

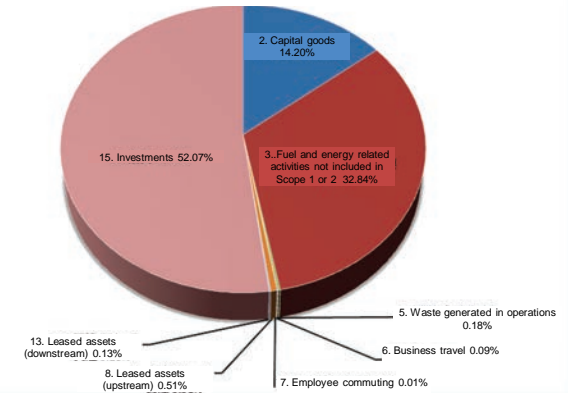
|   | <b>Company thinking</b>  |
|---|--|
| <input type="checkbox"/> <b>Background and purpose for accounting</b> | <ul style="list-style-type: none"> <li>• Because our company's core business is marine transport, our focus has been on Scope 1 emissions reduction. In recent years, we have gained a better understanding of the concepts behind Scope 3 indicated in the GHG Protocol, and feel a need to include various emissions reduction efforts in our business management after acquiring an overall understanding of our supply chain emissions.</li> <li>• Because we are receiving more questions from external sources regarding our supply chain emissions, we are trying to clarify our business activities and accounting methods for the various applicable categories through our accounting efforts</li> </ul> |
| <input type="checkbox"/> <b>Utilization of accounting results</b>     | <ul style="list-style-type: none"> <li>• To clarify the categories, activities and reduction potential that must be considered for managing our business by comprehending the overall supply chain emissions.</li> <li>• To provide more reliable and transparent information in response to questions from external sources, such as CDP.</li> </ul>  |
| <input type="checkbox"/> <b>Advantages of accounting</b>              | <ul style="list-style-type: none"> <li>• To communicate the overall supply chain emissions volume and the impact of emissions by category to our employees to make them more conscious of this problem. By conducting reviews and setting goals through environmental management systems (EMS), we hope to get employees involved in continuous reduction activities by making them more conscious of emissions on an individual basis.</li> <li>• Improved reliability and transparency of disclosed data.</li> <li>• It becomes possible to compare the results of reduction efforts as quantitative information.</li> </ul>   |
| <input type="checkbox"/> <b>Internal accounting organization</b>      | <ul style="list-style-type: none"> <li>• The Environmental Promotion Office collects data from the related departments and group companies to use for accounting.</li> <li>• Data collection through effective operation of environmental management systems (EMS).</li> </ul>   |

## Company thinking

### □ To reduce supply chain emissions

- The whole company is working on reducing "Category 3. Fuel and Energy Related Activities" which accounts for the largest portion of operating expenses for ships. Because reducing fuel consumption achieves both reducing the environmental load and is more economical it is an important business problem. Therefore, various technologies and ideas are being included in the operation of ships, so that fuel consumption can be minimized and energy efficiency can be improved.
- \* See the figure on the right for the accounting results. Some of the applicable categories for which primary data could not be collected by the deadline have been excluded.
- Our procurement guidelines include, "Awareness of our social responsibilities, such as preserving resources and protecting the environment." In addition, one of the environmental goals for environmental management systems (EMS) is "increasing the percentage of procured eco-friendly products," so we are asking our vendors to cooperate with us by supplying eco-friendly products.

Supply Chain Emissions Accounting Results (%)



### □ Tasks to account for supply chain emissions

- Expanding data boundaries.
- Creating a system to efficiently collect and account for primary data.

### □ For those starting to account for supply chain emissions

- Specify the categories that are applicable to your business.
- Clarify the accounting methodologies and boundaries for each applicable category.
- The categories and their impact will differ greatly depending on your industry and business format. It is necessary to gain an overall understanding of the potential emissions from your business activities by using the accounting methods in Scope 1, Scope 2 and Scope 3, and then construct a framework for reducing them.

□ The eight categories that we accounted for in this project.

| Category  | Accounting methods  |   |
|---|---|---|
|   | Activity data   | Emission factor   |
| Category 2: Capital goods   | <ul style="list-style-type: none"> <li>Capital investment amount</li> </ul>   | <ul style="list-style-type: none"> <li>Emission factor per capital investment amount</li> </ul>   |
| Category 3: Fuel and energy related activities not included in Scope 1 or 2 | <ul style="list-style-type: none"> <li>Fossil fuel usage</li> <li>Electricity usage</li> </ul>  | <ul style="list-style-type: none"> <li>Emission factor per fossil fuel amount used</li> <li>Emission factor per electricity used</li> </ul> |
| Category 5: Waste generated in operations                                   | <ul style="list-style-type: none"> <li>Volume of waste by type</li> </ul>   | <ul style="list-style-type: none"> <li>Emission factor by type of waste</li> </ul>  |
| Category 6: Business travel   | <ul style="list-style-type: none"> <li>Transportation expenses paid by means of transportation</li> </ul>   | <ul style="list-style-type: none"> <li>Emission factor per transportation expense amount</li> </ul>   |
| Category 7: Employee commuting  | <ul style="list-style-type: none"> <li>Commuting expenses paid by means of transportation</li> </ul>  | <ul style="list-style-type: none"> <li>Emission factor per commuting expense amount</li> </ul>  |
| Category 8: Leased assets (upstream)  | <ul style="list-style-type: none"> <li>Energy usage at leased facilities</li> </ul>   | <ul style="list-style-type: none"> <li>Emission factor per fossil fuel amount used</li> <li>Emission factor per electricity used</li> </ul> |
| Category 13: Leased assets (downstream)                                     | <ul style="list-style-type: none"> <li>Energy usage at facilities that are owned and leased to other parties</li> </ul>                                     | <ul style="list-style-type: none"> <li>Emission factor per fossil fuel amount used</li> <li>Emission factor per electricity used</li> </ul> |
| Category 15: Investments  | <ul style="list-style-type: none"> <li>Of the Scope 1 and 2 emissions at companies invested in, the emissions by the percentage of shares owned.</li> </ul> |   |