1 Sumitomo Riko Company Limited

	Companies' approach
1. Background and purpose of accounting	• In addition to CO2 emission (Scope1,2) reduction by the in-house production, we aim at reducing CO2 emission (Scope3) of the value chain. • Therefore we will learn the Scope3 calculation in order to set the categories and targets for reduction based on the calculation results. • We want to announce the results of Scope1,2,3 emissions and reductions to the public.
2. Utilization of accounting results	• Identify CO2 emissions by category in Scope3 and select categories with high emissions and high business effectiveness as targets for reduction. • Set specific reduction targets for the categories selected above and implement reduction activities. • We would like to publicize our environmental activities by responding to external surveys on environmental activities (CDP, etc.) and disclosing the data in our integrated report.
3. Benefits of accounting	• You can visualize CO2 emissions in the value chain, including procurement, design, production, logistics, etc. • Through visualization, we can identify priority areas for reduction. • Visualization helps to raise awareness of CO2 reduction among related parties. • Understanding the entire supply chain can be helpful in formulating business strategies.
4. Internal accounting system	• Necessary data are obtained from related divisions and calculated by the Environmental Control Department. (currently Sumitomo Riko consolidated) • In the future, we would like to promote a system to collect data from the entire group.

2 Sumitomo Riko Company Limited

	Companies' approach
5. Efforts to reduce supply chain emissions	• Category 1 accounts for more than 80% of Scope 3, and is therefore the first candidate for reduction <Concept of Category 1 reduction> （1）Raw materials procurement ⇒Reduced at product design (Material reduction and material conversion due to miniaturization etc.) （2）Parts and product outsourcing ⇒Request suppliers to reduce CO2
6. Issues in accounting supply chain emissions	• It is necessary to prepare enough activity data and emission factor data with calculation for global expansion. (Some data are estimated from data in Japan) • Promoting of an organization for global expansion is also necessary. • Since many categories use the emission factor for calculating emissions, it is difficult to reflect this in the reduction.
7. Other	

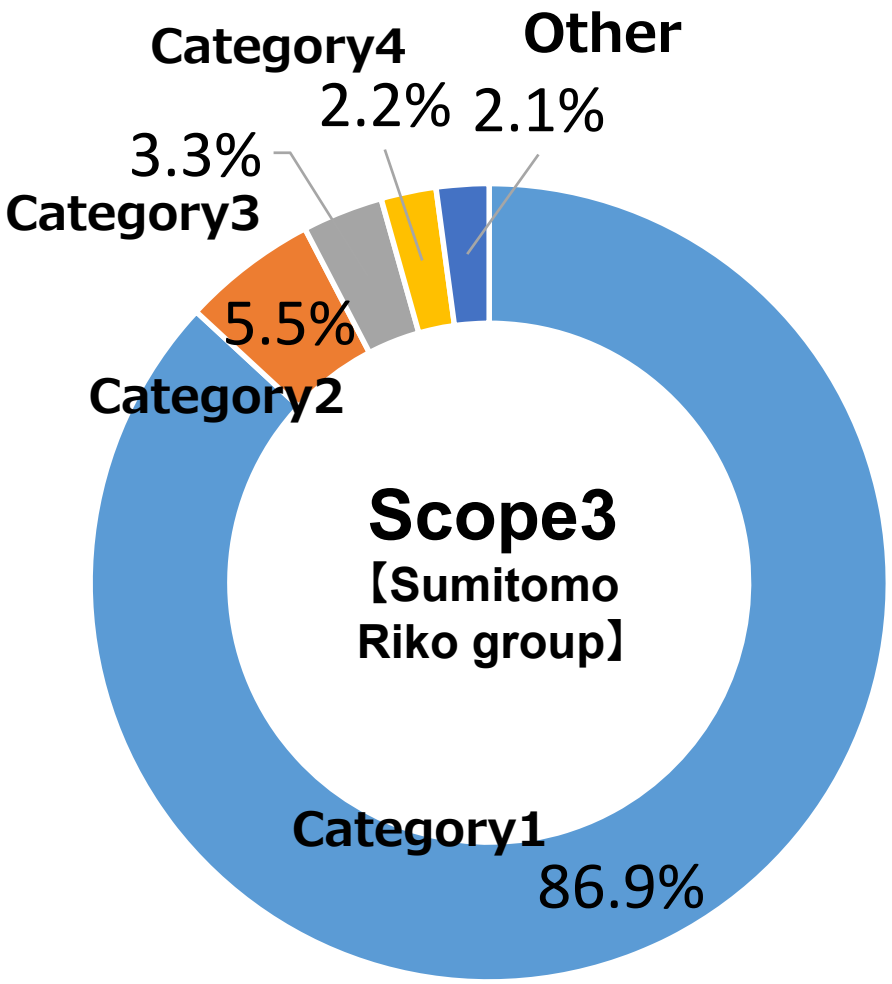
3 Sumitomo Riko Company Limited

Category	Accounting methods ※Accounting period : April 2019 - March 2020	
	Activity data	Emission factor
Category 1: Purchased goods and services	・Weight of procured raw materials and other materials ・Parts procurement amount, outsourcing purchase amount	・Database of emission factor *1,2,3 ・Database of emission factor *1,3
Category 2: Capital goods	・Amount of capital investment	・Database of emission factor *1
Category 3: Fuel and energy related activities not included in Scope 1 or 2	・Energy consumption	・Database of emission factor *1,2
Category 4: Transportation and delivery (upstream)	・Transport ton-kilometers under scenario setting	・Database of emission factor *1,3
Category 5: Waste generated in operations	・Amount of waste generated by means of disposal	・Database of emission factor *1
Category 6: Business travel	・Number of employees	・Database of emission factor *1
Category 7: Employee commuting	・Number of employees in each location	・Database of emission factor *1
Category 8: Leased assets (upstream)	・Not applicable	
Category 9: Transportation and delivery (downstream)	・Sales to customer	・Database of emission factor *3
Category 10: Processing of sold products	・Sales to customer	・Database of emission factor *3
Category 11: Use of sold products	・Not applicable	
Category 12: End-of-life treatment of sold products	・Amount of waste generated by means of disposal	・Database of emission factor *1
Category 13: Leased assets (downstream)	・Not applicable	
Category 14: Franchises	・Not applicable	
Category 15: Investments	・Stock ownership rate	・Database of emission factor *3
Other	・	・

*1 Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 3.0)
*2【IDEA】v2 Inventory Database for Environmental Analysis
*3 Other; Japanese association of car tire LCCO2 calculation guidelines (2012), Survey data of the Sumitomo Riko

4 Sumitomo Riko Company Limited

Supply chain emissions : Accounting results 【Sumitomo Riko Group】



CO2 emissions share by Scope 3 category

Category		Share %
Category 1	Purchased goods and services	86.9%
Category 2	Capital goods	5.5%
Category 3	Fuel and energy related activities not included in Scope 1 or 2	3.3%
Category 4	Transportation and delivery (upstream)	2.2%
Category 5	Waste generated in operations	0.5%
Category 6	Business travel	0.2%
Category 7	Employee commuting	0.6%
Category 9	Transportation and delivery (downstream)	0.01%
Category 10	Processing of sold products	0.2%
Category 12	End-of-life treatment of sold products	0.5%
Category 15	Investments	0.001%