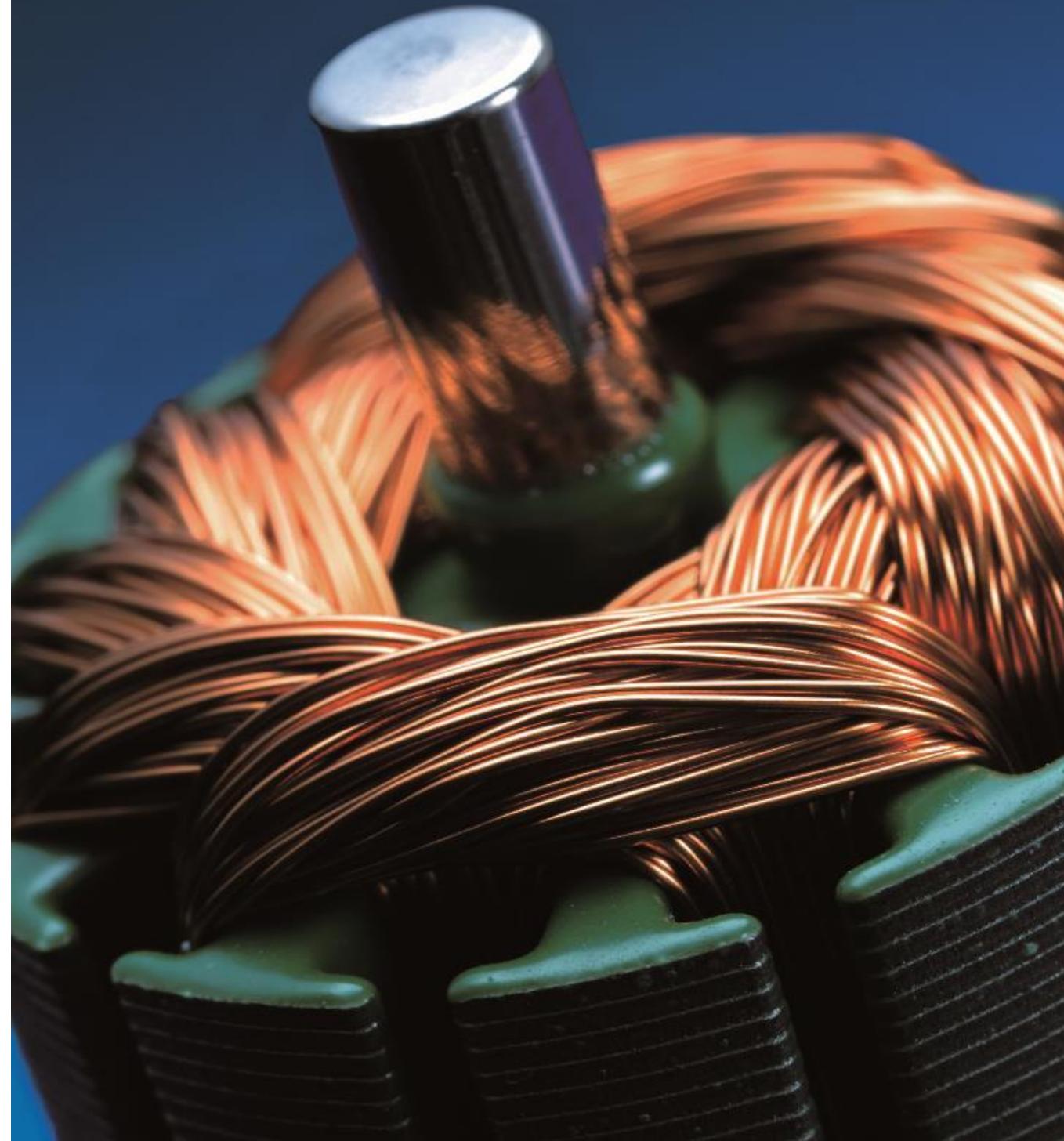




MABUCHI MOTOR CO., LTD.
Integrated Report 2019
Fiscal year ended
December 2019



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

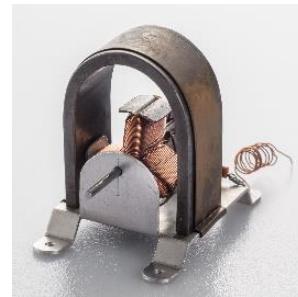


Cover: Rotor (part of the motor)
The "winding method" of rotor winding varies depending on the required performance.
In small DC motors, Mabuchi Motor has accumulated technology for 65 years.



In 1954

The world's first mass production of a small DC motor using a permanent magnet.



From the 1960's

Boosting the performance and expanding the use of small DC motors. Contributing to more mobile lifestyles by freeing audio and home devices from electrical outlets.



Today

As No.1 in the world in terms of production and sales of motors for automotive applications, we support the safety and comfort of vehicle all around the world.



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

According to "Comprehensive Survey of Prevision Small Motor Market 2018" by Fuji Keizai
(based on actual sales quantity of DC brushless motors in 2017)

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

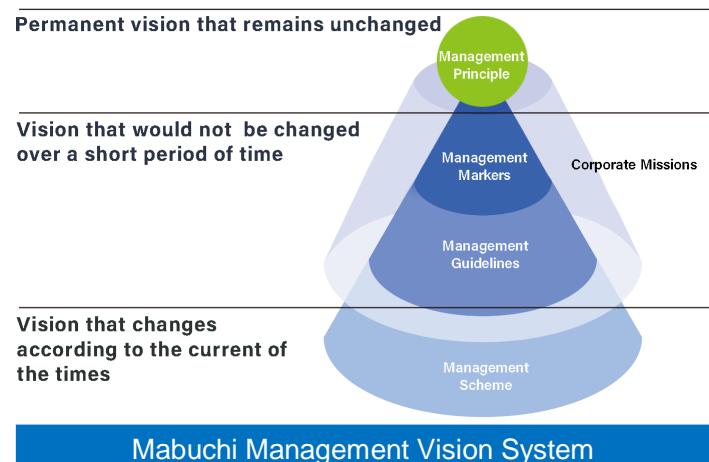
Contributing to International Society and Continuously Increasing Our Contribution

■ 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.



Mabuchi Motor Company, Ltd. Integrated Report 2019



I am delighted to share with you our company's first Integrated Report.

Since our founding in 1954, we have been committed to developing and improving our products as a manufacturer specializing in small DC motors. Through this commitment, we have met the needs of customers in a broad range of fields, building trust and a durable track record.

Although they often work behind the scenes, small DC motors are part of our everyday life. They provide fundamental support for today's active lifestyles, with applications in automotive appliances, home appliances, electric power tools, toys and models, precision and office equipment, and audio-visual equipment. Small DC motors have made it possible for many devices to become cordless or automated, bringing greater convenience and ease to our lifestyles.

Mabuchi Motor has excelled in developing small DC motors with more compact dimensions, lighter weight, and better efficiency – which helps our customers to develop compact, lightweight, power-saving products and to reduce the impact of their products on the global environment.

In recent years, we've been pleased to see a growing focus on ideas, such as CSR, CSV, ESG, and SDGs, that emphasize the role of companies as contributors to safe and healthy societies. At Mabuchi Motor, however, this way of thinking has always been present in our DNA. In fact it was more than 50 years ago, in the 1960s, that we identified this role for ourselves: that contributing to society through our core business is the foundational reason for our company's existence. Back then, we adopted what is now our well-known management principle, "Contributing to international society and continuously increasing our contribution." This Integrated Report illustrates this management principle in action today and its role as our polar star as we develop new ways of contributing to the future.

Through efforts engaging all in our Group, Mabuchi Motor works to realize the infinite possibilities of small DC motors with an eye to our world's common future and the daily lives of people.

Thank you very much for your ongoing support for Mabuchi Motor.

Our Business

Keeping Things Moving

Motors for Automotive Products
For safe and comfortable driving

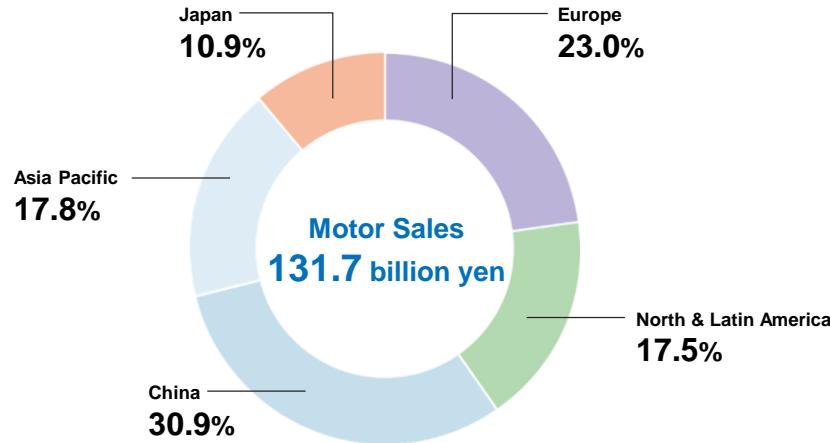
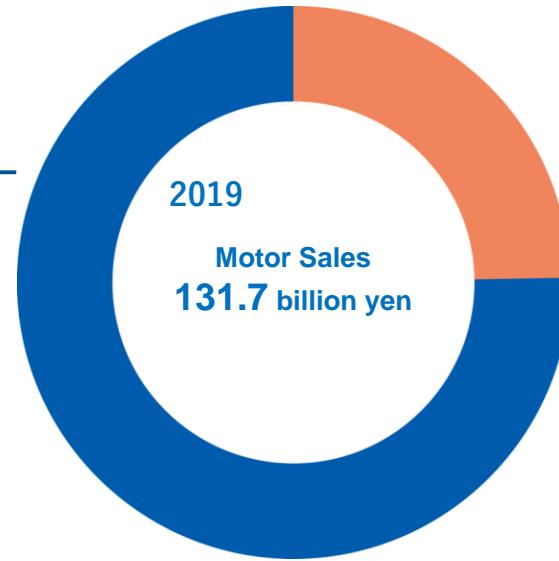
74.3%

25.7%

Motors for Consumer and Industrial Products
For better daily life



- Power Window Lifter
- Power Seat
- Electric Parking Brake
- Engine Peripheral Equipment
- Power Lift Gate
- Door Closer
- Door Mirror
- Door Lock Actuator
- Air Conditioning Damper Actuator
- Headlight
- Steering Lock
- Grille Shutter Actuator
- Shift by wire



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 54 years ago, in 1966.

In almost every automobile in the world, a Mabuchi motor is at work, powering a function or feature. Motors for automotive appliances account for 74% of our products

in terms of application. **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, electric 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.

- Small Mobile (AGV, AMR)
- Communication Robot
- MFP/LP
- Inkjet Printer
- Vending Machine
- Electric Lock
- Medical Equipment
- Vacuum Cleaner
- Hair Dryer
- Electric Shaver
- Toothbrush
- Power Tool
- Disk Media



AGV : Automated Guided Vehicle
AMR : Autonomous Mobile Robot
MFP : Multifunction Printer
LP : Laser Printer

Interview with the President



Mabuchi wants to be part of solutions to global issues, both existing and emerging, by refining technologies for small DC motors.

Representative Director, President & CEO

Hiroo OKOSHI

Leading and managing for long-term stability through the COVID-19 pandemic

In 2020, the rapid spread of COVID-19 has plunged the world into turmoil. How has Mabuchi Motor responded to the situation?

Mabuchi Motor has responded to the pandemic in the spirit of its own guiding principles. Since our founding in 1954, Mabuchi Motor has developed and deepened its contribution to society as a manufacturer specializing in small DC motors. The company has grown and thrived under stable management for 65 years, in all that time having never posted an operating loss. This quality of stability is the result of daily business practices guided steadily by purpose and principles. Mabuchi Motor's core Management Principle is "Contributing to international society and continuously increasing our contribution." We uphold this principle as the most important criterion for making management decisions.

In 2020, the COVID-19 pandemic has presented the world with a serious crisis, and its impact continues as we speak. During the crisis, we at Mabuchi Motor have been able to continue our business activities by being fully committed to the safety and security of our employees and their families, by reliably fulfilling our supply responsibilities to customers, and by being mindful of the concerns of our stakeholders.

Our focus on these priorities buoyed our performance. Early in the crisis, our production bases in China were featured in local news media as having provided a model response to the COVID-19 onset. As soon as the new virus emerged in China, we saw the risk of pandemic and began preparations to prevent infection at all of our facilities worldwide. And we could make the shift to telework rapidly because we already had the tools and provisions in place.

We'd been developing our IT capacities to ensure connectivity with our employees, even those in remote locations. The majority of our

business operations are outside Japan; we have an overseas production ratio of 100% and an overseas sales ratio of almost 90%. So of course, alongside preparing for business and workplace risks and responding promptly to them, we had made careful financial preparations.

As a result, we were able to keep our business running smoothly and fulfill our responsibilities to customers. But beyond that, happily we were able to put our technologies to work to meet challenges that emerged real-time during the COVID-19 pandemic. For example one customer, a producer of automotive products, asked us to supply motors for air purifiers in vehicles transporting COVID-19 patients – which we did, quickly. We also delivered motors for non-contact spray equipment used for disinfecting against COVID-19. For us, these activities reaffirmed the infinite possibilities of small DC motors in terms of making social contributions.

Like others, we're facing a tough business environment - a significant slowdown in the global economy caused by COVID-19. But we are agile. We are building and shaping our new normal, and identifying opportunities to help Mabuchi Motor emerge from the global crisis even stronger and even more resilient.



Management for Long-term Stability - Anchored Firmly in our Management Principle

The risks brought on by COVID-19 emerged very rapidly. In your view, what particular characteristics of Mabuchi Motor helped the company to respond so effectively to the pandemic?

Our core Management Principle of "Contributing to international society and continuously increasing our contribution" is transcendent. It means that our company is a public institution serving to solve issues facing society at large, the world at large. So for us, responding to COVID-19 was a very natural consequence of being guided in thought and action by that principle. For a company to survive and thrive over time, it is essential for its leaders to look outward and ahead, make well-formulated assumptions about potential risks, and take preemptive measures to address those risks. So that when a risk becomes reality, we are ready to act.

Which was precisely the case when the pandemic struck. All of Mabuchi Motor's people, around the world, already were part of this culture of preparedness, of contribution. They practice our core management principle and they understand steady, long-term oriented management.

Indeed, the most important factor for realizing

long-term stability is our people. We view the workplace as a place of opportunity, where employees may develop themselves in order to lead lives they find happy and fulfilling.

We lead and manage the company conscious of this fact: that we are responsible for the lives and livelihoods of more than 20,000 people worldwide - closer to 100,000 people in truth, as most of our employees have families. I believe that this mindset helped us to be effective in our response to the pandemic.

Also extremely important is the trust we have earned from our customers. Mabuchi Motor's small DC motors have a big share of the global market. This means that we have a huge supply responsibility towards our customers. Earlier, our production bases were concentrated in Vietnam and other Asian countries but in recent years, we've established a "five-region" operational structure around the world. Today, we have production bases in Mexico and Poland too, allowing us even greater stability and agility in our supply capacity.

Leadership

What factors, unique to Mabuchi Motor, explain the company's stability over time?

All companies make choices about their activities. At Mabuchi Motor, we make our choices by considering how activities contribute to long-term stability. Let me explain along three main dimensions.

First, as I mentioned above, we value our people and invest in them by attaching importance to stable employment. We do so not only in Japan but at all the facilities across our global, five-region structure. We want our employees to contribute to the company over the long term; in other words, we want our employees to build good careers within our company. At the same time, we ask our employees to engage in personal development. We ask that they develop their talents, build their skills and capacities – in this way,

they can help the company fulfill its mission to contribute to society.

Our company Mission states this very clearly, guiding employees to "Build personal strength, which will become the source of philanthropy. Continue to build and cultivate this strength." To support them in doing so, we create a culture of learning by offering education and training programs as well as career development activities and services.

Second, we focus on developing products that help solve issues facing society. This sounds simple, but to make the connection to long-term stability clear, I'll explain more fully. Products similar to existing ones made by other companies cannot and will not add new

value to society. Naturally, such products will not enable us to generate a profit. Without profit, we cannot invest in research and development to achieve further growth, nor can we make capital investments to expand our production capacity, without which we cannot achieve continuous growth.

To achieve continuous growth therefore, we focus exclusively on developing products that can add new value, and therefore contribute to society while securing a profit in return for such efforts. For this purpose, the product development process at Mabuchi Motor involves strict scrutiny of each potential product: Will this product add value that is different from that already provided by other companies? For Mabuchi Motor, the unthinking development of products, for example ones that simply imitate existing products of other companies, is out of the question. This activity will not contribute to long-term stability.

We've seen the value and effectiveness of our way of thinking proven again and again. We have posted an operating income for 65 consecutive years since our foundation in 1954.

At the same time, we attach importance to profit – not as an end in itself but as an indicator of whether our products are creating value for

society, or not. Mabuchi Motor will not pursue growth without profit; we adhere to growth combined with profit.

Third, Mabuchi Motor has built a financial foundation for long-term stability. We may say we stand for long-term stability, but if our financial underpinnings are weak, we'd be making an empty claim. We adhere therefore to non-debt management policy, and are prepared financially to withstand serious risk, even while retaining our employees, meeting our supply responsibilities to customers, and paying dividends to our shareholders.

Of course, we are fully aware of the importance of capital efficiency. We will concentrate on the small DC motor business and refine our technologies for these motors to build our contribution to society, increase operating income, and maintain an appropriate level of capital efficiency.

These are the pillars of long-term stability at Mabuchi Motor. Yes, the current global economic slowdown in the wake of COVID-19 poses risks. However, we at Mabuchi Motor are confident in our ability to fulfill our responsibilities towards to all of our stakeholders.

Contribution

Tell us more about Mabuchi Motor's contribution to society through products and operations.

The basic social value of our small DC motors lies in their capacity to make devices and equipment move without cords or electric plugs. Small DC motors enable people to use shavers, hair dryers, electric toothbrushes, electric power tools, audio-visual equipment, and other appliances wherever they want, on the go. We don't usually see Mabuchi motors because they are built in to these appliances. However, our motors are used for many different purposes in everyday life, in ways that help us live comfortably.

As for automotive appliances, the major application of Mabuchi Motor products at present, our contribution lies in the development of cars with lighter weight and better fuel efficiency, safety, and comfort, among other

things. The 169 targets of the UN Sustainable Development Goals (SDGs) include reducing the adverse per capita environmental impact of cities (11.6) and halving the number of global deaths and injuries from road traffic accidents (3.6). Mabuchi Motor can and will make a material contribution to achieving these targets.

Our motors for engine peripherals are used for engine air control valves. They contribute to improving fuel efficiency and reducing harmful substances contained in automobile emissions. Our motors for opening and closing grille shutters contribute to improving the fuel efficiency of automobiles by controlling the engine compartment temperature. Our motors for lane keeping support systems (steering vibration) help reduce traffic accidents by

vibrating the steering wheel to alert the driver when an automobile moves out of its traffic lane. Our motors for seat belt pretensioners help alleviate injury in the event of a collision by winding up the seat belt to lock it in place. These are all good examples of how small DC motors can help address and meet social needs. As improvements in automotive safety continue to accelerate, we expect to see even more business opportunities.

Another dimension of our social contribution is our establishment of bases in developing countries. Mabuchi Motor began to establish overseas production bases in 1964. Our bases outside Japan not only create jobs for people, helping to narrow socioeconomic disparities – they've also opened up channels for developing new sources of management talent. Local employees are extremely valuable contributors to our company. We entrust key roles to local recruits soon after establishing a new location. At almost all of our production bases in China and Vietnam, for example, local employees are leading operations from the top ranks of management.

Our cultivation of local talent at production bases around the world has ensured both steady operations and close integration with surrounding social and cultural settings. It also allows us to ensure that all members of our workforce internalize and practice the Mabuchi Group's standardized rules and systems.

People

What do you think is the key factor ensuring Mabuchi Motor's social contribution over time?

For Mabuchi Motor, people are the key to remaining needed by society; to being able to respond effectively to the needs of society. Our people create products that offer new value to society. Our people make the company's contributions to society visible and real.

In order to sustain these positive effects over time, we run the company with a strong emphasis on people development. The fundamental elements of our approach: That people are to work towards ambitious goals that are challenging but achievable. That they

Another consistent feature of Mabuchi Motor's overseas expansion is long-term perspective. Hong Kong Mabuchi and Taiwan Mabuchi, established in the 1960s, initially engaged in the commercial production of motors. When we set up production bases in China later on, during the 1980s and 1990s, those pioneer bases in Hong Kong and Taiwan played very important roles, dispatching leaders of their production operations to the new bases in China. Meanwhile, they shifted their own focus towards controlling and supervising multiple bases, and designing and developing production facilities. They evolved in their own right. Today, our production bases in China and Vietnam too have evolved into mother factories, by leveraging the technologies they refined through the commercial production of motors. And, in turn, they've dispatched their people to play key roles in launching our newest production bases in Mexico and Poland.

The commercial production of motors is not the only role that Mabuchi Motor's facilities play in the world. These bases are a key contributor to social and economic development. By building skills and technologies they increase productivity. It is this outcome that allows their people to perform in jobs with higher added value and higher compensation. This is how we nurture our overseas production bases with a long-term perspective. It's one of our greatest strengths.

are to be trusted as individuals, and entrusted with the jobs in their charge. That they are to develop themselves, and advance in their careers as their contributions and achievements merit. And that they're to be compensated at levels commensurate to those contributions and achievements. All regardless of nationality, gender, age, or any other individual attributes. I believe this is how a fair company operates. But beyond that, I know that it's how Mabuchi Motor can ensure that its social contribution is both positive and enduring.



Sustainability

How do you see Mabuchi Motor's focus and activities evolving from here?

All around, we see increasing importance attached to ESG, CSR, CSV, SDGs, and other channels through which business activities can help build healthy societies. At Mabuchi Motor, however, we have a long track record of valuing and making positive social contributions through our core business. Refining our technologies for small DC motors and establishing a global business system have been the main conduits for applying the company's Management Principle, "Contributing to international society and continuously increasing our contribution." We have established a presence in emerging markets, engaged in production activities there in cooperation with local governments, created employment opportunities, and transferred and refined technologies as we've developed the industry. We were doing all of this, in the socially minded spirit and way I've been describing, decades before CSV began to attract widespread attention. This is a heritage I am, and we are, proud of.

Looking ahead, we know that solving environmental problems will be critical for achieving sustainable prosperity in the world.

At Mabuchi Motor, we are determined to help solve environmental problems. We believe this is our duty as a member of society and as a pioneer and leader in small DC motors. We will contribute to reducing environmental impact not only in our own production but also through our customers' products, further improving the advantages of our motors: compact dimensions, light weight, and high efficiency.

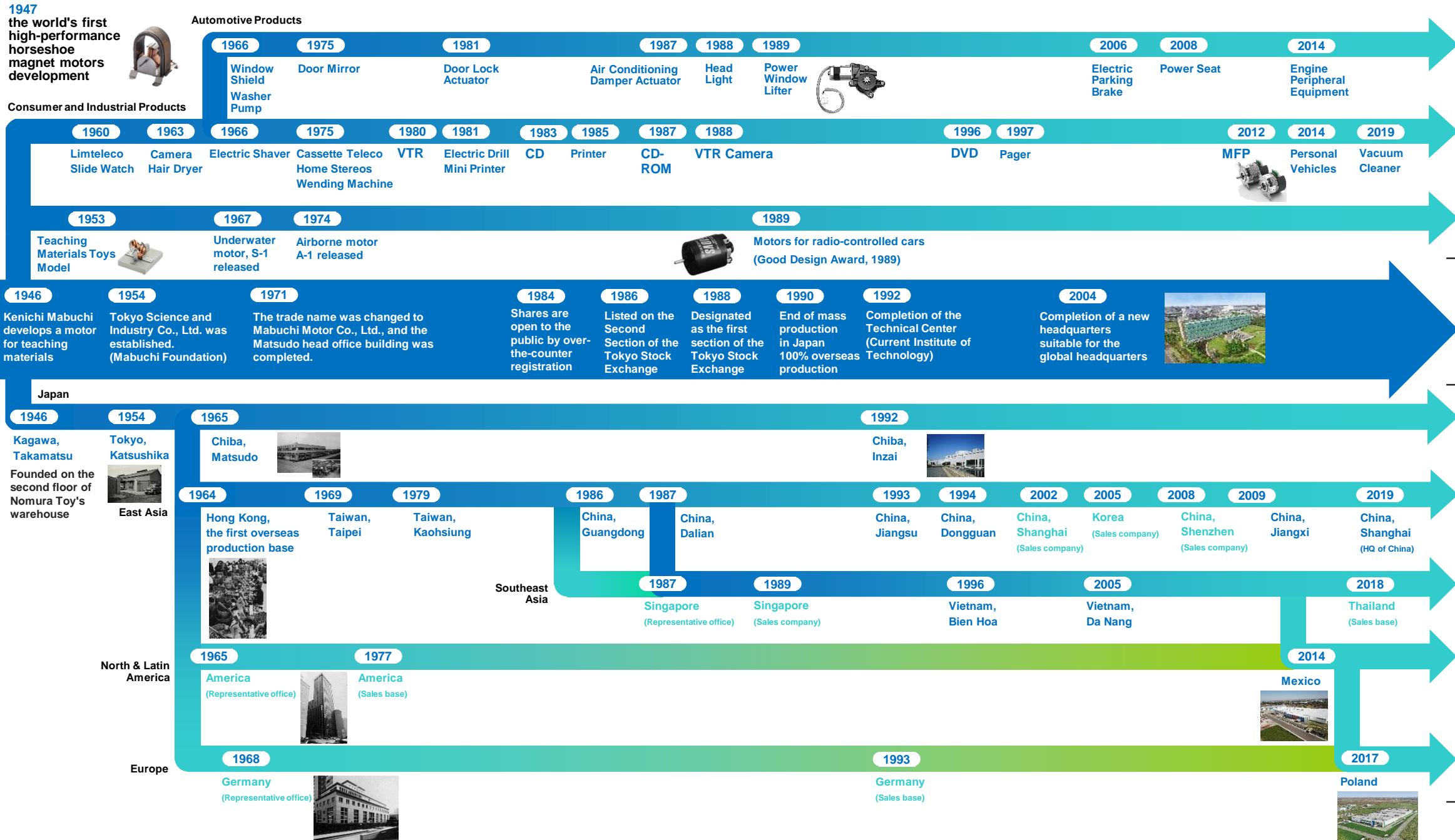
As a company involved in the automotive industry, vehicle safety is another big issue for us. Automobile manufacturers and automotive appliance manufacturers, Mabuchi Motor's customers, are as committed as we are to creating solutions that prevent injuries and fatalities resulting from car accidents.

Our world is developing at a fast pace, so to meet emerging challenges promptly, Mabuchi Motor will keep enlivened relationships with business partners and collaborations with customers. Where our internal peripheral technologies for motors are insufficient, we will seek to acquire and apply additional technologies through partnerships with other organizations and external resources.

Our Management Principle in Action Over Time

The Evolution of Mabuchi Motor: Application markets and global operations

Expanding applications to 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

From centralized production in Asia to optimal development, production and sales systems with a global five-pole business structure

High Profitability through Social Contribution: The Story of Mabuchi Motor

1.4
billion units
(2019)

Production and sales quantity of small DC motors

A Pioneer in Small DC motors

The story of Mabuchi Motor Company, Ltd. 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.

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

In the earlier days of the company, Mabuchi motors were used mostly in toy cars made for export. The toy cars were expensive, 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 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.

F-type Motor

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



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.

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 the 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.**

Overseas sales ratio

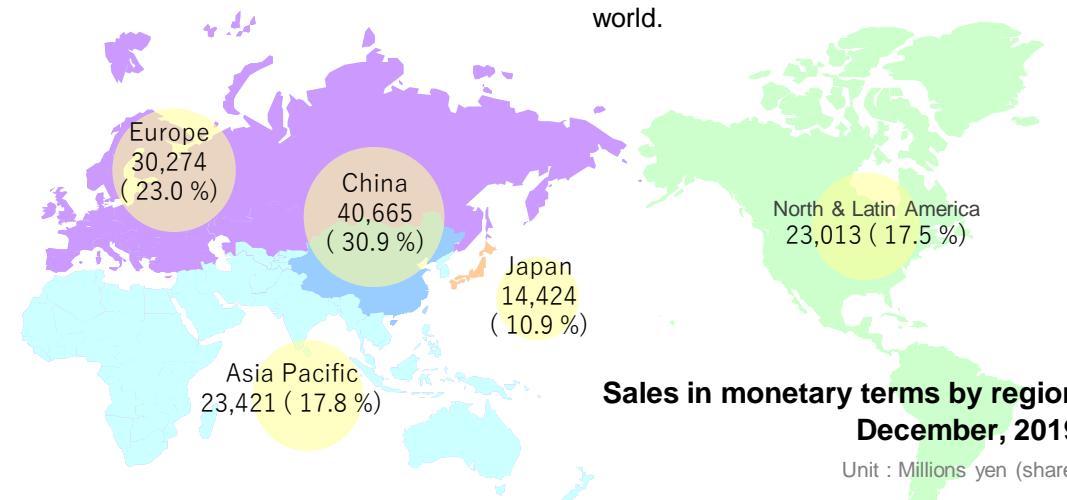
89
%
(2019)

A Global Sense for Sales

Today, the amount of our motor sales outside Japan is virtually 90%. Since its very beginnings, Mabuchi Motor has proven its expertise in securing sales in new markets and applications. An inspiring story illustrates:

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 electric toothbrushes and tape recorders from another U.S. company, one of the largest electric appliance manufacturers in the world.



High Profitability through Social Contribution: The Story of Mabuchi Motor

65

consecutive years
(since 1954
founding)

Operating income posted

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. The best part? 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 the 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.

Profit and the Management Principle

Under the Mabuchi 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 Mabuchi Management Principle

Available for all employees in Japanese, English, Chinese, Vietnamese, Spanish and Polish. All Group employees are to cultivate an understanding of the management principle.



Our standardized motors

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.

High Profitability through Social Contribution: The Story of Mabuchi Motor

Overseas production ratio

100
%
(Since 1990)

Global Expansion, the Mabuchi Way

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.



Mexico Mabuchi (Est. 2014)

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 1.4 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 the leading companies in each market.



Hong Kong Mabuchi (Est. 1964)

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. 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 Malopolski, Poland. With those in place, we established a five-region global management structure with a focus on local production for local consumption.

85

%
(of managerial positions, 2019)

Non-Japanese leadership at production bases

58

%
(of top management, 2019)



QUAN Da Yong
Group Managing Executive Officer



SHU Zheng
Group Executive Officer



Hoang SON
Group Executive Officer

Our Global Workforce

In the 50+ years since our first overseas operations began in Hong Kong in 1964, 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 14 production bases, 9 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 June 2020). Meanwhile, employees based either at HQ 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 HQ, Jiangsu Mabuchi, Taiwan Mabuchi, and Vietnam Mabuchi are joining local Mexican teammates to form a global team at our newest base.

International Sales Meeting (2019)



Value Creation at Mabuchi Motor

Management Principle

Contributing to International Society and Continuously Increasing Our Contribution

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.



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.



Challenges

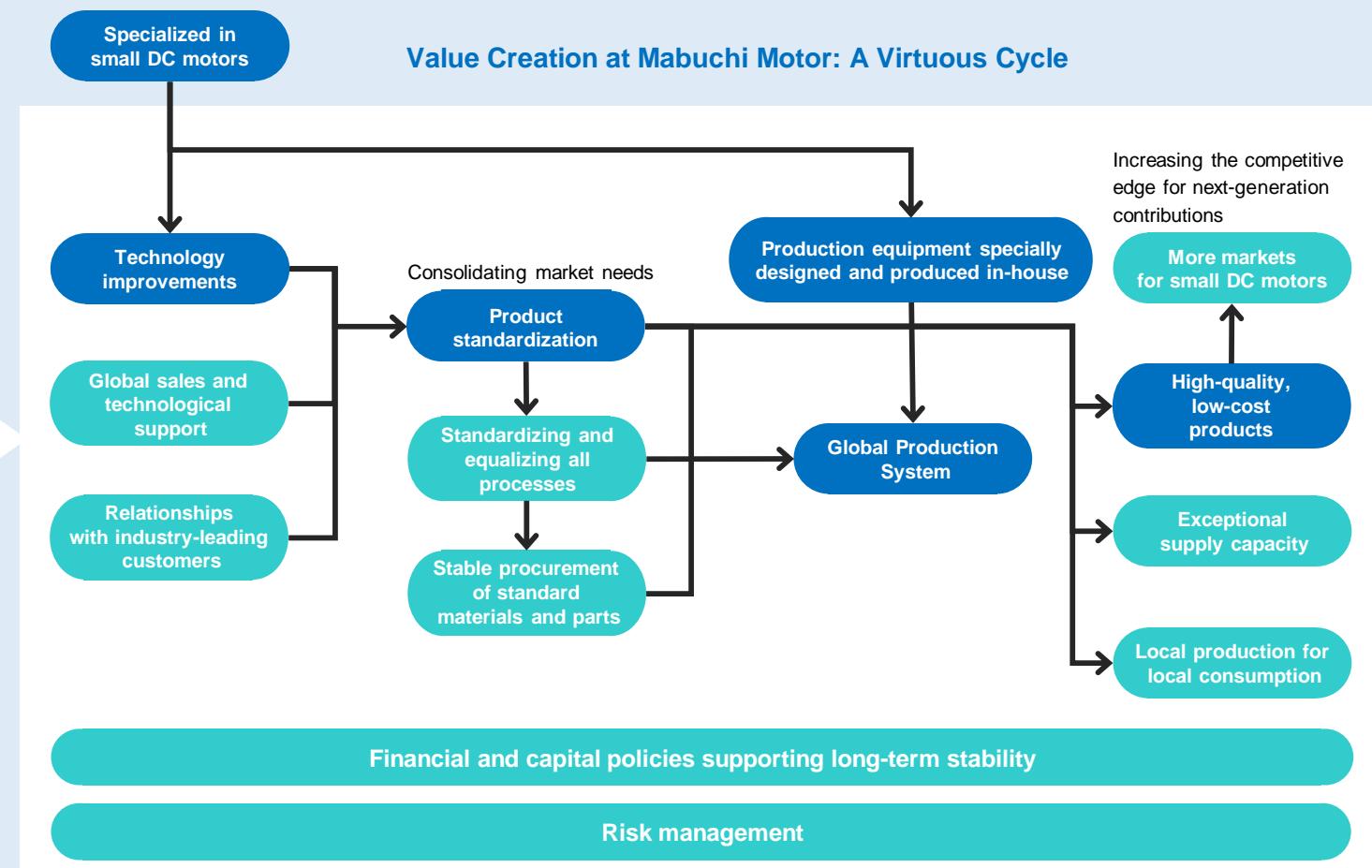
- Facing global society**
 - Environmental stewardship
 - Energy stability and security
 - Safe transport
 - Aging societies
 - Poverty and economic inequality
- Facing consumers**
 - Quality of life
 - Safety and security
 - Convenience
 - Electrical and other energy conservation
- Facing our customers**
 - Electrification
 - Downsizing, weight reduction, and higher efficiency
 - High quality
 - Cost reduction

Contribution

- 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

Input

- People**
 - Total employees, Mabuchi Group: **22,061**
 - Employees, HQ in Japan: **849**
 - Employees at HQ with past or present posts at bases outside Japan: **355**
 - Non-Japanese managers leading bases outside Japan: **12**
 - Non-Japanese executive officers, HQ: **3**
- Intellectual capital**
 - R&D bases: **3**
 - Sales and technological service bases: **14**
 - R&D employees: **479**
 - Industrial property rights held: **812**
- Manufacturing capital**
 - Overseas production ratio: **100%**
 - No. of production bases: **14**
- Social capital**
 - Corporate customers: **1,258**
 - Parts and material suppliers: **380**
 - Shareholders: **21,795**
- Natural capital**
 - Million kWh purchased: **203**
 - CO2 emissions, in t-CO2: **97,716**
- Financial capital**
 - Total capital, in billion yen: **245.1**
 - Capital adequacy ratio: **91.4%**



Output / Outcomes

- People**
 - In a culture of learning, people thrive through self-development, including through their contributions to unique products and processes
 - We cultivate the mindset and capacity of our people to work effectively around the globe
- 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**
 - With new production bases in Mexico and Poland, our global production system covers China, Southeast Asia, the Americas, and Europe
- 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**
 - Having posted operating income for 65 consecutive years since our foundation, we will continue to aim for an operating income ratio of 15% or higher
 - Always vigilant, we are prepared for a diversity of risks so as to ensure stable, long-term shareholder returns

Value Creation at Mabuchi Motor

65 years of focus on small DC motor technologies and products

Society will continue to need and value Mabuchi Motor if our company makes lasting and regenerative social contributions. Indeed since our earliest days, the belief in creating shared value (CSV) has been a cornerstone of our business philosophy.

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

- 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.

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.

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. HQ 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. 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, outcomes that enhance our relationships with local residents and governments.
- For example, at our major production bases in China and Vietnam we have developed, designed, and produced automation equipment and introduced it into production processes. Employees working in assembly jobs at sites were then able to develop their skills and move into higher added-value, higher paying positions in equipment operation and maintenance.

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. 1.5 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.

What's next?

- Expand the applications of our products into markets that are positioned in domains with higher added value

- Cultivate the two domains of peripheral parts technologies and brushless motor technologies

- Position standard products in new 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

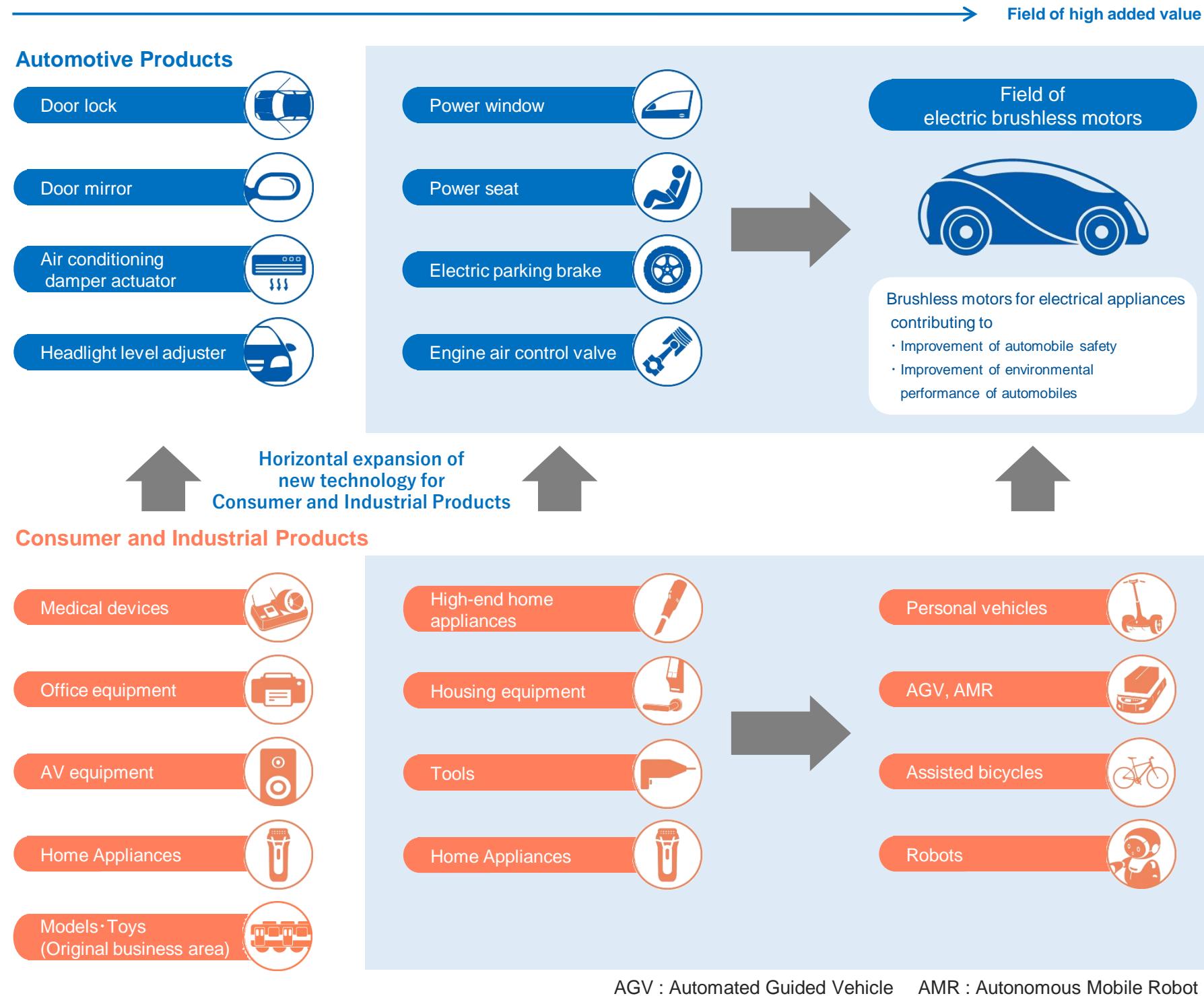
- In the medium term, expand sales in the Americas and Europe by taking advantage of our new production bases in Mexico and Poland.
- For long-term expansion, assess the investment environment in new regions to identify opportunities.

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

- A Group-wide operating income ratio of 15% or higher is our target. Continue to manage the company in a way that delivers an operating income ratio exceeding 15% over the long term.

Value Creation at Mabuchi Motor

While expanding market shares in existing application markets, we will expand to new application markets with high added value.



Review of the Medium-Term Management Plan, 2016-2018 (Excerpt)

The medium-term management plan formulated in February 2016 showed a significant deterioration in the market environment resulted from trade friction between the U.S. and China in the second half of fiscal 2018, the final year. However, the targets of the medium-term management plan have generally been achieved, excluding sales that are greatly affected by foreign exchange. In addition to achieving these numerical targets, we have achieved the medium-term image we were drawing up at the beginning of 2016 in terms of quality, specifically strengthening the global five-pole system, developing and launching competitive new products, including high-torque standards for power windows, and strengthening internal controls and management systems.

	2015	2016	2017	2018	(2018 Goals)
Net sales (Billion yen)	143.1	140.6	146.9	143.1	(170.0 or more)
Operating profit margin (%)	16.0	17.2	16.4	14.8	(15.0 or more)
ROE (%)	8.0	8.8	8.6	9.4	(8.0 or more)
Exchange (yen/USD)	121.05	108.84	112.19	110.43	(118)

Medium-term Management Plan (2019-2021)

In February 2019, we disclosed the medium-term business plan through to 2021 as shown in the table below. In August 2020, we withdrew our medium-term management plan because of the uncertain recovery path of the global economy. In February 2021, we plan to announce a new medium-term management plan (2021 to 2023).

	Indicators	Targets for 2021
Sales growth	Net sales	Approx. 160.0 billion yen
Profitability	Net sales Operating profit margin	Approx. 15%
Capital efficiency	Return on equity (ROE)	Approx. 8%

Business Strategy

Small but mighty motors that keep life moving

Mabuchi motors support the safety and comfort of automobiles. And we're a part of your daily life in other ways too.



The world's first electric door mirror has equipped with a Mabuchi motor. In partnership with our customers, we develop motors that make our life safer, more convenient, and more comfortable.



Power window



Inkjet printer



Toothbrush



Hair dryer



Power tool



Electric bicycle

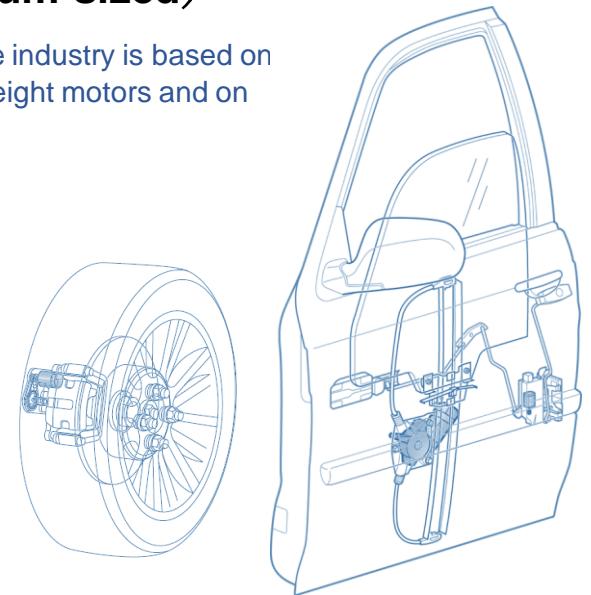


Small mobile (AGV)

Automotive Products (Medium-sized)

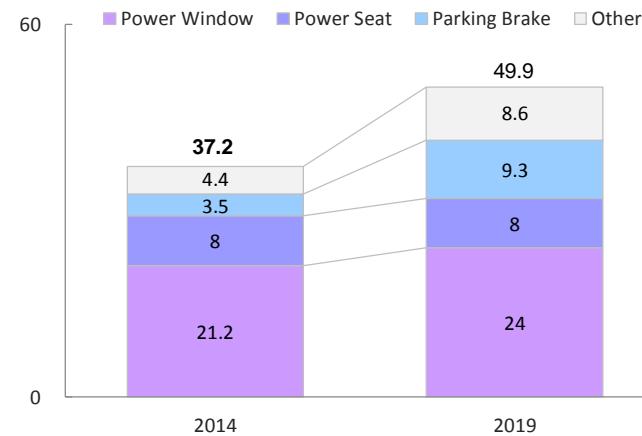
Our strong presence in the automotive appliance industry is based on our technologies for developing compact, lightweight motors and on our cost competitiveness.

In the brushless motor field we offer medium-sized small DC motors. This field includes motors for power window, power seats, electric parking brakes, engine peripherals, and door closers. In this field, too, Mabuchi Motor can differentiate our products from our competitors' through our established strengths: comparatively smaller size, lighter weight, and higher efficiency. We are focusing on expanding our business in this field, which we view as an important part of our growth strategy.



Sales: A comparative look, 2014 vs. 2019

(Billion yen)



- For power windows, sales to two of the Detroit 3 companies are growing.
- For power seats, we mainly sell to European seat manufacturers. The main demand is for sliders that move seats back and forth.
- As the equipment rate of parking brakes increases, we are expanding the number of models installed.
- In other applications, sales of engine peripherals and door closers are growing.

Our social contribution in practice

Environmental performance of cars

A car is made up of some 30,000 to 100,000 parts, depending on how the parts are counted. Reducing the weight of each one of these parts is essential for developing lighter-weight cars, which are more fuel- and energy-efficient. Motors for engine peripherals, in particular, contribute directly to improving engine efficiency. Mabuchi Motor specializes in technologies for developing small, lightweight, high-efficiency motors. For example, we reduced the weight of the power window lift motor by more than 40%, from more than 500 grams 20 years ago to less than 300 grams today. We are dedicated to improving the environmental performance of cars in a variety of dimensions.

Vehicle safety

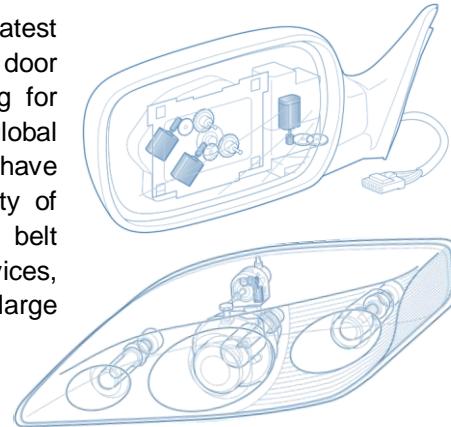
Companies in the automotive industry have a great responsibility to provide solutions that reduce traffic accidents and minimize damage from automobile accidents. Mabuchi Motor is a contributor to these solutions. As an example, our motors enable electric parking brakes to be applied with minimum physical effort and great reliability. Previously, electric parking brakes were installed only in luxury cars. Because safety is highly valued, however, they are being installed in a greater proportion of cars and in an increasing number of non-luxury cars. Accordingly, sales of our motors for electric parking brakes have grown in recent years.

Business Strategy

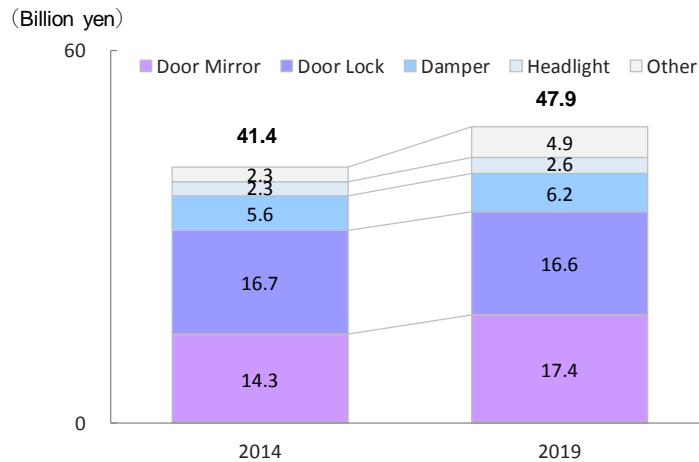
Automotive Products (Small-sized)

We leverage the unrivaled quality and stable supply capacity of our global production system to discover new applications that our motors can serve. Our ambition is that the growth rate of our markets for new applications shall outpace the growth rate of the auto industry (i.e., number of vehicles produced).

Small motors for automotive appliances are Mabuchi Motor's greatest strength in today's global market. These include motors for door mirrors, for which we hold a global market share accounting for around 80%; and motors for door lock actuators, in which our global market share is around 70%. New applications of these motors have been emerging as the safety, efficiency, comfort, and security of automobiles has improved. These applications include seat belt pretensioners, grille shutters, heads-up displays, haptic devices, steering locks, and shift-by-wire systems. We strive to achieve large market shares also in these applications.



Sales: A comparative look, 2014 vs. 2019



- With a high market share in key applications of door locks, mirrors, and air conditioner dampers, we will increase sales by increasing the equipment rate.
- In other applications, new applications such as steering locks and shift-by-wires are on the increase.

Our social contribution in practice

Environmental performance of cars

Recent years have seen moves to replace cars' mechanical control systems with drive-by-wire systems that control operations electrically via electric wires. These are reducing the weight of vehicles, improving driving responsiveness, and mitigating the degradation of equipment. Systems that have been put into practical use include brake-by-wire systems; these use the motors for electric parking brakes described on the previous page and shift-by-wire systems. Small motors from Mabuchi Motor have been chosen for shift-by-wire systems that contribute to the improved environmental performance of cars.

Electric vehicles (EVs)

The power supply cables of EVs have a locking mechanism preventing the accidental removal of the cables. A small motor from Mabuchi Motor is used for this locking mechanism. For such mechanisms, we've been providing automotive door lock actuator motors for about 40 years, since 1981, with a current global market share accounting for around 70%. Thanks to this outstanding track record, we've been able to expand applications for these motors to new equipment.

Consumer and Industrial Products

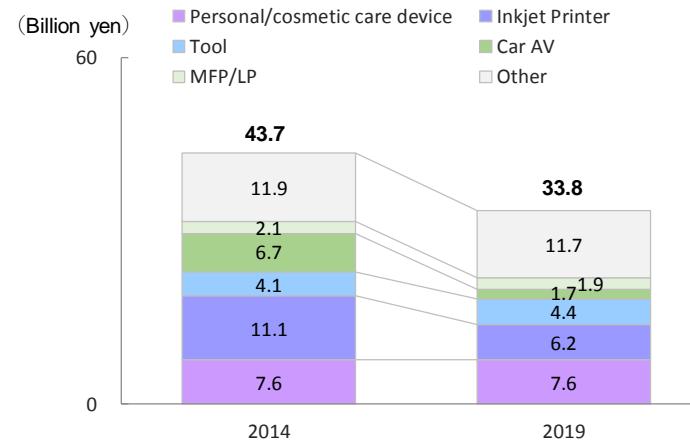
Going forward, we anticipate that new areas where our motors will be needed will be in high-end consumer electronics, small, light electric vehicles, and medical equipment.

As markets for some of the "older" applications of our small DC motors contract, sales have been declining. We expect to be able to increase sales of brush motors in new markets, for communication robots, electric locks, and medical equipment. For our brushless motors, we see growing markets for high-end consumer electronics, small, light electric vehicles, and automated guided vehicles (AGV) as excellent prospects.

The higher the required performance demanded from our motors, the more convincingly we can differentiate our products from our competitors'. We are confident that our technologies for small DC motors will continue to forge our path of contribution and meaningful growth.



Sales: A comparative look, 2014 vs. 2019



- For personal and cosmetic care equipment, sales are increasing especially due to robust medium- to high-end segments for toothbrushes.
- Sales of inkjet printers and car CDs are decreasing due to a shrinking market.
- In other applications, medical equipment and home security devices are strong, and we are developing new high-performance brushless motors for these markets.

Our social contribution in practice

Safety and comfort in the home

Electric locks in home security systems are becoming more and more common. Mabuchi Motor's achievements in motors for automotive door lock actuators are a natural gateway to this market. In high-end consumer electronics, we can help improve the performance of vacuum cleaners by developing compact, lightweight brushless motors with superior efficiency.

Health and elderly care in aging societies

Our brush motors are used in healthcare and medical equipment such as blood pressure meters and flushing pumps used during surgery. Especially in the world's aging societies, we can develop our contributions in this field.

Another area of focus for our brushless motors is in driving various light electric vehicles, which will provide solutions in countries where the share of working-age individuals in the population is shrinking.

We are able to supply brushless motors and circuits in sets. Circuits designed by Mabuchi Motor are compact, affordable and highly valued by customers.



Brushless motor for high-end home appliances ID-659ZA

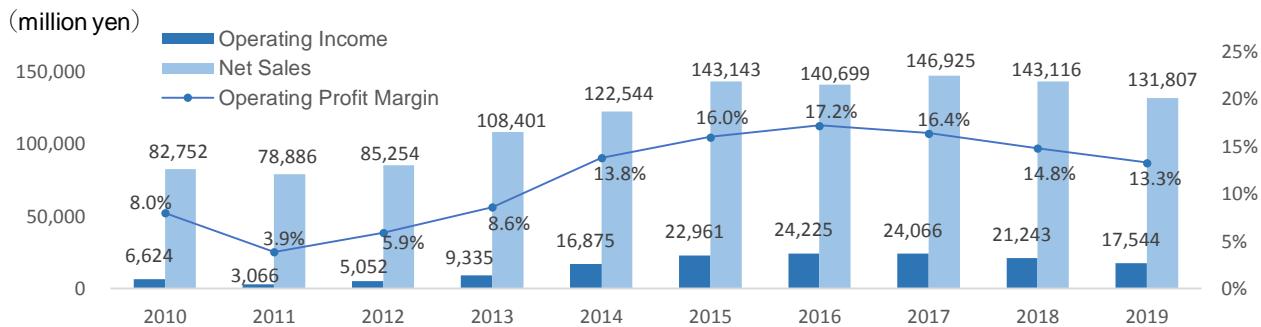
Financial and Capital Policies

Ensuring Business Continuity Management for Long-Term Stability

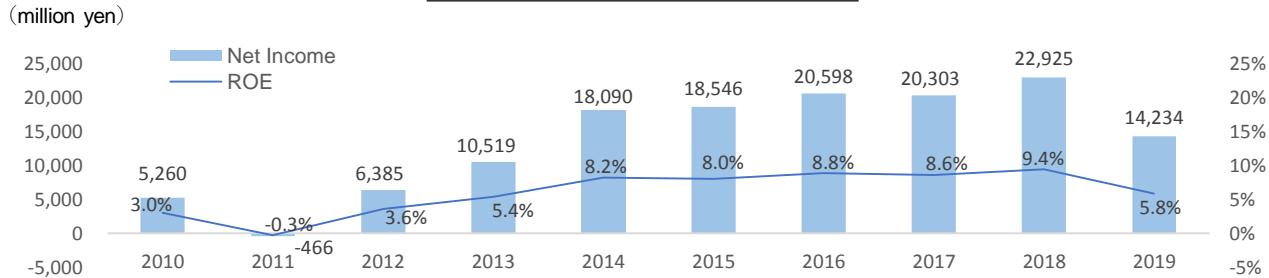
Approach to income, profits and growth

Mabuchi Motor aspires to achieve growth by realizing profits generated through the contributions to society of our lightweight, compact, power-saving small DC motors. We view operating profit margin as the most important index reflecting our level of contribution to society. Mabuchi Motor aims to sustain growth by maintaining an operating profit margin at 15% or higher. In terms of financial and capital policies, Mabuchi Motor aims to be profitable, create cash flows, invest in R&D and capital for further growth, and pay dividends to our shareholders in accordance with our profits.

Transition of Net sales, Operating Income, and Operating Profit Margin



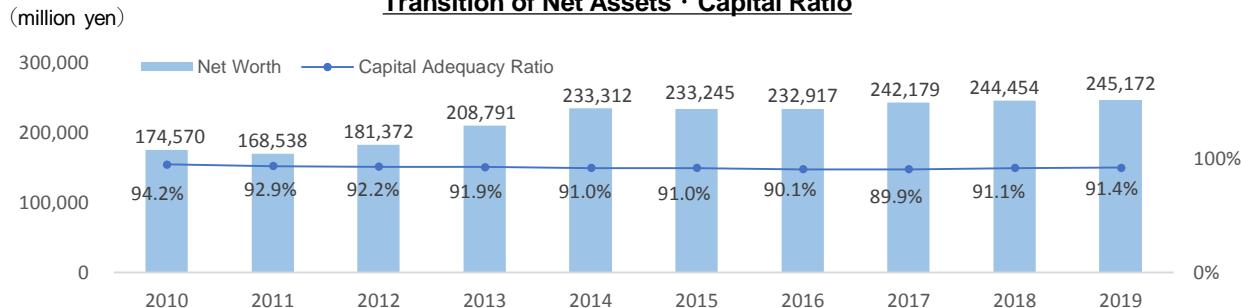
Transition of Net Income and ROE



Strong financial foundations

Mabuchi Motor has a tremendous global supply responsibility. We believe that the company's financial foundations must remain strong in order to support management policies for long-term stability. For this reason, we are committed to remaining free of debt and maintaining a high level of capital adequacy.

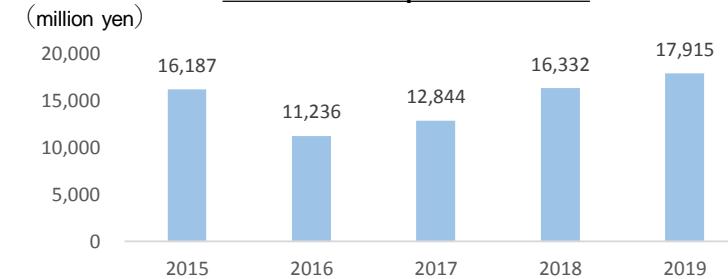
Transition of Net Assets · Capital Ratio



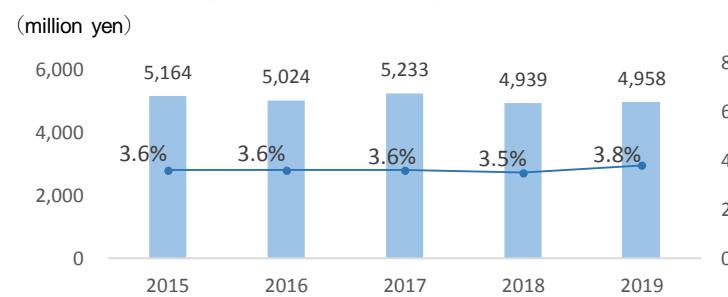
Investment

At Mabuchi Motor, we invest actively in R&D and capital aimed at future sustainable growth, in accordance with our Management Principle of "Contributing to international society and continuously increasing our contribution."

Transition of Capital Investment



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



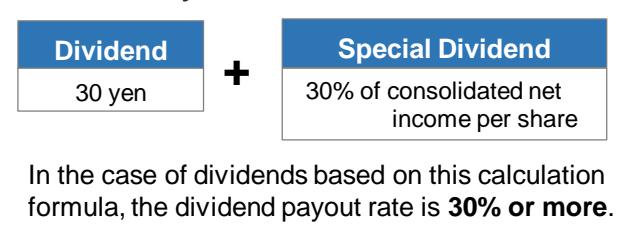
- In recent years, to establish production and supply systems in the Americas and Europe, we have invested in land, buildings, and equipment for Mexico Mabuchi and Poland Mabuchi.
- While the amount of the investment in factory buildings for these two bases peaked in 2018, we have continued to invest aggressively in production equipment, including for developing new products, increasing production, and labor saving.
- R&D expenses are related mainly to R&D personnel and equipment for the R&D centers at HQ and Dongguan Mabuchi.
- In the last five years, we have invested about 5.0 billion yen per year into R&D.

Capital reserves and dividend policy

Mabuchi Motor's basic dividend policy is to allocate reserves for research and development and capital investment, which are required for the company's growth and development. These serve to ensure financial soundness, allow for payments of long-term stable dividends, and return profits such as dividend increases and stock splits in line with performance. As a rule, we distribute surplus as dividends two times a year, as an interim dividend and a year-end dividend. The amount of the year-end dividends is determined at the General Meeting of Shareholders, and the interim dividend amount by the Board of Directors.

The dividend amount is the sum of the ordinary dividend and the special dividend. The chart below shows the standards for calculating both the "Ordinary dividend" (annually 30 yen per common stock as a long-term stable dividend) and the "Special dividend" (amount as a dividend of business results, calculated by dividing 30% of consolidated net income by the number of total stocks.)

Standard of Hybrid Dividend



For the year 2020, we plan to leave the dividend amount unchanged from the 135 per share that we announced in February 2020, regardless of the year's consolidated net profit result. This is our plan for 2020, as we consider the overall uncertainty of the business environment in the short term. In the event of a momentous change in the business environment, we will review again our consolidated results forecast and dividend forecast as necessary and disclose revised forecasts promptly.

Financial and Capital Policies

Ensuring Business Continuity Management for Long-Term Stability

■ Financial stability: Our approach

Looking back over the past decade, we see that our world has faced a number of significant financial disruptions in a short period. Most recently, in 2020, the onset of the COVID-19 pandemic forced even major companies to procure funds or request financial assistance. As the risk of an excessive pursuit of capital efficiency became more and more real, global calls emerged for a shift from the shareholder-first principle to the stakeholder-first principle. It's become increasingly important for companies to be prepared for emergencies that may undermine sound corporate management or threaten financial sustainability. While established Japanese companies have been viewed as overly conservative in their financial thinking, we believe that today's world presents sufficient cause for shoring up our finances in as responsible a way that we can.

At Mabuchi Motor, we have always believed that companies are public institutions and must endure to fulfill their duty of contribution to society. We have reserves to serve a stable financial foundation supporting the practice of our management principle, "Contributing to international society and continuously increasing our contribution." More specifically, our approach rests on two observations:

1. The business environment changes drastically.

And it can change fast, too. We know the risks and effects of natural disasters - earthquakes, tsunamis, severe weather, a pandemic like COVID-19 - or man-made ones such as armed conflict, terrorism, or war. There are risks and dangers posed internally within a company, too: claims, accidents, and others. Plenty of very real factors are capable of causing drastic changes in the environment that force a company into bankruptcy.

2. Companies have a duty to set aside reserves necessary for institutional survival.

As public institutions that serve society,

companies shall endure. Just as we safeguard our people and intellectual capital, ensuring survival as an organization means protecting financial capital. Companies must set aside the funds needed for their survival while acting, of course, on growth opportunities even in the face of threats.

■ Risk reserves

Mabuchi Motor plans for specific risks, estimating the reserves necessary to address each one. We calculate this amount at regular intervals, to reflect major changes in risk factors. If cash reserves are indeed used for the specified purpose, we restore the reserved amount to that risk area. When calculating our necessary risk reserves, we consider the following points:

● 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

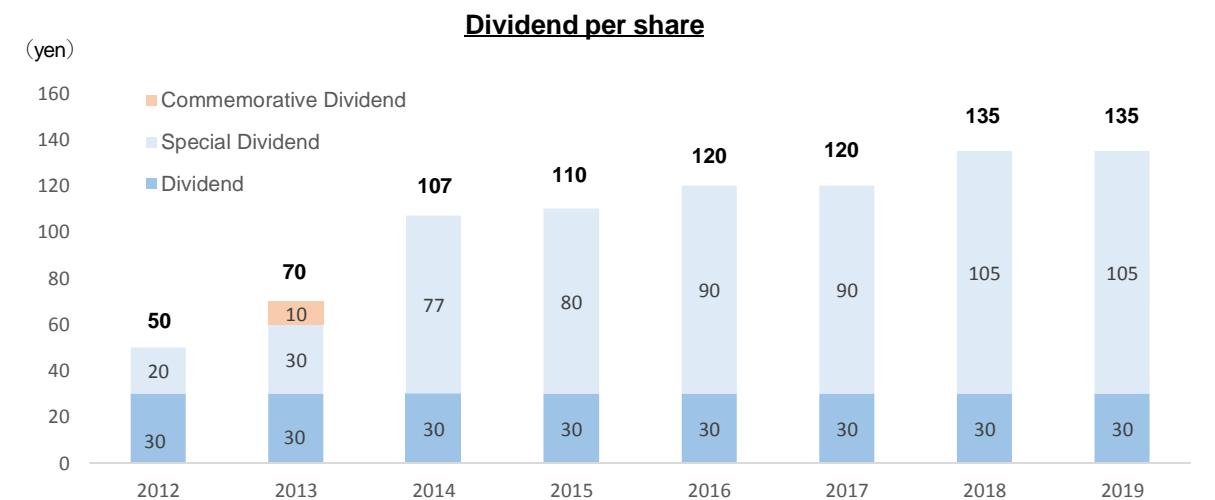
● Claim-related contingency measures

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

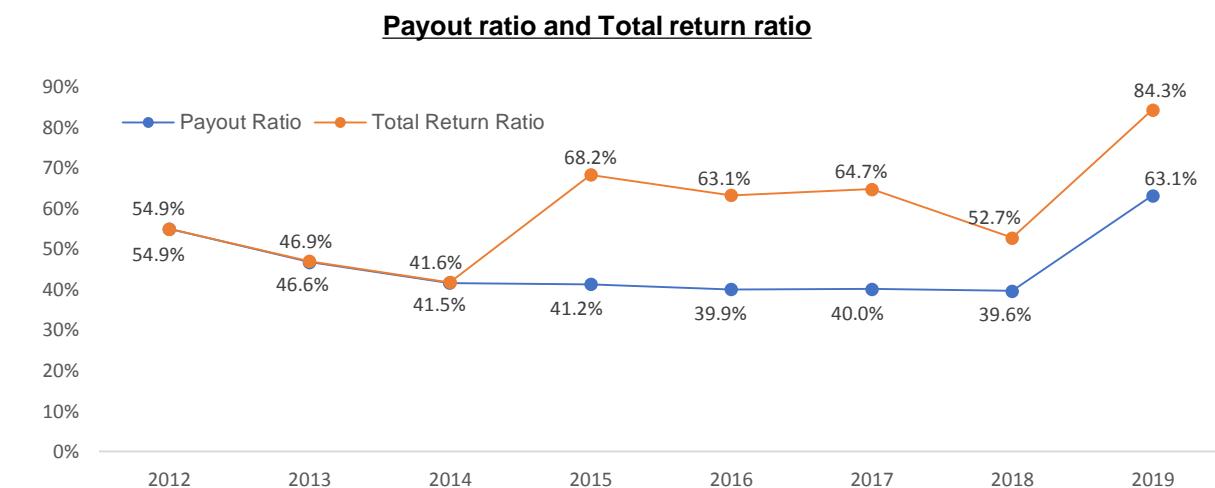
■ Returning surplus cash to stakeholders

When the amount of funds we hold exceeds the upper limit of the reserve funds (described above), we do not passively accumulate funds, but return surplus funds (the amount of funds we hold less the amount of the reserve funds) to our stakeholders.

- Payout ratio: Based on the dividend policy described above, we have maintained ratio more than 40%.
- Total return ratio: We have purchased 5 billion yen in 2015-2017 and 3 billion yen in 2018 and 2019, and the total return ratio since 2015 has been more than 60% excluding 2018.
- Commemorative dividend: As part of the year-end dividend for the fiscal year ending December 31, 2013, we have paid a dividend of 20 yen per share to commemorate the 60th anniversary of the Company's founding, before the stock split in 2015.



Note: Dividends for 2012-2014 have been adjusted after the stock split (1:2) on January 1, 2015.

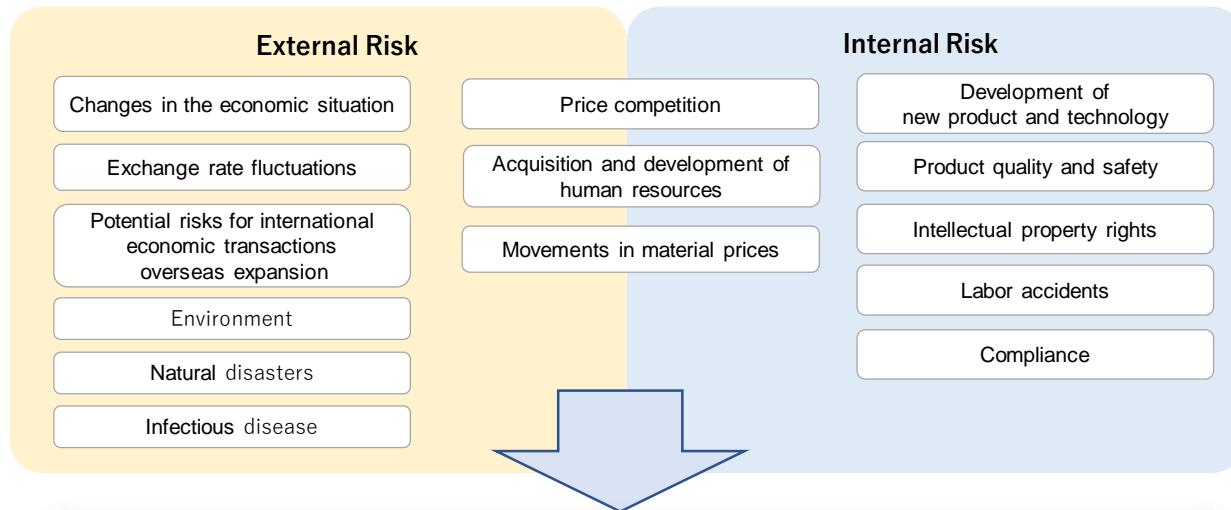


Risk Management

Ensuring Business Continuity

Our Risk Management Approach

To ensure a sustained growth path for the company, we are continuously strengthening risk management for truly global operations while minimizing the risks inherent in diversifying business 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.

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 HQ, 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

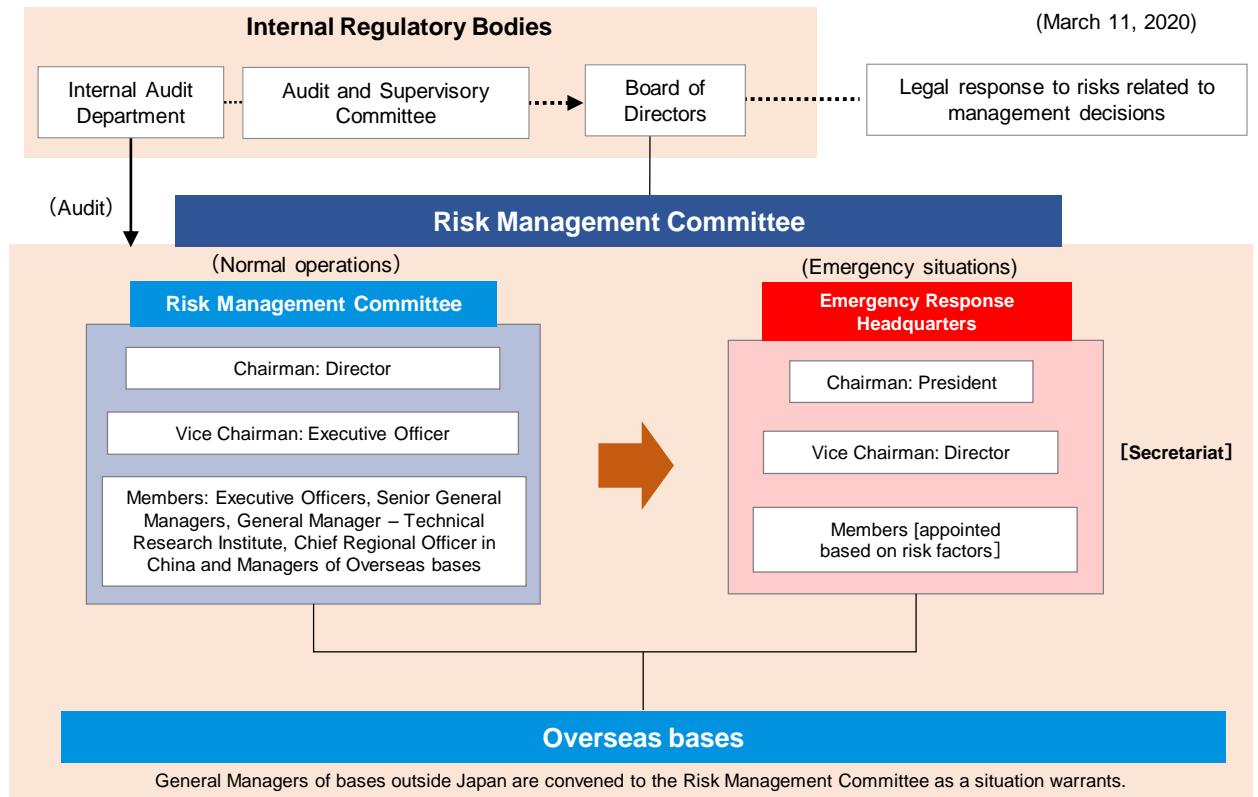


relief, safety confirmation, and safe return to home. We do so in order to prepare employees to take the appropriate actions calmly and resolutely in the event of a disaster.

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 (HQ) 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.

Mabuchi Motor Risk Management System

In accordance with our internal regulation policies, a member of the Board of Directors is appointed to lead company-wide risk management activities. Further, we've established and maintained the internal rules and procedures necessary for comprehensive risk management, including informing and educating all employees about risk management practices.

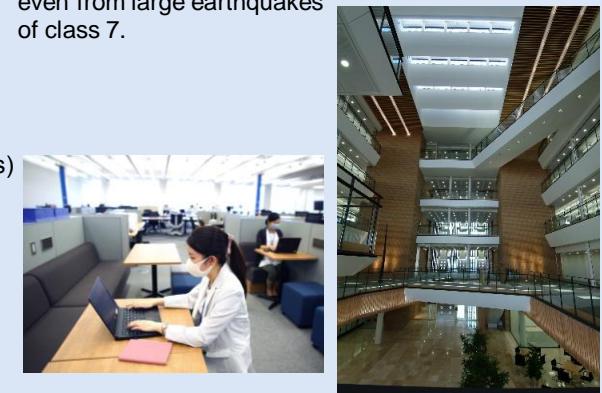


Emergency preparedness at Mabuchi Motor Headquarters

- Two emergency telephone lines in the HQ building
- A Personal Handy-phone System (PHS) for emergency communications during power outages
- An emergency power generator, and stock of fuel necessary for operating the Emergency Response Headquarters and protecting IT and other critical systems
- Helmets for emergency evacuation
- Drinking water for employees' return home
- Three days' supply of food and drink (and water for toilets) for employees who are unable to return home
- Regular reviews of measures to prevent the collapse of facilities, furniture, or equipment
- Equipment and tools for recovery or urgent repair of facilities, apparatuses, and furniture and to support employees and local communities

State-of-the-art earthquake protection

At Mabuchi Motor HQ, seismic isolators and flexible joints protect the indoor environment against damage even from large earthquakes of class 7.



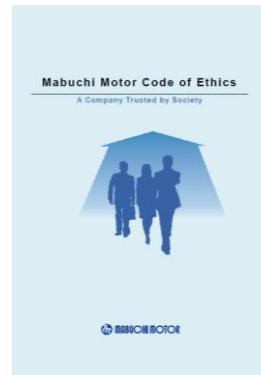
Risk Management

Ensuring Business Continuity

■ 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.

Mabuchi Motor Code of Ethics
A Company Trusted by Society



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.

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.

Honest financial reporting and prohibition of insider trading

We stand by the honesty of our financial reporting and adhere to strict internal rules governing the use of nonpublic material company information.

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.

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.

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.

■ Information Security Policy

Mabuchi Motor Co., Ltd. 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.

Oversight

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

Management of information resources

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.

Compliance

This Group’s executives, employees, and other workers adhere strictly to the information security obligations as set out by law, in company regulations, and in client contracts.

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 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.

Compliance Assurance at Mabuchi Motor



Our People

Investing in Human Capital

■ People Development

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
- Clear compliance rules identifying and prohibiting all forms of 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.

■ “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. Starting in 2019, we introduced a full-scale telework satellite office, a free address system in some sections of HQ, and new IT tools. The stay-at-home order in Japan during the COVID-19 pandemic accelerated our adoption of these tools, and now, virtually all our our HQ employees may telework if they so choose.

Mabuchi Rates High in Nikkei Smart Work Survey

In November 2019, Mabuchi was awarded 3.5 stars in the 3rd Nikkei Smart Work Management Survey, which recognizes companies that are leading productivity enhancement in Japan through workstyle reform.



■ Truly Global

The Mabuchi Group is working to make itself a truly global professional environment, where our people can develop their careers without being limited by geographic or other boundaries.

Moreover, a company's workforce should reflect the society it serves. While our hiring and promotion systems have always been blind to nationality or gender, in recent years we've redoubled our efforts to increase diversity and cultivate inclusion, both of which are needed for a “truly global” mindset to thrive.

The Mabuchi workplace is one where people may contribute and develop their talents regardless of disability. We make flexible working hours, barrier-free facilities, and education programs readily available. This is all part of our holistic approach to health and wellbeing.

Increasing diversity, on our board

Well-established Japanese companies are not normally known for being at the forefront of efforts to increase workplace diversity. But Mabuchi is making an active effort to expand career opportunities for women within the company. For us, this objective is part of how we fulfill our participative role in society. According to Japan's Cabinet Office, in 2020 there are 887 companies (out of 3,740 listed companies in total) with a female executive ratio exceeding 10%. Mabuchi Motor is on that list.*



Jody ONO, Outside Director and Yukie TOGE, Outside Auditor

We were granted the highest grade of “Eruboshi” certification

We have been certified as an “Eruboshi” company with the highest grade by the Minister of Health, Labour and Welfare in August 2020 based on the Act on Promotion of Women's Participation and Advancement in the Workplace.



... and across the workforce

As the Group has expanded production more and more globally, our talented workforce has come to reflect ever greater diversity. Across our bases around the world, employees share their feedback and experiences through our practicum exchange program and meetings among functional departments. We view the “practical wisdom” shared in these as critical for continued talent development, ideation, and innovation.



■ Family-friendly Workstyles

An important dimension of career development is making it possible for people to integrate their work with all life stages and lifestyles.

For example, by offering various leave systems and making efforts to deepen understanding for diverse lifestyles in the workplace, we are increasing the rate of employees taking childcare and other forms of care leave. The goal of these continued efforts are to build a system that enables each individual to achieve work-life balance while pursuing a rewarding career.

The Mabuchi workplace offers:

- Family care leave (one year)
- Paternity or maternity leave (three years)
- Support for personal development during family care leave and parental leave
- Low-interest loans for fertility treatment
- Short working hours and exemption from overtime work for parental and nursing leave
- Flextime and Discretionary Labor Systems
- Telework, satellite offices and mobile work options

Mabuchi Motor supports “Change! JPN Campaign” which is a national movement to promote work-life balance and is registered in “Shain Iki Iki! Genki na Kaisha Sengen,” the list of companies in Chiba prefecture that declare they make efforts to bring their employees better work-life balance.



Like other developed economies, Japan is an aging society, and many of our employees care for elderly family members. Mabuchi has acquired “Tomonin” from the Ministry of Health, Labor and Welfare to support our employees who provide elderly and other essential care within their families.

■ A Healthy Company

To promote healthy lifestyles, we have “Health Promotion Days” four times per month. On these days, we encourage everyone to:

- Leave by 17:00 (5 pm), to promote both physical and mental rest
- Eat well in terms of balance, quantity, and quality
- Walk more, and take the stairs
- Quit smoking and avoid drinking alcohol

Mabuchi Lauded for Health and Productivity

In 2020, we were certified as “The Certified Health and Productivity Management Organization Recognition Program (Large Enterprise Category)” by the Minister of Economy and the Nippon Kenko Kaigi. The program highlights organizations that are making outstanding efforts to advance Health and Productivity Management.



Our People

Investing in Human Capital

Human Safety and Health

As our Management Markers lead us, we "Through our corporate activities we protect our planet's ecosystem and the health of its inhabitants." In serving our Mission, we are to "Be fair and just to others; support and cooperate with fellow employees." These tenets convey the spirit in which we provide a safe and sound workplace for our employees anywhere we operate.

Danang Mabuchi commended for health and safety

In May 2019, Danang Mabuchi received a "Contribution Award" from the Danang area Department of Safety and Labor for its endeavors related to health and safety.



Mabuchi Research Institute receives Excellence Award

In October 2019, the Mabuchi Technical Research Institute (located in Inzai City, Japan) received the Chiba Labor Bureau Director's Encouragement Award for excellence in risk management, chemical substance safety risk assessment, and a record of zero occupational accidents in more than 7 years.



Gatherings for Employees and their Families

Garden parties with lots of family activities and bowling tournaments for department teams are two examples of how we at Mabuchi build connection and unity among employees at HQ. At our bases outside Japan, social events for employees include sports days, company trips, and cultural festivals.



Garden Party (Headquarters)



Bowling Tournament (Headquarters)



Badminton Tournament (Dongguan Mabuchi)

Our Ideas

Channeling Intellectual Capital

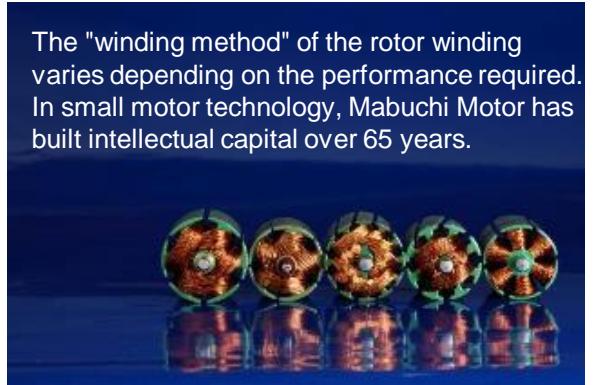
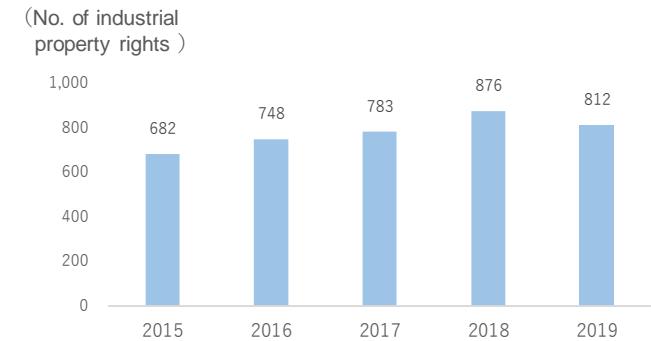
Decades of know-how make small but mighty motors that move society.

For 65 years now, Mabuchi Motor has focused its business on small direct current motors repeatedly raising the bar in technologies for motor products, parts, production facilities, molds, and more through research and development activities in Japan and abroad.

As of the end of 2019, the total number of industrial property rights held by the company is 812 (of which 171 in Japan), and we have 31 new patent applications pending. To secure a competitive advantage that allows us to expand sales and applications of our products, we acquire and protect our intellectual property rights proactively.

Moreover, as an initiative geared towards SDG achievement, in our motors we are promoting power saving, high efficiency, compactness, and weight reduction - features that will conserve energy and reduce environmental impact. In this area, too, we are building intellectual capital and property rights as a global strategy.

Number of industrial property rights owned



How our accumulated technology spurs motor development: An example

The SF-266XA motor for automotive electrical equipment

Mabuchi's new SF-266XA motor achieves a 50% decrease in volume and weight compared to our existing equivalent torque product (the RS-385PH). Moreover, the reduced mechanical noise and vibration carry over to noise and weight reduction, and better fuel efficiency, of automobiles. This motor has various applications, but it is currently used mainly for shift-by-wire, a new application.



SF-266XA

50% smaller, 50% lighter



The new SF-266XA

Our existing equivalent torque product RS-385PH

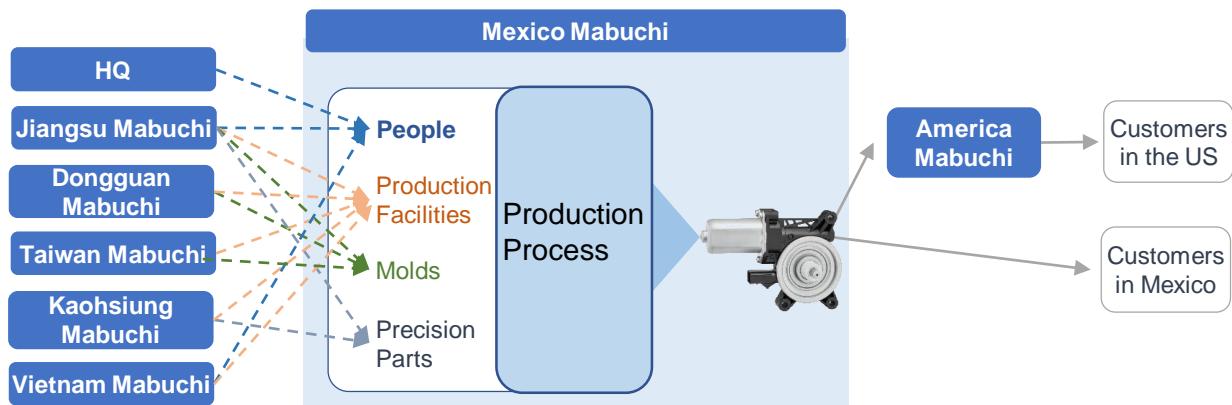
Our Manufacturing Capital

Globally Integrated Production for Scale

The Mabuchi Group's 14 production bases around the world deliver an outstanding production capacity and a stable product supply.

Production and Sales Integration at the Mabuchi Group: An example

Power window lift motors at Mexico Mabuchi, supplier to the Americas market



■ HQ (Chiba, Japan)

From HQ, we dispatched engineers and managers specialized in management, production management, quality control, and production engineering, to support the establishment of Mexico Mabuchi, our newest base.

■ Dongguan Mabuchi

Dongguan Mabuchi has an R&D center. In addition to manufacturing mass-produced products, this company designs and produces products, production equipment, and molds. Dongguan Mabuchi supplies molds for resin parts to Mexico Mabuchi.

■ Jiangsu Mabuchi

Jiangsu Mabuchi, the Group's mother factory for power window lift motors, dispatches factory managers and others responsible for the production division to Mexico Mabuchi. Jiangsu Mabuchi supports Mexico Mabuchi also by supplying production equipment, molds, and precision parts.

■ Taiwan Mabuchi

Taiwan Mabuchi supplies automation equipment and molds for the Group and produces power window lift motors for the Chinese market. It now also supplies molds and equipment for automating production lines at Mexico Mabuchi.

■ Kaohsiung Mabuchi

Kaohsiung Mabuchi, specializing in the production of automation equipment, molds, and precision parts for the Group, supplies production equipment and precision parts to Mexico Mabuchi.

■ Vietnam Mabuchi

Vietnam Mabuchi serves as our mother factory for (small) motors for automotive appliances; it also develops, designs, and produces automation equipment and manufacturing of precision parts. Vietnam Mabuchi has dispatched engineers and supplied production equipment for starting up mass production of (small) motors for automotive appliances at Mexico Mabuchi.

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

■ Poland Mabuchi



Plants that supply motors to various parts of Europe

2017: Established
2020: Scheduled start of mass production of small motors for automotive electrical equipment
2021: Scheduled start of mass production of power window motors for high-end vehicles in European market



We will continue to walk together close to our customers all over the world.

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

■ Ludong Mabuchi



Motor parts production plant

■ 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 site

■ Vietnam Mabuchi



Mother factory for small motors for automotive electrical equipment

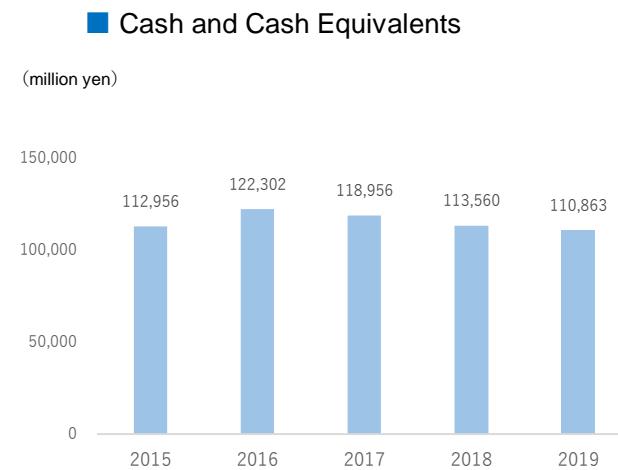
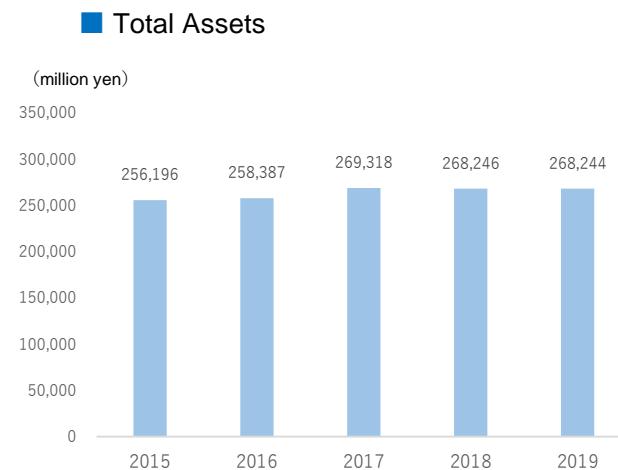
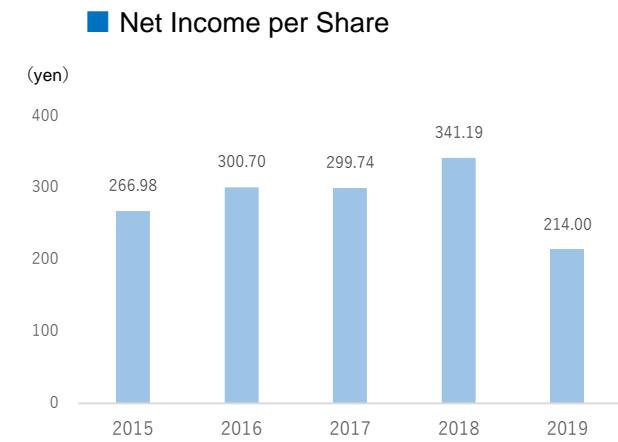
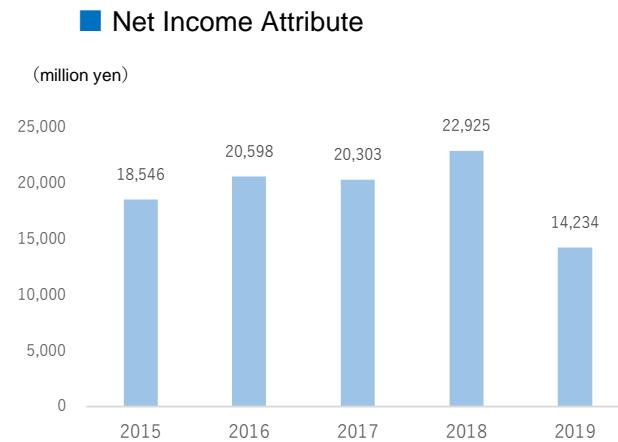
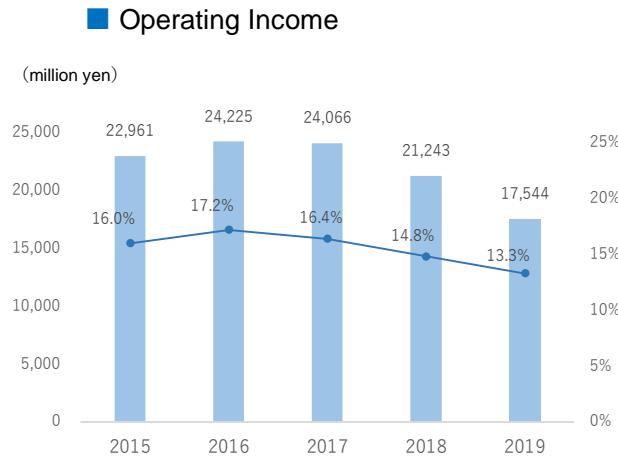
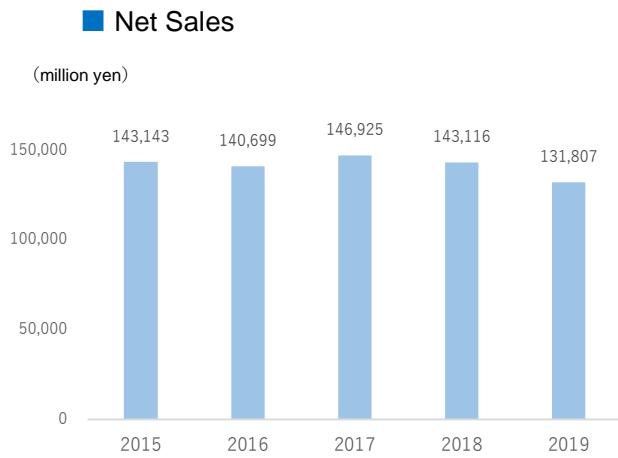
■ Danang Mabuchi



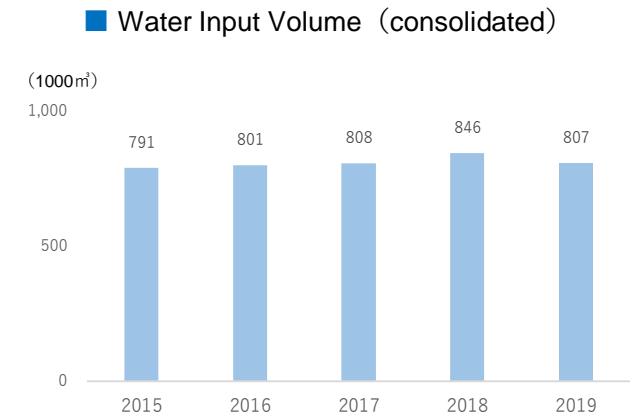
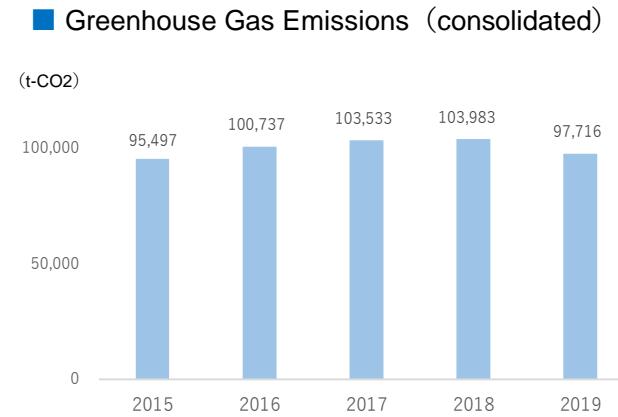
Motor factory located in central Vietnam

Finance and ESG | At a Glance

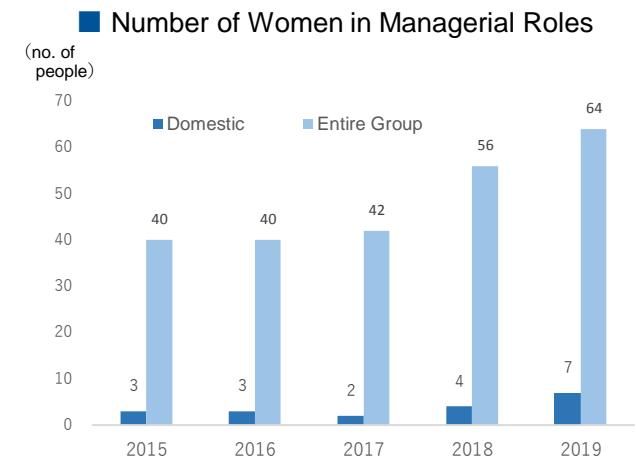
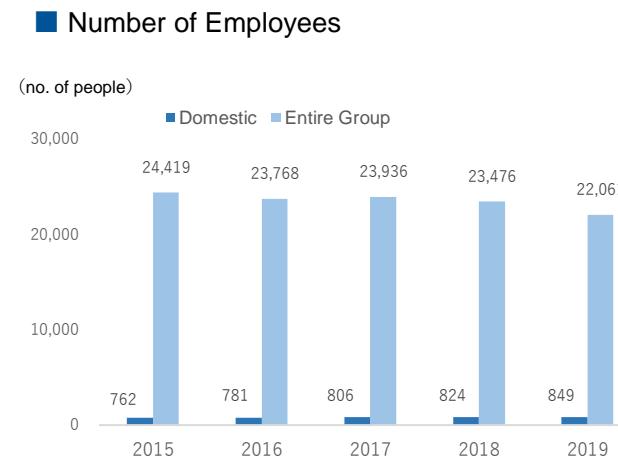
Finance



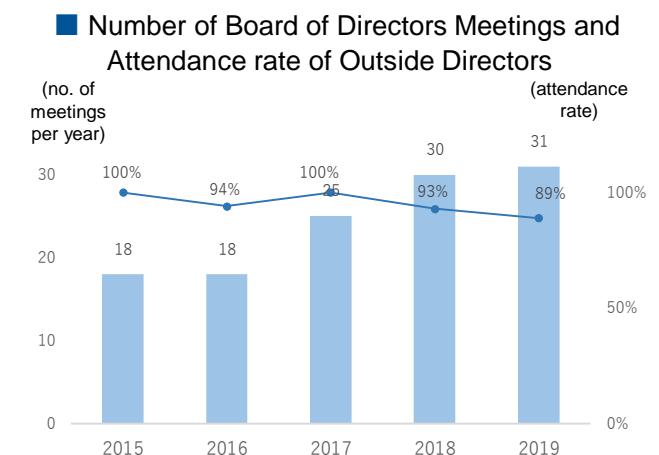
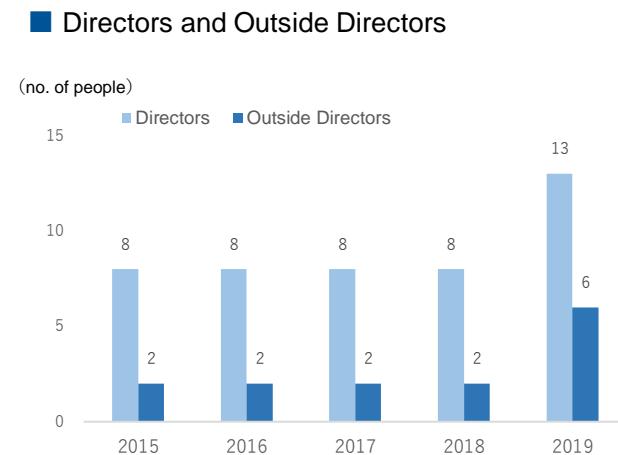
Environment



Social



Governance



Enhancing ESG and CSV Management

Applying our Management Principle towards the UN Sustainable Development Goals

Sustainability is essential for the future well-being of people and our planet. At Mabuchi Motor, we know that the sustainable development of our company is essential for the longevity and stability that will allow us to practice our Management Principle of contributing to society. Today, moreover, being a contributor to society means being an active part of global and local efforts to achieve the UN SDGs (<https://www.un.org/sustainabledevelopment/>). We lead and undertake social and environmental initiatives towards specific Goals. Our sustainability policy, implemented through our Sustainability Committee, guides and accelerates these actions.

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 head offices.

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.



Material Sustainability Issues: How our Management Markers Align with SDGs

1 Solutions through products

- Increasing the use of cars with safe driving and accident prevention features through partnerships with customers
- Increasing the use of cars with high fuel efficiency and environmental performance through partnerships with customers
- Increasing the availability of reasonably priced healthcare equipment and medical equipment through partnership with customers



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

- Creating employment in the countries that we enter
- Sustainable growth of our bases and economic development of local regions surrounding them, enabled by technology transfers to each country that we enter



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

2 Solutions through global production activities

3 Solutions through investing in human capital

- Developing managerial human resources at our bases outside Japan
- Developing R&D human resources at our bases all over the world, including Japan
- Providing opportunities for women at our bases all over the world, including Japan
- Fostering children and youth to be future leaders interested in science and manufacturing



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

- Reducing the amount of resources that are used and disposed of, by downsizing and standardizing motors
- Reducing the environmental impact of our corporate activities
- Ensuring the good health and safety of employees by improving facilities and enhancing programs
- Strengthening governance in our decision-making and ensuring compliance



4 Solutions through corporate activities

Enhancing ESG and CSV Management

Applying our Management Principle towards the UN Sustainable Development Goals: A Closer Look

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.



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.



Management Guidelines for Overseas Operations

Mabuchi Motor's expansion is led and implemented from a long-term perspective, in accordance with three "Overseas Base Management Markers:"

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

Solutions through products			
Social Issues	Corresponding SDGs	Our Impact Goals	Our Actions
<ul style="list-style-type: none"> Prevention of car traffic accidents and reduction of casualties 		<ul style="list-style-type: none"> Promote the manufacture of vehicles equipped with safe driving and traffic accident prevention functions in partnership with customers 	<ul style="list-style-type: none"> Providing motors that contribute to the improvement of automobile safety, such as seat belt pretensioners, EPB(*1), steering vibrations, head-up displays, etc.
<ul style="list-style-type: none"> Global warming, Climate change 		<ul style="list-style-type: none"> Promote the manufacture of fuel-efficient and environmentally-efficient automobiles in partnership with customers 	<ul style="list-style-type: none"> Providing motors that contribute to improving the environmental performance of automobiles, such as engine peripherals and grill shutters
<ul style="list-style-type: none"> Maintaining human health in aging societies 		<ul style="list-style-type: none"> Increase availability of reasonably priced health equipment and medical devices through partnerships with customers 	<ul style="list-style-type: none"> Providing motors for health equipment and medical devices

*1 EPB: Electric Parking Brake

Solutions through global production activities			
Social Issues	Corresponding SDGs	Our Impact Goals	Our Actions
<ul style="list-style-type: none"> Global poverty and economic disparities 		<ul style="list-style-type: none"> Create gainful and enduring economic activity in the countries and regions we enter 	<ul style="list-style-type: none"> Creation of opportunities for employment and skill-building at all bases and factories
<ul style="list-style-type: none"> Innovations in developing countries and other countries 		<ul style="list-style-type: none"> Foster sustainable operations and competitiveness of bases in the region through technology transfer 	<ul style="list-style-type: none"> Integrated development of the company in sync with societies, through increasing added value and optimizing the functionality of each production base

Enhancing ESG and CSV Management

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.



For example, our product standardization strategy presents us with a range of incredibly difficult challenges. We have to identify the needs of the majority of customers in the market; we have to develop and design motors that enable costs to be kept low. If we indeed achieve product standardization, everything involved in production – processes, production facilities, molds, and parts and materials – must be standardized too, in order to permit leveled production. As the people of Mabuchi Motor overcome these tough challenges, they experience a twofold sense of achievement: as their work develops their own capacities, the success of the standardization strategy eliminates waste and ensures effective utilization of resources.

Solutions through investing in human capital

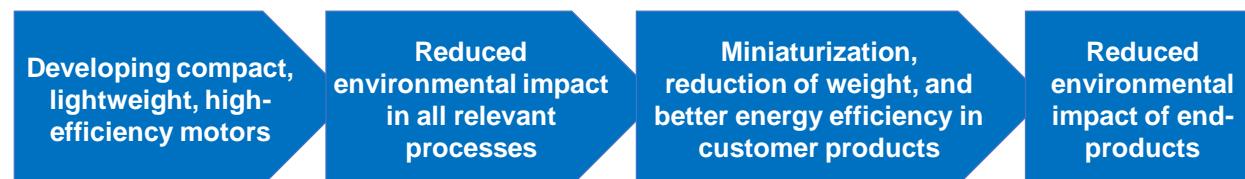
Social Issues	Corresponding SDGs	Our Impact Goals	Our Actions
• Cultivation of management talent in developing countries and other countries around the world		• Cultivate management talent at our bases in Japan and around the world	• Enhancing our global capacity to offer education opportunities, with the establishment of the Mabuchi Learning Institute (MLI)
• Cultivation of R&D capacity to support economic growth		• Develop R&D capacity at our bases in Japan and around the world	• Developing R&D talent around the world through exchanges and secondments with HQ
• Achieving gender equality		• Increase gender diversity at our bases in Japan and around the world	• Providing more opportunities for women at all levels of our company, and supporting their career development over time
• Science education for the next generation of children		• Foster interest in science among children and youth	• Providing opportunities for children to deepen their interest in science through Robocon, craft classes, on-site classes, and more

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.



Solutions through corporate activities

Social Issues	Corresponding SDGs	Our Impact Goals	Our Actions
• Control of the use of global resources		• Reduce resources used and wasted by downsizing and standardizing motors	• Miniaturization by improving motor efficiency and standardization by application
• Preventing pollution of water quality, soil, air		• Reduce the Environmental Impact of Corporate Activities	• Reduction of environmental impact from all company activities, such as development, procurement, and production
• Ensuring the health and safety of people		• Ensure the health and safety of employees through development of facilities and enhancement of operating systems	• Measures to prevent occupational accidents, improve the working environment in offices and factories, and promote work-life balance
• Achieving highly transparent corporate operations		• Strengthen governance and ensure compliance in decision-making	• Education to enhance the governance system, information disclosure, permeation of our management philosophy, and understanding of laws and regulations

Enhancing ESG and CSV Management

Applying our Management Principle towards the UN Sustainable Development Goals

Management Principle

“Contributing to International Society and Continuously Increasing Our Contribution.”



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	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	
1 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			⊙															⊙
2 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	○			○				○	⊙	⊙	⊙	○	○	○		○		○
3 Solutions through investing in human capital	S	Cultivate management talent at our bases in Japan and around the world				⊙				⊙		⊙			○			○	○	○
	S	Develop R&D capacity 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			○	⊙						○	○							○
4 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 and ensure compliance in decision-making			○		○				○		○	○	○				⊙	○

⊙ Highly relevant to SDGs targets ○ Relevant to SDGs targets

Our Shared Value

ESG and CSV Activities | Environment

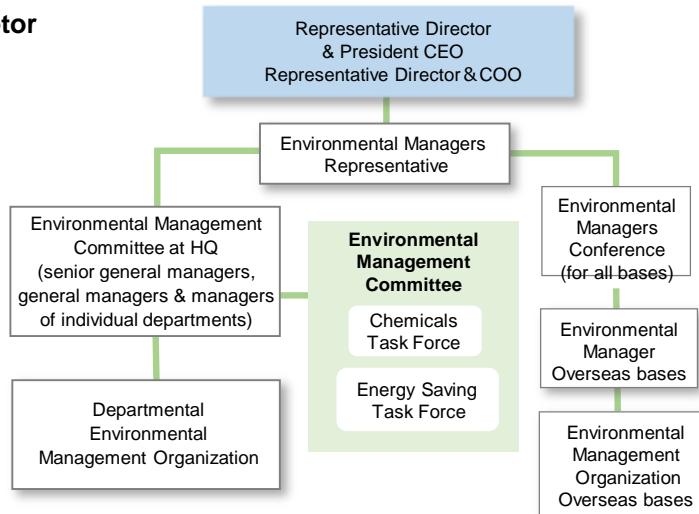
Environmental Management System

ISO14001 certification

Environmental management across the Mabuchi Group, which includes both protection and conservation measures, is active and thorough. We hold “Environmental Management System ISO14001: 2015” certification at HQ and at individual production bases. Environmental achievement targets are set for individual divisions all across the Group and pursued through iterative PDCA-style management processes.

Environmental management at Mabuchi Motor

The Environmental Representative of the Mabuchi Group oversees these activities. The Environmental Management Committee, housed at HQ, 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 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 Conservation

Energy conservation

Our company-wide energy conservation measures include use of LED ceiling lights, temperature controls on heating and AC units through the year, and limits on electricity use to heat water.

For effective conservation, even more important than specific measures is to raise awareness about its importance. We do so through informational posts and reminders on our intranet and in our factories, particularly during the summer months when electricity consumption increases.



Planned LED lighting (Headquarters)



Timer controls for electric water heaters (Kaohsiung Mabuchi)

Using renewable energy at production locations

At Daojiao Mabuchi and Dongguan Mabuchi in China, our solar power generation systems generate approximately 600,000 kWh of electricity per year to power production. This is one way in which we strive to reduce carbon dioxide (CO2) emissions.



Environmental protection in production

Beyond compliance with environmental directives, the Mabuchi group strives to protect the environment through adherence to our own company standards and regulations for motor production. Since the European RoHS Directive took effect in 2006, we have not caused a single environmental accident.

The Mabuchi Group works constantly to make the production process environmentally friendly. For example, in the design and construction of our production facilities, we conduct multifaceted environmental impact assessments take into account the following factors:

1. Presence of banned substances
2. Usage amounts of power, air, water, and other resources
3. Fuel consumption
4. Emissions of air pollutants, ozone depleting substances, and sewage
5. Vibration and noise levels
6. Any waste and hazardous material emissions to which the Industrial Safety and Health Act applies
7. Risk of toxic substance leakage related to equipment disposal
8. Adequacy of instructions and guidance related to handling or recovery of harmful substances

Through this rigorous analysis, we verify that our production activities are safe for the environment.

Environmental Stewardship Poster Contest

To raise environmental awareness among employees, we hold an Environmental Stewardship Poster Contest annually. Award-winning works selected from more than 1,000 entries are shared on intranet.



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 CO2 emissions and to effectively utilize limited resources, we actively work on energy saving, resource saving, recycling, and waste reduction.
 - 2.2 In our products and production processes, we thoroughly manage any substances of concern and seek to switch to equivalent alternative substances as much as possible.
 - 2.3 We perform green procurement activities positively using environmentally friendly parts and materials.
 - 2.4 Being aware that the protection of biodiversity is a significant corporate objective, we promote eco-friendly approaches.
3. In order to raise the environmental awareness of all our employees, we actively conduct environment-related educational activities.
4. We familiarize all of our employees with this environmental policy and announce the policy to outside parties.

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

Yoshi Okoshi

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

Our Shared Value

ESG and CSV Activities | Social Engagement

Stable and Reliable Supply of Products

As a leading supplier of small direct current motors as demonstrated by our high market share, we at Mabuchi Motor give paramount importance to our responsibilities toward our customers, and thereby also to our wider social responsibility.

Our motors for automobile door mirrors and door locks, for example, hold a global market share of around 70 to 80 percent. Should we experience a shortage in our production and supply of these motors, no other manufacturer in our industry has the production and supply capacity to cover that shortage - so the production activities of carmakers around the world will be affected.

To eliminate such risks to as great extent as possible, Mabuchi Motor safeguards stable production and supply by standardizing our products, establishing a five-pole global business structure, and ensuring sufficient product inventory through product standardization.

CSR Procurement

The Mabuchi Group follows strictly the provisions of the European RoHS Directive, the European ELV Directive, the European REACH Regulation: Substances of Very High Concern (SVHC), Japan's Chemical Substances Control Law - Class 1 Specified Chemical Substances, the Global Automotive Declarable Substance List (GADSL), other regulatory requirements, customer requests, and our own voluntary standards.

But beyond these, we act on our own initiative by adding regulated substances and adjusting the prohibition rank in the listings, for example, as our experience and learning recommend.

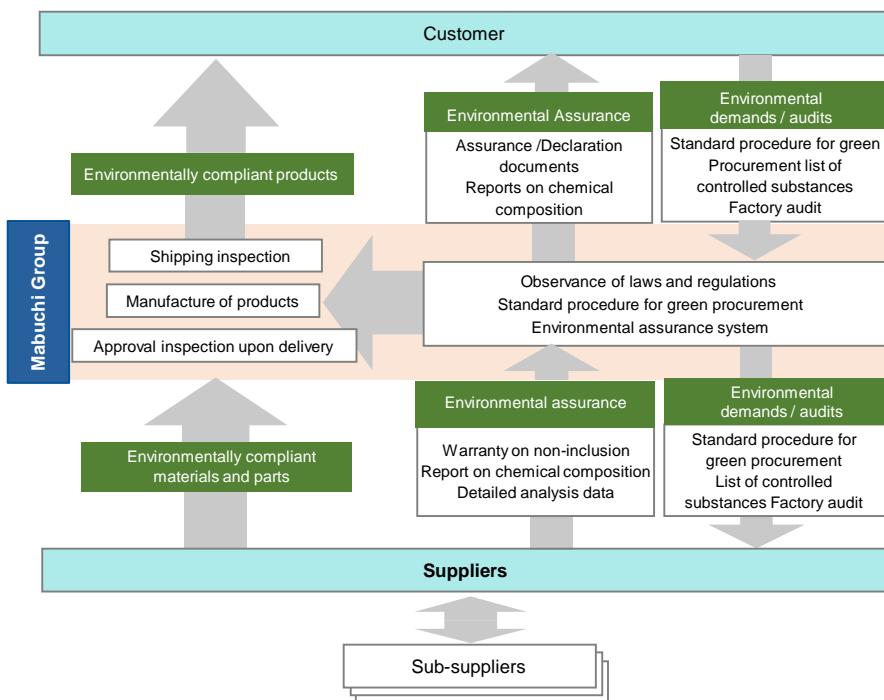
Because conflict minerals are a source of funds for armed groups, we ask that our suppliers not use these and further, that they report the results of conflict mineral* investigations to our customers. In these activities, critical tools are close and daily communication with our suppliers, and timely audits of the uses and storage conditions of environmentally hazardous products. As a result of these efforts, to this day we have experienced no environmental accidents since the enactment of the 2006 RoHS Directive in Europe.

* Conflict minerals are defined currently as a 3TG (tin, tantalum, tungsten and gold ore)

Green Procurement

True environmental conservation and protection requires developing products with a low environmental impact for the duration of their life cycles, in which production is only one point in time. A product's life cycle ranges from the extraction of material resources, production and processing, distribution and sales, consumption and uses to disposal and recycling. For this reason, Mabuchi Motor monitors and evaluates not only its own environment-related efforts, but also those of our suppliers.

Green Procurement Flowchart



Suppliers to the Mabuchi Group must follow the green procurement procedure shown in the flowchart here. Our suppliers must provide documentation certifying that their raw materials and parts do not contain environmentally prohibited substances and must report to us regularly on their environment-related activities and impact.

Engaging with People and Communities

To know how to be socially responsible, a company needs to be socially connected. By valuing and creating opportunities to learn from people and communities, the Mabuchi Group can make effective contributions to society.

Supporting local communities in the world

Volunteers from Jiangsu Mabuchi participate in youth development activities organized by Wuzhong District in Suzhou City.



Social welfare efforts

Mabuchi supports children's homes and elderly care homes through social engagement and donation programs. In 2019, Jiangxi Mabuchi employees donated clothing, shoes, and bags to families in need and helped improve waste recycling practices.



Blood donating

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



Coexisting with local environment

A biodynamic garden in the front lawn of the HQ building symbolizes our coexistence with the environment and, more locally, our goal of preserving the natural heritage and biodiversity of the area surrounding Matsuhidai Industrial Park, in Matsudo. The garden features wildflowers such as *patrinia scabiosaefolia* and *patrinia villosa*, traditional flora of the Matsudo area. We cultivate the site mindful of its role as a biotope network connecting the area's large and rich natural ecosystem including the neighboring Yahashira Cemetery and the Yagiri-no-Watashi Ferry.



Our Shared Value

ESG and CSV Activities | Social Engagement

■ Mabuchi Motors for Learning

For decades, Mabuchi motors captured the imagination of children whose toys and plastic models were powered by our products, cultivating their curiosity about science and engineering. Many of those children are today professional engineers. Although we are now active in other product markets, Mabuchi Motor keeps a strong focus on fostering enthusiasm for science, engineering, and manufacturing among young people.

Summer classes for kids

Every year during the public school summer break, Mabuchi HQ offers classes for children (grades 4-6) and their parents who reside in our area, Matsudo City. The classes introduce the kids to some basic engineering and manufacturing concepts and invite them to use their creativity in crafting something all their own.



Woodcraft activities

We also support woodcraft hobby forums incorporating our motors at the annual Shizuoka Hobby Show (May) and the Chiba Museum of Science and Industry (August).



Teaching science and experimentation

Mabuchi Motor employees always enjoy their instructional visits to local elementary schools, where they offer guest lectures using learning materials they develop themselves. Every year on these occasions, the Mabuchi “teachers” are thrilled to see the kids having fun with science, experimenting with magnets using motor components.



At a local elementary school (Chiba, Japan) At a Japanese School in China (Jiangsu Mabuchi)

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. Every autumn, we offer a science experiment class in collaboration with the Museum.



Science experiment class in the Science Museum

Empowering young robotics engineers

It is more important than ever to encourage young engineers to create and innovate. Mabuchi Motor is a proud sponsor of the National Technical College Robot Contest and the ABU Robot Contest and the College Robot Contest, for which we provide motors and financial support.



A day at Mabuchi

To help teach young people about the world of work and careers in manufacturing and engineering, we partner with local schools to host workplace experiences and tours for junior high and elementary school students. We offer these activities both at HQ and at bases outside Japan.



We contribute about 26,000 motors for use by the teams competing in the National Technical College Robot Contest. A few examples:



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

▼ Robot equipped with our motor



Supporting Kashiwa Reysol Academy

Mabuchi Motor (HQ) 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.



Our Shared Value

ESG and CSV Activities | Corporate Governance

■ Corporate Governance at the Mabuchi Group

The core 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 Company, Ltd. believes fully and strongly in the mission-critical mandate of sound corporate governance. More specifically, that mandate is:

- 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

On March 28, 2019, Mabuchi Motor transitioned to a company with an audit committee. This change strengthened the supervisory role of the Board of Directors and accelerated decision-making by transferring some authority for business decisions to the directors. Further, in order to clarify the decision-making and supervisory functions of management and the functions of business execution, we adopted 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

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

■ Members of each institution

◎: Chairman

Position	Name	Board of Directors	Audit & Development Committee	Nominating Committee	Remuneration Committee
Representative Director CEO	Hiroo OKOSHI	◎		◎	◎
Representative Director COO	Masato ITOKAWA	○		○	○
Director	Hirotao KATAYAMA	○			
Director	Shinichi TANIGUCHI	○			
Director	Tadahito IYODA	○			
Director	Eiji UENISHI	○			
Outside Director	Naoki MITARAI	○		○	○
Outside Director	Kazuhiko TSUTSUMI	○			○
Outside Director	Jody ONO	○		○	
Director (Full-time Audit & Supervisory Committee)	Kazuyuki SOMEYA	○	◎		
Outside Director (Audit & Executive Committee)	Toru MSUDA	○	○		
Outside Director (Audit & Executive Committee)	Takashi ASAI	○	○		
Outside Director (Audit & Executive Committee)	Yukie TOGE	○	○		

■ Succession planning

The Nominating Committee, an advisory body to the Board of Directors, deliberates regularly on the development of successor candidates, referring to our Management Principle, vision, strategy, and other foundational considerations. Potential successors to top leadership positions are assessed on both performance and learning trajectories. The Nominating Committee reports on the development of candidates to the Board of Directors as appropriate, enabling the Board of Directors to supervise progress.

■ Training of directors

We provide our directors with opportunities to receive the education and training necessary for the effective fulfillment of their roles and duties. To deepen outside directors' understanding of our business and related issues, we provide them the information and explanation necessary from the relevant functional areas. We also give them opportunities to visit and inspect our bases outside Japan and to meet and interact with our employees.

■ 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	<ul style="list-style-type: none"> • Participants: All directors (including Audit & Supervisory Committee members) • 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.
Results of the evaluation (2019)	<p>The evaluation results confirmed the Board of Directors' effectiveness, noting that:</p> <ul style="list-style-type: none"> • The company has an established and well-functioning system for rigorous management decision-making and the diligent supervision of business execution. • Directors, including outside directors, discuss and exchange opinions actively. • 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.
Future initiatives	<p>We are working to further improve Board effectiveness through the following actions:</p> <ul style="list-style-type: none"> • 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. • Making changes to meeting structure and implementation that meet the needs of a more diverse Board composition.

Our Shared Value

ESG and CSV Activities | Corporate Governance

Board of Directors: Internal Directors

All of Mabuchi Motor's internal directors have high-level management experience at our bases outside Japan. They consider and make business decisions from a global perspective and base their judgement on front-line production and sales conditions.

Position	Name	Previously served as president of a base outside Japan	Overseas Experience	Finance and Accounting	Business and Sales	Technology and Quality	Purchasing and Production
Representative Director	Hiroo OKOSHI	●	●	●	●	—	●
Representative Director	Masato ITOKAWA	—	●	—	●	●	●
Director	Hirotarō KATAYAMA	●	●	●	●	●	●
Director	Shinichi TANIGUCHI	●	●	—	●	●	●
Director	Tadahito IYODA	●	●	●	●	—	●
Director	Eiji UENISHI	—	●	—	●	●	—
Director, Audit & Executive Committee	Kazuyuki SOMEYA	●	●	●	●	—	●

Criteria for selection of candidates for directors who are not Audit & Supervisory Committee members

1. That the person displays good character, dignity, and sound ethics
2. That the person displays unfailing respect for and adherence to the law
3. That the person is capable of making business decisions with insight, objectivity, and foresight
4. That the person a) does not have any interests or business relations which may affect business decisions to be made in our major business fields; b) has experience or skills in organizational operations in the field of industry, government, or academia, and has expertise in accounting, legal affairs, or similar fields
5. That the person has other capacities required of a director who is not an Audit & Supervisory Committee member, from the viewpoint of establishing a comprehensive corporate governance system that is transparent, robust, and efficient as is required of a listed company
6. [For outside director candidates] That the person has a proven track record and insight into their field of expertise, be able to devote sufficient time to their duties as an outside director who is not an Audit & Supervisory Committee member, and have the capacity to execute their duties as a member of any one of the committees that act as advisory bodies to the Board of Directors
7. [For outside director candidates] That the person fulfills the requirements for outside directors as stipulated in the Companies Act, and the Independence Criteria for Outside Officers as stipulated by Mabuchi Motor Company, Ltd., and can execute their duties from the independent, objective point of view that is expected of them

Criteria for selection of candidates for directors who are Audit & Supervisory Committee members

1. That the person displays good character, dignity, and sound ethics
2. That the person displays unfailing respect for and adherence to the law
3. That the person is capable of making business decisions with insight, objectivity, and foresight
4. That the person a) does not have any interests or business relations which may affect business decisions to be made in our major business fields; b) has experience in organizational operations in the field of industry, government, or academia, and has expertise in accounting, legal affairs, or similar fields
5. That the person has other capabilities required of a director who is an Audit & Supervisory Committee member, from the viewpoint of establishing a comprehensive corporate governance system that is transparent, robust, and efficient as is required of a listed company
6. [For outside director candidates] That the person has a proven track record and insight into their field of expertise, be able to devote sufficient time to fulfill their duties as a director who is an Audit & Supervisory Committee member
7. [For outside director candidates] That the person fulfills the requirements for outside directors as stipulated in the Companies Act, and the Independence Criteria for Outside Officers as stipulated by Mabuchi Motor Company, Ltd., and can execute their duties from the independent, objective point of view that is expected of them

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 & Executive 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 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.
Toru MASUDA	●	●	Law	As a practicing lawyer and previous director of Juutaku Loan Servicer, Ltd., contributes authoritative expertise and experience in corporate legal affairs as well as corporate governance.
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.
Yukie TOGE	●	●	Accounting and Finance	As a practicing certified public accountant, contributes authoritative expertise in corporate accounting. As a previous manager of an accounting consulting firm, offers also corporate management experience and insight.

Independence Criteria for Outside Directors

The Company prescribes criteria for the independence of outside directors. To be considered sufficiently independent from Mabuchi Motor Company, Ltd., 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 of 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).

Board Diversity

	Total	Outside (non-internal)	Women	Non-Japanese
Number of Directors	13	6	2	1
Number of Executives (including Executive Officers)	22	6	3	4

Our Shared Value

Meet our Outside Directors



Outside Director Audit & Supervisory Committee Member
Toru MASUDA

Outside Director
Naoki MITARAI

Outside Director
Kazuhiko TSUTSUMI

Outside Director Audit & Supervisory Committee Member
Takashi ASAI

Outside Director
Jody ONO

Representative Director
Hiroo OKOSHI

Representative Director
Masato ITOKAWA

Outside Director Audit & Supervisory Committee Member
Yukie TOGE

Please share with us your impressions of leadership and management at Mabuchi Motor.

MITARAI: Mabuchi Motor takes daily guidance in business decisionmaking from its core management principle: “Contributing to International Society and Continuously Increasing Our Contribution.” These are more than mere words to Mabuchi’s people, who draw inspiration from the management principle in all kinds of decision-making situations. Mabuchi Motor’s business approach puts strong emphasis on a high operating profit margin. For Mabuchi, a high operating profit margin is not only a key indicator of good business results; it is also evidence of the positive contribution the company is making to society by offering high-quality, worthy products.



Naoki MITARAI
Outside Director

TSUTSUMI: For example, when developing a new product, Mabuchi Motor evaluates – rigorously – what kind of social contribution that product aims to make; and given that contribution, whether an appropriate profit margin is achievable with that product. Developing new products solely for the purpose of increasing sales, without bringing any advantage over other companies’ products, is not the Mabuchi Way. As you know, Mabuchi Motor has a strong commitment to standardization and formulates a thorough standardization strategy for each application. This is one of the company’s key means of contributing to society. In product development, of course we incorporate new technology, but for parts of existing products that don’t affect new functions, Mabuchi pursues standardization to reduce costs and minimize waste. When developing a new product, it’s easy to use all new parts to achieve functional goals, but you will increase cost. It is more difficult to use existing parts in new products to achieve high performance, but Mabuchi Motor embraces this

challenge. In that fighting spirit, I see the company’s firm commitment to its core management principle.

Kazuhiko TSUTSUMI
Outside Director



ONO: Mabuchi Motor’s core values and principles are well reflected in the company’s approach to developing its people. There is a clear and strong emphasis on continuous learning and on the importance of applying one’s talents to enhance the company’s contribution to society at large. I see ongoing efforts at all levels of the company not only to cultivate diversity within the workforce, but also to ensure inclusiveness. Career advancement is open to anyone who displays the leadership and management skills required, regardless of age, gender, nationality, or ethnicity - both at the head office in Japan and at sales and production sites around the world.

Jody ONO
Outside Director



TSUTSUMI: I visited a production site in China and saw that almost all managerial posts are held by Chinese employees. While Japanese companies often have mostly Japanese employees in management positions, Mabuchi Motor is prominent among those who are engaging the management talent of local (non-Japanese) employees at its bases outside Japan. I also visited our production base in Mexico, which began mass production in 2017.

Our Shared Value

Meet our Outside Directors

There I found that all the managers in the plant's production department were Mexican. Both the value and mindset of entrusting management to local employees, from the early stages of developing a base abroad, are well established at Mabuchi Motor.

Please tell us more about your experiences of governance and oversight at the company. What is it like to participate in board meetings at Mabuchi Motor?

MITARAI: First of all, Mabuchi Motor's board of directors has an average age of 55 among its in-house members, all of whom are lively contributors. We, the outside board members, are just as active in posing questions, making suggestions, and offering fresh perspectives. Among the in-house directors, I see a high level of receptiveness to our input along with a genuine eagerness to continuously improve their management skills and practices.

TSUTSUMI: Both the in-house board members and the outside board members bring different areas of expertise and professional experience, so we can enjoy high-quality, multi-faceted discussions on a single topic. That being said, I find decision-making and crisis response to be very fast at Mabuchi. In fact, a Mabuchi Motor production site in China was recognized by the local government as an exemplary company because of its quick and effective response to the coronavirus outbreak. I've seen this promptness of action here at our main office, too, supporting smooth operations at the corporate level.

ONO: Since all the in-house board members have led Mabuchi Motor subsidiaries abroad, working on the front lines of the company's production and sales, they bring a wealth of international experience to board discussions. Mabuchi Motor produces 100% outside Japan, and about 90% of sales are outside Japan. Therefore, board discussions are always conducted from a global perspective, and not from the perspective of Japan where the head office is located.

TSUTSUMI: I think it is very important for discussions and decisions to be based on business intelligence coming from the field, to avoid reliance on "desk theory."

As you know, Mabuchi Motor evaluates the effectiveness of its board meetings regularly, and makes continuous improvements to its governance system based on the evaluation results. What is your view on this process?

MITARAI: As a practice of pursuing continuous improvement and increasing corporate value, Mabuchi Motor regularly evaluates the effectiveness of its board meetings. The findings of these evaluations show that Mabuchi Motor board meetings are implementing a thorough system of governance, ensuring highest-standard managerial decision-making and oversight of business execution. Discussions and deliberations are wide-ranging and inclusive of both internal and external board members, all of whom participate fully. I've been delighted to see board members working together to speed the flow of information and deepen understanding in the meetings, especially for the benefit of the external board members. This approach has expanded the diversity of views expressed in the meetings, enhancing contributions from the outside directors.

TSUTSUMI: As I mentioned, before the Covid-19 outbreak struck I visited multiple overseas bases. I wanted to see firsthand the production bases in operation, knowing that production operations have long been one of Mabuchi Motor's great strengths. Seeing the overseas bases at work deepened my understanding of the company's operations, but also of its management practices. I was very pleased to see that the Mabuchi Management Principle was valued just as highly at overseas bases. It permeated the organization and was "lived" by the employees.

ONO: The board meetings offer opportunities for the outside directors to interact directly with managers at overseas sites. In addition to receiving regular operational updates, we are able to engage with site managers in Q&A sessions. These are highly valuable exchanges that deepen

our understanding of the successes, challenges, and workings of the company's sites abroad, and thus enrich discussions amongst board members. It's inspiring to me that many non-Japanese managers across our five operational regions have built great careers at Mabuchi Motor and show profound dedication to the company.

Please share your thoughts on the governance of Mabuchi Motor Company, Ltd., from the viewpoint of Audit and Supervisory Committee members.

MASUDA: Governance at Mabuchi Motor mirrors its organizational character overall: serious and straightforward. This is true not only at the head office in Japan, but also at sites in the Mabuchi Group's five global regions of operation. On my visits to production bases to observe ongoing operations, I found Mabuchi operations to be executed reliably with directness and clarity. To both lead and support operations, the company has introduced a set of complementary mechanisms to ensure good governance. I think that the most advantageous effect of these mechanisms is the permeation and influence of the Mabuchi Management Principle throughout the Group.



Toru MASUDA
Outside Director
Audit & Supervisory
Committee Member

ASAI: I agree with Toru Masuda's point about the management principle. Both awareness and practice of "Contributing to International Society and Continuously Increasing Our Contribution" have spread steadily across the Group. And, with the simple idea of "better motors at lower prices" as a guide, management that eliminates waste is a high priority at all bases. The members of the audit and supervisory committee have ready access to detailed documentation on decision-making, including at overseas sites.

We make use of that access to be thorough in our examinations, then make recommendations that emerge from hard facts and data. In this way, we reinforce the high level of transparency that is a core feature of decision-making at Mabuchi Motor.



Takashi ASAI
Outside Director
Audit Supervisory
Committee Member

TOGE: For us, serving on the audit and supervisory committee means making vigilant use of our respective areas of expertise to ask questions that support transparency and safeguard compliance. Mabuchi Motor strives to be a company that integrates responsibly with society, that helps meet society's needs. To achieve that, having a governance structure that is both responsive and comprehensive is very important.



Yukie TOGE
Outside Director
Audit & Supervisory
Committee Member

MATSUDA: Another core feature of Mabuchi Motor's organizational culture is the idea that companies are public institutions of society. As auditors we hold ourselves strictly to prevent acts that may cause harm, even unintended, to society. This way of thinking forms the foundation of good governance at Mabuchi. I think this culture of "stewardship" of society was cultivated over many years, through mastering small DC motors that had many applications in the daily lives of people. We members of the audit and supervisory committee want to help protect Mabuchi Motor's positive organizational culture.

List of Officers



Outside Director Kazuhiko TSUTSUMI **Director** Eiji UENISHI **Director** Tadahito IYODA **Outside Director** Naoki MITARAI **Outside Director** Jody ONO

Director Hirotarō KATAYAMA **Representative Director President & CEO** Hiroo OKOSHI **Representative Director & COO** Masato ITOKAWA **Director** Shinichi TANIGUCHI

	Directors			Executive officers and group executive officers (excluding those also serving as directors)
	Excluding audit and supervisory committee members	Audit and supervisory committee members	Total	
Inside	6	1	7 (54%)	9
Outside	3	3	6 (46%)	—
Total	9	4	13 (100%)	9
Female	1	1	2 (15%)	1

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 Dept., Human Resources Dept., MABUCHI INDUSTRY CO., LTD.
- 2002 General Manager - Corporate Planning Dept.
- 2003 Deputy Senior General Manager - Business Platform Innovation HQ
- 2004 General Manager - Corporate Planning Dept.
- 2009 Executive Officer, Senior General Manager - Administration HQ
- 2011 Director, Executive Officer, Senior General Manager - Administration HQ
- 2013 Representative Director, President
- 2019 Representative Director, President & CEO (Current Position)

Director, Managing Executive Officer, Chief Technology Officer, Senior General Manager - Manufacturing HQ

Shinichi TANIGUCHI

- 1987 Joined MABUCHI MOTOR CO., LTD.
- 2005 Assistant General Manager - Power Unit Motor Division
- 2013 General Manager - Product Development Dept. 2, Research and Development HQ
- 2013 President - MABUCHI MOTOR (JIANGSU) CO., LTD.
- 2018 Deputy Senior General Manager - Product Development HQ
- 2018 Executive Officer, Deputy Senior General Manager - Product Development HQ
- 2018 Executive Officer, Senior General Manager, Manufacturing HQ
- 2019 Director, Executive Officer, Chief Technology Officer, Senior General Manager - Manufacturing HQ
- 2020 Director, Managing Executive Officer, Chief Technology Officer, Senior General Manager - Manufacturing HQ (Current Position)

Outside Directors

Outside Director

Naoki MITARAI

- 1976 Joined HITACHI, LTD.
- 2000 General Manager - Employee Relations Dept., HITACHI, LTD.
- 2004 Deputy General Manager - Information & Telecommunication Group, Government & Public Corporation Information System Sales Management Division, HITACHI, LTD.
- 2005 General Manager, Group Company Office, Hitachi Group - Corporate Strategy, Hitachi Group HQ, HITACHI, LTD.
- 2006 General Manager, Group Company Office, Hitachi Group HQ, HITACHI, LTD.
- 2010 Senior General Manager-Human Resources Management HQ and General Affairs HQ, HITACHI, LTD.
- 2011 Vice President, Senior General Manager - Human Resources Management HQ and General Affairs HQ, 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)



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.
- 1991 Process Design Section, Production Engineering Dept., Research and Development HQ
- 2002 Manager - Manufacturing Technology Section, Production Engineering Office, Technology Dept.
- 2005 General Manager - Quality Assurance Dept.
- 2009 Executive Officer, General Manager - Quality Assurance Dept.
- 2013 Director, Executive Officer, General Manager - Quality Assurance Dept.
- 2016 Director, Executive Officer, Senior General Manager - Quality Assurance HQ
- 2017 Representative Director, Managing Executive Officer, Chief Quality and Environmental Officer, Senior General Manager - Quality Assurance HQ
- 2018 Representative Director, Managing Executive Officer, Chief Quality and Environmental Officer, Senior General Manager - Quality Assurance HQ, 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, Executive Officer, Senior General Manager - Corporate Planning HQ, General Manager - Corporate Planning Dept.

Tadahito IYODA

- 1999 Joined MABUCHI MOTOR CO., LTD.
- 2004 Manager - President Office, MABUCHI INDUSTRY CO., LTD. Corporate Planning Dept.
- 2007 General Manager - Corporate Planning Dept.
- 2009 Assistant General Manager - Corporate Planning Dept.
- 2010 General Manager - Corporate Planning Dept.
- 2013 Executive Officer, Senior General Manager - Administration HQ
- 2015 Director, Executive Officer, Senior General Manager - Administration HQ
- 2018 Director, Group Executive Officer, Chief Regional Officer in the Americas
- 2020 Director, Executive Officer, General Manager - Corporate Planning Dept.
- 2020 Director, Executive Officer, Senior General Manager - Corporate Planning HQ, General Manager - Corporate Planning Dept. (Current Position)



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

Hirotarō KATAYAMA

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

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

Eiji UENISHI

- 2004 Joined MABUCHI MOTOR CO., LTD.
- 2004 Manager - Product Development Group 3, Product Development Dept., Technology HQ
- 2007 General Manager - Product Development Dept.2, Technology HQ
- 2013 Deputy Senior General Manager - Technology HQ
- 2015 Executive Officer, Deputy Senior General Manager - Technology HQ
- 2017 Director, Executive Officer, Senior General Manager - Product Development HQ
- 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 (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 CORP.
- 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 ONO

- 2005 Executive Officer, SITE, Stockholm School of Economics
- 2010 Assistant Director, Mosbacher Institute, Bush School of Government, Texas A&M University
- 2013 Instructor, Corps of Cadets Center for Leadership Excellence, Texas A&M University
- 2015 Lecturer, Graduate School of International Corporate Strategy (ICS), Hitotsubashi University
- 2017 Adj. Associate Professor, School of International Corporate Strategy (ICS), Hitotsubashi University Business School
- 2019 Outside Director, MABUCHI MOTOR CO., LTD. (Current Position)



List of Officers

Director, Full-time Audit & Supervisory Committee Member

Director Full-time Audit & Supervisory Committee Member



**Kazuyuki
SOMEYA**

1986 Joined MABUCHI MOTOR CO., LTD.
2002 Manager - Accounting and Finance Group, Accounting and Finance Dept.
2005 General Manager - Accounting Dept. Administration HQ
2010 General Manager - Accounting and Finance Dept. Administration HQ.
2013 President - MABUCHI INDUSTRY CO., LTD.
2016 Full-Time Audit & Supervisory Board Member
2019 Director, Full-time Audit & Supervisory Committee Member (Current Position)

Executive Officer,
Deputy Senior General
Manager - Manufacturing HQ



**Toru
SHIBASAKI**

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

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



**Tomofumi
IMAMURA**

2008 Joined MABUCHI MOTOR CO., LTD.
2008 Manager - Corporate Planning Dept. Corporate Planning Group
2010 Vice President - MABUCHI MOTOR VIETNAM LTD.
2012 President - MABUCHI MOTOR VIETNAM LTD.
2016 General Manager - Corporate Planning Dept.
2018 Executive Officer, Senior General Manager - Corporate Planning HQ.
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 HQ
2020 Executive Officer, Deputy Senior General Manager - Accounting and Finance HQ, General Manager - Corporate Communication Dept.
2020 Executive Officer, In Charge of Accounting and Finance (Current Position)

Outside Directors, Audit & Supervisory Committee Members

Outside Director,
Audit & Supervisory
Committee Member



**Toru
MASUDA**

1979 Admitted as an attorney
1989 Director, Toru Masuda Law Firm (Current position)
2007 Director, Juutaku Loan Servicer LTD.
2012 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



**Takashi
ASAI**

1990 Admitted as an attorney
1990 Joined Daiichifuyo Law Office (Current Position)
2002 Part-Time Lecturer in the Law Department of Keio University
2005 Part-Time Lecturer in the Legal Affairs Research Course (Law School) of Keio University Graduate School
2009 Professor in the Legal Affairs Research Course (Law School) of Keio University Graduate School
2014 Part-Time Lecturer at Keio University (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



**Yukie
TOGE**

1999 Admitted as a Certified Public Accountant
2003 Director Certified Public Accountant Yukie Toge Office (Current Position)
2007 CEO Felice Consulting Ltd. (Current Position)
2019 Outside Director, Audit & Supervisory Committee Member, MABUCHI MOTOR CO., LTD. (Current Position)
2019 Outside Audit & Supervisory Board Member, Seven Bank, Ltd. (Current Position)

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, President -
MABUCHI MOTOR
(DONGGUAN) CO., LTD.



**SHU
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. (Current Position)

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



**Hoang
SON**

1998 Joined MABUCHI MOTOR VIETNAM LTD.
2005 Manager - Assembly Section 3, MABUCHI MOTOR VIETNAM LTD.
2009 Manager - Product Production Dept., 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)

Executive Officers and Responsibilities (excluding those serving as directors)

Managing Executive Officer,
In Charge of Business
Operations, Senior General
Manager - Consumer and
Industrial Product Business
Unit



**Isao
ICHIKAWA**

1983 Joined MABUCHI MOTOR CO., LTD.
1998 Director - MABUCHI MOTOR (SINGAPORE) PTE. LTD.
2006 General Manager - MABUCHI INDUSTRY CO., LTD.
2008 General Manager - Sales Dept. 2, Sales and Marketing HQ
2012 President - MABUCHI MOTOR (SINGAPORE) PTE. LTD.
2015 Deputy General Manager - Sales and Marketing HQ
2017 Senior General Manager - Small Automotive Product Business Unit
2017 General Manager - Sales and Marketing HQ
2018 Executive Officer, General Manager - Sales and Marketing HQ
2019 Managing Executive Officer, Deputy General Manager - Business, Sales Manager, Senior General Manager - Consumer and Industrial Product Business Unit
2020 Managing Executive Officer, In Charge of Business Operations, Senior General Manager - Consumer and Industrial Product Business Unit (Current Position)

Executive Officer, Senior
General Manager - Business
Platform Innovation HQ,
Deputy Senior General
Manager - Corporate Planning
HQ, General Manager -
Corporate Communication
Dept., In Charge of Issue
Management



**Takayuki
KOKON**

2004 Joined MABUCHI MOTOR CO., LTD.
2007 President - MABUCHI MOTOR DALIAN CO., LTD.
2012 General Manager - Sales Promotion Dept. Sales and Marketing HQ
2014 General Manager - Corporate Planning Dept.
2016 Deputy General Manager - Administration HQ
2018 General Manager - Administration HQ
2018 Executive Officer, General Manager - Administration HQ
2019 Executive Officer, General Manager - Administration HQ, General Manager - Business Platform Innovation HQ
2020 Executive Officer, General Manager - Chief Administrative Officer, Senior General Manager - Human Resources and General Affairs HQ, General Manager - Business Platform Innovation HQ
2020 Executive Officer, Senior General Manager - Business Platform Innovation HQ, Deputy Senior General Manager - Corporate Planning HQ, General Manager - Corporate Communication Dept., In Charge of Issue Management (Current Position)

Executive Officer, In Charge of
Customer Relations



**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 Dept. 3, Sales and Marketing HQ
2007 President - MABUCHI MOTOR (EUROPE) GmbH
2011 Assistant General Manager - Sales Dept. 2, Sales and Marketing HQ
2011 General Manager - China Market Development Promotion Dept., Sales and Marketing HQ.
2012 General Manager - Sales Dept. 3, Sales and Marketing HQ
2013 Executive Officer, Deputy Senior General Manager - Sales and Marketing HQ.
2015 Executive Officer, Senior General Manager - Sales and Marketing HQ
2017 Managing Executive Officer, Assistant Chief Business Officer, 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 (Current Position)

Executive Analysis: Business Results and Financials

■ Business Development and Business Results

Business development

During the fiscal year ended December 31, 2019 (fiscal 2019), the trend of a slowdown in the global economy became stronger, amid concerns regarding trade and the economic environment. The U.S. economy saw increased consumer spending against a backdrop of continued improvement in the environment for hiring, and continued to show solid growth. The pace of growth in the European economy remained sluggish on stagnant manufacturing in Germany, despite signs of exports for the region as a whole bottoming out. In Japan, the economy was showing gradual growth on increased capital investment and growth in consumer spending from an improving hiring environment. Growth in emerging market economies slowed overall, with a decelerating pace of growth being seen in China.

Business results

Nevertheless, given the global economic slowdown, consolidated net sales for fiscal 2019 were 131,807 million yen (a 7.9% decrease from the previous year), while motor sales, which constitute the majority of net sales, were 131,799 million yen (a 7.9% decrease year on year). Although operating income was boosted by improvements in sales prices and the product mix and movements in market prices for commodities including copper and steel materials, the yen's appreciation, lower sales volume, and higher costs resulted in operating income of 17,544 million yen (a 17.4% decrease year on year). Ordinary income was 20,854 million yen (a 15.9% decrease year on year), reflecting a decrease in foreign exchange gains, and profit before income taxes declined 31.2% year on year, to 20,179 million yen, in the absence of the one-time gain on sales of fixed assets related to real estate sales at the Company's wholly owned subsidiary Mabuchi Industry Co., Ltd. (Hong Kong Mabuchi) recorded in the previous year. Profit attributable to owners of parent was 14,234 million yen (a 37.9% decrease year on year).

■ Business Development by Application Market and Net Sales

Automotive Products Market

Net sales declined to 97,959 million yen (a 6.0% decrease year on year). The priority business of medium-sized automotive motors saw a decline in sales of motors for power window lifters, from the effect of sluggish automotive production volume in China despite increased sales of high-torque standard products to major North American automakers. Sales of motors for power seats declined on a weaker product mix, discontinued production of equipped models, and weak markets. Sales of motors for electric parking brakes rose on increases in the number of equipped models and a higher rate of installation. Although we maintained our market shares for small automotive motors including actuators for door locks, door mirrors and air conditioning dampers, a global market slowdown resulted in weak sales.

Consumer and Industrial Products Market

Net sales were 33,840 million yen (a 12.9% decrease year on year). Sales of motors for personal care products declined despite solid sales in the midrange and high-end toothbrush segments, as orders were curtailed in some applications based on our policy of emphasizing profitability. The markets for motors for inkjet printers and for car CD players continued to contract.



■ Overview of the Cash Flow

The balance of cash and cash equivalents amounted to 110,863 million yen, a decrease of 2,697 million yen from the end of the previous fiscal year.

Net cash provided by operating activities amounted to 25,830 million yen, an increase of 4,850 million yen from the previous fiscal year. Although profit before income taxes decreased 9,143 million yen, gain on disposal of fixed assets decreased 5,377 million yen, increases and decreases in inventories resulted in a turnaround from the previous year's 4,710 million yen net increase (cash outflow) to a 1,033 million yen net decrease (cash inflow) in fiscal 2019, and income taxes paid decreased 2,178 million yen.

Net cash used in investing activities amounted to 15,246 million yen, an increase in cash used of 2,510 million yen from the previous fiscal year. This was mainly because proceeds from sales of fixed assets decreased 5,951 million yen.

Net cash used in financing activities amounted to 12,132 million yen, an increase in cash used of 1,062 million yen from the previous fiscal year. The main item was a 1,660 million yen increase in cash dividends paid.

■ Overview of the Financial Position

Total assets as of December 31, 2019, were 268,244 million yen, a 1,194 million yen increase from December 31, 2018. Major changes included a 6,478 million yen increase in property, plant and equipment associated with capital investment including for the establishment of a new production base, a 1,772 million yen increase in investment securities, a 2,697 million yen decrease in cash and bank deposits, a 1,996 million yen decrease in trade notes and accounts receivable, and a 1,828 million yen decrease in inventories.

Total liabilities stood at 23,071 million yen, for a 476 million yen increase from the previous fiscal year-end. Major changes included a 1,322 million yen increase in deferred tax liabilities-non-current and a 1,102 million yen decrease in other current liabilities.

Total net assets increased 718 million yen from the end of the previous fiscal year, to 245,172 million yen. Retained earnings increased 4,380 million yen, net unrealized holding gains or losses on securities increased 1,436 million yen, foreign currency translation adjustments decreased 2,703 million yen, and treasury stock, which is deducted from net assets, increased 2,614 million yen.

Financial Data:

Consolidated Financial Statements

Consolidated Balance Sheet

ASSETS	Yen	U.S. Dollars	
	(Millions)	(Thousands)	(Thousands)
	2018	2019	2019
Current Assets:			
Cash and bank deposits	¥113,066	¥110,369	\$1,007,386
Trade notes and accounts receivable	23,909	21,913	200,009
Less – Allowance for doubtful accounts	(104)	(53)	(491)
Short-term investments	2,500	2,301	21,002
Merchandise and finished goods	25,014	24,353	222,284
Work in process	998	954	8,710
Raw materials and supplies	9,696	8,572	78,241
Other current assets	4,823	5,101	46,562
Total current assets	179,902	173,510	1,583,706
Property, Plant and Equipment:			
Land	6,633	6,640	60,607
Buildings and structures	48,936	50,580	461,671
Machinery and equipment	78,134	83,623	763,268
Construction in progress	11,099	16,288	148,672
	144,804	157,133	1,434,220
Less – Accumulated depreciation	(70,778)	(76,628)	(699,422)
Property, plant and equipment, net	74,025	80,504	734,797
Investments and Other Assets:			
Investment securities	9,208	10,980	100,227
Long-term loans receivable	453	–	–
Deferred tax assets – non-current	825	704	6,429
Other investments and other assets	2,633	2,543	23,218
Total investments and other assets	13,121	14,229	129,876
Total Assets	¥267,050	¥268,244	\$2,448,380

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of U.S. \$1=¥109.56.

LIABILITIES AND NET ASSETS	Yen	U.S. Dollars	
	(Millions)	(Thousands)	(Thousands)
	2018	2019	2019
Current Liabilities:			
Trade notes and accounts payable	¥6,376	¥6,003	\$54,797
Accrued income taxes	1,812	1,966	17,947
Accrued bonuses due to employees	265	249	2,273
Accrued bonuses due to directors	161	172	1,575
Other current liabilities	9,832	8,730	79,682
Total current liabilities	18,448	17,121	156,275
Long-term Liabilities:			
Long-term loans payable	–	635	5,795
Accrued benefits for stock payment	117	142	1,301
Liability for retirement benefits	2,259	2,139	19,530
Asset retirement obligations	17	17	159
Deferred tax liabilities – non-current	1,393	2,716	24,790
Other long-term liabilities – non-current	359	299	2,734
Total long-term liabilities	4,147	5,950	54,311
Total liabilities	22,595	23,071	210,587
Net Assets (Note 2):			
Shareholders' Equity			
Common stock, no par value:			
Authorized: 200,000,000 shares			
Issued: 68,562,462 shares in 2018			
68,562,462 shares in 2019			
	20,704	20,704	188,981
Additional paid-in capital	20,419	20,419	186,380
Retained earnings	212,594	216,974	1,980,415
Treasury stock, at cost: 1,323,854 shares in 2018			
and 1,826,945 shares in 2019	(7,400)	(10,014)	(91,410)
Total shareholders' equity	246,318	248,084	2,264,367
Accumulated other comprehensive income			
Net unrealized holding gains on securities	2,020	3,456	31,548
Deferred gains or losses on hedges	(37)	(2)	(19)
Foreign currency translation adjustments	(3,074)	(5,777)	(52,735)
Retirement benefits liability adjustments	(897)	(712)	(6,502)
Total accumulated other comprehensive income	(1,988)	(3,035)	(27,708)
Subscription rights to shares	124	124	1,134
Total net assets	244,454	245,172	2,237,792
Total Liabilities and Net Assets	¥267,050	¥268,244	\$2,448,380

Financial Data:

Consolidated Financial Statements

Consolidated Statement of Income

	Yen (Millions)		U.S. Dollars (Thousands) (Note)
	2018	2019	2019
Net Sales	¥143,116	¥131,807	\$1,203,061
Cost of Sales	98,788	90,776	828,554
Gross profit	44,327	41,031	374,507
Selling, General and Administrative Expenses	23,084	23,486	214,368
Operating income	21,243	17,544	160,138
Other Income (Expenses):			
Interest and dividend income	889	1,121	10,240
Exchange gain, net	1,474	990	9,044
Gain on sale of raw material scrap	1,520	1,378	12,586
Gain (loss) on disposal of fixed assets, net	4,790	(586)	(5,354)
Soil restoration related expenses	(292)	—	—
Special severance payment	(274)	(90)	(822)
Other, net	(27)	(180)	(1,646)
	8,080	2,634	24,048
Profit before Income Taxes	29,323	20,179	184,187
Income Taxes:			
Current	6,433	5,091	46,471
Deferred	(35)	853	7,790
	6,398	5,944	54,261
Profit	22,925	14,234	129,925
Profit attributable to owners of parent	¥22,925	¥14,234	\$129,925
Per Share Data:			
Profit attributable to owners of parent - Basic	¥341.19	¥214.00	\$1.95
- Diluted	341.05	213.91	1.95
Dividends applicable to current year earnings	135.00	135.00	1.23
Profit	¥22,925	¥14,234	\$129,925
Other Comprehensive Income			
Net unrealized holding gains (losses) on securities	(2,526)	1,436	13,107
Deferred gains or losses on hedges	50	35	319
Foreign currency translation adjustments	(7,517)	(2,703)	(24,675)
Retirement benefits liability adjustments	306	184	1,688
Total other comprehensive income	(9,686)	(1,047)	(9,560)
Comprehensive income	¥13,238	¥13,187	\$120,365
Comprehensive income attributable to:			
Owners of parent	¥13,238	¥13,187	\$120,365
Non-controlling interests	¥ —	¥ —	\$ —

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of U.S. \$1=¥109.56.

Consolidated Statement of Cash Flows

	Yen (Millions)		U.S. Dollars (Thousands) (Note)
	2018	2019	2019
Cash Flows from Operating Activities:			
Profit before income taxes	¥29,323	¥20,179	\$184,187
Depreciation and amortization	7,994	8,581	78,328
Increase (decrease) in liability for retirement benefits	127	70	641
Interest and dividend income	(889)	(1,121)	(10,240)
Exchange (gain) loss	(134)	22	209
(Gain) loss on disposal of fixed assets	(4,790)	586	5,354
Decrease (increase) in trade notes and accounts receivable	2,004	1,586	14,477
Decrease (increase) in inventories	(4,710)	1,033	9,429
Increase (decrease) in trade notes and accounts payable	(207)	(1,013)	(9,246)
Other, net	(1,410)	(240)	(2,197)
Subtotal	27,307	29,684	270,942
Interest and dividends received	857	1,152	10,522
Income taxes paid	(7,185)	(5,006)	(45,700)
Net cash provided by operating activities	20,979	25,830	235,764
Cash Flows from Investing Activities:			
Payments into time deposits	—	(1,635)	(14,928)
Proceeds from withdrawal of time deposits	—	1,635	14,928
Purchases of short-term investments	(2,000)	—	—
Proceeds from sales of short-term investments	2,000	1,000	9,127
Purchases of property, plant and equipment	(16,524)	(15,391)	(140,485)
Proceeds from sales of property, plant and equipment	6,033	81	746
Purchases of investment securities	(1,162)	(802)	(7,324)
Other, net	(1,082)	(133)	(1,221)
Net cash used in investing activities	(12,735)	(15,246)	(139,157)
Cash Flows from Financing Activities:			
Repayment of short-term loans payable	(56)	—	—
Proceeds from long-term loans payable	—	635	5,795
Cash dividends paid	(8,170)	(9,830)	(89,729)
Purchases of treasury stock	(3,004)	(4,083)	(37,274)
Proceeds from sales of treasury stock	162	1,147	10,474
Net cash used in financing activities	(11,069)	(12,132)	(110,734)
Effect of exchange rate changes on cash and cash equivalents	(2,571)	(1,149)	(10,493)
Net increase (decrease) in cash and cash equivalents	(5,396)	(2,697)	(24,620)
Cash and Cash Equivalents at the Beginning of Year	118,956	113,560	1,036,514
Cash and Cash Equivalents at the End of Year	¥113,560	¥110,863	\$1,011,894

ESG Data

Environment

Category		Scope	Unit	2015	2016	2017	2018	2019	
Improving the efficiency of energy use	Total energy input	Electricity	Group	million kWh	184	195	206	213	203
		Town gas	Group	ton	396	753	745	697	617
		Liquefied petroleum gas (LPG)	Group	ton	75	81	78	73	71
		Gasoline	Group	kl	281	250	235	216	187
		Diesel fuel	Group	kl	264	185	150	160	147
		Coal	Group	ton	0	0	0	0	0
		Sustainable energy (Photovoltaics capacity)	Group	million kWh	-	-	-	0.58	0.68
Resource conservation (water)	Water input volume	Total usage volume	Group	thousand m ³	791	801	808	846	807
		Water supply usage volume	Group	thousand m ³	756	763	768	800	765
		Underground water usage volume	Group	thousand m ³	34	38	40	46	42
		Rain water usage volume	Group	thousand m ³	4	4	4	4	4
Reduction of greenhouse gas emissions	Greenhouse gas emissions	CO2 emissions	Group	t-CO2	95,497	100,737	103,533	103,983	97,716
Reduction of waste		Total discharged waste volume	Group	ton	43,029	42,539	43,936	44,356	45,038
		Final waste disposal volume	Group	ton	1,292	1,227	1,411	1,495	1,390
		Waste recycling volume	Group	ton	41,737	41,312	42,525	42,860	43,649
		Waste recycling rate	Group	%	97.0	97.1	96.8	96.6	96.9

This data does not include Poland Mabuchi.

Social

Category		Scope	Unit	2015	2016	2017	2018	2019	
An environment in which everyone can participate	Number of employees	Domestic	HQ	persons	762	781	806	824	849
		Entire Group	Group	persons	24,419	23,768	23,936	23,476	22,061
	Number of new graduates hired		HQ	persons	22	22	26	30	32
	Number of new hires	Total	HQ	persons	51	68	58	72	66
		Female	HQ	persons	8	14	8	12	15
	Percentage of women among new employees		HQ	%	15.7	20.6	13.8	16.7	22.7
	Number of employees leaving company (including retirement)		HQ	persons	15	16	20	29	35
	Number of women with managerial roles		HQ	persons	3	3	2	4	7
	Percentage of women with managerial roles		HQ	%	3.7	3.9	2.1	4.2	6.4
	Total number of TOEIC students		HQ	persons	793	732	808	844	871
	Number of subjects for the qualification incentive system		HQ	persons	25	36	21	32	27
	Number of public lectures held		HQ	times	6	6	6	3	11
	Number of employees with disabilities		HQ	persons	12	13	16	17	19
	Percentage of employees with disabilities		HQ	%	1.99	2.02	2.35	2.30	2.83
	Number of foreign national employees		HQ	persons	9	9	12	20	26
	Average age		HQ	age	44.0	43.5	43.7	43.5	43.6
	Average number of years employed		HQ	years	19.3	18.6	18.7	18.0	17.8
	Number of presidents of local nationalities in foreign affiliate companies (percentage)		Group	persons (%)	5 (25.0)	5 (25.0)	6 (30.0)	8 (34.8)	9 (39.1)

Category		Scope	Unit	2015	2016	2017	2018	2019	
Safe and healthy work environment	Average monthly working hour		HQ	hours	173.3	173.5	173.7	174.0	165.9
	Average monthly overtime hours		HQ	hours	25.1	25.2	25.5	25.6	18.5
	Yearly use of paid leave days	Granted	HQ	days	20	20	20	20	20
		Used	HQ	days	13.1	13.0	13.1	12.8	14.3
		Usage Rate	HQ	%	65.5	65.0	65.5	63.9	71.7
	Number of maternity leave recipients		HQ	persons	3	0	0	2	3
	Number of childcare leave recipients		HQ	persons	3	0	0	2	3
	Percentage of childcare leave recipients		HQ	%	0.39	0.00	0.00	0.24	0.35
	Returnees to work after childcare leave		HQ	%	-	100	-	-	100
	Number of recipients of leave for childbirth by spouse		HQ	persons	24	20	29	25	22
	Number of nursing care leave recipients		HQ	persons	0	0	0	1	0
	Number of teleworking (percentage) (Established June 2018)		HQ	Persons (%)	-	-	-	35 (4.9)	129 (15.2)
	Number of employees using the reduced work hours system		HQ	persons	2	4	3	3	2
	Employees receiving periodical medical checkup		HQ	%	94.4	95.5	95.9	95.8	96.7
	Employees participating in mental health surveys		HQ	%	-	94.6	96.7	97.7	97.0
	Frequency of occupational injuries		HQ	Frequency factor	1.35	0.00	0.60	0.00	0.00
	Development/protection of local societies	Expenditure on social contribution activities	Total	HQ	million yen	36.0	32.0	31.0	31.0
Donation			HQ	million yen	2.0	5.0	4.0	3.0	3.0

Governance

Category		Scope	Unit	2015	2016	2017	2018	2019	
Highly transparent corporate operations	Directors	Total	HQ	persons	8	8	8	8	13
		Outside directors	HQ	persons	2	2	2	2	6
		Female directors	HQ	persons	0	0	0	0	2
		Foreign national directors	HQ	persons	0	0	0	0	1
	Number of board of directors meetings		HQ	times	18	18	25	30	31
	Attendance rate of outside directors		HQ	%	100	94	100	93	89
	Age of youngest director (internal)		HQ	age	46	47	48	49	50
	Age of oldest director (internal)		HQ	age	70	71	57	58	59
	Average age of directors (internal)		HQ	age	55	56	54	54	55
	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	9	10	10	15	14
	Directors' remuneration		HQ	million yen	300	391	377	391	382
	Audit committee members' remuneration		HQ	million yen	35*	41*	43*	44*	47
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 and supervisory committee

Corporate Outline

Corporate Outline

Trade name	MABUCHI MOTOR CO.,LTD.	Headquarters	430 Matsuhidai, Matsudo City, Chiba
Stock Code	6592		270-2280, Japan
Established	January 18, 1954		Tel: 81-47-710-1111
Field of Operations	Manufacture and sales of small electric motors	Technical Research Institute	280 Ryufukuji, Inzai City, Chiba
			270-2393, Japan
Capital	¥ 20,704 million		Tel: 81-47-710-1222
Representative	Representative Director, President & CEO Hiroo OKOSHI		
Number of Employees	849 (as of December 31, 2019)		
	Mabuchi Group: 22,061 (as of December 31, 2019)		

Consolidated Results

Net sales	¥ 131,807 million yen
Operating Income	¥ 17,544 million yen
Net Income Attributable to Owners of Parent	¥ 14,234 million yen

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/>

ESG Information

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



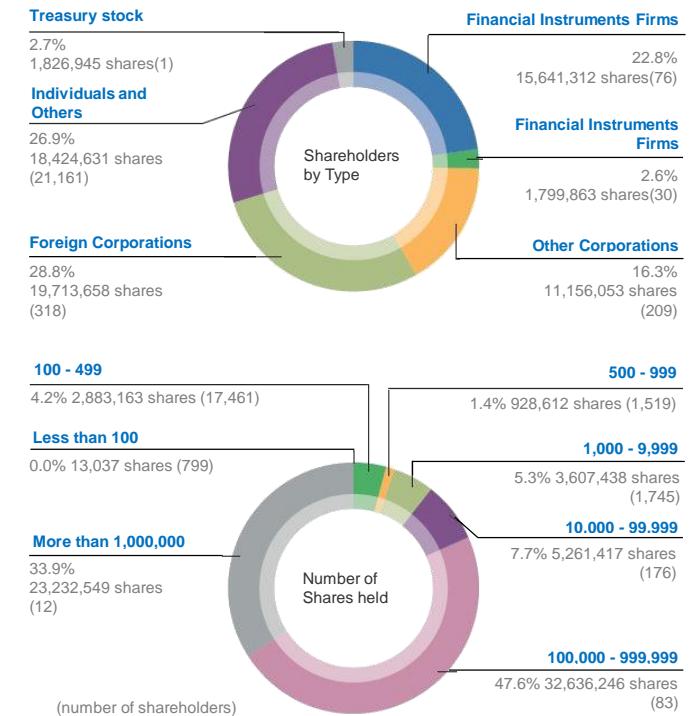
Stock Information

Total number of shares authorized 200,000,000 shares
 Number of shares issued 68,562,462 shares
 Number of shareholders 21,795 shareholders

Major Shareholders

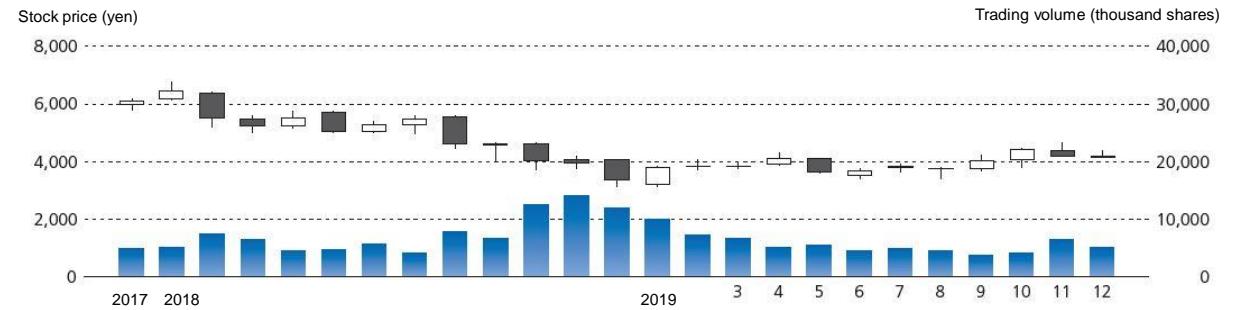
Major Shareholders	Number of Shares Held	Ratio of Shareholders
Takaichi Mabuchi	5,000,800 shares	7.5%
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,460,000 shares	5.2%
Mabuchi International Scholarship Foundation	3,000,000 shares	4.5%
Japan Trustee Services Bank, Ltd. (Trust Account)	2,659,500 shares	4.0%
Premier Corporation	2,068,600 shares	3.1%
Tamotsu Mabuchi	2,050,414 shares	3.1%
Takashi Mabuchi	2,010,600 shares	3.0%
Ray Corporation Co., Ltd.	1,746,000 shares	2.6%
MISAKI ENGAGEMENT MASTER FUND	1,202,500 shares	1.8%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,120,400 shares	1.7%

Breakdown of Shareholders by Type & Number of Shares Held



*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.

Changes in Stock Prices and Trading Volume



【In editing the Mabuchi Motor Company, Ltd., Integrated Report 2019】

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 2019 unless otherwise stated.

