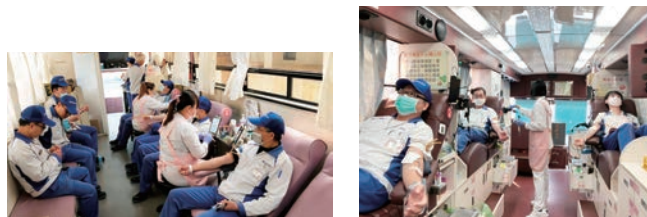
## Social Welfare Efforts

We are engaged in volunteer activities in a community. We support activities for elderly people living alone or orphanages and visit them.



### Blood donating

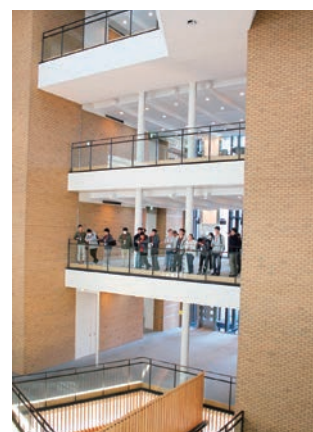
Mabuchi employees organize company-wide blood drives, for which the Red Cross Society expresses its appreciation each year.



## Supporting Local Communities in the World

At each Mabuchi Group base, we are actively participating in greening and cleaning activities around the company in order to improve the lives of local residents and the environment.

The Headquarters accepts "company tours" and "work experience" for local children and students as part of community contribution and educational support activities. In December 2019, 15 junior and senior high school students with disabilities visited us on a company tour.

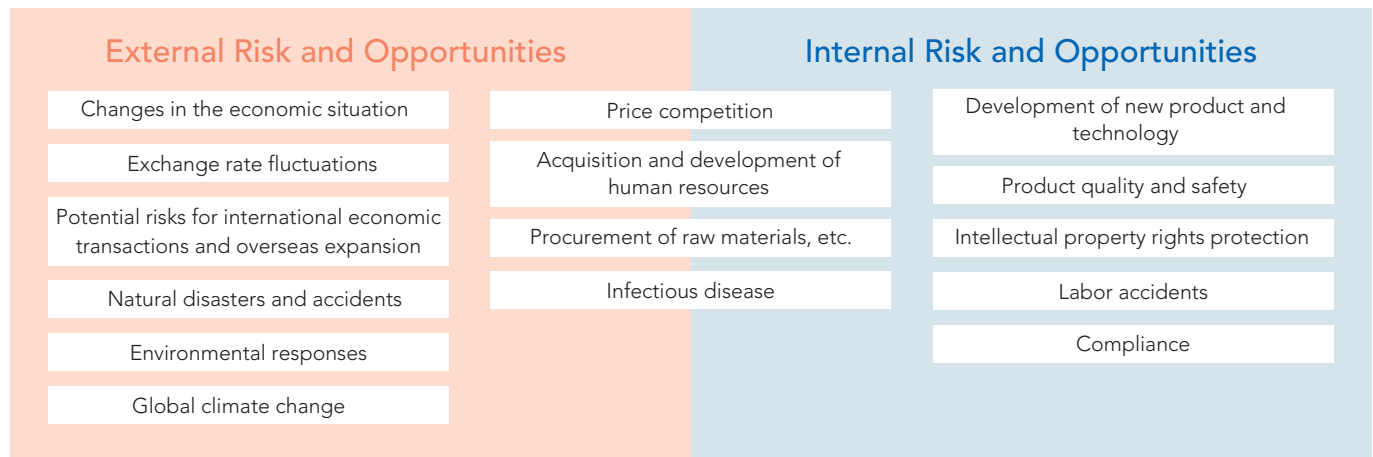


# Risk Management

## Basic Policy

We believe that it is our corporate responsibility to meet external and internal issues and the needs and expectations of all stakeholders as much as possible in any social environment.

We will thoroughly analyze each event, consider it not only as a risk, but also as an opportunity, decide on a response method, make reliable advance preparations, and then proceed with corporate activities.

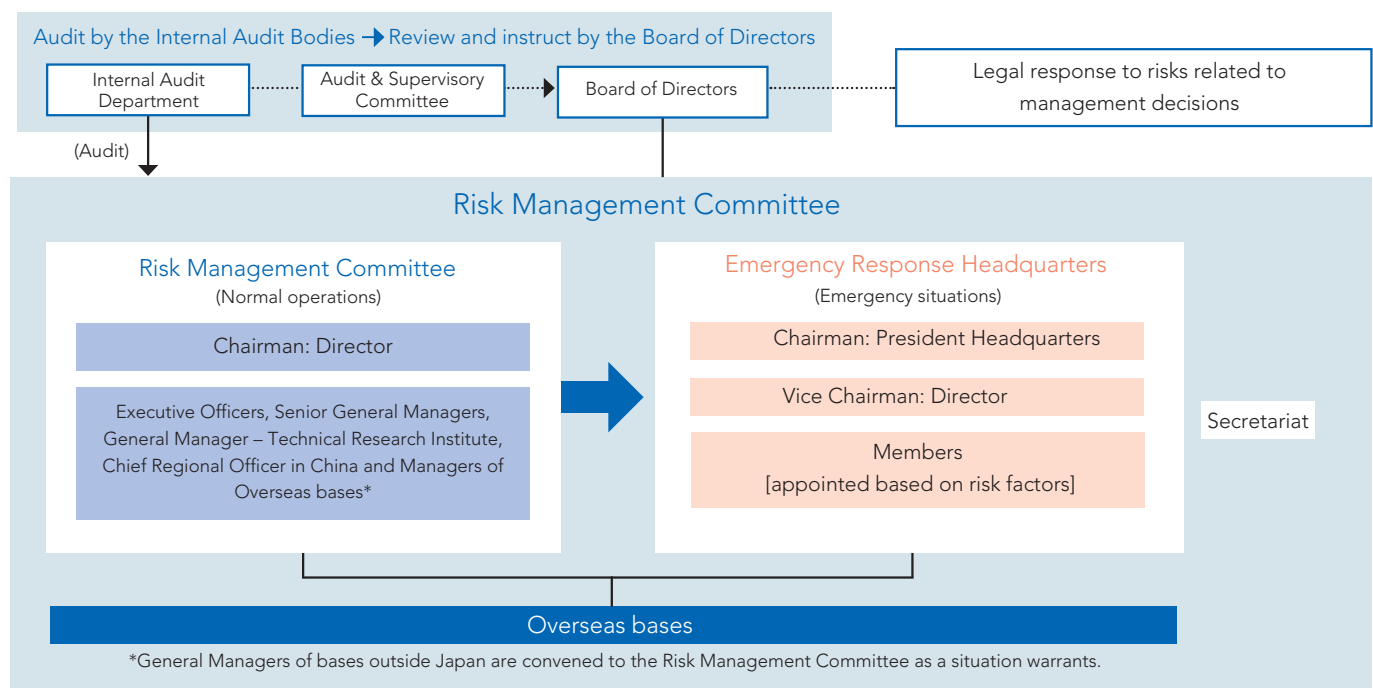


### The Risk Management Committee: Purview and Approach

(1) Securing the lives and safety of people, (2) Verifying compliance, (3) Ensuring information security, (4) Effecting production and supply shutdown.

Specialized lead teams assess risks to identify and implement risk management activities group-wide in collaboration with senior management and executives.

## Risk Management System



## Business risks

Main matters	Main correspondence
Changes in economic situation	Always forecast the latest market trends and optimize capital investment, personnel and inventory, etc.
Exchange rate fluctuations	Use exchange contract after measuring the exchange effect and considering the hedging effect and cost.
Development of new products and technologies	Promote the establishment of an organizational structure for R & D activities aimed at further expanding competitive advantage and the strengthening and development of business division activities integrated with the sales department.
Price competition	Cost control from the product design or development stage by wisdom and technology such as standardization and labor saving, improvement of production technology, systematic cost reduction by globalization of parts procurement, and maintenance and improvement of the average unit price by continuous development of high value-added products.
Potential risk for international economic transactions and overseas expansion	Timely and appropriate response including the construction of the global five-pole business structure, in order to collect information on environment-related regulations, product safety / quality-related regulations, and import / export-related regulations in each country, in addition to the economic, political, and social conditions of the countries and regions in which we operate.
Product quality and safety	We have acquired the international standard ISO9001 for each business base, strive to continuously improve the management system, and comply with the quality system established by the Headquarters.
Intellectual property protection	Secure competitive advantage by actively acquiring and protecting intellectual property rights from a bird's-eye view and proactively aiming to expand sales of products and expand new applications.
Acquisition and development of human resources	In addition to systematic recruitment of new graduates, we carry out regular recruitment based on needs. Moreover, the education system to support skill development has been expanded, and arrangements have been made so that the abilities of diverse employees can be fully demonstrated.
Procurement of raw materials, etc.	Procurement of various raw materials and parts from multiple companies to maintain a stable supply and consideration for CSR procurement.
Natural disasters and accidents	Formulate a business continuity basic plan (BCP) to prevent the emergence of risks such as disasters and accidents.
Environmental responses	The Environmental Management Committee and the Environmental Managers Conference are held to promote measures for sharing environmental information, environmental conservation activities, and environmental management throughout the Group. In the mid-term sustainability targets, we recognize that reducing the environmental burden is an important issue and set specific targets.
Global climate change	Work on continuous energy conservation measures and introduction of renewable energy including solar power generation in order to reduce CO <sub>2</sub> emissions, and promote information disclosure expressed in line with TCFD, which we endorsed in March 2021.

## Emergency Preparedness

To protect people and the environment when natural disasters or other emergencies occur, we conduct emergency procedure and report drills that simulate scenarios affecting the various dimensions of our business operations.

Everyone at Mabuchi Motor is well instructed in emergency preparedness, through these drills and by on-hand resources like the Emergency Response Manual for Employees in Case of a Disaster, Emergency Response Cards for Large-scale Disasters, and First-Response and Instructions Manual for Managers. To monitor employee safety in the event of a disaster, all employees of the main office in Japan are covered by our Safety Confirmation System. Moreover, each department with a key role in disaster response, such as the Emergency Response Headquarters, maintains a specific response manual.

Equally important, we educate all our employees about disaster prevention and run drills for routines related to evacuation, fire, disaster relief, safety confirmation, and safe return to home. We do so in order to prepare employees to take the appropriate actions calmly and resolutely in the event of a disaster.

As a further support measure, we stock emergency supplies such as protective gear and equipment, food and drink, and daily necessities to ensure the safety of employees who may be unable to return home should a disaster strike. Because we use groundwater as a source of drinking water, even if the water supply is disrupted in our area our Headquarters still has an adequate supply. Currently we are concluding an agreement with the Matsudo municipal government so that we can support the supply of drinking water also for the local community.





# Risk Management

## The Mabuchi Motor Ethical Standard

The Mabuchi Group is guided in all aspects of its business by its chief Management Principle of "Contributing to international society and continuously increasing our contribution." This means conducting business activities in mindful compliance with laws and regulations in the countries and regions where we operate, and in a manner demonstrating good corporate citizenship.

The Mabuchi Motor Ethical Standard sets out specific rules for how we engage with society – specifically, requirements and standards of behavior that all of our people are to meet without fail. The Ethical Standard is a booklet kept by all executives and employees, providing clear guidance that both maintains and improves compliance and ethical stewardship within and across our company. Compliance education activities at our production bases around the world include study sessions and training programs focusing on laws, regulations, and social ethics. A director responsible for compliance at each Mabuchi Group base supervises the compliance activities of that base, with oversight provided by the director responsible for internal control at the main office in Japan. The base director takes the lead in strengthening internal control and promoting continuous, autonomous compliance locally.

To address and improve any inadequacies related to compliance in the Mabuchi Group, the Internal Audit Department conducts both regular and non-scheduled audits at all Group bases. These are designed to verify adherence to compliance-related rules and procedures and to identify any ethical violations. Results are reported directly to top management.

### Ethical standards hotline

Through our Ethical Standards Hotline, any employee may inform or consult with the Internal Audit Department about compliance issues directly and under strict anonymity, outside ordinary communication channels (for example, senior managers or other identified contact persons).

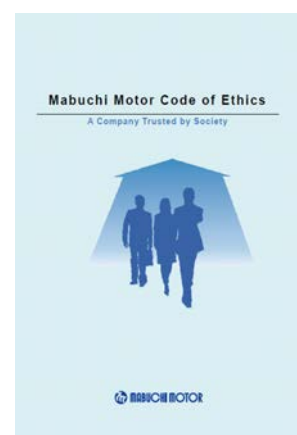
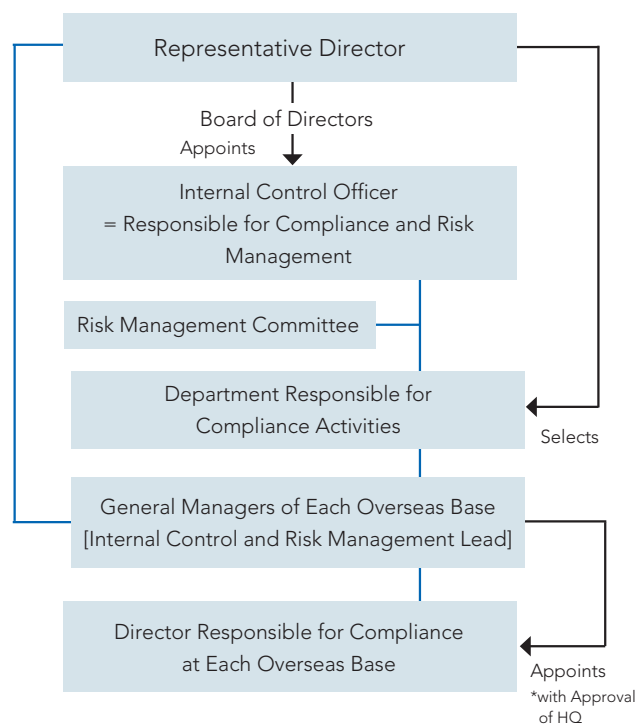
A clearly stated message from our top management promises employees that no person who makes use of the Hotline, or otherwise seeks to consult with us on ethical practices, will be treated disadvantageously because of that consultation, in full accordance with the Whistleblower Protection Act.

The Mabuchi Group strives always to conduct honest and fair business with our suppliers, because this is how we build relationships of trust.

### Prohibition of bribery

Mabuchi Motor employees are clearly and strictly prohibited from offering or accepting money, gifts, or any other illegal favor to or from any political group, politician, or government official for the purpose of gaining special treatment for the company.

### Compliance Assurance at Mabuchi Motor



Mabuchi Motor Code of Ethics



### Non-association with "antisocial forces"

Mabuchi Motor has no relationships and does not associate with organized crime syndicates, or "anti-social forces" as these are denoted by the Japanese government.

### Corporate citizenship is social stewardship

Our business activities depend on the local infrastructures of the countries where we operate.

Roads, ports, and water supply, for example, are services developed and maintained by tax revenues from the people and organizations of that country. It is a fundamental responsibility of our company to abide by the laws, and to contribute duly to the public revenues, of each country and region where we operate. This principle is consistent across the entire Mabuchi Group.

## Information Security Policy

Mabuchi Motor and our affiliated companies consider in earnest the effects of our actions on our stakeholders. The Group recognizes that it is our social obligation as a business to manage responsibly the information resources we possess and to take appropriate information security measures to prevent leakage, alteration, destruction, or theft of information. Along with ensuring that all of our employees, executives included, deepen their understanding of the necessity and responsibility of information security, the Group maintains a specific policy guaranteeing information security.

### Management of information resources

The Group's Risk Management Committee oversees the security systems and structures that allow for continuous application, evaluation, and improvement.

The Group takes utmost care in handling and managing information. It organizes and prioritizes the information it holds and takes protective and security measures accordingly.

### Protection of personal information

The Mabuchi Group recognizes its important obligation to handle and protect, with greatest care, information that can be used to identify individuals. We do so following our comprehensive Privacy Policy.

## Disclosure policy

The Mabuchi Group commits to disclose information to shareholders and investors in a fair and timely manner, in order to ensure a proper assessment and to increase trust in the company's corporate value. Mabuchi provides useful supplemental information so as to promote understanding of our diverse business activities.

### Disclosure standards

Mabuchi Motor discloses information in accordance with the applicable laws and regulations, such as the Companies Act, the Financial Instruments and Exchange Law including the "Fair Disclosure Rules," and on the rules of the Tokyo Stock Exchange.

# Corporate Governance

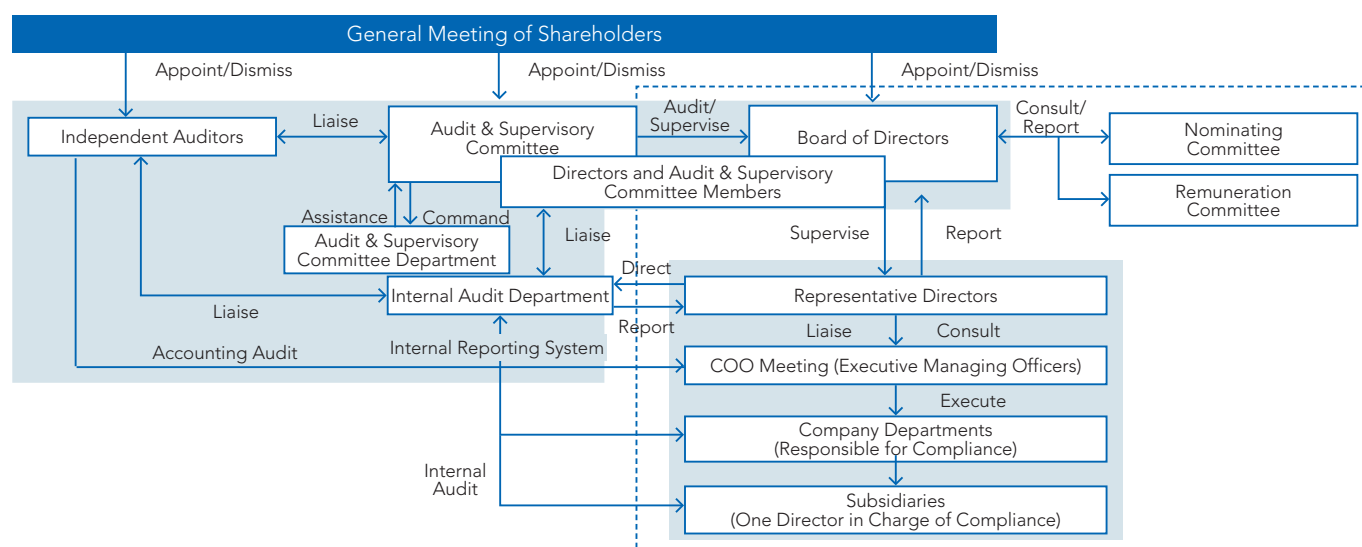
## Corporate Governance at the Mabuchi Group

The management principle of the Mabuchi Group — "Contributing to international society and continuously increasing our contribution" — sets out the reason for our existence in the small DC motor business. Corporate governance at the Mabuchi Group operates through an organizational design, a system of Management Markers, and business policies that help us practice the Management Principle each and every day. The essential purpose of corporate governance is to increase benefits sustainably to all stakeholders, including shareholders, through achieving profits and improving corporate value. As a listed company, Mabuchi Motor believes fully and strongly in the mission-critical mandate of sound 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
- 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
- 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 Committee and other bodies

## Corporate Governance Structure

As an organizational design under the Companies Act, Mabuchi Motor has adopted the system of a company with an Audit & Supervisory Committee. Further, in order to clarify the decision-making and supervisory functions of management and the functions of business execution, we introduces the Executive Officer System. The Board of Directors and its members are responsible for the decision-making and supervisory functions, and each executive officer is responsible for the business execution function.



## Composition and Roles of Each Body

Director            Outside Director (M)            Outside Director (F)            Outside Director (F; Non-Japanese)				
Organization	Board of Directors	Audit & Supervisory Committee	Nominating Committee	Remuneration Committee
Composition	Chairman 13 (Internal: 7, Outside: 6)	Chairman 4 (Internal: 1, Outside: 3)	Chairman 4 (Internal: 2, Outside: 2)	Chairman 4 (Internal: 2, Outside: 2)
Role	<ul style="list-style-type: none"> <li>Appointing and dismissing directors, executive officers, and associate directors</li> <li>Determining the remuneration of directors, executive officers, and associate directors who are not Audit &amp; Supervisory Committee members</li> <li>Making important decisions on the execution of business</li> </ul>	<ul style="list-style-type: none"> <li>Supervising directors' execution of their duties</li> <li>Advising the appointment, remuneration, and other matters regarding directors who are not Audit &amp; Supervisory Committee members</li> <li>Exercising authority on the appointment, dismissal and remuneration of independent auditors</li> </ul>	<ul style="list-style-type: none"> <li>Deliberating on matters related to the appointment and dismissal of directors, executive officers, and associate directors and reporting the results of these deliberations to the Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>Deliberating on policies related to decisions on the remuneration, etc. of directors, executive officers, and associate directors who are not Audit &amp; Supervisory Committee members, the remuneration, etc. of individuals, and others, and reporting the results of these deliberations to the Board of Directors</li> </ul>

## Members of Each Institution

◎ : Chairman

Position	Name	Board of Directors	Audit & Supervisory Committee	Nominating Committee	Remuneration Committee
Representative Director CEO	Hiroo OKOSHI	◎		○	○
Representative Director COO	Masato ITOKAWA	○		○	○
Director	Hiroto KATAYAMA	○			
Director	Shinichi TANIGUCHI	○			
Director	Tadahito IYODA	○			
Director	Takashi KAWAMURA	○*			
Outside Director	Naoki MITARAI	○		◎	◎
Outside Director	Kazuhiko TSUTSUMI	○			○
Outside Director	Jody L. ONO	○		○	
Director (Full-time Audit & Supervisory Committee)	Kazuyuki SOMEYA	○	○		
Outside Director (Audit & Supervisory Committee)	Takashi ASAI	○	◎		
Outside Director (Audit & Supervisory Committee)	Kyoko UEMURA	○*	○*		
Outside Director (Audit & Supervisory Committee)	Yoko TOYOSHI	○*	○*		

(Note) The director with an asterisk(\*) is newly appointed at the General Meeting of Shareholders in March 2021.

The attendance rate of reappointed directors from the date of the general meeting of shareholders in March 2020 to the day before the general meeting of shareholders in March 2021 is 100%.

## Board of Directors

The Board of Directors consists of 13 members, 7 internal directors and 6 independent outside directors. In accordance with laws and regulations, the Board makes important business execution decisions and reports on the status of key business operations and results. Matters decided by the Board of Directors are moved into business execution of through the Representative Director and each Executive Officer. The Board of Directors meets regularly once a month and as appropriate. Independent outside directors recognize that they are responsible for oversight of and advice to management at the Board of Directors meetings, and contribute to ensuring and improving management transparency.

## Evaluating the Effectiveness of the Board of Directors

Since 2016, we have analyzed and assessed the effectiveness of our Board of Directors with the goal of enhancing corporate governance and our corporate value. Based on the results of the assessment, we discuss ways to improve Board effectiveness and governance.

Evaluation method	Results of the evaluation (2020)	Future initiatives
<ul style="list-style-type: none"> <li>Participants: All directors (including Audit &amp; Supervisory Committee members)</li> <li>Method: Anonymous questionnaire. Survey responses collected and evaluation report prepared. Discussions held with all directors, including independent outside officers, at the Board of Directors' meeting.</li> </ul>	<p>The evaluation results confirmed the Board of Directors' effectiveness, noting that:</p> <ul style="list-style-type: none"> <li>The company has an established and well-functioning system for rigorous management decision-making and the diligent supervision of business execution.</li> <li>Directors, including outside directors, discuss and exchange opinions actively.</li> <li>Meetings are conducted in a way that is appropriate for the diverse composition of the Board of Directors. Information is provided and understanding ensured, especially to and among outside directors.</li> </ul>	<p>We are working to further improve Board effectiveness through the following actions:</p> <ul style="list-style-type: none"> <li>Providing more explanations and information to outside directors about important matters and strategic issues, such as medium- and long-term plans and budgets, to increase their understanding prior to Board meetings.</li> <li>Making changes to meeting structure and implementation that meet the needs of a more diverse Board composition.</li> </ul>

# Corporate Governance

## Skill Matrix for Directors

Name	Corporate Management Experience	Global Experience	Corporate Planning / Strategy	Internal Control / Governance	Legal Affairs / Risk Management	Finance / Accounting	HR Labor Management / HR Development	Business / Sales	Technology / Quality	Purchasing / Production
Hiroo OKOSHI	○*	○	○	○	○	○	○	○		○
Masato ITOKAWA	○	○		○	○			○	○	○
Hiroto KATAYAMA	○*	○		○	○	○	○	○	○	○
Shinichi TANIGUCHI	○*	○						○	○	○
Tadahito IYODA	○*	○	○	○	○	○	○	○		○
Takashi KAWAMURA	○	○	○			○		○		
Naoki MITARAI	○		○	○	○		○	○		
Kazuhiko TSUTSUMI	○	○						○	○	○
Jody L. ONO		○	○				○			
Kazuyuki SOMEYA	○*	○		○	○	○				
Takashi ASAI				○	○	○	○			
Kyoko UEMURA				○	○	○				
Yoko TOYOSHI				○	○	○				

(Note) An asterisk(\*) indicates a person who has experience as president of the Company and Group companies.

## Training for Directors

We provide the training opportunities necessary for Directors to fulfill their roles and responsibilities. In order to deepen outside directors' understanding of our business issues, we provide them with the necessary information and input from our internal departments and units, as well as opportunities to visit our overseas bases (including remotely).

## Board of Directors: Outside Directors

Mabuchi Motor appoints outside members to its Board of Directors who are professionals from diverse backgrounds and fields, including law, academia, finance and accounting, and (other companies in) the private sector. We select people who bring different perspectives to our company. From them, we expect and value insights that are both high-level and experience-based.

Name	Audit & Supervisory Committee	Independent Officer	Field	Professional Profile
Naoki MITARAI	-	●	Private sector	Served for many years in corporate management as an executive officer of Hitachi, Ltd. and its group companies. Offers a wealth of experience and insight into global management systems and practices, corporate governance, and human resource management.
Kazuhiko TSUTSUMI	-	●	Private sector	Contributes technical field expertise as a doctor of engineering, as well as deep experience from product development, management, and corporate governance at Mitsubishi Electric Corporation, where he served as an executive managing director for many years.
Jody L. ONO	-	●	Academia	From an international career in management and teaching in university-level education in Japan and other countries, offers deep expertise in people development, post-graduate business education, and leadership development.
Takashi ASAI	●	●	Law	As a practicing lawyer, offers authoritative expertise and experience related to laws, regulations, and legal and regulatory systems, as well as corporate governance.
Kyoko UEMURA	●	●	Law	As a lawyer, she offers a high level of expertise and experience in corporate legal affairs, and possesses the depth of insight and personal character necessary to contribute substantively to corporate governance.
Yoko TOYOSHI	●	●	Accounting and Finance	She brings many years of accounting auditing experience at accounting firms, advanced expertise cultivated as a certified public accountant, and extensive experience as an outside officer at other companies.

## Independence Criteria for Outside Directors

The Company prescribes criteria for the independence of outside directors. To be considered sufficiently independent from Mabuchi Motor outside directors must not be:

1. Current or former employees or officers of the Company or its subsidiaries (collectively, the "Mabuchi Group");
2. Business executives for whom a Major Business Partner is the Mabuchi Group, or business executives who are Major Business Partners of the Mabuchi Group ("Major Business Partners" means customers or suppliers of Mabuchi Group products, etc., accounting for, in either case, more than 2% of consolidated net sales for a given fiscal year);
3. Consultants, accounting professionals, or legal professionals who receive a Significant Sum of money or other assets, other than executive remuneration, from the Mabuchi Group, including persons who belong to a business organization of the person who receives the assets is an organization, such as a corporation or partnership (a "Significant Sum" means the annual total of 10 million yen or more of monetary or asset benefits other than executive remuneration);
4. A certified public accountant who belongs to an auditing firm that serves as the accounting auditor of the Mabuchi Group or an auditing firm's employee, partner, member of staff, or worker;
5. A major shareholder who owns 10% or more of the voting rights in the Company;
6. A person who receives a large donation or loan, etc., amounting to 10 million yen or more, annually from the Mabuchi Group (including a person who belongs to a business organization if the person who receives the donation or loan is an organization, such as a corporation or partnership);
7. Business executives with which the Company has a reciprocal employment relationship as each other's outside officers;
8. Persons who fall under any of (2) to (7) above in the past 3 years;
9. The close relative of a person if that person falling under (1) to (8) is a Person in an Important Position, including a spouse, a relative within the second degree of kinship, or a relative of a Person in an important Position's household (a "Person in an Important Position" means a director other than an outside director, an executive officer, an associate director, or a general manager of higher ranked manager).

## Audit & Supervisory Committee

The Audit & Supervisory Committee consists of four Audit & Supervisory Committee members including three Audit & Supervisory Committee members who are outside directors. The Chairman of the Committee is Mr. Takashi ASAI, who is an outside director. The three outside directors and Audit & Supervisory Committee members are lawyers and certified public accountants, each of whom has extensive expertise, experience, and insight, and who carry out comprehensive auditing and supervisory activities. In addition, we have selected Mr. Kazuyuki SOMEYA as a full-time Audit & Supervisory Committee member, in order to facilitate the collection of information through important internal meetings and balanced reporting and through cooperation between the Committee and the internal audit division, which monitors internal control systems on a daily basis. We ensure the effectiveness of audits conducted by the Audit & Supervisory Committee,

Ms. Yoko TOYOSHI who is an outside Audit & Supervisory Committee member is a certified public accountant. Mr. Kazuyuki SOMEYA who is an internal Audit & Supervisory Committee member has many years of experience in business management of the Company and considerable knowledge of finance and accounting.

### Activities of the Audit & Supervisory Committee

In accordance with the formulated audit policy and audit plan, the Audit & Supervisory Committee is present at important meetings including the Board of Directors meetings; it reviews important approval documents, investigates the status of operations and property of the head office and major subsidiaries, and cooperates with the Internal Audit Department, the Corporate Audit Office, other internal control departments, and accounting auditors to conduct Audits of the appropriate standard and method. Based on a comprehensive review of the results, an audit report is made.

In addition, the Audit & Supervisory Committee considers the appointment and remuneration of directors who are not Audit & Supervisory Committee members. This includes confirmation of discussions at each advisory committee for nominations and remuneration, determination of opinions of the Audit & Supervisory Committee, and statements of these at the General Meeting of Shareholders.

The Audit & Supervisory Committee meets once a month and as necessary, and the Committee held 12 meetings in the fiscal year ended December 31, 2020. The Committee examined the status of the execution of duties by directors, the status of the establishment and operation of the internal control system, compliance, and the status of risk management. In addition, the Committee exchanges opinions with management and accounting auditors, and expresses necessary opinions from a professional point of view, objectively and from a multi-angle standpoint. A full-time member attend important meetings such as the Group Compliance Officers' Meeting, request reports from the Business Execution Department as necessary, audit directors of subsidiaries and key employees by conducting on-site inspections or hearings through video conferencing systems, and report the results to the Audit & Supervisory Committee. We are working to enhance the Group's audit activities.



# Corporate Governance

## Nominating Committee and Remuneration Committee

In order to ensure transparency and objectivity in our selection and remuneration systems for directors and executive officers, the Company has established a Nominating Committee and a Remuneration Committee as voluntary advisory bodies to the Board of Directors.

The Nominating Committee deliberates on the appointment and dismissal of directors, executive officers, and board members, and the Remuneration Committee deliberates on the remuneration of directors, executive officers, and board members who are not members of the Audit Committee.

### Activities of the Nominating Committee and Remuneration Committee

During the fiscal year ending December 31, 2020, the Nominating Committee met five times and the Remuneration Committee four times. Each member of each committee attends all committee meetings. In addition to considering the selection of directors, executive officers and board members, the Nominating Committee discussed the development of next-generation leaders, the performance evaluation of each director, executive officer and board member, and ensured that the Committee's conclusions are reflected in performance-based remuneration. The Remuneration Committee deliberated on the remuneration policies and reviewed the remuneration system for Directors, Executive Officers and Executive Board Members, then reported to the Board of Directors on its review.

The meetings of both of these committees feature active discussions among members, which include outside directors.

## Fostering Next Generation Leadership

It is the purview and duty of the Nominating Committee to continuously and actively conduct CEO succession planning activities in alignment with the Company's management philosophy and management strategy. The Nominating Committee reports on the development of successor candidates to the Board of Directors as appropriate, and the Board of Directors monitors its progress.

## Policy on Determining Remuneration: Organizing Principle

### Basic Policy

#### (1) Level of Remuneration

- In order to ensure the appropriateness of the remuneration level, we will set a remuneration level that enables us to secure a diverse workforce with the experience and skills necessary to achieve global business growth.
- In order to ensure the appropriateness of the remuneration level, we will determine an appropriate level by referring to remuneration survey data from external research organizations and taking into consideration the Company's business performance as well as economic conditions and industry trends.

#### (2) Structure of Remuneration

- Remuneration for directors and corporate auditors consists of base remuneration, which is a fixed remuneration, and performance-linked remuneration, which reflects corporate performance and individual evaluation.
- Performance-based remuneration will be structured to reflect both short-term corporate performance and medium- to long-term corporate value enhancement.
- A portion of the remuneration will be in the form of stock-based remuneration in order to increase the incentive to share wins with shareholders and to enhance corporate value from a medium- to long-term perspective.
- Remuneration for outside directors and audit committee members shall consist of basic remuneration only, from the perspective of the independence of their roles.

#### (3) Governance of Remuneration

- In determining the policy and amount of remuneration for directors and corporate auditors, we will place importance on ensuring objectivity and transparency. The Remuneration Committee, where more than half of the members are outside directors, will meet regularly throughout the year.
- Individual evaluations reflected in performance-based remuneration will be determined by the Nominating Committee, where more than half of the members are outside directors.

## Overview: Remuneration System

### (1) Breakdown of Remuneration

Type of Reward	Monthly Remuneration	Bonus	Trust-type Stock Remuneration	Restricted Stock Remuneration
Features	Base remuneration	Short-term incentives	Medium-term incentives	Long-term incentives
Cash/Shares	Monetary remuneration		Stock-based remuneration	
Link to Performance	Non-performance-based	Performance-based	Performance-based	Non-performance-based
Basic Composition Ratio	50%	30%	20%	
Maximum Amount of Total Remuneration	Annual amount/ 550 million yen		Over 3 business years, 600 million yen (up to 150,000 shares)	Annual amount of 60 million yen (up to 50,000 shares)

(Notes)

1. The basic composition ratio of remuneration represents the basic ratio in the system design. The above ratio may vary depending on the Company's business performance and other factors.
2. The maximum amount of total monetary remuneration includes the base remuneration for outside directors (excluding directors who are the Audit & Supervisory Committee members).

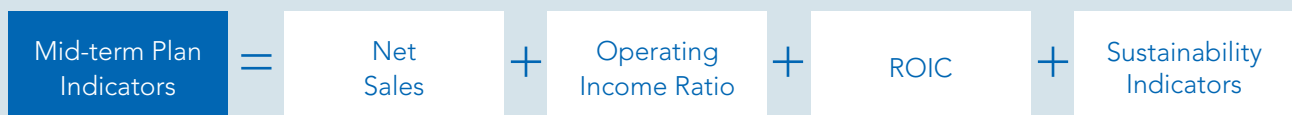
### (2) Performance-based remuneration

#### 1. Bonus

As a short-term incentive remuneration, the Company has adopted consolidated net income as the evaluation index with the aim of raising awareness of contribution to improving business performance in each fiscal year. The amount of remuneration is calculated within a range of 0 to 200% depending on the amount of consolidated net income, and the final decision is made in consideration of the individual performance evaluation.

#### 2. Trust-type stock remuneration

As a medium-term incentive remuneration, this remuneration is linked to the achievement of indicators set out in the Mid-term plan for each of the three fiscal years, with the aim of raising awareness of the need to increase corporate value by achieving the Mid-term plan. The amount of remuneration is calculated within a range of 0 to 240% depending on the achievement of the evaluation index, and is further determined in consideration of the individual performance evaluation.



### (3) Restrictions on the payment of stock-based remuneration

In the event that a director is dismissed or resigns during his or her term of office (except in cases where the Board of Directors recognizes a justifiable reason), the payment of stock-based remuneration shall be restricted by a resolution of the Board of Directors based on the deliberation and report of the Remuneration Committee.

### (4) Approach to holding Company shares

In principle, we will continue to hold the Company's shares granted as stock-based remuneration during the term of office. In addition, the Company encourages employees to hold a certain amount of the Company's shares in accordance with the "Guidelines for Shareholding of the Company's Shares," which is separately stipulated, in order to share value with shareholders and raise awareness of the need to enhance corporate value over the medium to long term.

## Remuneration Paid

Category	Number of persons remunerated	Total amount of remuneration paid
Directors excluding Audit & Supervisory Committee members (Outside Directors)	9 (3)	400 million yen (28)
Directors Audit & Supervisory Committee members (Outside Directors)	4 (3)	48 million yen (28)

(Notes)

1. The amount of remuneration, etc. shown on the left includes 87 million yen in expected benefits of the Company's shares, etc. based on the points expected to be granted to Directors (six excluding Outside Directors and Audit & Supervisory Committee members) in the current fiscal year under the performance-linked stock remuneration plan.
2. The amount of remuneration and stock benefits shown on the left includes ¥35 million of restricted stock granted to Directors (six excluding Outside Directors and Audit & Supervisory Committee Members) as remuneration for the grant of restricted stock.
3. The amount of remuneration paid to Directors (excluding Audit & Supervisory Committee members) includes ¥106 million recorded as allowance for bonuses to Directors in the current fiscal year.

## Meet our Outside Directors



Outside Director  
Audit & Supervisory  
Committee Member  
Kyoko UEMURA

Outside Director  
Jody L. ONO

Outside Director  
Audit & Supervisory  
Committee Member  
Takashi ASAI

Outside Director  
Audit & Supervisory  
Committee Member  
Yoko TOYOSHI

Outside Director  
Naoki MITARAI

Representative Director,  
President & CEO  
Hiroo OKOSHI

Representative Director & COO  
Masato ITOKAWA

Outside Director  
Kazuhiko TSUTSUMI



## Effectiveness of outside directors and transparent governance



**Naoki MITARAI**  
Outside Director  
Chairman of the Nominating Committee  
Chairman of the Remuneration Committee

— Please comment on the discussion at the Mabuchi Motor Board of Directors meetings and on the contributions of the external directors to these meetings.

In our board meeting discussions, there is no distinction between inside and outside directors of the company, and the management issues we face are openly discussed, making for a fulfilling meeting. Each member of the Board of Directors expresses their honest opinions on the Long-term management policy and the Mid-term management plan from their unique perspective and vital role. As I have said from the beginning of my appointment, external directors serve as a camera lens, viewing the company through the eyes of various stakeholders. Our company's team of external directors is well-composed in terms of diversity and areas of expertise, and I feel strongly that each of us brings our own experience and awareness to the discussions.

— Would you like to share your opinion of our company, based on your career experience as a human resources professional?

Our company's HR system focuses on how to engage and motivate employees. It has been undertaking very challenging initiatives, such as the introduction of job descriptions in 2020. One might expect our company to be quite conservative because of its history and profile but in reality, we have a culture of taking on new challenges which

I truly appreciate. As a support for this culture, I believe it is important that the president and other members of senior management communicate actively to employees their underlying rationale and purpose when introducing new systems.

— Please offer your evaluation of the Nominating Committee and Remuneration Committee.

The Nominating Committee conducts the appointment and dismissal of directors in accordance with the appropriate standards. I appreciate how the Nominating Committee is active in succession planning and training of potential successors in top management. External directors, including myself, have the opportunity to talk directly with future management candidates, and I feel that talented and capable directors are being fostered.

The role of the Remuneration Committee is to determine whether the remuneration is linked to business performance, is consistent with the world standard, incentivizes executives properly, and is clear and acceptable to stakeholders. We have also recently added sustainability indicators. This is an extremely important matter, and I feel that it is very typical of our company to include it.



**Kazuhiko TSUTSUMI**  
Outside Director  
Member the Remuneration Committee

— What has been your experience of communication and information-sharing among the internal directors, for example in discussions of the Board of Directors?

All of our directors express frank opinions on each agenda

# Meet our Outside Directors

item in the board meetings. As the only external director with a technical background, I am particularly conscious of technology related issues. The dialogue can be vigorous, but without dividing the group into internal and external "camps."

There are ample opportunities for communication and information-sharing. For example, if I want to talk to someone in the company, the executive support team will act promptly to set up a meeting for me. In this way I am able to meet directly with future management candidates. It is true that the onset of COVID-19 pandemic made some communication more difficult. But, just among the external directors, we sometimes exchange views and opinions from our individual perspectives and unique experiences. Our group communication works very well.

## —What is your view of the Long-term management policy and the Mid-term management plan?

Our core competence remains the motor itself and that isn't going to change anytime soon.

However, in the current plan we clarify our future direction: to focus on unitization and solution proposals. From the time I was appointed as an external director, I have been proposing that we need to offer not only hardware but also software; that our company can maximize its strength only when we offer both. Software here can be best described as our consulting ability. We believe that identifying 'what our customers want to do' and 'what they think would be good to do' and then proposing these ideas to them will generate our profitability.

When starting something new in a company, it is necessary to change the mindset of the employees. In addition, I think it is a good idea to promote joint research and other creative activities not bound by the current framework, making use of external capabilities such as industry-academia collaboration. I am promoting such efforts with the help of my professional background.

## —Please comment on the discussions of the Remuneration Committee.

As an external director in the Remuneration Committee, I ensure that the analytical approaches and decision-

making processes are effected properly. I believe that by doing so, our company is able to ensure both fairness and transparency.

In 2021, executive remuneration was clarified and sustainability indicators were incorporated. I think this shows the seriousness of Mabuchi's approach to sustainability in a time when companies are required to fulfill their social responsibilities and are questioned as to whether the company is necessary for society. In the future, I would like to continue to contribute new ideas that will lead to safe and healthy lives for people, as well as strengthen our company's social contribution through our business activities.



**Jody L. ONO**  
Outside Director  
Member of the Nominating Committee

## —In what ways are you involved in sustainability initiatives?

The company's Sustainability Committee considers matters and monitors activities through the lens of sustainability. The Committee also, of course, was instrumental in developing the Mid-term sustainability targets announced in February 2021. I participated in preparatory meetings to discuss the formation of these goals, along with internal directors and the other external directors. These discussions were very collaborative, as have been my interactions with the company since I joined in April 2019 as the only non-Japanese director, I've valued this openness greatly.

To share some background, I spent about 15 years of my earlier career in Sweden. Sustainability consciousness and initiatives in northern Europe have been in place since the 1990s, well ahead of many other places. Having developed



as a young professional in that setting, I have a foundation and readiness for thinking about business sustainability and importantly, about the mindset needed to enhance sustainability in multiple dimensions and for the long term. With several Mabuchi teams, I helped formulate a sustainability policy, talked about SDGs-related initiatives, and provided advice in the preparation of the integrated report.

In the realm of social sustainability and contribution I am working with the HR department on measures – and again, mindsets – to increase diversity in our workforce, including to welcome more female engineers and management professionals into the company. We want to create a big impact by formulating recruitment appeals and strategies that resonate with the different types of applicants that we are looking for. By encouraging a fresher conception of the company's prospective talent pool. I hope also to develop more strategies to widen the scope of diversity in our workforce, beyond gender to other dimensions such as nationality, race and so on. Working with various teams during my first two years as an external director has deepened my understanding and appreciation of our

company and its employees. Just as important, I feel that my close contact with employees has expanded and refined my contribution to the board of directors.

#### —What is your take on diversity at Mabuchi?

Mabuchi is a global company: 100% of its production and 90% of its sales take place outside Japan. Our board is composed of directors with varied and rich international experience, and as a group we are always mindful of global perspectives in our various management decisions. Still, I believe that we will be required to consider an even broader range of perspectives in the future in order to engage optimally in a world where the pace change, especially social change, appears to be accelerating. I also believe that the key to strengthening diversity is for employees at all levels, not just upper management, to be exposed to the experiences and ideas of people with different lifestyles and backgrounds so that unfounded assumptions or biases, whether explicit or implicit, can be broken down and replaced with a mindset of inclusion. Going forward, I would like to see interactions between our people at Headquarters and our people at overseas bases being further facilitated.

### Outside Directors, Audit & Supervisory Committee Members



**Takashi ASAI**  
Outside Director  
Chairman of the Audit & Supervisory Committee

#### —What is your sense of our company's governance structure and practices?

Since we have many production and sales locations outside Japan, our governance must be globally oriented

to encompass these activities overseas. The Internal Audit Dept., an in-house organization, and the Audit & Supervisory Committee members, are fully aware of how important this is. I believe that our overseas offices are governed well, as we make continuous efforts to ensure a shared understanding of our Management Principle and Management Markers, and our code of conduct is thoroughly enforced. We have a very positive practice of setting a company-wide slogan every year. It is an unifying message from the president to all Mabuchi Group employees. Last year, I was not able to visit the offices directly due to COVID-19 pandemic, but when I visited the offices in earlier years, I saw that the Management Principle, Management Markers, and the slogan posters that are sent out every year are always placed where everyone can see them, and also that the goals and policies for each fiscal year are shared.

# Meet our Outside Directors

In the future, in order to make governance more effective at our overseas locations, I think it is necessary to share mid- and long-term management plans to realize our Management Principle and business plans more widely with those locations too, and to apply our Job Description system overseas as well. Cultivating full awareness of the role employees are expected to fulfill, in effect, a way of putting our activities into Management Principle.

— Please describe how communication and information sharing works among and internal and external directors, beyond the Audit & Supervisory Committee members.

We, the Audit & Supervisory Committee members, are able to share and view all proposals for approval, including those from overseas offices. If we have concerns, we can ask questions at any time, and we are sometimes consulted by full-time Audit & Supervisory Committee member. In addition, we have shared the whistle-blowing system with our overseas offices. There is always a system in place, but the operational aspect of that system is very important. Therefore, critical factors are the extent to which the system is recognized, whether its purpose is shared, and whether awareness of it is high. We check whether information is being collected from the field at overseas location too, and sometimes alert the person in charge there. There is a well established process for the Internal Audit Dept., an in-house organization, and for the Audit & Supervisory Committee members to gather views and opinions from within the company and report on these to management. There are also information exchange meetings just for external directors, where we discuss not only risk management, but also future developments in the business environment and other management issues.

— How do you perceive your role on the Board of Directors?

I am a lawyer, so I sometimes use my expertise to ask questions and to be asked to give my opinion from a legal perspective. Compliance with the law is a matter of course, but we can also avoid risks by dealing with various issues on an individual basis. We have a system in place that allows me to play a role as an external director, utilizing my expertise, in cooperation with the company's in-house Legal Dept.



Kyoko UEMURA  
Outside Director  
Audit & Supervisory Committee Member

— You were appointed as an outside director and member of the Audit & Supervisory Committee in March 2021. What kind of role do you think you will undertake?

As an outside director and member of the Audit & Supervisory Committee, I believe that one of my most important roles is to strengthen governance. In order to do so, it is necessary for me to provide different perspectives from within the company on whether our organizational structure is well-balanced, whether the environment is open to employees' opinions, and whether risk management is in place. I would also like to be actively involved in growth strategies, such as strengthening the global structure, investment strategies for new products, and issues that our company is trying to solve, based on my understanding of the current situation.

— How do you plan to make the most of your professional background?

At first, as a judge, I was in charge of a variety of cases, and I loved thinking about the causes of disputes and how to resolve them. I also have happy memories of being transferred to different regions. After that, I decided to end to my 14 years as a judge and to restart my career as a lawyer. Together with other senior attorneys, I was involved in many business revitalization cases, and through investigations into the causes of bankruptcy and accounting problems, interviews with management and others, and surveys of attitudes in the field, I once again recognized the difficulties of management. Even now, I think it is

very important to continue self-improvement. Since each company has a different culture and atmosphere, I would like to take as many opportunities as possible to listen to the opinions of the people in the field, although there are some difficulties with COVID-19. The business environment has become more complex and is changing rapidly, but as a member of our company, I will contribute to its sustainable development.



**Yoko TOYOSHI**  
Outside Director  
Audit & Supervisory Committee Member

— How did you feel when you were appointed as an external director of our company?

At the time of my appointment, I felt that the company was both a good and rational company based upon how easy it was to understand how the company got to this current situation based on an explanation of the company's past. When I read last year's integrated report, I was able to see what kind of company this company was aiming to be. Especially in the midst of the change in people's sense of values during COVID-19 pandemic, the report specifically described the connection between the Management Principle, Management Markers, and SDGs, as well as the issues that needed to be resolved. I was able to understand that the company has a clear narrative and plan to solve the issues through its products and business practices.

In terms of communication after assuming the Outside Director, I feel very reassured because I can tell them what kind of information I want to know about the company or what issues I want to discuss, and they will assign the necessary people to provide me with the information.

— From your background, what kind of mindset do you have when trying to fulfill your role?

In terms of expertise, I believe I can play a role in the fields of law, governance, business and accounting. In addition to these, there is one thing that I have become convinced of through my 30 years of experience as a certified public accountant after working for a bank for about six years after graduating from university. When I was working at the Financial Services Agency, I experienced a huge accounting fraud case, which made me realize that in order for society to be healthy and prosperous, it is essential to enhance the credibility of the capital market, and for that, the governance of each company needs to be strong.

In order for governance to be strong, it is necessary for the board of directors to consider a variety of viewpoints. For this reason, I would like to be conscious of conveying perspectives, ideas, and triggers that will be new discoveries for the company. What I try to keep in mind is that I want to make sure that the intentions of what I say are conveyed correctly to everyone in the company, and that they understand that it is true. This includes having an honest understanding of our company's way of thinking and culture.

Although we specialize in motors, we have opened up new markets, new customers, and new applications, and I strongly believe that I can contribute to the sustainable development of our company with my diversity, including my expertise and experience, by working closely with all of our executives and employees.

# List of Directors and Executive Officers

(As of March 30, 2021)



	Directors			Executive officers and group executive officers (excluding those also serving as directors)
	Excluding Audit & Supervisory Committee members	Audit & Supervisory Committee members	Total	
Inside	6	1	7 (54%)	9
Outside	3	3	6 (46%)	-
Total	9	4	13 (100%)	9
Female	1	2	3 (23%)	1
Non-Japanese	1	0	1 (8%)	3



## Directors



Representative Director,  
President & CEO

Hiroo OKOSHI

1984 Joined MABUCHI MOTOR CO., LTD.  
1990 Manager - Procurement Section, MABUCHI INDUSTRY CO., LTD.  
1996 Manager - President Office, MABUCHI INDUSTRY CO., LTD.  
2002 Director, General Manager - General Affairs Department, Human Resources Department, MABUCHI INDUSTRY CO., LTD.  
2002 Manager - Corporate Planning Department  
2003 Deputy Senior General Manager - Business Platform Innovation Headquarters  
2004 General Manager - Corporate Planning Department  
2009 Executive Officer, Senior General Manager - Administration Headquarters  
2011 Director, Executive Officer, Senior General Manager - Administration Headquarters  
2013 Representative Director, President  
2019 Representative Director, President & CEO (Current Position)



Representative Director & COO,  
Senior Managing Executive  
Officer, In Charge of Internal  
Controls, Chief Quality and  
Environmental Officer

Masato ITOKAWA

1984 Joined MABUCHI MOTOR CO., LTD.  
1985 Production Engineering Section, MABUCHI MOTOR TAIWAN LTD.  
2002 Manager - Manufacturing Technology Section, Production Engineering Office, Technology Department  
2005 General Manager - Quality Assurance Department  
2009 Executive Officer, General Manager - Quality Assurance Department  
2013 Director, Executive Officer, General Manager - Quality Assurance Department  
2016 Director, Executive Officer, Senior General Manager - Quality Assurance Headquarters  
2017 Representative Director, Managing Executive Officer, Chief Quality and Environmental Officer, Senior General Manager - Quality Assurance Headquarters  
2018 Representative Director, Managing Executive Officer, Chief Quality and Environmental Officer, Senior General Manager - Quality Assurance Headquarters, In Charge of Internal Controls  
2019 Representative Director & COO, Senior Managing Executive Officer, In Charge of Internal Controls, Chief Quality and Environmental Officer (Current Position)



Director, Managing Executive  
Officer, Assistant to the President,  
Chief Officer of Subsidiaries, Chief  
Administrative Officer, In Charge  
of Purchasing, Senior General  
Manager - Human Resources and  
General Affairs Headquarters

Hirotaro KATAYAMA

1991 Joined MABUCHI MOTOR CO., LTD.  
1997 Manager, Quality Assurance Section, MABUCHI INDUSTRY CO., LTD.  
2005 Manager - Business Administration Department, Power Unit Motor Division  
2007 President - MABUCHI MOYOR (JIANGSU) CO., LTD.  
2014 Deputy Senior General Manager - Operations Control Headquarters  
2014 Senior General Manager - Operations Control Headquarters Director, Executive Officer, Senior General Manager - Operations Control Headquarters  
2015 Director, Managing Executive Officer, Chief Business Operation Officer  
2017 Director, Managing Executive Officer, Assistant to the President, Chief Officer of Subsidiaries  
2019 Director, Managing Executive Officer, Assistant to the President, Chief Officer of Subsidiaries, Chief Administrative Officer, Senior General Manager - Human Resources and General Affairs Headquarters  
2020 Director, Managing Executive Officer, Assistant to the President, Chief Officer of Subsidiaries, Chief Administrative Officer, Senior General Manager - Human Resources and General Affairs Headquarters, Senior General Manager - Purchasing Headquarters  
2021 Director, Managing Executive Officer, Assistant to the President, Chief Officer of Subsidiaries, Chief Administrative Officer, In Charge of Purchasing, Senior General Manager - Human Resources and General Affairs Headquarters (Current Position)



Director, Managing Executive  
Officer, Chief Technology Officer

Shinichi TANIGUCHI

1987 Joined MABUCHI MOTOR CO., LTD.  
2013 General Manager - Product Development Department 2, Research and Development Headquarters  
2013 President - MABUCHI MOTOR (JIANGSU) CO., LTD.  
2018 Deputy Senior General Manager - Product Development Headquarters  
2018 Executive Officer, Deputy Senior General Manager - Product Development Headquarters  
2018 Executive Officer, Senior General Manager, Manufacturing Headquarters  
2019 Director, Executive Officer, Chief Technology Officer, Senior General Manager - Manufacturing Headquarters  
2020 Director, Managing Executive Officer, Chief Technology Officer, Senior General Manager - Manufacturing Headquarters  
2021 Director, Managing Executive Officer, Chief Technology Officer (Current Position)



Director, Executive Officer,  
Senior General Manager -  
Corporate Planning Headquarters,  
General Manager - Corporate  
Communication Department

Tadahito IYODA

1999 Joined MABUCHI MOTOR CO., LTD.  
2004 Manager - President Office, MABUCHI INDUSTRY CO., LTD.  
2010 General Manager - Corporate Planning Department  
2013 Executive Officer, Senior General Manager - Administration Headquarters  
2015 Director, Executive Officer, Senior General Manager - Administration Headquarters  
2018 Director, Group Executive Officer, Chief Regional Officer in the Americas  
2020 Director, Executive Officer, General Manager - Corporate Planning Department  
2020 Director, Executive Officer, Senior General Manager - Corporate Planning Headquarters  
2021 Director, Executive Officer, Senior General Manager - Corporate Planning Headquarters, General Manager - Corporate Communication Department (Current Position)



Director, Executive  
Officer, Assistant COO

Takashi KAWAMURA

2020 Joined MABUCHI MOTOR CO., LTD.  
2020 Assistant to Chief Business Officer  
2020 Assistant COO  
2021 Director, Executive Officer, Assistant COO

## Outside Directors



Outside Director

Naoki MITARAI

1976 Joined HITACHI, LTD.  
2000 General Manager - Employee Relations Department, HITACHI, LTD.  
2004 Deputy General Manager - Information & Telecommunication Systems Group, Government & Public Corporation Information System Sales Management Division, HITACHI, LTD.  
2005 General Manager, Group Company Office, Hitachi Group -Corporate Strategy, Hitachi Group Headquarters, HITACHI, LTD.  
2010 Senior General Manager-Human Resources Management Headquarters and General Affairs Headquarters, HITACHI, LTD.  
2011 Vice President, Senior General Manager - Human Resources Management Headquarters and General Affairs Headquarters, HITACHI, LTD.  
2014 Senior Vice President and Executive Officer, CHRO (Chief Human Resources Officer), Risk Management Manager and CRO (Chief Risk management Officer), Hitachi High Technologies Corporation.  
2015 Representative Executive Officer and Executive Vice President, Hitachi High-Technologies Corporation.  
2016 Executive Adviser - Hitachi High-Technologies Corporation  
2017 Outside Director, MABUCHI MOTOR CO., LTD. (Current Position)  
2019 Visiting Professor - University of Tsukuba (Current Position)



Outside Director

Kazuhiko TSUTSUMI

1982 Joined MITSUBISHI ELECTRIC CO., LTD.  
2006 Vice-Director, Mitsubishi Electric Research Laboratories  
2008 Director, Mitsubishi Electric Research Laboratories  
2010 Executive Officer, Managing Director, Development Division, MITSUBISHI ELECTRIC CO., LTD.  
2014 Adviser, MITSUBISHI ELECTRIC CO., LTD.  
2014 Visiting Professor, Kanazawa Institute of Technology (Current Position)  
2018 Project Technical Advisor, MITSUBISHI ELECTRIC CO., LTD. (Current Position)  
2019 Vice-Chairman, International Electrotechnical Commission (IEC) (Current Position)  
2019 Outside Director, MABUCHI MOTOR CO., LTD. (Current Position)



Outside Director

Jody L. ONO

2005 Executive Officer, SITE, Stockholm School of Economics  
Instructor, Corps of Cadets Center for Leadership  
2013 Excellence, Texas A&M University  
2015 Lecturer, Graduate School of International Corporate Strategy (ICS), Hitotsubashi University Business School  
2017 Adj. Associate Professor, School of International Corporate Strategy (ICS), Hitotsubashi University Business School  
2019 Outside Director, MABUCHI MOTOR CO., LTD. (Current Position)  
2021 Adj. Professor, School of International Corporate Strategy (ICS), Hitotsubashi University Business School (Current Position)



# List of Directors and Executive Officers

## Director, Full-time Audit & Supervisory Committee Member



Director, Full-time Audit & Supervisory Committee Member

Kazuyuki SOMEYA

1986 Joined MABUCHI MOTOR CO., LTD.  
2005 General Manager - Accounting Department Administration Headquarters  
2010 General Manager - Accounting and Finance Department Administration Headquarters.  
2013 President - MABUCHI INDUSTRY CO., LTD.  
2016 Full-Time Audit & Supervisory Board Member  
2019 Director, Full-time Audit & Supervisory Committee Member (Current Position)

## Outside Directors, Audit & Supervisory Committee Members



Outside Director, Audit & Supervisory Committee Member

Takashi ASAI

1990 Registered as an attorney  
1990 Joined Daiichifuyo Law Office (Current Position)  
1998 Partner, Daiichifuyo Law Office (Current Position)  
2002 Part-Time Lecturer, Faculty of Law, Keio University  
2005 Part-Time Lecturer, Legal Affairs Research Course (Law School) of Keio University Graduate School  
2009 Professor, Legal Affairs Research Course (Law School) of Keio University Graduate School  
2014 Part-Time Lecturer, Keio University Graduate School (Current Position)  
2016 Outside Audit & Supervisory Board Member, MABUCHI MOTOR CO., LTD.  
2019 Outside Director, Audit & Supervisory Committee Member, MABUCHI MOTOR CO., LTD. (Current Position)



Outside Director, Audit & Supervisory Committee Member

Kyoko UEMURA

1994 Assistant Judge, Osaka District Court  
2004 Judge, Numazu Branch, Shizuoka Family Court  
2005 Judge, Yokohama District Court  
2008 Registered as an attorney  
2008 Attorney, LM Law Offices  
2017 External Auditor, MS&AD Insurance Group Holdings, Inc. (Current Position)  
2018 External Director, SoftBank Corp. (Current Position)  
2018 Attorney, Miyama, Koganemaru & Associates (Current Position)  
2021 Outside Director, Audit & Supervisory Committee Member, MABUCHI MOTOR CO., LTD. (Current Position)



Outside Director, Audit & Supervisory Committee Member

Yoko TOYOSHI

1981 Joined the Bank of Fukuoka, Ltd  
1989 Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC)  
1990 Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC)  
2008 Partner, Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC)  
2013 Appointed as Chief Certified Public Accountant Audit Inspector, Certified Public Accountants and Auditing Oversight Board, Financial Services Agency  
2016 Joined Deloitte Touche Tohmatsu LLC  
2018 Outside Director (Audit & Supervisory Committee Member), Alps Electric Co., Ltd. (currently ALPS ALPINE CO., LTD.) (Current Position)  
2020 Outside Audit & Supervisory Board Member, KOKUYO Co., Ltd. (Current Position)  
2021 Outside Director, Audit & Supervisory Committee Member, MABUCHI MOTOR CO., LTD. (Current Position)

## Executive Officers and Responsibilities (excluding those serving as directors)



Managing Executive Officer, In Charge of Product Development, Senior General Manager - Automotive Product Business Unit 1

Eiji UENISHI

2004 Joined MABUCHI MOTOR CO., LTD.  
2004 Manager - Product Development Group 3, Product Development Department, Technology Headquarters  
2007 General Manager - Product Development Department2, Technology Headquarters  
2013 Deputy Senior General Manager - Technology Headquarters  
2015 Executive Officer, Deputy Senior General Manager - Technology Headquarters  
2017 Director, Executive Officer, Senior General Manager - Product Development Headquarters  
2019 Director, Executive Officer, Assistant Chief Business Officer, Jurisdiction of Product Development  
2020 Director, Executive Officer, Jurisdiction of Product Development, In Charge of Customer Solutions, Senior General Manager - Automotive Product Business Unit 1  
2020 Director, Executive Officer, In Charge of Product Development, In Charge of Customer Solutions, Senior General Manager - Automotive Product Business Unit 1  
2021 Managing Executive Officer, In Charge of Product Development, Senior General Manager - Automotive Product Business Unit 1 (Current Position)



Managing Executive Officer, In Charge of Sales, Senior General Manager - Consumer and Industrial Product Business Unit, Chief Regional Officer in Europe

Tsuyoshi NAKAMURA

1988 Joined MABUCHI MOTOR CO., LTD.  
1992 Manager - Sales Section 2, MABUCHI INDUSTRY CO., LTD.  
2003 Manager - Planning Sales Group, Power Unit Motor Division  
2004 Manager - Sales Group, Power Unit Motor Division  
2005 General Manager - Power Unit Motor Division  
2006 General Manager - Sales Department 3, Sales and Marketing Headquarters  
2007 President - MABUCHI MOTOR (EUROPE) GmbH  
2011 Assistant General Manager - Sales Department 2, Sales and Marketing Headquarters  
2011 General Manager - China Market Development Promotion Department, Sales and Marketing Headquarters.  
2012 General Manager - Sales Department 3, Sales and Marketing Headquarters  
2013 Executive Officer, Deputy Senior General Manager - Sales and Marketing Headquarters.  
2015 Executive Officer, Senior General Manager - Sales and Marketing Headquarters  
2017 Managing Executive Officer, Assistant Chief Business Officer  
2018 Managing Executive Officer, Assistant Chief Business Officer, Senior General Manager - Medium Automotive Product Business Unit 2  
2019 Managing Executive Officer, Senior General Manager - Automotive Product Business Unit 2  
2019 Executive Officer, In Charge of Customer Relations, Senior General Manager - Automotive Product Business Unit 2  
2020 Executive Officer, In Charge of Customer Relations  
2021 Managing Executive Officer, In Charge of Sales, Senior General Manager - Consumer and Industrial Product Business Unit, Chief Regional Officer in Europe (Current Position)



Executive Officer, Senior General Manager - Manufacturing Headquarters

Toru SHIBASAKI

1991 Joined MABUCHI MOTOR CO., LTD.  
2013 President - MABUCHI MOTOR DANANG LTD.  
2016 Vice Chairman - MABUCHI MOTOR VIETNAM LTD., Vice Chairman & President - MABUCHI MOTOR DANANG LTD.  
2018 Executive Officer, Deputy Senior General - Manager Manufacturing Headquarters  
2021 Executive Officer, Senior General Manager - Manufacturing Headquarters (Current Position)



Executive Officer, Senior General Manager - Automotive Product Business Unit 2

Tomofumi IMAMURA

2008 Joined MABUCHI MOTOR CO., LTD.  
2008 Manager - Corporate Planning Department Corporate Planning Group  
2010 Vice President - MABUCHI MOTOR VIETNAM LTD.  
2012 President - MABUCHI MOTOR VIETNAM LTD.  
2016 General Manager - Corporate Planning Department  
2018 Executive Officer, Senior General Manager - Corporate Planning Headquarters  
2020 Executive Officer, Senior General Manager - Automotive Product Business Unit 2 (Current Position)



Executive Officer, In Charge of Accounting and Finance

Takumi TOMITA

2019 Joined MABUCHI MOTOR CO., LTD.  
2019 Deputy Senior General Manager - Administration Headquarters  
2020 Executive Officer, Deputy Senior General Manager - Accounting and Finance Headquarters, General Manager - Corporate Communication Department  
2020 Executive Officer, In Charge of Accounting and Finance (Current Position)



Executive Officer, In Charge of Information Technology, Senior General Manager - Business Platform Innovation Headquarters, General Manager - Engineering Management Department

Satoshi SUZUKI

1986 Joined MABUCHI MOTOR CO., LTD.  
2004 Manager - Advanced Product Development Group, Product Development Department, Technology Headquarters  
2005 Assistant General Manager - Product Development Department2, Technology Headquarters  
2005 General Manager - Product Development Department1, Technology Headquarters  
2011 Deputy General Manager of Mabuchi Motors (Dongguan) Co., Ltd.  
2017 General Manager - Engineering Management Department  
2018 General Manager - Engineering Management Department, Product Development Headquarters  
2019 General Manager - Engineering Management Department  
2020 Associate Director, General Manager - Engineering Management Department  
2021 Executive Officer, In Charge of Information Technology, Senior General Manager - Business Platform Innovation Headquarters, General Manager

## Group Executive Officers



Group Managing Executive Officer, Chief Regional Officer in China

QUAN Da Yong

1990 Joined MABUCHI MOTOR SHENZHEN LTD.  
2004 Manager - Human Resources Development Section, MABUCHI INDUSTRY CO., LTD.  
2004 General Manager - President Office, MABUCHI MOTOR (DONGGUAN) CO., LTD.  
2005 General Manager - President Office, General Manager - China Human Resources, MABUCHI MOTOR (DONGGUAN) CO., LTD.  
2008 Vice President - MABUCHI MOTOR (DONGGUAN) CO., LTD.  
2011 President - MABUCHI MOTOR (DONGGUAN) CO., LTD.  
2017 Deputy General Manager - China Business, Vice Chairman - MABUCHI MOTOR (DONGGUAN) CO., LTD.  
2018 Group Executive Officer, Chief Regional Officer in China  
2020 Group Managing Executive Officer, Chief Regional Officer in China (Current Position)



Group Executive Officer, Deputy Chief Regional Officer in China

SHO Zheng

1988 Joined MABUCHI MOTOR SHENZHEN LTD.  
1999 Manager - Product Production, Guangdong No. 1 Factory, MABUCHI INDUSTRY CO., LTD.  
2000 Manager - Planning and Coordination Office, Guangdong No. 1 Factory, MABUCHI INDUSTRY CO., LTD.  
2002 Factory Manager - Guangdong No. 1 Factory, MABUCHI INDUSTRY CO., LTD.  
2008 Vice President - Guangdong No. 1 Factory, MABUCHI INDUSTRY CO., LTD.  
2009 President - MABUCHI MOTOR (YINGTAN) CO., LTD.  
2014 President - MABUCHI MOTOR (JIANGXI) CO., LTD.  
2017 President - MABUCHI MOTOR (DONGGUAN) CO., LTD.  
2019 Deputy Chief Regional Officer in China, President - MABUCHI MOTOR (DONGGUAN) CO., LTD.  
2020 Group Executive Officer, Deputy Chief Regional Officer in China, President - MABUCHI MOTOR (DONGGUAN) CO., LTD.  
2021 Group Executive Officer, Deputy Chief Regional Officer in China (Current Position)



Group Executive Officer, Chairman & President - MABUCHI MOTOR VIETNAM LTD., Chairman - MABUCHI MOTOR DANANG LTD.

Hoang SON

1988 Joined MABUCHI MOTOR VIETNAM LTD.  
2005 Manager - Assembly Section 3, MABUCHI MOTOR VIETNAM LTD.  
2009 Manager - Product Production Department, MABUCHI MOTOR VIETNAM LTD.  
2012 Factory Manager - MABUCHI MOTOR VIETNAM LTD.  
2013 Vice President - MABUCHI MOTOR DANANG LTD.  
2015 Vice President - MABUCHI MOTOR VIETNAM LTD.  
2015 President - MABUCHI MOTOR VIETNAM LTD.  
2020 Group Executive Officer, Chairman & President - MABUCHI MOTOR VIETNAM LTD., Chairman - MABUCHI MOTOR DANANG LTD. (Current Position)

# Financial Data, 10-year Period

	2011	2012	2013	2014
Operating Results Highlights (Unit:Million Yen)				
Net Sales	78,886	85,254	108,401	122,544
Gross Profit	19,047	21,039	26,854	35,614
Operating Income	3,066	5,052	9,335	16,875
Ordinary Income	4,926	10,510	16,672	23,929
Profit Attributable to Owners of Parent	-466	6,385	10,519	18,090

Financial indicators (Unit:%)				
Gross Profit Ratio	24.1%	24.7%	24.8%	29.1%
Operating income Ratio	3.9%	5.9%	8.6%	13.8%
Ordinary Income Ratio	6.2%	12.3%	15.4%	19.5%
ROIC	-0.7%	5.3%	7.7%	12.7%
ROE	-0.3%	3.6%	5.4%	8.2%
ROA	2.7%	5.6%	7.9%	9.9%
Equity Ratio	92.9%	92.2%	91.9%	91.0%
ROIC:=( Operating profit × (1 - Effective tax rate)) / (Accounts receivable-trade + Inventories + Non-Current assets (excluding Investment securities) - Accounts payable-trade)				

Consolidated Financial Position As of December 31, 2020 (Unit:Million Yen)				
Total Assets	181,351	196,702	227,253	256,368
Net Assets	168,538	181,372	208,791	233,312

Data per share Unit: Yen * As of January 1, 2015, the Company conducted a stock split at a ratio of 2 shares per common share. The figures for 2010-2014 are the amounts after				
Net Income per Share	-6.65	91.12	150.10	258.02
Net Assets per Share As of December 31, 2020	2,405.18	2,588.38	2,978.02	3,325.99
Dividends	50.00	50.00	70.00	107.00

Cash Flows (Unit:Million Yen)				
Cash Flows from Operating Activities	696	9,091	11,750	18,118
Cash Flows from Investing Activities	-2,874	8,230	4,264	-11,977
Free Cash Flows	-2,178	17,321	16,014	6,141
Cash Flows from Financing Activities	-3,507	-3,509	-3,031	-6,014

Investments (Unit:Million Yen)				
Capital Expenditures	6,524	6,825	5,755	9,597
Depreciation and Amortization	3,176	3,410	4,301	4,771
R&D Expenses	3,493	3,794	3,763	4,503

2015	2016	2017	2018	2019	2020
143,143	140,699	146,925	143,116	131,807	116,432
43,470	46,188	47,305	44,327	41,031	34,856
22,961	24,225	24,066	21,243	17,544	12,900
27,113	26,135	25,841	24,804	20,854	12,675
18,546	20,598	20,303	22,925	14,234	8,987
30.4%	32.8%	32.2%	31.0%	31.1%	29.9%
16.0%	17.2%	16.4%	14.8%	13.3%	11.1%
18.9%	18.6%	17.6%	17.3%	15.8%	10.9%
14.4%	17.0%	14.4%	12.7%	9.3%	6.4%
8.0%	8.8%	8.6%	9.4%	5.8%	3.7%
10.6%	10.2%	9.8%	9.2%	7.8%	4.8%
91.0%	90.1%	89.9%	91.1%	91.4%	91.0%
256,196	258,387	269,318	268,246	268,244	262,559
233,245	232,917	242,179	244,454	245,172	239,103
considering the stock split so that each period can be easily compared.					
266.98	300.70	299.74	341.19	214.00	135.64
3,363.01	3,405.14	3,579.98	3,640.08	3,690.86	3,623.63
110.00	120.00	120.00	135.00	135.00	135.00
20,115	27,958	22,585	20,979	25,830	18,741
-1,178	-3,440	-14,027	-12,735	-15,246	-5,304
18,937	24,518	8,558	8,244	10,584	13,437
-13,312	-11,860	-13,844	-11,069	-12,132	-10,952
16,187	11,236	12,844	16,332	17,915	7,736
6,386	6,016	7,143	7,652	8,264	8,648
5,164	5,024	5,233	4,939	4,958	4,453

# Financial Data

## Consolidated Financial Statements

### Consolidated Balance Sheet

Yen(Millions)

	As of December 31, 2019	As of December 31, 2020
<b>ASSETS</b>		
Current Assets		
Cash and bank deposits	110,369	110,018
Trade notes and accounts receivable	21,913	24,729
Short-term investments	2,301	1,500
Merchandise and finished goods	24,353	22,249
Work in process	954	989
Raw materials and supplies	8,572	9,280
Other current assets	5,101	4,789
Less – Allowance for doubtful accounts	(53)	(163)
Total current assets	173,510	173,394
Fixed assets		
Property, plant and equipment		
Buildings and structures	50,580	50,328
Accumulated depreciation	(28,443)	(29,467)
Buildings and structures, net	22,137	20,860
Buildings and structures, net	64,220	68,430
Accumulated depreciation	(33,269)	(36,914)
Machinery, equipment and vehicles, net	30,951	31,515
Tools, furniture and fixture	19,403	19,976
Accumulated depreciation	(14,916)	(15,944)
Tools, furniture and fixture, net	4,487	4,031
Land	6,640	6,589
Construction in progress	16,288	14,016
Property, plant and equipment, net	80,504	77,014
Intangible assets	1,144	1,065
Investments and other assets		
Investment securities	10,980	9,254
Deferred tax assets – non-current	704	578
Other investments and other assets	1,433	1,658
Allowance for doubtful accounts	(33)	(405)
Total investments and other assets	13,084	11,085
Total fixed assets	94,733	89,164
Total Assets	268,244	262,559



Yen(Millions)

	As of December 31, 2019	As of December 31, 2020
Liabilities		
Current liabilities		
Trade notes and accounts payable	6,003	6,486
Accrued income taxes	1,966	1,934
Accrued bonuses due to employees	249	233
Accrued bonuses due to directors	172	176
Accrued bonuses due to directors	8,730	9,361
Accrued bonuses due to directors	17,121	18,193
Long-term liabilities		
Long-term liabilities	635	380
Accrued benefits for stock payment	142	241
Liability for retirement benefits	2,139	2,051
Liability for retirement benefits	17	27
Deferred tax liabilities-non-current	2,716	2,203
Other long-term liabilities-non-current	299	357
Total long-term liabilities	5,950	5,262
Total long-term liabilities	23,071	23,456
Net assets		
Shareholders' equity		
Common stock	20,704	20,704
Additional paid-in capital	20,419	20,419
Retained earnings	216,974	216,929
Treasury stock	(10,014)	(11,555)
Total shareholders' equity	248,084	246,499
Accumulated other comprehensive income		
Net unrealized holding gains or losses on securities	3,456	1,985
Deferred gains or losses on hedges	(2)	-
Foreign currency translation adjustments	(5,777)	(8,928)
Retirement benefits liability adjustments	(712)	(545)
Total accumulated other comprehensive income	(3,035)	(7,487)
Subscription rights to shares	124	91
Total net assets	245,172	239,103
Total liabilities and net assets	268,244	262,559

# Consolidated Financial Statements

## Consolidated Statements of Income

Yen(Millions)

	Fiscal Year Ended December 31, 2019 (January 1, 2019 to December 31, 2019)	Fiscal Year Ended December 31, 2020 (January 1, 2020 to December 31, 2020)
Net sales	131,807	116,432
Cost of sales	90,776	81,576
Gross profit	41,031	34,856
Selling, general and administrative expenses	23,486	21,955
Operating income	17,544	12,900
Non-operating income		
Interest income	830	695
Dividend income	291	244
Foreign exchange gains	990	-
Gain on sales of raw material scrap	1,378	1,128
Other	452	577
Total non-operating income	3,943	2,645
Non-operating expenses		
Stock-related expenses	150	138
Foreign exchange losses	-	1,371
Non-deductible consumption tax	49	28
Soil cleanup expenses	-	429
Other	434	902
Total non-operating expenses	634	2,870
Ordinary income	20,854	12,675
Extraordinary income		
Gain on disposal of fixed assets	25	9
Gain on sales of investment securities	-	2,382
Gain on sales of golf memberships	1	-
Gain on reversal of share acquisition rights	-	7
Total extraordinary income	27	2,400
Extraordinary loss		
Loss on disposal of fixed assets	612	322
Extraordinary retirement expenses	90	151
Loss from closure of a manufacturing subsidiary	-	449
Loss related to infectious disease	-	251
Total extraordinary loss	702	1,175
Profit before income taxes	20,179	13,901
Income taxes		
Current	5,091	4,964
Deferred	853	(50)
Total income taxes	5,944	4,913
Profit	14,234	8,987
Profit attributable to owners of parent	14,234	8,987

# Consolidated Statements of Cash Flows

Yen(Millions)

	Fiscal Year Ended December 31, 2019 (January 1, 2019 to December 31, 2019)	Fiscal Year Ended December 31, 2020 (January 1, 2020 to December 31, 2020)
Cash flows from operating activities		
Profit before income taxes	20,179	13,901
Depreciation and amortization	8,581	8,939
Increase (Decrease) in liability for retirement benefits	70	154
Interest and dividends income	(1,121)	(939)
Foreign exchange losses (gains)	22	3,217
Loss (Gain) on sales of investment securities	-	(2,382)
Loss (Gain) on disposal of fixed assets	586	313
Decrease (Increase) in trade notes and accounts receivable	1,586	(2,714)
Decrease (Increase) in inventories	1,033	728
Increase (Decrease) in trade notes and accounts payable	(1,013)	379
Gain on reversal of share acquisition rights	-	(7)
Other, net	(240)	1,075
Sub total	29,684	22,664
Interest and dividends received	1,152	970
Income taxes paid	(5,006)	(4,893)
Net cash provided by operating activities	25,830	18,741
Cash flows from investing activities		
Increase of time deposits	(1,635)	(314)
Proceeds from withdrawal of time deposits	1,635	-
Proceeds from sales of short-term investments	1,000	800
Purchase of fixed assets	(15,391)	(7,736)
Proceeds from sales of fixed assets	81	48
Purchase of investment securities	(802)	(500)
Proceeds from sales of investment securities	-	2,757
Other, net	(133)	(358)
Net cash used in investing activities	(15,246)	(5,304)
Cash flows from financing activities		
Proceeds from long-term loans payable	635	-
Repayment of long-term loans payable	-	(254)
Cash dividends paid	(9,830)	(9,011)
Purchase of treasury stock	(4,083)	(1,927)
Proceeds from sales of treasury stock	1,147	240
Net cash used in financing activities	(12,132)	(10,952)
Effect of exchange rate changes on cash and cash equivalents	(1,149)	(3,156)
Net increase (decrease) in cash and cash equivalents	(2,697)	(672)
Cash and cash equivalents at beginning of period	113,560	110,863
Cash and cash equivalents at end of period	110,863	110,190

# ESG Data

## Environment

Category			Scope	Unit	2016	2017	2018	2019	2020
Improving the efficiency of energy use	Total energy input	Electricity	Group	million kWh	195	206	213	203	184
		Town gas	Group	ton	753	745	697	617	729
		Liquefied petroleum gas (LPG)	Group	ton	81	78	73	71	63
		Gasoline	Group	kl	250	235	216	187	131
		Diesel Fuel	Group	kl	185	150	160	147	155
		Coal	Group	ton	0	0	0	0	0
		Sustainable energy (Photovoltaics capacity)	Group	million kWh	–	–	0.58	0.68	1.42
Resource conservation (water)	Water input volume	Total usage volume	Group	thousand m <sup>3</sup>	801	808	846	807	743
		Water supply usage volume	Group	thousand m <sup>3</sup>	763	768	800	765	710
		Underground water usage volume	Group	thousand m <sup>3</sup>	38	40	46	42	33
		Rain water usage volume	Group	thousand m <sup>3</sup>	4	4	4	4	3
Reduction of greenhouse gas emissions	Greenhouse gas emissions	Scope1	Group	t-CO <sub>2</sub>	3,352	3,196	3,032	2,707	2,879
		Scope2	Group	t-CO <sub>2</sub>	97,385	100,337	100,951	95,009	84,258
		Total	Group	t-CO <sub>2</sub>	100,737	103,533	103,983	97,716	87,137
Reduction of waste	Total discharged waste volume		Group	ton	42,539	43,936	44,356	45,038	37,029
	Final waste disposal volume		Group	ton	1,227	1,411	1,495	1,390	1,393
	Waste recycling volume		Group	ton	41,312	42,525	42,860	43,649	35,635
	Waste recycling rate		Group	%	97.1	96.8	96.6	96.9	96.2

## Governance

Category			Scope	Unit	2016	2017	2018	2019	2020
Highly transparent corporate operations	Directors	Total	HQ	persons	8	8	8	13	13
		Outside directors	HQ	persons	2	2	2	6	6
		Female directors	HQ	persons	0	0	0	2	2
		Foreign national directors	HQ	persons	0	0	0	1	1
	Number of board of directors meetings		HQ	times	18	25	30	31	25
	Attendance rate of outside directors		HQ	%	94	100	93	89	100
	Age of youngest director	(internal)	HQ	age	47	48	49	50	51
	Age of oldest director	(internal)	HQ	age	71	57	58	59	60
	Average age of directors	(internal)	HQ	age	56	54	54	55	56
	Audit committee members	Total	HQ	persons	4*	4*	4*	4	4
		Outside audit committee members	HQ	persons	3*	3*	3*	3	3
	Executive officers		HQ	persons	10	10	15	14	14
	Directors' remuneration		HQ	million yen	391	377	391	382	400
	Audit committee members' remuneration		HQ	million yen	41*	43*	44*	47	48
	Political contributions, lobbying, and other expenditures		HQ	yen	0	0	0	0	0
Compliance with domestic/international regulations and ethics	Administrative penalties from fair trade commission and other relevant authorities		Group	incidents	0	0	0	0	0
	Criminal penalties related to compliance		Group	incidents	0	0	0	0	0
	Suspension of operations/business due to legal violations		Group	incidents	0	0	0	0	0
	Price fixing prosecution cases		Group	incidents	0	0	0	0	0
	Bribery prosecution cases		Group	incidents	0	0	0	0	0

\* For corporate auditors before the transition to a company with an Audit & Supervisory Committee

## Social

Category			Scope	Unit	2016	2017	2018	2019	2020
An environment in which everyone can participate	Number of employees	Domestic	HQ	persons	781	806	824	849	851
		Entire Group	Group	persons	23,768	23,936	23,476	22,061	21,477
	Number of new graduates hired		HQ	persons	22	26	30	32	26
	Number of new hires	Total	HQ	persons	68	58	72	66	41
		Female	HQ	persons	14	8	12	15	9
	Percentage of women among new employees		HQ	%	20.6	13.8	16.7	22.7	22.0
	Number of employees leaving company (including retirement)		HQ	persons	16	20	29	35	48
	Number of women with managerial roles	Domestic	HQ	persons	3	2	4	7	4
		Entire Group	Group		40	42	56	64	61
	Percentage of women with managerial roles	Domestic	HQ	%	3.9	2.1	4.2	6.4	4.4
		Entire Group	Group		10.4	10.6	13.6	14.1	13.3
	Total number of examinee for TOEIC		HQ	persons	732	808	844	871	451
	Number of subjects for the qualification incentive system		HQ	persons	36	21	32	27	50
	Number of public lectures held		HQ	times	6	6	3	11	1
	Number of employees with disabilities		HQ	persons	13	16	17	19	14
	Percentage of employees with disabilities		HQ	%	2.02	2.35	2.30	2.83	2.08
	Number of foreign national employees		HQ	persons	9	12	20	26	20
	Average age		HQ	age	43.5	43.7	43.5	43.6	43.3
	Average number of years employed		HQ	years	18.6	18.7	18.0	17.8	17.7
	Number of presidents of local nationalities in foreign affiliate companies (percentage)		Group	persons (%)	5 (25.0)	6 (30.0)	8 (34.8)	9 (39.1)	12 (59.1)
Safe and healthy work environment	Average monthly working hour		HQ	hours	173.5	173.7	174.0	165.9	159.7
	Average monthly overtime hours		HQ	hours	25.2	25.5	25.6	18.5	12.5
	Yearly use of paid leave days	Granted	HQ	days	20	20	20	20	20
		Used	HQ	days	13.0	13.1	12.8	14.3	15.5
		Usage Rate	HQ	%	65.0	65.5	63.9	71.7	77.5
	Number of maternity leave recipients		HQ	persons	0	0	2	3	5
	Number of childcare leave recipients		HQ	persons	0	0	2	3	9
	Percentage of childcare leave recipients		HQ	%	0.00	0.00	0.24	0.35	1.06
	Returnees to work after childcare leave		HQ	%	100	–	–	100	100
	Number of recipients of leave for childbirth by spouse		HQ	persons	20	29	25	22	25
	Number of nursing care leave recipients		HQ	persons	0	0	1	0	2
	Number of teleworking (percentage) (Established June 2018)		HQ	persons (%)	–	–	35 (4.9)	129 (15.2)	927 (96.1)
	Number of employees using the reduced work hours system		HQ	persons	4	3	3	2	2
	Employees receiving periodical medical checkup		HQ	%	95.5	95.9	95.8	96.7	97.6
	Employees participating in mental health surveys		HQ	%	94.6	96.7	97.7	97.0	92.5
	Frequency of occupational injuries		HQ	frequency factor	0.00	0.60	0.00	0.00	0.00
Development/ protection of local societies	Expenditure on social contribution activities	Total	HQ	million yen	32.0	31.0	31.0	30.5	26.1
		Donation	HQ	million yen	5.0	4.0	3.0	3.0	2.6



# Corporate Outline

## Corporate Outline

Trade Name	MABUCHI MOTOR CO.,LTD.	Headquarters
Stock Code	6592	430 Matsuhidai, Matsudo City, Chiba
Established	January 18,1954	270-2280, Japan
	Manufacture and sales of small electric motors	Tel: 81-47-710-1111
Field of Operations	¥ 20,704 million	
Capital	Representative Director, President & CEO	Technical Research Institute
Representative	Hiroo OKOSHI	280 Ryufukuji, Inzai City, Chiba
	Headquarters: 851	270-2393, Japan
Number of Employees	Mabuchi Group: 21,477	Tel: 81-47-710-1222

## Information Resources

As a matter of policy, Mabuchi Motor discloses information in a fair, timely and clear manner.  
Please visit our website for the latest information about our company and its activities.

Investor Relations

<https://www.mabuchi-motor.com/investor/>

Sustainability Information

<https://www.mabuchi-motor.com/csr/>



## Stock Information

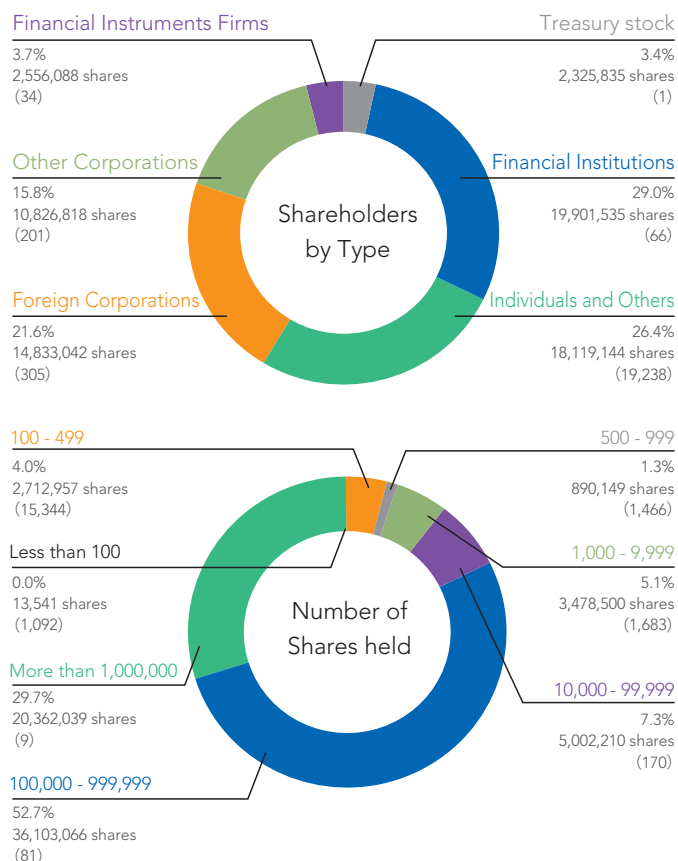
- Total number of shares authorized 200,000,000 shares
- Number of shares issued 68,562,462 shares
- Number of shareholders 19,845 shareholders

## Major Shareholders

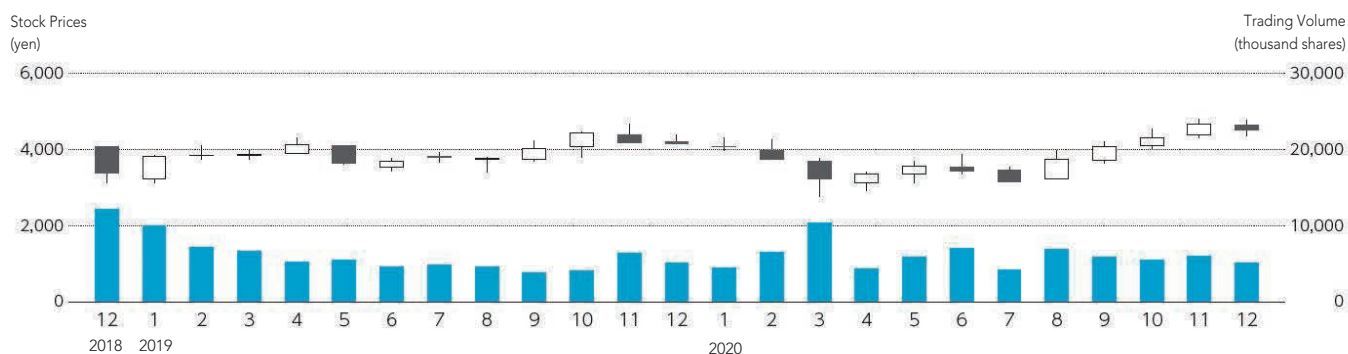
Major Shareholders	Number of Shares Held	Ratio of Shareholders
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,367,600	8.1%
Takaichi Mabuchi	5,000,800	7.5%
Custody Bank of Japan, Ltd. (Trust Account)	4,193,400	6.3%
Mabuchi International Scholarship Foundation	3,000,000	4.5%
Premier Corporation	2,068,600	3.1%
Tamotsu Mabuchi	2,050,414	3.1%
Takashi Mabuchi	2,010,600	3.0%
MISAKI ENGAGEMENT MASTER FUND	1,956,300	3.0%
Ray Corporation Co., Ltd.	1,746,000	2.6%
MUFG Bank, Ltd.	1,010,890	1.5%

- \*1. Ratio of shareholders is excluding the number of treasury stocks.  
 2. Mabuchi Motor Employee Stock Ownership Association Trust and the Executive Compensation BIP (Board Incentive Plan) Trust is not included in treasury stock.

## Breakdown of Shareholders by Type & Number of Shares Held



## Changes in Stock Prices and Trading Volume



### In editing the Mabuchi Motor Integrated Report 2020

The Mabuchi Group contributes to the development of a sustainable society by working to address social issues through its business and corporate activities. In this report, we explain our approach and actions towards fulfilling our responsibilities as a corporate steward of society, which are shaped in a collaborative dialogue with our stakeholders. We refer herein to the value co-creation guidance provided by the Ministry of Economy, Trade and Industry.

The figures in this report are as of the end of December 2020 unless otherwise stated.





The Mabuchi Group supports the Sustainable Development Goals (SDGs).

Cover: Compact, lightweight, and energy-efficient power window motors

Our motors contribute to improved fuel efficiency and CO<sub>2</sub> reduction by reducing the weight of automobiles.