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Hitachi Transport System, Ltd.

	Companies' approach
① Background and purpose of accounting	<ul style="list-style-type: none"> To identify categories throughout our supply chain that we need to focus on by calculating CO₂ emissions for each category and to explore specific CO₂ reduction measures based on the data.
② Utilization of accounting results	<p>The results are utilized to:</p> <ul style="list-style-type: none"> pursue and adopt effective emission reduction measures throughout the supply chain; and provide data that are published via our website and Integrated Report.
③ Benefits of accounting	<p>The accounting enables us to:</p> <ul style="list-style-type: none"> 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.
④ Internal system for accounting	<ul style="list-style-type: none"> The Sustainability Promotion Department in the Head Office gathers and calculates the data.

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	Companies' approach
⑤ Efforts to reduce supply chain emissions	<p>We are committed to:</p> <ul style="list-style-type: none"> • pursuing specific measures to reduce Category 1 emissions, which account for about 65% 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.
⑥ Issues in supply chain emissions accounting	<ul style="list-style-type: none"> • 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 CO₂ emissions.
⑦ Other	<ul style="list-style-type: none"> • 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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Hitachi Transport System, Ltd.

Category	Accounting methods ※Accounting period : Apr 2020 - Mar 2021	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Amount of capital investment 	<ul style="list-style-type: none"> Emissions per unit price of capital goods
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> Amounts of electricity and fuel used 	<ul style="list-style-type: none"> Emissions per unit amount of fuel (by type) and electricity used
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> Emissions during the delivery of vehicles for sale procured 	<ul style="list-style-type: none"> Not used (estimated by the ton-kilometer method)
Category 5: Waste generated in operations	<ul style="list-style-type: none"> Amount of waste generated by type 	<ul style="list-style-type: none"> Emissions per unit amount of waste generated by type
Category 6: Business travel	<ul style="list-style-type: none"> Transportation expenses 	<ul style="list-style-type: none"> Emissions per unit of transportation expenses based on the transportation classification in the database of emissions unit values
Category 7: Employee commuting	<ul style="list-style-type: none"> Commuting transportation expenses paid 	<ul style="list-style-type: none"> Emissions per unit by means of transport
Category 8: Leased assets (upstream)	<ul style="list-style-type: none"> Accounted for in Scopes 1 and 2 	—
Category 9: Transportation and delivery (downstream)	<ul style="list-style-type: none"> N/A 	—
Category 10: Processing of sold products	<ul style="list-style-type: none"> N/A 	—
Category 11: Use of sold products	<ul style="list-style-type: none"> Emissions from the use of vehicles sold 	<ul style="list-style-type: none"> Not used (estimated by the fuel consumption method)

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Category	Accounting methods ※Accounting period : Apr 2020 - Mar 2021	
	Activity data	Emission factor
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> Volume of waste of packing materials purchased Volume of waste of vehicles sold 	<ul style="list-style-type: none"> Emissions per unit volume of waste of packing materials by type Emissions per unit weight of waste
Category 13: Leased assets (downstream)	<ul style="list-style-type: none"> Emissions from the use of vehicles leased 	<ul style="list-style-type: none"> Not used (estimated by the fuel consumption method)
Category 14: Franchises	<ul style="list-style-type: none"> N/A 	—
Category 15: Investments	<ul style="list-style-type: none"> N/A 	—
Other	<ul style="list-style-type: none"> Excluded as this is an optional category 	—

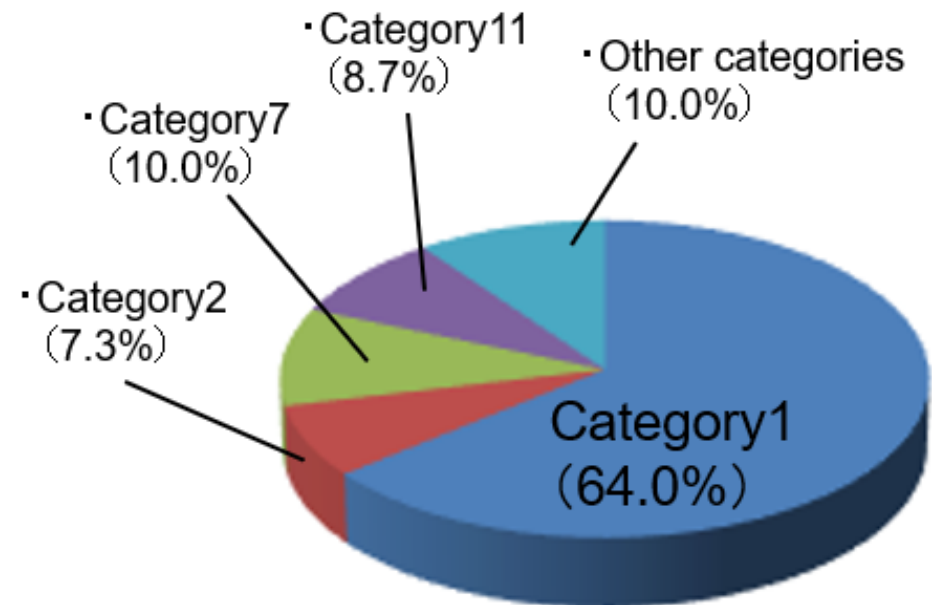
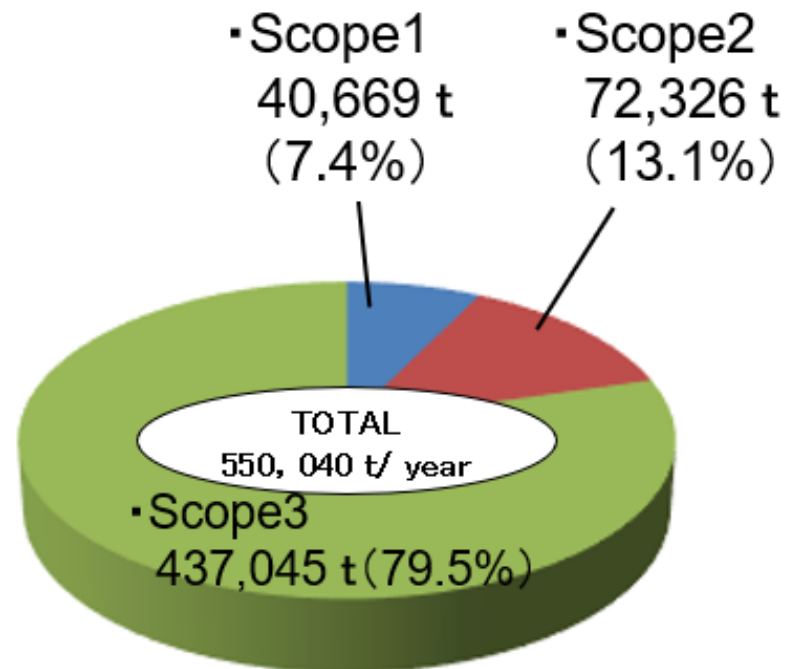
Note: Emission factors are adopted from Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 3.1) and IDEA (Inventory Database for Environmental Analysis) Database Excel version (for supply chain greenhouse gas emission calculation).

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Supply chain emissions : Accounting results

Supply chain emissions (FY 2020)



■ Emissions throughout the supply chain

■ Scope 3 emissions by category