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TS TECH Co., Ltd.

	Companies' approach
① Background and purpose of accounting	<ul style="list-style-type: none"> • We have been pursuing our business strategy focused on environmental, social, and governance (ESG) issues to contribute to creating a sustainable, sought-after society. As part of these efforts, we give priority to “Contribution to a sustainable society” as one of our most important corporate policies and are working harder than ever to expand environmentally considerate products and business activities. • The manufacturing of our products requires numerous parts, which are supplied by a wide range of suppliers. To effectively contribute to realizing a sustainable society in this situation, we believe that the company and its entire supply chain must work together to conduct environmentally compatible business activities. This constitutes the background against which we have decided to account for Scope 3 emissions.
② Utilization of accounting results	<p>The accounting results are utilized to:</p> <ul style="list-style-type: none"> • ascertain the share of each category in our total Scope 3 emissions and their level of environmental impact and clarify reduction goals and priority categories; and • provide more detailed data to be published via TS TECH Reports (integrated reports)—a communication tool for stakeholders—our website, and other means of corporate communication and help increase people’s awareness of TS TECH as a company committed to the environment.
③ Benefits of accounting	<p>The accounting enables us to:</p> <ul style="list-style-type: none"> • measure Scope 3 emissions by category to understand risks and opportunities offered by the results and identify categories with high emissions, and formulate efficient and specific business strategies based on prioritized categories; and • provide detailed ESG data for company through the calculation and publication of Scope 3 emissions and vitalize communication with stakeholders.
④ Internal system for accounting	<ul style="list-style-type: none"> • The division supervising the company’s environmental activities is responsible for the accounting. • The data necessary for the accounting (production volume, product weight, expenses required for employees’ activities from development to production, etc.) are gathered from relevant divisions.

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TS TECH Co., Ltd.

	Companies' approach
⑤ Efforts to reduce supply chain emissions	<ul style="list-style-type: none"> • Our company established the TS Tech Supplier Sustainability Guidelines in May 2019 to share and promote our views on sustainability with our suppliers. We have specified requirements in five categories, in one of which we have set out 'the environment' and ask all suppliers to comply with these guidelines. • To reduce the total supply chain emissions, we determine CO2 reduction policies, and share them with suppliers in supplier conferences where we explain our purchase policies and other meetings organized periodically to exchange opinions with suppliers.
⑥ Issues in supply chain emissions accounting	<ul style="list-style-type: none"> • There is a need to develop more accurate accounting methods, particularly for major categories, to reduce emissions more effectively. • Since a broad range of parts are required to be procured to assemble our products, it is difficult to build up accurate data on each of them.
⑦ Other	

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TS TECH Co., Ltd.

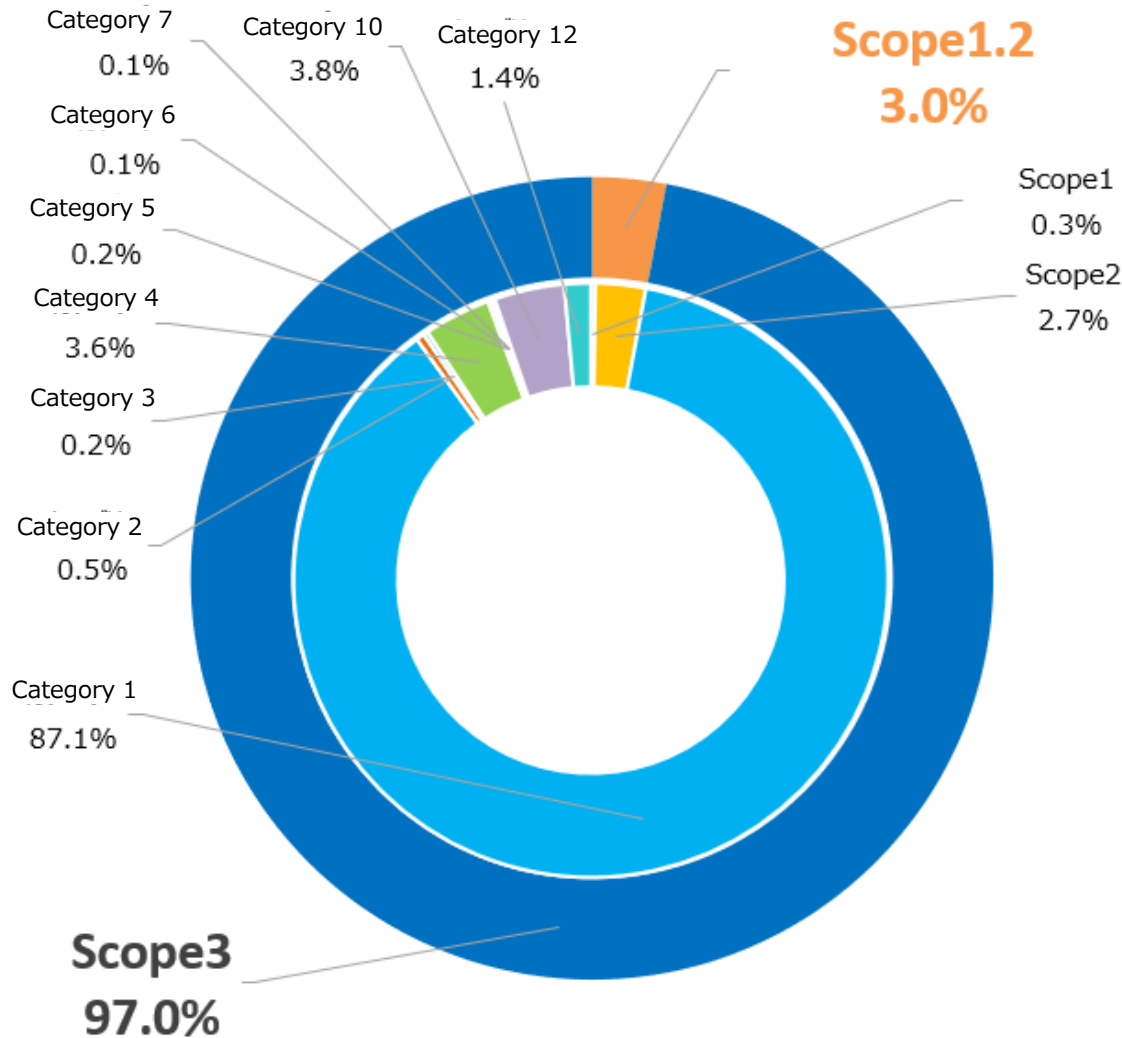
Category	Accounting methods ※Accounting period : April 2019 – March 2020	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> Value of products and services purchased 	<ul style="list-style-type: none"> Emissions unit values from the correspondence table by industry*
Category 2: Capital goods	<ul style="list-style-type: none"> Value of investment in capital goods 	<ul style="list-style-type: none"> Emissions per unit price of capital goods*
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> Energy consumption by type 	<ul style="list-style-type: none"> Emissions per unit amount of electricity and heat consumed*
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> Ton-kilometers transported as a consigner and by suppliers 	<ul style="list-style-type: none"> Emissions unit values based on the ton-kilometer method*
Category 5: Waste generated in operations	<ul style="list-style-type: none"> Weight of waste generated by type 	<ul style="list-style-type: none"> Emissions unit values by type of waste*
Category 6: Business travel	<ul style="list-style-type: none"> Transportation expenses paid 	<ul style="list-style-type: none"> Emissions per unit of transportation expenses paid*
Category 7: Employee commuting	<ul style="list-style-type: none"> Transportation expenses paid 	<ul style="list-style-type: none"> Emissions per unit of transportation expenses paid*
Category 8: Leased assets (upstream)	<ul style="list-style-type: none"> Excluded as already accounted for in Scopes 1 and 2 	
Category 9: Transportation and delivery (downstream)	<ul style="list-style-type: none"> Excluded as there are no applicable activities 	
Category 10: Processing of sold products	<ul style="list-style-type: none"> Sales volume, product weight 	<ul style="list-style-type: none"> NEDO Research on life cycle assessment of stationary fuel cell system and fuel cell vehicle
Category 11: Use of sold products	<ul style="list-style-type: none"> Excluded as there are no applicable activities 	
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> Sales volume, weight of parts by disposal method 	<ul style="list-style-type: none"> Emissions unit values by type of waste*
Category 13: Leased assets (downstream)	<ul style="list-style-type: none"> Excluded as there are no applicable activities 	
Category 14: Franchises	<ul style="list-style-type: none"> Excluded as there are no applicable activities 	
Category 15: Investments	<ul style="list-style-type: none"> Excluded as there are no applicable activities 	

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Accounting results

● Supply chain emissions



Scope	Category	%
Scope 1 (direct emissions from the use of gasoline, light oil, etc.)		0.3%
Scope 2 (indirect emissions from the use of electricity, etc. supplied by others)		2.7%
Scope 3	1. Purchased goods and services	87.1%
	2. Capital goods	0.5%
	3. Fuel and energy related activities not included in Scope 1 or 2	0.2%
	4. Transportation and delivery (upstream)	3.6%
	5. Waste generated in operations	0.2%
	6. Business travel	0.1%
	7. Employee commuting	0.1%
	8. Leased assets (upstream)	0.0%
	9. Transportation and delivery (downstream)	0.0%
	10. Processing of sold products	3.8%
	11. Use of sold products	0.0%
	12. End-of-life treatment of sold products	1.4%
	13. Leased assets (downstream)	0.0%
	14. Franchises	0.0%
	15. Investments	0.0%
	Other	0.0%
Total		100%

Note: The figures in the graph indicate the percentages of emissions.