1 Foster Electric Company, Limited

	Companies' approach
① **Background and purpose of accounting**	• We will consider an effective way to reduce not only Scope 1 and 2 but also Scope 3 by capturing supply chain emissions through our business activities. • Responding to information disclosure of supply chain emissions to stakeholder.
② **Utilization of accounting results**	• Answering CDP's questionnaire and customer requests. • Promoting our environmental activities by the disclosing of calculation results on the Sustainability Report and the website. • Making use of the setting the target of the environmental management activities and the performance indicators.
③ **Benefits of accounting**	• Being able to identify the large amount of emission source and the reduction potential by calculation for supply chain emissions. Moreover, the reduction plan based on these data can be easily set. • Leading to a new goal setting and further reducing. • The interdivisional cooperation is expected to help improve the environmental awareness among employees.
④ **Internal system for accounting**	• Collecting the necessary data for the calculation from overseas sites and related departments of headquarters. • Data calculation by the TQM department and the General Affairs department.

2 Foster Electric Company, Limited

	Companies' approach
⑤ **Efforts to reduce supply chain emissions**	• We set a new CO2 reduction target for 2030 in accordance with the Paris Agreement. [Scope1, 2: 30% reduction of absolute CO2 emissions by 2030 from a 2018 base year.] [Scope3: 15% reduction of absolute CO2 emissions by 2030 from a 2018 base year.] • We started the internal project team to consider the reduction measures across the whole supply chain.
⑥ **Issues in supply chain emissions accounting**	• As for category 1, we calculate the CO2 emissions based on purchased amount. Moreover, we are considering changing to a more effective calculation method based on purchased volume. • Building the global system for the management of supply chain emissions.

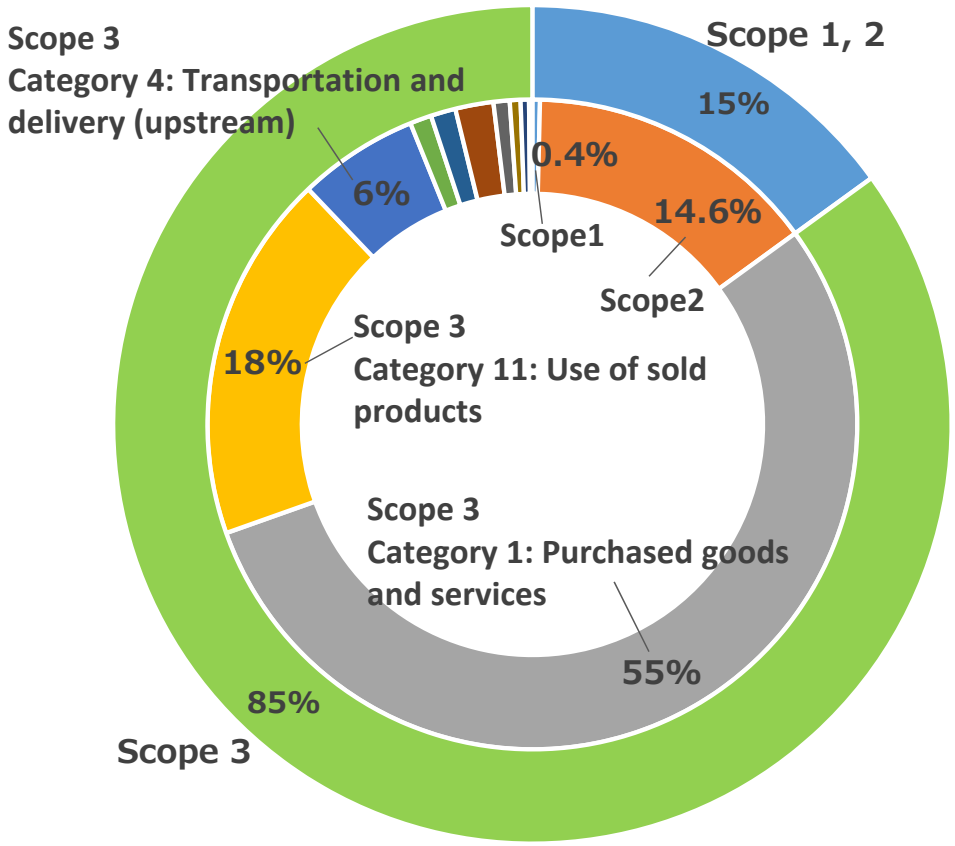
3 Foster Electric Company, Limited

Category	Accounting methods ※Accounting period : April 2019 – March 2020	
	Activity data	Emission factor
Category 1: Purchased goods and services	• Purchased amount of parts and materials	• Emission factor database*1
Category 2: Capital goods	• Investment amount of capital goods	• Emission factor database*1
Category 3: Fuel and energy related activities not included in Scope 1 or 2	• Energy consumption of fuel and electricity	• Emission factor database*1 • IDEAv2*2
Category 4: Transportation and delivery (upstream)	• Transportation in ton-kilometers	• Emission factor database*1
Category 5: Waste generated in operations	• Amount of waste discharged by type	• Emission factor database*1
Category 6: Business travel	• Transportation expenses paid	• Emission factor database*1
Category 7: Employee commuting	• Commuting transportation expensed paid	• Emission factor database*1
Category 8: Leased assets (upstream)	• Included in Scope1 and 2	• -
Category 9: Transportation and delivery (downstream)	• Transportation in ton-kilometers for sold products	• Emission factor database*1
Category 10: Processing of sold products	• Not applicable	• -
Category 11: Use of sold products	• Energy consumption at the use stage of sold products	• CO_2 emission factors by our company's data
Category 12: End-of-life treatment of sold products	• Amount of waste discharged by type	• Emission factor database*1
Category 13: Leased assets (downstream)	• Not applicable	• -
Category 14: Franchises	• Not applicable	
Category 15: Investments	• Not applicable	
Other	• Not applicable for the optional category	

*1: Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver.3.0)
*2: IDEAv2 (Inventory Database for Environmental Analysis)

4 Foster Electric Company, Limited

Supply chain emissions : Accounting results



Scope	Category	CO2 emission amount ($t\text{-}CO_2$)
Scope 1	Direct emissions	1,501
Scope 2	Indirect emissions (Purchased electricity)	58,564
	Scope1,2 Total	**60,065**
Scope 3	1. Purchased goods and services	218,512
	2. Capital goods	679
	3. Fuel and energy related activities not included in Scope 1 or 2	7,591
	4. Transportation and delivery (upstream)	23,972
	5. Waste generated in operations	2,140
	6. Business travel	1,661
	7. Employee commuting	4,309
	9. Transportation and delivery (downstream)	3,206
	11. Use of sold products	73,323
	12. End-of-life treatment of sold products	4,945
	Scope3 Total	**340,338**
	Scope1,2,3 Total	**400,403**