1 Nankai Electric Railway Co., Ltd.

	Companies' approach
☐ **Background and purpose of accounting**	• To make it widely known that railway transportation services are "environmentally-friendly vehicles" which are more energy-efficient and produce lower CO_2 emissions than automobiles, we need to collect data and calculate Scope 3 emissions, first, for our company as accurately as possible, thereby reducing our CO_2 emissions across the entire supply chain. • We also expect that capturing and understanding our emissions across the entire supply chain will allow us to consider any claims of avoided emissions.
☐ **Utilization of accounting results**	• Of all 15 Categories, we need to identify and understand which category involves higher CO_2 emissions (we have singled out Category 2 as our largest source of emissions), thereby seeking to pursue effective environmental management in terms of supply chain emissions. • Of all Group companies, we need to sort out those companies having refined their own accounting results from those failing to refine theirs, and will accordingly encourage and guide the latter companies for improvement or correction of their incorrect data provided on emissions or usage.
☐ **Benefits of accounting**	• As our Group companies as a whole are getting involved in accounting for Scope 3 emissions, we will be able to have them understand that environmental management itself can be helpful for not only CO_2 emissions reduction, but also directly for corporate management. • We hope we can convince our employees, with actual figures, of our environmental commitment. • By accounting for and then communicating our Scope 3 emissions, we will be able to show to the public that railway companies' approach to environmental management has been very progressive.
☐ **Internal system for accounting**	• The Environmental Promotion Department undertakes all the tasks of supply chain emissions accounting. • Basic data collected and compiled by the relevant departments/divisions are reported directly to the environmental department above. The Group Operations Department asks our Group companies to report on activity data related to their business operations. After receiving relevant data from all group companies wherever possible (limited to subsidiaries, and excluding indirectly-owned subsidiaries and affiliated companies to which the equity method is applicable), then the environmental department organizes and uses those data to account for our supply chain emissions.

	Companies' approach
☐ **Efforts to reduce supply chain emissions**	• By extending the scope to include the whole Group, beyond the boundaries of our company's own operations, we have created greater potential opportunities for emissions reduction. • Our approach is to collect data separately from those business companies relevant to each Category, wherever possible, and we will be considering reduction measures to be taken by individual business companies. To reduce the workload for each Group company, the task of accounting has been undertaken mostly by the Environmental Promotion Department based on information released, such as securities reports.
☐ **Issues in supply chain emissions accounting**	• Depending on Categories, the number of Group companies within the boundaries of our accounting varies and has yet to be unified. • Even for emissions under Category 2 (Capital goods), our largest source of CO2, we can only know the amount of capital investment at present, being unable to refine the relevant data. • For emissions under Categories 6 (Business travel) and 7 (Employee commuting), our current calculations are based on the number of employees and more detailed data are needed. • For emissions under Category 1 (Purchased goods and services), our current calculations only cover supplies expenses and clothing expenditure, and therefore our "purchased goods and services" within the boundaries have yet to be fully and completely included.
☐ **Other remarks**	• Following our recent supply chain emissions accounting, we are considering any possible claims of "avoided emissions" through the use of services our company provides. • More specifically, we are exploring and considering any claims of avoided emissions through promoting the modal shift to railway transportation which is commonly seen as involving lower CO2 emissions than automobiles. As a driver for such a modal shift, we are looking to include, for the purpose of our emissions accounting, any possible avoided emissions through sales promotion activities for our unique "special tickets" our company is offering as a convenient and money-saving service. • To name an example, our company Nankai is selling special tickets in partnership with LCC carriers arriving in and departing from Kansai International Airport, and those intended for visitors to KOYASAN, through which we are exploring any possible avoided emissions.

Nankai Electric Railway Co., Ltd.

Category	Accounting methods	
	Activity data	**Emission factor**
Category 1: Purchased goods and services	• (37 companies of the group) Amount of goods purchased by way of online purchasing systems (in terms of value amount of purchases, by type)	• 3EID-based emission factor
Category 2: Capital goods	• (37 companies of the group) Amount of money of capital goods procured in the last FY	• Emission factor per amount of money of capital goods (4.2tCO2 / mil. yen)
Category 3: Fuel and energy related activities not included in Scope 1 or 2	• (32 companies of the group) Electricity and fuel energy usage	• Emission factor per energy used (electricity: 0.0354 kgCO2/kwh, or fuel)
Category 4: Transportation and delivery (upstream)	• N/A	• N/A
Category 5: Waste generated in operations	• (32 companies of the group) Weight of waste discharged, by type	• Emission factor by waste type
Category 6: Business travel	• (38 companies of the group) Number of employees (permanent)	• Emission factor per employee
Category 7: Employee commuting	• (38 companies of the group) Number of employees (permanent)	• Emission factor per employee
Category 8: Leased assets (upstream)	• (11 companies of the group) Amount of electricity used by leased offices or fuel used by leased cars	• Emission factor per energy used, by use of buildings
Category 9: Transportation and delivery (downstream)	• N/A	• N/A
Category 10: Processing of sold products	• N/A	• N/A
Category 11: Use of sold products	• (1 company) Number of single-family houses / condominiums sold by our company itself in the last FY x Annual average power usage (5.06 t/unit)	• "CO2 emissions from the use of residential houses (Greenhouse Gas Inventory Office of Japan, GIO) applied
Category 12: End-of-life treatment of sold products	• N/A	• N/A
Category 13: Leased assets (downstream)	• (8 companies of the group) Floor area of leased properties (business offices)	• Emission factor per energy used, by use of buildings • Emission factor per area, by use of buildings
Category 14: Franchises	• N/A	• N/A
Category 15: Investments	• (37 companies of the group) Total number of shares of investment destinations owned by our group companies	• Of Scope 1 and 2 emissions from investee companies, by investment, our emissions allocated are built up according to the investment ownership ratio.

Accounting results