

	Companies' approach
<p>❑ Background and purpose of accounting</p>	<ul style="list-style-type: none"> • 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.
<p>❑ Utilization of accounting results</p>	<ul style="list-style-type: none"> • 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.
<p>❑ Benefits of accounting</p>	<ul style="list-style-type: none"> • In addition to gaining a quantitative understanding of the greenhouse gas emissions in our entire supply chain and it will also become possible for us to make efforts in reducing emissions. • We will be able to respond promptly to inquiries from outside the company, relating to Scope 3 emissions , which can greatly contribute to our environmental branding.
<p>❑ Internal system for accounting</p>	<ul style="list-style-type: none"> • 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.

Companies' approach

<p>□ Efforts to reduce supply chain emissions</p>	<ul style="list-style-type: none"> • Category 1, 2, and 11 emissions occupy the majority of the supply chain emissions. • In order to reduce CO2 emissions in the production phase and transportation, we established “Energy Efficiency Guidelines” etc. and have been approaching on procuring high energy-efficient products. • As an evaluation criteria, we confirmed to the suppliers, the initiatives towards environmental conservation, energy-saving measures, operational efficiency, and so on, and we made requests for energy saving.
<p>□ Issues in supply chain emissions accounting</p>	<ul style="list-style-type: none"> • 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 factors that can be used for supply chain activities at overseas offices, these must be added.
<p>□ For those starting to account for supply chain emissions</p>	<ul style="list-style-type: none"> • 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.
<p>□ Other remarks</p>	<ul style="list-style-type: none"> • 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.

Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> Purchase amount of equipment and human operations related to providing products and services 	<ul style="list-style-type: none"> Production emission factor per purchased product amount *2 Emission factor per total floor area*3
Category 2: Capital goods	<ul style="list-style-type: none"> Purchase amount of transmission equipment 	<ul style="list-style-type: none"> Emission factor per purchased amount*2
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> Electricity usage 	<ul style="list-style-type: none"> Emission factor per energy amount*2
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> Amount of fuel used for the transportation of Category 1 products and by us as the cargo owner 	<ul style="list-style-type: none"> Emission factor per fuel*4
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 waste type*2
Category 6: Business travel	<ul style="list-style-type: none"> Number of employees 	<ul style="list-style-type: none"> Emission factor per means of transportation*5
Category 7: Employee commuting	<ul style="list-style-type: none"> Number of employees 	<ul style="list-style-type: none"> Emission factor per means of transportation*5
Category 8: Leased assets (upstream)	<ul style="list-style-type: none"> Electricity used is included in Scope 1 or 2. 	-
Category 9: Transportation and delivery (downstream)	<ul style="list-style-type: none"> Not relevant*1 	-
Category 10: Processing of sold products	<ul style="list-style-type: none"> Not relevant*1 	-
Category 11: Use of sold products	<ul style="list-style-type: none"> Sales volume (OCN・VPN*) 	<ul style="list-style-type: none"> NTT Group database (Calculations by communication service LCA) Environmental Efficiency Assessment Guidelines for ICT Services
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> Sales volume (OCN・VPN*) 	

Category	Accounting methods	
	Activity data	Emission factor
Category 13: Leased assets (downstream)	<ul style="list-style-type: none"> Not relevant*1 	-
Category 14: Franchises	<ul style="list-style-type: none"> Operations at sales agents 	<ul style="list-style-type: none"> Emission factor per total floor area*6
Category 15: Investments	<ul style="list-style-type: none"> Not relevant*1 	-
Other	<ul style="list-style-type: none"> Calculations are ignored, because it is an option category 	

*1 The reason for not relevant is mentioned in the next page

*2 Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver.2.0)

*3 NTT Group standard emission factors per total floor space

*4 In reference to input-output table for the environment analysis related to logistics 2005 (National Institute for Environmental Studies), input-output table 2005 (Ministry of Internal Affairs and Communications)

“Trends of transportation volume and CO2 emissions etc. per means of transportation (Ministry of Land, Infrastructure, Transport and Tourism)”

*5“Person Trip Survey (Ministry of Land, Infrastructure, Transport and Tourism)”, NTT Group emission factors

*6 Tokyo Government Ordinance for Environmental Security, emission factors for trade

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-CO ₂)	
Upstream	Category 1: Purchased goods and services	508,000	3,681,000
	Category 2: Capital goods	573,000	
	Category 3: Fuel and energy related activities not included in Scope 1 or 2	65,000	
	Category 4: Transportation and delivery (upstream)	5,000	
	Category 5: Waste generated in operations	0	
	Category 6: Business travel	14,000	
	Category 7: Employee commuting	12,000	
	Category 8: Leased assets (upstream)	-	
Downstream	Category 9: Transportation and delivery (downstream)	-	
	Category 10: Processing of sold products	-	
	Category 11: Use of sold products	2,313,000	
	Category 12: End-of-life treatment of sold products	11,000	
	Category 13: Leased assets (downstream)	-	
	Category 14: Franchises	81,000	
	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 calculated, because we outsourced delivery (downstream), and the results are included in category 4.

Category 10: Not relevant because intermediate products we sold are not to be processed.

Category 15: Not calculated, because our operations do not provide financial services.

Accounting results ratio

