

Carbon Footprint Report 2022



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1. Introduction

1.1. Top Message

Now that climate change has become a material risk factor threatening the sustainability of society, economy, and the ecosystem of our planet, it is an urgent issue that the entire world should address together. To meet the very challenging Paris Agreement goal of reaching net-zero carbon emissions by 2050, major countries in the world have announced a 2030 goal as a stepping stone that will lead to the achievement of the ultimate 2050 goal. Japan, for instance, announced at the Climate Summit held in April 2021 that by 2030 it aimed to reduce Greenhouse Gas (hereinafter, "GHG") emissions by 46% compared to 2013 levels. We should all understand that meeting 2030 goals with collaborative efforts by the entire society is an essential milestone to achieving the Paris Agreement goal, and the Japanese Institute of Certified Public Accountants (hereinafter, the "JICPA") is no exception. We are called on to actively get involved in these efforts, and therefore are fully committed to helping build a sustainable and prosperous society.

Chairman and President of JICPA

1.2. JICPA Overview

The JICPA, as a professional accountancy body, is engaged in a variety of businesses that contribute to public interests. With its new tagline set in 2022, "Building trust, empowering our future," we are aware that climate change issues have a material impact on society and the economy, and that accountancy professions assume a critical role in addressing climate change issues and associated economic risk and in realizing a sustainable society. To this end, accountancy professions now urged to act in cooperation with the government, enterprises, and local communities. Last year in 2021, the JICPA also published its SDGs Declaration to further propel its initiatives towards achieving the SDGs, and divided the areas in which it believes accountancy professions can contribute to achieving the SDGs into three pillars: *Economy, Society, and People and Environment*. We then set out priority measures for each of these areas and indicated challenges we will face and approaches we will take in helping build a sustainable society. Further, the Accounting Bodies Network (hereinafter, the "ABN")¹, a member of the Prince of Wales's Accounting for Sustainability Project (hereinafter, the "A4S")², issued a joint statement pledging its commitment to realizing net zero emissions titled " ABN Net Zero Commitment." The JICPA is one of the signers of the joint statement. The JICPA, as a professional accountancy body, will take action to reduce the GHG emissions and contribute to realizing a sustainable society.

¹ ABN (Accounting Bodies Network)

ABN is a collaboration between A4S and professional bodies across the globe representing more than 2.5 million accounting professionals and students studying accounting across 179 member countries, which account for about two-thirds of all accountants across the globe.

² A4S (The Prince of Wales's Accounting for Sustainability Project)

HM King Charles III established A4S in 2004, when he was The Prince of Wales, working to incorporate sustainability into corporate reporting and internal decision-making.

2. Status of GHG Emissions

The subjects included in our reports on GHG are our headquarters in Tokyo and 16 regional chapters. We measured the volume of GHG emissions throughout the JICPA for the first time in FY2021 (April 1, 2021 to March 31, 2022) and will continue to measure going forward.

The volumes of our GHG emissions measured for each category of the GHG Protocol, an international standard on the measurement and reporting of GHG emissions, are as described below.

2.1. Scope 1 and Scope 2 Emissions

Table 2-1 below shows the volumes of GHG emissions under Scope 1³ and Scope 2⁴. In FY2021, the volume of Scope 1 and Scope 2 GHG emissions throughout the JICPA totaled 383.6 t-CO₂, of which the emissions from the headquarters accounted for about 77%.

Table 2-1: Scope 1 and Scope 2 emissions

	GHG emissions (t-CO ₂) FY2021
Scope 1	0 (0)
Scope 2 (location-based ⁵)	383.6 (294.7)

*Figures in parentheses indicate the volumes of emissions from the headquarters.

2.2. Scope 3 Emissions

Table 2-2 below shows the volume of GHG emissions for six category of Scope 3⁶. This fiscal year, for Scope 3, we measured only the emissions from the headquarters, but in the next fiscal year onwards, we will sequentially expand the sources of emissions we measure to include regional chapters. Given our business format, we identified Categories 1, 3, 4, 5, 6, and 7 as the important sources of emissions in our supply chain, and thus, have decided to continue the measurement of emissions from these sources.

Table 2-2: Scope 3 emissions

	GHG emissions (t-CO ₂) FY2021
Category 1 Purchased goods and services	163.8
Category 3 Fuel and energy related activities not included in Scope 1 or Scope 2	46.4
Category 4 Upstream transportation and distribution	2.5
Category 5 Waste generated in operations	3.4
Category 6 Business travel	148.1
Category 7 Employee commuting	61.1
Total	425.3

³ Scope 1 refers to direct GHG emissions from a company's operations, including the use of fuels within its owned facilities.

⁴ Scope 2 refers to indirect GHG emissions from the use of electricity, etc. purchased by a company from third parties.

⁵ The GHG Protocol Scope 2 Guidance provides that the location-based method refers to an approach to quantify the Scope 2 GHG emissions based on average energy generation emission factors for defined geographic locations, including local, subnational, or national boundaries. There is another method called the market-based method, which quantifies the Scope 2 GHG emissions of a reporting entity based on GHG emissions emitted by power generating companies. The JICPA, however, adopted only the location-based method as it did not procure electricity with particularly low emission factors during this reporting period.

⁶ Scope 3 refers to all indirect GHG emissions from a company's activities, such as employee commuting, business travel, and purchased goods and services, not included in Scope 1 or Scope 2.

3. Goals

3.1. ABN NET ZERO COMMITMENT

In October 2021, the JICPA signed ABN NET ZERO COMMITMENT, a commitment pursued by ABN which is a network of the A4S and consists of professional accountancy bodies around the world. The commitment states expressly that accountants and professional accountancy bodies will contribute to halving GHG emissions by 2030 and to achieving net zero emissions by 2050 in a bid to limit the rise in global average temperatures to 1.5°C in accordance with the Paris Agreement.

3.2. Acquisition of Science Based Targets (SBT) Validation

As part of the pathway to achieving the goals set out in the ABN Net Zero Commitment, we will file an application in December 2022 to join the near-term target version of the Science Based Targets initiative (hereinafter, "SBTi") for small and medium-sized enterprises (SMEs).

SBTi is a joint international initiative among Carbon Disclosure Project (CDP), the United Nations Global Compact, World Resources Institute (WRI), and the World Wide Fund for Nature (WWF), promoting the setting of reduction targets that are in line with scientific knowledge to ultimately achieve the goals of the Paris Agreement.

Targets under consideration for application are as follows:

	Base year	Target year	GHG emissions reduction targets (absolute reduction basis)
Scope 1+2	2021	2030	42%
Scope 3	—	—	(Volume of emissions is to be measured and then reduced.)



4. Implementation of Measures

4.1. Scope 1 and Scope 2

We aim to achieve the SBTi near-term targets and net zero emissions by implementing the following measures.

4.1.1. Energy saving initiatives

To explore opportunities to improve the efficiency of energy use within the headquarters building, the JICPA commissioned the technical building assessments for energy efficiency of the building to an expert. The results showed that facilities within the building were maintained and managed fairly well and that annual energy consumption (of primary energy) per floor area was below the statistical average of ordinary (owned) office buildings. Further, the expert proposed us to implement (1) to (4) listed below as viable measures for operational improvement without additional capital investments, and (5) and (6) which require capital investments. The JICPA will mull over specific measures for these proposals.

Key considerations for the near term:

- (1) Change room temperature settings.
- (2) Reduce hours to use through-the-wall air conditioners, and change their temperature settings.
- (3) Reduce external air intake.
- (4) Change temperature settings in server rooms.

Key considerations over the medium to long term:

- (5) Change the illuminance of lightings, and install luminance and human detecting sensors.
- (6) Improve the heat insulation performance of the building envelope, and change the air conditioning system.

Furthermore, the JICPA will consider implementing additional measures as needed, with a view to making the workplace more comfortable for employees to work in, and also in view of the cost effectiveness of such measures.

- ▶ Renovation of the headquarters building is scheduled for 2023 to 2024. Alongside the renovation, we will look for ways to create workplaces that are comfortable for everyone and energy efficient.
- ▶ From the medium to long term perspective, we will consider converting the building into a ZEB⁷ through measures such as improving the heat insulation performance of the building envelope and renovating its glass surfaces (with, for example, Low-E multilayer glass⁸).

4.1.2. Generation of renewable energy

Over the medium to long term, we also consider installing solar panels on the rooftop of the headquarters building. To generate renewable energy with additionality, we will continue to consult design and other related firms, as the installation is not easy for a number of reasons such as limited installation space due to its location in central Tokyo and conditions in surrounding areas.

⁷ ZEB is an abbreviation for Net Zero Energy Building, referring to a building that aims to achieve annual zero primary energy balance while maintaining a comfortable indoor environment.

⁸ A multi-layered glass with special metal coating of tin oxide and/or silver called Low-E coating on their surfaces, which helps reducing the heat transfer by emission, and thus, is considered superior in heat insulation performance.

4.1.3. Renewable energy procurement initiatives

As mentioned above, we plan to generate renewable energy in our premises in the future. Meanwhile, we will also proactively consider purchasing renewable energy from power generating companies because we find it difficult to generate enough renewable energy, even if the plan goes well, that fully covers our electricity consumption. We are currently under negotiation with suppliers as the competition for the procurement of renewable energy has intensified and energy prices have been soaring in recent years. As such, we will continue to disclose information to provide updates on the status of the negotiation.

4.2. Scope 3

Of our Scope 3 GHG emissions in 2021, "Category 1: Purchased goods and services" accounted for the largest proportion, followed by "Category 6: Business travel." As part of our commitment to reduce emissions in these two categories over the medium to long term, as of November 2022, we have implemented or are considering to implement the following measures:

Reduction of emissions in "Category 1: Purchased goods and services": We are also considering to implement measures to promote paperless operations.

Reduction of emissions in "Category 6: Business travel": We are considering to formulate a policy on business travel.

- ▶ Hold online and hybrid meetings proactively.
- ▶ Encourage employees to, when business trip is necessary, schedule and attend as many meetings as possible in one trip.
- ▶ By requiring employees to obtain approval from their managers for every business trip prior to booking flight tickets so to enable managers to determine whether such business trip is truly necessary, encourage employees to make decisions in a manner reducing the impact as far as possible by being aware of how their respective business decisions impact our initiatives towards achieving GHG emissions reduction targets and net zero emissions.

Reduction of emissions in "Category 5: Waste generated in operations": We will switch plastic bottled beverages we consume in our offices to ones using label-less bottles.

4.3. Offset

We consider offsetting the residual emissions by measures such as the purchase of carbon credits. We also consider formulating policies on where and how to purchase carbon credits.

[About carbon offset]

Carbon offset is a concept in which entity is to be aware of volume of GHG emissions from themselves or in a supply chain and take voluntary actions to reduce the emissions, and for the portion of their GHG emissions that is difficult to reduce, offset them by implementing a range of efforts such as making investments in GHG emissions reduction activities that are commensurate with such portion of GHG emissions. When using carbon credits, it means to offset the whole or part of GHG emissions through cancellation or other measures.

- ▶ We will get each employee in charge involved in choosing a carbon offset project (for example, at the time of a JICPA Research Conference, the staff in charge of such conference will handle the tasks up to choosing an offset program).
- ▶ We will also commission experts to review and provide advice on our organization-wide efforts towards achieving net zero emissions, including carbon reporting and other carbon offset initiatives.

5. Roadmap to Net Zero at JICPA

When the aforementioned targets and planned measures are implemented, our roadmap to 2050 will be as shown below. By 2030, we aim to reduce GHG emissions by 42% or over, which is an SBT for Scope 1 and Scope 2. Subsequently, through formulating and implementing more concrete measures, we implement our efforts to keep reducing the emissions in all scopes including Scope 3.

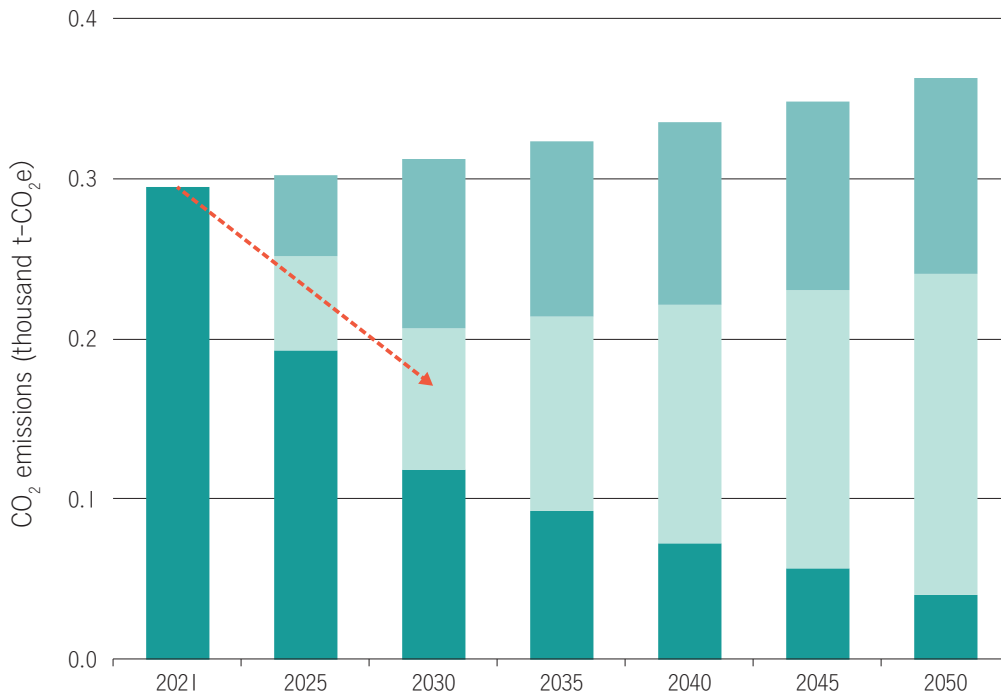
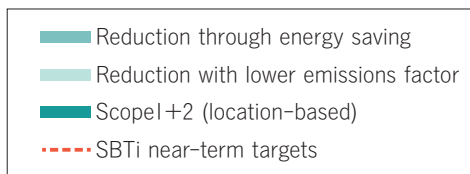


Chart 5-1 Roadmap to achieving Scope 1 and Scope 2 emissions targets (throughout the JICPA)



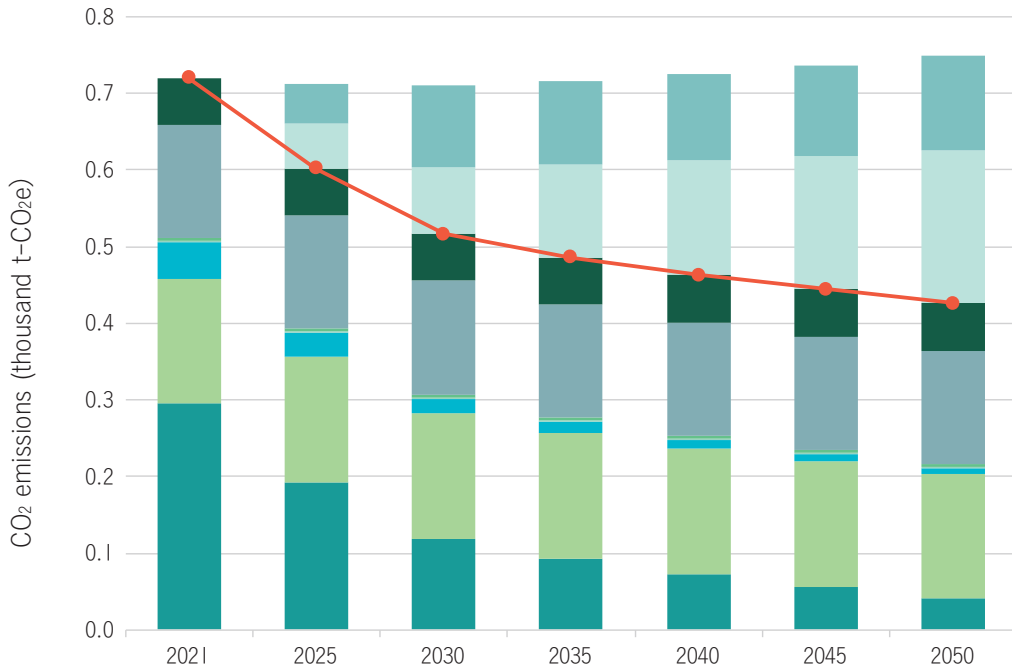
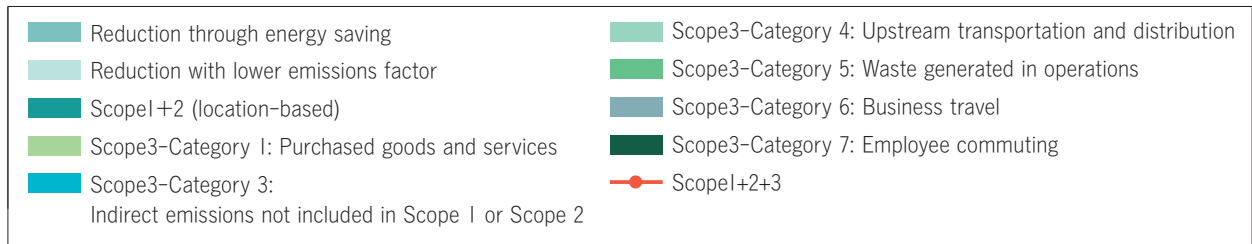


Chart 5-2: Roadmap to achieving Scope 1, Scope 2, and Scope 3 emissions targets (the headquarters)



*The chart above reflects, with emissions in FY2021 as the starting point, rises in emissions due to increases in the number of employees for the JICPA as well as the estimated effects of the measures described in 4.1.1.

*The chart also reflects, as an external factor, the estimated reduction in GHG emissions as a result of the progress of electricity decarbonization based on the Sixth Basic Energy Plan, which was formulated in October 2021 by the Japanese government under the Basic Act on Energy Policy.

6. Outlook

For the JICPA to contribute to achieving SDGs adopted by the United Nations, we will work closely with our members and associate members to realize a sustainable society. Specifically, we will consider conducting employee surveys and holding training programs with which each of our staff would raise awareness on sustainability issues including climate change; encourage our members to make efforts towards achieving net zero emissions; and provide them with necessary training programs, support, and resources.

Acquisition of CASBEE certificate

The JICPA plans to obtain CASBEE-Building (for renovation) and CASBEE-Wellness Office certifications after the renovation of the JICPA Building and other facilities which is scheduled for completion at the end of FY2024.

CASBEE® is a tool developed by Japan Sustainable Building Consortium under the leadership of the Ministry of Land, Infrastructure, Transport and Tourism for comprehensive assessment of the environmental performance of buildings, etc. from a variety of perspectives. The certifications awarded through the assessment by third parties using the tool have gained recognition as major building certifications in Japan comparable to those of LEED in the U.S. and BREEAM in the UK.



