

1 Mitsubishi Gas Chemical Company, Inc.

	Companies' approach
① Background and purpose of accounting	<ul style="list-style-type: none"> • MGC group sets forth “Creating values to share with society” as our group’s vision. And the group positions solution of the issue of climate change as one of the most important management issues “materiality” that we should commit to. • We recognize the necessity of accounting and disclosing supply chain emissions, and commitment in cooperation with our supply chain, in order to contribute to curbing climate change.
② Utilization of accounting results	<p>The accounting results are utilized to:</p> <ul style="list-style-type: none"> • provide data to be published information in our Integrated Report and on our website; • share information with our stakeholders; and • plan GHG emission reduction activities and measure their effects.
③ Benefits of accounting	<p>The accounting enables us to:</p> <ul style="list-style-type: none"> • further expand information sharing with our stakeholders by disclosing the accounting results to them; • plan more effective GHG emission reduction activities; and • more accurately evaluate risk to the existing business, and opportunity of new product/new business that is caused by the global warming.
④ Internal system for accounting	<ul style="list-style-type: none"> • A cross-divisional GHG reduction team is in place. • The team gathers necessary data from each department.

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⑤ Efforts to reduce supply chain emissions	<ul style="list-style-type: none"> • 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 and products sourced 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. • We are committed to expansion of our geothermal power generation business and research for realizing carbon recycling methanol, in order to supply low-carbon energy and low-carbon materials to society.
⑥ Issues in supply chain emissions accounting	<ul style="list-style-type: none"> • 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. • 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. • This report covers the supply chain emissions accounting only for the parent company because the Scope 3 emissions accounting including group companies (2019 result) is underway.
⑦ Other	

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Category	Accounting methods ※Accounting period : April 2019 - March 2020	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> ● Volume of raw materials purchased ● Value of services purchased 	<ul style="list-style-type: none"> ● SC-DB (*1), IDEA (*2)
Category 2: Capital goods	<ul style="list-style-type: none"> ● Value of capital goods purchased 	<ul style="list-style-type: none"> ● SC-DB (*1)
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> ● Amount of fuel, steam, and electricity consumed/purchased 	<ul style="list-style-type: none"> ● SC-DB (*1), IDEA (*2)
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> ● Amount of raw materials transported during procurement ● Amount of products transported by MGC as the consigner during shipment 	<ul style="list-style-type: none"> ● Ton-kilometer method
Category 5: Waste generated in operations	<ul style="list-style-type: none"> ● Excluded from the scope of accounting due to the amount of extremely microscopic emissions (no more than 0.1 percent) 	
Category 6: Business travel	<ul style="list-style-type: none"> ● Excluded from the scope of accounting due to the amount of extremely microscopic emissions (no more than 0.1 percent) 	
Category 7: Employee commuting	<ul style="list-style-type: none"> ● Excluded from the scope of accounting due to the amount of extremely microscopic emissions (no more than 0.1 percent) 	
Category 8: Leased assets (upstream)	<ul style="list-style-type: none"> ● Excluded from the scope of accounting due to the amount of extremely microscopic emissions (no more than 0.1 percent) 	
Category 9: Transportation and delivery (downstream)	<ul style="list-style-type: none"> ● Amount of products transported during shipment (except products transported by MGC as the consigner) 	<ul style="list-style-type: none"> ● Ton-kilometer method
Category 10: Processing of sold products	<ul style="list-style-type: none"> ● Excluded from the scope of accounting due to the difficulty in obtaining the data 	
Category 11: Use of sold products	<ul style="list-style-type: none"> ● Excluded from the scope of accounting due to the difficulty in obtaining the data 	
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> ● Amount of products sold 	<ul style="list-style-type: none"> ● SC-DB (*1)
Category 13: Leased assets (downstream)	<ul style="list-style-type: none"> ● Energy consumption at properties leased out 	<ul style="list-style-type: none"> ● Emissions coefficient based on the Act on Promotion of Global Warming Countermeasures
Category 14: Franchises	<ul style="list-style-type: none"> ● N/A 	<ul style="list-style-type: none"> ● —
Category 15: Investments	<ul style="list-style-type: none"> ● Scopes 1 and 2 emissions from investment destinations 	<ul style="list-style-type: none"> ● —
Other	<ul style="list-style-type: none"> ● N/A 	<ul style="list-style-type: none"> ● —

*1 Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 3.0)

*2 LCI Database IDEA version 2.3

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Supply chain emissions : Accounting results

