

1 Hitachi Capital Corporation

	Companies' approach
□ Background and purpose of accounting	<ul style="list-style-type: none"> • Background : We, Hitachi Capital set in our Mission “to be conscientious of the global environment and aim to become a ‘Social Values Creating Company’ that provides new values to realize social development and richer life for the people”. We also set “Eco and energy related business” as our group common strategy of FY2018 Mid-Term Management Plan Highlights with focus on the creation (by renewable energy generation) and conservation of energy (by sales finance to contribute energy saving). • Purpose of accounting : To clarify the Company’s own risks and opportunities against Climate Change and set Mid- and Long-term target to reduce group global total CO2 emissions.
□ Utilization of accounting results	<ul style="list-style-type: none"> • Clarify the priority of category to reduce CO2 emissions. • Enhance the Company’s global commitment by setting SBT satisfied target.
□ Benefits of accounting	<ul style="list-style-type: none"> • Clarify the social contribution volume to reduce CO2 emissions.
□ Internal system for accounting	<ul style="list-style-type: none"> • Calculated by Management Office of Environmental Promotion Committee with related business sector and financial sector with excel spreadsheet. • Plan to Using IT system after identify how to calculate in globally and third-party verification.

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Companies' approach

□ Efforts to reduce supply chain emissions

- Category 2 (Capital Goods) (that shares 91.8% of our Scope 3 emissions)
Improve the burden with collaborating equipment suppliers.
- Category 7(Employee commuting): Promoting to reduce via remote office as a part of work life innovation.

□ Issues in supply chain emissions accounting

- Out of scope for Regarding Category 13 (Leasing assets downstream):
Customer choose the goods and the financial tools by leasing or installment purchase of the goods, and the Company cannot manage to reduce environmental burden.
- Consistency of overseas status quo of waste generated in operations, business travel. And employee commuting.

□ Other

- Establish global EMS with the environmental related information fundamentals to realize reliably to reduce environmental burden and achieve the target.

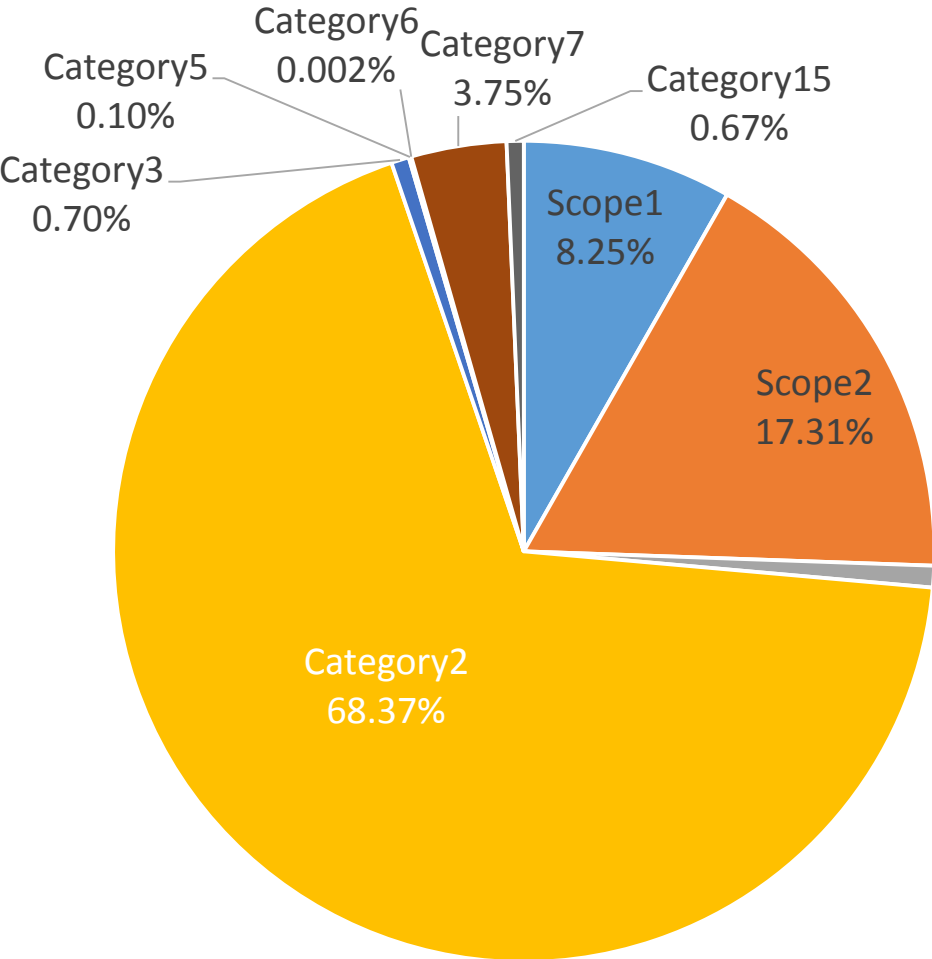
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Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> Use of paper 	<ul style="list-style-type: none"> Emission factor based on inter industry table (with paper volume)
Category 2: Capital goods	<ul style="list-style-type: none"> Fiscal capital goods price of equipment related to solar/wind power generation system Fiscal capital goods price of other internal office equipment 	<ul style="list-style-type: none"> Emission factor for capital goods price
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> Volume of energy usage 	<ul style="list-style-type: none"> CFP Communication Program Basic Database
Category 5: Waste generated in operations	<ul style="list-style-type: none"> Volume of waste per its category/treatment 	<ul style="list-style-type: none"> Emission factor based on category and waste
Category 6: Business travel	<ul style="list-style-type: none"> The number of employees 	<ul style="list-style-type: none"> Emission factor based on the number of employees
Category 7: Employee commuting	<ul style="list-style-type: none"> The number/total working day of employees in each region 	<ul style="list-style-type: none"> Emission factor of employees total working hours based on commuting area and working style
Category 15: Investments	<ul style="list-style-type: none"> Floor are of invested building 	<ul style="list-style-type: none"> Emission factor based on invested of purpose of building and floor area

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Accounting results

- Supply chain emissions



Category	Volume of CO ₂ Emission (t-CO ₂ e)
Scope 1	2,738
Scope 2	5,749
Category 1: Purchased goods and services	283
Category 2: Capital goods	22,704
Category 3: Fuel and energy related activities not included in Scope 1 or 2	233
Category 5: Waste generated in operations	33
Category 6: Business travel	1
Category 7: Employee commuting	1,245
Category 15: Investments	223