1 Taikisha Ltd.

	Companies' approach
☐ **Background and purpose of accounting**	• Amid global warming prevention becoming an important and urgent issue worldwide, we want to surely achieve social responsibility, by identifying and disclosing emissions across the entire supply chain and connecting it to reduction activities. • On the assumption that we strive to improve environmental values for our customers through our operations, we want to properly identify the environmental impacts in our supply chain including upstream and downstream activities.
☐ **Utilization of accounting results**	• As a reference to confirm what initiatives we should focus on and. where in the supply chain has reduction potentials • To meet demands of information disclosure from various stakeholders.
☐ **Benefits of accounting**	• Quantitative assessment of relative environmental aspects is capable. • We can clarify the matters to be approached, in order to advance contributions towards global warming prevention.
☐ **Internal system for accounting**	• The Investor Relations Section of Administrative Management Headquarters is the secretariat, organizing a working group which consists of members of the internal relative departments.

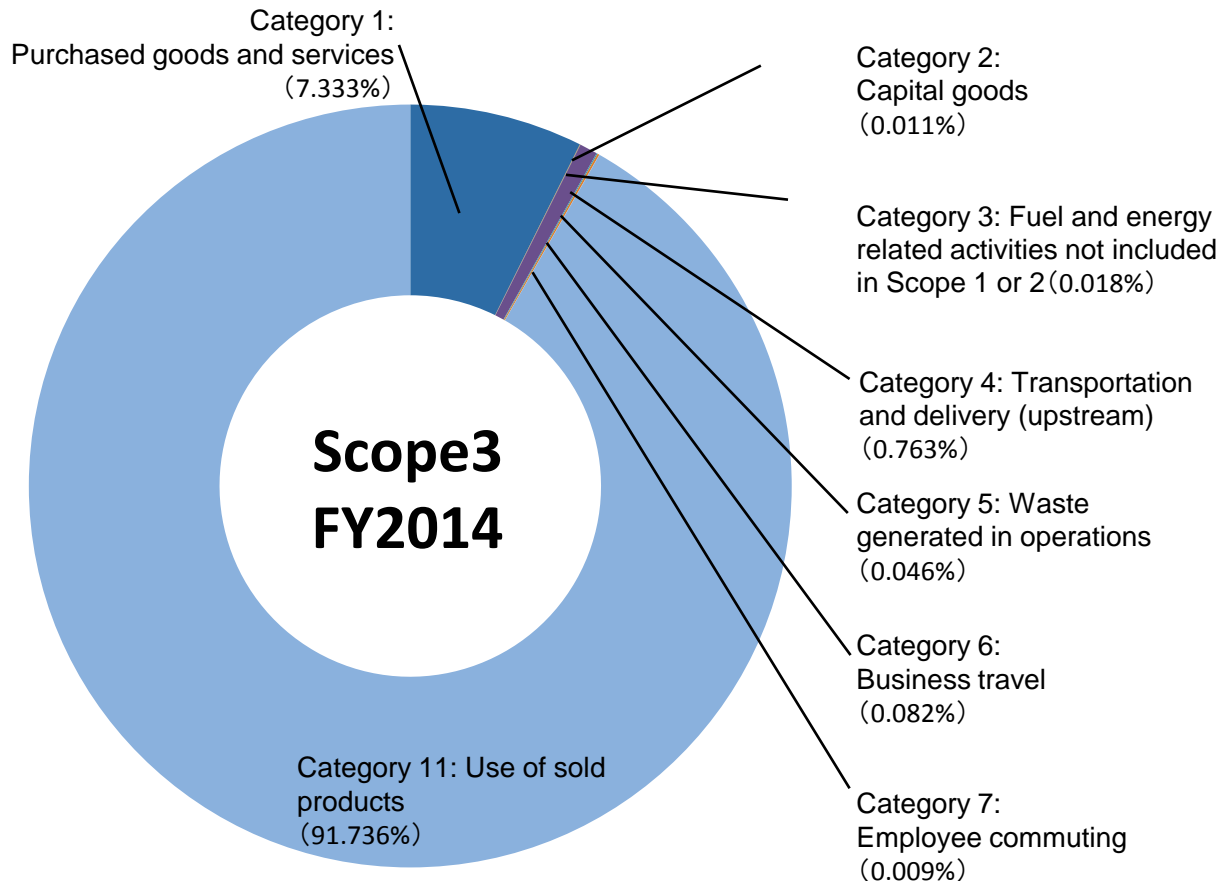|	Companies' approach
☐ **Efforts to reduce supply chain emissions**	• Assuming that the emissions from the operation phase of the facilities that we provide are the largest across our supply chain, we will continue to focus on providing facilities and systems with high energy-saving capabilities. ⇒Specifically, we will promote proposals for CO_2 reductions by projects designed by our company. • We will strive to further promote green procurement. ⇒Specifically, we will promote the purchasing of equipment subjected to green procurement, and increase the adoption of products that are made from eco-friendly materials. • We will continue to implement reduction of construction byproducts and proper disposal of industrial waste. ⇒Specifically, reduction, re-using, and recycling of construction waste, and proper disposal of industrial waste.
☐ **Issues in supply chain emissions accounting**	• Actual values and estimates are mixed, so all of the values cannot always be controlled. Therefore, it is difficult to evaluate the reduction effects. • There are issues in creating a collection and calculating framework outside our company, and decreasing the work load of data identification, upon expanding the scope of calculations from the activities by Taikisha itself to activities by Taikisha's consolidated group companies.

3 Taikisha Ltd.

Category	Accounting methods	
	Activity data	**Emission factor**
Category 1: Purchased goods and services	• Amount of (raw) materials procured (monetary data)	• Emission factor based on input-output table (producer's price basis) ＊
Category 2: Capital goods	• Amount of capital investment	• Emission factor per price of capital goods ＊
Category 3: Fuel and energy related activities not included in Scope 1 or 2	• Purchased amount of electricity and fuel	• Emission factor per amount of electricity and heat consumed ＊、CFP COMMUNICATION PROGRAM DB Ver.1.01
Category 4: Transportation and delivery (upstream)	• Transportation expenses accompanied by the procurement of (raw) materials	• Emission factor based on input-output table (producer's price basis) ＊
Category 5: Waste generated in operations	• Amount of waste discharged, by type	• Emission factor by type of waste ＊
Category 6: Business travel	• Travel expenses paid, by mode of transportation	• Emission factor per transportation expenses paid by traffic classification, emission factor per number of nights staying in accommodation ＊
Category 7: Employee commuting	• Transportation expenses paid to employees	• Emission factor per transportation expenses paid by traffic classification ＊
Category 8: Leased assets (upstream)	• Included in Scope 1 and Scope 2 emissions calculations	
Category 9: Transportation and delivery (downstream)	• There are no relevant activities	
Category 10: Processing of sold products	• There are some products that are relevant, but calculations are ignored because its ratio in the sales is extremely small.	

＊）Ministry of the Environment, Ministry of Economy, Trade and Industry
Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Ver.2.2

Category	Accounting methods	
	Activity data	**Emission factor**
Category 11: Use of sold products	• [Green Technology System Division] Construction revenue by building use, assumed value of the total floor space in the completed construction, assumed amount of HFC leakage from delivery equipment • [Paint Finishing System Division] Construction revenue, annual production volume of automobiles by our paint finishing system which we delivered	• [Green Technology System Division] CO_2 emission factor by building use (Based on Tokyo Metropolitan Government Bureau of Environment "District Energy Planning System for Effective Utilization (2013 results)" × assumed durable life, emission factors related to the use of air conditioning in the National Green House Gas Inventory Report of Japan (packaged air-conditioning for buildings) ∗ • [Paint Finishing System Division] CO_2 emission factor per 1 car based on our own calculation model in our own automobile paint finishing line × assumed durable life
Category 12: End-of-life treatment of sold products	• Weight of main equipments by type	• Emission factor by type of waste ∗
Category 13: Leased assets (downstream)	• There are no relevant activities	
Category 14: Franchises	• There are no relevant activities	
Category 15: Investments	• Calculations are ignored because the validity of the category 15 estimates is low as a result of many portfolio companies not disclosing Scope 1,2 emissions, and the impacts of the category 15 estimates to the entire supply chain being small	
Others	• Calculations were not made because this is an optional category.	

∗）Ministry of the Environment, Ministry of Economy, Trade and Industry
Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Ver.2.2.

Accounting results

Supply-chain emissions accounting results (FY2014) (%)

Category 1: Purchased goods and services（7.333%）

Category 2: Capital goods（0.011%）

Category 3: Fuel and energy related activities not included in Scope 1 or 2（0.018%）

Category 4: Transportation and delivery (upstream)（0.763%）

Category 5: Waste generated in operations（0.046%）

Category 6: Business travel（0.082%）

Category 7: Employee commuting（0.009%）

Category 11: Use of sold products（91.736%）

Scope3 FY2014

	(%)
Category 1: Purchased goods and services	7.333
Category 2: Capital goods	0.011
Category 3: Fuel and energy related activities not included in Scope 1 or 2	0.018
Category 4: Transportation and delivery (upstream)	0.763
Category 5: Waste generated in operations	0.046
Category 6: Business travel	0.082
Category 7: Employee commuting	0.009
Category 8: Leased assets (upstream)	—
Category 9: Transportation and delivery (downstream)	—
Category 10: Processing of sold products	—
Category 11: Use of sold products	91.736
Category 12: End-of-life treatment of sold products	Currently being calculated
Category 13: Leased assets (downstream)	—
Category 14: Franchises	—
Category 15: Investments	—

＊ Category 12 is scheduled to be published as soon as the values are determined.
＊ We have not identified the emissions relevant to Scope 1,2 emissions, because we are not an operator subjected to the Act on the Promotion of Global Warming.