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	Companies' approach
① Background and purpose of accounting	<ul style="list-style-type: none"> ● To contribute to the realization of a sustainable global environment through setting the medium-to long term targets to reduce environmental burdens, implementing reduction measures, and achieving the goal of the Paris Agreement. ● To get a full picture of the emissions throughout the whole supply chain of our group companies to facilitate consideration of measures.
② Utilization of accounting results	<ul style="list-style-type: none"> ● To utilize the results to set the emissions reduction target of the supply chain of our group companies. ● To utilize the results to promote collaborative commitment with our suppliers. ● To utilize the results for information disclosure through our sustainability report and/or various questionnaires.
③ Benefits of accounting	<ul style="list-style-type: none"> ● 'Visualization' of values of each category enables disclosure of more accurate information as well as consideration of effective measures.
④ Internal system for accounting	<ul style="list-style-type: none"> ● Data are collected from departments of accounting, procurement/distribution, general affaires, human resources, etc. in our group companies, and aggregated in the environment department of the corporate.

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	Companies' approach
⑤ Efforts to reduce supply chain emissions	<ul style="list-style-type: none"> ● We pursue our commitment to category 1 as the primary target of reduction because it accounts for more than 80% of Scope 3. (measures to be considered in the future)
⑥ Issues in supply chain emissions accounting	<ul style="list-style-type: none"> ● It takes time to get a full picture of the weight of raw material in category 1, and the weight of shipped products and distance (per metric ton-km) travelled to the destination in category 9.
⑦ Other	

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Category	Accounting methods	※Accounting period: April 2021 – March 2022	
	Activity data	Emission factor	
Category 1: Purchased goods and services	● Value of purchased raw materials and goods	● Emission factor per value of purchase (*1)	
Category 2: Capital goods	● Value of purchased fixed assets	● Emission factor per value of purchase (*1)	
Category 3: Fuel and energy related activities not included in Scope 1 or 2	● Amount of energy usage by type	● Emission factor per amount of energy usage (electric power *1, other fuels *2)	
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> ● Weight of shipped products of the upstream transportation (consigner is our company) and distance (per metric ton-km) travelled to the destination ● Amount of energy usage at the storage base. 	<ul style="list-style-type: none"> ● Emission factor by mode of transportation (*1) ● Emission factor by electric power company (Emission coefficient by electric power company published by 'Ministry of Environment/Ministry of Economy, Trade and Industry' January 7, 2020) 	
Category 5: Waste generated in operations	● Weight of emission by type of waste and method of disposal	● Emission factor by type of waste and method of disposal (*1)	
Category 6: Business travel	● Number of employees	● Emission factor by mode of transportation (*1)	
Category 7: Employee commuting	● Expenditures for transportation fares	● Emission factor per expenditure for transportation fares (*1)	
Category 8: Leased assets (upstream)	● N/A(included in Scope 1 and 2)	● —	

*1 Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver.3.1)

*2 LCI database (IDEAv2.3)

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Category	Accounting methods ※Accounting period: April 2021 - March 2022	
	Activity data	Emission factor
Category 9: Transportation and delivery (downstream)	<ul style="list-style-type: none"> [Unaccounted for] Weight of shipped products of the downstream transportation (consigner is another company) and distance (per metric ton-km) travelled to the destination, and amount of energy usage at the storage base. 	<ul style="list-style-type: none"> —
Category 10: Processing of sold products	<ul style="list-style-type: none"> [Unaccounted for] Volume of sold intermediate products such as active pharmaceutical ingredients 	<ul style="list-style-type: none"> —
Category 11: Use of sold products	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> —
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> Weight of containers and packaging of products 	<ul style="list-style-type: none"> Emission factor by type of waste (*1)
Category 13: Leased assets (downstream)	<ul style="list-style-type: none"> [Unaccounted for] Operation of leased assets 	<ul style="list-style-type: none"> —
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"> [Unaccounted for] net stock investment 	<ul style="list-style-type: none"> —
Other	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> —

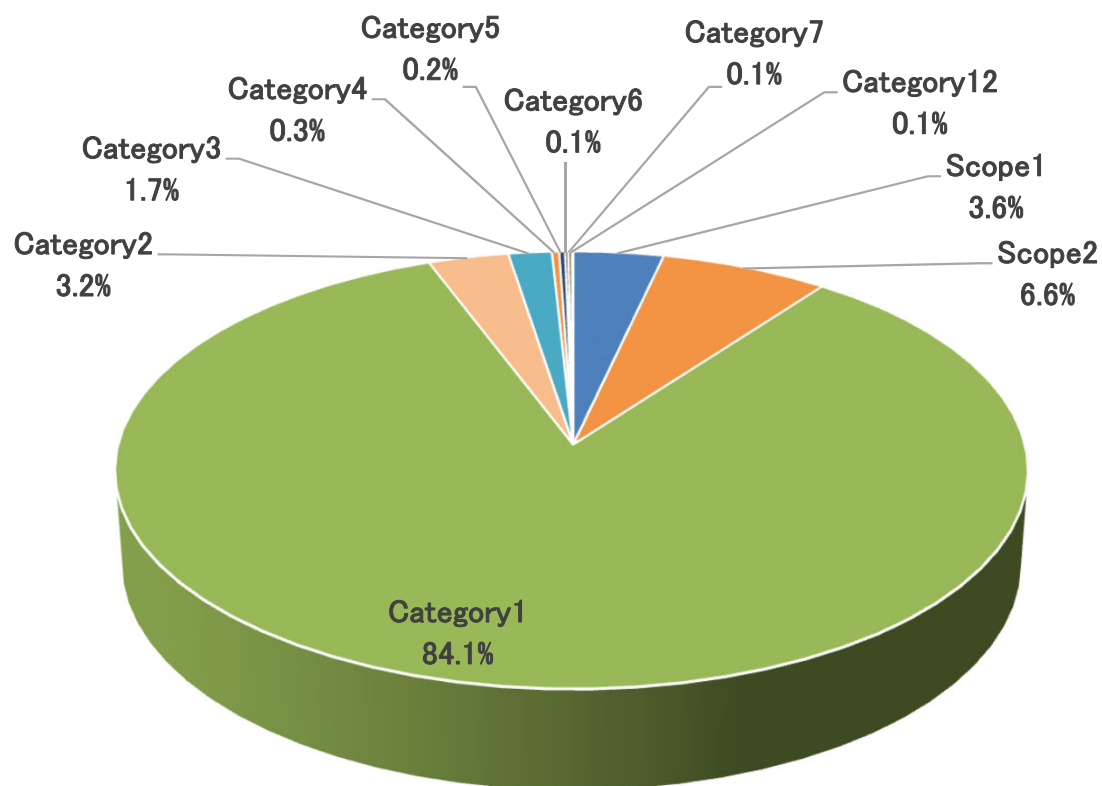
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Supply chain emissions : Accounting results



Scope 1	: 24,928 [tCO ₂]
Scope 2	: 46,475 [tCO ₂]
Scope 3	: 628,926 [tCO ₂]