

Corporate Philosophy of Mitsubishi Belting:

## To give attentive consideration to both humanity and nature

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

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

# CONTENTS

## 01 Brand Story of Mitsubishi Belting

The History of Mitsubishi Belting	4
Business Overview	5
Philosophy System of Mitsubishi Belting	6
TOP MESSAGE	8
Vision and Strategy—Mid-Term Business Plan (FY2021-2023)	11

## 02 Deepening ESG Management

Sustainability Promotion System	18
Materiality	19
ESG-Related Initiatives to Date	21

## 03 E: Environment

Basic Policy and Activity Results	23
Environmental Governance System	25
Initiatives to Realize a Decarbonized Society	27
Information Disclosure Based on the TCFD Recommendations	31
Initiatives to Realize a Resource-Recycling Society	36
Initiatives for Biodiversity Conservation	42
Environmental Data	45

## 04 S: Society

Basic Policy and Achievements	49
Human Resources Strategy	50
Respect for Human Rights	55
Value Chain Management	56
CSR Activities	62
Social Data	66

## 05 G: Governance

Corporate Governance	69
Compliance	73
Risk Management	74
Governance Data	78

## 06 Appendix

79

### ■ Editorial Policy

This report provides details of our approach to social issues, mainly in the areas of E (Environment), S (Social), and G (Governance), as well as various related initiatives.

Through the publication of this report, we hope to deepen our stakeholders' understanding of the Mitsubishi Belting Group so as to further improve our engagement with them.

### ■ Scope of Reporting:

Consolidated group companies in Japan and overseas, mainly Mitsubishi Belting Ltd.

If the scope differs for each content of the report, the scope is indicated in each case.

### ■ Reporting Period:

FY2022 (April 1, 2022 - March 31, 2023)

The report contains some data outside the above period.

### ■ Publication Date:

September 2023

### ■ Guidelines Referenced:

- > GRI Standards
- > Ministry of the Environment "Basic Guidelines for Calculating Greenhouse Gas Emissions through the Supply Chain (Ver. 2.5)"

### ■ Forward-Looking Statements

This report contains future performance forecasts and other forward-looking statements that are subject to uncertainties. Although such performance forecasts and other statements are based on analysis of currently available information, they are not guarantees of future results, and actual performance may differ from the forecasts in this report.



# The History of Mitsuboshi Belting

Since being founded in Kobe in 1919 as a specialized manufacturer of industrial belts, Mitsuboshi Belting has grown into a leading company in the industry through continuous research and development.

Even now, having expanded our business to the manufacture of waterproofing/water-shielding sheets, engineering plastics, electronic materials, and other products, we value the manufacturing spirit of “manufacturing quality and selling quality,” which has been handed down since our founding, and have earned the deep trust of our business partners.

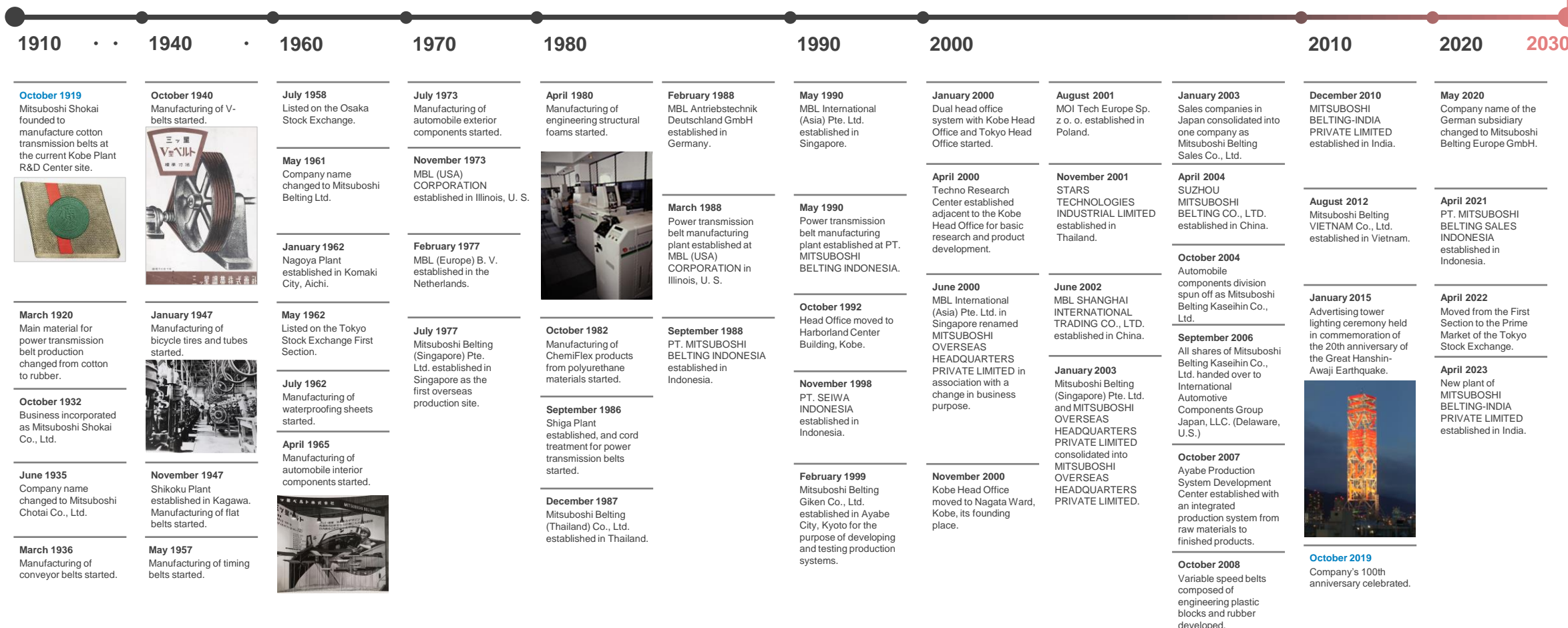
Even in the present day, with the role that companies should play for society having changed significantly, we regard the resolution of ESG issues as a prerequisite for our business activities. We will contribute to the realization of a sustainable society through the development and provision of innovative products manufactured based on our manufacturing spirit, which has been handed down since our founding.

## FY2030 Target Position

### “Establish a Strong Corporate Structure Resilient to Change”

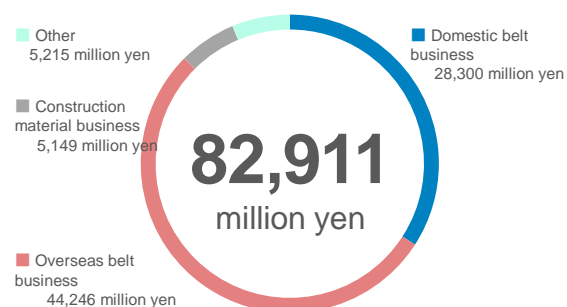
Based on our corporate philosophy of “To give attentive consideration to both humanity and nature,” we promote the creation of a company that can contribute to the realization of a sustainable society through its business activities, and aim for management that is trusted by all stakeholders.

[P.11 “Vision and Strategy”](#)

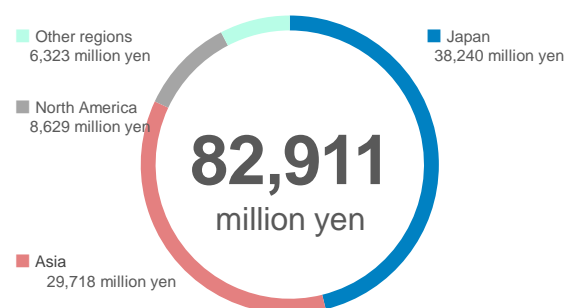


## Business Overview

### Sales status (consolidated companies; by segment)



### Sales status (consolidated companies; by region)



### Domestic/overseas belt business

In the belt business, which is our main business, we sell a wide range of automobile transmission belts, industrial power transmission belts, OA equipment belts, conveyor belts, and other belts in Japan and overseas.

Our products are used in a wide variety of industries and equipment. In the automobile industry, which is our main sales destination, our products are used in passenger vehicles, commercial vehicles, motorcycles such as scooters, snowmobiles, and multi-purpose four-wheeled vehicles. In the general industrial market, our products are used in agricultural machines, machine tools, injection molding machines, industrial robots, OA equipment, cash machines (ATMs, etc.), household appliances such as washing machines, and wind power generators. Thus, Mitsubishi Belting products support our lives in many parts of the world.

#### Automobile and motorcycle transmission belts and related products



##### Major Products

- > Timing belts
- > V-ribbed belts
- > Accessory drive systems
- > Variable speed belts
- > Raw edge V-belts
- > Worm wheels

#### Industrial power transmission belts and related products



##### Major Products

- > V-belts for general industry
- > V-belts for agricultural machinery
- > Timing belts for general industry
- > RIBSTAR belts
- > Polyurethane belts
- > Pulleys, couplings, etc.

#### Conveyor belts, systems, and related products



##### Major Products

- > Various types of Tailorbelt™ resin conveyor belts
- > FREESPAN™ resin timing belts
- > START™ rubber conveyor belts
- > Conveyor system products
- > Polyurethane screens for sieving

### Construction material business

In the construction material business, we manufacture, sell, and install waterproofing sheets for construction, water-shielding sheets for civil engineering, and related products.

Our waterproofing materials are used in various places, such as schools, housing complexes, and factories. In the civil engineering sector, our water-shielding sheets are used at waste disposal sites. Our products with superior water-shielding properties prevent environmentally hazardous substances leaking from waste from penetrating into the soil, thereby making a significant contribution to global environmental conservation.

### Other

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

#### > Engineering plastic materials and processed products:

Our engineering plastic materials and processed products have enough strength and heat resistance to replace metal parts. They are used in a wide range of industries and equipment, such as the food industry, the construction and heavy machinery industry, and the environment (water, sludge, and dust treatment) industry.

#### > Structural foam molding products:

Since structural foam molding products are thick-walled but lightweight, they can replace metal parts, such as sheet metal and die casting parts. In addition, compared to general injection molding products, they have very fewer sink marks and distortions and less warpage, thereby contributing to the realization of a high degree of freedom in design.

## Introduction

### Brand Story of Mitsubishi Belting

The History of Mitsubishi Belting

### Business Overview

Philosophy System of Mitsubishi Belting

TOP MESSAGE

Vision and Strategy—Mid-Term Business Plan (FY2021-2023)

### Deepening ESG Management

Sustainability Promotion System

Materiality

ESG-Related Initiatives to Date

### E: Environment

Basic Policy and Activity Results

Environmental Governance System

Initiatives to Realize a Decarbonized Society  
Information Disclosure Based on the TCFD Recommendations

Initiatives to Realize a Resource-Recycling Society

Initiatives for Biodiversity Conservation

Environmental Data

### S: Society

Basic Policy and Achievements

Human Resources Strategy

Respect for Human Rights

Value Chain Management

CSR Activities

Social Data

### G: Governance

Corporate Governance

Compliance

Risk Management

Governance Data

Appendix

## Philosophy System of Mitsubishi Belting (1/2)



Keeping in mind what kind of value the Mitsubishi Belting Group should provide in society as the role of companies for the environment and society has now become more significant, and what is the “unique identity of our company” that we should be proud of, the Group will share these values with all stakeholders and aim to be a company that “chooses and is chosen by” them for 100 years to come.

### Our values

Corporate Philosophy:

#### To give attentive consideration to both humanity and nature

In 1999, when terms such as “ESG” and “sustainability” were not yet common, our corporate philosophy of “To give attentive consideration to both humanity and nature” was established as the cornerstone of the company. The concept of “to give consideration to humanity” represents our desire to be an organization that respects the human rights, personality, and individuality of all people involved in our business activities and in which each and every employee can fully exert his/her originality, and “to give consideration to nature” represents our desire to protect the environment, including climate, water, and biodiversity, of this planet on which we live to realize a sustainable society. Our corporate philosophy of “To give attentive consideration to both humanity and nature” is our important and unchanging value in order for us to be a company that will continuously contribute to society in a sustainable way for the next 100 years.

### Mission to be fulfilled

Management Principle:

#### To contribute to society by supplying goods of high performance, high precision and high quality

“To make products with sincerity” —This was one of our management principles at the time of the foundation of our company in 1919. Based on this belief, we have faithfully engaged in “manufacturing” under the spirit of “manufacturing quality and selling quality” for more than 100 years since our foundation.

Mitsubishi Belting aims to achieve a “trade-on” between economic value and environmental/social value and contribute to solving social issues, including the realization of a decarbonized society, by providing our products such as next-generation belts with a higher proportion of non-petroleum-derived raw materials and high-performance timing belts used in wind power generators.

### Target position

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

You may not often see Mitsubishi Belting's products directly. However, our products continue to quietly play a role in our daily lives, such as in cars, motorcycles, printers and other office equipment, ATMs, cash registers, and various home appliances including washing machines and bread machines.

The Mitsubishi Belting Group aims to be a company that continues to support people's comfortable lives by creating innovation through our efforts to deepen the power of science and valuing the challenging spirit.

Introduction

Brand Story of Mitsubishi Belting

The History of Mitsubishi Belting

Business Overview

Philosophy System of Mitsubishi Belting

TOP MESSAGE

Vision and Strategy—Mid-Term Business Plan (FY2021-2023)

Deepening ESG Management

Sustainability Promotion System

Materiality

ESG-Related Initiatives to Date

E: Environment

Basic Policy and Activity Results

Environmental Governance System

Initiatives to Realize a Decarbonized Society  
Information Disclosure Based on the TCFD Recommendations  
Initiatives to Realize a Resource-Recycling Society

Initiatives for Biodiversity Conservation

Environmental Data

S: Society

Basic Policy and Achievements

Human Resources Strategy

Respect for Human Rights

Value Chain Management

CSR Activities

Social Data

G: Governance

Corporate Governance

Compliance

Risk Management

Governance Data

Appendix

## Philosophy System of Mitsuboshi Belting (2/2)

### ■ Our promise: the basis of our actions

Motto:

**To act with pride in how we stand today and look forward to the future.**

Mitsuboshi Belting believes that it is the source of the realization of the growth of individual employees and the sustainability of the company for our employees “to act with pride in how we stand today and look forward to the future.”

### ■ Revision of the Mitsuboshi Belting Group Code of Conduct

In the current age known as the VUCA world, Mitsuboshi Belting considers that while some values should be cherished as a company without change, there are also many things that need to be changed in order to adapt to the rapidly changing social situation and environment.

In November 2022, we made major revisions to our previous Code of Conduct in consideration of the ten principles of the United Nations Global Compact and other factors to ensure that it is compatible even with today's society, in which companies are expected to play a greater role. This revised Code of Conduct is positioned as “our promise” for all Group employees in order for our company to continue “to give attentive consideration to both humanity and nature.”

This Code of Conduct has been translated into a total of five languages, including English and Chinese, and has been disseminated to all employees of the Mitsuboshi Belting Group. Also, with the aim of ensuring that each employee correctly understands this Code of Conduct, meetings are also held at each department to read it.

#### Mitsuboshi Belting Group Code of Conduct

(Revised in November 2022)

##### 1. Compliance

- We, the Mitsuboshi Belting Group, will act in good faith and comply with all applicable laws, regulations, and social norms of each country and region where we conduct business activities.
- We will respect corporate ethics and abide by internal regulations and will not engage in any misconduct.
- We will execute operations and education based on our policy and framework for thorough compliance and on various systems, including the internal reporting system.

##### 2. Human rights and labor

- We will support and respect the protection of personality and human rights.
- We will not tolerate any discrimination on the grounds of race, nationality, gender, sexual orientation, gender identity, age, religion, creed, ethnicity, immigration, disability, poverty, marital status, family status, or any other reason.
- We will not engage in inhumane treatment, including abuse, corporal punishment and any form of harassment, or any act that violates the dignity of a person.
- We will pay fair wages in compliance with applicable laws and regulations.
- We will comply with the legal working hours and holidays.
- We will not engage in any forms of forced labor.
- We will not unreasonably require employees to hand over their identity documents or work permits or unreasonably collect deposits.
- We will not employ children under the legal working age. We will guarantee our employees' freedom of association and the right to collective bargaining.

##### 3. Environment

- We will establish an environmental management system that ensures the continuous improvement of our performance on environmental issues, and we will strive to conserve resources and energy.
- We will work to reduce greenhouse gas (GHG) emissions.
- We will work to reduce and recycle waste.
- We will work to manage and reduce wastewater, sludge, and exhaust emissions.
- We will strive to make effective use of water resources and address water risks.
- We will properly manage chemical substances in products and will grasp and report the amount of chemical substances handled to the regulating authorities.
- We will not use any substances prohibited by laws and regulations in our products and manufacturing processes.
- We will conduct all business activities, including raw materials procurement, in consideration of the conservation of biodiversity and will strive to realize a sustainable society where people and nature coexist in harmony.

##### 4. Fair corporate activities

- We will conduct fair trade that respects commercial ethics and free competition and will not engage in private monopolies, unreasonable trade restrictions, or unfair trade practices (such as unfair competition and abuse of superior bargaining position).
- We will establish appropriate relationships with local governments and public officials, as well as customers and suppliers, and will take measures to prevent corruption.
- We will eliminate any relationships with antisocial forces and organizations.

- We will respect intellectual property rights, such as patent rights, copyrights and trademark rights, of third parties.
- We will establish points of contact for complaints and consultation and guarantee the protection of whistleblowers.
- We will not engage in insider trading.
- We will act in a way to avoid situations that may cause a conflict of interest with the company.

##### 5. Quality

- Based on our management principle “To contribute to society by supplying goods of high performance, high precision and high quality,” we will execute our duties, keeping in mind that quality assurance for customers is our top priority.
- We will provide safe and superior quality products and services.
- We will promptly respond to complaints with sincerity.

##### 6. Safety and health

- To ensure that everyone can work with peace of mind, we will appropriately manage the health and safety of our employees and prevent accidents and disasters.
- We will comply with health- and safety-related laws and regulations and health and safety management guidelines.
- We will work to prevent occupational accidents through risk assessment and health and safety training.

##### 7. Information security

- We will clarify the information assets to be protected and manage and protect them appropriately.
- We will comply with laws and regulations on information security as well as contractual security requirements.
- In the event of an information security-related incident or accident, we will promptly investigate the cause and strive to minimize damage and prevent recurrence.

##### 8. Supply chain

- We will disseminate CSR Guidelines, which are based on our Code of Conduct, to our suppliers to ensure that sustainability initiatives are widely understood and implemented.
- We will conduct procurement activities in consideration of the effects on local communities of the use of raw materials that may cause social problems, such as human rights issues and environmental issues, and will take measures to avoid their use if there is any concern.

##### 9. Coexistence with local communities

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

##### 10. Information disclosure

- We will disclose information to our stakeholders in a timely and appropriate manner to ensure the transparency of our corporate activities.

Introduction

Brand Story of Mitsuboshi Belting

The History of Mitsuboshi Belting

Business Overview

Philosophy System of Mitsuboshi Belting

TOP MESSAGE

Vision and Strategy—Mid-Term Business Plan (FY2021-2023)

Deepening ESG Management

Sustainability Promotion System

Materiality

ESG-Related Initiatives to Date

E: Environment

Basic Policy and Activity Results

Environmental Governance System

Initiatives to Realize a Decarbonized Society  
Information Disclosure Based on the TCFD Recommendations  
Initiatives to Realize a Resource-Recycling Society

Initiatives for Biodiversity Conservation

Environmental Data

S: Society

Basic Policy and Achievements

Human Resources Strategy

Respect for Human Rights

Value Chain Management

CSR Activities

Social Data

G: Governance

Corporate Governance

Compliance

Risk Management

Governance Data

Appendix

MITSUBOSHI  
SUSTAINABILITY  
REPORT  
2023



## TOP MESSAGE

Hiroshi Ikeda,  
President, Mitsuboshi Belting Ltd.



Striving to remain a company that “gives  
attentive consideration  
to both humanity and nature”

### Introduction

It has been two years since I became the President in June 2021. When I assumed the position of President, we were in the midst of the spread of COVID-19, and we were forced to first work on establishing a system that ensures both the safety of our employees and the continuity of business operations. Although we had a hard time because we could not go on business travel, this has led to the introduction of new ways of working that were not restricted by time or place, such as web conferencing and remote work. I feel that there were also such positive side effects from the perspective of human capital management practices.

Despite a hectic start, I immediately began discussions to revise the Mid-Term Business Plan after my informal appointment as the President, and by the time I took office in June, a clear policy for the new system had been established. In “Revisions to Mid-Term Business Plan (FY2021-2023),” we indicated for the first time the direction to be taken in the medium to long term as the “FY2030 Target Position,” which has been set as “Establish a Strong Corporate Structure Resilient to Change.” In order to achieve this target position along with KPIs of five items, we are currently proceeding with various initiatives.

### FY2030 Target Position

#### “Establish a Strong Corporate Structure Resilient to Change”

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

Profitability	Net sales: 100 billion yen Operating profit: 13 billion yen
Capital efficiency	ROE: 10%
Shareholder return Capital investment	Capital policy aimed at improving corporate value over the medium to long term
Personnel strategy	Developing human resources who promote change
ESG	Contributing to the realization of a sustainable society (Improvement of social and economic value)

### “Let's take on challenges.”

In order to create outcomes for each initiative and realize our “Target Position,” I believe that it is important to first build a foundation as a company and reform our corporate culture. Our company started its business in 1919 with the production of cotton transmission belts (flat belts), and since then, we have changed our business portfolio several times before forming our current business structure. Probably because we are in a niche industry where it is difficult for newcomers to enter, our corporate culture has been conservative, in terms of business plans, financial policies, information disclosure, and the temperament of our employees. The first thing we need to do is to change this. Since my appointment as the President, I have continued to say to all Group employees, “Let's take on challenges.” I hope to foster a corporate culture in which employees are appreciated for their willingness to seek higher goals with a challenging spirit, even if they fail to achieve them, rather than for achieving conservative goals.

I think that improving engagement with employees is also a major key point to foster a new corporate culture. At the end of last fiscal year, our company organized its Corporate Philosophy, Management Principle, etc. into a “philosophy system.” This philosophy system positions our Corporate Philosophy as “our values,” our Management Principle as a “mission to be fulfilled,” and our motto as the “basis of our actions.” By sharing and empathizing with these values with employees, I hope to improve engagement with them.

### To be a company that “chooses and is chosen by” all stakeholders

One of the major changes in direction since I became the President is deepening ESG management. Previously, our company had only been able to carry out conventional CSR activities, such as “making social contributions outside of our business activities.” In today's world, where companies have an increasingly important role to play, I recognize that it is necessary for us to aim for a “trade-on” between economic value and environmental/social value, and also to clearly demonstrate what kind of value we can provide to society. For this reason, we have started our initiatives from strengthening our sustainability promotion system by establishing a Sustainability Promotion Committee, which I myself chair, and setting up a specialized department to deal with sustainability issues.

Generally, a Sustainability Promotion Committee meeting is held once a quarter, but the Committee in our company meets once a month in principle. I was well aware that our company's ESG initiatives have been lagging behind, and in order to be a company that “chooses and is chosen by” all stakeholders, I had to strongly promote ESG management with my unflagging resolve. In FY2022, the first year when the Sustainability Promotion Committee was established, we first discussed the identification of our materiality, and then moved forward with various initiatives to achieve the identified materiality and its KPIs.

Regarding environmental initiatives, especially those on climate change, we have set interim targets for FY2023, FY2025, and FY2030 to achieve carbon neutrality by 2050, and are stepping up such initiatives as expanding the number of offices/plants with solar power generation systems and switching to LNG gas, which has a lower environmental impact than heavy oil.

Additionally, in December 2022, we announced our support for the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium, which finally enabled us to disclose information in line with its recommendations.

In parallel with our decarbonization efforts, we also focus on strengthening the development of eco-friendly products in order to contribute to the realization of a circular economy. Our company has been developing and selling various belts that can contribute to improving the fuel efficiency of automobiles and saving energy in equipment, and we are currently developing a next-generation belt that will add the perspective of circular economy to such existing products. Specifically, we intend to develop a belt in which the ratio of non-fossil-derived and recycled materials is increased to 70% by 2030, and to gradually expand the lineup of products under this concept.

In terms of social initiatives, we will develop human resources who will promote change, as I mentioned earlier. We will aim to enhance our personnel system, education and training system, and workplace environment to enable people maximize their capabilities and foster a corporate culture that respects diversity and values new ideas and a challenging spirit that is not afraid of change. We are also rapidly proceeding with initiatives on human rights. We completed the formulation of our human rights policy by last fiscal year, and this fiscal year, we are working on human rights due diligence, including in the supply chain, and revising our procurement guidelines. I believe that initiatives on human rights are an essential condition for developing sustainable business and contributing to society.



As part of our initiatives on governance, we are working to build a strong corporate governance system, with our first female director appointed in the last fiscal year and a ratio of outside directors exceeding one-third in the Board of Directors. While we strive to proactively disclose information to improve stakeholder engagement, I recognize that there have been many points in our previous efforts regarding information disclosure that need to be reflected on. We must make every effort to help our stakeholders learn more about the Mitsuboshi Belting Group.

For example, in the above-mentioned philosophy system, we have positioned our Management Principle, “To contribute to society by supplying goods of high performance, high precision and high quality” as our “mission to be fulfilled.” Although our products may not be readily visible to general consumers, our belts of various sizes support the comfortable lives of people around the world in invisible ways, such as in automobiles, motorcycles, agricultural machinery, machine tools and other industrial machinery, wind power generators, as well as washing machines, bread machines, printers, copiers, station service equipment, ATMs, vending machines, or warm-water washing toilet seats. However, I feel that we have not been able to convey to our stakeholders such “value with which the Mitsuboshi Belting Group can contribute to society.” By gaining their deeper understanding of our company, we aim to share our values with our stakeholders and build a relationship in which they will cooperate with us to realize a sustainable society.

### Striving to achieve FY2030 “Target Position”

This year is the final year of the “Mid-Term Business Plan (FY2021-2023).” During the three-year period of the Mid-Term Business Plan (FY2021-2023), the business environment has been extremely difficult, starting with the outbreak of COVID-19, followed by Russia's invasion of Ukraine, soaring raw material and logistics costs, low operation rates of customers caused by semiconductor shortages, and concerns about economic recession due to global inflation and rising interest rates. However, our results are expected to be higher than the target partly because of the weaker yen than assumed at the beginning of the fiscal year. During the period of this Mid-Term Business Plan, our performance has been solid, including that of automobile transmission belts, but we must work to acquire new markets including new businesses in the new Mid-Term Business Plan starting in FY2024 to achieve FY2030 “Target Position.”

In the automobile transmission belt field, we are working to expand sales of belts for non-internal combustion engines as we see the electrification of automobiles as an opportunity. Demand for belts for internal combustion engines will definitely decline in the future due to electrification. However, we are committed to achieving a “sales increase” rather than a “sales decrease” in the automobile transmission belt field in FY2030 compared to FY2022, by expanding sales of timing belts for electric units such as EPBs and EPSs, which are also used in electric vehicles, or belts for rear-wheel drives of motorcycles.

In the general industrial field, we are working to acquire demand to replace chains in various fields, taking advantage of the superiority of our lightweight, low-noise and oil-free belts. In the large agricultural machinery market, our share in the European and US markets is currently not high, and we see expanding our share in these markets as a great opportunity for our company. Furthermore, demand for next-generation belts with high environmental value, such as those with a higher proportion of sustainable raw materials, is expected to grow even more in the future, and by expanding sales of such belts, we aim to improve environmental value through our business activities.



In other business fields that we are involved in, we intend to actively take measures that are expected to generate synergistic effects, including M&A, for such businesses.

Although our ESG management has only just begun, we are determined to continue to be a company that can contribute to the realization of a sustainable society for the next 50 or 100 years.

Under our corporate philosophy of “To give attentive consideration to both humanity and nature,” we will continuously strive to develop for a prosperous future by actively engaging in dialogue with our stakeholders and promoting initiatives that contribute to improving environmental and social value through our business activities. I would like to ask for your continued support for our business activities.

July 2023  
President

  
Hiroshi Ikeda

## Long-Term Vision

In May 2022, Mitsubishi Belting announced the “Revisions to Mid-Term Business Plan (FY2021-2023)” and “FY2030 Target Position.” Aiming to contribute to the realization of a sustainable society, we will strive to improve environmental and social value through our business activities.

### KPIs for FY2023 (final year of the Mid-Term Business Plan (FY2021-2023)) (before revision)

<b>Profitability</b>	
■ Net sales:	75 billion yen
■ Operating profit:	8.3 billion yen
	(at least 11%)

<b>Capital efficiency</b>	
■ (KPIs not established)	

<b>Capital investment</b>	
■ 3-year capital investment limit:	15 billion yen

<b>Shareholder returns</b>	
■ Dividend per share:	At least 54 yen
(* Consolidated dividend payout ratio:	35%)
■ Average consolidated total return ratio for the three-year period:	50%

<b>ESG</b>	
■ CO <sub>2</sub> emission reduction target:	At least 20%
	(compared to FY2013)

<b>Assumed exchange rate</b>	
■ 1 USD=	105 yen
■ 1 EUR=	115 yen

### KPIs for FY2023 (after revision)

#### “Period for strengthening the foundation for achieving FY2030 Target Position”

<b>Profitability</b>	
■ Net sales:	80 billion yen
■ Operating profit:	8.3 billion yen

<b>Capital efficiency</b>	
■ ROE:	8%
■ Sales amount of cross-shareholdings:	At least 1.5 billion yen
	(During the period of the Mid-Term Business Plan 2021)

<b>Capital investment</b>	
■ 3-year capital investment limit:	23 billion yen

<b>Shareholder returns</b>	
■ Dividend payout ratio (FY2021):	65%
■ Dividend payout ratio (FY2022):	100%
■ Dividend payout ratio (FY2023):	100%

<b>ESG</b>	
■ CO <sub>2</sub> emission reduction target:	At least 22%
	(compared to FY2013)

<b>Assumed exchange rate</b>	
■ 1 USD=	115 yen
■ 1 EUR=	125 yen

## FY2030 Target Position “Establish a Strong Corporate Structure Resilient to Change”

<b>Profitability</b>	
■ Net sales:	100 billion yen
Existing businesses:	85-90 billion yen
New businesses:	10-15 billion yen
■ Operating profit:	13 billion yen

<b>Capital efficiency</b>	
■ ROE:	10%
➢	Strengthen financial position to further improve capital efficiency

### Shareholder returns/capital investment “Capital policy to enhance corporate value over the medium to long term”

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

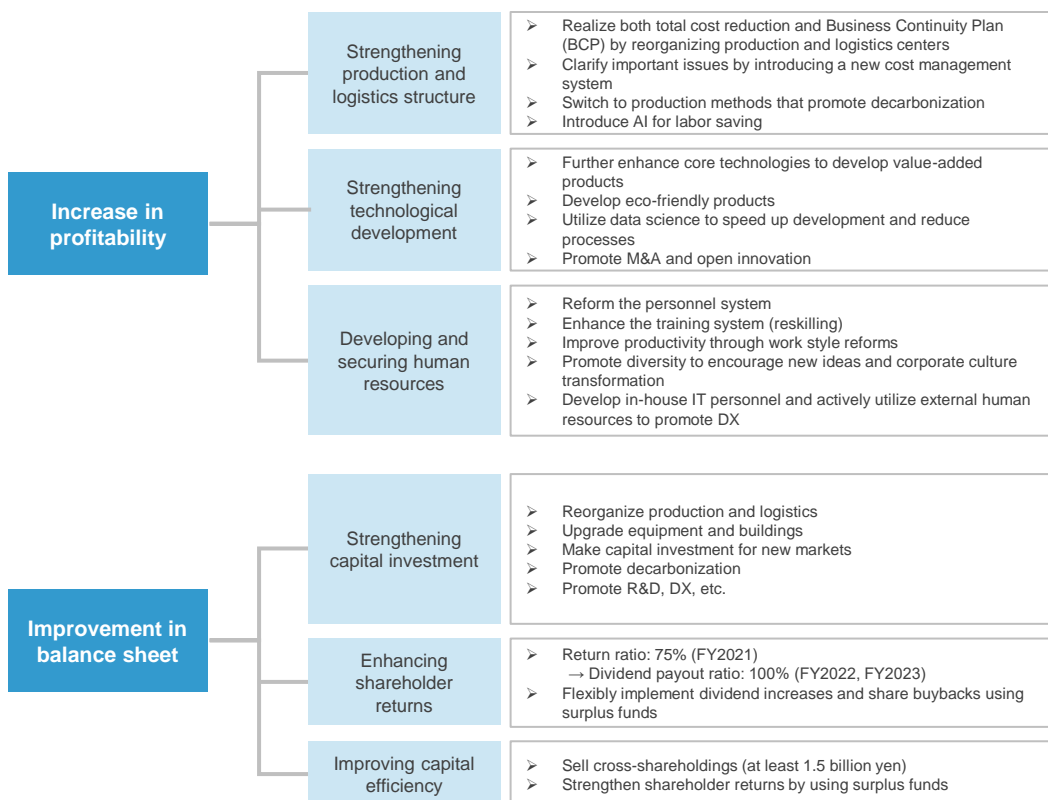
<b>Human resource strategy</b>	
<b>“Develop human resources who promote change”</b>	
➢	Enhance the personnel system, training system, and workplace environment to enable “people” maximize their capabilities
➢	Foster a “corporate culture” that respects diversity and values new ideas and a challenging spirit that is not afraid of change.

<b>ESG</b>	
<b>“Contribute to the realization of a sustainable society” (improve social and economic value)</b>	
➢	Proactively address environment-related social issues → “Toward carbon neutrality by 2050” <b>FY2030 CO<sub>2</sub> emission reduction target: 46% compared to FY2013</b>
➢	ESG evaluation: Obtain the highest rank under global standards

## Mid-Term Business Plan (FY2021-2023) (after revision)

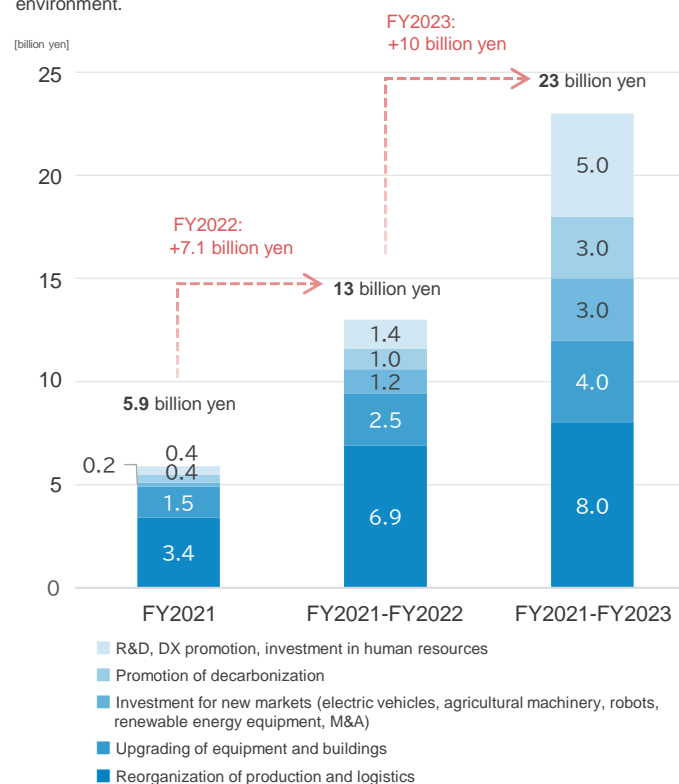
### Positioning of capital policy

We are working to increase profitability and improve our balance sheet as two pillars of our capital policy to enhance corporate value, aiming to achieve our FY2030 Target Position.



### Capital investment

Following a revision of the Mid-Term Business Plan (FY2021-2023), we have increased the three-year capital investment limit by 8 billion yen from the originally set 15 billion yen to 23 billion yen. We are proactively making investments to improve corporate value while flexibly reviewing our business in response to changes in the management environment.



\* The graph above represents the cumulative investment amount from FY2021.

#### Introduction

#### Brand Story of Mitsubishi Belting

The History of Mitsubishi Belting

Business Overview

Philosophy System of Mitsubishi Belting

TOP MESSAGE

Vision and Strategy—Mid-Term Business Plan (FY2021-2023)

#### Deepening ESG Management

Sustainability Promotion System

Materiality

ESG-Related Initiatives to Date

#### E: Environment

Basic Policy and Activity Results

Environmental Governance System

Initiatives to Realize a Decarbonized Society

Information Disclosure Based on the TCFD Recommendations

Initiatives to Realize a Resource-Recycling Society

Initiatives for Biodiversity Conservation

Environmental Data

#### S: Society

Basic Policy and Achievements

Human Resources Strategy

Respect for Human Rights

Value Chain Management

CSR Activities

Social Data

#### G: Governance

Corporate Governance

Compliance

Risk Management

Governance Data

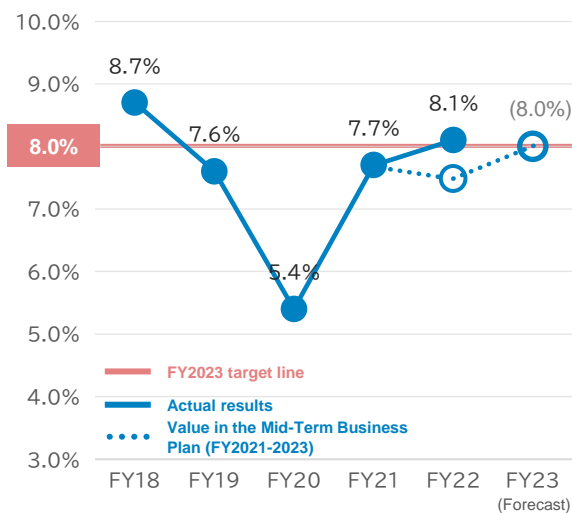
Appendix



## Progress of the Mid-Term Business Plan (FY2021-2023) (after revision)

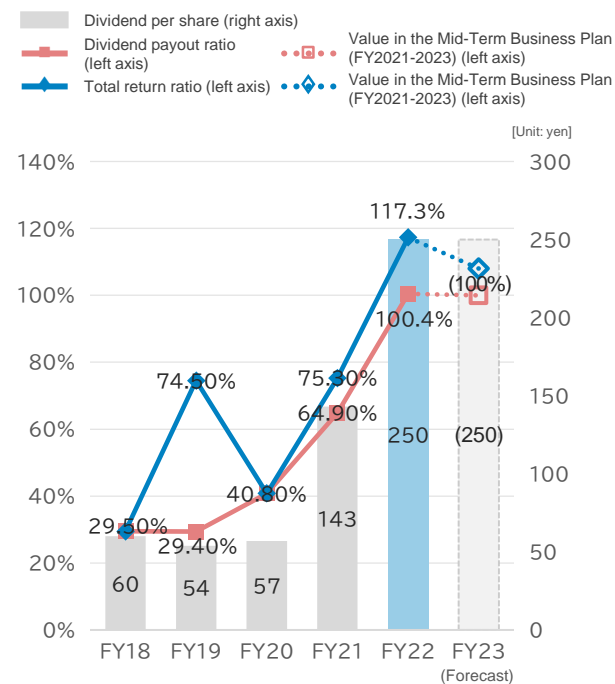
### ROE

In the “Revisions to Mid-Term Business Plan (FY2021-2023)” announced in May 2022, the ROE target for FY2022 was set at 7.5%. Although the impact of the COVID-19 pandemic was limited in FY2022 compared to FY2021, the management environment surrounding our company has remained difficult due to such reasons as soaring raw material and transportation costs and Russia's invasion of Ukraine. We recognize that it is now necessary to “Establish a Strong Corporate Structure Resilient to Change,” which is FY2030 Target Position. Although we are still halfway through the process, our efforts to realize FY2030 Target Position have resulted in an ROE of 8.1% in FY2022, enabling us to successfully achieve the target of 7.5%.



### Dividend payout ratio, total return ratio

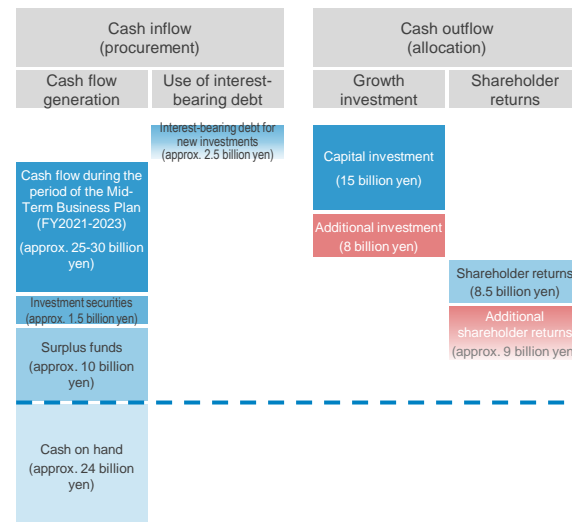
As part of our initiatives to improve our balance sheet with the aim of enhancing corporate value, we flexibly implement measures such as share buybacks using surplus funds and dividend increases. We are also proceeding with the sale of cross-shareholdings to improve capital efficiency, and we are making progress in all of these initiatives to improve the balance sheet toward the target.



### Cash procurement and allocation (image diagram)

The chart below reflects the measures to improve the balance sheet. Our policy is not to accumulate cash during the three-year period of the Mid-Term Business Plan (FY2021-2023). As stated on the previous page, we will aim to strengthen both capital investment and shareholder returns.

\* This is an image diagram of cash procurement and allocation during the period of the Mid-Term Business Plan (FY2021-2023) (April 2021 to March 2024). It does not represent a determined future capital policy.



#### Introduction

#### Brand Story of Mitsubishi Belting

The History of Mitsubishi Belting

Business Overview

Philosophy System of Mitsubishi Belting

TOP MESSAGE

Vision and Strategy—Mid-Term Business Plan (FY2021-2023)

#### Deepening ESG Management

Sustainability Promotion System

Materiality

ESG-Related Initiatives to Date

#### E: Environment

Basic Policy and Activity Results

Environmental Governance System

Initiatives to Realize a Decarbonized Society

Information Disclosure Based on the TCFD Recommendations

Initiatives to Realize a Resource-Recycling Society

Initiatives for Biodiversity Conservation

Environmental Data

#### S: Society

Basic Policy and Achievements

Human Resources Strategy

Respect for Human Rights

Value Chain Management

CSR Activities

Social Data

#### G: Governance

Corporate Governance

Compliance

Risk Management

Governance Data

Appendix

# Progress of the Mid-Term Business Plan (FY2021-2023) (after revision)

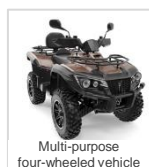
## Automotive components

### Strategy

- ✓ Responding to electrification (EV)
- ✓ Expanding sales in the repair market

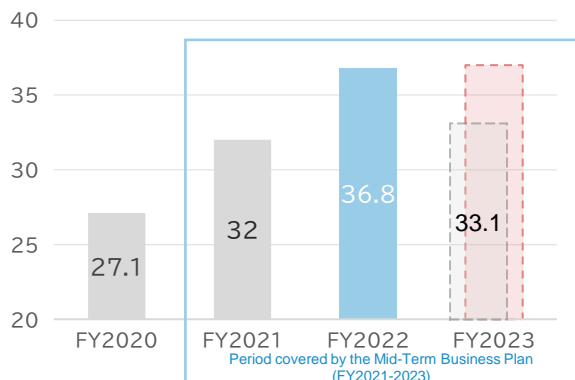
### Measures

- ✓ Expand sales of high value-added system products for auxiliary drive for hybrid vehicles
- ✓ Expand sales of products for electrification of four-wheel vehicle control equipment (EPS, EPB, PSD)
- ✓ Expand sales of rear-wheel drive products for motorcycles, multi-purpose four-wheeled vehicles, and personal mobility
- ✓ Expand sales to overseas repair markets for four-wheeled vehicles and motorcycles, mainly in emerging countries



### Sales growth target

[Unit: billion yen]



■ Actual results □ Value in the Mid-Term Business Plan (FY2021-2023) ■ Estimate

## General industry

### Strategy

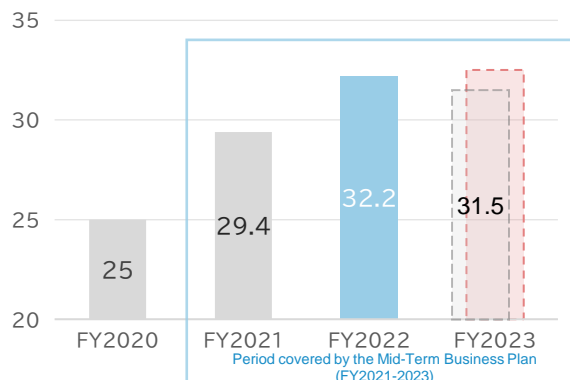
- ✓ Supporting food business/industry
- ✓ Responding to automation
- ✓ Responding to environmental issues
- ✓ Responding to energy saving

### Measures

- ✓ Develop and expand sales of high value-added products for agricultural machinery
- ✓ Develop and expand sales of products for robots and logistics equipment
- ✓ Expand sales of products for the clean energy market (wind power generators, etc.)
- ✓ Develop and expand sales of highly efficient products

### Sales growth target

[Unit: billion yen]



■ Actual results □ Value in the Mid-Term Business Plan (FY2021-2023) ■ Estimate

## Conveyor belts & systems

### Strategy

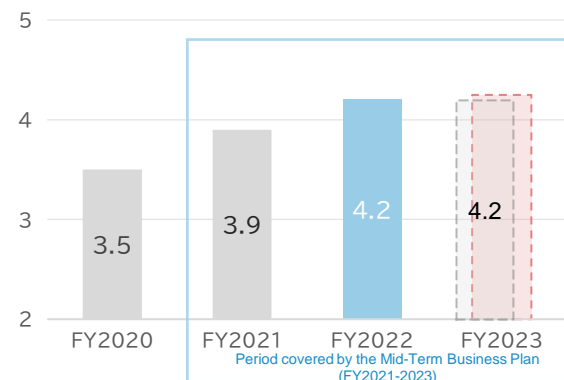
- ✓ Responding to food safety
- ✓ Responding to more efficient logistics
- ✓ Responding to environmentally friendly products
- ✓ Expanding sales to overseas markets
- ✓ Developing the solution business using information and communication technology

### Measures

- ✓ Expand sales of high-performance belts to address hygiene control in the food industry
- ✓ Expand sales of high value-added products for the logistics industry
- ✓ Develop products using biomass-derived, recycled, and other raw materials
- ✓ Expand sales to the Southeast Asian market
- ✓ Provide the component management online application service "Tailor-note"

### Sales growth target

[Unit: billion yen]



■ Actual results □ Value in the Mid-Term Business Plan (FY2021-2023) ■ Estimate

## Introduction

## Brand Story of Mitsubishi Belting

The History of Mitsubishi Belting

Business Overview

Philosophy System of Mitsubishi Belting

TOP MESSAGE

Vision and Strategy—Mid-Term Business Plan (FY2021-2023)

## Deepening ESG Management

Sustainability Promotion System

Materiality

ESG-Related Initiatives to Date

## E: Environment

Basic Policy and Activity Results

Environmental Governance System

Initiatives to Realize a Decarbonized Society

Information Disclosure Based on the TCFD Recommendations

Initiatives to Realize a Resource-Recycling Society

Initiatives for Biodiversity Conservation

Environmental Data

## S: Society

Basic Policy and Achievements

Human Resources Strategy

Respect for Human Rights

Value Chain Management

CSR Activities

Social Data

## G: Governance

Corporate Governance

Compliance

Risk Management

Governance Data

## Appendix

## Progress of the Mid-Term Business Plan (FY2021-2023) (after revision)

### ■ Engineering plastics

#### Strategy

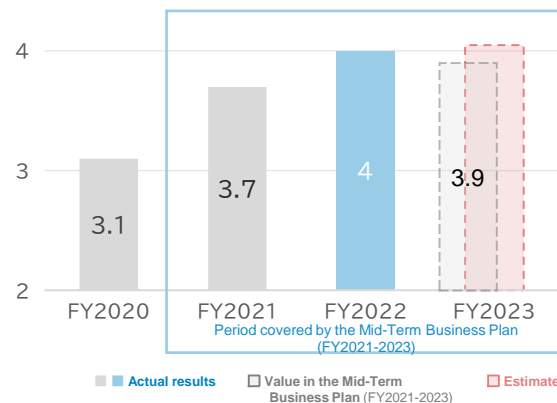
- ✓ Responding to lighter weight and energy saving
- ✓ Responding to maintenance reduction
- ✓ Responding to shift to functional components
- ✓ Responding to environmental issues
- ✓ Responding to food safety

#### Measures

- ✓ Develop applications as a substitute for metals and expand sales to various sectors
- ✓ Develop applications and expand sales of high-performance resins
- ✓ Expand sales of frameless structures and base parts using structural foam molding
- ✓ Develop bio-based and recycling-conscious products
- ✓ Expand sales of high-performance resin materials to address hygiene control in the food industry

#### Sales growth target

[Unit: billion yen]



### ■ Construction materials

#### Strategy

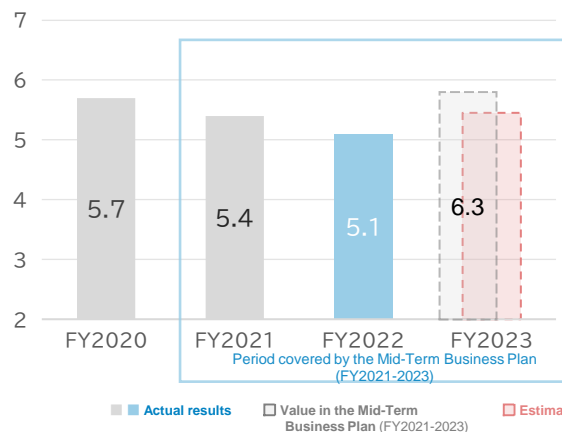
- ✓ Responding to water resource conservation
- ✓ Responding to natural environment protection
- ✓ Responding to longer lifespans of buildings

#### Measures

- ✓ Expand sales to the market of seepage control work for waste and contaminated soil disposal sites
- ✓ Expand sales to the agricultural reservoir construction and repair markets
- ✓ Expand sales to the markets related to river disaster prevention/mitigation
- ✓ Expand sales to the markets of biotope, greening promotion, and biodiversity protection.
- ✓ Expand sales to the building roof/rooftop waterproofing markets

#### Sales growth target

[Unit: billion yen]



### ■ Electronic materials & new sectors

#### Strategy

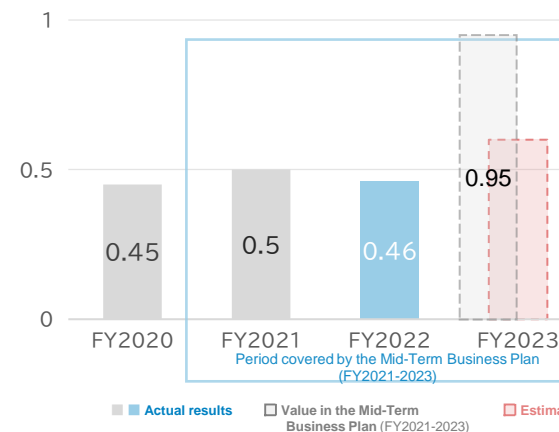
- ✓ Responding to energy saving and clean energy
- ✓ Responding to informatization, electrification, and automation

#### Measures

- ✓ Expand sales of metal nanoparticles to the mobility and mobile device markets
- ✓ Sell high-performance circuit boards to the solar power generation, power supply and power supply equipment markets
- ✓ Expand sales of high-performance circuit boards to the high-speed, large-capacity communications and mobility markets
- ✓ Expand sales of conductive, resistive, and insulating pastes to the semiconductor and electronic component industries

#### Sales growth target

[Unit: billion yen]



Introduction

Brand Story of Mitsubishi Belting

The History of Mitsubishi Belting

Business Overview

Philosophy System of Mitsubishi Belting

TOP MESSAGE

Vision and Strategy—Mid-Term Business Plan (FY2021-2023)

Deepening ESG Management

Sustainability Promotion System

Materiality

ESG-Related Initiatives to Date

E: Environment

Basic Policy and Activity Results

Environmental Governance System

Initiatives to Realize a Decarbonized Society

Information Disclosure Based on the TCFD Recommendations

Initiatives to Realize a Resource-Recycling Society

Initiatives for Biodiversity Conservation

Environmental Data

S: Society

Basic Policy and Achievements

Human Resources Strategy

Respect for Human Rights

Value Chain Management

CSR Activities

Social Data

G: Governance

Corporate Governance

Compliance

Risk Management

Governance Data

Appendix

MITSUBOSHI  
SUSTAINABILITY  
REPORT  
2023



## Progress of the Mid-Term Business Plan (FY2021-2023) (FY2022 results)

### Overview of FY2022

In the fiscal year ending March 31, 2023, the global economy was on a recovery trend as movement restrictions in response to the COVID-19 pandemic were eased or lifted. On the other hand, the economic outlook remained uncertain and unpredictable, with rising prices of raw materials and energy due to supply chain disruptions and Russia's prolonged invasion of Ukraine, higher interest rates caused by suppressed inflation, and sharp fluctuations in the exchange rate of the yen. However, the Group's performance for the fiscal year ending March 31, 2023 was as follows: net sales of 82,911 million yen (up 10.7% from the previous consolidated fiscal year), operating profit of 9,030 million yen (up 18.2% from the previous consolidated fiscal year), ordinary profit of 10,471 million yen (up 22.4% from the previous consolidated fiscal year), and profit attributable to owners of parent of 7,071 million yen (up 10.8% from the previous consolidated fiscal year).

With the aim of "strengthening financial position to realize management with a view to further improving capital efficiency," we will pursue an ROE of 10% as set as a KPI for FY2023 and as the "FY2030 Target Position" in the Mid-Term Business Plan (FY2021-2023) (after revision), and maintain and further improve a PER of at least 1.0x.

#### KPIs for FY2023 (Before revision)

##### Profitability

■ Net sales:	75 billion yen
■ Operating profit:	8.3 billion yen
	(at least 11%)

##### Capital efficiency

- (KPIs not established)

##### Shareholder returns

■ Dividend per share:	At least 54 yen
(* Consolidated dividend payout ratio:	35%)
■ Average consolidated total return ratio for the three-year period:	50%

#### KPIs for FY2023 (Revised on May 13, 2022)

##### Profitability

■ Net sales:	80 billion yen
■ Operating profit:	8.3 billion yen

##### Capital efficiency

■ ROE:	8%
■ Sales amount of cross-shareholdings:	At least 1.5 billion yen
	(During the period of the Mid-Term Business Plan (FY2021-2023))

##### Shareholder returns

■ Dividend payout ratio (FY2021):	65%
■ Dividend payout ratio (FY2022):	100%
■ Dividend payout ratio (FY2023):	100%

#### FY2022 results

##### Profitability

■ Net sales:	82.9 billion yen
■ Operating profit:	9 billion yen

##### Capital efficiency

■ ROE:	8.1%
■ Sales amount of cross-shareholdings:	276 million yen
	(FY2021, FY2022)

##### Shareholder returns

■ Dividend payout ratio (FY2021):	65%
■ Dividend payout ratio (FY2022):	100%

Introduction

Brand Story of Mitsubishi Belting

The History of Mitsubishi Belting

Business Overview

Philosophy System of Mitsubishi Belting

TOP MESSAGE

Vision and Strategy—Mid-Term Business Plan (FY2021-2023)

Deepening ESG Management

Sustainability Promotion System

Materiality

ESG-Related Initiatives to Date

E: Environment

Basic Policy and Activity Results

Environmental Governance System

Initiatives to Realize a Decarbonized Society  
Information Disclosure Based on the TCFD Recommendations  
Initiatives to Realize a Resource-Recycling Society

Initiatives for Biodiversity Conservation

Environmental Data

S: Society

Basic Policy and Achievements

Human Resources Strategy

Respect for Human Rights

Value Chain Management

CSR Activities

Social Data

G: Governance

Corporate Governance

Compliance

Risk Management

Governance Data

Appendix

MITSUBOSHI  
SUSTAINABILITY  
REPORT  
2023