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We have now completed making the Mabuchi Group's "Social & Environmental Report 2009," highlighting our social contribution and environmental activities in fiscal 2008. Please take a moment to discover what we achieved during the year.

Recognizing the importance of CSR (Corporate Social Responsibility)

The worldwide economic crisis that started with the bankruptcy of Lehman Brothers last year drove Japan and other developed countries to question the so-called market-first policy. Nevertheless, at the same time it gave us an opportunity to ask a simple question — where do we find value in leading our lives on this planet. Looking back, I cannot help but feel that the current worldwide economic recession resulted from the fact that corporate evaluation measures deviated from companies' real role, namely, the pursuit of truly important CSR. This may have been because companies inclined too much toward placing importance on *whether or not an investment target is worth investing in*. CSR is a term denoting "guiding principles and associated activities enabling companies to make social contributions by utilizing their own strengths." As implied,

the real essence of CSR is to start acting with a determination to contribute to society through the business activities that a company specializes in. Therefore, we believe social contributions and environmental protection activities are an important part of CSR.

These days, as corporate globalization continues, the impacts of business activities are also expanding. On the other hand, inappropriate ways of conducting business are still being practiced. Against this backdrop, companies are now paying ever-greater attention to CSR.

To further strengthen our CSR activities, we in the Mabuchi Group will make sure the importance of those activities permeates to all Group companies once again, and promote their efficient and effective operations while concurrently communicating ongoing efforts to you. Our ultimate objective is to link those activities to the improvement of our corporate values.

Ongoing social contributions

There is an economist named Muhammad Yunus in Bangladesh who was awarded the Nobel Peace Prize in 2006.

With a strong aspiration to change the social structure in order to eliminate poverty from the world, he became the proponent of a completely new business model called "Social Business."

By establishing a bank called Grameen Bank, Yunus expanded his business model to poverty-afflicted rural areas in Bangladesh. Obtaining a loan from this bank, many formerly disadvantaged people were able to become independent business operators, proving that his business model is sustainable as an actual business.

Unlike a conventional corporate model aimed at maximizing profits, Social Business seeks to achieve social objectives such as eradicating poverty and conserving the environment, while retrieving invested money through business operations.

Those activities and the underlying concept highlight many important things that we should learn. It is as if they are signifying the *future direction* that companies should take.

We in Mabuchi have contributed to the education of children through constructing school buildings and providing scholarships, mainly at our production bases in China and Vietnam. Our contributions over the years have been highly recognized in those countries, and we are proud of such recognition as the embodiment of our determination which is basically the same as that of Dr. Yunus.

However, social contributions of a company do not bear much fruit unless they are ongoing and lasting. Keeping this in mind, we will continue our activities well into the future.

Response to the Energy Conservation Act

With the revision of the Energy Conservation Act (Act on the Rational Use of Energy) last year, our company became a Type 2 designated business operator. We will make efforts to conform with this revision. Nevertheless, energy conservation activities at a company will not be completed by just introducing the latest energy efficient equipment into its factories.

Since the company's continuity is an unwavering prerequisite, we must derive some kind of qualitative improvements even from those activities. We believe the important thing is to continue improving by obtaining accurate data, identifying what is needed and what is wasteful, and verifying what we need to do.

Also, it is important to have the approach of doing so because it is the company's responsibility rather than *doing so because it is the law*. Born from this endeavor is the value for society, in other words, the significance of a company's continuity.

The Energy Conservation Act is effective only in Japan, but we will extend its fundamentals to our overseas factories and push forward with a concerted energy conservation effort in the entire Mabuchi Group.

We sincerely appreciate your greater understanding and continued support.