

October 20, 2021

**Formulation of a Policy Toward Achieving Carbon Neutrality by 2050**

Mitsubishi Chemical Corporation

The parent company of Mitsubishi Chemical Corporation (MCC; Head office: Chiyoda-ku, Tokyo; President: Masayuki Waga), Mitsubishi Chemical Holdings Corporation (Head office: Chiyoda-ku, Tokyo; President: Jean-Marc Gilson) has announced today the formulation of a policy toward achieving carbon neutrality by 2050. Please refer to the attached press release for details.

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## Formulation of a Policy Toward Achieving Carbon Neutrality by 2050

- Reduce global greenhouse gas (GHG) emissions by 29% by fiscal 2030 (compared to fiscal 2019 levels)
- Achieve carbon neutrality by 2050 with net zero GHG emissions

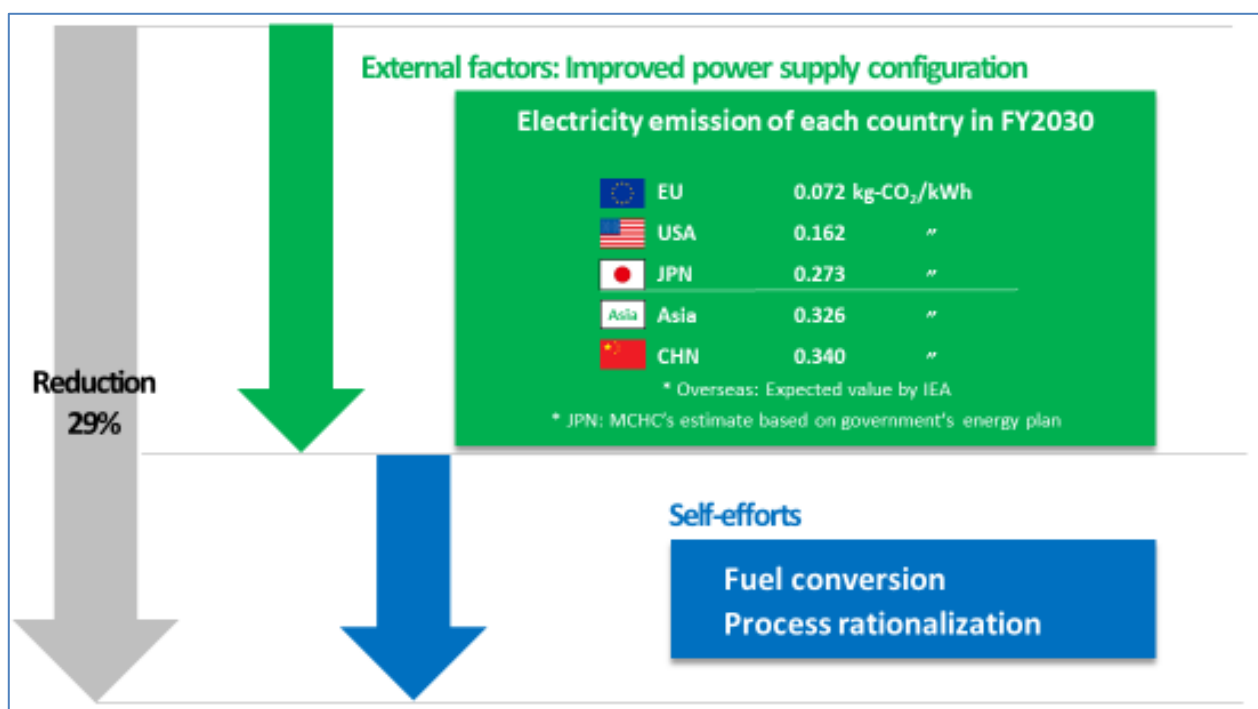
Mitsubishi Chemical Holdings Corporation

Mitsubishi Chemical Holdings Corporation (MCHC: Head office: Chiyoda-ku, Tokyo; President: Jean-Marc Gilson) hereby announces that it has formulated a policy toward achieving carbon neutrality by 2050.

Under its medium- to long-term basic management strategy KAITEKI Vision 30 (KV30) released in February 2020, MCHC defined achieving GHG impact neutrality as one of the conditions for its vision of an ideal society in 2050. To achieve this, MCHC has been promoting measures such as GHG reduction and effective utilization of resources throughout the value chain. Under such circumstances, taking into account the situation of each country and region around the world, MCHC has established its global GHG reduction targets (Scope1 and Scope2) and policy as follows.

### **Reduce global greenhouse gas (GHG) emissions by 29% by fiscal 2030 (compared to fiscal 2019 levels)**

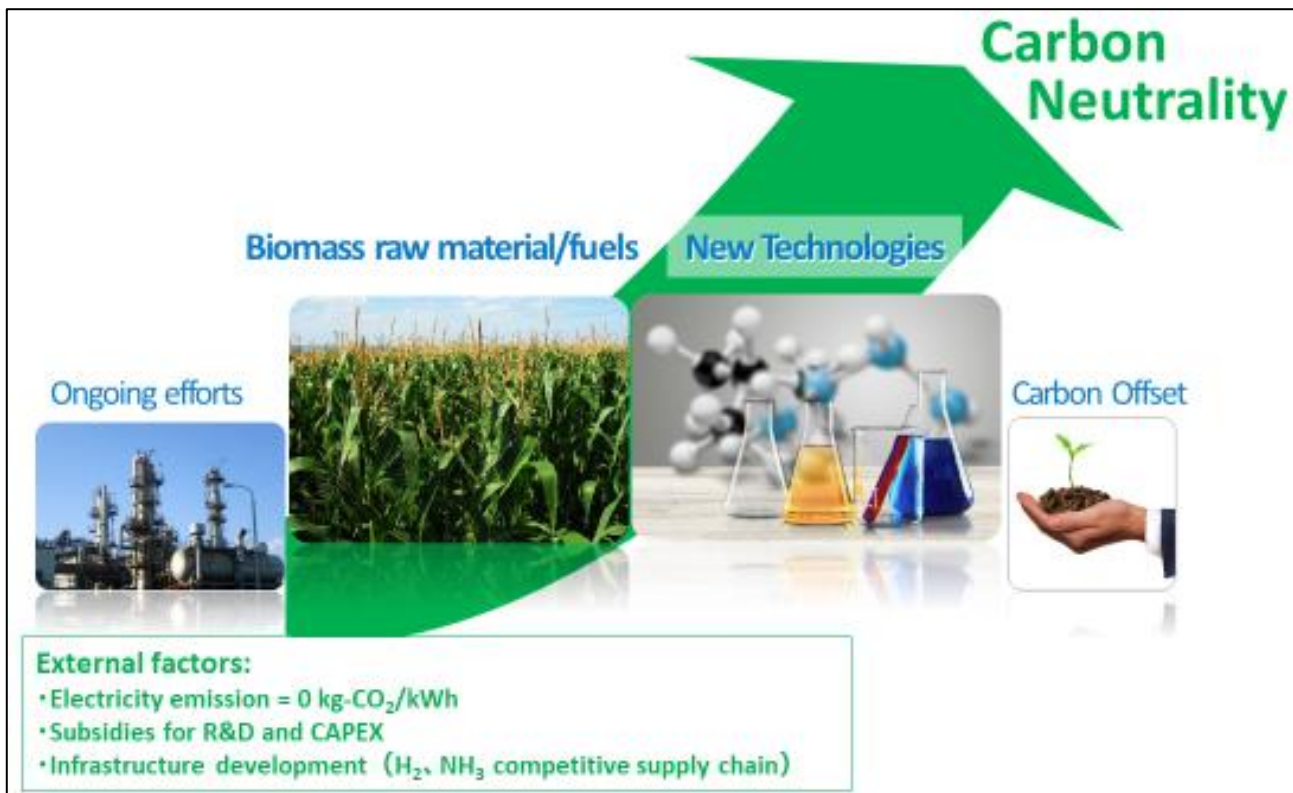
In addition to reduction through the rationalization of manufacturing processes and the conversion of fuel for in-house power generation, we will reduce global GHG emissions by 29% by fiscal 2030 (compared to fiscal 2019 levels) through reduction based on the assumption that the CO<sub>2</sub> emission coefficient in accordance with the composition of power sources for each country and region in fiscal 2030 will be as shown in the figure below (external factor).



## **Achieve carbon neutrality by 2050 with net zero GHG emissions**

Based on the assumption that the following conditions will be achieved through the initiatives of governments, organizations and companies in each country (external factors), we will achieve net zero GHG emissions by 2050, including continuation of the rationalization of manufacturing processes, implementation of innovations such as the utilization of biomass feedstock and CO<sub>2</sub> as a feedstock, and carbon offsetting through afforestation, etc.

- CO<sub>2</sub>-free power supply
- Establishment of supply chains for hydrogen, ammonia, etc., and cost reduction
- Subsidizing R&D and capital investment aimed at achieving carbon neutrality



In order to achieve carbon neutrality as described above, MCHC is planning to make capital investments of approximately 100 billion yen through 2030.

## **Initiatives by a Major Operating Company**

Mitsubishi Chemical Corporation (MCC; Head office: Chiyoda-ku, Tokyo; President: Masayuki Waga), a major operating company of the MCHC Group, will set the following targets and engage in business and R&D activities with the aim of achieving carbon neutrality by 2050.

### **1. GHG emissions reduction targets**

The MCC Group's GHG emissions reduction targets (Scope 1 and Scope 2) by fiscal 2030 will be set as follows.

Global: Reduce by 32% or more compared to fiscal 2019 levels

Japan: Reduce by 43% or more compared to fiscal 2013 levels

## 2. Reinforcement of initiatives toward achieving the targets

### (i) Promote energy conversion

By promoting the introduction of power generation using renewable energy and LNG, which have a lower environmental impact, at domestic business sites and plants by fiscal 2030, MCC aims to move away from coal-fired power generation.

### (ii) Introduce an internal carbon pricing system\*

In order to promote both GHG emissions reduction and business growth, MCC will introduce an internal carbon pricing system from the first half of fiscal 2022. In addition to Scope 1 and Scope 2, reduction contribution will be included in the scope of evaluation and utilized as one of the indicators for judgements with regard to capital investment. In the future, the scope of the system will be expanded to include investment decisions on R&D, and the system will also be used as an indicator for the business portfolio strategy.

\*A system in which internal carbon prices are set and GHG emissions are converted into monetary values to motivate emissions reduction efforts.

### (iii) Strengthen the implementation system for life cycle assessment

By the end of the first half of fiscal 2022, a system will be established to quickly calculate the carbon footprint\* of all products manufactured at MCC's domestic business sites and plants. MCC will accelerate efforts to reduce GHG emissions across the entire product chain by promoting digitization and employee education, and by making it possible to calculate the carbon footprint quickly.

\*GHG emissions for the entire manufacturing processes, from raw materials to final products

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