

## 1

## Sagawa Express CO.,LTD.

	Companies' approach
① <b>Background and purpose of accounting</b>	<ul style="list-style-type: none"> <li>• In the context of the growing need to account for and report GHG emissions across the entire supply chain as part of corporate social responsibility, our company has undertaken the task of calculating our CO2 emissions from subcontracted transportation and a variety of internal business activities.</li> <li>• We consider it essential to grasp the current situation through calculation, in order to set specific targets, consider reduction measures, and promote initiatives.</li> </ul>
② <b>Utilization of accounting results</b>	<ul style="list-style-type: none"> <li>• We disclose information to stakeholders through ESG data books and websites.</li> <li>• The balance of total supply chain emissions is grasped, and targets are set and measures are taken in consideration of reduction potential and cost.</li> </ul>
③ <b>Benefits of accounting</b>	<ul style="list-style-type: none"> <li>• By providing information to subcontractors being part of our supply chain, we will be able to promote better understanding and cooperation between our company and these partners, thereby implementing emissions reduction more effectively.</li> <li>• Disclosure of information leads to greater accountability to stakeholders.</li> <li>• This will improve environmental awareness within the company.</li> <li>• Environmental communication with others is boosted.</li> </ul>
④ <b>Internal system for accounting</b>	<ul style="list-style-type: none"> <li>• The CSR Promotion Division of the CSR Promotion Department organizes and uses those data collected and managed by the relevant departments and divisions at Headquarters to account for our supply chain emissions.</li> </ul>

## 2

## Sagawa Express CO.,LTD.

	Companies' approach
⑤ <b>Efforts to reduce supply chain emissions</b>	<ul style="list-style-type: none"> <li>The accounting results have found that the proportion of Category 1 emissions, resulting mostly from subcontracted transportation, to our total supply chain emissions is very large. For this reason, as we promote further modal shift or more efficient transportation in the future, it will be possible for us to reduce carbon emissions across the entire supply chain.</li> </ul>
⑥ <b>Issues in supply chain emissions accounting</b>	<ul style="list-style-type: none"> <li>The fact that our Category 1 emissions represent a large proportion may have resulted in less visible effects of measures taken to reduce emissions under other Categories.</li> <li>Even if and when a subcontractor adopts Environmentally - friendly Vehicles, we currently have no access to accurate data related to that. Therefore, such reduction efforts or measures will not be able to be incorporated into the numerical data.</li> <li>As for the part of Scope 3, which is calculated based on the purchase price, there is a contradiction that CO2 emissions will increase if a product with a high unit price (environmentally friendly, etc.) is selected for purchase.</li> </ul>
⑦ <b>Other</b>	<ul style="list-style-type: none"> <li>To ensure the validity and transparency of the accounting, we received third party verification.</li> </ul>

## 3

## Sagawa Express CO.,LTD.

Category	Accounting methods ※Accounting period : April 2021 - March 2022	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> <li>Amount of goods and services purchased by our company itself</li> <li>Volume of subcontracted transportation (subcontracted mainline transportation and pickup/delivery services)</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per amount of money of procurement</li> <li>Emission factor per energy used or amount of subcontract</li> </ul>
Category 2: Capital goods	<ul style="list-style-type: none"> <li>Amount of assets capitalized in the fixed asset register</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per amount of money</li> </ul>
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> <li>Fuel and electricity usage (upstream)</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor per energy used, by type</li> </ul>
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> <li>Accounted for under Scope 1</li> </ul>	
Category 5: Waste generated in operations	<ul style="list-style-type: none"> <li>Amount of waste discharged, by type</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor by waste type</li> </ul>
Category 6: Business travel	<ul style="list-style-type: none"> <li>Transportation expenses paid</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor by mode of transportation</li> </ul>
Category 7: Employee commuting	<ul style="list-style-type: none"> <li>Urban category of place of work, number of working days, and number of employees</li> </ul>	<ul style="list-style-type: none"> <li>Emission factor by urban category of place of work</li> </ul>
Category 8: Leased assets (upstream)	<ul style="list-style-type: none"> <li>Accounted for under Scope 1</li> </ul>	
Category 9: Transportation and delivery (downstream)	<ul style="list-style-type: none"> <li>Accounted for under Scope 1</li> </ul>	
Category 10: Processing of sold products	<ul style="list-style-type: none"> <li>There are no activities relevant to processing of sold products</li> </ul>	
Category 11: Use of sold products	<ul style="list-style-type: none"> <li>There are no CO2 emissions associated with use because sold products (to be used) are packaging materials including cardboard</li> </ul>	

## 4

## Sagawa Express CO.,LTD.

Category	Accounting methods      ※Accounting period : April 2021 - March 2022	
	Activity data	Emission factor
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"><li>Volume of packaging materials, of our own design, that we handled</li></ul>	<ul style="list-style-type: none"><li>Emission factor per waste disposed of, by material (incineration*)</li></ul> <p>* A disposal method is unknown, and therefore whichever has more factors is used for conservative estimation.</p>
Category 13: Leased assets (downstream)	<ul style="list-style-type: none"><li>have no relevance</li></ul>	
Category 14: Franchises	<ul style="list-style-type: none"><li>There are no relevant franchises</li></ul>	
Category 15: Investments	<ul style="list-style-type: none"><li>Not calculated because we are not an investment company, a financial service providing company, and the applied enterprise provided</li></ul>	
Other	<ul style="list-style-type: none"><li>Not calculated because it is an option category</li></ul>	
Emission factor database (for reference) <ul style="list-style-type: none"><li>Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver.3.2)</li><li>LCI database IDEAv2 (for calculating supply chain GHG emissions)</li><li>Accounting and Reporting System/List of Emission Factors</li></ul>		

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# Sagawa Express CO.,LTD.

## Supply chain emissions : Accounting results

■ Proportion of supply chain emissions (FY2021)

