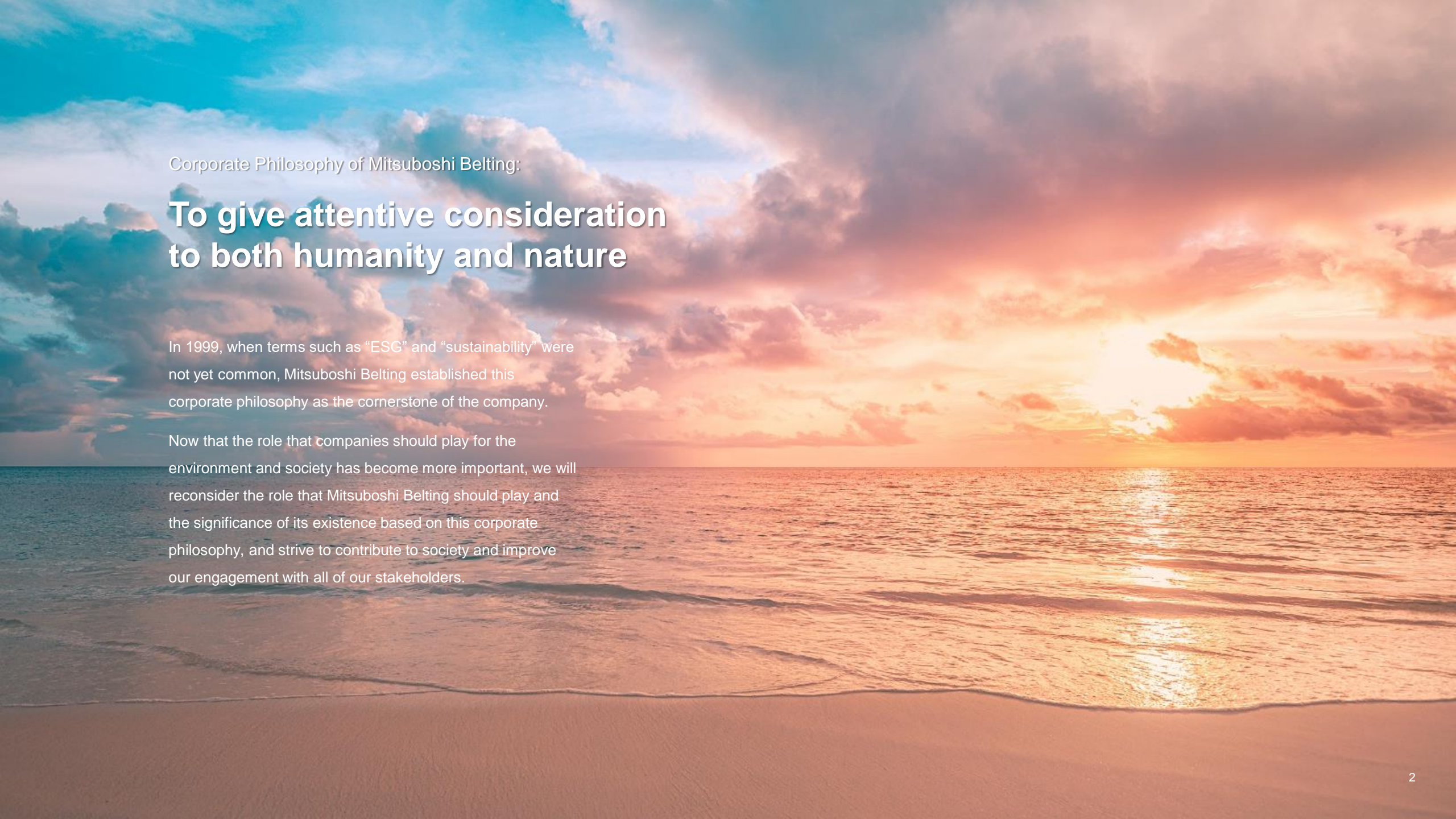




MITSUBOSHI SUSTAINABILITY REPORT 2023

Sustainability Report 2023 (FY2022 Results)
Mitsubishi Belting Ltd.



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.

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■ 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.

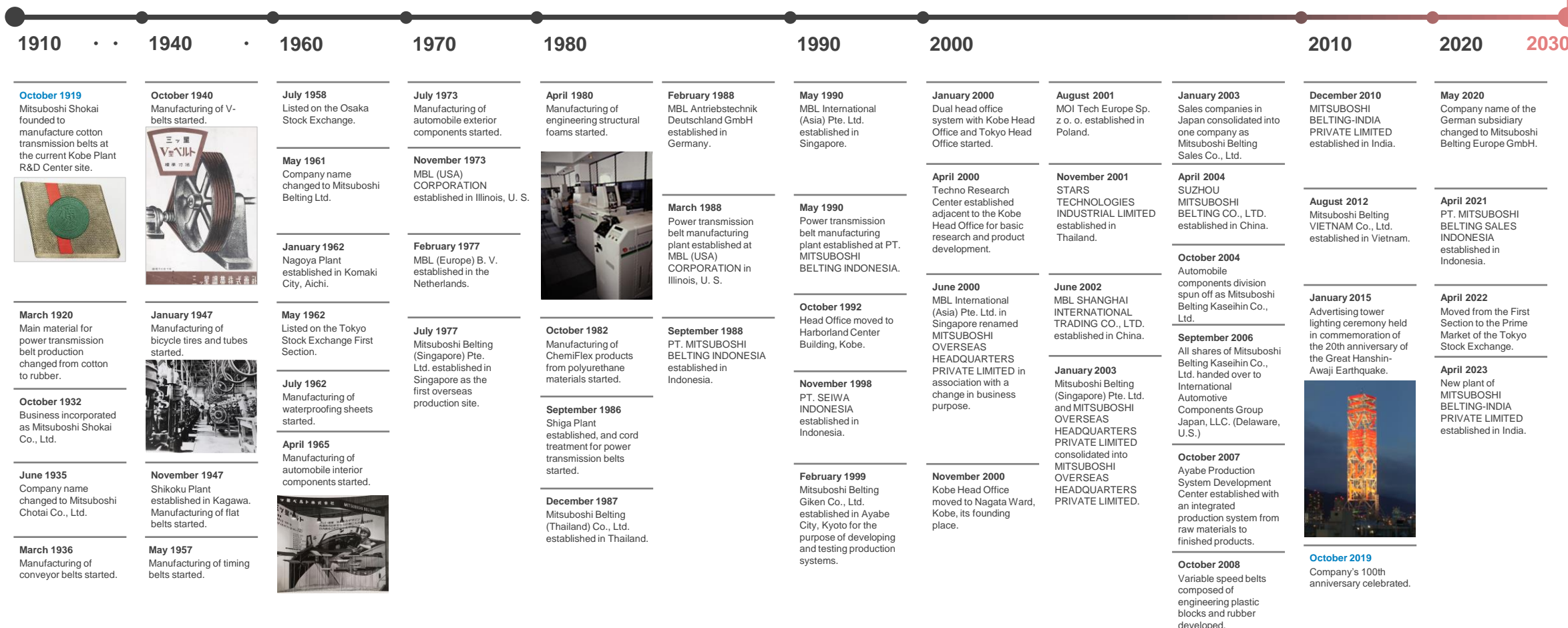
Even in the present day, with the role that companies should play for society having changed significantly, we regard the resolution of ESG issues as a prerequisite for our business activities. We will contribute to the realization of a sustainable society through the development and provision of innovative 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”

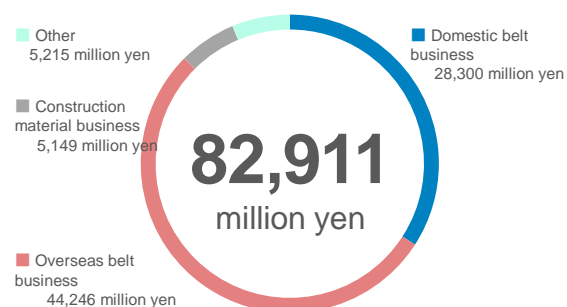
Based on our corporate philosophy of “To give attentive consideration to both humanity and nature,” we promote the creation of a company that can contribute to the realization of a sustainable society through its business activities, and aim for management that is trusted by all stakeholders.

[P.11 “Vision and Strategy”](#)

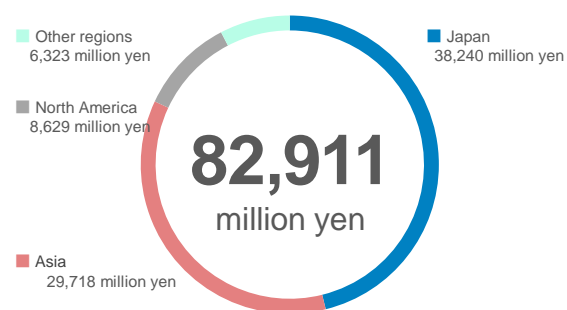


Business Overview

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.

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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.

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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.

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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)

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

Capital efficiency	
■ (KPIs not established)	

Capital investment	
■ 3-year capital investment limit:	15 billion yen

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%

ESG	
■ CO ₂ emission reduction target:	At least 20% target:
	(compared to FY2013)

Assumed exchange rate	
■ 1 USD=	105 yen
■ 1 EUR=	115 yen

KPIs for FY2023 (after revision)

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

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 2021)

Capital investment	
■ 3-year capital investment limit:	23 billion yen

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

ESG	
■ CO ₂ emission reduction target:	At least 22% target:
	(compared to FY2013)

Assumed exchange rate	
■ 1 USD=	115 yen
■ 1 EUR=	125 yen

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

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

Capital efficiency	
■ 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

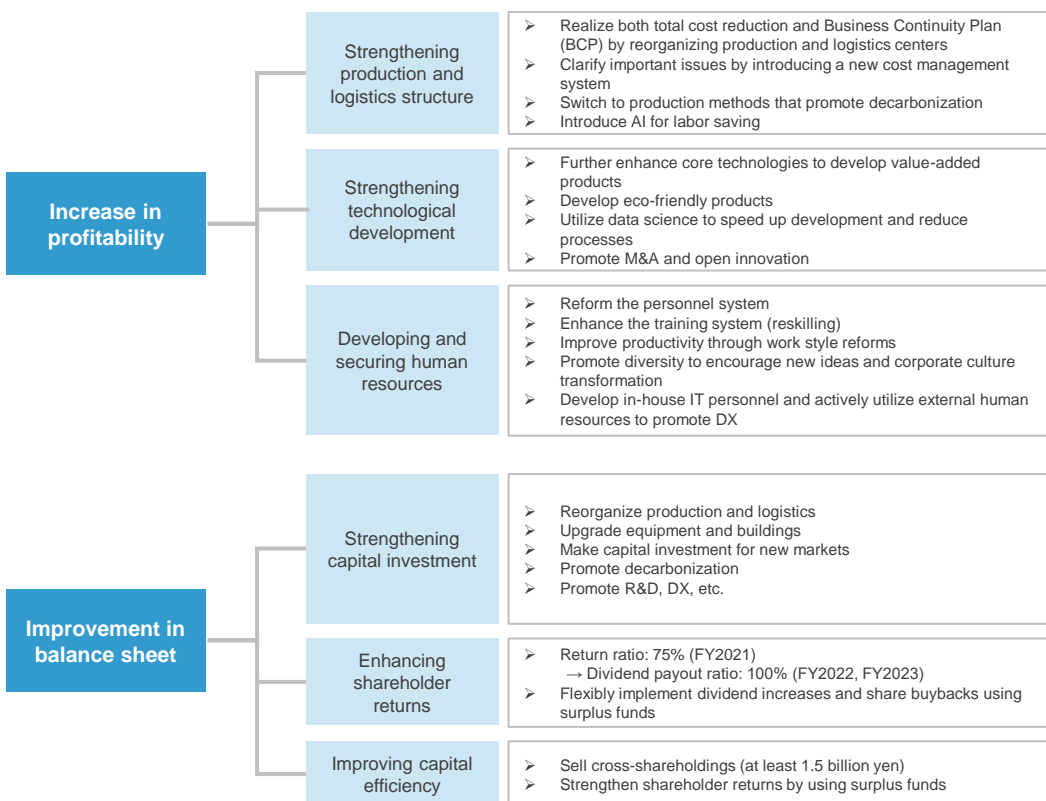
Human resource strategy	
“Develop human resources who promote change”	
➢	Enhance the personnel system, training system, and workplace environment to enable “people” maximize their capabilities
➢	Foster a “corporate culture” that respects diversity and values new ideas and a challenging spirit that is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

ESG	
“Contribute to the realization of a sustainable society” (improve social and economic value)	
➢	Proactively address environment-related social issues → “Toward carbon neutrality by 2050” FY2030 CO₂ emission reduction target: 46% compared to FY2013
➢	ESG evaluation: Obtain the highest rank under global standards

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

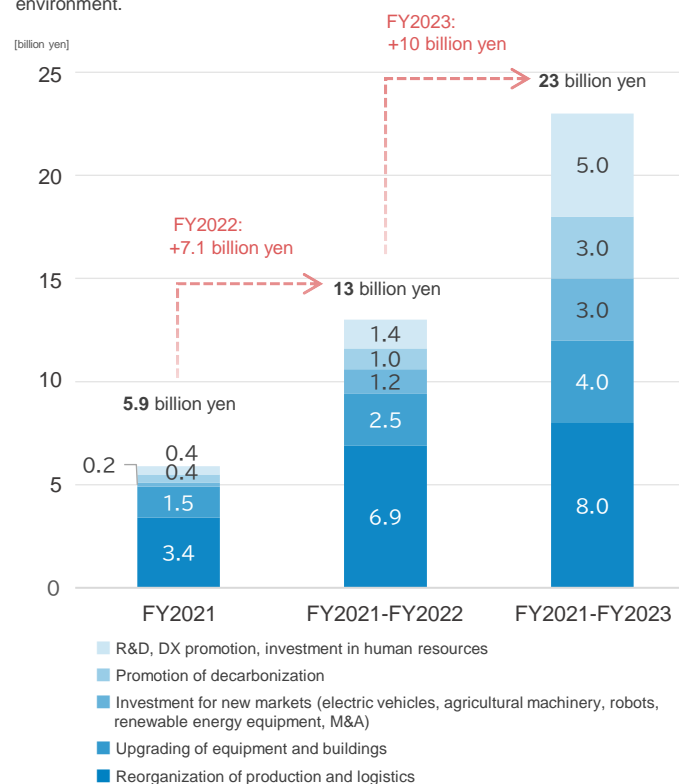
Positioning of capital policy

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.

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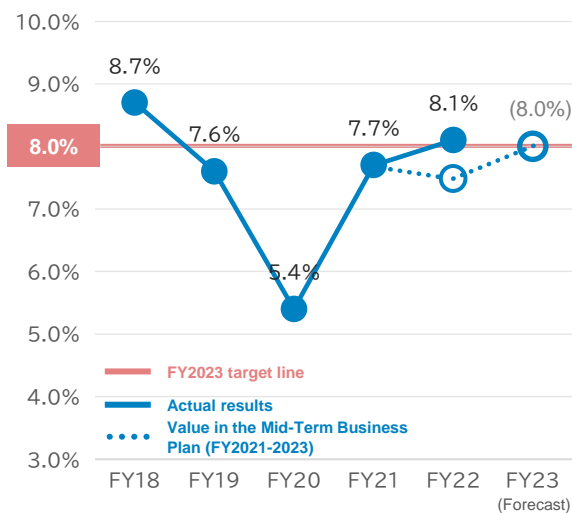
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Progress of the Mid-Term Business Plan (FY2021-2023) (after revision)

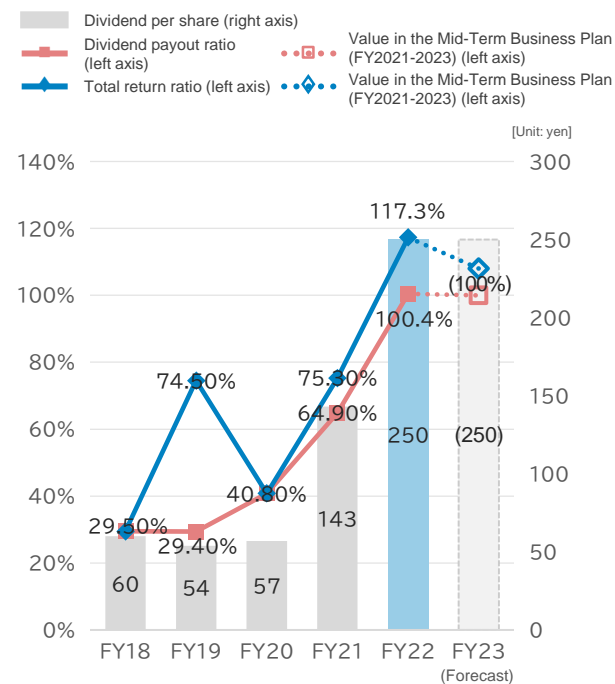
ROE

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

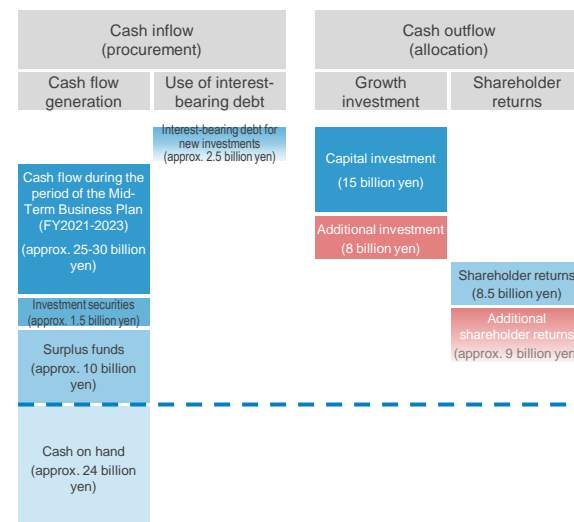
As part of our initiatives to improve our balance sheet with the aim of enhancing corporate value, we flexibly implement measures such as share buybacks using surplus funds and dividend increases. We are also proceeding with the sale of cross-shareholdings to improve capital efficiency, and we are making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



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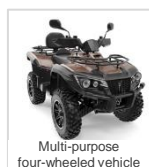
Automotive components

Strategy

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

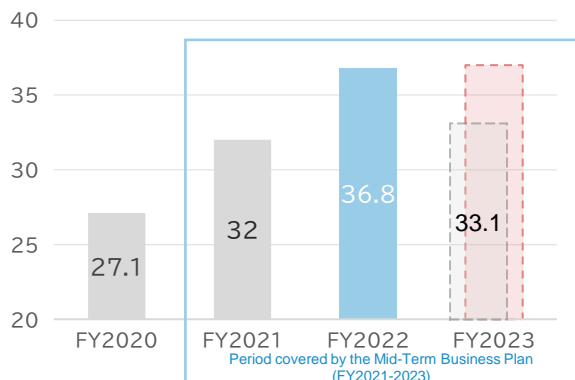
Measures

- ✓ 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

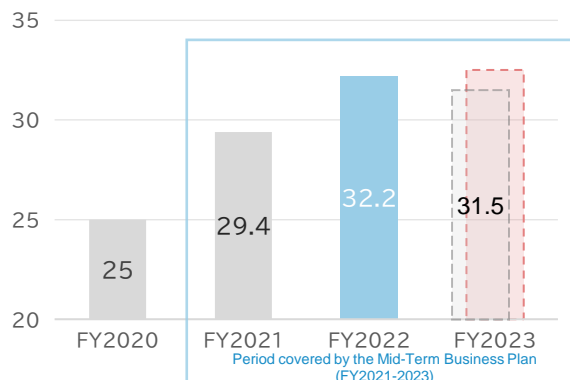
- ✓ Supporting food business/industry
- ✓ Responding to automation
- ✓ Responding to environmental issues
- ✓ Responding to energy saving

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

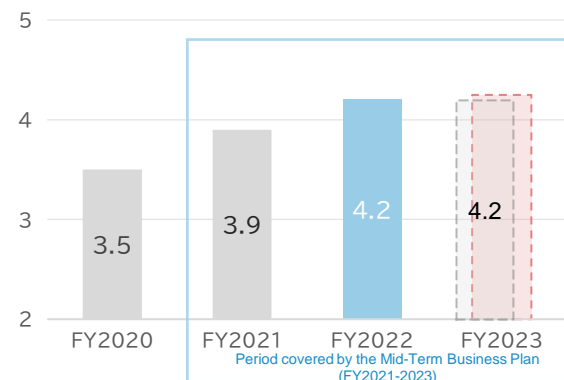
- ✓ Responding to food safety
- ✓ Responding to more efficient logistics
- ✓ Responding to environmentally friendly products
- ✓ Expanding sales to overseas markets
- ✓ Developing the solution business using information and communication technology

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

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■ Engineering plastics

Strategy

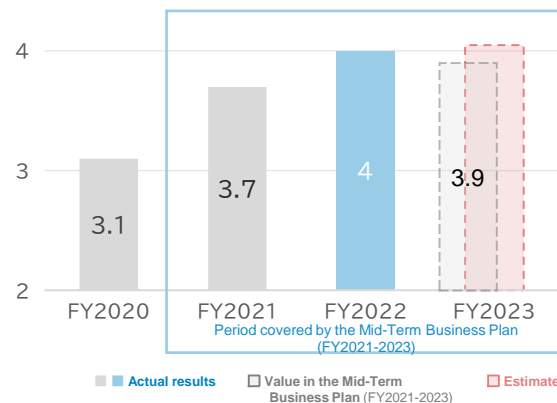
- ✓ Responding to lighter weight and energy saving
- ✓ Responding to maintenance reduction
- ✓ Responding to shift to functional components
- ✓ Responding to environmental issues
- ✓ Responding to food safety

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

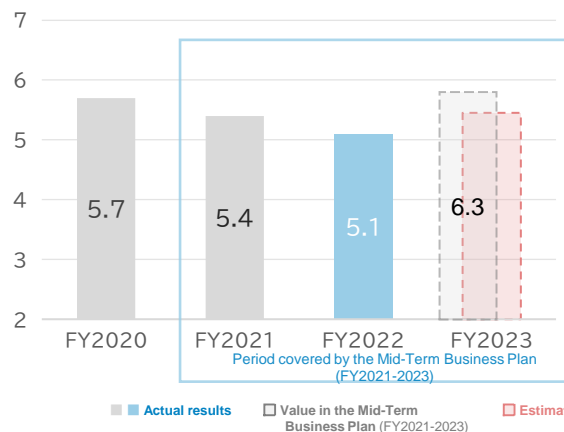
- ✓ Responding to water resource conservation
- ✓ Responding to natural environment protection
- ✓ Responding to longer lifespans of buildings

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

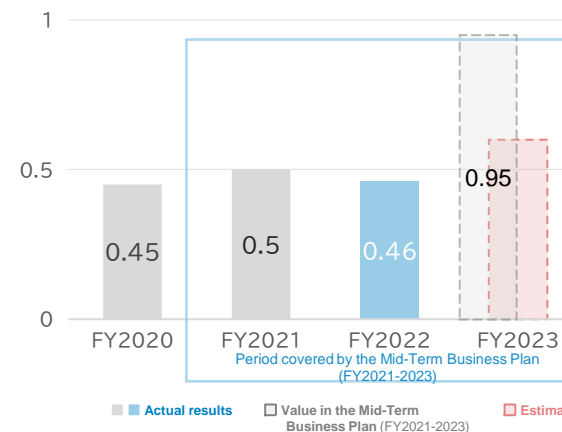
- ✓ Responding to energy saving and clean energy
- ✓ Responding to informatization, electrification, and automation

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]



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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%

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Enhancing ESG Management

02. Deepening ESG management

Sustainability

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ESG-Related Initiatives to Date	21



Deepening ESG Management

Sustainability management promotion system

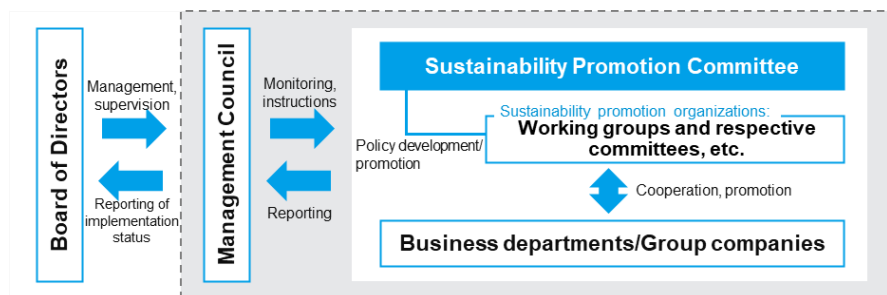
(1) Approach to sustainability management:

The Mitsubishi Belting Group works to implement ESG management in order to achieve a “trade-on” between corporate value and environmental/social value under the corporate philosophy of “To give attentive consideration to both humanity and nature.” Setting “contribution to the realization of a sustainable society (improvement of social and economic value)” as one of our goals in “FY2030 Target Position,” we work to resolve each ESG issue with a focus on the identified materiality.

(2) Sustainability management promotion system:

In the present day, with the role that companies should play for the environment and society having become more important, with the aim of reconsidering the role that the Mitsubishi Belting Group should play and the significance of its existence and of quickly and effectively implementing ESG management, we established the Sustainability Promotion Committee, chaired by the President, in April 2022.

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



-- Within the frame: Executive bodies

a. Composition of the Sustainability Promotion Committee:

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

b. Structure of the Sustainability Promotion Committee:

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

c. List of main agenda items of the Sustainability Promotion Committee:

Period	Main agenda
Q1	<ul style="list-style-type: none"> ▶ List of issues to be addressed by the Sustainability Promotion Committee and activity progress management ▶ Reporting of WG activities ▶ Reporting of FY2021 results (CO₂ emissions, water resource/material input, waste generation, wastewater generation)
Q2	<ul style="list-style-type: none"> ▶ Status of achievement prospects for CO₂ emission reduction targets ▶ Roadmap for carbon neutrality ▶ CO₂ emission results in Q1 in FY2022 ▶ Revision of the Group's Code of Conduct ▶ Human resources strategy
Q3	<ul style="list-style-type: none"> ▶ Human rights due diligence ▶ Reporting of the results of external evaluation related to climate change ▶ Setting of CO₂ emission reduction targets for the Group's sites ▶ Development of eco-friendly products – Formulation and disclosure of medium-to long-term roadmap
Q4	<ul style="list-style-type: none"> ▶ Development of eco-friendly products – Development of products using sustainable materials ▶ CO₂ emission results in FY2022 – Q1 to Q3 in FY2022 ▶ Setting of CO₂ emission reduction target for the interim year ▶ ESG Data – Enhancement of information disclosure ▶ Hazard screening associated with climate change

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Identification of Materiality

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

The Mitsubishi Belting Group has identified material issues (materiality) that the Group should address in order to contribute to the realization of a sustainable society under its corporate philosophy of "To give attentive consideration to both humanity and nature." We will actively work on activities aimed at resolving ESG (Environmental, Social, and Governance) issues.

Aiming to achieve goals quickly and reliably

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

Materiality identification process

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

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

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

Step 1 Identification of social issues

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

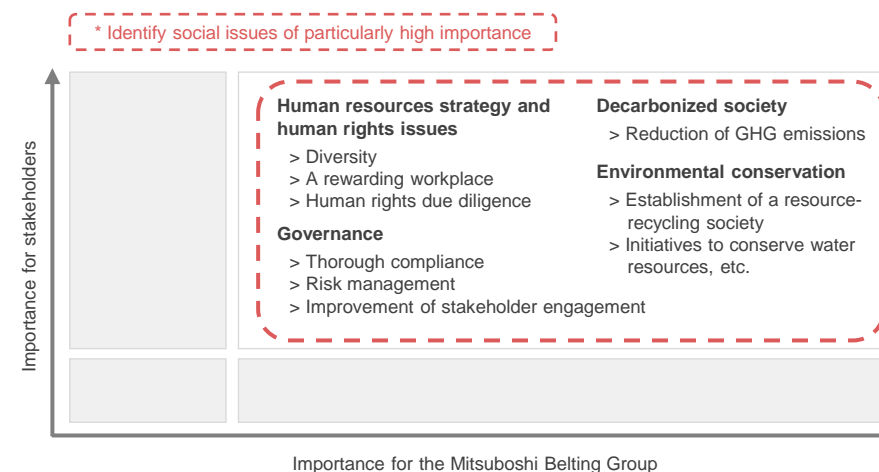
Step 2 Evaluation of degree of importance

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

Step 3 Confirmation of validity and identification of materiality

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

Analysis results and our materiality



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

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Materiality List

ESG item		Materiality	Issues to be addressed	Targets and details of initiatives		Related SDGs
E	Response to climate change	Contribution to the realization of a decarbonized society		● CO ₂ emissions FY2023: At least 22% FY2025: 27% FY2030: 46% FY2050: Carbon neutrality		  
			● Reduction of GHG emissions (compared to FY2013)	● Introduction of renewable electricity	: Introduce renewable electricity into the Kobe Plant R&D Center and the Shikoku Plant and reduce CO ₂ emissions by 5,000 tons/year or more by FY2023.	
				● Introduction of renewable electricity	: Introduce renewable electricity into the Ayabe Production System Development Center and the Nagoya Plant, introduce the same plan at other sites, and reduce CO ₂ emissions by 9,500 tons/year or more by FY2030.	
				● Installation of a solar power generation system	: Install a solar power generation system at four sites in Japan and reduce CO ₂ emissions by 500 tons/year or more by FY2030.	
				● Introduction of carbon-neutral fuel	: Introduce carbon-neutral fuel into the Kobe Plant R&D Center, introduce the same plan at other sites, and reduce CO ₂ emissions by 100 tons/year or more by FY2023.	
				● Switching to low-emission fuels	: Switch from heavy oil to LNG at the Shikoku Plant and the Ayabe Production System Development Center and reduce CO ₂ emissions by 3,500 tons/year or more by FY2025.	
				● Promotion of energy-saving activities	: Reduce the CO ₂ emissions intensity by 0.5% or more compared to the previous fiscal year.	
		● Calculation of Scope 3 emissions	: Standardize a Scope 3 emission calculation method and set a reduction target by FY2023.			
		Initiatives for environmental conservation	● Establishment of a resource-recycling society	● Waste recycling rate target	: Landfill disposal rate – Less than 1% (achievement of zero emissions)	
			● Initiatives for water resources conservation	● Water consumption reduction target	: Install a cooling water circulation system to halve water consumption at domestic sites by FY2030 compared to FY2021 levels.	
			● Promotion of environmental conservation activities	● Energy consumption reduction target	: Reduce the energy consumption intensity by 0.5% or more compared to the previous fiscal year.	
				● Amount of chemical substances discharged/transferred	: 150 tons or less	
			● VOC emission target	: 73 tons or less		
			● Maintenance of an environmental management system	● Maintenance target for an environmental management system	: Maintain ISO 14001 certification at all 13 sites.	
● Development of eco-friendly products	● FY2022: Complete the establishment of a management system for eco-friendly products.					
S	Fulfillment of social responsibility	Reinforcement of a human resources strategy	● Promotion of diversity	● No. of female managers: More than double the number of female managers (4% or more or 7 people or more) by FY2030 compared to FY2022 levels.		  
			● Safety / Health	● Reduce the percentage of smokers among employees to 15% or less by FY2030. / Reduce the obesity rate (the proportion of people with a BMI of 25 or more) to 25% or less by FY2030.		
			● Creation of a rewarding workplace	● Standardize an employee engagement measurement method and set a target in FY2023.		
	Respect for human rights and personality	● Promotion of human rights due diligence	● FY2022: Establish a management organization that includes managers and establish a human rights policy to start human rights due diligence activities.			
			● FY2023: Request suppliers to implement human rights due diligence and monitor their implementation status while providing explanations as necessary.			
		● Review of the Company-Wide Code of Conduct	● FY2022: Revise the Mitsuboshi Belting Group Code of Conduct and complete its dissemination throughout the Group.			
G	Improvement of management transparency and prevention of corruption	Strengthening and enhancement of governance	● Improvement of stakeholder engagement	● FY2022: Disclose information related to climate change responses in accordance with the TCFD recommendations.		
				● FY2022: Review the contents of the CSR Report.		
			● Thorough compliance	● FY2022: Revise the Mitsuboshi Belting Group Code of Conduct and complete its dissemination throughout the Group.		
			● Enhancement of risk management	● FY2025: Verify the effectiveness of business continuity plans at all Mitsuboshi Belting business sites in order to improve them.		

ESG-Related Initiatives to Date

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

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

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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

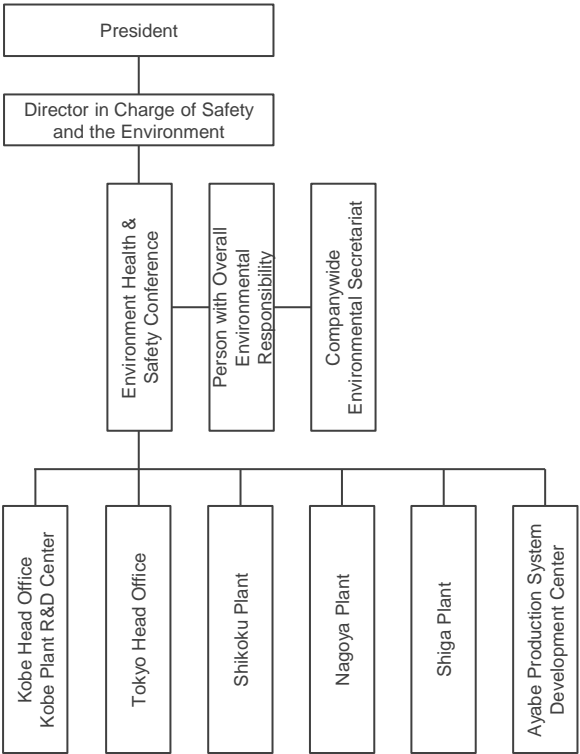
Maintenance and improvement of an environmental management system

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 Environment 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).

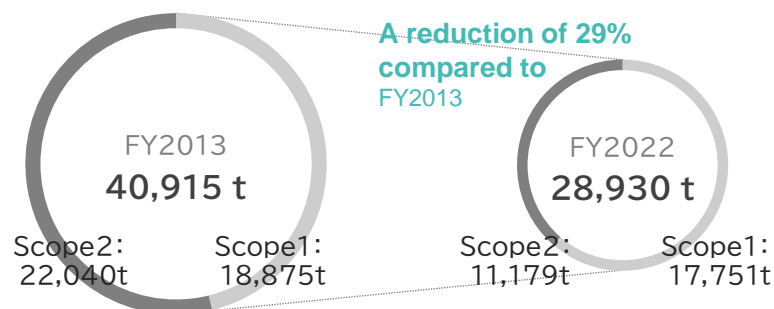
As a result of implementing various measures, CO₂ emissions from domestic sites reduced to 28,930 tons^{*1} in fiscal 2022 (a reduction of 17.3% / 6,049 tons compared to the previous fiscal year; a reduction of

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%.

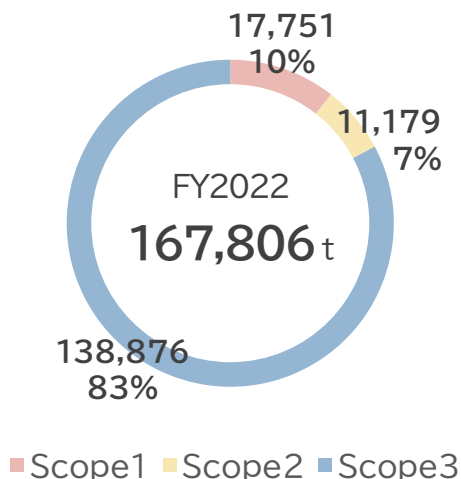
For Scope 3 emissions, CO₂ emissions in Category 1 “Purchased goods and services” and Category 11 “Use of sold products” accounted for a high proportion of our Scope 3 emissions. Accordingly, keeping in mind that these emissions will be included in future reduction targets, we will refine the calculation 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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Initiatives to Realize a Decarbonized Society

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](#)

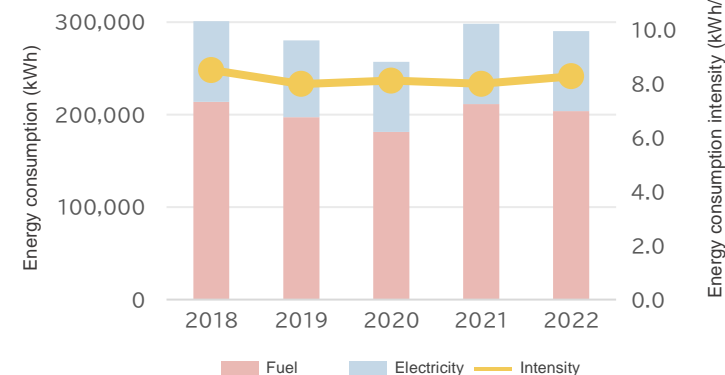
[P.19 Materiality](#)

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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Initiatives to Realize a Decarbonized Society

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.



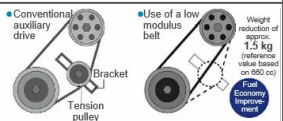
◆ Low friction loss belts / TG belts in oil

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.



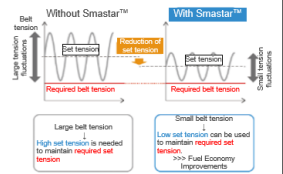
◆ “StarFit™” low modulus belts for automobiles

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>)

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[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]

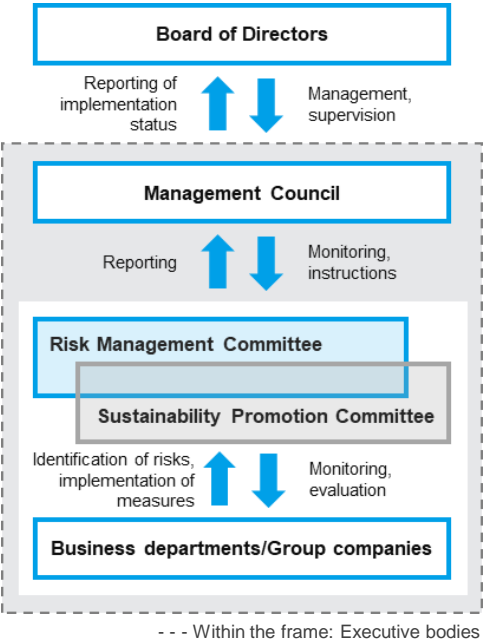
- Climate change-related risks and opportunities are clarified by all business departments and affiliated companies, and the Risk Management Committee (chaired by a director and composed of responsible persons from all business departments and affiliated companies and from all management departments 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.



- 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.
- The Risk Management Committee assesses and identifies serious risks to be addressed by the entire Group.
- After business departments and affiliated companies formulate a policy paper, the responsible departments develop and implement an action plan.
- 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 Mitsubishi Belting Group in the future and the effectiveness of climate change measures, we conducted scenario analysis based on two climate change scenarios: a 1.5°C warming scenario, in which the trend 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 Mitsubishi 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 Mitsubishi 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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Strategy

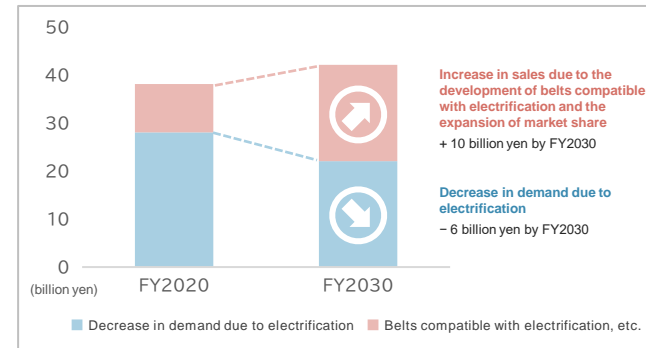
[Risks and opportunities]

	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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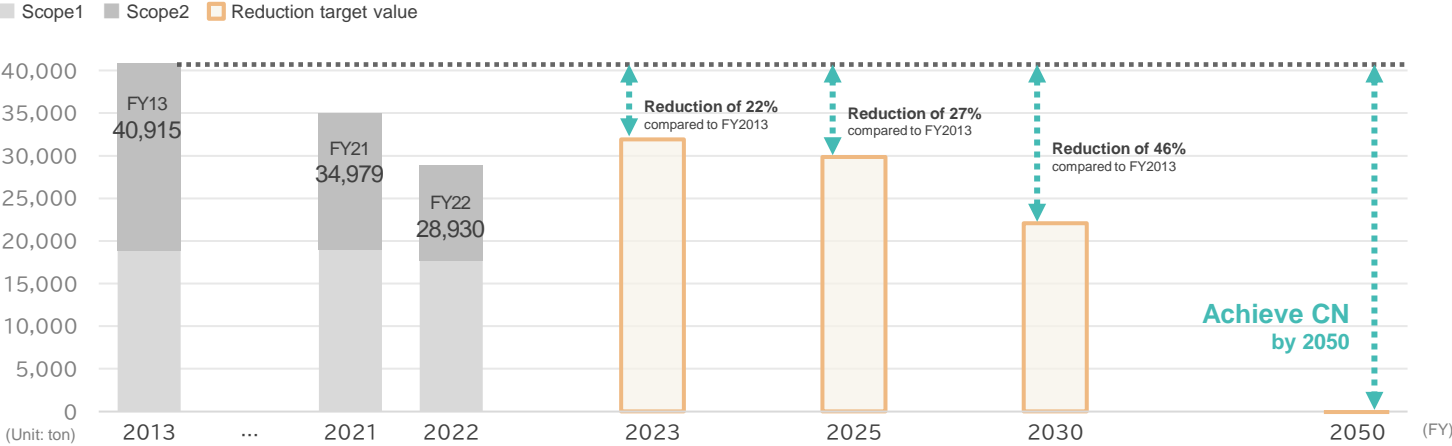
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Metrics and targets

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.

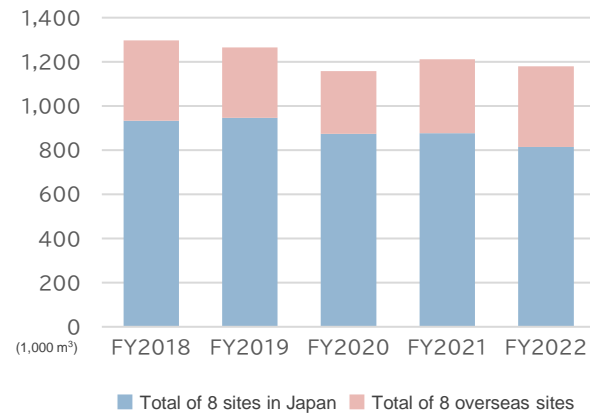
In fact, Mitsubishi Belting Group's production sites in Japan use approximately 2.5 times as much water as its overseas production sites, even though the production volume of transmission belts (main product) at Japanese production sites is only one-third of that of overseas production sites (as of FY2022, 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



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"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

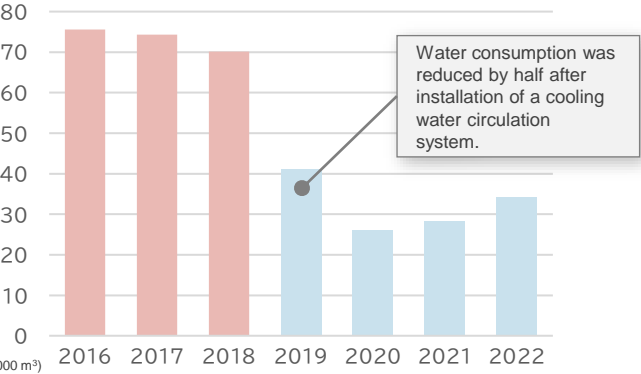
Metrics and targets

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)



Mitsuboshi 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.

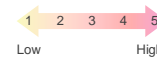
The current water stress risk rating of the seven production sites in Japan was in the range of 1 to 3, and with the exception of the Ayabe Production System Development Center, the water stress risk rating in 2030 and 2040 is projected to deteriorate to the 3 to 4 range under either scenario. Also at 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.

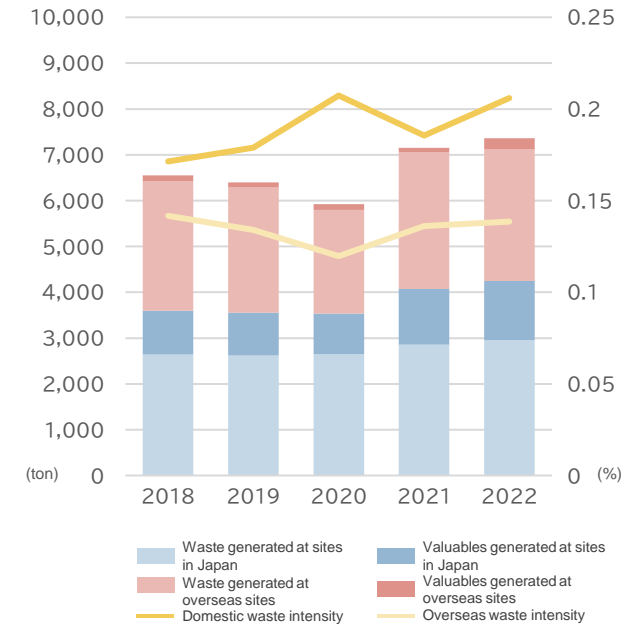
In order to contribute to the realization of a resource-recycling society, the Mitsubishi Belting Group is actively promoting various initiatives such as reducing waste and increasing the use ratio of non-petroleum-derived raw materials and recycled materials. With regard to plastics, which have been 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.

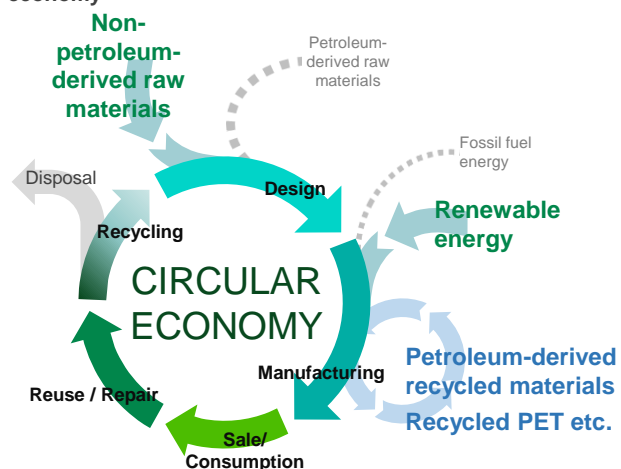
The Mitsuboshi Belting Group has identified “initiatives for environmental conservation” as one of its material issues, and has set “development of eco-friendly products” as an issue to be addressed to achieve this materiality. We aim to achieve both environmental value and economic value by expanding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

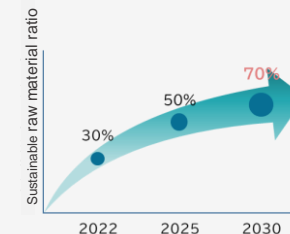
The Mitsuboshi Belting Group will contribute to the realization of a resource-recycling society by reducing the environmental impact throughout the product life cycle, through the development and sale of eco-friendly and sustainable belts by actively introducing renewable energy and increasing the proportion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

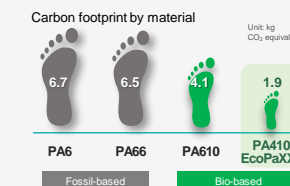
This is an eco-friendly resin conveyor belt whose surface cover is made of biomass polyurethane manufactured using plant-derived raw materials.

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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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	<ul style="list-style-type: none"> Overseas expansion of irrigation-related business 	
		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	<ul style="list-style-type: none"> Maintaining and improving a global complementary production system Overseas expansion of disaster prevention-related businesses 	
	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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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						
		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
	Group		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	
		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	kL	871	889	818	819	762	
		Tap water	kL	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	kL	n.d.	n.d.	N/A	N/A	N/A	
		Tap water	kL	n.d.	n.d.	N/A	N/A	N/A	
		Breakdown of water withdrawal	kL	931	946	875	877	814	
		Fresh water	kL	931	946	875	877	814	
		Other	kL	0	0	0	0	0	
		Total water discharge	kL	650	650	755	789	743	
		Sewage systems	kL	53	51	51	54	48	
		Public water areas	kL	597	599	704	735	695	
	Group	Breakdown of water discharge	kL	650	650	755	789	743	303-4
		Fresh water	kL	650	650	755	789	743	
		Other	kL	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	kL	n.d.	n.d.	N/A	N/A	N/A	
		Other	kL	n.d.	n.d.	N/A	N/A	N/A	
		Violation of laws/regulations regarding water discharge	Case	0	0	0	0	0	
		Total water consumption	kL	281	295	120	88	70	
		Water-stressed regions	kL	n.d.	n.d.	N/A	N/A	N/A	
		Other	kL	281	295	120	88	70	
	Group	Total water withdrawal	kL	1,293	1,263	1,162	1,221	1,174	303-3
		Groundwater/industrial water	kL	1,233	1,207	1,106	1,163	1,123	
		Tap water	kL	60	56	57	58	51	
		Water withdrawal in water-stressed regions*10	kL	n.d.	n.d.	4	9	15	
		Groundwater/industrial water	kL	n.d.	n.d.	4	9	15	
		Tap water	kL	n.d.	n.d.	0	0	0	
		Breakdown of water withdrawal	kL	1,293	1,263	1,162	1,221	1,174	
		Fresh water	kL	1,293	1,263	1,162	1,221	1,174	
		Other	kL	0	0	0	0	0	
		Total water discharge	kL	1,012	968	1,042	1,134	1,104	
		Sewage systems	kL	53	51	51	54	48	
		Public water areas	kL	959	917	991	1,080	1,056	
	Group	Breakdown of water discharge	kL	1,012	968	1,042	1,134	1,104	303-4
		Fresh water	kL	1,012	968	1,042	1,134	1,104	
		Other	kL	0	0	0	0	0	
		Water discharge in water-stressed regions*10	kL	n.d.	n.d.	4	9	15	
		Fresh water	kL	n.d.	n.d.	4	9	15	
		Other	kL	n.d.	n.d.	0	0	0	
		Violation of laws/regulations regarding water discharge	Case	0	0	0	0	0	
		Total water consumption	kL	281	295	120	88	70	
		Water-stressed regions	kL	n.d.	n.d.	0	0	0	
		Other	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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Basic Policy and Achievements

Mitsubishi Belting’s approach

The Mitsubishi Belting Group views human resources as the most important source of growth that simultaneously supports increase of its social value and achievement of sustainable growth, and lists the following human resources strategies in the FY2030 “Target Position” presented in the Mid-Term Business Plan (FY2021-2023).

FY2030 “Target Position”—Human resources strategy

Cultivation of change-promoting personnel

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

In achieving the above “Target Position,” we are currently undertaking corporate culture reformation and personnel cultivation with the aim of improving employee engagement, and plan to invest five billion yen in human resource investment, R&D and DX by FY2023. In today’s so-called age of VUCA, the Mitsubishi Belting Group aims to create a sustainable corporate structure that is unaffected by the business environment, and to this end, intends to create, reliably execute, and confirm the efficacy of our human resources strategy.

Results of measures related to society

Measures to be undertaken	KPIs for FY2022	FY2022 results
Promotion of diversity	<ul style="list-style-type: none"> Number of female managers: More than double the number of female managers (4% or more or 7 people or more) by FY2030 compared to FY2022 levels. 	<ul style="list-style-type: none"> Number of female managers: 7 (ratio of the total number: 4.0%) Ratio of women on the Board of Directors: 16.7%
Safety / Health	—	Status of occupational accidents <ul style="list-style-type: none"> Serious accidents: 0 cases Lost-time accidents: 1
Creation of a rewarding workplace	<ul style="list-style-type: none"> Standardize an employee engagement measurement method and set a target in FY2023. 	<ul style="list-style-type: none"> FY2022: Employee engagement measurement began (Three times by the end of March 2023)
Promotion of human rights due diligence	<ul style="list-style-type: none"> Establish a management organization that includes managers and establish a human rights policy to start human rights due diligence activities. 	<ul style="list-style-type: none"> Dec. 2022: Establish and disclose the Human Rights Policy Jan. 2023: Identify human rights risks Mar. 2023: Formulate countermeasures and develop them into an action plan
Review of the Company-Wide Code of Conduct	<ul style="list-style-type: none"> Revise the Mitsubishi Belting Group Company-Wide Code of Conduct and complete its dissemination throughout the Group. 	<ul style="list-style-type: none"> Nov. 2022: Company-Wide Code of Conduct revision

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Promotion system for human capital management

Strategies and policies regarding personnel cultivation and workplace environment improvement in the Mitsubishi Belting Group are formulated by the Personnel and General Affairs Division (Division headed by Board Member/Managing Executive Officer), deliberated on and decided by the Management Council, and then reported to the Board of Directors.

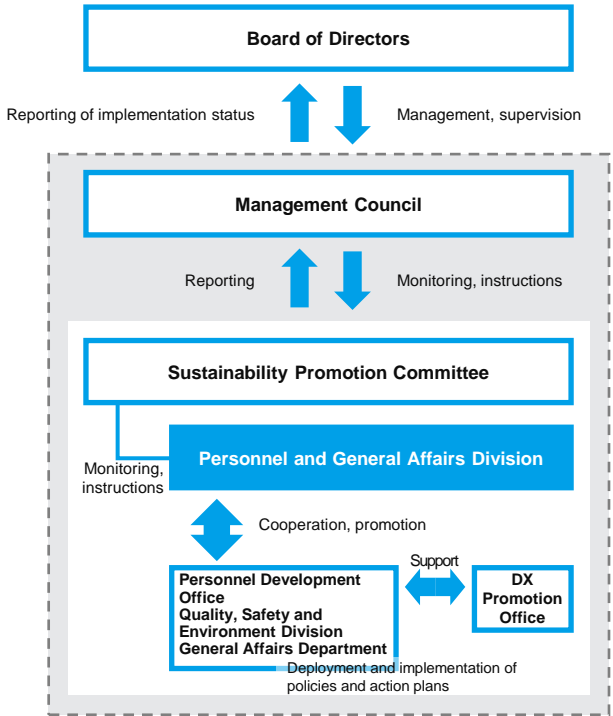
Also, in order to implement and quickly disseminate measures regarding improvement of workplace environment and productivity across the entire organization, the Work Style Reform Promotion Committee comprising diversity (gender, age, job category, job rank) literate members has been established. This Committee establishes implementation challenges, target divisions, countermeasures and goals, monitors and evaluates the implementation status of the countermeasures, and instructs specific changes to the measures as needed. Depending on the progress of the countermeasures, details of such activities are reported to and discussed by the President and the Management Council, and the content of these reports and discussions are to be reported to the Board of Directors.

As for the Sustainability Promotion Committee, "Reinforcement of the human resources strategy" is on the FY2022 Materiality list based on the perspective of human capital management, and the promoting organization (see table on the right) is designated for each measure. Measure promoting organization reports to the Sustainability Promotion Committee on the implementation status on a monthly basis for the purpose of monitoring and evaluation of the implemented measures.

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Department in charge of each measure related to human capital management

Role	Department in charge
Personnel affairs system such as transfer, compensation, evaluation, etc. Diversity & Inclusion	Personnel Affairs Department
Planning and implementation of the education system	Personnel Development Office
Workplace environment management, including health and safety, health management, etc.	General Affairs Department
System management related to workplace environment management	Quality, Safety and Environment Division
Employee engagement Improving the workplace environment, etc.	Work Style Reform Promotion Committee
Human rights due diligence	Human Rights DD Working Group



Within the - - - frame: Executive bodies

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Strategies related to human capital

We have identified the risks and opportunities pertaining to human capital (table on the right) for the Japanese members of the Mitsubishi Belting Group.

Declining working population and the aging workforce are common issues to all Japanese company management, and in addition, the Japanese members of the Mitsubishi Belting Group have become aware that the low ratio of female employees and managers as well as not evaluating employee engagement are also issues that must be tackled. In particular, improving employee engagement can directly revitalize business activities, and therefore, measuring, monitoring, evaluating and improving employee engagement is an important element in business activities. We also believe that by using it to set goals for personnel and general affairs measures, which has been difficult until now, the efficacy of the measures will be clarified so that personnel and general affairs activities can become more efficient.

Table) Risks and opportunities in the Mitsubishi Belting Group human capital management

Type		Driver	Impact on businesses		Countermeasures / Strategies		Time axis	
			Impact	Risks	Impact	Opportunities		
External	Policies Legal regulations	Various laws and regulations aimed at protecting human rights, responding to the declining birthrate and aging population, diversification, and work style reform	Large	<ul style="list-style-type: none">Loss of credibility and decline in social value due to non-compliance with laws and regulations and compliance incidentsIncrease in expenses required for system operation	Large	<ul style="list-style-type: none">Improvement of corporate value through legal compliance and appropriate disclosure of information	<ul style="list-style-type: none">Establishment of a compliance management system and implementation of monitoring and evaluationReinforcement of the website management system	Short- to long-term
	Population composition	Declining working population Increase in social security costs	Medium	<ul style="list-style-type: none">Decreased labor productivity due to reduced abilities of hired personnelDeterioration of profitability due to increased social security burden	Large	<ul style="list-style-type: none">Improvement of labor productivity by improving employee engagementIncreased profitability through automation and operational improvements	<ul style="list-style-type: none">Execution and monitoring of employee engagement improvement measuresImprovement of labor productivity by utilizing DX and hiring diverse personnel	Mid- to long-term
Internal	Personnel composition (Diversity)	Age, gender, nationality, race, religion, language, etc.	Large	<ul style="list-style-type: none">Loss of opportunities for change and decline in business sustainability due to loss of diversityLoss of credibility and decline in social value due to loss of diversity and human rights incidentsReduced earnings due to increased fixed costs	Large	<ul style="list-style-type: none">Creation of opportunities, maintaining sustainability, and increasing profitability due to maintained diversityGaining credibility and increasing social value through maintaining diversity and timely and appropriate information disclosure	<ul style="list-style-type: none">Recruitment and education activities in line with the personnel portfolioExecution and monitoring of employee engagement improvement measuresPerforming and improving human rights due diligence activitiesSystem design that also accommodates minoritiesReinforcement of the website management system	Mid- to long-term
	Personnel Affairs	Legal regulations Personnel composition Human rights protection	Large	<ul style="list-style-type: none">Decreased employee engagement, decreased labor productivity, and occurrence of incidents of human rights violations, non-compliance, etc. due to system deficiencies and insufficient management	Large	<ul style="list-style-type: none">Improved employee engagement and labor productivity due to adoption and thorough implementation of appropriate systemsGaining credibility and increasing social value through timely and appropriate information disclosure	<ul style="list-style-type: none">System operation management using employee engagement as an evaluation indicatorPerforming and improving human rights due diligence activitiesReinforcement of the website management system	Short- to long-term
	Health and safety	Legal regulations Personnel composition	Medium	<ul style="list-style-type: none">Decreased employee engagement, decreased labor productivity, and occurrence of health and safety incidents such as industrial accidents and illnesses due to system deficiencies and insufficient management	Large	<ul style="list-style-type: none">Improved employee engagement and labor productivity due to adoption and thorough implementation of appropriate systemsGaining credibility and increasing social value through timely and appropriate information disclosure	<ul style="list-style-type: none">Implementation of measures to improve smoking rate and body mass indexObtained third-party certification (ISO 45001) for health and safety management systemReviewing the system to accommodate minoritiesReinforcement of the website management system	Short- to long-term
	Education	Legal regulations DX/Reskilling Personnel portfolio Internal systems	Medium	<ul style="list-style-type: none">Occurrence of compliance/human rights incidents due to insufficient familiarization of legal restrictionsIncreased expenses due to improved education contentDecreased labor productivity and failed human resources planning due to insufficient education	Large	<ul style="list-style-type: none">Improvement of corporate value through legal compliance and appropriate disclosure of informationImprovement of employee engagement and labor productivity due to enriched education contentImprovement of labor productivity and reduced fixed costs due to DX utilization	<ul style="list-style-type: none">Education activities in line with the personnel portfolioDevelopment and introduction of DX education program	Short- 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

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● Declining working population and ensuring diversity

We are aware that in Japan, addressing the declining working population is important in continuing our business. As the working population declines, we must promote DX to improve labor productivity and automation, and keep the need for increase in personnel to zero or negative as we expand our business. The DX Promotion Office was established in 2022 to ensure further utilization of DX. Also, the Personnel Development Office has started new education programs such as "IT-ization of logistics" and "Utilization of AI (artificial intelligence)." Among the various business plans that will be materialized in the future, we will create a staffing plan indicating how many personnel with what skills and knowledge are needed by when, and provide personnel education accordingly, or hire new personnel as needed.

On the other hand, the situation in which there are not enough female employees and managers (FY2022 Mitsubishi Belting (main company) female employee ratio: 10.1%, female manager ratio: 2.4%) is clearly a diversity and inclusion issues that this company must address. Against such a backdrop, we are actively hiring women in order to support female empowerment, and working to improve the workplace environment to retain women and motivate them to pursue managerial positions.

Various systems to adjust work hours to meet the needs of individual employees are already in place, including parental leave, part-time work system, paid time off on an hourly basis, and flextime system. We are also working on promoting new ways of working that are not limited by time or location, such as the remote work system that became popular with the COVID-19 pandemic. In the future, we will set goals and work towards the dissemination of these systems so that they may effectively support the lives of each and every employee, not just women. Furthermore, with the aim of enlivening business activities and improving employee engagement, the President is currently taking the lead in creating "a company where everyone can speak their mind," and we are beginning to feel the change in the company atmosphere. We believe that these measures will be most effective in improving the female employee and manager ratios, and using the aforementioned employee engagement as an indicator, we intend to further vitalize our activities in this area.

● Addressing the aging workforce

The aging workforce is a major issue in the management of Japanese companies. Employment until the age of 70 is becoming commonplace nowadays, and we are in need of measures that take advantage of "experience" while canceling out the disadvantages of "physical decline" and "obsolescence of technology." Further, given the current situation where the problem of the declining birthrate is slow to be resolved, the problem of an aging workforce is likely to remain a persistent issue. Elderly employees are expected to provide their "experience" while acquiring new knowledge and skills through reskilling. [Addressing the aging workforce](#) and [Reskilling of the Elderly Employees](#) are the two challenges that the Mitsubishi Belting Group is undertaking in order to handle the situation of the aging workforce.

In addressing the aging workforce, the first key point is maintaining health. Our company has introduced a health checkup service system that includes comprehensive medical screening, heart screening, brain screening, and lifestyle disease checkups. To ensure that these services are effectively utilized, we will continue to improve their content while making improvements based on the recommendations of industrial physicians. In addition to maintaining health, efforts to promote health are just as important. Our primary focus is on [smoking](#) and [obesity](#), and we will establish clear indicators to aid in our activities.

Regarding reskilling of the elderly, as mentioned above, the Personnel Development Office and the newly established DX Promotion Office will support personnel cultivation in each business division and affiliated company. The Personnel Development Office and the DX Promotion Office will develop new education programs while business divisions and affiliated companies clarify their personnel needs based on their staffing plans, develop them into personnel cultivation plans, and conduct personnel cultivation with help from the Personnel Development Office and the DX Promotion Office.

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Human Resources Strategy

● Capability development for each individual

At the Mitsubishi Belting Group, new employee education and initial worker education are the first phase of employee capability development in every workplace. Then, we carry out a variety of capability development programs, including rank-based training to cope with changes in roles, specialized training according to job content, statutory training, and training to support self-development (see the light table). Moreover, QC circle activities, GLOBAL GEMBA KAIZEN ACTIVITY, and their results reporting sessions greatly contribute to the development of employees' capabilities, and the rewards given to excellent activities at reporting sessions are serving as one of the driving forces behind these activities. These capability development programs are planned and executed annually by departments or designated organizations based on the skills matrix, and after evaluating their effectiveness, they are rolled out into activities for the following fiscal year.

Table) List of capability development programs

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

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Human Resources Strategy

■ Creating an environment to improve engagement

"To give attentive consideration to both humanity and nature" is the Corporate Philosophy of the Mitsubishi Belting Group, and we honor individuality and diversity. Our aim is to create a workplace where all employees, regardless of gender, race, living environment, ideologies, etc., can feel safe and secure so that they may maximize their productivity and find fulfillment in their jobs. We have adopted the aforementioned "employee engagement" as a new indicator to set specific targets, and are promoting initiatives from FY2023.

● Initiative status

Category	Measures	Description
Diversity & Inclusion (D&I)	Supporting female empowerment	As of the end of March 2023, the female employee ratio of Mitsubishi Belting is 10.1%, the female manager ratio is 2.4%, and the ratio of new female employees in annual recruitment is 20%. In reviewing the Mid-Term Business Plan (FY2021-2023), Human resources strategy was positioned as an important item, which resulted in the "Reinforcement of the human resources strategy" being on the Materiality list. With the <u>number of female managers</u> as a KPI, we are working to <u>promote diversity</u> . In the same vein, we are working to update the mindset of female employees by holding one-on-one meetings with female employees and female outside directors.
	Star training	Employees returning to work after a long period of parental leave may have concerns not only about their work content but also about interpersonal relationships in the workplace. The Star training offers mental support for a smoother reintroduction to the workplace.
	Relaxation of the dress code	As part of our efforts to promote D&I, we have changed our office dress code to allow employees to choose attire other than suits or uniforms. We will continue to make such corporate climate reforms in order to realize a workplace environment where uniqueness of each employee is celebrated, and novel and unbridled ideas as well as independent thinking are welcomed and encouraged.
Creating a workplace with work-life balance	Annual paid leave system	To enable employees to continue despite changing circumstances in their lives, we have a system in which employees can take up to 40 days of annual paid leave, including carryover days. Half-day paid leave and paid time off on an hourly basis are also available as options to facilitate utilization.
	Special leave system	In addition to the annual paid leave, we have a system which allows each employee to take paid leaves for important life events, such as marriage, childbirth, bereavement, memorial service, and transfer. Memorial leave can be taken within the period of one week before and after a birthday, and employees who have completed 15 and 25 years of continued service are given refreshment leave along with travel vouchers.
Childcare/nursing care support	Parental leave, part-time work system	In accordance with the law, parental leave can be taken up to when the child reaches the age of two. After returning to work from parental leave, employees can choose to shorten their work hours by up to two hours. Employees can choose part-time work until the child enrolls in elementary school, and there is no reduction in wages until the child reaches the age of three. We also have systems in place to limit overtime work and late-night work so as to further support employees in their childrearing.
	Star system	We provide monthly financial assistance to eligible employees in order to support the childrearing of single-parent families and of children with disabilities.
	Nursing care leave	In accordance with the law, nursing care leave can be taken for up to 93 days. We also have systems in place to limit overtime work and late-night work so as to further support employees in their nursing care situations.

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Respect for Human Rights

Human rights due diligence (hereinafter “Human Rights DD”)

The Mitsubishi Belting Group recognizes that it is important to respect the human rights of all people involved in our business activities, and has adopted "Respect for human rights and personality" as a Materiality to show our commitment to Human Rights DD. Progress status of issues related to "Respect for human rights and personality" are reported from the Materiality promoting organization to the Sustainability Promotion Committee, and the said Committee monitors, instructs, judges, and evaluates the situation.

Human rights risks

In January 2023, we identified the following human rights risks in our business activities, including our supply chain, through discussions at the Working Group and Sustainability Promotion Committee, which are organizations that promote Materialities.

Identified human rights risks	Division in charge
Use of raw materials (natural rubber, cotton, etc.) involving child labor or forced labor	Sustainability Promotion Committee Secretariat + Procurement Department
Expanding the whistleblowing system “Mitsuboshi Help Line” to business partners	Sustainability Promotion Committee Secretariat + Legal Department

Initiative status

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

- i) Revision of the Group’s Code of Conduct (Nov. 2022)
- ii) Conducting human rights risk assessments in the supply chain (Dec. 2022)
- iii) Identification of human rights issues (Jan. 2023)
- iv) Establishment of the Human Rights Policy (Jan. 2023)
- v) Implementation of employee education regarding human rights (Mar. 2023)

Our Group's Code of Conduct is based on the ten principles in four areas (human rights, labor, environment, and anti-corruption) established by the UN Global Compact, a universal value recognized by the international community. The Mitsubishi Belting Group will continue to promote Human Rights DD while making efforts to reduce human rights risks in its entire supply chain.

[P. 7](#) [Revision of the Mitsubishi Belting Group Code of Conduct](#)

Mitsuboshi Belting Group Human Rights Policy

In line with the Corporate Philosophy of “to give attentive consideration to both humanity and nature,” the Mitsubishi Belting Group will be collaborating with stakeholders to engage in activities that respect and honor human rights. Through these activities, we will fulfill our corporate responsibility in respecting human rights as provided in the Guiding Principles on Business and Human Rights issued by the UN.

Scope of application

This Policy applies to all officers and employees of the Mitsubishi Belting Group, and we will encourage our business partners to support this Policy and make efforts to better respect human rights.

Compliance

Mitsuboshi Belting Group's business activities in various countries and regions are to be conducted in compliance with the laws and regulations of each country. In our efforts to respect human rights, if laws and regulations do not comply with the United Nations' International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, we will give these two international principles as much priority as possible.

Performing Human Rights DD

In implementing this Policy, we will regularly perform Human Rights DD to identify risks (negative impacts on human rights), identify implementation issues, formulate implementation plans, monitor and evaluate implementation details, and deploy evaluation results so as to continuously improve our undertaking.

Implementation system

To ensure reliable and speedy achievement of goals set for initiatives related to respect for human rights, an organization in which officers serve as implementation managers will be formed in order to perform Human Rights DD and report the details to top management. We will also disclose information to stakeholders in an appropriate manner and actively engage in dialogue and consultation. Should a human rights infringement case arise in business activities of Mitsubishi Belting Group or our business partners, we will immediately rectify the situation in accordance with international standards.

Education

This Policy will be communicated to officers, employees and stakeholders of the Mitsubishi Belting Group, and will be disclosed in an easily accessible manner. We will also provide appropriate education to promote awareness and deepen understanding.

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Value Chain Management (1) Responsible Procurement

Responsible procurement

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

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

Declaration of Partnership Building

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



Mitsuboshi Belting Group Procurement Policy

Staying true to its Corporate Philosophy of “To give attentive consideration to both humanity and nature,” the Mitsuboshi Belting Group will engage in fair and impartial procurement activities and strive to establish mutually reliable partnerships with our business partners.

1. Fair and impartial business transactions

We provide fair and impartial business opportunities to business partners who wish to do business with us. When selecting business partners, we comprehensively consider quality, technical capabilities, delivery dates, prices, stability of supply, and other factors.

2. Building partnerships

We aim to build mutually reliable partnerships through fair and impartial business transactions so as to achieve mutual growth.

3. Compliance and confidentiality

When conducting procurement activities, we comply with related laws and social norms, and we do not disclose confidential information about our business partners obtained through procurement transactions to third parties without the consent of our business partners.

4. Promoting CSR procurement

We comply with laws and social norms, and promote procurement that fulfills our social responsibilities while taking into consideration respect for human rights, health and safety, information security, and timely and appropriate disclosure of information regarding such details.

5. Promotion of green procurement

To preserve the global environment and realize a sustainable society, we will work with our business partners to engage in procurement activities that aims to reduce environmental impact.

Initiatives in FY2023

For the Mitsuboshi Belting Group to contribute to the realization of a sustainable society, we must share our values with our business partners and implement CSR procurement (compliance, respect for human rights, health and safety, information security, information disclosure, etc.), and green procurement (response to climate change, biodiversity conservation, water security, circular economy, etc.) at a deeper level so as to aid in improving various social issues.

In 2023, the Mitsuboshi Belting Group intends to compile and disclose our philosophy regarding procurement and the items we would like to work on together with our business partners in the form of “Procurement Guidelines” based on the ten principles in four areas (human rights, labor, environment, and anti-corruption) established by the UN Global Compact, with the aim of revitalizing the efforts in realizing a sustainable society throughout the entire value chain.

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Value Chain Management (1) Responsible Procurement

● Initiatives to address climate change, biodiversity conservation, and water security

Mitsuboshi Belting Group Head Office's CO₂ emissions from Scope 3 - Category 1 "Purchased goods and services" in FY2022 are approximately 38,000 tons, far exceeding the total CO₂ emissions of Scope 1 and Scope 2 in the same category, which are approximately 29,000 tons. To stop global warming, while it is important to reduce the CO₂ emissions by our Group, we must also focus on reducing CO₂ emissions throughout the supply chain.

There are also issues aside from reducing CO₂ emissions that must be addressed throughout the supply chain. Regarding the Human Rights DD activities conducted in FY2022, we have identified forced labor and child labor in production areas of cotton and natural rubber, raw materials for power transmission belts which are our Group's main product, as issues that must be addressed in our human rights protection activities.

Furthermore, a survey conducted in FY2023 on the relationship among biodiversity, water security, and Mitsuboshi Belting Group's business activities revealed that deforestation due to poorly managed natural rubber cultivation is threatening biodiversity conservation. Similarly, it has become clear that watering and pesticide contamination from poorly managed cotton cultivation are exacerbating water stress in cultivation areas that already have high levels of water stress. These two have been established as issues that this Group must address.

The business activities of the Mitsuboshi Belting Group, including the value chain, are closely associated with a variety of social issues. The Mitsuboshi Belting Group will work in coordination with business partners who share our values so as to promote initiatives that tackle these social issues.

● Regarding business partner audits

The Mitsuboshi Belting Group annually conducts two-party audits (in some cases, one-party audits) in accordance with ISO 14001 (Environmental Management System (EMS)) or ISO 9001/IATF16949 (Quality Management System (QMS)) to monitor, evaluate and improve the status of business partners' efforts regarding environmental conservation and quality assurance. The business partners to be audited are narrowed down by considering past audit results.

[Unit: cases]

Business partner audit status		2020	2021	2022
Environment	Number performed	17	21	18
	Number of non-conformities	0	0	0
Quality	Number performed	17	21	18
	Number of non-conformities	0	0	0
Business Continuity Plan	Number performed	46	54	75
	Unestablished number	8	18	14

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

Additionally, we have been requesting our business partners to formulate and execute Business Continuity Plans since FY2020 as part of our efforts to address climate change, and we confirm the status of their implementation through annual one-party audits. The number of one-party audits is increasing year by year, and in FY2022, 75 of our 79 major business partners, or 95%, cooperated with our audits.

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Value Chain Management (2) Quality

Thoughts on quality

The Mitsubishi Belting Group is a *monozukuri* company. We believe that customer “trust” in our products and services is one of the sources of corporate value that will enable our Group in achieving continued sustainable growth.

As part of our quality-related initiatives, we have maintained and improved our quality management system (QMS) in accordance with ISO 9001, and have been expanding its scope to the entire Group. At our automotive industry-related locations, we have in place QMS that comply with the IATF16949 standard for the automotive industry, which has more stringent requirements. The quality-related business activities carried out in accordance with the guidelines set forth in these QMS are based on the Basic Quality Policy established under the Corporate Philosophy and the Management Principle of our Group.

QMS certification status (2022)

IATF16949	Mitsubishi Belting Ltd. (Shikoku Plant)	Belts for automobiles
	Mitsubishi Belting Giken Co., Ltd.	Belts for automobiles
	MBL(USA) CORPORATION	Belts for automobiles
	STARS TECHNOLOGIES INDUSTRIAL LIMITED	Belts for automobiles
	MITSUBOSHI OVERSEAS HEADQUARTERS PRIVATE LIMITED	Belts for automobiles
	PT.SEIWA INDONESIA	Belts for automobiles
	Suzhou Mitsubishi Belting Co., Ltd.	Belts for automobiles
	MITSUBOSHI BELTING-INDIA PRIVATE LIMITED	Belts for automobiles
ISO 9001	Mitsubishi Belting Ltd. (Kobe Head Office, Tokyo Head Office, Nagoya Plant, Shikoku Plant) Mitsubishi Belting Giken Co., Ltd. Mitsubishi Belting Kohki Co., Ltd.	Belts for general industries, worm wheel blanks, engineering plastics, V-ribbed pulley, belt tensioner
	Building & Construction Materials Division (Kobe Head Office, Tokyo Head Office, Nagoya Plant)	Waterproofing sheet for building, geomembrane for civil work
	Electronic Materials Department	Metal paste, circuit board material and coating
	Mitsubishi Belting Kohki Co., Ltd.	Timing pulleys
	Mitsubishi Belting Conveyor Co., Ltd.	Resin conveyor belts
	MITSUBOSHI OVERSEAS HEADQUARTERS PRIVATE LIMITED	Belts for general industries
	PT.MITSUBOSHI BELTING INDONESIA	Belts for general industries, rubber for coupling
	PT.SEIWA INDONESIA	Belts for general industries
	STARS TECHNOLOGIES INDUSTRIAL LIMITED	Belts for general industries
	Suzhou Mitsubishi Belting Co., Ltd.	Belts for general industries
JIS A6008	Building & Construction Materials Division (Nagoya Plant)	Synthetic polymer roofing sheet

Mitsubishi Belting Group Basic Quality Policy

Management Principle:

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

- "To contribute to society by supplying goods of high performance, high precision, and high quality" means creating and providing products that satisfy customers with their performance, functionality, reliability, etc., and that are useful to society.
- So as to realize this Basic Quality Policy, we will adhere to the following.
 - Develop products that satisfy customers.
 - Enhance and improve Total Quality Management (TQM) and ensure top-level quality in the domestic and international industries.
 - Engage in work in accordance with established standards.

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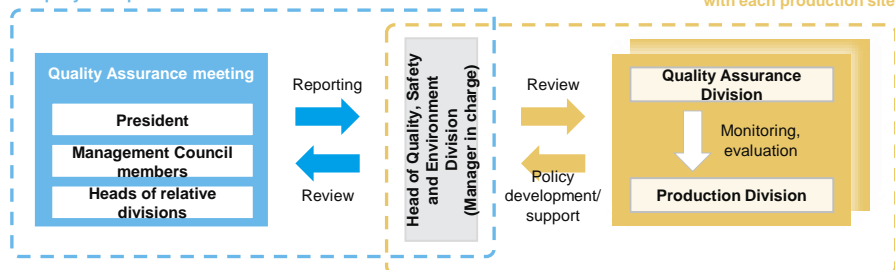
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Value Chain Management (2) Quality

● Management system

Responsibility and authority regarding quality-related business activities and quality issues rests with the President, and the head of the Quality, Safety, and Environment Division is responsible for managing these activities. The President convenes members of the Management Council and department heads to hold quality assurance meetings, and in the meeting reviews the status of activities reported by the head of the Quality, Safety, and Environment Division, and utilizes the results to improve strategies, policies, and plans. The revised strategies, policies, and plans are communicated to the Quality Assurance Department at each location by the head of the Quality, Safety, and Environment Division, and are developed into policies and plans tailored to each site. The implementation details of the plans are monitored and evaluated by the Quality Assurance Department at each site, compiled monthly into a report, and reported to the head of the Quality, Safety, and Environment Division.

Formulation and review of company-wide policies



● Implementation status

Each item related to quality assurance has been reviewed to identify risks and opportunities it brings to the Mitsubishi Belting Group business activities, and the results were developed into specific measures.

We will continue to further deepen our activities with priority on "Maintenance and improvement of QMS," "Enhancing quality education," and "Thorough process control."

Related item	Risks (▼) and Opportunities (Δ)		Measures
Legal compliance Customer service	Δ	Improved corporate reliability through early intervention	<ul style="list-style-type: none"> Maintenance and improvement of QMS Enhancing quality education
	▼	Damage to corporate value due to violation of legislations and non-adherence to customer requirements	
Quality improvement	Δ	Improved brand image by ensuring reliability	<ul style="list-style-type: none"> Thorough process control Collaboration with business partners
	▼	Decline in competitiveness due to reduced quality level	
Business development	Δ	Increased opportunities to receive orders by developing new markets	<ul style="list-style-type: none"> QMS support for new businesses and new products
	▼	Market shrinkage for existing products due to the shift to electric vehicles	

• Maintenance and improvement of QMS

In FY2022, we underwent a third-party audit and maintained ISO 9001, IATF16949, or JIS A6008 certification at all audited sites.

• Enhancing quality education

The Mitsubishi Belting Group has been engaged in QC (quality control) circle activities since 1967 as part of the Total Quality Management (TQM), but in recent years, it has become a place for global human resource development and improvement activities. This activity has taken root not only at domestic factories but also at each of the overseas factories. Every fall, the "Mitsubishi Belting Global QC Circle Tournament" is held, in which presentations on on-site product quality control and work efficiency improvement are made for the purposes of mutual learning. We also actively participate in external QC circle meetings, such as having selected circles make presentations on QC circle national convention sponsored by the Union of Japanese Scientists and Engineers, in an effort to make further improvements.

FY2022, circles selected from all over the Mitsubishi Belting Group gathered in Singapore, where the Mitsubishi Belting Global QC Circle Tournament was held. Number of participants were limited so as to minimize the spread of the SARS-Corona virus, but the Tournament was a unifying and meaningful one with active exchanges among the circles.

In Japan, QC circle company-wide competitions are held twice a year. Aside from presenting and listening at the venue, the event is streamed online to allow many employees in different locations to participate, resulting in mutual learning that is more active than ever before.

Moreover, we conduct long-term, continuous quality control education to improve knowledge and technology as well as strengthen personnel cultivation. Quality control education begins with training as soon as employees join the company, and is provided in a wide range of areas, including specialized training required for each department and job. We aim to elevate awareness towards quality by having employees obtain specialized knowledge as well as understand and acquire QC-based perspectives and thinking, so that we can align ourselves with our Basic Quality Policy.

• Thorough process control

At production sites, production line managers conduct daily workplace patrols as one of the measures to maintain standards compliance, and site managers and other department managers also participate in patrols to prevent them from becoming routine. Although this may seem insignificant, the accumulation of small improvements contributes to complying with standards and maintaining compliance.

• Addressing PL lawsuits and recalls

PL lawsuits and recalls damage the "trust" of *monozukuri* companies, but they can also have a huge financial impact. We prepare for such risks by purchasing an insurance policy that covers the entire Mitsubishi Belting Group.

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Value Chain Management (3) Safety and Health

Occupational safety and employee health

The Mitsubishi Belting Group views human resources as its most important source of value in achieving sustainable growth.

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We believe that ensuring the safety and health of our employees and maintaining and improving systems that manage them are priorities in management, and we strive to improve activities that benefit the health and safety of our employees based on our Basic Policy on Occupational Health and Safety.

Basic Policy on Occupational Health and Safety

Ensuring the health and safety of all employees of the Mitsubishi Belting Group and continuously improving the system that manages them are top business priorities, and all employees are to work together to engage in health and safety activities.

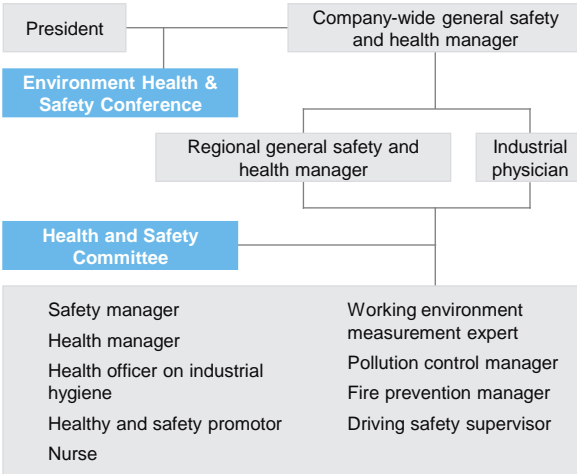
Code of Conduct

All employees strive for good communication and participate in health and safety activities.

- We maintain and improve the health and safety management system so that it continues to function effectively.
- We comply with health- and safety-related legislations and health and safety management regulations.
- We strive to prevent occupational accidents through risk assessments and health and safety education.
- We promote health management for all employees by implementing health checkups, mental health safeguards, infection control measures, etc.
- We raise road safety awareness to eliminate traffic accidents.

Management system

The Environment Health & Safety Conference chaired by the Director in Charge of Safety and the Environment and comprises all division heads is held twice a year where the company-wide general safety and health manager compiles the implementation status report. This report is reviewed by the President and the Management Council members, and the results are used to revise strategies, policies, and plans. The revised strategies, policies, and plans are notified by the regional general safety and health manager selected in each region to the Health and Safety Committee, the executing body. They are then converted into policies and plans tailored to each site. The implementation details of the plan are monitored and evaluated, and compiled monthly into a report by the Health and Safety Committee, and the report is submitted by the regional general safety and health manager to the company-wide general safety and health manager.



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Value Chain Management (3) Safety and Health

● Implementation status

Each item related to safety and health has been reviewed to identify risks and opportunities it brings to the Mitsubishi Belting Group business activities, and the results were developed into specific measures.

We will prioritize “Enabling timely response to amendments for thorough compliance,” “Preventing accidents through risk assessments,” and “Maintaining and improving the health checkup system and occupational accident management system” in our activities.

Related item	Risks (▼) and Opportunities (Δ)		Measures (initiatives, activities)
Legal compliance	Δ	Improved corporate reliability through early intervention	Internal audits, legal education and training, cultivating certified personnel, disseminating legal information including amendments
	▼	Damage to corporate value due to violation of legislations and non-adherence to customer requirements	
Occupational safety Traffic safety	Δ	Synergistic effects of stabilizing production and improving safety awareness by ensuring safety	Risk assessment, KY activities, health and safety education, safety patrols, work environment measurements, capital investment for safety measures, utilization of drive recorder data
	▼	Decline in labor force and reduced corporate value due to increase in industrial accidents and traffic accidents	
Health management Mental health	Δ	Strengthening and stabilizing workforce vitality through health maintenance	Health checkups (regular health checkup, lifestyle disease checkup, special health checkup, complete health screening), stress checks, industrial physician patrols, interviews with industrial physicians
	▼	Decrease in labor force due to increase in sick patients	
Disaster prevention/mitigation Business maintenance/recovery	Δ	Business continuity, early recovery, and improved corporate reliability through early intervention	Evacuation drills, emergency communication drills using apps, capital investment for disaster prevention and mitigation, promotion of outcome-oriented business continuity plan, flexible and thorough measures against COVID-19
	▼	Suspension of business activities and decline in corporate value due to lack of emergency response preparation	

• Enabling timely response to amendments for thorough compliance

In preparation for the transition to new chemical substance regulations in line with the amendment to the Industrial Safety and Health Act, we will comply in a timely manner, such as making it mandatory to appoint a chemical substance manager, etc., and at the same time strive to improve internal awareness regarding compliance.

• Preventing accidents through risk assessments

Risk assessment is an important tool that plays a fundamental role in preventing occupational accidents and securing the safety of our employees. We aim to identify potential dangers or hazards in all working environments, including production sites, and eliminate or reduce them. In addition to annual plans, we carry out risk assessments as necessary for process changes, etc., in an effort to prevent the occurrence of occupational accidents and work-related illnesses.

• Maintaining and improving the health checkup system and occupational accident management system

The Mitsubishi Belting Group conducts statutory health checkups such as regular health checkups, special health checkups, and stress checks, and builds programs together with health insurance association to offer lifestyle disease checkups, cancer screening, and other checks free of charge. In addition, complete health screening, brain screening, and heart screening can be received at the company's expense, if the eligibility criteria are met. In FY2022, 100% of the statutory health checkups were carried out, and as for other examinations, everyone who requested one were able to receive it.

Regarding occupational accidents, including traffic accidents, we are strengthening risk management, monitoring through internal audits, and reviewing rules so as to achieve the annual goal of “zero accidents.”

Item	Unit	2018	2019	2020	2021	2022
Number of lost-time injuries	Person	0	1	6	2	1
Lost-time injury frequency rate	—	0	0.73	4.5	1.44	0.7
Number of fatal accidents	Person	0	0	0	0	0
Fatal accident frequency rate	—	0	0	0	0	0

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■ Initiatives for coexisting in harmony with local communities

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

From the Mitsubishi Belting Group Code of Conduct

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

The Mitsubishi Belting Group in Japan promotes "town development where residents and businesses coexist" and forms a volunteer group called Mitsubishi Belting Fureai Council consisting of Group employees. The Council plans and hosts various events that provide opportunities to foster and deepen interactions and communication between the local community and employees as well as among the employees themselves while promoting the achievement of SDGs. With movement restrictions due to COVID-19 being lifted from May 2023, we will continue to carry out social contribution activities that will help resolve issues in local communities.

In the Mano district of Nagata-ku, Kobe City, where our Kobe Head Office is located, we regularly exchange opinions with the board of directors and committees of the Mano District Urban Development Promotion Association (22 times in 2020, 22 times in 2021, 22 times in 2022). The committee members include people from government and educational institutions, and we confirming the needs of the local community, which is one of our important stakeholders, before we reflect our deliberations into the events we host.

● Initiatives regarding partnerships with local communities and problem-solving (within Japan)

Office / Plant	Event title	Description
Kobe Plant R&D center, etc. (Nagata-ku, Suma-ku, etc., Kobe City)	Tanabata Bamboo Decoration	Kobe Head Office has annually hosted a Tanabata Festival since 2001. The event was canceled from 2020 and on due to the COVID-19 pandemic, and instead, Tanabata bamboo decorations were made surrounding each of the Group offices and plants. The event may not be the same as before, but we plan to continue to actively promote communications with local communities.
	The Universal Beach Initiative	A universal beach is an activity where special mats are placed on the beach to enable wheelchair users to enjoy taking a dip in the sea. Members of our SDGs Promotion Committee and others participate in the activities of Suma Universal Beach Project, an NPO in Kobe City where our head office is located.
	Beach Cleaning	Members of our SDGs Promotion Committee and others participate intermittently in the activities of Kobe Umisakura, an NPO in Kobe City. In June 2023, we held a joint environmental education/beach cleaning event with Sumitomo Rubber Industries, Ltd., and companies headquartered in Kobe deepened their interactions through beach clean activities. During the environmental education session on the same day, participants had the opportunity to gain a deeper understanding of the problem of marine microplastics, which has a huge negative impact on the environment and the ecosystem. We will continue to promote initiatives for the marine environment that supports our sustainable future.
Shikoku Plant (Sanuki City, Kagawa Prefecture)	Seine Net Experience	The Shikoku Plant hosts a seine net experience event every May on the coast adjacent to the plant. The event in 2023 was the first in four years, enabled by the lifting of movement restrictions due to COVID-19, and participating children rejoiced in such a rare and valuable experience.
	Coast Cleaning Activity	As one of our SDGs initiatives, 100 people, mainly Group employees, regularly clean the costal area (Kitamatsubara Beach) located northeast of our factory. These activities will also help with our other efforts to deepen our employees' understanding of microplastics, which is one of the causes of ocean pollution.
Tokyo Head Office (Chuo-ku, Tokyo)	Music Salon	We hold a free-admission concert once a year in Tokyo in order to repay the support we received from many people during the Great Hanshin-Awaji Earthquake recovery effort. This event is supported not only by the audience but also by the young musicians who are given the opportunity to perform in a first-class concert hall.
Ayabe Production System Development Center (Ayabe City, Kyoto Prefecture)	Yura River Cleaning Operation	In May 2023, a total of 31 of our employees and their families participated in the Yura River Cleaning Operation, which is one of the activities to protect the Yura River that the Kyoto Prefectural Ayabe High School Analytical Science Club has been working on for many years. 2023 was the 11th event, and it was participated by the largest number ever totaling approximately 400 people, including local people, organizations and corporations, collecting 256 kg of garbage.

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● Initiatives regarding partnerships with local communities and problem-solving (overseas affiliates)

Overseas affiliated companies also conduct initiatives to resolve various environmental, educational and social issues under Mitsubishi Belting Group's Corporate Philosophy of "To give attentive consideration to both humanity and nature."

Office / Plant	Description
STARS TECHNOLOGIES INDUSTRIAL LIMITED (Abbreviation: STI/Kingdom of Thailand)	<ol style="list-style-type: none"> ① We provided upcycled backpacks made from recycled PET bottles to students at schools near the WHA industrial area. ② We provided food, daily necessities, school supplies, etc. to school children. We also collaborated on a project with other companies and donated school bags made from recycled plastic bottles. ③ To contribute to reducing CO₂ emissions, we participated in a tree-planting project and distributed 828 donated trees to employees, who were asked to plant them in their homes.
PT. MITSUBOSHI BELTING INDONESIA (Abbreviation: MBI/Republic of Indonesia)	<p>In November 2022, PT. MITSUBOSHI BELTING INDONESIA (MBI) conducted corporate CSR activities at two locations under the theme of "Go Green, One Tree Million Benefits." The first location was at a nearby school called Al Barokah, and the second location was at Pasir Jaya Ward Office. We donated 1,000 saplings to the school and 1,200 saplings to the ward office.</p> <ol style="list-style-type: none"> i. Al Barokah school We donated 1,000 saplings to the students and teachers of the school, and we also gave snacks to the students. We also donated chairs and building materials to help the school build a first aid room and improve its facilities. ii. Pasir Jaya Ward Office We presented 1,200 seedlings to the ward office. The seedlings were later distributed to neighborhood associations and civic groups in Pasir Jaya. We work with the hope of contributing to reducing CO₂, improving the quality of the environment, and achieving the SDGs. MBI's activities can be viewed on the local YouTube news channel https://youtu.be/fOp9jetG1Yc.
PT. SEIWA INDONESIA (Abbreviation: P. T. Seiwa/Republic of Indonesia)	<ol style="list-style-type: none"> ① As part of our environmental efforts, we made a donation to a mangrove planting program through PT. Megalopolis Manunggal Industrial Development, which operates the MM2100 Industrial Town, and planted a total of 25,500 mangrove trees on Bahagia Beach in Bekasi District. This program aims to protect the coastline from erosion by planting mangroves, which have strong roots that can even withstand tsunamis. ② As part of our educational efforts, we are accepting several students from the vocational training school located in the MM2100 Industrial Town for on-the-job training. This activity supports the LINK & MATCH program run by the Bekasi District Government, which fosters talented students who can hit the ground running and introduces them to companies. ③ As part of our social initiatives, we supported the families of employees affected by the strong earthquake that occurred in the Cianjur district of West Java in November 2022 by donating 55 million rupiah through the Cianjur Earthquake Relief Program, which we collected from all our employees including labor unions, employee collectives, and the in-house mosque board.



Tree planting project (STI/Kingdom of Thailand)



Donations to local children (STI/Kingdom of Thailand)



"Go Green, One Tree Million Benefits" (P. T. Seiwa/Republic of Indonesia)



Mangrove planting program (P. T. Seiwa/Republic of Indonesia)

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● Initiatives regarding partnerships with local communities and problem-solving (overseas affiliates)

Office / Plant	Description
MITSUBOSHI POLAND Sp.z o.o. (Poland)	<p>Poland has a system* that allows people to donate 1.5% of their income tax to public interest organizations. MITSUBOSHI POLAND Sp.z o.o. employees use this system to donate to organizations that support the rehabilitation, etc. of traffic accident victims. Traffic accidents in Poland temporarily saw a sharp increase after joining the EU due to the large influx of used cars, but have generally been on the decline since 2008. However, while the number of fatalities in traffic accidents is 0.86 per 100 accidents in Japan, in Poland it is 9.8, about 11.5 times as many, which means that there are many serious traffic accidents that lead to fatalities. As a parts manufacturer for automobiles, etc., we hope for zero traffic accidents and strive to raise traffic safety awareness.</p> <p>*OPP (Organizacja Pożytku Publicznego) system</p>
Mitsuboshi Belting Europe GmbH (Federal Republic of Germany)	<p>Mitsuboshi Belting Europe GmbH in Germany collected and donated unused cellphones from employees and their families by participating in the Mobile Phone Recycling Campaign run by NABU (Nature and Biodiversity Conservation Union) for the purpose of environmental protection. This contributes to environmental protection by recycling and properly disposing the circuit boards of collected mobile phones, and the proceeds from recycling are used for the NABU Insect Protection Fund.</p>

● Social contribution activities through donations

Office / Plant	Description
Activities to support the future of children (Donation to Japan Committee for UNICEF)	<p>The Great Hanshin-Awaji Earthquake caused devastating damage to Nagata-ku, Kobe City, where our head office is located. Due to natural disasters and other causes including poverty, as many as five million children under the age of five lose their precious lives every year. Staying true to the Corporate Philosophy of "to give attentive consideration to both humanity and nature," the Mitsuboshi Belting Group began in FY2005, the tenth anniversary of the earthquake, the activity titled "Extending Love to the Children of the World." This activity donates a sum, mainly of collections from Group employees, to Japan Committee for UNICEF, a public interest incorporated foundation, in order to help these children. We made a 10 million yen donation in FY2022.</p>
Support for victims and areas affected by the Turkey-Syria Earthquake	<p>We donated three million yen through the Japanese Red Cross Society to support those affected by the earthquake that occurred in southeastern Turkey on February 6, 2023, and to support recovery and reconstruction in the affected areas.</p>



Donation to NABU (Federal Republic of Germany)



Donation to Japan Committee for UNICEF

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Initiatives related to disaster prevention

Office / Plant	Event title	Description
All Offices / Plants	Comprehensive disaster prevention training	The Mitsubishi Belting Group conducts disaster prevention and evacuation drills at each office / plant to raise employees' awareness regarding disasters. Additionally, we have designated January 17, the day of the Great Hanshin-Awaji Earthquake, as "Mitsubishi Belting Disaster Prevention Day," and conduct comprehensive disaster prevention drills every year. This drill assumes that a strong earthquake has occurred, and not only conducts activities to prevent and reduce the damages from natural disasters and fires that may occur at any time, but also allows each individual to think about how to respond appropriately in the event of a disaster.
Kobe Plant R&D center (Nagata-ku, Kobe City)	Disaster prevention initiatives with a local elementary school	Since we are a part of the community that looks out for the safety of its children, the Kobe Head Office continued from last year to donate disaster prevention hoods at the time of new first-year enrollment of the nearby Kobe Municipal Mano Elementary School to protect the heads of children in the event of a disaster. We will continue to work to promote the creation of a safe and secure local community.



Comprehensive disaster prevention training
(Kobe Plant R&D center)

Partnership event with local communities (in Japan)



Tanabata bamboo decoration
(Kobe Plant R&D center, Jul. 2023)



Beach cleaning activity
(Kobe Plant R&D center, Jun. 2023)



Sanuki handmade udon and seine net experience
(Shikoku Plant, May 2023)



Yura River cleaning operation
(Ayabe Production System Development Center, May 2023)

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Employees

Item	Scope	Description	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	Corresponding GRI content index
Total number of employees	Non-consolidated	Number of employees (full-time employees)	Male	Person	598	609	608	613	620
			Female	Person	68	74	74	75	74
			Male	%	89.8	89.2	89.1	89.1	89.3
			Female	%	10.2	10.8	10.9	10.9	10.7
		Number of employees (appointed/special contract)	Male	Person	38	36	39	36	40
			Female	Person	3	3	3	1	1
			Male	%	92.7	92.3	92.9	97.3	97.6
			Female	%	7.3	7.7	7.1	2.7	2.4
		Number of employees (long-term/short-term part-time)	Male	Person	5	5	5	5	5
			Female	Person	1	0	0	0	0
			Male	%	83.3	100.0	100.0	100.0	100.0
			Female	%	16.7	0.0	0.0	0.0	0.0
New hires and terminations	Non-consolidated	Number of new hires	Male	Person	37	36	24	22	30
			Female	Person	7	10	5	6	4
			Male	%	84.1	78.3	82.8	78.6	88.2
			Female	%	15.9	21.7	17.2	21.4	11.8
		Number of terminations	Male	Person	21	22	18	27	34
			Female	Person	2	4	5	4	7
			Male	%	91.3	84.6	78.3	87.1	82.9
			Female	%	8.7	15.4	21.7	12.9	17.1
		Number of eligible employees	Male	Person	36	30	20	30	34
			Female	Person	3	7	3	3	7
		Number of those on leave	Male	Person	0	0	1	3	9
			Female	Person	3	7	3	3	7
Parental leave	Non-consolidated	Acquisition rate	Male	%	0	0	5.0	10.0	26.5
			Female	%	100.0	100.0	100.0	100.0	100.0
		Number of employees returning to work after parental leave	Male	Person	N.A.	N.A.	1	2	7
			Female	Person	0	4	5	6	0
		Retention rate after parental leave*1	Male	%	N.A.	N.A.	100.0	100.0	100.0
			Female	%	100.0	100.0	100.0	100.0	100.0
		Paid leave acquisition rate*2		%	49.1	59.1	51.4	48.6	53.1
		Rate of employees with disabilities*3		%	1.7	1.7	1.5	2.4	2.2
Paid leave	Non-consolidated								—
Employment of people with disabilities	Non-consolidated								—

*1 Rate of employees remaining 12 months after returning to work from parental leave

*2 Paid leave acquisition rate = Annual paid leave taken / stipulated annual paid leave x 100

*3 Rate of employees with disabilities = number of employees with disabilities / number of regular full-time employees

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Occupational safety and health | Diversity | Quality

Item	Scope	Description	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	Corresponding GRI content index
Health promotion	Non-consolidated	Statutory health checkup participation rate ^{*4}	%	100	100	100	100	100	-
		Health checkup service utilization rate ^{*5}	%	100	100	100	100	100	
		Stress check response rate ^{*6}	%	100	100	100	100	100	
Occupational accidents	Non-consolidated	Number of lost-time injuries	Person	0	1	6	2	1	403-9
		Lost-time injury frequency rate ^{*7}	-	0.0	0.7	4.5	1.4	0.7	
		Number of fatal accidents	Person	0	0	0	0	0	
		Fatal accident frequency rate ^{*7}	-	0	0	0	0	0	
		Number of work-related illnesses	Person	0	0	0	0	0	
Work-related illnesses	Non-consolidated	Number of deaths from work-related illnesses	Person	0	0	0	0	0	403-10
Training	Trainings by the Personnel Development Office	Number of participants in upper management training ^{*8}	Male	n.d.	n.d.	n.d.	1.0	9.0	404-1
			Female	n.d.	n.d.	n.d.	0.0	0.0	
		Upper management training hours ^{*9}	Male	n.d.	n.d.	n.d.	36.0	36.0	
			Female	n.d.	n.d.	n.d.	N.A.	N.A.	
		Number of participants in manager training	Male	n.d.	n.d.	n.d.	37.0	36.0	
			Female	n.d.	n.d.	n.d.	2.0	0.0	
		Manager training hours ^{*9}	Male	n.d.	n.d.	n.d.	39.0	43.0	
			Female	n.d.	n.d.	n.d.	39.0	N.A.	
		Number of participants in general staff training	Male	n.d.	n.d.	n.d.	170.0	149.0	
			Female	n.d.	n.d.	n.d.	30.0	24.0	
		General staff training hours ^{*9}	Male	n.d.	n.d.	n.d.	235.5	266.5	
			Female	n.d.	n.d.	n.d.	235.5	266.5	
Diversity	Non-consolidated	Percentage of female directors	%	0.0	0.0	0.0	0.0	11.1	405-1
		Percentage of female managers	Section Chief	0.9	0.9	1.6	1.6	2.4	
			All managers	0.7	0.6	1.2	1.1	1.7	
	Non-consolidated	Ratio of women's salaries to men's salaries	All workers	n.d.	n.d.	n.d.	n.d.	72	405-2
			Permanent employees	n.d.	n.d.	n.d.	n.d.	71	
			Part-time/Fixed-term employees	n.d.	n.d.	n.d.	n.d.	37	
Human rights	Group in Japan	Number of discrimination instances	Case	0	0	0	0	0	406-1
		Number of violation risks of collective bargaining rights	Case	0	0	0	0	0	407-1
		Number of child labor risks	Case	0	0	0	0	0	408-1
		Number of forced labor risks	Case	0	0	0	0	0	409-1
		Number of violation risks of indigenous rights	Case	0	0	0	0	0	411-1
		Number of Human Rights DD issues	Case	n.d.	n.d.	n.d.	n.d.	2	412-1
Supplier engagement	Business partners of the Procurement Department	Number performed	Case	16	18	17	21	18	308-2 414-2
		Number of non-conformities	Case	0	0	0	0	0	
		Number of improvements ^{*10}	Case	N.A.	N.A.	N.A.	N.A.	N.A.	
Quality control system	Group	Number of sites maintaining IATF16949 certification	Site	8	8	8	8	8 ^{*11}	-
		Number of sites maintaining ISO9001 certification	Site	11	11	11	11	11 ^{*12}	-

^{*4} Statutory health checkup participation rate = number examined / number eligible

^{*5} Health checkup service utilization rate = number examined / number requested

^{*6} Stress check response rate = number of respondents / number of response requests

^{*7} Number of lost-time injuries or fatalities per one million cumulative actual working hours

^{*8} Upper management: Refers to a person in a general manager's position or above.

^{*9} Training hours per trainee

^{*10} Number of cases in which a compliance approval was given after appropriate corrective actions were taken for non-conformities identified during business partner audits

^{*11} Shikoku Plant, Mitsubishi Belting Giken Co., Ltd., MBL (USA), MOH (Singapore), SEIWA (Indonesia), STI (Thailand), SMB (China), MB (IND) (India)

^{*12} Kobe Plant R&D center, Shikoku Plant, Nagoya Plant, Tokyo Head Office, Mitsubishi Belting Giken Co., Ltd., Mitsubishi Belting Kohki Co., Ltd., MOH (Singapore), MBI (Indonesia), SEIWA (Indonesia), STI (Thailand), SMB (China)

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Corporate Governance

Our basic view on corporate governance

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

Basic Policy

The Company strives to respect its shareholders' rights and secure its shareholders' equality.

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

Strengthening corporate governance

We are a "a Company with a Board of Company Auditors," and have in place the Board of Directors comprising eight members, three of whom are outside directors, and the Board of Corporate Auditors, which consists of four members including three outside corporate auditors. The Board of Directors makes decisions on important matters and oversees the execution of business by directors. Regarding important matters, the Management Council meets prior to a Board of Directors meeting in order to ensure sufficient discussions.

In addition, we have established the Nomination and Remuneration Advisory Committee, which aims to enhance the independence of the Board of Directors' functions as well as its objectivity and accountability concerning matters such as the appointment, removal, and remunerations of senior management members (a voluntary advisory committee consisting of at least three members, a majority of whom are independent outside directors). Furthermore, a restricted stock compensation plan has been introduced with the aim of sharing profits with our shareholders and improving corporate value over a long period of time. In this way, we are committed to enhancing and improving corporate governance. The percentage of outside directors and women among directors and auditors are as shown below.

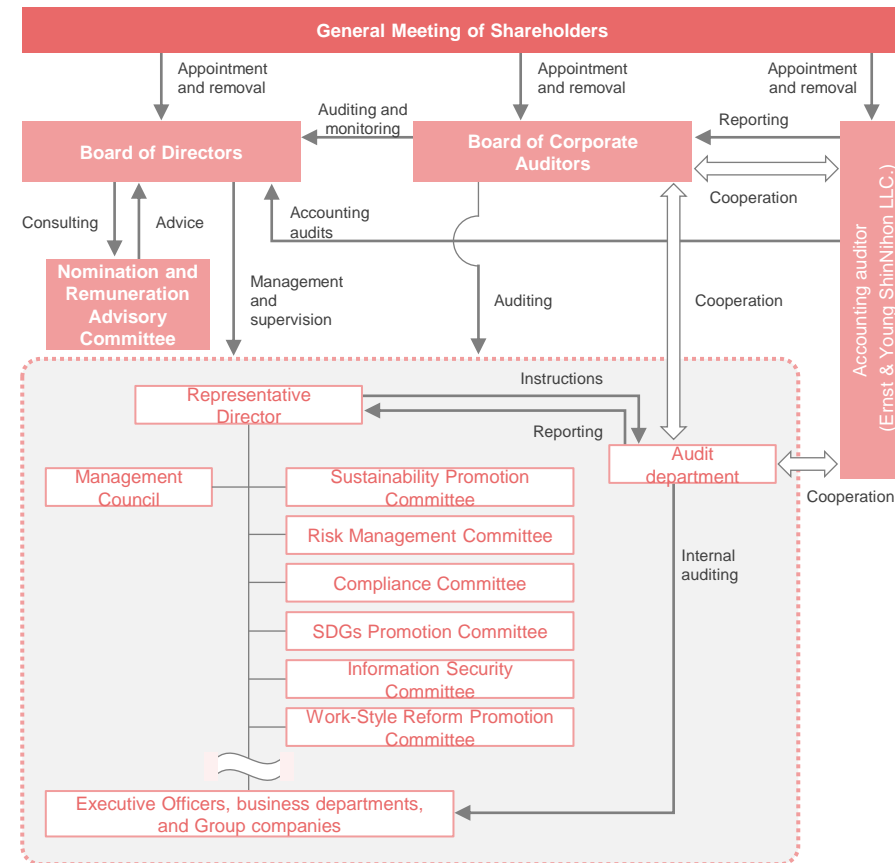
Ratio of outside directors (👤 : Outside directors)



Ratio of female directors (👤 : Female directors)



Governance structure



■ Our view on the appointment of directors

Regarding the appointment of senior management members and the nomination of director candidates, we examine the candidate from various aspects, including diverse experience, knowledge, and competence suitable for promoting further enhancement of the corporate value of the Mitsubishi Belting Group, as well as qualities such as broad perspective and the ability to take action and lead. Our view on the structure of the Board of Directors and selection criteria are as follows:

● Our approach regarding the structure of the Board of Directors

1. The diversity of the Board of Directors will be considered in the appointment of directors.
2. In order to fulfill its fiduciary responsibility as a whole, the Board of Directors will strive to ensure that the various knowledge, experience, abilities, insight, and expertise of each member supplement its overall functions, thereby enabling the Board to demonstrate its functions (particularly the function to oversee business management) efficiently and effectively.

● Criteria for appointment and dismissal of directors

Criteria for appointment of directors

1. Is excellent in terms of personality, knowledge, and insight, and has a strong law-abiding spirit and ethical view
2. Possesses the ability to make objective decisions as well as insight, and foresight
3. Holds sufficient experience and expertise to meet the expectations of stakeholders (including shareholders, customers, employees, and local communities) and to contribute to improving the corporate value of the Group over the medium to long term
4. Is able to make fair judgments from a company-wide, neutral perspective and to demonstrate risk management skills
5. Has time to make efforts required to appropriately fulfill his/her duties, responsibilities, and roles as a director, and be in a state of health that allows him/her to fulfill such duties, responsibilities, and roles
6. Does not fall under any of the grounds for disqualification of a director as stipulated by the Companies Act
7. Has had no involvement with anti-social forces in the past and present

- Requirements for independent outside directors

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

- Requirements for representative directors and executive officers

1. Is conversant with industry trends and related regulations surrounding the Group as well as the Group's business model, and possesses a wealth of practical experience in his/her respective specialized fields
2. Holds a company-wide perspective and organizational management skills, and is able to execute relevant duties

Criteria for dismissal of directors

1. An event has occurred, which reveals that the director has obviously failed to meet the above "Criteria for appoint of directors."
2. A serious fact, such as misconduct or a violation of law, the article of incorporation, or resolutions of a general shareholders' meeting, has come to surface.
3. It is acknowledged that the director has undermined the Group's credibility or has hindered the smooth operation of the Group's business for reasons such as the discovery of a scandal or damage for which he/she is responsible.

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Corporate Governance

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

	Business administration	Personnel, general, and legal affairs	Finance and accounting	ESG and sustainability	Technology and innovation	Purchasing and production	Sales and marketing	Global experience	Position in Mitsubishi Belting
Hiroshi Ikeda	○	○		○			○	○	President
Masayoshi Nakajima	○				○			○	Director
Toshimi Kumazaki	○		○			○	○	○	Director
Keiji Mataba	○	○					○	○	Director
Shinji Kuramoto	○	○				○	○		Director
Ryuzo Miyao	○		○					○	Director (Independent Outside Director)
Shinya Okuda	○			○			○	○	Director (Independent Outside Director)
Yuka Miyake	○		○	○					Director (Independent Outside Director)

● Succession planning (President and Directors)

Appointment of senior management members and nomination of director candidates

Policy:

(1) In light of "improvement of economic value (the ability to generate future cash)" and "pursuit for social value (justification for our existence and mission in society),"

(2) we have defined our stance as a corporation, such as view and direction, in our Management Policy and management strategies (including medium-term management plans, target position, and business risks), and based on this,

(3) candidates will be comprehensively examined from a "right person, right place" perspective. Information taken into account in the selection process includes Our approach regarding the structure of the Board of Directors (including diversity) and the Criteria for appointment and dismissal of directors (requirements that are common and that are specific to Independent Outside Directors, and the President and Executive Officers). In addition to these two, which were deliberated on, defined, and resolved by the Nomination and Remuneration Advisory Committee and the Board of Directors, the "skills by category in the skill matrix table of Directors" and "succession plans for the President and Directors" (a pool of candidates in normal times)" will also be considered.

Process:

A proposal developed in the above process will be submitted to the Nomination and Remuneration Advisory Committee, which was established with the aim of strengthening the independence, objectivity, and accountability of the Board of Directors' functions concerning matters such as "appointment and removal of senior management members" and "nomination of Director candidates" (a voluntary advisory committee consisting of three or more members (five members since June 2022), a majority of whom are Independent Outside Directors (three members since June 2022). Based on the recommendation of the committee, the Board of Directors will make a resolution.

■ Regarding the 2023 Succession Plan - Normal Time (Process Schedule), the Nomination and Remuneration Advisory Committee deliberated on it, made a decision, and submitted its recommendation (resolution) to the Board of Directors. Based on this, the Plan is implemented (including selecting candidates for next President and Directors with the use of a pool of candidates and other means).

■ With regard to the Succession Plan - Emergencies (personnel who will provisionally fulfill the President's duties and their order), the Nomination and Remuneration Advisory Committee also has deliberated on it, made a decision, and submitted a recommendation (resolution) to the Board of Directors.

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■ Operation status of the Board of Directors (FY2022)

No. of meetings	14
Average meeting time	79.3 minutes
Average number of agenda items	6.1

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

In FY2022, in addition to regular agenda items (matters for resolution and reporting), the Board of Directors reviewed the Group's medium-term management plan and discussed matters related to corporate governance (such as appointment and dismissal of Directors and succession planning of the President and Directors), investments (related to production, logistics, and businesses), and sustainability (including the development of Materiality concerning ESG challenges, the review of the Group Code of Conduct, and CSR activities).

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

● List of key agenda items at Board of Directors meetings (excerpt):

Period	Main agenda items (excerpt)
First half of the year	Financial reporting and business performance
	Review of the Mid-Term Business Plan (FY2021-2023)
	Analysis and assessment of the effectiveness of the Board of Directors
	Identification of Materiality
	Policy on how to address significant risks in FY2022 and countermeasures
Second half of the year	Information disclosure in accordance with TCFD recommendations
	Financial reporting and business performance
	Succession planning
	Introduction of a performance-linked system for executive compensations
	Sale of cross-shareholdings
	Information disclosure in CSR reports

■ Operation status of the Nomination and Remuneration Advisory Committee (FY2022)

No. of meetings	10
Average meeting time	29 minutes

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

The Committee deliberates and make decisions (in response to inquiries by the Board of Directors) on matters such as policies and procedures related to the nomination of director candidates, the appointment and dismissal of senior management members, and the determination of Directors' remunerations, as well as succession planning (for normal times and emergencies) for the President and Directors.

In FY2022, the Committee discussed each of the above matters, made decisions, submitted recommendations to the Board of Directors.

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Compliance

Our view on compliance

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

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

 **P.7** [Revision of the Mitsubishi Belting Group Code of Conduct](#)

- Management system

The Mitsubishi Belting Group has established the Compliance Committee, which is chaired by an executive appointed by the President and is comprised of members who are the heads of all departments, for the purpose of the overall management of compliance management activities in our business operations. The Compliance Committee, in principle, meets three times a year to identify significant compliance risks that the Mitsubishi Belting Group must address for each fiscal year, establish response policies with responsible organizations and goals, monitor and evaluate the implementation status of the responsible organizations, and provide instructions as necessary. The details of committee activities are reported to the President and the Board of Directors.

- Implementation status

In FY2022, no significant compliance risks were identified as in the previous year. The Compliance Committee reviewed its activities with the aim of improving the compliance management system of the entire Mitsubishi Belting Group. In FY2023, the Risk Management Committee monitors the status of responses to serious compliance risks. We plan to develop a system that will allow us to completely identify compliance management activities of all departments, which are currently monitored through internal audits conducted by the administrative department at the head office, and to gather information to identify what we have succeeded and failed, and to roll out continuous improvement activities.

In FY2022, there were no anti-competitive or corrupt practices in the Mitsubishi Belting Group.

(Unit: cases)

Risk type	Scope	2020	2021	2022
Significant compliance risks	Group	1	0	0
Identified anti-competitive practices	Group	0	0	0
Identified corrupt practices	Group	0	0	0

● Whistleblowing system

The Mitsubishi Help Line is in place as a system to ensure the proper handling of consultations from or information provided by the Group's executives and employees in Japan and overseas regarding the violation or possible violation of (1) laws, (2) the articles of incorporation, (3) internal rules and regulations, (4) contracts, or (5) social norms. External law firms serve as the point of contact for whistleblowing, and personnel designated as "Person Engaged in the Activity of Dealing with Whistleblowing Disclosures" handle each case. In handling a case, care will be taken to ensure that the act of whistleblowing does not cause disadvantage to the whistleblower, and those who violate this will be subject to disciplinary action. We will continue to ensure the prevention of misconduct and strengthen our compliance management. The number of reports in FY2022 was four.

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Risk Management

■ Our view on risk management

With the aim of becoming a “sustainable company,” the Mitsubishi Belting Group recognizes the importance of risk management and continually works to improve its management systems. As a risk management method, we have adopted the concept of “risk and opportunity,” which is an ISO requirement. Based on that concept, we engage in business activities with strategies, policies, plans, and targets in place and risk management effectively deployed. In addition, as part of the plan for FY2023 and beyond, and for the purpose of ensuring thorough risk management across the Group, our risk management regulations will be revised to clearly define a risk management policy, and risk management systems and processes.

Our approach to risk management

1. Integrating risk management and business activities

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

2. Scope of risks

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

3. Personnel responsible for implementation

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

4. Personnel implementing risk management activities

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

5. Maintaining and improving risk management systems

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

6. Information disclosure

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

● Management system

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

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

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

Regarding the risk management activities to address the issues (various risks rising in each management environment, including serious risks) that business divisions or affiliated companies have determined to address themselves, the risk management manager of the business division or affiliated company defines the department in charge and the person responsible for each risk along with targets and plans in a policy document for the fiscal year for approval by the President. After approval is granted, risk management activities are carried out with the manager monitoring and evaluating the implementation status on a daily basis. Once a year, in principle, the risk management manager of the business division or affiliated company reports on the status of risk management activities to the Management Council, which deliberates on the report and provides instructions as necessary. The implementation status is also reported to the Board of Directors through the Management Council.

● Risk assessment

The Mitsubishi Belting Group assesses risks based on two factors, the degree of impact on business activities and the likelihood of occurrence, in the process of selecting issues (risks) that should be addressed. For example, the Risk Management Committee selects serious risks based on their impact (Large: 1 billion yen or more; Medium: 100 million to 1 billion yen; and Small: less than 100 million yen) and probability (High: once a year or more; Medium: once in two years; and Low: less than once in 10 years). Our business divisions and affiliated companies establish their own assessment criteria based on the scale of their business and use the criteria in their risk assessment.



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

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Risk Management

■ Implementation status

The Risk Management Committee identified in FY2022 the following significant risks for the Group: (1) Suspension of business activities (production, sales, indirect operations) due to the spread of the new coronavirus infection, (2) Decline in corporate value due to failure to achieve CO₂ emissions reduction targets , (3) Suspension of business activities and the supply of raw materials due to a natural disaster, bankruptcy, large-scale accident, or the like, (4) Information leakage and system outage due to information security incidents, and (5) Soaring costs including raw materials and transportation due to dramatic political and economic changes (decrease in operating income). The Committee has also developed countermeasures; defined organizations, responsible personnel, goals, and plans for each risk; and monitored and evaluated the implementation status.

Identified significant risks	Activities and achievements
(1) Suspension of business activities (production, sales, and indirect operations) due to the spread of the new coronavirus infection	The COVID-19 Task Force, which is made up of directors and the heads of relevant departments, has been keeping track of the infection status across the Mitsubishi Belting Group, and has provided instructions on response measures as necessary. This has enabled the Group to conduct business activities in a stable manner.
(2) Decline in corporate value due to failure to achieve CO ₂ emissions reduction targets	We are on track to achieve our CO ₂ emissions reduction target for FY2023 (down by 22% from FY2013) by promoting measures such as introducing solar power generation systems and switching to electricity generated by renewable energy and to carbon-neutral gas. Reducing GHG emissions is part of our Materiality, and the progress of each measure is reported to the Sustainability Promotion Committee.
(3) Suspension of business activities and the supply of raw materials due to a natural disaster, bankruptcy, large-scale accident, or the like	A system is in place to mutually complement production operations between our sites. In parallel with this, we are sourcing raw materials and MRO (maintenance, repair, and operations) materials from multiple suppliers and developing a business continuity plan (BCP).
(4) Information leakage and system outage due to information security incidents	We have launched an information security management system at our Kobe Head Office and are currently rolling it out to all Group companies.
(5) Soaring costs including raw materials and transportation due to dramatic political and economic changes (decrease in operating income)	We have successfully minimized the impact of soaring raw material and transportation costs by utilizing DX (digital transformation) to share and discuss information on the purchase of raw materials and inventories among relevant departments.

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Risk Management

● Business continuity plan (BCP)

Our Risk Management Committee began its activities in FY2015, and defines "suspension of business activities and disruption of raw material supply due to an incident such as a natural disaster, bankruptcy, or large-scale accident" as a significant risk every year. To address this risk, a "Business Continuity Plan (BCP)" was introduced in FY2016. We recognize that it is a company's responsibility to utilize a BCP to promptly restore business activities since their suspension could cause damage not only to the Mitsubishi Belting Group but also to the society as a whole that collaborates in the value chain.

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

- Management system

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

- Implementation status

In FY2022, we reviewed the BCP Development and Implementation Procedure to clearly define a business impact analysis (BIA) process, and switched from the previously implemented cause-based BCP to an outcome-based (all hazards) BCP throughout the Group. The Business Impact Analysis (BIA) is a method of identifying all operations and the most important operations for business continuity, and greatly influences the effectiveness of a BCP. An outcome-based BCP is a plan to restore operations in a situation where resources needed for business continuity have been lost, without limiting to specific types of accidents or disasters. We have adopted this type of BCP to deal with unexpected accidents and disasters.

● “Security Export Control”

To ensure proper export control for sustained global peace and safety, security export control systems have been established after the development of the Security Export Control Regulation, which specifies a policy, control systems and processes, and other requirements. We engage in security export control activities under this Regulation and the systems. The global landscape with frequent invasions, civil wars, and terrorism keenly reminds us of the increasing importance of security export control. We will commit ourselves to steadily and swiftly carrying out security export control activities to ensure that our products, raw materials, and the like will never be used in weapons of mass destruction such as nuclear weapons.

- Management system

The President has the most authority in security export control, and a director appointed by the President serves as Export Control General Manager. The General Manager appoints the persons in charge of the departments that are deemed necessary for export control as Export Control Officers, and forms a Security Export Control Secretariat having the personnel charged with export control in relevant departments as its members. The Manager also provides instructions and information through the secretariat, monitors and assesses the status of the respective departments' activities, and reports the results to the President.

- Implementation status

In-house training is provided to all employees in order to deepen their understanding of the importance of security export control and its control methods. Additionally, newly appointed Export Control Officers and secretariat members receive more professional training by external specialized organizations to maintain and improve the security export control systems. In FY2022, 80 people, including 17 executives, received training.

We have uploaded the results of our assessment for the applicability of our products to security export control to our website in order to quickly answer increasing inquiries from our customers about the applicability as security export control becomes more pervasive in society.

https://www.mitsuboshi.com/support/non_applicability.html

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Risk Management

● Information security

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

The Risk Management Committee defined "information leakage and system outage caused by information security incidents" as a significant risk for FY2022. The details of activities of the Information Security Committee are reported to the Risk Management Committee, and are shared with the responsible personnel of all business divisions of the Group and affiliated companies.

Mitsubishi Belting Group Information Security Policy

The Mitsubishi Belting Group (hereinafter referred to as "the Group") is committed to ensuring information security across the Group based on the policy below in order to protect the information of our customers and business partners as well as the information assets held by the Group from threats such as accidents, disasters, and crimes, and to live up to the trust that society has placed in us.

1. Establishment of information security systems

The Group identifies information assets that need to be protected, and establishes and operates information security systems to protect those assets.

2.Regulatory compliance

The Group will comply with laws and regulations on information security as well as contractual security requirements.

3. Provision of education and training

The group continuously provides education and training regarding information security to our employees.

4. Response to security incidents

In the event of an information security-related incident, the Group will promptly investigate the cause, and strive to minimize damage and prevent recurrence.

5. Continuous improvement

The Group regularly reviews and improves its information security systems in order to adapt to changes in our businesses, society, technology, and other developments.

- Management system

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

The Information Security Committee is made up of the Chairperson appointed by the President and the heads of business and administrative divisions designated by the Chairperson. The Committee is responsible for identifying information security challenges that should be addressed as the Group; determining the division responsible for each issue; monitoring, evaluating, and providing instructions on the implementation status; and reporting these details to the Management Council. The contents of deliberations on these reports at the Management Council are reported to the Board of Directors through the Council. Additionally, the Information Security Committee is responsible for developing, promoting, and improving information security management systems for the whole Mitsubishi Belting Group.

- Implementation status

In FY2022, the Information Security Committee launched an ISMS for our Kobe Head Office, which complies with the Trusted Information Security Assessment Exchange (TISAX), an information security standard published by the German Association of the Automotive Industry. After establishing policies, regulations, and procedures, the Committee has appointed information security managers in all departments and trained them to identify information assets, assess risks, provide training, and so on in each department. The implementation status and effectiveness of the System are verified through internal audits with corrective measures instructed as necessary and their completion and effectiveness confirmed. We plan to roll out the ISMS throughout the Mitsubishi Belting Group.

To address cyber attacks on our hardware, we conduct "vulnerability diagnoses," and the introduction of a vulnerability diagnosis tool in FY2022 has provided us with a system that allows for more thorough and prompt management of the Mitsubishi Belting Group as a whole.

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Risk Management: Compliance

Item	Range	Description	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	Corresponding GRI content index
Risk management	Group	Significant risks identified	Case	7	6	5	6	6	102-34
		Significant compliance risks identified	Case	2	2	1	0	0	205-1
Compliance		Cases of corrupt practice	Case	0	0	0	0	0	205-3
		Cases of anti-competitive practice	Case	0	0	0	0	0	206-1

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06. Information for Reference

Corporate Data

■ Corporate Data

Trade name: Mitsuboshi Belting Ltd.
 Established: October 10, 1919
 Capital: 8,150,251,031 yen
 Employees: 4,342 (consolidated)
 (March 31, 2023)

■ Lines of business

- Power transmission belts and related products
- Conveyor belts, systems, and related products
- Engineering plastics
- Engineering structural foam
- Waterproofing and water-shielding sheets
- Metal nanoparticles-related products
- Application services

(Notes)

1. Net sales do not include consumption tax, etc.
2. Diluted earnings per share are not presented because there were no dilutive shares.
3. We conducted a reverse stock split on October 1, 2018, at a ratio of 1 share for every 2 shares of common stock. Book value per share and net income per share are calculated as if such reverse stock split had been conducted at the beginning of the fiscal year ended March 31, 2017.
4. "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28; February 16, 2018) have been applied since the beginning of the fiscal year ended March 31, 2019. This accounting standard is retroactively applied to the major management indicators and other items for the fiscal year ended March 31, 2018.

■ [Changes in major management indicators, etc.] Consolidated management indicator and other indicators

Fiscal term		103rd	104th	105th	106th	107th	108th
Fiscal year-end		March 2018	March 2019	March 2020	March 2021	March 2022	March 2023
Net sales	(million yen)	69,594	72,002	71,051	64,862	74,870	82,911
Ordinary profit	(million yen)	8,808	8,945	7,659	5,759	8,552	10,471
Profit attributable to owners of parent	(million yen)	6,252	6,157	5,464	4,066	6,380	7,071
Comprehensive income	(million yen)	6,675	5,649	3,906	7,881	11,045	8,432
Net assets	(million yen)	68,348	72,419	71,953	78,264	86,877	87,601
Total assets	(million yen)	95,802	102,814	101,154	108,063	118,963	121,682
Book value per share	(yen)	2,258.96	2,393.66	2,474.56	2,691.63	3,018.44	3,089.48
Net income per share	(yen)	206.65	203.50	183.61	139.84	220.26	249.12
Diluted earnings per share	(yen)	—	—	—	—	—	—
Equity ratio	(%)	71.3	70.4	71.1	72.4	73.0	72.0
Return on equity	(%)	9.5	8.7	7.6	5.4	7.7	8.1
Cash flow from operating activities	(million yen)	9,309	8,765	7,914	8,612	9,044	8,783
Cash flow from investing activities	(million yen)	-3,559	-7,876	-349	-3,071	-7,380	-6,439
Cash flow from financing activities	(million yen)	-2,532	1,384	-6,208	-4,104	-3,245	-3,741
Cash and cash equivalents at end of period	(million yen)	28,074	30,650	31,143	33,741	33,063	33,494
Number of employees	(persons)	4,263	4,342	4,277	4,271	4,201	4,342

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MITSUBOSHI
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 REPORT
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Mitsuboshi Belting Ltd.

Sustainability Promotion Department

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