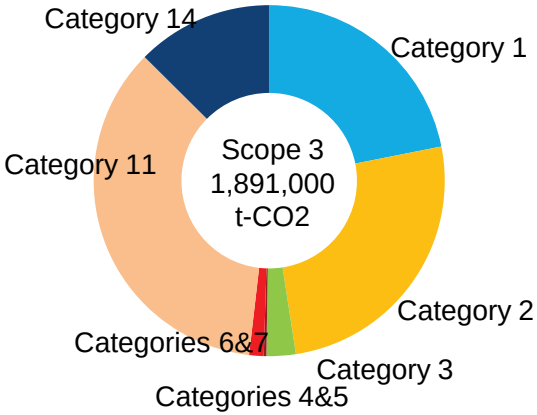
1 NTT Communications Corporation

	Companies' approach
Background and purpose of accounting	• Scope 3 is becoming a global standard for accounting for emissions of greenhouse gases in corporate activity supply chains, so that questions regarding Scope 3 efforts from clients and external assessment organizations are becoming more common. Therefore, we have been seeking to answer such questions correctly. • We now understand that efforts to reduce the environmental load through the entire supply chain are important to preserve the global environment.
Utilization of accounting results	• With regard to accounting results, they will be used to answer external surveys and to disclose information in our CSR reports. We will also use the results to show that we are a leading company when it comes to the environment. • By identifying those Categories that involve higher CO2 emissions, we will be investigating major emission sources, and then planning and implementing measures for emissions reduction.
Benefits of accounting	• In addition to gaining a quantitative understanding of the greenhouse gas emissions in our entire supply chain and to know the important sources of emissions, it will also become possible for us to make efforts in reducing emissions and reducing costs. • By capturing and understanding our GHG emissions across the entire supply chain, we will be able to respond promptly to inquiries from outside the company, which can greatly contribute to our environmental branding.
Internal system for accounting	• Using data collected from environmental WG members and the relevant departments/divisions, at home and abroad, of the NTT Communications Group, the Environmental Protection and CSR Office of our company has finally undertaken the task of supply chain emissions accounting, mostly based on publicly available information such as reported financial results. • In order for us to regularly collect information, we will be improving our internal system.

NTT Communications Corporation

	Companies' approach
☐ **Efforts to reduce supply chain emissions**	• We will seek to comprehend the greenhouse gas emissions from the entire supply chain, set the categories in which to make reduction efforts and their goals, and consider and implement reduction measures. • Currently, we are making efforts to reduce greenhouse gas emissions by establishing the "Green Procurement Guidelines" and "Energy-saving Performance Guidelines" to encourage the purchase of products with low environmental loads and using teleconferencing and video-conferencing in place of making business trips. • We have included the level of awareness concerning environmental preservation measures in assessing suppliers, and have asked our subcontractors to make their businesses more efficient, to take energy-saving measures, and to reduce power usage.
☐ **Issues in supply chain emissions accounting**	• Because it is difficult for us to collect emissions data by the buildup method, we are using the accounting values in the emission factor database provided by the Ministry of the Environment, however, we would like to increase use of the buildup method. • Because there is a lack of emission factor that can be used for supply chain activities at overseas offices, these must be added.
☐ **For those starting to account for supply chain emissions**	• By knowing the greenhouse gas emissions from the corporate activities of your entire supply chain, you will gain a greater understanding of the importance of promoting environmental load reduction activities in your own company and throughout society. Therefore, the first and important thing is to know.
☐ **Other remarks**	• We, at the NTT Communications Group, have been committed to solving a variety of social challenges by use of our “seamless ICT solutions.” More specifically, by enabling “reduced flows of people and goods and also more efficient businesses,” we can help reduce energy usage, contributing to CO2 emissions reduction in society as a whole.



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Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	• Procurement amount and human operations related to providing products and services	• Production emission factor per procured product amount and emission factor per total floor area
Category 2: Capital goods	• Procurement amount of capital goods	• Emission factor per capital goods amount
Category 3: Fuel and energy related activities not included in Scope 1 or 2	• Electricity usage	• Emission factor per energy amount
Category 4: Transportation and delivery (upstream)	• Amount of fuel used for the transportation of Category 1 products and by us as the cargo owner	• Emission factor per fuel
Category 5: Waste generated in operations	• Amount of waste discharged, by type	• Emission factor by waste type
Category 6: Business travel	• Number of employees	• Emission factor per means of transportation
Category 7: Employee commuting	• Number of employees	• Emission factor per means of transportation
Category 8: Leased assets (upstream)	• Electricity used is included in Scope 1 or 2.	-
Category 9: Transportation and delivery (downstream)	• Not relevant	-
Category 10: Processing of sold products	• Not relevant	-
Category 11: Use of sold products	• Number of products sold (OCN)	• Emission factor per manufacture and usage
Category 12: End-of-life treatment of sold products	• To be calculated in the future	• To be calculated in the future
Category 13: Leased assets (downstream)	• Not relevant	-
Category 14: Franchises	• Operations at sales agents	• Emission factor per total floor area
Category 15: Investments	• Not relevant	–

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The NTT Communications Group has accounted for GHG emissions within a total set of relevant 9 Categories, out of the 15 Categories for Scope 3, mostly based on the Emission Factor Database researched by the Ministry of the Environment and other relevant ministries/agencies.

Category		Amount of emissions (t-CO2)	
Upstream	Category 1: Purchased goods and services	413,600	1,890,500
	Category 2: Capital goods	485,600	
	Category 3: Fuel and energy related activities not included in Scope 1 or 2	50,900	
	Category 4: Transportation and delivery (upstream)	4,000	
	Category 5: Waste generated in operations	500	
	Category 6: Business travel	13,600	
	Category 7: Employee commuting	11,600	
	Category 8: Leased assets (upstream)	-	
Downstream	Category 9: Transportation and delivery (downstream)	-	
	Category 10: Processing of sold products	-	
	Category 11: Use of sold products	673,200	
	Category 12: End-of-life treatment of sold products	-	
	Category 13: Leased assets (downstream)	-	
	Category 14: Franchises	237,400	
	Category 15: Investments	-	

Categories 8&13: Excluded here from accounting because emissions from fuel used at leased assets is accounted for in Scope 1.
Category 9: Not relevant
Category 10: Not relevant because intermediate products we sold are not to be processed.
Category 12: To be calculated in the future
Category 15: Not relevant