

# 1 Mitsubishi Gas Chemical Company, Inc.

<b>Companies' approach</b>	
<b>① Background and purpose of accounting</b>	<ul style="list-style-type: none"> <li>Based on the recognition that contributing to curbing global warming is one of our most important management issues and aligned with the MGC group vision of “Creating values to share with society,” we will track our supply chain emissions and, based on the accounting results, determine policies for our activities aimed at reducing our carbon footprint.</li> </ul>
<b>② Utilization of accounting results</b>	<p>The accounting results are utilized to:</p> <ul style="list-style-type: none"> <li>provide data to be published information in our Integrated Report and on our website;</li> <li>share information with our stakeholders; and</li> <li>plan GHG emission reduction activities and measure their effects.</li> </ul>
<b>③ Benefits of accounting</b>	<p>The accounting enables us to:</p> <ul style="list-style-type: none"> <li>further expand information sharing with our stakeholders by disclosing the accounting results to them;</li> <li>plan more effective GHG emission reduction activities; and</li> <li>more accurately evaluate risk to the existing business, and opportunity of new product/new business that is caused by the global warming.</li> </ul>
<b>④ Internal system for accounting</b>	<ul style="list-style-type: none"> <li>A cross-divisional GHG reduction team is in place.</li> <li>The team gathers necessary data from each department.</li> </ul>

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	<b>Companies' approach</b>
<b>⑤ Efforts to reduce supply chain emissions</b>	<ul style="list-style-type: none"> <li>• It is that emissions from Category 1 (Purchased goods and services) account for the majority of our total supply chain emissions and that a large part of these Category 1 emissions comes from raw materials imported from abroad in particular. We therefore continue to work in tandem with suppliers of raw materials, which will lead to the reduction of the Category 1 emissions.</li> <li>• With regards to Scopes 1 and 2 emissions, we are focusing on exploring and implementing energy-saving measures. We are working with a team of external and internal experts to increase efficiency in the use of energy.</li> </ul>
<b>⑥ Issues in supply chain emissions accounting</b>	<ul style="list-style-type: none"> <li>• In many cases, we are not able to determine emissions unit values used to calculate our emissions abroad, and this situation has posed an obstacle to increasing the accuracy of the accounting.</li> <li>• We use public databases for emission factors for purchased goods, because of which our work in tandem with suppliers for reduction of emission factors for purchased goods cannot be reflected in the scope 3 accounting results.</li> <li>• Scope 3 emissions in this fiscal year were accounted for only for the parent company. Scope 3 accounting including group companies is under preparation.</li> </ul>
<b>⑦ Other</b>	

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Category	Accounting methods ※Accounting period : April 2018 - March 2019	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> <li>● Volume of raw materials purchased</li> <li>● Value of services purchased</li> </ul>	<ul style="list-style-type: none"> <li>● SC-DB (*1), CFP-DB (*2)</li> </ul>
Category 2: Capital goods	<ul style="list-style-type: none"> <li>● Value of capital goods purchased</li> </ul>	<ul style="list-style-type: none"> <li>● SC-DB (*1)</li> </ul>
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> <li>● Amount of fuel, steam, and electricity consumed/purchased</li> </ul>	<ul style="list-style-type: none"> <li>● SC-DB (*1), CFP-DB (*2)</li> </ul>
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> <li>● Amount of raw materials transported during procurement</li> <li>● Amount of products transported by MGC as the consigner during shipment</li> </ul>	<ul style="list-style-type: none"> <li>● Ton-kilometer method</li> </ul>
Category 5: Waste generated in operations	<ul style="list-style-type: none"> <li>● Excluded from the scope of accounting due to the amount of extremely microscopic emissions (no more than 0.1 percent)</li> </ul>	
Category 6: Business travel	<ul style="list-style-type: none"> <li>● Excluded from the scope of accounting due to the amount of extremely microscopic emissions (no more than 0.1 percent)</li> </ul>	
Category 7: Employee commuting	<ul style="list-style-type: none"> <li>● Excluded from the scope of accounting due to the amount of extremely microscopic emissions (no more than 0.1 percent)</li> </ul>	
Category 8: Leased assets (upstream)	<ul style="list-style-type: none"> <li>● Excluded from the scope of accounting due to the amount of extremely microscopic emissions (no more than 0.1 percent)</li> </ul>	
Category 9: Transportation and delivery (downstream)	<ul style="list-style-type: none"> <li>● Amount of products transported during shipment (except products transported by MGC as the consigner)</li> </ul>	<ul style="list-style-type: none"> <li>● Ton-kilometer method</li> </ul>
Category 10: Processing of sold products	<ul style="list-style-type: none"> <li>● Excluded from the scope of accounting due to the difficulty in obtaining the data</li> </ul>	
Category 11: Use of sold products	<ul style="list-style-type: none"> <li>● Excluded from the scope of accounting due to the difficulty in obtaining the data</li> </ul>	
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> <li>● Amount of products sold</li> </ul>	<ul style="list-style-type: none"> <li>● SC-DB (*1)</li> </ul>
Category 13: Leased assets (downstream)	<ul style="list-style-type: none"> <li>● Energy consumption at properties leased out</li> </ul>	<ul style="list-style-type: none"> <li>● Emissions coefficient based on the Act on Promotion of Global Warming Countermeasures</li> </ul>
Category 14: Franchises	<ul style="list-style-type: none"> <li>● N/A</li> </ul>	<ul style="list-style-type: none"> <li>● –</li> </ul>
Category 15: Investments	<ul style="list-style-type: none"> <li>● Scopes 1 and 2 emissions from investment destinations</li> </ul>	<ul style="list-style-type: none"> <li>● –</li> </ul>
Other	<ul style="list-style-type: none"> <li>● N/A</li> </ul>	<ul style="list-style-type: none"> <li>● –</li> </ul>

\*1 Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.4)

\*2 CFP Communication Program Basic Database ver. 1.01

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## Supply chain emissions : Accounting results

