

## 1

# Takasago International Corporation

	Companies' approach
① <b>Background and purpose of accounting</b>	<ul style="list-style-type: none"> <li>We have a long-term CSR plan called EHS100(2019-2020) that includes objectives such as reduction of GHG emissions. Now we are trying to account Scope3 following the trend which the responsibility as discharger is extending to supply chain. Accounting Scope3 make us find actual situation and promoting our environmental activity.</li> <li>For getting SBT, it is essential for us to grasp Scope1,2&amp;3. And as requirement from stakeholder, we think it important to disclose GHG emissions and targets of reduction.</li> </ul>
② <b>Utilization of accounting results</b>	<ul style="list-style-type: none"> <li>Disclosure of information to our stakeholders.</li> <li>Identification of our target to reduce GHG emissions and evaluation of the performance.</li> <li>Basic Information for determination of a long-term target such as SBT.</li> </ul>
③ <b>Benefits of accounting</b>	<ul style="list-style-type: none"> <li>Thorough calculation, we can find our activity amount of supply-chain and value chain, not only our own activity. We can identify the target to reduce emission, and look into making our operation efficient.</li> </ul>
④ <b>Internal system for accounting</b>	<ul style="list-style-type: none"> <li><b><u>EHS Headquarters</u></b> is responsible for accounting and managing data of GHG emissions as well as leading Global EHS committee, in which the EHS representatives of each affiliate participate.</li> <li>About Scope3, EHS Headquarters and relevant department with supply chain is responsible for accounting GHG emissions.</li> </ul>

## 2

## Takasago International Corporation

	<b>Companies' approach</b>
<b>⑤ Efforts to reduce supply chain emissions</b>	<ul style="list-style-type: none"> <li>We had not accounted category 1, 3 etc. Grasping the whole aspects, we will consider concrete ways to reduce GHG emissions in Scope 3. For example about category 4 &lt;Transportation and delivery (upstream)&gt;, we are considering the improvement of logistics.</li> </ul>
<b>⑥ Issues in supply chain emissions accounting</b>	<ul style="list-style-type: none"> <li>We have to improve accuracy of GHG emissions accounting more and more by utilizing the rules of the accounting way.</li> <li>Through accounting GHG emissions, we need to construct the common way and concept globally.</li> <li>About some categories, we use the amount based on money. It is difficult to evaluate the results of efforts to reduce emissions.</li> </ul>
<b>⑦ Other</b>	<ul style="list-style-type: none"> <li>We had very first 3<sup>rd</sup> party verification for 2019 emission data. As a result, category 4 emission is decreased significantly and percentage of category 1 emission is increased.</li> </ul>

## 3

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Category	Accounting methods	※Accounting period : April 2019 - March 2020	
	Activity data	Emission factor	
Category 1: Purchased goods and services	<ul style="list-style-type: none"> <li>• Purchase amount or quantity of raw materials and packaging materials</li> <li>• Procurement amount of stationaries and others</li> <li>• Production amount of Outsourcing</li> </ul>	<ul style="list-style-type: none"> <li>• SC-DB, IDEA, and our unique method.</li> </ul>	
Category 2: Capital goods	<ul style="list-style-type: none"> <li>• Capital investment</li> </ul>	<ul style="list-style-type: none"> <li>• SC-DB</li> </ul>	
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> <li>• Each energy usage</li> </ul>	<ul style="list-style-type: none"> <li>• SC-DB, IDEA</li> </ul>	
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> <li>• Quantity of product shipped and transportation distance by each transportation mode</li> </ul>	<ul style="list-style-type: none"> <li>• Ton-kilometer approach</li> <li>• SC-DB, IDEA</li> </ul>	
Category 5: Waste generated in operations	<ul style="list-style-type: none"> <li>• Amount of waste generated from operations</li> </ul>	<ul style="list-style-type: none"> <li>• SC-DB, IDEA</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>• SC-DB</li> </ul>	
Category 7: Employee commuting	<ul style="list-style-type: none"> <li>• Distance in each way of commuting and number of employees</li> </ul>	<ul style="list-style-type: none"> <li>• IDEA</li> </ul>	
Category 8: Leased assets (upstream)	<ul style="list-style-type: none"> <li>• To be omitted (The activity of Headquarter building is included in Scope1&amp;2)</li> </ul>		
Category 9: Transportation and delivery (downstream)	<ul style="list-style-type: none"> <li>• To be omitted (Our business style is “B to B”, so our products are used in various ways, In add, usage ratio in end products is very low. Therefore, it is difficult to account GHG emissions under these categories.)</li> </ul>		
Category 10: Processing of sold products			
Category 11: Use of sold products			
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> <li>• Amount of packaging material used</li> </ul>	<ul style="list-style-type: none"> <li>• SC-DB, IDEA</li> </ul>	
Category 13: Leased assets (downstream)	<ul style="list-style-type: none"> <li>• Floor area of property owned</li> </ul>	<ul style="list-style-type: none"> <li>• SC-DB</li> </ul>	
Category 14: Franchises	<ul style="list-style-type: none"> <li>• N/A</li> </ul>		
Category 15: Investments	<ul style="list-style-type: none"> <li>• N/A</li> </ul>		
Other	<ul style="list-style-type: none"> <li>• N/A</li> </ul>		

## 4

## Takasago International Corporation

## Supply chain emissions : Accounting results

Category		Metric tonnes CO <sub>2</sub> e	Percentage [%]
Cat. 1	Purchased goods and services	717,975.765	91.89
Cat. 2	Capital goods	22,378.200	2.86
Cat. 3	Fuel-and-energy-related activities	12,105.748	1.55
Cat. 4	Upstream transportation and distribution	14,855.279	1.90
Cat. 5	Waste generated in operations	6,713.536	0.86
Cat. 6	Business travel	464.360	0.06
Cat. 7	Employee commuting	6,016.432	0.77
Cat. 12	End of life treatment of sold products	746.106	0.10
Cat. 13	Downstream leased assets	65.146	0.01
<b>Total</b>		<b>781,320.572</b>	<b>100.0</b>