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Ito-Yokado Co., Ltd.

	Companies' approach
① Background and purpose of accounting	<ul style="list-style-type: none"> • For understanding the state of CO2 emissions from our entire supply chain. • Based on understanding on emissions by category, we can develop more effective actions to curb our supply-chain emissions. • By examining emission trend over time, we can recognize the degree of impacts that our business operation could give over the society. • For disclosing information in response to requests from stakeholders.
② Utilization of accounting results	<ul style="list-style-type: none"> • Start consideration to develop emission reduction actions for categories with larger impacts. • Suggest or recommend to use energy-saving appliances that we have introduced and wish to expand over the supply chain. • Develop eco-friendly package.
③ Benefits of accounting	<ul style="list-style-type: none"> • By accounting for and evaluating Scope 3 emissions over time, we can reflect the results in our long-term programs and strategies. • The results help us raise awareness in the company to reduce environmental impact. • We can prepare to respond to surveys from external entities. • It will improve our credibility on an international level. • It will Improve our credibility with our stakeholders.
④ Internal system for accounting	<ul style="list-style-type: none"> • CSR・SDGs Promotion Office performs and various departments including merchandise, personnel labor management department, facility & management, general affairs has specific categories to take charge of accounting. • The results are shared with the management level in the Corporate Action Committee.

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<p>⑤ Efforts to reduce supply chain emissions</p>	<ul style="list-style-type: none"> • We have implemented various actions to lower environmental burden from our operation by introducing LED lighting, PV and wind power generation, ice thermal storages that utilize night-time power, high-efficient air conditioners, etc. Besides facilities, we started charging for plastic bags on the food floors, which took a lead in the retail industry. • From value chain perspective, the largest portion of CO2 emissions comes from Category 1, which we recognize as the crucial area we should address. • For reducing CO2 emissions from Category 1, it is important to incorporate energy point of view at purchasing stage, besides price, quality or marketing viewpoints. • By improving efficiency in energy use, we can reduce both environmental impacts and cost.
<p>⑥ Issues in supply chain emissions accounting</p>	<ul style="list-style-type: none"> • For some categories, we had to perform conversions from price, which doesn't necessarily reflect effects from actual emission reductions, especially for those from actions evaluated over time.
<p>⑦ Other</p>	<ul style="list-style-type: none"> • Various issues remain on one hand, though, this accounting clearly points out which areas we should address in the major emission sources. • It is quite useful to understand a degree of impacts from our entire value chain over the society. It also makes us easy to compare data with sector peer companies.

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Category	Accounting methods ※Accounting period : 4. 2018 -3.2019	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> Cost of purchase by item 	<ul style="list-style-type: none"> Emission factor per amount *1
Category 2: Capital goods	<ul style="list-style-type: none"> Amount of capital investment 	<ul style="list-style-type: none"> Emission factor per capital goods*1
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> Energy consumption 	<ul style="list-style-type: none"> Emission factor per energy used
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> Transportation weight x transportation distance 	<ul style="list-style-type: none"> Transport weight x Emission factor per distance
	<ul style="list-style-type: none"> Fuel consumption 	<ul style="list-style-type: none"> Emission factor per fuel used *2
Category 5: Waste generated in operations	<ul style="list-style-type: none"> Waste generation by type of waste and method of disposal 	<ul style="list-style-type: none"> Emission factor by type of waste and method of disposal*1
Category 6: Business travel	<ul style="list-style-type: none"> Travel expense that the company owes (by transportation mode) 	<ul style="list-style-type: none"> Emission factor per travel expense *1
	<ul style="list-style-type: none"> Total business travel days 	<ul style="list-style-type: none"> Emission factor per total business travel days Average of all the business travels
Category 7: Employee commuting	<ul style="list-style-type: none"> Commutation cost that the company owes (by transportation mode) 	<ul style="list-style-type: none"> Emission factor per commutation expense *1
Category 8: Leased assets (upstream)	<ul style="list-style-type: none"> No corresponding activities (because these are included in Scope 1 and 2) 	
Category 9: Transportation and delivery (downstream)	<ul style="list-style-type: none"> Transportation weight x transportation distance 	<ul style="list-style-type: none"> Transport weight x Emission factor per distance
	<ul style="list-style-type: none"> Fuel consumption 	<ul style="list-style-type: none"> Emission factor per fuel used
	<ul style="list-style-type: none"> Transportation amount 	<ul style="list-style-type: none"> Emission factor per amount *1
Category 10: Processing of sold products	<ul style="list-style-type: none"> No corresponding activities (No product can be considered relevant) 	
Category 11: Use of sold products	<ul style="list-style-type: none"> Number of cleanings for garment 	<ul style="list-style-type: none"> Emission factor per weight for a washing *3
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> Waste generation 	<ul style="list-style-type: none"> Emission factor per waste generation *1
Category 13: Leased assets (downstream)	<ul style="list-style-type: none"> Type and area of tenants 	<ul style="list-style-type: none"> Emission factor per unit area by application of building *1
Category 14: Franchises	<ul style="list-style-type: none"> No corresponding activities 	
Category 15: Investments	<ul style="list-style-type: none"> Not applicable (because Category 15 is set up as a category for private financial institutions) 	
Other	<ul style="list-style-type: none"> Not calculated 	

*1 Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver.2.6)

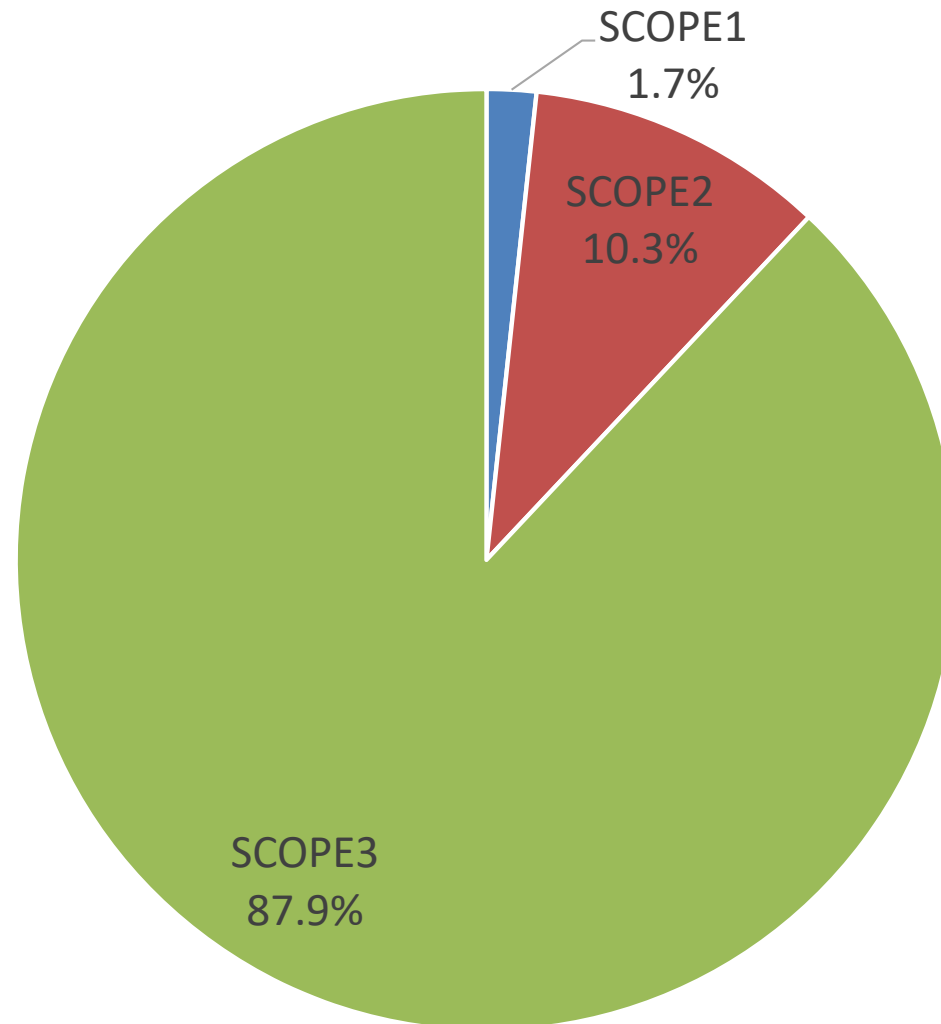
*2 Mandatory Greenhouse Gas Accounting and Reporting System List of Emission Factors, list of emissions coefficient by electricity user

*3 Carbon Footprint Product Category Rules (CFP-PCR) Subjected product: uniform

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Supply chain emissions : Accounting results



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Supply chain emissions : SCOPE3 accounting results

