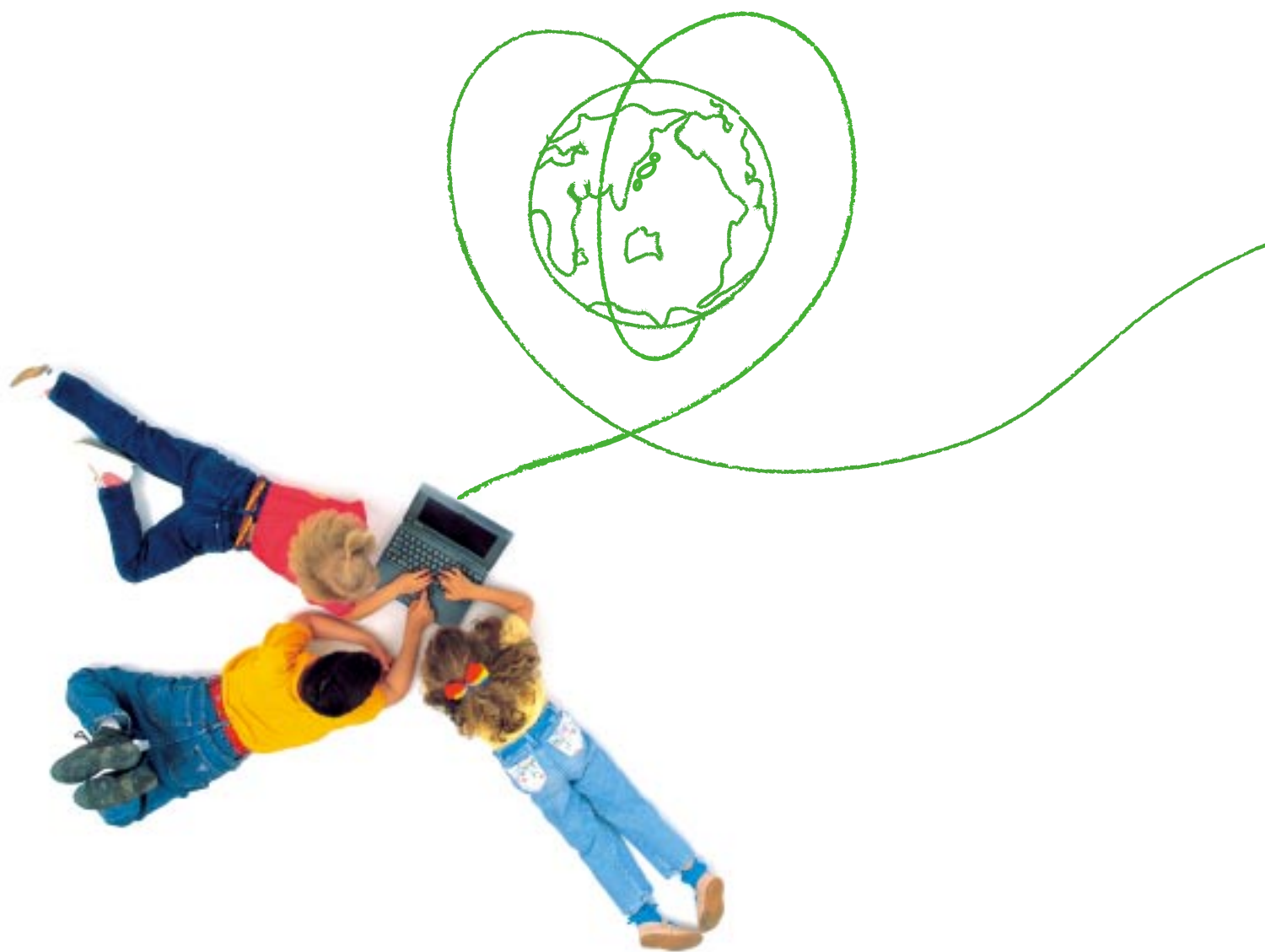


NTT Communications Group  
**Corporate Social Responsibility Report 2007**



# Our Business Activities and Stakeholders

The NTT Communications Group was established in 1999 to offer telecommunications services. We are now pursuing Vision 2010, through which we harness core enterprise and Internet services in partnering with customers to bridge their present and future potential and create new communications value.

We respect all stakeholders in keeping with our Guiding Principles. These parties include customers, business partners, shareholders, competitors, society, employees, and work environments. It is crucial to maintain stakeholder trust so we can remain profitable and contribute to a sustainable society.

## Customers

We serve customers in Japan and abroad. We are building a framework to solicit customer opinions around the clock and reflect that feedback in our management and services.

### Pledge to Customers

1. We will provide solutions and services that customers understand and value; we will not impose our offerings on them.
2. Each group employees will act responsibly and with pride in responding quickly, flexibly, and with integrity to customers.
3. We are committed to building long-term customer trust.
4. We will never betray that trust.

## Enterprise Business ICT Solutions Partner

We deliver world-leading consulting-based solutions.

- Solutions that resolve customers' management challenges Including next-generation Web communications, broadband imaging communications, mobile ubiquitous communications, contact center and customer relationship management communications, global one-stop solutions, total security solutions, outsourcing and server operations, and network operations
- Domestic and overseas IP networks and data communications services
- Data center, collocation, and hosting services

## The NTT Communications Group

We are drawing on synergies from our core enterprise and Internet businesses to build a growth model centered on B2B2C services—which form a bridge between companies and consumers.

## Internet Business CreativE-Life for Everyone

We provide personal Internet services that offer new lifestyles and value.

- ISP, portal, voice over IP, image and audio contents distribution, and online storage services



## Society

Employees in 21 countries oversee more than 200 service areas (as of March 31, 2007). We constantly explore ways to contribute to society, participating in environmental protection and international exchange programs.

### Pledge to Society

1. We will provide more secure and innovative services to 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 social progress and environmental protection.

## Employees and Work Environments

We aim to provide attractive work environments for all employees. They numbered 10,600 in Japan, 700 elsewhere in Asia, 1,080 in the United States, and 340 in Europe as of March 31, 2007. We are using our fair assessment system to build workplaces that respect individuality, diversity, and human rights.

### Employee and Work Environment Pledge

1. Each employee will think like a responsible ICT professional.
2. We respect individuality and diversity and protect human rights.
3. We create environments that foster trust, respect, and self-fulfillment.
4. We will implement programs to reform our operations.
5. We will do our utmost to maintain security.
6. We will create dynamic workplaces.

## Shareholders

We provide services that satisfy our customers and aim to improve corporate value by faithfully maintaining the support and trust of our shareholders.

### Pledge to Shareholders

1. We will disclose operating results fairly, accurately, and in a timely manner.
2. We will accurately convey our long-term vision and strategies.
3. We will achieve sustainable growth and increasingly benefit shareholders.
4. We will never tolerate the abuse of information about our business activities.

## Business Partners

We source services, supplies, and personnel from our domestic and overseas business partners. We maintain win-win ties with partners by holding, regularly assessing, and following up on explanatory meetings while providing opportunities to exchange opinions.

### Pledge to Business Partners

1. We will fully harness partnerships to maximize customer value.
2. We will choose business partners fairly.
3. We will build partner relationships that generate optimal results.
4. Our partnerships to provide customer value will always operate with integrity.

## Competitors

We compete fairly with domestic and international rivals in keeping with our position as a leading global entity in the NTT Group. Our relations with our rivals include jointly developing public policy proposals and jointly forming committees that report on industry progress.

### Pledge to Competitors

1. We will comply with competitive rules and compete fairly and with integrity.
2. We will become more competitive by operating as a fair rival.

### Our Key Impacts on Society:

- Provide more than 40 million phone lines\*.
- Offer Internet services to more than 8 million people.
- Employ about 13,000 people in 21 countries.
- Consume 900 million kilowatt-hours of electricity per year, equivalent to the annual consumption of more than 200,000 households, and output 365,000 metric tons of carbon dioxide.
- Generate around ¥1.3 trillion in revenues.

Note: Asterisk indicate that the data is for the NTT Communications only in fiscal 2006.

# About the Corporate Social Responsibility Report 2007

## Editorial Policy

Group CSR activities aim to contribute to community prosperity and sustainability worldwide by creating new value and resolving problems as an information communication technology (ICT) solutions partner. We issued this report to clearly convey our CSR approach to stakeholders.

This year's report presents policies and initiatives in three sections based on our Basic CSR Policy, which we implemented in June 2006.

Feedback from the 2006 edition means that this year's report now contains key benchmarks not only on environmental protection but also our social contributions and our respect for our employees. We have increased content on Group companies and our international activities. Read below for the process that we used to choose the key information we present in this report.

### 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.

1. We considered augmenting the 2006 report with content based on recommendations under the Global Reporting Initiative's guidelines, the disclosure approaches of other telecommunications companies, and the factors used in adjudication for the Environmental Communication Awards and the Sustainability Reporting Awards of Toyo Keizai Inc.
2. We tested the importance of the above items and prioritized disclosing those receiving the highest scores. The assessments deemed the Group's Basic CSR Policy and Vision 2010 as important for the "organization" element. The reports of other companies were important in "market (industry)" terms. The GRI guidelines were crucial from the perspectives of "society." We weighted our assessments for "organization" and "society."

## Report Profile

### ■ Reference Guidelines

Version 3.0 of the Global Reporting Initiative's Sustainability Reporting Guidelines.


Application level: Self-Declared C

The Ministry of the Environment's Environmental Reporting Guidelines (Fiscal Year 2003 Version) and Environmental Accounting Guidelines 2005

### ■ Web Access

You can download this report from the following website:

[http://www.ntt.com/csr\\_e/](http://www.ntt.com/csr_e/)

The  marks in this year's report indicate URLs offering detailed information on topics. Our website includes a table showing comparisons with GRI guidelines.

### ■ Third-Party Opinion

Mariko Kawaguchi, senior analyst at the Management Strategy Research Department of the Daiwa Institute of Research Ltd., assessed our CSR activities and suggested improvements.



### • Report Scope

This publication presents the CSR activities of NTT Communications and 47 Group companies (up from 44 in the previous report) 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

April 1, 2006, through March 31, 2007 (although some content may be outside that timeframe).

### • Issue Dates

We publish this report annually

This report: December 2007

Previous edition: November 2006

Next report: November 2008



## Focuses of the 2007 Report

### 1 Contributing to Society

We present the initiatives we have taken to provide telecommunications services as a good corporate citizen.



We present specific examples of how we make social needs our top priority in developing and providing services that ensure stability, peace of mind, and safety. We provide more information on our relationships with customers, business partners, and other stakeholders during the year under review.

### 2 Protecting the Environment

We report on our goals and results and comprehensive groupwide efforts to reach our targets.



This section overviews our efforts to reach the goals of Vision 2010. We present more specific Group performance data for the year under review. We also increased reporting on our biodiversity and green purchasing initiatives.

### 3 Respecting Our Employees

We show more numbers to enhance objectivity.



This year's report presents even more on what we have done to respect employees, a key priority in our Basic CSR Policy. We use more data on important areas and offer clear annual comparisons and provide more information on our PDCA (for plan, do, check, act) management cycle.

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# Bridging Today and Tomorrow



President and CEO

**Hiromi Wasai**

I believe that Corporate Social Responsibility is about taking the steps needed to ensure a sustainable society. We have a basic obligation to meet our legal and contractual obligations. We must also act based on our responsibility for building strong trust among customers, employees, and other stakeholders. And we must work even harder to keep moving forward. We want to play even a small part in contributing to a sustainable society by pursuing improvements in terms of environmental, labor, and biodiversity issues.

The NTT Communications Group established its CSR structure in August 2005. We formulated our basic CSR policy in 2006 and stepped up training for CSR officials and all employees. We established Vision 2010 to cover the operations of all Group companies. It includes our mission, which is to become a highly trusted company that contributes to a flourishing society and safe and comfortable lifestyles as a partner that bridges today and tomorrow. Bringing people together is our prime function as a telecommunications company. Our main Group CSR priority through our core businesses is to provide reliable and safe services.

In December 2006, many customers were inconvenienced when an earthquake off the coast of Taiwan damaged several submarine cables. Although this disaster was unexpected and large, we swiftly restored services by drawing on strong capabilities in the field based on our mission. Many customers praised our efforts despite the inconvenience that they suffered.

Field capabilities are central to building trust with all stakeholders. Masae Tamura, a senior executive vice president and concurrently the chairman of our CSR Committee, held a round-table meeting at which employees who directly serve customers exchanged their candid opinions. We are determined to harness what this gathering revealed so we can improve our stakeholder communications.

In today's advanced broadband and ubiquitous society, our reliance on the Internet is making the safety and security of telecommunications networks even more important. We have an increasingly important role to play in that regard. At the same time, stakeholders expect far more from us. We will keep these factors in mind as we pursue CSR initiatives that bridge today and tomorrow by providing safe and secure networks.

We are keen to make even the smallest enhancements to our CSR program. So, I would greatly appreciate opinions on this report to we can continue to do better.



**Akira Sakaino**

Section Chief  
Next-Generation  
Communications  
Sales Support Department  
Net Business Division

**Satoru Koyama**

General Manager  
Value Service Department  
Network Service Division  
NTTPC Communications, Inc.

**Masae Tamura**

Senior Executive  
Vice President and  
Chairman of Group  
CSR Committee

**Haruto Sakamoto**

Network SE Section  
Integrated Network  
Department  
Network Business Division

**Noriko Ogasawara**

Section Chief  
System Management Section  
Server Management Service  
Department  
IT Management Service  
Business Division

**Ensuring Transparent and Healthy Management**

● **Special Feature** Employee Round-Table Talk

# Reusing and Recycling Dismantled Telecommunications Facilities

Vision 2010 aims to build new value in communications by partnering with customers to bridge their present and future potential and create a prosperous society that offers safe, comfortable, and convenient lifestyles. CSR is central to building stakeholder trust so we can realize this vision.

Masae Tamura, senior executive vice president and chairman of our Group CSR Committee, gathered with four other employees to discuss worksite awareness of such CSR issues as the need to maintain information security and combat global warming. They also debated specific initiatives.

## Tackling information security issues with integrity

**Tamura:** CSR awareness and action are essential to reach the goals of Vision 2010. I realize that CSR covers a lot of territory. But today I'd like to start with a key aspect of that, notably information security in the workplace.

**Koyama:** I have been involved with the Internet for a long time. It's polluted, particularly with computer viruses. I'm part of a joint public-private sector project to combat viruses. As a telecommunications carrier, it's our duty to ensure network security. And security systems should be safe and user-friendly.

**Sakaino:** I completely agree. Such an approach could evolve to protect big businesses and retailers and consumers alike.

**Ogasawara:** For example, ID cards are a form of security. Many companies rely on such card systems to control facilities access. But we need to think about whether these systems are enough to maintain corporate security.

**Koyama:** Exactly. Security means systems and tools for most people. But I think that personal integrity is really important. We should restore integrity to make it the bedrock of security.

**Sakamoto:** I feel the same. You can deploy lots of security measures. But at the end of day security is all about integrity.

**Koyama:** I think intensive communication is central to cultivating integrity. Poor communication has likely led to a breakdown in integrity.

**Tamura:** I'd like all Group employees to understand that integrity based on close communication is the basis for providing information security.

## Taking the lead in addressing and communicating about global warming

**Tamura:** We can't ignore global warming. The Group has done much to conserve energy in its telecommunications operations and offices. One fruit of our initiatives was our top ranking in the communications services category of the Nikkei Environmental Management Survey.

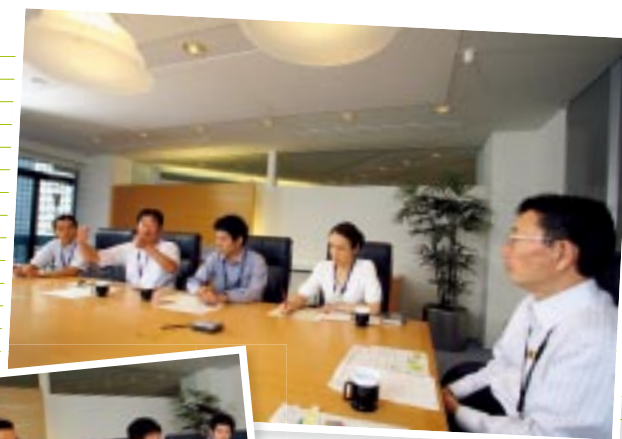
**Sakamoto:** I work in network power management, so cutting energy consumption and carbon dioxide emissions relates directly to my work. Our efforts have included installing telecommunications equipment that imposes low environmental loads, switching to direct current to power such equipment, and deploying highly efficient air conditioning. Still, all employees should help address global warming. As in information security, integrity is the key here.

**Ogasawara:** We are cutting environmental loads in the server rental and hosting services of my department by introducing "virtual" servers.

**Sakaino:** I studied about global warming at university. I want to develop a solution business model that contributes to



**Masae Tamura**  
Senior Executive Vice President and  
Chairman of Group CSR Committee



Ensuring Transparent and Healthy Management

**Special Feature**

Employee Round-Table Talk



**Satoru Koyama**  
General Manager  
Value Service Department  
Network Service Division  
NTTPC Communications, Inc.

Satoru has learned much about the benefits and drawbacks of the Internet by working in this area for more than a decade. He also serves as a chief in the ISP Joint Virus Countermeasure Project, an initiative that involves entities from the public and private sectors





**Akira Sakaino**

Section Chief  
Next-Generation Communications  
Sales Support Department  
Net Business Division

Akira plans and develops next-generation contents services. They include Kaori Tsushin, which stimulates the five senses. He is also working on a new business model to combat global warming.



**Noriko Ogasawara**

Section Chief  
System Management Section  
Server Management Service Department  
IT Management Service Business Division

Noriko was a founding member of an in-house working group to drive social contributions. She helped the group launch the Easy Internet Class program. Noriko devotes some of her spare time to arranging and holding classes for the program.



**Haruto Sakamoto**

Network SE Section  
Integrated Network Department  
Network Business Division

Haruto's work focuses daily on cutting the energy consumption and carbon dioxide emissions of telecommunications equipment, which imposes the highest environmental loads of Group operations.

conservation. We conducted an environmental survey of our value partners (sales agents). Many of them wanted NTT to share its expertise in environmental protection and provide environmental solution services. This experience made me realize that we should communicate more about our environmental initiatives.

**Koyama:** The NTT Group certainly needs to do more to cut carbon dioxide emissions and better explain what it is doing. The NTT Group consumes 1% of Japan's electricity, so our initiatives would have a major impact.

**Sakaino:** It would be great for the NTT Group to create and lead a business consortium that would tackle global warming.

**Sakamoto:** Right, and from a frontline perspective I'd like a project that would combine our expertise, wisdom, and clout with the strengths of hardware makers and other businesses.

**Tamura:** At the Hokkaido Toyako Summit in July 2008, I'd like to explore what we can do as a telecommunications carrier to prevent global warming and otherwise safeguard the environment.

**Contributing to society through ICT solutions business and marshalling each employee to pursue CSR progress**

**Tamura:** Our evolving ICT solutions business could contribute much to a better environment.

**Sakaino:** The idea is that we can use these solutions to reduce global warming and environmental impact by making the movements of people and goods more efficient. It would then be important to employ our telecommunications expertise to develop energy consumption visualization technologies.

**Sakamoto:** Yes, if we can measure energy usage it will decline. It normally takes a lot of cost and effort just to cut consumption by 1%, so visualization would be a good way to go.

**Ogasawara:** Most employees now embrace our internal *Kaizen* programs. Visualizing progress is one element of these programs, and this should foster a high awareness and zeal for CSR.

**Koyama:** At the same time, we ought to rethink what consumers do. We should perhaps encourage people to spend less time on the Internet so they can talk a bit more with their families about global warming. Steering consumers in that direction could also be a CSR initiative.

**Tamura:** In other words, you'd be suggesting new lifestyles.

**Sakaino:** Speaking of lifestyles, it's also important that companies and other organizations motivate their people. That would improve employee satisfaction and drive CSR action.

**Tamura:** Today's gathering enabled us to share issues that come up in our daily work. I'd love to have more such meetings. I aim to help the Group's CSR evolve through ongoing efforts to improve employee awareness of the issues. Thank you all for your time.

# CSR Management

## ■ CSR Approach

The NTT Communications Group established its Basic CSR Policy in June 2006 in keeping with the NTT Group CSR Charter to guide the daily activities of employees.

### 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

We strive to improve our information and communications technologies and provide stable, reliable, and secure communications worldwide, thereby making society safer and more secure.

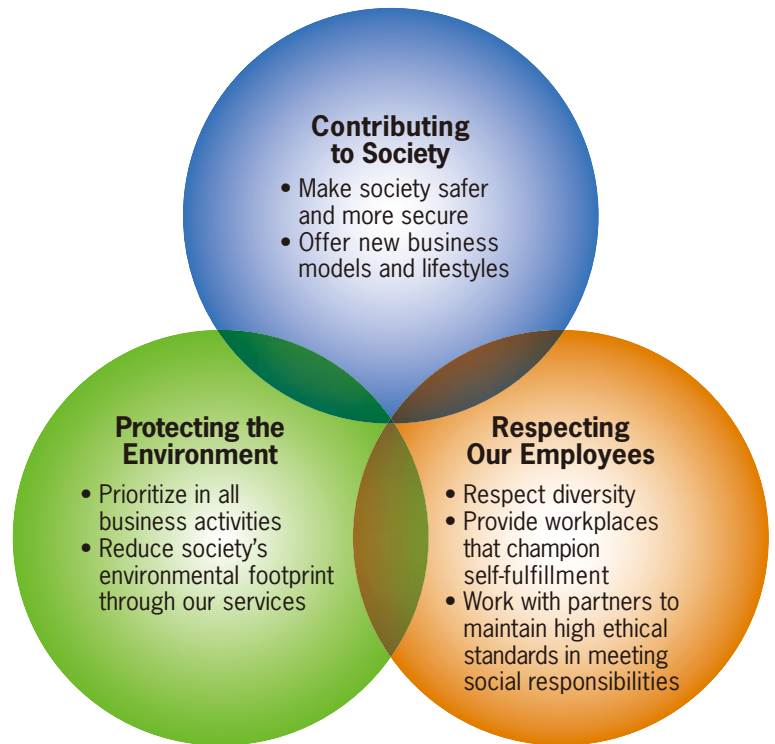
We offer new business models and lifestyles that create new value by enabling people to participate fully in society.

#### ■ Protecting the Environment

We safeguard the environment in all our businesses and reduce society's environmental footprint through our telecommunications services.

#### ■ Respecting Our Employees

We respect employee diversity and provide workplaces that champion self-fulfillment. We and our partners main high ethical standards in meeting our social responsibilities as telecommunications professionals.



### NTT Group CSR Charter

#### ■ Message

As a leader of the information and telecommunications industry, the NTT Group is committed to providing reliable, high-quality services that contribute to the creation of a safe, secure and prosperous society through communications that serve people, communities and the global environment.

#### ■ Goals

##### Communication between people and their communities

1. We shall strive to create a richer and more convenient communications environment, and utilize our technology to contribute to the resolution of the various issues faced by societies with aging and declining populations.

##### Communication between people and the global environment

2. We shall strive both to reduce our own environmental impacts and build environment-friendly forms of communications, and to provide information and communications services that help to reduce the impact of society as a whole on the global environment.

##### Safe and secure communication

3. While striving earnestly to ensure information security and resolve telecommunications-related social issues, we shall do our utmost to provide a safe and secure user environment and contribute to the creation and future development of communication culture.
4. Fully recognizing the role that telecommunications plays as critical infrastructure supporting society and protecting our livelihoods, we shall strive to offer secure and reliable telecommunications services fortified to withstand disasters and capable of connecting people irrespective of time, location and other circumstances.

##### Team NTT communication

5. All of us on Team NTT\* pledge to perform our duties with pride and a keen sense of responsibility in compliance with the highest of ethical standards, striving to fulfill our mission to society by working both for our own development as professionals, and for the further development of a flourishing and vibrant community.

\*Team NTT comprises all NTT Group employees, including temporary employees, contract employees, employees of our corporate partners, and also former employees who endorse the NTT Group's CSR activities.

## CSR Benchmarks

We established benchmarks to manage and assess how we are operating in keeping with our Basic CSR Policy. We will set up targets and identify challenges so we can improve our activities over the medium term.

	Fiscal 2005	Fiscal 2006	Relevant Page
<b>CSR Structure</b>			
Group CSR Committee meetings	2	2	P. 11
Parent corporate governance			
Board of Directors meetings	15	21	P. 11
Board of Statutory Auditors meetings	14	17	P. 11
Management Council meetings	30	53	P. 11
Market-in Council meetings	29	40	P. 11
Group compliance			
Classes on compliance in the workplace (number of participants)	559 (14,805)	776 (17,789)	P. 12
Group risk management			
Business Risk Management Committee meetings	—	1	P. 12
<b>Contributing to Society</b>			
Information security			
Group companies with information security management systems certification	6	7	P. 17
Group companies obtaining Privacy Mark	4	9	P. 17
Society			
NTT Com CHEO's CAVA system participants (including home call center staffers)	1,570	1,600	P. 21
NTT Communications Friendly Internet classes (people participating)	3 (81)	3 (64)	P. 25
Organizations involved in NTTPC Communications' NPO accessibility support program	14	14	P. 26
Parent donations of used PCs	98	0	—
People participating in tours of NTT World Engineering Marine's <i>Subaru</i> , a vessel that lays submarine cable	200	160	—
Parent donations	¥384,570,000	¥913,940,000	—
<b>Protecting the Environment</b>			
Percentage changes in carbon dioxide emissions (number in parentheses shows change compared with new emissions factor):	13.7%	2.0% (9.5%)	P. 33
Power consumption	-2.3%	1.0%	P. 33
Company vehicle fuel consumption (gasoline and diesel)	-24.2%	-0.9%	P. 33
Dismantled telecommunications equipment recycling rate	98.7%	97.5%	P. 34
Construction waste recycling rate	81.0%	89.0%	P. 34
Office waste recycling rate	51.5%	57.0%	P. 34
<b>Respecting Our Employees</b>			
Fostering diversity and maintaining attractive workplaces			
Group			
Number of employees	10,680	12,720	P. 2
Japan	8,700	10,600	P. 2
Asia	650	700	P. 2
United States	1,030	1,080	P. 2
Europe	300	340	P. 2
Parent			
Number of employees	7,650	8,750	P. 37
Males	6,916	7,900	P. 37
Females	734	850	P. 37
Average age	39.4	39.4	P. 37
Average years of service	17.1	17.1	P. 37
Females appointed to positions above assistant manager level (and as percentage of appointees to such positions)	128 (3.0%)	140 (3.2%)	P. 37
Percentage of employees with disabilities (as of June 30, 2007)	1.34%	1.41%	P. 37
Number of work-related accidents (while working or commuting)	4	6	P. 38
Menu options under cafeteria plan (usage rate)	45 (99%)	49 (99%)	P. 38
Respecting individuality and human rights			
Group			
Classes on human rights in the workplace (number of participants)	559 (14,805)	776 (17,789)	P. 40
Human rights issues classes for senior managers (number of participants)	1 (42)	1 (42)	P. 40
Classes on sexual and other harassment (number of participants)	1 (around 250)	1 (213)	P. 40
Parent			
Employees trained at Azabu Seminar House (January through December)	5,271	6,091	P. 39
Employees trained at external facilities (January through December)	2,930	3,071	P. 39
Employees undertaking external studies (January through December)	1,721	105	P. 39
Meetings for dialog between senior management and employees (number of participants)	3 (237)	10 (720)	P. 39
Experiential learning classes (number of participants)	2 (56)	4 (80)	P. 40

Note: Unless otherwise indicated, figures are as of March 31 or for April 1 through March 31.

# Our CSR Framework

**Our CSR efforts center on faithfully fulfilling our social responsibilities by strengthening corporate governance, establishing a compliance framework, and respecting human rights.**

## Corporate Governance

### ● Governance Structure (as of June 28, 2007)

We aim to strengthen corporate governance by drawing on the Board of Directors and Board of Statutory Auditors.

The Board of Directors has 15 members, including two independent external directors. In principle, this board meets once monthly to ensure adherence to laws and ordinances, our articles of incorporation, and the rules governing that body, and to decide on important management matters. We strengthened oversight to ensure fair business practices by having the president chair this board and appointing two external directors to it.

The Board of Statutory Auditors comprises three external people. They attend meetings of the Board of Directors and all other important gatherings, as well as holding their own meetings. The auditors assess the activities of the Board of Directors. The Board of Statutory Auditors has its own staff and organization to optimize efficiency and reinforces oversight by working closely with accounting firms and sharing information on audit plans and results with them.

In June 2006, we replaced our directors' retirement benefits program

with a setup in which we more closely link the remuneration of internal directors to business performance. The remunerations of external directors are not related to operational performance to maintain their independence.

We have established several councils and committees to discuss important management issues for NTT Communications and Group companies and thereby accelerate decision-making. The Executive Council met 53 times in 2006. The Market-In Council gathered 40 times. Other bodies include the CSR Committee, the Compliance Committee, the Business Risk Management Committee, the Human Rights Awareness Committee, and the Work-Life Committee.

#### ■ Governance Framework



### ● Internal Controls

The NTT Group formulated new basic policies to develop internal controls in response to the May 2006 implementation of the Corporation Law. NTT Communications' Board of Directors resolved to take the necessary steps

for the Group in line with these policies. We plan to bolster internal controls for financial reporting in line with the Financial Instruments and Exchange Law, which went into effect in June 2006.

#### ■ Basic Stance on Creating Internal Controls

1. NTT Communications will maintain a system of internal controls to comply with laws, operate properly and efficiently, and to prevent, minimize, and otherwise appropriately manage losses.
2. The Legal and Internal Audit Department shall assess the above system. We will make improvements as needed based on the department's audits and special audits of high-risk areas common to the NTT Group in keeping with the auditing criteria of Nippon Telegraph and Telephone Corporation.
3. We will cooperate with Nippon Telegraph and Telephone Corporation to ensure the system's conformance to the Sarbanes-Oxley Act of the United States.
4. As chief executive officer, the president must ensure the establishment, maintenance, and operation of the system.

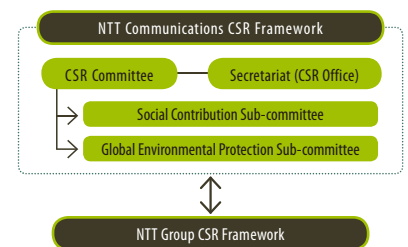
### ● CSR Committee

A senior executive vice president of the Company chairs the CSR Committee, which we created to clarify our management structure from economic, environmental, and social perspectives. We also established the Social Contribution Sub-committee and the Global Environmental Protection Sub-committee.

The CSR Committee met twice in fiscal 2006, with representatives of 18 Group companies attending. In the first gathering, the committee completed the NTT Communications Group's Basic CSR Policy. The

committee also issued CSR and activity reports and resolved on future activities after discussing issues that it should address. The committee will continue working to foster the NTT Communications Group's CSR initiatives.

#### ■ CSR Committee



## Domestic Group Company Activities



### NTTPC Communications, Inc.

NTTPC Communications, Inc. instituted the President's Commendation Program for CSR Activities to recognize and encourage grassroots employee initiatives that contribute to CSR.

One special award under the program in fiscal 2006 included attending a seminar at the Ritz-Carlton, Osaka. Participants learned that employee satisfaction is the key to customer satisfaction.

## Compliance (Corporate Ethics and Business Risks)

### ● Corporate Ethics Framework

For the NTT Communications Group, compliance goes well beyond merely adhering to laws and ordinances. We believe that it is essential to establish a framework that ensures that our operations follow a strong ethical compass so we can fulfill our social obligations. We have accordingly deployed various initiatives to heighten the ethical

 See the following website for details: [http://www.ntt.com/obp\\_e/torikumi/](http://www.ntt.com/obp_e/torikumi/)

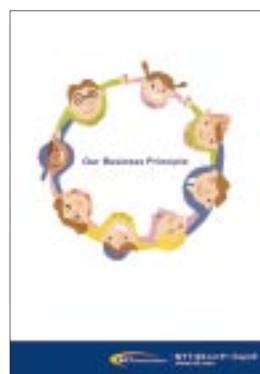
consciousnesses of everyone from senior executives to employees and Group companies, drawing on the NTT Group Corporate Ethics Charter, which shows how to prevent or deal with unfair and improper actions. We set up the Compliance Committee and have appointed a director, department, and officials in all business units to oversee corporate ethics.

### ● Raising Ethical Consciousnesses

We constantly foster consciousness of corporate ethics issues through seminars for all employees, training sessions for various management levels, and lectures from external experts. We also offer classes on compliance in the workplace.

We distribute the *Our Business Principles* booklet to all NTT Communications Group employees to promote ethical behavior. This publication has been an important guideline since we began operations. We will continue to use *Our Business Principles* as central to our CSR activities.

 See the following website for details: [http://www.ntt.com/obp\\_e/](http://www.ntt.com/obp_e/)



■ *Our Business Principles* booklet



■ *Our Business Principles* card for employees

### ● Consultation Hotline

We established the NTT Communications Group Hotline with the Compliance Committee. All Group employees in all countries can access

the hotline. The NTT Group established an external consultation and reporting liaison desk, staffed with legal experts. These organizations are part of our commitment to a transparent corporate culture.

### ● Business Risk Management

We established the Business Risk Management Committee, which a senior executive vice president chairs, to better oversee risks associated with our operations. Members include presidents of Group companies and members of relevant divisions. This committee assesses and formulates policies to safeguard against significant Group risks, among which are such external factors as natural disasters and terrorism and internal risks, notably dishonesty and scandals.

We created a system to swiftly collect risk information and ensure fast and proper decision-making in response to major risks. If such

events occur, we inaugurate the Disaster (Accident)/Risk Response Headquarters, which the president or a senior executive vice president may head depending on the situation. We have prepared and distributed a companywide manual to help Group companies address risk management issues, and also hold regular training sessions.

We will continue to strengthen our systems to tackle business risks for the entire Group.

## Respect for Human Rights

### ● Cultivating Human Rights Respect

As a global business, NTT Communications Group has made combating discrimination and respecting human rights a top priority. We follow a basic policy to tackle these issues through our daily business activities

based on a corporate constitution that forbids discrimination. We established the Human Rights Awareness Committee to educate parent and Group company employees and business partners.

#### Initiatives

- Basic policy and activity plans for human rights initiatives
- Planning and implementing human rights measures, promoting diversity, and soliciting human rights slogans
- Planning and implementing human rights education, including training seminars for top executives, middle management, and employees, and courses on sexual harassment and power abuses
- Consultation and response desk for human rights problems

## Maintaining a Disaster Management Structure that Makes Networks More Reliable, Secures Vital Communications, and Swiftly Restores Services

Crisis management has become central to tackling disasters in recent years, including as a government policy issue for safeguarding life and property. Many companies have adopted business continuity plans to deal with catastrophes.

NTT Communications is no exception. We devised such plans and other backup solutions for our customers. At the same time, we created several in-house crisis management organs, a good example being the Network Business Division's Disaster Response Office. Our basic disaster policy is to make our networks more reliable, secure vital communications, and swiftly restore services. Management structure elements that allow us to swiftly tackle disasters include multiple relay transmission routes, redundant communications facilities, network controls, and other capabilities to secure vital communications.

We are a designated public corporation under the Japanese government's Disaster Countermeasures Basic Act. We accordingly joined hands with 13 other NTT Group companies to formulate a plan to manage operations during disasters, and are ready to collaborate with national and regional government bodies.

## Instituting Emergency Response Structure to Restore Damage to International Telecommunications Services after Taiwanese Quake

A magnitude 7.1 earthquake off the southwestern coast of Taiwan on the evening of December 26, 2006, tested our disaster preparedness. The quake cut many undersea cables and severely disrupted Southeast Asian telecommunications services.

Most of our damaged cables served Southeast Asia. Our corporate database, Internet connection, and international voice services went down or were congested for the first time since our establishment.

It is important in situations like this to swiftly reinstate communications while quickly informing people internally and externally about the damage and restoration plans. Satoru Taira, section chief in the Customer Service Department of the Global Services Section, says that, "Our emergency structure went into action right after the Taiwan quake to resolve cross-divisional issues and share information companywide and with customers and other external stakeholders. Our global network engineers and foreign carriers were able to restore 90% of customer services within just two days."

## Close Ties with Chinese and Other Asian Carriers Pivotal to Swift Services Recovery

Our solid global network contributed greatly to the fast recovery of customer services. We drew on close ties with a Chinese carrier to establish a high-capacity land route from Shanghai to Hong Kong that bypasses Taiwan, where we concluded that it would take a long time to repair undersea cable damage.

We also leveraged strong relationships with fellow members of the Arcstar Carrier Forum to accelerate our services recovery. This body aims to help members improve service quality



### Contributing to Society

## Special Feature Maintaining Network Reliability

# Quickly Restoring Services after Taiwan Quake

### Deploying Our Disaster Management System and Global Network to Tackle Service Disruptions

An earthquake off the southwestern coast of Taiwan in December 2006 cut numerous undersea telecommunications cables. Hardest hit were NTT Communications and many other carriers serving the Asian region. We restored 90% of our services within two days of the disaster. This achievement reflected the effectiveness of our crisis management system and our global alliance. Another key factor was solid companywide understanding of our disaster response measures in keeping with our CSR consciousness.



Images of regular undersea cable laying operations

throughout the region. Junichi Oka, vice president of the Global Network Department in the Global Business Division, says that, “Close ties between engineers were crucial to our swift services recovery. And we limited disruption to IP-VPN and other managed network services for corporate customers by quickly redirecting traffic to alternative routes.”

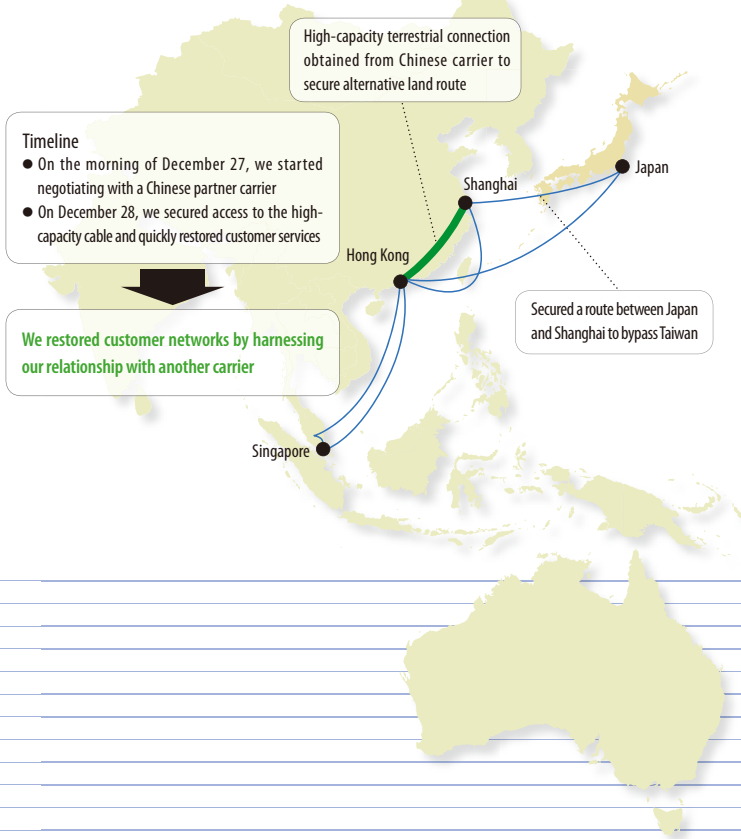
Another factor in returning services to normal was our existing network infrastructure of massive cable capacity and multiple routes.

## Involving All Employees in Drive to Build a Quake-Resistant Global Network

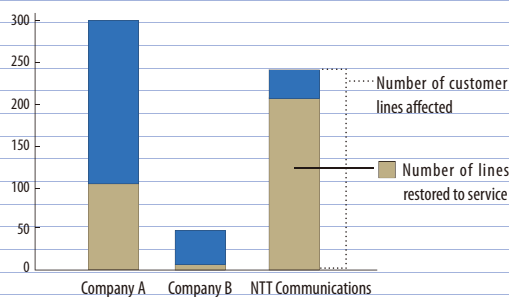
Many Japanese companies have set up production units throughout Asia. Tatsuhiko Endo, general manager of the Disaster Prevention Planning Office in the Network Business Division, says that, “The Taiwanese quake admittedly hampered the operations of Japanese multinational customers, but they praised us for restoring services so swiftly. The event affirmed the quality of our companywide crisis management and response structure and the robustness of our global communications network. We’ll build on the commitment of all our people to disaster readiness.”

NTT Communications is strengthening its global network against disasters. For example, we plan to link Japan and Russia by laying the fiber-optic Hokkaido–Sakhalin Cable System with TransTeleCom, Russia’s top backbone telecom operator. That cable will serve multinational customers and supplement our Indian Ocean cable while providing backup in the event of quakes and other disasters. We will keep working to beef up our telecommunications technologies and deliver highly reliable services.

### Chinese Terrestrial Bypass Route



### Service Restoration Rates as of December 28



Source: December 29, 2006, edition of the Asahi Shimbun



**Satoru Taira**  
Section chief  
Customer Service  
Department  
Global Services  
Section



**Junichi Oka**  
Vice president  
Global Network  
Department  
Global Business  
Division



**Tatsuhiko Endo**  
General manager  
Disaster Prevention  
Planning Office  
Network Business  
Division

# Maintaining Reliable Telecommunications Services

**We are improving our communications network technologies to minimize the impacts of disasters around the world.**

## Advanced Network Technologies and Monitoring Systems

### ● Multi-Routes, Redundancy, and 24/7 Monitoring Ensure Reliability

NTT Communications operates Japan's communications backbone network. We ensure network reliability even in disasters or other emergencies by securing multiple routes, redundant and decentralized equipment and facilities, and 24/7 network monitoring.

In February 2007, we signed an agreement with TransTeleCom to construct an undersea fiber-optic cable system between Japan and

Russia by the end of 2007. The system will connect with TransTeleCom's 50,000-kilometer transcontinental optical route along the Trans-Siberian Railway to become the shortest uninterrupted link from Japan to Russia and elsewhere in Europe.

By this new route in addition to an existing Indian Ocean link between Japan and Europe, we will continue to meet the requirements of multinationals using data communications services and will also strengthen our network resiliency.

### ● CCNC Maintains Quality, Efficiency, and Reliability

The NTT Communications Customer Network Service Center (CCNC) oversees our network services to maintain reliability and support diverse operational modes. We can thus deliver unsurpassed quality, efficiency, and reliability today and well into the future.

#### ■ CCNC System

##### 1 One-stop customer service to resolve product failures

A single, centralized contact point lets us quickly address customer concerns.

##### 2 Monitoring and controlling equipment at network service nodes

Our 24/7 nationwide monitoring keeps our network services reliable.

##### 3 Customized service level agreements and failure analysis reports

We manage quality in line with service level agreements and failure analysis reports.

## Serving Worldwide Needs

### ● Global Network Services

NTT Communications provides seamless global services, including such highly reliable offerings as a global IP-VPN and a Global Tier 1\* IP backbone. We are reinforcing our services worldwide, particularly in fast-growing Asian-Pacific markets, notably China and India, where we opened affiliate offices.

We opened our Dubai Representative Office in December 2006 to enhance our Middle Eastern operations. We launched the Warsaw Representative Office in April 2007 to serve the network and systems needs of multinationals expanding in central and eastern Europe.

\* A Global Tier 1 is an Internet service provider that owns a high-bandwidth worldwide IP backbone and can control quality without relying on upstream providers.



Our Global Network of Subsidiaries and Affiliates (covering 50 cites in 21 countries, as of July 31, 2007)

### ● The Technology for Laying Submarine Cable is Also Used for Installing Seismographs

NTT World Engineering Marine Corporation (NTTWEM) lays and maintains the domestic submarine communication cables around Japan as well as the cables across the Pacific Ocean, throughout South Asian and the Indian Ocean coastal areas. NTTWEM and NTT Submarine Cable Engineering Center, (which was the former organization of NTTWEM) have installed most of the seismographs located at more than 1,000m

water depth. NTT Communications group developed this technology and it is used to study earthquakes and also used in emergency notices around Japan as and when required.



■ The Subaru lays undersea communications cable



## Disaster Mitigation

### ● Keeping Networks Reliable after Disasters

As mentioned on page 13, our basic disaster policy is to make our networks more reliable, secure vital communications, and swiftly restore services. We are building networks to alleviate the potential impacts of earthquakes, storms, and tsunamis.

We formulated a disaster mitigation plan as a designated public corporation in keeping with the Disaster Countermeasures Basic Act and the Civil Protection Law\*. We conduct regular drills based on various scenarios to reinforce disaster preparedness.

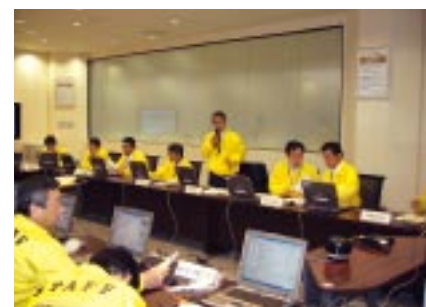
We held four disaster drills for more than 1,000 participants in fiscal 2006. We will continue to enhance disaster responsiveness in collaboration with national and government agencies and all other NTT Group companies.

\* The official name of the Civil Protection Law is the Law concerning the Measures for Protection of the Civilian Population in Armed Attack Situations.

 See the following Japanese-language website for details: <http://www.ntt.com/saitai/>



■ Disaster drill



### ● System to Help Rebuild Networks after Major Disasters

We created the Disaster Recovery System to overcome network disruptions following major disasters. This independent system would

draw on usable resources to quickly identify and assess troublespots, design bypass routes, and set up equipment. We plan to commercialize a desktop version of this system in fiscal 2007.

### ● Testing Earthquake Early Warning for Consumers

In December 2006, we joined hands with HALEX Corporation, Val Laboratory Corporation, and the Japan Meteorological Agency in a project to test an earthquake alert model for consumers. As soon as we receive quake newsflashes on primary waves from the agency, we send IPv6 multicasts to participating consumers before the more destructive secondary waves arrive. We will use findings from a survey

of these consumers to eventually distribute quake newsflashes to the general public.

We began testing Earthquake Early Warning for consumers in November 2006. We hope that businesses can harness such information to minimize the impact of quakes on trains, elevators, and other facilities and instruct employees to seek shelter.

### ● Mobile Service to Confirm Safety and Broadcast Notices

We launched a new service that helps companies to address increasingly complex natural and man-made risks by placing calling employees by cellphone, wireline phone, or through the Web.

Companies can also simultaneously notify all employees and have administrators assess the results. Our service helps businesses to quickly evaluate and recover from disruptions after disasters so they can assist communities.

### ● Kankyou-goo Website Highlights Disaster Prevention Month

Disaster Prevention Month every September features numerous events. In fiscal 2006, The Kankyou-goo environmental portal of NTT Resonant Inc. presented a special feature on the importance of daily readiness for disasters. The feature emphasized the themes of knowledge, experience and involvement, and preparations.

 See the following Japanese-language website for details: <http://eco.goo.ne.jp/topics/bousai/>



■ Disaster readiness feature on Kankyou-goo website

# Making Society Safer and More Secure

**We pursue information security to create a safer and more secure society.**

## Internal Safety and Security Initiatives

### ● Security Declaration and Information Protection Policy

We were one of the first companies to formulate a framework to protect customer and other information. In September 2002, we applied stringent internal policies to enhance customers' security through our Security Declaration and Information Protection Policy.

Technology alone is not a sufficient safeguard, as people both threaten and operate security systems. That is why we are strengthening all security aspects, notably people, processes, and technology.

### ■ NTT Communications Security Declaration

**Our most important mission, in addition to protecting information that is vital to our customers and providing services they know are safe, is contributing to an enhancement of our customers' security system.**

**We regard security as our top priority in providing services to our customers, and we pledge to work with them to achieve an optimum security system.**

**We will do our utmost to ensure security in all phases of the value chain from technology and service development to establishment and operation.**

**Furthermore, as Internet Professionals, each one of us will raise our capabilities to respond to security-related 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 IT 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.

See the following website for details: [http://www.ntt.com/obp\\_e/torikumi/02.html](http://www.ntt.com/obp_e/torikumi/02.html)

### ● Information Security Management System

The president and CEO appointed the Chief Security Officer (CSO), who established the Security Management Office. This officer maintains information security governance by performing the following benchmark tasks in keeping with the requirements of ISO 27001, the international standard for information security management systems:

- Formulate rules and standards and educate all employees
- Plan and apply companywide information security policies
- Ensure unified responses to information security incidents
- Monitor compliance with information security regulations

Special officials in each business unit manage information security based on companywide policies. We conduct job-specific companywide training to improve the security consciousness of employees. We also meet with vendors to exchange information on case studies and policies and mutually improve security.

#### ■ Group Information Security Management Systems Certifications

	Fiscal 2005	Fiscal 2006
Group companies certified	6	7

### ● Policies to Protect Customers' Information and Privacy

As of March 31, 2007, nine Group companies had obtained Privacy Mark accreditation. We comply with the Ministry of Internal Affairs and Communications' guidelines on managing personal information. We conduct regular audits to ensure that vendors adhere to our security standards.

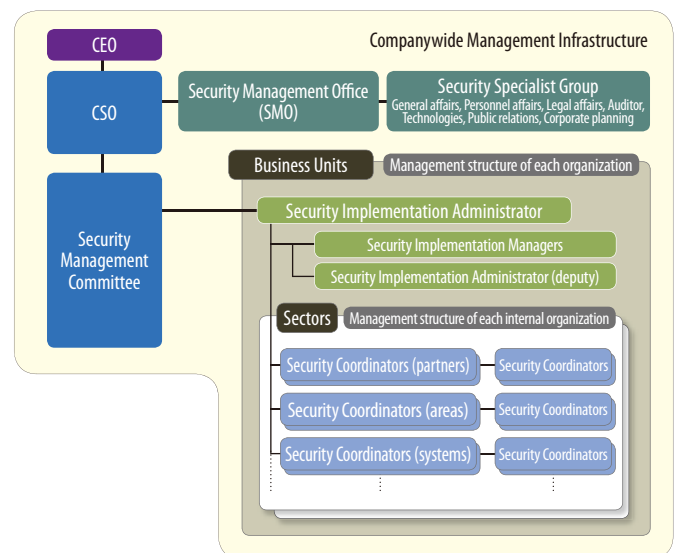
In December 2006, someone stole a Group company's notebook PC that contained customer information. The Ministry of Internal Affairs and Communications instructed us to prevent such an incident from

recurring. We responded by forbidding employees from taking computers outside Group company premises. We added new internal auditing items and retrained all employees.

In these and other ways, we will beef up our commitment to groupwide information security management standards.

#### ■ Privacy Mark Accreditations

	Fiscal 2005	Fiscal 2006
Group companies accredited	4	9



## Internet Service Provider Initiatives to Foster Security and Safety

### ● Security Declaration and Information Protection Policy

The Anti-Bot\* Countermeasures Project is a public-private initiative launched in December 2006 to combat new threats to the Internet. The project seeks to eliminate bot (see note below) infections within five years. NTT Communications and other Internet service providers are working on the project with the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry. The effort has been very successful, gathering more than 2 million viruses in 100,000 categories to produce tools that victims can use to disinfect their computers.

We play a central role in sophisticated national projects. For example, in fiscal 2006 we and other Internet service providers collaborated with the Ministry of Internal Affairs and Communications

\* A bot is a program that a malicious party can develop to remotely force compromised computers to distribute spam or leak information without the owners knowing.

to launch the world's first drills to respond to telecommunications cyber-attacks. That was because most user sites are vulnerable to malicious viruses.



■ Cyber Clean Center's website



■ Banner for joint declaration from seven leading Internet service providers on their commitment to a community that fosters information security

### ● Strengthening Internet Security Services

OCN served 6.09 million subscribers as of March 31, 2007. In January 2007, we launched Anshin Select Pack, which offers discounts on a combination of several security services. The goal was to encourage more subscribers to use security products and thereby enhance their Internet experience. NTT Communications Group company Plala Networks Inc. offers a free filter for Winny, a file-sharing application that has caused significant problems in Japan owing to inadvertent information leaks.

We will continue groupwide efforts to ensure safe and secure networks.



■ OCN Anshin Select Pack website



■ Plala's security website

### ● Improving Corporate Network Security Monitoring and Operations

Zero-day attacks and other network threats that focus more on equipment and applications rather than operating systems are increasing. These developments have made it harder for corporate customers to independently safeguard their security.

Our Security Operations Center monitors such new threats 24/7 to protect corporate information systems and prevent business interruptions.

Japanese companies will soon have to monitor and manage their information systems in line with the Japanese Sarbanes-Oxley Act. The Security Operations Center can help customer companies to comply with those requirements.



■ Our Security Operations Center

### ● Making the Internet Safe for Children

NTT Resonant's Kids-goo website presents its Seven Rules of simple precautions and manners for children using the Internet. We offer services to filter out improper websites and better protect children from online criminals.

See the following Japanese-language website for details: <http://kids.goo.ne.jp/>



■ Kids-goo website

# Faithfully Serving Our Customers

The quality of the services we develop and provide is central to our goal of becoming No. 1 in customer satisfaction.

## Improving Customer Satisfaction

### ● Conducting Customer Satisfaction Surveys

NTT Communications regularly conducts customer satisfaction surveys and uses the feedback to improve projects and services.

We audit our sales activities once annually to solicit customer opinions that we use companywide to improve satisfaction levels.

### ● Action! OCN Initiative Quickly Addresses Customer Needs

We implemented this initiative to directly solicit feedback from personal OCN customers so we can become a leading Internet services provider.

For example, customers told us of delays in displaying our website. We set up a dedicated website to allow network performance checks. When a subscriber told us that an unscrupulous company put annoying comments on the person's blog, we strengthened our system to block automatic postings.

OCN receives more than 20,000 inquiry calls a day. We aim to improve customer satisfaction by quickly and compassionately processing each call.



■ Action! OCN website

See the following Japanese-language website for details: on Action! OCN: <http://www.ocn.ne.jp/cs/>

### ● Framework for Addressing Customer Requests

In February 2006, the OCN customer support desk for corporate subscribers extended daily service inquiry support by one hour, to 6:00 p.m. We also lengthened the operating hours of the hosting services desk. Corporate subscribers can receive emails on construction work and service outages.

We will further improve our services by seeking feedback through our customer support desk and our annual OCN subscriber satisfaction survey.

### ● Boosting Satisfaction through 99.999% Service Availability

We are enhancing OCN services to ensure a user-friendly Internet environment for all subscribers.

We maintain Japan's largest backbone to deliver quality network services. The availability of our personal OCN services was 99.999% as

of March 2007. We will continue to monitor our systems to maintain line quality. We will continue to serve subscribers following disasters by drawing on our backup routes.

### ● Deploying New Technologies to Improve Customer Satisfaction

Initiatives to enhance the contents and quality of our OCN services included launching unicast Reverse Path Forwarding in April 2006. This technique blocks transmissions from packets that come without

verifiable IP addresses, greatly alleviating loads on subscribers' Internet bandwidth and efficiently combating address forging to improve security.

We will continue employing advanced technologies to boost service reliability and customer satisfaction.

### ● Offering Advanced Services to Enhance Reliability and Convenience

Our many services aim to improve customer satisfaction. Spam check options enable automatic interception of around 720 million dubious emails monthly. Security services include virus checking, safeguards against malicious websites, preventing spyware and unauthorized access, and personal information protection.

We enhance convenience through our DoTV Internet television service and OCNIPv6, a next-

generation service that allows consumers to remotely access information appliances and other equipment from outside the home. Another offering is the OCN Theater broadband video service, which offers access to 12,000 titles.

We will develop and deliver even more advanced Internet services in the years ahead to please our customers.



■ OCN Theater menu screen



■ DoTV service screen

## Assessments of Our Customer Satisfaction Initiatives

### ● OCN Service Center (Sendai) Becomes World's First Internationally Certified ISP Support Center

In January 2007, our OCN Service Center (Sendai) became the first such facility of an Internet Service Provider to be certified under the Help Desk Institute's Support Center Certification Program. This is the institute's newest standard. The center was also certified under the previous version in December 2004.

The institute is an international association for the service and support industry, and certifies centers only after strictly assessing

service quality and activities. Customer satisfaction carries a very high weighting in evaluations, so our ongoing commitment to customer feedback likely contributed greatly to the new certification.

We intend to identify more ways of delivering high-quality customer services in our drive to be the world leader in customer satisfaction among Internet services providers.



■ International certification under the Help Desk Institute's Support Center Certification Program

### ● Receiving Highest Marks for International Data Communications Services in Customer Satisfaction Survey

We received three Diamond Awards from Telemark Services, a British Research company, in a May 2007 report measuring customer satisfaction for international data communications services. The report

was based on the results of interviews with 1,271 multinational companies in 2006. It evaluated the world's leading carriers, including AT&T Inc. and British Telecommunications plc. We were the sole provider included in the report, outperforming rivals in three of eight categories and winning best-in-category awards for the achievements in customer experience.

## Responsibly Providing High-Quality Services

### ● Using Service Level Agreements

These agreements formally guarantee certain levels of service to customers, requiring providers to credit customers if service quality is lower than agreed.

We adopted an industry-leading six categories of service level agreement to maintain the high quality of our Arcstar IP-VPN service.

These cover launch delays, breakdown recovery time, outage notification, transmission delays, line availability, and network availability.

Service level agreements depend on the services offered and apply to our e-VLAN, some OCN, and some specialized services.

### A Century of Quality and Reliability through Leased Lines

NTT pioneered leased line services in 1906, when the Minister of Communications authorized a hotline between Tokyo and Yokohama. A century later, leased lines remain important tools for maintaining reliable and secure business communications tools in an era when corporate social responsibility and business continuity management are key issues.

We now offer the user-friendly Gigastream, an Ethernet-based leased line service that offers diverse options and low charges. We plan to expand the areas in which this new-generation service is available.

# Providing Services that Society Seeks

**NTT Communications develops and deploys services that meet social needs. We generate new value through new business model and lifestyle contributions for an inclusive society.**

## Building an Inclusive Society

### ●.com Master: A Valuable Certification System for Training ICT Personnel

Tools that objectively benchmark ICT skills are increasingly important in business today.

NTT Communications launched the .com Master ICT skill certification system in 2001. There are three levels for certifying ICT skills, ranging from Single Star to the advanced Triple Star.

 See the following Japanese-language website for details: <http://biz.ocn.ne.jp/master/>

As of the thirteenth “.com Master” tests held in July 2007, the cumulative number of test-takers reached 240,000, of whom 80,000 had passed. This system is being adopted as a useful corporate qualification tool, and is also used as an indicator of skill levels in finding employment and doing business.



### ●CAVA: Our Home Call Center System

NTT Com CHEO contributes to society by unlocking the talents of older people, women, and other home-based workers through its virtual call-center business. One of its services is the CAVA system, which stands for .com Advisor & Valuable Agent. CAVA teleworkers provide technical support for Internet services over the phone and through visits to customer homes. Individuals can choose when and where to work and vary workloads and their incomes so they can raise children, look after

retired relatives, or perform other tasks. About 1,600 people nationwide work under the CAVA system, which should provide valuable employment opportunities to some of the numerous baby-boomers set to retire in Japan.



■ Senior staffer providing call-center services from home

 See the following Japanese-language website for details: <http://www.nttcheo.com/cava/>

## Comments from CAVA Staffer

Keiko Karahashi



I was looking for work I could do at home because one of my kids often gets fevers. I heard about CAVA and applied for a job through that system because I wanted to balance my career against child-raising and house tasks. I can work when I want. It means I can quickly handle child emergencies. I'm thrilled to play a part in society through this work.

### ●Developing a Subtitling System for Hearing-Impaired Television Viewers

The number of hearing-impaired people is growing as society ages. An estimated 6 million people, or 5% of the population, need subtitles to enjoy television.

The Ministry of Internal Affairs and Communications aims to make subtitling mandatory for all except live broadcasts by 2007.

We have accordingly built a subtitling system that automatically recognizes and converts speech to text and makes manual corrections easy.

We hope that broadcasters adopt this system to improve the quality of life of the hearing-impaired.



■ Television subtitling system for the hearing-impaired

### ●Oshiete! goo Consumer Website

NTT Resonant Inc. operates Oshiete! goo, a consumer lifestyle website. People can seek answers from other members to even the most minor questions, such as ways to prevent clothes from shrinking in dryers. The site compiles a member knowledge base. The site had provided answers

to 99.3% of around 2.9 million questions as of August 31, 2007.



■ Oshiete! goo consumer lifestyle website

 See the following Japanese-language website for details: <http://oshiete.goo.ne.jp/>

## Building New Value for Society

### ● Serving Society and the Environment through Ubiquitous Networks

More companies today want employees to access their intranets through cellphones, notebook PCs, personal digital assistants, and other mobile devices to streamline operations and decision-making. But high costs and security issues with conventional systems have made it hard to achieve these goals.

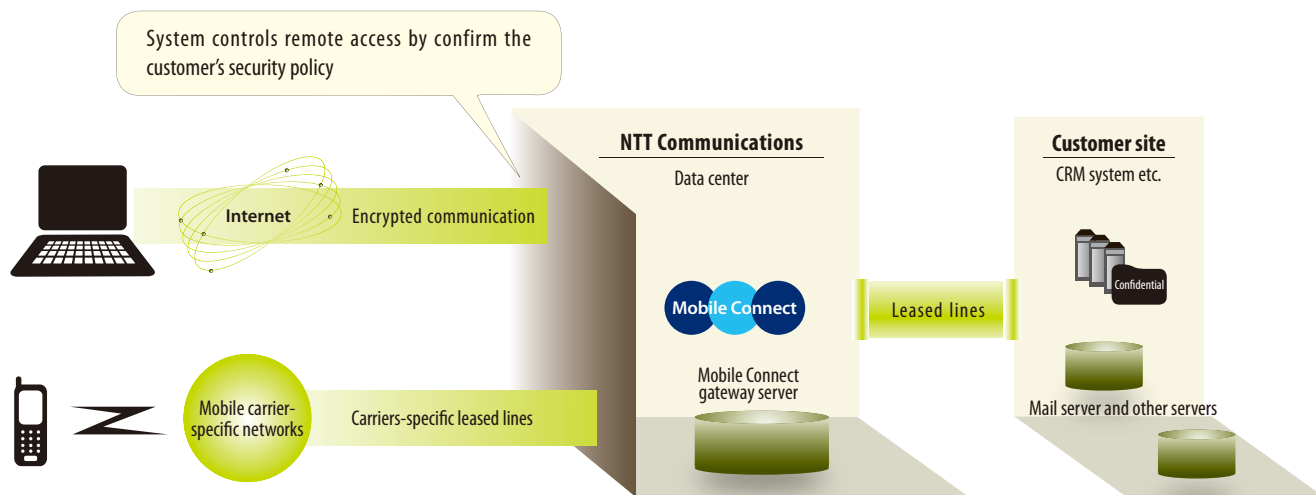
NTT Communications' Mobile Connect remote access service is a complete solution. It makes it easy to link internal business systems with mobile devices.

In January 2006, the government announced a strategy to revolutionize information technology. Many large companies now offer

employment programs in keeping with this initiative's objective of having teleworkers represent 20% of people in employment by 2010. Mobile Connect complies with telework security guidelines that the Ministry of Internal Affairs and Communications issued in December 2004. Our service for teleworkers offers communications encryption, authentication systems, and other features that minimize the security vulnerability of notebook PCs and cellphones.

Mobile Connect is an excellent advance toward linking workers and intranets in a truly ubiquitous society.

#### ■ Telework Solutions Overview



### ● Providing Video on Demand Services

"On Demand TV" offers Video-On-Demand (VOD) and Multi-Channel Broadcasting services over the broadband infrastructure. This convenient and user-friendly service is one step forward in our goal to create a ubiquitous society. Simply connect the set-top box to your television and be exposed to over 8,000 videos and 47 channels, both of which are to be expanded in the years to come.

See the following Japanese-language website for details: <http://www.ondemandtv.co.jp/>



■ On Demand TV service screen

### ● Showcasing Lifestyles of Health and Sustainability

NTT Resonant's Kankyoo-goo portal devotes a site to an emerging segment of consumers who prioritize responsibility in apparel, food, and housing in keeping with their commitment to lifestyles of health and sustainability (LOHAS). The portal introduces companies that follow LOHAS practices and presents information on the LOHAS Academy. It also overviews the activities of key opinion leaders and companies in the LOHAS arena and presents interviews with them.

See the following Japanese-language website for details: <http://eco.goo.ne.jp/life/lohas/>



■ Kankyoo-goo LOHAS website

# Building Social Trust

## ■ Relationships with Suppliers

**We build equitable ties with business partners and maintain a fair and honest supply chain.**

### Fair Transactions and Procurement

#### ● Commitment to Fair Trade

We aim to build social trust for our operations. We forge mutually respectful, open, and beneficial relationships with business partners. We increase trust by ensuring equal respect for corporate cultures and

business practices and by clarifying roles and responsibilities.

Instead of simply prioritizing our own interests, we seek to grow professionally with our business partners.

#### ● Basic Procurement Policies

We buy high-quality products transparently at reasonable prices from around the world in keeping with three basic policies. The first is to purchase openly and transparently in keeping with our business requirements. The second is to give domestic and overseas vendors equal opportunities to compete for our business. The third is to use global standards and market principles to procure competitive products

that meet our business needs.

We must buy quality products economically and in a timely manner so we can improve our competitiveness. We accordingly maintain a website that details our procurement policies, purchasing contacts, and procedures for suppliers. We will remain committed to purchasing fairly and competitively from the global marketplace.

#### ● Fair Trade Initiatives

Some of our employee cafeterias began serving Fair Trade coffee in December 2006.

We aim to contribute to the world by informing customers and employees about Fair Trade mechanisms and products, as part of which

we plan to provide Fair Trade offerings at other cafeterias.



■ An employee-made poster displayed in our cafeterias

## ■ Government Relations

**We will help make the Internet safer and more secure by collaborating in governmental research and development and educational programs.**

### Contributing to National Research and Development

#### ● Research Projects for the Ministry of Internal Affairs and Communications

We ran several research and development projects for the Ministry of Internal Affairs and Communications in fiscal 2006. One project focused on advanced network authorization platform technologies. We embedded leading-edge Internet security tools in platforms to benefit subscribers and service providers alike. We have already obtained five patents from

this project, made five announcements, and have supplied one technology license.

Another project explored ways to stop spamming, as well as phishing and other cyber attacks. We worked with several Internet service providers and security vendors to create schemes to continuously survey, analyze, and combat botnets and other threats.

#### ● Research projects for the National Institute of Information and Communications Technology

We are working on a project to create decision-making frameworks that support decentralized security systems by mutual monitoring sites and thereby ensuring secure intranet management. This project has

generated two patents and four announcements. As part of this project, we developed models to quantify vulnerability and threat levels, and have innovated predictive methodologies to detect abnormalities and techniques to coordinate website operations.

#### ● Participating in e-Net Caravan

While increasing convenience, information technology advances have created many social problems, such as computer viruses, spamming, fraudulent payment demands, and personal information leaks. Private telecommunications organizations, the Ministry of Internal Affairs and

Communications, and the Ministry of Education, Culture, Sport, Science, and Technology responded by forming e-Net Caravan. That body sends experts to educate children, students, guardians, and teachers free of charge about the Internet. Six of our people delivered lectures in fiscal 2006.



See the following Japanese-language website for details: <http://www.fmmc.or.jp/e-netcaravan/>



## Our Relationships with Society

While serving our customers, we contribute to social progress and welfare and help safeguard the environment. We respect all cultures and customs and comply strictly with laws wherever we operate.

### Our Basic Principles on Social Action

#### Our Activities

Five principles guide our contributions to society in the following fields: international cooperation, conservation, health, medicine, welfare, regional social and economic promotion, children's health and education, science, culture, the arts, sports, and social education.

#### Social Action Principles

Sustainability	We commit over the long term
Efficiency	We act cost effectively to ensure continuity
Due diligence	We carefully consider whether prospective donations would truly benefit society
World view	We contribute not only in Japan but also to the international community
Skills	We make our information and communication services and employee talents useful for communities

### Serving the International Community

#### Matching Gift Program to Support Social Contributions of Employees

NTT America, Inc., maintains a matching gift program of up to \$1,000 annually per employee. The guiding principle of this program is that it should be entirely up to employees to decide whether and how to contribute to society. In the efforts that NTT America employees make in raising contributions for a cause of their own choice, all the contributions can be matched by the company. This means the more donations collected from colleagues, the higher the matching amounts, making total contributions greater. So, communications among employees regarding such charities they are voluntarily involved in are very common and active.



NTT America charity walk participants

#### Helping Establish and Manage Toll-Free Hotline for Refugees and Asylum Seekers

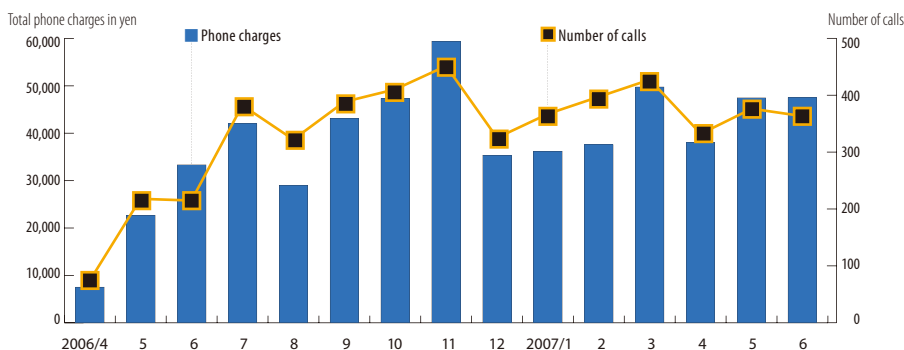
The issue of refugees requires urgent concerted action from the international community. Data from the Immigration Bureau of the Ministry of Justice shows that the number of asylum seekers in this country has soared. There were 954 applications for asylum in 2006; the government recognized 34 as refugees.

The Japan Association for Refugees was established in 1999. It concluded an agreement with the Office of the United Nations High Commissioner for Refugees Representation in Japan in 2000 to provide local refugees and asylum seekers with legal and social assistance. The association has received telephone inquiries about its services.

We decided to help asylum seekers and refugees by launching and managing a toll-free telephone hotline in April 2006. The number is 0120-477-472. This service has helped many who had no money upon arriving in Japan or who otherwise could not afford the telephone bills. As a result of this hotline, the Japan Association for Refugees had received 5,118 telephone calls by June 30, 2007. The hotline has made it far easier for the association to support and inform needy asylum seekers.

NTT Communications will continue to harness its main business to contribute to society.

#### Usage of Toll-Free Hotline for Refugees and Asylum Seekers



Japan Association for Refugees staffer answering call

# Building Social Trust

## Serving Communities

### Running Classes to Familiarize Communities with the Internet

Our employees participate in the Easy Internet program, which familiarizes communities with this communication tool. For the sixth class, a group of 22 of our volunteers joined hands with the Japan Association for Refugees to instruct 16 refugees from Myanmar. Preparations included providing Japanese readings for Chinese characters to assist understanding. All participants said that they enjoyed the event, with 85% saying that they found it useful. The class greatly benefited a group of people who tend to feel isolated because of language and other barriers.

See the following Japanese-language website for details: <http://www.ntt.com/community/>

#### Main Easy Internet classes

Fiscal 2005 (81 participants)	2nd: On creating blogs 3rd: On using the Internet to make New Year's cards 4th: On making make blogs	June 5, 2005 November 19, 2005 February 4, 2006
Fiscal 2006 (64 participants)	5th: Learning about the world through the Internet 6th: Learning about the world through the Internet 7th: The basics of creating a nonprofit organization blog	June 24, 2006 October 8, 2006 January 27 and February 17, 2007

We held the seventh class on separate dates in Tokyo and Osaka for 27 attendees on the basics of using OCN to create a nonprofit organization blog.



An Internet class

### Comments of Employee Contributor to the 6th Class

Kaori Mori Global Business Division



**I found the experience valuable because it was a true cultural exchange and not just about volunteering my time.**

The participants taught us about Myanmar-style home cooking. We explained how e-mail works and showed how to send e-mails. The great thing about our social contribution activities is that it is easy to participate. You don't feel like volunteerism is hardcore work.

### Supporting the NPO Hiroba Database

Citizens increasingly want to know more about the activities of nonprofit organizations. Some might want information about all the organizations around Japan that provide social services and otherwise improve their communities. Others may be seeking organizations in specific regions that support the arts. People asked to donate to a conservation organization may wish to compare its performance with those of similar bodies.

The Japan NPO Center\* established the NPO Hiroba (see note below) website in April 2001 to enable dialog between the community, nonprofit organizations, and private enterprises. The site features a searchable database of nationally accredited nonprofit organizations in Japan. NTT Communications launched the site. We provide ongoing operational backup using SecureSmartAccess, our online service. NPO Hiroba provides ready information about nonprofit and other community

organizations. This unique resource enables interested citizens or enterprises to learn about and participate in a nonprofit organization, contributing to the development of their activities across Japan.

\* The Japan NPO Center is a strong base for the activities of nonprofit organizations that transcends categories and regions. The center supports efforts to build a better society and establish partnerships between businesses, governments, and regional public bodies.

#### Organizations Registered on NPO Hiroba as of June 30, 2007

Fiscal 2005	Fiscal 2006
26,363	29,914



NPO Hiroba website

See the following Japanese-language website for details: <http://www.npo-hiroba.or.jp/>

### ● Nonprofit Organization Accessibility Support Program

NTTPC Communications works with e-elder, a nonprofit organization, to help eliminate the digital divide. The Internet is integral to the lives of many people around the world, but not everyone can access it. The Nonprofit Organization Accessibility Support Program provides financial and technological support to enable the elderly, the disabled, and others to access the Internet.

The program provides free servers and organizes a contest. The Information and Communications Policy Bureau of the Ministry of Internal

See the following Japanese-language website for details: <http://web.access-sp.jp/>

Affairs and Communications endorsed the program in 2006 as a model CSR initiative. NTTPC Communications will continue its program in keeping with growing interest in bridging the digital divide.



■ Web accessibility session

### ● Contributing to Society through the Web

OCN is harnessing websites and telephone lines to contribute to society. For a campaign to save World Heritage sites, OCN created a website that uses images and other materials featuring Japanese and international World Heritage sites to explain the need for such protection and show how World Heritage initiatives can contribute to global peace.

The JOLLY'S magazine website presents a documentary and a wealth of other information about training guide dogs.

Through an OCN program, NTT Communications donates 10 yen for each call by an IP phone to a designated organization.

NTT Resonant's Pink Ribbon Campaign 2006 through the goo portal helps prevent breast cancer by providing basic information and highlighting the importance of testing.



■ Save the World Heritage website



■ JOLLY'S magazine website



■ Pink Ribbon Campaign 2006 website

See the following Japanese-language website for details of social contributions at OCN: <http://www.ocn.ne.jp/ecoplus>  
See the following Japanese-language website for details of goo Pink Ribbon Campaign 2006: <http://pinkribbon.goo.ne.jp/>

### ● Company Kiosk Sales of Confectionery at Workshops for Persons with Disabilities

Kiosks within NTT Communications sell confectionery produced at joint workshops for persons with disabilities. Sales began in 2004 during run-ups to Christmas, St. Valentine's Day and other occasions. By making purchases, employees can make small contributions to the self-help activities of persons with disabilities and enjoy the delicious handmade confectioneries. We plan to expand in-house sales opportunities for these products.



■ Confectionery on sale



■ In-house confectionery stand

### ● Chocom Service for Online Donations

Chocom is a form of electronic money for even the smallest online payments. We accept donations for disaster assistance and other causes through Chocom and transfer the funds to the Mainichi Social Welfare Foundation for distribution to victims.

See the following Japanese-language website for details: <http://www.chocom.jp/>

#### ■ Disaster Assistance Donations Received through Chocom in Fiscal 2006

Period	Cause	Amount
May to July 2006	Mid Java E earthquake	586,366 yen
December 2006	Year-end giving	50,825 yen
March to May 2007	Noto Peninsula Earthquake relief	204,400 yen

# Reusing and Recycling Dismantled Telecommunications Facilities

Telecommunications providers generate carbon dioxide emissions by consuming electric power. But their environmental impact extends to other areas owing to rapid progress in telecoms. A key challenge is to upgrade, reuse, or recycle aging telecommunications facilities.

This special feature highlights our initiatives in environmentally oriented services. It reflects contributions from participants in a teleconference between representatives from our eastern and western Japan operations. The eastern Japan participants were Toshiyuki Suzuki and Takeomi Kaneko of the Network Business Division's Integrated Network Department and Osamu Nohara of that division's IP Network Department. The western Japan participants were Yasushi Ogura, Koichi Inada, Katsuya Taniguchi, Yasuyoshi Harada, Toshiharu Kato, Saburo Miyamoto, and Takayoshi Ohhigashi, all of the Integrated Network Department, Yuji Komaba of the Core Network Department, and Osamu Fukuhara of the Service Network Department.

## Compliance Central to Industrial Waste Treatment

Industrial waste statistics from the Ministry of the Environment show that Japan produced 417 million metric tons of industrial waste in fiscal 2004. Of that amount, 214 million metric tons (accounting for 51.3% of the total) was reused, 177 million metric tons (42.5%) of waste was converted into raw materials, and 26 million metric tons (6.2%) was disposed. Data for fiscal 2005 revealed 558 cases of companies illegally dumping 172,000 metric tons of industrial waste.

The telecoms industry climate has changed over the past 10 years with the rise of broadband communications and outsourcing.



■ Removing satellite communications equipment

NTT Communications has responded to such developments by making it a top priority to reduce the environmental impact of its wastes, as part of which it ensures that disposal complies strictly with the law.



■ Cutting and storing industrial waste

We have reinforced compliance by building partnerships with trustworthy industrial waste contractors while harnessing information technology to improve oversight. Good examples are our electronic manifest system and our use of photos to confirm treatment processes. We aim to keep recycling at least 99% of dismantled telecommunications facilities while increasingly reusing and recycling industrial wastes.

## Partnering Trustworthy Waste Contractors

It is important to choose the right contractors to collect, transport, and process industrial wastes to comply with laws and ordinances.

We regularly audit our industrial waste treatment and the activities of 120 contractors around the nation. Our assessments are strict, covering such areas as certification, management situations, treatment capacities and storage site administration, recycling rates, and possible disputes between contractors and local communities. We then determine whether to use such firms. Mutual trust is essential to ensure that contractors treat waste properly.

## Overseeing Industrial Waste Treatment Sites

Extensive measures are sometimes necessary at these sites. For example, we now have to safeguard wastes containing copper and other metals because high prices have made these resources vulnerable to theft.



**Osamu Nohara**  
IP Network Department  
Network Business  
Division



**Toshiyuki Suzuki**  
Integrated Network  
Department  
Network Business  
Division



**Takeomi Kaneko**  
Integrated Network  
Department  
Network Business  
Division

We need to follow special procedures when dismantling satellite communications and other facilities. For example, we must consider local weather and wind conditions. There is often no place to store dismantled equipment on-site, so we have to ensure that trucks stand by to transport antennas as soon as cranes take them down. Antennas are sometimes in mountains. We must seek government permission to remove obstructing tree branches. If access roads are narrow we need to use the right-sized trucks.

If we expect to create a lot of industrial waste, we may work simultaneously on several facilities near each other and reduce fuel consumed in transportation. Before removing old batteries, we secure safe indoor storage places to avoid the dangers that could arise from leaks. Some industrial wastes require special management, notably battery fluids, polychlorinated biphenyls, and asbestos. We have specialist contractors treat such waste, with qualified in-house personnel overseeing such work. We helped three such people obtain administrative qualifications in fiscal 2007.



■ Waste collection and transportation contractor

We always closely monitor the activities of the waste collection, transportation,

and intermediate treatment contractors we have audited and approved. We check photos taken at all stages of treating our waste and have several people confirm each electronic manifest. We can thus ensure that such contractors complete waste treatment in keeping with the law.



■ Dismantling and recycling equipment at premises of intermediate treatment contractor

## Two Important Factors

Telecommunications companies constantly deploy new services harnessing the latest technologies and facilities. They must also properly retire and dispose of older equipment and facilities. These two factors are important to assessing a company's true corporate value.

All our employees seek to maintain high standards of integrity as we generate new services while reusing and recycling waste.

## Using ICT to Lower Environmental Loads

We use NTT Information Sharing Laboratory Group's Kankyo Shiro system to quantify how we are lowering environmental impact through our ICT services. The system complies with the Japan Forum on Eco-efficiency's *Guideline for Information and Communication Technology (ICT) Eco-Efficiency Evaluation*.

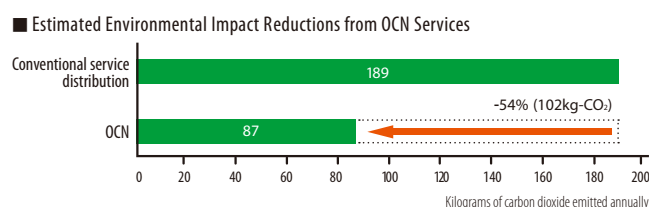
We used this system to compare carbon dioxide emissions from OCN fiber-optic Internet services and conventional distribution approaches. The 19 service categories included e-mail, e-mail magazines, music downloads, and Internet banking.

We found that OCN services offered a roughly 54% reduction in carbon dioxide emissions. Emission savings were 102 kilograms per customer line.



See the following Japanese-language website for details: <http://www.ntt.com/eco/ict/ocn>

This translated into a total emissions reduction among subscribers to OCN's fiber-optic Internet services of about 230,000 metric tons annually as of the end of fiscal 2006.



# Basic Environmental Protection Concepts and Management

We are reinforcing our Group environmental management structure while safeguarding the environment in all our business processes so we can contribute to a better society.

## Basic Philosophy

### ● NTT Communications

#### Global Environmental Charter

The NTT Group announced the NTT Group Ecology Program 21 and the NTT Group Global Environmental Charter to frame its ideals and actions. We supplemented these initiatives with the NTT Communications Global Environmental Charter, which guides the activities of all our employees.

#### ■ NTT Communications Global Environmental Charter

##### Basic Principle

NTT Communications will safeguard the environment in all aspects of business and help create an environmentally friendly society by innovating and delivering the best services to all customers.

##### Basic Policies

The following policies apply to all our corporate activities.

##### 1) Meet corporate responsibilities

We observe all domestic and international environmental laws and regulations. We evaluate the environmental impact of our activities, strive to prevent pollution, and continually upgrade our goals and strategies to save energy resources and reduce waste.

##### 2) Support initiatives for an environmentally friendly society

We help to improve society and lower its environmental impact through network services that transform lifestyles. Our efforts include supporting telecommuting and providing an information platform for environmental protection and recycling.

##### 3) Contribute through environmental activities

We collaborate with communities and governments in daily activities that protect the environment.

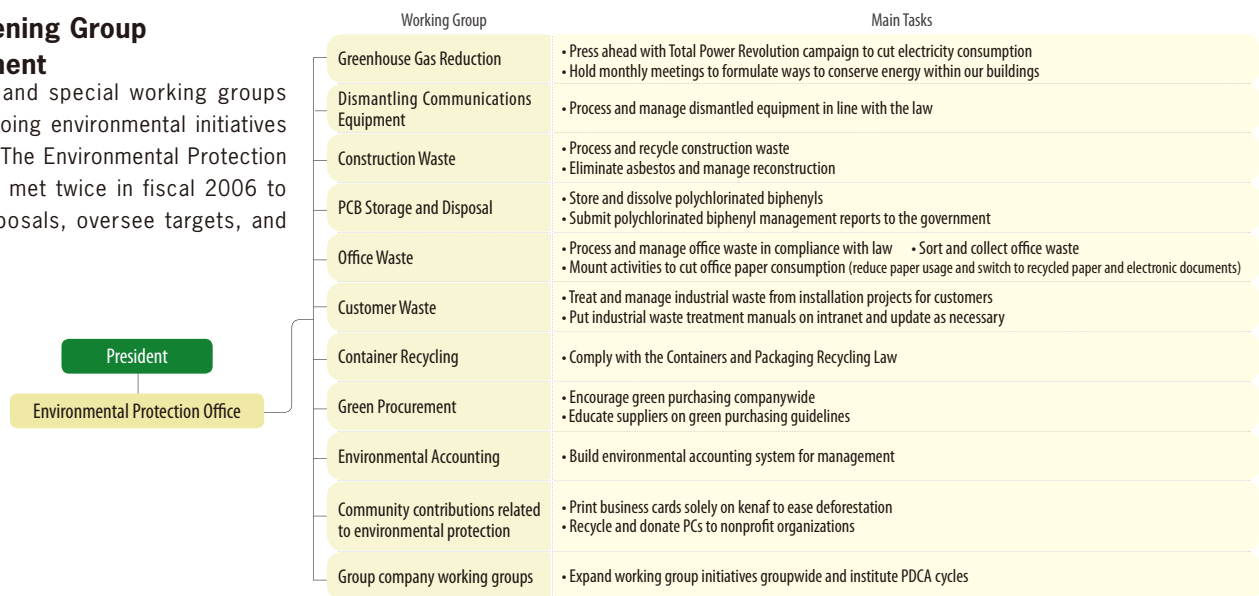
##### 4) Disclose environmental information

We disclose corporate environmental information and encourage internal and external dialog.

## Environmental Protection Framework

### ● Strengthening Group Management

The president and special working groups spearhead ongoing environmental initiatives for the Group. The Environmental Protection Sub-committee met twice in fiscal 2006 to formulate proposals, oversee targets, and resolve issues.



## Environmental Management

### ● ISO 14001 Certification

In October 1999, the Materials Office Planning Department (now the Procurement Office) obtained certification under ISO 14001, the international standard for environmental management. This office oversees all procurement processes companywide.

The Business Development System Engineering Department was certified in March 2004. The department designs and constructs telecommunications systems hardware and software and endeavors to minimize the environmental impact of its designs and industrial waste treatment.

As of March 31, 2007, 12 departments from four Group companies were ISO 14001-certified. Apart from the parent, these companies were NTT World Engineering Marine (from June 2001), NTTPC Communications (November 2003), and NTT BizLink (March 2007).

#### ■ ISO 14001 Certification

	Fiscal 2006
Certified companies	4
Certified departments	12

## Comments from Group Companies about ISO 14001 Certification

### NTT BizLink, Inc.



Tsuneo Ohkawa (left) and Misao Inoue, Department Managers of the Corporate Strategy Planning Department

We started preparing to obtain ISO 14001 in July 2006 and were certified on March 30, 2007. Our policy is to contribute to society and the environment by minimizing the environmental footprint of our business. To assess our efforts to consume less copy paper and electricity, we joined hands with the NTT Information Sharing Laboratory Group to calculate the resulting reductions in carbon dioxide emissions. It is worth noting that our videoconferencing service cut such emissions by 120,000 metric tons in fiscal 2006. Some of our people are studying to become environmental management system auditors and thereby underpin our companywide environmental initiatives.

### NTT FANET SYSTEMS Corp.



Mitsutaka Yoshikawa (left), Senior Director & Executive Manager of the Quality, Security & Social Responsibility Office, and Masanori Ato, Senior Manager of that Office

We obtained ISO 14001 certification on April 5, 2007, after a companywide preparation project that top management headed. Our environmental policy is to provide solutions that lower the environmental impacts of our offices and those of our customers. We accordingly declared that we would practice green purchasing that excludes products containing hazardous substances. In fiscal 2007, we aim to cut power consumption 2% and similarly seek a 2% reduction in the volume of paper we use for printing, copying, and faxing. We will increase sales of energy-saving fluorescent lights. Also in that year, we will focus on producing green purchasing guidelines while collaborating more with our business partners.

## Environmental Accounting

### Costs and Financial Impact of Environmental Protection

In fiscal 2006, our environmental protection programs cost around ¥1,680 million, up roughly ¥246 million from a year earlier. The two components were reflected investments of around ¥798 million and expenses of about ¥882 million. Our investments were down slightly,

although expenses rose, principally because of rises for pollution prevention, environmental protection, and social activities. The financial impact of our initiatives in fiscal 2006 was about ¥2,515 million, up about ¥121 million. Prime contributors were a surge in sales of cable and metals and a reduction in invoicing expenses because of our Web Billing service, which allows customers to check call charges.

### Costs

Category	Key measures	Investments		Expenses	
		Fiscal 2005	Fiscal 2006	Fiscal 2005	Fiscal 2006
(1) Business area costs		911.8	798.1	440.7	776.2
Breakdown	1. Pollution prevention costs			91.0	208.2
	2. Environmental protection costs			820.7	280.5
	3. Resource circulation costs			—	287.5
(2) Upstream and downstream		—	—	21.1	28.9
(3) Administrative		—	—	12.8	43.1
(4) R&D		—	—	47.2	33.3
(5) Social activities		—	—	—	0.5
(6) Remediation		—	—	—	—
<b>Total</b>		<b>911.8</b>	<b>798.1</b>	<b>522.0</b>	<b>882.1</b>

Notes:  
 • Fiscal years are April 1 through March 31.  
 • Data is for NTT Communications only.  
 • Tabulations based on the Ministry of the Environment's Environmental Accounting Guidelines 2005 and the NTT Group's Environmental Accounting Guidelines.  
 Expenses included personnel costs but not depreciation.

### Effective Financial Impact

		(Millions of yen)	
		Fiscal 2005	Fiscal 2006
Revenues	From sales of cable and metals	165	539
	Lower power charges owing to initiatives	47	—
Savings	Reduced equipment purchases from reuse	1,941	1,688
	Decrease in postal and paper costs from Web Billing system	239	287
<b>Total</b>		<b>2,394</b>	<b>2,515</b>

## Environmental Compliance

### Adhering to Laws and Ordinances

We collaborate with other NTT Group companies to educate business units about environmental laws, emission standards, the PRTR\*, and other ordinances and standards. We have also formulated voluntary internal

guidelines to assist compliance. In fiscal 2006, we incurred no litigation and committed no violations of laws and ordinances and had no environmental mishaps, infractions, penalties, or complaints to report.

\* The Pollution Release and Transfer Register helps organizations to assess and better manage designated chemical substances and their environmental impacts.

# Environmental Impacts of Our Business Activities and Protection Measures

We constantly consider ways to protect the environment and accordingly provide solutions that are good for people and the environment over the medium and long terms. We will continue to assess the environmental impact of our operations and lower our loads to specific levels by 2010.

## Long-Term Environmental Vision

### Our Approach

We are drawing on our Long-Term Environmental Vision and our medium- and long-term plans to deploy measures that are friendly to people and the environment. We harness our telecommunications and ICT technologies in collaborating with other companies, governments, educational institutions, and nongovernment and nonprofit organizations.

### Our Long-Term Environmental Vision

Humanity must restore the environment to coexist perpetually with other creatures. The task of repairing the environment embraces politics, business, education, and culture. We must transform our values and eschew the single-minded pursuit of wealth in favor of new values that prioritize the environment. Ongoing efforts to foster global dialog and mutual understanding will be central to this process.

The NTT Communications Group is convinced that it can capitalize on its global communications network and cutting-edge communications technologies to help bring about a sustainable global community that is spiritually and materially wealthy. We can do this by building a platform for worldwide dialogue, exchanging and sharing knowledge across the world and history, and by facilitating clear and open communication among all peoples.

We can drive this essential process forward by bringing industry, governments, academia, and other communities together.

## Medium- and Long-Term Plans, Results, and Targets

### Initiatives that Benefit the Environment and People

We are contributing to a sustainable society by harnessing Group resources to clearly show the impact of human activities on the environment. We provide five environmental solutions. These are

collecting environmental information, processing and analyzing this information, reducing environmental impact, providing environmental education and enlightenment, and creating new economic systems that foster recycling.



#### Collecting environmental information

- Conduct environmental assessments covering the air, oceans, rivers, soil, vegetation, and habitats
- Identify environmental loads, including from factories, buildings, housing, and transportation

Current services and solutions

OCN for monitoring Home monitoring service IPv6

#### Processing and analyzing environmental information

- Categorize information and identifying problems
- Analyze products for hazardous substances covered by the European Union's Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment
- Perform environmental accounting that calculates the real-time impacts of cost reductions and social costs
- Make short-term supply forecasts for biomass and other natural energy sources

Current services and solutions

GTC ECO

#### Creating new economic systems that foster recycling

- Encourage environmental protection by sharing profits with corporations, organizations, and individuals that help reduce environmental loads
- Promote resources recycling and measures to prevent illegal waste dumping by managing everything from production to waste disposal
- Share vehicles, office equipment, and housing facilities with various corporations, organizations, and individuals

Current services and solutions

IC Card Solution

#### Providing environmental education and enlightenment

- Make environmental information readily accessible to communities
- Supply contents for basic environmental studies
- Share environmental expertise and opinions with communities

Current services and solutions

Kankyou-goo OCN portal SNS blog

#### Reducing environmental impact

- Manage equipment that affects the environment, notably automatically controlled air conditioning, lighting, and elevators
- Advise external parties on ways to reduce environmental loads so they can obtain ISO certification and help them formulate reduction measures
- Promote reusing and recycling, exchanging unused goods and providing and manage sites that enable such transactions
- Provide alternatives, such as by offering goods and services online, reducing the transportation of people and goods, and providing virtual experiences to replace travel

Current services and solutions

Telephone, IP and television conference Virtual call center Electronic bidding  
OCN theater OCN for monitoring cocoa



See the following website for details : [http://www.ntt.com/lineup\\_e/](http://www.ntt.com/lineup_e/)



### ● Results and Targets for Measures to Reduce Environmental Impact

We established benchmarks to measure energy conservation, global warming measures, waste reductions, recycling, and paper savings. We are upgrading air-conditioning systems and deploying clean energy to cut carbon dioxide emissions. We are reducing waste

by improving recycling rates for dismantled telecommunications equipment. We will start quantifying decreases in paper usage in fiscal 2007 in keeping with a policy we instituted in October 2006 to purchase paper that is half from recycled stock and half from afforested trees. By 2010, we aim to cut paper consumption per employee to 60% of fiscal 2006 levels.

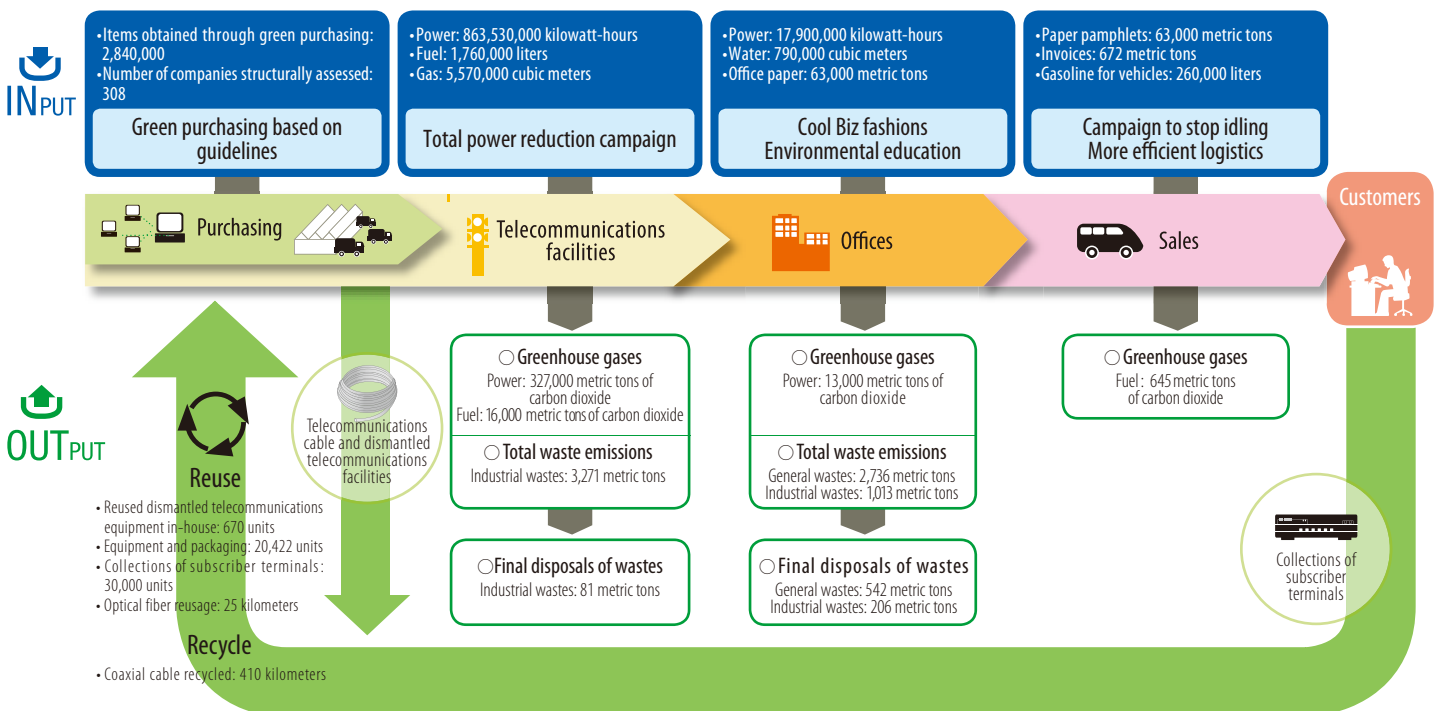
	Fiscal 2006 Targets	Fiscal 2006 Results	Self-Assessment	Fiscal 2007 Goals	Fiscal 2010 Targets
Carbon dioxide emissions*	Less than 355,000 metric tons	<b>356,000 metric tons</b> <ul style="list-style-type: none"> <li>Installed super capacitors (55 units, saving 90 metric tons)</li> <li>Installed gas air conditioning (5 units, saving 4 metric tons)</li> <li>Shut wireless relay stations (13 sites)</li> <li>Upgraded air conditioning (136 facilities, saving 4,455 metric tons)</li> <li>Modified settings of machine room air conditioning (1,022 units, saving 1,118 metric tons)</li> <li>Replaced inefficient inverters (6 units)</li> <li>Upgrade special high-voltage power receiving facilities (at two buildings)</li> <li>Developed outlets and other devices to switch to direct current to power IP equipment</li> <li>Implemented power-saving measures (including those in line with Tokyo Metropolitan Government measures)</li> <li>Encouraged employees to wear Cool Biz fashions (saving 780 metric tons)</li> </ul>		<b>Less than 355,000 metric tons</b> <ul style="list-style-type: none"> <li>Install super capacitors (30 units)</li> <li>Install gas air conditioning (10 units)</li> <li>Shut wireless relay stations (16 sites)</li> <li>Upgrade air conditioning (118 facilities)</li> <li>Modify settings of machine room air conditioning (1,100 units)</li> <li>Upgrade special high-voltage power receiving facilities (at two buildings)</li> <li>Switch to direct current to power IP equipment</li> <li>Implement power-saving measures (including those in line with Tokyo Metropolitan Government measures)</li> <li>Keep encouraging employees to wear Cool Biz fashions (saving 1,000 metric tons)</li> </ul>	Less than 370,000 metric tons
Recycling rate for dismantled communications equipment	At least 99%	<b>98.6% (3,190 metric tons)</b> <ul style="list-style-type: none"> <li>Chose contractors with high recycling rates</li> </ul>		<b>At least 99%</b> <ul style="list-style-type: none"> <li>Choose contractors with high recycling rates (particularly at outlying islands)</li> </ul>	At least 99%
Waste	Recycling rate for construction waste	<b>Specified materials: 97.1%</b> <b>Others: 70.2% (1,866 metric tons of waste generated)</b> <ul style="list-style-type: none"> <li>Chose intermediate treatment facilities with high recycling rates</li> <li>Set up management systems at each business site</li> </ul>		<b>Specified materials: At least 98%</b> <b>Others: At least 74%</b> <ul style="list-style-type: none"> <li>Choose intermediate treatment facilities with high recycling rates</li> <li>Set up management systems at each business site</li> <li>Choose highly recyclable materials</li> </ul>	Specified materials: At least 99% Others: At least 84%
	Recycling rate for office waste	<b>57.0% (3,749 metric tons of waste generated)</b> <ul style="list-style-type: none"> <li>Chose contractors with high recycling rates</li> <li>Reinforced waste separation</li> </ul>		<b>At least 62%</b> <ul style="list-style-type: none"> <li>Choose contractors with high recycling rates</li> <li>Reinforce waste separation</li> </ul>	At least 70%
Virgin pulp consumption (as office paper)	Less than 70 metric tons	<b>188 metric tons</b> (including 149 metric tons harvested with low environmental impact) <ul style="list-style-type: none"> <li>Shifted from high-quality to recycled stock</li> <li>Switched to printing on both sides of paper and fitting two pages per sheet</li> </ul>		—	—
Paper consumption (for office use)	—	15,798 A4-equivalent sheets per employee		<b>Reduce per-employee consumption 25%</b> <ul style="list-style-type: none"> <li>Use projectors at meetings</li> <li>Print on both sides of paper and fit two pages per sheet</li> </ul>	40% per employee lower than in fiscal 2006

\*0.378 kilograms of carbon dioxide per kilowatt-hour used to calculate carbon dioxide emissions coefficient



### Environmental Impact of Business Activities

#### ● Inputs and Outputs of NTT Communications Group in Fiscal 2006



# Specific Environmental Initiatives

## ■ Preventing Global Warming and Saving Energy

All employees engage in activities to prevent global warming, covering everything from the telecommunications equipment that accounts for 96% of our carbon dioxide emissions to offices.

### Initiatives to Prevent Global Warming and Save Energy

#### ● Preventing Global Warming

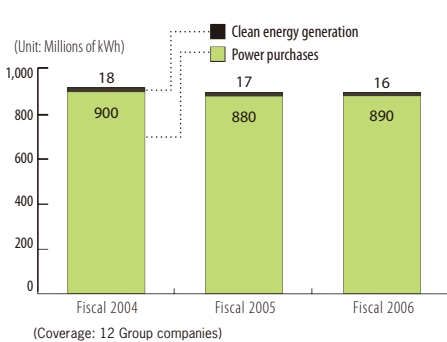
We have taken numerous steps to cut our carbon dioxide emissions to less than 370,000 metric tons by 2010.

In fiscal 2006, we instituted measures to make our air-conditioning systems more efficient. The Tokyo Metropolitan Government's Global Warming Measure Planning Report System presented a case study of

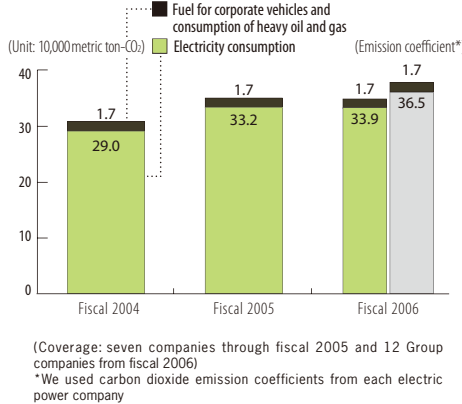
this initiative. We are switching to direct current to power our telecommunication equipments to enhance energy efficiency. Although our total power consumption now covers 12 Group companies, up from seven in fiscal 2005, we have increased electricity usage by just 1.0%.

In fiscal 2007, we will install gas air-conditioning system to lower energy consumption.

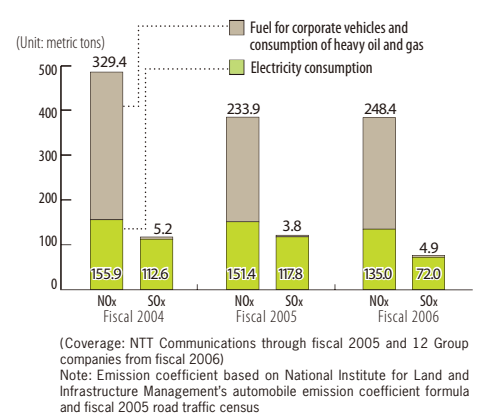
#### ■ Power Purchases and Clean Energy Generation



#### ■ Carbon Dioxide Emissions from Business Activities



#### ■ NOx and SOx Emissions from Business Activities



#### ● Contributions to Team -6% Project

The Team -6% project invites all citizens to help the nation fulfill its pledge to cut its greenhouse gas emissions by 6%.

NTT Communications, NTTPC Communications, NTT Resonant, and Plala Networks participated in this project. Ongoing efforts include the 2 Up, 3 Down initiative through which people walk up two flights of stairs

and down three instead of using elevators. Other contributions are to curb personal computer power consumption and turn off lights in vacant meeting rooms. People can also wear CoolBiz fashions, enabling employers to run air conditioning at 28°C. We solicited participants in Team -6% through Kankyoo-goo, which NTT Resonant operates.

#### ● Planting Rooftop Gardens to Reduce Environmental Loads

We are using rooftop gardens to reduce the heat island effect. Another benefit of these gardens is that they shield buildings from heat and reduces the power consumption of air-conditioning systems.

In fiscal 2006, we planted Sedum creepers on the 473-square-meters rooftop of a telecommunications building in Tokyo. The vegetation reduces the facility's annual carbon dioxide emissions by 13 metric tons. The creepers also help clean the air, improving living environments and beautifying views.

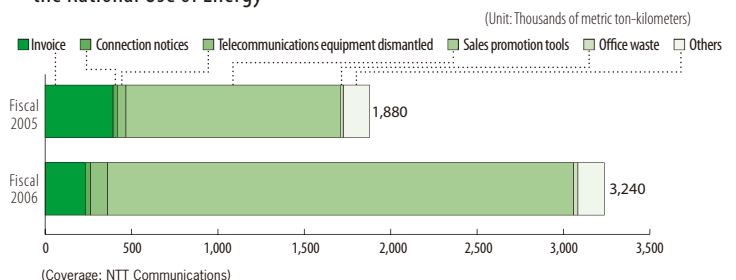


#### ● Conserving Logistics Energy Consumption

The revised Law Concerning the Rational Use of Energy implemented in April 2006 requires that parties providing and seeking transportation services endeavor to save energy. We annually audit transportation volume\* based on invoices, sales promotion tools, and office waste. We voluntarily seek ways to streamline transportation and otherwise enhance logistics.

We cut the use of transportation through our Web Billing service, which eliminates the need to post invoices. At the end of fiscal 2006, 300,000 people used this service, up 40,000 from a year earlier. As a result, we reduced transportation volume about 160 ton kilometers.

#### ■ Goods Transportation Volume Under Revised Law Concerning the Rational Use of Energy



\*Transportation volume = total of [cargo weight (metric tons) x transportation distance (kilometers)] per unit of shipped cargo

## Managing Wastes and Chemicals

We are increasing recycling and reuse ratios for waste from our business activities while moving ahead with a program to remove asbestos from facilities.

### Waste Management and Recycling

#### Recycling Dismantled Telecommunications Equipment

We must frequently replace telecommunications equipment to provide advanced services. Our first priority is to recycle obsolete equipment. If that is impossible, we quantify waste volumes and properly process equipment.

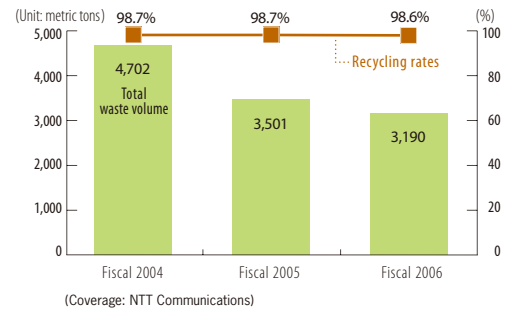
In fiscal 2006, we sought vendors with high recycling rates and reused 670 items of obsolete equipment in-house. We also recycled 20,422 units from our nonoperating inventory, including device packaging. Our recycling rate\* thus remained around the same as in fiscal 2005.

In fiscal 2007, we will continue to improve recycling rates, particularly at isolated islands.

\*Recycling rate = (Valuable weight + recycled weight) / Total waste volume

See the following Japanese-language website for details: <http://www.ntt.com/eco/data/>

Total Dismantled Communication Equipment Volumes and Recycling Rates



#### Construction Waste Recycling Rates

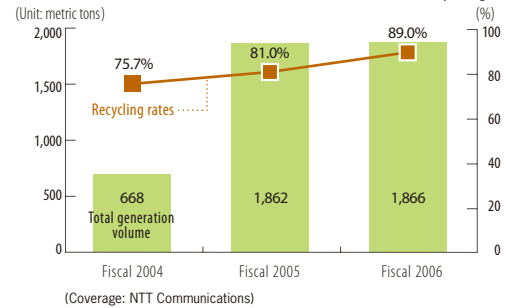
We must rebuild old facilities or construct new ones to accommodate demand and maintain service stability.

In fiscal 2006, our recycling rate for concrete and other designated construction materials improved from 93.6%, to 97.1%. This resulted from choosing intermediate processing facilities with high recycling rates and assessing recycled resource volumes for each construction project.

In fiscal 2007, we aim to further improve the rate by promoting zero waste while selecting highly recyclable materials.

See the following Japanese-language website for details: <http://www.ntt.com/eco/data/>

Total Generation of Construction Wastes and the Recycling Rates



#### Office Waste Recycling Rates

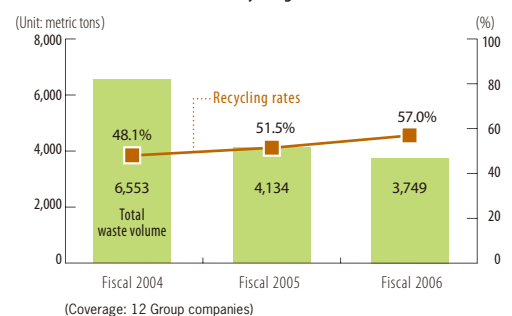
We aim to recycle 70% of office waste over the medium and long terms. We are properly processing and managing wastes while separating materials for collection.

In fiscal 2006, our recycling rate jumped from 51.5%, to 57.0%. That is because we chose selecting vendors with high recycling rates, more extensively separated waste, and mounted zero kitchen waste campaigns at employee canteens.

In fiscal 2007, we aim to improve our recycling rate by reusing fixtures and office automation equipment while reducing waste by encouraging vending machine companies to collect and recycle waste.

See the following Japanese-language website for details: <http://www.ntt.com/eco/data/>

Total Office Waste and Recycling Rates



#### Reducing Paper Usage

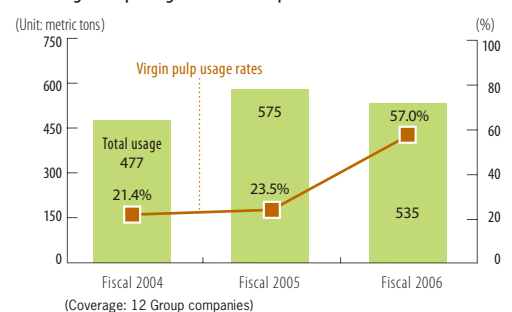
We aim to cut the production of customer pamphlets and leaflets and office paper.

We encouraged paper savings throughout fiscal 2006. In October 2006, we switched from using 100% recycled office paper to a policy of using paper made of 50% recycled stock and 50% afforested tree pulp while reducing paper consumption (see page 36 for details).

In fiscal 2007, we will increase document sharing, use more projectors at meetings and distribute more electronic documents to cut office paper consumption by 25% per employee.

See the following Japanese-language website for details: <http://www.htt.com/eco/data/>

Virgin Pulp Usage for Office Paper



# Specific Environmental Initiatives

## Managing Chemicals

### ● Managing PCB Storage Based on Guidelines

We established guidelines to mandate swift detoxification of polychlorinated biphenyls and strict management of equipment that contains or generates such substances.

Until fiscal 2005, our management targets encompassed all devices that could contain polychlorinated biphenyls. In fiscal 2006, we confirmed that 2,768 items incorporated these substances.

In Fiscal 2007 and beyond, we will continue to store items and more strictly manage existing equipment and will produce a medium-term plan to improve processing.

### ■ Polychlorinated Biphenyl Storage Volumes

		Fiscal 2004	Fiscal 2005	Fiscal 2006
Transformers (units)	Volume stored	0	0	0
	Volume used	2	2	5
High-voltage capacitors (units)	Volume stored	0	0	0
	Volume used	0	0	0
Low-voltage capacitors (units)	Volume stored	22	22	22
	Volume used	38	38	32
Ballast (units)	Volume stored	5,091	5,097	2,709
	Volume used	0	0	0
Noncarbon paper (kg)	Volume stored	0	0	0
	Volume used	0	0	0

(Coverage: NTT Communications)

### ● Eliminating Asbestos

Working groups for buildings and offices, telecommunications equipment, and health issues are tackling the asbestos issue.

We responded to the government's September 2006 revision of asbestos standards by surveying scattering in eight buildings sprayed with this material. We confirmed that scattering levels were below the maximum permitted. In 2006, we completed the removal of asbestos at five sites, including the Yokohama-Nishi Building and part of the Otemachi

Building. We plan complete asbestos removals, containment, or enclosure at three other facilities during fiscal 2007.

We will consider other treatment spraying materials containing asbestos by assessing volumes, conditions, and scattering. We will also confirm the presence of asbestos in other construction materials and act according to manuals from the Japan Construction Occupational Safety and Health Association and local governments.

## ■ Reducing Environmental Loads through Business Activities

### ● Eco Point System in Adachi Ward

The first achievement of our Econet business was a PET bottle collection system that we introduced in Adachi Ward, Tokyo. Our application service provider awards five points to an Econet Point IC Card when a cardholder inserts a PET bottle in an automatic collection machine in Adachi Ward. The person can use the points to purchase goods from supermarkets. This new system has improved the PET bottle collection rate to about 70%. The system requires one-tenth the storage space of conventional setups and improves transportation efficiency 10-fold.

Around 15,000 Adachi Ward residents and 16 local supermarkets were participating in the system at March 31, 2007. They are also using the system for recycling toys and kitchen waste. We will continue to contribute to community recycling.



■ Automatic collection machine

## ■ Biodiversity Initiatives

### ● Caring for Nature Reserves

As of March 31, 2007, 41 of our 183 wireless relay stations for telecommunications and broadcasting networks were in national parks. We carefully consider biodiversity requirements in building micro-roads

to patrol and maintain these facilities, adhering strictly to the law and environmental assessments.

We have no plans to build another wireless relay station, and will minimize ecosystems impact at existing facilities.

### First in Communication Services Category of Nikkei Environmental Management Survey

On December 4, 2006, the Nikkei Environmental Management Survey\* ranked us first in its communication services category, up from second in 2005. The Nihon Keizai Shimbun, Inc., which publishes Japan's top business daily, surveyed environmental management at about 4,100 companies. It announced its rankings after evaluating non-manufacturing businesses in terms of management and educational

systems, long-term goals, anti-pollution measures and disclosure, resource recycling, and measures to combat global warming. We scored well for our daily efforts in these areas and for our groupwide goal management, asbestos disclosure, and efforts to cut carbon dioxide emissions from our telecommunications equipment.

\*The Nihon Keizai Shimbun began its annual survey of corporate environmental and economic initiatives in 1997.

## ■ Pursuing Environmental Activities

### ● Supporting Remote Learning Experiments Focused on the Global Environment

In fiscal 2006, we participated in a remote learning experiment that linked a Japanese high school with a high school in Bangkok, Thailand. This test was part of advanced joint IT experiments to form an international information communications hub, which the Ministry of Internal Affairs and Communications implemented.

Our program harnessed our IPv6 Asian broadband network and used IP cameras and sensors (to measure temperature, humidity, carbon



■ Remote lecture at Hiroshima Municipal Technical High School



■ Remote lecture at Satit Kaset School in Bangkok



■ Mr. Shinichi Takemura, president of the Earth Literacy Program (sponsored by Earth College at Otemachi Café)

dioxide, and dust) to help the high school students to better understand each other. The students discussed the weather and climate and presented their cultures. They also participated in a remote lecture on global friendship that featured images and data from the multimedia Tangible Earth platform exhibited at Expo 2005 Aichi Japan.

Our experiment enabled students to share their environmental interests. Such initiatives can greatly improve the quality of education.

### ● Using e-Learning to Train Employees

Our CSR training targets Group and partner employees. In February 2007, we held a collective training seminar for Group CSR officials. In March, we conducted e-learning for all Group employees and employees of partner companies. A post-training survey received numerous positive opinions, with many wishing to apply their learning every day, notably by

turning off lights, saving power, and conserving paper. We will continue to raise employees' environmental consciousness through CSR training.



■ An e-learning screenshot

### ● Supporting Environmental Communications through the Kankyoo-goo Grand Prize

NTT Resonant launched this award to encourage corporations, municipalities, independent administrative institutions, national universities, nongovernment organizations, and individuals to disseminate information.

See the following Japanese-language website for details: <http://eco.goo.ne.jp/business/event/taisyuu/>

There is a growing social need to understand, discuss, and share information on environmental issues through the Internet. We will continue to encourage discourses.



■ Kankyoo-goo Grand Prize website

## ■ Pursuing Green Purchasing

### ● Guidelines

We produced the second version of our green purchasing guidelines in January 2006. The goal is to reduce environmental loads throughout the entire supply chain by adding environmental consciousness to the assessment standards for supplies. We have already assessed 308 suppliers on this basis.

### ● New Guidelines for Buying Office Paper

Over the years, we have headed toward using 100%-recycled office paper to help the environment. We reviewed our product recommendations, however, in response to the changes in the papermaking industry and the revised guidelines from the Green Purchasing Network. We formulated our new procurement policy in October 2006.

Japanese paper makers faces grave shortages of woodchips and surging crude oil prices. Shortages of recycled paper could become

chronic. We accordingly compared three environmental paper products (100%, 70% and 50% recycled) in terms of environmental impact and pricing. We thus decided to switch to office paper made of 50% recycled stock and 50% afforested tree pulp.

All our departments have significantly increased purchases of the recommended paper since we introduced the new policy. We will continue to pursue procurements of environmentally responsible products.

### ■ Green Purchasing

	Fiscal 2004	Fiscal 2004	Fiscal 2004
Green procurement (10,000 units)	0	178	284
Green purchasing (10,000 units)	21	29	67

(Coverage: NTT Communications)

# Respecting Diversity and Creating Attractive Workplaces

As a global organization, NTT Communications meets its social responsibilities by creating workplaces that foster personal development and by tackling social issues.

## Respecting Diversity

### Offering Equal Opportunities for Women

We employ, train, and promote women through action plans to help them balance their professional and private lives. We base our efforts on our Women's Training and Advancement Plan and the Law to Promote Measures for the Support of Next-Generation Training Initiatives, which the Japanese government announced in July 2003. We will build on our commitment to women's advancement in the years ahead.

#### Women in Positions above Assistant Manager

Fiscal 2005	Fiscal 2006
128	140

(Coverage: NTT Communications)

#### Numbers of Employees and New Recruits by Gender

	Fiscal 2005	Fiscal 2006
Number of employees	7,650	8,750
Male	6,916	7,900
Female	734	850
New recruits	225	211
Male	159	148
Female	66	63

(Coverage: NTT Communications)

### Helping Employees Fulfill Home Commitments

We instituted a system to help all employees balance their working lives with commitments to caring for their children and elderly relatives. The NTT Group created a website to encourage employees to meet their private obligations. The site details childcare and eldercare programs. It also features childcare, eldercare, and other social service programs

from the public and private sectors and informs about social security systems. Employees have lauded the website for easing their returns from leave.

We will encourage more employees to use our programs so they can nurture the young and old and help address social issues stemming from Japan's declining birthrate.

#### Overview of Support Systems and User Numbers in Fiscal 2006

System	Overview	Number of users	
		Fiscal 2005	Fiscal 2006
Maternity leave	6 weeks before and 8 weeks after birth	53	57
Childcare leave	Leave for up to 3 years after childbirth	80 (including 1 male employee)	99 (including 2 male employees)
Special working system to assist childcare	A reduction of 4, 5, or 6 hours weekly for childcare until a child reaches the age of 7 (until end of first year of elementary school)	60 (including 1 male employee)	93 (including 4 male employees)
Eldercare leave	To care for elderly family members, employees may take leave of up to 93 days as designated by law, plus 15 months under company rules	5 (including 2 male employees)	3 (including 1 male employee)
Reduced working hours for eldercare	To care for elderly family members, employees may take leave of up to 93 days as designated by law and work for 4 to 6 hours fewer weekly for up to 33 months	0	1

(Coverage: NTT Communications)

### Offering Opportunities for People with Disabilities

Since our establishment, we have consistently hired people with disabilities in keeping with legislation. Although such people represented

again represented 1.41% of our workforce in fiscal 2006, we are determined to reach the statutory rate of 1.8%. We will also comprehensively assist these people to improve their quality of life.

## Activities of Overseas Group Companies

**Stephen Bloom** Vice President of Business Development at NTT America, Inc.



The number of NTT America employees tripled in January 2006 when two large divisions transitioned over from affiliate company Verio. NTT America now has locations nationwide, plus a significant number of home office and remote employees. We have harnessed audio and videoconferencing to build a flexible and eco-friendly work environment.

Going forward, we expect to see continued diversification in lifestyles and work preferences. NTT America will work to accommodate those trends, so we can hire and retain the best.

## Creating Attractive Workplaces

### ● Work-Life Committee

NTT Communications aims to build more satisfying workplaces for all employees while balancing their professional and private lives. We therefore brought Company and union representatives together in the Work-Life Committee, which considers ways to reduce total working hours.

Initiatives to cut these hours in fiscal 2006 included designating days on which all employees must leave work by certain times and regularly distribution bulletins on balancing work and private lives.

### ● Occupational Safety and Health

Employee safety is a top priority. We prevent accidents place by reviewing working environments and operations manuals, using case studies to raise awareness of safety issues, and conducting frequent safety inspections. We created a system to quickly share accident information, contacting customers as necessary and notifying and warning all employees. The goals are to prevent recurrences and maintain work safety.

Mental healthcare initiatives include seminars and employee consultation desks inside and outside the organization.

### ● Fringe Benefits

We offer various benefits to all employees throughout their time in our organization. Our cafeteria plan provides extensive menu options. We also provide life design education and consultations.

### ● Supporting Volunteer Activities

We help employees fulfill their potential as citizens through several leave systems for volunteer activities.

We foster the activities of employee volunteers and nonprofit organizations through the Volunteer Gift Program.

Fiscal 2006 marked the eighth year since the program's inception. During the term, we supported four organizations in which our



■ Participants in farm experience program

We are accordingly streamlining operations while improving employee productivity, which should help improve our business results.

#### ■ Average Annual Overtime Per Employee

Fiscal 2005	Fiscal 2006
299 hours	289 hours

(Coverage: NTT Communications)

In fiscal 2006, 3,360 employees attended mental healthcare seminars. We aim to attract more employees to such events as part of our health education programs while seeking more ways to enhance work safety and comfort.

#### ■ Number of Occupational and Commuting Accidents

Fiscal 2005	Fiscal 2006
4	6

(Coverage: NTT Communications)

#### ■ Number of Cafeteria Plan Menus

Fiscal 2005	Fiscal 2006
45	49

(Coverage: NTT Communications)

employees are involved. For example, we donated computers and other equipment to Ban Rom Sai, a Thai orphanage for children infected with HIV. We gave a mini-tractor to the Yokoi Yume Club, which runs a farm experience program for children.



■ A staffer provides personal computer instruction

#### ■ Number of Employees Using Our Volunteer Leave System

Fiscal 2005	Fiscal 2006
41	42

(Coverage: NTT Communications)

See the following Japanese-language website for details: <http://www.ntt.com/community/>

# Respecting Individuality and Human Rights

**We maintain a human resources development policy that fosters employee individuality and are building a corporate culture that champions integrity and human rights.**

## Fostering Individuality

### ● Human Resources Development Policy

We launched the New HRM policy in April 2006 to empower employees and encourage teamwork.

We accordingly secured 225 people in fiscal 2006 under a collective recruiting system that replaced a business unit-based setup,

initially allocating new employees to work sites that deal directly with customers.

■ New HRM Policy	
· <b>The ideal employee</b>	<b>An on-site professional who draws on technical skills and experience to proudly serve customers, proactively makes and executes decisions as a team player, and optimizes added value through the team</b>
· <b>Recruiting policy</b>	<b>Use the collective recruiting system to employ diverse people who act proactively from companywide standpoints by expanding the scope of work that these people can perform</b>
· <b>Assignments and training</b>	<b>Ensure professional advancement through experience by eliminating long-term assignments, which narrow growth opportunities and perspectives. Broaden business perspectives by transferring employees across sections so they can amass experience throughout the value chain</b>
· <b>Goal-setting and personnel evaluations</b>	<b>Use a simple framework to strengthen daily communication between managers and subordinates, set goals from the bottom up, and optimize teamwork</b>

### ● Training Systems

We improve employee skills through an array of training programs for new, junior, and seasoned employees, and managers.

Our programs supplement on-the-job training. Employees and supervisors discuss and choose courses based on career development plans. Shared responsibility in the choices encourages people to complete their courses.

We provide rotational training for new employees, mainly in business units that deal directly with customers. Diverse experience

enhances on-site capabilities and people skills so our people can view our operations broadly.

#### ■ Cumulative Number of People Trained

	Calendar 2005	Calendar 2006
Group training	5,271	6,091
Assignments	2,930	3,071
Schooling	1,721	105

(Coverage: NTT Communications)

### ● Top Management Involvement in Training Programs

We offer opportunities for senior executives to participate in training and discuss management issues directly with employees. In fiscal 2006, executives attended dialog meetings to address questions from second-year employees, new assistant section chiefs and section chiefs, and second-year section chiefs.

Participants greatly valued the discussions about management specifics. We will arrange more such gatherings in the years ahead.

#### ■ Dialog Meetings

	Fiscal 2005	Fiscal 2006
Number of meetings	3	10
Total participants	237	720

(Coverage: NTT Communications)

### ● Internal Job Posting System

We and other companies in the NTT Group post new internal positions around three times annually. This setup enables employees to meet new challenges and deepen their involvements in our business.

Employees can apply confidentially for posted positions. This system aims to put the right people in the right places. It has proved particularly popular among younger employees seeking to fully apply their skills or gain new experience. Another benefit of this system is that employees flow to the most attractive business sites, encouraging other workplaces to become more appealing.

We will continue to use this system to build careers and energize the entire organization.

#### ■ Employee Transfers

	Fiscal 2005		Fiscal 2006	
	Number of applications	Number of transfers	Number of applications	Number of transfers
Within NTT Communications	173	94	117	52
To other NTT Group companies	–	103	–	54

(Coverage: NTT Communications)



## Revering Ethics and Human Rights

### ● Maintaining a Business Structure that Respects Human Rights

Human rights are a vital focus for NTT Communications. We maintain a corporate structure that abhors discrimination and fosters bright and

energetic workplaces. We treat our employees, partner employees, and temporary staffers equally out of respect for diversity and individuality.

### ● Human Rights Education

All Group employees and partner employees must attend human rights seminars at least once annually. These people gain basic knowledge about discrimination and how to prevent it, and learn how management seeks to improve workplaces. Directors and executives attend annual classes on discrimination and other human rights issues.

External experts give annual lectures on sexual and power harassment. We distribute a monthly e-mail magazine to all employees and partner employees that highlights examples of workplace harassment.

We will continue to heighten employee awareness of human rights issues through our educational programs.

#### ■ Participants in Human Rights Programs

	Fiscal 2005	Fiscal 2006
Harassment	250	213
Human rights in the workplace	14,805	17,789
Top management training about human rights issues	42	42

(Coverage: NTT Communications Group)

### ● Soliciting Human Rights and Compliance Slogans

We solicit slogans every year to increase understanding of human rights issues.

In fiscal 2006, we received more than 10,000 slogans in a campaign that concurrently focused on human rights and compliance. We gave awards to one Group company and five parent business units for 31 slogans and chose two for the top prizes. The best human rights slogan was, "Choose decency over dominance to prevent power

harassment." The compliance one was, "Don't leave important documents on your desk." We increase daily awareness of human rights issues by distributing block calendars or memo pads featuring these slogans to all worksites.



■ Human rights and compliance calendar

### ● Experiential Learning

We conduct an annual program to deepen employee understanding of persons with disabilities and the elderly. Employees wear eyeshades, move around in wheelchairs, and simulate the experiences of old age.



■ Wearing eyeshades

■ Riding in a wheelchair

In fiscal 2006, we held this program on December 11 and 15. We received a lot of positive feedback from participants,

notably:

- "I learned how hard it is for the elderly."
- "I will be much nicer to the elderly from now on."
- "I wore eyeshades, so now I know how to help people with impaired vision."
- "I'll be more kind to others."

#### ■ Participants in Our Experiential Learning Program

	Fiscal 2005	Fiscal 2006
Eyeshades	19	37
Moving around in wheelchairs and simulating the experiences of aging	37	43

(Coverage: NTT Communications)

## Comments from Experiential Learning Program Participant

**Nobuhiro Komatsu** Chief of Channel Sales Division



I walked the streets wearing eyeshades, with one hand holding a white stick and the other resting on my guide's shoulder. Using the stairs was terrifying, even in places I pass through regularly without a second thought. The only break in the stress was my guide's calming words. I felt much safer when told that we were coming toward a turn or some steps because then I knew what to expect.

We should naturally provide more barrier-free facilities for the safety of people with impaired vision and other disabilities. I realized from this experience that simply talking to people with physical disabilities greatly comforts them.

# Corporate Profile

## NTT Communications Corporation

Name	NTT Communications Corporation
Address	1-1-6 Uchisaiwai-cho, Chiyoda-ku, Tokyo 100-8019, Japan
Date established	July 1, 1999
Paid-in capital	211.7 billion yen (as of March 31, 2007)
Sole shareholder	Nippon Telegraph and Telephone Corporation
Number of employees	8,800 (as of June 30, 2007)
Business	Telecommunications services

### Main Organizational Changes in Fiscal 2006

In August 2006, NTT Communications began overseeing services for city banks, trading houses, central government agencies, and global customers. Nippon Telegraph and Telephone East Corporation and Nippon Telegraph and Telephone West Corporation took over services for regional government bodies. The latter two companies accordingly transferred around 1,200 people to NTT Communications.

### Main Group Companies (as of June 30, 2007)

- Beijing Telecom NTT Engineering Co., Ltd.
- Shanghai NTT Telecommunications Engineering Co., Ltd.
- NTT Communications China Co., Ltd.
- NTT Communications Asia Limited
- HKNet Company Limited
- NTT Taiwan Ltd.
- NTT KOREA Co., Ltd.
- NTT MSC SDN BHD.
- NTT Communications (Thailand) Co., Ltd.
- NTT Communications (Vietnam) Limited.
- NTT Singapore Pte. Ltd.
- P.T. NTT Indonesia
- NTT AUSTRALIA PTY. LTD.
- NTT Communications India Private Limited
- NTT America, Inc.
- NTT MULTIMEDIA COMMUNICATIONS LABORATORIES, INC.
- Verio Inc.
- NTT do Brasil Telecomunicacoes Ltda.
- NTT EUROPE LTD.
- NTT Com CHEO Corporation
- NTTPC Communications, Inc.
- NTT NaviSpace Corporation
- NTT World Engineering Marine Corporation
- NTT FANET SYSTEMS CORPORATION
- NTT Visual Communications System Inc.
- NTTCom Technology Corporation
- NTT IF Corporation
- NTT Resonant Inc.
- Plala Networks Inc.
- On Demand TV, Inc.
- NTT BizLink, Inc.
- NTT Smart Trade Inc.
- Live Life Japan Co., Ltd.

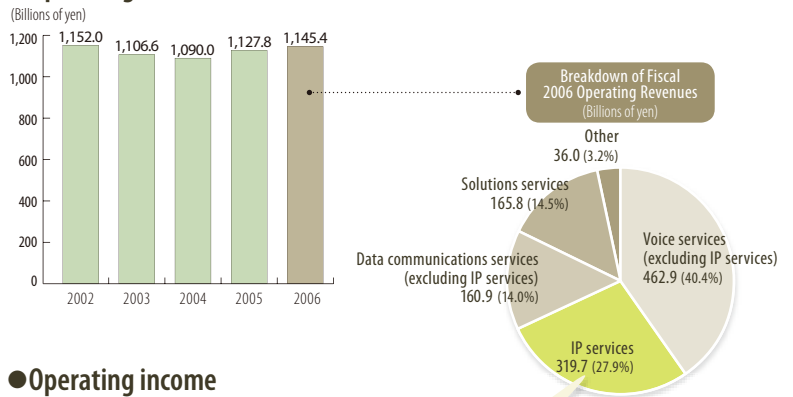
### Group Company Changes in Fiscal 2006

In August 2006, NTT Resonant became a wholly owned subsidiary following a share swap. NTT Communications also made Plala Networks a subsidiary after buying shares from Nippon Telegraph and Telephone East, Nippon Telegraph and Telephone West, and NTT Finance Corporation. In March 2007, On Demand TV became a subsidiary after Nippon Telegraph and Telephone West partially sold its holdings in that company.

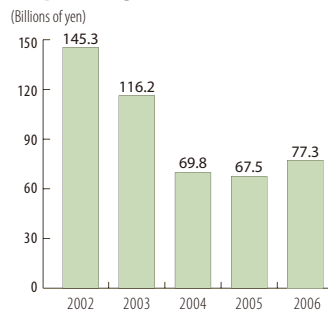
# Financial Performance Benchmarks

(For fiscal years ending on March 31)

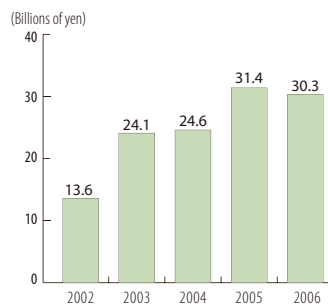
## Operating Revenues



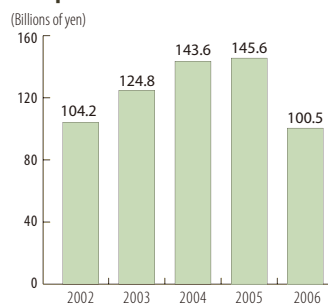
## Operating income



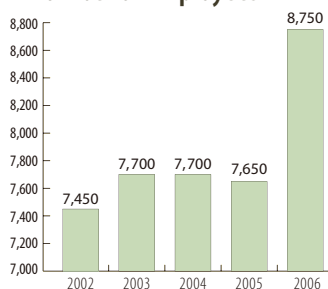
## Net income



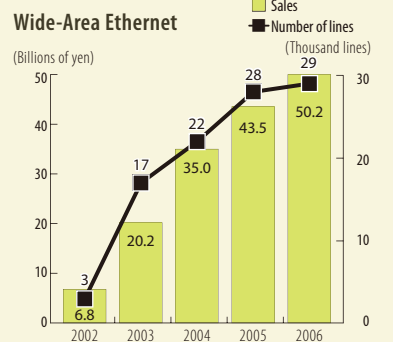
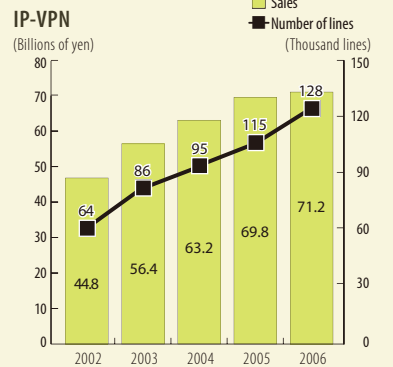
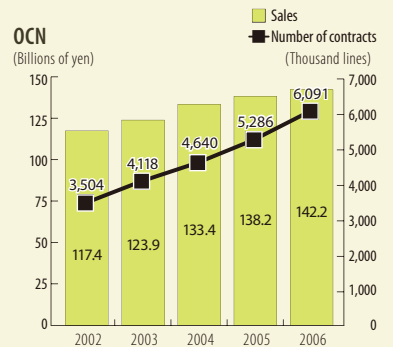
## Capital Investment



## Number of Employees



## Main IP Services



# My Impressions of the 2007 CSR Report

Senior Analyst at Management Strategy Research Department of Daiwa Institute of Research Ltd.

**Mariko Kawaguchi**



My first impression of the report was that it stylishly matches the image of an information technology enterprise. The publication covers most CSR reporting guidelines.

On careful reading, some text conveyed true sincerity. A good example is the frank opinions about the essence of CSR in the Employee Round-Table Talk. One of the participants said that people should spend less time on the Internet and more time talking with their families about the environment. This was interesting, as the Internet is key to the Group's business.

The section on reusing and recycling telecommunications equipment is also honest in saying that the downside of leading-edge telecommunication services is that equipment becomes obsolete and is discarded. Such a frank corporate culture would impress people because they would conclude that the company's management strategies truly address CSR issues. The report also covers such areas as fair trade and biodiversity, which few other Japanese CSR reports would mention.

On reading the report as a CSR expert, I can see that the company is committed to CSR. But a quick read would create the impression that NTT Communications is weak and vague in presenting its CSR commitment to stakeholders. That is probably because few understand what a "networked society" means.

President Hiromi Wasai's message says that the basic mission of a telecommunications carrier is to be a bridge for safe and secure services. The report fleshes out that concept. That is a proper and orthodox approach for a telecommunications carrier. But I wonder if readers would properly appreciate the significance. People today expect always-on Internet connections. They don't really understand the hidden dangers. Society has become networked so fast that society has yet to catch up in terms of thinking and integrity. People probably do

not truly realize NTT Communications' importance to society.

Still, the report notes that behind the networking façade a lot of effort is going into linking telecommunication networks around the globe and into maintaining that environment to ensure affordable Internet access for all, including those who know little about information technology. Such major work presents numerous challenges. They include managing the risk of the world depending too much on the Internet. There are also concerns that the Internet handles both good and malicious information. And then we need to consider the human and environmental loads because of the need to maintain this system.

Since society does not fully appreciate the difficulties and risks, I don't think that the company properly conveyed the importance of quickly restoring damage from the Taiwanese quake or the very stable and reliable telecommunication services mentioned. That is because of this awareness gap between the information provider and the readers. The CSR report will need to bridge that gap.

For example, key CSR activities include educating users by providing specifics on the hidden risks of the Internet rather than just describe the convenience and technical security. After all, society gets an education on traffic accident risks and safe driving.

People and the environment are central to CSR. We look for involvement in these areas as part of management strategy.

You need both technology and people to maintain 24/7 information systems. One key CSR challenge is to construct satisfying workplaces in demanding environments. The information technology industry offers particularly diverse workplaces in which there are far fewer gender and race gaps than in other industries. Perhaps the company should launch more plans to make workplaces more attractive as an industry leader.

*Ms. Kawaguchi joined Daiwa Securities in 1986 after completing a Master's degree in public finance and environmental economics at Hitotsubashi University's Graduate School. She transferred to the Daiwa Institute of Research in 1994. She has been a member of the Tokyo Metropolitan Government's Environmental Council, a committee member for the Kanagawa Industrial Vitalization Conference, an Environmental Businesswomen member for the Ministry of the Environment, a member of the Sustainability Japan Forum's council, and an executive committee member of the Social-Investment Forum Japan. She has been a part-time instructor at Aoyama Gakuin University and Nanzan University. She is a chartered member of the Security Analysts Association of Japan.*

The gravity of environmental issues can only make it more important to protect the environment. Under the Kyoto Protocol, Japan pledged to reduce greenhouse gas emissions 6% from 1990 levels by 2008 to 2012. But global warming is so bad that emissions may have to fall 50% to 80% by 2050. The NTT Group consumes 1% of Japan's electricity. People are watching the Group's moves to evaluate global warming in Japan.

We need to build mechanisms to move information instead of physically moving objects to combat global warming. So, we will probably rely more on the telecommunications sector. As a business leader, the company should take the lead in augmenting near-term environmental goals with a bold environmental strategy in its management framework, factoring in changes in the social structure over the next two or three decades.

Such efforts would greatly enhance the company's appeal among readers because they would understand its strong commitment to reflecting safety, people, and the environment in its management. The company would also enhance employee motivation by better sharing its commitment. NTT Communications' CSR activities would thus truly contribute to a sustainable society and enhance corporate value.

## My Response

Group CSR Committee Chairman and Senior Executive Vice President of NTT Communications **Masae Tamura**

In fiscal 2006, we worked sincerely to foster CSR based on the NTT Communications Group's Basic CSR Policy, produced in June 2006. We admittedly have some way to go in this area.

The fundamental notion of a telecommunications carrier acting as a bridge extends to the connections between the Group and its stakeholders. As Ms. Kawaguchi pointed out, we will work unceasingly to convey the downsides of telecommunications services, such as Internet's hidden dangers, and not just the advantages.

Also, our CSR Basic Policy prioritizes both environmental protection and respect for employees. While meeting our business responsibilities, we will satisfy expectations by leading the drive toward a sustainable society through a long-term strategy that emphasizes social contributions and environmental protection.





CSR Promotional Office, General Affairs Department  
1-1-6, Uchisaiwaicho, Chiyoda-ku, Tokyo 100-8019, Japan  
Tel: +81-3-6700-4770  
Fax: +81-3-3539-3082  
E-mail: [csr@ntt.com](mailto:csr@ntt.com)  
URL: [http://www.ntt.com/csr\\_e](http://www.ntt.com/csr_e)

