

## 1

# Zeon Corporation

## Companies' approach

### □ Background and purpose of accounting

- We declare in our CSR Policy that we contribute to “protecting the global environment” and regard the reduction of GHG emissions as an important issue for us.
- We have been working on the reduction of Scopes 1 and 2 emissions, but Scope 3 emissions have been left unaddressed.
- We have recognized that public expectations toward our commitment to reducing Scope 3 emissions are becoming increasingly higher.

### □ Utilization of accounting results

- The accounting results are utilized to:
- provide data that are publicized in our Corporate Reports and develop communication with stakeholders;
  - respond to inquiries from customers; and
  - understand the current status, explore reduction measures, and evaluate their effectiveness.

### □ Benefits of accounting

- The accounting enables us to:
- realize highly transparent information disclosure and meet various disclosure requirements by observing the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain;
  - prioritize reduction measures; and
  - evade risks and create business opportunities.

### □ Internal system for accounting

- The data on amounts of activity are gathered from each location, compiled, and calculated by the CSR management division.
- We have for many years had a system in place that has allowed us to measure and disclose our CO<sub>2</sub> emissions as part of our Responsible Care activities. Publicized and online data available from this system are utilized for calculation.

## 2

## Zeon Corporation

## Companies' approach

**□ Efforts to reduce supply chain emissions**

- As far as we were able to calculate, it was found that emissions from Category 1 (Purchased goods and services) account for 75% of our total supply chain emissions. However, because we cannot casually replace the current raw materials and other supplies that are essential to realize the required product performance with new ones, we are focusing on activities to reduce process abnormalities, defects, and other problems that may adversely affect resource and energy consumption, in order to curb the emissions.
- We produce and sell products that contribute to increasing the energy efficiency of customers' products in which they are used. One such example is synthetic rubber for eco-tires. The research and development of such products is expected to lead to the reduction of GHG emissions from our supply chain.

**□ Issues in supply chain emissions accounting**

- Accounting based on emissions unit values is effective for understanding the overall picture of emissions, but we think that another accounting method is necessary to examine individual reduction measures and check their effectiveness.
- As stated above, emissions from Category 1 (Purchased goods and services) account for 75% of our total supply chain emissions. To reduce the emissions in this category significantly, cooperation with suppliers is essential. Our issue for the future is to establish good partnerships with suppliers.
- The accounting for Scope 3, as well as for Scopes 1 and 2, is currently implemented only for Zeon Corporation itself. We need to expand the scope of accounting to include its Group companies both in Japan and abroad.

**□ Other**

- Just as we need the cooperation of our suppliers, it is expected that our customers will ask for our cooperation in the near future. It is time for us to consider shifting to renewable energy sources.

## 3

## Zeon Corporation

Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> <li>● Value of raw materials purchased</li> </ul>	<ul style="list-style-type: none"> <li>● Database of emissions unit values A</li> </ul>
Category 2: Capital goods	<ul style="list-style-type: none"> <li>● Increase in capital investment during the year</li> </ul>	<ul style="list-style-type: none"> <li>● Database of emissions unit values A</li> </ul>
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> <li>● Consumption of B-heavy oil, LPG, city gas, natural gas, electricity, and steam</li> </ul>	<ul style="list-style-type: none"> <li>● Database of emissions unit values A, B</li> </ul>
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> <li>● Amount of raw materials procured, amount of products sold, distance transported, transport efficiency</li> </ul>	<ul style="list-style-type: none"> <li>● Database of emissions unit values B</li> </ul>
Category 5: Waste generated in operations	<ul style="list-style-type: none"> <li>● Amount of waste disposed of</li> </ul>	<ul style="list-style-type: none"> <li>● Database of emissions unit values A</li> </ul>
Category 6: Business travel	<ul style="list-style-type: none"> <li>● Number of employees</li> </ul>	<ul style="list-style-type: none"> <li>● Database of emissions unit values A</li> </ul>
Category 7: Employee commuting	<ul style="list-style-type: none"> <li>● Number of employees</li> </ul>	<ul style="list-style-type: none"> <li>● Database of emissions unit values A</li> </ul>

Database of emissions unit values

\***A** Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain  
(Ministry of the Environment, Ministry of Economy, Trade and Industry)

\***B** CFP Communication Program Basic Database

# 4

# Zeon Corporation

## Accounting results

- Supply chain emissions

