NTT Communications Group
Corporate Social Responsibility Report
2010

NTT Communications
www.ntt.com

We contribute to the creation of a sustainable society as an ICT solutions partner.

The NTT Communications Group offers a wide range of services around the world, with Domestic and International Telecommunications Services at its core. We promote "Bridge," "Continue to Bridge," and "Support" between people, companies, and countries.

Corporate Business

Addressing Customers Business Challenges through Consulting-Based Solutions

We support various customers resolve management issues, which include responding to changing work style and reducing environmental footprint through high-quality ICT solutions.

Internet Business

Supporting Essential Internet Environments for Lifestyles and Business

The NTT Communications Group provides ubiquitous, state-of-the-art broadband environments in a safe and secure manner through comprehensive provision of upper-layer services, which are the more familiar forms of ICT.

Global Business

"Bridging" the World through Japanese Quality

We support customers in their construction and operation of global ICT environments through our overseas bases in 73 cities and 29 countries and regions (as of Nov, 2010), and continue to contribute to the global business of our customers through world-recognized "Japanese quality."

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Corporate Information

Name	NTT Communications Corporation
Address	1-1-6 Uchisaiwai-cho, Chiyoda-ku, Tokyo, Japan 100-8019
Date established	July 1, 1999
Paid-in capital	211.7 billion yen (as of March 31, 2010)
Number of employees	8,350 (as of March 31, 2010)
Business	Domestic and international telecommunications services

Major organizations of which NTT Communications is a member

Telecommunications Carriers Association Director

Japan Network Information Center (JPNIC) Trustee

Japan Telecommunications Engineering and Consulting Service Board Member

The Association for Promotion of Public Local Information and Communication Board Member

IPv6 Promotion Council Board Member

Main Group Companies (as of March 31, 2010)

Overseas

• Americas

NTT America, Inc.

NTT Comunicações do Brasil Participações Ltda.

NTT Multimedia Communications Laboratories, Inc.

• Europe

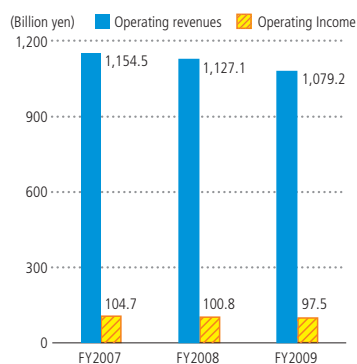NTT Europe Ltd.

• Asia (excl. Japan) / Oceania

HKNet Company Ltd.

NTT Australia Pty. Ltd.

NTT Com Asia Ltd.

NTT Communications (Thailand) Co., Ltd.

NTT Communications (Vietnam) Ltd.

NTT Korea Co., Ltd.

NTT MSC Sdn. Bhd.

NTT Singapore Pte. Ltd.

NTT Communications China Co., Ltd.

NTT Taiwan Ltd.

NTT Communications India Private Ltd.

PT.NTT Indonesia

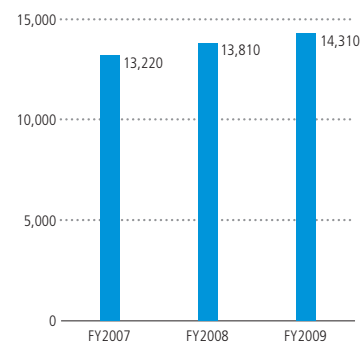Shanghai NTT Telecommunications Engineering Co., Ltd.

Japan

NTT Worldwide Telecommunications Corporation

NTT Com Technology Corporation

NTT Com CHEO Corporation

NTTPC Communications, Inc.

NTT Visual Communications System Inc.

NTT FANET SYSTEMS Corporation

Digital Forest Inc.

NTT Plala Inc.

NTT BizLink, Inc.

NTT NaviSpace Corporation

NTT World Engineering Marine Corporation

NTT Resonant Inc.

X-LISTING Co., Ltd.

(Among 77 consolidated subsidiaries of NTT Communications, only major subsidiaries are noted above.)

Operating Revenues and Operating Income (non-consolidated)

(Billion yen) ■ Operating revenues ▨ Operating Income

	FY2007	FY2008	FY2009
Operating revenues	1,154.5	1,127.1	1,079.2
Operating Income	104.7	100.8	97.5

Number of Employees (group-wide)

FY2007	FY2008	FY2009
13,220	13,810	14,310

What We Can Do to "Bridge" and "Continue to Bridge" the World

Akira Arima

Akira Arima
President and CEO
NTT Communications Corporation

We are now facing a number of social issues including those concerning employment, medical care, a low birthrate and aging population, and education. In addition, the environmental issues posed by energy concerns and global warming are becoming increasingly of the moment. Information and communication technology (ICT) will play an important role in solving these kinds of problems and realizing a more abundant and sustainable society.

We hope to carry out our social mission by working to reduce environmental impact through the promotion of "Green of ICT" and "Green by ICT" using ICT, and by providing seamless, one-stop services and solutions with Japanese quality in both domestic and international markets. Furthermore, we aim to achieve growth as a true global business by focusing our efforts on developing the human resources that support such business operations.

As an ICT solutions partner, we will continue to focus on our mottos of being a "Bridge" to "Continue to Bridge" the world, and we look forward to contributing to the realization of a safe and pleasant society.

Promoting Energy Efficiency through Proactive Utilization of ICT

In our role as an ICT solutions partner, we have taken on the endless challenge of possessing the drive and passion to become an industry leader and operate on a global level. Most people have become aware of the impact of ICT services for telecommuting, as well as its potential as an alternative to physical business trips, not only from a cost perspective but also in terms of efficient time use, diversification of work styles, and energy efficiency.

Our BizCITY cloud computing service is designed to cater to the shift in companies' needs from the ownership of equipment to the utilization of services. This service uses servers located in environmentally efficient data centers with highly efficient operational capabilities through the use of virtualization technologies. Thus BizCITY offers greater efficiency not just in terms of maintenance and improved service availability, but also in terms of energy use compared with customers owning their own servers.

In order to improve efficiency across the whole of society via customer implementation of ICT, we are also working toward improving energy efficiency through ICT services–in other words by striving to lessen the environmental impact of the ICT equipment itself, an initiative that we term Green of ICT. We promote energy efficiency through the introduction of highly energy-efficient IT equipment and air-conditioning systems, and fine temperature control in data centers. Furthermore, we have introduced initiatives not only for the purpose of accumulating knowledge but also to improve energy efficiency in business operations by migrating internal business systems to cloud computing and ubiquitous services.

This fiscal year, the NTT Communications Group will establish its medium- to long-term environmental plan based on the three pillars of Realization of a low-carbon society; Promotion of a recycling-based society; and Preservation of biodiversity, as well as further strengthening its energy efficiency initiatives.

Supporting Globally Expanding Companies with Japanese Quality

Since the onset of the global economic crisis, there has been an increasing trend for companies to expand their operations overseas. It is our mission to provide safe and secure support, irrespective of time or location, for our globally expanding customers. In addition to providing a consistent level of service quality on a global scale, the whole Group must operate together as one to provide support for our customers based on the reliability of Japanese quality, just as if our customers were in Japan, by providing the same continuous services such as Managed Quality Operations, no matter where our customers are situated around the globe.

Through ICT, we will continue to provide support for new business enterprises to enable our customers to grow.

Promoting Diversity to Connect People Across the World

There are no national borders in business and human resources, just as there are no such borders on the Internet. As a global company, in order to develop seamless services between Japan and the rest of the world, we must share common values such as Japanese quality and a sense of solidarity, while respecting the diversity of differing values. To enable continuous adaptation to market and customer needs, we must improve internal communication and actively pursue communication between each individual. We must also be able to ensure a good work-life balance for

all in order to achieve rapid reform. In each of these areas, it is essential to promote increased diversity.

As one initiative in this area, last year we began accepting employees from overseas subsidiaries at our headquarters in Japan. This year, as part of the promotion of diversity for global business development, we held our first round-table discussion with external experts.

Through these kinds of initiatives, we hope to enable exchanges between various cultures and improve frontline empowerment and character quality.

Furthermore, although we are already engaged in human rights awareness activities as part of employee training, we will redouble our efforts in this area to promote initiatives to address human rights issues by the Group as a whole.

CSR Reports as a Communication Tool

We are pursuing our total power reduction campaign by fully utilizing the capabilities of the entire Group, and are developing a range of layer services on a global level and implementing various initiatives to address social issues.

We publish this CSR report as a communication tool to provide our many stakeholders with an outline of the CSR activities undertaken by the NTT Communications Group throughout the year. This report is published in two forms: a booklet and an online version.

In order to continue creating added value for our customers and society, and to maintain our status as a corporation trusted by society, we welcome any and all feedback and your thoughts and opinions on our CSR initiatives.

NTT Communications Group CSR

The NTT Communications Group established its Basic CSR Policy in June 2006.
All efforts pursued by employees in line with this policy as part of day-to-day business constitute CSR activity.

Bridge

Shifting internal ICT infrastructures to cloud computing, which leads to reductions in environmental impact

Continue to Bridge

Basic CSR Policy

Our CSR activities aim to contribute to community prosperity and sustainability worldwide by creating new value and resolving problems through the information and communications services we provide as an ICT solutions partner.

Contributing to Society
- Make society safer and more secure
- Offer new business models and lifestyles

Protecting the Environment
- Prioritize in all business activities
- Reduce society's environmental footprint through our services

Respecting Our Employees
- Respect diversity
- Provide workplaces that champion self-fulfillment
- Work with partners to maintain high ethical standards in meeting social responsibilities

The NTT Group CSR Charter

Creation of a safe, secure and prosperous society through communications that serve people, communities, and the global environment

- Safe and secure communication
- Team NTT communication
- Communication between people and their communities
- Communication between people and the global environment

NTT Communications established its Basic CSR Policy in keeping with the NTT Group CSR Charter. The entire NTT Group will take on initiatives to resolve issues facing society.

Further details on the NTT Group CSR Charter are available on the following website:
http://www.ntt.co.jp/csr_e/csr_policy.html

Support

Our Guiding Principles

The NTT Communications Group implements CSR activity based on a set of "guiding principles" stipulating considerations we shall make, as a partner bridging present and future potential and creating new communication value, toward customers, business partners, employees and shareholders, and even competitors and society as a whole, which are also influenced by our business activities. As a partner connecting people to the future and to new worlds, we will continue to strive through business, together with all our stakeholders, toward sustainable development of society in keeping with our Basic CSR Policy.

Pledge to Customers

1. We will provide solutions and services that will truly benefit customers by understanding their needs, rather than taking our current products and services for granted.
2. We will act responsibly and with pride as a member of the NTT Communications Group in responding quickly, flexibly, and with integrity to our customers.
3. We will establish long-term customer trust.
4. We will never betray the trust of our customers.

Pledge to Business Partners

1. We will fully utilize the partnerships we have formed to maximize value for our customers.
2. We will select our business partners fairly.
3. We will build partner relationships that generate optimal results.
4. We will operate with integrity while providing value to our customers.

Pledge to Competitors

1. We will abide by the rules of competition and carry out business in a fair and sincere manner.
2. We will further strengthen our own competitiveness by competing fairly.

Pledge to Society

1. We will provide secure and innovative services that contribute to the sound growth of the Internet.
2. We will cherish communications with society.
3. We will understand and respect the cultures and customs of different nations.
4. We will contribute to the development of society and environmental protection.

Employee and Work Environment Pledge

1. We will ensure all employees possess a sense of responsibility as ICT professionals.
2. We will recognize individuality and diversity, and protect human rights.
3. We will trust and respect each other and create an environment that is conducive to personal development and self-fulfillment.
4. We will implement programs to reform our operations.
5. We will do our utmost to maintain security as an ICT company.
6. We will create dynamic workplaces.

Pledge to Shareholders

1. We will disclose operating results fairly, accurately, and in a timely manner.
   (We disclosed quarterly results in fiscal 2009)
2. We will accurately convey our medium- to long-term visions and strategies.
3. We will achieve sustainable growth as a company and seek higher benefits for our shareholders.
4. We will not tolerate the misuse of information relating to our business activities which leads to shareholders' loss of profits.

CSR Index 2010

Based on our basic CSR policy, we established indices for the actions we take to contribute to society, protect the environment, and show our respect to employees. We perform self-assessment on the results of these indices, then revise and improve upon them for the following year.

◎ NTT Communications Group ● NTT Communications

	CSR issues and policies	Measures and actions	Fiscal 2009 results	Comparison to previous year	self-assessment	Fiscal 2010 target
CSR Structure	**CSR Management**	◎Continual CSR Comittee sessions	2 times	—	—	—
	Corporate Governance	●Regular Board of Directors meetings	24 times	—	—	—
		●Regular Board of Corporate Auditors meetings	19 times	—	—	—
		●Regular Executive Council meetings	47 times	—	—	—
		●Regular Market-in Promotion Council meetings	47 times	—	—	—
	Compliance	◎Classes on compliance at all workplaces	21,209 attendees (705 times)	+117 employees	○	Employees within the entire group
		◎Questionnaire on corporate ethics	Collection rate: 95.6%	+1.1%	○	96% or more
	Risk Management	◎Business risk management study group	53 attendees	—	—	All employees who travel overseas on business or who are transferred overseas
Contributing to Society	**Faithfully Serving Our Customers**	●24-hour-a-day network service	Service uptime: 99.999%	—	—	99.9999%
		●Communication service coverage	Provided in 159 countries/areas	—	—	—
		●training to create highly skilled engineers	176 times (1,049 attendees)	+83 times	○	200 times
		●Certification system for highly skilled operators	22 employees certified	+7 employees	○	33 employees
	Contributing to Local Communities	◎CSR activities for employee participation	549 attendees (8 times)	—	—	—
		◎Internet classes	32 attendees (2 times)	—	—	—
		●Encouraging donations to charitable organizations and relief funds, as well as volunteer activities	Total amount: 55.49 million yen	—	—	—
	Our Relationship with Suppliers	●Meetings with suppliers to explain procurement procedures	2 times	—	—	—
Protecting the Environment	**Environment Management**	●Environmental efficiency index for CO2 emissions	3.27 (million yen in sales/tons of CO_2 emitted)	−0.98 points	×	—
		●Environmental efficiency index for waste processing	277 (million yen in sales/tons of final disposal volume)	+55.5 points	○	—
		●Environmental efficiency index for paper usage	343 (million yen in sales/tons of paper used)	−37.9 points	△	—
		◎Environmental communications initiatives	2 times (68 attendees)	—	—	—
	Global Warming Prevention	◎Greenhouse gas emissions*	330,000 tons	+43,000 tons	△	339,000 tons or less
			Telecommunications: 306,000 tons	+25,000 tons	△	315,000 tons or less
			Offices: 24,000 tons	+18,000 tons	×	24,000 tons or less
		◎Greenhouse gas emissions (other than CO2)	CH4: 202 t-CO2	−25 t-CO2	○	—
			N2O: 96 t-CO2	−74 t-CO2	○	—
			HFC: 0.1 t-CO2	−6.9 t-CO2	○	—
		◎Electricity consumption	809.75 million kWh	+130.18 million kWh	△	—
			Telecommunications: 763.95 million kWh	+98.61 million kWh	△	—
			Offices: 45.80 million kWh	+31.57 million kWh	×	—
		◎Fuel consumption	620,000 liters	−1.16 million liters	○	—
		●Number of electronic invoice subscribers	4.94 million people registered	+740 thousand employees	○	—
		◎Promoting clean energy such as photovoltaic power generation	Amount of power generated: 10.11 million kWh	−1.39 million kWh	△	—
	Reduction of Waste	◎Promoting recycling of dismantled telecommunications equipment	Recycling rate: 99.7%	+0.6%	○	Recycling rate: 99% or more
		◎Promoting recycling of construction equipment	Recycling rate: 94.1%	−1.9%	△	—
			Designated materials: 99.7%	+0.8%	○	Designated materials: 99% or more
			Other materials: 73.9%	−5.6%	×	Other materials: 84% or more
		◎Promoting recycling of office waste**	Recycling rate: 64.6%	−3.6%	△	Recycling rate: 70% or more
		●Reducing paper consumption in offices	Paper consumed per employee (A4 equivalent): 10,515 sheets	−15.3%	○	Paper consumed per employee (A4 equivalent): 9,500 sheets
	Prevention of Environmental Pollution	◎Investigating soil contamination	Not applicable	—	—	—
		◎Water consumption	130,000 m³	−710,000 m³	○	—
		◎Comprehensive management of chemical substances	Amount of PCB stored: 3,717 units	—	—	—
		◎Reducing NOx emissions	362 tons	−96 tons	○	—
		◎Reducing SOx emissions	83 tons	−69 tons	○	—
Respecting Our Employees	**Securing a Pleasant Working Environment**	●Female managers	74 employees (appointment rate: 3.1%)	+7 employees	—	—
		●Promoting the hiring of people with disabilities	Percentage of employees: 2.02%	+0.1%	○	1.8% or more
		●Maternity leave system	Number of users: 59 employees	—	—	—
		●Childcare leave system	Number of users: 140 employees	—	—	—
		●Special working system to assist childcare system	Number of users: 149 employees	—	—	—
		●Eldercare leave system	Number of users: 2 employees	—	—	—
		●Reduced working hours for eldercare system	Number of users: 0 employees	—	—	—
	Maintaining and Improving Employee Health	●Work-related accidents	17 cases	−1 case	△	0 cases
		●Mental health keeper	Qualification by 1,040 employees	+609 employees	○	All managers
	Respecting Human Rights	●Experiential learning classes to gain familiarity with people with disabilities and senior citizens	79 attendees (3 times)	—	—	—
		◎Classes on human rights	18,530 attendees	—	○	All group employees
	Human Resources Development	●Executive participation in education and training classes	12 times (833 attendees)	+1 time	—	—

Note 1: Information is provided for self-assessment and 2010 targets only where relevant, with the non-relevant areas indicated by dashes.
Note 2: Unless otherwise indicated, figures are as of March 31, 2010 or tallied for the period from April 1, 2009 through to March 31, 2010.
*0.378 kg-CO2/kWh is used for the CO2 emissions coefficient.
**Thermal recycling was added to material recycling beginning in fiscal 2009.

NTT Communications Group Medium- and Long-Term Environmental Vision

Based on our Global Environmental Charter, the NTT Communications Group has established its Long-Term Environmental Vision as a guide for carrying out environmental preservation and protection activities. As a concrete step toward achieving this vision, we have also created our Medium- and Long-Term Vision, which includes specific numerical goals through fiscal 2012.

NTT Communications Group Global Environmental Charter

Our Basic Philosophy
The NTT Communications Group will actively pursue conservation of the global environment and help to bring about an environmentally friendly society through all facets of its creation and provision of high-quality services benefiting customers across the globe.

NTT Communications Group Long-Term Vision Regarding Environmental Protection

We will take advantage of the global reach of our telecommunications networks and the latest ICT advances to provide platforms enabling the exchange and sharing of knowledge which is unevenly distributed across the world, and also to support communication among people around the globe. In this way, we can help to bring about a sustainable, spiritually rich society.

Further details on our Long-Term Environmental Vision are available on the following website: http://www.ntt.com/csr_e/report2010/data/en_manage.html

Medium- and Long-Term Vision

By promoting our three "eco" initiatives of Green of ICT, Green by ICT, and Green with Team NTT, The NTT Communications Group is committed to helping enrich and streamline social activities, and to supporting the harmonious coexistence of all living things on our beautiful planet.

Our three "eco" initiatives:
- Green of ICT
- Green by ICT
- Green with Team NTT

Preservation of biodiversity
Protection of species facing the risk of extinction

Promotion of a recycling-based society
Effective utilization of materials and resources

Realization of a low-carbon society
Efficient use of energy

Fiscal 2012 goals

Reducing CO$_2$ emissions
36,000 t-CO$_2$ reduction from the fiscal 2008 level
339,000 t-CO$_2$ or less*

- Promoting the introduction of top-runner equipment
- Adopting new air-conditioning technology
- Expanding the use of natural energy sources

Reducing the volume of waste generated
Final disposal rate: **7**% or less**

- Clarifying and thoroughly implementing our recycling guidelines
- Promoting thermal recycling

Reducing the volume of office paper used
25% reduction from the fiscal 2008 level
9,300 sheets/employee

- Introducing ICT equipment to achieve a paperless work environment
- Promoting the use of electronic formats for internal documents

*For the CO$_2$ emissions coefficient, we use 0.34 kg-CO$_2$/kWh (the value published by the Federation of Electric Power Companies of Japan).
**Final disposal rate = Volume of waste transported to the final processing site/Total volume of waste generated

Bridge

Shifting internal ICT infrastructures to cloud computing, which leads to reductions in environmental impact

We are reducing our environmental impact by utilizing virtualization technologies to shift our internal ICT infrastructures (which support us in providing services to our customers) to private cloud computing. We are planning to expand this effort globally in the future.
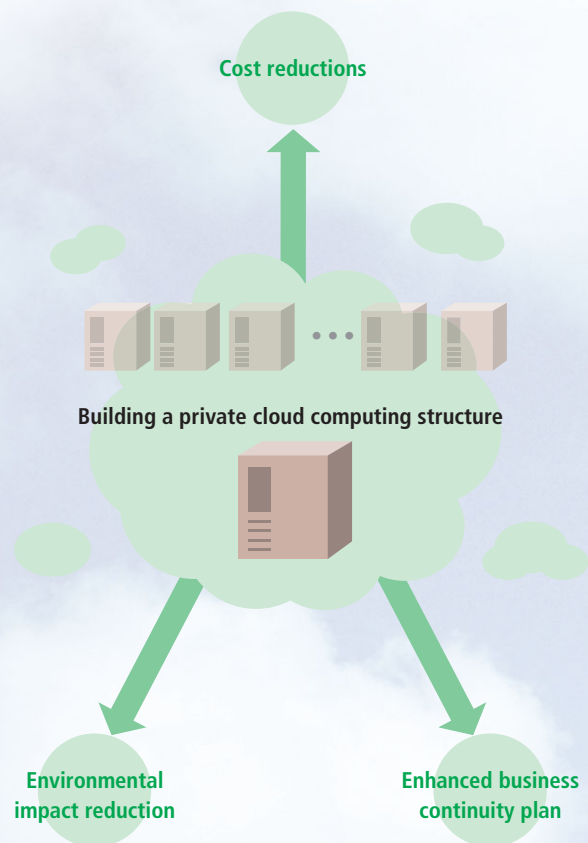
Taking advantage of our accumulated know-how to integrate internal ICT infrastructures and shift to private cloud computing.

NTT Communications has built internal ICT infrastructures and is utilizing them to perform the various operations required in providing OCN and VPN services, such as receiving customers' subscription applications, activating services, and maintenance.

In the past we built such internal ICT infrastructures for each system, including servers, storage, networks, and data centers, scattered in many locations, and resulting in very high operating costs. Therefore, in order to cut costs, reduce environmental impact, and enhance our business continuity plan (BCP), we decided to integrate our ICT infrastructures and shift to private cloud computing.

By taking full advantage of our expertise we had accumulated in providing our services to customers, we moved and integrated approximately 50 systems from five data centers to a new data center without incident in fiscal 2009. This was a move that reduced our system operating costs by 30% to 40%. Furthermore, having achieved an internal cloud computing service that utilizes virtualization technology, we can now complete operation such as a system expansion in just a few days instead of the two to three months it once took. In this way, we are building a framework that can respond to process improvements and new service support requests from operating departments more quickly, enabling us to provide services to our customers at a much faster rate.

■ Objectives of ICT infrastructure integration

Cost reductions

Building a private cloud computing structure

Environmental impact reduction

Enhanced business continuity plan

Voice

Promoting further ICT infrastructure integration in order to reduce environmental impact

Yoshinori Ando
Director
Network Grand Design Office
Network Business Division

As part of our ICT infrastructure integration policy, we plan to implement various measures that will increase the effects of integration, such as increasing the number of servers housed as virtual servers, the virtualization and integration of storage, expansion and integration of firewalls onto UTM, virtualization and integration of IPS/IDS, and development of a network simplification policy with a view toward companywide optimization. Through these measures, we will continue to strive to reduce our power consumption and CO_2 emissions, thereby fulfilling our responsibility as a global communications carrier.

Voice

We have both improved system quality and reduced environmental impact

Masafumi Naka
IT Operation Service Department
Network Business Division

The main purposes of the recent server integration were to reduce costs and improve the quality of NTT Communications' internal operation system. At the same time, I feel a great joy and sense of satisfaction due to the fact that these efforts are also leading to the creation of data centers and systems that are environmentally friendly. Utilizing our expertise in integrating ICT infrastructures and building private cloud computing systems, we plan to continue with ICT infrastructure integration, including server integration, to fulfill our social responsibility by reducing our environmental impact.

For further details on how we are reducing environmental impact through our services, please visit the following website:

http://www.ntt.com/csr_e/report2010/data/en_serviceactivity.html

Initiatives for reducing environmental impact

When implementing our internal ICT infrastructure integration policy, we reassessed our data centers, servers, storage media, monitoring operations, networks, and security from various viewpoints, and actively took steps to reduce power usage and lessen the environmental impact.

In our data centers, we adopted an air-conditioning configuration that improves efficiency by separating the cool air taken in by servers from the hot air they discharge. We reduced the power consumption of servers by lowering their number through virtualization and integration, and by converting to DC power supplies. We streamlined networks by reassessing our design policy and integrating circuits and network devices, which were formerly built individually for each system. Furthermore, we virtualized and integrated security functions such as firewalls, which were previously provided separately for each network, into a unified threat management (UTM) system, thereby significantly reducing both the number of devices needed and total power consumption. We also integrated the validation environments, which had been scattered at individual system development sites.

## Benefits of our initiatives and future vision

The actual benefits resulting from our server virtualization and integration initiative are significant. We cut the number of servers from 94 in fiscal 2009 to only eight in July 2010: a 90% reduction. As a result, we expect to decrease power consumption by approximately 40%, as well as achieve a 55% reduction by the end of fiscal 2010 through further efficiency improvement measures. In addition, by increasing redundancy through cloud computing virtualization technology, we improved our business continuity plan (BCP), enhancing our system for the purpose of fulfilling our social responsibility as a corporation.

In the future, we plan to expand this internal ICT infrastructure integration policy to our overseas locations, implementing environmental protection measures as we expand our business globally. We also intend to plan and implement a grand design for companywide ICT infrastructure integration while maintaining coordination with the cloud computing services we provide to our customers.

■ Outline of ICT infrastructure integration
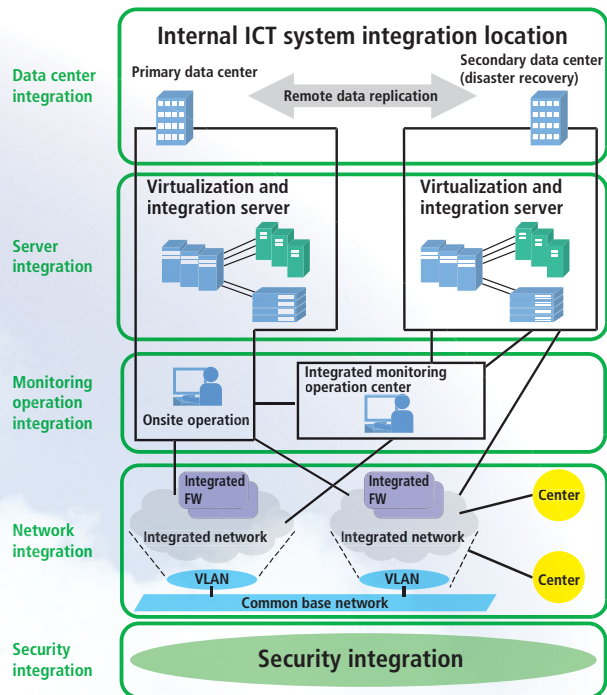
■ Results of ICT infrastructure integration
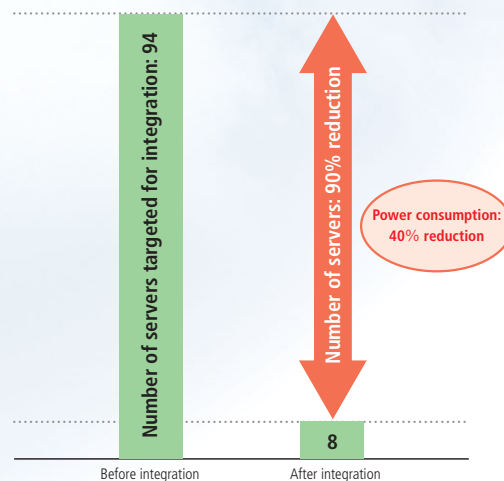
Behind-the-scene players who continue to bridge the world

To ensure that our customers never have a problem connecting, our group of maintenance professionals provides 24/7 network monitoring with the customer's viewpoint in mind.

Toward the goal of providing Managed Quality Operation to make customers happy

Since its founding, NTT Communications has continued to grow beyond being a conventional fixed-line telephone business into global, IP, and solutions businesses. With our basic mission of "Continue to Bridge" between the communication networks that constitute our social infrastructure, we continue to provide advanced services for solving the wide range of issues faced by our customers and society.

Once we form a partnership with a customer to establish a network connection, our maintenance group works hard to sustain a long-lasting business relationship with the customer. Our company has two service centers–the NTT Communications Customer Network service Center (CCNC) in Japan and the Global Network Operations Center (GNOC) for overseas locations–both of which perform various operations 24 hours a day, 365 days a year, including establishing alternative trunk routes, duplicating or decentralizing telecommunications facilities, monitoring service status, and receiving error reports.

We strive to provide a range of outstanding services to ensure our customers are completely satisfied with their decision to work with us. To achieve this goal, we always approach issues from the customer's point of view and work constantly to improve the quality of our maintenance work, in order to prevent any type of failure from recurring. To keep our customers' businesses connected, our professional maintenance group works continuously to provide Managed Quality Operations support.

Operations rooms at the CCNC and GNOC

A range of initiatives for quality improvement

Although it is impossible to completely eliminate network failures, we carry out continuous improvement activities to prevent the recurrence of any type of failure in order to come as close as possible to zero defects. To completely eliminate the three main failure modes that occur daily, i.e., failures caused by human error, service startup problems, and extended service disruptions, we maintain a database on failure causes and countermeasures, and share this information among all our employees. We have also built a centralized maintenance operation system that addresses all failures across the board, instead of separately tackling failures in subscribed network services on a line-by-line basis. This system enables us to support the lines of other carriers as well. In our customer network service operations, services used to be handled by a different professional for each type of service offered. Now, however, we have changed to a system in which the same serviceperson is responsible for handling a failure from start to finish, making it possible to provide a solution as quickly as possible and minimize the impact of the failure on the customer's business.

These actions have led to improvements in operation quality and reduced the occurrence of various types of failures, including extended service disruptions (see graph).

We also focus our resources on training personnel who can support Managed Quality Operations. For example, in order to improve the troubleshooting skills of our professionals and equip them with practical operational skills, we replicate actual failures on actual systems to enable them to find rapid recovery methods. We have also built a system that evaluates the customer service abilities of our operators, in order to improve their customer orientation and levels of skill. We distribute our Operation Quality Handbook and List of Inappropriate Words (see photo) to all of our operators to help them approach each case from the customer's perspective.

Operation Quality Handbook
List of Inappropriate Words

■ Trends in the number of extended service disruptions

(cases) · Worldwide · Japan

	FY2007	FY2008	FY2009
Worldwide	997	691	549
Japan	233	190	183
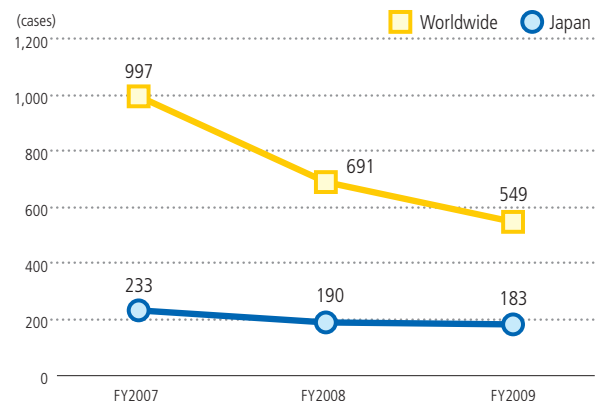
Building trusted face-to-face relationships with global customers

Now that telecommunication infrastructures have become a lifeline for customers operating businesses on a global scale, seamlessly receiving network services both inside and outside of Japan has become the minimum essential requirement. At the same time, local lines in Southeast Asia, where many Japanese corporations have business operations, are highly prone to failure, creating an urgent need to improve the quality of overseas access lines.

However, in view of the obsolete facilities, unstable electricity supplies, and the different telecommunication situations in each country, it is extremely difficult to maintain the quality of local lines. In order to improve this situation as much as possible, we have held the Arcstar Carrier Forum (ACF) annually since 2000. At this forum, partner carriers, mostly from Asia, gather together to exchange opinions on improving the quality of overseas access lines and share know-how. The steady pace of our activities through the ACF is helping build trusted face-to-face relationships with partner carriers and achieve smoother operations.

Towards Seamless Operations throughout Japan and Abroad

The tough business environment of today makes it imperative for companies to create new value if they want to pursue continuous growth. Our customers run businesses worldwide, and the value we offer them is the support of their business growth by providing high-quality, stable ICT infrastructures whether in Japan or abroad. To this end, we are now pursuing the Total One Stop Operation, a project whose territory spans beyond those of CCNC and GNOC. Merging the operating centers into one location as of June 2010 was the first initiative taken for this project. This was undertaken to fully utilize Japanese technology and know-how and also form a common front through face-to-face communication in order to solve problems happening overseas.

We have the experience and technology to produce networks of the highest quality in the world that achieve five nines availability, and consider it our social mission to contribute this knowledge to the world. Joining hands with similar companies that support Japan's networks, we have nurtured a sense of deepening trust with our domestic competitors by creating opportunities to discuss each company's operation methods so that Japanese quality becomes recognized throughout the world. Meanwhile, we are increasing the importance of customer service overseas because Japanese companies have expressed a strong need for the highest level of service from one end of their network to the other, including for their overseas offices. Through our "Global One Team," we are working towards establishing networks that can be used in complete peace of mind from end to end by increasing cooperation with overseas subsidiaries and even engaging in in-depth consultations to help local carriers increase their awareness of the continuous need to improve quality.

The basic mission to promote "Bridge" and "Continue to Bridge" cannot be accomplished solely through our own efforts. We work towards improving face-to-face relationships by learning from partner carriers and competitors, and will continue to work hard and aim for the day when a world-class infrastructure is achieved through cooperative efforts like these.

Voice

Think independently, make decisions, and take responsibility

Mamoru Watanabe
Senior Director, NTT Communications Customer Network service Center (CCNC)
Customer Service Department

"Think independently, make decisions, and take responsibility." This is the basic principle that guides those of us responsible for customer service in Japan. These words embody the idea that everyone involved should take pride in being a professional and make decisions without being afraid of making mistakes. An employee who is afraid to make a move without looking to a supervisor for instruction is not able to handle the unexpected failures that could occur at any time. Each employee's ability to make quick and appropriate decisions adds value to our company in its endeavors to provide high-quality services.

Voice

Our company's CSR spirit is our core strength

Toshiki Tsukimi
Senior Director, Global Service Section
Customer Service Department

The earthquake that occurred off the coast of Taiwan in December 2006 caused major damage to the submarine cables in Asia, wreaking havoc with telephone and Internet services. In this worst-case scenario, in which the majority of large-capacity cables were severed, we cooperated with many carriers to restore approximately 90% of the network within two days of the disaster. We are proud that all our employees worked together to implement disaster countermeasures, going well beyond the scope guaranteed in contracts, to restore telecommunications capabilities. Such service symbolizes our company's CSR spirit and is one of our core strengths.

Taking Diversity Initiatives to the World

For a global business to grow, it is essential to have a business culture that fosters diversity in human resources to support that growth. By accepting a variety of values and ways of thinking, we will create a work environment where each and every employee can utilize their abilities to the fullest.

Diversity Initiatives

The Diversity Office was established in April 2008 in order to advance our business strategy of utilizing diverse human resources. Since then, we have engaged in a range of initiatives on a global scale, including supporting career development for women, promoting the employment of people with disabilities, and establishing a culture of diversity.

As a result of ongoing initiatives for establishing employment opportunities for people with disabilities, such as programs for ongoing support after hiring and improving employee awareness of employment of people with disabilities, we achieved the statutory disabled employee ratio again in fiscal 2009.

In the area of support for career development of female employees, we held career design sessions with external experts and seminars to support a return to work following childcare leave as part of our program to support people in finding a balance between their work and childcare commitments. We also held lectures given by our female member of the Board of Directors and provided examples of a variety of role models including female managers.

In fiscal 2009, we continued the NTT Group Female Forum from the previous year to facilitate communication between female employees at the management level.
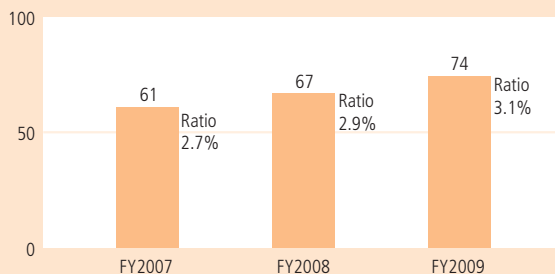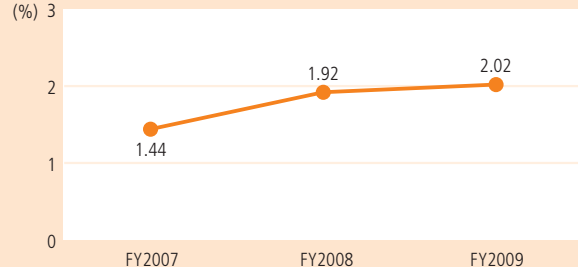

Lecture given by our female director

Seminar on childcare leave and work return support

● Number of Female Managers (Manager and Above)

	FY2007	FY2008	FY2009
Number	61	67	74
Ratio	2.7%	2.9%	3.1%

● Statutory Disabled Employee Ratio

(%)	FY2007	FY2008	FY2009
	1.44	1.92	2.02

Employee Comments from Overseas Group Companies

We asked employees at overseas Group companies to comment on the differences between work styles in Japan and their own country.

North America

No Matter How Busy We are, Work does not Become Overwhelming

Judy C. de Dios
NTT America, Inc.

In America, there is little familiarity with the idea of job security, unlike in Japan. Workplace diversity is valued and more popular. I have developed my career in an environment where I work with various people with different background. Work environment and culture in the West Coast is more tolerant and casual with respect to attires and manners. Nonetheless, meetings are important and relationship with colleagues and customers are respected. No matter how busy we are, work does not become overwhelming, there is always a room for enjoyment.
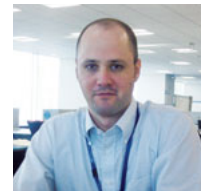
Europe

Valuing Freedom while Engaging in Exchanges and Sharing Information

Morfaux Florent
Paris Branch, NTT Europe Ltd.

The five keywords for explaining the work style of the Paris Branch are procedures, simplification, efficiency, freedom, and flexibility. All five are linked, and by integrating them, we avoid wasting time and effort. Employees work in an open and friendly manner disregarding their position in the hierarchy. The French value freedom above all else, and as a result, the atmosphere facilitates exchanges and information sharing, even between completely different teams, and enables personnel to discuss anything openly.

For further details on initiatives for Creating a Workplace where a Variety of People can Flourish, please visit the following website:

http://www.ntt.com/csr_e/report2010/data/of_place.html

Promoting Diversity on a Global Scale

We promote diversity management by utilizing a variety of values in corporate management on a global scale. In connection with promotion of our global operations, we are working toward incorporating human resource management (HRM) into the whole Group from a perspective that transcends national borders.

We promote the utilization of global human resources throughout the entire Group under the slogan of "Global One Team." In order to accept and utilize different nationalities and values within global human resource management (GHRM), we carry out human resource exchanges with overseas subsidiaries.

Looking toward a global growth strategy, we aim to take a more global perspective and create a climate of diversity to establish a sense of unity throughout the Group.
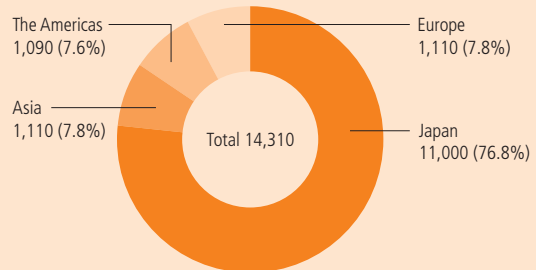

Final presentation of overseas employee's exchange program

• NTT Communications Group Overseas Subsidiaries

25 countries and regions

As of July 2010

• Number of Employees by Region (FY2009)

The Americas
1,090 (7.6%)

Europe
1,110 (7.8%)

Asia
1,110 (7.8%)

Japan
11,000 (76.8%)

Total 14,310

Taiwan

Belief in Continuous Improvement Activities is Prevalent

Peiszu Lee
NTT Taiwan Ltd.

The working style at NTT Taiwan, similar to Japan, is to emphasize on diligent, meticulous yet flexible solutions to customers. We have a strong sense of belief that continuous improvement is the foundation concepts for us to provide the highest level of services to customers. As a result, we have never stopped improving our work processes by hosting regular office meeting to discuss on the issues. By the way, Taiwanese are always fond of Japanese culture, and the concept of "Japan Boom" is a way of life here.

Korea

The Company is Like a Family

Moonsook Song
NTT Korea Co., Ltd.

NTT Korea is such a small company that you can see everyone the minute you step in the office, and as a result, the staff is like a family. It is clear what everyone's job responsibilities are and who you should see about a particular matter, so we can always act quickly and communications are good. We don't do a lot of meetings and documentation work in Korea as compared with NTT com HQ. Everyone works at their own jobs, and generally we talk on the phone or in person as necessary.

The mutual understanding is the first step toward diversity

Yamamura: GHRM (see p.14) initiatives focus on human resource development for employees in Japan and also national staff (NS) at overseas subsidiaries. Currently, we run a program for accepting NS from overseas subsidiaries as part of a variety of career exchange programs and training courses including on-the-job training (OJT). Kathryn Mensendiek is one such NS member. After spending half a year here, we are interested to hear about the differences between Japan and her own country.

Mensendiek: I feel that there are many people in Japan who think in the same way and have similar values. At NTT America, where I work, a variety of values coexist and respecting each other's opinion is considered important. I hope the Japanese staff find the lively exchanges with seconded employees from overseas stimulating and that this contributes positively to business activities.

Kobayashi: This is because Japanese people have achieved their successes to date by conforming to those around them, thereby achieving unity.

Ozaki: With the progress of globalization nowadays, Japanese people feel the same as NS. If you can't cooperate in all aspects of business operations, you won't be able to provide better services. Because of this, I tell employees who are seconded overseas to open their hearts to the local people.

Kraal: I think it is important that headquarter staff appointed from Japan understand diversity concepts before being assigned overseas. Some seconded employees tend to cluster together because of their uncertainty about the differences in language and culture and as a result walls are built between them and NS. In such situations, I try to create opportunities for interaction in and out of the workplace to engender understanding of the merits of working in a varied environment. It is true that language skills are essential for global business but this is nothing more than a tool. By actively interacting with NS it is possible to create better relationships and work environments yielding positive results in terms of improved teamwork, decision making, and problem solving.

Ozaki: In order to gain the most from the experience, the specialist knowledge, and the leadership of the NS, it is important to have a shared awareness of mutually recognized individuality, in addition to a language skills base.

Umino: Globalization is causing upheavals in the management environment and at the same time huge changes in individual awareness. In particular, we are seeing changes in concepts. For example, the idea among young people that broken English is okay, as long as you are understood. We are also seeing changes in people of all ages in the notion that women will leave the workforce when they get married or have children. In other words, as changes occur in economic systems and individual awareness, it is likely that the promotion of diversity at companies is not just necessary, it is *inevitable*.

Promoting diversity management as the company strategy

The promotion of diversity is essential to ensure the growth of any global corporation. We held a discussion with external expert Yoshiki Midorikawa on the current status and future direction of NTT Communications.

Creating an environment that fosters diversity

Kobayashi: When I joined the Company in 1978, there were still disparities between men and women. However the privatization of NTT in 1985 marked a major turning point, as we came to understand the importance of incorporating the female perspective when creating services that appealed to users, and women began to be employed to realize the full extent of their potential. In the old days, childcare and nursing care was considered by many to be the responsibility of women, but in recent years, company systems have undergone significant improvements and, as Vice President Umino mentioned, we are starting to see large changes in employee awareness.

Yamamura: From a female perspective, the increasing number of female role models like Ms. Kobayashi is very encouraging. However, in Europe and North America many fathers leave work on time and pick up their children from daycare and there is no difference between the childcare or work responsibilities of men and women. In future, changing not just women's but also men's work styles will probably be the key to changing Japanese companies.

Mensendiek: To me it seems like the work style at Japanese companies is one where everyone comes together at a fixed time and place and works together. This means that if you leave early to pick up your kids, you might feel like you are doing something wrong. In America, there is a lot of freedom in work styles, regardless of gender, and just because someone is not in the office doesn't mean people will think they're not working.

Midorikawa: Overseas, even permanent full-time employees may work shorter hours for various reasons, making it easy to choose a work style that suits the individual. In Japan, too, more flexible work styles regardless of gender or type of employment will likely become an issue for consideration.

Kraal: It is a common view to think of Japanese people as working diligently in a regimented environment from early in the morning through to the last train. In my home country of Malaysia, the generalization is that people are relaxed at work and are very casual about time. After spending over a year working in Japan, I have come to feel that when you compare the work styles and work environments in both countries, you will find they are not so different after all. I think not only businesses but also work environments are becoming more globalized little by little.

Midorikawa: While Japanese companies are working to rid themselves of the Japanese employment system, which is mostly advantageous for permanent full-time male employees, there is still no support system for a diversity of work styles. In future, we may need to think about introducing initiatives in Japan similar to those overseas. In addition to creating a variety of options for work styles, I look forward to the establishment of a system that allows men and women alike to build their careers and continue working.

Changing employee awareness of diversity

Umino: Japanese people have traditionally had relatively low awareness of time management at work. In this day and age where if you have a computer you can work from home, it would be best to think of improving performance and making efficient use of time by breaking work into a certain number of hours at the office and a certain number of hours at home. For diversity to translate into business growth, it will be important to not only increase the number of work style choices and the ratio of female managers, but also to change employees' awareness of diversity.

Kobayashi: If individuals can manage their own time and earn an income based on results rather than being tied to a set number of work hours, then working from home will become one ideal work style. Working from home will also allow people to raise their children and at the same time give children the opportunity to see their mothers at work, which should provide a positive influence on their education.

Umino: NTT Com CHEO's home technical support is a good example of this.

Kobayashi: The CAVA system for OCN technical support began in 2001, and is managed using cloud computing, allowing people who have passed the .com Master Internet certificate examination to work from home in hours of their own choosing. There are a total of 2,000 telephone support and onsite support agents around the country, and around 60% of the telephone support agents are women. A high level of customer satisfaction with CAVA support has been proven and we believe that this is a result of high staff satisfaction.

Midorikawa: CSR fundamentally means companies proactively working on initiatives related to social issues to engender stakeholder trust and improve corporate value. By engaging in diversity initiatives, companies can improve employee satisfaction, thereby improving corporate value. NTT Communications works on strengthening global teams, and providing support for women's careers and employment for people with disabilities, although I do think these concepts have yet to take hold throughout the company. However, I believe you are taking a proactive approach toward challenges in which Japanese companies tend to be lagging. Within the Group as a whole, including the people employed overseas, developing awareness in each and every employee and creating a shared awareness throughout the Group will be the key to the Company's growth.

Umino: We have raised the topic of promoting the fuller employment of women as one aspect of diversity at our Company, but in order to meet the needs of modern society and business we will work on the broad promotion of efforts such as the employment of human resources regardless of nationality or gender and the promotion of a variety of work styles for each employee. In future, we hope to develop an organizational culture that allows for a choice of work styles adapted to the lifestyle of each individual, leading to improved performance and growth for the Company.

Yoshiki Midorikawa
Chairman of the Green Consumer Research Group. Founded the CSR Research Group in 2004 while working as co-chair of the Valdez Society. Judge for the Sustainability Reporting Awards; also provides assessments of corporate CSR activities.

Shinobu Umino
Group CSR Committee Chairman and Senior Executive Vice President of NTT Communications

Yoko Kobayashi
President and CEO of NTT Com CHEO Corporation

Hideaki Ozaki
Vice President of the Global Strategy Department, Global Business Division
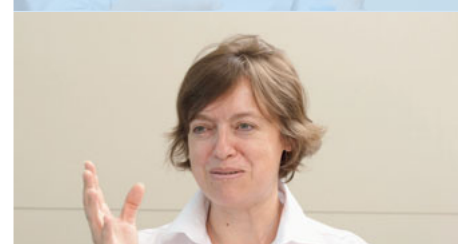

Megumi Yamamura
Director of the Human Resource Development Group, Human Resource Management Department

Nick Kraal
Manager of NTT MSC Sdn. Bhd.

Kathryn Mensendiek
Manager of NTT America, Inc.

Third-Party Opinion

Sachiko Kishimoto
Executive Director of the Center for Public Resources Development

Sachiko Kishimoto
Ms. Kishimito graduated from the Department of Liberal Arts in the College of Arts and Sciences at The University of Tokyo. She worked at the research institute of a private corporation before taking up her present post in 2000. Her focus is socially responsible investment, corporate social responsibility, and the theory of non-profit organizations. Ms. Kishimoto is also an adjunct lecturer at the Rikkyo University Graduate School and Yokohama National University Graduate School.

This is the first time I have provided a third-party opinion for your report and I have thoroughly gone over the information disclosed both in your CSR Report 2010 and on your website. The level of awareness of issues at NTT Communications is conveyed clearly in your CSR report through Top Commitment and the special features on the themes of "Bridge," "Continue to Bridge" and "Support." A huge volume of data is disclosed on your website including initiatives in the areas of biodiversity, telecommuting, and global human resource development, which are seldom touched upon. It is clear that your Company is engaging in sincere CSR initiatives, which leaves a favorable impression.

Your Top Commitment points out that in order to promote energy efficiency by proactively utilizing ICT (Green by ICT), the Company must implement energy efficient ICT itself (Green of ICT). The Company's mission is to form a partnership with customers to bridge their present and future potential. The strategy is clear enough: to contribute to the creation of a low-carbon society through "eco" initiatives in these two areas of Green ICT within the core business of the information and telecommunications industry, and this deserves a positive assessment. Reducing environmental impact by moving toward cloud computing for the Company's internal ICT infrastructure is a focus point of this year's report under the motto of "Bridge." In future, I think introducing case studies with quantitative

figures for results from customers would make initiatives in both of these "eco" areas easier to understand.

Under the theme of "Continue to Bridge," it was mentioned that the Company is becoming more global while providing the same Managed Quality Operations as in Japan. As a "behind-the-scene players who continue to bridge" with local partners, this report introduces the Company's efforts to develop trusting relationships with local partners and establish teams, while at the same time moving toward conducting quality improvement consultations with local partners. However, such activities can only be carried out through the efforts of your employees. Thus, I would also like to see disclosure of information related to improvements in the working environment such as reductions in the number of hours worked each year and the thorough management of office hours.

Within the area of "Support" it was noted that the Company provides support for the development of global businesses and is working on initiatives in the area of human resource management (HRM) from perspectives that transcend national borders. This section also introduces a number of employees from various countries and presents a discussion related to diversity between employees, including foreign employees, and external experts. A selection of initiatives in the environmental field was chosen based on internal discussions, and

the results and topics are presented online. For HRM also, I hope a similar method will be trialed and concrete topics chosen based on internal discussions and the status of the initiatives disclosed.

Your Basic CSR Policy states that the Group aims to create new value and resolve problems worldwide through information and communications services. However, I feel there could be more information provided on your website under the section "Resolving Social Problems with ICT." You point out that CAVA, your home call center system, provides diverse employment opportunities, however with the Company's technologies and awareness of issues it should be possible to undertake an even broader range of initiatives or perhaps you are already engaged in other activities of this kind. I would like to see more initiatives and the establishment of new business models in fields such as the construction of medical infrastructure in regional areas using ICT, which is at the moment considered a demonstrative business.

The Company's ideas are also explained well in the CSR report and online information. With regard to the items chosen as CSR indices, in future I hope that you will set annual targets for indices other than those in the environmental field and establish a Plan-Do-Check-Act (PDCA) cycle for these by providing self-evaluations for the levels achieved toward these targets.

Response

The NTT Communications Group facilitates accelerated global business expansion by providing Japanese quality as an ICT solutions partner, and at the same time proactively engages in activities such as improving organizational and employee CSR awareness. In our report for the current fiscal year, we outline what we have achieved worldwide as the "Bridge," "Continue to Bridge" and "Support" initiatives that we carried out for these activities. We hope to use this assessment of our activities and approach as an incentive for further action in the future.

In regards to insufficient information disclosure and activities from the perspective of customers that have not progressed and the lack of detail regarding solutions to social problems, as pointed out by Ms. Kishimito, we hope to take further action such as by creating

initiatives to resolve problems. We will also work on more complete information disclosure by setting indices and improving the accessibility of data on results.

In future, we aim to continue to be a global company that contributes to the realization of a safe and prosperous community through ICT, and for the Group as a whole to engage in CSR activities to engender the trust of all of our stakeholders.

Shinobu Umino
Group CSR Committee Chairman
and Senior Executive Vice President
of NTT Communications

Glossary

ICT Infrastructure   **P.9**

ICT stands for Information and Communication Technology, while ICT infrastructure is a general term used for the servers and networks used to provide ICT services.

IPS/IDS   **P.9**

IPS stands for Intrusion Prevention System and IDS for Intrusion Detection System. Both are automatic systems used for detecting unauthorized access and network defense.

Virtualization Technologies   **P.9**

Technologies that allow one server to be used as multiple servers via virtual partitions.

Virtualization and Integration   **P.9**

The integration of ICT infrastructure utilizing virtualization technologies.

CAVA System   **P.17**

CAVA stands for ".com Advisor & Valuable Agent." In other words, staff with highly developed ICT skills who provide Internet support–primarily those who have passed the .com Master Internet certification examination. They are contracted by NTT Com CHEO to undertake contract ICT work such as providing support from home via telephone and on-site support.

Cloud Computing   **P.9**

Services and applications provided over a network in an environment accessible by users. A private cloud is a cloud computing infrastructure set up in-house by a company.

Green of ICT   **P.3**, **P.8**

Initiatives aimed at reducing the environmental impact of the ICT equipment itself such as the introduction of highly efficient air-conditioning systems and energy-efficient equipment.

Green by ICT   **P.3**, **P.8**

Initiatives to promote reductions in environmental impact as well as environmental conservation through the uptake of ICT services by customers such as video conferencing.

Business Continuity Plan (BCP)   **P.9**

Plans to ensure that essential business operations are continued and full operations are quickly restored in the event of a disaster or accident.

Storage   **P.9**

Large-scale memory storage equipment for the retention of digital data.

Biodiversity   **P.3, P.8**

The diverse species of organisms that coexist on Earth. In present times, there are concerns about the large numbers of species that are in danger of extinction and the preservation of biodiversity is a hot topic of discussion.

Diversity   **P.4, P.13, P.15**

A term that is used to describe the inclusion of various values such as gender, race, nationality, religion, and career in companies. Diversity management in companies enables flexible responses to changes in the social environment with the inclusion of a variety of human resources. Diversity is an important issue in the Japanese market, which includes an increasing number of foreign workers and an aging population coupled with a low birth rate.

Disaster Recovery   **P.10**

Protective measures to minimize damage from service disruptions due to disasters and other incidents.

Low-Carbon Society   **P.3, P.8**

A highly energy efficient society in which there is minimal use of oil and other fossil fuels.

.com Master   **P.17**

An Internet certification examination launched by NTT Communications in 2001. This qualification enables people to learn systematic and comprehensive IT knowledge that is essential in society from the basics up. It is used in human resource development by a number of companies and educational institutions.

CO_2 Emissions Coefficient   **P.8**

The amount of carbon dioxide (CO_2) emitted per unit of energy used such as electricity and gas. CO_2 emitted = CO_2 emissions coefficient x energy consumption (electricity, gas, etc.)

Firewall   **P.9**

Software designed to protect computers or networks that are connected to the Internet from unauthorized access or attack.

VPN Services   **P.9**

Virtual Private Network services that allow indirect connections to data communication centers via an internal local area network (LAN).

Statutory Disabled Employee Ratio   **P.13**

The employment ratio designated in the Act on Employment Promotion etc. of Persons with Disabilities to promote increased employment for disabled people.

Unified Threat Management (UTM)   **P.10**

A management function for comprehensive network protection against unauthorized access or attack using tools such as firewalls and IPS/IDS.

Remote Data Replication   **P.10**

Reproduction of data across a network to other data centers to provide protection from natural disasters and other incidents.

Layer Services   **P.1**, **P.4**

ICT services are separated into lower-layer services (telephone lines, leased lines) and other line services, and upper layer services, which use IP technologies such as the Internet and electronic payment services.

Editorial Policy

As an information and communications technology (ICT) solutions partner, the NTT Communications Group conducts CSR activities with the aim of contributing to community prosperity and sustainability worldwide by creating new value and resolving problems through provision of telecommunications services. We have issued this report to clearly convey our CSR approach to our stakeholders.

For our 2010 report, our aim has been to provide our readers with information in a more effective and faithful manner by taking extra care in the selection of content and effectively using the individual characteristics of the online and booklet versions.

We are also dedicated to improving accuracy and thus use "we" when reporting on the entire NTT Communications Group, and use company names when reporting on NTT Communications or Group Companies.

• Booklet Version

In order for the report to be easily read and understood by the general public, we have endeavored to organize the content by focusing on our basic approach towards CSR and the three key CSR topics of society, the environment, and human resources. The booklet also provides a list of CSR indices for an overall picture of the Group's CSR activities, which leads readers who need further information to the online version.

• Online Version

In addition to information contained in the booklet, the online version also contains information on specific initiatives relating to financial, environmental and social performance, which are areas important to our stakeholders. An emphasis has been placed on full coverage, providing verification of the CSR activities implemented.

The report and the online version can be viewed at the following URL:

http://www.ntt.com/csr_e/report2010/

Report Profile

• Reference Guidelines

Global Reporting Initiative (GRI)
Version 3.0 of the GRI's Sustainability Reporting Guidelines
Application level: Self-Declared B

The Ministry of the Environment's Environmental Reporting Guidelines (Fiscal Year 2007 Version) and Environmental Accounting Guidelines 2005

*Report compliance with the GRI's Sustainability Reporting Guidelines and Environmental Reporting Guidelines is disclosed in the online version.

• Third-Party Opinion

Each year we have an independent expert provide an opinion to help us improve our CSR activities. Sachiko Kishimoto, Executive Director of the Center for Public Resources Development (NPO), kindly provided her opinion for the 2010 edition of the report.

Report Scope

This publication presents the CSR activities of NTT Communications and Group companies based on the Group's basic CSR Policy. It also includes specific information on individual Group companies.

The report also contains information on green and CSR-based purchasing in businesses outside the above scope in line with management's recognition of the significant impact of supply chain activities on society and the environment.

Period Covered

Fiscal 2009: April 1, 2009 to March 31, 2010
(some content may fall outside this timeframe)

Issue Dates

This report: November 2010
Previous edition: November 2009
Next report: November 2011

Methodology for Choosing Key Information for Report

We used the following two-stage process to choose information that is important for the Group, society, and other stakeholders, referring to the materiality requirements of Version 3 of the Global Reporting Initiative's Sustainability Reporting Guidelines.

We augmented the themes of the 2009 report with content required under the Global Reporting Initiative's Application Level B, and the disclosure approaches of other telecommunications companies. We referred to the committee draft of the ISO26000 Social Responsibility guidelines to ensure completeness.

We tested the importance of the above areas in terms of the six assessment items below, presenting particularly important information in the printed report as special features and continuing to disclose other issues on our website to ensure completeness.

Materiality Assessment Issues

- Issues relating to ongoing CSR impacts, risks, and opportunities that expert individuals and organizations have identified through surveys by the experts of CSR
- CSR issues of significant social interest that the media frequently covers
- Issues that interest stakeholders (in employee and customer surveys and through other initiatives)
- Key organizational issues, notably those relating to our management philosophy, Basic CSR Policy, and Our Business Principles
- Regulatory and voluntary agreement issues covering our organization and operations, notably the Telecommunication Business Law and the rules of the Telecommunications Carriers Association
- Important issues relating to other companies, particularly competitors and companies with outstanding CSR programs

Environmental considerations for the printing of this report

Materials

• Paper

The report is printed on FSC-certified paper sourced from forests which are well-managed, as attested to by the Forest Stewardship Council.

• Ink

We help to prevent air pollution by employing 100% plant-based ink containing no volatile organic compounds (VOC).

Manufacturing

• Guidelines

This literature (brochure) is printed in accordance with the Purchasing Guidelines for Offset Printing Services.

• Printing

We employ computer-to-plate (CTP) technology, which reduces environmental impact as developer for plate-making film is no longer required. Actual printing employs waterless techniques, which remove the need for dampening solution containing hazardous substances.

• Power Use

Electricity for printing of this CSR report 2010 (5,500 books) has been fed by solar power (375kWh) only. By using the Green Power Certification, we support the adoption of more environmentally friendly renewable energy generation.

Certification

• Color Universal Design

We have aimed for a report which is easy to read, regardless of personal differences in color vision.The report is certified by NPO Color Universal Design Organization (CUDO).

Cover photo:

NTT Communications, in cooperation with the specified non-profit organization the Chichibu Environmental Association, conducted the Chichibu Rice Terrace Revitalization Project as part of its CSR activities involving employee participation. A photo of the rice terrace was used as the cover photo for this report.