

Company thinking

□ Background and purpose for accounting

- Questions from outside sources regarding supply chain emissions have been increasing in recent years from CDP, DJSI, the Nikkei "Environmental Management" survey, GRI-G4 (Global Reporting Initiative, 4th edition), etc.
- Because our corporate group is involved in "urban development business," we have a strong influence on how people live, and we must minimize our negative influences on society, including through our supply chain.
- These calculations are conducted to determine which parts of the company are producing large greenhouse gas emissions and what we can do. To this end, we shall include part of the supply chain in the accounting and our comprehension.

□ Utilization of accounting results

- We plan to reply to domestic and foreign surveys, such as CDP, DJSI and the Nikkei Environmental Management survey.
- In the future, we shall disclose the accounting results for GRI-G4 items on our web site in order to show that we are a leading company when it comes to the environment.
- We believe that internal use is the most important aspect, and we shall use the results as criteria for continuous implementation of reduction efforts. (We shall consider accounting methods that are suited for our internal organization and the state of our activities in order to increase the range and accuracy of future calculations, and to achieve more detailed accounting and reduction plans.)

□ Advantages of accounting

- We were able to mostly clarify the reduction potential in the supply chain. (We were mostly able to comprehend the scale of our supply chain emissions, and some of the areas in the supply chain that can be reduced were specified.)

□ Internal accounting organization

- Data is collected from the related internal departments and the CSR & Environmental Sustainability Department at the head office is in charge of overall compilation.
- Specifically, various data related to our office leasing business was collected from the Building Management Segment and business trip and commuting expenses were collected from the Personnel Department. In addition, capital goods data (capital investment amounts) was collected from the Building Development Segment.

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<p><input type="checkbox"/> To reduce supply chain emissions</p>	<ul style="list-style-type: none"> • We are making efforts to reduce CO₂ emissions in building development, leasing and management work, and we are also reducing emissions based on design and construction proposals from construction subcontractors and design companies. • During new construction of large buildings and refurbishment of existing buildings, we are implementing measures to reduce CO₂ emissions by promoting energy saving in the office usage phase. • In order to reduce the environmental load within our entire supply chain, it is necessary to increase the consciousness of all employees involved in making communities and not only those involved in constructing, managing and maintaining buildings. • We are also taking a multifaceted approach by including activities such as preservation of biodiversity, promoting urban greenery and utilizing forest resources that are not directly related to reduction of CO₂ emissions.
<p><input type="checkbox"/> Tasks to account for supply chain emissions</p>	<ul style="list-style-type: none"> • We have completed accounting of our core business which is leasing real estate and which also accounts for the highest percentage of our total emissions, and have confirmed the future tasks and problems. (We have confirmed the areas that we can control and their scale of emissions and the important tasks for 15 categories.) • Other businesses that also have a large affect must be targeted for focused reductions.
<p><input type="checkbox"/> For those starting to account for supply chain emissions</p>	<ul style="list-style-type: none"> • Do not try to make highly accurate calculations for all categories, but rather make the main goal to understand the overall scale of emissions and find the reduction potential for all areas. Also, use the currently available data to gain an understanding of the categories that have a strong affect on society. • With respect to categories with a strong affect, improve the cooperation with related internal departments in a phased and continuous way, collect more detailed data, and set the reduction goals and activities.

Category	Accounting methods	
	Activity data	Emission factor
<ul style="list-style-type: none"> Category 1: Purchased goods and services 	<ul style="list-style-type: none"> Main procured items for the building leasing business (procured amount) 	<ul style="list-style-type: none"> Carbon footprint basic DB
<ul style="list-style-type: none"> Category 2: Capital goods 	<ul style="list-style-type: none"> Capital investment amount 	<ul style="list-style-type: none"> Ministry of the Environment DB (Emission factor per capital goods price)
<ul style="list-style-type: none"> Category 3: Fuel and energy related activities not included in Scope 1 or 2 	<ul style="list-style-type: none"> Fuel, electricity and steam energy usage 	<ul style="list-style-type: none"> Emission factor per energy amount
<ul style="list-style-type: none"> Category 4: Transportation and delivery (upstream) 	<ul style="list-style-type: none"> Procured amount x Transport distance 	<ul style="list-style-type: none"> Emission factor per ton-km
<ul style="list-style-type: none"> Category 5: Waste generated in operations 	<ul style="list-style-type: none"> Emissions by waste type 	<ul style="list-style-type: none"> Emission factor by waste type and processing method
<ul style="list-style-type: none"> Category 6: Business travel 	<ul style="list-style-type: none"> Transportation expenses paid 	<ul style="list-style-type: none"> Emission factor per transportation expenses paid
<ul style="list-style-type: none"> Category 7: Employee commuting 	<ul style="list-style-type: none"> Transportation expenses paid 	<ul style="list-style-type: none"> Emission factor per transportation expenses paid
<ul style="list-style-type: none"> Others 	<ul style="list-style-type: none"> Electricity usage when holding events (Annual Marunouchi illumination: Managed by Mitsubishi Estate Building Management Co., Ltd.) (However, CO₂ emissions from power used for the illuminations is offset by using the Green Electricity Certificate for carbon offsetting.) * Mitsubishi Estate Building Management Co., Ltd.; To be renamed Mitsubishi Jisho Property Management Co., Ltd. from April 2014 after undergoing management restructuring. 	<ul style="list-style-type: none"> Emission factor per 1 KWh of electricity