

The Task Force on Climate-related Financial Disclosures (TCFD)

November 2022

Governance

Our Group governance framework supports effective decision-making and the execution of our strategy. The integrated Risk and Sustainability function is led by the Chief Risk and Sustainability Officer, who is a member of the NTT Ltd. Executive Leadership Team.

The Sustainability Executive Committee, chaired by the CEO, meets quarterly, and oversees the execution of our sustainability strategy and plans.

The Sustainability Operations Committee, chaired by the SVP for Sustainability, meets monthly to develop, and monitor execution plans, and to ensure organization-wide integration.

Each region and division meet monthly to execute their plans for their respective areas.

In line with other business agendas, sustainability-related matters are reported directly to the CEO and CFO through the company's Quarterly Business Review process. Sustainability updates are published on the company website annually.

Strategy

Climate change is fundamental to our business strategy, which is underpinned by our Sustainability Ambition and public commitments. Our sustainability strategy is informed by a materiality matrix that focuses our efforts on the most significant issues that affect our planet as well as our business and stakeholders.

We have considered a qualitative scenario analysis for identifying climate-related risks and opportunities that are relevant for NTT Ltd. In the reporting years that follow, we will conduct a quantitative scenario analysis to estimate associated financial impact and implications.

We are currently considering the following risks and opportunities:

- **Transition risks** related to changing legislative, market and stakeholder expectations in the transition to a decarbonized society, including but not limited to:
 - Changing policy requirements
 - Internal and external carbon pricing
 - Changing client expectations and purchasing requirements
 - Attraction and retention of talent
 - Brand reputation
 - Volatile and increasing costs of energy
 - Demand–supply imbalance in sourcing renewable energy.

- **Physical risks** related to:
 - The resilience and business continuity capability of our data centers and network connectivity assets in increasingly hot environments and how they are affected by extreme weather phenomena
 - Disruption of our supply chain due to the growing frequency and impact of weather extremes
 - Lower productivity and reconstruction
 - Reinvestment
 - Replacement of capital assets

Transition opportunities in helping our clients mitigate their own climate-related risks using our solutions and services and improving the resilience and resource efficiency of our assets, infrastructure, operations, and supply chain.

Risk management

- We address climate-related risks and opportunities utilizing our Enterprise Risk Management framework.
- The NTT Ltd. board of directors has identified 13 principal risks considered to be of the greatest significance to NTT. These principal risks have the potential to materially and adversely affect the key value drivers or our brand and reputation, governance, financial performance, and operating efficiencies and effectiveness.
- Sustainability has been identified as a principal risk that can be mitigated by driving the adoption and implementation of business practices that support our sustainability goals to:
 - Be a responsible contributor to society
 - Drive sustainable business performance
 - Use technology to protect and restore the environment
- For sustainability as a principal risk, a risk owner is identified. In addition, a programmatic approach to mitigation is developed to facilitate the effective management of all risks and set out the implementation and reporting requirements and expectations of each our regions and service divisions.
- Risk reports are produced and presented to the Group Risk and Compliance Committee, which is a subcommittee of the Group Audit and Risk Committee. The assessment and management of sustainability-related risks is also subject to quarterly review by the Sustainability Executive Committee, which is chaired by the Group CEO and whose members are the Executive Leadership Team.

Metrics and targets

We launched our Sustainability Ambition in 2021, where we set public commitments that address climate change aligned with the 1.5-degree pathway (Paris Agreement) and the Science Based Targets initiative goal to achieve net-zero carbon emissions by 2050:

- Net-zero emissions across our operations (Scope 1 and 2) by 2030, and value chain (Scope 3) by 2040.
- 100% renewable energy in our data centers by 2030, and in our offices and facilities by 2035.
- Technology solutions focused on the protection and regeneration of biodiversity on every continent where we operate by 2025.
- Incorporate circular design by 2026 to reduce waste and carbon emissions.

We publicly report our Scope 1, 2 and Scope 3 greenhouse gas (GHG) emissions data, while also improving its quality and coverage.