

Companies' approach	
<p>□ Background and purpose of accounting</p>	<ul style="list-style-type: none"> • 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 impacts 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 have decided to include part of the supply chain in our accounting to account for and comprehend our supply chain emissions.
<p>□ Utilization of accounting results</p>	<ul style="list-style-type: none"> • We plan to reply to domestic and foreign surveys, such as CDP, DJSI and the Nikkei Environmental Management survey. • In the future, we will 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 will use the results as criteria for continuous implementation of reduction efforts. (We will discuss and 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.)
<p>□ Benefits of accounting</p>	<ul style="list-style-type: none"> • 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 identified.)
<p>□ Internal system for accounting</p>	<ul style="list-style-type: none"> • 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.

Companies' approach

□ Efforts to reduce supply chain emissions

- 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.
- When we construct new large buildings and refurbish existing buildings, we have been implementing measures to reduce our CO2 emissions by promoting energy saving during use as offices.
- 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.

□ Issues in supply chain emissions accounting

- We have completed the task of accounting for our emissions from the real-estate leasing business which is our core and also accounts for the highest percentage of our total emissions, and have identified future issues and problems. (For our emissions under all 15 categories, we have identified those areas that we could control and their scale of emissions, and then priority issues.)
- Other businesses that have a large impact must be targeted for focused reductions.

□ For those starting to account for supply chain emissions

- 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 impact, 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
Category 1: Purchased goods and services	<ul style="list-style-type: none"> Main goods procured for the building leasing business (in terms of quantity amount of purchases) 	<ul style="list-style-type: none"> Carbon footprint basic DB
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)
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
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
Category 5: Waste generated in operations	<ul style="list-style-type: none"> Amount of waste discharged, by type 	<ul style="list-style-type: none"> Emission factor by type and disposal method of waste
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
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
Category 11: Use of sold products	<ul style="list-style-type: none"> Amount of energy used by those office buildings scheduled to be sold 	<ul style="list-style-type: none"> Energy used for buildings owned by our company, in terms of CO2 equivalent