

- With mandatory disclosure based on SSBJ on the horizon, interest in Scope 3 emissions is increasing. This guidebook compiles approaches for using Scope 3 emissions as a metric to express reduction efforts on the value chain, without imposing excessive burden on business companies, while being decision- useful for investors.
- It also refers to related metrics such as product CFP and avoided emissions.

Challenges

Meaningfulness

Directions

Companies

- Regardless of data source (primary or secondary data), a **considerable burden is required for calculation.**
- When using secondary data, it does not necessarily reflect the individual company’s actual circumstances accurately.
- For certain categories, companies have limited **control, which limits their value as a metric to reflect reduction efforts.**

- Enables **identification of the company’s risks and opportunities associated with the transition to a carbon-neutral society.**
- If emission reduction efforts can be effectively expressed through disclosure design, the information can be used to **showcase the company’s initiatives.**
- Helps avoid criticism regarding insufficient governance over the value chain.



- By first **presenting an overall picture of Scope 3 emissions** using secondary data as well, **companies can identify risks and opportunities**, which can then serve as input for strategy formulation and external communication.
- For categories deemed material, companies may consider disclosing calculation processes and showing year-on-year changes to better communicate their own efforts.
- Depending on the focus, **multifaceted disclosure can be done by combining metrics such as product CFP, avoided emissions, and reduced emissions of product** can be done.

Investors

- Since assumptions in calculations differ by company, **simple comparisons among companies—even within the same industry—are difficult.**
- Figures are affected by changes in sales volume and business portfolios, making **simple time-series comparisons within the same company challenging.**
- While data from external data vendors may be used, there are issues such as the risk of divergence from actual conditions.

- Enables **identification of risks and opportunities along investee companies’ value chains related to the transition to a carbon-neutral society.**
- Supports **identification of investment opportunities** through forecasts of fields where GX (Green Transformation) markets are expected to emerge.
- Allows understanding of governance structures over the value chain.



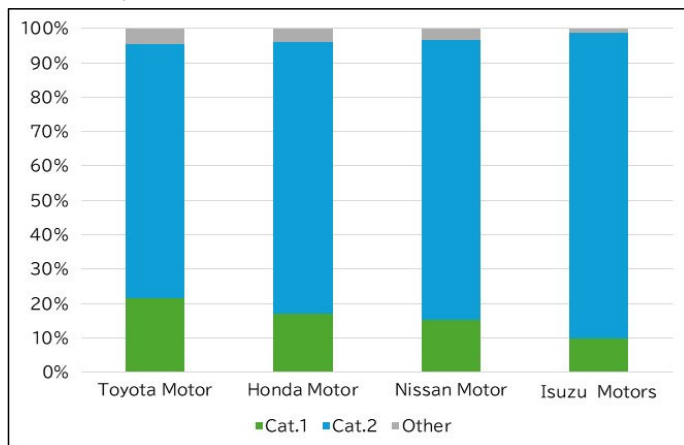
- **Recognize the limitations of evaluating corporate emission reduction efforts solely based on Scope 3 emissions.**
- From the perspective of identifying risks and opportunities, **focus on material categories and understand corporate initiatives from multiple angles, including emission intensity as well as avoided emissions and reduced emissions of product.**
- If positive evaluation through Scope 3 emissions becomes established, it may contribute to emissions reductions across the entire economy.

Scope 3 Guidebook Sector Guides, Case Examples

- Considering that Scope 3 emission trends by category and the challenges companies face differ by sector, sector guides were developed for six sectors that tend to have high proportions of Scope 3 emissions (automotive, electrical & electronic equipment, real estate, retail, food, and trading companies), with sector-specific roundtables.
- In particular, with the aim of serving as a reference for corporate disclosures, a collection of disclosure case examples was compiled based on a survey of investor members of the TCFD Consortium.

Sector Guides

- Analyze emission trends based on cases of representative companies in each sector and described the calculation methods and challenges for categories considered material for each sector.
- Describe sector wide initiatives and company specific best practices, focusing on the selected categories.
- Help investors better understand sector specific challenges related to Scope 3 emissions.



Example of comparison of industry-specific Scope 3 disclosure ratios — Automotive sector

Case Examples

- Present corporate disclosure examples under three classifications: Scope 3 Emissions, Strategies and Emission Reduction Initiatives, and Initiatives Beyond Scope 3.
- Include comments collected through the investor survey, helping companies gain insight into investor perspectives.

Company	• DENSO Corporation
Source / Page	• <i>Integrated Report 2025</i> , p.34 (left), p.66 (right)
Investor comments, etc.	• Targets for Scope 3 reduction are presented separately for upstream activities, the company's own factories, and downstream activities, and the roadmap is illustrated visually, making it easy to understand. In addition, achievements related to supplier engagement initiatives are presented quantitatively.

Green Strategy

Scope 3 Emissions (Upstream)
 Road Map for Scope 3 Carbon Neutrality
 Deepening Collaboration between DENSO and Suppliers
 Scope 3 and 2: DENSO Plants
 Scope 3: Downstream (Product Use)

Metrics and Targets
 Climate Change-related Targets
 Scope 3 Emissions: Production of CO₂ Emissions across the Supply Chain
 Our Vision: Achieve Carbon Neutrality through Collaboration between DENSO and Suppliers
 Achievements to Date