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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 annual reports.
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 Green Logistics 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 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.
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 : April 2017 - March 2018	
	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 : April 2017 - March 2018	
	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 	—

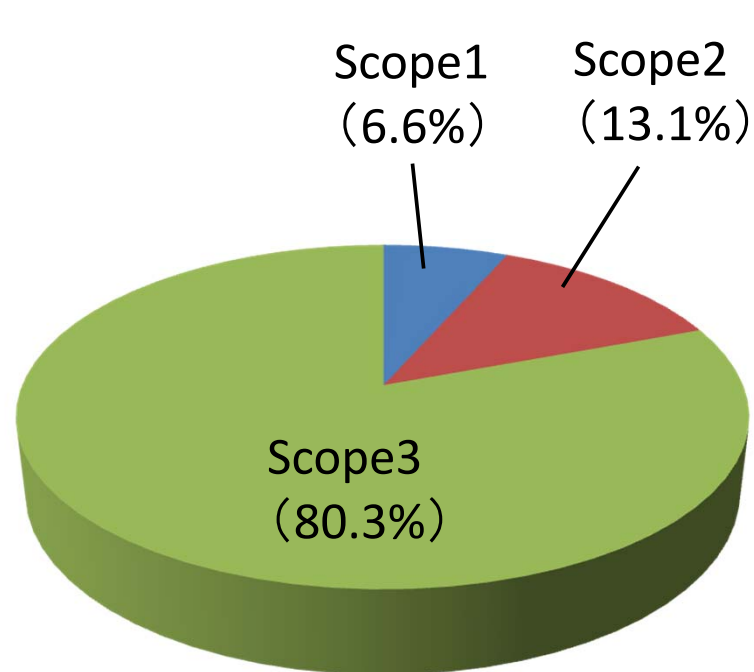
Note: Emission factors are adopted from Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.4) and CFP Communication Program Basic Database Ver. 1.01.

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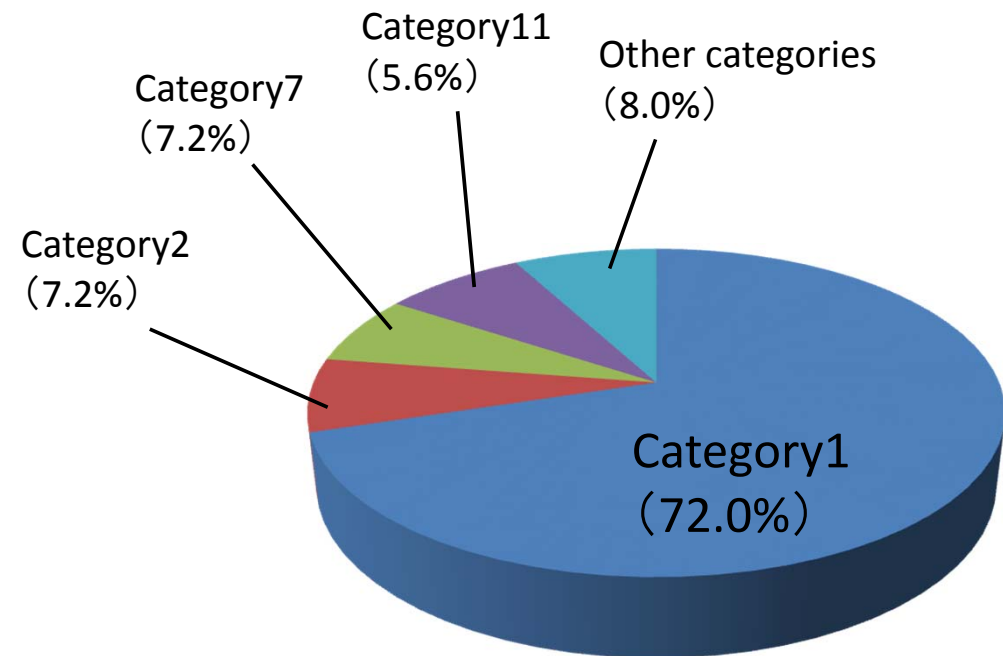
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Supply chain emissions : Accounting results

- Supply chain emissions (FY 2017)



■ Emissions throughout the supply chain



■ Scope 3 emissions by category