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NTT FACILITIES, INC.

	Company thinking
<p>□ Background and purpose for accounting</p>	<ul style="list-style-type: none"> ● This accounting helps us understand emissions from our supply chain by visualizing proportion of emissions by category, which we expect to prioritize categories that we should focus on, and then develop various actions to reduce emissions. ● In response to requests from our stakeholders to disclose Scope 3 data, we perform this accounting to foster understanding on our environmental activities with a hope to receive better recognition, while ensuring our accountability.
<p>□ Utilization of accounting results</p>	<ul style="list-style-type: none"> ● By understanding and evaluating our efforts over time, we can use the results to clarify effects from emission reductions and as a basis in setting goals in future. ● We use the results as a reference to respond to various questionnaires and surveys. ● We disclose the results through our websites and CSR reports, as a tool for communication with our stakeholders.
<p>□ Advantages of accounting</p>	<ul style="list-style-type: none"> ● This accounting illustrates emission patterns for entire supply chain and for each category (including “not applicable” ones), which clarify areas that we should focus on to take emission reductions (status analysis). ● This accounting provides corporate risk management and business opportunities. ● We release the accounting results as a way of communication regarding our proactive stance on the environment, which will facilitate stakeholders’ understanding. ● By enhancing credibility and transparency of data to disclose, the company will receive higher evaluation from our stakeholders.
<p>□ Internal accounting organization</p>	<ul style="list-style-type: none"> ● Our CSR promotion office conducts accounting in a collective manner, aggregating data collected from relevant divisions.

Company thinking

❑ To reduce supply chain emissions

- We will carry out actions mainly in the phases with large emissions. Based on assessment of meaning and appropriateness to reduce emissions, we will set goals (through PDCA cycle) toward continuous improvements as what we do for Scope 1 & 2 emissions.

❑ Tasks to account for supply chain emissions

- Accounting should be more efficient and automated, as data aggregation and accounting practice require enormous workload.
- Reviews or refinements are needed for activity data, emission factor and accounting method, as we used a lot of assumptions.
- Because we used a lot of assumptions, effects of emission reductions in supply chain are not necessarily reflected in Scope 3 emissions.
- Considering increase of Scope 3 emissions along with business growth, we need to review our policies such as target setting, etc.

❑ Other comments (optional)

- Suggestions to those who wish to perform supply-chain emissions:
 - [1] clarify background, purpose and benefit to perform Scope 3 emissions accounting;
 - [2] estimate approximate emissions by using emission factors (visualizing current status);
 - [3] perform accounting for each category that is relevant to your business (focusing on coverage, while clarifying reasons for no-relevant items/categories);
 - [4] prioritize areas you focus on to take emission reduction actions, and improve accuracy of accounting;
 - [5] consider to establish a consistent accounting approach which allows comparisons over time. (principle of consistency)

Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> Amount of products and services purchased by type 	<ul style="list-style-type: none"> Emission factor database Ver. 2.1
Category 2: Capital goods	<ul style="list-style-type: none"> Amount of capital investment 	<ul style="list-style-type: none"> Emission factor database Ver. 2.1
Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	<ul style="list-style-type: none"> Energy consumption from use of electricity and gas, etc. 	<ul style="list-style-type: none"> Emission factor database Ver. 2.1 Basic DB for the CFP program
Category 4: Upstream transportation and distribution	<ul style="list-style-type: none"> Ton-kilometer for logistics (reported values for energy saving) 	<ul style="list-style-type: none"> Data from the Ministry of Land, Infrastructure, Transport and Tourism
Category 5: Waste generated in operations	<ul style="list-style-type: none"> Waste generation by type of waste 	<ul style="list-style-type: none"> Emission factor database Ver. 2.1
Category 6: Business travel	<ul style="list-style-type: none"> Travel expense that the company owes 	<ul style="list-style-type: none"> Emission factor database Ver. 2.1 Data from the Ministry of Land, Infrastructure, Transport and Tourism
Category 7: Employee commuting	<ul style="list-style-type: none"> Commutation expense that the company owes 	<ul style="list-style-type: none"> Emission factor database Ver. 2.1 Data from the Ministry of Land, Infrastructure, Transport and Tourism
Category 8: Upstream leased assets	<ul style="list-style-type: none"> Zero, as fuel and electricity used in leased assets are accounted in Scope 1 or 2 emissions. 	<ul style="list-style-type: none"> —
Category 9: Downstream transportation and distribution	<ul style="list-style-type: none"> Not included in the boundary, as most of emissions for this category is from in-house logistics and facilities (accounted in Scope 1 or 2) or entrusted transportation (accounted in Category 4). 	<ul style="list-style-type: none"> —
Category 10: Processing of sold products	<ul style="list-style-type: none"> Zero, as we do not operate processing of interim products. 	<ul style="list-style-type: none"> —
Category 11: Use of sold products	<ul style="list-style-type: none"> Electricity consumption of product sold 	<ul style="list-style-type: none"> Emission factor by electricity generator
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> Waste generation by type of product sold 	<ul style="list-style-type: none"> Emission factor database Ver. 2.1
Category 13: Downstream leased assets	<ul style="list-style-type: none"> Zero, as we do not operate leasing business. 	<ul style="list-style-type: none"> —
Category 14: Franchises	<ul style="list-style-type: none"> Zero, as we do not operate franchise business. 	<ul style="list-style-type: none"> —
Category 15: Investments	<ul style="list-style-type: none"> Emissions from electricity generation business of company we invest in. 	<ul style="list-style-type: none"> Emission factor by electricity generator
Other	<ul style="list-style-type: none"> Not included in the boundary 	<ul style="list-style-type: none"> —

Accounting result

■ Accounting result including Scope 3

Scope、Category of emissions

		emissions (1000t-CO2)
Scope1 (Direct emissions)		2.6
Scope2 (Indirect emissions from the generation of purchased energy)		11.0
Scope3 (Indirect emissions that occur in the value chain)		2,115.4
1	Purchased goods and services	72.7
2	Capital goods	49.6
3	Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	2.4
4	Upstream transportation and distribution	0.02
5	Waste generated in operations	0.1
6	Business travel	0.5
7	Employee commuting	1.8
8	Upstream leased assets	0.0 ※1
9	Downstream transportation and distribution	Not included in the boundary ※2
10	Processing of sold products	0.0 ※3
11	Use of sold products	104.8
12	End-of-life treatment of sold products	0.02
13	Downstream leased assets	0.0 ※4
14	Franchises	0.0 ※5
15	Investments	1,883.5

*1 Zero, as fuel and electricity used in leased assets are accounted in Scope 1 or 2 emissions.

*2 Not included in the boundary, as most of emissions for this category is from in-house logistics and facilities (accounted in Scope 1 or 2) or entrusted transportation (accounted in Category 4).

*3 Zero, as we do not operate processing of interim products

*4 Zero, as we do not operate leasing business.

*5 Zero, as we do not operate franchise business.