

# The Management Base that Supports Our Strengths

## Human Capital

### ► Approach to Human Capital

People are the most important factor in achieving sustainable growth in the face of changing markets and intensifying competition.

Our Management Markers, which describe how to materialize our Management Principle, “Contributing to international society and continuously increasing our contribution,” stipulate that “By placing highest value on our people, we empower and encourage them to realize their potential and contribute to society.” We thus believe that our employees’ work done by demonstrating the capability and thoughts of each is the most important driving force for continuing to contribute to international society through business activities.

We strive to create an environment where each employee can develop their strengths, express their individuality, and play an active role. Through the development of the organization, we aim to solve diverse social issues and realize our Management Principle.



### ► Diversity and Inclusion

The goal of our diversity and inclusion initiatives is to ensure that all of our employees, regardless of nationality, age, gender or other factors, have a global mindset and leverage their individuality to generate new value. Since our first overseas expansion in 1964, our long history of doing business globally has meant that our approach to employment has always been flexible, fair, and equitable. In recent years, we have placed even greater emphasis on this stance, proactively recruiting and promoting individuals who share our Management Principle, regardless of age, gender or nationality. By encouraging diverse talent to compete and collaborate, we aim to stimulate the creation of new value. Furthermore, we take a proactive approach to the creation of a workplace that respects diverse work styles, enabling each individual to achieve self-actualization, personal growth and fulfillment. We will continue to aim to build a truly global professional environment, where Mabuchi Group employees can further their careers without being constrained by geographic boundaries.

#### Multinational Workforce

At our production base, Poland Mabuchi, we have been recruiting Ukrainian nationals since December 2021. Currently, over 100 employees of Ukrainian nationality are engaged in active roles in the company. In the workplace, we prepare documents in Ukrainian, implementing inclusion initiatives to create a welcoming environment for diverse employees.

### ► Systems Supporting Diverse Work Styles

At Mabuchi Motor, we offer a range of options for work styles, encouraging our employees to choose the one that suits them best. By doing this, we aim to improve overall productivity and create added value throughout the company. We ensure that our policies and work environments accommodate diverse lifestyles and support our employees’ balancing of work and their personal lives.

- Parental leave (3 years) / Nursing leave (1 year)
- Support for professional development during nursing leave and parental leave
- Spouse leave for childbirth
- Short working hours and exemption from overtime work for parental and nursing leave
- Flextime System (without core time) and Discretionary Labor System introduced
- Promotion of teleworking

#### External Recognition

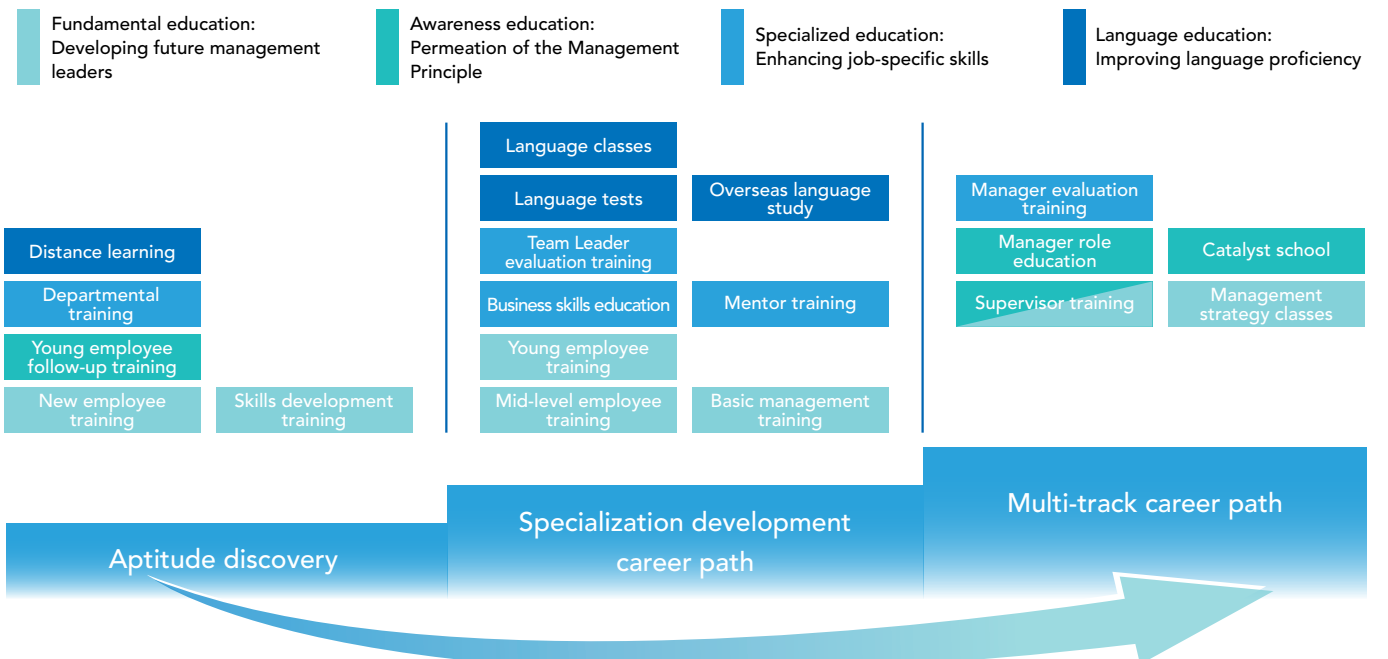
We have earned high recognition for promoting the active participation of women in the workforce, as evidenced by the Ministry of Health, Labour and Welfare awarding us the highest rating (Level 3) in their Eruboshi Certification system. Our efforts to support the work-life balances of employees with childcare or family nursing care responsibilities have also been highly acknowledged through several certification programs.



### ► Global Talent Development Program

In our Mabuchi Global Management System, which emphasizes the robust interconnections between the bases and leverages diverse human resources, it is crucial to have an education system in place that promotes the development of local talent and facilitates the departments and bases mutual understanding of their respective responsibilities. We implement a job rotation system and conduct a global executive candidate training program to continuously cultivate management talent capable of playing an active role globally, including employees at our overseas bases. In particular, we promote a trainee system to help young employees acquire on-the-job skills. As trainees, they spend six months to one year gaining overseas experience and firsthand insight into the practical operations of our international sites. We also have a system in place enabling employees from our overseas bases to be transferred to the Headquarters as trainees. In addition, we are remodeling our education system with the establishment of the Mabuchi Learning Institute (MLI), which aims to develop an extensive and deep knowledge base across the Mabuchi Group worldwide by allowing employees anywhere in the world to attend classes, including online classes.

#### Education and Training System



### ► Creating a Group-wide Learning Culture

We offer a variety of educational programs that combine to create a Group-wide learning culture. We place a high value on language skills in order for our employees to function effectively in the global arena.

- Practice exchange of employees at overseas bases
- Providing opportunities for TOEIC/CASEC exams, holding TOEIC preparation courses, providing opportunities to participate in short-term study abroad system, overseas trainee system, online English conversation system
- Holding various public lectures to support employees’ independent learning
- Supporting professional development
- Qualification acquisition incentive system
- Establishment of a multipurpose self-study room
- Internal book loans

#### Developing English-speaking Talent

Employees who have obtained a TOEIC score of 730 or higher are considered to have adequate professional communication English proficiency (below, “English-speaking talent”) and we have been working to develop those skills. Thanks to the dedicated efforts of our employees, the percentage of English-speaking talent has been steadily increasing every year.

	2018	2019	2020	2021	2022
Number of English-speaking talent	192	238	250	273	294
Percentage of English-speaking talent	20	24	26	28	31

# The Management Base that Supports Our Strengths

## ▶ Human Resources Exchanges That Support the Mabuchi Global Management System

Based on the concept of “placing the highest value on our people, empowering and encouraging them to realize their potential and contribute to society,” expressed in one of our Management Markers, we are committed to fostering a workplace environment in which every employee can attain self-actualization and personal growth, and experience a sense of job satisfaction.

We interviewed two employees about our workplace environment, work style, and people development.

### From Mexico Mabuchi to the Headquarters



She has been working at the Headquarters as a trainee since March 2023. After being in charge of recruitment tasks in the Human Resources Department, she has been working in the Corporate Planning Department since July 2023.

At Mexico Mabuchi, I am a team leader in the president's office. As a member of the president's office, I have to handle a wide range of tasks. To enhance my skills and knowledge, I have been working as a trainee in multiple departments at the Headquarters for one year. During my first few months, I learned about the new graduate recruitment system and gained hands-on experience in its operation in the Human Resources Department. Subsequently, I also took on responsibilities in the Corporate Planning Department.

Working alongside my colleagues at the Headquarters, with whom my previous interactions were mainly limited to online communication, I have learned that everyone within the Mabuchi Group is a part of a team. Through this opportunity, I have realized the importance of fostering the bonds within this team. Here in Japan, I would like to work as an ambassador from Mexico to help my colleagues who have business interactions with Mexico Mabuchi to develop familiarity and a positive feeling toward Mexico.

I do not think there are many companies in the world that offer opportunities like our trainee program to promote human resources and cultural exchange.

Mabuchi Motor began with the ambitious dream of its founder, which has led to the company's overseas expansion and the establishment of numerous bases. This environment has provided its employees with opportunities to work all over the world. The essence of the founder's dream has been maintained over the years, leading to this current trainee program. Through my participation in this program, I am delighted and grateful to be a part of the founder's dream.



At Mexico Mabuchi, I was assigned to the task of improving the production process for power window lifter motors as a trainee. At the beginning of my training, I faced many challenges in solving production issues. I asked my senior colleagues, who were also on loan from the Headquarters, to share their knowledge, and I also worked together with local staff members, which allowed me to leverage their expertise to find solutions. As I gained more experience, I deepened my understanding of the production flow, system and equipment structure. This enabled me to independently come up with improvement ideas and suggestions. I then started receiving questions and being asked for advice from junior engineers about specific roles of the equipment as I was in charge of the process that involved complex equipment structures. This gave me a sense of fulfillment as I was able to contribute and provide guidance in their learning process.

After the end of my trainee period and since my return to the Headquarters, I have continued to be involved in process design, and I have had more opportunities to travel to overseas bases. The knowledge and insights I gained on-site at Mexico Mabuchi have helped me in my current responsibilities.

### From the Headquarters to Mexico Mabuchi



From February 2022 to March 2023, he worked as a trainee at Mexico Mabuchi, where he was in charge of improving the production process for power window lifter motors.

## ▶ Fair and Equitable Evaluation System

The basic philosophy of our human resources system is fairness and equity. Regardless of length of service with the company, age, gender or nationality, we aim to promote and appoint employees based on their abilities and the expertise that is required for their roles and responsibilities. This is based on the principle of matching the right person with the right opportunity. We ensure fair and equitable evaluations and rewards according to the employee's role, performance and duties.

Specifically, the system clarifies roles and responsibilities in the job description, with compensation being determined within a fixed job grade range according to the level of responsibility. We have introduced this system for managerial positions since 2020, and we will expand its scope to include other employees at the Headquarters and overseas bases after incorporating the necessary improvements.

We have also put in place a number of other systems to properly identify the contributions of each individual employee across the company's many different job roles. These systems are more than just management tools, serving to underpin talent development.

### ● Multidimensional evaluation criteria

This system is designed in such a way that evaluation criteria are transparent and evaluations are confirmed by several people. Employees self-assess and evaluate their performance, after which they are interviewed individually by management twice a year. Multidimensional (360°) evaluation by a supervisor, colleague, subordinate, etc. ensures a fair outcome.

### ● Self-assessment and evaluation

Employees self-assess and evaluate their performance annually to ascertain their understanding of their duties.

### ● Multi-track career development options

A system is in place that allows employees to change jobs or direction, opening up multiple career paths.

### ● Transparent compensation systems

The compensation system replaces the seniority-based compensation system with a performance-based system that emphasizes the performance and productivity of each employee and enables employees to understand and evaluate their own performance.

## ▶ Improving Employee Engagement

Improving employee engagement is vital in the sustainable growth of corporations. As one initiative to enhance engagement, we have introduced the Trust-Type Employee Stock Ownership Incentive Plan. The intent of this plan is to provide employees with incentives to enhance our corporate value over the medium to long-term, to expand welfare benefits and to promote the Company's continuous growth by increasing the motivation of employees through their capital participation as shareholders.

Additionally, we conduct a biannual engagement survey targeting our employees at the Headquarters. In the survey conducted in July 2022, we received responses from approximately 95% of employees. The survey results have been reported to the Board of Directors and the Executive Committee, and we are now analyzing the results and identifying issues. We are also working on developing human resources strategies that reflect the analysis (the strengths and challenges identified by the survey). The July survey revealed that while employees were highly satisfied with their work environment and work-life balance, we recognized that there was still room for improvement in fostering a culture of challenge. Based on these findings, we have been implementing and strengthening initiatives aimed at building a corporate culture where each employee can accumulate success experiences and feel a sense of achievement in their daily work, enabling them to embrace new challenges.

We will continue to conduct surveys on an ongoing basis to understand and analyze employee engagement and strengthen our efforts to improve employee job satisfaction and work-life balance.

## Fostering an Employee Culture of Deep Connections and Mutual Support

In May 2023, with the goal of fostering employees' mutual understanding and expanding the circle of mutual respect and support for each other's efforts and challenges, we launched a new web-based internal newsletter called "MAB TEAM," which is designed to enable interactive communication between employees.

This internal platform features articles that highlight the efforts and aspirations of our employees. It shares the thoughts and experiences as they encounter professional challenges in their daily tasks and projects. We will continue to work to foster a culture of mutual respect and support through various initiatives, aiming to enhance employee engagement.





# The Management Base that Supports Our Strengths

## Manufactured Capital

### ▶ Standardization of Manufacturing

We have pushed ahead with standardization in terms of manufacturing, and possess technologies and know-how that can be consistently implemented from die design to motor production. This is very positive in terms of delivering the value our customers demand and taking cost leadership. We receive a wide range of requests from customers, and deliver motors to meet this diversifying range of requests by driving the standardization of parts, production technology and equipment, incorporating technology and wisdom that enables us to meet the needs of multiple customers from the product design stage. The Mabuchi Group as a whole has a strong desire to improve, drawing out the power of each base, and applying lessons learned from good examples of improvement throughout the Group to further advance standardization of manufacturing, which is an advantage of our manufacturing capital.



### ▶ Value Created by Labor-saving Equipment and Future Initiatives

We have pushed ahead with labor saving and automation, implementing space saving and creating production lines that continue to operate even when unmanned. When labor-saving equipment is introduced, the jobs of employees working at assembly sites change from assembly to the operation and maintenance of equipment, which has higher added value. This allows us to raise their salaries accordingly. We believe that these efforts enable us to reduce production costs, provide higher level jobs to employees, and build win-win relationships with governments and local people desiring higher salaries.

In the introduction of labor-saving equipment, the idea of standardization is also utilized in equipment design, and basic automated production lines that had been created by automating human movements one by one and connecting those processes together are being rebuilt with consideration for the overall optimality of processes on a zero basis, achieving flexible production response and space saving. By reducing the space required for production and increasing the production output of factories overall, we can lower costs, achieve high efficiency, and secure profits more easily. Future issues to be tackled include automating our inspection processes, which still depend heavily on human eyes and ears. R&D and rollout toward resolving these issues are progressing. In the future, we will utilize IT technology to further automate and improve efficiency, and achieve high level of production efficiency.

### ▶ Use of IT in Global Technical Areas

To improve our manufacturing competitiveness, we have introduced a common platform system that centrally manages technical information on product design and production processes at all of our domestic and overseas bases. The information, which used to be scattered across multiple systems, is now managed as master data on a single system, serving as the foundation for both high quality and operational efficiency. By consolidating various technical information generated throughout the product lifecycle, from project generation to product development and mass production, we are working to improve the competitiveness of our products.

Another of our strengths is that we develop and manufacture production equipment in-house. IT is also utilized in the development of production equipment. We have realized an all-in-one equipment information infrastructure based on 3D data across all of our bases in order to unify and share equipment design information throughout the Mabuchi Group. As a result, the design process, data management, and know-how of the latest manpower-saving equipment are now being utilized at all bases without being limited to the tacit knowledge of each base or designer. The system also enables efficient design reviews and information sharing between bases, mainly using 3D data, such as dynamic verification and automation through collaboration among multiple departments.

We are also developing production facilities within the Group, and have launched a streamlined information infrastructure using 3D data across bases. As a result, we have eliminated the problem of design process and data management in the latest manpower-saving facilities being tacitly managed by each base and designer, and have established a system to continue to achieve optimal design quality and efficiency throughout the Group.



## Intellectual Capital

### ▶ Mabuchi's Proprietary Core Technologies

Mabuchi Motor has core technologies with many advantages, including magnetic circuit technologies, brush / commutator contacts technologies and brushless motor control circuit technologies.

#### ● Magnetic circuit technology

In particular, there are many ingenious ideas in magnetic circuit technologies. The problem of how to control the flow of magnetic force and switch it using copper wires, iron cores, and magnets is a simple one, but the deeper we dig the more discoveries we will make. Tackling this issue head-on has enabled us to accumulate various knowledge. Even with the same magnet, it is possible to create motors with different characteristics by arranging them in different ways, at different angles, and through circuit control. This magnetic circuit technology can be used not only for brush motors but also for brushless motors.

#### ● Brush and commutator contact technology

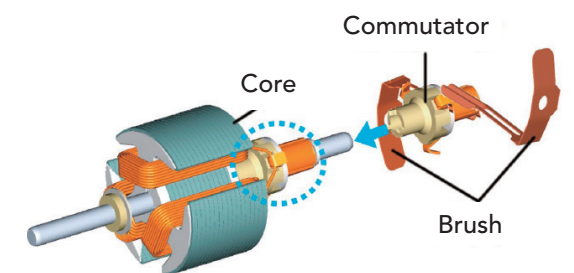
For the contact between the brush and the commutator, we apply technologies that suppress the amount of sparks generated at the time of switching as much as possible and prevent parts from wearing out. This helps to increase durability, lower electrical noise, and create motors with longer service life. When electric vehicles (EVs) become more mainstream in the future, the voltage applied to motors may increase, from 12V to 48V. We can meet this challenge through the accumulation of core technologies such as these.

#### ● Brushless Motor Control Circuit Technology

Brushless motors do not have physical contacts, as is the case with brush-type motors, and control circuits are therefore required. We can still maximize product value for our customers by not only providing optimal control for each motor, but also enabling detailed control according to the application of use.

#### ● Gear Technology

Gear design technology is another of our strengths. We are able to maintain the same level of durability even if metal gears are replaced with other materials such as plastic, and achieve lighter weight, lower cost, quieter operation and higher efficiency.



### ▶ Efforts to Enhance Intellectual Capital

Our motors integrate all of the wide-ranging technical capabilities we have developed over the course of many years, from basic research to product development and improvement, product design, development testing, and the development of production and motor application technologies. Our motors themselves are a mass of know-how and our intellectual capital. To enhance this, we are consciously conducting technical exchanges with external parties in order to follow the rate of acceleration of technological progress in society, in addition to the core technologies cultivated through our own wisdom and ingenuity. We sometimes receive proposals from materials and equipment suppliers, etc., and we are also involved in industry-academia cooperative research.

Today, improvements in simulation technology have accelerated the pace of research and development. Also, collaboration with external parties has accelerated the resolution of technological issues. With regard to internalized manufacturing and selection of outsourcing partners, we aim to achieve efficiency by balancing concentration and selection from the viewpoints of technical value and competitive advantage.

### ▶ Global R&D Activities

We engage in research and development activities not only at our Headquarters, but also at our overseas facilities, such as those in China and Europe. As a result of these activities, we are securing a competitive advantage by actively acquiring and protecting intellectual property rights from a comprehensive perspective, and linking this to increases in sales and new applications for our products.

As of the end of 2022, the total number of industrial property rights owned by Mabuchi Motor is 741 (143 instances in Japan, 598 instances overseas), while the number of new applications is 34, including Japan and overseas. In recent years, in line with our growth strategy, patents related to units and positional control have been increasingly granted.