

	<b>Company thinking</b>
<input type="checkbox"/> <b>Background and purpose for accounting</b>	<ul style="list-style-type: none"> <li>• To clarify the areas where we have high emissions and which are likely candidates for reductions by accounting for and understanding the emissions from our entire supply chain, and to implement efficient reduction measures.</li> <li>• Make our supply chain emissions visible and by publicizing the results taking the responsibility to explain these results to our stakeholders</li> </ul>
<input type="checkbox"/> <b>Utilization of accounting results</b>	<ul style="list-style-type: none"> <li>• Find areas where reductions can be made effectively by gaining an understanding of the scale of supply chain emissions and the amount of emissions in each phase.</li> <li>• To confirm the progress and effectiveness of reduction measures by continuing accounting.</li> <li>• To gain the understanding of stakeholders by publicizing our supply chain emissions. This should be especially effective in improving our relations with customers with a high awareness of the environment.</li> </ul>
<input type="checkbox"/> <b>Advantages of accounting</b>	<ul style="list-style-type: none"> <li>• We will be able to promote environmental measures with our customers, suppliers, shipping companies, agents, etc.</li> <li>• We will be able to encourage our group companies and employees to work on their own reduction measures by showing them the basis for our reduction measures.</li> </ul>
<input type="checkbox"/> <b>Internal accounting organization</b>	<ul style="list-style-type: none"> <li>• Collecting activity data             <ul style="list-style-type: none"> <li>Environment related data: Environmental Department</li> <li>Procurement/Sales data: IT Department</li> <li>Travel/Transportation/Capital goods: Accounting Department</li> </ul> </li> <li>• Accounting             <ul style="list-style-type: none"> <li>Environmental Department</li> </ul> </li> </ul>

Company thinking	
<p><input type="checkbox"/> <b>To reduce supply chain emissions</b></p>	<ul style="list-style-type: none"> <li>• Up until now we have calculated CO<sub>2</sub> emissions for Scope 1 and 2, and, focused on our logistics centers which account for the majority of our environmental load, we have been implementing reduction measures. In addition, with regard to transport which is included in Scope 3, we have already started reduction measures.</li> <li>• We shall continue implementing measures by prioritizing from the calculation results of our energy related activities, transport (upstream) and waste from our business, and promoting reduction measures.</li> <li>• We shall use the supply chain emissions calculations to clarify the areas in which large reductions are possible, and then consider reduction measures with the cooperation of related parties.</li> <li>• With respect to "purchased goods and services" and "end-of-life treatment of sold products" that account for a large portion of our CO<sub>2</sub> emissions, we will start with reduction measures for our own private brand products.</li> </ul>
<p><input type="checkbox"/> <b>Tasks to account for supply chain emissions</b></p>	<ul style="list-style-type: none"> <li>• It is predicted that emissions from Category 1 and Category 12 that account for a high proportion of emissions will grow with increased sales, so we would like to consider calculation methods using emission factor.</li> <li>• It is difficult for us to use coefficients because the range of products we handle is so broad.</li> <li>• Because the makeup of environmental loads differs with industries, it would be easier for us to verify if there were accounting result models for individual industries.</li> </ul>
<p><input type="checkbox"/> <b>For those starting to account for supply chain emissions</b></p>	<ul style="list-style-type: none"> <li>• Clarify the goals and usages of accounting.</li> <li>• Prepare an organization that will allow internal cooperation in accounting.</li> <li>• An internal organization that allows cooperation between related parties is necessary in order to have accounting results lead to reduction of emissions.</li> </ul>

Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> <li>• Procurement weight and value for each product category</li> <li>• Procurement weight of materials (when packaged)</li> <li>• Procurement weight of raw materials (paper) used for catalogs and CO<sub>2</sub> emissions related to printing</li> </ul>	<ul style="list-style-type: none"> <li>• Emission factor per weight or value on the basis of industry related tables</li> <li>• Emission factor per weight on the basis of industry related tables</li> <li>• CO<sub>2</sub> emissions related to paper and printing in the CFP program database</li> </ul>
Category 2: Capital goods	<ul style="list-style-type: none"> <li>• Procurement value of fixed assets (securities reports)</li> </ul>	<ul style="list-style-type: none"> <li>• Emission factor per value of capital goods</li> </ul>
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> <li>• Electricity, LPG and diesel energy usage at our headquarters, offices and logistics centers</li> <li>• Electricity usage at offices of subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>• Emission factor per energy volume</li> </ul>
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> <li>• Ton-km related to transport (procurement)</li> <li>• Ton-km related to shipment (cargo owner)</li> <li>• Ton-km related to catalog shipment</li> </ul>	<ul style="list-style-type: none"> <li>• Emission factor per ton-km (according to the calculation method for specific cargo owners by the Agency for Natural Resources and Energy)</li> </ul>
Category 5: Waste generated in operations	<ul style="list-style-type: none"> <li>• Emissions by waste type from our headquarters, offices and logistics centers (excluding valuables)</li> </ul>	<ul style="list-style-type: none"> <li>• Emission factor per waste type</li> </ul>

Category	Accounting methods	
	Activity data	Emission factor
Category 6: Business travel	<ul style="list-style-type: none"> <li>Overseas business trips</li> <li>Domestic business trips (by trains, aircraft, buses and taxis)</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per transportation expenses paid</li> </ul>
Category 7: Employee commuting	<ul style="list-style-type: none"> <li>Commuting expenses paid (by trains, buses, cars)</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per transportation expenses paid</li> </ul>
Category 11: Use of sold products	<ul style="list-style-type: none"> <li>Legal life and weight of specific energy-saving machinery</li> </ul>	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions related to public power in the CFP program database</li> </ul>
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> <li>Assuming that sales weight of each product category is treated</li> </ul> <p>The following items are calculated separately:</p> <ul style="list-style-type: none"> <li>- Bottled drinks, canned drinks: Only the containers</li> <li>- Detergents: Only the containers</li> <li>- Trash bags: Waste plastic</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor by waste type</li> </ul>

## Accounting results

