

September 28, 2021

Company Name: Nippon Telegraph and Telephone Corporation
Representative: Jun Sawada, President and Chief Executive Officer
(Code No.: 9432, First section of Tokyo Stock Exchange)

**ANNOUNCEMENT OF TRANSFORMATION TO A NEW MANAGEMENT STYLE
AND OUR NEW ENVIRONMENT AND ENERGY VISION**

Nippon Telegraph and Telephone Corporation hereby announces “Transformation to a New Management Style and Our New Environment and Energy Vision”.

For more details, please see the attachment.

For further inquiries, please contact:

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Transformation to a New Management Style and Our New Environment and Energy Vision

September 28, 2021

Directionality of NTT Group's Transformation



Social/Economic Directionality

During a COVID-19 and Post-COVID-19 Society

Realization of a Well-Being Society

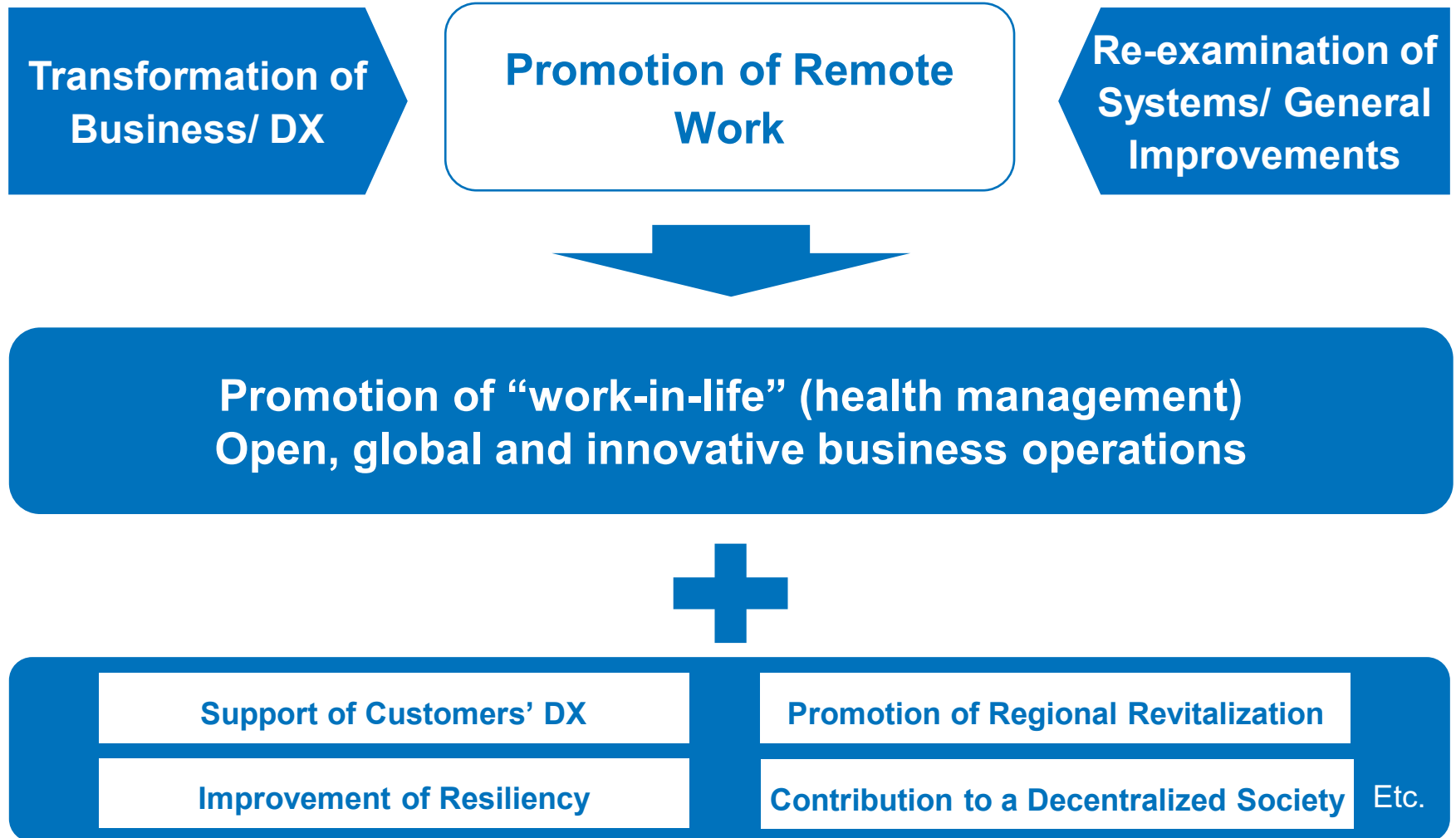
NTT Group's Directionality

A New Management Style Suitable for a Decentralized Network Society

Improvement of Corporate Value through ESG Initiatives

Contribution to the Achievement of a Sustainable Society

Transformation to a New Style Premised on Remote Work



Transformation to a New Management Style (2/4)



■ Transformation of Business/ DX

① Introduction of Cloud-Based Systems/ Zero-Trust Systems

Development of an IT environment that enables employees to work from anywhere

Completion in FY2022⁽¹⁾
Completion in FY2023⁽²⁾

(1) Staff and sales teams. (2) All.

② Automation/Standardization of Business Processes (Sales, Maintenance, Development, Etc.)

Promote the conversion into a Connected Value Chain that includes partner companies

Automated Processes
20 in FY2021⇒
Over 100 in FY2025

Expand customer reach through digital marketing (SMEs)

FY2025
Revenues: ¥140 billion

Contribute to the DX of society as a whole by offering the PF leveraged in our own DX to customers as well (Smart Infra Platform, etc.)

Completion in All
Ordinance-Designated
Cities in January 2023

③ Enhancement of Governance in Consideration of Conduct Risks

Identifying more than 170 risks and implementing measures such as building appropriate relationships with stakeholders, accurately managing the life cycle of services and other items, and improving crisis management capabilities

From FY2021

④ Promotion of Paperless Operations (Including Invoices/ Purchase Orders)

Paper usage of NTT Group to be reduced to zero in principle* (FY2020: 6,000t)

By 2025

■ Re-Examination of Systems/ General Improvements

⑤ Re-Examination of Systems to Promote Business Transformation/DX

Systematizing information security that is appropriate for remote work

Re-examination of the office environment (increase the amount of space per person in the office by 1.5x, and enhance the space for idea creation and co-creation)

From FY2022

Development of core personnel for promoting DX (advanced personnel for data utilization, etc.)

FY2023: 2,400 persons

⑥ Active Promotion of Women, External Personnel and Foreigners

Advancement of the promotion of female managers and directors
Expansion of various kinds of support and training programs

New Manager Appointments: 30% in FY2021

Managers: 15% in FY2025

Directors: 25-30% in FY2025

Active recruitment of foreigners and external personnel, and development of global management personnel (expansion of overseas personnel development program)

Mid-Career Hire Ratio*: 30% in FY2023

FY2025 Total Number: 200 persons

* External personnel

⑦ Introduction of Job-Based Personnel System (Released from Job Year-Based Placement)

Expansion of job-based personnel system for all managers

October 2021

Promotion of autonomous career development (personnel self-selection)

FY2022

■ Promotion of Work-in-Life, and Open, Global and Innovative Business Operations

⑧ Promotion of Work-in-Life (Health Management) through the Workplace-Residence Proximity

Employees' work will be premised on remote work, and they can choose their own workplace (no need for relocations and unaccompanied assignments, recruitment of remote-based employees, expansion of satellite offices, etc.)

FY2022
260 or more
locations*

Transformation from a “highly centralized organization” into an autonomous, decentralized “network-like organization”

From FY2022

* Satellite offices

⑨ Decentralization of the Organization (Including Head Officers and Back-Offices)

Decentralization of the organization from major metropolitan areas to regional areas (major urban areas)

From FY2022

Further acceleration of community-based regional revitalization businesses towards local primary industries

From FY2021

⑩ Promotion of the Development of Information Infrastructure

Promote regional urban development and the introduction of new social infrastructure development (IOWN introduction plan, etc.)

Contributing to the development of resilient infrastructure and disaster mitigation against increasingly large natural disasters

Addressing
Environmental Issues

Improving
Economic Growth

Paraconsistent

NTT **Green** Innovation toward 2040

Achieving Zero Environmental Impact and
Improving Economic Growth at the Same Time

Reduction of Environmental
Impact through Business
Activities

×

Creation of Breakthrough
Innovation

NTT is Innovating for a Sustainable Environment

2030

**80% Reduction in Greenhouse Gas Emissions
(compared to FY2013)**

**Mobile
(NTT DOCOMO)**

Data Centers

Carbon-Neutral

2040

Carbon-Neutral

- Targets of the Above Reduction Objectives
GHG Protocol: Scope 1 (our own direct greenhouse gas emissions) and Scope 2 (indirect emissions associated with the purchase of electricity, heat and steam that are provided by other companies)
Mobile :15 companies in the NTT DOCOMO Group (as of September 28, 2021)
- NTT Group's Reduction Target (Scope 1+2): Upgraded to SBT's 1.5 °C level

Towards the Achievement of Carbon Neutrality



- **Increased use of renewable energy:** Reduce greenhouse gas emissions by **45%**⁽¹⁾
- **Lower energy consumption with IOWN technologies:** Reduce greenhouse gas emissions by **45%**⁽²⁾

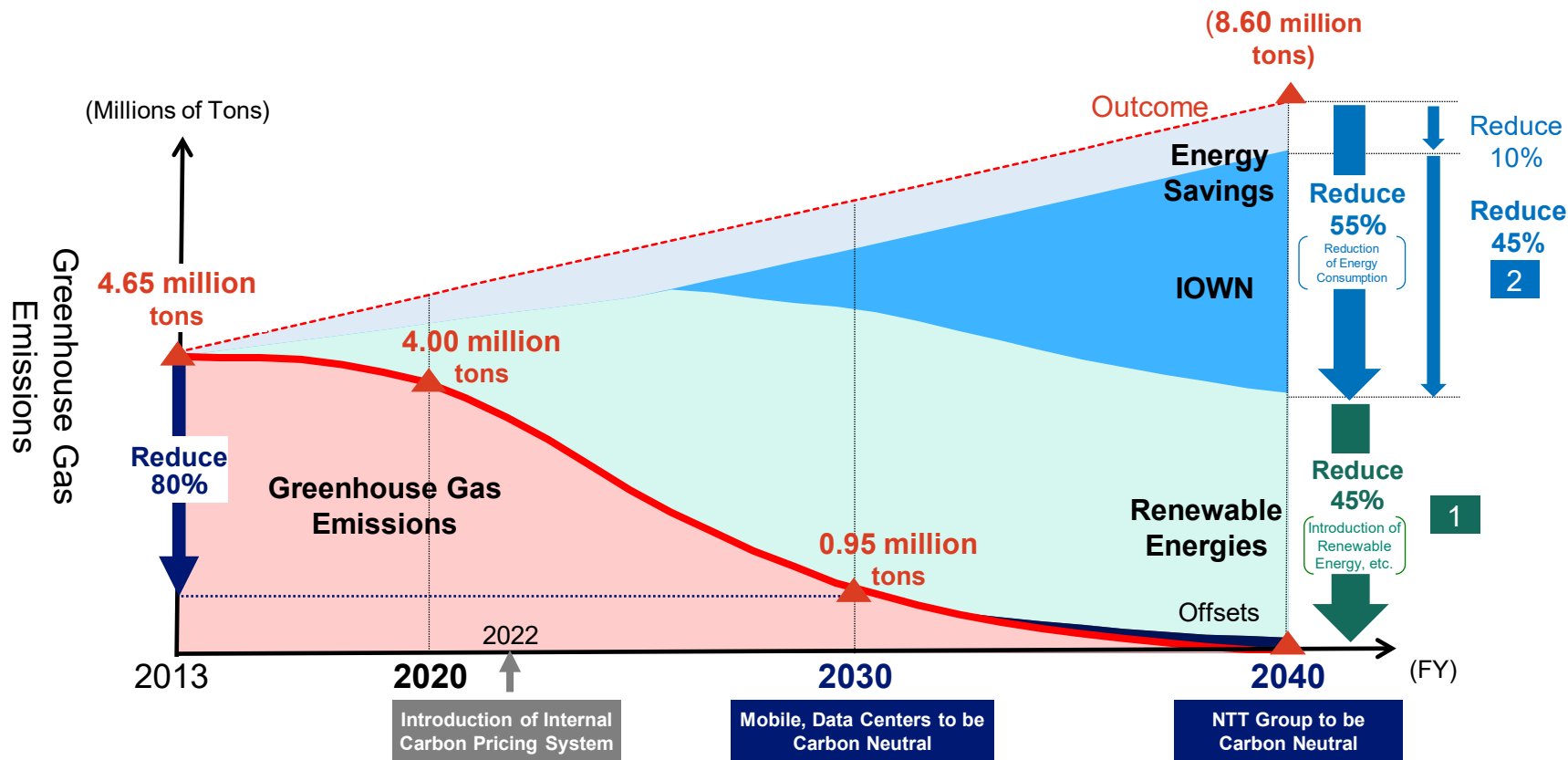


Illustration of NTT Group Greenhouse Gas Emission⁽³⁾ Reductions (Domestic + Overseas)

(1) Estimated Introduction of Renewable Energy (including actual renewable energy through Non-Fossil Fuel Certificates) → FY2020: 1.0 billion kWh; FY2030 to FY2040: around 7.0 billion kWh
 The introduction of renewable energy will have the optimal types of energy determined on the basis of each country's energy composition, etc. Approximately half of the domestic renewable energy usage is anticipated to be from energy sources owned by NTT (FY2030).

(2) Estimated Reduction of Energy Consumption through the Introduction of IOWN (Comparison to Outcome) → FY2030: (2.0) billion kWh ((15)%); FY2040: (7.0) billion kWh ((45)%
 Percentage of Introduction of IOWN (Photonics-electronics Convergence Technologies, etc.) out of Total Energy Volume → FY2030: 15%; FY2040: 45%

(3) GHG Protocol: for Scope 1 and 2

NTT's Contributions to Reducing Society's Environmental Impact



■ Expanding adoption of IOWN technologies from the telecommunications field into other industries

- Contribute to the **reduction of greenhouse gases⁽¹⁾** in Japan and the world
 - > Japan ⇒ Reductions: over 0.02 billion tons; Reduction Rate: over 4%
 - > World ⇒ Reductions: over 0.3 billion tons; Reduction Rate: over 2%
- Further **accelerate DX⁽²⁾** (e.g. of digital twin computing)
- Promote greenhouse gas reduction across the entire supply chain

■ Providing new services that contribute to carbon neutrality

■ Strengthening development and expanding introduction of NTT Group's Renewable Energy Plan

- Promotion of local energy production for local consumption

(1) Conditions for Reduction Estimates

- Target: beginning in FY2040
- Adoption Rate of IOWN for Electric Semiconductors, etc. (Photonics-electronics Convergence Technologies, etc.): approximately 50%
- CO₂ Emission Factor: Japan · · · 0.185kg-CO₂/kWh; World · · · 0.130kg-CO₂/kWh

(2) CO₂ Reduction Potential: approximately 50% (2030; Target: World, calculated based on GeSI and IEA estimates)

(Reference) NTT's Main Initiatives



Reduction of Environmental Impact through Business Activities

➤ Reducing society's environmental impact



- ✓ Further acceleration of DX and promotion of Remote World
- ✓ Promotion of regional urban development and the introduction of new social infrastructure development
- ✓ Promotion of greenhouse gas reduction across the entire supply chain
- ✓ Provision of new services that contribute to carbon neutrality
- ✓ Contribute to local production and consumption of energy, through smart grids based on battery farms
- ✓ Expansion of green electricity retail

Green by ICT

Contributions to Reducing Society's Environmental Impact

Creation of Breakthrough Innovation

➤ Creation of innovative environmental energy technology



- ✓ Use of 4D digital platform for future predictions / optimal use of urban assets*
- ✓ Optimal operation of fusion reactors (ITER/QST)
- ✓ Lightning charging
- ✓ Applied genome-editing technology for "Green" (Collaboration)

* Energy, transportation, logistics, etc.

Green of ICT

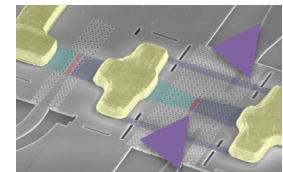
Reducing NTT's Own Environmental Impact

➤ Introduction of IOWN and Expansion of Renewable Energy



- ✓ Reduction of energy consumption through the introduction of IOWN
- ✓ Expansion of the development and usage of renewable energy
- ✓ Introduction of an internal carbon pricing system
- ✓ Issuance of green bonds

➤ Achievement of Ultra-Low Power Consumption



- ✓ Photonics-electronics Convergence Technologies (IOWN All Photonic Network)
- **Creation of Decentralized Technology**
- ✓ Photonic disaggregated computing
- ✓ Space integrated computing network

Effects and Impact of Initiatives



**Transformation to a New
Management Style
(Further Promotion of DX)**

**FY2023
Cost Reductions
over ¥200.0
billion**

**New Environment and
Energy Vision**

**FY2023
Minimal Impact
on Costs**

This document is a translation of the Japanese original. The Japanese original is authoritative.

The forward-looking statements and projected figures concerning the future performance of NTT and its subsidiaries and affiliates contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT in light of information currently available to it regarding NTT and its subsidiaries and affiliates, the economy and telecommunications industry in Japan and overseas, and other factors. These projections and estimates may be affected by the future business operations of NTT and its subsidiaries and affiliates, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the pricing of services, the effects of competition, the performance of new products, services and new businesses, changes to laws and regulations affecting the telecommunications industry in Japan and elsewhere, other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein, as well as other risks included in NTT's most recent Annual Securities Report and in any other materials publicly disclosed by NTT on its website.

* "FY" in this material indicates the fiscal year ending March 31 of the succeeding year.

Your Value Partner