

	Company thinking
<input type="checkbox"/> Background and purpose for accounting	<ul style="list-style-type: none"> • The supply chain requires that with regard to individual products, the CO₂ emissions of our internal processes must be understood in order to display the CO₂ emissions for the entire life cycle, so we have established an internal organization in order to quickly and easily make calculations. • We conduct accounting with Scope 3 and gain an understanding of which categories have high emissions in order to effectively reduce emissions
<input type="checkbox"/> Utilization of accounting results	<ul style="list-style-type: none"> • We assess our CO₂ emissions reduction efforts over time. • We are able to provide more effective data for various supply chain calculations by conducting accounting for each division.
<input type="checkbox"/> Advantages of accounting	<ul style="list-style-type: none"> • Making the categories with high CO₂ emissions visible aids in determining the priority of reduction measures. • By quantitatively understanding the effects of implemented measures, we are able to develop them throughout the company.
<input type="checkbox"/> Internal accounting organization	<ul style="list-style-type: none"> • The head office Environment Department conducts overall accounting. • With regard to data that the Environment Department cannot access, the Finance Department and Personnel Department provide aid.

Company thinking

☐ To reduce supply chain emissions

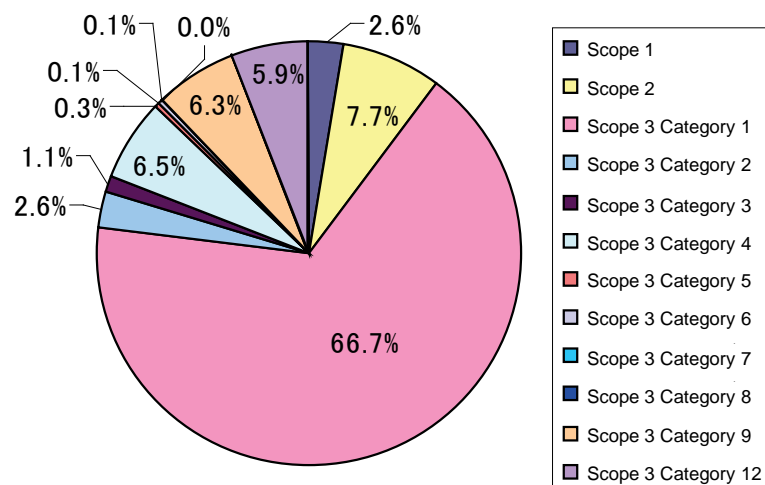
- We try to understand the environmental loads from the development and sales of environment friendly products and production activities, and reduce the environmental load according to the life cycle of individual products and production processes.
- Start to reduce the areas related to transportation in the supply chain by reviewing packaging types and methods.

☐ Tasks to account for supply chain emissions

- Because we handle a wide range of products from intermediate durable goods to expendable final products, it is difficult for us to improve the downstream accounting accuracy.
- The more comprehensively we calculate CO₂ emissions, the larger those CO₂ emissions become. In addition, when different activity ranges, scenarios and emission factors are used for calculations, the difference in results is big. Therefore, there is the danger that these results will be used by some company in selecting a business partner, even though CO₂ emissions cannot be compared between companies.

☐ For those starting to account for supply chain emissions

- First, use available data to determine which categories should be emphasized, then improve the comprehensiveness of the CO₂ emissions for those categories.
- It is impossible for just the Environment Department to cover everything. Explanations and cooperation from other departments are necessary when accounting. We believe you should create an organization that facilitates accounting.



Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> Material procurement (weight) Subcontracted products 	<ul style="list-style-type: none"> CFP-DB
Category 2: Capital goods	<ul style="list-style-type: none"> Capital investment for each division 	<ul style="list-style-type: none"> Ministry of the Environment DB*
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> Electricity and steam usage Fuel usage 	<ul style="list-style-type: none"> Ministry of the Environment DB* CFP-DB
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> Emissions reported value for specific cargo owners according to the Energy Saving Act. Estimated transport ton-km for procured item logistics 	<ul style="list-style-type: none"> CFP-DB
Category 5: Waste generated in operations	<ul style="list-style-type: none"> Emissions by waste type 	<ul style="list-style-type: none"> Ministry of the Environment DB*
Category 6: Business travel	<ul style="list-style-type: none"> Business trip expenses by means of transportation 	<ul style="list-style-type: none"> Ministry of the Environment DB*
Category 7: Employee commuting	<ul style="list-style-type: none"> Commuter pass and gasoline expenses 	<ul style="list-style-type: none"> Ministry of the Environment DB*
Category 8: Leased assets (upstream)	<ul style="list-style-type: none"> Power and gas usage by tenants 	<ul style="list-style-type: none"> Emissions coefficient by electric power provider
Category 9: Transportation and delivery (downstream)	<ul style="list-style-type: none"> Estimated transport ton-km by product 	<ul style="list-style-type: none"> CFP-DB
Category 10: Processing of sold products	<ul style="list-style-type: none"> Excluded from accounting because of our wide range of products does not allow the application of a given scenario or emission factor. 	
Category 11: Use of sold products	<ul style="list-style-type: none"> Not relevant 	
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> Estimated waste amount by product 	<ul style="list-style-type: none"> CFP-DB
Category 13: Leased assets (downstream)	<ul style="list-style-type: none"> Not relevant 	
Category 14: Franchises	<ul style="list-style-type: none"> Not relevant 	
Category 15: Investments	<ul style="list-style-type: none"> Excluded 	

* Ministry of the Environment DB: Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver. 2.0)