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	Companies' approach
<p>□ Background and purpose of accounting</p>	<ul style="list-style-type: none"> • 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. • To reduce CO2 emissions in cooperation with our entire supply chain including our manufacturers, suppliers, customers, etc. • Make our supply chain emissions visible and by publicizing the results taking the responsibility to explain these results to our stakeholders.
<p>□ Utilization of accounting results</p>	<ul style="list-style-type: none"> • Find areas across our entire supply chain 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. • To confirm the progress and effectiveness of reduction measures by continuing accounting. • 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.
<p>□ Benefits of accounting</p>	<ul style="list-style-type: none"> • We will be able to promote environmental measures with our customers, manufacturers, suppliers, shipping companies, agents, etc. • 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.
<p>□ Internal system for accounting</p>	<ul style="list-style-type: none"> • Collecting activity data <ul style="list-style-type: none"> Environment related data: Environmental Department Procurement/Sales data: IT Department Travel/Transportation/Capital good: Accounting Department • Accounting <ul style="list-style-type: none"> Environmental Department

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	Companies' approach
<p>□ Efforts to reduce supply chain emissions</p>	<ul style="list-style-type: none"> • We have calculated CO2 emissions for Scope 1 and 2, and centered 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. • 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. • Compared with sector peer companies announcing supply chain emissions, we shall clarify the areas in which large reductions are possible, and then consider reduction measures with the cooperation of related parties. • With respect to "purchased goods and services" and "end-of-life treatment of sold products" that account for a large portion of our CO2 emissions, we will start with reduction measures for our own private brand products.
<p>□ Issues in supply chain emissions accounting</p>	<ul style="list-style-type: none"> • 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 intensity. • It is difficult for us to use coefficients because the range of products we handle is so broad. • It is difficult for us to calculate our CO2 emissions of Category 11 because the kind of products we handle is so numerous. • 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.
<p>□ Other</p>	<p>< For those starting to account for supply chain emissions ></p> <ul style="list-style-type: none"> • Clarify the goals and usages of accounting. • Prepare an organization that will allow internal cooperation in accounting. • Internal and external organizations that allow cooperation between related parties is necessary in order to have accounting results lead to reduction of emissions.

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Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> • Procurement weight and value for each product category • Procurement weight of materials (when packaged) • Procurement weight of raw materials (paper) used for catalogs and CO2 emissions related to printing 	<ul style="list-style-type: none"> • Intensity per weight or value on the basis of industry related tables • Intensity per weight on the basis of industry related tables • CO2 emissions related to paper and printing in the CFP program database
Category 2: Capital goods	<ul style="list-style-type: none"> • Procurement value of fixed assets (securities reports) 	<ul style="list-style-type: none"> • Intensity per value of capital goods
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> • Electricity, LPG and diesel energy usage at our headquarters, offices and logistics centers • Electricity usage at offices of subsidiaries 	<ul style="list-style-type: none"> • Intensity per energy volume
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> • Ton/km related to transport (procurement) • Ton/km related to shipment (cargo owner) • Ton/km related to catalog shipment 	<ul style="list-style-type: none"> • Intensity per ton/km (according to the calculation method for specific cargo owners by the Agency for Natural Resources and Energy)

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Category	Accounting methods	
	Activity data	Emission factor
Category 5: Waste generated in operations	<ul style="list-style-type: none"> Emissions by waste type from our headquarters, offices and logistics centers (excluding valuables) 	<ul style="list-style-type: none"> Intensity per waste type
Category 6: Business travel	<ul style="list-style-type: none"> Overseas business trips Domestic business trips (by trains, aircraft, buses and taxis) 	<ul style="list-style-type: none"> Intensity per transportation expenses paid
Category 7: Employee commuting	<ul style="list-style-type: none"> Commuting expenses paid (by trains, buses, cars) 	<ul style="list-style-type: none"> Intensity per transportation expenses paid
Category 11: Use of sold products	<ul style="list-style-type: none"> Legal life and weight of specific energy-saving machinery 	<ul style="list-style-type: none"> CO2 emissions related to public power in the CFP program database
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> Assuming that sales weight of each product category is treated The following items are calculated separately: <ul style="list-style-type: none"> Bottled drinks, canned drinks: Only the containers Detergents: Only the containers Trash bags: Waste plastic 	<ul style="list-style-type: none"> Intensity by waste type

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Accounting results

● Supply chain emissions

