1　Hitachi Transport System, Ltd.

	Companies' approach
☐ **Background and purpose of accounting**	• To identify categories throughout our supply chain that we need to focus on by calculating CO_2 emissions for each category and to explore specific CO_2 reduction measures based on the data.
☐ **Utilization of accounting results**	The results are utilized to: • pursue and adopt effective emission reduction measures throughout the supply chain; and • provide data that are published via our website and annual reports.
☐ **Benefits of accounting**	The accounting enables us to: • clarify emissions for each category throughout the supply chain and identify and focus on improvement areas; and • respond to requests from external parties to disclose our environmental data.
☐ **Internal system for accounting**	• The Green Logistics Promotion Department in the Head Office gathers and calculates the data.

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	Companies' approach
☐ **Efforts to reduce supply chain emissions**	We are committed to: • pursuing specific measures to reduce Category 1 emissions, which account for about 70% of the total, and actively implementing such measures for improvement; and • gradually introducing emission reduction measures for other categories as well—particularly ones in which significant reduction effects can be expected.
☐ **Issues in supply chain emissions accounting**	• The scope of accounting is broad and the workload is high. We need to explore and adopt more efficient data gathering and accounting methods. • There is also a need to increase the accuracy of data gathered for each category in order to effectively reduce CO_2 emissions.
☐ **Other**	• As for this year's accounting, we have excluded Categories 8, 9, 10, 14, and 15 as they are irrelevant to our business.

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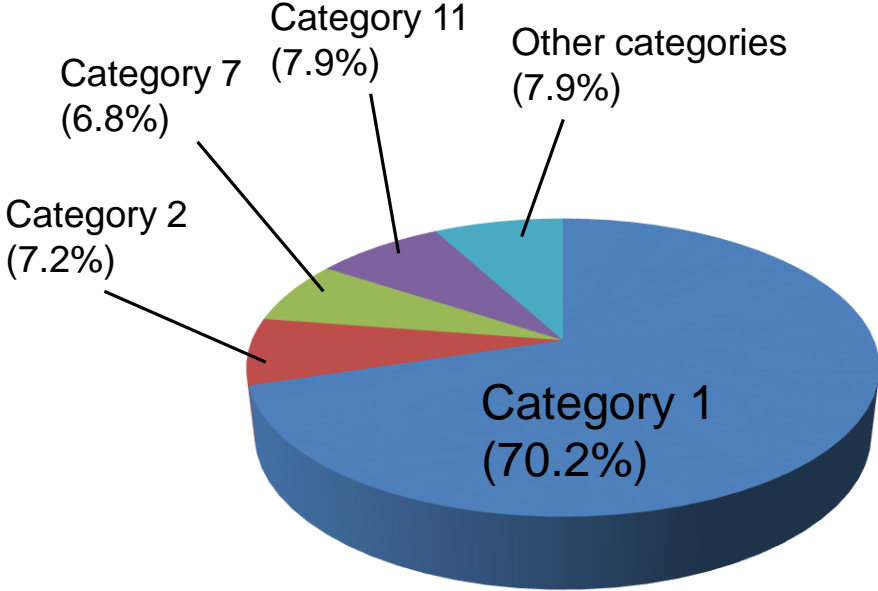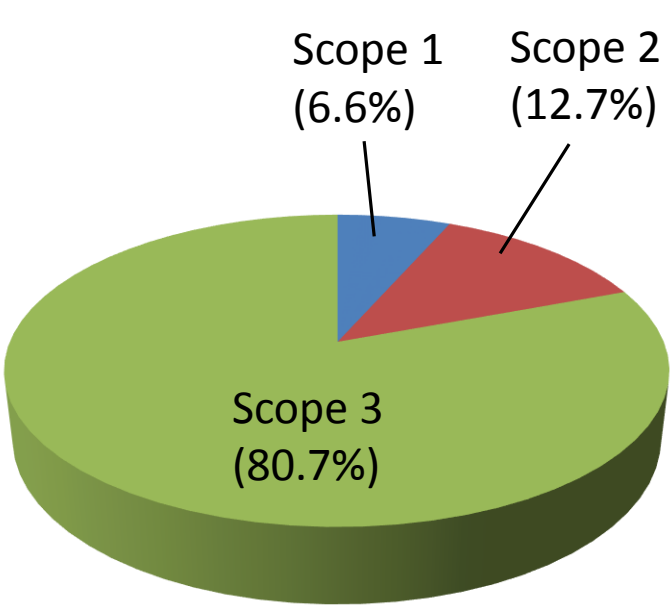| Category	Accounting methods	
	Activity data	**Emission factor**
Category 1: Purchased goods and services	• Emissions of outsourced transport operations (truck, train, ship) • Value of packaging materials purchased • Value of goods and services purchased • Number of vehicles for sale procured	• Trucks: Not used (estimated by the fuel consumption method) • Trains and ships: Emissions per unit of transportation expenses • Packaging materials, goods and services: Emissions per unit of purchase value • Procurement of vehicles for sale: Emissions per unit number of vehicles procured
Category 2: Capital goods	• Amount of capital investment	• Emissions per unit price of capital goods
Category 3: Fuel and energy related activities not included in Scope 1 or 2	• Amounts of electricity and fuel used	• Emissions per unit amount of fuel (by type) and electricity used
Category 4: Transportation and delivery (upstream)	• Emissions during the delivery of vehicles for sale procured	• Not used (estimated by the ton-kilometer method)
Category 5: Waste generated in operations	• Amount of waste generated by type	• Emissions per unit amount of waste generated by type
Category 6: Business travel	• Transportation expenses	• Emissions per unit of transportation expenses based on the transportation classification in the database of emissions unit values
Category 7: Employee commuting	• Commuting transportation expenses paid	• Emissions per unit by means of transport
Category 8: Leased assets (upstream)	• Accounted for in Scopes 1 and 2	—
Category 9: Transportation and delivery (downstream)	• N/A	—
Category 10: Processing of sold products	• N/A	—
Category 11: Use of sold products	• Emissions from the use of vehicles sold	• Not used (estimated by the fuel consumption method)

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Category	Accounting methods	
	Activity data	**Emission factor**
Category 12: End-of-life treatment of sold products	• Volume of waste of packing materials purchased • Volume of waste of vehicles sold	• Emissions per unit volume of waste of packing materials by type • Emissions per unit weight of waste
Category 13: Leased assets (downstream)	• Emissions from the use of vehicles leased	• Not used (estimated by the fuel consumption method)
Category 14: Franchises	• N/A	—
Category 15: Investments	• N/A	—
Other	• Excluded as this is an optional category	—

Note: Emission factors are adopted from Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.4) and CFP Communication Program Basic Database Ver. 1.01.

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Accounting results

- Supply chain emissions (FY 2016)

Scope 1
(6.6%)

Scope 2
(12.7%)

Scope 3
(80.7%)

Category 7
(6.8%)

Category 11
(7.9%)

Other categories
(7.9%)

Category 2
(7.2%)

Category 1
(70.2%)

■ Emissions throughout the supply chain

■ Scope 3 emissions by category