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Remaining Trustworthy and Mission-oriented

Governance

Society expects companies to fulfill a wide range of responsibilities, from providing new value through products and services to maintaining a corporate culture of integrity and fairness. We will always place compliance at the foundation of our operations as a trusted corporate group.

To achieve sustainable corporate growth and continuously contribute to realizing a sustainable future, we are committed to practicing efficient governance and solid compliance across the Group. In particular, the trend toward remote interactions has heightened the importance of ensuring information security as a social concern, and we have been actively preventing problems and providing countermeasures. We will remain faithful to our corporate mission, core beliefs, and policies in order to ensure each and every employee takes action with a sense of responsibility and strive to establish corporate governance and compliance systems throughout the Group to construct an efficient, legally compliant, and ethical management foundation.

Up to the present and into the future, we will endeavor to realize solid governance and enhance corporate value as we continue to advance as a company that has earned the public's trust.

Targeted SDGs

Priority Activities

› 114 Thorough Compliance and Risk Management
› 122 Enhanced Value Chain Partnerships
› 128 Continuously Strengthening Information Security

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Priority Activities

Thorough Compliance and Risk Management

Our Approach

Under the NTT Group Corporate Ethics Policy, NTT Communications will not only adhere to laws and ordinances but will also engage in its daily operations with high ethical standards as a corporate group that retains the trust of all stakeholders, including customers, business partners, shareholders, and society as a whole. We promote compliance management across the NTT Communications Group by developing our compliance promotion framework centered on the Compliance Committee, disseminating top management messages, educating and training employees, and operating points of contact for internal reporting.

We also prepare against various business risks, including large-scale disasters, by establishing systems and mechanisms that enable us to effectively respond to risks in our business operations. This is done under the leadership of the Business Risk Management Committee and involves reviewing and revising risk identification, response policies, and countermeasures. In addition to improving Groupwide risk sensitivity and handling the risks that have materialized, these activities are intended to build a system for addressing environmental and social risks in the future through a concerted Group effort.

Main Achievements in Fiscal 2023 and Goals for the Coming Years

As part of our ongoing compliance efforts, we conduct annual compliance training. Attendance for the NTT Communications Group as a whole rose to 99.4% in fiscal 2023 from 99.1% in fiscal 2022, while the implementation rate for the corporate ethics survey conducted throughout the Group rose to 97.2% from 95.2% in fiscal 2022. We also conducted training to promote understanding of harassment and management for managers, project leaders, and others and to raise awareness of the importance of good communication and building favorable working environments. We will continue to work on establishing a compliance foundation with integrity to promote harmony and mutual understanding among employees and adapt to the new structure and processes.

In addition, we are striving Companywide to continuously enhance our risk management system. In fiscal 2023, we designated geopolitics, corporate governance, and information security as material risks. Regarding geopolitics, we strengthened our system to promote economic security, including response to geopolitical risks, and worked on formulating and implementing risk scenarios.With regard to corporate governance, we further strengthened proven efforts to establish a foundation for growing as the docomo business. As for information security, we continued to enhance our responses in such areas as operations and the supply chain, in light of the evolving business environment. We also held seminars on risk management in business operations for management and those in charge of daily operations. In fiscal 2024, we designated and will continue to focus on five key risk areas of changes in the geopolitical environment, occurrence of catastrophic disasters, promotion of the docomo business, impact of internal fraud on management, and sound AI implementation in business. We will also steadfastly enhance the effectiveness of risk management.

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Governance

With regard to compliance, under the Global Compliance Regulations, NTT Communications has the Compliance Committee, which is chaired by a senior executive vice president and supervises compliance promotion leaders and staff assigned to each unit and Group company. Under this framework, we consistently promote compliance management across the NTT Communications Group by disseminating top management messages on compliance, training employees, operating points of contact for internal reporting, and conducting internal audits to confirm and improve the ongoing initiatives at each Group company.

As for risk management, in accordance with the Risk Management Rules, we have established the Business Risk Management Committee, chaired by the senior executive president, to develop systems and mechanisms that enable us to effectively respond to risks. Each risk item, including material risks, is handled through a monthly Business Risk Management Subcommittee and regular exchanges of opinions with Group companies to implement a practical PDCA cycle for risk management by examining and analyzing the occurrence of risks and discussing countermeasures. In addition to improving Groupwide risk sensitivity and handling the risks that have materialized, these activities are intended to build a system for addressing environmental and social risks in the future through a concerted Group effort.

Furthermore, in June 2024 we assigned a chief risk officer (CRO), who is ultimately responsible for risk management, to address risk responses and crisis management with tighter integration across organizational boundaries.

Risk Assessment

Under the leadership of the Business Risk Management Committee, we annually determine risks, and we conduct an ongoing review and revision of response policies as business risks countermeasures, in light of changes in our surrounding business environment. We focus on the current status of internal and external risks as well as their impact and scope to identify risk items, and we make assessments according to their assumed frequency of occurrence and impact to determine material risks.

Strategy

Under the NTT Group Corporate Ethics Policy, in order to deal with increasingly complex compliance issues in Japan and overseas, NTT Communications will not only adhere to laws and ordinances but will also engage in its daily operations with high ethical standards as a corporate group that retains the trust of all stakeholders, including customers, business partners, shareholders, and society as a whole. We regard integrity as one of the NTT Group's abiding values and intend to establish a compliance infrastructure with solid integrity.

In the ever-evolving business environment, we are working to manage risks to contribute to the sustainable growth of the DOCOMO Group by appropriately addressing uncertain risk factors that may hinder the achievement of our business vision and business goals.

By constantly monitoring risk status and combining the medium-term cycle (selecting and assessing material risks, formulating response policies, and so forth) with the short-term cycle (taking timely action for each risk), we are preparing for potential risks and addressing those that have materialized.

KPIs and Targets

We have set KPIs for three main initiatives. The KPI for sharing high ethical standards and ensuring compliance is zero serious compliance violations, while the KPI for corporate culture for maintaining and improving business ethics is 97% of employees responding that their workplaces have an open atmosphere, and the KPI for continuously upgrading the risk management structure is promoting Companywide risk management.

P.019 For more information on KPIs, see "KPIs, Targets, and Outcome of Activities" in this report.

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Sharing High Ethical Standards and Ensuring Compliance

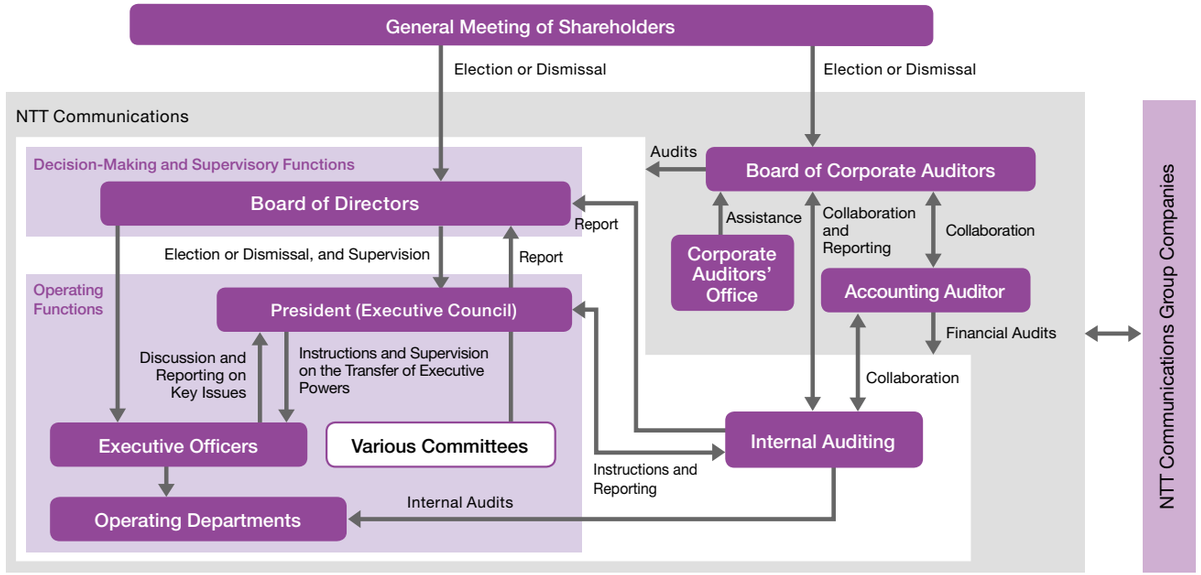
Corporate Governance

Corporate Governance Structure

NTT Communications has adopted a governance structure based on a system of Board of Directors and Board of Corporate Auditors and has assigned outside directors to bolster its governance functions. The board is chaired by the president and in principle meets once a month to make key management decisions in compliance with laws and regulations, the Articles of Incorporation, and the Board of Directors' rules.

We have set up an Internal Audit Department at the head office to conduct annual internal audits by selecting audit items based on the results of risk assessment to minimize or prevent management risks and boost corporate value. In addition to attending important meetings such as those of the Board of Directors, three auditors hold meetings of the Board of Corporate Auditors to audit the execution of directors' duties with an emphasis on confirming the legality and appropriateness of management decisions. A dedicated organization and staff facilitate efficient audit operations. The corporate auditors conduct their audits in close cooperation with accounting firms and the Internal Audit Department by periodically sharing information on audit plans and results.

[Corporate Governance Structure]



[Composition of Board Directors and Auditors (as of June 13, 2024)]

Main Item	Content
Chairman of the Board of Directors	Concurrently held by the president
Number of directors (including outside directors)	9 (1)
Number of auditors (including outside auditors)	3 (2)
Number of executive officers (including female officers)	23 (3)
Term of office of directors	Approx. 2 years
Term of office of auditors	Approx. 4 years

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Appointing Directors

Directors are appointed with the expectation that they will utilize their extensive knowledge and insight in their respective fields.

[Composition of Board Directors and Auditors (as of June 13, 2024)]

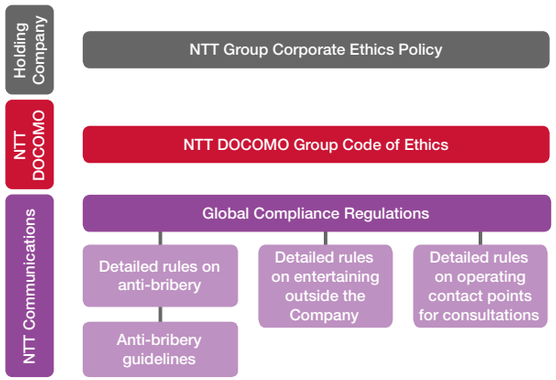
Position(s) / Organizational Responsibilities	Name
President Representative Member of the Board of the Company / CEO(Chief Executive Officer)	Katsushige Kojima
Senior Executive Vice President Representative Member of the Board of the Company / Head of Platform Service Division	Toshio Kanai
Senior Executive Vice President Representative Member of the Board of the Company / In charge of Sales CCXO(Chief Customer Experience Officer)	Akiko Kudo
Senior Executive Vice President Representative Member of the Board of the Company / In charge of Corporate & Group Management In charge of Global Business In charge of Innovation CAIO(Chief AI Officer) CTO(Chief Technology Officer) CIO(Chief Information Officer) CISO(Chief Information Security Officer) CRO(Chief Risk Officer)	Hiraku Otsuchi
Senior Vice President Member of the Board / Head of Corporate Planning	Shinya Okuzawa
Members of the Board	Masaaki Shintaku
	Ikuko Suzuki
	Kaoru Asakura
	Takeshi Fujita
Audit & Supervisory Board Members	Shuji Ota
	Masanori Ozawa
	Haruka Saito

Continuously Enhancing Compliance Activities as a Company Consistently Trusted by Society

Compliance Promotion Framework

The NTT Communications Group acts in accordance with the NTT Group Corporate Ethics Policy, established by Nippon Telegraph and Telephone Corporation and applied throughout the NTT Group, as well as the NTT DOCOMO Group Code of Ethics, established by NTT DOCOMO, Inc. and applied across the NTT DOCOMO Group. We maintain the relevant rules under the Global Compliance Regulations that serve as the standard compliance policy for the NTT Communications Group.

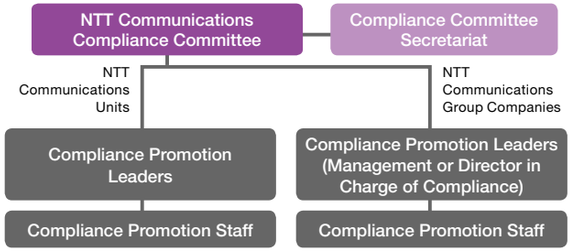
[Compliance Promotion Framework]



We also promote compliance led by the Compliance Committee, which is chaired by a senior executive vice president and supervises compliance promotion leaders and staff assigned to each unit and Group company.

The Compliance Committee, consisting of compliance promotion leaders (heads of each unit) of NTT Communications and presidents of each Group company, meets regularly every six months to provide a forum for sharing the status of reporting at internal points of contact and holding discussions on measures for establishing corporate ethics. The committee reports on the content of its discussions for each fiscal year to the Executive Council and Board of Directors of NTT Communications.

[Compliance Promotion Framework]



Looking ahead, even as we respond to regulatory changes in Japan and overseas and the evolving business environment, management and all Group employees will engage in ethical business practices and seek to strengthen the Group's compliance system worldwide.

For more information on the NTT Group Corporate Ethics Policy, see:
https://group.ntt/en/sustainability/governance/corporate-ethics/

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Awareness-raising Programs and Training for Thorough Compliance

To ensure thorough legal compliance and fair business activities, companies are required to implement ongoing awareness and training programs for employees and directors. The NTT Communications Group is actively pursuing internal awareness-raising activities through various programs including compliance training, and by conducting employee awareness surveys on corporate ethics, inviting entries for compliance slogans, and regularly providing information via the internal website.

Every year, we provide compliance training for all employees and directors. In fiscal 2023, we covered basic themes related to compliance with laws, Company rules, and social norms, such as ensuring fair competition, prohibiting bribery and excessive hospitality, and preventing harassment. We also addressed topics such as promoting fair sales activity, appropriate use of SNS, and adapting to the post-pandemic era. Attendance for the NTT Communications Group as a whole was 99.4%.

In fiscal 2024, we are continuing training on themes that address changes in the business environment, such as compliance with contracts and precautions to take when using generative AI. By enhancing content and increasing attendance, we are working to strengthen compliance management across the Group.

In light of the increasing importance of supply chain compliance, including enforcing legal compliance among subcontractors, we include a clause seeking compliance with guidelines such as the NTT Communications Corporation Guidelines for Sustainability in Supply Chain in our subcontracting agreements as part of an ongoing effort to ensure compliance across our operations, including the supply chain.

For more information on our procurement activities, see:
https://www.ntt.com/en/about-us/procurement.html

Initiatives for Preventing Corruption

To ensure compliance with the prevailing laws and regulations in Japan and overseas on preventing corruption, including bribery and bid-rigging, NTT Communications adheres to the Anti-Bribery Handbook compiled by its parent company Nippon Telegraph and Telephone Corporation, as well as its own internal rules, to prevent corruption.

We have stipulated detailed rules against bribery as well as prevention guidelines under the Global Compliance Regulations to clearly demonstrate we have proper measures in place to combat this concern, and we are determined to stringently address specific acts of bribery. As part of our Groupwide effort to prevent corruption, we follow procedures in various countries with regard to prior approval in cases where providing benefits to public officials are tolerated under law and examine the eligibility of agents and consultants hired to execute our operations. We also include prevention of corruption as a topic in our compliance training in an ongoing effort to raise awareness.

Furthermore, we are continuing to ensure fairness in operating our business by reviewing the rules on entertaining outside the Company, which was established in August 2021 in response to such factors as changes in the external environment.

Anti-competitive Behavior

NTT Communications complies with fair competition laws and regulations, such as the Antimonopoly Act, to maintain a fair competitive environment in its business activities. We specifically provide training and awareness-raising programs for employees engaged in sales activities for public organizations, covering bid-rigging, bidding practices that impair fairness, bribery, and other points to consider in public sales activities. Continuing our awareness-raising activities will draw greater attention to competition laws within the Company as we contribute to promoting fair and free market competition.

Appropriate Advertising

Telecommunication services such as the Internet and smartphones have become indispensable infrastructure for daily life and business. Moreover, these areas are undergoing rapid technological innovation in which the content, providers, contracts, and other aspects related to services used by customers are becoming increasingly sophisticated and diverse.

NTT Communications will create new value by proposing integrated solutions combining mobile, security, and managed services under the docomo business, our corporate business brand. and will provide these services to all types of customers, from large corporations to small and medium enterprises. In light of the evolution of the business environment, such as expanded service offerings and the rising number of customers, we are required to provide customers with more appropriate

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information and to display advertisements in an easy-to-understand manner. To this end, NTT Communications practices established operational procedures, including an accountability system related to advertisements and a screening system for advertising. At the same time, we continuously strive to ensure the proper display of advertisements that are easy to understand by reviewing our advertising screening system and business processes in light of the docomo business.

Initiatives on AI Ethics

With regard to artificial intelligence (AI), we are now observing the rapid spread of generative AI, represented by ChatGPT, alongside practical applications in such areas as automated driving and robotics. While AI brings various benefits along with remarkable technological progress, there is the risk it may become entangled with ethical issues such as discrimination and prejudice, legal concerns such as copyrights, and other problems such as information leakage. Under the NTT Communications Group Basic Policy on AI, formulated in April 2021 with the objective of ensuring the sound and reliable use of AI founded on an understanding of its possibilities and inherent risks, we have implemented risk assessments to ensure the sound application of AI in our service management and project management processes. And in July 2023, we composed the Guidelines for the Use of Generative AI.

For more information on the NTT Communications Group Basic Policy on AI, see:
https://www.ntt.com/en/about-us/cs/principle.html

Consultation Hotline

The NTT Group has established a common contact point for all Group companies for consultation and reporting with a reception by a law firm. The NTT Communications Group has also set up its own hotline for reporting and consulting on compliance issues and a contact point for consulting on human rights issues. We are fostering an open corporate culture by creating an environment that encourages employees to seek consultation and by swiftly and appropriately responding to their concerns and reports.

In fiscal 2023, a total of 103* incidents related to the NTT Communications Group (71 related to harassment, 24 to dissatisfaction in the workplace, 2 to labor, and 28 others) were reported through the channels described above. The Compliance Office responded appropriately to the reports based on the judgment of the chairperson of the Compliance Committee, and investigated the facts and obtained third-party expert opinions as required, prior to implementing the necessary actions to prevent recurrence.

We have been widely making announcements about the reporting and consultation desk through our website and training programs while operating it in accordance with internal rules such as the Global Compliance Regulations under the revised Whistleblower Protection Act. These regulations stipulate the ability to submit reports anonymously, the necessary measures that will be implemented to ensure that whistleblowers are not treated unfairly as a result of filing a report, and that those involved in an investigation will be bound by confidentiality with regard to information contained in the report. Reporting and consultation are available in Japanese and English. In February 2024, we revised the Global Compliance Regulations to ensure proper and efficient operation of the reporting desk. We are constantly striving to improve our hotline so that it is easier to access for reporting and consultation.

* The total figure does not add up because a single report may include several incidents.

For more information on the external contact point for the NTT Group Corporate Ethics Helpline, see:
https://group.ntt/en/sustainability/governance/pdf/Help-Line.pdf

Corporate Culture for Maintaining and Improving Business Ethics

The NTT Communications Group regards integrity as a higher voluntary and proactive value that allows all of us to sincerely respond to society and stakeholders and to build trust, both as individuals and as a company. Accordingly, we are working to embody and instill integrity through measures such as compliance training.

In our corporate ethics survey for fiscal 2023, the ratio of employees responding that their workplaces have an open atmosphere was 95.8% (average positive response rate for related questions). We will continue to foster an open corporate culture to establish an integrity-based compliance infrastructure as a company that continues to be trusted and exists in harmony with society.

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Continuously Upgrading the Risk Management Structure

Business Risk Management

The basic elements of risk management are defined in the Risk Management Rules we established to achieve sustainable corporate growth by anticipating and preventing the occurrence of potential risks that exist in and around our business and by minimizing any loss in the event they materialize. As a system and mechanism for effectively addressing major risks that may affect our business management, we set up the Business Risk Management Committee, chaired by the senior executive president, to construct and implement a PDCA cycle for risk management.

The heads of units and presidents of Group companies comprising the members of the Business Risk Management Committee meet twice a year to address the changing business environment by defining risks that require action, identifying material risks, and discussing issues such as initiatives for promoting risk management. In fiscal 2023, the committee focused on the current status of internal and external risks as well as their impact and scope to identify 19 items, which were also assessed according to their assumed frequency of occurrence and impact. As a result, information security was identified and addressed as a material risk for the second consecutive fiscal year. In addition, we have recently designated geopolitics as a key risk due to the need to promote and strengthen new initiatives in response to economic security legislation.

Crisis Management

Since the Great East Japan Earthquake, we have seen growing public interest in crisis management for times of emergency, such as large-scale natural disasters. With a renewed awareness of our mission as a company responsible for maintaining social infrastructure through communication, we have strengthened our management structure to accelerate our response to contingencies and have sought to instill that awareness in all departments by ensuring strict adherence to manuals and organizing drills. In the event that a material risk occurs, we will set up a Disaster Response Headquarters and other units, headed by the president or senior executive president, as needed in order to provide the structure for gathering accurate information and making effective decisions. Thereafter the Disaster Response Headquarters will take the lead in addressing the situation on the ground.

In July 2021, we established the Supply Chain BCP Guidelines to strengthen business continuity across the entire supply chain. We are working to ensure stable procurement with the cooperation of our suppliers.

Since fiscal 2013, we have laid out an operational plan to prepare against a pandemic in compliance with the Act on Special Measures for Preparedness and Response against Pandemic Influenza and New Infectious Diseases, and we are currently formulating a related concrete business continuity plan.

Furthermore, to comply with Japan's Disaster Countermeasures Basic Act and Act on Measures for Protecting Japanese Nationals in Armed Attack and Other Situations, we have established and publicly disclosed our Operational Plan for Disaster Prevention and Operational Plan for the Protection of Japanese Nationals in order to fulfill our responsibility as a designated public institution.

For more information on NTT Communications' initiatives against disaster, see:
https://www.ntt.com/about-us/cs/saitai.html
(in Japanese only)

Responding to Geopolitical and Economic Security Risks

A variety of impacts on corporate activities are anticipated amid drastic changes in the global geopolitical environment, and the Japanese government is also moving forward with economic security legislation. Considering this, we are taking actions to handle geopolitical and economic security threats as part of our business risk management, with an emphasis on comprehensive and effective efforts across the entire Group.
Specifically, we have adopted the basic stance of ensuring both employee safety and business continuity, and we are identifying issues that need to be addressed, discussing policies to address them, and developing and managing a lead organization and promotion system along with their implementation schedule for each issue.

We are responding to the amended regulations on specific user information in the Telecommunications Business Act (effective June 2023) and to our designation as a specified social infrastructure operator in the telecommunications field (in November 2023) based on the system for ensuring the stable provision of specified social infrastructure services under the Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures.

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Internal Controls

In accordance with the new Companies Act, enacted in May 2006 and revised in May 2015, NTT Communications has drawn up basic policies for establishing a system of internal controls for the entire NTT Group. Concurrently, as a member of the NTT DOCOMO Group, the Board of Directors resolved to implement the measures necessary for the system. We are also working to reinforce and upgrade internal controls over financial reporting in line with the requirements of the Financial Instruments and Exchange Act, enacted in June 2006.

Basic Approach for Maintaining an Internal Control System

1. In maintaining a system of internal controls for complying with laws and regulations, managing any risk from losses and carrying out proper and efficient business operations, NTT Communications takes a variety of measures to prevent and minimize loss.
2. NTT Communications has established the Internal Auditing departmentto maintain and assess effectiveness with regard to operational status of the above system of internal controls. As a monitoring organization, it is responsible for regular audits and special audits of high- risk areas common to the NTT Group, in keeping with the standardized auditing criteria of NTT. The necessary improvements are made following assessments of system effectiveness.
3. NTT Communications will cooperate with NTT DOCOMO, INC. and take appropriate measures to ensure the reliability of its system of internal controls for financial reporting under Japan's Financial Instruments and Exchange Law.
4. The president is responsible for ensuring the development and implementation of the system of internal controls.
5. We will take all necessary steps to comply with NTT DOCOMO, INC.'s Basic Policies Concerning the Maintenance of Internal Control Systems.

Internal Audits

At NTT Communications, Internal Auditing plans to achieve its goal of implementing audits that benefit management by taking the lead in conducting internal audits of internal organizations and Group companies, with an emphasis on business risks. By conducting internal auditing activities throughout the year, we seek to reduce and prevent the manifestation of management risks while also proposing operational improvements to enhance the corporate value of the entire NTT Communications Group.

In fiscal 2023, in response to the risks related to information security, geopolitical risks, and additional business structure reforms identified by the Business Risk Management Committee and other organizations, we designated information security and systems audit and NTT Group priority audit in addition to the basic audit and themed audit, which had already been conducted, as the four pillars of our internal auditing.

We are also working to enhance our audit methods and have recently added the information security field (analysis of print logs) to the target for detecting signs of inadequacy and fraud based on CAAT* in order to expand the scope of data-driven audits. We also conducted audits of eight branches nationwide and regional offices selected based on risk, as well as domestic and overseas Group companies that joined the NTT Communications Group in fiscal 2022. Moreover, we provided guidance and support for establishing internal controls to the domestic Group companies that joined the NTT Communications Group in fiscal 2023.

In fiscal 2024, we intend to become an advanced company in digital audits by further enhancing the sophistication and expanding the scope of data-driven audits and pursuing greater efficiency across the NTT Communications Group. We will also undergo external evaluations to further improve the quality of our internal audits, thereby contributing to the Group's internal controls.

* Computer-assisted audit techniques is an auditing method centered on big data analysis. Business Intelligence (BI) tools are used to visualize the results of analysis to reveal signs or trends of declining performance or fraud.

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Priority Activities

Enhanced Value Chain Partnerships

Our Approach

We will manage the entire supply chain with high ethical standards by promoting and strengthening the sustainability of NTT Communications Group suppliers to ensure a reliable procurement system for our customers. To that end, we established NTT Communications Corporation Guidelines for Sustainability in Supply Chain and focus on developing mutual understanding and relationships of trust with our suppliers. At the same time, we are developing a procurement system based on the concept of sustainable procurement, which extends beyond environmental issues, with thorough consideration of humanitarian and social issues as well. We will strive to enhance our partnerships to properly understand and address the impact of our business activities on the value chain and engage in a dialogue with our stakeholders to meet the various requests and expectations from society, toward operating business on the trust of our stakeholders.

[Summary of NTT Communications Corporation Guidelines for Sustainability in Supply Chain]

Procurement Policies

1. NTT will strive to provide competitive opportunities with fairness to both domestic and foreign suppliers, and to build mutual trust and understanding.
2. NTT will conduct economically rational procurement of competitive goods and services that meet its business needs, deciding suppliers based on quality, price, delivery times and stable supply in a comprehensive manner.
3. NTT will contribute to realizing a sustainable society by doing procurement with an emphasis on human rights, the environment, safety, and other critical issues, in compliance with laws and social norms.

With the basic ideas of the previous Guidelines for CSR in Supply Chain, the new guidelines clarify the positioning of our requests to suppliers (code of conduct). The guidelines as a whole now require stronger cooperation, such as requesting primary suppliers to take responsibility for seeking compliance from upstream suppliers, establishing management systems to comply with each guideline, and taking actions such as suspending business with suppliers who do not correct violations. The content of each specific item has also been enhanced.

[NTT Communications Corporation Guidelines for Sustainability in Supply Chain] ★ Indicates the main additions and enhanced item

Content

Introduction★

Requests to Suppliers (Code of Conduct): Common Matters

1. Build management systems ★
2. Detect inappropriate activities early by building complaint processing mechanisms
3. Publicize and disclose the status of initiatives related to these guidelines

I. Human Rights and Labor

1. Prohibit forced labor ★
2. Prohibit inhumane treatment
3. Prohibit child labor and make considerations for young workers
4. Prohibit discrimination ★
5. Proper wages and allowances
6. Regulate working hours
7. Respect the right to freedom of association and collective bargaining
8. Implement human rights due diligence in the supply chain ★
9. Promotion of “Technology that is based on high ethical standards.”

II. Occupational Health and Safety

1. Occupational Safety
2. Apply safety measures for equipment and instruments
3. Promote hygiene in the workplace
4. Apply appropriate measures for occupational injuries and illnesses ★
5. Prepare for and respond to emergencies
6. Consider physical workload
7. Promote safety and hygiene in company facilities
8. Conduct health maintenance programs for employees
9. Communicate about safety and hygiene

III. Environment

1. Obtain environmental permits and report to the government
2. Manage chemical substances contained in products
3. Manage chemical substances
4. Minimize environmental pollution (wastewater, sludge, exhaust, noise, vibration, etc.)
5. Reduce energy consumption and greenhouse gas emissions ★
6. Reduce environmental burden by implementing product assessment
7. Effectively use resources and manage waste
8. Conserve biodiversity ★
9. Implement environmental investigations in the supply chain

IV. Fair Trade & Ethics

1. Prevent corruption and illegal political contributions, prohibit improperly providing or receiving benefits
2. Prohibit abuse of dominant bargaining position
3. Execute business fairly
4. Respect intellectual property
5. Appropriately manage imports and exports
6. Prevent improper acts
7. Responsibly procure minerals and carry out due diligence

V. Product Quality and Safety Product Quality and Safety

1. Ensure product safety
2. Provide accurate product and service information

VI. Information Security

1. Provide products and services that take into consideration security and privacy ★
2. Prevent the leaking of confidential information
3. Protect personal information
4. Take countermeasures against cyber attacks on one’s own company
5. Respond to security incidents ★

VII. Formulate business continuity plans

For more information on the NTT Communications Corporation Guidelines for Sustainability in Supply Chain, see:
https://www.ntt.com/content/dam/nttcom/hq/en/about-us/procurement/pdf/SustainabilityGuidelines_E_202211.pdf

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Main Achievements in Fiscal 2023 and Goals for the Coming Years

In order to realize the sustainable procurement concept, we will thoroughly promote the procurement of products with minimal impact on the environment by conducting product assessments with the cooperation of suppliers. Also, we will encourage the worldwide adoption of supply chains that do not engage in the trade of conflict minerals or in any way intensify social and humanitarian problems. Under this concept, we have been continuously conducting sustainable procurement promotion surveys of our suppliers since fiscal 2016. In fiscal 2022, we also began utilizing EcoVadis*, a global rating organization. In fiscal 2023, we introduced the collaborative self-risk assessment questionnaire (SAQ) for sustainable procurement, in collaboration with three telecommunications companies (KDDI, SoftBank, and NTT), and conducted a SAQ survey at about 170 suppliers that cover 90% of the NTT Group's total procurement. NTT Communications was in charge of 14 of the above companies and collected 100% of their responses to identify a variety of risks. We are also strengthening our engagement with suppliers through meetings in which we exchange opinions.

In fiscal 2024, we will continue to build on the supplier surveys while simultaneously taking steps to promote the exchange of opinions with suppliers and increase information disclosure. We will also continue to provide supplier information to EcoVadis.

Furthermore, we are engaged in multifaceted activities with a primary focus on continuous customer satisfaction surveys as our main measure for continuously improving customer satisfaction. In the voice of customer (VOC) survey, the process enables us to respond to survey results by identifying priority issues from the customer perspective and quickly improving these issues, which we continue to do.

In fiscal 2024, we will assign a chief customer experience officer (CCXO) to strengthen our system for improving customer experience (CX) across the entire Company and strive to provide value that will further satisfy our customers.

* An organization that evaluates supply chain sustainability. Providing platforms for evaluating the sustainability of companies related to policy, measures, and achievements, EcoVadis conducts surveys and evaluations of suppliers in 175 countries and 200 industries from the perspective of four areas: the environment, labor conditions, business activities, and the supply chain.

Risks and Opportunities

We are taking initiatives in procurement with the understanding that environmental issues, such as climate change, as well as social change present both business risks and opportunities.

We recognize that rising greenhouse gas emissions is an environmental risk. As climate change is recognized as an important global issue, the NTT Communications Group has set a goal of achieving net-zero by fiscal 2040 (Scopes 1, 2, and 3). To this end, we confirm compliance with the Supply Chain Sustainability Promotion Guidelines before entering into any contract and have been promoting the use of ICP since September 2022 to reduce greenhouse gas emissions throughout the supply chain, including those of our suppliers. We also conduct direct discussions with key suppliers.

In terms of social risks, we believe that the occurrence of human rights violations such as forced labor and child labor, as well as the introduction of new laws and regulations or their strengthening, could increase our cost burden and affect the business performance and financial position of the NTT Group as a whole.

As for opportunities, supplier compliance with the guidelines will encourage them to reduce their greenhouse gas emissions, which will lead to reductions in our greenhouse gas emissions and in turn enhance our corporate value through ESG management.

We recognize that realizing a sustainable society depends upon collaborating with suppliers as well as our own efforts. We will therefore continue to improve the evaluation and understanding of our stakeholders, including investors, through direct discussions with

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our key suppliers and disclosing information about the processes and results of these talks.

Collaboration with Suppliers to Ensure Sustainability Procurement and Green Procurement

Dissemination of Sustainable and Green Procurement

We have formulated the NTT Communications Corporation Guidelines for Sustainability in Supply Chain, which encourage procurement policies for respecting human rights and protecting the environment, ensure the quality and safety of products and services, and recognize the overall needs of society. When selecting and entering into agreements with new business partners, we have designated our own sustainability compliance items, in addition to credit screening criteria, which include confirming corporate initiatives on human rights and labor issues. When we determine that a company has failed to meet our criteria and thus represents a risk, we do not trade with them.

To promote sustainable procurement, we conduct SAQs using EcoVadis, a global rating organization, and also hold meetings to exchange ideas on details and confirm that there are no risks.

While the target has been set to engages in direct dialogue with 40 supplier companies across the NTT Group each year, NTT Communications held direct dialogues with five key suppliers in fiscal 2023, continuing on from the first time this was done in fiscal 2022 . In the course of developing mutual understanding and trust, we exchange views on human rights, the environment, information security, and other issues to promote further initiatives across the supply chain. Looking ahead, we will continue to work with our suppliers to promote sustainable procurement.

For more information on the NTT Communications Corporation Guidelines for Sustainability in Supply Chain, see:
https://www.ntt.com/content/dam/nttcom/hq/en/about-us/procurement/pdf/SustainabilityGuidelines_E_202211.pdf

P.050 For more information on green procurement, see: Contributions to the Global Environment.

Developing Procurement Professionals

In maintaining sound management throughout the NTT Communications Group, we uphold our Sustainability Policy to thoroughly establish and enhance our awareness of sustainability through efforts that also involve suppliers. We encourage our employees to obtain the Certified Procurement Professional (CPP) qualification, designated by the Japan Management Association, so they can have specialized knowledge in purchasing and procurement. As of the end of fiscal 2023, a total of 65 employees have been certified (Grade A: 27, Grade B: 38), excluding those certified while working in other organizations. Looking ahead, we will continue nurturing human resources in each area to practice sustainable and responsible procurement.

The Procurement and Billing Department has also acquired ISO 14001 certification and engages in environmental protection. Every fiscal year, employees responsible for activities as core members are required to participate in ISO 14001 internal auditor training, and four employees took part in fiscal 2023. We also encourage the acquisition of environmental qualifications, and two employees have passed the Certification Test for Environmental Specialists (Eco Test). As in the past, we also provided video training in fiscal 2023 on the outline of ISO 14001 and our environmental protection activities as an organization so that all employees in the department can actively participate in protecting the environment.

UK Modern Slavery Act Statement

The NTT Communications Group had been disclosing its statement on slave labor and human trafficking in accordance with the UK Modern Slavery Act 2015. Due to the closure of our London branch on March 31, 2021, the Group is no longer subject to the disclosure of statements under this act. However, we will continue to build honest and sustainable relationships with a wide range of suppliers in Japan and overseas, procure quality services and products in an economical and timely manner, cooperate with suppliers to prevent slave labor and human trafficking, and continue to promote and strengthen our activities based on the Guiding Principles on Business and Human Rights.

P.123 For more information on human rights efforts in the value chain, see: Governance.

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Response to Conflict Minerals

The NTT Communications Group will promote initiatives to refrain from using conflict minerals under the NTT Communications Corporation Guidelines for Sustainability in Supply Chain and will conduct procurement activities in accordance with the guidelines. The response to conflict minerals by major suppliers is confirmed by conducting a questionnaire survey aimed at checking the operational status of the NTT Communications Corporation Guidelines for Sustainability in Supply Chain.

Disclosure of Supply Chain through EcoVadis

Rising public expectations for sustainability activities that also encompass the supply chain have increased the importance of companies knowing the status of their suppliers' sustainability activities and disclosing that information to clients. Since fiscal 2016, we have registered supply chain information with EcoVadis. We have also been proactively disclosing information to our clients and to companies considering doing business with us. As a result, we received a Bronze rating in 2024. Our stance on the environment in particular was highly evaluated for setting quantitative targets for multiple related issues. We will continue to work to improve our sustainability performance in the areas of the environment, fair labor and human rights, ethics, and sustainable procurement.

Environmental Protection Activities as a Procurement Organization

The Procurement and Billing Department has been ISO 14001 certified since October 1999, and the scope of certification was expanded in fiscal 2022 to include the Billing Service section, which is responsible for billing and collection of Companywide charges, to create an environmentally sound society in a shared effort by the entire Procurement and Billing Department. We also engage in environmental protection by appropriately operating their environmental management system. In addition to setting and managing environmental targets as KPIs in line with our business operations, we have expressed our support for COOLCHOICE*, soliciting and selecting activities from all members, and proactively engaging in environmental protection activities that can be easily undertaken by everyone in the department, such as recycling pull tabs and participating in woodland preservation projects in Shiroi Kankyo Juku, candle night events, and Kodomo Mirai (Children's Future) used book donations.

* The Ministry of the Environment's national campaign to combat global warming

P.050 For more information, see: "Acquiring ISO 14001 Certification" in this report.

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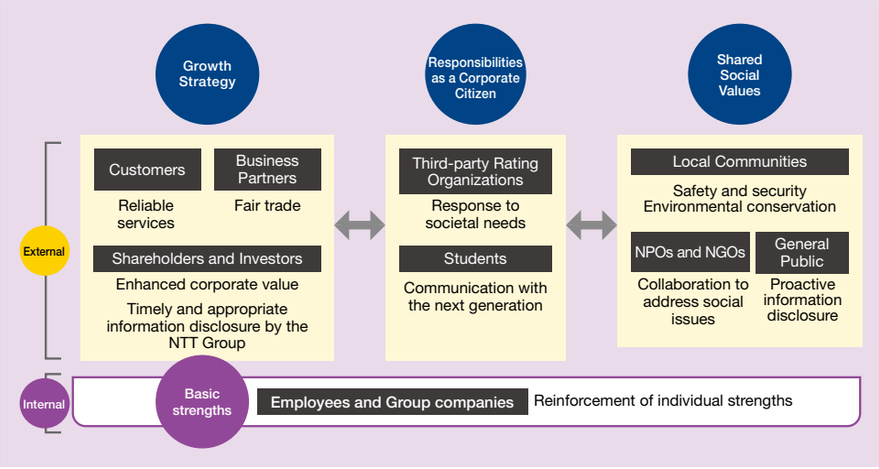
Enhance Stakeholder Engagement

Our Approach to Stakeholder Engagement

Building and enhancing stakeholder relationships are extremely important for the NTT Communications Group toward becoming a corporate group that creates the future and maintaining business operations. In a renewed effort to improve stakeholder engagement by disclosing information on sustainability, we have categorized our disclosure from the perspectives of required information, information that should be shared, and communication media. In addition to this report, we will engage with our stakeholders through our website, various events, and surveys.

[NTT Communications Stakeholders]



[Dialogue with Stakeholders and Major Topics]

Stakeholder		Opportunities for Engagement	Main Themes
Customers	We gather feedback through such means as customer satisfaction (CS) surveys and take steps to improve satisfaction levels.	• Voice of customer (VOC) survey, CS surveys • Exchange of opinions at the docomo business Forum • Exchange of opinions based on daily interaction with customers	• Improving quality in products and services • Consideration of new products and services • Continuous improvement in customer service
Business Partners	We constantly exchange opinions to raise customer satisfaction and establish sustainability throughout the supply chain.	• Supplier due diligence • Surveys, daily exchange of opinions	• Improving quality in products and services • Consideration and co-creation of new products and services • Ensuring fair business practices • Ensuring sustainable procurement and respect for human rights
Society at Large	We create opportunities for engaging with diverse stakeholders in society to understand the issues and current status.	• Dialogue with stakeholders • Exchange of opinions with NPOs, NGOs • Social contribution activities • Environmental protection activities	• Contributing to the development of a sustainable society • Participation in social contribution and community activities • Harmony with local communities • Responsibility as a corporate citizen
Employees	We consistently incorporate employees' opinions to ensure effective employment and sustain employee motivation.	• Comments from executives during dialogue meetings and lectures • e-learning programs and questionnaires • Feedback collected through the corporate website and helpline • KAIZEN Support Line • Employee satisfaction surveys	• Instilling the corporate vision and philosophy • Instilling the Sustainability Policy • Self-development and creation of customer value • Realization of job satisfaction • Autonomous career development and personal growth

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Initiatives to Improve CX

In order to remain the service provider of choice for customers around the world, daily contact with customers cannot be limited to sales personnel. All employees consider customer interaction as a top priority and make every effort to increase customer satisfaction through innovative services and daily improvement efforts. One such initiative is the annual VOC survey on customer satisfaction. We take the comments seriously and are working diligently to make improvements.

Our fiscal 2023 VOC survey was conducted to understand customer implementation status and required support for generative AI, in addition to the level of overall satisfaction with NTT Communications as well as its service and sales activities. We conducted a detailed analysis of survey results by customer attribute to gain a more detailed understanding of focused DX areas, and we incorporated the learnings into service development.

Looking ahead, we will continue to pay close attention to what our customers have to say as we strive to make permanent improvements to ensure their satisfaction.

Guidelines for Diverse Business Activities

Society has entrusted us with diverse responsibilities to fulfill through our operations, from developing products and services that address social issues to protecting the environment and fostering a corporate culture that respects fairness and diversity. We encourage strict adherence to various guidelines in our corporate activities in order to continue fulfilling our social mission in each of the Priority Areas defined under our Sustainability Policy.

[Examples of Policies and Guidelines for Sustainability Priority Areas and Priority Activities]

Sustainability Priority Areas and Priority Activities		Policies and Guidelines	Page in Report
Society	Promotion of DX to connect society with the future Promotion of innovations that break through limits	Our Mission	030 034
	ICT transformation	NTT Communications Three Disaster Policy Fundamentals	036
	Promotion of corporate citizenship	Social Action Principles	041
Social Action Principles	Promotion of a decarbonized society Development of a closed-loop society	Global Environmental Charter	045
		Environmental Statement	045
		New Eco Strategy	045
		Biodiversity Action Plan	072
Human Resources	Promotion of Diversity, Equity, and Inclusion	Promotion of Diversity Fundamental Policy	097
	Respect for human rights	Basic Policy on Human Rights Education	108
Governance	Thorough compliance and risk management	Basic Approach for Maintaining an Internal Control System	121
	Enhanced value chain partnerships	NTT Communications Corporation Guidelines for Sustainability in Supply Chain	122
	Continuously strengthening information security	NTT Communications Security Declaration	129

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Priority Activities

Continuously Strengthening Information Security

Our Approach

We are committed to continuously strengthening cybersecurity measures and promoting security governance to enhance the cyber resilience of our ICT infrastructure and ensure information security, including the protection of customer personal information, in response to societal change, advancements in digitalization, and the increasing sophistication and severity of security threats such as cyberattacks.

By adhering to the ISO/IEC 27001 international standard for information security management systems, we conduct information security audits and implement comprehensive cybersecurity measures. We also focus on training our employees as ICT professionals and developing security specialists.

The NTT Communications Group, responsible for the corporate business of the DOCOMO Group, has positioned compliance and security as critical for conducting the docomo business and is dedicated to enhancing its capacity to effectively respond to security risks.

Main Achievements in Fiscal 2023 and Goals for the Coming Years

The NTT Communications Group has set a goal of zero serious incidents. In fiscal 2023, we achieved our goal by promoting the introduction of security tools such as Endpoint Detection and Response (EDR) and Network Detection and Response (NDR), automating and streamlining security operations, improving IT governance by centralizing ITOT asset management, and conducting security checks on systems that handle important information such as customers' personal information. In fiscal 2024, we will remain committed to strengthening different measures to achieve our goal.

Governance

The NTT Communications Group established the Security Committee, chaired by the chief information security officer (CISO), to ensure information security governance. The committee examines information security measures, formulates and reviews related regulations, and conducts activities by department and Groupwide.

Risk Management

The NTT Communications Group implements risk management at both the organizational level and the individual system level.

At the organizational level, the CISO and the senior vice president of the Information Security Division assess cross-sectional risks throughout the entire organization and in accordance with business characteristics and formulate action plans based on the priority of measures, thereby ensuring their efficient implementation.

At the system level, we conduct risk assessments and implement information security measures for each in-house system used and managed by the Company and Group companies, and conduct risk management in line with the system development lifecycle.

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Strategy

The NTT Communications Group is committed to security that contributes to the business of our customers and partners as well as to the country and society on the whole.

Policy for Initiatives

- Security policies and measures are formulated based on information security considerations in accordance with related standards. such as ISO and NIST documents.
- As a security-by-design approach, information security measures are never treated as afterthoughts; they are considered at every stage of the system development lifecycle. A “shift left” approach is adopted to consider and incorporate security measures from an upstream perspective, such as the design stage of business processes and systems. In this way, we utilize basic information security measures that correspond to the concepts of zero trust security and multilayer defense, as well as an increasingly pervasive cloud environment.
- Information security measures are designed to balance risks and information security measures according to business objectives, with consideration for usability that does not impose excessive burdens on end users and operation managers. The measures are also designed with an emphasis on mobility in response to the recent demand for remote work environment, supporting productivity and employee challenges to boost security as the driving force.

Representative Initiatives

Based on this policy, we are building and monitoring an IT/security environment to prevent the leakage of critical information to NTT Communications Group companies, suppliers, and other supply chain companies. We have also established a support system within the Information Security Division to promote these initiatives.

To strengthen the overall organizational capabilities of the information security line, we will further promote DX (automation, efficiency, and sophistication) in security operations and expand our cyberattack prevention initiatives.

KPIs and Targets

The NTT Group has set a common goal of zero serious security incidents. To achieve this, NTT Communications sets and monitors internal KPIs such as the number of incidents and the status of response to external threats (e.g., blocking malicious emails, addressing OS/application vulnerabilities) and reports monthly to management.

P.020 For more information, see: “KPIs, Targets, and Outcome of Activities” in this report.

Priority Activities Continuously Strengthening Information Security

Ensuring Information Security

● Basic Policy

NTT Communications regards raising security awareness in the workplace, including among all executives, employees, and partner employees, as a crucial responsibility of an ICT company. The NTT Communications Security Declaration has been our basic policy for conducting business based on our belief that adhering to strict security management standards will lead to improving security and delivering benefit to our customers.

NTT Communications Security Declaration

At NTT Communications, we believe that our most important mission is to provide our customers with services which they can use with the assurance that their critical information is being protected and to contribute to improving the security of our customers. We view security as the single most important issue to be addressed in providing services, and we pledge to work together with our customers to provide the best in security for their needs. To achieve this end, we do our utmost to ensure security throughout all aspects of the value chain, from the development of technologies and services to the construction and operation of systems.

As ICT professionals, all of us at NTT Communications are committed to improving our capabilities to respond to security issues.

Three Resolutions

1. **We regard security as our top priority in providing services to our customers, and we will do our utmost to enhance their security.**
2. **As an ICT solution partner entrusted with our customers’ vital information, we will work with them at all times to ensure their security.**
3. **Business partners and contract employees are also important supporting members of NTT Communications. We will therefore collectively strive to ensure our own security.**

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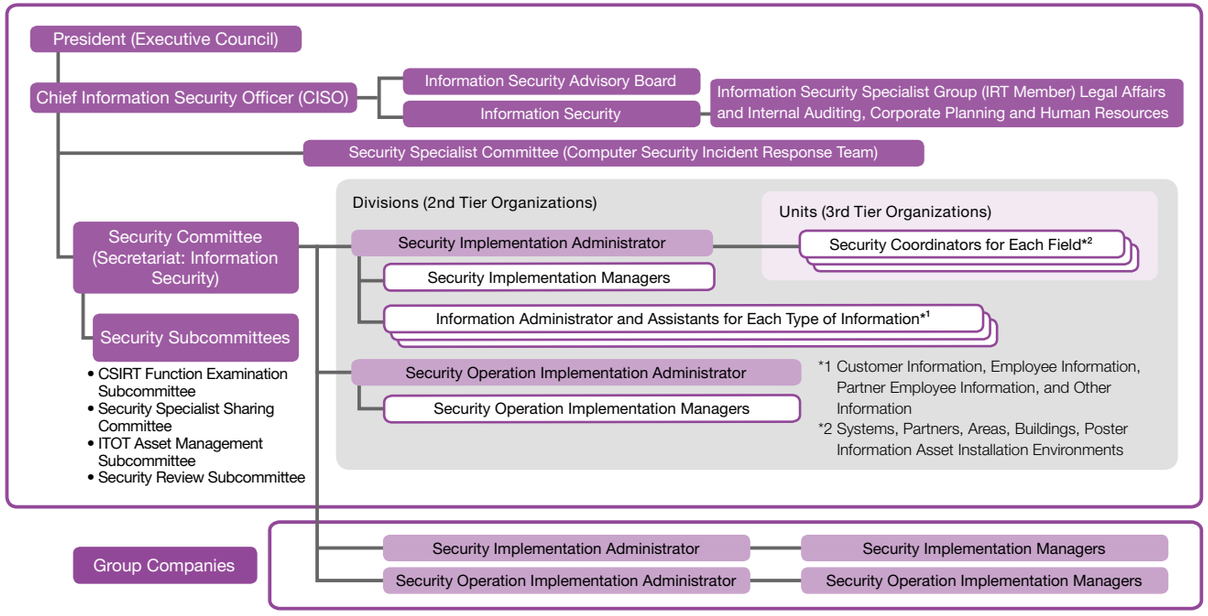
Information Security Governance Structure

The NTT Communications Group has established a system for ensuring information security governance by appointing a CISO and assigning a security management officer to each company and organization, and defining their roles, responsibilities, and functions. We implement the following measures under the leadership of the CISO: formulate rules and standards and educate all employees to raise their awareness, draw up and implement Companywide information security policies, monitor compliance with information security regulations and take any necessary corrective action, and ensure a unified response to information security incidents.

We have established the Security Committee, which has been expanding activities across the entire Group, including determining security measures based on regulations, formulating and reviewing regulations to improve service quality, reviewing business processes, sharing information on vulnerabilities, and taking emergency action to prevent unauthorized access and responding should it occur.

[Security Management Framework]



Information Security Risk Assessment and Management Process

The NTT Communications Group maintains many systems that handle important and highly confidential information, such as customer information, and therefore conducts risk management both at the organizational level and the individual system level.

For risk management at the organizational level, the CISO and the senior vice president of the Information Security Division assess cross-sectional, information security risks throughout the entire organization and in accordance with business characteristics, and formulate action plans based on the priority of measures, thereby ensuring their efficient implementation. We conduct the risk assessments at least once a year to identify gaps against targets, determine risk response criteria, and formulate and implement response plans.

For risk management at the system level, we conduct risk assessments and implement information security measures for each in-house system used and managed by the Company and our Group companies. We also conduct risk management in line with the system development lifecycle.

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Appropriate Management of Personal Information

Protection of Customer Information and Personal Information

We protect customer personal information in compliance with the relevant laws and regulations as well as guidelines published by the Ministry of Internal Affairs and Communications, operating under an effective system of information management to stringently implement our Personal Information Management Rules , which define the basic elements of protecting customer information and personal data. When subcontracting the handling of customer personal information, we select subcontractors that meet the required standards.

We have been operating since 2002 under the ISMS certification*1, which is primarily for our corporate sales and maintenance divisions, and since 2004 under the PrivacyMark certification*2. These certifications are reviewed for renewal every two years and have been registered to date.

As of March 2024, 10 Group companies in Japan have been operating under the ISMS certification and 7 companies that mainly handle customers' personal information have been operating under the PrivacyMark certification.

In response to the revised Personal Information Protection Law that came into effect in April 2022, we have revised our internal regulations to strengthen our operations, including lifecycle management of customer information. With regard to raising employee awareness, we are taking actions such as conducting annual training sessions for all directors, employees, and partner employees. With regard to GDPR, we had been operating under the EU Customer Personal Information Management Guidelines, which stipulate the handling of personal information in the EU. In addition, in fiscal 2022, we took the opportunity of becoming a member of the new DOCOMO Group to introduce the Privacy Impact Assessment System (PIA System) to ensure appropriate use of personal data based on the Behavioral Principles of the NTT DOCOMO Personal Data Charter. We will continue to protect customer privacy and promote the appropriate use of data so they can use our services without concern.

*1 A screening and certification system for assessing whether an information security management system conforms to JIS Q 27001 (ISO/IEC 27001) standards.
*2 A registered trademark granted for use by companies that have been certified by the Japan Information Processing Development Corporation as having established a system for appropriately protecting personal information in compliance with Japanese Industrial Standard JIS Q 15001 requirements for personal information management systems.

For more information on our policy concerning the handling of personal information, see:
https://www.ntt.com/en/about-us/hp/privacy.html

For more information on the NTT DOCOMO Personal Data Charter, see:
https://www.docomo.ne.jp/english/utility/personal_data/charter/

Raising Workplace Awareness and Providing Thorough Training

We are actively working to ensure that employees understand our information security policies and the appropriate handling of information and to raise awareness of compliance and security against internal fraud. To this end, we provide Companywide training in information security and handling targeted attack emails as well as for security managers and staff.

In fiscal 2023, in light of recent security trends, we also conducted practical training for management that included the handling of ransomware attacks for the heads of organizations.

We intend to further improve the security awareness and literacy of every employee through training and information dissemination that incorporate internal and external trends and case studies.

[Information Security Training Attendance]

Type of Training	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Information security training (total)	11,641	16,449	19,783	22,994	23,611
Companywide security training and assessment of understanding	11,527	16,291	19,588	22,819	23,611
Training for managers and leaders in charge of implementing security management	114	158	195	175	—*

*Jointly held in 2024