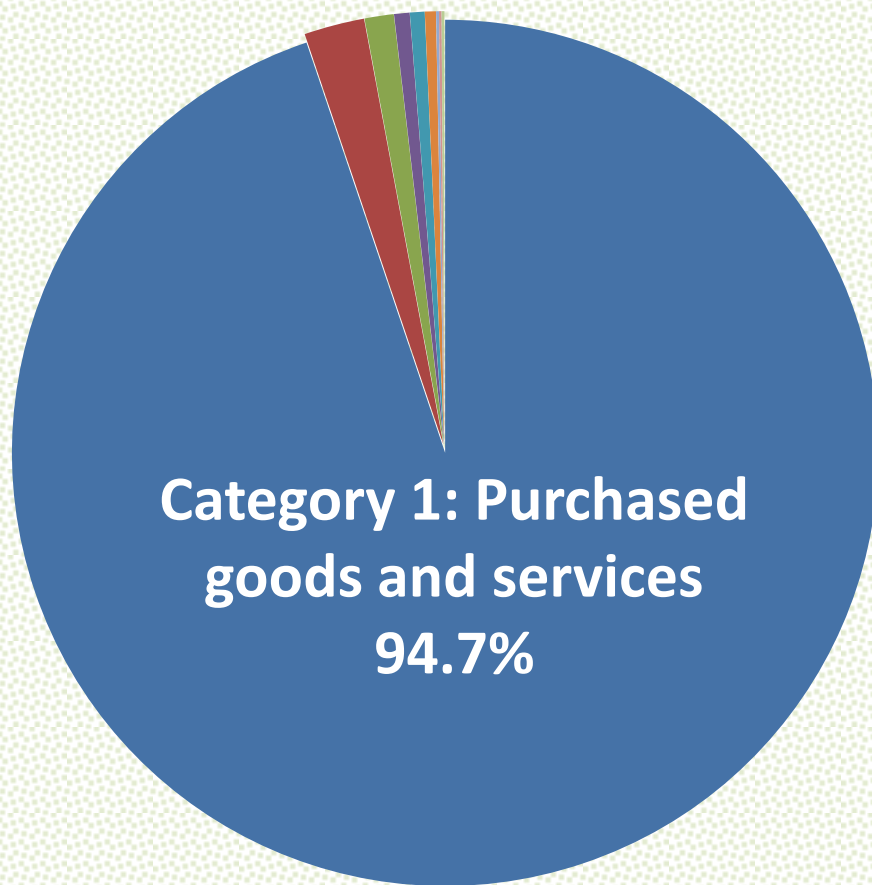


	Company thinking
<p>❑ Background and purpose for accounting</p>	<ul style="list-style-type: none"> <li>● For understanding CO<sub>2</sub> emissions from our entire supply chain.</li> </ul>
<p>❑ Utilization of accounting results</p>	<ul style="list-style-type: none"> <li>● Accounting results revealed several issues in our supply chain. We take certain actions to solve them, which will reduce CO<sub>2</sub> emissions while cutting operational costs.</li> <li>● Accounting results are disclosed in the CSR Reports of the Seven &amp; i Holdings, our parent company. We also use the results to respond to environmental surveys from external parties.</li> </ul>
<p>❑ Advantages of accounting</p>	<ul style="list-style-type: none"> <li>● We found this accounting useful because it clearly shows state of CO<sub>2</sub> emissions from all over the supply chain, covering far beyond our own.</li> <li>● Emission breakdown by category helps us identify which areas would generate more emissions.</li> </ul>
<p>❑ Internal accounting organization</p>	<ul style="list-style-type: none"> <li>● The Corporate Ethics and Culture Committee, a division in charge of CSR activities, conducted data collection from relevant departments, and then performed emissions accounting.</li> </ul>

	Company thinking
<input type="checkbox"/> To reduce supply chain emissions	<ul style="list-style-type: none"><li>● Category 1 “Purchased goods and services” has a significant share of our supply-chain emissions. Therefore, we will work to reduce emission from this category in cooperation with supplier companies.</li></ul>
<input type="checkbox"/> Tasks to account for supply chain emissions	<ul style="list-style-type: none"><li>● We found difficulty in some items to obtain actual emission data. In such cases, we conducted estimations based on such as expenditures or sample surveys.</li></ul>
<input type="checkbox"/> Other comments (optional)	<ul style="list-style-type: none"><li>● As an effort to reduce plastic bag use in cooperation with customers, we offer 2-yen deduction from total purchase amount to our customers who declined plastic bag at the check out counters.</li></ul>

Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> <li>Wholesale cost by product type</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per amount based on 3EID</li> </ul>
Category 2: Capital goods	<ul style="list-style-type: none"> <li>Amount of capital investment</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per amount based on 3EID</li> </ul>
Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	<ul style="list-style-type: none"> <li>Energy consumption</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per energy used</li> </ul>
Category 4: Upstream transportation and distribution	<ul style="list-style-type: none"> <li>Fuel consumption</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per fuel used</li> </ul>
Category 5: Waste generated in operations	<ul style="list-style-type: none"> <li>Weight of waste generated by type</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per weight of waste generation by type of waste</li> </ul>
Category 6: Business travel	<ul style="list-style-type: none"> <li>Travel expense that the company owes</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per travel expense that the company owes</li> </ul>
Category 7: Employee commuting	<ul style="list-style-type: none"> <li>Travel expense that the company owes</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per travel expense that the company owes</li> </ul>
Category 8: Upstream leased assets	Not included	
Category 9: Downstream transportation and distribution	<ul style="list-style-type: none"> <li>Transportation cost</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per amount based on 3EID</li> </ul>
Category 10: Processing of sold products	Not included	
Category 11: Use of sold products	<ul style="list-style-type: none"> <li>Number of our PB's LED bulbs sold</li> <li>Number of washing for underwear</li> </ul>	<ul style="list-style-type: none"> <li>Energy consumption at lighting x product lifetime</li> <li>Emissions per weight of related items for a washing</li> <li>* estimated from sales amount of garment</li> </ul>
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> <li>Weight of waste generated</li> <li>* Estimated from wholesale cost by product type</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per weight of waste generated</li> </ul>
Category 13: Downstream leased assets	<ul style="list-style-type: none"> <li>Energy consumption by tenants</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per energy used</li> </ul>
Category 14: Franchises	NA	
Category 15: Investments	Not included	

## Accounting result



Category 1	Purchased goods and services	94.7%
Category 2	Capital goods	2.3%
Category 3	Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	1.1%
Category 4	Upstream transportation and distribution	0.6%
Category 5	Waste generated in operations	0.5%
Category 7	Employee commuting	0.4%
Category 11	Use of sold products	0.1%
Category 12	End-of-life treatment of sold products	0.1%
Category 13	Downstream leased assets	0.1%
Category 9	Downstream transportation and distribution	0.1%
Category 6	Business travel	0.01%