

# Enhancing ESG Management

## 02. Deepening ESG management

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## Deepening ESG Management

### Sustainability management promotion system

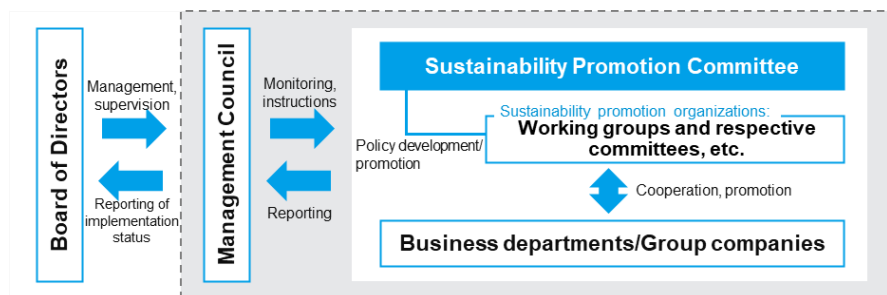
#### (1) Approach to sustainability management:

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 “FY2030 Target Position,” we work to resolve each ESG issue with a focus on the identified materiality.

#### (2) Sustainability management promotion system:

In the present day, with the role that companies should play for the environment and society having become more important, with the aim of reconsidering the role that the Mitsubishi Belting Group should play and the significance of its existence 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.



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

Chairperson	: President
Members	: Directors (5 persons), Executive Officers (4 persons), Manager class (1 person)
Observer	: Corporate Auditor (1 person)
Secretariate	: Sustainability Promotion Department (2 persons)

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

Meeting frequency	: Once a month
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 main agenda items of the Sustainability Promotion Committee:

Period	Main agenda
Q1	<ul style="list-style-type: none"> <li>▶ List of issues to be addressed by the Sustainability Promotion Committee and activity progress management</li> <li>▶ Reporting of WG activities</li> <li>▶ Reporting of FY2021 results (CO<sub>2</sub> emissions, water resource/material input, waste generation, wastewater generation)</li> </ul>
Q2	<ul style="list-style-type: none"> <li>▶ Status of achievement prospects for CO<sub>2</sub> emission reduction targets</li> <li>▶ Roadmap for carbon neutrality</li> <li>▶ CO<sub>2</sub> emission results in Q1 in FY2022</li> <li>▶ Revision of the Group's Code of Conduct</li> <li>▶ Human resources strategy</li> </ul>
Q3	<ul style="list-style-type: none"> <li>▶ Human rights due diligence</li> <li>▶ Reporting of the results of external evaluation related to climate change</li> <li>▶ Setting of CO<sub>2</sub> emission reduction targets for the Group's sites</li> <li>▶ Development of eco-friendly products – Formulation and disclosure of medium-to long-term roadmap</li> </ul>
Q4	<ul style="list-style-type: none"> <li>▶ Development of eco-friendly products – Development of products using sustainable materials</li> <li>▶ CO<sub>2</sub> emission results in FY2022 – Q1 to Q3 in FY2022</li> <li>▶ Setting of CO<sub>2</sub> emission reduction target for the interim year</li> <li>▶ ESG Data – Enhancement of information disclosure</li> <li>▶ Hazard screening associated with climate change</li> </ul>

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MITSUBOSHI  
SUSTAINABILITY  
REPORT  
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## Identification of Materiality

### Material issues (materiality) that the Mitsubishi Belting Group should address

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 under its corporate philosophy of "To give attentive consideration to both humanity and nature." We will actively work on activities aimed at resolving ESG (Environmental, Social, and Governance) issues.

### Aiming to achieve goals quickly and reliably

In 2022, we established the Sustainability Promotion Committee, chaired by the President to reconsider the SDGs as materiality (material issues) in the ESG management of the Mitsubishi Belting Group, and identified issues to be addressed and set KPIs (target values) for each material issue. The Sustainability Promotion Committee monitors, provides instructions on, judges, and evaluates the progress of efforts to address these issues. In the Sustainability Promotion Committee, a sustainability promotion organization, established for each issue to be addressed, collects and analyzes information from business departments and affiliated companies, reports on the implementation status, and proposes strategies, thereby revitalizing the activities of the Sustainability Promotion Committee. Thus, we aim to achieve our ESG management goals more quickly and reliably.

### Materiality identification process

We identified the materiality of the Mitsubishi Belting Group through the three steps shown on the right.

Based on international guidelines, such as the SDGs, ISO 26000, and GRI, we have identified social issues that the Group should address, on which the Sustainability Promotion Committee and its subordinate working groups held repeated discussions. Eventually, the Group's materiality was identified by resolution of the Board of Directors.

For the identified materiality, the Sustainability Promotion Committee and a working group established for each issue check the progress of efforts to address the issue and the degree of target achievement to further promote materiality initiatives throughout the Group.

#### Step 1 Identification of social issues

Based on international guidelines such as the SDGs, ISO 26000, and GRI, identify social issues that the Group should address.

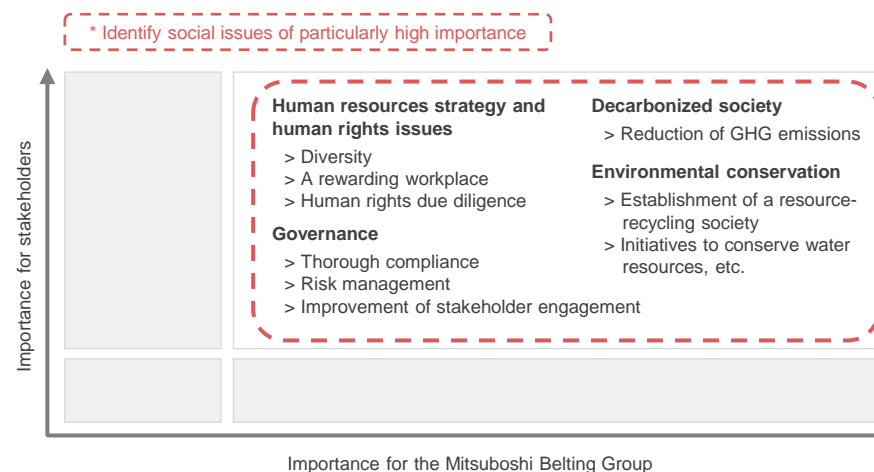
#### Step 2 Evaluation of degree of importance

The Sustainability Promotion Committee and its subordinate working groups evaluate the importance of the identified social issues, considering their importance for both the company and stakeholders.

#### Step 3 Confirmation of validity and identification of materiality

Narrow down the most important issues from the materiality map and identify materiality through discussion at the Sustainability Promotion Committee and resolution by the Board of Directors.

### Analysis results and our materiality



\* The position of issues in the red frame in the above diagram do not necessarily indicate their degree of importance.

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## Materiality List

ESG item		Materiality	Issues to be addressed	Targets and details of initiatives		Related SDGs
E	Response to climate change	Contribution to the realization of a decarbonized society		● CO <sub>2</sub> emissions FY2023: At least 22% FY2025: 27% FY2030: 46% FY2050: Carbon neutrality		<div></div> <div></div> <div></div>
			● Reduction of GHG emissions (compared to FY2013)	● Introduction of renewable electricity	: Introduce renewable electricity into the Kobe Plant R&D Center and the Shikoku Plant and reduce CO <sub>2</sub> emissions by 5,000 tons/year or more by FY2023.	
				● Installation of a solar power generation system	: Introduce renewable electricity into the Ayabe Production System Development Center and the Nagoya Plant, introduce the same plan at other sites, and reduce CO <sub>2</sub> emissions by 9,500 tons/year or more by FY2030.	
				● Introduction of carbon-neutral fuel	: Install a solar power generation system at four sites in Japan and reduce CO <sub>2</sub> emissions by 500 tons/year or more by FY2030.	
				● Switching to low-emission fuels	: Introduce carbon-neutral fuel into the Kobe Plant R&D Center, introduce the same plan at other sites, and reduce CO <sub>2</sub> emissions by 100 tons/year or more by FY2023.	
				● Promotion of energy-saving activities	: Switch from heavy oil to LNG at the Shikoku Plant and the Ayabe Production System Development Center and reduce CO <sub>2</sub> emissions by 3,500 tons/year or more by FY2025.	
				● Calculation of Scope 3 emissions	: Reduce the CO <sub>2</sub> emissions intensity by 0.5% or more compared to the previous fiscal year.	
		Initiatives for environmental conservation	● Establishment of a resource-recycling society	● Waste recycling rate target	: Landfill disposal rate – Less than 1% (achievement of zero emissions)	
			● Initiatives for water resources conservation	● Water consumption reduction target	: Install a cooling water circulation system to halve water consumption at domestic sites by FY2030 compared to FY2021 levels.	
			● Promotion of environmental conservation activities	● Energy consumption reduction target	: Reduce the energy consumption intensity by 0.5% or more compared to the previous fiscal year.	
				● Amount of chemical substances discharged/transferred	: 150 tons or less	
			● VOC emission target	: 73 tons or less		
			● Maintenance of an environmental management system	● Maintenance target for an environmental management system	: Maintain ISO 14001 certification at all 13 sites.	
			● Development of eco-friendly products	● FY2022: Complete the establishment of a management system for eco-friendly products.		
S	Fulfillment of social responsibility	Reinforcement of a human resources strategy	● Promotion of diversity	● No. of female managers: More than double the number of female managers (4% or more or 7 people or more) by FY2030 compared to FY2022 levels.		<div></div> <div></div> <div></div>
			● Safety / Health	● 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.		
		● Creation of a rewarding workplace	● Standardize an employee engagement measurement method and set a target in FY2023.			
	Respect for human rights and personality	● Promotion of human rights due diligence	● FY2022: Establish a management organization that includes managers and establish a human rights policy to start human rights due diligence activities.			
			● FY2023: Request suppliers to implement human rights due diligence and monitor their implementation status while providing explanations as necessary.			
		● Review of the Company-Wide Code of Conduct	● FY2022: Revise the Mitsuboshi Belting Group Code of Conduct and complete its dissemination throughout the Group.			
G	Improvement of management transparency and prevention of corruption	Strengthening and enhancement of governance	● Improvement of stakeholder engagement	● FY2022: Disclose information related to climate change responses in accordance with the TCFD recommendations.		<div></div>
			● Thorough compliance	● FY2022: Review the contents of the CSR Report.		
			● Enhancement of risk management	● FY2022: Revise the Mitsuboshi Belting Group Code of Conduct and complete its dissemination throughout the Group.		
				● FY2025: Verify the effectiveness of business continuity plans at all Mitsuboshi Belting business sites in order to improve them.		

## ESG-Related Initiatives to Date

Period		Category	Details of initiatives
2000	November	S	Mitsuboshi Belting Fureai Council, a volunteer organization comprising Group employees, formed to promote town development where residents and businesses coexist
2003	October	G	An executive officer system introduced
2015	May	G	The Risk Management Committee and the Compliance Committee established
2018	October	E S G	The CSR Promotion Committee established * Renamed the SDGs Promotion Committee in March 2021
2020	June	S	The Work Style Reform Promotion Committee established
2020	December	E S G	Specific SDG initiatives formulated
2021	March	G	The Nomination and Remuneration Advisory Committee established
		E	CO <sub>2</sub> emission reduction targets formulated (Relative to FY2013: Reduction of 20% in FY2023; reduction of 35% in FY2030; CN in 2050)
2022	April	E S G	The Sustainability Promotion Committee and the Sustainability Promotion Department established (The Sustainability Promotion Committee is chaired by the President and comprises the Management Council members.)
		E S G	Working groups of the Sustainability Promotion Committee organized
	May	E	CO <sub>2</sub> emission reduction targets revised (FY2023: Reduction of 20% ➡ at least 22%; FY2030: Reduction of 35% ➡ 46%)
	June	G	First female director appointed (the ratio of outside directors exceeded one-third.) The term of office of directors shortened from two years to one year
	July	E	Information disclosure based on the TCFD recommendations implemented (CDP2022)
	November	E S G	Materiality identified and disclosed
		S	Human rights due diligence activities launched (The human rights policy, human rights DD implementation guidelines, and human rights DD guidelines established)
		G	The Group's Code of Conduct revised
	December	E S	Support for each initiative announced ((i)TCFD, (ii) TCFD Consortium, (iii) Human Capital Management Consortium, (iv) GX League)

Period		Category	Details of initiatives
January 2023		S	Efforts to improve employee engagement strengthened (Measurement of engagement started)
		S G	Various policies formulated and disclosed ((i) procurement policy, (ii) disclosure policy)
	February	E	Sustainability linked loan agreement concluded
		E	A new CO <sub>2</sub> emission reduction target for the interim year established (FY2025: Reduction of 27% (compared to FY2013))
	March	S G	Corporate Philosophy, Management Principle, etc. organized into a new philosophy system
	June	E S G	Selected as a constituent of the FTSE Blossom Japan Sector Relative Index, a leading index for ESG investment

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