

Environment

03. Environment

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Basic Policy and Activity Results

Mitsubishi Belting's 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 meanwhile, 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 foundations of our corporate activities.

Under these circumstances, the Mitsubishi Belting Group has taken up "response to climate change" as a key management issue (materiality), for which it has set specific measures and KPIs, and has been implementing various activities including greenhouse gas (GHG) emissions reduction, energy-saving, and development of eco-friendly products.

Results of measures related to climate change (1/2)

Measures	Results achieved in FY2022
Reduction of CO ₂ emissions (compared to base year, FY2013)	<ul style="list-style-type: none">Revised CO₂ emission reduction targets. FY2023: 20% ▶ 22% or more / FY2030: 35% ▶ 46%Newly set a CO₂ emission reduction target value for the midway year FY2025: 27%Actual CO₂ emissions in FY2022: 28,930 tons (reduction of 6,049 tons, or 17.3% compared to the previous year; reduction of 29.2% compared to the base year, FY2013)
Introduction of renewable electricity	<ul style="list-style-type: none">Kobe Plant R&D Center and Shikoku Plant: Switched to renewable electricity (all purchased electricity covered).
Installation of a solar power generation system	<ul style="list-style-type: none">Suzhou Mitsubishi Belting Co., Ltd.: Installed a solar power generation system and commenced power generation (installation area: approx. 8,300 m²).
Introduction of carbon-neutral fuel	<ul style="list-style-type: none">Kobe Plant R&D Center and Nagoya Plant: Switched to carbon offset city gas
Switching to low-emission fuels	<ul style="list-style-type: none">Shikoku Plant and Mitsubishi Belting Giken: Commenced work to convert equipment using heavy oil to fuel gas; operation scheduled to start in FY2024 and FY2025, respectively.
Promotion of energy-saving activities	<ul style="list-style-type: none">Emissions intensity improvement rate: 11.2% compared to the previous year (8 sites in Japan, Scope 1, 2)
Calculation of Scope 3 emissions	<ul style="list-style-type: none">Calculated emissions for 11 categories excluding categories 8, 13, 14, and 15.

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Basic Policy and Activity Results

Results of measures related to climate change (2/2)

Measures	Results in FY2022 *Data scope: 8 sites in Japan
Promotion of waste recycling	<ul style="list-style-type: none">Amount of landfill disposal of waste in FY2022; 0.1%
Reduction of water consumption	<ul style="list-style-type: none">Total water withdrawal in FY2022: 814 kL (reduction of 63 kL, or 7.2% compared to the previous year)
Reduction of emissions/transfers of chemical substances	<ul style="list-style-type: none">Against the target of 150 tons or less, the actual amount of emissions/transfers in FY2022 was 132 tons (5.2% reduction compared to the previous year).
Reduction of VOC emissions	<ul style="list-style-type: none">Against the target of 73 tons or less, actual amount of VOC emissions in FY2022 was 36.347 tons (8.2% reduction from the previous year).
Maintenance of environmental management system	<ul style="list-style-type: none">Maintained ISO 14001 certification at all 13 sites.
Promotion of the development of eco-friendly products	<ul style="list-style-type: none">Currently developing new eco-friendly products that contribute to the realization of a circular economy (exhibited for reference at the M-Tech in June 2023).

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Environmental Governance System

Basic Policy for the Environment

In all business activities, the Mitsubishi Belting Group carries out environmental conservation activities from a global perspective with the aim of realizing a sustainable society based on the Corporate Philosophy of “thinking about people and thinking about the earth.” We will promote the creation of companies that contribute to society.

1. Maintenance of environmental management system

We maintain an environmental management system that functions effectively and manage the environmental preservation activities that are developed in all businesses under this system.

2. Compliance obligations

We comply with environmental laws and regulations, agreements with stakeholders, and internal rules/guidelines.

3. Cooperation with stakeholders

We actively promote cooperation with stakeholders with the aim of ensuring the achievement of our environmental goals and targets we have set for issues in our environmental preservation activities, including conserving resources/energy and curtailing substances that have an environmental impact. We also actively engage in activities to achieve coexistence with the local community.

4. Utilization of technological capabilities

We apply the know-how and technology cultivated as a manufacturing company to environmental preservation activities with a "product life cycles" perspective.

5. Implementation of continuous improvement

Throughout all our businesses, we identify and monitor environmental impacts, make continuous improvements, and ensure that we achieve our environmental goals and targets.

Through the environmental management system, all employees of the Mitsubishi Belting Group will be informed of this basic environmental policy. We also disclose it outside the company in a form that is easily available to all stakeholders.

Revised on October 1, 2021

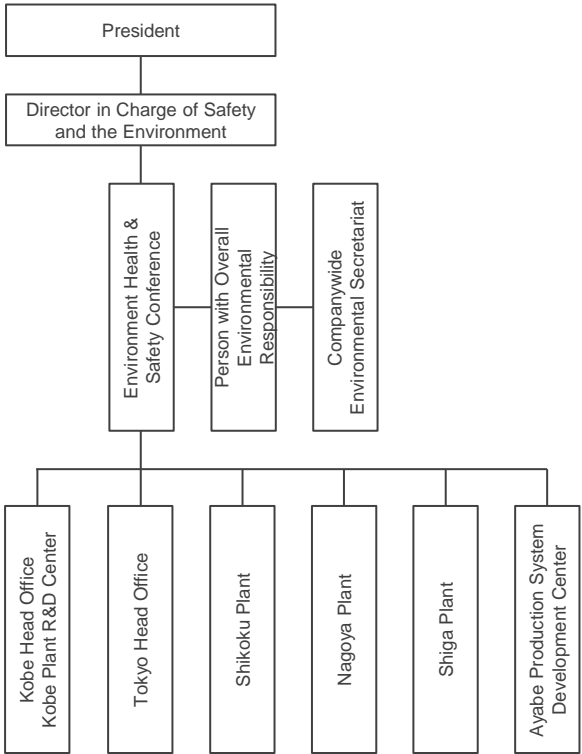
Maintenance and improvement of an environmental management system

The Mitsubishi Belting Group has established an environmental management system that complies with ISO 14001, and has been involved in environmental conservation activities based on the Basic Policy for the Environment. Environmental conservation activities indicated in the Basic Policy for the Environment include energy and resources saving and the reduction of environmentally hazardous substances. They also include global warming prevention represented by the reduction of GHG emissions, water resources conservation through water consumption reduction and wastewater treatment, biodiversity maintenance, forest conservation, and the establishment of a recycling-oriented society through 3R activities and waste reduction.

An environmental department, which is the smallest unit for these activities, belongs to the Regional Environment Committee established at each site, and reports its activities to the Regional Environment Committee Secretariat every month. The Regional Environment Committee meets monthly to review the activities of each environmental department and report the review results to the Companywide Environment Secretariat, which summarizes the contents of the reports from each site as a company-wide activity, reports the summary to the Person with Overall Environmental Responsibility, and disseminates the relevant information to all sites.

Twice a year, the Person with Overall Environmental Responsibility holds Environment Health & Safety Conference, chaired by the Director in Charge of Safety and the Environment and attended by all department general managers as members, to report the activities at each site—which are summarized by the Companywide Environmental Secretariat—to the President and the Management Council members, evaluate them, and clarify policies, measures, and targets for future activities.

Companywide environmental management organization



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Environmental education for employees

The Mitsubishi Belting Group provides environmental education as part of its business activities. The Environmental Secretariat, which has been established in the ISO 14001-compliant environmental management system (hereinafter “EMS”), is responsible for providing environmental education for employees. The Secretariat creates environmental education and training plans for each fiscal year, which describe training content, and implements education/training programs. Our environmental education/training programs comprise: newly assigned employee training (environmental policy and targets, environmental manuals, etc.), general employee training (environmental policy and targets, environmental management plan, skill-based education and training, etc.), manager training (environmental policy and targets, environmental management plans, revised internal standards/environmental regulations, etc.), and other training (emergency response training, internal auditor training, training for legally qualified workers, etc.)

Although currently the main focus of environmental education is on ensuring thorough compliance with environmental regulations set by the government and internal standards, we are planning to incorporate environmental issues requiring urgent attention into learning content, such as response to climate change, biodiversity, water security, and circular economy, thereby revitalizing our business activities.

Environmental management system

In our materiality, we have set "maintenance of ISO 14001 certification at all 13 sites" as a KPI. In FY2022, the Kobe Head Office/Kobe Plant R&D Center, Shikoku Plant, and Nagoya Plant underwent maintenance audits, and successfully maintain their certifications.

EMS (ISO 14001)-certified offices/plants

Mitsuboshi Belting Co., Ltd. (Kobe Head Office / Kobe Plant R&D Center, Nagoya Plant, Shikoku Plant) Mitsuboshi Belting Giken Co., Ltd. Mitsuboshi Belting CHEM Co., Ltd. Mitsuboshi Belting Conveyor Co., Ltd. Neo-roofing Co., Ltd. Mitsuboshi Belting Kohki Co., Ltd.	Industrial power transmission belts, automobile transmission belts, timing pulleys, V-ribbed pulleys, conveyor belts and related products Engineering plastic materials, structural foam molding products, waterproofing sheets, metal pastes, circuit board materials and coating materials
MITSUBOSHI OVERSEAS HEADQUARTERS PRIVATE LIMITED	Industrial power transmission belts, automobile transmission belts
MBL(USA) CORPORATION	Industrial power transmission belts, automobile transmission belts
PT.SEIWA INDONESIA	Industrial power transmission belts, automobile transmission belts
PT.MITSUBOSHI BELTING INDONESIA	Industrial power transmission belts, coupling rubber elastic bodies
STARS TECHNOLOGIES INDUSTRIAL LIMITED	Industrial power transmission belts, automobile transmission belts
Suzhou Mitsuboshi Belting Co., Ltd.	Industrial power transmission belts, automobile transmission belts
MITSUBOSHI BELTING-INDIA PRIVATE LIMITED	Industrial power transmission belts, automobile transmission belts

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Initiatives to Realize a Decarbonized Society

Measures to reduce CO₂ emissions

Considering “contribution to the realization of a decarbonized society” as one of the material issues positioned as important elements in our business activities, we actively work on various measures to reduce CO₂ emissions in order to achieve carbon neutrality by 2050 (see the table below).

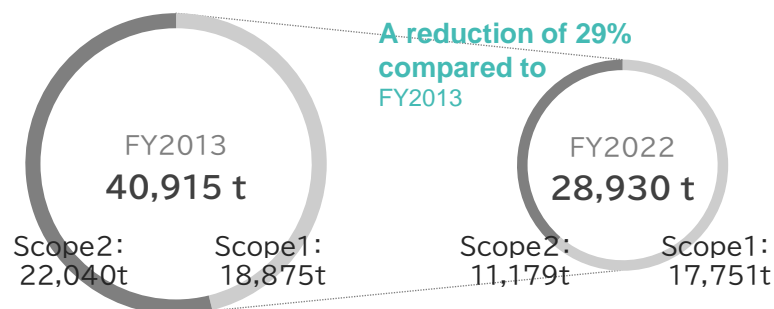
As a result of implementing various measures, CO₂ emissions from domestic sites reduced to 28,930 tons^{*1} in fiscal 2022 (a reduction of 17.3% / 6,049 tons compared to the previous fiscal year; a reduction of

29.2% / 11,948 tons compared to the base year of fiscal 2013). We expect to achieve one of our targets: “a reduction of at least 22% in FY2023 compared to FY2013.”

We also calculate not only the Scope 1 and Scope 2 emissions, which are associated with our business activities, but also the Scope 3 emissions, which are indirect emissions other than Scope 2, in order to reduce the environmental impact of the entire supply chain.

For the roadmap for achieving carbon neutrality by 2050, [please refer to “Metrics and Targets” on page 35](#) in this report.

Breakdown of CO₂ emissions in FY2022 (Scope 1 and Scope 2 emissions from eight sites in Japan)



List of implemented measures to reduce CO₂ emissions

Period	Office / Plant	Measures	Annual reduction amount / Expected reduction amount ^{*2}
December 2021 –	Kobe Head Office / Kobe Plant R&D Center	Operation of a solar power generation system started	110 t
June 2022 –	same as above	Switched to carbon-offset city gas ^{*3}	(100 t)
October 2022 –	same as above	Switched to renewable electricity (all purchased electricity covered)	1,200 t
October 2022 –	Suzhou Mitsubishi Belting Co., Ltd.	Operation of a solar power generation system started	900 t
July 2022 –	Shikoku Plant	Switched to renewable electricity (all purchased electricity covered)	4,000 t
January 2024 Operation scheduled to start	same as above	Switched to fuel gas for facilities using heavy oil	1,000 t
January 2023 –	Nagoya Plant	Switched to carbon-offset city gas ^{*3}	(2,500 t)
January 2025 Operation scheduled to start	Mitsubishi Belting Giken Co., Ltd.	Switched to fuel gas for facilities using heavy oil	2,700 t
February 2023	(Eight sites in Japan)	Sustainability linked loan concluded New reduction targets for the interim year (FY2025) established	–

^{*1} CO₂ emissions in Scope 1 and Scope 2 from eight sites in Japan

^{*2} The reduction/expected reduction amount will increase or decrease depending on the amount of energy input. The figures entered are approximate values.

^{*3} Regarding “carbon-offset city gas,” the calculation is made assuming zero contribution to the reduction of CO₂ emissions.

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● Calculation of Scope 3 emissions

We calculated the Scope 3 emissions (calculation using secondary data) to reduce the environmental impact of the entire supply chain.

In the entire supply chain, Scope 1 emissions (direct emissions associated with our own business activities) and Scope 2 emissions (indirect emissions associated with the use of electricity supplied by other companies) together accounted for 17% of total CO₂ emissions, with Scope 3 emissions (indirect emissions not included in Scope 1 direct emissions and Scope 2 indirect emissions) accounting for the remaining 83%.

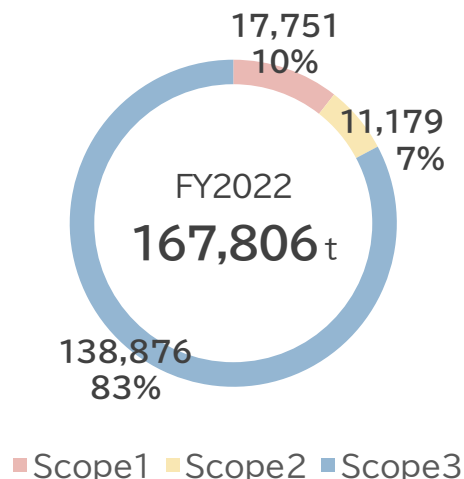
For Scope 3 emissions, CO₂ emissions in Category 1 “Purchased goods and services” and Category 11 “Use of sold products” accounted for a high proportion of our Scope 3 emissions. Accordingly, keeping in mind that these emissions will be included in future reduction targets, we will refine the calculation method for Scope 3 emissions, including switching to calculation using primary data, starting with items with a high degree of impact.

Calculation method for Scope 3 emissions

Based on the “Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain Ver. 2.5” of the Ministry of the Environment and the Ministry of Economy, Trade and Industry, we calculate Scope 3 emissions by multiplying the amount of activity in each category by the relevant emission factor from “[5] Input-output table-based emission factors of the Emissions Intensity Database for Calculating Greenhouse Gas Emissions of Organizations through the Supply Chain Ver. 3.3” issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

Categories 8, 13, 14, and 15 are excluded from the calculation because there are no applicable activities.

CO₂ emissions throughout the supply chain (FY2022) (Eight sites in Japan)



* Regarding the Scope 3 emissions in the pie chart above, the emissions in the categories for which calculation was made using activity data on a consolidated basis have been converted to emissions on a non-consolidated basis based on our overseas sales ratio in fiscal 2022.

CO₂ emissions in the 15 categories of Scope 3

Category	Applicable activity	Scope of activity data used for calculation	CO ₂ emissions in FY2022 (tons)
1	Purchased goods and services	Non-consolidated	38,008
2	Capital goods	Consolidated	11,608
3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	Non-consolidated	5,737
4	Upstream transportation and distribution	Consolidated	4,140
5	Waste generated in operations	Non-consolidated	5,074
6	Business travel	Consolidated	546
7	Employee commuting	Non-consolidated	282
8	Upstream leased assets		(Not applicable)
9	Downstream transportation and distribution	Consolidated	248
10	Processing of sold products	Consolidated	8,502
11	Use of sold products	Consolidated	169,443
12	End-of-life treatment of sold products	Consolidated	253
13	Downstream leased assets		(Not applicable)
14	Franchises		(Not applicable)
15	Investments		(Not applicable)
			243,841

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Energy management

With its roots in “energy conservation” that started with the first oil crisis in 1973, the Mitsubishi Belting Group’s energy management activities have already spanned half a century. At the beginning, concerns about “oil depletion” was the driving force, but cost reduction was added as one of the objectives later. In recent years, energy management has become an important measure and indicator in responding to climate change. We recognize that energy management will lead to the control of global warming and the preservation of biodiversity, and that neither the control of global warming nor the preservation of biodiversity can be achieved unless effective measures are taken immediately. Based on this recognition, we will carry out proactive activities.

Management system

The Mitsubishi Belting Group conducts energy management in accordance with an environmental management system (EMS) that complies with ISO 14001. 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 Person with Overall Environmental Responsibility 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 at each department and affiliated company, and provides necessary instructions. The Companywide Environmental Conference’s deliberations and decisions are reported to the Management Council and the Board of Directors through the President and the Director in Charge of Safety and the Environment.

Through discussions at the Sustainability Promotion Committee, which was established in FY2022 to deepen the Mitsubishi Belting Group’s ESG management, we have identified “initiatives for environmental conservation” as a materiality, and “promotion of environmental conservation activities” as an issue to be addressed, and set a KPI target of “reducing energy consumption intensity by 0.5% or more compared to the previous fiscal year.” Energy management activities are therefore subject to monitoring and evaluation by the Sustainability Promotion Committee.

[P.18 Sustainability Promotion System](#)

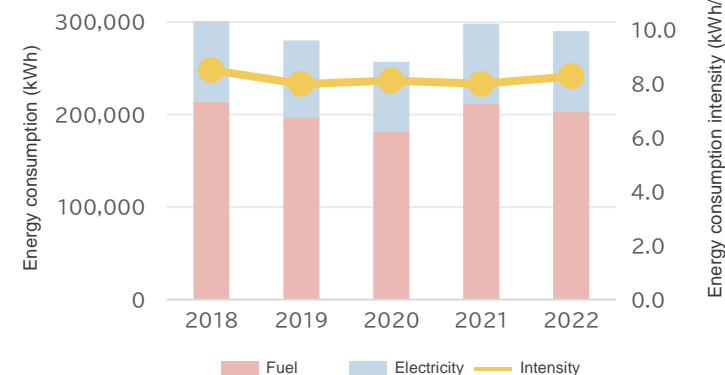
[P.19 Materiality](#)

Targets and implementation status

As mentioned above, our target for energy management for FY2022 was to reduce the energy consumption intensity by 0.5% or more compared to the previous fiscal year. However, actual results fell short of the target with an increase of 3.5%. Looking at the trends in energy consumption over the past five years in the chart below, no noticeable effect has been observed. It appears that effective measures have been exhausted over the years of activities. However, when upgrading equipment or improving production methods, design studies are always carried out with energy efficiency in mind. So we believe that energy consumption efficiency has been improving, albeit slightly, but this has been buried in the fluctuations caused by changes in production activities. In 2022, we began the full-fledged introduction of renewable energy aimed at preventing global warming, and 2.95% of energy consumption has been 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 expand the contribution of renewable energy in our future activities.

[P.27 Measures to reduce CO₂ emissions](#)

Trends in energy consumption



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Strengthening the development of eco-friendly products

Recognizing that it is our corporate social responsibility to promote efforts to resolve environmental issues and realize a decarbonized society, 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 CO₂ emissions in the production process.

Products that contribute to reducing CO₂ emissions

◆ 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.



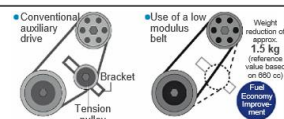
◆ Low friction loss belts / TG belts in oil

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 CO₂ emissions.



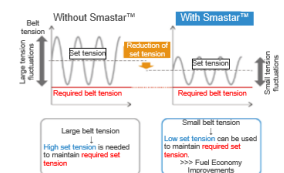
◆ “StarFit™” low modulus belts for automobiles

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

Due to fuel economy improvement technologies, such as idling stop, smaller displacement, and direct injection engines, engine rotation fluctuations have become increasingly larger, creating a harsh operating environment for auxiliary belt systems. Smastar™ damper pulleys for alternators, which have been developed to absorb belt tension fluctuations, can reduce the set tension, thereby contributing to suppressing belt pronunciation, improving a belt's service life, and increasing engine fuel economy.



◆ “e-POWER™” energy-saving belts

The e-POWER™ series comprises eco-friendly belts with a special shape (notch, cog, double cog) that reduces bending stress, which is the largest cause of power loss, and enhances energy-saving effects. Replacing only the conventional belt with e-POWER™ makes it possible to improve power saving for industrial machinery as well as equipment in plants, hospitals, and commercial and office buildings, and reduce CO₂ emissions.



Products and production methods that contribute to environmental conservation

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

As a recycling-oriented society is being built, the amount of waste to be landfilled at final disposal sites is set to decrease to 13 million tons by fiscal 2025 under the leadership of the Ministry of the Environment. Water-shielding sheets, including installation services, provided by the Building & Construction Materials Division are favored for their functionality and reliability in order to prevent 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. When a water system is created within the limited school grounds, water-shielding sheets provided by the Building & Construction Materials Division work effectively. 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.



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Disclosure Based on the TCFD Recommendations

The Mitsubishi Belting Group has set “response to climate change” as one of the material issues (materiality) in management. Moreover, in December 2022, Mitsubishi Belting announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)*1 and joined the TCFD Consortium,*2 a forum for discussion among supporting companies and financial institutions, in order to further accelerate its initiatives related to climate change.

We promote our efforts to enhance climate change initiatives and disclose the relevant information in a timely and appropriate manner based on the TCFD framework, aiming to further improve engagement with all stakeholders.

*1 The TCFD is a task force established by the Financial Stability Board (FSB) in 2015 at the request of the G20, which recommends that companies assess the financial impact of climate change risks and opportunities and disclose information based on four categories: governance, strategy, risk management, and metrics and targets.
(TCFD website: <https://www.fsb-tcdf.org/>)

*2 The TCFD Consortium is an organization and consortium established as a forum for companies and financial institutions that support the TCFD recommendations to work together to promote effective corporate information disclosure and to discuss measures to link disclosed information to appropriate investment decisions by financial institutions.
(TCFD Consortium website: <https://tcfd-consortium.jp/en>)

Governance

[Board of Directors’ monitoring system for climate change-related risks and opportunities]

- Regarding the direction of management related to climate change, proposals that are summarized based on climate-related risks and opportunities by the Sustainability Promotion Committee ([see page 18](#)) are reported to the Board of Directors through the Management Council, which deliberates on, decides, and supervises important matters in the execution of business. The Board of Directors makes decisions and supervises climate change-related initiatives.

[The role of management in assessing and managing climate change-related risks and opportunities]

- Regarding the progress of efforts to address material issues (issues to be addressed with priority), sustainability promotion organizations (business departments, committees, or working groups) in charge of the measures determined for each issue report the implementation status to the Sustainability Promotion Committee, which reviews and monitors their efforts and checks their progress against the targets and their issues, aiming for continuous improvement.
- For response to climate change, which is one of the material issues, the Sustainability Promotion Committee discusses “GHG emission reduction activities,” “energy-saving activities,” “development of eco-friendly products,” and other topics. Main agenda items are shown in the table [“List of main agenda items of the Sustainability Promotion Committee” on page 18](#).

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■ Risk management

[Process for identifying and assessing climate change-related risks]

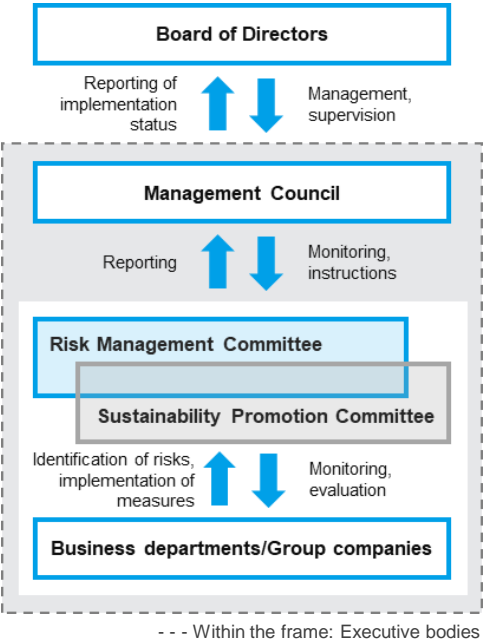
- Climate change-related risks and opportunities are clarified by all business departments and affiliated companies, and the Risk Management Committee (chaired by a director and composed of responsible persons from all business departments and affiliated companies and from all management departments of the Head Offices) identifies risks and opportunities to be addressed based on the probability of occurrence and the magnitude of impact (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 2025, medium term – until 2030, long term – until 2050).

[Process for managing climate change-related risks]

- The responsible persons of business departments and affiliated companies summarize the identified risks and opportunities, clarify issues to be addressed, measures to be taken, responsible departments, and targets, and develop them into a policy paper to obtain approval from the President. Based on the approved policy paper, the responsible departments develop an action plan, which is implemented after being approved by the responsible persons of business departments and affiliated companies.
- The implementation status of an action plan is monitored and evaluated by the responsible persons of business departments and affiliated companies, and in principle, is reported to and reviewed by the Management Council once a year. The review results are reflected in a policy paper for the next fiscal year. The implementation status of measures to address material issues in ESG management is reported to the Sustainability Promotion Committee once a month, which provides instructions on and evaluates it as necessary.

[Integration of climate change-related risk management and overall risk management]

- The Risk Management Committee Secretariat prepares a serious risk plan that clarifies measures, targets, and responsible departments for serious risks, and decides on the plan after deliberation by the Risk Management Committee. Details of the plan are reported to the Management Council through the Risk Management Committee. Measures against the identified serious risks are monitored and evaluated on a daily basis by the responsible persons of business departments and affiliated companies to which the responsible departments belong, and the monitoring and evaluation results are reported to the Risk Management Committee.
- For risks related to climate change, in FY2022, the Risk Management Committee identified “a decrease in corporate value due to failure to achieve CO₂ emission reduction targets” as one of the serious risks. GHG emission reduction activities, conducted by business departments and affiliated companies, were monitored and evaluated by the Risk Management Committee, and the monitoring and evaluation results were reported to the Board of Directors together with other significant risks.
- Regarding risks related to climate change and ESG materiality, the Sustainability Promotion Committee, together with the Risk Management Committee, manages the progress of measures to address the relevant risks.



- ① Risks and opportunities are clarified by business departments and affiliated companies, and risks and opportunities to be addressed are identified based on the probability of occurrence and the magnitude of impact.
- ② The Risk Management Committee assesses and identifies serious risks to be addressed by the entire Group.
- ③ After business departments and affiliated companies formulate a policy paper, the responsible departments develop and implement an action plan.
- ④ The Management Council monitors the implementation status of the plan and provides instructions as needed.

* The overlapped part of the diagram (= risk management related to ESG materiality) is under the jurisdiction of the Sustainability Promotion Committee.

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Strategy

With the aim of verifying the impact of climate change on the value chain of the Mitsuboshi 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 towards 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]

- Analysis target and preconditions

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

- Future vision of society surrounding the Mitsuboshi Belting Group's business

Scenario	2030	2050
1.5°C scenario	<ul style="list-style-type: none">● The carbon price is USD 140/t-CO₂ in developed countries and USD 90/t-CO₂ in developing countries.● Demand for products for low-carbon and decarbonization technologies increases around the world.● Electrification progresses in the automobile industry, and EVs account for half of new vehicle sales.● The rise in average temperature reaches 1.5°C, and physical risks become apparent. Investment in disaster prevention and mitigation increases.	<ul style="list-style-type: none">● The carbon price is USD 250/t-CO₂ in developed countries and USD 205/t-CO₂ in developing countries.● Demand for products for low-carbon and decarbonization technologies increases around the world.● Electrification progresses in the automobile industry, and EVs account for most of new vehicle sales.● The rise in average temperature reaches 1.6°C, and physical risks become apparent. Investment in disaster prevention and mitigation increases.
4.0°C scenario	<ul style="list-style-type: none">● The carbon price is USD 90/t-CO₂ in developed countries and zero in developing countries.● Demand for products for low-carbon and decarbonization technologies increases in developed countries.● Electrification progresses in the automobile industry, and EVs account for half of new vehicle sales.● The rise in average temperature reaches 1.5°C, and physical risks become apparent. Investment in disaster prevention and mitigation increases.	<ul style="list-style-type: none">● The carbon price is USD 113/t-CO₂ in developed countries and zero in developing countries.● Demand for products for low-carbon and decarbonization technologies increases in developed countries.● EVs account for only half of new vehicle sales. Internal combustion locomotives are the mainstream in developing countries.● The rise in average temperature reaches 2.1°C, and physical risks become apparent. Investment in disaster prevention and mitigation increases.

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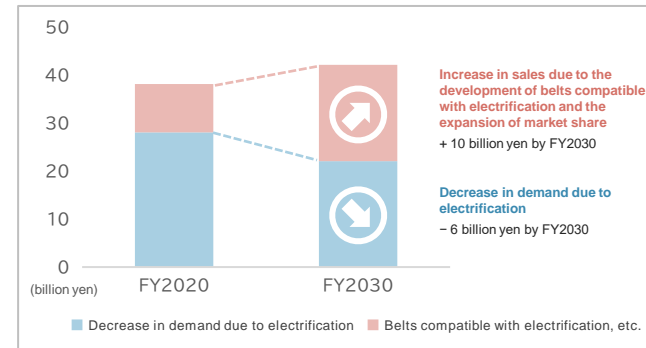
[Risks and opportunities]

	Type	Driver	Impact on business				Measures / Strategies	Time frame
			Impact	<Risks>	Impact	<Opportunities>		
Transition	Policy / Laws and regulations	Strengthening of climate change policies, such as carbon pricing policy	Medium	<ul style="list-style-type: none">• An increase in manufacturing costs due to the use of carbon-taxed fossil fuels• An increase in costs due to CO₂ emission reduction activities, such as carbon offsets and the use of biomass raw materials• An increase in raw material costs due to cost pass-through of decarbonization costs by suppliers• A decline in the competitiveness of products made in developing countries in international trade due to CBAM	Medium	<ul style="list-style-type: none">• A reduction in energy costs due to the accelerated introduction of energy-saving and renewable energy technologies• Improvement of corporate value and an increase in opportunities to be selected by customers due to proactive activities to reduce CO₂ emissions	<ul style="list-style-type: none">• Avoid the impact of carbon taxes by electrifying equipment and introducing renewable electricity.• Strengthen the development and sales of low-carbon footprint items (low-carbon products).• Reduce CO₂ emissions during manufacturing.• Reduce Scope 3 emissions (use biomass raw materials, etc.)	Medium to long term
	Technology	Replacement of existing products/services with low-carbon options	Large	<ul style="list-style-type: none">• Decline and disappearance of the market for power transmission belts for internal combustion engines of automobiles and motorcycles due to the spread of electrification	Large	<ul style="list-style-type: none">• Acquisition of new demand for power transmission belts resulting from electrification	<ul style="list-style-type: none">• Shift product portfolio. 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.	Short to medium term
		Upfront costs for shifting to low-carbon technologies	Large	<ul style="list-style-type: none">• A decline in competitiveness due to delays in developing innovative technologies to reduce CO₂ emissions	Medium	<ul style="list-style-type: none">• Improvement of product competitiveness through the realization of low-carbon technology transformation	<ul style="list-style-type: none">• Promote product development and innovation, using DX and other technologies, to realize low-carbon technology transformation.	Medium to long term
	Market	Changes in customer behavior	Large	<ul style="list-style-type: none">• A decline in the competitiveness of products with a large carbon footprint in customer procurement		<ul style="list-style-type: none">• Improvement of product competitiveness through the reduction of carbon footprint	<ul style="list-style-type: none">• Reduce CO₂ emissions during manufacturing.• Reduce Scope 3 emissions (use biomass raw materials, etc.)• Strengthen the development of eco-friendly products.	
	Reputation	An increase in stakeholders' anxiety or their negative feedback	Large	<ul style="list-style-type: none">• A decrease in corporate value due to delays in taking measures against climate change or lack of information disclosure	—	—	<ul style="list-style-type: none">• 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.	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">• Suspension of operations or restrictions on operating systems due to damage to plant production equipment• Suspension of operations at suppliers or disruption of distribution channels due to disasters	Large	<ul style="list-style-type: none">• Achievement of stable supply through early development of products with alternative specifications using synthetic raw materials and expansion of market share through these efforts• Acquisition of customer trust through stable product supply	<ul style="list-style-type: none">• 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.	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">• Increased delays in product supply to customers due to unstable supply of natural raw materials• Unstable profitability due to price fluctuations of natural raw materials• Increased delays in product supply to customers due to suspension of production activities caused by drought and water intake restrictions• Suspension of operations at suppliers due to drought and water intake restrictions		<ul style="list-style-type: none">• Expansion of the need for equipment to prepare for disasters① Increased sales of water-shielding sheets due to heightened awareness of environmental impact reduction② Increased sales of power transmission belts for wind power generators due to increased demand for renewable energy	<ul style="list-style-type: none">• Make an agreement with suppliers in advance about supply in case of emergency through close collaboration with them.• Enhance production resilience during droughts or other emergencies by installing a cooling water circulation system or other systems.	Short to long term
		Average rise in temperature	Large	<ul style="list-style-type: none">• Decline in labor productivity due to deterioration of the working environment caused by a rise in average temperature	—	—	<ul style="list-style-type: none">• Facilitate the automation of production equipment by promoting DX.• 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.	Short to long term
		Sea level rise	Small	<ul style="list-style-type: none">• Increased delays in product supply to customers due to flooding of inventory and disruption of distribution channels				

- Risks and opportunities associated with the spread of electrification of automobiles

With the electrification of automobiles, the demand for power transmission belts for internal combustion engines is expected to decrease by approximately six billion yen by fiscal 2030. 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.

Sales plan for the automobile industry by product category



*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 2025, medium term – until 2030, long term – until 2050

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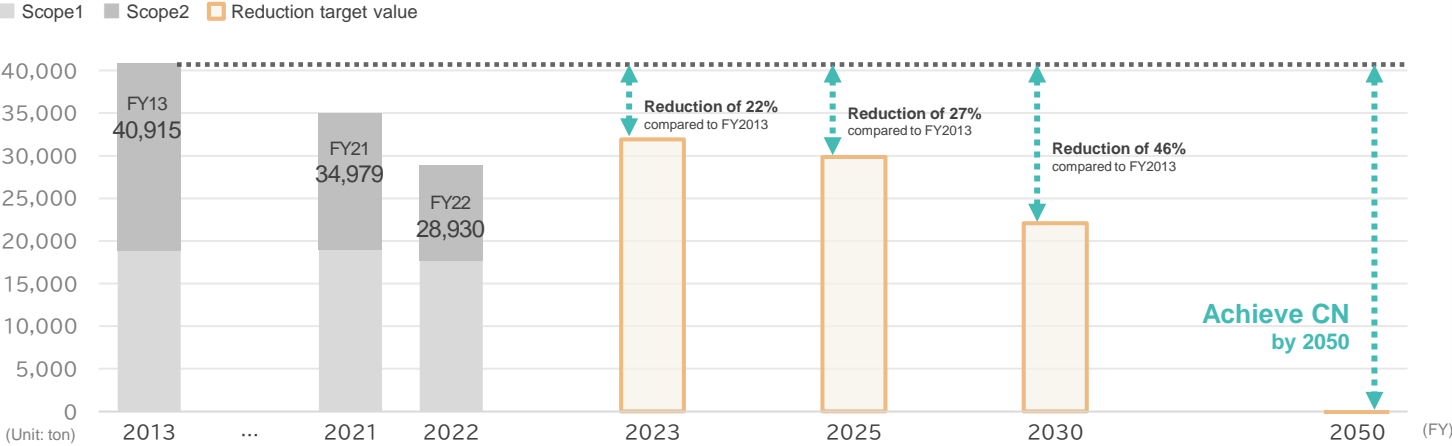
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Metrics and targets

CO2 emissions reduction plan (as of March 2023)

In 2019, the Mitsubishi Belting Group set medium- to long-term CO2 emission reduction targets to help curb global warming. However, as the urgency of responding to climate change increased, we reviewed our targets and set reduction targets for the interim year (FY2025) as well in 2022 to be more ambitious in reducing CO2 emissions.

Although we have currently set CO2 emission reduction targets for Scope 1 and Scope 2, targeting eight sites in Japan, we will begin aggregating CO2 emissions, including Scope 3 emissions, of the entire Group including overseas plants, to establish emission reduction targets.



Initiatives to achieve CN	Before FY2022	FY2030	2050
Energy saving / Reduction of emission intensity	Maintenance and promotion of company-wide 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	

*Data scope: Eight sites in Japan; Scope 1 and Scope 2 emissions

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Initiatives to Realize a Resource-Recycling Society

(1) Water resources

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

In Japan, where tap water can be used as drinking water and is available at low cost, awareness of water resources conservation tends to fade easily.

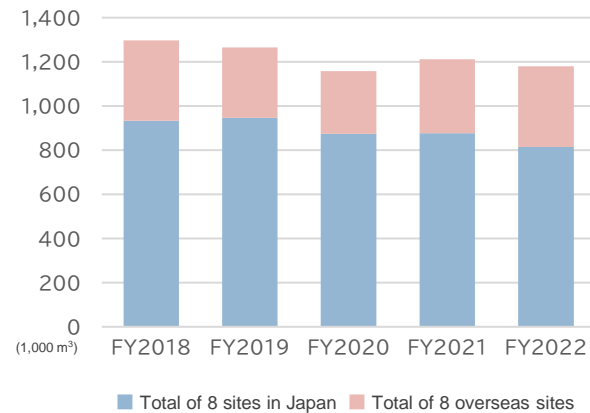
In fact, Mitsubishi Belting Group's production sites in Japan use approximately 2.5 times as much water as its overseas production sites, even though the production volume of transmission belts (main product) at Japanese production sites is only one-third of that of overseas production sites (as of FY2022, see the chart on the right). However, it is by no means the case that Japan is free from water problems. Droughts occur somewhere 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.

The initiatives for water resources 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, contrary to its importance, water is being depleted and polluted, seriously affecting our social lives and economic activities, and the natural environment.

The Mitsubishi Belting Group is deeply aware of the impact of water depletion and pollution on society, and will strive to conserve water resources in its business activities.

Trends in water consumption



Governance

"Initiatives for water resources conservation" has been taken up as one of the issues to be addressed in the Mitsubishi Belting Group's Materiality "initiatives for environmental conservation." The implementation status of water resource conservation initiatives is monitored and evaluated by the Sustainability Promotion Committee.

[P.18 Sustainability management promotion system](#)

[P.32 Risk Management](#)

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Initiatives to Realize a Resource-Recycling Society

(1) Water resources

Strategy

We identified risks and opportunities related to water resources conservation and assessed their impact on the Mitsubishi Belting Group's business activities, along with other business issues, in accordance with the Risk Management Regulations, and based on the assessment results, we developed strategies and targets.

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> <ul style="list-style-type: none"> Delays in development can lead to production shutdown due to droughts and water intake restrictions, resulting in increased delays in product supply to customers </div> <div> <ul style="list-style-type: none"> Acquisition of customer trust through stable product supply </div>	<ul style="list-style-type: none"> Enhance production resilience during droughts by installing a cooling water circulation system, mist cooling system, etc. Conduct hazard screening and risk assessments of all global bases for water resources, especially drought. Develop and strengthen our overseas sales network with the aim of capturing overseas demand, while continuing to respond to domestic demand. 	Medium to long term
Response to climate change	Changes in rainfall patterns and extreme changes in weather patterns in general	Small	<div> <ul style="list-style-type: none"> Increased delays in product supply to customers due to suspension of production activities caused by drought and water intake restrictions Suspension of operations at suppliers due to drought and water intake restrictions </div> <div> <ul style="list-style-type: none"> Increased demand for water-shielding sheets used in reservoirs, irrigation canals, etc. for the purpose of effective use of water resources </div>	<ul style="list-style-type: none"> Enhance production resilience during droughts by installing a cooling water circulation system, mist cooling system, etc. Conduct hazard screening and risk assessments of all global bases for water resources, especially drought. Develop and strengthen our overseas sales network with the aim of capturing overseas demand, while continuing to respond to domestic demand. 	
Reputation	An increase in stakeholders' anxiety or their negative feedback	Large	<div> <ul style="list-style-type: none"> A decrease in corporate value due to delays in taking water resource conservation measures or lack of information disclosure </div> <div>—</div>	<ul style="list-style-type: none"> Make sure to implement water resource conservation measures, achieve KPIs, and disclose details of these efforts to stakeholders in an appropriate and timely manner. 	Short to long term
		Large	<div> <ul style="list-style-type: none"> Decline in reputation due to the use of cotton, which can be one of the causes of increased water stress </div> <div> <ul style="list-style-type: none"> Improved reputation due to the use of "sustainable cotton" </div>	<ul style="list-style-type: none"> Promote development of product specifications that do not use cotton at the design stage. Strengthen management throughout the supply chain. 	Medium to long term

Impact: Small: 100 million yen or less; Medium: 0.1 to 1.0 billion yen; Large: 1.0 billion yen or more
Time frame: Short term: until 2025; Medium-term: until 2030; Long-term: until 2050

As a result of scenario analysis, we have concluded that "droughts due to climate change" and "increased water stress" caused by changes in the social environment will affect "water withdrawal" in the Mitsubishi Belting 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 poses a risk that could lead to boycotts, as does cotton produced through forced labor. Meanwhile, it is expected that more dams, reservoirs, irrigation canals, etc. will be constructed to combat drought and to ensure efficient use of water resources, and the demand for water-shielding sheets and their installation services for use in these facilities is expected to increase. For the results of a drought risk analysis performed using the SSP1-2.6 and SSP5-8.5 scenarios, and a water stress analysis performed using the SSP2 RCP4.5 and SSP3 RCP8.5 scenarios, please refer to page 39 "Risk analysis and assessment related to drought and water stress."

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 the sales of water-shielding sheets used for drought-related irrigation projects separately, we expect sales growth for the construction materials business as a whole, including these sales, to increase by 10.5% in FY2023 compared to FY2020, to 6.3 billion yen.

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Initiatives to Realize a Resource-Recycling Society

(1) Water resources

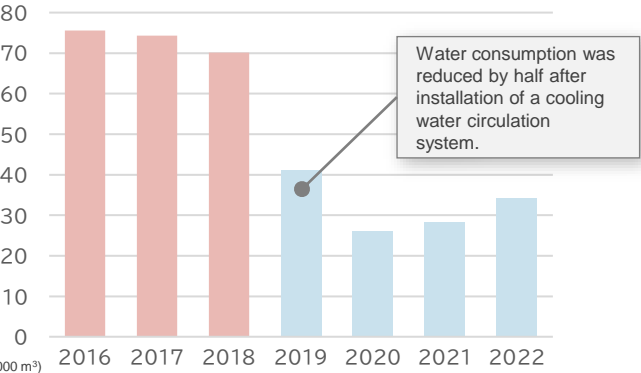
Metrics and targets

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. 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.

In FY2019, a cooling water circulation system was introduced at our Group's North American production base, MBL (USA) Corporation. The figure below shows changes in water consumption before and after the introduction of the system. Before the introduction of the system, approximately 70,000 m³ of water was used annually, but with the introduction of the system, the annual water consumption was reduced to less than 30,000 m³.

As mentioned above, 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.

Changes in Water Consumption (MBL USA Corporation)



Mitsubishi Belting Group’s materiality related to water

Materiality	Issue to be addressed	Details of initiative and KPI
Initiatives for environmental conservation	<ul style="list-style-type: none"> Initiatives for water resources conservation 	<ul style="list-style-type: none"> Install cooling water circulation systems to halve water consumption at domestic sites by FY2030 compared to FY2021 levels.

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Initiatives to Realize a Resource-Recycling Society

(1) Water resources

Risk analysis and assessment related to drought and water stress

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

Since drought risk varies depending on the location of each production site, we obtained current drought risk information from the World Resource Institute (WRI)'s Aqueduct Water Risk Atlas. By combining it with IPCC's climate change information, we assessed each production site's drought risk at present, as well as in 2050 and 2090 under SSP1-2.6 and SSP5-8.5 scenarios, and assigned a risk rating to each site on a 5-point scale from 1 (low) to 5 (high) (Table: Risk analysis for water resources conservation).

The current drought risk is rated 2 at the seven production sites in Japan. The analysis results show that the drought risk rating in 2050 and 2090 will not change under either scenario. From these results, we have concluded that drought risk at production sites in Japan will be hardly affected by climate change and that the drought risk will remain at the current low level until the end of the century.

On the other hand, the current drought risk at the eight overseas production sites is slightly higher than that at the domestic sites, with one site rated 3, and the other seven sites rated 4. The analysis results also show that the drought risk in 2050 and 2090 will not change from the current rating under either scenario of climate change.

Although overseas production sites have a slightly higher drought risk than those in Japan, they have already taken measures such as introducing cooling water circulation systems and mist cooling systems and have been able to maintain stable operations. From the analysis results that the drought risk will remain at the current level until the end of the century, although we will proceed with installation of cooling water circulation systems and mist cooling systems, we don't see an immediate need to take action.

With regard to water stress risk as well, we obtained risk information from the WRI's Aqueduct Water Risk Atlas and assessed each production site's water stress risk at present, as well as in 2030 and 2040 under SSP2 RCP4.5 and SSP3 RCP8.5 scenarios. Water stress risk was also rated on a five-point scale as with drought risk.

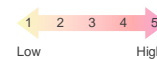
The current water stress risk rating of the seven production sites in Japan was in the range of 1 to 3, and with the exception of the Ayabe Production System Development Center, the water stress risk rating in 2030 and 2040 is projected to deteriorate to the 3 to 4 range under either scenario. Also at five of our eight overseas production sites, the water stress risk rating is projected to deteriorate in 2030 and 2040 compared to the current level. In particular, the risk rating of the production sites in the U.S., China, Singapore, and Indonesia is projected to deteriorate significantly to 5.

The main factors that will exacerbate water stress are said to be population growth, climate change, and water conflicts. When a region with a low food self-sufficiency rate, such as Japan, imports food, it is deemed that water used for food production has been imported, and the water stress in that region will increase. Since the factors of exacerbating water stress vary depending on the social environment of the region, 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. Water stress in this region is rated 5 at present. The risk rating, although improving somewhat, will not improve above 4 under either of the scenarios mentioned above. 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 throughout our supply chain.

Table) Risk analysis for water resources conservation

Production site	Location	Drought					Water stress				
		Present	SSP-1-2.6		SSP5-8.5		Present	SSP2 RCP4.5		SSP3 RCP8.5	
			2050	2090	2050	2090		2050	2040	2030	2040
Kobe	Japan	2	2	2	2	2	2	4	4	4	4
Shikoku		2	2	2	2	2	1	3	3	3	3
Nagoya		2	2	2	2	2	3	4	4	4	4
Ayabe		2	2	2	2	2	2	1	1	1	1
Shiga		2	2	2	2	2	2	3	3	3	3
Mitsuboshi Cord		2	2	2	2	2	2	3	3	3	3
Seishin		2	2	2	2	2	2	4	4	4	4
MBL (USA)	USA	4	4	4	4	4	1	4	5	4	4
MOH	Singapore	3	3	3	3	3	1	5	5	5	5
MBI	Indonesia	4	4	4	4	4	1	4	5	4	4
SEIWA		4	4	4	4	4	1	5	5	5	5
STI	Thailand	4	4	4	4	4	3	2	2	2	2
SMB	China	4	4	4	4	4	4	5	4	5	5
MB (POL)	Poland	4	4	4	4	4	1	1	1	1	1
MB (IND)	India	4	4	4	4	4	5	4	4	4	4



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Initiatives to Realize a Resource-Recycling Society (2) Waste

Initiatives to realize a circular economy

As the world's population grows and the global economy develops, mass consumption and mass disposal of resources occur, leading to resource depletion and accompanying issues such as environmental pollution and ecosystem breakdown. These social issues are becoming increasingly serious.

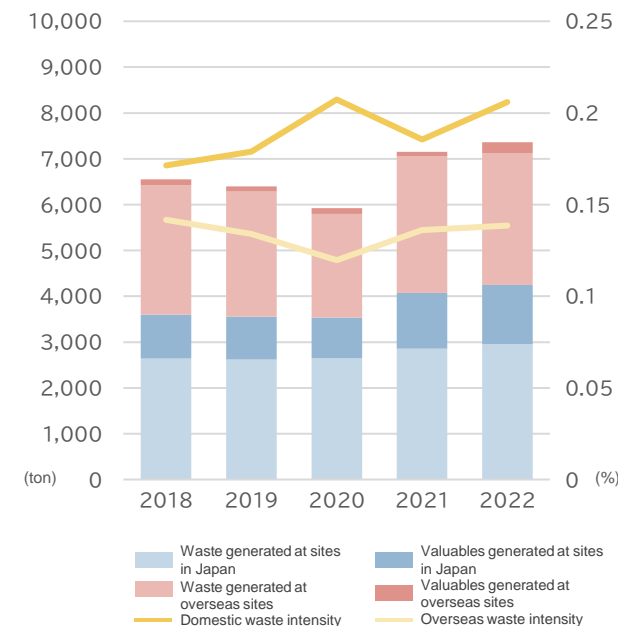
In order to contribute to the realization of a resource-recycling society, the Mitsubishi Belting Group is actively promoting various initiatives such as reducing waste and increasing the use ratio of non-petroleum-derived raw materials and recycled materials. With regard to plastics, which have been highlighted as a major cause of marine pollution, as part of our plan to strengthen our plastic-related initiatives from 2023 onwards, we will first establish a plastic management system and define measures and KPIs, and then translate them into specific actions.

Implementation status of initiatives related to reduce waste

The Mitsubishi Belting Group conducts business activities with a constant awareness of reducing the increase of waste through 3Rs (Reduce, Reuse, Recycle), focusing particularly on "Reduce" through manufacturing improvements and "Reuse" within processes.

The landfill disposal rate of our domestic production sites in FY2022 was 0.14%, which was below the KPI: "landfill disposal rate of 1% or less," set as an issue to be addressed under Materiality, thus achieving zero emissions. Our overseas production sites in Thailand, China, and India, the landfill disposal rate was zero, but other sites dispose of 100% of their waste in landfills and further recycling efforts are needed.

Changes in the amount of waste and valuables generated



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Initiatives to Realize a Resource-Recycling Society

(3) Development of eco-friendly products

■ New lineup of eco-friendly products announced (June 2023)

Mitsuboshi Belting actively works to develop new eco-friendly products that contribute to the realization of a sustainable society and a circular economy.

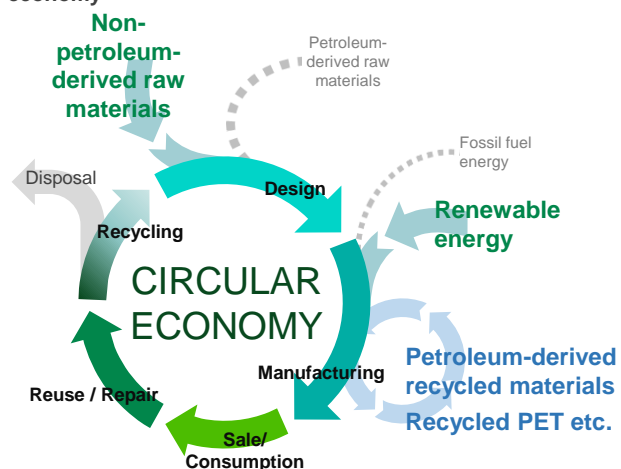
The Mitsuboshi Belting Group has identified “initiatives for environmental conservation” as one of its material issues, and has set “development of eco-friendly products” as an issue to be addressed to achieve this materiality. We aim to achieve both environmental value and economic value by expanding sales of the new series of eco-friendly products.

● Background of development

Companies are expected by society to deliver value through technology and innovation as an important means of realizing a sustainable society. Development of eco-friendly products is one of our key issues for environmental conservation, and we aim to enhance environmental value through the development and sale of such products.

● Initiatives to realize a circular economy

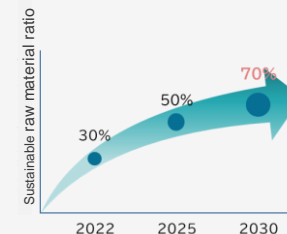
The Mitsuboshi Belting Group will contribute to the realization of a resource-recycling society by reducing the environmental impact throughout the product life cycle, through the development and sale of eco-friendly and sustainable belts by actively introducing renewable energy and increasing the proportion of non-petroleum-derived or recycled materials.



● The first lineup of new eco-friendly products

(1) 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.



(2) Resin conveyor belt that uses biomass materials, “Biomass Belt”

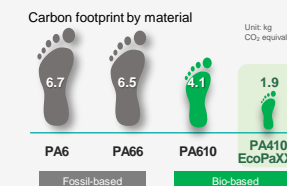
This is an eco-friendly resin conveyor belt whose surface cover is made of biomass polyurethane manufactured using plant-derived raw materials.

There is no difference in physical properties compared to the polyurethane resin used in existing resin conveyor belts, so it can be used with confidence.



(3) 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.



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Initiatives for Biodiversity Conservation

Individuals, companies, communities, and society as a whole are built on "ecosystem services," the blessings bestowed by the natural environment. Ecosystems provide us with oxygen, water, and food without which we cannot survive, as well as shelter and clothing that enrich our lives. And it is "biodiversity" that has kept ecosystems stable since ancient times. However, this 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 the "sustainable society" that the SDGs are aiming for.

Under these circumstances, following the adoption of the "Kunming-Montreal Framework for Biodiversity" at the 15th Conference of the Parties (COP15) to the Convention on Biological Diversity held in December 2022, the Japanese government adopted the "National Biodiversity Strategy 2023-2030" by a Cabinet decision in March 2023. This strategy sets out the goal of halting and reversing biodiversity loss by 2030 to be nature positive by 2030.

The Mitsubishi Belting Group has been working to reduce GHG emissions in order to curb global warming, but recognizing that biodiversity loss is a risk of equal importance and urgency to global warming for individuals, companies, communities, and society as a whole, in fiscal 2023 we have taken up "biodiversity conservation" as one of the issues in our materiality: "initiatives for environmental conservation." We plan to set specific measures and KPIs and implement 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,*1 and based on the results of the impact assessment, strategies and targets have been defined.

In addition, as mentioned above, one of the factors threatening biodiversity is "climate change" caused by global warming. Our strategies and targets in this regard are detailed in "Initiatives to Realize a Decarbonized Society."

[P.27](#) [Initiatives to Realize a Decarbonized Society](#)

Relationship between operating regions and ecosystems

First, we surveyed and identified overlaps (points of contact) 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 14 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,*2 where ecosystem integrity is being lost, (2) regions where endangered species need to be protected (AZE sites*3), and (3) high water-stressed regions.*4

Our operating regions overlapping with hotspots	<ul style="list-style-type: none">Regions where seven domestic production sites are locatedRegions where four production sites in Thailand, Singapore and Indonesia are locatedNatural rubber producing regions in Southeast Asia
Our operating regions overlapping with AZE sites	<ul style="list-style-type: none">Natural rubber producing regions in Southeast Asia
Our operating regions overlapping with high water-stressed regions	<ul style="list-style-type: none">Region where the one production site in India is locatedCotton producing regions in India

We recognize that production activities at the Mitsubishi Belting Group's production sites have a significant impact on their respective local ecosystems, due to water consumption, and environmental pollution caused by wastewater, emissions and waste discharged. We also recognize that in the production of natural rubber, deforestation due to land use has a strong impact on the ecosystem, while in the production of cotton, the water consumption required for cultivation and environmental pollution caused by pesticides have a strong impact on the ecosystem. In particular, issues related to 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 business activities of the Mitsubishi Belting Group.

*1 The Taskforce on Nature-related Financial Disclosures (TNFD) was established in June 2021 by four organizations: the United Nations Development Programme (UNDP), the World Wide Fund for Nature (WWF), the United Nations Environment and Development Finance Initiative (UNEP FI), and Global Canopy (NGO) to encourage companies to appropriately disclose financial information related to biodiversity conservation efforts.

*2 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.

*3 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.

*4 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.

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Initiatives for Biodiversity Conservation

Risks and opportunities, scenario analysis, 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 the biodiversity conservation perspective

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

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Table 2 Risks, opportunities, and measures 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	Increased delays in product supply to customers due to suspension of production activities caused by drought	Small	Acquisition of customer trust through stable product supply	<ul style="list-style-type: none"> Installation of cooling water circulation systems, mist cooling systems, etc. Maintaining and improving a global complementary production system 	Short to long term
				Medium	Increased demand for products for irrigation projects		
		Small	Increased delays in product supply to customers due to suspension of production activities caused by floods, landslides and other disasters	Medium	Increased demand for products for disaster prevention projects		
	Ecosystem loss	Small	Rising raw material prices due to poor harvest of raw materials derived from ecosystem services		—	<ul style="list-style-type: none"> Developing products using raw materials that do not rely on ecosystem services 	Medium to long term
Transition risks	Land development regulations	Small	Soaring raw material prices due to stricter controls of natural rubber, cotton, palm oil, etc.		—	<ul style="list-style-type: none"> Developing products using raw materials that do not rely on ecosystem services 	Medium to long term
	Environmental regulations	Small	Increase in capital investment and administrative costs to comply with stricter environmental regulations		—	<ul style="list-style-type: none"> Absorbing capital investments and increased costs by improving productivity using DX technology 	
	Water stress	Small	Increased delays in product supply to customers due to suspension of production activities caused by water intake restrictions	Small	Acquisition of customer trust through stable product supply	<ul style="list-style-type: none"> Installation of cooling water circulation systems, mist cooling systems, etc. Maintaining and improving a global complementary production system 	
	Technology	Small	Delays in the development of an alternative technology to substitute raw materials derived from ecosystem services		—	<ul style="list-style-type: none"> Developing products using raw materials that do not rely on ecosystem services 	Short to long term
	Market	Medium	Loss of business opportunities due to delays in switching to eco-friendly products demanded by the market	Medium	Creation of new business opportunities through new eco-friendly products	<ul style="list-style-type: none"> Research, planning, and development of eco-friendly products Maintaining and improving a management system for eco-friendly products 	
	Reputation	Small	Decrease in selection of Mitsubishi Belting's products due to its failure to achieve biodiversity conservation targets or lack of information disclosure		—	<ul style="list-style-type: none"> Management of biodiversity conservation activities by the Sustainability Promotion Committee (top management) Encouraging natural rubber and cotton suppliers to work on biodiversity conservation 	

Impact: Small: 100 million yen or less; Medium: 0.1 to 1.0 billion yen; Large: 1.0 billion yen or more
Time frame: Short term: until 2025; Medium-term: until 2030; Long-term: until 2050

Risks and opportunities in biodiversity conservation and measures to address them are shown in the table on the left.

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. For example, currently, cotton produced with due consideration for environmental conservation by controlling the use of water and pesticides is third-party certified and distributed as "sustainable cotton." In the future, it is expected that cotton that clearly indicates where and how it was produced and processed, like sustainable cotton, and products made with such cotton will become mainstream in the market. This trend also applies to natural rubber.

The Mitsubishi Belting Group has already completed the development of product specifications that do not use cotton or natural rubber. In the future, we will clarify, in the Procurement Guidelines, the requirements for cotton and natural rubber suppliers regarding biodiversity conservation, and encourage them to conduct business activities that take biodiversity conservation into consideration.

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Environmental Data

Energy consumption and GHG emissions

Item	Scope of data	Description	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	Corresponding GRI content index
Energy consumption based on the Energy Conservation Act	8 sites in Japan ^{*1}		GJ	705,346	668,739	596,602	678,613	588,004	302-1
		Total energy consumption							
		Fuel	GJ	298,351	284,958	247,050	288,792	270,310	302-3
		Electricity	GJ	406,995	383,781	349,552	389,821	317,694	
			GJ/ton	45.8	45.6	46.7	44.1	41.0	302-4
		Energy intensity ^{*2}							
		Fuel	GJ/ton	19.4	19.4	19.3	18.8	18.8	302-1
		Electricity	GJ/ton	26.4	26.2	27.4	25.3	22.1	
			%	0.3	-5.2	-10.8	13.7	-13.4	302-1
		Reduction in energy consumption ^{*3}							
Energy consumption ^{*4}	Group		MWh	300,897	280,085	257,078	298,186	280,955	302-1
		Non-renewable energy consumption							
		Fuel	MWh	213,849	197,207	181,365	211,297	203,695	302-3
		Electricity	MWh	87,048	82,878	75,713	86,888	77,260	
			MWh	0	13	13	142	8,485	302-4
		Renewable energy consumption							
		Fuel	MWh	0	0	0	0	0	302-1
		Electricity	MWh	0	13	13	142	8,485	
			MWh	300,897	280,098	257,091	298,327	289,440	302-3
		Total energy consumption							
GHG emissions	8 sites in Japan ^{*1}		MWh/ton	8.5	8.0	8.1	8.0	8.3	302-3
		Energy intensity ^{*2}							
		Fuel	MWh/ton	6.0	5.6	5.7	5.7	5.8	302-4
		Electricity	MWh/ton	2.5	2.4	2.4	2.3	2.4	
			%	0.0	-6.9	-8.2	16.0	-3.0	302-4
		Reduction of energy consumption ^{*3}							
		Fuel	%	0.0	-7.8	-8.0	16.5	-3.6	305-1
		Electricity	%	0.1	-4.8	-8.6	14.9	-1.5	
			ton	37,929	33,910	28,999	34,979	28,927	305-2
		Total CO ₂ emissions							
GHG emissions	Group		ton	19,188	18,374	16,045	18,995	17,759	305-4
		CO ₂ emissions intensity ^{*5}							
		Scope 1	ton/ton	1.2	1.3	1.3	1.2	1.2	305-5
		Scope 2	ton/ton	1.2	1.1	1.0	1.0	0.8	
			%	-4.4	-10.6	-14.5	20.6	-17.3	305-5
		Reduction of GHG emissions ^{*6}							
		Scope 1	%	1.0	-4.2	-12.7	18.4	-6.5	305-1
		Scope 2	%	-9.3	-17.1	-16.6	23.4	-30.1	
			ton	89,046	81,916	72,866	85,290	77,610	305-2
		Total CO ₂ emissions							
GHG emissions	Group		ton	43,335	40,159	36,988	43,401	41,788	305-4
		CO ₂ emissions intensity ^{*3}							
		Scope 1	ton/ton	1.2	1.1	1.2	1.2	1.2	305-5
		Scope 2	ton/ton	1.3	1.2	1.1	1.1	1.0	
			%	-3.5	-8.0	-11.0	17.0	-9.0	305-7
		Reduction of GHG emissions ^{*4}							
		Scope 1	%	0.0	-7.3	-7.9	17.3	-3.7	305-7
		Scope 2	%	-6.6	-8.7	-14.1	16.8	-14.5	
			ton	n.d.	n.d.	n.d.	n.d.	^{*7}	305-7
		Scope 3							

^{*1} Kobe Head Office / Kobe Plant R&D Center, Tokyo Head Office, Shikoku Plant, Nagoya Plant, Ayabe Production System Development Center, Seishin Office, Shiga Plant, Mitsubishi Cord Co., Ltd. Shin Asahi Head Office Plant

^{*2} Energy intensity = total energy consumption / raw material consumption

^{*3} Reduction of energy consumption = ((previous year's results - current year's results) / previous year's results) x 100

^{*4} Electricity is not converted to primary energy.

^{*5} CO₂ emissions intensity = CO₂ emissions / raw material consumption

^{*6} Reduction of GHG emissions = ((previous year's results - current year's results) / previous year's results) x 100

^{*7} Please refer to TCFD Report.

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Environmental Data

Waste

Item	Scope of data	Description	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	Corresponding GRI content index
Raw material consumption	8 sites in Japan ^{*1} Group		ton	15,396	14,655	12,776	15,399	14,345	301-1
			ton	35,376	35,055	31,684	37,301	35,073	
		Total waste volume	ton	3,638	3,597	3,534	4,071	4,248	306-3
		Amount recycled (valuable materials)	ton	958	932	884	1,213	1,293	306-4
	8 sites in Japan ^{*1}		ton	2,639	2,621	2,650	2,858	2,955	
		Amount disposed of	ton	2,639	2,615	2,644	2,851	2,950	306-5
		Incineration	ton	0	6	6	7	4	
		Landfilling	ton						
Waste	Group	Total waste volume	ton	7,630	7,437	6,937	8,459	8,897	306-3
		Amount recycled (valuable materials)	ton	1,080	1,040	1,011	1,309	1,534	306-4
			ton	6,550	6,397	5,926	7,150	7,362	
		Amount disposed of	ton	4,495	4,316	4,419	5,431	5,795	306-5
		Incineration	ton	2,054	2,081	1,506	1,720	1,567	
		Landfilling	ton						
Atmospheric emissions	5 sites in Japan ^{*8}	VOC emissions	ton	30	30	32	40	36	305-7
		Chemical emissions and transfers	ton	131	113	109	139	132	
PRTR	8 sites in Japan ^{*1}	Chemical emissions/transfers intensity	ton/ton	0.0085	0.0077	0.0085	0.0090	0.0092	—

^{*1} Kobe Head Office / Kobe Plant R&D Center, Tokyo Head Office, Shikoku Plant, Nagoya Plant, Ayabe Production System Development Center, Seishin Office, Shiga Plant, Mitsubishi Cord Co., Ltd. Shin Asahi Head Office Plant

^{*8} Kobe Plant R&D Center, Shikoku Plant, Nagoya Plant, Ayabe Production System Development Center, Shiga Plant

Environmental management system

Item	Scope of data	Description	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	Corresponding GRI content index
	In Japan	Number of sites maintaining ISO 14001 certification	Site	7	7	7	8	8	—
		Number of violations of environmental laws	Case	0	0	0	0	0	—
	Suppliers of which the Purchasing Department is in charge	Number of audits conducted	Case	16	18	17	21	18	
Environmental management system		Number of non-conformities	Case	0	0	0	0	0	308-2
		Number of improvements ^{*9}	Case	N/A	N/A	N/A	N/A	N/A	

^{*9} Number of cases in which a determination of compliance has been made after appropriate corrective actions were taken for non-conformities identified during supplier audits

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Water resources

Item	Scope of data	Description	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	Corresponding GRI content index
Water resource conservation	8 sites in Japan*1	Total water withdrawal	kL	931	946	875	877	814	303-3
			Groundwater/industrial water	871	889	818	819	762	
			Tap water	60	56	57	58	51	
		Water withdrawal in water-stressed regions*10	kL	n.d.	n.d.	N/A	N/A	N/A	
			Groundwater/industrial water	n.d.	n.d.	N/A	N/A	N/A	
			Tap water	n.d.	n.d.	N/A	N/A	N/A	
		Breakdown of water withdrawal	kL	931	946	875	877	814	
			Fresh water	931	946	875	877	814	
			Other	0	0	0	0	0	
		Total water discharge	kL	650	650	755	789	743	
			Sewage systems	53	51	51	54	48	
			Public water areas	597	599	704	735	695	
	Group	Breakdown of water discharge	kL	650	650	755	789	743	303-4
			Fresh water	650	650	755	789	743	
			Other	0	0	0	0	0	
		Water discharge in water-stressed regions*10	kL	n.d.	n.d.	N/A	N/A	N/A	
			Fresh water	n.d.	n.d.	N/A	N/A	N/A	
			Other	n.d.	n.d.	N/A	N/A	N/A	
		Violation of laws/regulations regarding water discharge	Case	0	0	0	0	0	
			kL	281	295	120	88	70	
			Water-stressed regions	n.d.	n.d.	N/A	N/A	N/A	
		Total water consumption	kL	281	295	120	88	70	303-5
			Other	281	295	120	88	70	
			kL	1,293	1,263	1,162	1,221	1,174	
	Group	Total water withdrawal	kL	1,233	1,207	1,106	1,163	1,123	303-3
			Tap water	60	56	57	58	51	
		Water withdrawal in water-stressed regions*10	kL	n.d.	n.d.	4	9	15	
			Groundwater/industrial water	n.d.	n.d.	4	9	15	
			Tap water	n.d.	n.d.	0	0	0	
		Breakdown of water withdrawal	kL	1,293	1,263	1,162	1,221	1,174	
			Fresh water	1,293	1,263	1,162	1,221	1,174	
			Other	0	0	0	0	0	
		Total water discharge	kL	1,012	968	1,042	1,134	1,104	303-4
			Sewage systems	53	51	51	54	48	
			Public water areas	959	917	991	1,080	1,056	
		Breakdown of water discharge	kL	1,012	968	1,042	1,134	1,104	
			Fresh water	1,012	968	1,042	1,134	1,104	
			Other	0	0	0	0	0	
		Water discharge in water-stressed regions*10	kL	n.d.	n.d.	4	9	15	
			Fresh water	n.d.	n.d.	4	9	15	
			Other	n.d.	n.d.	0	0	0	
		Violation of laws/regulations regarding water discharge	Case	0	0	0	0	0	303-5
			kL	281	295	120	88	70	
			Water-stressed regions	n.d.	n.d.	0	0	0	
		Total water consumption	kL	281	295	120	88	70	
			Other	281	295	120	88	70	
			kL	281	295	120	88	70	

*1 Kobe Head Office / Kobe Plant R&D Center, Tokyo Head Office, Shikoku Plant, Nagoya Plant, Ayabe Production System Development Center, Seishin Office, Shiga Plant, Mitsubishi Cord Co., Ltd. Shin Asahi Head Office Plant

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

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