

1

Takasago International Corporation

	Companies' approach
① Background and purpose of accounting	<ul style="list-style-type: none"> We have launched a long-term sustainability plan called “Sustainability 2030” that includes objectives such as reduction of GHG emissions. Now we have accounted 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. For achieving SBT, it is essential for us to grasp Scope1,2&3 accurately. And as requirement from stakeholder, we think it important to disclose GHG emissions and targets of reduction.
② Utilization of accounting results	<ul style="list-style-type: none"> Disclosure of information to our stakeholders. Identification of our target to reduce GHG emissions and evaluation of the performance. Basic Information for determination of a long-term target such as SBT.
③ Benefits of accounting	<ul style="list-style-type: none"> 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.
④ Internal system for accounting	<ul style="list-style-type: none"> <u>EHS Headquarters</u> 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. About Scope3, EHS Headquarters and relevant department with supply chain is responsible for accounting GHG emissions.

2

Takasago International Corporation

	Companies' approach
⑤ Efforts to reduce supply chain emissions	<ul style="list-style-type: none"> At the start of the project, we didn't calculate Category 1 and Category 3. We have a better understanding of the overall picture now and is planning to review specific reduction methods for applicable categories. For example, we are considering reductions through supplier engagement activities and redevelopment of the logistics network. In FY2022, Takasago group has been selected as a model company for the Ministry of the Environment's decarbonization promotion project. We are currently studying reduction measures and formulating an action plan.
⑥ Issues in supply chain emissions accounting	<ul style="list-style-type: none"> We have to improve accuracy of GHG emissions accounting more and more by utilizing the rules of the accounting way. Through accounting GHG emissions, we need to construct the common way and concept globally. About some categories, we use the amount based on money. It is difficult to evaluate the results of efforts to reduce emissions.
⑦ Other	<ul style="list-style-type: none"> We had very first 3rd party verification for 2019 emission data. As a result, category 4 emission is decreased significantly and percentage of category 1 emission is increased. In May 2021, our reduction targets have been approved as science-based targets by SBT initiative.

3

Takasago International Corporation

Category	Accounting methods ※Accounting period : April 2021 - March 2022	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> Purchase amount or quantity of raw materials and packaging materials Procurement amount of stationaries and others Production amount of Outsourcing 	<ul style="list-style-type: none"> SC-DB, IDEA, and our unique method.
Category 2: Capital goods	<ul style="list-style-type: none"> Capital investment 	<ul style="list-style-type: none"> SC-DB
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> Each energy usage 	<ul style="list-style-type: none"> SC-DB, IDEA
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> Quantity of product shipped and transportation distance by each transportation mode 	<ul style="list-style-type: none"> Ton-kilometer approach SC-DB, IDEA
Category 5: Waste generated in operations	<ul style="list-style-type: none"> Amount of waste generated from operations 	<ul style="list-style-type: none"> SC-DB, IDEA
Category 6: Business travel	<ul style="list-style-type: none"> Number of employees 	<ul style="list-style-type: none"> SC-DB
Category 7: Employee commuting	<ul style="list-style-type: none"> Distance in each way of commuting and number of employees 	<ul style="list-style-type: none"> IDEA
Category 8: Leased assets (upstream)	<ul style="list-style-type: none"> To be omitted (The activity of Headquarter building is included in Scope1&2) 	
Category 9: Transportation and delivery (downstream)	<ul style="list-style-type: none"> 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.) 	
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"> Amount of packaging material used 	<ul style="list-style-type: none"> SC-DB, IDEA
Category 13: Leased assets (downstream)	<ul style="list-style-type: none"> Floor area of property owned 	<ul style="list-style-type: none"> SC-DB
Category 14: Franchises	<ul style="list-style-type: none"> N/A 	
Category 15: Investments	<ul style="list-style-type: none"> N/A 	
Other	<ul style="list-style-type: none"> N/A 	

4

Takasago International Corporation

Supply chain emissions : Accounting results

Category		Metric tonnes CO ₂ e	Percentage [%]
Cat. 1	Purchased goods and services	831,001.673	92.03
Cat. 2	Capital goods	22,705.950	2.51
Cat. 3	Fuel-and-energy-related activities	12,842.959	1.42
Cat. 4	Upstream transportation and distribution	22,323.357	2.47
Cat. 5	Waste generated in operations	6,564.177	0.73
Cat. 6	Business travel	488.280	0.05
Cat. 7	Employee commuting	4,325.536	0.48
Cat. 12	End of life treatment of sold products	2,634.784	0.29
Cat. 13	Downstream leased assets	66.978	0.01
Total		902,953.694	100.0