

# 1 Seven & i Food Systems Co., Ltd.

	<b>Companies' approach</b>
<b>① Background and purpose of accounting</b>	<ul style="list-style-type: none"> <li>To investigate the amount of CO<sub>2</sub> emissions throughout our supply chain and identify categories with large emissions which represent a significant share of our total emissions in order to use these data as a reference to plan effective measures aimed at reducing our CO<sub>2</sub> emissions and environmental impact and increasing the efficiency of our business.</li> </ul>
<b>② Utilization of accounting results</b>	<p>The accounting results are:</p> <ul style="list-style-type: none"> <li>utilized to discover room for improvement in the supply chain and promote improvement activities;</li> <li>utilized to check cost-effectiveness of energy-saving equipment, etc. introduced in order to support the future improvement of such equipment;</li> <li>reported externally, together with their changes over time, in CSR reports and other forms of corporate communication; and</li> <li>utilized as data that can be referred to when answering inquiries from stakeholders and responding to environment-related questionnaires.</li> </ul>
<b>③ Benefits of accounting</b>	<p>The accounting enables us to:</p> <ul style="list-style-type: none"> <li>ascertain the amount of CO<sub>2</sub> emissions for each category and, based on the results, make decisions on the prioritization of our efforts to reduce emissions;</li> <li>emphasize our eagerness to investigate and ascertain CO<sub>2</sub> emissions throughout our supply chain and demonstrate how seriously we are taking environmental issues;</li> <li>gain stakeholders' trust; and</li> <li>increase corporate value of the entire group by the above merits.</li> </ul>
<b>④ Internal system for accounting</b>	<ul style="list-style-type: none"> <li>Using BPO, the energy usage is compiled into a database and efforts are made to accurately grasp the situation.</li> <li>The Environment Committee Office, a cross-divisional organization, and the relevant departments (Store Management Department, Purchasing Logistics Department, Operations, HR, etc.) collaborate with each other in the gathering of data and the accounting of supply chain emissions.</li> </ul>

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	Companies' approach
⑤ <b>Efforts to reduce supply chain emissions</b>	<ul style="list-style-type: none"> <li>• Efforts are being made to optimize the location of distribution centers and delivery routes to make them better match our network of restaurants and volume of logistics flow in order to reduce CO<sub>2</sub> emissions.</li> <li>• Investments are being made in equipment and facilities to reduce environmental impact, such as switching to LED lighting even in storage spaces and energy-saving kitchen and air-conditioning equipment, as well as the installation of water-saving devices.</li> <li>• Category 1 is our largest emission source, accounting for more than 50% of our total CO<sub>2</sub> emissions and approx. 80% of our Scope 3 emissions. In our environmental policy, we declare that “We will fulfill our corporate responsibility by striving for energy saving and pollution prevention in business operations,” and continue working hard to reduce CO<sub>2</sub> emissions accordingly, particularly in Category 1—which continues to be the core area of our business—by ensuring optimum equipment and operation efficiency.</li> <li>• Going forward, we will continuously monitor CO<sub>2</sub> emissions throughout the supply chain to identify where we need to focus and explore more effective measures of reducing emissions.</li> </ul>
⑥ <b>Issues in supply chain emissions accounting</b>	<ul style="list-style-type: none"> <li>• Because the accounting covers a wide range of emissions, the workload of the relevant departments to gather and calculate data is very high. We need to set up a mechanism that enables us to continuously gather data including data from suppliers.</li> <li>• We need to focus on investigating emissions per unit value to clarify how the scale of business is correlated with CO<sub>2</sub> emissions and encourage the nation to adopt and pursue the policy of “decoupling.”</li> </ul>
⑦ <b>Other</b>	<ul style="list-style-type: none"> <li>• By introducing automatic ordering, we reduce food loss and strive to reduce CO<sub>2</sub> through our main business.</li> <li>• Our CO<sub>2</sub> emissions accounting undergoes independent verification to ensure its accuracy.</li> <li>• “Denny’s,” our main restaurant chain brand, has been Eco Mark-certified, marking a first for the restaurant industry. We will utilize this opportunity to help raise environmental awareness both within and outside of the company to make our energy-saving activities even more effective.</li> <li>• This year’s accounting of supply chain emissions covers nine categories not including Categories 8, 10, 11, 13, 14, and 15, which are not relevant to our business operations.</li> </ul>

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Category	Accounting methods ※Accounting period : March 2019 - February 2020	
	Activity data	Emission factor
Category 1: Purchased goods and services	Sales by product category	Emissions per unit of sales (t-co <sub>2</sub> /mil. yen)
Category 2: Capital goods	Amount of capital investment	Emissions per unit of capital good (t-co <sub>2</sub> /mil. yen)
Category 3: Fuel and energy related activities not included in Scope 1 or 2	Energy consumption	Emissions per unit of energy consumed (t-co <sub>2</sub> /t)
Category 4: Transportation and delivery (upstream)	Weight transported× distance transported	Emissions per unit of distance transported ×weight transported (t-co <sub>2</sub> /1,000 tkm)
Category 5: Waste generated in operations	Waste generated by type	Emissions per unit of waste generated by type (t-co <sub>2</sub> /t)
Category 6: Business travel	Travel expenses paid	Emissions per unit of travel expense (t-co <sub>2</sub> /1,000 yen)
Category 7: Employee commuting	Commuting expenses paid	Emissions per unit of commuting expense paid (t-co <sub>2</sub> /1,000 yen)
Category 8: Leased assets (upstream)	N/A	
Category 9: Transportation and delivery (downstream)	Weight transported× distance transported	Emissions per unit of distance transported ×weight transported (t-co <sub>2</sub> /1,000 tkm)
Category 10: Processing of sold products	N/A	
Category 11: Use of sold products	N/A	
Category 12: End-of-life treatment of sold products	Waste generated (estimated from sales amount)	Emissions per unit of waste generated (t-co <sub>2</sub> /t)
Category 13: Leased assets (downstream)	N/A	
Category 14: Franchises	N/A	
Category 15: Investments	N/A	
Other		

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## Supply chain emissions : Accounting results

