

## Questions

## Answers

### Background and purpose of accounting

We began accounting for the business travel category as our first Scope 3 category in 2008. Since then, we have expanded the scope of accounting every year. We are accounting for nine categories as of 2011, and we plan to continue to add categories in the future. Accounting for supply chain emissions is important not only in gaining an awareness of the company's environmental impact, but also in recognizing the level of contribution that can be achieved by cooperating with suppliers.

### Accounting methodology

Different calculation methodologies are utilized in estimating CO<sub>2</sub>e emissions from the various Scope 3 categories. Business travel emissions are calculated by obtaining worldwide employee travel data from individual service providers and employing appropriate emission factors. Logistics emissions are estimated by reviewing each shipment log and calculating total mass and distance of items shipped worldwide via air, marine and truck modes. Employee commuting emissions are estimated by issuing annual surveys to assess our employees modes of travel. Contract manufacturing emissions are estimated by obtaining the actual carbon footprint from those manufacturers that make up more than 90% of our annual spend, and then extrapolating to obtain a complete worldwide assessment.

### Internal system for accounting

Initially we employed a web-based tool marketed by Enablon. We later replaced that tool with an Excel-based program that we designed internally. For the past year we have employed a tool marketed by HARA that allows us to track activities associated with our Climate Change, Water and Waste programs.

### Use of accounting results

Information is provided to satisfy the needs of various financial and regulatory requirements, along with the Carbon Disclosure Project, Corporate Responsibility Report and customer and stockholder inquiries.

### Benefits of accounting

By tracking the activity quantity, cost of the activity and associated emissions, we are able to pursue savings in our business costs, forecast reductions in our carbon footprint and assess the environmental behavior of our contractors.

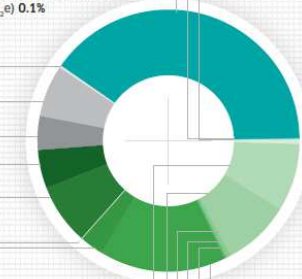
### 2011 CARBON FOOTPRINT ASSESSMENT

#### SCOPE 1 (140,335 tCO<sub>2</sub>e) 11%

- Direct Emissions from Stationary Combustion (54541 tonnes CO<sub>2</sub>e) 4.2%
- Direct Emissions from Mobile Sources (81153 tonnes CO<sub>2</sub>e) 6.4%
- Other Direct Emissions (4641 tonnes CO<sub>2</sub>e) 0.1%

#### SCOPE 2 (511,844 tCO<sub>2</sub>e) 40.3%

- Purchased Electricity (505862 tonnes CO<sub>2</sub>e) 39.8%
- Purchased Chilled Water (221 tonnes CO<sub>2</sub>e) 0%
- Purchased Hot Water/Steam (5761 tonnes CO<sub>2</sub>e) 0.5%



#### SCOPE 3 (617,885 tCO<sub>2</sub>e) 48.6%

- Category 1 Purchased Goods & Services: Contract Marine Vessels (58768 tonnes CO<sub>2</sub>e) 4.6%
- Category 1 Purchased Goods & Services: Contract Manufacturing (94083 tonnes CO<sub>2</sub>e) 7.4%
- Category 1 Purchased Goods & Services: Paper Purchase (1229 tonnes CO<sub>2</sub>e) 0.1%
- Category 3 Fuel and energy-related activities: Transmission & Distribution losses (39188 tonnes CO<sub>2</sub>e) 3.1%
- Category 4 Upstream Transportation & Distribution (198782 tonnes CO<sub>2</sub>e) 15.7%
- Category 5 Waste Generated in Operations: Electrical Equipment Recycling (2951 tonnes CO<sub>2</sub>e) 0.2%
- Category 5 Waste Generated in Operations: Site Remediation Activities (5602 tonnes CO<sub>2</sub>e) 8%
- Category 6 Business Travel (107184 tonnes CO<sub>2</sub>e) 8.4%
- Category 7 Employee Commuting (104237 tonnes CO<sub>2</sub>e) 8.2%
- Category 9 Downstream Transportation & Distribution (5861 tonnes CO<sub>2</sub>e) 2%

## Questions

- Efforts to reduce supply chain emissions

In logistics we are trying to increase water-borne transport of products and use smarter transportation activities. To reduce employee travel we are employing videoconferencing and encouraging employees to work from home. In France, 47% of our employees work from home at least one day per week. This not only reduces carbon dioxide emissions, but also allows us to use office space effectively and achieve space savings.

- Issues in supply chain emissions accounting

Scope 3 accounting requires the company to carefully assess the boundaries of the various categories that are to be evaluated. It is very difficult to obtain all required data from your suppliers. And, once data is obtained appropriate and acceptable CO2e emission estimation procedures then need to be applied. Large amounts of data will need to be analyzed, and there is a high potential for errors throughout the assessment process. Along with WRI, we are studying approaches for simpler data gathering and compilation.

- Advice for those beginning to account for supply chain emissions

It is important to begin with categories that are easy to assess, and to perform continuous accounting while also taking steps to expand the scope of accounting. To that end, it is necessary to find ways to make some estimations and save time, and it is effective to use some kinds of tools or services, etc. It is also important to handle accounting and aggregation of results in accordance with the goals emphasized in management of your own supply chain, such as determining supply chain emissions separately by country and region. It is also important to update the tools used, etc., in accordance with your goals for the sake of longer-term, broader accounting

## Answers

NUMBER OF TELEWORKING DAYS PER WEEK

- SEVEN DAYS - 3%
- SIX DAYS - 1%
- FIVE DAYS - 9%
- FOUR DAYS - 2%
- THREE DAYS - 2%
- TWO DAYS - 9%
- ONE DAY - 17%
- NONE - 58%

