

	Company thinking
□ Background and purpose for accounting	● Based on recognition of our CO₂ emissions from entire supply chain as well as categories with large emissions, we would like to use this accounting as a reference for actions for reducing emissions, lowering environmental impacts and planning effective options that improve operational efficiency.
□ Utilization of accounting results	● Reference for consideration to identify areas where CO₂ emissions can be reduced, while improving operational efficiency in our business. ● The results are to be released in our website, etc. ● Reference material for making response to requests from stakeholders or those for environmental surveys.
□ Advantages of accounting	● Through visualization of CO₂ emissions from entire supply chain as well as by category, we can share a common understanding, which eliminate troubles to set goals. ● We can proceed actions to reduce CO₂ emissions in cooperation with our supply-chain partners.
□ Internal accounting organization	● Our environmental promotion department and CSR department collect information and data from relevant divisions. ● For emissions from our original products and from logistics-related partners, we used aggregated data in accordance with regulations such as the Global Warming Prevention Act and the Packaging & Recycling Act, which have been obtained in our administration division. ● We collected data that have been handled by each division, and the environmental promotion department performed accounting.

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❑ To reduce supply chain emissions	● For product delivery logistics, we have promoted to introduce eco-friendly vehicles (hybrid vehicles) and “eco-tires” that reduce energy losses. For store operation, emission reduction actions include: introducing LED lighting; utilizing PV electricity; energy-savings including hot-water supply by using waste heat; visualizing electricity use with smart sensors. We will continue to drive these actions. ● By utilizing this accounting result, we will further discuss to identify areas in which certain reductions of environmental impacts can be achieved in our supply chain in the future.
❑ Tasks to account for supply chain emissions	● We expect that sector-specific accounting methods will be established so as to allow for the effects of measures and activities for environmental impact reduction according to the type or category of business.

Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	Purchased volume of raw materials and supplies	Emission factor per amount of purchase
Category 2: Capital goods	Amount of capital investment	Emission factor per amount of investment
Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	Energy consumption such as electricity in supply-chain partners that produces our original products.	Emission factor per energy used
Category 4: Upstream transportation and distribution	Energy consumption in distribution centers and by driving vehicles.	Emission factor per energy used
Category 5: Waste generated in operations	Waste generation	Emission factor by type of waste
Category 6: Business travel	Travel expense that the company owes	Emission factor per amount of travel cost
Category 7: Employee commuting	- Commutation expense that the company owes - Energy consumption by company's marketing vehicles	- Emission factor per amount of commutation expense - Emission factor per energy used
Category 11: Use of sold products	Volume of relevant products sold	Emission factor per energy used
Category 12: End-of-life treatment of sold products	Volume of containers and packaging materials	Emission factor by type of waste
Category 14: Franchises	Included in Scope 1 & 2 emissions	