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Ito-Yokado Co., Ltd.

	Companies' approach
□ 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.
□ 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. Disclose accounting results on our website. Develop eco-friendly merchandise, including carbon offset products.
□ 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.
□ Internal system for accounting	<ul style="list-style-type: none"> Under the initiative of CSR Promotion Office, Ito Yokados' Environmental Committee performs accounting. The committee is consisted with staffs from various departments including merchandise, personnel affairs, facility & management, resource & recycling and sales. Each of them 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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	Companies' approach
□ Efforts to reduce supply chain emissions	<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. Scope 3 accounting for this time clarified a different aspect of our emissions. 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.
□ Issues in supply chain emissions accounting	<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. If there is no option to analyze emissions based on intensity, it is disadvantageous for growing companies because absolute emissions will be increased in this accounting.
□ Other	<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	
	Activity data	Emission factor
Category 1: Purchased goods and services	• Cost of purchase by item	• Emission factor per amount *1
Category 2: Capital goods	• Amount of capital investment	• Emission factor per capital goods*1
Category 3: Fuel and energy related activities not included in Scope 1 or 2	• Energy consumption from use of electricity, steam, kerosene, Bunker A, municipal gas and LPG.	• Emission factor per energy used *2
Category 4: Transportation and delivery (upstream)	• Fuel consumption	• Emission factor per fuel used *3
Category 5: Waste generated in operations	• Waste generation by type of waste	• Emission factor by type of waste *1
Category 6: Business travel	• Travel expense that the company owes	• Emission factor per travel expense by transportation mode *1
Category 7: Employee commuting	• Commutation cost that the company owes	• Emission factor per commutation expense by transportation mode *1
Category 8: Leased assets (upstream)	• No corresponding activities	
Category 9: Transportation and delivery (downstream)	• Transportation amount	• Emission factor per amount *1
Category 10: Processing of sold products	• No corresponding activities	
Category 11: Use of sold products	• Number of cleanings for garment • Electricity use for LED bulbs	• Emission factor per weight for a washing *4 • Electricity used x product lifetime *3
Category 12: End-of-life treatment of sold products	• Waste generation	• Emission factor per waste generation *1
Category 13: Leased assets (downstream)	• Area of tenants	• Emission factor per unit area by application of building *1
Category 14: Franchises	• No corresponding activities	
Category 15: Investments	• Not applicable (because we are not relevant to the applied enterprise provided in the basic guideline)	
Other	• Not calculated (not included in the scope of calculations, because it is an option category)	

*1 Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver.2.1)

*2 Carbon Footprint Communication Program Basic Database ver.1.01

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

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

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Accounting results

● Supply chain emissions(FY2016)

