

# 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	%
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- 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

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

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.”

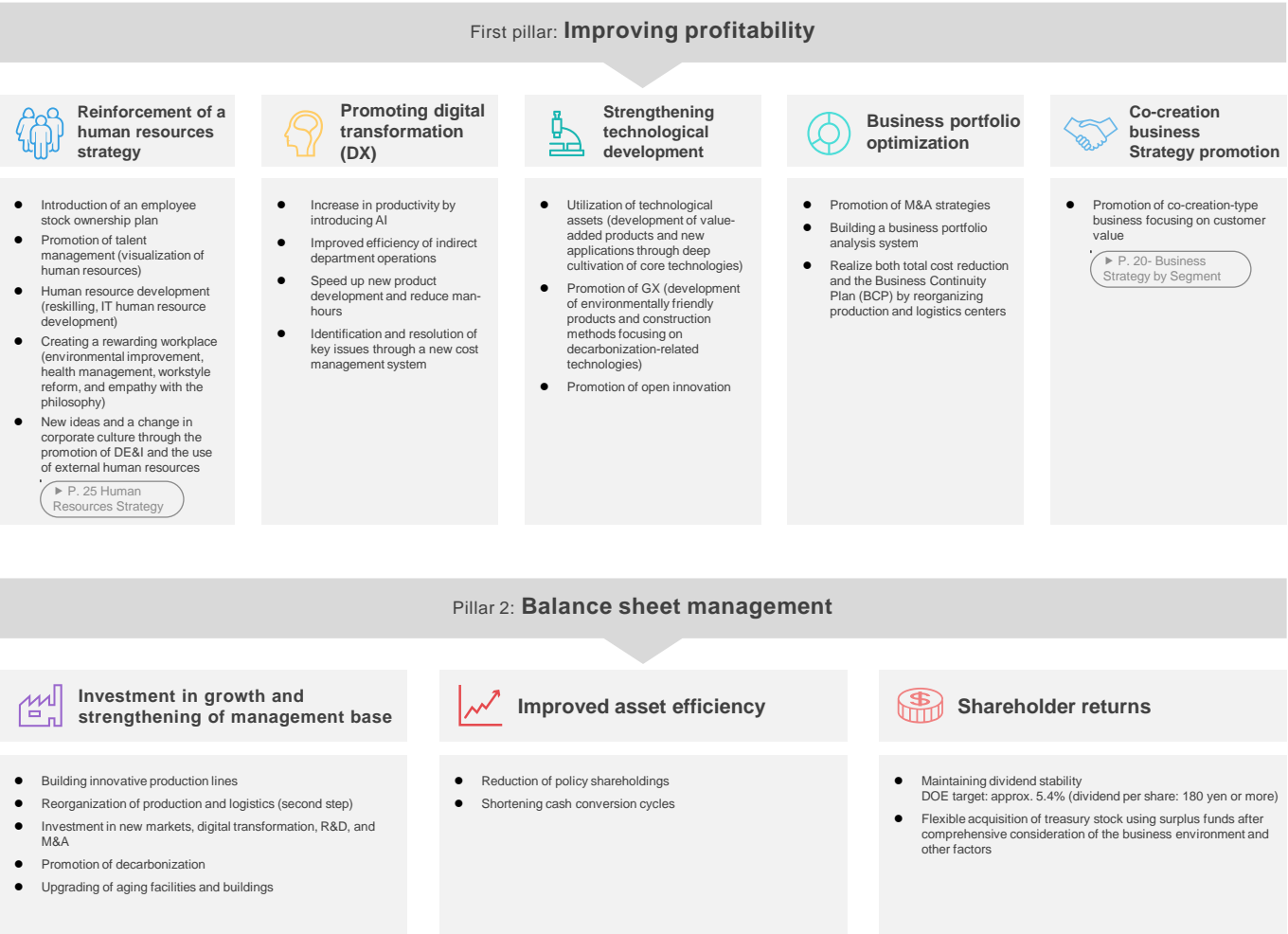
Regarding the first pillar, “improvement of profitability,” we have set “strategic strengthening of human resources” as the most important issue during the current Mid-Term Business Plan period. We hope to create a great driving force for improving profitability by multiplying the abilities of diverse 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.”



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



**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.

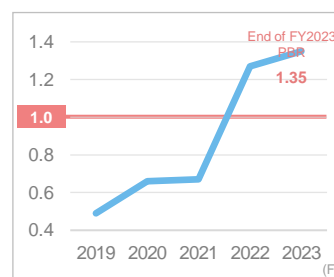
In FY2023, the final year of the 2021 Mid-Term Business Plan, net sales achieved the KPI for FY2023, partly due to the tailwind of yen depreciation, despite the effects of high raw material prices, monetary tightening policies to control inflation and geopolitical risks in various countries, as well 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

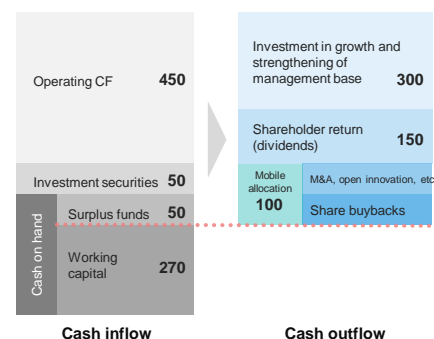
We regard the return of profits to shareholders as one of the most important management policies. Our basic policy is to enhance shareholder returns while securing resources for investment in growth.

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



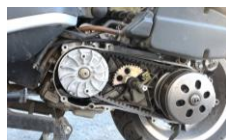
- For four-wheeled vehicles
  - Timing belts for EPS drive for four-wheeled vehicles
  - Timing belts for PSD actuators
- For two-wheeled vehicles
  - Rear-wheel drive timing belts for motorcycles

#### 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

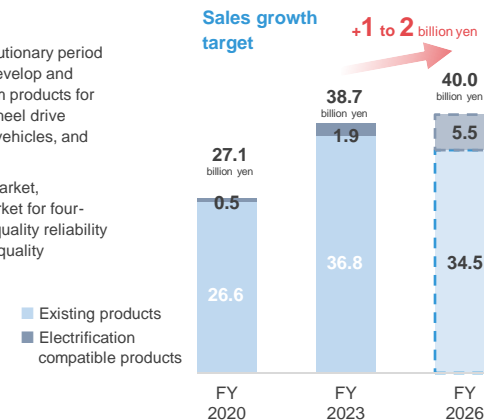
- Through many years of business with vehicle manufacturer customers, we have not only technical knowledge of transmission belts in the car sector but also extensive knowledge and manufacturing infrastructure, including manufacturing processes, quality control, and supply chain optimization.
- In addition 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.

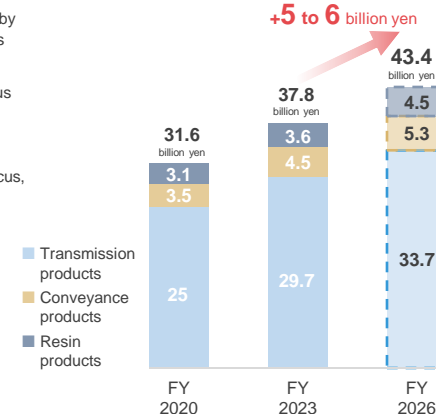
## Risks and opportunities

- 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.

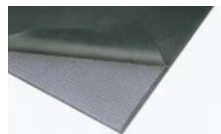
In the field of construction materials, we have been expanding our business domain with the mission of "protecting" buildings from water and protecting the natural environment in response to the social issues of the times. We will continue to strive to improve environmental value through the provision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

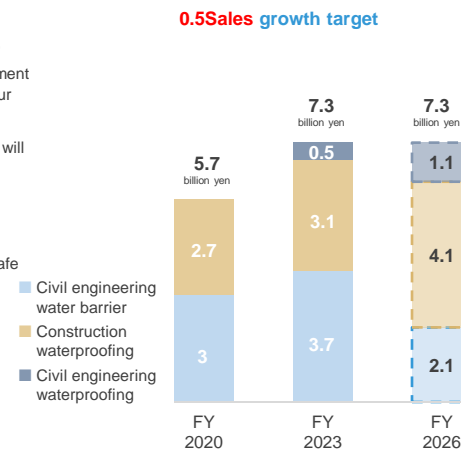
- For more than 60 years, as a manufacturer of waterproofing and water interception materials, we have been practicing "protection" and refining our product technologies and construction techniques. As a result, we have earned the trust and confidence of our clients and built up an extensive track record.
- 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.

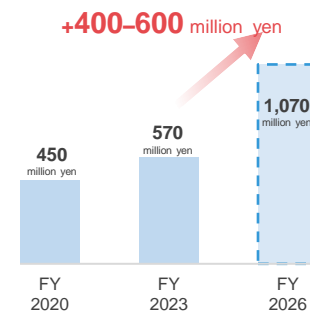
### Risks and opportunities

- 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?"

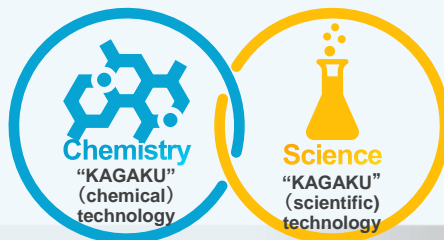
# A company that supports people's comfortable lives with the power of "KAGAKU"

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

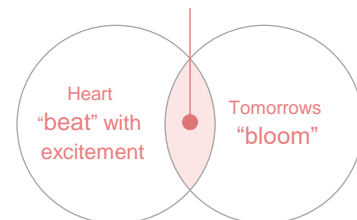
### Promotion of DE&I

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



# 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

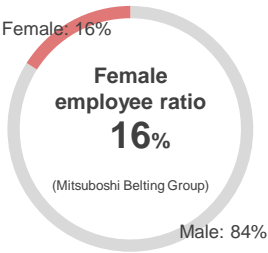
## Promotion of DE&I

### 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.

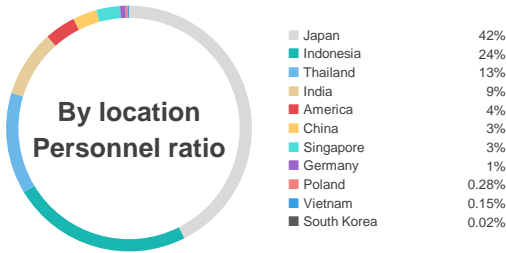
\* FY2023 results: Ratio of female managers: 3.1% (Mitsubishi Belting non-consolidated)  
Materiality KPI: Ratio of female managers: FY2026: 5% or more, FY2030: 10% or more (Mitsubishi Belting non-consolidated)



### Active participation of multinational human resources

Mitsubishi 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.

## 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

# 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.”

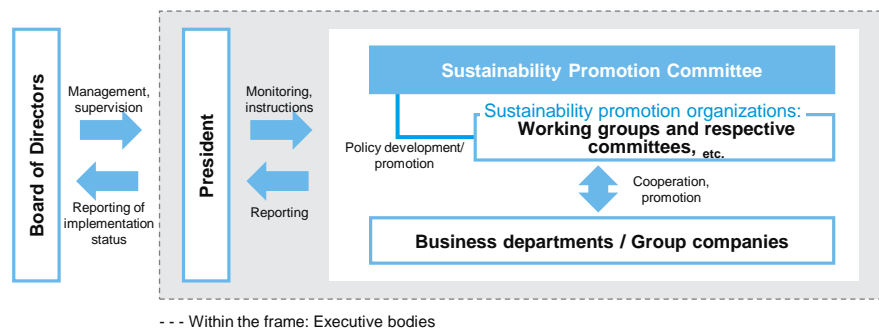
Setting “contribution to the realization of a sustainable society (improvement of social and economic value)” as one of our goals in the FY2030 “Target Position,” we strive to resolve each ESG issue with a focus on the identified materiality.

## 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

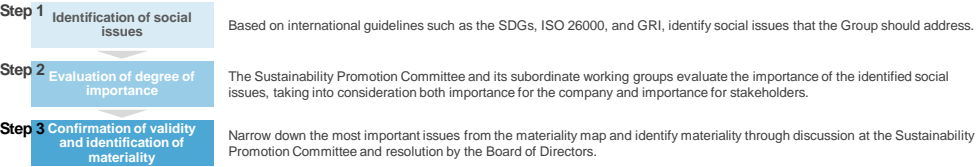
- Financial Data
- ESG Data
- Company Overview/Stock Information

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%																							
Biodiversity conservation	<ul style="list-style-type: none"><li>Initiatives for water resources conservation</li><li>Initiatives for environmental conservation / Prevention of environmental pollution</li></ul>	<ul style="list-style-type: none"><li>Improvement of energy consumption intensity</li><li>Emissions management throughout the value chain</li></ul>	Energy consumption intensity target: 1% or more reduction compared to the previous fiscal year (8 sites in Japan)  Set a reduction target for Scope 3 emissions and work to reduce emissions throughout the entire value chain.	Energy consumption intensity: 0.7% increase* <sup>1</sup>  Scope 3 emissions calculated. Formulation of CO <sub>2</sub> emission reduction targets under way.																							
		<ul style="list-style-type: none"><li>Installation of a cooling water circulation system</li><li>Improvement of water consumption efficiency</li><li>Strengthening of wastewater management</li><li>Strengthening of chemical substance management</li><li>Strengthening of VOC emissions management</li><li>Strengthening of management of natural rubber and cotton producing regions</li></ul>	Water withdrawal target for sites in Japan: Reduce the amount of water withdrawal by 50% by FY2030 (base year: FY2021)  Water withdrawal target for overseas sites: Maintain water withdrawal intensity (base year: FY2021)  Zero violations of laws and regulations Target for amount of chemical substances released/transferred: 150 tons/year or less VOC emission target: 73 tons/year or less Manage natural rubber and cotton producing regions and promote a switch to sustainable materials in collaboration with business partners.	Water withdrawal reduction rate at sites in Japan: 20.8% compared to FY2021 Water withdrawal reduction rate at overseas sites: 12.6% compared to FY2021 Number of violations of laws and regulations: 0 Amount of chemical substances released/transferred: 143 tons/year VOC emissions: 40 tons/year Disclosure of procurement guidelines, introduction of supplier information management tool																							
S	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><li>Development of eco-friendly products</li></ul>	<ul style="list-style-type: none"><li>Reduction in the amount of industrial waste landfilled</li><li>Expansion of eco-friendly products</li></ul>	Less than 1% of waste generated (achievement of zero emissions / Boundary: sites in Japan)  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.	Industrial waste landfill ratio: 0.1%  Development of eco-friendly products: Establishment of a management system completed.																						
			Respect for human rights and personality	<ul style="list-style-type: none"><li>Promotion of human rights due diligence</li><li>Health and productivity management and occupational safety and health management</li></ul>	<ul style="list-style-type: none"><li>Promotion of human rights DD throughout the supply chain</li><li>Strengthening of employee health, and occupational safety/health management</li></ul>	Promote human rights due diligence throughout the supply chain in collaboration with business partners.  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.	Supply chain human rights risk assessments completed.  (No measurements conducted in FY2023)																				
	Reinforcement of a human resources strategy	<ul style="list-style-type: none"><li>Promotion of DE&amp;I</li><li>Promotion of human capital management</li></ul>				<ul style="list-style-type: none"><li>Promotion of DE&amp;I</li><li>Improvement of employee engagement (improved survey scores)</li></ul>	Percentage of female managers (Section Chief): 5% or more for FY 2026, 10% or more for FY 2030 (non-consolidated)  Score improvement targets: 10% improvement for FY2026, 13% improvement for FY2030	Female manager ratio (Section Chief): 3.1%  Engagement survey commenced.																			
			G	Improvement of management transparency and prevention of corruption	<ul style="list-style-type: none"><li>Thorough compliance</li><li>Enhancement of risk management</li></ul>		<ul style="list-style-type: none"><li>Prevention of corrupt practices</li><li>Promotion of business continuity planning activities</li></ul>	Zero violations of laws and regulations Maintain, manage and improve the risk management system.	Number of violations of laws and regulations: 0 BCP activities expanded to all production sites.																		
<ul style="list-style-type: none"><li>Improvement of stakeholder engagement</li></ul>	<ul style="list-style-type: none"><li>Strengthening of information security</li><li>Active dialogue with stakeholders</li><li>Timely and appropriate information disclosure</li><li>Improvement of engagement with local communities</li></ul>	Number of incidents related to information security: 0 Create opportunities for constructive dialogue and promote proactive communication. 2030: Obtain the highest rating in the global standard ESG evaluation. Respond to disasters etc. in collaboration with local communities.				Number of incidents: 0 Dialogues with investors and analysts: 66 sessions held CDP: B rating* <sup>2</sup>   FTSE: 3.3* <sup>3</sup> 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

MITSUBOSHI  
INTEGRATED  
REPORT  
2024

## ■ Strategy

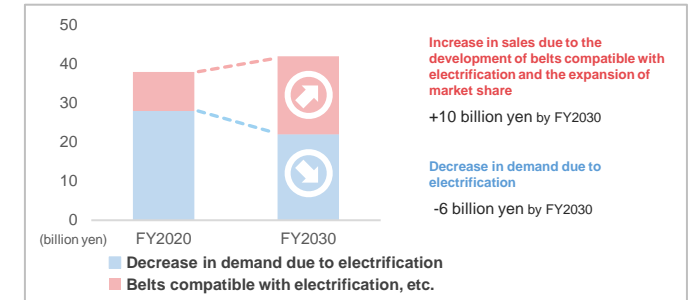
### Risks and opportunities

	Type	Driver	Impact on business		Measures / Strategies		Time frame	
			Impact	<Risks>	Impact	<Opportunities>		
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.



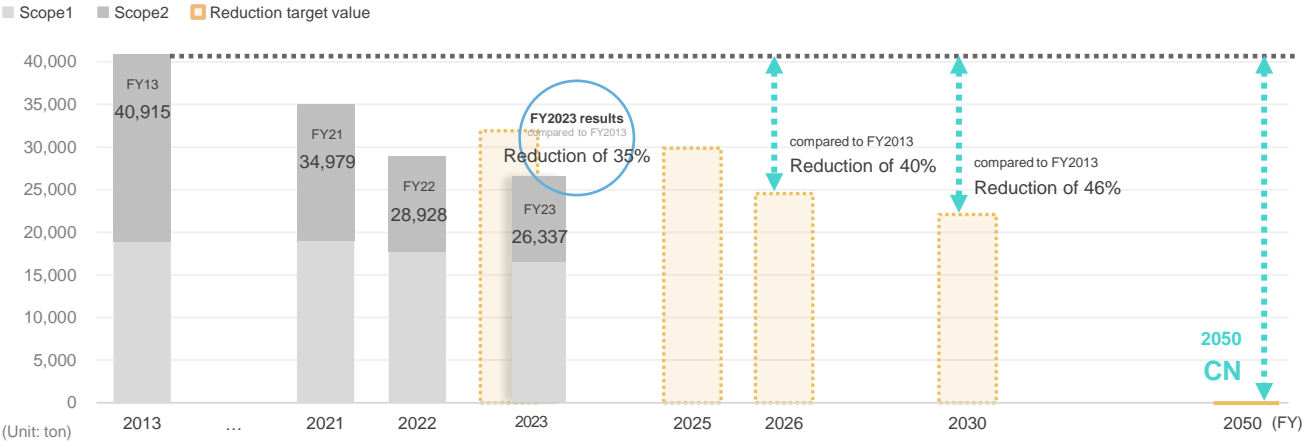
■ Metrics and targets

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
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- Value Creation Process

Vision and Strategy

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ESG Initiatives

Management Foundation Supporting Value Creation

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Data Section

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# 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

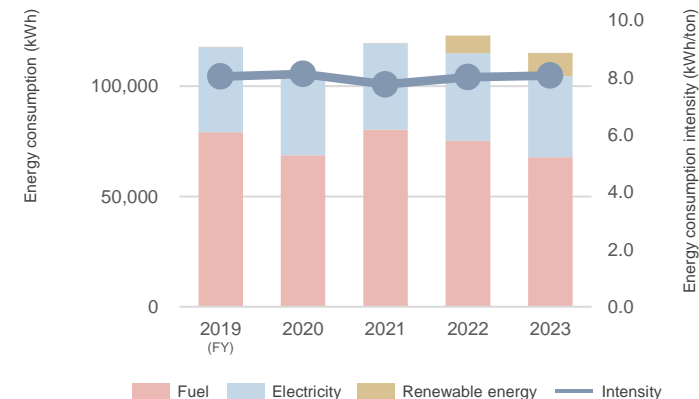
### ● Targets and implementation status

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

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### TOP MESSAGE

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- Value Creation Process

### Vision and Strategy

- Mid-Term Business Plan
- Message from the Director in Charge of the Finance Department
- Business Strategy by Segment
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- [Feature Page] Roundtable Discussion by Employees
- Sustainability Strategy

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- Financial Data
- ESG Data
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# Development of Eco-Friendly Products

## Basic approach

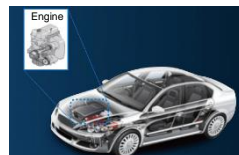
The Mitsubishi Belting Group recognizes that it is its corporate social responsibility to promote efforts to resolve environmental issues and realize a decarbonized society. Under this recognition, we aim to realize sustainable corporate activities. To this end, we strive to strengthen the development 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



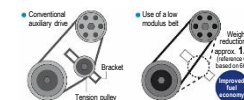
### ● TG belts for blade pitch drives in wind power generators

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.



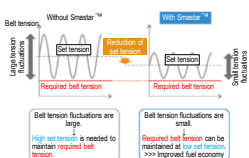
### ● Low friction loss belts / TG belts in oil

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.



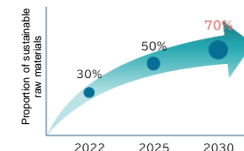
### ● “Smastar™” alternator pulleys for automobiles

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.



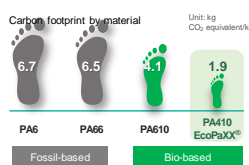
### ● “e-POWER™” energy-saving belts

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 Mitsubishi 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 Mitsubishi 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 Mitsubishi 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 Mitsubishi 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 Mitsubishi 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 Mitsubishi 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

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

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.



# 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.

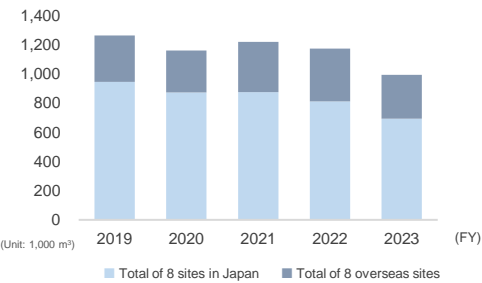
### Strategy

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.

Trends in water consumption



\* 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	
Mitsuboshi Cord Co., Ltd.		2	2	2	1	2	2	1	2	2	2	2	2	2	2	2	
Mitsuboshi 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>• Develop and strengthen our overseas sales network with the aim of capturing overseas demand while continuing to respond to domestic demand</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>• Increased demand for water-shielding sheets used at reservoirs, irrigation canals, etc. for the purpose of effective use of water resources</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>• 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>• 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.

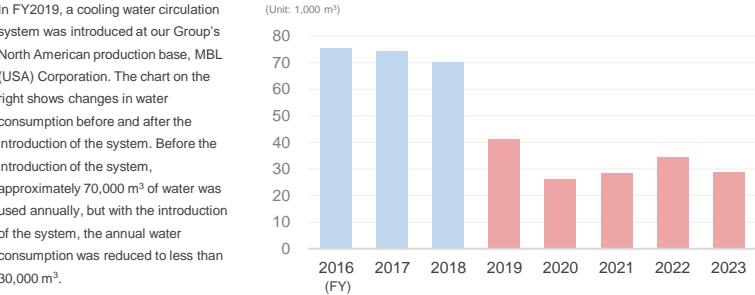
The financial impact of the suspension of production activities will be very minor on a consolidated basis due to the functioning of the global complementary production system, but on an individual production site basis, sales are expected to decrease in proportion to the period of suspension.

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

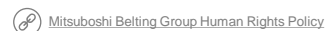
Data Section

- 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.



Tanabata Festival (Kobe Head Office)



Tree planting activities in collaboration with other companies in the same industrial park (Kingdom of Thailand)



Supporting local children's learning (Kingdom of Thailand)



Human resource development support (Indonesia)

## 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