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	Company thinking
☐ **Background and purpose for accounting**	● For understanding the state of CO_2 emissions from our entire supply chain ● Based on understanding on emissions by category, we can develop more effective actions to curb our supply-chain emissions. ● By examining emission trend over time, we can recognize the degree of impacts that our business operation could give over the society. ● For disclosing information in response to requests from stakeholders.
☐ **Utilization of accounting results**	● Start consideration to develop emission reduction actions for categories with larger impacts. ● Suggest or recommend to use energy-saving appliances that we have introduced and wish to expand over the supply chain. ● Disclose accounting results on our website (under consideration). ● Develop eco-friendly merchandise, including carbon offset products.
☐ **Advantages of accounting**	● By accounting for and evaluating Scope 3 emissions over time, we can reflect the results in our long-term programs and strategies. ● The results helps us raise awareness in the company to reduce environmental impact. ● We can prepare to respond to surveys from external entities. ● It will improve our credibility on an international level. ● It will Improve our credibility with our stakeholders.
☐ **Internal accounting organization**	● Under the initiative of CSR Promotion Office, Ito Yokado's environmental committee performed accounting. ● The committee is consisted with staffs from various departments including merchandise, personnel affairs, facility & management, resource & recycling and sales. Each of them has specific categories to take charge of accounting. ● The results are shared with the management level in the Corporate Action Committee.

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	Company thinking
☐ **To reduce supply chain emissions**	● We have implemented various actions to lower environmental burden from our operation by introducing LED lighting, PV and wind power generation, ice thermal storages that utilize night-time power, high-efficient air conditioners, etc. Besides facilities, we started charging plastic bags on the food floors, which took a lead in the retail industry. ● Scope 3 accounting for this time clarified a different aspect of our emissions. ● From value chain perspective, the largest portion of CO_2 emissions comes from Category 1, which we recognize as the crucial area we should address. ● For reducing CO_2 emissions from Category 1, it is important to incorporate energy point of view at purchasing stage, besides price, quality or marketing viewpoints. ● By improving efficiency in energy use, we can reduce both environmental impacts and cost.
☐ **Tasks to account for supply chain emissions**	● For some categories, we had to perform conversions from price, which doesn't necessarily reflect effects from actual emission reductions, especially for those from actions evaluated over time. ● If there is no option to analyze emissions based on intensity, it is disadvantageous for growing companies because absolute emissions will be increased in this accounting.
☐ **Other comments (optional)**	● Various issues remain on one hand, though, this accounting clearly points out which areas we should address in the major emission sources. ● It is quite useful to understand a degree of impacts from our entire value chain over the society. It also makes us easy to compare data with sector-peer companies.

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Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	● Cost of purchase by item	● Emission factor per amount
Category 2: Capital goods	● Amount of capital investment	● Emission factor per capital goods
Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	● Energy consumption from use of electricity, steam, kerosene, Bunker A, municipal gas and LPG.	● Emission factor per energy used
Category 4: Upstream transportation and distribution	● Fuel consumption	● Emission factor per fuel used
Category 5: Waste generated in operations	● Waste generation by type of waste	● Emission factor by type of waste
Category 6: Business travel	● Travel expense that the company owes	● Emission factor per travel expense by transportation mode
Category 7: Employee commuting	● Commutation cost that the company owes	● Emission factor per commutation expense by transportation mode
Category 8: Upstream leased assets		
Category 9: Downstream transportation and distribution	● Transportation amount	● Emission factor per amount
Category 10: Processing of sold products		
Category 11: Use of sold products	● Number of cleanings for garment ● Electricity use for LED bulbs	● Emission factor per weight for a washing ● Electricity used x product lifetime
Category 12: End-of-life treatment of sold products	● Waste generation	● Emission factor per waste generation
Category 13: Downstream leased assets	● Area of tenants	● Emission factor per unit area by application of building
Category 14: Franchises		
Category 15: Investments		
Other		

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Accounting result