

# INTEGRATED REPORT 2024



MITSUBOSHI BELTING LTD.

**Introduction**

- 003 Overview
- 005 Top Message

**Value Creation Story of Mitsubishi Belting**

- 008 Founding Spirit and Philosophy System
- 009 The Journey of Value Creation
- 012 Three Strengths We Have Cultivated
- 013 Value Creation Process

**Vision and Strategy**

- 015 Mid-Term Business Plan
- 018 Message from the Director in Charge of the Finance Department
- 020 Business Strategy by Segment
- 024 Feature Page: ~The Corporate Vision of Mitsubishi Belting  
A Company That Supports People's Comfortable  
Lives with the Power of "KAGAKU"
- 025 Human Resources Strategy
- 030 Feature Page: "Roundtable Discussion by Employees"
- 032 Sustainability Strategy
- 034 ESG Initiatives
  - Initiatives Related to Climate Change
  - Development of Eco-Friendly Products
  - Initiatives for Biodiversity Conservation
  - Initiatives for Water Resources Conservation
  - Respect for Human Rights
  - Value Chain Management
  - Partnerships with Local Communities

**Management Foundation Supporting Value Creation**

- 048 Interview with Outside Directors
- 051 Corporate Governance
- 053 Compliance
- 054 Risk Management
- 056 Board of Directors and Executive Officers

**Data Section**

- 059 Financial Data
- 060 ESG Data
- 064 Company Overview/Stock Information

Corporate Philosophy of Mitsubishi Belting:

# To give attentive consideration to both humanity and nature

In 1999, when terms such as "ESG" and "sustainability" were not yet common, Mitsubishi Belting established this corporate philosophy as the cornerstone of the company.

The concept "to give attentive consideration to humanity" represents our desire to be an organization that respects the human rights, personality, and individuality of all people involved in our business activities and to be one in which each and every employee can fully exert his/her originality. The concept "to give attentive consideration to nature" represents our desire to protect the environment, including climate, water, and biodiversity, of this planet on which we live to realize a sustainable society.

Now that the role that companies should play regarding the environment and society has become more important, we will reconsider the role that Mitsubishi Belting should play and the significance of its existence, based on this corporate philosophy, and strive to contribute to society and improve our engagement with all of our stakeholders.





# Mitsuboshi Belting: Supporting People's Lives

Our products are used in a wide variety of machines, devices, and equipment, including cars, motorcycles, office equipment such as printers, ATMs, cash registers, and various home appliances such as washing machines and coffee machines.

Mitsuboshi Belting's products continue to play a quiet role in our daily lives today.



## Mobility (Cars)

In addition to rib belts for internal combustion engines and fan drives, applications of belts for electric power steering units and timing belts for power sliding doors are expanding for use in EV vehicles.



## Mobility (Motorcycles, ATVs/UTVs)

Our speed change belts have excellent heat resistance and durability, high transmission efficiency, and smooth stepless speed change. They are used not only on scooters but also on many all-terrain vehicles (ATVs) and utility terrain vehicles (UTVs).



## Office equipment (Copiers, multifunction devices, printers)

Our compact timing belts support high-precision operation and ensure high-quality printing. They are also quiet, contributing to the realization of a quiet and comfortable office environment.



## ATMs and monetary equipment

Our flat belts for banknote conveyance provide high durability and smooth conveyance performance, enabling accurate and rapid processing of banknotes and contributing to improved ATM reliability.



## Home appliances

Our various drive belts are used in washing machines, fully automatic coffee machines, baking machines, and robot vacuum cleaners. In each machine, the belt has excellent durability, and its life is longer than the life of the machine.



## Agricultural machinery

Our V-belts and speed change belts for agricultural machinery contribute to more efficient agricultural operations and improved harvesting efficiency due to their superior durability. Since loading conditions vary depending on the area where the belts are used, many specifications with various features such as flexibility and heat resistance are available in our lineup.



## Robots, machine tools, logistics equipment

Our various timing belts with high transmission efficiency and positioning accuracy as well as durability contribute to the realization of automation in factories and distribution warehouses. Our lineup also includes distinctive specifications, such as belts with transmission capacity equivalent or superior to that of metal chains.

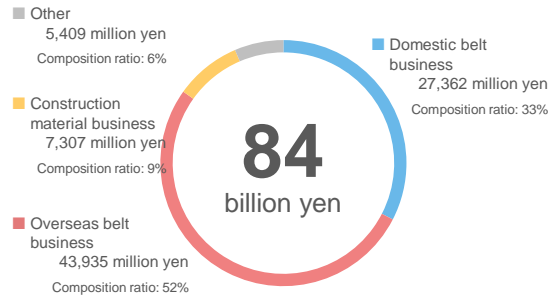


## Environmental and energy devices

Many of our various drive belts are also used in environmental fields, such as wind power generators and solar panel manufacturing equipment. Through the provision of these belts, we also contribute to improving the environmental value of society.

# The Business of Mitsubishi Belting

## Consolidated net sales by segment\*



### Domestic/overseas belt business

The domestic/overseas belt business is our core business, selling a wide variety of transmission and conveyor belts, including car belts, industrial power transmission belts and related products, OA equipment belts, and conveyor belts, systems, and related products, both domestically and internationally.

### Construction material business

The construction material business segment manufactures, sells, and installs building waterproof sheets, civil engineering impervious sheets, and related products used at schools, housing complexes, factories (construction field), and waste disposal sites (civil engineering field).

### Other

The other segment includes equipment machines, products purchased from other companies, engineering plastic materials and processed products, structural foam molding products, electronic materials, and a service business. New products to which metal nanoparticles are applied are also included in this segment.

## Mitsubishi Belting by the numbers

Established in  
**1919**

Operating profit:  
**7.76 billion yen**

Operating profit margin: 9.2%  
Fiscal year ending March 2024

Capital investment:  
**22.8 billion yen**

Cumulative total during the previous Mid-Term Business Plan period  
(FY2021~FY2023 cumulative total)

Number of patents held:  
**1,028**

Number of patents held on a global basis, including Japan  
(As of the end of December 2023)

Number of employees:  
**4,471**

Non-consolidated: 748 people |  
Consolidated: 4,471 people  
As of March 31, 2024

Overseas net sales ratio:  
**53%**

Fiscal year ending March 2024

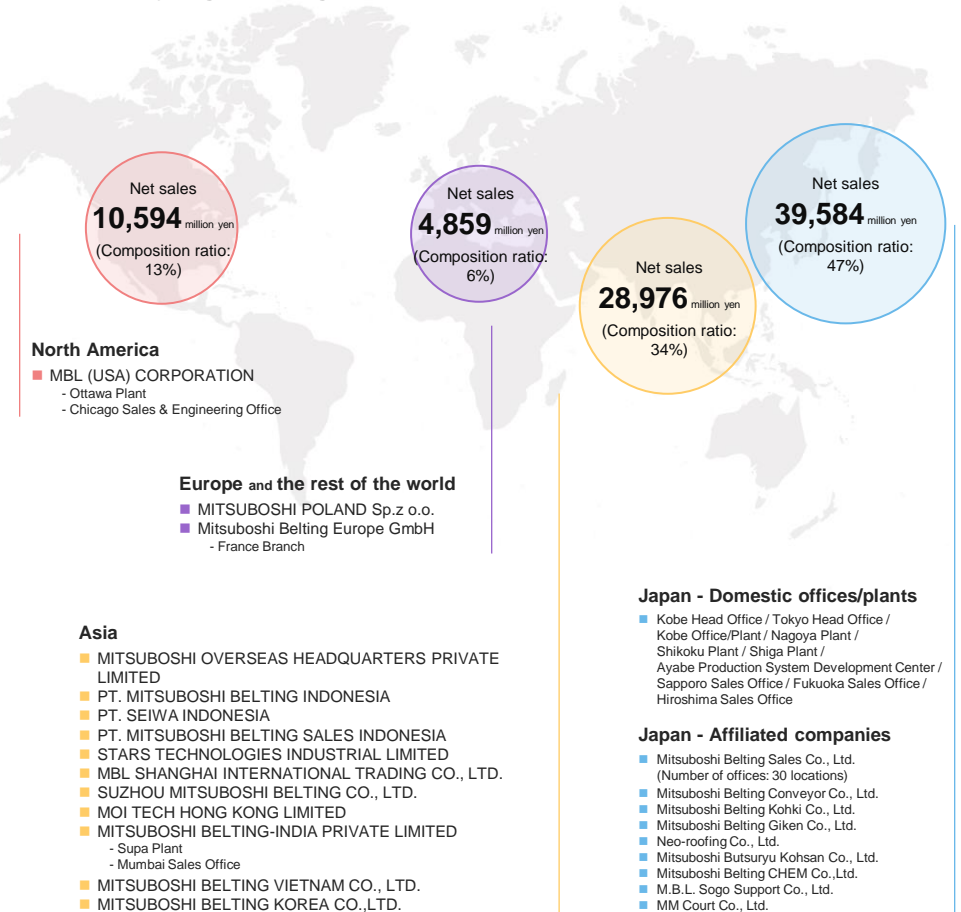
Number of global locations:  
**24** locations

Number of overseas bases not including Japan  
Including sales representative offices

ESG third-party evaluation:  
**B** (CDP)  
**3.3** (FTSE)\*

\* Score announced in June 2024

## Net sales by region and global business base



# TOP MESSAGE

## The spirit and corporate culture that have been passed down since the company's founding

At Mitsuboshi Belting, our values and corporate culture have been passed down from generation to generation since our founding in 1919. The company's founding philosophy was "To make products with sincerity." With this spirit as our starting point, Mitsuboshi Belting has been conducting its business with the desire to "make better products and become a company that is useful to society and people." Our technological capabilities have been honed through continuous and sincere efforts to address each and every issue faced by our customers and society. Our corporate culture of putting quality first and aiming for co-creation with society, rather than simply pursuing expansion of scale and profit, is still deeply rooted in Mitsuboshi Belting today.

## Striving to achieve our "Target Position"

While respecting this corporate culture and DNA, we are now in the process of transforming our business operations to continue to create both economic and social value toward the realization of a sustainable society.

In May 2022, Mitsuboshi Belting revised its 2021 Mid-Term Business Plan and announced its FY2030 "Target Position." To realize

our "Target Position," we have set KPI targets for profitability, capital efficiency, shareholder returns, and ESG and are working on various measures to achieve these targets. In 2023, we established a new "Corporate Vision" and organized our corporate philosophy, management principle, and company motto into a single philosophy system. Needless to say, we believe that the most important element in achieving change is human resources. "All of our employees are able to tackle their own challenges with the same values and aspirations." - We are also focusing on fostering such a corporate culture to realize our "Target Position."

► P. 24 Feature Page - The Corporate Vision of Mitsuboshi Belting

### FY2030 "Target Position"

#### "Establish a Strong Corporate Structure Resilient to Change"

Profitability	Net sales: 100 billion yen Operating profit: 13 billion yen
Capital efficiency	ROE: 10%
Shareholder returns Capital investment	Capital policy aimed at improving corporate value over the medium to long term
Human resources strategy	Cultivation of change-promoting personnel
ESG	Contribute to the realization of a sustainable society (improve social and economic value)

**Hiroshi Ikeda**

President  
Mitsuboshi Belting Ltd.



## “Not taking on challenges is the biggest risk.”

The market environment surrounding our company is changing remarkably and at an accelerating pace. In the car industry, technological innovations such as autonomous driving and vehicle electrification are bringing about dramatic changes in the industrial structure. Maintaining the “status quo” under these circumstances means failing to respond to the needs of the times and risking a significant loss of sustainability. I believe that the greatest risk to our company is “not taking on challenges.”

Perhaps because our business is a niche industry that is difficult for newcomers to enter, I feel that our corporate culture has been conservative to date. To realize the “cultivation of human resources to promote transformation,” as stated in our human resources strategy in the FY2030 “Target Position,” it is necessary to change our corporate culture without hesitation while preserving the values that should be cherished in the future, as mentioned earlier. Organizational change is not simply about introducing processes and measures; it is rooted in the awareness and actions of each employee. Therefore, since assuming the position of president in June 2021, I have continued to send out the message “Let’s take on challenges” to the entire group from time to time. Organizational change will not happen overnight, but I intend to take the lead in changing the mindset of the organization. I am also working to create an environment in which each and every one of our employees can play a leading role in the transformation by changing their awareness and spontaneously taking action.

The establishment of the “Corporate Vision” and the reorganization of the philosophy system are as described above. We will take this opportunity to increase engagement with each and every employee, which will lead to behavioral changes throughout the organization to achieve sustainable growth and strengthen our competitiveness.

In addition, to clearly convey the company’s message to employees as they take on the “Challenge,” the existing personnel evaluation system was revised in FY2023 to incorporate a new system of competency evaluation. By doing so, we hope to encourage people to take new steps toward challenging initiatives without fear of the risk of failure.

As a result of these measures, many employees have come up with new approaches and proposals for many business processes that do not follow precedent. In addition, we are seeing more and more active discussions regardless of the hierarchy of the

organization, and we are sensing a positive response in terms of corporate culture reform. In the future, we will work to further reform our corporate culture by multiplying the abilities of diverse people, including those from outside the company, to create a major driving force for improving profitability.

## Progress in transformation ~A review of the 2021 Mid-Term Business Plan

The first phase of realizing the FY2030 “Target Position”: In FY2022, the second year of the 2021 Mid-Term Business Plan, positioned as a “period for strengthening the foundation,” the company undertook a fundamental review of its capital policy with a strong focus on increasing corporate value and has been working on various measures to improve profitability and the balance sheet. As a result, our market capitalization, which was 66 billion yen at the end of FY2021, increased to 145.2 billion yen at the end of FY2023 (the final year of the 2021 Mid-Term Business Plan), a 2.2-fold increase in two years. We also achieved our KPI targets in net sales, capital expenditures, payout ratio, ESG, and other items as planned. On the other hand, ROE fell short of the KPI target due to an increase in capital, mainly owing to an increase in the market price of policy shareholdings, and this was one of the issues to be addressed for the 2024 Mid-Term Business Plan.

## Toward growth and enhancement of corporate value ~2024 Mid-Term Business Plan

During the period of the 2021 Mid-Term Business Plan, we were confronted with an unprecedented business environment, including the spread of COVID-19 and soaring raw material and transportation costs due to conflicts around the world, and we felt that we had to focus more on defensive measures and carefully manage our business during this period. FY2024 is the beginning of the second phase of realizing the “Target Position”: The 2024 Mid-Term Business Plan, positioned as a “growth acceleration period,” is now underway. As the name of the phase indicates, we must work to achieve solid growth and increase corporate value by leveraging the

business foundation that we have strengthened during the previous 2021 medium-term management period.

In addition to setting KPI targets for profitability, capital efficiency, and other areas, the 2024 Mid-Term Business Plan sets two pillars for improving corporate value: “profitability improvement” and “balance sheet management.”

▶ P. 17 Initiatives to improve corporate value

To improve profitability, we have set measures such as “promotion of DX,” “enhancement of technology development,” and “optimization of business portfolio,” among which “enhancement of human resource strategy” is the most important issue to be addressed during the current medium-term management period. To respond quickly to the rapidly changing business environment and customer needs and achieve sustainable growth, it is essential to change to a corporate culture that embraces new ideas and challenges without fear of change. We will maximize the power of each individual, and the aggregation of these individual strengths will create synergy effects and transform them into a strong organizational strength. We are currently in the process of developing strategic measures to realize this vision.

In terms of balance sheet management, we will focus on three strategies: “investment for growth and strengthening the management base,” “improving asset efficiency,” and “shareholder returns.” In addition to the measures continued from the previous plan, during the period of the current Mid-Term Business Plan, we aim to improve profitability and enhance competitiveness through the realization of “introduction of innovative production lines” and “construction methods that contribute significantly to the promotion of decarbonization,” which are expected to have a large investment effect, thereby improving asset efficiency and maximizing returns to shareholders. Returning profits to shareholders is one of the most important policies of our management, and our basic policy is to enhance shareholder returns while securing the necessary funds for investment in growth. In the KPI for FY2026 regarding shareholder return, we have decided to change the “dividend payout ratio,” which is dependent on net income, and to adopt DOE (dividend on equity ratio) as its indicator to clarify the extent to which returns to shareholders are made. We plan to set the KPI for FY2026 at DOE: approximately 5.4%, with a dividend per share of at least 180 yen.

## Business strategy ~ Co-creation business focusing on customer value

With regard to the strategy for each business, the basic policy is to “promote a co-creation business model focusing on customer value” and to further improve profitability by strengthening the structure of the belt business, our core business.

### Co-creation business model

For more than 100 years since our founding, we have been creating new products and solutions by continuing to sincerely address each and every issue faced by our customers and society, contributing to solving social issues of each era and co-creating value with our stakeholders. By deepening our co-creation business model, which is one of our strengths, we aim to establish a further competitive advantage by accurately grasping the issues faced by our customers and, by extension, the issues faced by society and maximizing customer value.

### Strengthening the core business structure

Our products are used in a wide variety of machinery and equipment, including cars, agricultural machinery, various industrial machinery, and environmental devices and equipment. In today's rapidly changing market environment, it goes without saying that analysis of the growth and profitability of each industry and market is necessary to continue to improve profitability in a sustainable manner in the future. We are currently in the process of analyzing our business portfolio to optimize it, which will further strengthen our core business structure going forward.

▶ P. 9 The History of Mitsubishi Belting

▶ P. 12 Three Strengths

▶ P. 20 Business Strategy by Segment

## Our approach to ESG management

Since I became president, I have positioned the promotion of ESG management as one of our strategic changes. Under our corporate philosophy of “To give attentive consideration to both humanity and nature,” we are strongly promoting the creation of a company that can contribute to the realization of a sustainable society through its business activities.

In addition to promoting activities to reduce CO<sub>2</sub> emissions to realize a decarbonized society, one of the measures we are currently focusing on is the development of next-generation products with sustainability at the core of our concept. To date, we have developed and sold a variety of belts that can contribute to improved fuel efficiency of cars and energy conservation of facilities. In addition to these products, we are developing products that use up to 70% non-fossil or recycled materials, for example, and through the sale of these products, we aim to further reduce the environmental impact of our products and contribute to the creation of social value.

In addition to the aforementioned human resources strategy, initiatives related to respect for human rights are also essential for a company to fulfill its responsibilities as a member of society and achieve sustainable growth. In addition to the “Human Rights Policy” and “Procurement Policy” already formulated, Mitsuboshi Belting Group also established and disclosed its “Procurement Guidelines” in February 2024 and is in the process of promoting human rights due diligence throughout its supply chain.

With regard to governance, we are promoting various initiatives to improve the transparency and credibility of management. We will continue our efforts to improve engagement by incorporating the opinions we have received through dialogue with our stakeholders, including increasing the ratio of outside directors to at least 1/3 and changing the term of office of directors from two years to one year.

▶ P. 32 Sustainability Strategy



## Lastly

We are now in the third year since we began our efforts to realize our “Target Position,” but there is no end to our efforts. We believe that our important mission is to continue to be a company that can contribute to the realization of a sustainable society 50 to 100 years into the future, setting the realization of our FY2030 “Target Position” as one of our milestones.

In this report, in addition to our current and future initiatives, we will also focus on our past history and carefully convey various contents, including our value creation process. Mitsuboshi Belting will continue to promote the “Challenge” to realize value co-creation with shareholders, investors, and other stakeholders. We sincerely appreciate your continued support for our business activities.

September 2024  
Hiroshi Ikeda

A handwritten signature in black ink, which appears to read 'Hiroshi Ikeda'.

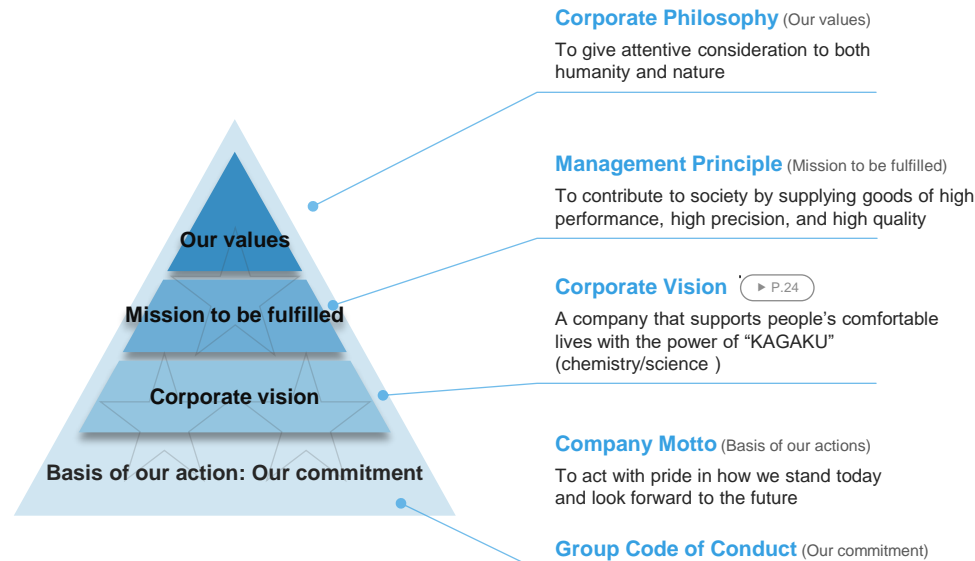
President

## Founding Spirit and Philosophy System

### Our corporate culture of quality-first DNA and social cohesion, which has been passed down since the company's founding

In 1919, Mitsuboshi Shokai was founded by Genzo Oda, Shinjiro Nakamura, and Kusakichi Kojima. Since then, our company, which began with the production of cotton belts, has expanded its product line and business domain in response to the social issues and conditions of the times and has contributed to the development of society through both “conveyance” and “transportation.” The spirit of quality first and the corporate culture of coexistence and collaboration with society are still deeply rooted in the Mitsuboshi Belting Group.

#### Philosophy System of Mitsuboshi Belting



Founder Genzo Oda



The Shikoku Plant upon completion (1947)

#### Founding spirit in 1919

- To make products with sincerity.

In 1919, Mitsuboshi Belting (company name at the time of its founding: Mitsuboshi Shokai) began its history as a cotton belt manufacturer. During this period of Japan's industrial boom, Mitsuboshi Shokai contributed to the development of modern industries such as steel, industrial machinery, and nonferrous metals through power transmission by belts.

The corporate philosophy of the company at the time of its founding was “To make products with sincerity” and “To walk steadily, step by step.” This is where Mitsuboshi Belting's DNA, which continues to this day, began. For more than 100 years since our founding, we have been honestly committed to “manufacturing quality and selling quality.”

#### Quality-first DNA

“Considering the 100-year life of the business, no compromise is allowed.  
We will firmly adopt a quality-first policy.”

In 1945, after the end of World War II, Japan's infrastructure was devastated by the war and society was in dire straits. Mitsuboshi Belting (then known as Mitsuboshi Chotai), which decided to resume production, said: “With supplies extremely depleted, customers will jump at the chance to buy our products, even if the quality is a little lower. Is it better to start mass production for such people and try to make a profit? Or, should we maintain our traditions and focus on quality? Considering the 100-year life of the business, no compromise is allowed. We will firmly adopt a quality-first policy.”

Even in times of turmoil, the spirit of valuing quality was preserved, and Mitsuboshi Belting's business continues to this day.

#### A corporate culture that advances hand in hand with society

“All stakeholders involved, with Mitsuboshi at the core, act with pride in Mitsuboshi today and with faith in the hope for Mitsuboshi tomorrow.”

In 1965, Mitsuboshi Belting took the 45th anniversary of its founding as a turning point to review its corporate philosophy, and the above philosophy was established.

Mitsuboshi Belting considers its shareholders, customers, financial institutions, suppliers, employees, and local communities as “all stakeholders” in its business and seeks to improve economic and social value through collaboration with them. Mitsuboshi Belting has been engaged in such business management since the 1960s.

This corporate philosophy from 1965, which has since been partially revised to become our current company motto, has long been passed down as the backbone of Mitsuboshi Belting's sustainable development, which aims for harmonious business operations.

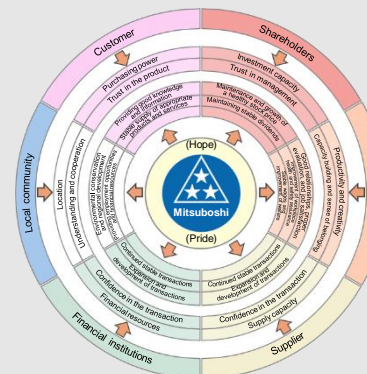


Diagram of the corporate philosophy in 1965



# History of Mitsuboshi Belting (1)

## ~ The birth of Mitsuboshi Belting and the beginning of its co-creation business ~

Since our founding in 1919, we have developed through a management policy that emphasizes quality-oriented manufacturing and partnerships with distributors.

We have expanded our business domain and product lineup over time. The high quality of our products was recognized in both domestic and international markets, and we established ourselves as a leading company in the industry.

### Social conditions

1919

- The period of industrial emergence in modern Japan

1930

- The Wall Street Crash and the Great Depression

1940

1950

- Japan's period of rapid economic growth
- The expansion of motorization

1960

- Rapid increase in infrastructure needs
- Increased urbanization and population concentration

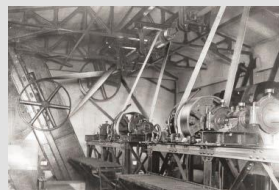
### The path walked by Mitsuboshi Belting

## 1919

#### ■ Underpinning the industrial development of modern Japan

Six months after its founding, the company began manufacturing rubber belts, which were an advanced product at the time. The selling point of Mitsuboshi Belting products was their strong adhesion. Genzo Oda himself went to customers and used a nail puller to demonstrate the belt's adhesive strength.

During this period of Japan's industrial boom, our products were used in spinning, steelmaking, paper manufacturing, coal, and many other industries and machines, contributing to the development of modern Japanese industry through the power of belts to "convey" and "transport."



Coal washing machine using a flat belt (machine for the process of washing coal to remove impurities)



Received a large order for conveyor belts (1940)

## 1938

#### ■ Foundation of co-creation business

In 1938, for the first time since the company's founding, all of our distributors were brought together for the National Mitsuboshi Meeting. At the meeting, the company explained its sales policy centered on distributors and presented a statement of coexistence and co-prosperity between distributors and manufacturers.

From the very beginning to the present, we have consistently adopted a management policy of valuing partnerships with our distributors. The foundation of our "co-creation business," which is



The 1st National Mitsuboshi Meeting (March 1938)

one of our strengths, had already been laid in the early days of our company.

## 1959

#### ■ The neon tower, a symbol of partnership

As a gift, leading distributors throughout Japan kindly offered to donate a neon tower, which was installed on the plant roof, to commemorate Mitsuboshi Belting's 40th anniversary with something. The neon tower was completed on April 22, 1959, with the main body 40 meters high and 55 meters above the ground. At the presentation ceremony, the words "Mitsuboshi Belting and Mitsuboshi Tire" lit up the neon tower in brilliant colors, and the tower continued to shine in the Kobe sky for the



The completed neon tower (April 23, 1959)

next 61 years as a symbol of the co-creation-type business between distributors and Mitsuboshi Belting.

(The neon tower survived the Great Hanshin-Awaji Earthquake of January 17, 1995. However, even with seismic reinforcement, the tower had inevitably deteriorated, and in May 2020, we decided to dismantle and remove the tower out of sheer determination, placing the highest priority on safety in light of the recent severe typhoons and other disasters. The neon tower has been dismantled, but our partnership with distributors remains unchanged to this day.)

## 1960

#### ■ Contributing to the development and expansion of infrastructure in Japan and abroad

With Japan's rapid postwar economic recovery, demand for electric power rose rapidly, and serious power shortages became a social problem. The Kurobe No. 4 Dam of the Kansai Electric Power Company, completed in 1963 in the Kurobe Gorge in northeastern Toyama Prefecture, attracted much attention as a symbol of Japan's economic independence.

Mitsuboshi Belting supplied a large quantity of conveyor belts for this power supply development work and also participated in many dam projects constructed throughout Japan. The conveyor belts we delivered were used to transport materials such as cement and gravel and to transport industrial waste from construction sites, all of which were completed without incident, earning us the name "Mitsuboshi of Conveyors."

In addition to the power supply development business, Mitsuboshi Belting responded to increased demand in many other fields during the period of Japan's rapid economic growth, including coal, mining, steel, and civil engineering and construction, contributing greatly to the development and expansion of Japan's infrastructure during the period of Japan's rapid economic growth.



Mitsuboshi conveyor belt installed in the Omachi Tunnel of the Kurobe No. 4 Dam

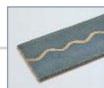
During the period of Japan's rapid economic growth, rapid urbanization led to a rapid increase in housing demand and a shortage of land for residential land. To secure land for housing sites, construction work was carried out in various regions of Japan to cut down mountainous areas and transport earth and sand to reclamation sites.

In 1963, in a project in the Kobe coastal area, we supplied the world's widest conveyor belt (2.1 m) at that time. In the same year, we also began production of Japan's first conveyor belt using steel wire for the core and delivered it to steel mills.



A major undertaking in the Kobe coastal area, which was described as "Mountains go to the sea" (1963-2007)

### History of product development



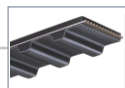
Early rubber belt (flat belt)  
(Production began in 1920)



Conveyor belt  
(Production began in 1936)



V-belt  
(Production began in 1940)



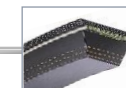
Timing belt  
(Production began in 1967)



Rubber sheet waterproofing material  
(Production began in 1962)



Steel wire conveyor  
(Production began in 1963)



Raw edge belt  
(Production began in 1962)



Polyurethane belt  
(Production began in 1968)



Civil engineering field  
(Entered in 1971)

# History of Mitsuboshi Belting (2)

## ~ Building a global system ~

As Japan entered a period of rapid economic growth, the Mitsuboshi Belting Group also expanded its business both domestically and internationally through technological innovation, improved production capacity, and expansion into global markets. With a continuous focus on quality, Mitsuboshi Belting's products captured demand in the car and industrial machinery fields, further solidifying the Group's position. Active investment in new technologies and research and development led to diversification of the product lineup, efficiency improvement, and higher quality, as well as development of products with reduced environmental impact in light of social issues.

### Social conditions

#### 1960

- Rapid increase in infrastructure needs
- Increased urbanization and population concentration

#### 1970

- Photochemical smog
- Environmental pollution issues
- Oil crisis, enactment of the Energy Conservation Law

#### 1980

- Globalization

### The path walked by Mitsuboshi Belting

## 1960

#### ■ Technical cooperation with DAYCO

At the time, Mitsuboshi Belting's V-belts were highly regarded in Japan, but internationally they were still inferior. The world's highest level was in the United States. The Dayton Rubber Company (later renamed Dayco Corporation) held the top share of the V-belt market in the United States. Believing that the introduction of technology from developed countries was essential for Mitsuboshi Belting to become a global leader, Mitsuboshi Belting began negotiations with DAYCO.

Although there were some difficulties in obtaining approval from the Ministry of International Trade and Industry after the tentative signing of the technical tie-up, the official signing of the technical tie-up with DAYCO took place in September 1960, which greatly contributed to our subsequent technological innovation and rationalization of the production process.

(Contract terminated in 1981)



Dayton type V-belt (black) and earlier bengara-dyed V-belt (red) (Mitsuboshi Belting products)

## 1960

#### ■ Entry into the building waterproofing and civil engineering markets

During the 1950s and 1960s, the rapid growth of the Japanese economy was accompanied by a surge in large-scale public works projects and construction using concrete. As part of our business diversification, we began to enter the building waterproofing materials market by leveraging our rubber base technology. Since its launch in 1962, we have expanded our product lineup by changing materials and specifications and have also entered the civil engineering field. Today, our waterproof sheets are used in reservoirs, irrigation canals, and final waste disposal sites, contributing to the prevention of environmental pollution and the preservation of biodiversity.



Waterproofing of the roof of the Prime Minister's Office (1963)



Irrigation canal project in Iraq (1978)

## 1970

#### ■ Contribution to the reduction of air pollution

At that time, air pollution problems caused by exhaust gases from the rapid spread of cars became apparent, and there was a strong demand for significant improvements in heat resistance, durability, and other qualities in car belts as a countermeasure against exhaust gases. The required belt life was increased from 20,000 km to 80,000 km. At the time, such technology was not available even in the United States, a country with advanced belt technology, but in 1976, as a result of the desperate efforts of our engineering department, a 50,000-mile non-adjustable raw-edge belt was completed. Our technology contributed greatly to the expansion of motorization and the reduction of air pollution in Japan.



Car belts used in harsh conditions

## 1980

#### ■ Establishment of a global production system

Mitsuboshi Belting began exporting in 1937, but in the early 1970s, the company developed a long-term overseas strategy to establish the Mitsuboshi Belting brand globally and penetrate the market. The road to becoming a global leading company in the industry began at this point.

Starting with the establishment of a base in the United States in 1973, we have expanded our global bases to the Netherlands and Singapore (both in 1977), Austria (1981), the Philippines (1984), Thailand (1987), and Indonesia (1988), and by 2024, we will have grown into a global company with 15 bases in 10 countries.

In our overseas expansion, based on our corporate philosophy (at the time), "All stakeholders involved, with Mitsuboshi at the core, act with pride in Mitsuboshi today and with faith in the hope for Mitsuboshi tomorrow," we have developed our business with an emphasis on building partnerships with distributors in each overseas location, rather than simply pursuing expansion of scale and profit. The first Overseas Distributors Conference was held in 1974, bringing together distributors from around the world at the Head Office. Since then, the conference has been held continuously as a venue for strengthening partnerships with distributors, and the 17th Global Distributors Conference is scheduled to be held in 2024.

#### ■ Introduction of the in-house developed system M88

In the midst of the transformation of manufacturing production systems through the use of IT in the 1990s, Mitsuboshi Belting was one of the first companies to develop and introduce an in-house system ("M88 System") for online sales, logistics, purchasing, and payment operations in 1988. The M88 system was the first in the Kansai region to use a relational database for business use that makes it easy for non-experts to add and change data and has facilitated the rationalization and efficiency of business operations by eliminating duplication of work.

In addition, with the introduction of the M88 system, a data transmission network was established, which enabled centralized management of plant production data, real-time information sharing, and seamless adjustment of production plans and transfer of production among the plants. This contributed to uniform production volume and improved quality at the plant, which led to enhanced competitiveness in the global market.

### History of building a global structure (1970-1990)



1973  
United States: MBL (USA) CORP.  
Canada: M.B.L. SALES LTD.



1977  
Netherlands: MBL (Europe) B.V.  
Singapore: Mitsuboshi Belting (Singapore) Pte. Ltd.



1979  
Singapore: Mitsuboshi Industrial Fabric (Singapore) Pte. Ltd.



1981  
Austria: Semperit-MBL GmbH



1984  
Philippines: Mitsuboshi Belting Philippines Corp.



1987  
Thailand: Mitsuboshi Belting (Thailand) Co., Ltd.



1988  
Former West Germany: MBL Antriebstechnik Deutschland GmbH  
Indonesia: P.T. Mitsuboshi Belting Indonesia

# History of Mitsuboshi Belting (3)

~ To “establish a strong corporate structure resilient to change” and “become a company that supports people’s comfortable lives through the power of ‘KAGAKU’ (chemistry/science)” ~

As globalization and digitalization progress and environmental considerations become prerequisites for business, the Mitsuboshi Belting Group is actively working to strengthen its international competitiveness, improve the functionality and energy efficiency of its products, and expand into new markets.

The Mitsuboshi Belting Group will also continue to develop a variety of initiatives to respond to changing social issues and needs, such as the development of environmentally friendly products for the realization of a sustainable society and the improvement of production processes through the use of IT technology.

## Social conditions

### 1970

- Photochemical smog
- Environmental pollution issues
- Oil crisis, enactment of the Energy Conservation Law

### 1980

- Globalization

### 1990

- Hunger and food crisis

- Internet diffusion and IT advancement
- Population decline, low birthrate and aging society
- Industrial automation

### 2000

- Climate change and environmental issues

### 2010

- A period of great change in the mobility field
- Accelerating sustainability efforts

## The path walked by Mitsuboshi Belting

## 1980

### ■ Towards the realization of highly efficient and clean transmission

The oil crisis of the 1970s triggered the enactment of the Energy Conservation Law and other related legislation in Japan, which led to the demand for more efficient and cleaner belt transmission. Mitsuboshi Belting has been expanding its product lineup to meet such social demands.

Mitsuboshi Belting began developing V-ribbed belts (our product name: Ribstar Belt) as a highly efficient product that contributes to energy conservation. The Ribstar Belt combines the two advantages of the transmission performance of the V-belt and the flexibility of the flat belt, improving power transmission by nearly 50% compared to the conventional V-belt. The high flexibility of the belt also contributes to engine downsizing and thus greatly contributes to fuel economy improvement by reducing vehicle weight.

Compared to chains and gears, timing belts, which do not use oil and can achieve clean transmission with less noise, have expanded applications in the car, large industrial machinery, precision equipment, and OA fields, and in response, we have developed new products with new tooth shapes that achieve more efficient transmission. Our timing belts have been adopted mainly by domestic and foreign car manufacturers because of their superior fatigue resistance and resistance to driving on snow-covered roads.

## 1990

### ■ Contribution to solving food problems and hunger

Since the 1990s, hunger in the world has become a serious social issue due to population growth and climate change.

One of the typical application areas for Mitsuboshi Belting’s transmission belts is agriculture. The environment in which belts are used in agricultural machinery is extremely harsh, and the downtime that occurs when belts used in combine harvesters and other equipment break due to the entrapment of foreign matter or large load fluctuations is one of the factors that hinder the efficient harvesting of grain and crops.

Since the 1990s, Mitsuboshi Belting has been expanding its AG Series lineup of V-belts designed specifically for agricultural machinery applications that can withstand such harsh environments, and these belts are widely used in a variety of agricultural machinery worldwide, from small to very large machines.

Mitsuboshi Belting’s V-belts for agricultural machinery, which demonstrate excellent durability in a wide variety of agricultural machinery, contribute to improved grain and crop harvesting efficiency.

### ■ Our products support industrial automation

In the 1990s, advances in information technology and other factors led to the automation of plant production lines and distribution centers.

Mitsuboshi Belting is developing and expanding new belt lineups to meet these industrial requirements and contributing to industrial automation by supplying a wide variety of products.

#### Product examples

Photo graph	Series name	Application examples
(1)	Star Max	Printer carriage drive
(2)	Mega Torque G.U	Injection molding machines, machine tools, press machines, medical equipment, etc.
–	Mega Torque EX	Semiconductors (liquid crystal devices), industrial robots, etc.
(3)	Neoflex Start UF	Food factory
–	Logi Star	Warehouses, logistics centers, airports, etc.

## 2000

### ■ Expansion of product lineup that contributes to environmental value enhancement

In the 2000s, the trend that led to the subsequent adoption of the SDGs was a strong call for balancing economic growth with environmental protection. Mitsuboshi Belting



is developing products that meet the needs of the times and expanding its lineup of environmentally friendly products in the fields of mobility, general industry, and construction materials, thereby contributing to the enhancement of environmental value through the provision of its products.

Examples of environmentally friendly products:

- TG belt with reduced environmental impact ... (Photo (4) below)
- Energy-saving V-belt ... (Photo (5) below)
- V-ribbed belts that contribute to improved fuel economy ... (Photos (6)(7) below)
- Large TG belts for wind power generators, etc. ... (Photo (8) below)

## 2010

### ■ Expansion of new product lineup in the mobility area

The car industry is undergoing a once-in-a-century transformation. To accomplish our own future transformation and contribute to the realization of a decarbonized society through the electrification of mobility, we are expanding our new product lineup in this area.



The use of our belts in electrification units installed in EV vehicles, such as EPB (Electric Parking Brake/photo (10) below), PSD (Power Sliding Door/photo (11) below), EPS (Electric Power Steering/photo (12) below), and timing belts for rear wheel drive of electric motorcycles (photo (9) below), is also expanding.

Seeing this period of change as an opportunity, we will continue to develop new products that match the trends of the times and contribute to the realization of a decarbonized society through the widespread use of electric vehicles.

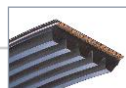
## History of product development



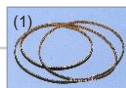
Resin conveyor belt  
(Production began in 1979)



Timing belt - STPD  
tooth profile  
(Production began in 1980)



Ribstar belt  
(Production began in 1981)



Ultra-micro pitch  
TG Belt  
(Production began in 1990)



High torque TG belt  
(The lineup has been gradually  
expanded since 1994.)



Resin conveyor belt  
New series  
(The lineup has been gradually  
expanded since 1996.)



TG belt with reduced  
environmental impact  
(Production began in 2002)



Energy-saving V-belt  
(Production began in 2003)



Stretch ribbed belt  
(Production began in 2009)



Ribbed belt with  
improved fuel economy  
specifications  
(Production began in 2011)



TG belts for wind power  
generator  
(Production began in 2013)



For rear-wheel drive  
motorcycle  
TG Belt  
(Production began in 2008)



TG belt for EPB  
(Production began in 2014)



For PSD actuator  
TG Belt  
(Production began in 2015)



TG belt for EPS drive  
(Production begins in 2016)

\* Timing belt is abbreviated as TG belt.



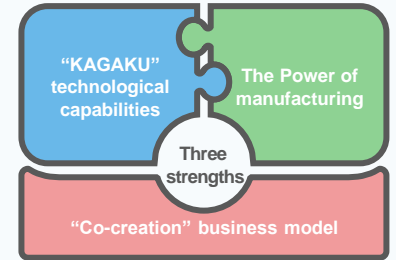
# Our Strengths

## Three Strengths We Have Cultivated

The strengths of the Mitsubishi Belting Group have been handed down through more than 100 years of accumulated experience and technology. We are committed to taking on new challenges for the next 100 years, with our three strengths as the driving force for value creation.

### Driving force for value creation

cultivated over 100 years of history:



To create competitive products that meet the needs of the times

### “KAGAKU” technological capabilities

- Mitsubishi Belting has been engaged in the research and development of “KAGAKU” (chemistry/scientific) technology through the development and manufacture of industrial belts and other products. To improve the functionality of rubber, the main constituent material of our products, advanced “chemical” technology is essential to select polymers and additives and to control chemical reactions such as cross-linking. In addition, “scientific” technologies such as materials engineering and structural analysis are indispensable to analyze and evaluate what material properties are necessary to satisfy the required quality of the product.
- Since our founding in 1919, we have accumulated a vast amount of technological knowledge and expertise through our sincere efforts to address each and every customer’s needs and social issue, and we are boldly taking on the challenge of creating social innovations by making full use of these “KAGAKU” technologies. Accumulated technical knowledge and expertise include, for example, factors that control product performance, our proprietary material technologies, and product evaluation and analysis technologies.
- We have a broad and deep understanding of all the factors that control product performance, such as rubber compounding, other material combinations, shapes, and where and how changes can be made to the product to achieve the desired result. Another of our strengths is our product evaluation and analysis technology, which involves comprehensive and multifaceted simulation and testing of these developed products from the customer’s perspective.
- We are able to propose optimal systems based on the customer’s purpose of use and conditions because we have a great advantage in these “KAGAKU” technologies.

### The power of manufacturing

to create safety, security, and trust

- Equally important as the technological capabilities to develop superior products is the manufacturing capability to reliably and stably produce those products and guarantee high quality. We have earned the trust of our customers as one of the few manufacturers that can provide a high level of quality assurance through a management system that guarantees the same quality no matter where in the world our products are manufactured.
- One of the major factors that enable us to ensure the same level of quality as our mother plants in manufacturing on a global basis is that the main production facilities used in all of our domestic and overseas plants are designed and manufactured in-house by the Engineering Division.
- Our in-house designed and manufactured production facilities enable us not only to maintain the same quality globally but also to easily customize our manufacturing processes to meet the diverse needs of our customers, enabling us to respond quickly and flexibly to customer demands and market changes.
- In addition to the production facilities mentioned above, we have belt evaluation facilities on a scale unparalleled for a manufacturer of intermediate consumer goods to meet our own strict quality assurance standards, and our belt evaluation facilities play an important role in evaluating the performance of our products from the development stage for our customers in various industries.
- One of our global policies is to expand our overseas operations through independent financing, which has enabled us to aggressively expand our state-of-the-art manufacturing facilities on a global scale.

### A “co-creation” business model

that generates new innovations

- Belts, our main product, play a role in transmitting power from a power source in various machines and are an important component of any power transmission system. No matter how sophisticated a machine is, if the movement of a single belt used stops, the machine itself will stop functioning. Our products and technologies demonstrate their value when applied to machines, and we have been developing new business areas by utilizing the technologies we have accumulated over the years and collaborating with our customers and partners.
- Since our inception, we have valued partnerships with our distributors in our business activities. By working with distributors to identify market needs, we create new business opportunities that we would not be able to uncover on our own, and by responding flexibly and quickly to each project, we provide optimal solutions to our clients. “Co-creation” with our distributors is one of the sources of our competitiveness that further strengthens our strengths and supports sustainable growth.
- Through our customer-oriented sales activities, we have accurately grasped the issues faced by our customers, and as a result of our numerous technological developments, we have created new products and solutions in collaboration with our customers, supporting manufacturing and people’s lives in the manufacturing industry throughout our long history. This includes many things such as groundwater pumping pumps and irrigation pumps that would have a significant impact on people’s lives if the belt were to lose its function.
- We will promote corporate growth and value creation by anticipating changes in world trends through innovation initiatives with academic institutions and by providing society our own solution capabilities.

# Value Creation Process

Since its establishment in 1919, the Mitsubishi Belting Group has built its unique strengths by sincerely addressing each and every one of its customer's needs and society's issues.

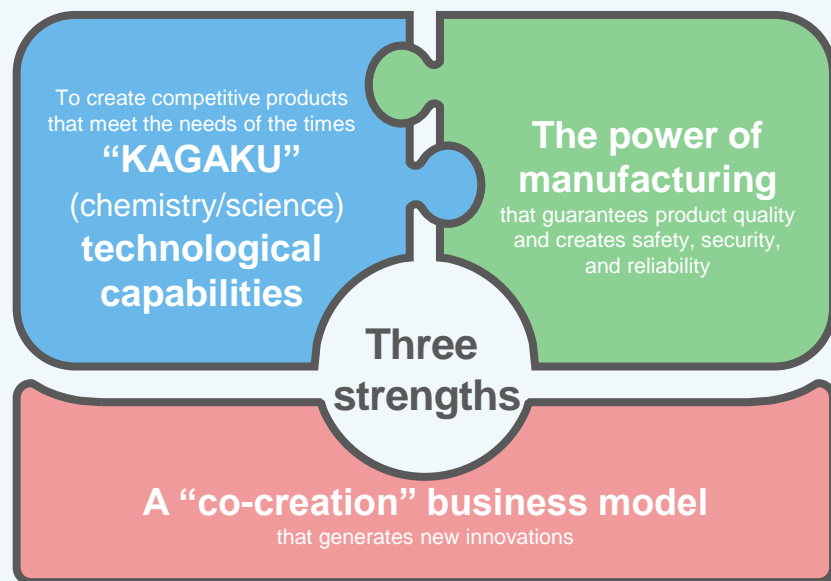
By executing a growth strategy that leverages our three strengths - our technological capabilities that we have refined, our manufacturing capabilities that ensure product quality and a stable supply, and our co-creation business model - we will work to create further social value and sustainably enhance our corporate value to realize our "Corporate Vision."

## Strengths and competitive advantages

▶ P.12

### Driving force for value creation

cultivated over 100 years of history:



## Strategy

▶ P.14

### A growth strategy to realize the Corporate Vision

we aim to achieve to experience sustainable growth for the next 100 years

We will strive to achieve sustainable growth by continuing to meet the changing needs of society as the times change and to further strengthen our "Three Strengths," which serve as our driving force.

Fostering a corporate culture that fosters innovation

**Reforming the corporate culture to embrace challenges**

Driving force to capitalize on and develop strengths:

**Cultivation of change-promoting personnel**

Solving social issues through business (creating business opportunities)

**The evolution of ESG management**

Milestones toward the realization of the "Corporate Vision":

FY2030 "Target Position"

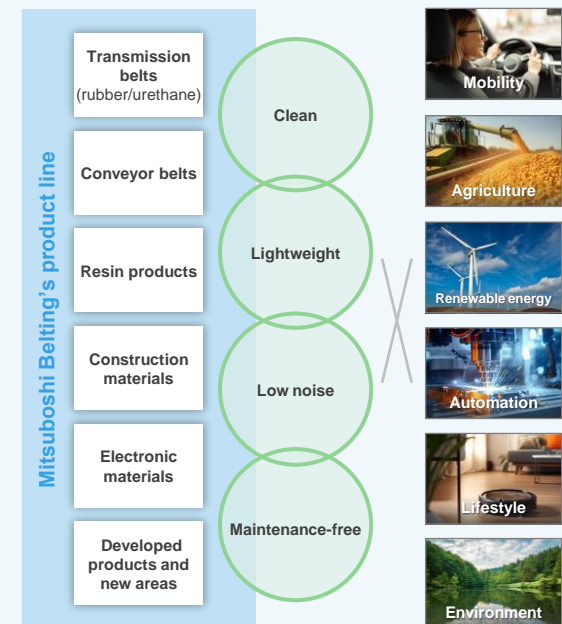
**Establish a strong corporate structure resilient to change**

- Profitability: Net sales: 100 billion yen  
Operating profit: 13 billion yen
- Capital efficiency: ROE: 10%
- ESG: Contributing to the realization of a sustainable society (Improvement of social, environmental, and economic value)

▶ P. 15 2024 Mid-Term Business Plan

## OUTPUT

Value provided



## Corporate Vision

▶ P.24

A company that supports people's comfortable lives with the power of **"KAGAKU"**

### Customer

Partners in solving social issues  
Stable supply of safe and reliable products

### Coworkers

A company that offers personal growth, job satisfaction, and happiness in life

### Environment and society

Contribution to the realization of a decarbonized society  
Contribution to a safe and secure society  
Contribution to manpower saving and population problems

### Co-creation partners

Partnerships that foster innovation  
Creating opportunities for joint growth

### Shareholders and investors

Improving corporate value and maximizing shareholder value  
Improving management transparency and capital efficiency

Philosophy System of Mitsubishi Belting

Corporate Philosophy: To give attentive consideration to both humanity and nature

Management Principle: To contribute to society by supplying goods of high performance, high precision and high quality

Company Motto: To act with pride in how we stand today and look forward to the future

# Vision and Strategy

In May 2022, we announced our FY2030 “Target Position” and reviewed our “2021 Mid-Term Business Plan” formulated during the coronavirus pandemic.

As a result of this review, we have fundamentally revised our capital policy with a strong focus on increasing corporate value and have taken various measures to improve our profitability and balance sheet, resulting in a 2.2-fold increase in our market capitalization in two years, from 66 billion yen at the end of March 2022 to 145.2 billion yen at the end of March 2024.

Although the business environment is expected to remain increasingly opaque and uncertain, we will continue to establish a strong corporate structure that is resilient to change and aim to realize our FY2030 “Target Position.”





## 2024 Mid-Term Business Plan

(FY2024~2026)

Phase 2 towards realizing our FY2030 “Target Position”:  
Growth acceleration period

May 14, 2024

### Announcement of 2024 Mid-Term Business Plan

The “2024 Mid-Term Business Plan” is the second phase of the FY2030 “Target Position.”

The previous medium-term plan was positioned as a period for strengthening the foundation, while this medium-term plan is positioned as a period for accelerating growth. This year is said to be the first year for medium-sized companies, and the Japanese government is encouraging the development of medium-sized companies. As a medium-sized company, we see this as an excellent opportunity to accelerate our growth, and we will work to achieve our FY2030 “Target Position” as soon as possible.

Based on our corporate philosophy of “To give attentive consideration to both humanity and nature,” we promote the creation of a company that can contribute to the realization of a sustainable society through its business activities and aim for management that is trusted by all stakeholders.

## FY2030 “Target Position”

### Establish a strong corporate structure resilient to change

#### Profitability

Net sales	100	billion yen
Operating profit	13	billion yen

- Further improve profitability by strengthening the core business structure
- Investment in new growth areas where sustainable growth is possible  
→ Strengthen the development and sales system for environmentally friendly products  
M&A and open innovation

#### Capital efficiency

ROE	10	%
-----	----	---

- Strengthen the financial position to further improve capital efficiency

#### Shareholder returns Capital investment

Promoting capital policy to enhance corporate value over the medium to long term

- Actively invest in research that will lead to the realization of a sustainable society and in the development and production systems of high-performance, high-precision, and high-quality products that will bear the next generation.
- Enhance shareholder returns by securing funds for growth investments

#### Human resources strategy

Cultivation of change-promoting personnel

- Enhancement of the personnel affairs system, education system, and workplace environment so as to enable maximization of “individual” capabilities
- Foster a “corporate culture” that respects diversity and values new ideas and a challenging spirit that is not afraid of change

#### ESG

Contributing to the realization of a sustainable society (Improvement of social, environmental, and economic value)

- Proactively address environment-related social issues  
“Toward carbon neutrality by 2050”  
CO<sub>2</sub> emission reduction target value for FY2030:  
46% reduction compared to FY2013 (Scope 1&2 at 8 sites in Japan)
- ESG evaluation: Obtain the highest rank under global standards

\* The assumed exchange rate is 1 USD = 115 JPY.

#### Overview

#### TOP MESSAGE

#### Value Creation Story of Mitsubishi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

#### Vision and Strategy

#### Mid-Term Business Plan

Message from the Director in Charge of the Finance Department

Business Strategy by Segment

[Feature Page] The Corporate Vision of Mitsubishi Belting

Human Resources Strategy

[Feature Page] Roundtable Discussion by Employees

Sustainability Strategy

ESG Initiatives

#### Management Foundation Supporting Value Creation

[Feature Page] Interview with Outside Directors

Corporate Governance

Compliance

Risk Management

Board of Directors and Executive Officers

#### Data Section

Financial Data

ESG Data

Company Overview/Stock Information

MITSUBOSHI  
INTEGRATED  
REPORT  
2024

Review of the 2021 Mid-Term Business Plan

In May 2022, we announced our FY2030 "Target Position" and reviewed our "2021 Mid-Term Business Plan" formulated during the coronavirus pandemic. The results against the KPIs for FY2023, the final year of the previous Mid-Term Business Plan, are as follows.

Profitability was boosted by the weak yen on net sales, but profits declined due to the impact of market inventory adjustments on sales of belts for the highly profitable aftermarket, which support the Group's core business. This is the main reason why operating profit did not reach its target. In FY2022 and FY2023, we set the dividend payout ratio at almost 100% and repurchased our own shares, as disclosed. We also reduced our policy shareholdings as planned. However, the recent rise in the market price of policy shareholdings and the depreciation of the yen have increased the value of foreign currency assets of consolidated subsidiaries, resulting in an increase in capital, and as a result, ROE was slightly below our target. Regarding the amount of capital investment, we have decided to begin investing 22.8 billion yen over a three-year period and are making payments as appropriate. With regard to ESG, we have steadily and promptly implemented various measures to enhance environmental value through our business activities, and as a result, we were able to achieve our CO<sub>2</sub> reduction targets, in particular, at a level far exceeding our KPI. In addition, we have been able to achieve concrete results in areas other than the environment, such as strengthening stakeholder engagement and supply chain management. These efforts have been well received, and third-party evaluations related to ESG have improved significantly.

2021 Mid-Term Business Plan, key indicators

		FY2023 KPI target	FY2023 KPI performance
Profitability	Net sales	80 billion yen	84 billion yen
	Operating profit	8.3 billion yen (11% or more)	7.7 billion yen (9.2%)
Capital efficiency	ROE	8%	7.6%
	Sales amount of cross-shareholdings	Over 1.5 billion yen (medium-term plan period)	1.5 billion yen (medium-term plan period)
Capital expenditures	3-year capital investment limit	23 billion yen	22.8 billion yen
Shareholder returns	Dividend payout ratio	FY2021	65%
		FY2022	100%
		FY2023	100%
ESG	CO <sub>2</sub> emission reduction target value	More than 22%	35%*
	External evaluation	Reference: FY2022 results (CDP: C rank) (FTSE: 1.8)	CDP: B rank FTSE: 2.8
Assumed exchange rate		1 USD = 115 JPY	Average during the period 1 USD = 144.6 JPY

\* Partial use of Scope 1 & 2 FY2022 emission coefficients for 8 sites in Japan

2024 Mid-Term Business Plan

To further increase corporate value, we will develop and implement strategies based on the two pillars of "profitability improvement" and "balance sheet management."

KPI for FY2026 (final year)

We positioned the 2024 Mid-Term Business Plan as the second phase or "Growth Acceleration Period" toward our FY2030 "Target Position" and set KPIs for FY2026, the final year of the plan.



FY2026 KPI
91.5 billion yen
10.5 billion yen (11.5%)
9%
5 billion yen (current medium-term plan period)
20 billion yen
DOE guideline Approximately 5.4% (Dividend per share: 180 yen or more)
40%*
—
1 USD = 130 JPY

\* Base year: FY2013 / Scope: Scope 1 & 2 of eight domestic bases

Overview

TOP MESSAGE

Value Creation Story of Mitsubishi Belting

Founding Spirit and Philosophy System

The Journey of Value Creation

Three Strengths We Have Cultivated

Value Creation Process

Vision and Strategy

Mid-Term Business Plan

Message from the Director in Charge of the Finance Department

Business Strategy by Segment

[Feature Page] The Corporate Vision of Mitsubishi Belting

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[Feature Page] Roundtable Discussion by Employees

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ESG Initiatives

Management Foundation Supporting Value Creation

[Feature Page] Interview with Outside Directors

Corporate Governance

Compliance

Risk Management

Board of Directors and Executive Officers

Data Section

Financial Data

ESG Data

Company Overview/Stock Information

Initiatives to improve corporate value

As mentioned above, in the “2024 Mid-Term Business Plan,” which is the second phase toward the FY2030 “Target Position,” we will continue to promote various initiatives to enhance corporate value. We will develop strategies based on the two pillars of “profitability improvement” and “balance sheet management.”

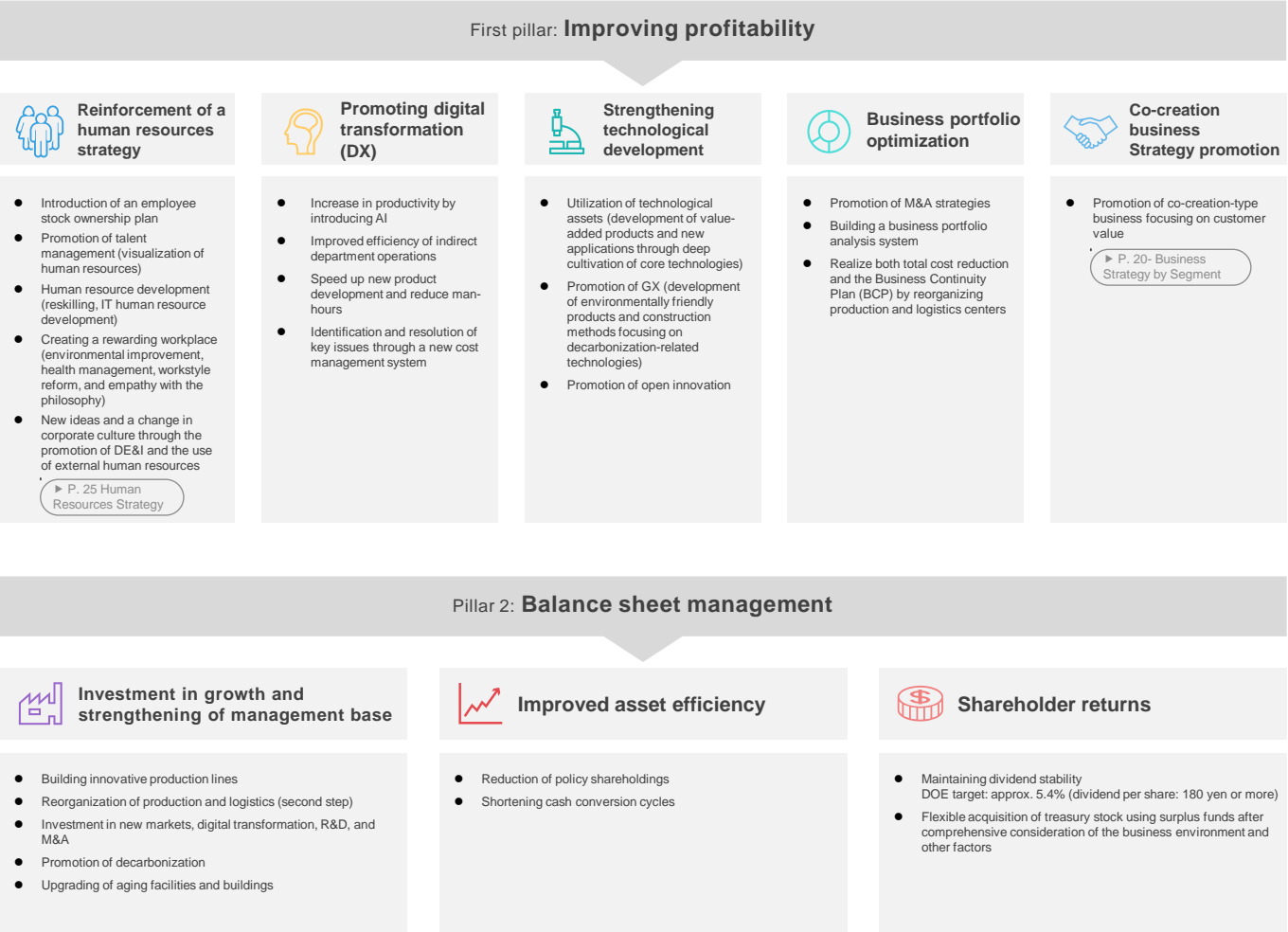
Regarding the first pillar, “improvement of profitability,” we have set “strategic strengthening of human resources” as the most important issue during the current Mid-Term Business Plan period. We hope to create a great driving force for improving profitability by multiplying the abilities of diverse people, not only from the Mitsubishi Group but also from outside. We believe that this will create a change in our corporate culture and become the foundation for our company to go from a 100-year company to a 200-year company.

In the area of “technology development enhancement,” we will identify existing technological assets and link them to the development of high-value-added products and new applications. In the area of Green Transformation (GX), the public and private sectors are expected to invest more than 150 trillion yen over the next 10 years, and it is necessary to focus on the ever-expanding environment-related market. Our engineering department is strong in its ability to quickly develop products that match the requirements of customers such as car manufacturers. By combining our strength of “technical capabilities to create competitive products that meet needs” with open innovation, we aim to evolve our new product development capabilities to create new markets.

In the second pillar, “Balance Sheet Management,” we set three strategies: “Invest in Growth and Strengthen Management Base,” “Improve Asset Efficiency,” and “Shareholder Returns.”

During the current Mid-Term Business Plan period, we will aggressively invest funds in “Invest in Growth and Strengthen Management Base.” Basically, we will continue our efforts from the previous medium-term plan, but we would like to link them to the realization of “innovative production lines” and “construction methods that contribute significantly to the promotion of decarbonization,” for which we can expect significant investment effects.

Regarding shareholder dividends, our policy is to “maintain dividend stability.”





# Message from the Director in Charge of the Finance Department



**We have formulated the 2024 Mid-Term Business Plan as a period of accelerated growth to realize a “strong corporate structure that is resilient to change.”**

**We will do our utmost to realize our FY2030 “Target Position.”**

Toshimi Kumazaki  
Director and Senior Managing Executive Officer

## A review of the previous medium-term plan and future prospects

The “2021 Mid-Term Business Plan” has been completed. This 2021 Mid-Term Business Plan was originally formulated during the coronavirus pandemic, but it was revised in May 2022 with the announcement of the FY2030 “Target Position.” This review was an opportunity to shift from a traditional focus on strengthening our financial position to a capital policy with a strong emphasis on increasing corporate value and an opportunity to improve profitability and the balance sheet.

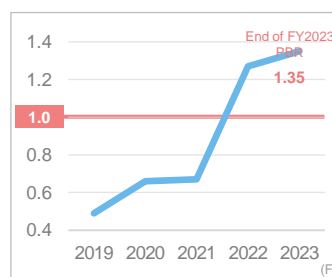
In FY2023, the final year of the 2021 Mid-Term Business Plan, net sales achieved the KPI for FY2023, partly due to the tailwind of yen depreciation, despite the effects of high raw material prices, monetary tightening policies to control inflation and geopolitical risks in various countries, as well as the economic slowdown in China and Europe. Operating income, on the other hand, fell short due to a decline in the liquidity of market inventories and sluggish sales of high-margin Industrial power transmission belts and related products.

Under the 2021 Mid-Term Business Plan, we implemented not only financial performance but also aggressive capital investment and shareholder returns as a period to strengthen the foundation of the company. These efforts have been well received by our stakeholders, and our market capitalization has grown significantly from 66 billion yen at the end of March 2022 to 145.2

billion yen at the end of March 2024, the final year of the plan. The Price Book-value Ratio was 1.35x, which is more than 1x ahead of competitors.

We know that achieving our FY2030 “Target Position” will not be an easy task. In particular, due to aggressive capital investments made under the 2021 Mid-Term Business Plan, the burden of depreciation and amortization expenses will increase from FY2024. In addition to increasing net sales, the manufacturing and engineering divisions need to refine their cost competitiveness, while the indirect divisions need to further streamline their operations.

PBR trends (end of March 2020–end of March 2024)



## Toward optimizing the business portfolio

Our core business is the manufacture and sale of transmission belts, which are used by car manufacturers and other customers around the world, and we have a wide range of applications and a diverse product lineup. In this business environment, the idea of business portfolio optimization is essential.

The mission of a company is to achieve sustainable growth and maximize profits. We are currently building a business portfolio analysis system, which will enable us to evaluate the profitability, market growth potential, and strategic importance of each business. Based on this analysis, we will identify businesses to be strengthened, businesses to be downsized or withdrawn, and select and focus investments and resources. We will aggressively invest in businesses that need to be strengthened to promote innovation and market expansion. On the other hand, with regard to inefficient or low-profit businesses, we will consider reallocating resources and/or withdrawing from the business. M&A and open innovation, discussed below, can increase the diversity of a business portfolio and diversify risk. M&A and open innovation will also enable us to gain access to new technologies and new markets to build a competitive advantage.

Finally, we will promote company-wide cost reduction and efficiency to further improve profitability. This includes supply chain optimization, improved production processes, and reduced administrative costs.

Optimizing a business portfolio is an ongoing process that requires flexibility to respond to market fluctuations and maximize corporate value. As the General Manager of the Production Division, I am also responsible for the manufacturing department, so I am responsible for leading this process and supporting the sustainable growth of the company. We will continue to strive to maximize corporate value through strategic decision-making and meticulous financial management.

### Overview

#### TOP MESSAGE

#### Value Creation Story of Mitsubishi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

#### Vision and Strategy

##### Mid-Term Business Plan

##### Message from the Director in Charge of the Finance Department

##### Business Strategy by Segment

##### [Feature Page] The Corporate Vision of Mitsubishi Belting

##### Human Resources Strategy

##### [Feature Page] Roundtable Discussion by Employees

##### Sustainability Strategy

##### ESG Initiatives

#### Management Foundation Supporting Value Creation

##### [Feature Page] Interview with Outside Directors

##### Corporate Governance

##### Compliance

##### Risk Management

##### Board of Directors and Executive Officers

#### Data Section

##### Financial Data

##### ESG Data

##### Company Overview/Stock Information

# Message from the Director in Charge of the Finance Department

## Growth investments and financial strategies

The 2024 Mid-Term Business Plan, announced on May 14 of this year, is positioned as a period of accelerated growth, moving from the period of strengthening the foundation to the next stage. As the officer in charge of the Finance Department, I intend to verify that our financial strategy over the next three years is consistent with the growth investments and financial strategies established in the 2024 Mid-Term Business Plan.

Since reviewing our Mid-Term Business Plan in May 2022, we have been managing our business with an awareness of capital costs and stock prices. We recognize that our average cost of equity over the past five years has been about 6%, and we are committed to maintaining and further improving our ROE well above this cost of equity. By FY2030, we aim to achieve ROE of 10% and further improve PBR (Price to Book Ratio).

Cumulatively, during the period of the 2024 Mid-Term Business Plan, cash allocation resources totaled 55

billion yen: 45 billion yen from operating cash flow, 5 billion yen from sales of policy holdings (investment securities), and 5 billion yen from surplus funds. The plan is to maximize corporate value by allocating funds at appropriate times to growth investments, strengthening the management base, shareholder returns, M&A, open innovation, share buybacks, and other items.

We believe that investment in M&A and open innovation are particularly important to further accelerate future growth. In February 2023, the company took over the civil engineering and waterproofing business in the construction materials business. Our approach to M&A is based on the expectation of synergistic effects with existing businesses, and we do not consider high-risk, high-return businesses, or unrelated businesses. Before investing, we will carefully assess the possibility of future return on investment and make a judgment on the pros and cons before proceeding.

Regarding our financial soundness, we have received a certain level of recognition from financial institutions and other stakeholders, and we will continue to be conscious of the soundness of our balance sheet. Although we maintain an equity ratio of over 70% and a strong financial base with a current ratio of over 300%, we will continue to raise funds as and when needed.

In this 2024 Mid-Term Business Plan, we are focusing on the "Employee Stock Ownership Plan (MISA)" as one of our human capital strategies and "Shortening Cash Conversion Cycle (CCC)" to improve asset efficiency to further enhance corporate value.

### ● Introduction of an employee stock ownership plan

Following the introduction of the restricted stock compensation plan for directors at the annual general meeting of shareholders for the fiscal year ending March 31, 2021, we have decided to expand the scope of stock issuance to include employees, based on our belief that it is of utmost importance for human resources to demonstrate their abilities to realize "Establishment of a Strong Corporate Structure Resilient to Change."

By introducing this system, we hope to increase employee engagement and retention and further enhance corporate value.

Such compensation plan will be for the same period as the 2024 Mid-Term Business Plan, and the shares used to set up the trust will be treasury stock, which will be used effectively.

### ● Shortening CCC (cash conversion cycles)

In FY2022, the rapid economic recovery from the coronavirus pandemic led to major disruptions in logistics networks worldwide, including container shortages and strikes on the U.S. West Coast. Despite this situation, the company implemented inventory operations to fulfill its responsibility to supply its customers, resulting in an excess inventory. In addition, in FY2023, rapid interest rate hikes in various countries and the economic slowdown led to a decline in the liquidity of market inventories. Consequently, the inventory turnover period increased, which in turn resulted in an increase in the CCC cycle.

Currently, the liquidity of market inventories is also improving, and we intend to work to return them to appropriate inventory levels during the ongoing Mid-Term Business Plan period.

## To our shareholders and investors

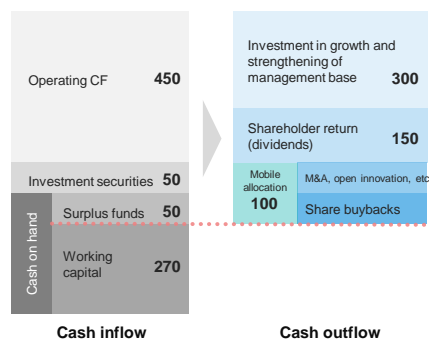
We regard the return of profits to shareholders as one of the most important management policies. Our basic policy is to enhance shareholder returns while securing resources for investment in growth.

In the 2024 Mid-Term Business Plan, the indicator for shareholder return was changed from dividend payout ratio to dividend on equity (DOE).

Although the "dividend payout ratio" is generally used as an indicator for returning profits to shareholders, net income for the period under review is subject to wide fluctuations. We determined that DOE, which is an overall indicator of return on equity from a shareholder perspective and the willingness to pay dividends to shareholders, is consistent with our capital policy. Specifically, we have set a KPI target of DOE of approximately 5.4% and a dividend per share of at least 180 yen.

We will continue to invest aggressively in growth and embody profit-enhancing measures one by one to improve capital efficiency and increase net assets. This will enable us to realize a progressive dividend system and enhance the return of profits to our shareholders and investors, so we hope you will look forward to our future initiatives.

Cash allocation (2024 Mid-Term Business Plan Period) Unit: Billion yen)



\* This is an estimate based on payments, so it does not match the capital investment amount in the Mid-Term Business Plan (20 billion yen).

## Overview

### TOP MESSAGE

#### Value Creation Story of Mitsubishi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

### Vision and Strategy

#### Mid-Term Business Plan

#### Message from the Director in Charge of the Finance Department

#### Business Strategy by Segment

#### [Feature Page] The Corporate Vision of Mitsubishi Belting

#### Human Resources Strategy

#### [Feature Page] Roundtable Discussion by Employees

#### Sustainability Strategy

#### ESG Initiatives

### Management Foundation Supporting Value Creation

#### [Feature Page] Interview with Outside Directors

#### Corporate Governance

#### Compliance

#### Risk Management

#### Board of Directors and Executive Officers

### Data Section

#### Financial Data

#### ESG Data

#### Company Overview/Stock Information

# Business Strategies by Segment

## —Car Parts Field

### Business overview

We have a long history of car belts and related products. Starting with raw edge belts, which we began producing in 1962, we have expanded our product line to include V-ribbed belts and timing belts for OHC (overhead camshaft) drives, contributing to the expansion of motorization in Japan and abroad.

In the car belt industry, the history of product development has been a struggle to solve social issues, such as air pollution caused by exhaust gas (1960s) and the demand for energy conservation and fuel efficiency improvement triggered by the oil crisis (1970s). In the 2000s and beyond, when new technological developments such as vehicle electrification and autonomous driving progressed, we have been expanding our product lineup to contribute to the realization of a decarbonized society through the electrification of mobility, such as timing belts for electric parking brakes and electric power steering units that are also used in EV vehicles.

### Primary selling industries

Major domestic and international car and motorcycle manufacturers, and multi-purpose four-wheeled vehicle (powersports) manufacturers

### Major products

#### Electrification compatible products



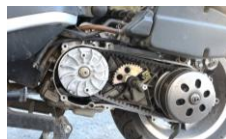
- For four-wheeled vehicles
  - Timing belts for EPS drive for four-wheeled vehicles
  - Timing belts for PSD actuators
- For two-wheeled vehicles
  - Rear-wheel drive timing belts for motorcycles

#### Conventional products for four-wheeled vehicles



- Timing belts for overhead cam drive
- Oiled belts
- V-ribbed belts
- Raw edge V-belts
- Alternator damper pulley
- Auto tensioner

#### Conventional products for motorcycles and power sports



- Variable speed belts
- Timing belts

### Strengths

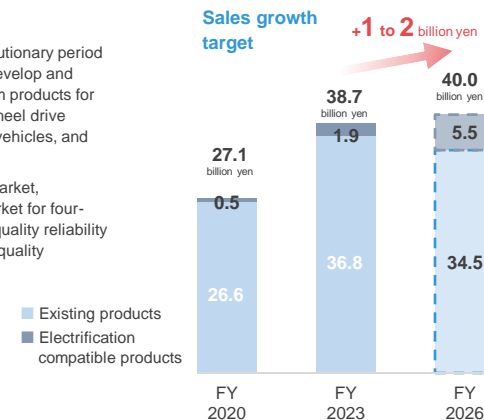
- Through many years of business with vehicle manufacturer customers, we have not only technical knowledge of transmission belts in the car sector but also extensive knowledge and manufacturing infrastructure, including manufacturing processes, quality control, and supply chain optimization.
- In addition to a broad lineup of belt specifications, we can develop and propose products that meet the specific needs of our customers. We can accurately respond to customer problem solving by designing and manufacturing based on the special requirements of car parts.
- In the area of electrification products, we were among the first to enter the market for timing belts for electric units for EPS\*1 and PSD\*2 in four-wheeled vehicles. With over 10 years of experience, we have established specifications that are both functional and durable. To accurately evaluate the required performance and ensure reliability, we also focus on the development of testing environments.
- The reduced weight and increased energy efficiency of the transmission belt contributes to improved fuel efficiency of the entire vehicle. Our product lineup includes ICE\*3, EVs, FCVs\*4, and all other types of mobility.

### Risks and opportunities

- The global trend toward electrification is not limited to four-wheeled vehicles; the market for electric two-wheeled vehicles is growing rapidly. Opportunities for the adoption of rear-wheel drive timing belts, which are quieter and lighter, are increasing for electric motorcycles.
- While the number of vehicles owned in developed countries is decreasing due to the spread of car sharing, demand for leisure activities such as ATVs and boats is increasing due to a change in thinking that emphasizes work-life balance and leisure time. We aim to expand sales by ensuring that we can meet the demand for power sports belts.
- One potential risk is a decline in demand for ICE car belts due to the increasing electrification of vehicles. However, we expect sales growth to exceed the decline in sales of ICE belts due to sales expansion of electrification-compatible products such as EPS belts and expansion of our market share in the global aftermarket.

### Future strategies

- We will seize the opportunity presented by the revolutionary period in the mobility industry, including electrification, to develop and expand sales of EPS belts, high-value-added system products for auxiliary equipment drive (for M-HEV\*5), and rear-wheel drive products for motorcycles, multi-purpose four-wheel vehicles, and personal mobility vehicles.
- We will expand sales of our products in the global market, especially in emerging countries, and in the aftermarket for four-wheeled and two-wheeled vehicles, leveraging the quality reliability of our products built up through our thorough QMS (quality management system) on a global basis.



\*1 EPS: Electric Power Steering  
\*2 PSD: Power Slide Door  
\*3 ICE: Internal Combustion Engine  
\*4 FCV: Fuel Cell Electric Vehicle FCV  
\*5 M-HEV: Mild Hybrid Electric Vehicles

Our products are used not only in passenger cars, which you often see in everyday life, but also in official vehicles. The alternator damper pulley is one of the products we developed in response to strong customer demand for the use of our high-quality, reliable products in police vehicles, which are subject to harsh operating environments. We will continue to strive to develop even better products to meet our customers' expectations.

Target vehicle: Toyota Crown (police car specifications)  
Engine: AR Turbo (2.0 L)  
Parts we use: Alternator damper pulley, belt (6PK1680)



Police vehicles in which our products are used (image)

### Overview

### TOP MESSAGE

### Value Creation Story of Mitsubishi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

### Vision and Strategy

- Mid-Term Business Plan
- Message from the Director in Charge of the Finance Department
- Business Strategy by Segment
- [Feature Page] The Corporate Vision of Mitsubishi Belting
- Human Resources Strategy
- [Feature Page] Roundtable Discussion by Employees
- Sustainability Strategy
- ESG Initiatives
- Management Foundation Supporting Value Creation
- [Feature Page] Interview with Outside Directors
- Corporate Governance
- Compliance
- Risk Management
- Board of Directors and Executive Officers

### Data Section

- Financial Data
- ESG Data
- Company Overview/Stock Information

# MITSUBOSHI INTEGRATED REPORT 2024



# Business Strategy by Segment —Industrial Machinery Field

## Business overview

Our business began with the production of cotton flat belts for transmission. Six months after the company's founding, we began producing rubber belts, and during the period of Japan's industrial boom in the 1920s and 1930s, our belts were used in many industries and machines, including spinning, steelmaking, paper manufacturing, and coal production, contributing to the development of modern Japanese industry.

Since then, we have expanded our production lineup to include V-belts, timing belts, raw edge belts, and ribbed belts and have expanded our business domain with the power of "conveyance" and "transportation" as well as solutions to the social issues of the times. Our customers in the industrial machinery field cover a very wide and diverse range of industries. We will strive to accurately grasp various customer needs in the changing socioeconomic environment and develop products in a timely manner to increase our global market share and improve our brand power.

## Primary selling industries

Agricultural machinery, injection molding machines, machine tools, spinning machines, industrial robots and automation equipment, various home appliances, OA equipment, logistics machinery, etc.

## Major products

### Industrial power transmission belts and related products (transmission)



- V-belts for general industry
- V-belts for agricultural machinery
- Timing belts for general industry
- Ribstar belts
- Urethane belts
- Flexstar® belt
- Pulleys, couplings
- Variable speed belts

### Conveyor belts



- Resin conveyor belt Tailorbelt®
  - Mamaline® for food transport
  - LOGISTAR® for logistics purposes
  - Endless processing
  - Printing and marking processing
  - Seal processing
- FREESPAN™ resin timing belts
- START™ rubber conveyor belts
- Conveyor system products
- Urethane screens for sieving

### Engineering Plastic materials and processing



- Cast Nylon CN
- Ultra High Molecular Weight Polyethylene UHMW
- Clean-PE Series
- Polyacetal POM
- Polyetheretherketone (PEEK)
- Vespel®
- Polyphenylene Sulfide (PPS)
- Polytetrafluoroethylene PTFE
- And many more

### SF (foam injection) molding



- SF (Structural Foam) foam injection molded products

## Strengths

- As a specialized belt manufacturer in business for more than 100 years, we have technical knowledge and expertise in the "conveyance" and "transportation" of belts, including our proprietary material technologies and product evaluation and analysis technologies.
- We also realize optimal system proposals based on the customer's intended use and conditions through our product evaluation and analysis technologies that conduct multifaceted simulations and tests from the customer's point of view.
- Through collaboration with a wide variety of customers, we offer a broad lineup of specifications for each of our products. In addition to energy-saving, high-efficiency, heat-resistant, and oil-resistant specifications, in recent years, we have also focused on the development of environmentally friendly products with less environmental impact, using biomass-derived or recycled raw materials.

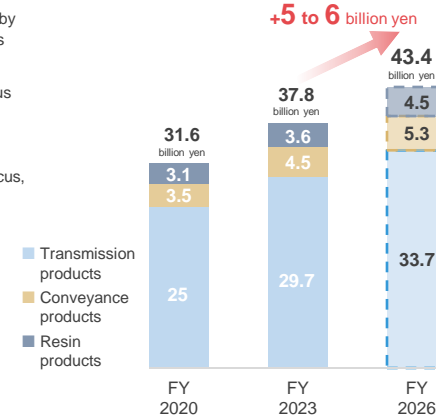
## Risks and opportunities

- Growing awareness of climate change and environmental conservation has led to a shift from hydraulic to electric drive systems in various industrial machinery, increasing the preference for clean and highly efficient timing belts that do not use oil.
- The demand for various labor-saving and automated equipment is increasing due to the declining workforce and restrictions on working hours, especially in the Japanese market. We support our customers' product development with a full lineup of belts for "conveyance" and "transportation."
- Efficient harvesting of grain is required to solve hunger, one of the 17 goals of the SDGs, and demand for our high-efficiency, high-load belts for agricultural machinery is expected to increase.
- Potential risks include intensifying competition with competing manufacturers in Japan and overseas. However, through business activities that leverage the aforementioned strengths, we will strive to differentiate our products with one-of-a-kind products and contribute to the realization of innovation in society.

## Future strategies

- We aim to improve social value as well as economic value by formulating and implementing specific measures to address social issues.
- In view of changes in the external environment, we will focus on the agricultural machinery field, robots and other automated equipment and logistics equipment field, environment-related equipment field, and domestic and overseas repair markets as our future business areas of focus, and we will also focus on expanding our lineup of environmentally friendly products for the next generation.

## Sales growth target



## Overview

### TOP MESSAGE

### Value Creation Story of Mitsubishi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

### Vision and Strategy

- Mid-Term Business Plan
- Message from the Director in Charge of the Finance Department
- Business Strategy by Segment
- [Feature Page] The Corporate Vision of Mitsubishi Belting
- Human Resources Strategy
- [Feature Page] Roundtable Discussion by Employees
- Sustainability Strategy
- ESG Initiatives
- Management Foundation Supporting Value Creation
- [Feature Page] Interview with Outside Directors
- Corporate Governance
- Compliance
- Risk Management
- Board of Directors and Executive Officers

### Data Section

- Financial Data
- ESG Data
- Company Overview/Stock Information

# MITSUBOSHI INTEGRATED REPORT 2024



The biomass content of resin belts for conveyor belts made of biomass materials is approximately 25% of the total belt biomass, and we have also acquired the biomass mark.

Mitsubishi Belting has identified "building a resource-recycling society" as a materiality and is actively working to develop environmentally friendly products. We aim to build a resource-recycling society by expanding our lineup of environmentally friendly products, such as transmission belts with a higher proportion of sustainable raw materials, resin belts made from biomass materials for conveyance, and engineering plastic materials made from plant-derived raw materials.

# Business Strategy by Segment —Construction Materials Field

## Business overview

The first step in the history of this business was the production of butyl rubber sheet waterproofing materials in 1962, during the construction rush of Japan's high economic growth period. In 1965, we developed a rubber sheet waterproofing material made of EPDM, which is resistant to climate change, highly durable, highly functional, and high-performance, and the high rate of economic growth at the time provided a tailwind that led to a dramatic increase in our adoption. Later, applying our experience in architectural waterproofing, we expanded our business into the field of impervious sheets for reservoirs and waterways, and our waterproofing and impervious sheets are now widely used in the construction of industrial waste disposal sites.

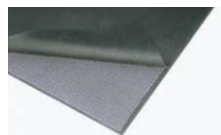
In the field of construction materials, we have been expanding our business domain with the mission of "protecting" buildings from water and protecting the natural environment in response to the social issues of the times. We will continue to strive to improve environmental value through the provision of high-quality waterproofing materials.

## Major customers and applications

Schools and school gymnasiums, factories, housing complexes, commercial facilities, railroad and road bridges, underpasses, reservoirs, waste disposal sites, and underground storage facilities

## Major products

### Waterproofing materials for construction



#### Waterproofing method

- Neo roofing E exposed waterproofing method
- NEW-BRANE mechanically fixed exposed waterproofing method
- Rib roof waterproofing method
- Stage roof waterproofing method
- Bolt cap waterproofing method
- Fastback waterproofing method
- Neo coat AG waterproofing method, etc.

#### Products

- Sheet waterproofing materials and related subsidiary materials
- Coated waterproofing materials and related subsidiary materials
- Other subsidiary materials

### Water interception material for civil engineering



#### Water barrier sheets

- Mizusheet Series
- Dispoliner Series

#### Protective agents

- Mighty Mat Series

#### Self-healing materials, sub-materials, etc.

- Mighty Barriers (self-healing material)
- Neo Bond, Neo Joint Primer and other subsidiary materials
- Disc fixation (new technology)
- Spark inspection (new technology), etc.

### Our products and construction methods solve the decline in the workforce

The "2025/2030 problem" refers to the problem of labor shortages in Japanese society. Against the backdrop of these social issues, the construction industry is also facing an urgent need to save labor and reduce work processes.

The EPDM waterproof sheets we sell in the field of building waterproofing are a key item for the future that can realize labor savings by drastically reducing work processes. We are also working on the development of materials with an eye toward mechanization of construction, with the aim of realizing further labor savings.



Our EPDM waterproof sheets used at Yoshinogari Ruins Park

## Strengths

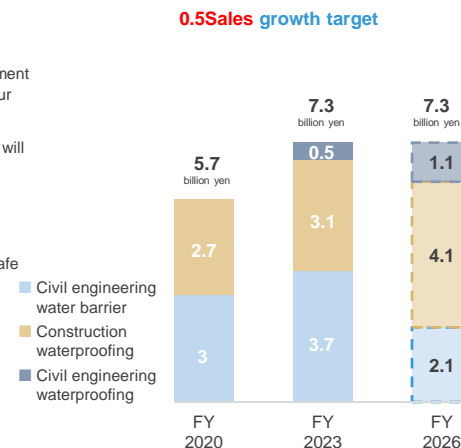
- For more than 60 years, as a manufacturer of waterproofing and water interception materials, we have been practicing "protection" and refining our product technologies and construction techniques. As a result, we have earned the trust and confidence of our clients and built up an extensive track record.
- We started collaboration with installation agencies at the same time we started production of sheet waterproofing materials, and this has enabled us to improve installation techniques and integrate product development.
- One of our strengths in this business is our ability to make strong proposals backed by our accumulated technology and track record. In the construction and civil engineering fields, we will continue to improve the "protective" power of our waterproofing and impervious sheets.

## Risks and opportunities

- With the increasing complexity of building shapes and the shortage of workers or aging of workers, there is an increasing preference for our waterproofing and impervious materials, which are easy to install.
- One of the measures of the government of the Ministry of Land, Infrastructure, Transport and Tourism is to "extend the service life of buildings," and our EPDM sheet waterproofing material is a product that can greatly contribute to the realization of this policy, and we expect demand for this product to increase in the market in the future.
- As society as a whole becomes increasingly aware of the need to preserve the natural environment and improve the living environment, our ability to make proposals and our construction know-how, backed by our wealth of experience, give us a significant competitive advantage over our competitors.
- Potential risks include intensifying competition with competing manufacturers and compliance with various laws and regulations. We will implement value-added business development by leveraging our proprietary technologies and proposal capabilities.

## Future strategies

- We will continue to develop our business of "protecting" buildings from water and protecting the natural environment and enhance social and environmental value through our business activities.
- Focusing on the infrastructure maintenance market, we will actively engage in the maintenance market for road maintenance, water supply and sewage facilities, etc.
- We will also develop and expand sales of products and construction methods to address the shortage of construction workers and provide stakeholders with a safe and secure environment.



\* Within the period of the 2021 Mid-Term Business Plan, the amount of sales has temporarily increased significantly due to the acquisition of several very large properties in the field of civil engineering waterproofing, the acquisition of a civil engineering waterproofing business, and the advance of construction work due to the 2024 construction industry issue.

## Overview

### TOP MESSAGE

#### Value Creation Story of Mitsubishi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

### Vision and Strategy

- Mid-Term Business Plan
- Message from the Director in Charge of the Finance Department
- Business Strategy by Segment
- [Feature Page] The Corporate Vision of Mitsubishi Belting
- Human Resources Strategy
- [Feature Page] Roundtable Discussion by Employees
- Sustainability Strategy
- ESG Initiatives
- Management Foundation Supporting Value Creation
- [Feature Page] Interview with Outside Directors
- Corporate Governance
- Compliance
- Risk Management
- Board of Directors and Executive Officers

### Data Section

- Financial Data
- ESG Data
- Company Overview/Stock Information

MITSUBOSHI  
INTEGRATED  
REPORT  
2024

# Business Strategies by Segment

## —Electronic Materials and Developed Products Fields and New Fields

### Business overview

Our electronic materials-related products are conductive materials with electricity-transmitting properties created through years of research and development activities related to functional material formulations and nano-area dispersion technologies. Unlike our core belt business, this product is offered to the market as a new commercial product in the electronics field.

We aim to create a new brand value for Mitsubishi Belting by adding “conveyance” as electronics to the power of “conveyance” and “transportation” of belt products.

### Primary selling industries

- All electronics industries related to information technology, electrification, energy saving, and resource saving
- Semiconductor packages, passive electronic components, thick film circuit boards (for automotive, communication, light sources, heaters), etc.

### Major products

#### Various kinds of baked molding pastes



- Conductive paste (Ag-based, Cu-based, CuAgTi-based)
- Resistance paste
- Insulating and protective glass paste
- Active metal paste (CuAgTi-based)

#### Thick film/via filling solution \*1,2



- Thick film/ultra thick film printed circuit board (TPC)
- Double-sided conductive (via-filled) substrates

#### Silver nanoparticle application products



- Silver Nanoparticles MDot®  
Conductive paste compounding material  
Luster pigment for mirror surface decoration
- For printed electronics
- Conductive paste/ink
- Conductive silver paste for passive components
- Sintering paste for semiconductor bonding

### Big wave in the electronics industry

Just as the electronics industry was once energized by the emergence of smartphones, we see the emergence of killer trends that bring new demand to the entire industry, including semiconductors, semiconductor manufacturing and testing equipment, electronic components, and circuit boards, as a big wave for the industry. Currently, this is the case with artificial intelligence (AI), and the rapid spread and expansion of “generative AI” and “edge AI” to run AI in the cloud and on terminals such as smartphones and PCs is a strong driver of these end products. This trend has resulted in strong sales of double-sided conductive (via-filled) substrates at our company. This is because companies need to expand their data centers to safely and stably operate and expand AI-based services, and furthermore, AI servers equipped with more advanced and sophisticated semiconductors are required, which has increased the demand for double-sided conductive (via-filled) substrates that are advantageous in thermal management.

### Strengths

- We can provide one-stop thick film solutions\*1 with our extensive lineup of firing-type pastes that utilize our proprietary paste compounding technology.
- We have a lineup of high-quality silver nanoparticles with excellent applicability as paste compounding materials and decorative luminous materials, and we mass-produce and supply them with stable quality by adopting our independently developed silver nanoparticle generation process.
- By combining our proprietary paste blending technology and silver nanoparticles, we can demonstrate our customization capabilities and respond quickly and effectively to our customers’ unique quality requirements.

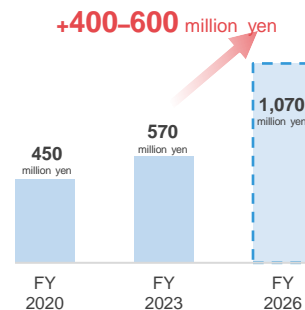
### Risks and opportunities

- The development of next-generation mobile communication networks that support the proliferation of IoT is creating significant business opportunities with the emergence of innovative new technologies such as generative AI. We aim to expand sales by proposing via-filling solutions\*2 to meet the rapidly growing demand for communication IC packages due to the development of next-generation mobile communication networks.
- The progress of electrification (EV) as mobility adapted to the global environment will create new demand for in-vehicle electrical components in the future. We will develop silver nanoparticle-applied products that contribute to improved thermal management\*3 of heat-dissipating circuit boards for automotive power modules, which is indispensable for this progress, and to improved performance and reliability of semiconductors and passive electronic components.
- From a carbon-neutral perspective, various end-applications that lead to energy and resource conservation are expected to emerge in mobility other than the automotive field and home appliances. With the motto of supporting our customers’ design and development from an electronic materials perspective, we will propose thick film solutions utilizing various unique firing-type pastes to capture new demand.
- The electronic materials market is expected to see stable in-vehicle demand due to the future progress of EVs. On the other hand, the market is dominated by short-term intensive demand represented by smartphones, PCs, mobile terminals, and data centers and is characterized by extremely volatile ups and downs. We will diversify our sales activities against such potential risks by developing development activities with less bias through continuous information gathering on the quality of customer requirements.

### Future strategies

- Due to changes in social conditions and the external environment, various social issues are likely to emerge in the future, and we can expect to see technological innovations involving a variety of electronic approaches to solving these issues. We see these changes as an opportunity to capture new demand and aim to increase our corporate value both socially and economically in the electronics field as well, by developing and marketing products that contribute to “informatization,” “electrification (EV),” “energy and resource conservation,” and many other areas.

### Sales growth target



\*1 Thick-film solution refers to an approach to electrode and wiring pattern design that uses a thick-film method to form conductors by coating paste materials, rather than thin-film methods such as vapor deposition or sputtering, which are conductor formation methods.

\*2 Via filling solution is a circuit design solution by filling conductor paste into micropores (via) of ceramic substrates to add double-sided conductivity and heat dissipation to the substrate.

\*3 Thermal management is a thermal management technique to improve the performance and life of electronic equipment by controlling the heat generated from semiconductors and electronic components.

### Overview

### TOP MESSAGE

### Value Creation Story of Mitsubishi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

### Vision and Strategy

- Mid-Term Business Plan
- Message from the Director in Charge of the Finance Department
- Business Strategy by Segment
- [Feature Page] The Corporate Vision of Mitsubishi Belting
- Human Resources Strategy
- [Feature Page] Roundtable Discussion by Employees
- Sustainability Strategy
- ESG Initiatives
- Management Foundation Supporting Value Creation
- [Feature Page] Interview with Outside Directors
- Corporate Governance
- Compliance
- Risk Management
- Board of Directors and Executive Officers

### Data Section

- Financial Data
- ESG Data
- Company Overview/Stock Information

MITSUBOSHI  
INTEGRATED  
REPORT  
2024



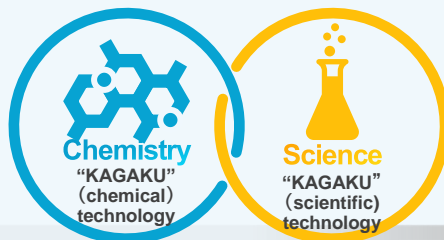
## What is Mitsuboshi Belting's "Corporate Vision?"

# A company that supports people's comfortable lives with the power of "KAGAKU"

Although you may not often see our products directly, Mitsuboshi Belting products are used in a wide variety of machines and equipment, including cars, motorcycles, office equipment such as printers, ATMs, cash registers, and various home appliances such as washing machines and coffee makers. Our products may be small, but no machine or piece of equipment can function without our belts. "Every one of Mitsuboshi Belting's products supports people's lives." It is with this spirit that we approach manufacturing.

## What is the power of "KAGAKU" (chemistry/science)?

Since our founding in 1919, we have accumulated and developed a vast amount of technical knowledge and expertise through solving our customers' problems and social issues, and the foundation of this knowledge and expertise is our "KAGAKU" technology.



What is "KAGAKU" technology?

To improve the functionality of rubber, the main constituent material of our products, advanced "chemical" technology is essential to select polymers and additives and to control chemical reactions such as cross-linking. In addition, "scientific" technologies such as materials engineering and structural analysis are indispensable to analyze and evaluate what material properties are necessary to satisfy the required quality of the product.

Based on these factors, one of our strengths, our technological capabilities, is expressed as the power of "KAGAKU."

## "Comfort" created by Mitsuboshi Belting



"Comfort" that supports all kinds of applications in our daily lives with the power of our products

▶ P.3

▶ P.20-23



Creating "comfortable" value for society that cannot be converted into money by deepening sustainability management

▶ P.34-46





# Human Resources Strategy

## Basic concept

Mitsuboshi Belting Group recognizes that “human resources” are the most important source of growth for our company to achieve sustainable growth as well as to enhance social value in the future and has set forth the following “human resources strategy” in its FY2030 “Target Position.”

We hope to create a major impetus for improving profitability by combining the abilities of a diverse group of people, including not only Group employees but also external personnel.

### Cultivate human resources to promote transformation

- Enhance the personnel affairs system, education system, and workplace environment so as to enable maximization of “individual” capabilities
- Foster a “corporate culture” that respects diversity and values new ideas and a challenging spirit that is not afraid of change



# Human Resources Strategy

## To be a company that makes employees' hearts “beat” with excitement and their tomorrows “bloom”

In order for companies to achieve sustainable growth in Japan, where the working population is declining, it is essential to be a company that is “chosen by human resources.” In order to be a company of choice, we define the factor for maximizing the individual strengths of each and every employee of our group as “making employees’ hearts beat with excitement and their tomorrows bloom,” and we are working on a variety of initiatives to achieve this.

### “Hearts beat with excitement”

We define “hearts beat with excitement” as a positive attitude toward challenges, with employees having a strong sense of motivation and accomplishment in their work.

### “Tomorrows bloom”

We define “tomorrows bloom” as a state in which employees have high expectations for their own careers and future and work while feeling a sense of personal growth every day.

## Human resource strategy of Mitsubishi Belting

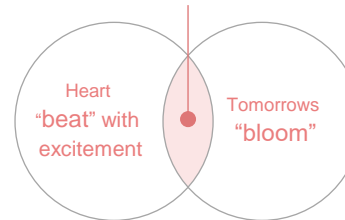
### Promotion of DE&I

Our corporate philosophy of “To give attentive consideration to both humanity and nature,” expresses our desire to be an organization that respects the human rights, personality, and individuality of each and every employee and that fully demonstrates these qualities. We aim to be a company where the abilities and diverse personalities of each and every employee with different roots and backgrounds in terms of age, nationality, and gender are fully realized.

### Reforming the corporate culture to embrace challenges

In the current business environment, where the future is highly uncertain and the outlook is difficult to predict, we must be willing to explore new approaches, rather than sticking to conventional methods. We are working to foster a new corporate culture that is not afraid of change by introducing a system that supports and praises the “challenges” of all employees.

Maximizing individual power  
×  
Synergy as organizational strength



### Human resources management Development and reskilling

To support sustainable corporate growth, it is essential to build a human resource portfolio in which diverse personalities can thrive, and we are working to rebuild our talent management system to realize our “Target Position.” We also focus on expanding education, training, and reskilling to improve the skills and career development of each employee.

### Creation of a rewarding workplace

To encourage each employee to maximize his or her “individual” potential, we strive to create a rewarding workplace from two perspectives: “ease of work” and “provision of opportunities for self-realization and growth.” We are also actively working to expand various systems to achieve a better work-life balance for each of our employees.

## Overview

### TOP MESSAGE

#### Value Creation Story of Mitsubishi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

### Vision and Strategy

- Mid-Term Business Plan
- Message from the Director in Charge of the Finance Department
- Business Strategy by Segment
- [Feature Page] The Corporate Vision of Mitsubishi Belting
- Human Resources Strategy
- [Feature Page] Roundtable Discussion by Employees
- Sustainability Strategy
- ESG Initiatives
- Management Foundation Supporting Value Creation
- [Feature Page] Interview with Outside Directors
- Corporate Governance
- Compliance
- Risk Management
- Board of Directors and Executive Officers

### Data Section

- Financial Data
- ESG Data
- Company Overview/Stock Information

# MITSUBOSHI INTEGRATED REPORT 2024

# Human Resources Strategy

## Reforming the corporate culture to embrace challenges

### Restructuring of the personnel system

We regard "fostering a 'corporate culture' that values new ideas that respect diversity and a spirit of challenge without fear of change" as a top priority management issue and are working on various measures to realize our "Target Position."

As a measure to foster a "corporate culture that values the spirit of challenge" as mentioned above, we have been working to revise our personnel system since FY2022. The new personnel system incorporates competency assessment to encourage employees to take on challenges more proactively and to appropriately evaluate not only results but also their attitude and processes. We have also revised the framework for human resource development, including the criteria for appointment to supervisory and managerial positions, to enable young employees to grow quickly through a variety of career paths. We will continue our efforts to create a personnel system that maximizes the power of each individual.

### Job matching (internal recruitment system)

We believe that in order for diverse personalities to be maximized and for these personalities to be utilized as an organization, it is necessary to have a system that supports the proactive "challenge" of our employees. Based on this idea, we are introducing a job matching system to provide employees with opportunities to raise their hand to take on the challenges of the work they want to do. Through this program, we expect to increase employee engagement by realizing their career plans.

## Human resource management, training, and reskilling

### Capability development programs

We operate a variety of capability development programs, including training for new employees and initial workers, hierarchical training in line with changes in roles, and training for specialists according to the nature of their duties (see table on the right).

These capability development programs are planned and executed annually by departments or designated organizations, based on the skills matrix, and after evaluating their effectiveness, they are rolled out into activities for the following fiscal year.

### Training the next generation of leaders

We send our executive candidates to outside management training programs to develop the next generation of leaders who will lead the company through successful change. By learning logical thinking skills and all aspects of management, including "people," "things," and "money," participants can develop a general management perspective and also compete with participants from different industries in a competitive environment, which can stimulate them and help them improve themselves. Networking with participants across industries has been a valuable asset.

### Overseas training system

To develop human resources who can work globally, we send trainees to universities in four countries: the U.S., Germany, China, and Thailand. In addition to providing an environment in which participants can focus on language acquisition, the training in the destination countries is a unique opportunity to cultivate diverse perspectives through cross-cultural exchange, which is rarely experienced in Japan. After completing the training, participants are expected to be active in their own departments as human resources with a global perspective and may also take on the challenge of working at overseas bases, depending on their career plans.

### Digital transformation training

We are aware that in Japan, addressing the declining working population is important in continuing our business. Amid a declining workforce, we are promoting Digital Transformation (DX) to improve productivity and automation and are working to promote measures to control or reduce the increase in the number of personnel required for business expansion.

Total number of participants in DX training programs (unit: person)		
Programs	FY2022	FY2023
DX training	33	763

### Training programs that support autonomous relearning

Every two months, employees are asked to raise their hand to attend the course, and the company pays for the entire cost of the course. The program is offered in an e-learning format and can be taken during working hours with the approval of the head of the organization, allowing participants to learn in a way that fits their individual lifestyles. Since the system began in FY2022, a total of 221 employees and 3,442 hours (15.6 hours per person) of learning opportunities have been provided to help employees improve their skills.

Total number of participants in e-learning training programs (unit: person)		
Programs	FY2022	FY2023
e-learning	140	221

Table) List of capability development programs

Rank	Rank-based education	Specialized education	MonozukuriDX	Global personnel education	Self-development, etc.
Upper management Managers	Executive school	Specialized professional education in each department	AOTS overseas practitioner training	Tokusei Juku	Distance education
	General Manager training		Mitsuboshi academy		
	New managerial/professional position training		Voluntary maintenance personnel training	Overseas training	e-learning
	Human assessment training		Problem-solving training at production sites		
Mid-level employees Junior employees	Leadership training		Basic training in quality control	Online language training	Star training (see page 29)
	Third-year training		QC certification		
New employees	New employee training		IT-ization of logistics	Training prior to overseas assignment	
	Follow-up training		Utilization of AI (artificial intelligence)		
	Step-up training			Overseas locally hired employee training	Skill-improvement seminar for working women
	Business etiquette training				
	PC/office training				
	Basic training in products/materials				
	Business documents/bookkeeping				
	Introduction to SDGs for ultra beginners				
	Sales/Technology/Head Office Training				
	Safety education				
	Plant training				

# Human Resources Strategy

## Promotion of DE&I

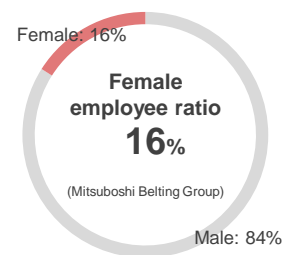
### Supporting female empowerment

We aim to be a company where the abilities and diverse personalities of each and every employee with different roots and backgrounds in terms of age, nationality, and gender are fully realized.

In terms of gender diversity, we have a small percentage of female employees and female managers\*, which we recognize as one of the challenges in our diversity. To improve this situation, we are actively recruiting women and expanding various systems to achieve a better work-life balance for each employee to promote the success of all employees regardless of gender.

\* FY2023 results: Ratio of female managers: 3.1% (Mitsuboshi Belting non-consolidated)

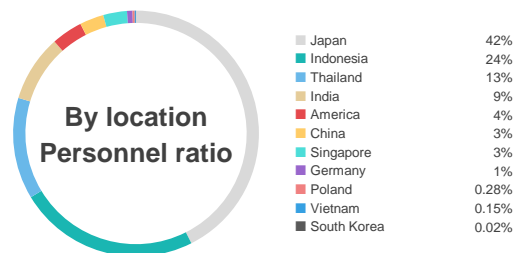
Materiality KPI: Ratio of female managers: FY2026: 5% or more, FY2030: 10% or more (Mitsuboshi Belting non-consolidated)



### Active participation of multinational human resources

Mitsuboshi Belting Group is a global company with production and sales in 14 locations in 11 countries, with more than 50% of its net sales and production volume coming from overseas locations. Of the approximately 4,500 employees worldwide, about 60% are foreign nationals.

To ensure that these diverse human resources can maximize their capabilities, we will work to secure and develop human resources suited to local cultures and values, with the aim of strengthening our competitiveness on a global basis.



### Active participation of senior human resources

The aging of employees is one of the major challenges in the management of Japanese companies. In addition, with no progress being made in addressing the issue of declining birthrates, the success of senior human resources is an essential issue for securing a source of competitive advantage for companies. Employment until the age of 70 is becoming commonplace nowadays, and we are in need of measures that take advantage of the “experience” of senior human resources while canceling out the disadvantages of “physical decline” and “obsolescence of technology.”

We are working to support the active participation of senior human resources from two perspectives: (1) maintenance of health and (2) reskilling.

### Welcome back system (alumni recruitment system)

We are introducing a system to rehire retirees who have left the company due to life events or to pursue their own career plans.

By having former employees who have a deep understanding of our corporate culture and operations leave our company and return with a different perspective, we hope to create opportunities to leverage their experience and knowledge and for the company to gain new insights into our strengths and challenges.

### Employment of people with disabilities

We have installed wheelchair ramps and handicapped-accessible restrooms to provide a safe working environment for people with disabilities.

In addition, we are striving to increase the employment of people with disabilities, and the employment rate of people with disabilities in FY2024 was 2.1%. We will continue to strive to increase the employment of people with disabilities to comply with the statutory employment rate.

We will continue to strive to be a company where everyone can work comfortably and where a diverse workforce can thrive.

Rate of employees with disabilities

FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
1.7%	1.5%	2.4%	2.2%	1.9%	2.1%

\* The statutory employment rate is 2.2% from April 2018, 2.3% from March 2021, 2.5% from April 2024, and 2.7% from July 2026.

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Message from the Director in Charge of the Finance Department

Business Strategy by Segment

[Feature Page] The Corporate Vision of Mitsuboshi Belting

#### Human Resources Strategy

[Feature Page] Roundtable Discussion by Employees

Sustainability Strategy

ESG Initiatives

#### Management Foundation Supporting Value Creation

[Feature Page] Interview with Outside Directors

Corporate Governance

Compliance

Risk Management

Board of Directors and Executive Officers

### Data Section

Financial Data

ESG Data

Company Overview/Stock Information



# Human Resources Strategy

## Creation of a rewarding workplace

### Work Style Reform Promotion Committee

To realize diverse and flexible work styles with a good work-life balance, the company has established the Work Style Reform Promotion Committee, chaired by a director and composed of members who are aware of diversity (gender, age, occupation, and job classification), for the purpose of implementing and promptly spreading measures across the organization to improve the workplace environment and productivity. This Committee establishes implementation challenges, target divisions, countermeasures and goals, monitors and evaluates the implementation status of the countermeasures, and instructs specific changes to the measures as needed. These activities are reported to the President and the Board of Directors for deliberation in accordance with the progress of the measures.

### Creating an environment for improved employee engagement

We began measuring employee engagement in FY2023 with the aim of ensuring that each and every one of our employees is in a state of "hearts beat with excitement and their tomorrows bloom."

We will strive to improve engagement by implementing measures such as 1-on-1 meetings and holding town meetings between general employees and management to further disseminate the company's philosophy and management strategies, especially among employees in their 30s and employees in the production division, whose engagement score is relatively low.

### Introduction of an employee stock ownership plan (MISA<sup>\*1</sup>)

The purpose of this program is to foster a sense of participation in management by granting shares to eligible employees and to further increase their morale and willingness to contribute to improving business performance. By doing so, we aim to increase employee engagement and lead to sustainable enhancement of our corporate value.

<sup>\*1</sup> MISA: Mitsuboshi Individual Shares Award

<sup>\*2</sup> This initiative is scheduled to begin in August 2024.

### Work-life balance (balancing work with childcare or elderly care)

As mentioned earlier, we aim to be a company where the abilities and diverse personalities of each and every employee with different roots and backgrounds in terms of age, nationality, and gender are fully realized. Regardless of gender, we are working to create a work environment that facilitates balancing work and private life alongside life events such as childcare and nursing care. The main initiatives are as follows.

#### Childcare leave system

In accordance with the law, parental leave can be taken up to when a child reaches the age of two. After returning to work from parental leave, employees can choose to shorten their work hours by up to two hours. Employees can choose part-time work until the child enrolls in elementary school, and there is no reduction in wages until the child reaches the age of three. We also support employees raising children by setting limits on overtime and late-night work.

Childcare leave acquisition rate

	FY2021	FY2022	FY2023
Male	10%	26.5%	59.3%
Female	100%	100%	100%

Acquisition rate among the current year's entitlement holders (not including continuing entitlement holders)

#### Childcare support

In 2008, we obtained "Kurumin" certification, which recognizes companies that are actively engaged in supporting the development of the next generation. We plan to acquire Platinum Kurumin certification in the future, aiming to be a company "chosen" by our employees.



#### Annual paid leave system

To enable employees to continue working in response to various situations in their daily lives, we offer a maximum of 40 days of annual paid leave, including carryover days, and a system that allows employees to take leave in half-day or hourly increments for ease of use.

Percentage of annual paid leave taken

FY2021	FY2022	FY2023
48.6%	53.1%	68.3%

#### Special leave system

In addition to annual paid leave, we have a system that allows employees to take paid leave for individual life events such as marriage, childbirth, bereavement, memorial services, and transfers. Memorial leave can be taken within the period of one week before and after a birthday, and employees who have completed 15 and 25 years of continued service are given refreshment leave along with travel vouchers.

#### Star system/Star leave/Star training

This program is designed for employees who are single mothers, fathers, or mothers/fathers of children with disabilities or who have family members who require nursing care, and the program provides both financial support and special leave. In addition, mental support training is provided for employees after long-term parental leave to ensure a smooth return to work.

#### Nursing care leave

In accordance with the law, nursing care leave can be taken for up to 93 days. In addition, restrictions are placed on overtime work, late-night work, etc., in consideration of the lives of employees who provide nursing care.

#### Turnover rate within 3 years after new graduates join the company

From 2017 to 2021, we welcomed 135 new college and graduate school graduates, of which 8 left the company within 3 years of joining. Our turnover rate of new graduates within 3 years of joining the company (average for the last 5 years) is 5.9%, which is well below the national average\* of approximately 30%.

Year of hire	Number of people hired	Number of employees who left the company within three years of employment
2017	21	0
2018	33	2
2019	36	2
2020	23	1
2021	22	3
Total	135	8

\* From the Ministry of Health, Labor and Welfare's "Employment status of new graduates by length of employment"

#### Relaxation of the dress code

As part of our efforts to promote D&I, we have changed our office dress code to allow employees to choose attire other than suits or uniforms. We aim to create a work environment where each employee's individuality is utilized and where new and free ideas and autonomous thinking can easily emerge.

## Roundtable discussion by employees

Mitsuboshi Belting has set “strengthening human resources strategy” as a priority issue in its “2024 Mid-Term Business Plan.” The theme was “Reforming our corporate culture as a basis for promoting change,” and the participants talked about their perceptions and challenges from an employee’s perspective.

Moderator : Takujiro Morinaga [Sustainability Promotion Division]



**Toyokazu Matsuoka**

Manager  
Materials Technology Section  
Development Engineering Group  
Production Engineering Department  
Production Division

**Maho Akita**

Materials Purchasing Section  
Purchasing Department

**Mizuki Omori**

Secretary / Public Relations  
Section  
Office of the President

**Taku Hirose**

Manager  
Overseas Sales Section Belts &  
Systems Sales Department  
Industrial Materials Sales  
Division

**Hisato Ishiguro**

Manager  
Material Development Section  
Core Technology Department  
Technical Division

----- First of all, please tell us about your background and the work you are currently in charge of.

**Akita:** I am in charge of procurement of rubber and chemicals in the Material Purchasing Section, Purchasing Department. Most recently, I have been promoting measures and initiatives involving both internal and external parties as a core promoter of a project to comply with the EUDR, a legal regulation on natural rubber in Europe. This is the first time since I joined the company that I have had to report progress to the President and other directors, and I feel a lot of pressure to do so, but I am also finding it very rewarding.

**Matsuoka:** After working in the Production Technology Center at the Head Office, the Production Technology Section at the mother plant in Japan, and the PE Section\* at our manufacturing base in Thailand, I am currently working in the Production Engineering Department at the Head Office, planning and supporting various measures for quality improvement and production process optimization at each manufacturing base to further strengthen our “manufacturing capability,” which is one of our strengths.

**Ishiguro:** After working in the Technical Division at the Head Office and PE Section at our Indonesian manufacturing site, I am currently working in the Fundamental Technology Department, Technical Division at the Head Office, where I develop and support rubber, canvas and core wire, which are the component materials of belts. In addition to development and support services, I am also working to build a platform for sharing technical information at all of our global locations. The management system that ensures the same quality no matter where in the world we produce our products is one of our major strengths, and I am vigorously working on measures to strengthen this system.

\* PE: Production Engineering

**Omori:** This is my fifth year since being assigned to the office of the President as secretary and in charge of public relations, and I have been serving as the first secretary since December 2022. In addition to secretarial duties for the President, I also plan and prepare in-house newsletters. From the viewpoint of inner branding, I am renewing each content and introducing new projects to help improve employee engagement in the in-house newsletter.

**Hirose:** After working in domestic sales in the industrial machinery field and sales in Singapore and the Middle East, I am currently in charge of overseas sales planning and support in the Sales Division at the headquarters. From a sales perspective, there are still many areas where our brand recognition is low in some countries, and I am taking on the challenge to increase sales in low market share and unexplored areas together with members of each overseas office.

----- Three years have passed since President Ikeda took office. How do you feel about our current corporate culture and organizational atmosphere?

**Matsuoka:** In the past, I sometimes refrained from speaking up because I was overly concerned about the organization’s intentions, but now I feel that the distance between my supervisor and me has shortened, and the environment has changed to one where it is easier for me to speak up and consult. I think the atmosphere of the organization has improved.

**Akita:** That’s certainly true. There seems to be more and more opportunities for employees to express their intentions. As in the project I mentioned earlier, I believe that an environment that encourages young people to take on new challenges is being created. From the perspective of work style reforms, such as abolishing

uniforms for women and introducing flextime and telecommuting systems, there are more opportunities for people to feel at ease in their work.

**Ishiguro:** I also feel that we have an open corporate culture. I believe that the number of unspoken rules and practices has visibly decreased.

**Hirose:** Although it may be a little different from the ease of expressing and speaking up, I feel that the way discussions are conducted at meetings has changed. In the past, when a development project was difficult, the production, sales, and technology departments would each give their own reasons “why it could not be done,” and in some cases, the project itself would be given up. Recently, however, I think we have come to be able to exchange opinions from the viewpoint of “what we need to do to realize the project” (even though it is impossible to realize the project as it is now). Although it won’t happen overnight, I believe that the spirit of taking on “challenges” that the President constantly talks about is gradually permeating the organization.

**Omori:** In terms of penetration into the organization, in my work as secretary, I have many opportunities to see the relationship between the President and all employees, and I feel that communication between the President and employees is increasing. At a get-together last winter, I was very impressed by the President’s frank conversation with younger employees, and I could sense that the President was taking the lead in trying to change the corporate culture.

----- Please tell us about the challenges you feel you face as you work to achieve our FY2030 “Target Position” and “Corporate Vision” (P. 24).

**Akita:** This may be the opposite of Mr. Ishiguro said



earlier, but I feel that in many cases, there are still practices that could be called "precedentism." Specifically, I feel that there is still room for improvement in backcasting from our "Target Position" or in staffing according to the external environment, such as laws and regulations related to ESG. I feel that there are some departments, including our own, that are chronically understaffed and some operations that are dependent on certain members, and I believe that eliminating these problems will further promote the transformation of our company.

**Matsuoka:** It seems to me that not only on an individual basis but also the division between

departments, although I wouldn't go so far as to call it sectionalism, is one of our company's challenges that hampers change. By changing the mindset of our managers who lead the team, I hope we can strengthen cooperation throughout the organization and achieve further growth and development.

**Ishiguro:** For any of these issues, I believe that there needs to be a forum where all employees, from top management to younger employees, can seriously discuss measures to resolve issues and implement such measures with an awareness of the timeline.

**Omori:** From the perspective of diversity, it is not uncommon to feel that "women's success" is often spoken of synonymously with "promotion of women to management positions," which can be disconcerting. As DE&I says, if we can "recognize and respect each other's diverse personalities and utilize them as an organization," I believe that will be the driving force for even greater change in our company in the future. One of the challenges may be the lack of job rotation for women.

**Akita:** That's true. I agree. Perhaps life events are a factor, but I feel that female employees are less likely to be transferred than their male counterparts, and as a result, they have limited opportunities to gain multiple perspectives.

**Hirose:** In terms of acquiring multiple perspectives, I would like to see the introduction of systems such as in-house side jobs and dual employment. It seems to me that this will help to bridge the gap



between departments and also enable gaining new skills and experience.

**Hirose:** Going back to the topic of diversity, I believe that nationality diversity is also not sufficiently ensured. To expand sales in low market share and untapped areas overseas, as I mentioned at the beginning, I think it is urgent to develop and strengthen human resources who can work on a global basis regardless of their nationality.

**Ishiguro:** You mentioned in-house side jobs and dual employment, and I agree with you. I believe that there are employees who feel a gap between their duties and what they want to do, so it would be interesting to have a hand-raising system that allows them to take on new challenges in a way that is different from transfers.



and link them to the success of the next challenge," and to nurture a corporate culture in which such "challenges," including initial failures, are praised.

### ----- Finally, what is your ideal image of a company and what are your expectations of the company in order to realize it?

**Omori:** I wish there were more opportunities for management to clearly communicate their thoughts and enthusiasm to employees, especially general employees. Due to the nature of my job, I have had many opportunities to hear from the board members up close, but I am sure there are many general employees who do not have such opportunities. If more roundtable events were to be held where management also participated, it would strongly contribute to improving trust and engagement between the company and its employees.



**Matsuoka:** The fact that there are many challenges means that there is also a lot of room for future growth and development. To realize the FY2030 "Target Position" or "Corporate Vision" in each of our departments, we need to tackle more ambitious and "challenging" issues, but on the other hand, many employees may see "taking on challenges as taking risks of failure." To realize our "Corporate Vision," it is important for us to "not simply regard failures due to positive challenges as failures, but to learn from them



**Ishiguro:** That's true. I would like to see the creation of a forum where not only management and employees but everyone across the organization can listen and seriously discuss a single topic, regardless of organizational hierarchy. By doing so, I believe that we can approach my ideal of a company with a corporate culture where individual personalities are respected and all employees can work in a relaxed atmosphere.

**Hirose:** Each and every employee can share the company's "Target Position" and "Corporate Vision," feel the significance of their own work, and improve

their skills while mutually enhancing each other in an environment where all employees can express their opinions. Furthermore, I would like our company to be one in which this culture permeates throughout the entire group, not just in a few departments. I would like to strive to foster this kind of corporate culture while valuing appreciation among departments and within teams.

**Akita:** I want to our company to be one where the vision, policies, and strategies we aim for are clear and where leaders who serve as role models for employees firmly guide the organization. Also, as Mr. Matsuoka mentioned, I would like to create an organization where the barriers between departments are low, or rather, where we can deepen cooperation and collaboration throughout the company from a company-wide perspective. I myself would like to keep this awareness in mind as I carry out my daily work.

**Matsuoka:** My ideal company would be an organization in which people can take on issues from the perspective of the entire company in a long-term vision as their own business and actively discuss and act on them without divisional boundaries. In this era of rapid and unpredictable change, I believe it is also important for an organization to be able to flexibly respond to changes in the external environment without being too bound by existing rules. And an ideal company must also continue to be a leading company in the industry. This overlaps greatly with my own challenges, but I hope to further strengthen our company's strengths so that it can continue to be a company that is needed by society 100 years from now. Above all, my ideal company would have to be one that is "chosen" by its employees.

**Morinaga:** I was very impressed by the way everyone was engaged in their daily work, viewing issues from a company-wide perspective. Let's take on the "challenge" of increasing our corporate value in a sustainable manner by creating synergy effects as an organization through the power of our "human resources," the most important factor in realizing our FY2030 "Target Position," and a corporate culture that fully harnesses the power of each individual, as well as the collective power of each individual! Thank you very much for your time today.

# Sustainability Strategy

\* Information current as of March 31, 2024.

## Approach to sustainability management

The Mitsubishi Belting Group works to implement ESG management in order to achieve a “trade-on” between corporate value and environmental/social value under the corporate philosophy of “To give attentive consideration to both humanity and nature.”

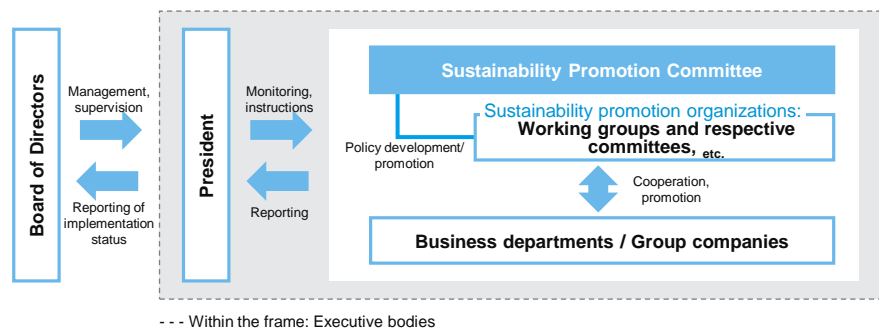
Setting “contribution to the realization of a sustainable society (improvement of social and economic value)” as one of our goals in the FY2030 “Target Position,” we strive to resolve each ESG issue with a focus on the identified materiality.

## Sustainability management promotion system

In today's world where companies are expected to play a greater role in addressing environmental and social challenges, with the aim of reconsidering the role and raison d'être of the Mitsubishi Belting Group and of quickly and effectively implementing ESG management, we established the Sustainability Promotion Committee, chaired by the President, in April 2022.

A sustainability promotion organization is set up for each identified material issue (the relevant committee/business department or working group that is under the direct control of the Sustainability Promotion Committee serves as a sustainability promotion organization) to address the resolution of each issue and manage KPIs. The progress of implementation is reported to the Sustainability Promotion Committee, which monitors, provides instructions on, judges and evaluates it. The activities of the Sustainability Promotion Committee are reported to the Board of Directors as necessary, which makes final decisions and supervises the sustainability-related activities of the executive bodies.

▶ P. 52 Operation status of the Board of Directors



### a. Composition of the Sustainability Promotion Committee:

Chairperson	: President
Members	: Directors (4 persons), Executive Officers (5 persons), General Manager class (1 person)
Observer	: Corporate Auditor (1 person)
Secretariat	: Sustainability Promotion Division

### b. Structure of the Sustainability Promotion Committee:

Meeting frequency : Once a month (11 meetings held in FY2023)

Content of deliberation : i) Formulation of Group-wide strategies to address sustainability issues, supervision of the progress, and provision of advice  
ii) Discussion on the status of efforts to address each material issue  
iii) Identification of sustainability issues to be deliberated by the Board of Directors and reporting to the Board of Directors

### c. List of the main agenda items of the Sustainability Promotion Committee (FY2023):

Period	Main agenda
Q1	▶ Formulation of procurement guidelines ▶ Reporting of FY2022 results (CO <sub>2</sub> emissions, water resources, waste, etc.) ▶ CO <sub>2</sub> emission reduction measures at each site (solar panels, gasification of fuel, etc.) ▶ Formulation of the “target position” in the philosophy system
Q2	▶ Interim targets for CO <sub>2</sub> emissions in the next Mid-Term Business Plan ▶ CO <sub>2</sub> emission reduction measures at each site (switching to carbon-neutral LNG, etc.) ▶ Discussion on the organization of the philosophy system ▶ Discussion on the content of Sustainability Report and Integrated Report
Q3	▶ Reporting of FY2023 first-half results (CO <sub>2</sub> emissions, water resources, waste, etc.) ▶ Progress of human rights due diligence initiatives ▶ TNFD ▶ Reporting of progress of discussions at the workshop for formulation of Integrated Report “Value Creation Story”
Q4	▶ Review of materiality and KPIs ▶ “Anti-bribery and anti-corruption” initiatives and content of external disclosure ▶ Initiatives for “establishment of a resource-recycling society” ▶ ESG-related laws and regulations (EUDR, etc.) ▶ Reduction targets for the final year of the next Mid-Term Business Plan

## Overview

### TOP MESSAGE

#### Value Creation Story of Mitsubishi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

### Vision and Strategy

- Mid-Term Business Plan
- Message from the Director in Charge of the Finance Department
- Business Strategy by Segment
- [Feature Page] The Corporate Vision of Mitsubishi Belting
- Human Resources Strategy
- [Feature Page] Roundtable Discussion by Employees

### Sustainability Strategy

#### ESG Initiatives

#### Management Foundation Supporting Value Creation

- [Feature Page] Interview with Outside Directors
- Corporate Governance
- Compliance
- Risk Management
- Board of Directors and Executive Officers

#### Data Section

- Financial Data
- ESG Data
- Company Overview/Stock Information

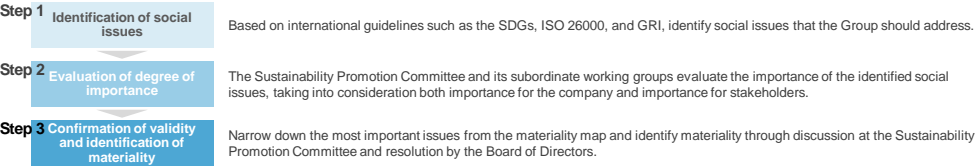
MITSUBOSHI  
INTEGRATED  
REPORT  
2024



Materiality on ESG issues

Regarding the resolution of environmental and social issues as a prerequisite for corporate activities, the Mitsubishi Belting Group has identified material issues (materiality) that the Group should address in order to contribute to the realization of a sustainable society, and has set KPIs for each measure to be implemented.

Materiality identification process



\*1 Boundary: 8 sites in Japan  
Energy intensity = total energy consumption / raw material consumption  
\*2 Score announced in February 2024  
\*3 Score announced in June 2024

Materiality List

	Materiality	Sub-materiality (issues to be addressed)	Measures	KPI	Progress in FY2023																						
E	Contribution to the realization of a decarbonized society	<ul style="list-style-type: none"><li>Reduction of GHG emissions (CO<sub>2</sub> equivalent, compared to FY2013)</li></ul> <p><small>* Our company manages emissions of all greenhouse gases (GHGs) in terms of CO<sub>2</sub> equivalents.</small></p>	<ul style="list-style-type: none"><li>Introduction of renewable electricity</li><li>Installation of a solar power generation system</li><li>Introduction of carbon-neutral fuel</li><li>Switching to low-emission fuels</li></ul>	CO <sub>2</sub> emissions reduction targets (Scope 1 and 2, Base year: FY2013) <table><tr><th rowspan="2">Boundary</th><th colspan="5">Target year</th></tr><tr><th>2023</th><th>2025</th><th>2026</th><th>2030</th><th>2050</th></tr><tr><td>In Japan</td><td>22%</td><td>27%</td><td>40%</td><td>46%</td><td rowspan="2">CN</td></tr><tr><td>Overseas</td><td>—</td><td>—</td><td>27%</td><td>40%</td></tr></table>	Boundary	Target year					2023	2025	2026	2030	2050	In Japan	22%	27%	40%	46%	CN	Overseas	—	—	27%	40%	CO <sub>2</sub> emissions reduction rate: 35% (compared to FY2013) (Scope 1 & 2 emissions from 8 sites in Japan) (Emission factors for FY2022 are used for some calculations.)
			Boundary	Target year																							
	2023	2025		2026	2030	2050																					
	In Japan	22%	27%	40%	46%	CN																					
	Overseas	—	—	27%	40%																						
		<ul style="list-style-type: none"><li>Improvement of energy consumption intensity</li></ul>	Energy consumption intensity target: 1% or more reduction compared to the previous fiscal year (8 sites in Japan)	Energy consumption intensity: 0.7% increase* <sup>1</sup>																							
		<ul style="list-style-type: none"><li>Emissions management throughout the value chain</li></ul>	Set a reduction target for Scope 3 emissions and work to reduce emissions throughout the entire value chain.	Scope 3 emissions calculated. Formulation of CO <sub>2</sub> emission reduction targets under way.																							
Biodiversity conservation	<ul style="list-style-type: none"><li>Initiatives for water resources conservation</li></ul>	<ul style="list-style-type: none"><li>Installation of a cooling water circulation system</li></ul>	Water withdrawal target for sites in Japan: Reduce the amount of water withdrawal by 50% by FY2030 (base year: FY2021)	Water withdrawal reduction rate at sites in Japan: 20.8% compared to FY2021																							
		<ul style="list-style-type: none"><li>Improvement of water consumption efficiency</li></ul>	Water withdrawal target for overseas sites: Maintain water withdrawal intensity (base year: FY2021)	Water withdrawal reduction rate at overseas sites: 12.6% compared to FY2021																							
	<ul style="list-style-type: none"><li>Initiatives for environmental conservation / Prevention of environmental pollution</li></ul>	<ul style="list-style-type: none"><li>Strengthening of wastewater management</li></ul>	Zero violations of laws and regulations	Number of violations of laws and regulations: 0																							
		<ul style="list-style-type: none"><li>Strengthening of chemical substance management</li></ul>	Target for amount of chemical substances released/transferred: 150 tons/year or less	Amount of chemical substances released/transferred: 143 tons/year																							
		<ul style="list-style-type: none"><li>Strengthening of VOC emissions management</li></ul>	VOC emission target: 73 tons/year or less	VOC emissions: 40 tons/year																							
		<ul style="list-style-type: none"><li>Strengthening of management of natural rubber and cotton producing regions</li></ul>	Manage natural rubber and cotton producing regions and promote a switch to sustainable materials in collaboration with business partners.	Disclosure of procurement guidelines, introduction of supplier information management tool																							
Establishment of a resource-recycling society / Effective use of resources	<ul style="list-style-type: none"><li>Reduction of waste volume / Promotion of 3Rs</li></ul>	<ul style="list-style-type: none"><li>Reduction in the amount of industrial waste landfilled</li></ul>	Less than 1% of waste generated (achievement of zero emissions / Boundary: sites in Japan)	Industrial waste landfill ratio: 0.1%																							
	<ul style="list-style-type: none"><li>Development of eco-friendly products</li></ul>	<ul style="list-style-type: none"><li>Expansion of eco-friendly products</li></ul>	Establish a management system and promote the expansion of eco-friendly products, such as products with lower carbon emissions and products that reduce resource depletion.	Development of eco-friendly products: Establishment of a management system completed.																							
S	Respect for human rights and personality	<ul style="list-style-type: none"><li>Promotion of human rights due diligence</li></ul>	<ul style="list-style-type: none"><li>Promotion of human rights DD throughout the supply chain</li></ul>	Promote human rights due diligence throughout the supply chain in collaboration with business partners.	Supply chain human rights risk assessments completed.																						
		<ul style="list-style-type: none"><li>Health and productivity management and occupational safety and health management</li></ul>	<ul style="list-style-type: none"><li>Strengthening of employee health, and occupational safety/health management</li></ul>	Reduce the percentage of smokers among employees to 15% or less by FY2030. / Reduce the obesity rate (the proportion of people with a BMI of 25 or more) to 25% or less by FY2030.	(No measurements conducted in FY2023)																						
	Reinforcement of a human resources strategy	<ul style="list-style-type: none"><li>Promotion of DE&amp;I</li></ul>	<ul style="list-style-type: none"><li>Promotion of DE&amp;I</li></ul>	Percentage of female managers (Section Chief): 5% or more for FY 2026, 10% or more for FY 2030 (non-consolidated)	Female manager ratio (Section Chief): 3.1%																						
<ul style="list-style-type: none"><li>Promotion of human capital management</li></ul>		<ul style="list-style-type: none"><li>Improvement of employee engagement (improved survey scores)</li></ul>	Score improvement targets: 10% improvement for FY2026, 13% improvement for FY2030	Engagement survey commenced.																							
G	Improvement of management transparency and prevention of corruption	<ul style="list-style-type: none"><li>Thorough compliance</li></ul>	<ul style="list-style-type: none"><li>Prevention of corrupt practices</li></ul>	Zero violations of laws and regulations	Number of violations of laws and regulations: 0																						
		<ul style="list-style-type: none"><li>Enhancement of risk management</li></ul>	<ul style="list-style-type: none"><li>Promotion of business continuity planning activities</li></ul>	Maintain, manage and improve the risk management system.	BCP activities expanded to all production sites.																						
			<ul style="list-style-type: none"><li>Strengthening of information security</li></ul>	Number of incidents related to information security: 0	Number of incidents: 0																						
		<ul style="list-style-type: none"><li>Improvement of stakeholder engagement</li></ul>	<ul style="list-style-type: none"><li>Active dialogue with stakeholders</li></ul>	Create opportunities for constructive dialogue and promote proactive communication.	Dialogues with investors and analysts: 66 sessions held																						
			<ul style="list-style-type: none"><li>Timely and appropriate information disclosure</li></ul>	2030: Obtain the highest rating in the global standard ESG evaluation.	CDP: B rating* <sup>2</sup>   FTSE: 3.3* <sup>3</sup>																						
	<ul style="list-style-type: none"><li>Improvement of engagement with local communities</li></ul>	Respond to disasters etc. in collaboration with local communities.	Dialogue with local urban development promotion associations: 22 times																								

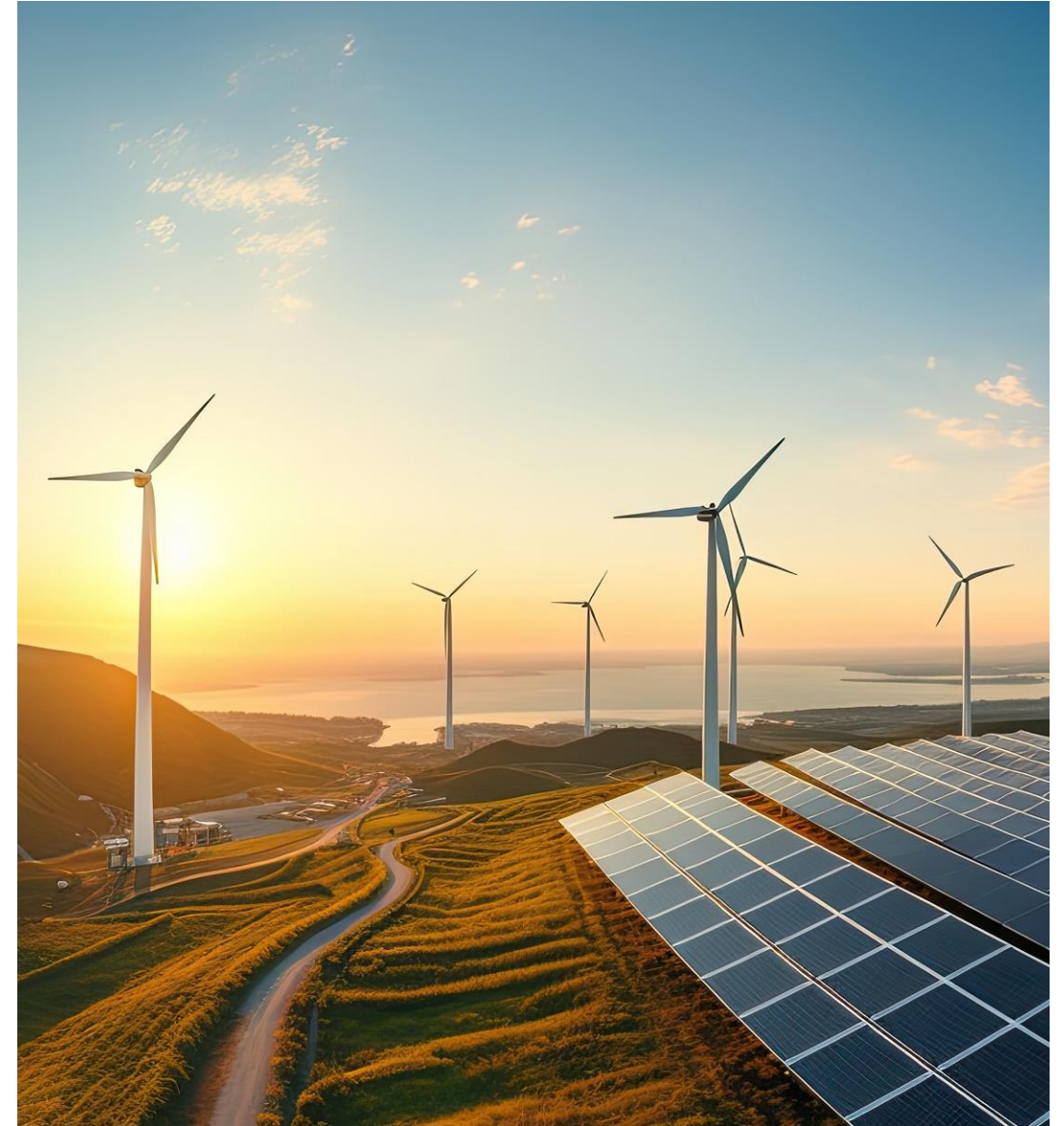
# ESG Initiatives

## Our basic approach to sustainability management

The days are long gone when whether a company is good or bad is judged solely on economic indicators such as sales and profits. We recognize that what is required of companies today is to achieve economic growth in a sustainable manner while at the same time continuing to create social value.

If more energy or resources are required than before, if more waste is generated, or if the physical and mental health of employees are harmed in order to generate more sales and profits, then that is incompatible with the business strategy that Mitsuboshi Belting aims to pursue.

By conducting business activities that embody our basic philosophy of “To give attentive consideration to both humanity and nature,” we aim to achieve both economic and social value as a company and contribute to the realization of a sustainable society.



# Initiatives Related to Climate Change

## Basic approach

As alarm bells have been ringing over global warming caused by greenhouse gases, countries around the world are committing to greenhouse gas emission reduction targets and working to reduce their emissions. In the meantime, various climate disasters caused by global warming are occurring all over the world, and their frequency and intensity are increasing year by year, bringing about a critical situation not only for human lives but also for the survival of society and the environment, which are the very foundations of our corporate activities.

Under these circumstances, supporting the Paris Agreement adopted at COP21, as well as Japan's climate-related laws and regulations, such as the Act on Rationalizing Energy Use (Energy Conservation Act) and the Act on Promotion of Global Warming Countermeasures (Global Warming Countermeasures Act), the Mitsubishi Belting Group has taken up "contribution to the realization of a decarbonized society" as a key management issue (materiality), for which it has set specific measures and KPIs, and has been implementing various activities, including CO<sub>2</sub> emissions reduction, energy-saving, and development of eco-friendly products.

## Disclosure based on the TCFD Recommendations

In December 2022, Mitsubishi Belting announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium, a forum for discussion among supporting companies and financial institutions. This section explains the Group's climate change initiatives in line with the TCFD's four recommended disclosure pillars: governance, risk management, strategy, and metrics and targets.



### Governance

At Mitsubishi Belting, the Board of Directors makes decisions on and supervises climate change-related risks and opportunities as a management priority. Climate change-related risks and opportunities are discussed by the Sustainability Promotion Committee and reported to the Board of Directors, which then conducts decision-making and supervision based on the reports from the Committee.

"Reduction of GHG emissions," "Water resource conservation," and "Environmental conservation" have been set as sub-material issues (sub-materiality) related to the "environment." The Sustainability Promotion Committee discusses and deliberates on the progress of activities of the organizations (business departments, committees, or working groups) in charge of the measures determined for each issue, thereby ensuring continuous improvement of activities.

### Risk management

The Mitsubishi Belting Group has established the Risk Management Committee to monitor and evaluate risk management activities for issues (significant risks) that should be addressed on a group-wide basis in terms of their impact on its business and to maintain and develop the risk management system.

For climate change-related risks, the implementation of the measures is monitored and evaluated by the Risk Management Committee in addition to the Sustainability Promotion Committee, and the monitoring and evaluation results are reported to the Board of Directors along with reports on other significant risks.

► P. 54 Risk Management

## Strategy

With the aim of verifying the impact of climate change on the value chain of the Mitsubishi Belting Group in the future and the effectiveness of climate change measures, we conducted scenario analysis based on two climate change scenarios: a 1.5°C warming scenario, in which the trend toward decarbonization continues to grow and the impact of transition risks and opportunities increases, and a 4°C warming scenario, in which climate change progresses significantly and the impact of physical risks increases.

### Scenario analysis

#### 1) Analysis target and preconditions

Region	Period	Range	Main reference scenarios
Countries and regions in which the Mitsubishi Belting Group operates	Present - 2050	Value chain	IEA WEO 2022, IPCC AR6 (SSP 1-1. 9, SSP 3-7. 0, SSP 5-8. 5), etc.

#### 2) Future vision of society surrounding the Mitsubishi Belting Group's business

Scenario	2030	2050
1.5°C scenario	<ul style="list-style-type: none"><li>The carbon price is USD 140/t-CO<sub>2</sub> in developed countries and USD 90/t-CO<sub>2</sub> in developing countries.</li><li>Demand for products for low-carbon and decarbonization technologies increases around the world.</li><li>Electrification progresses in the automobile industry, and EVs account for half of new vehicle sales.</li><li>The rise in average temperature reaches 1.5° C, and physical risks become apparent. Investment in disaster prevention and mitigation increases.</li></ul>	<ul style="list-style-type: none"><li>The carbon price is USD 250/t- CO<sub>2</sub> in developed countries and USD 205/t- CO<sub>2</sub> in developing countries.</li><li>Demand for products for low-carbon and decarbonization technologies further increases around the world.</li><li>Electrification progresses in the automobile industry, and EVs account for most of new vehicle sales.</li><li>The rise in average temperature reaches 1.6° C, and physical risks become apparent. Investment in disaster prevention and mitigation increases.</li></ul>
4°C scenario	<ul style="list-style-type: none"><li>The carbon price is USD 90/t- CO<sub>2</sub> in developed countries and zero in developing countries.</li><li>Demand for products for low-carbon and decarbonization technologies increases in developed countries.</li><li>Electrification progresses in the automobile industry, and EVs account for half of new vehicle sales.</li><li>The rise in average temperature reaches 1.5° C, and physical risks become apparent. Investment in disaster prevention and mitigation increases.</li></ul>	<ul style="list-style-type: none"><li>The carbon price is USD 130/t- CO<sub>2</sub> in developed countries and zero in developing countries.</li><li>Demand for products for low-carbon and decarbonization technologies increases in developed countries.</li><li>EVs account for only half of new vehicle sales. Internal combustion locomotives are the mainstream in developing countries.</li><li>The rise in average temperature reaches 2.1° C, and physical risks become apparent. Investment in disaster prevention and mitigation increases.</li></ul>

## Overview

### TOP MESSAGE

#### Value Creation Story of Mitsubishi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

### Vision and Strategy

- Mid-Term Business Plan
- Message from the Director in Charge of the Finance Department
- Business Strategy by Segment
- [Feature Page] The Corporate Vision of Mitsubishi Belting
- Human Resources Strategy
- [Feature Page] Roundtable Discussion by Employees
- Sustainability Strategy

### ESG Initiatives

#### Management Foundation Supporting Value Creation

- [Feature Page] Interview with Outside Directors
- Corporate Governance
- Compliance
- Risk Management
- Board of Directors and Executive Officers

### Data Section

- Financial Data
- ESG Data
- Company Overview/Stock Information

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INTEGRATED  
REPORT  
2024

## ■ Strategy

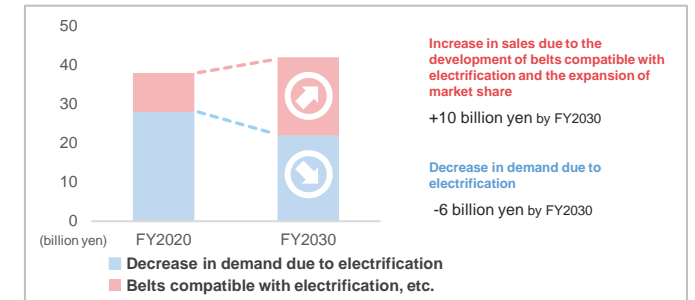
### Risks and opportunities

	Type	Driver	Impact	Impact on business	Impact	Measures / Strategies	Time frame	
Transition risks	Policy / Laws and regulations	Strengthening of climate change policies, such as carbon pricing policy	Medium	<ul style="list-style-type: none"><li>An increase in manufacturing costs due to the use of carbon-taxed fossil fuels</li><li>An increase in costs due to CO<sub>2</sub> emission reduction activities, such as carbon offsets and the use of biomass raw materials</li><li>An increase in raw material costs due to cost pass-through of decarbonization costs by suppliers</li><li>A decline in the competitiveness of products made in developing countries in international trade due to CBAM</li></ul>	Medium	<ul style="list-style-type: none"><li>A reduction in energy costs due to the accelerated introduction of energy-saving and renewable energy technologies</li><li>Improvement of corporate value and an increase in opportunities to be selected by customers due to proactive activities to reduce CO<sub>2</sub> emissions</li></ul>	<ul style="list-style-type: none"><li>Avoid the impact of carbon taxes by electrifying equipment and introducing renewable electricity</li><li>Strengthen the development and sales of low-carbon footprint items (low-carbon products)</li><li>Reduce CO<sub>2</sub> emissions during manufacturing.</li><li>Reduce Scope 3 emissions (by using biomass raw materials, etc.)</li></ul>	Medium to long term
	Technology	Replacement of existing products/services with low-carbon options	Large	<ul style="list-style-type: none"><li>Shrinking and disappearance of the market for power transmission belts for internal combustion engines of automobiles and motorcycles due to the spread of electrification</li></ul>	Large	<ul style="list-style-type: none"><li>Acquisition of new demand for power transmission belts resulting from electrification</li></ul>	<ul style="list-style-type: none"><li>Shift the product portfolio</li><li>Expand the sales of various drive belts used in EVs, ranging from belts for internal combustion engines to belts for electric power steering, power sliding doors, electric power brakes, and other component parts</li></ul>	Short term
		Upfront costs for shifting to low-carbon technologies	Large	<ul style="list-style-type: none"><li>A decline in competitiveness due to delays in the development of innovative technologies to reduce CO<sub>2</sub> emissions</li></ul>		<ul style="list-style-type: none"><li>Improvement of product competitiveness through the realization of low-carbon technology transformation</li></ul>	<ul style="list-style-type: none"><li>Promote product development and innovation, using DX and other technologies, to realize low-carbon technology transformation</li></ul>	Medium to long term
	Market	Changes in customer behavior	Large	<ul style="list-style-type: none"><li>A decline in the competitiveness of products with a large carbon footprint in customer procurement</li></ul>	Medium	<ul style="list-style-type: none"><li>Improvement of product competitiveness through reduction of the carbon footprint</li></ul>	<ul style="list-style-type: none"><li>Reduce CO<sub>2</sub> emissions during manufacturing.</li><li>Reduce Scope 3 emissions (by using biomass raw materials, etc.)</li><li>Strengthen the development of eco-friendly products</li></ul>	
	Reputation	An increase in stakeholders' anxiety or negative feedback therefrom	Large	<ul style="list-style-type: none"><li>A decrease in corporate value due to delays in taking measures against climate change or lack of information disclosure</li></ul>	—	—	<ul style="list-style-type: none"><li>Make sure to implement measures to address climate change, achieve KPIs, and disclose details of these efforts to stakeholders in an appropriate and timely manner.</li></ul>	Short to long term
Physical risks	Acute risks	Increased intensity and frequency of extreme weather events, such as cyclones and floods	Medium	<ul style="list-style-type: none"><li>Suspension of operations or restrictions on operating systems due to damage to plant production equipment</li><li>Suspension of operations at suppliers or disruption of distribution channels due to disasters</li></ul>		<ul style="list-style-type: none"><li>Achievement of stable supply through early development of products with alternative specifications using synthetic raw materials and expansion of market share through these efforts</li><li>Acquisition of customer trust through stable product supply</li></ul>	<ul style="list-style-type: none"><li>Implement stable business activities by formulating and operating a business continuity plan for the company as well as the supply chain while using hazard screening</li></ul>	Short to long term
	Chronic risks	Changes in rainfall patterns and extreme changes in weather patterns in general	Small	<ul style="list-style-type: none"><li>Increased delays in product supply to customers due to unstable supply of natural raw materials</li><li>Unstable profitability due to price fluctuations of natural raw materials</li><li>Increased delays in product supply to customers due to suspension of production activities caused by drought and water intake restrictions</li><li>Suspension of operations at suppliers due to drought and water intake restrictions</li></ul>	Large	<ul style="list-style-type: none"><li>Expansion of the need for equipment to prepare for disasters</li><li>(1) Increased sales of water-shielding sheets due to heightened awareness of environmental impact reduction</li><li>(2) Increased sales of power transmission belts for wind power generators due to increased demand for renewable energy</li></ul>	<ul style="list-style-type: none"><li>Make an agreement with suppliers in advance about supply in case of emergency through close collaboration with them.</li><li>Enhance production resilience during droughts or other emergencies by installing a cooling water circulation system or other systems.</li></ul>	Short to long term
		Rise in average temperature	Large	<ul style="list-style-type: none"><li>Decline in labor productivity due to deterioration of the working environment caused by a rise in average temperature</li></ul>		—	<ul style="list-style-type: none"><li>Facilitate the automation of production equipment by promoting DX.</li></ul>	Short to long term
		Sea level rise	Small	<ul style="list-style-type: none"><li>Increased delays in product supply to customers due to flooding of inventory and disruption of distribution channels</li></ul>	—	—	<ul style="list-style-type: none"><li>Implement stable business activities by formulating and operating a business continuity plan for the company as well as the supply chain while using hazard screening.</li></ul>	

\* Definition  
Impact: large – 1.0 billion yen or more; medium – 0.1 to 1.0 billion yen; small – less than 0.1 billion yen  
Time frame: short term – until 2026; medium term – until 2030; long term – until 2050

### Risks and opportunities associated with the progress of electrification of automobiles

With the electrification of automobiles, demand for power transmission belts for internal combustion engines is expected to decrease by approximately six billion yen by FY2030. Meanwhile, we expect an increase in sales of approximately 10 billion yen due to increased sales of timing belts for electric units (EPBs, EPSs, PSDs, etc.) in automobiles and belts for rear-wheel drives of electric motorcycles for the same period. Taking the progress of electrification of automobiles as an opportunity, we will strive to develop products that can achieve sustainable growth.

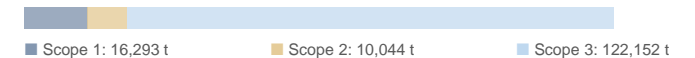


### CO<sub>2</sub> emissions

As a result of our ongoing efforts, such as installing solar power generation equipment at our offices/plants, switching to renewable electricity, and switching to fuel gas for heavy oil-fueled equipment, CO<sub>2</sub> emissions in FY2023 were 26,337 tons (a 35.6% reduction compared to FY2013), far exceeding our target of “a 22% reduction in FY2023 compared to FY2013.”

We are working to reduce emissions not only in our own operations but also throughout our supply chain. In FY2023, the total emissions of the entire supply chain, including Scope 3, amounted to 148,489 tons. From FY2024 onwards, we will continue to implement our internal emissions reduction activities while at the same time working with our business partners to reduce greenhouse gas emissions, particularly Category 1 emissions, which account for a large proportion of Scope 3 emissions.

Breakdown of 148,489 tons of CO<sub>2</sub> emissions in FY2023  
(Scope 1, 2, and 3 emissions from non-consolidated Mitsubishi Belting sites)



Details of Scope 3 emissions are available on our corporate website.



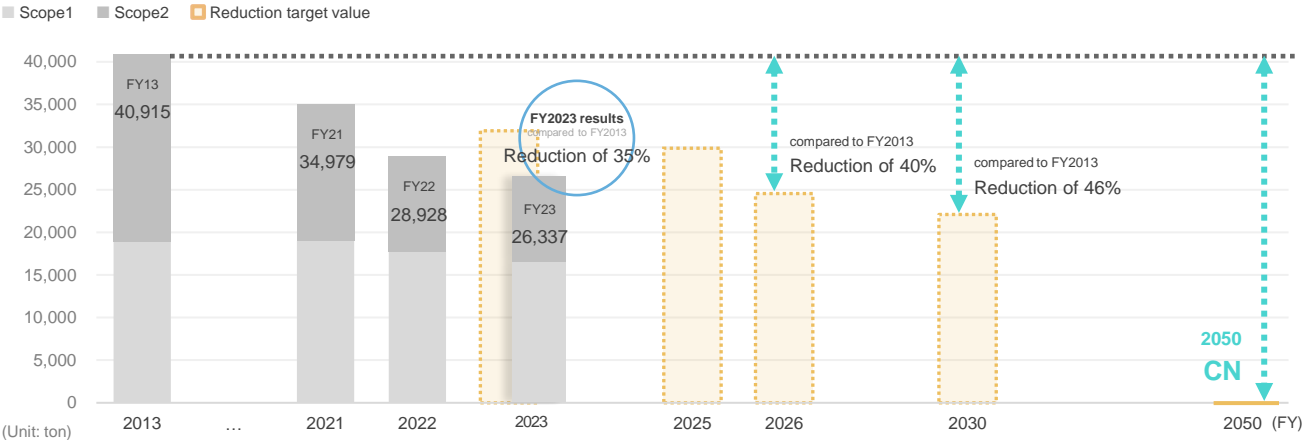
■ Metrics and targets

The Mitsubishi Belting Group has identified “contribution to the realization of a decarbonized society” as one of its materiality, which is positioned as an important element in business activities, and has set long-term targets of reducing emissions by 22% by FY2023 and by 46% by FY2030 from the base year FY2013 and of achieving carbon neutrality by 2050 (boundary: eight sites in Japan, Scope 1 and 2). In FY2024, we set CO<sub>2</sub> emission reduction targets for overseas sites, which we had not been able to set before, as well as a new interim target for FY2026. For FY2026, we have set a more ambitious target, as our reduction activities to date have progressed ahead of schedule compared to the previous plan.

With regard to one of our interim targets, “a 22% reduction by FY2023 (Scope 1 and 2 emissions from 8 sites in Japan),” we have achieved a significant 35% reduction against the target of a 22% reduction from FY2013 by steadily and rapidly implementing various measures, such as switching to low-emission fuels for production equipment and introducing renewable electricity. In addition to continuing to promote initiatives to contribute to the realization of a decarbonized society, we will implement activities to reduce emissions throughout the supply chain, including Scope 3.

CO<sub>2</sub> emissions reduction targets (Scope 1 and 2 emissions, Base year: FY2013)

Boundary	Target year				
	2023	2025	2026	2030	2050
Sites in Japan	22%	27%	40%	46%	CN
Overseas sites	—	—	27%	40%	



Initiatives to achieve CN	Before FY2023	FY2030	2050
Energy saving / Reduction of emission intensity	Maintenance and promotion of companywide energy-saving activities		
	Efforts to reduce the emission intensity and improve the production method		
Shift to renewable energy-derived energy	Introduction of renewable electricity > Already introduced: Kobe Plant R&D Center, Shikoku Plant Promoting introduction to all Group companies / Completing introduction to all eight sites in Japan by FY2040		
	Introduction of carbon-offset city gas > Already introduced: Kobe Plant R&D Center, Nagoya Plant Promoting introduction to all Group companies / Completing introduction to all eight sites in Japan by FY2040		
Expansion of introduction of renewable energy	Expansion of solar panel installation sites > Already installed: Kobe Plant R&D Center, Shikoku Plant, (Suzhou Mitsubishi Belting Co., Ltd.) Promoting introduction to all Group companies		
Shift to low-emission energy	Shift to LNG for facilities using heavy oil > Construction started: Shikoku Plant, Mitsubishi Belting Giken Co., Ltd. Promoting introduction to all Group companies		
	Promotion of electrification of production equipment Promoting introduction to all Group companies		
Introduction of next-generation technology / Carbon offset	Use of next-generation clean energy, such as hydrogen, ammonia, and biomass • Introduction of CCS (carbon capture and storage) technology • Carbon offset through tree planting, etc.		

Overview

TOP MESSAGE

Value Creation Story of Mitsubishi Belting

Founding Spirit and Philosophy System

The Journey of Value Creation

Three Strengths We Have Cultivated

Value Creation Process

Vision and Strategy

Mid-Term Business Plan

Message from the Director in Charge of the Finance Department

Business Strategy by Segment

[Feature Page] The Corporate Vision of Mitsubishi Belting

Human Resources Strategy

[Feature Page] Roundtable Discussion by Employees

Sustainability Strategy

ESG Initiatives

Management Foundation Supporting Value Creation

[Feature Page] Interview with Outside Directors

Corporate Governance

Compliance

Risk Management

Board of Directors and Executive Officers

Data Section

Financial Data

ESG Data

Company Overview/Stock Information

# Energy Management

## Basic approach

With its roots in “energy conservation” that started with the first oil crisis in 1973, the **Mitsuboshi Belting Group’s energy management activities already span half a century. Initially, concern about “oil depletion” was the main driving force, but cost reduction was added as one of the objectives later on. At present, energy management is positioned as an important measure and indicator in responding to climate change.**

**Recognizing that energy management contributes to global warming mitigation and biodiversity conservation, we will actively work toward achieving these targets through rapid implementation of effective measures.**

### ● Management system

The Mitsuboshi Belting Group conducts energy management in accordance with an environmental management system (EMS) that complies with ISO14001. The President and the Director in Charge of Safety and the Environment are responsible for the overall management of the EMS and the appointment of a Person with Overall Environmental Responsibility. The Companywide Environmental Conference, with the Director in Charge of Safety and the Environment as chairperson and the responsible persons of all departments and affiliated companies as members, meets twice a year to determine and disseminate policies, strategies, and targets for each fiscal year to all departments and affiliated companies for implementation. The Conference monitors and evaluates the progress of measures implemented in each department and affiliated company and provides necessary instructions. The Companywide Environmental Conference’s deliberations and decisions are reported to the Board of Directors through the President and the Director in Charge of Safety and the Environment.

On our materiality list, for materiality related to energy management, “improvement of energy consumption intensity” is listed as a measure to reduce CO<sub>2</sub> emissions, and a KPI target of “reducing energy consumption intensity by 1% or more compared to the previous fiscal year” is set. Energy management activities are therefore subject to monitoring and evaluation by the Sustainability Promotion Committee.

▶ P. 32 Sustainability Strategy

▶ P. 33 Materiality

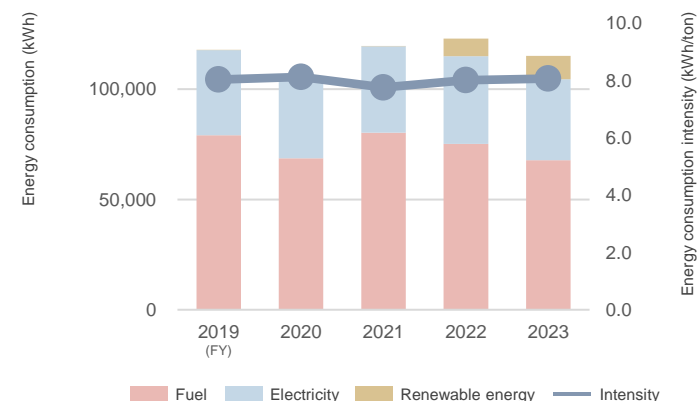
### ● Targets and implementation status

As mentioned above, our target for energy management for FY2023 was to reduce energy consumption intensity by 1% or more compared to the previous fiscal year. However, actual results fell short of the target with an increase of 0.7% from the previous fiscal year. Looking at the trends in energy consumption intensity over the past five years in the chart below, no noticeable effects have been observed. It appears that effective measures have run their course over the years of activities.

Meanwhile, the renewable energy introduction ratio\*, which was only 0.1% in FY2021, increased to 9.1% in FY2023, which means 9.1% of the total energy consumption was replaced by renewable energy.

Since the primary energy equivalent of renewable energy is expected to be smaller than the equivalent of energy derived from fossil fuels, we plan to gradually expand the contribution of renewable energy in the future.

Trends in energy consumption\*



\* Boundary: 8 sites in Japan

## Overview

### TOP MESSAGE

#### Value Creation Story of Mitsuboshi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

### Vision and Strategy

- Mid-Term Business Plan
- Message from the Director in Charge of the Finance Department
- Business Strategy by Segment
- [Feature Page] The Corporate Vision of Mitsuboshi Belting
- Human Resources Strategy
- [Feature Page] Roundtable Discussion by Employees
- Sustainability Strategy

### ESG Initiatives

#### Management Foundation Supporting Value Creation

- [Feature Page] Interview with Outside Directors
- Corporate Governance
- Compliance
- Risk Management
- Board of Directors and Executive Officers

### Data Section

- Financial Data
- ESG Data
- Company Overview/Stock Information

# Development of Eco-Friendly Products

## Basic approach

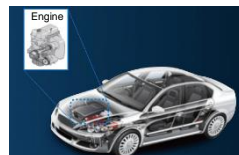
The Mitsubishi Belting Group recognizes that it is its corporate social responsibility to promote efforts to resolve environmental issues and realize a decarbonized society. Under this recognition, we aim to realize sustainable corporate activities. To this end, we strive to strengthen the development of eco-friendly products and actively work to reduce CO<sub>2</sub> emissions in the production process.

- : Products that contribute to reducing CO<sub>2</sub> emissions
- : Products that contribute to the realization of a circular economy
- : Products that contribute to the conservation of biodiversity



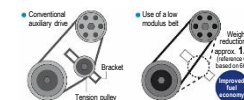
### ● TG belts for blade pitch drives in wind power generators

Power transmission belts are used to adjust the pitch of blade angles in wind power generators. We will respond to the expanding demand for wind power generation by developing functions for wind power generators to meet customer requirements in terms of power generation capacity, the installation environment, and other conditions.



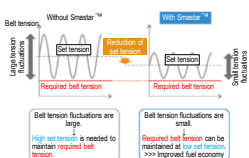
### ● Low friction loss belts / TG belts in oil

Low friction loss belts and timing belts in oil, developed for automobile internal combustion engines, are effective in improving fuel economy. By providing power transmission belts with high efficiency and low energy loss, we contribute to reducing exhaust gas and CO<sub>2</sub> emissions.



### ● “StarFit™” low modulus belts for automobiles

The adoption of StarFit™ low modulus belts for automobiles eliminates the need to adjust tension. Since no tension pulleys or brackets are required, the system weight is reduced by approximately 1.5 kg, contributing to improved fuel economy.



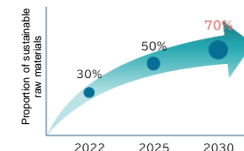
### ● “Smastar™” alternator pulleys for automobiles

With the introduction of technologies for improving fuel economy, such as an idling stop system, rotational fluctuations of the engine are increasing. Smastar™ damper pulleys for alternators, which have been developed to absorb belt tension fluctuations, can lower the tension setting, thereby contributing to suppressing belt noise, increasing belt service life, and further improving fuel economy.



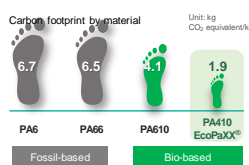
### ● “e-POWER™” energy-saving belts

By adopting a special shape, this environmentally friendly belt reduces bending stress, which is the largest cause of power loss, and enhances energy saving effects. By simply replacing the conventional belt with e-POWER, you can reduce power consumption of machinery and equipment and reduce CO<sub>2</sub> emissions.



### ● Power transmission belts with a higher proportion of sustainable raw materials

These are next-generation power transmission belts that reduce the proportion of petroleum-derived raw materials and increase the proportion of sustainable materials, such as biomass and recycled materials. As of 2022, we have achieved a sustainable raw material ratio of 32.7%. We aim to increase the ratio to 50% by 2025 and 70% by 2030.



### ● Plant-derived high-performance nylon material “PA410”

PA410 (EcoPaXX®) is a resin material that uses castor oil derived from castor beans for 70% of its raw materials, reducing the proportion of petroleum-derived raw materials. It has the lowest carbon footprint compared to other polyamides and can contribute to the realization of a decarbonized society.



### ● “Water-shielding sheets” from the Building & Construction Materials Division

Water-shielding sheets, including installation services, provided by the Building & Construction Materials Division, contribute to preventing contamination of public water areas and groundwater by leachate from final disposal sites.



### ● Contributing to biodiversity conservation

The use of biotopes is promoted at educational institutions across Japan as places for learning, and new ecosystems for animals and plants are created by using water-shielding sheets provided by the Building & Construction Materials Division. We have so far provided water-shielding sheets free of charge to more than 100 educational facilities in Kobe City to cooperate in creating biotopes.

# Initiatives for Biodiversity Conservation

## Basic approach

**Biodiversity is rapidly being lost due to global warming, environmental pollution, overexploitation, overfishing, and other factors caused by human activities, and ecosystems are in crisis. If we fail to take action now, the entire society will suffer severe damage in the future due to inability to enjoy ecosystem services, and we will not be able to realize a “sustainable society.”** The Mitsuboshi Belting Group has been working to reduce CO<sub>2</sub> emissions in order to curb global warming, but we also recognize that biodiversity loss is a risk of equal importance and urgency to global warming for society as a whole.

**We have identified “biodiversity conservation” as one of our materiality. We have set specific KPIs for each of the issues, including water resources conservation, and have been working on various activities.**

### ■ Strategy

The Sustainability Promotion Committee has identified risks and opportunities related to “biodiversity conservation” and assessed their impact on the Mitsuboshi Belting Group’s business activities, in accordance with the disclosure framework recommended by the TNFD, and has developed strategies and targets based on the impact assessment results.

#### Relationship between operating regions and nature

1) Dependency and impact on nature

Our Group’s production sites use steam as a heat transfer medium and water as a refrigerant in the processing of rubber products. Without a sufficient amount of good quality fresh water supplied by nature, in no time we would be forced to suspend operations. In addition, natural rubber, cotton, oil processed from palm oil, etc. are used as non-petroleum-derived raw materials in the manufacture of rubber products, but if the supply of these materials is disrupted, we would have no choice but to rely on petroleum-derived raw materials, leading to increased risk of resource depletion. Furthermore, our Group’s main products - transmission belts and related products - are widely used in various industries, including agriculture, forestry, fishery, mining, semiconductors, automotive, electrical machinery, machinery, food and logistics. For these reasons, we recognize that our Group’s business activities depend not only on water and natural materials but also on many other ecosystem services.

We investigated, using ENCORE,\* the dependencies that the industry to which our Group belongs (sub-industry: automotive parts, tire & rubber / production process: parts manufacturing, tire & rubber) has on ecosystem services. The investigation results showed that there were no ecosystem services on which our industry depends at a Very High level, but that the dependency on “groundwater” and “surface water” was High.

Our Group’s production activities consume various resources, including energy (water and other natural resources), and emit waste, wastewater, exhaust gas, exhaust heat, noise, odors, etc., which have a significant impact on the natural environment. Among our industry’s impact drivers (impact factors) on ecosystem services identified by ENCORE, there were no Very High-level impact factors, but six High-level impact factors were identified: “disturbances to living,” “greenhouse gas emissions,” “soil pollution,” “waste,” “water pollution,” and “water consumption.”

Based on these results, the Group will continue to take concrete steps towards the sustainable use of natural capital and reduction of environmental impacts, including the efficient use of resources and product design that takes environmental impact mitigation into consideration.

\* ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is an online tool jointly developed by the Natural Capital Finance Alliance (NCFA), an international network of financial institutions, the United Nations Environment Programme World Conservation Monitoring Center (UNEP-WCMC), and other organizations. This tool helps organizations to explore their exposure to nature-related risk and to understand and assess their dependencies and impacts on nature.

2) Interface between the operating regions and important regions for biodiversity conservation

We surveyed and identified the interface between the Mitsuboshi Belting Group’s operating regions (from the perspective of product life cycle) and important regions for biodiversity conservation. Specifically, as our operating regions, we selected (1) regions where the Mitsuboshi Belting Group’s 16 production sites are located, (2) regions where natural rubber and cotton, which are our raw materials, are produced, and (3) regions where crude oil, which is our raw material and energy source, is produced. For important regions for biodiversity conservation, we selected (1) regions called hotspots,\*1 where ecosystem integrity is being lost, (2) regions where endangered species need to be protected (AZE sites\*2), and (3) high water-stressed regions.\*3

Our operating regions interfacing with hotspots	<ul style="list-style-type: none"><li>Regions where seven domestic production sites are located</li><li>Regions where four production sites in Thailand, Singapore, and Indonesia are located</li><li>Natural rubber producing regions in Southeast Asia</li></ul>
Our operating regions interfacing with AZE sites	<ul style="list-style-type: none"><li>Natural rubber producing regions in Southeast Asia</li></ul>
Our operating regions interfacing with high water-stressed regions	<ul style="list-style-type: none"><li>Regions where one production site in India, one production site in China, and one production site in the United States are located</li><li>Cotton producing regions in India</li></ul>

We recognize that business activities at the Group’s sites have a significant impact on their respective local ecosystems due to water consumption, environmental pollution caused by wastewater, and emissions and waste discharged. More specifically, we believe that in the production of natural rubber, deforestation due to land use has a heavy impact on the ecosystem, while in the production of cotton, the water consumption required for cultivation and environmental pollution caused by pesticides have a heavy impact on the ecosystem. Issues related to the production of natural rubber and cotton have already been taken up as international environmental issues, and several initiatives have been launched to improve them. We believe that these issues should be given the highest priority in the Group’s business activities. Regarding water consumption, implementing water use reduction in production activities is important also for biodiversity conservation, as all of our production sites in Japan, where such activities are carried out, are located in biodiversity hotspots. We are determined to achieve the reduction target without fail.

\*1 A hotspot is a region with more than 1,500 species of endemic vascular plants (seed plants and ferns) and where more than 70% of the native ecosystem has been altered.

\*2 An AZE site is an area that holds the last remaining populations of 1,483 of the earth’s most threatened species, as disclosed by the Alliance for Zero Extinction biodiversity initiative.

\*3 High water-stressed regions: Regions with a baseline water stress level that is classified as “extremely high” in the World Resource Institute’s Aqueduct Water Risk Atlas.

#### Scenario analysis, risks and opportunities, and strategy

We have identified risks and opportunities by taking into consideration the relationship between the regions in which the Mitsuboshi Belting Group operates and the important biodiversity regions, as well as the scenarios shown in Table 1 below. Table 2 summarizes the identified risks and opportunities and measures taken to address them. By examining information obtained from published biodiversity-related reports and the World Resource Institute’s Aqueduct, the Mitsuboshi Belting Group has created scenarios that describe what the natural environment and social situations will look like in 2030 and 2050.

Table 1: Near-future scenarios from a biodiversity conservation perspective

	Biodiversity conservation scenario	Biodiversity loss scenario
2030	<ul style="list-style-type: none"><li>Environmental destruction by humans stops and the environment begins to repair itself.</li><li>Disasters caused by deforestation and climate change decrease compared to current levels.</li><li>Strict environmental assessments are conducted for all industrial land developments.</li><li>Biodiversity recovers, but water stress is exacerbated by other social factors such as population growth.</li><li>Demand for more expensive eco-friendly products becomes mainstream.</li><li>Ecosystem services are supplied stably, and individuals, companies, communities, and societies that utilize them are stabilized.</li></ul>	<ul style="list-style-type: none"><li>Areas important for biodiversity conservation expand compared to the present.</li><li>The scale of climate change-derived disasters is amplified by environmental destruction.</li><li>Land development expands with the same inadequate environmental assessments as now.</li><li>Coupled with loss of biodiversity, water stress is further exacerbated.</li><li>Eco-friendly products are being removed from the market due to price competition.</li><li>The provision of ecosystem services becomes unstable, and shortages of goods, price increases, regional conflicts, etc. increase from the current levels.</li></ul>
2050	<ul style="list-style-type: none"><li>Self-restoration of the environment progresses and biodiversity becomes richer than it is now.</li><li>Disasters caused by deforestation and climate change decrease compared to 2030.</li><li>Further strict environmental assessments are conducted for all industrial land developments.</li><li>Biodiversity recovers, but water stress is exacerbated by other social factors such as population growth.</li><li>Non-environmentally friendly products are weeded out of the market.</li><li>Ecosystem services are supplied stably, and individuals, companies, communities, and societies that utilize them are stabilized.</li></ul>	<ul style="list-style-type: none"><li>Areas important for biodiversity conservation expand compared to 2030.</li><li>The scale of climate change-derived disasters is further amplified compared to the 2030 levels.</li><li>Strict environmental assessments finally become the norm for land development in all industries.</li><li>Coupled with loss of biodiversity, water stress is further exacerbated.</li><li>Demand for more expensive eco-friendly products finally becomes mainstream.</li><li>The provision of ecosystem services is disrupted, and occurrences of shortages of goods, price increases, regional conflicts, etc. further increase from the 2030 levels.</li></ul>



Table 2 Risks and opportunities related to biodiversity conservation

Type	Driver	Impact on business				Measures / Strategies	Time frame
		Impact	Risks	Impact	Opportunities		
Physical risks	Deforestation Progress of global warming Water stress	Small	<ul style="list-style-type: none"><li>Increased delays in product supply to customers due to suspension of production activities caused by drought</li></ul>	Small	<ul style="list-style-type: none"><li>Acquisition of customer trust through stable product supply</li></ul>	<ul style="list-style-type: none"><li>Installation of cooling water circulation systems, mist cooling systems, etc.</li><li>Maintaining and improving a global complementary production system</li></ul>	Short to long term
				Medium	<ul style="list-style-type: none"><li>Increased demand for products for irrigation projects</li></ul>	<ul style="list-style-type: none"><li>Overseas expansion of irrigation-related business</li></ul>	
		Small	<ul style="list-style-type: none"><li>Increased delays in product supply to customers due to suspension of production activities caused by floods, landslides, and other disasters</li></ul>	Medium	<ul style="list-style-type: none"><li>Increased demand for products for disaster prevention projects</li></ul>	<ul style="list-style-type: none"><li>Maintaining and improving a global complementary production system</li></ul>	
	Ecosystem loss	Small	<ul style="list-style-type: none"><li>Rising raw material prices due to poor harvest of raw materials derived from ecosystem services</li></ul>	—	—	<ul style="list-style-type: none"><li>Developing products using raw materials that do not rely on ecosystem services</li></ul>	Medium to long term
Transition risks	Land development regulations	Small	<ul style="list-style-type: none"><li>Soaring raw material prices due to stricter controls of natural rubber, cotton, palm oil, etc.</li></ul>	—	—	<ul style="list-style-type: none"><li>Developing products using raw materials that do not rely on ecosystem services</li></ul>	Medium to long term
	Environmental regulations	Medium	<ul style="list-style-type: none"><li>Increase in capital investment and administrative costs to comply with stricter environmental regulations</li><li>Decrease in sales in the European market due to delays in complying with the EUDR</li></ul>	Small	<ul style="list-style-type: none"><li>Acquisition of other companies' share and increased sales in the European market by supplying EUDR-compliant products ahead of competitors</li></ul>	<ul style="list-style-type: none"><li>Absorbing capital investments and increased costs by improving productivity using DX technology</li><li>Establishing procurement routes for EUDR-compliant rubber</li></ul>	
	Water stress	Small	<ul style="list-style-type: none"><li>Increased delays in product supply to customers due to suspension of production activities caused by water intake restrictions</li></ul>	Small	<ul style="list-style-type: none"><li>Acquisition of customer trust through stable product supply</li></ul>	<ul style="list-style-type: none"><li>Installation of cooling water circulation systems, mist cooling systems, etc.</li><li>Maintaining and improving a global complementary production system</li></ul>	
	Technology	Small	<ul style="list-style-type: none"><li>Delays in the development of an alternative technology to substitute raw materials derived from ecosystem services</li></ul>	—	—	<ul style="list-style-type: none"><li>Developing products using raw materials that do not rely on ecosystem services</li></ul>	Short to long term
	Market	Medium	<ul style="list-style-type: none"><li>Loss of business opportunities due to delays in switching to eco-friendly products demanded by the market</li></ul>	Medium	<ul style="list-style-type: none"><li>Creation of new business opportunities through new eco-friendly products</li></ul>	<ul style="list-style-type: none"><li>Research, planning, and development of eco-friendly products</li><li>Maintaining and improving a management system for eco-friendly products</li></ul>	
	Reputation	Small	<ul style="list-style-type: none"><li>Decrease in selection of Mitsubishi Belting's products due to its failure to achieve biodiversity conservation targets or lack of information disclosure</li></ul>	—	—	<ul style="list-style-type: none"><li>Management of biodiversity conservation activities by the Sustainability Promotion Committee (top management)</li><li>Encouraging natural rubber and cotton suppliers to work on biodiversity conservation</li></ul>	

\* Definition  
Impact: large – 1.0 billion yen or more; medium – 0.1 to 1.0 billion yen; small – less than 0.1 billion yen  
Time frame: short term – until 2026; medium term – until 2030; long term – until 2050

■ Targets

Failure to develop eco-friendly products generates negative financial impact in the form of lost opportunities for new businesses as well as reduced demand for existing products. Just as products with large carbon footprints are removed from the market to address climate change, products that negatively impact biodiversity conservation will be removed from the market. In fact, in June 2023, the European Union Deforestation Regulation (EUDR) came into force. Under the EUDR, businesses are required to prove that their products are not linked to deforestation when exporting them to the EU market.

Meanwhile, irrigation projects in regions with high water stress are expected to become increasingly active in the future. Our company's water-shielding sheets and installation services have already been widely used in irrigation projects in Japan, but at present, we have hardly been able to expand them into overseas high water-stressed regions. Utilizing the sales network for our main product, transmission belts, we will expand our business of water-shielding sheets and installation services to high water-stressed regions.

Just like reducing, calculating, and disclosing CO<sub>2</sub> emissions as a measure to address climate change, we believe that working to reduce water consumption and properly disclosing the status of reduction is also very important for our business activities. From our efforts to date, we have already confirmed that the use of recycled water through cooling water circulation systems is an effective measure to reduce water consumption. We will continue to actively install cooling water circulation systems to reduce water consumption.

\* A regulation that aims to minimize the EU's contribution to global deforestation and forest degradation. It covers seven commodities (cocoa, coffee, palm oil, rubber, soya, cattle and wood, and derivatives). This regulation prohibits any operators and traders from trading products linked to deforestation and forest degradation in the EU market and requires due diligence for them. The provisions of the EUDR will apply to small and medium-sized enterprises from June 30, 2025, and to other enterprises from December 30, 2024, and the sale of products that do not meet EUDR standards will be prohibited in the EU.

The Group has already completed the development of product specifications that do not use cotton or natural rubber. However, these products inevitably require the use of some non-renewable raw materials. In the context of resource depletion, cotton and natural rubber will continue to be raw materials that play a crucial role. In the future, we plan to encourage our cotton and natural rubber suppliers to conduct business activities that take biodiversity conservation into consideration, in accordance with the Procurement Guidelines formulated in FY2023. For targets regarding water resources, please refer to "Targets" in the section "Initiatives to Conserve Water Resources."

▶ P. 43- Initiatives for Water Resources Conservation

# Initiatives for Water Resources Conservation

## Basic approach

Recognizing environmental conservation as one of its important management issues, the Mitsubishi Belting Group has been committed to water resources conservation.

The initiatives for water resource conservation that we are undertaking are closely related to our initiatives to address climate change caused by global warming. Water is an essential resource for our survival. However, despite its importance, water is being depleted and polluted, seriously affecting our social lives and economic activities, as well as the natural environment.

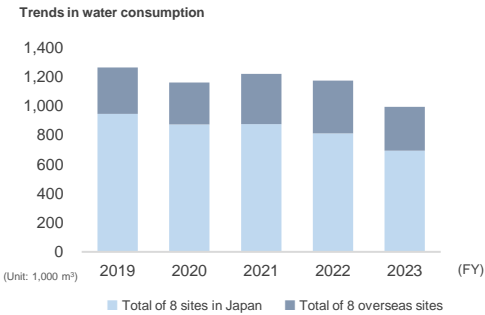
We are deeply aware of the impact of water depletion and pollution on society and will strive to conserve water resources in our business activities.

### ■ Strategy

In Japan, where tap water can be used as drinking water and is available at low cost, awareness of water resource conservation tends to fade easily. In fact, Mitsubishi Belting Group's production sites in Japan use approximately 2.5 times as much water as its overseas production sites, even though the production volume of transmission belts (main product) at Japanese production sites is only one-third of that of overseas production sites (as of FY2023, see the chart below).

However, it is by no means the case that Japan is free from water problems. Droughts occur in some places in Japan every year. Meanwhile, looking overseas, the heat wave and drought that hit Europe in 2022 had a major negative impact on agricultural production and also affected electricity supply due to a rise in the temperature of the cooling water at nuclear power plants.

In light of this current situation, we identified risks and opportunities related to water resources conservation and assessed their impact on the Mitsubishi Belting Group's business activities, and based on the assessment results, we developed strategies and targets.



\* Abbreviations for overseas sites in the table on the right

MBL (USA)	: MBL (USA) CORPORATION
MOH	: MITSUBOSHI OVERSEAS HEADQUARTERS PRIVATE LIMITED
MBI	: PT. MITSUBOSHI BELTING INDONESIA
SEIWA	: PT. SEIWA INDONESIA
STI	: STARS TECHNOLOGIES INDUSTRIAL LIMITED
SMB	: SUZHOU MITSUBOSHI BELTING CO., LTD.
MB (POL)	: MITSUBOSHI POLAND Sp.z o.o.
MB (IND) Rabale	: MITSUBOSHI BELTING-INDIA PRIVATE LIMITED (Rabale Plant)
MB (IND) Supa	: MITSUBOSHI BELTING-INDIA PRIVATE LIMITED (Supa Plant)

### a. Hazard screening

We analyzed and assessed the risks of "water supply shortage" and "water stress" at each production site of the Mitsubishi Belting Group.

Since water supply shortage risk and water stress risk vary depending on the location of each production site, we obtained information on the current and future water supply shortage risk from the World Resource Institute (WRI)'s Aqueduct Water Risk Atlas. We then assessed each production site's water supply shortage risk in 2030, 2050 and 2080 under SSP1 RCP2.6 and SSP5 RCP8.5 scenarios and assigned a risk rating to each site on a five-point scale from 1 (low) to 5 (high).

Production site*	Location	Water supply shortage							Water stress								
		Present	SSP1 RCP2.6				SSP5 RCP8.5			Present	SSP1 RCP2.6				SSP5 RCP8.5		
			2030	2050	2080	2030	2050	2080	2030		2050	2080	2030	2050	2080		
Kobe Head Office	Japan	2	2	2	1	2	2	1	2	2	2	2	2	2	2	2	
Shikoku Plant		1	1	1	1	1	1	1	2	2	2	2	2	2	2	2	
Nagoya Plant		2	2	2	2	2	2	2	3	3	3	3	3	3	3	3	
Ayabe Production System Development Center		2	2	2	1	2	2	1	2	2	2	2	2	2	2	2	
Shiga Plant		2	2	2	1	2	2	1	2	2	2	2	2	2	2	2	
Mitsubishi Cord Co., Ltd.		2	2	2	1	2	2	1	2	2	2	2	2	2	2	2	
Mitsubishi Belting Kohki Co., Ltd.		2	2	2	1	2	2	1	2	2	2	2	2	2	2	2	
MBL (USA)	USA	2	2	2	3	2	3	3	5	5	5	5	5	5	5	5	
MOH	Singapore	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
MBI	Indonesia	2	2	2	2	2	2	2	4	4	3	3	4	4	4	4	
SEIWA		2	2	2	2	2	2	2	4	4	3	3	4	4	4	4	
STI	Thailand	3	3	3	3	3	3	3	4	4	4	4	4	4	4	4	
SMB	China	2	2	2	2	2	2	3	5	4	4	4	4	4	4	4	
MB (POL)	Poland	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
MB (IND) Rabale	India	1	1	2	2	2	2	2	2	2	2	2	2	2	2	2	
MB (IND) Supa		4	4	4	4	4	4	4	5	5	5	5	5	5	5	5	

We have concluded that the water supply shortage risk at the seven production sites in Japan will be hardly affected by climate change and that the risk will remain at the current low level (Level 1 - 2) until the end of the century. The water supply shortage risk at the nine overseas production sites is slightly higher (Level 1 - 4) than that at the sites in Japan, but various measures have already been taken, such as installation of cooling water circulation systems and mist cooling systems, and stable operations have been maintained. From the analysis results that the water supply shortage risk will not change significantly from the current level until the end of the century, although we will proceed with the installation of cooling water circulation systems and mist cooling systems, we do not see an immediate need to take action.

As with the water supply shortage risk, the water stress risk at the seven production sites in Japan will be hardly affected by climate change, and the water stress risk will remain at the current low level (Level 2 - 3) until the end of the century. As for the nine overseas production sites, one production site in India, one in China and one in the USA are at the highest risk level of 5, while two production sites in Indonesia and one in Thailand are at a fairly high risk level of 4. This situation is expected to continue until the end of the century. The main causes of the worsening water stress risk are said to be the social environment of the region, such as population growth, climate change, and water conflicts, and we have set water consumption reduction as a basic measure to address water stress and intend to take timely and appropriate measures for each region by properly monitoring and evaluating changes in the social environment of each region.

Furthermore, as a result of extending the scope of the water stress risk survey to the entire supplier chain, we found that a production region of cotton, one of the raw materials we use, and a high water-stressed region overlap in northwestern India. The current water stress in this region is at the highest level of 5 and is not expected to improve in the future. Growing cotton in high water-stressed regions poses problems not only in terms of water consumption but also in terms of environmental pollution caused by pesticides. Therefore, in the future, we plan to clearly define the implementation of water resources conservation activities in our procurement guidelines, etc., and promote the switch to sustainable cotton and other sustainable materials throughout our supply chain.

b. Risk and opportunity identification and impact assessment results

Type	Driver	Impact on business		Measures / Strategies	Time frame
		Impact	<div>Risks</div> <div>Opportunities</div>		
Technology	Development of a production method with low water consumption	Small	<div><div>• Delays in development can lead to production shutdowns due to droughts and water intake restrictions, resulting in increased delays in product supply to customers.</div><div>• Acquisition of customer trust through stable product supply</div></div>	<div><div>• Enhance production resilience during droughts by installing cooling water circulation systems, mist cooling systems, etc.</div><div>• Conduct hazard screening and risk assessments of all global bases for water resources, especially for drought</div></div>	Medium to long term
Climate change	Changes in rainfall patterns and extreme changes in weather patterns in general	Small	<div><div>• Increased delays in product supply to customers due to suspension of production activities caused by drought and water intake restrictions</div><div>• Suspension of operations at suppliers due to drought and water intake restrictions</div></div>	<div><div>• Increased demand for water-shielding sheets used at reservoirs, irrigation canals, etc. for the purpose of effective use of water resources</div><div>• Develop and strengthen our overseas sales network with the aim of capturing overseas demand while continuing to respond to domestic demand</div></div>	
Reputation	An increase in stakeholders' anxiety or negative feedback therefrom	Large	<div><div>• A decrease in corporate value due to delays in taking water resource conservation measures or lack of information disclosure</div><div>–</div></div>	<div><div>• Make sure to implement water resource conservation measures, achieve KPIs, and disclose details of these efforts to stakeholders in an appropriate and timely manner</div></div>	Short to long term
		Large	<div><div>• Decline in reputation due to the use of cotton, which can be one of the causes of increased water stress</div><div>• Improved reputation due to the use of "sustainable cotton"</div></div>	<div><div>• Promote the development of product specifications that do not use cotton in the design stage</div><div>• Strengthen management throughout the supply chain</div></div>	Medium to long term

\* Definition  
Impact: large – 1.0 billion yen or more; medium – 0.1 to 1.0 billion yen; small – less than 0.1 billion yen  
Time frame: short term – until 2026; medium term – until 2030; long term – until 2050

As a result of identifying risks and opportunities and assessing their impacts, we have concluded that water supply shortages due to climate change and increased water stress caused by changes in the social environment will affect water withdrawal in the Group's production activities, leading to increased delays in product supply if no measures are taken and to acquisition of customer trust through stable product supply if appropriate measures are taken. Furthermore, the use of cotton produced in high water-stressed regions as a raw material could have a significant negative impact on the Group's reputation, as does cotton produced through forced labor, posing a risk that could lead to boycotts.

Meanwhile, it is expected that more dams, reservoirs, irrigation canals, etc. will be constructed for irrigation and efficient use of water resources, and demand for our water-shielding sheets to be used at these facilities and their installation services is expected to increase.

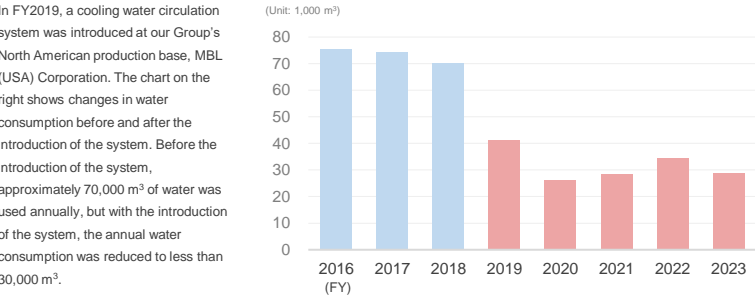
The financial impact of the suspension of production activities will be very minor on a consolidated basis due to the functioning of the global complementary production system, but on an individual production site basis, sales are expected to decrease in proportion to the period of suspension.

Although it is difficult to estimate sales of water-shielding sheets used for irrigation projects separately, sales of the construction materials business as a whole, including these sales, increased to 7.307 billion yen in FY2023, up 27.1% from FY2020.

■ Targets

The Mitsubishi Belting Group has introduced cooling water circulation systems and mist cooling systems to reduce water consumption, mainly at overseas production sites where the water intake environment is harsher than in Japan (see graph below). In the production of rubber products, the "vulcanization" process is essential, which increases the elasticity of rubber through chemical reaction. In this process, sulfur and other chemicals are added to rubber and the mixture is heated to high temperatures (100°C or higher) to create a chemical reaction. After vulcanization, the rubber is cooled down using water. As described above, vulcanization and post-vulcanization cooling are essential processes for manufacturing rubber products.

Reference - Changes in water consumption at MBL (USA) Corporation



As mentioned, the amount of water used by the Group's domestic production sites is approximately 2.5 times that of overseas production sites, making it particularly urgent to reduce water consumption at domestic production sites. We have set the following targets and are working to reduce water consumption. At the same time, at our overseas production sites, we will expand the installation of cooling water circulation systems and introduce mist cooling systems to reduce water consumption, with the aim of maintaining water consumption intensity at the same level as FY2021. Through the implementation of these measures, the Group's water consumption in 2030 is expected to be approximately 900,000 m<sup>3</sup> (a 26% reduction compared to FY2021).

Sub-materiality	Measures	KPI
Initiatives for water resources conservation	Installation of a cooling water circulation system	Water withdrawal target for sites in Japan: Reduce the amount of water withdrawal by 50% by FY2030 (base year: FY2021)
	Improvement of water consumption efficiency	Water withdrawal target for overseas sites: Maintain water withdrawal intensity (base year: FY2021)

Overview

TOP MESSAGE

Value Creation Story of Mitsubishi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

Vision and Strategy

- Mid-Term Business Plan
- Message from the Director in Charge of the Finance Department
- Business Strategy by Segment
- [Feature Page] The Corporate Vision of Mitsubishi Belting
- Human Resources Strategy
- [Feature Page] Roundtable Discussion by Employees
- Sustainability Strategy

ESG Initiatives

Management Foundation Supporting Value Creation

- [Feature Page] Interview with Outside Directors
- Corporate Governance
- Compliance
- Risk Management
- Board of Directors and Executive Officers

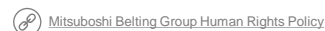
Data Section

- Financial Data
- ESG Data
- Company Overview/Stock Information

# Respect for Human Rights

## Basic approach

The Mitsubishi Belting Group recognizes that respecting the human rights of all people involved in its business activities is the greatest prerequisite for the sustainable growth of society and the Group. Based on the United Nations Guiding Principles on Business and Human Rights and other international standards, we have set “Respect for human rights and personality” as a materiality and are promoting initiatives for respect for human rights.



## Promotion system

In order to identify risks related to “respect for human rights and personality” and implement appropriate measures, a working group of the Sustainability Promotion Committee conducts human rights due diligence (DD). For human rights risks identified through DD, a promotion organization designated by the Sustainability Promotion Committee implements specific measures. The progress of measures is monitored and evaluated by the Sustainability Promotion Committee, and the details are regularly reported to the Board of Directors.

In promoting human rights DD initiatives, we believe all employees should first have a correct understanding of human rights. Under this belief, in 2022, we revised the Mitsubishi Belting Group Code of Conduct to include respect for human rights, in line with the UN Global Compact’s Ten Principles in four areas, including human rights. This Code of Conduct is positioned as “our promise” in our philosophy system, and training on the Code of Conduct is provided regularly as part of employee training programs. Furthermore, in 2023, we formulated and disclosed a human rights policy based on the United Nations Guiding Principles on Business and Human Rights, and we have been working to strengthen our human rights DD efforts not only within our Group but throughout our entire supply chain.

With the aim of reducing human rights risks throughout our supply chain, we are working with our business partners to address human rights issues.

## Identification of human rights risks

In January 2023, we identified human rights risks (listed on the right) in our business activities, including our supply chain, through discussions in the Working Group and Sustainability Promotion Committee, which is an organization responsible for promoting materiality-related initiatives.

## Flowchart of “identification of adverse impacts and risks”



## Identified human rights risks

Identified human rights risks	Division in charge
● Use of raw materials (natural rubber, cotton, etc.) involving child labor or forced labor	Sustainability Promotion Committee Secretariat + Purchasing Department

## Implementation status of initiatives

In promoting Human Rights DD, we are currently undertaking the following initiatives.

### a) Initiatives to strengthen human rights DD promotion system

November 2022	● Revision of the Mitsubishi Belting Group Code of Conduct, based on the ten principles in four areas established by the UN Global Compact
December 2022	● Implementation of human rights risk assessments in the supply chain
January 2003	● Identification of human rights issues ● Establishment and disclosure of the Human Rights Policy
March 2023 -	● Implementation of employee education on human rights (new employee training and training for employees in their third year after joining the company, etc.)

### b) Initiatives to address individual human rights risks: Regarding the “use of raw materials (natural rubber, cotton, etc.) involving child labor or forced labor”

May 2023	● Commencement of deliberations by the Sustainability Promotion Committee on procurement guidelines
February 2024	● Disclosing the Procurement Guidelines on the corporate website and asking business partners to cooperate in human rights DD activities
Next fiscal year plan	● Identification of current issues through interviews with business partners and development of countermeasures

## Overview

### TOP MESSAGE

#### Value Creation Story of Mitsubishi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

### Vision and Strategy

- Mid-Term Business Plan
- Message from the Director in Charge of the Finance Department
- Business Strategy by Segment
- [Feature Page] The Corporate Vision of Mitsubishi Belting
- Human Resources Strategy
- [Feature Page] Roundtable Discussion by Employees
- Sustainability Strategy

### ESG Initiatives

#### Management Foundation Supporting Value Creation

- [Feature Page] Interview with Outside Directors
- Corporate Governance
- Compliance
- Risk Management
- Board of Directors and Executive Officers

### Data Section

- Financial Data
- ESG Data
- Company Overview/Stock Information



# Value Chain Management

## Basic approach

**Stable procurement of superior quality products and services at appropriate prices is a prerequisite for continuing business activities in a sustainable manner, and what serves as the foundation for this prerequisite is the relationship of trust between our Group and our business partners.**

**As stated in the Mitsubishi Belting Group Procurement Policy, we are committed to engaging in “fair and impartial procurement activities” and “establishment of a mutually reliable partnerships” with all of our business partners. Through these efforts, we will work to build the types of relationships with our business partners that allow us to co-create new value.**

### Declaration of Partnership Building

In 2021, Mitsubishi Belting made the “Declaration of Partnership Building,” advocated by the Ministry of Economy, Trade and Industry, with the aim of creating new added value and conducting fair transactions throughout the supply chain.



## Establishment and disclosure of the Procurement Guidelines


In order for the Mitsubishi Belting Group to contribute to the realization of a sustainable society while sharing our values with our business partners, we need to deepen our commitment to CSR procurement (compliance, respect for human rights, health and safety, information security, information disclosure, etc.) and green procurement (response to climate change, biodiversity conservation, water security, circular economy, etc.) practices and to strive to resolve various social issues.

In 2023, the Mitsubishi Belting Group formulated the “Procurement Guidelines,” which outline its philosophy regarding procurement and the matters on which it wants to work with its business partners, in line with the ten principles in four areas (human rights, labor, environment, and anti-corruption) established by the UN Global Compact, and disclosed the Guidelines, with the aim of further activating the efforts to realize a sustainable society throughout the entire value chain. We have already received responses in support of our guidelines from business partners accounting for approximately 80% of our raw material procurement value.

In the future, we will identify adverse impacts on such items as human rights, CO<sub>2</sub> reduction and biodiversity throughout our value chain, based on the Guidelines, and promote sustainable business practices in cooperation with our business partners.

In particular, with regard to the procurement of natural rubber, there is an urgent need to comply with the EU Deforestation Regulation (EUDR) in Europe. We will work together with our business partners to build a sustainable value chain.

 [Mitsubishi Belting Group Procurement Policy](#)

 [Mitsubishi Belting Group Procurement Guidelines](#)

## Regarding business partner audits

The Mitsubishi Belting Group annually conducts two-party audits (in some cases, one-party audits) in accordance with ISO14001 (Environmental Management System (EMS)) or ISO9001/IATF16949 (Quality Management System (QMS)) to monitor, evaluate and improve the status of business partners' efforts regarding environmental conservation and quality assurance. The business partners to be audited are narrowed down by considering past audit results.

[Unit: cases]

Business partner audit status		FY2021	FY2022	FY2023
Environment	Number performed	21	18	19
	Number of non-conformities	0	0	0
Quality	Number performed	21	18	20
	Number of non-conformities	0	0	0
BCP	Number performed	54	75	79
	Number of those that have not formulated a BCP	18	14	7

Based on the results of our audits to date, we have determined that our business partners are doing well in terms of environmental conservation and quality assurance, but in the future we should expand the scope of auditing to include not only business partners of the Purchasing Department of the Mitsubishi Belting Group Head Office but also business partners of affiliated companies of the Group.

In addition, we have been requesting our business partners to formulate and execute Business Continuity Plans since FY2020 as part of our efforts to address climate change, and we confirm the status of their implementation through annual one-party audits. The number of one-party audits is increasing year by year, and in FY2023, all of our 79 business partners cooperated with our audits.

## Overview

### TOP MESSAGE

#### Value Creation Story of Mitsubishi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

### Vision and Strategy

- Mid-Term Business Plan
- Message from the Director in Charge of the Finance Department
- Business Strategy by Segment
- [Feature Page] The Corporate Vision of Mitsubishi Belting
- Human Resources Strategy
- [Feature Page] Roundtable Discussion by Employees
- Sustainability Strategy

### ESG Initiatives

#### Management Foundation Supporting Value Creation

- [Feature Page] Interview with Outside Directors
- Corporate Governance
- Compliance
- Risk Management
- Board of Directors and Executive Officers

### Data Section

- Financial Data
- ESG Data
- Company Overview/Stock Information

# MITSUBOSHI INTEGRATED REPORT 2024

# Partnerships with Local Communities

## Basic approach

The Mitsubishi Belting Group is working to strengthen partnerships with local communities as part of the foundation of its “co-creation business model,” which is one of its strengths.

All offices and plants of the Mitsubishi Belting Group in Japan and overseas aim to grow together with their respective local communities, and to this end, they conduct a variety of activities in line with the Mitsubishi Belting Group Code of Conduct shown below.

### From the Mitsubishi Belting Group Code of Conduct

- We will value partnerships with local communities.
- We will conduct social contribution activities that will lead to solving the issues of local communities.

## Initiatives for coexisting in harmony with local communities

The Mitsubishi Belting Group in Japan has formed a volunteer group called the Mitsubishi Belting Fureai Council with the aim of realizing sustainable community development and creating livable towns through “town development where residents and businesses coexist.” The Council, which comprises Group employees, plans and hosts various events to promote the SDGs and deepen interaction and communication between local residents and employees while valuing engagement with the local community.

Due to mobility restrictions imposed to prevent the spread of COVID-19, the planned events were forced to be cancelled, but with the lifting of the COVID-related restrictions in May 2023, Mitsubishi Belting offices and plants have resumed co-creation events with their local communities.

In the Mano district of Nagata-ku, Kobe City, where our Kobe Head Office is located, we regularly hold meetings\* to exchange opinions with the board of directors and committees of the Mano District Urban Development Promotion Association. The committee members include people from government and educational institutions, and we confirm the needs of the local community, which is one of our important stakeholders, before we reflect our deliberations in the events we host.

\* Number of times opinion exchange meetings were held:  
22 times each year from FY2020 to FY2023

For more information on our initiatives for “partnerships with local communities,” please visit our website.



## Creating livable towns through collaboration with local communities

We hold events to interact with the local community each year, such as the Tanabata Festival at the Kobe Head Office and the Beach Seine Net Fishing Experience Event at the Shikoku Plant. (These events were canceled from 2020 to 2022 due to the COVID-19 pandemic.)

## Contributing to the creation of a rich natural environment

In addition to local cleanup activities, we also proactively participate in tree planting activities in the areas where our sites are located, both in Japan and overseas. Tree-planting activities in various locations not only help reduce CO<sub>2</sub> emissions but also contribute to creating a town where people can continue to live by preventing coastal erosion.

## Supporting the growth of the people who will create the future

In Thailand and Indonesia, where we have manufacturing plants, we provide school supplies, food, and other items to schoolchildren. We also accept students from vocational schools for on-the-job training to support the development of excellent human resources.

## Overview

### TOP MESSAGE

#### Value Creation Story of Mitsubishi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

### Vision and Strategy

- Mid-Term Business Plan
- Message from the Director in Charge of the Finance Department
- Business Strategy by Segment
- [Feature Page] The Corporate Vision of Mitsubishi Belting
- Human Resources Strategy
- [Feature Page] Roundtable Discussion by Employees
- Sustainability Strategy

### ESG Initiatives

#### Management Foundation Supporting Value Creation

- [Feature Page] Interview with Outside Directors
- Corporate Governance
- Compliance
- Risk Management
- Board of Directors and Executive Officers

#### Data Section

- Financial Data
- ESG Data
- Company Overview/Stock Information

# Management Foundation Supporting Value Creation

## Our basic view on corporate governance

The Mitsubishi Belting Group believes that the enhancement of corporate governance is one of its top management priorities in order to secure the trust of its shareholders and fulfill its corporate social responsibilities. Based on this belief, we will strive to improve our business performance by promptly and flexibly adapting to changes in the business environment and market. In addition, to maintain and improve management efficiency and transparency, we will engage in initiatives, such as strengthening the function to oversee our business management and internal control systems, in accordance with the basic policy below, thereby ensuring enhanced corporate governance.

### Basic Policy

1. The company strives to respect its shareholders' rights and secure its shareholders' equality.
2. The company strives to respect the rights and positions of its stakeholders (including shareholders, customers, employees, and communities) and work properly in harmony with them.
3. The company strives to disclose its corporate information in a timely and proper manner, thereby securing transparency and fairness.
4. The company strives to ensure that the Board of Directors and other parties properly fulfill their roles and responsibilities, in light of the company's fiduciary responsibility and accountability to its shareholders.
5. The company strives to have constructive dialogues with its shareholders.





Independent Outside Director

**Shinya Okuda**

Number of years in office: 4 years

Independent Outside Director

**Yuka Miyake**

Number of years in office: 2 years

Independent Outside Director

**Yasuhiro Tsuji**

Number of years in office: Newly appointed (Appointed at the General Meeting of Shareholders in June 2024)

## Interview with Outside Directors

The following is an interview with three Outside Directors regarding the effectiveness of the Board of Directors, the challenges in achieving the FY2030 “Target Position,” and how they evaluate the Group’s ESG-related initiatives.

### ----- What is your impression of the Mitsuboshi Belting Group?

**Okuda:** To put it simply, I would say that the Group is “a technology-oriented centennial company that is not flashy, but is consistently committed to manufacturing.” As the Group is also actively engaged in advanced initiatives, such as promoting GX, it is actually much more innovative than it appears from the outside. Although the Group supports people’s comfortable lives with the power of KAGAKU (chemistry/science in Japanese) from behind the scenes, it is, unfortunately, not widely recognized by the public partly due to the fact that its products are not often visible to people. If its corporate image and brand power can be improved through public relations activities or other means, I believe this will create a further positive cycle, including increased motivation among employees.

**Miyake:** I think the Group is a conservative, yet innovative organization. This may sound contradictory, but I feel that the Group has an excellent balance in that it boldly works to improve corporate value and rapidly evolves while respecting the technology cultivated over more than 100 years of its history and maintaining down-to-earth management.

**Tsuji:** I have the impression that many of the Group’s employees are serious, sensible, and honest and follow the rules, which reflects its corporate culture. In addition, the major characteristics of the Group are that it has pride and confidence backed by its technological capabilities and that it takes pride

and responsibility in the fact that its products support “people’s comfortable lives.”

### ----- Could you tell us about the atmosphere of the Board of Directors meetings?

**Okuda:** The meetings have become a forum where we can hold frank and lively discussions based on the shared goal of improving corporate value, creating a good atmosphere that allows us to freely exchange honest opinions.

**Miyake:** The meetings provide an environment where the members, who share the same aspirations, such as wanting to be faithful to society or wanting to deliver better products, can hold passionate discussions. Even if any member misses a chance to speak, President Ikeda always provides him/her with an opportunity to do so. Also, provision of information through such means as sharing the minutes of internal meetings, providing prior explanations of the agenda of the Board of Directors meetings, and plant tours also contributes to fruitful discussions.

**Tsuji:** Open and active discussions are held based on different professional standpoints of each member. Furthermore, as I have strongly advocated in the past, gender diversity has been ensured, which has led to more multifaceted and multidisciplinary discussions.

### ----- What do you think about the Group’s corporate culture and climate?

**Okuda:** I think that an open corporate culture has been formed while still respecting courtesy, such as encouraging the practice of greeting others when passing each other. As a manufacturing company, it is inevitable that many of the employees are male, which tends to lead to a male-centered corporate culture. It would be better if more female employees are hired and if a corporate culture and climate that accept and make use of differences are developed.

**Miyake:** The Group has an open and homey atmosphere. Although I have only had the opportunity to speak in person with a few people, I have heard that they are able to consult directly with executive officers, that they have superiors with whom they can express their opinions and colleagues they respect around them, and that they have colleagues they can consult with in each of the sales, technology, production, and administrative departments. I am hopeful that such organizational strength will further foster corporate value.

**Tsuji:** It is wonderful that the Group has always valued its relationships with local communities and boasts its history of moving forward alongside local residents and continuing to develop together with local communities. I believe this should continue in the future.



## ----- How do you evaluate the effectiveness of the Group's governance?

**Okuda:** I respect the fact that the Group is striving to place an emphasis on governance in its management to ensure its effectiveness properly in order to meet the various requirements for the TSE Prime Market.



**Miyake:** To make effective use of the limited time of the Board of Directors meetings, opportunities for dialogue are provided outside of the Board of Directors meetings as well, which I think demonstrates the Group's attitude of sincerely trying to improve and implement governance. The matters identified in the effectiveness assessment of the Board of Directors are improved in the following fiscal year, and sufficient time is allocated for review at the Board of Directors meetings, which is highly commendable.

**Tsuji:** I believe that the effectiveness of governance as a whole is sufficiently ensured, given that fully functioning systems are in place to ensure that at least one-third of the Board of Directors consists of Independent Outside Directors, as well as to facilitate compliance with laws and regulations, risk management, audit functions, and internal controls.

## ----- Please tell us your thoughts on how you evaluate the financial results for FY2023.

**Okuda:** The results were somewhat disappointing, with the medium-term plan for 2023 not being achieved and an increase in sales and a decrease in profits compared to FY2022. However, I think that this was unavoidable as the impact of COVID-19, which was finally reclassified as Class 5 in May 2023, is still very much felt in the financial results. Since the issues that need improvement, such as thorough inventory management and a review of sales policies, have been identified and shared, I hope that the Group will strengthen its efforts toward achieving the new medium-term plan.

**Miyake:** On a single fiscal year basis, the Group's performance in terms of operating profit and ordinary profit decreased from the previous fiscal year. However, I believe that the Group has made proactive efforts to achieve a better balance sheet, including active investments in restructuring production and logistics to improve corporate value in the medium to long term and the improvement of capital efficiency through the cancellation of treasury stock for the first time since 2017.

**Tsuji:** Although operating profit and ordinary profit were lower than those of the previous fiscal year, I recognize that this was unavoidable due to the aftereffects of the global pandemic of COVID-19, the unstable term situation, and tightening monetary policies in various countries. While there are some individual points that should be reflected on, the aforementioned results were basically the outcome of the Group's all-out commitment under difficult circumstances, and I don't think that its corporate efforts were insufficient. Amid such an environment, the Group was able to secure a certain level of net income and pay a dividend of 250 yen, with a dividend payout ratio of 100%, which I believe was highly appreciated by shareholders.

## What kind of discussions are taking place at the Board of Directors meetings to achieve the FY2030 "Target Position"?

**Okuda:** Japan's economy and society are undergoing major changes toward the national goal of achieving carbon neutrality by 2050. These changes will be relatively gradual until 2030, but from 2030 onwards, rapid changes will definitely occur as innovative technological developments are expected to be implemented in society. I understand that the FY2030 "Target Position" of the Group is designed to build its readiness and strength to respond to the rapid changes that will occur in Japan's economy and society in 2030 and beyond.



At the Board of Directors meetings, we will share the view that the FY2030 "Target Position" is not simply a goal that will end once accomplished, but rather a starting point for the next 10 to 20 years, and in order to make it an even better starting point, we will hold active discussions, including on possible revisions of target values.

**Miyake:** At each meeting of the Board of Directors, discussions are held on business execution reports, mid- to long-term capital expenditure plans, and other matters, and the progress of the set KPIs is confirmed, with an eye on achieving the FY2030 "Target Position." Furthermore, before the announcement of the 2024 Mid-Term Business Plan, there was an opportunity to share information and exchange opinions regarding its contents prior to the resolution by the Board of Directors, which made it possible to incorporate a diverse range of opinions into the plan. In this regard as well, I feel that the Group's governance has become more effective, rather than merely a formality.

**Tsuji:** The discussion about shareholder returns was particularly memorable. After much discussion on this issue, we have decided to change our previous practice of clearly stating a numerical figure of the dividend payout ratio and instead use the dividend on equity (DOE) ratio as an indicator, with a target of around 5.4%, and to set the dividend per share at 180 yen or more. This decision was made because we judged that it is important to ensure the stability of dividends, based on the suggestions we received during IR and SR sessions, and taking into consideration the fact that an increasing number of companies have been adopting this indicator in recent years. We were very pleased and grateful to receive positive feedback on this change in dividend policy in the IR session after the announcement, such as "I got the impression that the Group will steadily continue to provide shareholder returns" and "I took this to mean that the Group will continue to pay a generous dividend."



----- Please tell us your thoughts on how you evaluate the Group’s ESG initiatives.

**Okuda:** I greatly appreciate the Group’s initiatives, which are so proactive that I feel that the Group is pushing itself beyond what it can do. As long as ESG initiatives, such as those on decarbonization and human capital, remain merely a cost for the Group, it will be difficult to perpetuate or expand them. It will be necessary for the Group to broaden its ESG initiatives to benefit itself in such areas as product development, energy and resource conservation, and improved productivity, as well as to enhance its external appeal and thus improve its external image.

**Miyake:** I think that the Group has put into practice a lot of initiatives in such a short period of time. In particular, it has delivered successful results for the target regarding decarbonization ahead of schedule, and this perspective was included in briefings on production-related project plans and explanations given during plant tours, indicating that the Group’s approach has permeated all the way to on-site workers. Regarding the promotion of sustainability, there is no goal that assures satisfactory results if we can reach this point, and the rules are still fluid. However, I hope that the Group will involve all employees in defining the materiality that it wishes to address and continue to work on it.

**Tsuji:** With respect to Sustainability Report 2023, which shows the status of the Group’s ESG initiatives, we received the following comment during the SR session: “It’s great that the disclosure items have been improved.” Going forward, I believe that the Group must continue to work on ESG initiatives by keeping ahead of societal demands while standing in the position of complying with laws, regulations and social norms and proactively fulfilling its corporate social responsibilities.

----- What are your thoughts on the issues the Group needs to address going forward and the areas in which you believe improvements are needed?

**Okuda:** As GX advances, it is essential for the Group to green its belt products, its mainstay products, and develop new products that are more environmentally friendly. Belts that “move things” will surely be indispensable even in the society of the future. The Group should predict how belts will be used in future society and in what way they will need to be made more efficient, advanced, and green, based on which it should constantly work on product development. In addition, while the belt business currently drives the Group’s earnings, it is also important to identify and cultivate businesses that will become its next main source of earnings.

**Miyake:** Regarding the promotion of women’s active participation in the workforce, we must not lose sight of the original purpose of promoting women, which is to ensure diversity that contributes to vitalizing management. In order for “women’s active participation in the workforce” to become a common part of the corporate culture without the need to put it up as a slogan, it is necessary to accumulate successful cases by assigning female employees according to their aptitudes and for the entire Group to understand the effectiveness of diversity and to be conscious of improving corporate value. I also hope that the Group will actively recruit external personnel and constantly interact with external parties, rather than staying within the Group, in order to complement it with diversified perspectives.

**Tsuji:** It is undeniable that the ratio of female managers at the Group is considerably lower than the national corporate average. Starting in FY2023, it has become mandatory to include this ratio in securities reports, and in 2025, the Act on the Promotion of Women’s Active Engagement in Professional Life is scheduled to be amended to make it mandatory for companies, both listed and unlisted, to disclose this ratio. The Corporate Governance Code has long required listed companies to “promote women to managerial positions” and “promote women’s active participation within the company.” I believe that the Group should work vigorously to promote women to managerial positions, including mid-career hiring in departments where this is possible, as one of the most important issues facing the Group and find specific solutions to the issue as soon as possible.

----- Finally, please give a few words to our stakeholders.

**Okuda:** Since its founding, the Group has been committed to making products with sincerity, maintaining its quality-first policy without compromise, and valuing partnerships with all its stakeholders. Through these efforts, it has become a centennial company and grown significantly while continuously providing value to society. Going forward, it will be required to not only produce good products but also contribute to society in all aspects of its corporate behavior, including ESG initiatives and reduction of CO<sub>2</sub> emissions. I will also work hard to ensure that the Group will continue to provide value to society and remain a trusted partner to all our stakeholders. Please keep an eye out for the Group’s future developments.

**Miyake:** Although you may not have many opportunities to see the Group’s products directly, I believe that the Group will evolve at an accelerated pace toward 2030 and even 2050 in order to implement its Management Principle of “contributing to society by supplying goods of high performance, high precision, and high quality.” It has been actively communicating how it will offer economic and social value through its business activities, and the Integrated Report is one example of such efforts. Additionally, I hope that you will appreciate the Group’s proactive commitment to dialogue with stakeholders in order to adapt to changes in the environment and share its values. As I will also strive to contribute to these activities, I would like to ask for your support.

**Tsuji:** The Group’s Corporate Philosophy, “To give attentive consideration to both humanity and nature,” and its target position, “A company that supports people’s comfortable lives with the power of KAGAKU,” are principles that can meet the demands of today’s times. I sincerely ask all stakeholders, including shareholders, employees, customers, business partners, financial institutions, government agencies, and local communities, to deeply understand and share the high aspirations and passion of Mitsubishi Belting, which operates its business based on its philosophy system, and to continue to walk forward hand in hand with the Group.

- Thank you for your time today.

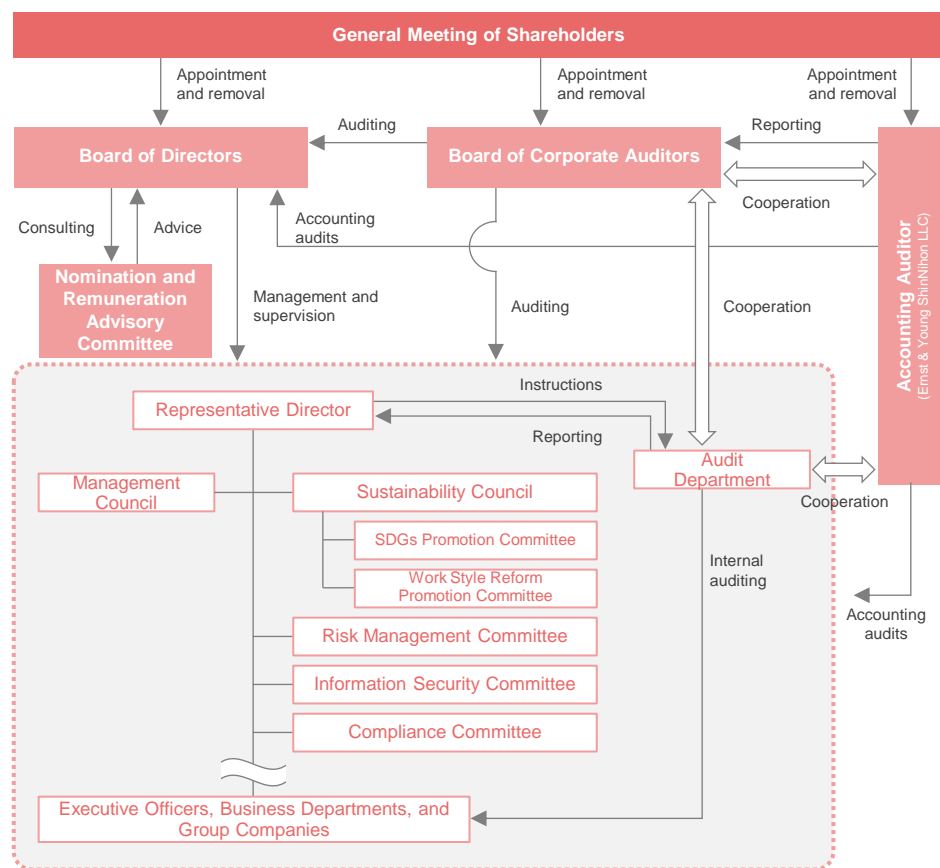
Overview
TOP MESSAGE
Value Creation Story of Mitsubishi Belting
Founding Spirit and Philosophy System
The Journey of Value Creation
Three Strengths We Have Cultivated
Value Creation Process
Vision and Strategy
Mid-Term Business Plan
Message from the Director in Charge of the Finance Department
Business Strategy by Segment
[Feature Page] The Corporate Vision of Mitsubishi Belting
Human Resources Strategy
[Feature Page] Roundtable Discussion by Employees
Sustainability Strategy
ESG Initiatives
Management Foundation Supporting Value Creation
[Feature Page] Interview with Outside Directors
Corporate Governance
Compliance
Risk Management
Board of Directors and Executive Officers
Data Section
Financial Data
ESG Data
Company Overview/Stock Information

# Corporate Governance

This section introduces our initiatives regarding corporate governance.  
We are striving to build a sound governance system in order to achieve highly transparent management and live up to the trust of our stakeholders.

\* Information current as of July 1, 2024.

## Governance structure



## Strengthening corporate governance

The Mitsubishi Belting Group is a company with a Board of Corporate Auditors that has in place a Board of Directors comprising eight Directors, three of whom are Outside Directors, and a Board of Corporate Auditors comprising three Corporate Auditors, two of whom are Outside Corporate Auditors. The Board of Directors makes decisions on important matters and supervises the execution of business by Directors. The Management Council meets prior to a Board of Directors meeting in order to ensure sufficient advance discussions regarding important matters.

In addition, we have established the Nomination and Remuneration Advisory Committee (a voluntary advisory committee consisting of at least three members, the majority of whom are Independent Outside Directors) with the aim of enhancing the functional independence, objectivity, and accountability of the Board of Directors concerning matters such as the appointment, removal, and remuneration of management team members. Furthermore, a restricted stock compensation plan has been introduced with the aim of sharing profits with our shareholders and improving corporate value over a long period of time. In this way, we are committed to enhancing and improving corporate governance. The ratios of outside and female executives among Directors and Corporate Auditors are as shown below.

### Ratio of outside executives (👤 : Outside executive)



### Ratio of female executives (👩 : Female executive)



## Major initiatives to date to strengthen corporate governance

Date	Major initiatives
October 2003	Executive officer system introduced
May 2015	Risk Management Committee and Compliance Committee established
	Corporate Governance Basic Policy established
June 2015	Two Outside Directors appointed
April 2016	Directors' effectiveness assessment survey initiated
October 2018	CSR Promotion Committee established*1
March 2021	Nomination and Remuneration Advisory Committee established (Three out of five members are Independent Outside Directors.)
June 2021	Restricted stock compensation plan introduced
April 2022	Sustainability Promotion Committee established
June 2022	One Outside Director appointed (female director) (The number of Outside Directors increased to three.)
June 2022	The ratio of Outside Directors exceeded one-third of the members of the Board of Directors.
June 2022	The term of office of Directors was shortened from two years to one year.
July 2024	Sustainability Council established
July 2024	Performance-linked compensation system*2 introduced (Effective from the payment for July 2024)

\*1 Renamed the SDGs Promotion Committee in March 2021

\*2 "Compensation, etc. for Directors" consists of base salary, position-based salary and a performance-linked portion\* as basic compensation (monetary compensation) and restricted stock as basic compensation (stock-based compensation). "Compensation, etc. for Outside Directors" consists of only base salary as basic compensation (monetary compensation), taking into account their responsibilities, duties, etc.

\* With regard to the "performance-linked portion," the compensation system was changed to one based on the indicators of "net sales," "operating profit," and "return on equity" effective from the payment for July 2024.

After the change, the approximate ratio of a fixed portion of basic compensation (monetary compensation), a performance-linked portion of basic compensation (monetary compensation), and basic compensation (stock-based compensation) was set to be 60:20:20 in the case where the performance indicators are 100% achieved. However, the payment rate of the performance-linked portion to be actually paid will vary as it fluctuates according to the Group's performance.

# Corporate Governance

## Our view on the appointment of Directors

Regarding the appointment of senior management team members and the nomination of director candidates, we examine the candidates from various aspects, including diverse experience, knowledge, and competence suitable for promoting further enhancement of the corporate value of the Mitsuboshi Belting Group, as well as qualities such as a broad perspective and the ability to take action and lead.

Skill matrix table for Directors (a list of knowledge, experience, abilities, etc.)

Position	Name	Management and business planning	Personnel, general, and legal affairs	Digital (DX promotion)	Finance and accounting	ESG and sustainability	Technology and innovation	Procurement and production	Sales and marketing	Global experience
Representative Director President	Hiroshi Ikeda	○	○			○			○	○
Director	Toshimi Kumazaki	○			○			○	○	○
Director	Keiji Mataba	○	○						○	○
Director	Shinji Kuramoto		○	○		○		○	○	
Director	Kazuhiro Takeda			○			○	○		○
Director (Independent Outside Director)	Shinya Okuda	○				○			○	○
Director (Independent Outside Director)	Yuka Miyake				○	○				
Director (Independent Outside Director)	Yasuhiro Tsuji		○			○				

### Roles expected of Independent Outside Directors

- Possesses a high level of insight, extensive practical experience, and experience in leadership roles in areas such as corporate management, international business, financial affairs and accounting, banking and finance, regulatory compliance, legal affairs, public administration, academic studies and research, risk management, human resource development and education, and IT and digital
- Has abilities such as understanding the entire Group from a bird's-eye view and grasping essential issues and risks, and can be expected to contribute to frank, active, and constructive deliberations at meetings of the Board of Directors and other occasions
- Is capable of objectively supervising and making decisions on business management and providing advice and support for the company's sustainable growth from a practical perspective based on his/her extensive experience in corporate management and specialized fields
- Meets the requirements for Outside Directors under Japan's Companies Act and the independence standard set by the Tokyo Stock Exchange

FY2023

### Operation status of the Board of Directors

No. of meetings	14
Average meeting time	78.9 minutes
Average number of agenda items	6.1

In accordance with relevant laws, the articles of incorporation, and the regulations for the Board of Directors, our Board members deliberate on and resolve matters related to our basic management policy and investments and other matters such as the execution of important business operations (including disposal and acceptance of transfer of important assets, borrowing in large amounts, establishment and change of important organizations, and appointment and removal of important employees). The Board also reports on the status of Directors' execution of duties as well as the status of other important business operations.

In FY2023, in addition to regular agenda items (matters for resolution and reporting), the Board of Directors deliberated on matters related to the 2024 Mid-Term Business Plan, corporate governance (such as appointment and remuneration of Directors and succession planning of the Representative Director and Directors), investments (related to production, logistics, and businesses), and sustainability (such as external disclosure reports).

Regarding the operation of the Board of Directors, briefing sessions for Outside Directors are held prior to Board meetings in order to ensure the effectiveness of the Board and adequate deliberation and discussion within the limited time available (13 preliminary briefing sessions held in FY2023).

#### List of main agenda items at Board of Directors meetings (excerpt):

Category	Main agenda items (excerpt)
Management	<ul style="list-style-type: none"><li>Financial reporting and business performance</li><li>Next medium-term business plan</li><li>Large-scale investments</li><li>Shareholdings</li><li>Global strategy</li></ul>
Other	<ul style="list-style-type: none"><li>Analysis and assessment of the effectiveness of the Board of Directors</li><li>Succession planning for the Representative Director and Directors</li><li>Policy on how to address significant risks and countermeasures</li><li>Status of use of the whistleblowing system</li><li>Information disclosure in external disclosure reports (sustainability reports and integrated reports)</li></ul>

FY2023

### Operation status of the Nomination and Remuneration Advisory Committee

No. of meetings	8
Average meeting time	25.6 minutes

We have established the Nomination and Remuneration Advisory Committee as a voluntary system (consisting of at least three members, the majority of whom are Independent Outside Directors) with the aim of enhancing the functional independence, objectivity, and accountability of the Board of Directors concerning matters such as the appointment, removal, and remuneration of management team members.

The Committee deliberates and make decisions (in response to inquiries by the Board of Directors) on matters such as policies and procedures related to the nomination of director candidates, the appointment and removal of senior management team members, and the determination of succession planning (for normal times and emergencies) for the Representative Director and Directors and of Directors' remunerations, in accordance with the Nomination and Remuneration Advisory Committee Regulations.

In FY2023, the Committee interviewed 10 executive officers who are candidates for next-generation leaders (approximately 30 minutes each) to confirm their respective capability development and career plans, with the aim of building a system that will support our sustainable growth in the future. Based on the results of these interviews, the Committee assesses the aptitudes of the next-generation leaders or deliberates on their development policies.

### Effectiveness assessment of the Board of Directors

As part of our ongoing efforts to continually maintain and improve the functions of the Board of Directors, we assess the effectiveness of the Board of Directors as a whole each year.

To further ensure the effectiveness of the Board of Directors and improve its functions, we have attendees (Directors and Corporate Auditors) of the Board of Directors meetings complete a self-assessment questionnaire (written survey) annually regarding matters related to the Board of Directors (including provision of information, items submitted to the Board, deliberation and supervision, effectiveness of individual members of the Board of Directors and of the Board as a whole, contents to be disclosed in reports on corporate governance, and opinions, proposals and requests for improvement from Directors and Corporate Auditors) in order to identify issues and areas for improvement and enhance the effectiveness of the Board of Directors.

As for the assessment for FY2023, we conducted the above-mentioned questionnaire from March to April 2024. At a subsequent Board of Directors meeting, we reviewed and analyzed the results and also exchanged opinions and held discussions regarding "how to provide more information to the Board of Directors, etc.," especially for which there were many opinions and requests from Directors and Corporate Auditors. In light of these results, it was determined, at the Board of Directors meeting held in June of the same year, that "the current Board of Directors is functioning well and the effectiveness of the Board as a whole is ensured."

### Status of dialogue with shareholders and investors

We have established a policy for constructive dialogue with shareholders and taken proactive steps to realize constructive dialogue. The opinions, etc. of shareholders obtained through dialogue are reported to Directors, management team members, and relevant internal departments as necessary to share and utilize the information.

In FY2023, we held a total of 66 financial results briefings and individual dialogues for institutional investors and analysts, where we received a great deal of useful feedback. We will continue to deepen our relationship of trust with shareholders through transparent information disclosure and sincere dialogue.



# Compliance

## Our view on compliance

The Mitsubishi Belting Group regards “compliance” as one of the important elements in our initiative to deepen our ESG management with the aim of achieving sustainable growth. Maintaining good compliance in our business activities is directly linked to gaining the trust of all stakeholders and thereby improving corporate value. We recognize this as a critical matter we must focus on and ensure as a Group, which touts itself as a manufacturing company.

In 2022, we made major revisions to our previous Code of Conduct in consideration of the ten principles of the United Nations Global Compact and other factors to ensure that it is compatible even with today’s society, in which companies are expected to play a greater role. This Code of Conduct has been translated into a total of five languages, including English and Chinese, and has been disseminated to all employees of the Mitsubishi Belting Group. Also, with the aim of ensuring that each employee correctly understands this Code of Conduct, meetings are also held in each department to read it.

## Management system

The Mitsubishi Belting Group has established the Compliance Committee, which is chaired by an executive appointed by the President and is comprised of members who are the heads of all departments of Mitsubishi Belting, for the purpose of the overall management of compliance management activities in our business activities.

The Compliance Committee, in principle, meets three times a year to identify significant compliance risks that the Mitsubishi Belting Group must address for each fiscal year, establish response policies with responsible organizations and goals, monitor and evaluate the implementation status of the responsible organizations, and provide instructions as necessary. The details of the Committee’s activities are reported to the President and the Board of Directors.

## Implementation status

In FY2023, we continued to engage in compliance training activities, in which training was provided for each rank, function, and site and exchange of opinions was held, and the implementation status of such activities was monitored and evaluated by the Compliance Committee. Additionally, we collected information on the details of compliance management activities of all departments monitored through internal audits conducted by the administrative department of the Head Office to clarify what has and has not been done.

There were no incidents of anti-competitive or corrupt practices in the Mitsubishi Belting Group in FY2023.

[Unit: cases]

Role	Scope	FY2021	FY2022	FY2023
Significant compliance risks	Group	0	0	0
Identified anti-competitive practices	Group	0	0	0
Identified corrupt practices	Group	0	0	0

## Whistleblowing system

The Mitsubishi Help Line is in place as a system to ensure the proper handling of consultations from or information provided by executives or employees of Mitsubishi Belting or our Group companies in Japan regarding the violation or possible violation of (1) laws, (2) the articles of incorporation, (3) internal rules and regulations, (4) contracts, or (5) social norms within the Group. An external law firm serves as the contact point for the Help Line, and a “Person Responsible for the Help Line,” a designated “Person Engaged in the Activity of Dealing with Whistleblowing Disclosures,” and other personnel handle whistleblowing cases. We also prohibit any unfavorable treatment of whistleblowers or any investigation into whistleblowers in an effort to protect them. We will continue to strive for early detection and correction of any misconduct and strengthening of our compliance management.

### Overview

#### TOP MESSAGE

#### Value Creation Story of Mitsubishi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

#### Vision and Strategy

- Mid-Term Business Plan
- Message from the Director in Charge of the Finance Department
- Business Strategy by Segment
- [Feature Page] The Corporate Vision of Mitsubishi Belting
- Human Resources Strategy
- [Feature Page] Roundtable Discussion by Employees
- Sustainability Strategy
- ESG Initiatives

#### Management Foundation Supporting Value Creation

- [Feature Page] Interview with Outside Directors
- Corporate Governance

#### Compliance

- Risk Management
- Board of Directors and Executive Officers

#### Data Section

- Financial Data
- ESG Data
- Company Overview/Stock Information

# Risk Management

## Our view on risk management

With the aim of becoming a “sustainable company,” the **Mitsuboshi Belting Group recognizes the importance of risk management and continually works to improve its management systems. As a risk management method, we have adopted the concept of “risk and opportunity,” which is an ISO requirement. Based on that concept, we set strategies, policies, plans, and targets to effectively deploy risk management in our business activities.**

## Our approach to risk management

### 1. Integrating risk management and business activities

The Mitsuboshi Belting Group will contribute to the realization of a sustainable society by effectively employing the results of our risk management activities in ensuring an ESG management practice that allows us to respond to any changes in the business environment and to sustain our business in a stable manner.

### 2. Scope of risks

In the Group’s risk management activities, we address negative non-financial impacts concerning human rights, compliance, health and safety, the environment, quality, and other areas in the same way as we handle negative financial impacts.

### 3. Personnel responsible for implementation

In our risk management activities, personnel responsible for implementation are clearly defined to ensure the execution of activities.

### 4. Personnel implementing risk management activities

Our risk management activities are carried out by all executives and employees and cover all of our business activities. Additionally, to ensure the effectiveness of our risk management, information related to the business environment is always kept up-to-date, and particular attention is paid to information obtained from stakeholders.

### 5. Maintaining and improving risk management systems

Effectively functioning risk management systems are in place, maintained, and improved to ensure the execution of our risk management.

### 6. Information disclosure

Information concerning risk management is disclosed to all stakeholders in a timely and appropriate manner.

## Management system

The Mitsuboshi Belting Group has a Risk Management Committee\* in place, aiming to monitor and evaluate our risk management activities against issues (significant risks) in our business activities that could have a large impact on our business and that should be addressed by the entire Group, as well as to maintain and develop the risk management systems across the Group.

\* Chairperson: An executive appointed by the President; Committee members: Responsible persons of all business departments and affiliated companies

Every fiscal year, the Risk Management Committee determines significant risks and organizations responsible for the respective risks, persons in charge, goals, and plans, receives reports on the response status from the persons in charge of the responsible organizations twice a year in principle, and deliberates on the contents of the reports. The details of decisions made in the selection of significant risks as well as deliberations regarding the response status are reported to the President and the Board of Directors each time. The Risk Management Committee also plays the role of driving the Mitsuboshi Belting Group’s risk management activities from a systemic perspective (such as policies, regulations, and procedures).

Regarding the risk management activities to address the issues (various risks arising in each management environment, including significant risks) that business departments or affiliated companies have determined should be addressed, the responsible persons of respective business departments or affiliated companies define the departments in charge and the persons in charge along with targets and plans in a policy document for the relevant fiscal year for approval by the President. After approval is granted, risk management activities are carried out and the persons in charge monitor and evaluate the implementation status on a daily basis. Once a year, in principle, the responsible persons of business departments or affiliated companies report the implementation status of risk management activities to the President and the Board of Directors, and after deliberation on the report, instructions are given as necessary.

## Risk assessment

The Mitsuboshi Belting Group assesses risks based on two factors, the degree of impact on business activities and the probability of occurrence, in the process of selecting issues (risks) that should be addressed. When the Risk Management Committee selects significant risks, for example, it assesses risks based on their impact (Large: 1 billion yen or more; Medium: 100 million to 1 billion yen; and Small: less than 100 million yen) and probability (High: once a year or more; Medium: once in two years; and Low: less than once in ten years). Our business departments and affiliated companies establish their own assessment criteria according to the scale of their business and use them in their risk assessment.

## Overview

### TOP MESSAGE

#### Value Creation Story of Mitsuboshi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

### Vision and Strategy

- Mid-Term Business Plan
- Message from the Director in Charge of the Finance Department
- Business Strategy by Segment
- [Feature Page] The Corporate Vision of Mitsuboshi Belting
- Human Resources Strategy
- [Feature Page] Roundtable Discussion by Employees
- Sustainability Strategy
- ESG Initiatives

### Management Foundation Supporting Value Creation

- [Feature Page] Interview with Outside Directors
- Corporate Governance
- Compliance

### Risk Management

- Board of Directors and Executive Officers

### Data Section

- Financial Data
- ESG Data
- Company Overview/Stock Information

Understanding risks

In FY2023, the Risk Management Committee improved the assessment method to use a risk assessment sheet so that we can make risks surrounding our business as apparent as possible and identify risks that should be addressed as a priority. Consequently, the Committee identified the following as significant risks for the Mitsubishi Belting Group: (1) Suspension of business activities and the supply of raw materials due to natural disasters, bankruptcy, large-scale accidents, or the like, (2) Information leakage and system outage due to information security incidents, (3) Decline in corporate value due to failure to achieve CO<sub>2</sub> emissions reduction targets, (4) Recalls, claims for compensation, or other actions resulting from product quality defects, and (5) Decline in corporate value due to compliance violations. The Committee has also developed countermeasures, organizations for implementing them, responsible personnel, targets, and plans for each risk and monitored and evaluated the implementation status.

Identified significant risks	Actual results
(1) Suspension of business activities and the supply of raw materials due to natural disasters, bankruptcy, large-scale accidents, or the like	We have put in place a system to mutually complement production operations between our sites. In parallel with this, we are promoting the purchase of raw materials and subsidiary materials from multiple sources and the development of a business continuity plan (BCP).
(2) Information leakage and system outage due to information security incidents	We have launched an information security management system at our Kobe Head Office and are in the process of deploying it to all Group companies. We are also introducing and deploying across the Group security software that detects cyberattacks and controls damage.
(3) Decline in corporate value due to failure to achieve CO <sub>2</sub> emissions reduction targets	We achieved our CO <sub>2</sub> emissions reduction target for FY2023 (a 22% reduction from the FY2013 level) by promoting measures such as introducing solar power generation systems and switching to electricity generated from renewable energy sources and to carbon-neutral gas. CO <sub>2</sub> emissions reduction is one of our material issues, and the progress of each measure is reported at the Sustainability Promotion Committee meetings.
(4) Recalls, claims for compensation, or other actions resulting from product quality defects	We are reviewing the recall insurance we have taken out for the purpose of mitigating the impact on our management.
(5) Decline in corporate value due to compliance violations	We engaged in compliance training activities, in which training was provided for each rank, function, and site and exchange of opinions was held. Additionally, we collected information on the details of compliance management activities of all departments monitored through internal audits conducted by the administrative department of the Head Office to clarify what has and has not been done.

Examples of responses to significant risks

(1) Business continuity plan (BCP)

Our Risk Management Committee began its activities in FY2015, and every year it identifies “suspension of business activities and the supply of raw materials due to natural disasters, bankruptcy, large-scale accidents, or the like” as a significant risk. To address this risk, a “business continuity plan (BCP)” was introduced in FY2016. We recognize that it is our corporate responsibility to utilize a BCP to promptly restore business activities since their suspension could cause damage not only to the Mitsubishi Belting Group but also to the society as a whole that collaborates in the value chain.

In the Mitsubishi Belting Group, site-based contingency plans have been developed and implemented under our quality management and environmental management systems to respond to emergency situations at the respective sites. In addition, to establish a unified approach throughout the Group, a BCP Development and Implementation Procedure has been developed and implemented to unify BCP policy, purpose, and development and operation processes. As a result, a system has been established to systematically manage risks in accordance with this standard. We aim for sustainable corporate activities that will enable us to respond to unexpected accidents and disasters by continually improving our BCP management system.

- Management system

As mentioned above, the Mitsubishi Belting Group implements its BCP activities as measures to address the significant risks identified by the Risk Management Committee. The Safety and Environment Management Department, appointed as the organization responsible for our BCP, maintains the BCP Development and Implementation Procedure and monitors the operational status of BCPs deployed at our respective business locations on a monthly basis. The department also provides education and training, disseminates information, and offers assistance in the development of a BCP when necessary. In addition, although our business locations formulate their own BCPs, we review them with a bird's-eye view of the entire Group to ensure that their BCPs are not too specific to their own situation. The details of our BCP activities are reported to the Risk Management Committee twice a year and to the President and the Board of Directors after deliberation by the Committee.

- Implementation status

We reviewed the BCP Development and Implementation Procedure to clearly define a business impact analysis (BIA) process and switched from the previously implemented cause-based BCP to an outcome-based (all hazards) BCP throughout the Group. The business impact analysis (BIA) is a method of examining all operations to identify the most important operations for business continuity, and it greatly influences the effectiveness of a BCP. An outcome-based BCP is a plan to restore operations in a situation where resources needed for business continuity have been lost, without limiting to specific types of accidents or disasters. We have adopted this type of BCP to deal with unexpected accidents and disasters. We were aiming to expand it to all of our production sites, including those overseas, through our activities in FY2023.

(2) Information security

Our current information networks are linked not only within the Group but also to external systems, making it difficult to prevent in-house information security incidents from impacting society, and vice versa. Each company connected to an information network must take responsibility for managing its own information security and preventing incidents from occurring. Recognizing the importance of information security management, the Mitsubishi Belting Group established the Information Security Committee in 2021, which works to ensure information security for the entire Group based on our information security policy.

The Risk Management Committee continued to define “information leakage and system outage due to information security incidents” as a significant risk for FY2023. The details of such activities of the Information Security Committee are reported to the Risk Management Committee and are shared with the responsible personnel of all business departments and affiliated companies of the Group.

- Management system

The Mitsubishi Belting Group aims to build an Information Security Management System (ISMS), with the Information Security Committee playing a central role, in order to meet the demands of car manufacturers, which are our important customers.

The Information Security Committee is made up of a Chairperson appointed by the President and other members who are the heads of business and administrative departments designated by the Chairperson. The Committee is responsible for identifying information security challenges that should be addressed as a Group; determining the department responsible for each issue; and monitoring, evaluating, and providing instructions on the implementation status, the details of which are reported to the President and the Board of Directors. Additionally, the Information Security Committee is also responsible for developing, promoting, and improving information security management systems for the whole Mitsubishi Belting Group.

- Implementation status

In FY2022, the Information Security Committee launched an ISMS for our Kobe Head Office, which complies with the Trusted Information Security Assessment Exchange (TISAX), an information security standard published by the German Association of the Automotive Industry. After establishing policies, regulations, and procedures, the Committee has appointed information security managers in all departments and trained them to identify information assets, assess risks, provide training, and so on in each department. The implementation status and effectiveness of the system are verified through internal audits with corrective measures instructed as necessary and their completion and effectiveness confirmed. In FY2023, we deployed the ISMS to our Group companies in Japan. We are also taking measures to prevent information security incidents by introducing and deploying across the Group security software that detects cyberattacks and controls damage. In FY2024, we plan to deploy the ISMS to our Group companies outside of Japan.

# Board of Directors and Executive Officers

## Directors and Executive Officers



**Hiroshi Ikeda**

Representative Director, President, Executive Officer

Number of years in office: 5 years  
Number of shares held: 29,095

April 1981 Joined the company  
December 1999 General Manager of Automotive Belts & Parts Sales Department, Industrial Materials Division  
July 2007 Seconded to Mitsubishi Overseas Headquarters Private Limited  
April 2012 Executive Officer of Mitsubishi Belting Ltd.  
February 2015 General Manager of Office of the President  
February 2016 General Manager of Corporate Planning Division and General Manager of Tokyo General Affairs Department  
April 2016 Managing Executive Officer  
June 2019 Director  
June 2019 In charge of General Affairs Department  
June 2021 Representative Director and President, Executive Officer (current position)



**Toshimi Kumazaki**

Director and Senior Managing Executive Officer

Number of years in office: 3 years  
Number of shares held: 19,243

April 1981 Joined the company  
April 2010 General Manager of Shikoku Area Production Department of Production Department, Industrial Materials Division  
January 2012 General Manager of Production Department, Industrial Materials Division, and Plant Manager of Shikoku Plant, General Affairs Department, Corporate Administration Division  
March 2013 President of PT. Seiwa Indonesia  
September 2015 President of Stars Technologies Industrial Limited  
April 2017 Executive Officer of Mitsubishi Belting Ltd.  
October 2019 General Manager of Production Control Center, Industrial Materials Group  
April 2020 Managing Executive Officer  
June 2020 In charge of Finance & Accounting Department (current position)  
June 2021 Director (current position)  
April 2022 Director General of Production Division (current position) and General Manager of Production Engineering Department of the Division  
June 2024 Senior Managing Executive Officer (current position)



**Keiji Mataba**

Director and Senior Managing Executive Officer

Number of years in office: 3 years  
Number of shares held: 14,943

April 1987 Joined the company  
July 2005 President of MBL Shanghai International Trading Co., Ltd.  
September 2013 General Manager of Global Business Functional Enhancement Team, Industrial Materials Group (Sales Supervision) of Mitsubishi Belting Ltd.  
April 2014 Executive Officer  
December 2015 General Manager of Administration Department, Industrial Materials Group  
April 2016 Managing Executive Officer  
June 2021 Director (current position)  
April 2022 Director General of Industrial Materials Sales Division and in charge of Legal Department (current position)  
June 2024 Senior Managing Executive Officer (current position)



**Shinji Kuramoto**

Director and Managing Executive Officer

Number of years in office: 2 years  
Number of shares held: 20,218

April 1981 Joined the company  
September 2003 General Manager of Purchasing Department, Corporate Administration Division  
July 2008 General Manager of Personnel Department, Corporate Administration Division  
February 2011 General Manager of Functional Parts, Systems & Metal Products Sales Department, Industrial Materials Division  
May 2013 General Manager of Personnel Department  
April 2016 Executive Officer  
April 2019 Managing Executive Officer  
April 2021 Vice-Senior Managing Executive Officer  
April 2022 Director General of Personnel & General Affairs Division and General Manager of Personnel Department of the Division (current position)  
June 2022 Director (current position)  
June 2022 Managing Executive Officer (current position)



**Kazuhiro Takeda**

Director and Managing Executive Officer

Number of years in office: Newly appointed  
Number of shares held: 11,295

April 1983 Joined the company  
April 2009 General Manager of Powertransmission Belts Technical Department No. 2 of Belts & System Technical Department, Industrial Materials Division  
March 2012 General Manager of Belts & System Technical Department, Industrial Materials Division and General Manager of Power Transmission Belts Development Department  
July 2015 President of MITSUBOSHI POLAND Sp.z o.o.  
April 2018 General Manager of Powertransmission Belts Technical Department No. 1 of Belts & System Technical Department, Industrial Materials Group of Mitsubishi Belting Ltd.  
April 2019 Executive Officer  
April 2019 General Manager of Production Department and Shikoku Area Production Department of the Department, Industrial Materials Group, and in charge of Shikoku Area  
January 2021 President of Mitsubishi Belting Giken Co., Ltd.  
April 2021 Managing Executive Officer of Mitsubishi Belting Ltd. (current position)  
April 2024 Director General of Technical Division and General Manager of Belt Drive Train Products & Systems Department of the Division, and in charge of Digital & IT Division (current position)  
June 2024 Director (current position)



**Shinya Okuda**

Director (Independent Outside Director)

Number of years in office: 4 years  
Number of shares held: 1,200

April 1976 Joined the Ministry of International Trade and Industry (current Ministry of Economy, Trade and Industry)  
May 2007 Senior Managing Director of the Kansai Economic Federation  
July 2008 Joined Sumitomo Metal Industries, Ltd.  
June 2011 Director and Senior Managing Executive Officer  
October 2012 Managing Executive Officer of Nippon Steel & Sumitomo Metal Corporation (current Nippon Steel Corporation)  
June 2015 Senior Managing Director of the Petroleum Association of Japan (current position)  
June 2019 Corporate Auditor of Mitsubishi Belting Ltd.  
June 2020 Director (current position)  
June 2020 Director of the Institute of Energy Economics, Japan (current position)  
June 2021 Director of the Japan Energy Association (current position)

[Significant concurrent positions outside the company]  
Senior Managing Director of the Petroleum Association of Japan  
Director of the Institute of Energy Economics, Japan  
Director of the Japan Energy Association



**Yuka Miyake**

Director (Independent Outside Director)

Number of years in office: 2 years  
Number of shares held: 500

April 1999 Joined the company  
January 2002 Joined Asahi Arthur Andersen Ltd.  
December 2003 Joined Tohmatsu Tax Co.  
February 2004 Registered as a certified tax accountant (Kinzel Certified Public Tax Accountants' Association)  
April 2006 Director of Yuka Miyake Tax Accountant Office (current position)  
October 2012 Director of Oval Consulting (current position)  
June 2021 Director of the Hyogo Council of Social Welfare (current position)  
June 2022 Director of Mitsubishi Belting Ltd. (current position)  
[Significant concurrent positions outside the company]  
Director of Yuka Miyake Tax Accountant Office  
Director of Oval Consulting  
Director of the Hyogo Council of Social Welfare



**Yasuhiro Tsuji**

Director (Independent Outside Director)

Number of years in office: Newly appointed  
Number of shares held: 500

April 1978 Joined Policy Board, Headquarters of Democratic Socialist Party  
July 1995 General Manager of Bureau of Economy, Trade and Industry, General Manager of Secretariat, Japanese Trade Union Confederation (JTUC-RENGO)  
July 2001 Member of House of Councillors  
January 2009 Chairman of the Committee on Health, Welfare and Labour, House of Councillors  
September 2011 State Minister of Health, Labour and Welfare  
May 2016 Visiting Professor, Faculty of Healthcare, Tokyo Healthcare University  
June 2020 Corporate Auditor of Mitsubishi Belting Ltd.  
April 2023 Visiting Professor, Faculty of Nursing, Tokyo Healthcare University (current position)  
June 2024 Director of (current position) Mitsubishi Belting Ltd.  
[Significant concurrent positions outside the company]  
Visiting Professor, Faculty of Nursing, Tokyo Healthcare University

\* The numbers of years in office are as of June 27, 2024, and the numbers of shares held are as of March 31, 2024.



## Board of Directors and Executive Officers

### Standing Corporate Auditor



**Kazutoshi Ishida**

Standing Corporate Auditor

Number of years in office: Newly appointed

April 1981 Joined the company  
April 2008 General Manager of Plant Coordination Section, Production Engineering Group, Production Control Center, Industrial Materials Division  
May 2008 Vice President in charge of Production, MBL (USA) Corporation  
February 2011 General Manager of Production Engineering Department, Production Control Center, Industrial Materials Division of Mitsubishi Belting Ltd.  
July 2015 President of PT. Seiya Indonesia  
April 2017 Executive Officer of Mitsubishi Belting Ltd.  
April 2020 Managing Executive Officer  
April 2021 General Manager of Purchasing Department  
June 2024 Corporate Auditor (current position)

### Outside Corporate Auditors



**Jun Tanaka**

Outside Corporate Auditor

Number of years in office: 4 years

April 1979 Joined Kobe Steel, Ltd.  
July 2011 General Manager of Audit Department  
June 2014 Outside Audit & Supervisory Board Member of Kobelco Eco-Solutions Co., Ltd.  
June 2019 Contracted by Kobe Steel, Ltd. (current position)  
Audit & Supervisory Board Member of Japan Superconductor Technology, Inc. (current position)  
June 2020 Corporate Auditor of Mitsubishi Belting Ltd. (current position)  
June 2022 Audit & Supervisory Board Member of Kobelco Leadmikk Co., Ltd. (current position)  
June 2023 Audit & Supervisory Board Member of KOBELCO North Co., Ltd. (current position)

[Significant concurrent positions outside the company]  
Contracted by Kobe Steel, Ltd.  
Audit & Supervisory Board Member of Japan Superconductor Technology, Inc.  
Audit & Supervisory Board Member of Kobelco Leadmikk Co., Ltd.  
Audit & Supervisory Board Member of KOBELCO North Co., Ltd.



**Hiroko Takiguchi**

Outside Corporate Auditor

Number of years in office: 2 years

April 1992 Registered as an attorney (Osaka Bar Association)  
April 1992 Joined Kitahama Law Office (current Kitahama Partners)  
January 2003 Partner of Kitahama Partners (current position)  
May 2005 Outside Director of Medical Ikkou Co., Ltd.  
April 2018 Specially Appointed Professor of Osaka University Law School  
September 2020 Auditor of Kyoto Institute of Technology (current position)  
April 2021 Vice Chairperson of the Osaka Bar Association  
March 2022 Outside Audit & Supervisory Board Member of Senshukai Co., Ltd. (current position)  
June 2022 Corporate Auditor of Mitsubishi Belting Ltd. (current position)

[Significant concurrent positions outside the company]  
Partner of Kitahama Partners  
Auditor of Kyoto Institute of Technology  
Outside Audit & Supervisory Board Member of Senshukai Co., Ltd.

### Executive Officers

#### Toru Shimomura

Vice-Senior Managing Executive Officer

General Manager of Tokyo General Affairs Department, Personnel and General Affairs Division, and in charge of Tokyo Area

#### Toshimichi Takada

Vice-Senior Managing Executive Officer

Director General of Research and Development Division

#### Isao Ideguchi

Managing Executive Officer

President of Mitsubishi Belting Giken Co., Ltd.

#### Koki Inoue

Managing Executive Officer

General Manager of Corporate Planning Division

#### Akihiro Nagata

Executive Officer

Vice Director-General of Personnel and General Affairs Division, Plant Manager of Nagoya Plant, General Affairs Department of the Division, and in charge of Nagoya Area  
President of Mitsubishi Belting CHEM Co., Ltd.

#### Masatsugu Tsuji

Executive Officer

General Manager of Office of the President

#### Toshiaki Yamashita

Executive Officer

Director General of Engineering Division and General Manager of System Development Department of the Division

#### Hiroya Osakada

Executive Officer

Vice Director-General of Industrial Materials Sales Division and General Manager of Sales Department No. 1 of the Division

#### Yukihide Yoshimura

Executive Officer

President of Mitsubishi Belting Sales Co., Ltd.

#### Takayuki Utsumi

Executive Officer

Vice Director-General of Technical Division and General Manager of Fundamental Technology Department

#### Tomoya Dohi

Executive Officer

President of Stars Technologies Industrial Ltd.

#### Overview

#### TOP MESSAGE

#### Value Creation Story of Mitsubishi Belting

Founding Spirit and Philosophy System

The Journey of Value Creation

Three Strengths We Have Cultivated

Value Creation Process

#### Vision and Strategy

Mid-Term Business Plan

Message from the Director in Charge of the Finance Department

Business Strategy by Segment

[Feature Page] The Corporate Vision of Mitsubishi Belting

Human Resources Strategy

[Feature Page] Roundtable Discussion by Employees

Sustainability Strategy

ESG Initiatives

#### Management Foundation Supporting Value Creation

[Feature Page] Interview with Outside Directors

Corporate Governance

Compliance

Risk Management

#### Board of Directors and Executive Officers

#### Data Section

Financial Data

ESG Data

Company Overview/Stock Information

# Financial Summary & Non-Financial Data

Data Section



# Financial Data

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	63,685	66,251	67,062	66,396	69,594	72,002	71,051	64,862	74,870	82,911	84,014
(Belts in Japan)	26,567	27,268	26,536	26,908	28,037	28,395	27,266	24,777	27,774	28,300	27,362
(Belts outside Japan)	27,388	29,355	30,876	29,499	31,974	32,917	32,495	29,611	36,488	44,246	43,935
(Building & construction materials)	5,725	5,417	5,162	5,345	4,854	5,978	6,872	5,747	5,363	5,149	7,307
(Others)	4,003	4,210	4,486	4,642	4,727	4,710	4,417	4,726	5,242	5,215	5,409
Gross profit	18,832	20,423	21,203	21,747	22,411	22,492	21,845	18,993	23,427	26,572	25,555
Operating profit	6,124	7,133	7,630	8,278	8,429	8,127	7,299	4,968	7,640	9,030	7,759
(Belts in Japan)	6,621	6,886	6,817	6,584	7,313	7,139	6,486	4,762	7,192	9,172	8,053
(Belts outside Japan)	1,491	2,228	2,820	3,377	3,434	3,411	3,446	2,735	3,847	3,458	2,123
(Building & construction materials)	256	260	203	450	125	247	261	291	136	204	589
(Others)	124	61	142	170	186	179	55	123	248	160	209
(Adjustments)* <sup>1</sup>	(2,370)	(2,303)	(2,353)	(2,304)	(2,629)	(2,849)	(2,950)	(2,945)	(3,784)	(3,965)	(3,216)
Ordinary profit	7,302	8,217	7,788	8,487	8,808	8,945	7,659	5,759	8,552	10,471	9,605
Operating profit margin (%)	9.6	10.8	11.4	12.5	12.1	11.3	10.3	7.7	10.2	10.9	9.2
Profit attributable to owners of parent	4,721	6,146	5,691	6,663	6,252	6,157	5,464	4,066	6,380	7,071	7,102
Cash flow from operating activities	6,619	9,285	8,711	9,216	9,309	8,765	7,914	8,612	9,044	9,341	11,926
Cash flow from investing activities	(2,696)	(2,183)	(2,436)	(1,998)	(3,559)	(7,876)	(349)	(3,071)	(7,380)	(6,997)	(2,665)
Cash flow from financing activities	(4,059)	(4,860)	561	(6,196)	(2,532)	1,384	(6,208)	(4,104)	(3,245)	(3,741)	(9,469)
Cash and cash equivalents at end of period	14,740	17,979	24,011	25,116	28,074	30,650	31,143	33,741	33,063	33,494	35,045
Capital expenditures	4,075	2,076	2,436	3,375	3,239	3,259	5,964	3,669	4,369	3,638	7,545
Depreciation	2,924	3,091	3,092	2,839	2,999	3,012	3,324	3,972	3,867	4,104	4,265
Research and development expenses	2,034	2,308	2,525	2,627	2,835	2,857	2,814	2,671	2,961	3,178	3,248
Total assets	78,576	86,073	87,278	89,912	95,802	102,814	101,154	108,063	118,963	121,682	135,627
Net assets	50,721	60,414	59,750	63,136	68,348	72,419	71,953	78,264	86,877	87,601	98,247
Equity ratio (%)	64.6	70.2	68.5	70.2	71.3	70.4	71.1	72.4	73.0	72.0	72.4
Return on equity (ROE) (%)	10.0	11.1	9.5	10.8	9.5	8.7	7.6	5.4	7.7	8.1	7.6
Return on assets (ROA) (%)	6.3	7.5	6.6	7.5	6.7	6.2	5.4	3.9	5.6	5.9	5.5
Interest-bearing debt	9,845	6,692	9,833	7,132	5,952	8,883	8,192	6,094	5,260	9,506	6,927
Shareholders' equity	45,925	50,966	54,001	57,285	62,075	66,654	67,745	70,241	74,188	73,552	73,481
Earnings per share (EPS) (yen)* <sup>2</sup>	146.14	190.28	176.71	216.29	206.65	203.50	183.61	139.84	220.26	249.12	250.40
Book value per share (yen)* <sup>2</sup>	1,570.04	1,870.33	1,893.07	2,086.41	2,258.96	2,393.66	2,474.56	2,691.63	3,018.44	3,089.48	3,463.30
Dividend per share (yen)	16.00	20.00	18.00	22.00	25.00	48.00	54.00	57.00	143.00	250.00	250.00
Dividend payout ratio (%)	21.9	21.0	20.4	20.3	24.2	29.5	29.4	40.8	64.9	100.4	99.8
Dividend on equity (%)	2.2	2.3	1.9	2.2	2.3	2.6	2.2	2.2	5.0	8.2	7.6

\*1 The amount of adjustments to segment profit includes the amount of elimination of inter-segment transactions and general corporate expenses not allocated to any reportable segment.

\*2 We conducted a reverse stock split on October 1, 2018, at a ratio of one share for every two shares of common stock. Earnings per share and book value per share are calculated by assuming that such reverse stock split had been conducted at the beginning of FY2013.

## Overview

### TOP MESSAGE

#### Value Creation Story of Mitsubishi Belting

Founding Spirit and Philosophy System

The Journey of Value Creation

Three Strengths We Have Cultivated

Value Creation Process

#### Vision and Strategy

Mid-Term Business Plan

Message from the Director in Charge of the Finance Department

Business Strategy by Segment

[Feature Page] The Corporate Vision of Mitsubishi Belting

Human Resources Strategy

[Feature Page] Roundtable Discussion by Employees

Sustainability Strategy

ESG Initiatives

#### Management Foundation Supporting Value Creation

[Feature Page] Interview with Outside Directors

Corporate Governance

Compliance

Risk Management

Board of Directors and Executive Officers

#### Data Section

Financial Data


ESG Data

Company Overview/Stock Information

MITSUBOSHI  
INTEGRATED  
REPORT  
2024

# ESG Data

A more detailed list of ESG data is available on our website.

 ESG data list  
[https://www.mitsuboshi.com/dcms\\_media/other/ESG\\_data\\_2024.pdf](https://www.mitsuboshi.com/dcms_media/other/ESG_data_2024.pdf)

## Environmental Data

Item	Description	FY2019	FY2020	FY2021	FY2022	FY2023	Unit	Scope
Raw material consumption		14,655	12,776	15,399	14,345	12,974	Ton	Eight sites in Japan* <sup>1</sup>
		33,824	30,487	35,915	34,961	29,970	Ton	Group
GHG emissions	Total CO <sub>2</sub> emissions* <sup>2</sup>	33,910	28,999	34,979	28,927	26,338	t-CO <sub>2</sub>	
	Scope1	18,374	16,045	18,995	17,759	16,294	t-CO <sub>2</sub>	
	Scope 2 (market-based)	15,537	12,955	15,983	11,168	10,044	t-CO <sub>2</sub>	
	Scope 2 (location-based)	18,791	16,485	16,955	17,244	16,988	t-CO <sub>2</sub>	
	Base year (FY2013)							
	Total CO <sub>2</sub> emissions			40,915			t-CO <sub>2</sub>	Eight sites in Japan
	Scope1			18,875			t-CO <sub>2</sub>	
	Scope 2 (market-based)			22,040			t-CO <sub>2</sub>	
	Reduction of CO <sub>2</sub> emissions* <sup>3</sup>	-17.1	-29.1	-14.5	-29.3	-35.6	%	
	Scope1	-2.7	-15.0	0.6	-5.9	-13.7	%	
	Scope 2 (market-based)	-29.5	-41.2	-27.5	-49.3	-54.4	%	
	Total CO <sub>2</sub> emissions	46,080	43,747	51,183	49,751	48,439	t-CO <sub>2</sub>	
	Scope1	21,807	20,970	24,437	24,057	22,554	t-CO <sub>2</sub>	
	Scope 2 (market-based)	26,249	22,965	25,921	25,127	20,992	t-CO <sub>2</sub>	
	Scope 2 (location-based)	24,273	22,777	26,746	25,694	25,884	t-CO <sub>2</sub>	
	Base year (2013)							
	Total CO <sub>2</sub> emissions			57,053			t-CO <sub>2</sub>	Overseas production sites* <sup>4</sup>
	Scope1			25,147			t-CO <sub>2</sub>	
	Scope 2 (market-based)			31,906			t-CO <sub>2</sub>	
	Reduction of CO <sub>2</sub> emissions	12.6	6.9	25.1	21.6	18.4	%	
	Scope1	15.5	11.1	29.5	27.5	19.5	%	
	Scope 2 (market-based)	19.1	4.2	17.6	14.0	-4.8	%	
	Scope3	-	-	-	243,841	208,187	t-CO <sub>2</sub>	
	Category 1: Purchased goods and services	n.d.	n.d.	n.d.	38,008	35,188	t-CO <sub>2</sub>	Non-consolidated
	Category 2: Capital goods	n.d.	n.d.	n.d.	11,608	24,899	t-CO <sub>2</sub>	Group
	Category 3: Energy-related activities	n.d.	n.d.	n.d.	5,737	5,308	t-CO <sub>2</sub>	Non-consolidated
	Category 4: Upstream transportation and distribution	n.d.	n.d.	n.d.	4,140	3,341	t-CO <sub>2</sub>	Group
	Category 5: Waste generated in operations	n.d.	n.d.	n.d.	5,074	4,833	t-CO <sub>2</sub>	Non-consolidated
	Category 6: Business travel	n.d.	n.d.	n.d.	546	581	t-CO <sub>2</sub>	Group
	Category 7: Employee commuting	n.d.	n.d.	n.d.	282	221	t-CO <sub>2</sub>	Non-consolidated
	Category 8: Upstream leased assets	n.d.	n.d.	n.d.	Not applicable	Not applicable	t-CO <sub>2</sub>	-
	Category 9: Downstream transportation and distribution	n.d.	n.d.	n.d.	248	224	t-CO <sub>2</sub>	Group
	Category 10: Processing of sold products	n.d.	n.d.	n.d.	8,502	4,595	t-CO <sub>2</sub>	Group
	Category 11: Use of sold products	n.d.	n.d.	n.d.	169,443	128,800	t-CO <sub>2</sub>	Group
	Category 12: End-of-life treatment of sold products	n.d.	n.d.	n.d.	253	197	t-CO <sub>2</sub>	Group
	Category 13: Downstream leased assets	n.d.	n.d.	n.d.	Not applicable	Not applicable	t-CO <sub>2</sub>	-
	Category 14: Franchises	n.d.	n.d.	n.d.	Not applicable	Not applicable	t-CO <sub>2</sub>	-
	Category 15: Investments	n.d.	n.d.	n.d.	Not applicable	Not applicable	t-CO <sub>2</sub>	-

### Overview

#### TOP MESSAGE

#### Value Creation Story of Mitsubishi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

#### Vision and Strategy

- Mid-Term Business Plan
- Message from the Director in Charge of the Finance Department
- Business Strategy by Segment
- [Feature Page] The Corporate Vision of Mitsubishi Belting
- Human Resources Strategy
- [Feature Page] Roundtable Discussion by Employees
- Sustainability Strategy
- ESG Initiatives
- Management Foundation Supporting Value Creation
- [Feature Page] Interview with Outside Directors
- Corporate Governance
- Compliance
- Risk Management
- Board of Directors and Executive Officers

#### Data Section

- Financial Data
- ESG Data
- Company Overview/Stock Information



## ESG Data

Item	Description	FY2019	FY2020	FY2021	FY2022	FY2023	Unit	Scope
Water resource conservation	Total water withdrawal	947	874	877	814	695	1000 m <sup>3</sup>	Eight sites in Japan
	Water withdrawal in water-stressed regions* <sup>5</sup>	n.d.	N/A	N/A	N/A	N/A	1000 m <sup>3</sup>	
	Total water discharge	651	755	789	743	581	1000 m <sup>3</sup>	
	Water discharge in water-stressed regions and its breakdown	n.d.	N/A	N/A	N/A	N/A	1000 m <sup>3</sup>	
	Violation of laws/regulations regarding water discharge	0	0	0	0	0	Case	
	Total water consumption	296	119	88	70	113	1000 m <sup>3</sup>	
		Water-stressed regions	n.d.	N/A	N/A	N/A	1000 m <sup>3</sup>	
		Non-water-stressed regions	296	119	88	70	1000 m <sup>3</sup>	
	Total water withdrawal	1,264	1,161	1,221	1,177	996	1000 m <sup>3</sup>	
	Water withdrawal in water-stressed regions	n.d.	n.d.	n.d.	19	86	1000 m <sup>3</sup>	
	Total water discharge	968	1,042	1,133	1,107	843	1000 m <sup>3</sup>	
	Water discharge in water-stressed regions and its breakdown	n.d.	n.d.	n.d.	19	86	1000 m <sup>3</sup>	
	Violation of laws/regulations regarding water discharge	0	0	0	0	0	Case	
	Total water consumption	296	119	88	70	152	1000 m <sup>3</sup>	
		Water-stressed regions	0	0	0	0	1000 m <sup>3</sup>	
		Non-water-stressed regions	296	119	88	70	1000 m <sup>3</sup>	
Waste	Total waste volume	6,510	6,053	7,372	7,527	7,209	ton	Group
	Amount of waste not disposed of	1,700	1,794	2,633	2,807	2,925	ton	
	Amount of waste disposed of	4,810	4,259	4,740	4,720	4,284	ton	
Environmental management system	Number of sites maintaining ISO14001 certification	12	12	13	13	13	Site	Group
		80%	80%	87%	87%	81%	Coverage rate* <sup>6</sup>	
	Violation of environmental laws	Number of cases	0	0	0	0	Case	
		Cost	0	0	0	0	Yen	
	Supplier EMS audits	Number of audits conducted	18	17	21	18	Case	
		Number of non-conformities	0	0	0	0	Case	
		Number of improvements* <sup>7</sup>	N/A	N/A	N/A	N/A	Case	

### Overview

### TOP MESSAGE

#### Value Creation Story of Mitsubishi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

### Vision and Strategy

- Mid-Term Business Plan
- Message from the Director in Charge of the Finance Department
- Business Strategy by Segment
- [Feature Page] The Corporate Vision of Mitsubishi Belting
- Human Resources Strategy
- [Feature Page] Roundtable Discussion by Employees
- Sustainability Strategy

### ESG Initiatives

#### Management Foundation Supporting Value Creation

- [Feature Page] Interview with Outside Directors
- Corporate Governance
- Compliance
- Risk Management
- Board of Directors and Executive Officers

### Data Section

#### Financial Data

#### ESG Data

#### Company Overview/Stock Information

# ESG Data

## Social Data

Item	Description		FY2019	FY2020	FY2021	FY2022	FY2023	Unit	Scope
Total number of employees	Number of employees (full-time employees)	Male	609	608	613	620	618	Person	Non-consolidated
		Female	74	74	75	74	79	Person	
		Male	89.2	89.1	89.1	89.3	88.7	%	
		Female	10.8	10.9	10.9	10.7	11.3	%	
New hires and terminations	Number of new hires	Male	36	24	22	30	41	Person	Non-consolidated
		Female	10	5	6	4	10	Person	
		Male	78.3	82.8	78.6	88.2	80.4	%	
		Female	21.7	17.2	21.4	11.8	19.6	%	
	Number of terminations	Male	22	18	27	34	34	Person	
		Female	4	5	4	7	4	Person	
		Male	84.6	78.3	87.1	82.9	89.5	%	
		Female	15.4	21.7	12.9	17.1	10.5	%	
Occupational accidents	Number of lost-time injuries		1	6	2	1	0	Person	Non-consolidated
	Lost-time injury frequency rate* <sup>8</sup>		0.73	4.50	1.44	0.70	0	—	
	Number of fatal accidents		0	0	0	0	0	Person	
	Fatal accident frequency rate* <sup>8</sup>		0	0	0	0	0	—	
Work-related illnesses	Number of work-related illnesses		0	0	0	0	0	Person	Non-consolidated
	Number of deaths from work-related illnesses		0	0	0	0	0	Person	
Training	Number of participants in upper management training	Male	n.d.	n.d.	1	9	11	Person	Training by the Personnel Development Office
		Female	n.d.	n.d.	0	0	0	Person	
	Upper management training hours* <sup>9</sup>	Male	n.d.	n.d.	36	36	36	hr/person	
		Female	n.d.	n.d.	N/A	N/A	N/A	hr/person	
	Number of participants in manager training	Male	n.d.	n.d.	37	36	104	Person	
		Female	n.d.	n.d.	2	0	3	Person	
	Manager training hours* <sup>9</sup>	Male	n.d.	n.d.	39	43	143	hr/person	
		Female	n.d.	n.d.	39	N/A	61	hr/person	
	Number of participants in general staff training	Male	n.d.	n.d.	170	149	159	Person	
		Female	n.d.	n.d.	30	24	57	Person	
	General staff training hours* <sup>9</sup>	Male	n.d.	n.d.	235.5	266.5	245.5	hr/person	
		Female	n.d.	n.d.	235.5	266.5	245.5	hr/person	
Diversity	Percentage of female directors		0	0	0	11.1	12.5	%	Non-consolidated
	Percentage of female managers	Section Chief	0.9	1.6	1.6	2.4	3.1	%	
		All managers	0.6	1.2	1.1	1.7	2.2	%	
	Ratio of women's salaries to men's salaries	All workers	n.d.	n.d.	n.d.	72.1	76.1	%	Non-consolidated
		Permanent employees	n.d.	n.d.	n.d.	70.9	76.5	%	
		Part-time/Fixed-term employees	n.d.	n.d.	n.d.	37.0	24.9	%	
Human rights	Number of human rights DD issues		n.d.	n.d.	n.d.	2	2	Case	Group in Japan
Quality control system	Number of sites maintaining IATF16949 certification		8	8	8	8	7	Site	Group
			100%	100%	100%	100%	88%	Coverage rate* <sup>10</sup>	
	Number of sites maintaining ISO9001 certification		11	11	11	11	11	Site	
			73%	73%	73%	73%	69%	Coverage rate* <sup>6</sup>	
	Supplier QMS audits	Number of audits conducted	18	17	21	18	20	Case	In Japan
		Number of non-conformities	0	0	0	0	0	Case	
		Number of improvements* <sup>11</sup>	N/A	N/A	N/A	N/A	N/A	Case	
	QMS education	VDA6.3					4	Person	
		IATF16949					19	Person	
		ISO19001					8	Person	

## Overview

### TOP MESSAGE

#### Value Creation Story of Mitsubishi Belting

- Founding Spirit and Philosophy System
- The Journey of Value Creation
- Three Strengths We Have Cultivated
- Value Creation Process

### Vision and Strategy

- Mid-Term Business Plan
- Message from the Director in Charge of the Finance Department
- Business Strategy by Segment
- [Feature Page] The Corporate Vision of Mitsubishi Belting
- Human Resources Strategy
- [Feature Page] Roundtable Discussion by Employees
- Sustainability Strategy

### ESG Initiatives

#### Management Foundation Supporting Value Creation

- [Feature Page] Interview with Outside Directors
- Corporate Governance
- Compliance
- Risk Management
- Board of Directors and Executive Officers

### Data Section

#### Financial Data

#### ESG Data

#### Company Overview/Stock Information

# MITSUBOSHI INTEGRATED REPORT 2024

# ESG Data

## Governance Data

Item	Description	FY2019	FY2020	FY2021	FY2022	FY2023	Unit	Scope
Risk Management	Number of significant risks identified	6	5	6	6	5	Case	Group
Compliance	Number of significant compliance risks identified	2	1	0	0	1	Case	
	Number of cases of corrupt practice	0	0	0	0	0	Case	
	Number of cases of anti-competitive practice	0	0	0	0	0	Case	
	Number of violations of labor standards	0	0	0	0	0	Case	

\*1 Kobe Head Office / Kobe Plant R&D Center, Tokyo Head Office, Shikoku Plant, Nagoya Plant, Ayabe Production System Development Center, Seishin Office, Shiga Plant, Shin Asahi Head Office Plant

\*2 Total CO<sub>2</sub> emissions = (Scope 1 emissions) + (Scope 2 market-based emissions)

\*3 Reduction of CO<sub>2</sub> emissions = ((previous year's results - current year's results) / previous year's results) x 100

\*4 MBL (USA), MOH (Singapore), SEIWA (Indonesia), MEI (Indonesia), STI (Thailand), SMB (China), MB (IND) (two sites in India), MBPol (Poland)

\*5 Regions with a baseline water stress level that is classified as "extremely high" in the World Resources Institute's Water Stress/Water Risk Atlas are defined as water-stressed regions.

\*6 Coverage rate = (number of production sites included in the applicable sites) / 16 (total number of production sites; 15 until FY2022)

\*7 Number of cases in which compliance approval was given after appropriate corrective actions were taken for non-conformities identified during supplier audits

\*8 Number of lost-time injuries or fatal accidents per million cumulative actual working hours

\*9 Training hours per trainee

\*10 Coverage rate = (number of production sites included in the applicable sites) / 8 (number of production sites requiring IATF certification)

\*11 Number of cases in which compliance approval was given after appropriate corrective actions were taken for non-conformities identified during supplier audits

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Three Strengths We Have Cultivated

Value Creation Process

### Vision and Strategy

Mid-Term Business Plan

Message from the Director in Charge of the Finance Department

Business Strategy by Segment

[Feature Page] The Corporate Vision of Mitsubishi Belting

Human Resources Strategy

[Feature Page] Roundtable Discussion by Employees

Sustainability Strategy

### ESG Initiatives

### Management Foundation Supporting Value Creation

[Feature Page] Interview with Outside Directors

Corporate Governance

Compliance

Risk Management

Board of Directors and Executive Officers

### Data Section

Financial Data

ESG Data

Company Overview/Stock Information

# Company Overview/Stock Information (as of March 31, 2024)

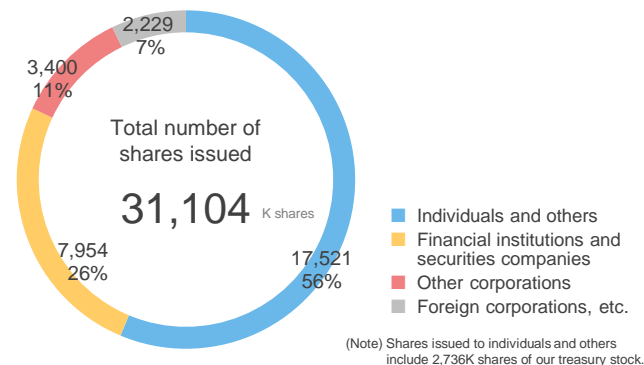
## Corporate data

Trade name:	Mitsuboshi Belting Ltd.
Established:	October 10, 1919
Capital:	8,150,251,031 yen
Head office location:	4-1-21 Hamazoe-dori, Nagata-ku, Kobe, Hyogo 653-0024
Number of employees:	4,471 (consolidated) (as of March 31, 2024)
Accounting auditor:	Ernst & Young ShinNihon LLC
Fiscal year:	From April 1 to March 31 of the following year
Annual General Meeting of Shareholders:	June
Number of shares per unit:	100
Stock exchange listing:	Tokyo Stock Exchange
Shareholder registry administrator:	Mitsubishi UFJ Trust and Banking Corporation 3-6-3 Fushimi-machi, Chuo-ku, Osaka 541-8502 Phone: +81-0120-094-777
Total number of authorized shares:	130,000,000
Total number of shares issued:	31,104,198 (including treasury stock)
Number of shareholders:	33,957 (17,233 more than at the end of the previous fiscal year)
Securities code:	5192

## Lines of business

- Power transmission belts and related products
- Conveyor belts, systems, and related products
- Engineering plastics
- Engineering structural foam
- Waterproofing and water-shielding sheets and related products,  
and implementation of civil engineering waterproofing work
- Metal nanoparticles-related products
- Application services

## Shareholder composition



## Status of the top ten major shareholders

Shareholder name	Number of shares held (K shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd.	3,623	12.77
MUFG Bank, Ltd.	1,170	4.13
Seiyu Shareholding Association	1,097	3.87
Custody Bank of Japan, Ltd.	730	2.58
Mitsubishi UFJ Trust and Banking Corporation	686	2.42
Mitsuboshi Belting Employee Shareholding Association	551	1.95
Sumitomo Mitsui Banking Corporation	542	1.91
Sanshin Co., Ltd.	500	1.76
KISCO Ltd.	412	1.46
Tokio Marine & Nichido Fire Insurance Co., Ltd.	412	1.46

(Notes) 1. The Mitsuboshi Belting Group holds 2,736,032 shares of treasury stock, which are not included in the shares held by the major shareholders shown above.  
2. The shareholding ratios are calculated after deducting the number of shares of treasury stock.  
3. The above numbers of shares held include shares related to trust business as follows:  
The Master Trust Bank of Japan, Ltd.: 3,623K shares  
Custody Bank of Japan, Ltd.: 730K shares

## Participating in initiatives



## Third-party evaluations



FTSE Blossom  
Japan Index



FTSE Blossom  
Japan Sector  
Relative Index

### Editorial note

Thank you for reading Mitsuboshi Belting's "Integrated Report 2024." Our primary goal in publishing this report is to help our stakeholders deepen their understanding of Mitsuboshi Belting. At the same time, however, we also aim to provide an opportunity for all employees involved in compiling this report to take another look at our target position and strengths, rather than simply "disclosing" information.

As we have just started to implement ESG management, this report may not be one that will win any awards in a third-party evaluation.

However, we believe that we have managed to create a report that gives a glimpse of the enthusiasm of Mitsuboshi Belting when you read it. We hope that this report will help you gain a deeper understanding of our value creation story and that people who read it will feel, even if only a little, the aspirations of Mitsuboshi Belting.

We will continue to strive to improve our corporate value while also co-creating social value through dialogue with our stakeholders.



Working Group on the Development of Value Creation Story





**mitsuboshi**

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Hyogo 653-0024

<https://www.mitsuboshi.com/english/>

Published in September 2024