

My Impressions of the 2007 CSR Report

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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.

